

# ANNUAL REPORT & ACCOUNTS

For the year ended 30 June 2021



# Who are Janus Henderson Investors?

## Global Strength



Source: Janus Henderson Investors, Staff and assets under management (AUM) data as at 30 June 2021. AUM data excludes Exchange-Traded Note (ETN) assets.

## Who we are

Janus Henderson Investors ('Janus Henderson') is a global asset manager offering a full suite of actively managed investment products across asset classes.

As a company, we believe the notion of 'connecting' is powerful – it has shaped our evolution and our world today. At Janus Henderson, we seek to benefit clients through the connections we make. Connections enable strong relationships based on trust and insight as well as the flow of ideas among our investment teams and our engagement with companies. These connections are central to our values, to what active management stands for and to the long-term outperformance we seek to deliver.

Our commitment to active management offers clients the opportunity to outperform passive strategies over the course of market cycles. Through times of both market calm and growing uncertainty, our managers apply their experience weighing risk versus reward potential – seeking to ensure clients are on the right side of change.

## Why Janus Henderson Investors

At Janus Henderson, we believe in linking our world-class investment teams and experienced global distribution professionals with our clients around the world.

### Active because active matters

We selectively invest in what we believe are the most compelling opportunities. Our investment teams are free to form their own views and seek to actively position portfolios to connect clients with their financial goals.

### Global strength to deliver local solutions

We offer true global reach with a presence in all major markets, combined with the responsiveness, tailored solutions and personal touch you would expect from a local partner.

### Empowering clients through Knowledge Shared

We connect our clients with insights and knowledge that empower them to make better investment and business decisions.

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## Authorised Corporate Director's (ACD) report for the year ended 30 June 2021

We are pleased to present the Annual Report and Accounts for Janus Henderson UK & Europe Funds (the 'Company') for the year ended 30 June 2021.

### Authorised status

The Company is an open-ended investment company (OEIC) with variable capital incorporated in England and Wales under registered number IC70 and authorised by the Financial Conduct Authority (FCA) with effect from 21 June 2000. It is a United Kingdom Undertakings for Collective Investment in Transferable Securities (UK UCITS) scheme structured as an umbrella company, comprising of thirteen sub-funds ('funds') complying with chapter 5 of the Collective Investment Schemes Sourcebook (COLL). The operation of the Company is governed by the OEIC Regulations, COLL, its Instrument of Incorporation and Prospectus.

The Company has an unlimited duration. Shareholders are not liable for the debts of the Company.

### Segregation of assets

The assets of each fund will be treated as separate from those of every other fund and will be invested in accordance with the investment objective and investment policy applicable to that fund.

### Other information

The Janus Henderson Asset-Backed Securities Fund launched on 15 September 2020.

The Janus Henderson UK & Irish Smaller Companies Fund, a sub fund of Janus Henderson Investment Funds Series I, merged into the Janus Henderson UK Smaller Companies Fund on 18 March 2021.

The Janus Henderson Preference & Bond Fund merged into the Janus Henderson Fixed Interest Monthly Income Fund on 18 March 2021. The fund holds illiquid stocks on the Portfolio which has prevented the fund from terminating. It is the ACD's intention to terminate the fund once the stocks have been removed from the Portfolio and as such the financial statements of the fund have been prepared on a basis other than going concern.

The benchmark changed on the Janus Henderson Institutional Short Duration Bond Fund on 19 April 2021 to the Sterling Overnight Index Average (SONIA) from the 3 month GBP LIBOR Interest Rate.

JPMorgan Chase Bank, National Association (London Branch) was appointed as the Securities Lending Agent of the Company with effect from 10 March 2021, in replacement of BNP Paribas Securities Services, London Branch.

### Brexit update

With effect from 1 January 2021, UK domiciled investment funds that had previously operated under the UCITS regulations ceased to be classed as UCITS and were reclassified as 'UK UCITS'. The way in which the funds are managed was not impacted by this change.

### Value assessment

The board of Henderson Investment Funds Limited (HIFL) present the value assessment report for the period to 31 December 2020, made available on our website [www.janushenderson.com](https://www.janushenderson.com). Access by this link (<https://www.janushenderson.com/en-gb/investor/notice/value-assessment-report>).

The FCA, the UK's financial services regulator, requires all fund management groups to perform a detailed assessment of whether funds are providing value to investors, and publish an annual statement summarising the outcome of this process, known as the value assessment. Our report is published by HIFL, the Board of the ACD (the body responsible for an investment fund) and summarises the period to 31 December 2020.

The value assessment considers a minimum of seven criteria set by the FCA; while investment performance and quality of service are clearly important factors, costs and charges paid by investors are also key considerations. At Janus Henderson, ensuring value is delivered to investors has always been central to our process and therefore the value assessment is an extension to the existing ongoing monitoring processes that provide oversight of how the funds are managed on your behalf.

The report contains an overview of the process that Janus Henderson undertook to perform this assessment along with the conclusions.

### COVID-19

The outbreak of the novel coronavirus ('COVID-19') and subsequent global pandemic began impacting financial markets and economies during the first quarter of 2020. The worldwide spread of the virus led to uncertainty on an unprecedented scale. The impact of COVID-19 has been taken into account in the measurement of the assets and liabilities in the primary statements for the year to 30 June 2021.

## Authorised Corporate Director's (ACD) report (continued)

### Director's statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority. I hereby certify the investment reviews and financial statements on behalf of the Directors of Henderson Investment Funds Limited.



G Foggin  
(Director)

7 October 2021

## Authorised Corporate Director's report (continued)

### Service providers

	Name	Address	Regulator
<b>Authorised Corporate Director</b>	<b>Henderson Investment Funds Limited</b> Member of the Investment Association  The ultimate holding company is Janus Henderson Group plc	Registered Office: 201 Bishopsgate London EC2M 3AE Registered in England No 2678531 Dealing – 0845 608 8703 Enquiries – 0800 832 832	Authorised and regulated by the Financial Conduct Authority
<b>Directors of the ACD</b>	R Chaudhuri A Crooke G Foggin G Fogo S Hillenbrand H J de Sausmarez P Shea* F Smith* * Independent		
<b>Investment Manager</b>	<b>Henderson Global Investors Limited</b> The ultimate holding company is Janus Henderson Group plc	201 Bishopsgate London EC2M 3AE	Authorised and regulated by the Financial Conduct Authority
<b>Shareholder Administrator</b>	<b>SS&amp;C Financial Services International Limited and SS&amp;C Financial Services Europe Limited</b>	SS&C House St Nicholas Lane Basildon Essex SS15 5FS	Authorised and regulated by the Financial Conduct Authority
<b>Depository</b>	<b>NatWest Trustee and Depository Services Limited</b> The ultimate holding company is the Royal Bank of Scotland Group plc	250 Bishopsgate London EC2M 4AA	Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and by the Prudential Regulation Authority
<b>Independent Auditors</b>	<b>PricewaterhouseCoopers LLP</b>	141 Bothwell Street Glasgow G2 7EQ	Institute of Chartered Accountants in England and Wales
<b>Legal Adviser</b>	<b>Eversheds Sutherland (International) LLP</b>	One Wood Street London EC2V 7WS	The Law Society

Global equity markets rose very strongly during the year to 30 June 2021 (MSCI World Index +24.9% in sterling and +39.7% in US dollar terms), buoyed by the development and roll-out of COVID-19 vaccines, the massive fiscal and monetary stimulus measures unleashed to mitigate the effects of the pandemic, and signs of economic recovery. However, concerns about increasing inflation unsettled markets in 2021, as did a hawkish statement from the US Federal Reserve (Fed) that it expected to start raising interest rates in 2023, a year earlier than previously indicated.

In the UK, the FTSE All Share Index was up by 21.5% in sterling terms, having come under pressure in the autumn months as the government announced England's second national lockdown, before the positive vaccine news triggered a rally towards the end of 2020. The rebound was supported by the announcement that the UK and the European Union (EU) had agreed a trade deal. Shares came under pressure again, early in 2021, as a third national lockdown was imposed in England, although they recovered as infections and deaths declined, and as the government eased some restrictions. Growing concerns about inflation exerted some downward pressure in the final months of the reporting year – the annual inflation rate rose to a near two-year high of 2.1% in May 2021. The UK economy contracted by a record 9.8% in 2020 as a result of the pandemic, and shrank by a further 1.6% over the first quarter of 2021.

European stocks moved higher (FTSE World Europe ex UK Index +22.8% in sterling and +30.6% in euro terms), having been relatively rangebound before the announcement of the COVID-19 vaccines in November 2020 spurred sharp moves upwards. The rally was supported by news of the UK/EU trade agreement and an expansion of the European Central Bank's asset-purchasing programme. The slow pace of vaccinations in the EU unnerved investors in early 2021, as did a tightening of COVID-19 restrictions in March as the region endured a third wave of infections. A rise in global bond yields – because of concerns about inflation – caused further unease, although investors ultimately looked past these worries as loosening COVID-19 allowed them to focus on the recovery. Eurozone GDP contracted by 6.6% in 2020 and shrank by 0.3% over the first quarter. The annual inflation rate hit a more than two-year high of 2.0% in May, although it edged down to 1.9% in June.

US equities, as measured by the S&P 500 Index, increased by 25.9% in sterling and 40.8% in US dollar terms, after making gains in most months of the reporting year. Supportive monetary and fiscal policy fuelled increases in equities early on, although surging new COVID-19 cases in the US and elsewhere, and uncertainty about the outcome of the US presidential vote, pulled stocks down in September and October. The vaccine breakthroughs and confirmation of Joe Biden's win in November's election helped stocks recover, as did two more stimulus packages totalling US\$2.8trn. However, in 2021, worries about inflation, which surged to 5.0% year on year in May, created volatility. The Fed's hawkish shift on monetary policy added further pressure in mid-June, although bipartisan agreement on a US\$1trn infrastructure spending package in the US Senate helped stocks to recover. US GDP contracted by 3.5% in 2020, while the economy grew by an annualised 6.4% in the first quarter of 2021.

In Japan, the TOPIX rose by 10.7% in sterling and 27.3% in yen terms, as shares participated in the global rally from November, which was supported in December by the government's third economic stimulus package of 2020. Optimism about an economic rebound – as COVID-19 curbs were loosened in some areas at the end of February, and the economic outlook, particularly in the US, continued to improve – helped the TOPIX hit 30-year highs in March. However, stocks retreated in April as increases in COVID-19 infections prompted the government to reintroduce – and, subsequently, expand and extend – restrictions in the country's biggest cities. The Fed's hawkish policy shift and concerns about the hosting of the Tokyo Summer Olympic Games added further pressure. The economy finished 2020 strongly, growing by an annualised 11.7% in the fourth quarter, following record expansion of 22.9% in the third quarter, although it contracted by 3.9% in the first quarter of 2021.

In Asia, the MSCI AC Asia Pacific ex Japan Index was higher by 24.9% in sterling and 39.7% in US dollar terms, largely because of the vaccine-led global rally and on continued signs of economic improvement. China's market was strong, although it lagged the regional index, as economic growth accelerated – GDP expanded by a record 18.3% year on year in the first quarter of 2021. However, the turmoil on global bond markets, worries about policy tightening by Beijing and its impact on valuations, and tensions with Western countries pressured shares towards the end of the reporting year. South Korean and Taiwanese equities surged as they benefited from strength in technology stocks. Australian equities also made big gains, as the economy rebounded in the second half of 2020 from its first recession in 28 years and continued to grow in the first quarter of 2021.

The MSCI Emerging Markets Index gained 26.4% in sterling and 41.4% in US dollar terms, with optimism about a global economic recovery underpinning large increases in equities. India's market was sharply higher, as the economy continued to recover. Stimulus measures, at home and elsewhere, the positive vaccine news and easing COVID-19 restrictions, after new cases and deaths declined from record levels, boosted equities. The Brazilian market made strong gains, helped by signs of economic improvement, although shares sold off in early 2021 as COVID-19 infections surged to record levels. Returns on Turkey's market were negative in both sterling and US dollar terms, with equities slumping towards the end of March after President Recep Tayyip Erdogan dismissed the central bank governor. South African stocks advanced, as the economy rebounded from a prolonged slump, although they came under pressure towards the end of the reporting year as the country battled a third wave of COVID-19 infections and electricity blackouts continued to hamper the economy.



## Market review (continued)

Within fixed income, the JPM Global Government Bond Index dropped by 10.6% in sterling but was unchanged in US dollar terms. Yields on core government bond markets – including the US, UK and Germany – moved higher, spiking in February and March, as investors grew increasingly concerned about inflation and the possibility of monetary policy tightening. The US benchmark 10-year Treasury yield more than doubled to end the reporting year at about 1.5%, although this was down from a peak of more than 1.7% in March. There were also strong upward moves in UK benchmark 10-year gilt and German benchmark 10-year bund yields, although the latter remained in negative territory. In the corporate debt market, global bond issuance of more than US\$5.3trn in 2020 was US\$1trn higher than the previous record, in 2019. In the US, high yield issuers raised more than US\$140bn – an all-time high – in the first quarter of 2021.

In commodity markets, oil prices were sharply higher, as producers cut output and as the vaccine breakthroughs spurred hopes of a revival in demand. US benchmark West Texas Intermediate nearly doubled to finish the reporting year at about US\$73 per barrel. Gold prices were little changed overall, having surged to a record high in August 2020 before vaccine-led optimism about a global economic recovery dragged them lower. Copper prices rallied to record highs – futures prices in the US increased by about 60% over the year – on strong demand, particularly from China.

## Statement of Authorised Corporate Director's (ACD) responsibilities for the year ended 30 June 2021

The FCA's COLL requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view, in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014, United Kingdom Generally Accepted Accounting Practice (UK GAAP) (United Kingdom Accounting Standards, comprising the Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland), of the financial affairs of the Company and each of the sub-funds, and their revenue/expenditure for the year. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the SORP for Authorised Funds issued by the IMA in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared by HIFL, comply with the above requirements;
- make best judgements and estimates that are reasonable; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, Prospectus and the Regulations. The ACD is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of Depositary's responsibilities and report of the Depositary to the shareholders of Janus Henderson UK & Europe Funds (the 'Company')

for the year ended 30 June 2021

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares is carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the ACD are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the ACD:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited  
London  
7 October 2021

# Independent Auditors' report to the shareholders of Janus Henderson UK & Europe Funds

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Janus Henderson UK & Europe Funds (the 'Company'):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 30 June 2021 and of the net revenue and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the respective periods then ended ('respective periods' is defined as 1 July 2020 to 30 June 2021 for all sub-funds except Janus Henderson Asset-Backed Securities Fund with a period of 15 September 2020 to 30 June 2021); and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Janus Henderson UK & Europe Funds is an Open Ended Investment Company ('OEIC') with thirteen sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report & Accounts (the 'Annual Report'), which comprise: the Balance sheets as at 30 June 2021; the Statements of total return, the Statements of changes in net assets attributable to shareholders and the Statement of cash flows for the period then ended; the Distribution tables; and the Aggregated notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

With the exception of circumstances described in the Emphasis of Matter – financial statements prepared on a basis other than going concern paragraph below regarding the Janus Henderson Preference & Bond Fund, based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

### Emphasis of matter – financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1(a) of the Aggregated notes to the financial statements which describes the Authorised Corporate Director's reasons why the financial statements for the Janus Henderson Preference & Bond Fund have been prepared on a basis other than going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# Independent Auditors' report to the shareholders of Janus Henderson UK & Europe Funds (continued)

## Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's (ACD) Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Independent Auditors' report to the shareholders of Janus Henderson UK & Europe Funds (continued)

### Other required reporting

#### Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
7 October 2021

## **1 Accounting policies**

### **(a) Basis of preparation**

The financial statements of Janus Henderson UK & Europe Funds (the 'Company') comprise the financial statements of each of the funds. They have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the SORP for UK Authorised Funds issued by the IMA in May 2014, FRS 102, the FCA's COLL, the Company's Instrument of Incorporation and Prospectus.

The financial statements for all funds except Janus Henderson Preference & Bond Fund have been prepared on a going concern basis.

The financial statements for Janus Henderson Preference & Bond Fund have been prepared on a basis other than going concern as the ACD has merged this fund with Janus Henderson Fixed Interest Monthly Income Unit Trust on 18 March 2021. The ACD intends to terminate this fund at a future date after the removal of illiquid stocks. There has been no impact on the financial statements or disclosure notes to adjust assets or liabilities to realisable value, other than to reclassify Investments as Current Assets. No adjustments were necessary to provide for the costs of terminating the fund as the ACD will bear any related costs. The comparatives for this fund have been prepared on a going concern basis.

### **(b) Basis of valuation of investments**

The valuation of listed investments has been at fair value, which is generally deemed to be bid market price, excluding any accrued interest in the case of debt securities, at close of business on the last working day of the accounting year (30 June 2021) in accordance with the provisions of the scheme particulars.

The ACD reviews and approves fair value pricing decisions on a regular basis with the support of the Janus Henderson UK & EMEA Fair Value Pricing Committee (FVPC). The Committee reports to the Board of Directors on suspended, defaulted, delisted, unquoted or manually priced securities, taking into consideration where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Investments in collective investment schemes (CIS) have been valued at bid prices. For those CIS funds that are not dual priced, single prices are used.

Derivative assets and liabilities are valued at the fair value price to close out the contract at the Balance sheet date, using available market prices or an assessment of fair value based on counterparty valuations and appropriate pricing models.

Secured loans are valued by the ACD taking into account latest dealing prices, broker quotes and valuations from Markit which is a reliable third party source that obtains multiple broker quotes, unless noted otherwise.

Certificates of deposit are valued using a yield curve approach. The yield curve provides a graphical illustration of the relationship between redemption yields and instrument's maturity dates, and from this an appropriate market yield can be derived for the instrument which can in turn be used to calculate its fair value.

### **(c) Revenue recognition**

Distributions from CIS and dividends receivable from quoted equity and non equity shares are credited to revenue, when the security is quoted ex-dividend. Dividends on unquoted stocks are credited to revenue when the dividend is announced.

Overseas dividends and overseas REIT revenue are disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the tax note.

Interest on debt securities, including secured loans, is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield is a calculation that amortises any discount or premium on the purchase of an investment over its remaining life based on estimated cash flows.

Bank interest, deposit interest and interest from certificates of deposit are recognised on an accruals basis.

Accumulation of revenue relating to accumulation units or shares held in underlying funds is recognised as revenue and included in the amount available for distribution. Equalisation received and accrued from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

Income distributions from UK Real Estate Investment Trusts (UK REIT) is split into two parts, a Property Income Distribution (PID) made up of rental revenue and a non-PID element, consisting of non-rental revenue. The PID element is subject to corporation tax as schedule A revenue, while the non-PID element is treated as franked revenue.

Revenue earned on derivatives and interest on margin are accounted for on an accruals basis.

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the shares underwritten in which case an appropriate proportion of the commission received is deducted from the cost of the relevant shares.

### 1 Accounting policies (continued)

#### (c) Revenue recognition (continued)

Stock lending revenue is accounted for on an accruals basis, net of bank and agent fees.

Revenue derived from the gains/losses on hedged class forward currency contracts is allocated to both the capital and revenue of the share class based upon the prior day capital/revenue split.

Special dividends are recognised as either revenue or capital depending on the nature and circumstances of the dividends receivable.

Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. The revenue forms part of any distribution.

Any annual management charge rebates from underlying funds, including offshore, are recognised on an accruals basis when the entitlement arises in accordance with the treatment of the annual management charge on the underlying CIS.

If any revenue receivable at the Balance sheet date is not considered recoverable, a provision is made for the relevant amount.

#### (d) Treatment of expenses (including ACD expenses)

All expenses (other than those detailed below and those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

#### Annual Management Charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company's property, calculated as a percentage of the relevant value of the property of each class of each fund. The Annual Management Charge (AMC) is accrued on a daily basis by reference to the net asset value of each share class on that dealing day and the amount due for each month is payable on the last working day of the month.

The investment objective of Janus Henderson Preference & Bond Fund (until closure), Janus Henderson Strategic Bond Fund and Janus Henderson UK Equity Income & Growth Fund concentrates on the generation of income as a higher priority than capital growth. The ACD and Depositary have agreed that 100% of the AMC for these funds are to be taken to capital for the purpose of calculating the distribution, as permitted by the OEIC regulations and in accordance with the Prospectus. The distribution currently payable reflects this treatment together with any associated tax effect.

#### General Administration Charge

All fees with the exception of the AMC, Depositary, professional fees and safe custody fees have been replaced by a single ad valorem charge, the General Administration Charge (GAC). The ACD believes that this creates more efficiency around the charging process than more traditional methods. The GAC is calculated as a percentage of the scheme property and the amount each share class in each fund will pay will depend on the costs attributable to each share class based on whether the class is a 'Retail' class or an 'Institutional' class. The GAC accrues on a daily basis and is payable to the ACD by each share class monthly.

#### Allocation of revenue and expenses to multiple share classes

With the exception of the AMC, the GAC and revenue derived from the gains/losses on hedged class forward currency contracts, which are directly attributable to individual share classes, all revenue and expenses are allocated to share classes pro rata to the value of the net assets of the relevant share class on the day that the revenue or expense is incurred.

#### (e) Exchange rates

Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at the end of the accounting year are translated into sterling at the exchange rates prevailing at close of business on the last valuation day of the accounting year.

#### (f) Taxation

Provision is made for tax at the current rates on the excess of taxable revenue over allowable expenses, with relief for overseas taxation taken where appropriate.

Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses.

Deferred tax is provided on all timing differences that have originated but not reversed at the Balance sheet date other than those recorded as permanent differences. Deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent it is regarded as more likely than not that there will be taxable profits against which the future reversal of underlying timing differences can be offset.



### 1 Accounting policies (continued)

#### (g) Cash flow statement

With the exception of the Janus Henderson Asset-Backed Securities Fund, the funds are not required to produce a cash flow statement as they meet the exemption criteria set out in FRS 102 7.1A as the funds' investments are highly liquid, are carried at market value and a Statement of change in net assets attributable to shareholders is provided for each fund.

#### (h) Hedged share classes

The following hedged share classes are available within the funds:

- Class A EUR (hedged) accumulation and Class A USD (hedged) accumulation on Janus Henderson UK Equity Income & Growth Fund.

Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in those classes and sterling which is the base currency of the fund.

Any benefits or losses of the hedging transactions accrue to shareholders in that hedged share class only.

The currency transactions will not cause the Euro and US dollar hedged share classes to be leveraged. The value of the share class to be hedged will be made up of both capital and income elements and the ACD intends to hedge between 95-105% of the value of each hedged share class. Adjustments to any hedge to keep within this target range will only be made when the required adjustment is material. As such the Euro and US dollar hedged share classes will not be completely protected from all currency fluctuations.

#### (i) Treatment of derivatives

Derivative transactions are accounted for on a trade date basis. Where such transactions are used to protect or enhance revenue and the circumstances support it, the revenue and expenses derived there from are included in Revenue in the Statement of total return on an accruals basis. Where such transactions are used to protect or enhance capital and the circumstances support it, the gains and losses derived there from are included in Net capital gains/(losses) in the Statement of total return.

#### Forward foreign currency contracts

Open forward currency contracts are shown in the Portfolio statement at fair value and the net gains/(losses) are reflected in Forward currency contracts in Net capital gains/(losses) on investments.

#### Forward foreign currency contracts on hedged share classes

Open forward currency contracts on hedged share classes are shown in the Portfolio statement at fair value. The net gains/(losses) on forward currency contracts on hedged share classes are apportioned between hedged income on forward currency contracts in the Revenue account and Forward currency contracts on hedged share classes in Net capital gains/(losses) on investments reflecting the income and capital elements of the hedged share classes.

#### Bond, Equity and Index future contracts

The unrealised gain/(loss) on open future contracts is disclosed in the Portfolio statement. The margins paid on these contracts are included in amounts held at derivative clearing houses and brokers. The net gains/(losses) are apportioned between the revenue account and derivative securities in Net capital gains/(losses) on investments, reflecting the nature of the return. The basis of the apportionment is typically made by reference to the yield on the underlying security or index or other appropriate source.

#### Swaps

Open credit default swaps (CDS), credit default index swaps (CDX), inflation index swaps (IIS), interest rate swaps (IRS) and overnight index swaps (OIS) are shown in the Portfolio statement at fair value and the net capital gains/(losses) are reflected within Derivative securities in Net capital gains/(losses) on investments. Premiums receivable or payable on CDS, CDX, IIS and OIS and interest receivable or payable on IRS are included in the Revenue account on an accruals basis.

#### Options contracts

Options contracts are shown in the Portfolio statement at fair value and the net gains/(losses) are reflected within Derivative securities in Net capital gains/(losses) on investments. Premiums receivable or payable on options are included within Derivative contracts in Net capital gains/(losses) on investments.

#### (j) Dilution adjustment

The funds are priced on a single swinging price basis. The ACD has the discretion to charge a dilution adjustment when there is a large volume of deals and, in accordance with the FCA regulations, to pay this amount into the fund. In particular the ACD reserves the right to make such an adjustment in the following circumstances:

- On a fund experiencing large levels of net purchases (i.e. purchases less redemptions), relative to its size;
- On a fund experiencing large levels of net redemptions (i.e. redemptions less purchases), relative to its size;
- In any other case where the ACD is of the opinion that the interests of existing or continuing shareholders and potential investors require the imposition of a dilution adjustment.

### 2 Distribution policy

The distribution policy of the funds is to distribute/accumulate all available revenue, after the deduction of expenses properly chargeable against revenue, subject to any expense which may currently be transferred to capital. Janus Henderson UK Smaller Companies Fund, Janus Henderson European Smaller Companies Fund and Janus Henderson UK Equity Income & Growth Fund pay dividend distributions; all other funds pay interest distributions.

Revenue attributed to accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

Marginal tax relief is not taken into account when determining the amount available for distribution on the funds that charge AMC fees to capital.

For the purpose of calculating the distribution, interest on debt securities is computed on an effective yield basis, the same basis on which it is reflected in the financial statements with the exception of Janus Henderson Absolute Return Fixed Income Fund, Janus Henderson Preference & Bond Fund (closed 18 March 2021) and Janus Henderson Strategic Bond Fund which are computed on a coupon basis, unless the effective yield calculation is higher than that calculated on a coupon basis.

For the purposes of calculating the distribution on Janus Henderson Index Linked Bond Fund, revenue is computed on an effective yield basis utilising the exemption set out in the Financial Conduct Authority's COLL 6.8.3 (for funds whose policy is to invest predominantly in index linked securities) to treat capital indexation as non-distributable.

Gains and losses on investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

When the revenue from investments exceeds the expenses, a distribution will be made. Should expenses exceed revenue there will be no distribution and the shortfall will be transferred from capital at the year end.

The following funds make annual distributions (31 August) to shareholders:

- Janus Henderson UK Smaller Companies Fund
- Janus Henderson European Smaller Companies Fund

The following funds make quarterly distributions (30 November, last day of February, 31 May and 31 August) to shareholders:

- Janus Henderson Absolute Return Fixed Income Fund
- Janus Henderson All Stocks Credit Fund
- Janus Henderson Asset-Backed Securities Fund
- Janus Henderson Index Linked Bond Fund
- Janus Henderson Institutional Long Dated Credit Fund
- Janus Henderson Institutional Long Dated Gilt Fund
- Janus Henderson Institutional Short Duration Bond Fund
- Janus Henderson Institutional UK Gilt Fund
- Janus Henderson Institutional Preference & Bond Fund (Closed 18 March 2021)
- Janus Henderson Strategic Bond Fund
- Janus Henderson UK Equity Income & Growth Fund

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the funds.

### Equalisation

Income equalisation currently applies to all funds except Janus Henderson European Smaller Companies Fund and Janus Henderson UK Smaller Companies Fund.

Equalisation applies only to shares purchased during the distributions period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

### 3 Risk

In pursuing their investment objectives the funds hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors arising from the funds' operations. Derivative instruments may be used in all funds for the purposes of hedging and, in the bond funds may also be used for meeting the investment objectives of the funds, including risk reduction and implementation of investment policies.

### 3 Risk (continued)

The risk management policy and process for the funds is designed to satisfy the regulatory requirements for a UK UCITS: associated regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the funds are documented within the ACD's Risk Management Policy and Process document, which outlines for each main risk category the controls and risk measures in place, including stress tests for assessing sensitivity to the most relevant risks. This risk framework includes setting of limits and monitoring against those limits.

In the normal course of business, the funds' activities expose them to various types of risk which are associated with the financial instruments and markets in which they invest. These financial risks: market risk (comprising currency risk, interest rate risk and other market price risk), credit and counterparty risk and liquidity risk and the approach to the management of these risks, are set out below and remain unchanged from the previous accounting year. For a detailed explanation of these and further risks involved in investing in the funds, reference should be made to the Prospectus; investors and prospective investors are recommended to discuss all potential risks with their own legal, tax and financial advisors.

The risk management systems to which the Janus Henderson Risk, Compliance and Operations teams have access for independent monitoring and risk measurement purposes include:

- Charles River system's Compliance module for investment restrictions monitoring;
- Nasdaq BWide operational risk database;
- RiskMetrics, UBS Delta, Style Research, Cognity and Barra for market risk measurement; and
- Bloomberg for market data and price checking.

These are supplemented by an in-house developed system, the Janus Henderson Derivatives Risk and Compliance database.

#### (a) Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in the funds attributable to changes in market variables such as interest rates, foreign exchange rates or an issuer's creditworthiness.

The investments of the funds are subject to normal market fluctuations and other risks inherent in investing in securities in pursuance of the investment objective and policies.

Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets. Some of the more common risks associated with emerging markets investments include: fraudulent securities; lack of liquidity; currency fluctuations; settlement and custody risks; investment and remittance restrictions; and accounting requirements.

Investing in smaller companies means investing in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

The funds may use derivatives instruments for hedging purposes. This should not lead to an increase in risk to a fund. In adverse situations, however a fund's use of derivatives may become ineffective in hedging or efficient portfolio management and a fund may suffer significant loss as a result. Derivatives, when used to implement an investment policy, may increase the volatility of a fund's share price although it is not intended that their use will otherwise cause its existing risk profile to change.

Fund's investing in secured loans are subject to risks such as lack of liquidity and custody risks.

The global exposure of the funds is calculated by using either the commitment approach or Value-at-Risk (VaR) approach by reference to their risk profile.

VaR is a mathematical statistical concept and is commonly used as a standard measure of risk in the financial sector. For each fund the maximum potential loss that it could suffer in normal market conditions within a given time horizon and a certain degree of confidence is estimated. In these calculations all positions in the relevant investment portfolio are taken into consideration including those undertaken for efficient portfolio management purposes. VaR is calculated daily using a Monte Carlo simulation approach; as a control mechanism, Monte Carlo results are compared to the parametric model for validation purposes within the daily monitoring process. The following parameters are applied as a minimum: a one-tailed 99% confidence interval, a holding period equivalent to one month (20 business days), effective observation period (history) of risk factors of at least 1 year (250 business days), quarterly data set updates and daily calculation.

For those funds using the VaR approach to calculate global exposure and for which it is not appropriate to determine a reference portfolio absolute monthly VaR is not to exceed a regulatory maximum limit of 20%. For funds which have a suitable reference portfolio, the regulatory limit is that the VaR of the total portfolio's positions shall not be greater than twice the VaR of the portfolio's reference portfolio.

### 3 Risk (continued)

#### (a) Market risk (continued)

The level of leverage arising from the use of derivative instruments is disclosed in the individual funds' accounts as a percentage of the relevant fund's total Net Asset Value. The calculation is based on the sum of notional exposures of financial derivative instruments in the investment portfolio including those held for risk reduction purposes. Please note this level of leverage is explicitly not an investment limit for the fund and will vary over time under differing market conditions to ensure that each fund meet its investment objective.

Please refer to the individual funds' accounts for details of global exposure, leverage and sensitivity analysis, where applicable.

#### Currency risk

Currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

A proportion of a fund's assets and income may be denominated in currencies other than sterling (the funds' functional currency and the one in which financial statements are reported). As a result, movements in exchange rates may affect the sterling value of those items so a fund's total return and balance sheet can be significantly affected by currency fluctuations.

The Investment Manager may seek to manage exposure to currency movements by using hedging transactions in line with each fund's investment objective, powers and limits, though this will not eliminate the fund's currency risk.

Please refer to the individual funds' accounts for details of currency exposure.

#### Hedged share classes

Hedged share classes exist in the Janus Henderson UK Equity Income & Growth Fund.

Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in such classes and sterling which is the base currency of the funds.

Any benefits or losses of the hedging transactions accrue to shareholders in that hedged share class only. The ACD will review the relevant hedging positions on a regular basis and, if considered appropriate, make adjustments to correct the allocations across share classes.

The currency transactions will not cause the hedged share classes to be leveraged. The value of the share class to be hedged will be made up of both capital and income elements and the ACD intends to hedge between 95-105% of the value of each hedged share class. Adjustments to any hedge to keep within this target range will only be made when the required adjustment is material. As such the hedged share classes will not be completely protected from all currency fluctuations.

Where such hedging is undertaken it may substantially protect investors in the relevant class against a decrease in the value of sterling relative to the US dollar or euro but it may also preclude investors from benefiting from an increase in the value of sterling.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Some securities such as bonds are directly impacted by interest rate movements but others are indirectly affected.

The funds invest in debt securities including secured loans and sub-investment grade bonds. The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. As regards security, there is the possibility of the invalidation of an investment as a fraudulent conveyance under relevant creditors' rights laws. Where sub-participations are used to gain exposure there is the additional credit and bankruptcy risk of the direct participant and its failure to account for monies received. A fund does not generally have the right to force compliance by the obliger with the terms of the applicable debt agreements nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a sub-participation. Secured loans will be registered in the name of the fund who will therefore be the legal owner and benefit from the indemnities and covenants under the loan documentation. The associated risk of the loans not being held in the name of the custodian are failure to acquire proper title and improper disposal. The Investment Manager has no control over the activities of any company which has entered into a secured loan invested in by the funds.

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of the capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit rating (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds and may have an increased risk of default on repayment.

From time to time Janus Henderson Absolute Return Fixed Income Fund, Janus Henderson All Stocks Credit Fund, Janus Henderson Asset-Backed Securities Fund, Janus Henderson Institutional Long Dated Credit Fund, Janus Henderson Preference & Bond Fund (until closure) and Janus Henderson Strategic Bond Fund may hold sub-investment grade bonds. Such bonds have a lower credit rating than investment grade bonds and carry a higher degree of risk.

Please refer to the individual funds' accounts for details of interest rate risk exposure.

### 3 Risk (continued)

#### (a) Market risk (continued)

##### Other market price risk

Other market price risk is the risk that the value of the funds' investments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. The risk arises mainly from uncertainty about future prices of financial instruments the funds might hold. It represents the potential loss the funds might suffer through holding market positions in the face of price movements.

The funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies.

An outbreak of an infectious respiratory illness known as COVID-19 was first detected in China in December 2019 and has now been declared a pandemic by the World Health Organization. Due to this outbreak, market volatility in all major asset classes increased substantially in the early part of 2020, which has led to an increase in volatility of fund valuations. There can be an increase in a wide range of impacts on the fund from COVID-19, as with all stressed market events, which might include: a reduction in revenues, a reduction in net asset value due to market fluctuations, and financial and non-financial covenant defaults.

In response to the COVID-19 pandemic, the Financial Reporting Council (FRC) issued guidance to companies to ensure that they maintain sufficient capital reserves, which resulted in cancelled dividend payments. In order to assess and mitigate the risk of not receiving income accrued, procedures were put in place. We continue to monitor the effect of any cancelled dividends and to make suitable provisions when calculating the amount available for distribution.

#### (b) Credit and counterparty risk

Credit and counterparty risk is the risk of loss resulting from the possibility that the counterparty to a transaction may default on its obligations prior to the settlement of the transaction's cash flow.

In order to manage credit risk each fund is subject to investment limits for issuers of securities (including secured loans) as outlined in the Prospectus. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the funds may only buy and sell investments through brokers which have been approved by the ACD as acceptable counterparties and limits are set and monitored to cover the exposure to any individual broker. Changes in brokers financial ratings are periodically reviewed by the Janus Henderson Counterparty Risk Committee along with set limits and new counterparty approval.

The funds' assets that are held with the banks could be exposed to credit and counterparty risk. The banks used by the funds and ACD are subject to regular reviews. Only counterparties that have been approved by the Janus Henderson Counterparty Risk Committee are used for derivative transactions. The continuing creditworthiness of counterparties is monitored on a daily basis.

Adherence to investment guidelines and to investment and borrowing powers set out in the instrument of Incorporation, the Prospectus and in the FCA's COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

Whilst COVID-19 has affected counterparties used by Janus Henderson, the risk controls and procedures in place help to mitigate the risk caused by the pandemic. There have been additional controls put in place to protect against the risk of not receiving income that has been accrued, to make appropriate provisions in calculating the amount available for distribution, and also to consider the risk of pricing errors. The risk framework is regularly monitored and reviewed to ensure the controls and procedures are adequate to protect against credit and counterparty risk.

Please refer to the individual funds' accounts for details of credit and counterparty risk exposure.

#### (c) Operational risk

Failure of Janus Henderson systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. Janus Henderson have a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster.

COVID-19 has the potential to affect the daily operations of the Manager and other service providers. Supply chain risk is now considered to be one of the highest risks facing asset management firms. Janus Henderson's current service providers have demonstrated that they have robust business continuity plans in place which have not adversely affected their service, which is further supported by regular updates on business process controls from both internal and external suppliers.

### 3 Risk (continued)

#### (d) Liquidity risk

Liquidity risk is the risk that a position in the funds' portfolio cannot be sold, liquidated or closed out at limited cost in an adequately short timeframe and that the ability of the funds to meet their settlement obligations is thereby compromised.

The funds are generally able to realise cash quickly to meet their liabilities. The main liquidity requirements of the funds include the redemption of any shares that a shareholder wishes to sell. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of shares.

Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading.

Some funds invest in secured loans or asset-backed securities, for which there may be a lack of liquidity, whereby the accumulation and disposal of holdings may be more expensive, time-consuming and generally more difficult than in more developed markets.

The ACD manages the funds' cash positions to ensure they can meet their liabilities. The ACD receives daily reports of subscriptions and redemptions enabling the ACD to raise cash from the funds' portfolios in order to meet redemption requests. In addition the ACD monitors the market liquidity of all securities, seeking to ensure the funds maintain sufficient liquidity to meet known and potential redemption activity. The funds' cash balances are monitored daily by the ACD and administrator. Where investments cannot be realised in time to meet any potential liability, the funds may borrow up to 10% of their property to ensure settlement.

Please refer to the individual funds' accounts for details of liquidity risk exposure.

Market volatility in all major asset classes increased substantially in 2020 which has led to an increase in fund volatilities and reduced liquidity. Even though market liquidity was more challenging during this stressed period in certain markets, we did not have any issues meeting redemptions for the funds and believe that the funds will be able to handle typical redemption patterns going forward.

#### (e) Brexit risk

The United Kingdom (UK) left the European Union (EU) on 31 January 2020, a transition period was in place until 31 December 2020, during which all EU rules and laws continued to apply to the UK. On 24 December 2020 the EU and the UK reached an agreement on a new partnership, this was approved by the EU member states on 29 December 2020, and the UK parliament's approval followed on 31 December 2020. On 1 January 2021 this agreement took effect and the new rules entered into force.

The new agreement between the EU and the UK does not cover the financial services industry. The EU have agreed to establish a structured regulatory co-operation on financial services, with the aim of establishing a durable and stable relationship between autonomous jurisdictions. As at April 2021, both parties have agreed a Memorandum of Understanding establishing the framework for the cooperation.

Currency volatility resulting from this uncertainty may mean that the returns of the fund and its investments are adversely affected by market movements, potential decline in the value of the British pound and/or euro, and any downgrading of United Kingdom sovereign credit rating. This may also make it more difficult, or more expensive, for the fund to execute prudent currency hedging policies. This uncertainty may have an adverse effect on the economy generally and on the ability of relevant funds and their investments to execute their respective strategies and to receive attractive returns, and may also result in increased costs to the relevant funds.

### 4 Cross holdings

#### 2021

As at 30 June 2021 there were no sub-fund cross holdings within the Janus Henderson UK & Europe Funds.

#### 2020

		Holding Fund	
		Janus Henderson Institutional Long Dated Credit Fund	
		Number of Shares	Market Value £000
Investor Fund	Janus Henderson Index Linked Bond Fund	1,746,436	5,174
Investor Fund	Janus Henderson Institutional Long Dated Gilt Fund	567,210	1,681

		Holding Fund	
		Janus Henderson All Stocks Credit Fund	
		Number of Shares	Market Value £000
Investor Fund	Janus Henderson Institutional UK Gilt Fund	1,257,368	3,417



# Janus Henderson Absolute Return Fixed Income Fund

## Authorised Corporate Director's report

### Investment Fund Managers

Nick Maroutsos, Daniel Siluk and Jason England

Please note that as of 31 August 2020 Tim Winstone no longer co-manages this fund.

### Investment objective and policy

The fund aims to generate a positive return (more than zero), after the deduction of costs and charges, over a rolling 12 month period. An absolute return performance is not guaranteed over this specific, or any other, time period and consequently capital is in fact at risk.

Performance target: To outperform the ICE Bank of America ML 3 month Sterling Government Bill Index by at least 2% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in a global portfolio of bonds of any quality, including high yield (non-investment grade) bonds and asset-backed and mortgage-backed securities, issued by governments or companies. The fund may invest directly or via derivatives (complex financial instruments).

In certain market conditions, the fund may invest more than 35% of its assets in government bonds issued by any one body. The fund will not invest more than 15% of its assets in high yield (non-investment grade) bonds and will never invest in bonds rated lower than B- or B3 (credit agency ratings), or if unrated deemed to be of a comparable quality by the Investment Manager.

The Investment Manager may use derivatives (complex financial instruments), including total return swaps, with the aim of making investment gains in line with the fund's objective, to reduce risk, to manage the fund more efficiently, or to generate additional capital or income for the fund.

The fund is actively managed with reference to the ICE Bank of America ML 3 month Sterling Government Bill Index as this forms the basis of the fund's performance target. The Investment Manager has a high degree of freedom to choose individual investments for the fund.

### Strategy

The Investment Manager manages the fund to act as a 'risk reducer', aiming to provide consistent positive absolute returns in excess of cash with low volatility and capital stability across economic and credit cycles. Exposure to shorter maturity investment grade bonds across global fixed income markets creates steady income generation which is balanced with tactical trades that aim to dampen overall volatility and take advantage of any market mispricing and dislocations. The fund is benchmark agnostic seeking the best risk adjusted opportunities across sectors and countries.

### Performance summary

Cumulative performance	One year		Since inception	
	30 Jun 20 - 30 Jun 21		25 Feb 19* - 30 Jun 21	
	%		%	
Class I accumulation (Net)	0.1		4.2	
ICE Bank of America ML 3 month Sterling Government Bill Index	0.0		0.9	
Class I accumulation (Gross)	0.7		5.5	
ICE Bank of America ML 3 month Sterling Government Bill Index + 2%	2.0		5.7	
Discrete performance				
	30 Jun 20 - 30 Jun 21	30 Jun 19 30 Jun 20	25 Feb 19* - 30 Jun 19	
	%	%	%	
Class I accumulation (Net)	0.1	2.8	1.2	
ICE Bank of America ML 3 month Sterling Government Bill Index	0.0	0.7	0.3	
Class I accumulation (Gross)	0.7	3.3	1.4	
ICE Bank of America ML 3 month Sterling Government Bill Index + 2%	2.0	2.7	0.9	

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

\* The fund launched on 25 February 2019.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Class I accumulation (Gross), NAV to NAV, gross of OCF and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

### Benchmark usage:

Index: ICE Bank of America ML 3 month Sterling Government Bill Index

Index usage: Target

Index description: The Bank of America Merrill Lynch 3 month Sterling Government Bill Index is an unmanaged index that is comprised of a single UK Gilt issue with approximately three months to final maturity. It is the basis for the fund's performance target.

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

## Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales/maturities	£000
Walgreens Boots Alliance 0.00% 10/11/2020	19,037	Walgreens Boots Alliance 0.00% 10/11/2020	19,014
US Treasury 0.00% 05/11/2020	15,616	US Treasury 0.00% 05/11/2020	15,581
US Treasury 0.00% 25/02/2021	15,058	US Treasury 0.00% 10/01/2020	15,224
US Treasury 0.00% 18/03/2021	15,057	US Treasury 0.00% 03/12/2020	15,009
US Treasury 0.00% 03/12/2020	15,015	US Treasury 0.00% 07/01/2021	14,759
US Treasury 0.00% 07/01/2021	15,014	US Treasury 0.00% 18/03/2021	14,403
US Treasury 0.00% 01/09/2020	11,970	US Treasury 0.00% 25/02/2021	14,186
Enable Midstream Partners 0.00% 01/07/2021	9,007	US Treasury 0.00% 23/07/2020	13,479
US Treasury 0.00% 10/01/2020	7,744	US Treasury 0.00% 18/08/2020	13,029
Walgreens Boots Alliance 0.00% 26/05/2021	7,259	US Treasury 0.00% 01/09/2020	11,431
<b>Total purchases</b>	<b>3,437,686</b>	<b>Total sales/maturities</b>	<b>3,279,698</b>



### Investment review

The fund returned 0.1% (Net), 0.7% (Gross) based on Class I accumulation over the year under review, compared with a return of 0.0% in the ICE Bank of America ML 3 month Sterling Government Bill Index and a return of 2.0% in the Target Index + 2%.

As the global economy moved into recovery and investor risk appetite returned, performance was strongest among high-yielding areas of fixed income markets, such as corporate bonds and emerging markets. Central banks continued to maintain accommodative policies, by keeping interest rates close to zero and engaging in asset purchases. Government bonds and higher-quality assets suffered in 2021 as the strength of the recovery and higher inflation prints led bond market yields to rise, resulting in lower prices and weaker returns, particularly at longer maturities. As COVID-19 vaccination rates increased and the economic outlook continued to improve, corporate credit spreads tightened further and closed the reporting year at post-global financial crisis lows.

The fund is invested in a core of shorter-maturity global investment-grade bonds alongside a smaller number of derivatives-based strategies that seek to add incremental return and mitigate risk.

During the first half of the reporting year, the fund's performance benefited from the strength in credit markets, with credit spreads rallying from the wide levels seen in the summer of 2020. Coupon income from the fund's core holdings of shorter-duration corporate credit, with a focus on issuers in the US, Asia excluding Japan and Australia, aided returns.

We maintained a higher interest rate duration position than average for much of the reporting year, focused on the US, Canada and Australia. This initially aided returns as rates remained rangebound, but the strong economic recovery and rising inflation led to an abrupt sell-off in government bond yields in February and March. At the start of 2021, we had already begun to reduce overall portfolio interest rate duration from a high of 1.8 years, by using government bond futures. Despite our expectation that central banks would remain on hold for the foreseeable future, the market repricing also affected the fund's positions in Australian interest rates in the five-year part of the curve, and a similar position in Canada at the front end. We reduced interest rate duration over the reporting year, reflecting the still elevated levels of interest rate volatility (compared with equity markets), by exiting some of these positions. The fund ended the reporting year with an interest rate duration of 0.6 years. Within credit, we continued to recycle out of bonds that are close to maturity and reinvest proceeds in the 3-5 year part of the curve, and add exposure to certain issuers and sectors that may fare better in the reopening.

The fund utilises derivatives. During the year, derivative positions included using forward foreign exchange contracts for hedging the currency risk of Australian dollar and US dollar-denominated securities back to sterling. In addition, we used bond futures and interest rate swaps for managing interest rate exposure, and index credit default swaps to manage credit risk exposure.

Looking ahead, the path of neither the economy nor monetary policy is set in stone. Policy makers have a needle to thread. On the one hand, forward-looking indicators denote a strengthening economy. On the other, nearly seven million US jobs lost during the pandemic have yet to return. Given the US Federal Reserve's (Fed) prioritisation of achieving full employment, and its willingness to allow inflation to run above its 2.0% target to do so, we believe the central bank will continue to err on the side of dovishness.

The management of COVID-19 and its variants have been uneven across the world. Certain economies are experiencing robust recoveries and others are dealing with rising inflation from surging commodities prices. In either case, central banks will be loath to raise rates before the Fed, out of concern about currency appreciation weighing on exports. Despite the outsized influence of the US central bank, we believe the dispersion in economic recoveries and policy responses creates favourable conditions for a geographically diversified bond portfolio to generate income and preserve capital in an otherwise challenging fixed income environment. Consequently, we believe duration management will be paramount in the months ahead.

## Comparative tables for the year ended 30 June 2021

	Class G accumulation		
	2021 (pence per share)	2020 (pence per share)	27/06/19 - 30/06/19 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	102.53	99.96	100.00 <sup>1</sup>
Return before operating charges*	0.35	3.01	(0.04)
Operating charges	(0.46)	(0.44)	-
Return after operating charges*	(0.11)	2.57	(0.04)
Distributions on accumulation shares	(0.38)	(1.05)	(0.04)
Retained distributions on accumulation shares	0.38	1.05	0.04
Closing net asset value per share	102.42	102.53	99.96
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(0.11%)	2.57%	(0.04%)
<b>Other information</b>			
Closing net asset value (£000s)	1	1	1
Closing number of shares	500	500	500
Operating charges	0.45%	0.44%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	103.14	102.57	100.03
Lowest share price (pence)	102.36	100.03	100.00

<sup>1</sup> Class G accumulation launched on 27 June 2019 and this is the first published price.

	Class G income		
	2021 (pence per share)	2020 (pence per share)	27/06/19 - 30/06/19 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	101.50	99.92	100.00 <sup>2</sup>
Return before operating charges*	0.23	3.03	(0.04)
Operating charges	(0.46)	(0.44)	-
Return after operating charges*	(0.23)	2.59	(0.04)
Distributions on income shares	(0.36)	(1.01)	(0.04)
Closing net asset value per share	100.91	101.50	99.92
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(0.23%)	2.59%	(0.04%)
<b>Other information</b>			
Closing net asset value (£000s)	1	1	1
Closing number of shares	500	500	500
Operating charges	0.45%	0.44%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	102.02	101.56	100.03
Lowest share price (pence)	101.07	99.55	100.00

<sup>2</sup> Class G income launched on 27 June 2019 and this is the first published price.

## Comparative tables (continued)

	Class I accumulation		
	2021 (pence per share)	2020 (pence per share)	25/02/19 - 30/06/19 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	103.97	101.15	100.00 <sup>3</sup>
Return before operating charges*	0.69	3.39	1.34
Operating charges	(0.58)	(0.57)	(0.19)
Return after operating charges*	0.11	2.82	1.15
Distributions on accumulation shares	(0.60)	(1.29)	(0.77)
Retained distributions on accumulation shares	0.60	1.29	0.77
Closing net asset value per share	104.08	103.97	101.15
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.11%	2.79%	1.15%
<b>Other information</b>			
Closing net asset value (£000s)	58,069	3,775	2,529
Closing number of shares	55,793,459	3,630,672	2,500,499
Operating charges	0.56%	0.56%	0.56%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	104.72	104.01	101.25
Lowest share price (pence)	103.95	101.23	99.96

<sup>3</sup> The fund launched on 25 February 2019 and this is the first published price.

	Class I income		
	2021 (pence per share)	2020 (pence per share)	25/02/19 - 30/06/19 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	101.90	100.38	100.00 <sup>4</sup>
Return before operating charges*	0.67	3.34	1.34
Operating charges	(0.57)	(0.56)	(0.19)
Return after operating charges*	0.10	2.78	1.15
Distributions on income shares	(0.60)	(1.26)	(0.77)
Closing net asset value per share	101.40	101.90	100.38
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.10%	2.77%	1.15%
<b>Other information</b>			
Closing net asset value (£000s)	4,042	3,474	2,510
Closing number of shares	3,986,244	3,409,965	2,500,499
Operating charges	0.56%	0.56%	0.56%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	102.49	102.02	101.11
Lowest share price (pence)	101.58	100.02	99.96

<sup>4</sup> The fund launched on 25 February 2019 and this is the first published price.

## Comparative tables (continued)

	<b>Class S accumulation</b>	
	<b>2021</b>	<b>09/12/19 -</b>
	<b>(pence</b>	<b>30/06/20</b>
	<b>per share)</b>	<b>(pence</b>
		<b>per share)</b>
<b>Change in net assets per share</b>		
Opening net asset value per share	102.50	100.00 <sup>5</sup>
Return before operating charges*	0.67	2.64
Operating charges	(0.27)	(0.14)
Return after operating charges*	0.40	2.50
Distributions on accumulation shares	(0.92)	(0.83)
Retained distributions on accumulation shares	0.92	0.83
Closing net asset value per share	102.90	102.50
* after direct transaction costs of:	-	-

### Performance

Return after charges	0.39%	2.50%
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### Other information

Closing net asset value (£000s)	76,533	26,123
Closing number of shares	74,375,063	25,486,071
Operating charges	0.26%	0.26%
Direct transaction costs	0.00%	0.00%

### Prices

Highest share price (pence)	103.39	102.53
Lowest share price (pence)	102.53	99.95

<sup>5</sup> Class S accumulation launched on 9 December 2019 and this is the first published price.

	<b>Class S income</b>	
	<b>2021</b>	<b>20/02/20 -</b>
	<b>(pence</b>	<b>30/06/20</b>
	<b>per share)</b>	<b>(pence</b>
		<b>per share)</b>
<b>Change in net assets per share</b>		
Opening net asset value per share	101.17	100.00 <sup>6</sup>
Return before operating charges*	0.66	1.59
Operating charges	(0.26)	(0.09)
Return after operating charges*	0.40	1.50
Distributions on income shares	(0.87)	(0.33)
Closing net asset value per share	100.70	101.17
* after direct transaction costs of:	-	-

### Performance

Return after charges	0.40%	1.50%
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### Other information

Closing net asset value (£000s)	80,682	58,589
Closing number of shares	80,125,166	57,913,611
Operating charges	0.26%	0.26%
Direct transaction costs	0.00%	0.00%

### Prices

Highest share price (pence)	101.81	101.35
Lowest share price (pence)	100.89	99.68

<sup>6</sup> Class S income launched on 20 February 2020 and this is the first published price.

## Comparative tables (continued)

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	25/02/19 - 30/06/19 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	104.68	101.32	100.00 <sup>7</sup>
Return before operating charges*	0.68	3.42	1.34
Operating charges	(0.05)	(0.06)	(0.02)
Return after operating charges*	0.63	3.36	1.32
Distributions on accumulation shares	(1.14)	(1.80)	(0.94)
Retained distributions on accumulation shares	1.14	1.80	0.94
Closing net asset value per share	105.31	104.68	101.32
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.60%	3.32%	1.32%
<b>Other information</b>			
Closing net asset value (£000s)	13,252	14,237	2,533
Closing number of shares	12,583,761	13,600,962	2,500,499
Operating charges	0.05%	0.06%	0.06%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	105.71	104.71	101.41
Lowest share price (pence)	104.71	101.41	99.97

<sup>7</sup> The fund launched on 25 February 2019 and this is the first published price.

	Class Z income		
	2021 (pence per share)	2020 (pence per share)	25/02/19 - 30/06/19 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	101.90	100.38	100.00 <sup>8</sup>
Return before operating charges*	0.67	3.35	1.34
Operating charges	(0.05)	(0.06)	(0.02)
Return after operating charges*	0.62	3.29	1.32
Distributions on income shares	(1.11)	(1.77)	(0.94)
Closing net asset value per share	101.41	101.90	100.38
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.61%	3.28%	1.32%
<b>Other information</b>			
Closing net asset value (£000s)	1	2,548	2,510
Closing number of shares	499	2,500,499	2,500,499
Operating charges	0.05%	0.06%	0.06%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	102.63	102.14	101.23
Lowest share price (pence)	101.62	100.02	99.97

<sup>8</sup> The fund launched on 25 February 2019 and this is the first published price.

## Comparative tables (continued)

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### **Operating charges**

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### **Share class launches and closures**

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised ongoing charge figure (OCF) of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2021 %	2020 %
<b>Class G accumulation</b>	0.45	0.44 <sup>1</sup>
<b>Class G income</b>	0.45	0.44 <sup>1</sup>
<b>Class I accumulation</b>	0.56	0.56 <sup>1</sup>
<b>Class I income</b>	0.56	0.56 <sup>1</sup>
<b>Class S accumulation<sup>2</sup></b>	0.26	0.26 <sup>1</sup>
<b>Class S income<sup>3</sup></b>	0.26	0.26 <sup>1</sup>
<b>Class Z accumulation</b>	0.05	0.06 <sup>1</sup>
<b>Class Z income</b>	0.05	0.06 <sup>1</sup>

The OCF is calculated in accordance with guidelines issued by the European Securities and Markets Authority (ESMA).

<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

<sup>2</sup> Class S accumulation launched on 9 December 2019. An annualised OCF rate has been disclosed in the prior year comparative.

<sup>3</sup> Class S income launched on 20 February 2020. An annualised OCF rate has been disclosed in the prior year comparative.

## Risk and reward profile

The fund currently has 8 types of share class in issue: G accumulation, G income, I accumulation, I income, S accumulation, S income, Z accumulation and Z income.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 2 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The Synthetic Risk and Reward Indicator (SRRI) is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section in the fund's prospectus.

There has been no change to the risk ratings in the year.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class I accumulation, Class I income, Class Z accumulation and Class Z income launched on 25 February 2019, Class G accumulation and Class G income launched on 27 June 2019, Class S accumulation launched on 9 December 2019 and Class S income launched on 20 February 2020. As these share classes do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.



## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Bonds 89.30% (2020: 43.45%)</b>			
<b>Australia 20.15% (2020: 12.85%)</b>			
<b>Asset Backed 0.43% (2020: 1.21%)</b>			
AUD 436,850	La Trobe Financial Capital Markets Trust FRN 11/02/2051 2A1L	240	0.10
AUD 500,000	La Trobe Financial Capital Markets Trust FRN 11/02/2051 2A2L	276	0.13
AUD 223,485	Latitude Australia Personal Loans FRN 17/06/2028 1AL	122	0.05
AUD 105,649	Liberty Funding FRN 10/04/2049	57	0.02
AUD 476,470	Liberty Funding FRN 10/06/2051	262	0.11
AUD 95,576	Pepper Residential Securities Trust FRN 12/08/2058	52	0.02
		<u>1,009</u>	<u>0.43</u>
<b>Fixed Rate Bond 6.15% (2020: 4.55%)</b>			
AUD 1,120,000	Ausgrid Finance 3.75% 30/10/2024	654	0.28
USD 310,000	Ausgrid Finance 3.85% 01/05/2023	234	0.10
AUD 240,000	AusNet Services 2.60% 31/07/2029	134	0.06
USD 1,700,000	Australia and New Zealand Banking 2.95% 22/07/2030	1,281	0.55
AUD 600,000	Australian Gas Networks (Vic 3) 4.50% 17/12/2021	332	0.14
AUD 900,000	Charter Hall Exchange Finance 2.317% 25/09/2030	478	0.21
AUD 3,770,000	Charter Hall 2.086% 03/03/2028	2,031	0.87
USD 2,250,000	Commonwealth Bank of Australia 3.35% 04/06/2024	1,756	0.76
AUD 150,000	ConnectEast Finance 3.40% 25/03/2026	88	0.04
AUD 1,400,000	GTA Finance 2.20% 26/08/2027	758	0.33
AUD 5,300,000	Lonsdale Finance 2.10% 15/10/2027	2,875	1.24
AUD 200,000	Lonsdale Finance 2.45% 20/11/2026	112	0.05
AUD 430,000	Network Finance 2.25% 11/11/2026	238	0.10
AUD 500,000	Optus Finance 1.60% 01/07/2025	276	0.12
AUD 750,000	Optus Finance 4.00% 17/06/2022	422	0.18
AUD 1,000,000	QPH Finance 5.00% 07/07/2021	544	0.23
AUD 600,000	SGSP Australia Assets 3.75% 28/06/2023	347	0.15
USD 270,000	Suncorp-Metway 3.30% 15/04/2024	209	0.09
USD 560,000	Sydney Airport Finance 3.625% 28/04/2026	441	0.19
USD 130,000	Telstra 4.80% 12/10/2021	95	0.04
AUD 200,000	United Energy Distribution 2.20% 29/10/2026	112	0.05
AUD 1,000,000	United Energy Distribution 3.85% 23/10/2024	592	0.25
AUD 500,000	WSO Finance 3.50% 14/07/2023	284	0.12
		<u>14,293</u>	<u>6.15</u>
<b>Floating Rate Note 12.88% (2020: 6.56%)</b>			
AUD 2,400,000	Ausgrid Finance FRN 05/02/2024	1,312	0.56
AUD 1,250,000	Ausgrid Finance FRN 30/10/2024	685	0.29
AUD 3,650,000	Australia and New Zealand Banking FRN 06/12/2023	2,022	0.87
AUD 600,000	Australia and New Zealand Banking FRN 26/07/2029	335	0.14
AUD 200,000	Bank of Queensland FRN 01/05/2028	110	0.05
AUD 1,050,000	Bank of Queensland FRN 29/07/2031	573	0.25
AUD 450,000	Bank of Queensland FRN 30/10/2024	250	0.11
AUD 1,950,000	Bendigo & Adelaide Bank FRN 09/12/2026	1,070	0.46
AUD 1,000,000	Bendigo & Adelaide Bank FRN 30/11/2028	561	0.24
AUD 80,000	Challenger Life FRN 24/11/2042	44	0.02
USD 150,000	Commonwealth Bank of Australia FRN 04/06/2024	111	0.05
AUD 1,000,000	Commonwealth Bank of Australia FRN 11/01/2024	556	0.24
AUD 100,000	ETSA Utilities Finance FRN 13/12/2023	55	0.02
AUD 1,000,000	ETSA Utilities Finance FRN 29/08/2022	546	0.23

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Floating Rate Note (continued)</b>			
AUD 1,510,000	Insurance Australia FRN 15/12/2036	848	0.36
AUD 200,000	Liberty Financial FRN 07/03/2022	110	0.05
AUD 3,640,000	Liberty Financial FRN 17/03/2020	1,984	0.85
AUD 1,400,000	Liberty Financial FRN 25/05/2026	766	0.33
AUD 2,000,000	Macquarie Bank FRN 17/06/2031	1,090	0.47
USD 2,000,000	Macquarie FRN 23/09/2027	1,442	0.62
USD 2,800,000	Macquarie FRN 27/03/2024	2,060	0.89
USD 330,000	National Australia Bank FRN 12/04/2023	241	0.10
AUD 200,000	National Australia Bank FRN 17/05/2029	112	0.05
AUD 3,400,000	National Australia Bank FRN 18/11/2030	1,880	0.81
AUD 700,000	National Australia Bank FRN 18/11/2031	393	0.17
AUD 1,949,000	National Australia Bank FRN 21/09/2026	1,064	0.46
USD 1,500,000	National Australia Bank FRN 22/05/2022	1,092	0.47
AUD 500,000	Network Finance FRN 06/12/2024	275	0.12
AUD 2,000,000	Suncorp FRN 05/12/2028	1,115	0.48
AUD 110,000	Vicinity Centres FRN 27/06/2025	60	0.03
AUD 2,100,000	Victoria Power Networks FRN 21/04/2026	1,142	0.49
USD 800,000	Westpac Banking FRN 15/05/2023	586	0.25
AUD 1,000,000	Westpac Banking FRN 16/02/2028	548	0.24
AUD 4,300,000	Westpac Banking FRN 16/11/2023	2,377	1.02
AUD 500,000	Westpac Banking FRN 22/06/2028	277	0.12
AUD 500,000	Westpac Banking FRN 27/08/2029	280	0.12
AUD 3,600,000	Westpac Banking FRN 29/01/2031	1,978	0.85
		<u>29,950</u>	<u>12.88</u>
<b>Variable Rate Bond 0.69% (2020: 0.53%)</b>			
USD 1,930,000	Commonwealth Bank of Australia 3.375% 20/10/2026	1,407	0.61
USD 260,000	Macquarie 3.189% 28/11/2023	195	0.08
		<u>1,602</u>	<u>0.69</u>
<b>Canada 5.89% (2020: 3.84%)</b>			
<b>Fixed Rate Bond 5.12% (2020: 2.57%)</b>			
USD 700,000	Bank of Montreal 1.85% 01/05/2025	524	0.23
USD 3,100,000	Bank of Nova Scotia 1.05% 02/03/2026	2,221	0.95
USD 900,000	Bank of Nova Scotia 1.30% 11/06/2025	658	0.28
GBP 200,000	Royal Bank of Canada 1.125% 15/12/2025	202	0.09
USD 700,000	Royal Bank of Canada 1.15% 10/06/2025	510	0.22
CAD 2,300,000	Royal Bank of Canada 2.352% 02/07/2024	1,389	0.60
USD 906,000	Royal Bank of Canada 2.55% 16/07/2024	692	0.30
USD 3,500,000	The Stars 7.00% 15/07/2026	2,628	1.12
USD 150,000	Toronto-Dominion Bank 0.55% 04/03/2024	109	0.05
USD 800,000	Toronto-Dominion Bank 1.15% 12/06/2025	583	0.25
CAD 3,950,000	Toronto-Dominion Bank 2.85% 08/03/2024	2,414	1.03
		<u>11,930</u>	<u>5.12</u>
<b>Floating Rate Note 0.77% (2020: 1.27%)</b>			
USD 2,150,000	Bank of Montreal FRN 08/12/2023	1,562	0.68
USD 300,000	Bank of Montreal FRN 27/08/2021	217	0.09
		<u>1,779</u>	<u>0.77</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>China 2.76% (2020: 1.30%)</b>		
	<b>Fixed Rate Bond 2.46% (2020: 0.63%)</b>		
USD 1,000,000	CNOOC Curtis Funding No. 1 4.50% 03/10/2023	778	0.33
USD 1,300,000	CNOOC Finance 3.00% 09/05/2023	973	0.42
USD 3,400,000	CNOOC Finance 3.75% 02/05/2023	2,581	1.11
USD 1,500,000	Sinopec Overseas Development 1.45% 08/01/2026	1,085	0.47
USD 400,000	Sinopec Overseas Development 3.75% 12/09/2023	307	0.13
		<u>5,724</u>	<u>2.46</u>
	<b>Floating Rate Note 0.30% (2020: 0.67%)</b>		
AUD 500,000	Agricultural Bank of China FRN 26/09/2022	274	0.12
USD 200,000	Bank of China FRN 07/06/2023	145	0.06
USD 200,000	ICBCIL Finance FRN 15/05/2023	144	0.06
AUD 240,000	Industrial & Commercial Bank of China FRN 29/03/2022	131	0.06
		<u>694</u>	<u>0.30</u>
	<b>Finland 0.59% (2020: 0.38%)</b>		
	<b>Fixed Rate Bond 0.59% (2020: 0.38%)</b>		
USD 1,400,000	Nordea Bank 0.75% 28/08/2025	1,003	0.43
USD 500,000	Nordea Bank 1.00% 09/06/2023	366	0.16
		<u>1,369</u>	<u>0.59</u>
	<b>Germany 3.03% (2020: 1.10%)</b>		
	<b>Fixed Rate Bond 3.03% (2020: 0.95%)</b>		
GBP 170,000	BMW International Investment 1.25% 11/07/2022	172	0.07
GBP 100,000	Daimler International Finance 2.00% 04/09/2023	103	0.04
AUD 2,770,000	Mercedes-Benz Australia 0.75% 22/01/2024	1,495	0.65
AUD 2,200,000	Mercedes-Benz Australia 2.50% 20/03/2022	1,213	0.52
USD 2,000,000	Siemens Financieringsmaatschappij 0.40% 11/03/2023	1,449	0.63
GBP 1,000,000	Volkswagen Financial Services 1.125% 18/09/2023	1,008	0.43
AUD 130,000	Volkswagen Financial Services 3.10% 17/04/2023	73	0.03
USD 1,400,000	Volkswagen of America 0.875% 22/11/2023	1,016	0.44
USD 700,000	Volkswagen of America 2.90% 13/05/2022	517	0.22
		<u>7,046</u>	<u>3.03</u>
	<b>Floating Rate Note 0.00% (2020: 0.15%)</b>		
	<b>Ireland 0.28% (2020: 0.00%)</b>		
	<b>Fixed Rate Bond 0.28% (2020: 0.00%)</b>		
USD 900,000	Aercap Ireland 1.75% 30/01/2026	644	0.28
	<b>Japan 2.52% (2020: 1.37%)</b>		
	<b>Fixed Rate Bond 0.81% (2020: 0.00%)</b>		
USD 800,000	Mitsubishi UFJ Financial 0.848% 15/09/2024	582	0.25
USD 700,000	Sumitomo Mitsui Financial 0.508% 12/01/2024	505	0.22
USD 1,100,000	Sumitomo Mitsui Trust Bank 0.80% 12/09/2023	801	0.34
		<u>1,888</u>	<u>0.81</u>
	<b>Floating Rate Note 1.05% (2020: 1.37%)</b>		
AUD 250,000	Mitsubishi UFJ Financial FRN 01/10/2024	139	0.06
USD 950,000	Mizuho Financial FRN 11/09/2022	694	0.30
USD 200,000	Mizuho Financial FRN 16/07/2023	146	0.06

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Floating Rate Note (continued)</b>		
USD 450,000	Mizuho Financial FRN 25/05/2024	328	0.14
AUD 450,000	Sumitomo Mitsui Financial FRN 16/10/2024	250	0.11
AUD 200,000	Sumitomo Mitsui Financial FRN 29/03/2022	110	0.05
AUD 1,400,000	Sumitomo Mitsui Banking FRN 05/06/2023	769	0.33
		<u>2,436</u>	<u>1.05</u>
	<b>Variable Rate Bond 0.66% (2020: 0.00%)</b>		
USD 1,300,000	Mizuho Financial FRN 08/09/2024	945	0.41
USD 800,000	Mizuho Financial FRN 10/07/2024	587	0.25
		<u>1,532</u>	<u>0.66</u>
	<b>Netherlands 1.08% (2020: 0.77%)</b>		
	<b>Fixed Rate Bond 1.08% (2020: 0.77%)</b>		
USD 2,400,000	Coöperatieve Rabobank 0.375% 12/01/2024	1,730	0.75
USD 650,000	Coöperatieve Rabobank 1.339% 24/06/2026	473	0.20
GBP 300,000	Coöperatieve Rabobank 2.25% 23/02/2022	304	0.13
		<u>2,507</u>	<u>1.08</u>
	<b>New Zealand 0.40% (2020: 0.11%)</b>		
	<b>Fixed Rate Bond 0.05% (2020: 0.11%)</b>		
AUD 210,000	Spark Finance 2.60% 18/03/2030	115	0.05
	<b>Floating Rate Note 0.35% (2020: 0.00%)</b>		
AUD 1,500,000	Kiwibank FRN 23/09/2025	823	0.35
	<b>Saudi Arabia 0.23% (2020: 0.00%)</b>		
	<b>Fixed Rate Bond 0.23% (2020: 0.00%)</b>		
USD 750,000	Franklin Global Sukuk Fund 0.946% 17/06/2024	542	0.23
	<b>Singapore 1.34% (2020: 0.16%)</b>		
	<b>Fixed Rate Bond 0.07% (2020: 0.16%)</b>		
USD 200,000	DBS Bank 4.52% 11/12/2028	156	0.07
	<b>Floating Rate Note 0.80% (2020: 0.00%)</b>		
AUD 3,400,000	DBS FRN 16/03/2028	1,871	0.80
	<b>Variable Rate Bond 0.47% (2020: 0.00%)</b>		
USD 1,500,000	United Overseas Bank 2.88% 08/03/2027	1,099	0.47
	<b>South Korea 1.49% (2020: 0.83%)</b>		
	<b>Fixed Rate Bond 1.27% (2020: 0.16%)</b>		
USD 450,000	GS Caltex 1.625% 27/07/2025	327	0.14
USD 1,100,000	Harvest Operations 1.00% 26/04/2024	797	0.34
USD 1,401,000	Korea East-West Power 1.75% 06/05/2025	1,034	0.44
USD 200,000	Korea East-West Power 3.875% 19/07/2023	154	0.07
USD 900,000	Korea National Oil 0.875% 05/10/2025	641	0.28
		<u>2,953</u>	<u>1.27</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Floating Rate Note 0.22% (2020: 0.67%)</b>		
USD 200,000	Korea National Oil FRN 16/07/2023	146	0.06
AUD 650,000	Korea Southern Power FRN 30/10/2024	357	0.16
		<u>503</u>	<u>0.22</u>
	<b>Supranational 0.04% (2020: 0.10%)</b>		
	<b>Fixed Rate Bond 0.04% (2020: 0.10%)</b>		
INR 10,150,000	Inter-American Development Bank 5.50% 23/08/2021	<u>99</u>	<u>0.04</u>
	<b>Switzerland 0.34% (2020: 0.00%)</b>		
	<b>Fixed Rate Bond 0.34% (2020: 0.00%)</b>		
USD 1,100,000	UBS 0.375% 01/06/2023	<u>795</u>	<u>0.34</u>
	<b>United Arab Emirates 0.12% (2020: 0.00%)</b>		
	<b>Fixed Rate Bond 0.12% (2020: 0.00%)</b>		
USD 390,000	Dae Funding 1.55% 01/08/2024	<u>282</u>	<u>0.12</u>
	<b>United Kingdom 2.97% (2020: 2.49%)</b>		
	<b>Fixed Rate Bond 2.78% (2020: 2.06%)</b>		
USD 1,300,000	Barclays 1.007% 10/12/2024	946	0.41
USD 600,000	Barclays 2.852% 07/05/2026	459	0.20
USD 2,550,000	CK Hutchison International 1.50% 15/04/2026	1,857	0.79
USD 200,000	CK Hutchison International (19) 3.25% 11/04/2024	154	0.07
USD 1,100,000	HSBC 0.976% 24/05/2025	796	0.34
USD 200,000	Hutchison Whampoa International 4.625% 13/01/2022	148	0.06
USD 300,000	Lloyds Bank 1.326% 15/06/2023	219	0.09
USD 500,000	Lloyds Bank 3.87% 09/07/2025	392	0.17
USD 420,000	Lloyds Bank 3.90% 12/03/2024	329	0.14
USD 1,300,000	Lloyds Bank 0.695% 11/05/2024	943	0.41
GBP 230,000	Logicor 1.875% 17/11/2026	239	0.10
		<u>6,482</u>	<u>2.78</u>
	<b>Floating Rate Note 0.12% (2020: 0.27%)</b>		
USD 200,000	Barclays FRN 15/02/2023	145	0.07
USD 170,000	HSBC FRN 18/05/2024	<u>125</u>	<u>0.05</u>
		<u>270</u>	<u>0.12</u>
	<b>Variable Rate Bond 0.07% (2020: 0.16%)</b>		
USD 200,000	Barclays 3.932% 07/05/2025	<u>156</u>	<u>0.07</u>
	<b>United States 46.07% (2020: 18.15%)</b>		
	<b>Fixed Rate Bond 37.36% (2020: 12.64%)</b>		
USD 1,685,000	Athene Global Funding 1.608% 29/06/2026	1,222	0.53
USD 675,000	Air Lease 1.875% 15/08/2026	489	0.21
USD 1,660,000	Alphabet 0.45% 15/08/2025	1,190	0.51
USD 1,300,000	Amazon.com 0.45% 12/05/2024	939	0.40
USD 1,900,000	Amazon.com 0.80% 03/06/2025	1,378	0.59
USD 365,000	American Express 3.40% 22/02/2024	283	0.12
USD 1,100,000	American Honda Finance 0.55% 12/07/2024	794	0.34
USD 1,300,000	American Honda Finance 0.65% 08/09/2023	945	0.41
USD 900,000	American Honda Finance 0.875% 07/07/2023	657	0.28

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond</b> (continued)			
USD 1,100,000	American Tower 1.60% 15/04/2026	805	0.35
USD 200,000	Apple 0.55% 20/08/2025	143	0.06
USD 1,850,000	Apple 0.70% 08/02/2026	1,324	0.57
USD 1,000,000	Apple 0.75% 11/05/2023	730	0.31
USD 700,000	Apple 1.80% 11/09/2024	527	0.23
USD 3,600,000	AT&T 0.90% 25/03/2024	2,613	1.13
USD 1,500,000	Aviation Capital 1.95% 30/01/2026	1,087	0.47
USD 2,100,000	Bank of America 0.981% 25/09/2025	1,519	0.65
USD 550,000	Bank of America 1.319% 19/06/2026	399	0.17
USD 1,200,000	Bank of America 1.486% 19/05/2024	883	0.38
USD 2,800,000	Boeing 1.433% 04/02/2024	2,035	0.88
USD 1,250,000	Boeing 2.196% 04/02/2026	914	0.39
USD 2,520,000	Broadcom 1.95% 15/02/2028	1,826	0.78
USD 700,000	Capital One Financial 2.60% 11/05/2023	526	0.23
USD 300,000	Capital One 2.15% 06/09/2022	221	0.10
USD 1,700,000	Cardinal Health 3.079% 15/06/2024	1,305	0.56
USD 1,500,000	Caterpillar Financial Services 0.25% 01/03/2023	1,083	0.47
USD 1,200,000	Caterpillar Financial Services 0.45% 14/09/2023	870	0.37
USD 250,000	Caterpillar Financial Services 0.45% 17/05/2024	180	0.08
USD 400,000	Caterpillar Financial Services 0.65% 07/07/2023	291	0.13
USD 2,300,000	Charles Schwab 0.75% 18/03/2024	1,674	0.72
USD 1,000,000	Charles Schwab 1.15% 13/05/2026	724	0.31
GBP 185,000	Citigroup 2.75% 24/01/2024	194	0.08
USD 1,400,000	Citigroup 3.106% 08/04/2026	1,085	0.47
USD 150,000	Comcast 3.60% 01/03/2024	117	0.05
USD 130,000	Constellation Brands 3.20% 15/02/2023	98	0.04
USD 145,000	CVS Health 2.625% 15/08/2024	111	0.05
USD 1,450,000	CVS Health 3.375% 12/08/2024	1,128	0.49
USD 900,000	CVS Health 4.75% 01/12/2022	683	0.29
USD 1,000,000	eBay 1.40% 10/05/2026	726	0.31
USD 700,000	eBay 1.90% 11/03/2025	524	0.23
USD 1,820,000	Equinix 1.45% 15/05/2026	1,323	0.57
USD 1,500,000	Fiserv 3.80% 01/10/2023	1,162	0.50
USD 1,160,000	GE Capital International Funding 3.373% 15/11/2025	917	0.39
USD 1,000,000	General Motors Financial 1.05% 08/03/2024	728	0.31
USD 1,100,000	General Motors Financial 1.70% 18/08/2023	813	0.35
USD 2,660,000	Georgia-Pacific 0.625% 15/05/2024	1,918	0.82
USD 1,900,000	Goldman Sachs 0.673% 08/03/2024	1,378	0.59
USD 1,675,000	Goldman Sachs 0.675% 10/09/2024	1,210	0.52
USD 1,675,000	Goldman Sachs 1.542% 10/09/2027	1,210	0.52
USD 920,000	Goldman Sachs 3.50% 01/04/2025	723	0.31
USD 650,000	Hershey 0.90% 01/06/2025	472	0.20
USD 635,000	Hershey 2.30% 15/08/2026	488	0.21
USD 1,570,000	Home Depot 0.90% 15/03/2028	1,109	0.48
USD 1,250,000	Home Depot 2.70% 01/04/2023	938	0.40
USD 600,000	Hormel Foods 0.65% 03/06/2024	435	0.19
USD 2,350,000	HP Enterprise 1.45% 01/04/2024	1,729	0.74
USD 200,000	HP Enterprise 4.40% 15/10/2022	151	0.06
USD 2,350,000	Hyundai Capital America 0.80% 08/01/2024	1,694	0.73
USD 700,000	Hyundai Capital America 1.25% 18/09/2023	511	0.22

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
USD 300,000	Hyundai Capital America 3.40% 20/06/2024	232	0.10
USD 1,320,000	Intuit 0.65% 15/07/2023	960	0.41
USD 1,200,000	John Deere Capital 0.45% 07/06/2024	866	0.37
USD 1,150,000	John Deere Capital 0.45% 17/01/2024	832	0.36
USD 1,000,000	John Deere Capital 0.70% 15/01/2026	717	0.31
USD 2,600,000	Johnson & Johnson 0.55% 01/09/2025	1,865	0.80
USD 1,100,000	JPMorgan Chase 0.824% 01/06/2025	795	0.34
USD 3,110,000	Kraft Heinz Foods 3.95% 15/07/2025	2,504	1.09
USD 50,000	Mars 2.70% 01/04/2025	38	0.02
USD 750,000	Martin Marietta Materials 0.65% 15/07/2023	544	0.23
USD 742,000	Mattel 6.75% 31/12/2025	564	0.24
AUD 800,000	McDonald's 3.00% 08/03/2024	457	0.20
CAD 1,950,000	McDonald's 3.125% 04/03/2025	1,209	0.52
USD 693,000	Molson Coors Brewing 2.10% 15/07/2021	502	0.22
USD 1,862,000	Mondelez International 0.625% 01/07/2022	1,353	0.58
CAD 900,000	Mondelez International 3.25% 07/03/2025	558	0.24
USD 2,000,000	Morgan Stanley 0.529% 25/01/2024	1,447	0.62
USD 700,000	Morgan Stanley 2.188% 28/04/2026	526	0.23
USD 1,300,000	Nestlé 0.375% 15/01/2024	937	0.40
USD 1,850,000	Nvidia 0.584% 14/06/2024	1,340	0.58
USD 1,750,000	Oracle 1.65% 25/03/2026	1,285	0.55
USD 500,000	Oracle 2.50% 01/04/2025	380	0.16
USD 800,000	Oracle 2.50% 15/05/2022	588	0.25
USD 1,910,000	Paypal 1.35% 01/06/2023	1,407	0.60
USD 725,000	salesforce.com 0.625% 15/07/2024	524	0.23
USD 730,000	Square 2.75% 01/06/2026	538	0.23
USD 1,450,000	SVB Financial 2.10% 15/05/2028	1,066	0.46
USD 750,000	Toyota Motor Credit 0.45% 11/01/2024	541	0.23
USD 2,400,000	Toyota Motor Credit 0.50% 18/06/2024	1,730	0.74
USD 300,000	Toyota Motor Credit 1.80% 13/02/2025	224	0.10
USD 800,000	Verizon Communications 0.75% 22/03/2024	582	0.25
USD 950,000	Verizon Communications 0.85% 20/11/2025	680	0.29
USD 800,000	Verizon Communications 1.45% 20/03/2026	585	0.25
USD 1,400,000	Walmart 3.30% 22/04/2024	1,087	0.47
USD 500,000	Walt Disney 1.75% 13/01/2026	372	0.16
USD 1,550,000	Wells Fargo 2.188% 30/04/2026	1,166	0.50
AUD 3,500,000	Wells Fargo 3.70% 27/07/2026	2,081	0.90
GBP 300,000	Wells Fargo 5.25% 01/08/2023	327	0.14
USD 450,000	7-Eleven 0.625% 10/02/2023	326	0.14
		<b>86,886</b>	<b>37.36</b>
<b>Floating Rate Note 8.03% (2020: 5.32%)</b>			
USD 2,380,000	Athene Global Funding FRN 24/05/2024	1,737	0.75
USD 2,200,000	American Express FRN 20/05/2022	1,599	0.69
USD 165,000	American Honda Finance FRN 05/11/2021	120	0.05
USD 1,800,000	Bank of America FRN 05/03/2024	1,315	0.57
USD 700,000	Bank of America FRN 11/03/2027	511	0.22
USD 270,000	Bank of America FRN 23/07/2024	198	0.09
USD 260,000	Citigroup FRN 01/05/2025	189	0.08
USD 400,000	Citigroup FRN 09/06/2027	289	0.12



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Floating Rate Note (continued)</b>			
USD 2,900,000	Citigroup FRN 28/01/2027	2,069	0.88
USD 698,000	eBay FRN 30/01/2023	510	0.22
USD 925,000	Florida Power & Light FRN 28/07/2023	670	0.29
USD 300,000	General Motors Financial FRN 05/01/2023	219	0.09
USD 400,000	Goldman Sachs FRN 12/02/2026	288	0.12
USD 2,000,000	JPMorgan Chase FRN 16/02/2025	1,440	0.62
USD 2,600,000	JPMorgan Chase FRN 23/06/2025	1,884	0.81
AUD 120,000	McDonald's FRN 08/03/2024	66	0.03
CAD 1,500,000	Morgan Stanley FRN 03/02/2023	878	0.38
USD 2,600,000	Morgan Stanley FRN 30/05/2025	1,875	0.81
USD 130,000	Nissan Motor Acceptance FRN 13/07/2022	94	0.04
USD 1,600,000	Verizon Communications FRN 15/05/2025	1,194	0.51
USD 400,000	Wells Fargo FRN 19/05/2025	289	0.12
AUD 800,000	Wells Fargo FRN 27/07/2021	435	0.19
USD 1,100,000	Wells Fargo FRN 31/10/2023	807	0.35
		<u>18,676</u>	<u>8.03</u>
<b>Variable Rate Bond 0.68% (2020: 0.19%)</b>			
USD 1,400,000	Citigroup FRN 30/10/2024	1,016	0.43
USD 800,000	JPMorgan Chase FRN 19/11/2026	572	0.25
		<u>1,588</u>	<u>0.68</u>
<b>Collective Investment Schemes 0.92% (2020: 5.75%)</b>			
2,131,000	Deutsche Global Liquidity Managed Platinum Sterling Fund	<u>2,131</u>	<u>0.92</u>
<b>Commercial Paper 9.41% (2020: 5.66%)</b>			
<b>United States 9.41% (2020: 5.66%)</b>			
5,000,000	Autonation 0.00% 01/07/2021	3,618	1.56
3,000,000	Canadian Natural Resources 0.00% 13/07/2021	2,172	0.93
3,000,000	CNPC Finance Hong Kong 0.00% 06/07/2021	2,172	0.93
3,000,000	Conagra Brands 0.00% 01/07/2021	2,172	0.93
3,250,000	Enable Midstream Partners 0.00% 01/07/2021	2,353	1.01
8,000,000	Energy Transfer 0.00% 01/07/2021	5,790	2.49
2,500,000	Jabil 0.00% 01/07/2021	1,810	0.78
2,500,000	Plains Midstream Canada 0.00% 07/07/2021	1,810	0.78
		<u>21,897</u>	<u>9.41</u>
<b>Treasury Bill 0.00% (2020: 32.74%)</b>			
<b>United States 0.00% (2020: 32.74%)</b>			
<b>Derivatives (0.89%) (2020: 0.19%)</b>			
<b>Futures 0.08% (2020: (0.02%))</b>			
(69)	CBT US 10 Year Note September 2021	(26)	(0.01)
(40)	CBT US 2 Year Note September 2021 <sup>1</sup>	-	-
(648)	CBT US 5 Year Note September 2021	207	0.08
(88)	SFE Australia 10 Year Bond September 2021	15	0.01
		<u>196</u>	<u>0.08</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Swaps (0.08%) (2020: (0.03%))<sup>2</sup></b>			
<b>Interest Rate Swaps (0.08%) (2020: (0.03%))<sup>2</sup></b>			
13,300,000	IRS 0.216% BBR 3 month - Receive Floating - AUD	8	-
20,000,000	IRS 0.556% BBR 6 month - Receive Fixed - AUD	(135)	(0.07)
100,000	IRS 0.6577% LIBOR 6 month - Receive Floating - GBP <sup>1</sup>	-	-
7,400,000	IRS 0.749% BBR 6 month - Receive Fixed - AUD	(31)	(0.01)
800,000	IRS 0.8607% LIBOR 6 month - Receive Floating - GBP	(8)	-
500,000	IRS 1.2492% LIBOR 6 month - Receive Floating - GBP	(11)	-
		<u>(177)</u>	<u>(0.08)</u>
<b>Forward Foreign Exchange Contracts (0.89%) (2020: 0.24%)<sup>2</sup></b>			
	Buy AUD 1,000,000 : Sell GBP 548,036 August 2021	(5)	-
	Buy AUD 2,500,000 : Sell GBP 1,366,723 August 2021	(8)	-
	Buy AUD 500,000 : Sell GBP 274,147 August 2021	(2)	-
	Buy AUD 900,000 : Sell GBP 490,768 August 2021	(2)	-
	Buy GBP 168,074,768 : Sell USD 236,000,000 August 2021	(2,741)	(1.17)
	Buy GBP 48,075,891 : Sell AUD 87,300,000 August 2021	628	0.27
	Buy GBP 6,687,323 : Sell CAD 11,400,000 August 2021	24	0.01
	Buy GBP 769,411 : Sell AUD 1,400,000 August 2021	9	-
	Buy GBP 876,868 : Sell AUD 1,600,000 August 2021	7	-
		<u>(2,090)</u>	<u>(0.89)</u>
<b>Investment assets including investment liabilities</b>		<b>229,656</b>	<b>98.74</b>
Other net assets		2,925	1.26
<b>Total net assets</b>		<b>232,581</b>	<b>100.00</b>

<sup>1</sup> Due to rounding to nearest £1,000

<sup>2</sup> Not listed on an official stock exchange

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

The collective investment schemes held are approved regulated collective investment schemes within the meaning of the FCA rules.

Prior year comparative percentages have changed for some sectors due to reclassification within these sectors.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(1,101)		796
Revenue	3	1,880		709	
Expenses	4	(652)		(88)	
Interest payable and similar charges	5	(5)		(1)	
Net revenue before taxation		1,223		620	
Taxation	6	(3)		-	
Net revenue after taxation			1,220		620
Total return before distributions			119		1,416
Distributions	7		(1,880)		(673)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,761)</b>		<b>743</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

	2021		2020	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>108,748</b>		<b>10,084</b>
Amounts receivable on issue of shares	206,120		114,925	
Amounts payable on cancellation of shares	(81,701)		(17,573)	
		124,419		97,352
Dilution adjustment		114		96
Change in net assets attributable to shareholders from investment activities		(1,761)		743
Retained distributions on accumulation shares		1,061		473
<b>Closing net assets attributable to shareholders</b>		<b>232,581</b>		<b>108,748</b>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		232,625	95,996
Current assets:			
Debtors	8	1,250	44,434
Cash and bank balances	9	6,042	6,240
<b>Total assets</b>		<b>239,917</b>	<b>146,670</b>
<b>Liabilities:</b>			
Investment liabilities		2,969	526
Creditors:			
Amounts held at derivative clearing houses and brokers		235	21
Bank overdrafts		-	133
Distributions payable		203	97
Other creditors	10	3,929	37,145
<b>Total liabilities</b>		<b>7,336</b>	<b>37,922</b>
<b>Net assets attributable to shareholders</b>		<b>232,581</b>	<b>108,748</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital (losses)/gains

Net capital (losses)/gains on investments during the year comprise:

	2021 £000	2020 £000
Capital management fee rebates	2	1
Derivative securities	(987)	415
Forward currency contracts	17,417	(2,168)
Non-derivative securities	(14,984)	2,367
Other currency (losses)/gains	(2,538)	188
Transaction costs	(11)	(7)
<b>Net capital (losses)/gains</b>	<b>(1,101)</b>	<b>796</b>

### 3 Revenue

	2021 £000	2020 £000
Bank interest	1	18
Derivative revenue	(137)	(34)
Interest on debt securities	2,010	710
Overseas dividends*	3	15
Stock lending revenue	3	-
<b>Total revenue</b>	<b>1,880</b>	<b>709</b>

\* includes interest distributions from overseas funds

### 4 Expenses

	2021 £000	2020 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	546	68
GAC*	79	14
	<u>625</u>	<u>82</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	20	4
Safe custody fees	7	2
	<u>27</u>	<u>6</u>
<b>Total expenses</b>	<b>652</b>	<b>88</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £10,316).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	3	1
Interest on margin	2	-
<b>Total interest payable and similar charges</b>	<b>5</b>	<b>1</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2021 £000	2020 £000
<b>Current tax</b>		
Corporation tax	1	-
Overseas withholding tax	2	-
<b>Total tax (note 6b)</b>	<b>3</b>	<b>-</b>

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	1,223	620
Corporation tax at 20% (2020: 20%)	245	124
Effects of:		
Overseas withholding tax	2	-
Revenue being paid as interest distributions	(244)	(124)
<b>Tax charge for the year (note 6a)</b>	<b>3</b>	<b>-</b>

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

## Notes to the financial statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim income	658	166
Interim accumulation	748	388
Final income	203	97
Final accumulation	313	85
	<u>1,922</u>	<u>736</u>
Amounts deducted on cancellation of shares	3	15
Amounts received on issue of shares	(45)	(78)
<b>Total distributions</b>	<u><b>1,880</b></u>	<u><b>673</b></u>
Net revenue after taxation	1,220	620
Effective yield coupon based adjustment	660	53
<b>Total distributions</b>	<u><b>1,880</b></u>	<u><b>673</b></u>

Details of the distribution per share are set out in the Distribution tables on pages 52 to 55.

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	829	213
Amounts receivable for issue of shares	58	23,486
Currency transactions awaiting settlement	-	20,735
Sales awaiting settlement	363	-
<b>Total debtors</b>	<u><b>1,250</b></u>	<u><b>44,434</b></u>

### 9 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	1,450	226
Cash and bank balances	2,122	5,724
Cash pledged as collateral	2,470	290
<b>Total cash and bank balances</b>	<u><b>6,042</b></u>	<u><b>6,240</b></u>

## Notes to the financial statements (continued)

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	52	14
Accrued Depositary's fee	2	1
Accrued other expenses	12	3
Amounts payable for cancellation of shares	500	567
Corporation tax payable	1	-
Derivative revenue payable	5	1
Currency transactions awaiting settlement	-	20,848
Purchases awaiting settlement	3,357	15,711
<b>Total other creditors</b>	<b>3,929</b>	<b>37,145</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 38 and 39 and notes 4,7, 8 and 10 on pages 40 to 43 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

There were no material shareholders at the year end (2020: Allfunds Nominee Ltd was a material shareholder, holding 50.30% of the total net assets of the fund).

### 13 Shareholders' funds

The fund currently has 4 share classes available: Class G (Institutional), Class I (Institutional), Class S (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021 %	2020 %
Class G	0.40	0.40
Class I	0.45	0.45
Class S	0.25	0.22
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 22 to 26. The distribution per share class is given in the Distribution tables on pages 52 to 55. All share classes have the same rights on winding up.

## Notes to the financial statements (continued)

### 13 Shareholders' funds (continued)

Shares reconciliation as at 30 June 2021

	Class G accumulation	Class G income	Class I accumulation	Class I income
Opening number of shares	500	500	3,630,672	3,409,965
Issues during the year	-	-	66,489,445	4,661,625
Cancellations during the year	-	-	(14,326,658)	(4,085,346)
<b>Closing shares in issue</b>	<b>500</b>	<b>500</b>	<b>55,793,459</b>	<b>3,986,244</b>

	Class S accumulation	Class S income	Class Z accumulation	Class Z income
Opening number of shares	25,486,071	57,913,611	13,600,962	2,500,499
Issues during the year	59,818,396	66,804,126	2,430,303	-
Cancellations during the year	(10,929,404)	(44,592,571)	(3,447,504)	(2,500,000)
<b>Closing shares in issue</b>	<b>74,375,063</b>	<b>80,125,166</b>	<b>12,583,761</b>	<b>499</b>

### 14 Financial derivatives

The fund may use financial derivatives with the aim of making investment gains in line with the fund's objective, to reduce risk, to manage the fund more efficiently, or to generate additional capital or income for the fund.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

At 30 June 2021 there was cash collateral pledged in respect of forward foreign exchange contracts of £2,470,000 (2020: £290,000) and there was £385,994 of bonds held as collateral in respect of forward foreign exchange contracts as at 30 June 2021 (2020: £170,627). The cash collateral pledged has not been reinvested by the counterparty. The fund had cash assets of £1,449,995 (2020: £226,079) and cash liabilities of £234,538 (2020: £20,865) held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000	Total by counterparty £000
Citigroup	628	-	8	636
JPMorgan	40	-	-	40
UBS	-	222	-	222
	<b>668</b>	<b>222</b>	<b>8</b>	<b>898</b>



## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000	Total by counterparty £000
Citigroup	-	-	9	9
Goldman Sachs	584	-	-	584
JPMorgan	7	-	-	7
Morgan Stanley	118	-	-	118
UBS	-	10	-	10
	<b>709</b>	<b>10</b>	<b>9</b>	<b>728</b>

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000	Total by counterparty £000
Citigroup	48,806	-	499	49,305
Goldman Sachs	170,816	-	22,116	192,932
JPMorgan	9,055	-	799	9,854
Morgan Stanley	544	-	-	544
UBS	-	(77,647)	100	(77,547)
	<b>229,221</b>	<b>(77,647)</b>	<b>23,514</b>	<b>175,088</b>

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000	Total by counterparty £000
Citigroup	167	-	499	666
Goldman Sachs	59,223	-	4,123	63,346
JPMorgan	3,876	-	799	4,675
Morgan Stanley	30,036	-	-	30,036
UBS	1,609	16,289	100	17,998
	<b>94,911</b>	<b>16,289</b>	<b>5,521</b>	<b>116,721</b>

## Notes to the financial statements (continued)

### 15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with JPMorgan acting as the stock lending agent in order to generate additional revenue.

Stock lending revenue is disclosed under 'Revenue' in the Statement of total return.

Eligible collateral types for stock lending and borrowing transactions are approved by the Investment Manager and may consist of (i) cash, (ii) securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope or by Hong Kong or Singapore, generally subject to a minimum long term credit rating of at least A- by one or more major rating agency or (iii) equities. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102% to 110% of the value of the stock on loan.

#### 2021

The fund had no stock on loan as at 30 June 2021.

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas <sup>1</sup>	Stock lending agent	4	1	3

<sup>1</sup> Until 9 March 2021 BNP Paribas was the securities lending agent

#### 2020

The fund had no stock on loan as at 30 June 2020 and no stock lending revenue received in the year to 30 June 2020.

### 16 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2021</b>				
Australian dollar	31,372	15,711	171	47,254
Canadian dollar	1,100	5,571	54	6,725
Indian rupee	-	99	5	104
UK sterling	4,336	2,548	2,892	9,776
US dollar	55,127	119,782	1,149	176,058
<b>Total</b>	<b>91,935</b>	<b>143,711</b>	<b>4,271</b>	<b>239,917</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Interest rate risk (continued)

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2020</b>				
Australian dollar	9,961	2,667	553	13,181
Canadian dollar	873	-	1	874
Indian rupee	-	110	5	115
UK sterling	5,525	1,960	30,470	37,955
US dollar	51,617	22,554	20,374	94,545
<b>Total</b>	<b>67,976</b>	<b>27,291</b>	<b>51,403</b>	<b>146,670</b>

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2021</b>				
Australian dollar	190	-	21	211
Canadian dollar	3	-	118	121
UK sterling	19	-	3,486	3,505
US dollar	208	-	3,291	3,499
<b>Total</b>	<b>420</b>	<b>-</b>	<b>6,916</b>	<b>7,336</b>

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2020</b>				
Australian dollar	12	-	825	837
UK sterling	175	-	21,918	22,093
US dollar	8	-	14,984	14,992
<b>Total</b>	<b>195</b>	<b>-</b>	<b>37,727</b>	<b>37,922</b>

#### Credit Ratings

	Market value £000	Percentage of total net assets %
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	201,466	86.62
Below investment grade (BB and below)	6,233	2.68
<b>Total debt securities</b>	<b>207,699</b>	<b>89.30</b>
Collective investment schemes	2,131	0.92
Derivatives	(2,071)	(0.89)
Money Market Instruments	21,897	9.41
<b>Investment assets including investment liabilities</b>	<b>229,656</b>	<b>98.74</b>
Other net assets	2,925	1.26
<b>Total net assets</b>	<b>232,581</b>	<b>100.00</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Credit Ratings (continued)

	Market value £000	Percentage of total net assets %
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	82,867	76.19
<b>Total debt securities</b>	<b>82,867</b>	<b>76.19</b>
Collective investment schemes	6,250	5.75
Derivatives	202	0.19
Money Market Instruments	6,151	5.66
<b>Investment assets including investment liabilities</b>	<b>95,470</b>	<b>87.79</b>
Other net assets	13,278	12.21
<b>Total net assets</b>	<b>108,748</b>	<b>100.00</b>

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
<b>2021</b>	0.22	1.27	0.51	20	1.08	6.33	2.56
<b>2020</b>	0.17	1.27	0.51	20	0.84	6.33	2.54

#### Leverage

	Minimum	Maximum	Average
	%	%	%
<b>2021</b>	90	274	165
<b>2020</b>	63	282	134

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Amounts held at derivatives clearing houses and brokers	235	-	-	-
Derivative financial liabilities	-	2,784	185	-
Distribution payable	-	203	-	-
Other creditors	-	3,929	-	-
<b>Total</b>	<b>235</b>	<b>6,916</b>	<b>185</b>	<b>-</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Liquidity risk (continued)

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Amounts held at derivatives clearing houses and brokers	21	-	-	-
Bank overdrafts	133	-	-	-
Derivative financial liabilities	-	483	43	-
Distribution payable	-	97	-	-
Other creditors	-	37,145	-	-
<b>Total</b>	<b>154</b>	<b>37,725</b>	<b>43</b>	<b>-</b>

### 17 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	<b>2021</b>		<b>2020</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	222*	26	35,612*	33
Level 2	232,403	2,943	60,384	493
Level 3	-	-	-	-
	<b>232,625</b>	<b>2,969</b>	<b>95,996</b>	<b>526</b>

\* Debt securities included in the highest fair value hierarchy level, where their valuation is determined by unadjusted quoted prices from an active market, amount to nil as at 30 June 2021 (2020: £35,601,271).

## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	337,330	131,760	197,720	59,842
Money market instruments	3,100,356	42,735	3,081,978	37,438
<b>Trades in the year before transaction costs</b>	<b>3,437,686</b>	<b>174,495</b>	<b>3,279,698</b>	<b>97,280</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Money market instruments	-	-	-	-
<b>Total commissions</b>	-	-	-	-
<b>Taxes</b>				
Debt securities	-	-	-	-
Money market instruments	-	-	-	-
<b>Total taxes</b>	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
Money market instruments	-	-	-	-
<b>Total other expenses</b>	-	-	-	-
<b>Total transaction costs</b>	-	-	-	-
<b>Total net trades in the year after transaction costs</b>	<b>3,437,686</b>	<b>174,495</b>	<b>3,279,698</b>	<b>97,280</b>

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Money market instruments	-	-	-	-
<b>Taxes</b>				
Debt securities	-	-	-	-
Money market instruments	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
Money market instruments	-	-	-	-

	2021	2020
	%	%
<b>Total transaction costs expressed as a percentage of net asset value</b>		
Commissions	-	-
Taxes	-	-
Other expenses	-	-
<b>Total costs</b>	-	-

There were no in specie transfers during the year (2020: nil). There were corporate actions during the year of £1,650,590 (2020: nil).

There were direct transaction costs associated with derivatives in the year of £7,645 (2020: £2,241) which is 0.00% of the average net asset value of the fund (2020: 0.00%).

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 0.16% (2020: 0.12%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class G accumulation</b>				
Group 1	0.0560	-	0.0560	0.3760
Group 2	0.0560	-	0.0560	0.3760
<b>Class G income</b>				
Group 1	0.0480	-	0.0480	0.3720
Group 2	0.0480	-	0.0480	0.3720
<b>Class I accumulation</b>				
Group 1	0.1083	-	0.1083	0.4508
Group 2	0.0910	0.0173	0.1083	0.4508
<b>Class I income</b>				
Group 1	0.1129	-	0.1129	0.4474
Group 2	0.1124	0.0005	0.1129	0.4474
<b>Class S accumulation<sup>1</sup></b>				
Group 1	0.2011	-	0.2011	n/a
Group 2	0.2011	-	0.2011	n/a
<b>Class S income<sup>2</sup></b>				
Group 1	0.1813	-	0.1813	n/a
Group 2	0.1362	0.0451	0.1813	n/a
<b>Class Z accumulation</b>				
Group 1	0.2424	-	0.2424	0.5803
Group 2	0.2359	0.0065	0.2424	0.5803
<b>Class Z income</b>				
Group 1	0.2359	-	0.2359	0.5750
Group 2	0.2359	-	0.2359	0.5750

<sup>1</sup> Class S accumulation launched on 9 December 2019.

<sup>2</sup> Class S income launched on 20 February 2020.



## Distribution tables (continued)

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class G accumulation</b>				
Group 1	0.1140	-	0.1140	0.4220
Group 2	0.1140	-	0.1140	0.4220
<b>Class G income</b>				
Group 1	0.1080	-	0.1080	0.4120
Group 2	0.1080	-	0.1080	0.4120
<b>Class I accumulation</b>				
Group 1	0.1551	-	0.1551	0.4759
Group 2	0.1214	0.0337	0.1551	0.4759
<b>Class I income</b>				
Group 1	0.1487	-	0.1487	0.4696
Group 2	0.1360	0.0127	0.1487	0.4696
<b>Class S accumulation</b>				
Group 1	0.2291	-	0.2291	0.2240
Group 2	0.2120	0.0171	0.2291	0.2240
<b>Class S income<sup>1</sup></b>				
Group 1	0.2297	-	0.2297	n/a
Group 2	0.1713	0.0584	0.2297	n/a
<b>Class Z accumulation</b>				
Group 1	0.2945	-	0.2945	0.6061
Group 2	0.2728	0.0217	0.2945	0.6061
<b>Class Z income</b>				
Group 1	0.2983	-	0.2983	0.5968
Group 2	0.2983	-	0.2983	0.5968

<sup>1</sup> Class S income launched on 20 February 2020.

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class G accumulation</b>				
Group 1	0.0880	-	0.0880	0.2180
Group 2	0.0880	-	0.0880	0.2180
<b>Class G income</b>				
Group 1	0.0920	-	0.0920	0.2080
Group 2	0.0920	-	0.0920	0.2080
<b>Class I accumulation</b>				
Group 1	0.1681	-	0.1681	0.2677
Group 2	0.1681	-	0.1681	0.2677
<b>Class I income</b>				
Group 1	0.1723	-	0.1723	0.2625
Group 2	0.1723	-	0.1723	0.2625
<b>Class S accumulation</b>				
Group 1	0.2486	-	0.2486	0.3980
Group 2	0.2486	-	0.2486	0.3980
<b>Class S income</b>				
Group 1	0.2155	-	0.2155	0.1730
Group 2	0.2120	0.0035	0.2155	0.1730
<b>Class Z accumulation</b>				
Group 1	0.2884	-	0.2884	0.3972
Group 2	0.2884	-	0.2884	0.3972
<b>Class Z income</b>				
Group 1	0.2703	-	0.2703	0.3883
Group 2	0.2703	-	0.2703	0.3883

## Distribution tables (continued)

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class G accumulation</b>				
Group 1	0.1240	-	0.1240	0.0340
Group 2	0.1240	-	0.1240	0.0340
<b>Class G income</b>				
Group 1	0.1120	-	0.1120	0.0140
Group 2	0.1120	-	0.1120	0.0140
<b>Class I accumulation</b>				
Group 1	0.1671	-	0.1671	0.0987
Group 2	0.1671	-	0.1671	0.0987
<b>Class I income</b>				
Group 1	0.1681	-	0.1681	0.0847
Group 2	0.1681	-	0.1681	0.0847
<b>Class S accumulation</b>				
Group 1	0.2432	-	0.2432	0.2069
Group 2	0.2432	-	0.2432	0.2069
<b>Class S income</b>				
Group 1	0.2449	-	0.2449	0.1534
Group 2	0.2391	0.0058	0.2449	0.1534
<b>Class Z accumulation</b>				
Group 1	0.3125	-	0.3125	0.2140
Group 2	0.3125	-	0.3125	0.2140
<b>Class Z income</b>				
Group 1	0.3023	-	0.3023	0.2086
Group 2	0.3023	-	0.3023	0.2086

# Janus Henderson All Stocks Credit fund

## Authorised Corporate Director's report

### Investment Fund Managers

Philip Payne and James Briggs

### Investment objective and policy

The fund aims to provide a return, from a combination of income and capital growth over the long term.

Performance target: To outperform the Markit iBoxx GBP Non-Gilts all maturities Index by 1% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in sterling-denominated investment grade (equivalent to BBB rated or higher) corporate bonds. The Investment Manager may use derivatives (complex financial instruments), including total return swaps, with the aim of making investment gains in line with the fund's objective, to reduce risk or to manage the fund more efficiently.

The fund is actively managed with reference to the Markit iBoxx GBP Non-Gilts all maturities Index, which is broadly representative of the bonds in which it may invest, as this forms the basis of the fund's performance target. The Investment Manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

### Strategy

The Investment Manager seeks to provide a total return in excess of that generated by the benchmark over a market cycle by investing primarily in sterling denominated investment grade rated corporate bonds. The investment process combines asset allocation views with rigorous fundamentally driven security selection from the credit analysts.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception
	30 Jun 20 - 30 Jun 21	30 Jun 18 - 30 Jun 21	30 Jun 16 - 30 Jun 21	4 Sep 00 - 30 Jun 21
	%	%	%	%
Class I accumulation (Net)	2.0	15.6	23.6	175.8
Markit iBoxx GBP Non-Gilts all maturities Index	1.7	14.6	21.4	224.2
IA Sterling Corporate Bond Sector	3.5	15.5	23.6	154.7
Class I accumulation (Gross)	2.5	17.5	27.0	208.3
Markit iBoxx GBP Non-Gilts all maturities Index + 1%	2.8	18.1	27.6	298.8

Discrete performance	30 Jun 20 - 30 Jun 21	30 Jun 19 - 30 Jun 20	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17
	%	%	%	%	%
Class I accumulation (Net)	2.0	7.1	5.9	0.8	6.1
Markit iBoxx GBP Non-Gilts all maturities Index	1.7	6.4	5.9	0.6	5.3
IA Sterling Corporate Bond Sector	3.5	5.7	5.6	0.7	6.3
Class I accumulation (Gross)	2.5	7.6	6.4	1.3	6.7
Markit iBoxx GBP Non-Gilts all maturities Index + 1%	2.8	7.5	6.9	1.6	6.3

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Class I accumulation (Gross), NAV to NAV, gross of OCF and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

#### Benchmark usage:

Index: Markit iBoxx GBP Non-Gilts all maturities Index

Index usage: Target

Index description: The Markit iBoxx Non-Gilts all maturities Index is a measure of the combined performance of investment grade corporate bonds issued in pounds sterling. It is the basis for the fund's performance target.

Peer group: IA Sterling Corporate Bond Sector

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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

### Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales/maturities	£000
UK Treasury 1.75% 07/09/2037	6,705	UK Treasury 1.50% 22/07/2026	6,491
UK Treasury 1.50% 22/07/2026	6,503	UK Treasury 1.75% 07/09/2037	5,695
UK Treasury 1.25% 22/10/2041	5,430	UK Treasury 1.50% 22/07/2047	2,806
UK Treasury 0.625% 22/10/2050	4,406	UK Treasury 3.50% 22/01/2045	2,754
Athene Global Funding 1.75% 24/11/2027	2,787	FMS Wertmanagement 0.875% 14/02/2022	2,725
UBS 0.625% 18/12/2023	2,586	ABN AMRO Bank 1.375% 16/01/2025	2,377
Aviva 6.125% 14/11/2036	2,369	Dexia Credit Local 1.125% 15/06/2022	2,226
Credit Suisse 2.25% 09/06/2028	2,354	Dwr Cymru Financing 1.375% 31/03/2033	2,198
HSBC 6.00% 29/03/2040	2,107	Network Rail Infrastructure Finance 3.00% 07/09/2023	2,150
Natwest 2.105% 28/11/2031	2,102	Deutsche Bahn Finance 1.875% 13/02/2026	2,048
<b>Total purchases</b>	<b>170,980</b>	<b>Total sales/maturities</b>	<b>194,892</b>

### Investment review

The fund returned 2.0% (Net), 2.5% (Gross) based on Class I accumulation over the year under review, compared with a return of 1.7% in the Markit iBoxx GBP Non-Gilts all maturities Index, a return of 2.8% in the Target Index + 1% and a return of 3.5% in the IA Sterling Corporate Bond Sector peer group benchmark.

The sterling investment grade corporate bond market delivered a positive total return over the reporting year. Excess returns (versus government equivalents) were also positive, with sterling investment grade corporate bond spreads (the additional yield over an equivalent government bond) tightening by 57 basis points (bps) over the year\*.

Bank of England (BoE) corporate bond purchases were supportive for sterling investment grade corporate bond spreads during the first half of the reporting year. The positive mood continued into the end of 2020, spurred by the removal of political risks such as the US presidential election and the trade agreement between the UK and European Union. Most important, however, was the development of COVID-19 vaccines and the start of immunisations, a pivotal step required to revitalise the global economy.

The yield on UK 10-year gilts reached historic lows of 0.08% in August, triggering rhetoric around potential negative rates. This quickly diminished in early 2021, however, as heightened expectations for economic growth and a reflation mindset took hold among investors. In the first quarter of 2021, the yield on UK 10-year gilts rose by 65bps to 0.85%. Markets eventually stabilised during the second quarter, as leading central banks played down concerns about rising inflation, saying the effects would be temporary.

High beta sectors outperformed in the vaccine-led credit rally, with subordinated debt outperforming senior debt and sectors most impacted by COVID-19 volatility, for example travel and transport related sectors, experiencing a strong comeback.

The fund's overweight exposure to credit beta was additive, having dialled up risk in early November in the wake of positive vaccine news. At the sector level, overweight allocations to banks and real estate were the main positive drivers of performance, in addition to off-benchmark positioning. We continued to use our flexibility to source off-benchmark alpha opportunities, specifically in high yield where we have identified 'rising star' candidates (high yield issuers expected to achieve investment grade status) in the BB rated space and US dollar and euro investment grade corporates that offer attractive relative value opportunities to sterling investment grade corporates (on a currency hedged basis).

The fund's overweight exposure to utilities also contributed positively to relative returns, with the sector supported by BoE buying and demand from institutional buy-and-maintain investors. Valuations in utilities reached 10-years highs, hence we reduced the fund's overweight position, rotating into sectors such as airports, which looked more attractive on a relative value basis.

At the issuer level, bottom-up security selection within real estate benefited returns, with a positive contribution from European warehouse company Logisor, and commercial and residential real estate company Aroundtown. Valuations within the real estate sector looked attractive on a relative value basis and credit improvement stories remained, thus we maintained an overweight stance. Continued strong demand from buy-and-maintain-type investors for long-dated bonds drove broader spread compression in less liquid sectors such as housing associations, which weighed on performance. The fund's underweight exposure to agency and supranational issuers also detracted.

The fund is positioned with a small overweight risk stance versus the benchmark, with the credit beta overweight expressed through exposure to high yield, specifically the BB rated space, focused on subordinated debt and companies with a possible transition to investment grade credit. Investment grade corporate bond spreads are now trading at post-crisis tight levels and have priced in much of the constructive outlook, thus we expect spread compression going forward to be moderate relative to high yield.

Concerns about rising COVID-19 infections have increased recently, impacting investors' prospects for economic growth this year. We remain cognisant of the risk a further rise in cases or the emergence of new variants may lead to delays in the reopening of economies. Nevertheless, we believe a positive fundamental landscape and supportive market technical conditions should benefit market liquidity and suppress default rates in 2021. Despite our outlook, this past year reminded us to stay vigilant for risks that may arise. A potential pick-up in real rates and rates volatility remain key concerns, and while our overall outlook is for higher inflation to be transitory and central banks to remain dovish, we will continue to monitor global central bank rhetoric closely. Fund activity from this juncture is likely to evolve depending on the balance between the trend in COVID-19 cases, the speed of vaccination campaigns and their success in enabling economies to reopen, and policy support by central banks.

\* Source: iBoxx Sterling Non-Gilts Index

## Comparative tables for the year ended 30 June 2021

	Class A accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	175.49	164.72	156.09
Return before operating charges*	4.77	12.32	10.05
Operating charges	(1.69)	(1.55)	(1.42)
Return after operating charges*	3.08	10.77	8.63
Distributions on accumulation shares	(2.66)	(2.97)	(3.51)
Retained distributions on accumulation shares	2.66	2.97	3.51
Closing net asset value per share	178.57	175.49	164.72
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	1.76%	6.54%	5.53%
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### Other information

Closing net asset value (£000s)	1,214	1,569	2,055
Closing number of shares	680,140	894,043	1,247,546
Operating charges	0.94%	0.91%	0.90%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	184.80	176.70	165.60
Lowest share price (pence)	175.50	156.30	154.30

	Class A income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	141.59	135.22	131.00
Return before operating charges*	3.85	10.06	8.33
Operating charges	(1.35)	(1.27)	(1.19)
Return after operating charges*	2.50	8.79	7.14
Distributions on income shares	(2.13)	(2.42)	(2.92)
Closing net asset value per share	141.96	141.59	135.22
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	1.77%	6.50%	5.45%
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### Other information

Closing net asset value (£000s)	1,574	1,809	2,742
Closing number of shares	1,108,903	1,277,948	2,027,679
Operating charges	0.94%	0.91%	0.90%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	148.20	143.70	136.60
Lowest share price (pence)	140.50	127.10	128.70

## Comparative tables (continued)

	<b>Class E accumulation</b>	
	<b>2021</b>	<b>08/07/19 -</b>
	<b>(pence</b>	<b>30/06/20</b>
	<b>per share)</b>	<b>(pence</b>
		<b>per share)</b>
<b>Change in net assets per share</b>		
Opening net asset value per share	175.92	167.31 <sup>1</sup>
Return before operating charges*	4.79	9.72
Operating charges	(1.24)	(1.11)
Return after operating charges*	3.55	8.61
Distributions on accumulation shares	(3.12)	(3.39)
Retained distributions on accumulation shares	3.12	3.39
Closing net asset value per share	179.47	175.92
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	2.02%	5.15%
<b>Other information</b>		
Closing net asset value (£000s)	701	388
Closing number of shares	390,817	220,292
Operating charges	0.69%	0.66%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	185.50	177.10
Lowest share price (pence)	176.20	156.60

<sup>1</sup> Class E accumulation launched on 8 July 2019 and this is the first published price.

	<b>Class E income</b>	
	<b>2021</b>	<b>08/07/19 -</b>
	<b>(pence</b>	<b>30/06/20</b>
	<b>per share)</b>	<b>(pence</b>
		<b>per share)</b>
<b>Change in net assets per share</b>		
Opening net asset value per share	141.55	137.34 <sup>2</sup>
Return before operating charges*	3.85	7.87
Operating charges	(0.98)	(0.90)
Return after operating charges*	2.87	6.97
Distributions on income shares	(2.50)	(2.76)
Closing net asset value per share	141.92	141.55
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	2.03%	5.08%
<b>Other information</b>		
Closing net asset value (£000s)	1,108	886
Closing number of shares	780,500	625,547
Operating charges	0.68%	0.66%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	148.30	143.80
Lowest share price (pence)	140.60	127.20

<sup>2</sup> Class E income launched on 8 July 2019 and this is the first published price.



## Comparative tables (continued)

	Class I accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	290.94	272.07	256.86
Return before operating charges*	7.91	20.39	16.59
Operating charges	(1.64)	(1.52)	(1.38)
Return after operating charges*	6.27	18.87	15.21
Distributions on accumulation shares	(5.58)	(5.95)	(6.75)
Retained distributions on accumulation shares	5.58	5.95	6.75
Closing net asset value per share	297.21	290.94	272.07
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	2.16%	6.94%	5.92%
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### Other information

Closing net asset value (£000s)	203,061	198,458	452,047
Closing number of shares	68,321,784	68,213,376	166,152,762
Operating charges	0.55%	0.54%	0.53%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	307.00	292.90	273.50
Lowest share price (pence)	291.40	258.90	254.30

	Class I income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	143.40	136.98	132.26
Return before operating charges*	3.89	10.16	8.47
Operating charges	(0.79)	(0.76)	(0.70)
Return after operating charges*	3.10	9.40	7.77
Distributions on income shares	(2.73)	(2.98)	(3.05)
Closing net asset value per share	143.77	143.40	136.98
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	2.16%	6.86%	5.87%
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### Other information

Closing net asset value (£000s)	27,850	34,252	13,999
Closing number of shares	19,370,550	23,886,599	10,219,411
Operating charges	0.54%	0.54%	0.53%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	150.20	145.70	138.50
Lowest share price (pence)	142.40	128.90	130.00

## Comparative tables (continued)

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	271.72	253.03	237.68
Return before operating charges*	7.40	18.79	15.42
Operating charges	(0.14)	(0.10)	(0.07)
Return after operating charges*	7.26	18.69	15.35
Distributions on accumulation shares	(6.62)	(6.87)	(7.49)
Retained distributions on accumulation shares	6.62	6.87	7.49
Closing net asset value per share	278.98	271.72	253.03
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	2.67%	7.39%	6.46%
<b>Other information</b>			
Closing net asset value (£000s)	48,489	76,286	476,462
Closing number of shares	17,380,655	28,075,162	188,301,944
Operating charges	0.05%	0.04%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	287.50	273.50	254.30
Lowest share price (pence)	272.20	241.50	235.80

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	<b>2021</b> %	<b>2020</b> %
<b>Class A accumulation</b>	0.94	0.91 <sup>1</sup>
<b>Class A income</b>	0.94	0.91 <sup>1</sup>
<b>Class E accumulation<sup>2</sup></b>	0.69	0.66 <sup>1</sup>
<b>Class E income<sup>2</sup></b>	0.68	0.66 <sup>1</sup>
<b>Class I accumulation</b>	0.55	0.54 <sup>1</sup>
<b>Class I income</b>	0.54	0.54 <sup>1</sup>
<b>Class Z accumulation</b>	0.05	0.04 <sup>1</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

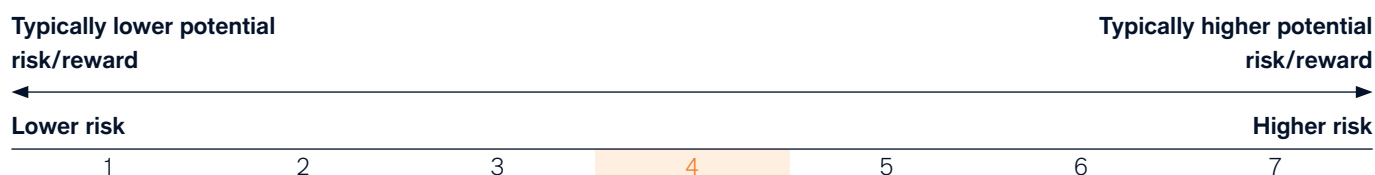
<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

<sup>2</sup> Class E accumulation and Class E income launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

## Risk and reward profile

The fund currently has 7 types of share class in issue: A accumulation, A income, E accumulation, E income, I accumulation, I income and Z accumulation.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 4 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section in the fund's prospectus.

The risk rating for all share classes increased to 4 from 3 during the year. The ratings may change over time as a fund takes on more or less risky investments or where market conditions become more or less volatile. At share class level the ratings may differ dependent on the class currency and may be influenced by currency movements and the impact of inflows and outflows.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class E accumulation and Class E income launched on 8 July 2019. As these share classes do not have a 5 year history, a synthetic history has been created using the A accumulation and A income share classes, respectively.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Bonds 98.03% (2020: 97.77%)</b>		
	<b>Australia 0.39% (2020: 0.00%)</b>		
	<b>Fixed Rate Bond 0.39% (2020: 0.00%)</b>		
GBP 1,110,000	Australia and New Zealand Banking 1.809% 16/09/2031	1,112	0.39
	<b>Belgium 0.00% (2020: 0.17%)</b>		
	<b>Zero / Discount Rate Bond 0.00% (2020: 0.17%)</b>		
	<b>Czech Republic 0.77% (2020: 0.51%)</b>		
	<b>Fixed Rate Bond 0.77% (2020: 0.51%)</b>		
EUR 720,000	CPI Property B 4.875% Perpetual	652	0.23
EUR 660,000	CPI Property 1.50% 27/01/2031	553	0.19
GBP 953,000	CPI Property 2.75% 22/01/2028	974	0.35
		2,179	0.77
	<b>Denmark 1.07% (2020: 1.16%)</b>		
	<b>Fixed Rate Bond 1.07% (2020: 1.16%)</b>		
GBP 745,000	Danske Bank 2.25% 14/01/2028	764	0.27
GBP 778,000	Orsted 2.125% 17/05/2027	818	0.29
GBP 700,000	Orsted 2.50% 16/05/2033	759	0.27
GBP 700,000	Orsted 2.50% 18/02/2067	694	0.24
		3,035	1.07
	<b>France 6.52% (2020: 7.34%)</b>		
	<b>Fixed Rate Bond 5.72% (2020: 6.41%)</b>		
GBP 1,000,000	BNP Paribas 2.00% 24/05/2031	1,008	0.36
GBP 2,600,000	BNP Paribas 3.375% 23/01/2026	2,837	1.00
GBP 1,300,000	Crédit Agricole 1.25% 02/10/2024	1,318	0.46
GBP 500,000	Crédit Agricole 1.874% 09/12/2031	501	0.18
GBP 500,000	Électricité de France 5.125% 22/09/2050	773	0.27
GBP 900,000	Électricité de France 5.50% 17/10/2041	1,338	0.47
GBP 600,000	Électricité de France 6.00% 23/01/2114	1,063	0.37
GBP 1,200,000	Électricité de France 6.125% 02/06/2034	1,741	0.61
GBP 1,100,000	LVMH 1.125% 11/02/2027	1,106	0.39
GBP 1,800,000	Société Générale 1.875% 03/10/2024	1,844	0.65
GBP 1,919,000	Total Capital International 1.75% 07/07/2025	1,989	0.70
GBP 700,000	Vinci 2.25% 15/03/2027	743	0.26
		16,261	5.72
	<b>Variable Rate Bond 0.80% (2020: 0.93%)</b>		
GBP 321,000	AXA 5.625% 16/01/2054	408	0.14
GBP 1,000,000	Électricité de France 6.00% Perpetual	1,118	0.40
GBP 684,000	Orange 5.75% Perpetual	736	0.26
		2,262	0.80
	<b>Germany 4.06% (2020: 7.07%)</b>		
	<b>Fixed Rate Bond 3.88% (2020: 7.07%)</b>		
EUR 900,000	Adler 2.25% 14/01/2029	748	0.26
EUR 900,000	Adler 2.25% 27/04/2027	759	0.27
EUR 900,000	Adler 2.75% 13/11/2026	780	0.27
GBP 300,000	Aroundtown 3.25% 18/07/2027	326	0.11
GBP 800,000	Aroundtown 3.625% 10/04/2031	887	0.31

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
GBP 1,800,000	Aroundtown 4.75% Perpetual	1,898	0.68
GBP 1,200,000	E.ON International Finance 5.50% 06/07/2022	1,260	0.44
GBP 850,000	E.ON International Finance 6.125% 06/07/2039	1,306	0.46
EUR 500,000	Peach Property Finance 4.375% 15/11/2025	450	0.16
GBP 1,700,000	Siemens Financieringsmaatschappij 0.875% 05/06/2023	1,712	0.60
GBP 900,000	Volkswagen Financial Services 1.625% 10/02/2024	918	0.32
		<u>11,044</u>	<u>3.88</u>
<b>Floating Rate Note 0.18% (2020: 0.00%)</b>			
GBP 500,000	Deutsche Bank FRN 22/12/2028	<u>499</u>	<u>0.18</u>
<b>Hong Kong 0.00% (2020: 0.45%)</b>			
<b>Fixed Rate Bond 0.00% (2020: 0.45%)</b>			
<b>Italy 1.02% (2020: 0.88%)</b>			
<b>Fixed Rate Bond 1.02% (2020: 0.60%)</b>			
GBP 700,000	Enel Finance International 1.00% 20/10/2027	687	0.24
GBP 450,000	Enel Finance International 5.75% 14/09/2040	679	0.24
GBP 425,000	Enel 5.75% 22/06/2037	616	0.22
GBP 900,000	Intesa Sanpaolo 2.625% 11/03/2036	<u>902</u>	<u>0.32</u>
		<u>2,884</u>	<u>1.02</u>
<b>Variable Rate Bond 0.00% (2020: 0.28%)</b>			
<b>Japan 0.71% (2020: 0.33%)</b>			
<b>Fixed Rate Bond 0.71% (2020: 0.33%)</b>			
EUR 1,310,000	SoftBank 2.875% 06/01/2027	1,125	0.40
EUR 1,000,000	Takeda Pharmaceutical 1.375% 09/07/2032	<u>893</u>	<u>0.31</u>
		<u>2,018</u>	<u>0.71</u>
<b>Luxembourg 0.00% (2020: 0.98%)</b>			
<b>Fixed Rate Bond 0.00% (2020: 0.98%)</b>			
<b>Netherlands 1.54% (2020: 1.42%)</b>			
<b>Fixed Rate Bond 1.40% (2020: 1.42%)</b>			
EUR 2,030,000	CTP 1.25% 21/06/2029	1,722	0.61
GBP 1,300,000	ING 3.00% 18/02/2026	1,406	0.49
GBP 890,000	Shell International Finance 1.00% 10/12/2030	<u>843</u>	<u>0.30</u>
		<u>3,971</u>	<u>1.40</u>
<b>Variable Rate Bond 0.14% (2020: 0.00%)</b>			
EUR 340,425	Rabobank 6.50% Perpetual	<u>393</u>	<u>0.14</u>
<b>Norway 0.58% (2020: 0.53%)</b>			
<b>Fixed Rate Bond 0.58% (2020: 0.53%)</b>			
GBP 1,617,000	DNB Bank 1.375% 12/06/2023	<u>1,646</u>	<u>0.58</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Spain 0.59% (2020: 0.88%)</b>		
	<b>Fixed Rate Bond 0.59% (2020: 0.88%)</b>		
GBP 500,000	CaixaBank 1.50% 03/12/2026	500	0.18
GBP 1,000,000	Iberdrola Finanzas 7.375% 29/01/2024	1,169	0.41
		<u>1,669</u>	<u>0.59</u>
	<b>Supranational 1.50% (2020: 1.91%)</b>		
	<b>Fixed Rate Bond 1.50% (2020: 1.91%)</b>		
GBP 1,721,000	European Investment Bank 3.875% 08/06/2037	2,370	0.84
GBP 1,167,000	European Investment Bank 4.50% 07/03/2044	1,878	0.66
		<u>4,248</u>	<u>1.50</u>
	<b>Sweden 0.83% (2020: 0.28%)</b>		
	<b>Fixed Rate Bond 0.83% (2020: 0.28%)</b>		
EUR 1,100,000	Heimstaden Bostad 2.625% Perpetual	932	0.33
EUR 1,600,000	Heimstaden Bostad 3.375% Perpetual	1,420	0.50
		<u>2,352</u>	<u>0.83</u>
	<b>Switzerland 3.20% (2020: 1.94%)</b>		
	<b>Fixed Rate Bond 2.67% (2020: 1.45%)</b>		
GBP 1,500,000	Credit Suisse 1.125% 15/12/2025	1,495	0.53
GBP 3,400,000	Credit Suisse 2.25% 09/06/2028	3,488	1.23
GBP 2,590,000	UBS 0.625% 18/12/2023	2,596	0.91
		<u>7,579</u>	<u>2.67</u>
	<b>Variable Rate Bond 0.53% (2020: 0.49%)</b>		
GBP 1,415,000	Zurich Finance UK 6.625% Perpetual	1,514	0.53
	<b>United Kingdom 59.67% (2020: 58.13%)</b>		
	<b>Asset Backed 1.95% (2020: 1.61%)</b>		
GBP 565,490	TC Dudgeon OFTO 3.158% 12/11/2038	635	0.22
GBP 462,898	Telereal Securitisation 5.5653% 10/12/2031	469	0.17
GBP 1,425,719	Tesco Property Finance 5.744% 13/04/2040	1,907	0.67
GBP 1,908,088	Tesco Property Finance 6.0517% 13/10/2039	2,538	0.89
		<u>5,549</u>	<u>1.95</u>
	<b>Fixed Rate Bond 55.22% (2020: 54.82%)</b>		
GBP 708,000	Accent Capital 2.625% 18/07/2049	796	0.28
GBP 1,047,000	Affordable Housing Finance 2.893% 11/08/2043	1,327	0.47
GBP 1,792,000	Annington Funding 2.646% 12/07/2025	1,888	0.66
GBP 700,000	Assura Financing 1.50% 15/09/2030	695	0.24
GBP 640,000	Aster Treasury 1.405% 27/01/2036	610	0.21
GBP 500,000	Aviva 4.00% 03/06/2055	556	0.20
GBP 600,000	Barclays 3.00% 08/05/2026	644	0.23
GBP 480,000	BAT International Finance 2.25% 26/06/2028	481	0.17
GBP 1,000,000	BAT International Finance 4.00% 04/09/2026	1,107	0.39
GBP 1,622,000	Bazalgette Finance 2.375% 29/11/2027	1,728	0.61
GBP 1,530,000	Bellis Acquisition 3.25% 16/02/2026	1,533	0.54
GBP 1,226,000	Blend Funding 3.459% 21/09/2047	1,523	0.54
GBP 1,800,000	B&M European Value Retail 3.625% 15/07/2025	1,849	0.65
GBP 1,900,000	BP Capital Markets 4.25% Perpetual	2,012	0.71
GBP 600,000	BPHA Finance 4.816% 11/04/2044	876	0.31

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond</b> (continued)			
GBP 996,000	British Telecommunications 3.125% 21/11/2031	1,072	0.38
GBP 1,040,000	Broadgate Financing 4.821% 05/07/2033	1,346	0.47
GBP 800,000	Bunzl Finance 1.50% 30/10/2030	781	0.28
GBP 1,198,000	BUPA Finance 5.00% 25/04/2023	1,285	0.45
GBP 1,000,000	Burberry 1.125% 21/09/2025	996	0.35
GBP 2,702,000	Cadent Finance 2.125% 22/09/2028	2,803	0.98
GBP 500,000	Cadent Finance 2.625% 22/09/2038	518	0.18
GBP 2,080,000	Canary Wharf 2.625% 23/04/2025	2,105	0.74
GBP 613,000	Centrica 7.00% 19/09/2033	935	0.33
GBP 1,825,000	Co-operative 5.125% 17/05/2024	1,942	0.68
GBP 1,627,000	Coventry Building Society 1.50% 23/01/2023	1,648	0.58
GBP 1,849,000	Coventry Building Society 5.875% 28/09/2022	1,968	0.69
GBP 1,359,816	Delamare Finance 5.5457% 19/02/2029	1,564	0.55
GBP 700,000	Diageo Finance 1.75% 12/10/2026	728	0.26
GBP 530,000	Diageo Finance 2.875% 27/03/2029	590	0.21
GBP 1,900,000	Direct Line Insurance 4.00% 05/06/2032	2,135	0.75
GBP 2,110,000	Dwr Cymru Financing 1.625% 31/03/2026	2,142	0.75
GBP 1,201,000	Dwr Cymru Financing 6.015% 31/03/2028	1,568	0.55
GBP 590,000	Dwr Cymru Financing 2.375% 31/03/2034	605	0.21
GBP 2,069,000	Eastern Power Networks 4.75% 30/09/2021	2,091	0.74
GBP 1,140,001	Eversholt Funding 2.742% 30/06/2040	1,188	0.42
GBP 1,602,000	Experian Finance 2.125% 27/09/2024	1,664	0.59
GBP 1,110,000	Experian Finance 3.25% 07/04/2032	1,261	0.44
GBP 590,000	Folio Residential Finance 1.246% 31/10/2027	592	0.21
GBP 420,000	Gatwick Funding 2.50% 15/04/2030	421	0.15
GBP 800,000	Gatwick Funding 3.125% 28/09/2039	822	0.29
GBP 300,000	Gatwick Funding 4.625% 27/03/2034	359	0.13
GBP 500,000	Gatwick Funding 6.125% 02/03/2026	599	0.21
GBP 2,100,000	GlaxoSmithKline Capital 1.25% 12/10/2028	2,090	0.74
GBP 1,080,000	GlaxoSmithKline Capital 1.625% 12/05/2035	1,047	0.37
GBP 470,000	GlaxoSmithKline Capital 5.25% 10/04/2042	726	0.26
GBP 910,000	Grainger 3.00% 03/07/2030	960	0.34
GBP 650,000	Heathrow Funding 2.75% Perpetual	643	0.23
GBP 1,240,000	Heathrow Funding 2.75% 13/10/2029	1,290	0.45
GBP 300,000	Heathrow Funding 4.625% 31/10/2046	393	0.14
GBP 2,122,000	Heathrow Funding 6.75% 03/12/2026	2,679	0.94
GBP 780,000	HSBC 3.00% 29/05/2030	842	0.30
GBP 772,000	HSBC 4.75% 24/03/2046	1,073	0.38
GBP 1,500,000	HSBC 6.00% 29/03/2040	2,158	0.76
GBP 640,000	Hyde Housing Association 1.75% 18/08/2055	576	0.20
GBP 856,000	Imperial Brands Finance 5.50% 28/09/2026	1,012	0.36
GBP 901,000	Imperial Brands Finance 9.00% 17/02/2022	948	0.33
GBP 1,120,000	InterContinental Hotels 3.375% 08/10/2028	1,210	0.43
GBP 620,000	Land Securities Capital Markets 2.75% 22/09/2057	696	0.24
GBP 970,000	Lloyds Bank Corporate Markets 1.50% 23/06/2023	987	0.35
GBP 1,106,000	Lloyds Bank 5.125% 07/03/2025	1,290	0.45
GBP 1,000,000	Lloyds Bank 6.00% 08/02/2029	1,364	0.48
GBP 1,300,000	Lloyds Bank 7.5% 15/04/2024	1,542	0.54
GBP 3,000,000	Logicor 1.875% 17/11/2026	3,121	1.09
GBP 500,000	London & Quadrant Housing 2.00% 20/10/2038	496	0.17
GBP 543,000	London Power Networks 2.625% 01/03/2029	585	0.21



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond</b> (continued)			
GBP 1,280,000	London Stock Exchange 1.625% 06/04/2030	1,279	0.45
GBP 800,000	M&G 5.56% 20/07/2055	962	0.34
GBP 890,000	Motability Operations 1.50% 20/01/2041	824	0.29
GBP 951,000	Motability Operations 2.375% 03/07/2039	1,017	0.36
GBP 1,280,000	National Grid Electricity Transmission 1.125% 07/07/2028	1,248	0.44
GBP 400,000	National Grid Electricity Transmission 2.00% 17/04/2040	390	0.14
GBP 1,200,000	National Grid Electricity Transmission 2.75% 06/02/2035	1,300	0.46
GBP 1,080,000	National Westminster Bank 6.50% 07/09/2021	1,091	0.38
GBP 1,914,000	Nationwide Building Society 1.00% 24/01/2023	1,930	0.68
GBP 840,000	Nats En Route 1.375% 31/03/2031	843	0.30
GBP 2,100,000	NatWest 2.105% 28/11/2031	2,110	0.74
GBP 1,600,000	NatWest 2.875% 19/09/2026	1,701	0.60
GBP 780,000	Next 3.00% 26/08/2025	835	0.29
GBP 514,000	Northern Electric Finance 2.75% 24/05/2049	588	0.21
GBP 400,000	Northern Powergrid (Yorkshire) 5.125% 04/05/2035	543	0.19
GBP 1,226,000	Notting Hill Genesis 2.875% 31/01/2029	1,333	0.47
GBP 541,000	Optivo Finance 3.283% 22/03/2048	648	0.23
GBP 700,000	Paradigm Homes 2.25% 20/05/2051	724	0.26
GBP 920,000	Paragon Treasury 2.00% 07/05/2036	931	0.33
GBP 600,000	Platform HG Finance 1.625% 10/08/2055	543	0.19
GBP 2,472,000	PRS Finance 1.50% 24/08/2034	2,515	0.89
GBP 361,000	Prudential 6.125% 19/12/2031	497	0.17
GBP 487,000	RAC Bond 4.565% 06/05/2023	507	0.18
GBP 356,000	RAC Bond 4.87% 06/05/2026	389	0.14
GBP 700,000	Sanctuary Capital 2.375% 14/04/2050	740	0.26
GBP 2,122,000	Santander UK 2.92% 08/05/2026	2,249	0.79
GBP 1,509,000	Santander UK 5.75% 02/03/2026	1,859	0.65
GBP 1,998,000	Scottish Widows 5.50% 16/06/2023	2,169	0.76
GBP 500,000	Scottish Widows 7.00% 16/06/2043	755	0.27
GBP 896,000	Severn Trent Utilities Finance 3.625% 16/01/2026	1,000	0.35
GBP 802,000	South Eastern Power Networks 5.625% 30/09/2030	1,074	0.38
GBP 1,278,000	Sovereign Housing Capital 2.375% 04/11/2048	1,366	0.48
GBP 566,000	SP Manweb 4.875% 20/09/2027	685	0.24
GBP 1,020,000	SSE 3.74% Perpetual	1,077	0.38
GBP 1,180,000	Thames Water Utilities Finance 2.375% 22/04/2040	1,186	0.42
GBP 1,281,000	Thames Water Utilities Finance 2.625% 24/01/2032	1,357	0.48
GBP 400,000	Thames Water Utilities Finance 3.50% 25/02/2028	446	0.16
GBP 1,415,000	Thames Water Utilities Finance 4.00% 19/06/2025	1,582	0.56
GBP 700,000	Thames Water Utilities Finance 4.375% 03/07/2034	878	0.31
GBP 1,104,000	THFC Funding No.3 5.20% 11/10/2043	1,675	0.59
GBP 1,117,000	Transport for London 3.875% 23/07/2042	1,439	0.51
GBP 2,192,000	Tritax Big Box REIT 2.625% 14/12/2026	2,349	0.83
GBP 3,655,000	UK Treasury 0.625% 22/10/2050	3,106	1.09
GBP 3,260,000	UK Treasury 1.25% 22/10/2041	3,282	1.16
GBP 1,545,341	UK Treasury 1.50% 22/07/2047	1,635	0.58
GBP 2,705,000	UK Treasury 1.75% 07/09/2037	2,959	1.03
GBP 405,000	UK Treasury 1.75% 22/07/2057	471	0.17
GBP 1,061,962	UK Treasury 3.25% 22/01/2044	1,486	0.52
GBP 460,000	UK Treasury 4.50% 07/12/2042	747	0.26
GBP 869,000	Unite USAF 3.374% 30/06/2023	907	0.32
GBP 750,000	United Utilities Water Finance 1.875% 03/06/2042	727	0.26

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
GBP 1,174,000	Vodafone 3.00% 12/08/2056	1,259	0.44
GBP 1,292,000	Vodafone 4.875% 03/10/2078	1,404	0.49
GBP 1,415,000	Western Power Distribution East Midlands 5.25% 17/01/2023	1,515	0.53
GBP 1,151,000	Westfield Stratford City Finance 1.642% 04/08/2026	1,161	0.41
GBP 1,100,000	Whitbread 2.375% 31/05/2027	1,116	0.39
GBP 280,000	Whitbread 3.00% 31/05/2031	288	0.10
GBP 1,930,000	Workspace 2.25% 11/03/2028	1,918	0.68
GBP 500,000	WPP Finance 2013 2.875% 14/09/2046	500	0.18
GBP 816,000	Wrekin Housing 2.50% 22/10/2048	884	0.31
GBP 1,697,000	Yorkshire Water Finance 1.75% 26/11/2026	1,744	0.61
		<u>156,824</u>	<u>55.22</u>
<b>Variable Rate Bond 2.50% (2020: 1.70%)</b>			
GBP 170,000	Aviva 6.125% Perpetual	181	0.06
GBP 1,500,000	Aviva 6.125% 14/11/2036	1,831	0.64
GBP 1,900,000	HSBC 3.00% 22/07/2028	2,047	0.72
GBP 2,145,000	HSBC 5.844% Perpetual	3,028	1.08
		<u>7,087</u>	<u>2.50</u>
<b>United States 15.58% (2020: 13.79%)</b>			
<b>Asset Backed 0.00% (2020: 0.00%)</b>			
GBP 329,942	Lehman Brothers 7.875% 08/05/2018 <sup>1</sup>	<u>2</u>	<u>-</u>
<b>Fixed Rate Bond 14.55% (2020: 13.79%)</b>			
GBP 690,000	Apple 3.60% 31/07/2042	927	0.33
GBP 2,790,000	Athene Global Funding 1.75% 24/11/2027	2,810	0.99
GBP 1,800,000	AT&T 4.875% 01/06/2044	2,484	0.87
GBP 450,000	AT&T 7.00% 30/04/2040	744	0.26
GBP 1,574,000	Bank of America 2.30% 25/07/2025	1,663	0.59
GBP 600,000	Bank of America 7.00% 31/07/2028	825	0.29
GBP 715,000	Berkshire Hathaway Finance 2.375% 19/06/2039	768	0.27
GBP 1,500,000	Citigroup 1.75% 23/10/2026	1,534	0.54
GBP 1,556,000	Citigroup 2.75% 24/01/2024	1,632	0.57
GBP 600,000	Comcast 1.50% 20/02/2029	601	0.21
GBP 1,100,000	Fidelity National Information Services 2.25% 03/12/2029	1,143	0.40
GBP 802,000	Fidelity National Information Services 3.36% 21/05/2031	901	0.32
GBP 800,000	Ford Motor Credit 2.748% 14/06/2024	811	0.29
GBP 950,000	GE Capital UK Funding 5.875% 18/01/2033	1,300	0.46
GBP 812,000	General Electric Capital 5.25% 07/12/2028	1,010	0.36
GBP 681,000	General Electric Capital 5.375% 18/12/2040	956	0.34
USD 355,000	JBS 3.75% 01/12/2020	263	0.09
GBP 670,000	JPMorgan Chase 1.895% 28/04/2033	675	0.24
GBP 1,260,000	Metropolitan Life Global Funding I 0.625% 08/12/2027	1,214	0.43
GBP 720,000	MPT Operating Partnership 3.375% 24/04/2030	743	0.26
USD 1,306,000	MSCI 3.625% 01/11/2031	970	0.34
EUR 1,300,000	Netflix 3.625% 15/05/2027	1,282	0.45
GBP 1,330,000	New York Life Global Funding 0.75% 14/12/2028	1,284	0.45
GBP 400,000	Time Warner Cable 5.75% 02/06/2031	512	0.18
GBP 1,000,000	Verizon Communications 1.875% 03/11/2038	951	0.33
GBP 1,000,000	Verizon Communications 2.50% 08/04/2031	1,056	0.37

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
GBP 456,000	Verizon Communications 3.375% 27/10/2036	528	0.19
GBP 1,947,000	Walmart 5.625% 27/03/2034	2,877	1.01
GBP 1,179,000	Walmart 5.75% 19/12/2030	1,650	0.58
GBP 900,000	Wells Fargo 2.125% 24/09/2031	914	0.32
GBP 2,700,000	Wells Fargo 2.50% 02/05/2029	2,856	1.01
GBP 3,150,000	Wells Fargo 5.25% 01/08/2023	3,431	1.21
		<u>41,315</u>	<u>14.55</u>
<b>Floating Rate Note 1.03% (2020: 0.00%)</b>			
GBP 1,400,000	Bank of America FRN 02/06/2029	1,407	0.50
GBP 1,530,000	JPMorgan Chase FRN 28/04/2026	1,531	0.53
		<u>2,938</u>	<u>1.03</u>
<b>Derivatives (0.03%) (2020: (0.06%))</b>			
<b>Futures (0.01%) (2020: (0.01%))</b>			
(49)	EUX Euro Bobl September 2021	1	-
(30)	EUX Euro Bund September 2021	(16)	(0.01)
		<u>(15)</u>	<u>(0.01)</u>
<b>Swaps (0.02%) (2020: 0.00%)<sup>2</sup></b>			
<b>Credit Default Swaps (0.02%) (2020: 0.00%)<sup>2</sup></b>			
1,900,000	CDS 1.000% 20/06/2026 HSBC - Receive - EUR	(45)	(0.02)
<b>Forward Foreign Exchange Contracts 0.00% (2020: (0.05%))<sup>2</sup></b>			
	Buy EUR 1,915 : Sell GBP 1,644 July 2021 <sup>3</sup>	-	-
	Buy EUR 527,613 : Sell GBP 453,418 July 2021 <sup>3</sup>	-	-
	Buy GBP 11,227,484 : Sell EUR 13,058,244 July 2021	12	-
	Buy GBP 1,176,591 : Sell USD 1,661,000 July 2021	(26)	-
	Buy GBP 4,159 : Sell EUR 4,856 July 2021 <sup>3</sup>	-	-
		<u>(14)</u>	<u>-</u>
<b>Investment assets including investment liabilities</b>		<b>278,307</b>	<b>98.00</b>
Other net assets		5,690	2.00
<b>Total net assets</b>		<b>283,997</b>	<b>100.00</b>

<sup>1</sup> Defaulted

<sup>2</sup> Not listed on an official stock exchange

<sup>3</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

Prior year comparative percentages have changed for some sectors due to reclassification within these sectors.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		605		36,257
Revenue	3	7,739		16,418	
Expenses	4	(1,458)		(1,656)	
Interest payable and similar charges	5	(2)		(1)	
Net revenue before taxation		6,279		14,761	
Taxation	6	-		-	
Net revenue after taxation			6,279		14,761
Total return before distributions			6,884		51,018
Distributions	7		(6,279)		(14,761)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>605</b>		<b>36,257</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

	2021		2020	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>313,648</b>		<b>947,305</b>
Amounts receivable on issue of shares	40,095		19,171	
Amounts payable on inspecie transfer	-		(339,127)	
Amounts payable on cancellation of shares	(75,765)		(362,307)	
		(35,670)		(682,263)
Dilution adjustment		162		1,033
Change in net assets attributable to shareholders from investment activities		605		36,257
Retained distributions on accumulation shares		5,252		11,316
<b>Closing net assets attributable to shareholders</b>		<b>283,997</b>		<b>313,648</b>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		278,394	306,710
Current assets:			
Debtors	8	4,769	5,237
Cash and bank balances	9	4,114	9,658
<b>Total assets</b>		<b>287,277</b>	<b>321,605</b>
<b>Liabilities:</b>			
Investment liabilities		87	238
Creditors:			
Amounts held at derivative clearing houses and brokers		1	41
Distributions payable		144	176
Other creditors	10	3,048	7,502
<b>Total liabilities</b>		<b>3,280</b>	<b>7,957</b>
<b>Net assets attributable to shareholders</b>		<b>283,997</b>	<b>313,648</b>

## 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

## 2 Net capital gains

Net capital gains on investments during the year comprise:

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Derivative securities	25	(600)
Forward currency contracts	1,194	759
Non-derivative securities	(727)	36,196
Other currency gains/(losses)	116	(86)
Transaction costs	(3)	(12)
<b>Net capital gains</b>	<b>605</b>	<b>36,257</b>

## 3 Revenue

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Bank interest	-	73
Derivative revenue	(40)	(65)
Interest on debt securities	7,771	16,360
Stock lending revenue	8	50
<b>Total revenue</b>	<b>7,739</b>	<b>16,418</b>

## 4 Expenses

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	1,312	1,440
GAC*	103	146
	<b>1,415</b>	<b>1,586</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	28	43
Safe custody fees	15	27
	<b>43</b>	<b>70</b>
<b>Total expenses</b>	<b>1,458</b>	<b>1,656</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £10,316).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	2	1
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>1</b>

### 6 Taxation

#### a) Analysis of charge in the year

There is no tax charge for the current year (2020: nil).

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	6,279	14,761
Corporation tax at 20% (2020: 20%)	1,256	2,952
Effects of:		
Revenue being paid as interest distributions	(1,256)	(2,952)
<b>Tax charge for the year (note 6a)</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim income	752	471
Interim accumulation	3,978	9,894
Final income	144	176
Final accumulation	1,274	1,422
	6,148	11,963
Amounts deducted on cancellation of shares	250	2,866
Amounts received on issue of shares	(119)	(68)
<b>Total distributions</b>	<b>6,279</b>	<b>14,761</b>

Details of the distribution per share are set out in the Distribution tables on pages 85 to 88.

## Notes to the financial statements (continued)

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	3,118	3,690
Amounts receivable for issue of shares	7	19
Currency transactions awaiting settlement	-	1,528
Sales awaiting settlement	1,644	-
<b>Total debtors</b>	<b>4,769</b>	<b>5,237</b>

### 9 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	215	456
Cash and bank balances	3,899	9,202
<b>Total cash and bank balances</b>	<b>4,114</b>	<b>9,658</b>

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	97	98
Accrued Depositary's fee	2	3
Accrued other expenses	11	12
Amounts payable for cancellation of shares	56	7
Currency transactions awaiting settlement	-	1,519
Purchases awaiting settlement	2,882	5,863
<b>Total other creditors</b>	<b>3,048</b>	<b>7,502</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 72 and 73 and notes 4, 7, 8 and 10 on pages 74 to 76 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

There were no material shareholders at the year end (2020: nil).



## Notes to the financial statements (continued)

### 13 Shareholders' funds

The fund currently has 4 share classes available: Class A (Retail), Class E (Retail), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021 %	2020 %
Class A	0.75	0.75
Class E	0.50	0.50
Class I	0.50	0.50
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 59 to 62. The distribution per share class is given in the Distribution tables on pages 85 to 88. All share classes have the same rights on winding up.

#### Shares reconciliation as at 30 June 2021

	Class A accumulation	Class A income	Class E accumulation	Class E income
Opening number of shares	894,043	1,277,948	220,292	625,547
Issues during the year	510,293	156,074	16,553	36,926
Cancellations during the year	(538,337)	(151,130)	(19,016)	(55,962)
Shares converted during the year	(185,859)	(173,989)	172,988	173,989
<b>Closing shares in issue</b>	<b>680,140</b>	<b>1,108,903</b>	<b>390,817</b>	<b>780,500</b>

	Class I accumulation	Class I income	Class Z accumulation
Opening number of shares	68,213,376	23,886,599	28,075,162
Issues during the year	6,094,087	97,255	1,170,413
Cancellations during the year	(72,456)	(16,628,482)	(11,864,920)
Shares converted during the year	(5,913,223)	12,015,178	-
<b>Closing shares in issue</b>	<b>68,321,784</b>	<b>19,370,550</b>	<b>17,380,655</b>

### 14 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of forward foreign exchange contracts as at 30 June 2021 (2020: nil). The fund had cash assets of £214,949 (2020: £455,832) and cash liabilities of £765 (2020: £40,897) held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	12	-	12
UBS	-	1	1
	<b>12</b>	<b>1</b>	<b>13</b>

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	9	-	9
UBS	-	41	41
	<b>9</b>	<b>41</b>	<b>50</b>

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Credit default swaps £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	-	12,876	-	12,876
Citigroup	1,675	-	-	1,675
UBS	-	-	(10,088)	(10,088)
	<b>1,675</b>	<b>12,876</b>	<b>(10,088)</b>	<b>4,463</b>

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	19,679	-	19,679
UBS	-	(10,894)	(10,894)
	<b>19,679</b>	<b>(10,894)</b>	<b>8,785</b>

## Notes to the financial statements (continued)

### 15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with JPMorgan Chase Bank, National Association (London branch) acting as the stock lending agent in order to generate additional revenue.

Stock lending revenue is disclosed under 'Revenue' in the Statement of total return.

Eligible collateral types for stock lending and borrowing transactions are approved by the Investment Manager and may consist of (i) cash, (ii) securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope or by Hong Kong or Singapore, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or (iii) equities. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102% to 110% of the value of the stock on loan.

2021 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
JPMorgan	3,855	4,070	Government Bond
	<b>3,855</b>	<b>4,070</b>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas <sup>1</sup>	Stock lending agent	9	1	8

<sup>1</sup> Until 9 March 2021 BNP Paribas was the securities lending agent. Income received from JPMorgan from 10 March 2021 is below the minimum reporting threshold.

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Barclays	1,242	1,356	Government Bond
BNP Paribas	1,172	1,246	Corporate Bond
BNP Paribas	71	76	Government Bond
	<b>1,243</b>	<b>1,322</b>	
JPMorgan	5,025	5,363	Government Bond
	<b>7,510</b>	<b>8,041</b>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	59	9	50

## Notes to the financial statements (continued)

### 16 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	<b>Floating rate financial assets £000</b>	<b>Fixed rate financial assets £000</b>	<b>Non-interest bearing assets £000</b>	<b>Total £000</b>
<b>2021</b>				
Euro	548	11,316	85	11,949
UK sterling	18,259	251,139	4,692	274,090
US dollar	-	1,233	5	1,238
<b>Total</b>	<b>18,807</b>	<b>263,688</b>	<b>4,782</b>	<b>287,277</b>
	<b>Floating rate financial assets £000</b>	<b>Fixed rate financial assets £000</b>	<b>Non-interest bearing assets £000</b>	<b>Total £000</b>
<b>2020</b>				
Euro	195	12,673	1,606	14,474
UK sterling	19,996	279,029	3,633	302,658
US dollar	143	4,281	49	4,473
<b>Total</b>	<b>20,334</b>	<b>295,983</b>	<b>5,288</b>	<b>321,605</b>
	<b>Floating rate financial liabilities £000</b>	<b>Fixed rate financial liabilities £000</b>	<b>Non-interest bearing liabilities £000</b>	<b>Total £000</b>
<b>2021</b>				
Euro	1	45	1,141	1,187
UK sterling	-	-	2,093	2,093
<b>Total</b>	<b>1</b>	<b>45</b>	<b>3,234</b>	<b>3,280</b>
	<b>Floating rate financial liabilities £000</b>	<b>Fixed rate financial liabilities £000</b>	<b>Non-interest bearing liabilities £000</b>	<b>Total £000</b>
<b>2020</b>				
Euro	-	-	2,628	2,628
UK sterling	29	-	5,267	5,296
US dollar	12	-	21	33
<b>Total</b>	<b>41</b>	<b>-</b>	<b>7,916</b>	<b>7,957</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Credit Ratings

	Market value £000	Percentage of total net assets %
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	245,752	86.54
Below investment grade (BB and below)	20,841	7.34
Unrated	11,788	4.15
<b>Total debt securities</b>	<b>278,381</b>	<b>98.03</b>
Derivatives	(74)	(0.03)
<b>Investment assets including investment liabilities</b>	<b>278,307</b>	<b>98.00</b>
Other net assets	5,690	2.00
<b>Total net assets</b>	<b>283,997</b>	<b>100.00</b>
	Market value £000	Percentage of total net assets %
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	284,456	90.69
Below investment grade (BB and below)	5,963	1.90
Unrated	16,241	5.18
<b>Total debt securities</b>	<b>306,660</b>	<b>97.77</b>
Derivatives	(188)	(0.06)
<b>Investment assets including investment liabilities</b>	<b>306,472</b>	<b>97.71</b>
Other net assets	7,176	2.29
<b>Total net assets</b>	<b>313,648</b>	<b>100.00</b>

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
<b>2021</b>	88.46	112.03	104.10	200	44.23	56.01	52.05
<b>2020</b>	95.98	109.16	101.32	200	47.99	54.58	50.66
<b>Leverage</b>							
	Minimum	Maximum	Average				
	%	%	%				
<b>2021</b>	6	23	12				
<b>2020</b>	6	31	16				

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Amounts held at derivatives clearing houses and brokers	1	-	-	-
Derivative financial liabilities	-	42	45	-
Distribution payable	-	144	-	-
Other creditors	-	3,048	-	-
<b>Total</b>	<b>1</b>	<b>3,234</b>	<b>45</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Amounts held at derivatives clearing houses and brokers	41	-	-	-
Derivative financial liabilities	-	238	-	-
Distribution payable	-	176	-	-
Other creditors	-	7,502	-	-
<b>Total</b>	<b>41</b>	<b>7,916</b>	<b>-</b>	<b>-</b>

### 17 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	<b>2021</b>		<b>2020</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	17,935*	16	19,884*	63
Level 2	260,459	71	286,826	175
Level 3	-	-	-	-
	<b>278,394</b>	<b>87</b>	<b>306,710</b>	<b>238</b>

\* Debt securities included in the highest fair value hierarchy level, where their valuation is determined by unadjusted quoted prices from an active market, amount to £17,933,757 as at 30 June 2021 (2020: £19,843,448).

## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	170,980	406,587	194,892	730,940
<b>Trades in the year before transaction costs</b>	<b>170,980</b>	<b>406,587</b>	<b>194,892</b>	<b>730,940</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
<b>Total commissions</b>	-	-	-	-
<b>Taxes</b>				
Debt securities	-	-	-	-
<b>Total taxes</b>	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
<b>Total other expenses</b>	-	-	-	-
<b>Total transaction costs</b>	-	-	-	-
<b>Total net trades in the year after transaction costs</b>	<b>170,980</b>	<b>406,587</b>	<b>194,892</b>	<b>730,940</b>

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
<b>Taxes</b>				
Debt securities	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-

	2021	2020
	%	%
<b>Total transaction costs expressed as a percentage of net asset value</b>		
Commissions	-	-
Taxes	-	-
Other expenses	-	-
<b>Total costs</b>	-	-

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

There were no in specie transfers during the year (2020: £320,223,813). There were corporate actions during the year of £2,343,558 (2020: £6,800,941).

There were direct transaction costs associated with derivatives in the year of £988 (2020: £2,960) which is 0.00% of the average net asset value of the fund (2020: 0.00%).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 0.55% (2020: 0.79%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.



## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class A accumulation</b>				
Group 1	0.6798	-	0.6798	0.8523
Group 2	0.5212	0.1586	0.6798	0.8523
<b>Class A income</b>				
Group 1	0.5452	-	0.5452	0.6999
Group 2	0.4195	0.1257	0.5452	0.6999
<b>Class E accumulation</b>				
Group 1	0.7928	-	0.7928	0.9499
Group 2	0.4120	0.3808	0.7928	0.9499
<b>Class E income</b>				
Group 1	0.6377	-	0.6377	0.7798
Group 2	0.2410	0.3967	0.6377	0.7798
<b>Class I accumulation</b>				
Group 1	1.4133	-	1.4133	1.6616
Group 2	0.4805	0.9328	1.4133	1.6616
<b>Class I income</b>				
Group 1	0.6963	-	0.6963	0.8389
Group 2	0.2550	0.4413	0.6963	0.8389
<b>Class Z accumulation</b>				
Group 1	1.6684	-	1.6684	1.8774
Group 2	0.3427	1.3257	1.6684	1.8774

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class A accumulation</b>				
Group 1	0.6844	-	0.6844	0.7724
Group 2	0.3730	0.3114	0.6844	0.7724
<b>Class A income</b>				
Group 1	0.5499	-	0.5499	0.6310
Group 2	0.1874	0.3625	0.5499	0.6310
<b>Class E accumulation</b>				
Group 1	0.8015	-	0.8015	0.8800
Group 2	0.4608	0.3407	0.8015	0.8800
<b>Class E income</b>				
Group 1	0.6424	-	0.6424	0.7183
Group 2	0.3686	0.2738	0.6424	0.7183
<b>Class I accumulation</b>				
Group 1	1.4316	-	1.4316	1.5361
Group 2	0.7664	0.6652	1.4316	1.5361
<b>Class I income</b>				
Group 1	0.7029	-	0.7029	0.7704
Group 2	0.3380	0.3649	0.7029	0.7704
<b>Class Z accumulation</b>				
Group 1	1.6930	-	1.6930	1.7603
Group 2	1.1131	0.5799	1.6930	1.7603

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class A accumulation</b>				
Group 1	0.6116	-	0.6116	0.6630
Group 2	0.1960	0.4156	0.6116	0.6630
<b>Class A income</b>				
Group 1	0.4912	-	0.4912	0.5394
Group 2	0.1252	0.3660	0.4912	0.5394
<b>Class E accumulation</b>				
Group 1	0.7275	-	0.7275	0.7706
Group 2	0.2603	0.4672	0.7275	0.7706
<b>Class E income</b>				
Group 1	0.5803	-	0.5803	0.6263
Group 2	0.2624	0.3179	0.5803	0.6263
<b>Class I accumulation</b>				
Group 1	1.3073	-	1.3073	1.3573
Group 2	0.8395	0.4678	1.3073	1.3573
<b>Class I income</b>				
Group 1	0.6384	-	0.6384	0.6755
Group 2	0.2656	0.3728	0.6384	0.6755
<b>Class Z accumulation</b>				
Group 1	1.5708	-	1.5708	1.5923
Group 2	1.1094	0.4614	1.5708	1.5923

## Distribution tables (continued)

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A accumulation</b>				
Group 1	0.6840	-	0.6840	0.6811
Group 2	0.5552	0.1288	0.6840	0.6811
<b>Class A income</b>				
Group 1	0.5457	-	0.5457	0.5517
Group 2	0.3110	0.2347	0.5457	0.5517
<b>Class E accumulation</b>				
Group 1	0.7991	-	0.7991	0.7898
Group 2	0.1541	0.6450	0.7991	0.7898
<b>Class E income</b>				
Group 1	0.6346	-	0.6346	0.6383
Group 2	0.4994	0.1352	0.6346	0.6383
<b>Class I accumulation</b>				
Group 1	1.4257	-	1.4257	1.3992
Group 2	0.9558	0.4699	1.4257	1.3992
<b>Class I income</b>				
Group 1	0.6881	-	0.6881	0.6930
Group 2	0.4360	0.2521	0.6881	0.6930
<b>Class Z accumulation</b>				
Group 1	1.6830	-	1.6830	1.6369
Group 2	1.1360	0.5470	1.6830	1.6369

# Janus Henderson Asset-Backed Securities Fund

## Authorised Corporate Director's report

### Investment Fund Manager

Denis Struc, Ian Bettney and Colin Fleury

### Investment objective and policy

The fund aims to provide a return from a combination of income and some capital growth over the long term.

Performance target: To outperform SONIA by 1.5% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 70% of its assets in Asset-Backed Securities (ABS). The fund also holds a minimum of 80% of its assets in investment grade securities (rated BBB- or higher by at least one independent credit rating agency) and maintains at least 60% of its investments in European assets.

The fund is actively managed with reference to SONIA, as this forms the basis of the fund's performance target. The Investment Manager has complete discretion to choose investments for the fund and is not constrained by a benchmark.

### Strategy

The Investment Manager invests in a diversified portfolio of asset-backed securities and other investments, with a focus on floating rate or low interest rate sensitivity. The Investment Manager will seek to generate the majority of return from income whilst maintaining a focus on investments that are expected to have strong fundamental credit resilience over the long term. Notwithstanding its bias to European investments, as the fund has no benchmark to follow, the Investment Manager has flexibility to utilise its broad expertise across securitisation markets to vary the portfolio mix based on relative value and the desired risk and return profile for the fund.

### Performance summary

#### Cumulative performance

	Since inception 15 Sep 20* - 30 Jun 21 %
<b>Class Y accumulation (Net)</b>	1.5**
<b>SONIA</b>	0.0**
<b>Class Y accumulation (Gross)</b>	1.8**
<b>SONIA + 1.5%</b>	1.2**

#### Discrete performance

	15 Sep 20* - 30 Jun 21 %
<b>Class Y accumulation (Net)</b>	1.5**
<b>SONIA</b>	0.0**
<b>Class Y accumulation (Gross)</b>	1.8**
<b>SONIA + 1.5%</b>	1.2**

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

\* The fund launched on 15 September 2020.

\*\* Cumulative and discrete performance figures are the same due to this being a newly launched fund.

Source: Morningstar

Class Y accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Class Y accumulation (Gross), NAV to NAV, gross of OCF and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class Y accumulation is disclosed as it is the representative share class.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

#### Benchmark usage:

Index: SONIA

Index usage: Target

Index description: SONIA reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions. The Bank of England is the administrator for SONIA and they are responsible for its governance and publication every London business day. It is the basis for the fund's performance target.

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

### Significant portfolio changes for the period 15 September 2020 to 30 June 2021

Largest purchases	£000	Largest sales	£000
Silver Arrow Athlon FRN 26/04/2031 1 A	4,359	European Residential Loan FRN 15/06/2058 PL1	2,090
Silverstone Master Issuer FRN 21/01/2070 1X1A	4,053	Orbita Funding FRN 16/10/2024	1,689
La Trobe Financial Capital Markets Trust FRN 12/03/2050 2 A1L	3,106	Together Asset Backed Securitisation 1.8045% 12/03/2049	1,685
Liberty Funding FRN 25/12/2051 3 A1	3,095	Friary No.3 FRN 21/04/2048	1,498
Armada Euro FRN 28/07/2034 5X A	3,090	Purple Master Credit Cards FRN 25/10/2030	1,452
Glenbeigh 2 FRN 24/03/2046 1X A	2,896	Contego CLO FRN 15/01/2032 6X A2	1,302
Primrose Residential FRN 24/03/2061 1 A	2,868	Gosforth Funding FRN 19/12/2059 1X A1B	1,288
Income Contingent Student Loans FRN 24/07/2058 2 A1	2,867	Azure Finance FRN 30/06/2027 1 B	1,265
Aurium FRN 22/06/2034 2X CRR	2,815	RED & Black Auto No.3 FRN 15/09/2031 3 A	1,133
PCL Funding IV FRN 15/09/2024 1 A	2,810	Newday Partnership Funding FRN 15/04/25 1 A	1,052
<b>Total purchases</b>	<b>195,638</b>	<b>Total sales</b>	<b>36,769</b>

### Investment review

The fund returned 1.5% (Net), 1.8% (Gross) based on Class Y accumulation over the period from 15 September 2020 to 30 June 2021, compared with a return of 0.0% in the SONIA Index and a return of 1.2% in the Target Index + 1.5%.

The asset-backed securities (ABS) market experienced broad-based spread compression over the period under review. Overall spread tightening was spurred by the announcement of COVID-19 vaccines in November and the subsequent start of immunisations in December, a pivotal step required to revitalise the global economy. The UK and Europe unveiled a post-Brexit trade agreement, which also helped improve sentiment and spurred demand for UK assets through 2021.

Increasing inflationary concerns, which drove government bond yields higher in the first quarter of 2021, remained largely isolated from the predominantly floating rate European ABS market. However, the lowest agreed European interbank offer rates fell slightly, particularly for European collateralised loan obligations (CLOs).

In terms of primary market activity, there was a noteworthy pick-up in supply in 2021. February saw one of the highest levels of issuance since the global financial crisis, with €18.3bn of ABS and CLOs publicly placed with generally strong oversubscription levels. However, issuance briefly slowed early in the second quarter of 2021, before recovering again in May.

At the sector level, through the period three-year AAA rated prime UK residential mortgage-backed securities (RMBS), spreads tightened by about 15 basis points (bps) to finish at 25bps. In comparison, higher beta three-year AAA rated UK non-conforming RMBS spreads tightened 35bps to 75bps, with AAA, AA and A rated European CLOs following a similar trend. Lower-quality credit tranches generally outperformed higher-quality ones, and both income and spread compression drove performance.

The fund launched on 15 September 2020 and has delivered positive performance since inception. This was despite the fund having to deploy cash and pay full offer price during the initial ramp-up period, while all assets were then immediately valued at the mid-level.

The fund's CLO exposure, specifically income from these positions, was the most noteworthy contributor to performance. The next largest contribution came from the combined allocation of UK and Australian non-conforming RMBS, where capital appreciation was the main driver. The UK automotive space also delivered strong income, with the underlying price of second-hand vehicles increasing after COVID-19 lockdowns. In terms of security selection, exposure to Tesco property bonds was beneficial for performance, in addition to RMACS longer spread duration bonds with low coupons, which experienced strong spread compression.

Both senior and mezzanine CLOs continued to look attractive from a valuation perspective, hence we increased the fund's exposure over the period under review. CLOs made up the fund's largest single sectoral concentration, with positioning focused on high-quality managers and collateral pools. On a regional basis, we continued to like Australia, with the fund positioned in a range of about 10-15% during the period under review. We await more clarity on the impact of regulatory changes before increasing risk in this region.

We remain positive about the broad European economic environment over the short term, in light of COVID-19 vaccine progress, the removal of lockdowns and expected increase in consumer spending and UK GDP. There has been no substantial increase in unemployment, concerns about a potential COVID-19 spike have abated – at the time of writing – and our expectations are that unemployment will increase at a more manageable pace. In the mortgage space, lenders look to be getting more comfortable taking on more risk, although fundamentals are being mostly supported by government programmes. Despite our positive outlook, we continue to stay vigilant for risks that may arise while potential headwinds from the unwinding of support programmes remain a key concern.

ABS market technical conditions continue to be positive for spreads. We have seen a significant increase in CLO supply, which has been met with strong investor appetite with some pockets of 'indigestion' arising on a deal-specific basis.

Valuations in high-grade sectors are less inspiring relative to CLO valuations, which remain attractively priced on an historical and relative basis. Away from CLOs, we continue to favour Australian RMBS on a relative basis and UK non-conforming RMBS, which remains attractive relative to senior prime RMBS bonds.

## Comparative tables for the period 15 September 2020 to 30 June 2021

	<b>Class Y accumulation</b> <b>15/09/20 -</b> <b>30/06/21</b> <b>(pence</b> <b>per share)</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00 <sup>1</sup>
Return before operating charges*	1.73
Operating charges	(0.29)
Return after operating charges*	1.44
Distributions on accumulation shares	(0.72)
Retained distributions on accumulation shares	0.72
Closing net asset value per share	101.44
* after direct transaction costs of:	-
<b>Performance</b>	
Return after charges	1.44%
<b>Other information</b>	
Closing net asset value (£000s)	1
Closing number of shares	500
Operating charges	0.37%
Direct transaction costs	0.00%
<b>Prices</b>	
Highest share price (pence)	101.56
Lowest share price (pence)	100.00

<sup>1</sup> The fund launched on 15 September 2020 and this is the first published price.

	<b>Class Y income</b> <b>15/09/20 -</b> <b>30/06/21</b> <b>(pence</b> <b>per share)</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00 <sup>2</sup>
Return before operating charges*	1.75
Operating charges	(0.29)
Return after operating charges*	1.46
Distributions on income shares	(0.73)
Closing net asset value per share	100.73
* after direct transaction costs of:	-
<b>Performance</b>	
Return after charges	1.46%
<b>Other information</b>	
Closing net asset value (£000s)	1
Closing number of shares	500
Operating charges	0.37%
Direct transaction costs	0.00%
<b>Prices</b>	
Highest share price (pence)	101.14
Lowest share price (pence)	100.00

<sup>2</sup> The fund launched on 15 September 2020 and this is the first published price.



## Comparative tables (continued)

	Class Z accumulation 15/09/20 - 30/06/21 (pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00 <sup>3</sup>
Return before operating charges*	1.48
Operating charges	(0.06)
Return after operating charges*	1.42
Distributions on accumulation shares	(0.72)
Retained distributions on accumulation shares	0.72
Closing net asset value per share	101.42
* after direct transaction costs of:	-
<b>Performance</b>	
Return after charges	1.42%
<b>Other information</b>	
Closing net asset value (£000s)	13
Closing number of shares	12,761
Operating charges	0.07%
Direct transaction costs	0.00%
<b>Prices</b>	
Highest share price (pence)	101.56
Lowest share price (pence)	100.00

<sup>3</sup> The fund launched on 15 September 2020 and this is the first published price.

	Class Z income 15/09/20 - 30/06/21 (pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00 <sup>4</sup>
Return before operating charges*	1.40
Operating charges	(0.06)
Return after operating charges*	1.34
Distributions on income shares	(0.68)
Closing net asset value per share	100.66
* after direct transaction costs of:	-
<b>Performance</b>	
Return after charges	1.34%
<b>Other information</b>	
Closing net asset value (£000s)	167,803
Closing number of shares	166,695,214
Operating charges	0.07%
Direct transaction costs	0.00%
<b>Prices</b>	
Highest share price (pence)	101.06
Lowest share price (pence)	99.99

<sup>4</sup> The fund launched on 15 September 2020 and this is the first published price.

## Comparative tables (continued)

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

The fund launched on 15 September 2020.

The following share classes launched during the period:

Share class	Launch date
Class Y accumulation	15 September 2020
Class Y income	15 September 2020
Class Z accumulation	15 September 2020
Class Z income	15 September 2020

There were no share classes closed during the period.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the period, except for expenses that are explicitly excluded by regulation.

	<b>2021</b> %	<b>Estimated OCF from</b> <b>15 September 2020<sup>1</sup></b> %
<b>Class Y accumulation<sup>2</sup></b>	0.37	0.37
<b>Class Y income<sup>2</sup></b>	0.37	0.37
<b>Class Z accumulation<sup>2</sup></b>	0.07	0.07
<b>Class Z income<sup>2</sup></b>	0.07	0.07

The OCF is calculated in accordance with guidelines issued by ESMA.

<sup>1</sup> The estimated ongoing charge based on the annual fee rates from 15 September 2020.

<sup>2</sup> The fund launched on 15 September 2020.

## Risk and reward profile

The fund currently has 4 types of share class in issue: Y accumulation, Y income, Z accumulation and Z income.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 2 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section of the fund's prospectus.

There has been no change to the risk rating in the period.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class Y accumulation, Class Y income, Class Z accumulation and Class Z income launched on 15 September 2020. As these share classes do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Bonds 93.06%</b>		
	<b>Australia 11.32%</b>		
	<b>Asset Backed 11.32%</b>		
AUD 1,602,157	Driver Australia Five Trust FRN 21/07/2026 5 A	872	0.52
AUD 700,766	Driver Australia Five Trust FRN 21/07/2026 5 B	381	0.23
AUD 854,426	Firstmac Mortgage Funding Trust FRN 17/01/2051 4 A1	470	0.28
AUD 855,379	Firstmac Mortgage Funding Trust FRN 17/11/2050 2 A1	470	0.28
AUD 1,120,535	La Trobe Financial Capital Markets Trust FRN 11/07/2049 1 A1L	611	0.36
AUD 1,745,588	La Trobe Financial Capital Markets Trust FRN 12/01/2049 2 A1	950	0.57
AUD 4,845,777	La Trobe Financial Capital Markets Trust FRN 12/03/2050 2 A1L	2,652	1.58
AUD 3,500,000	Latitude Australia FRN 22/09/2033 1 A1	1,928	1.15
AUD 2,503,031	Latitude Australia Personal Loans FRN 17/06/2028 1AL	1,365	0.81
AUD 1,046,943	Liberty Funding FRN 10/06/2051 2 A1B	575	0.34
AUD 5,012,570	Liberty Funding FRN 25/12/2051 3 A1	2,759	1.65
AUD 1,292,414	Medallion Trust FRN 23/04/2049 1 A1A	714	0.43
AUD 3,429,613	Pepper Residential Securities FRN 20/06/2060 22X A 2	1,899	1.13
AUD 3,550,000	Pepper Residential Securities Trust No.28 FRN 17/04/2062 28 A1A	1,948	1.16
AUD 1,178,386	Pepper SPARKZ Trust No.2 FRN 16/11/2027 2 B	644	0.38
AUD 502,173	Pepper SPARKZ Trust No.3 FRN 17/08/2028 3 A1A	274	0.16
AUD 900,000	Pepper SPARKZ Trust No.3 FRN 17/08/2028 3 B	493	0.29
		<u>19,005</u>	<u>11.32</u>
	<b>Austria 0.77%</b>		
	<b>Asset Backed 0.77%</b>		
EUR 1,500,000	FACT Construction FRN 20/07/2028 1 B	<u>1,288</u>	<u>0.77</u>
	<b>Belgium 1.41%</b>		
	<b>Asset Backed 1.41%</b>		
EUR 2,750,000	BL Consumer Credit FRN 25/09/2038 1 B	<u>2,361</u>	<u>1.41</u>
	<b>Canada 1.02%</b>		
	<b>Floating Rate Note 1.02%</b>		
GBP 850,000	Royal Bank of Canada FRN 03/10/2024	860	0.51
GBP 850,000	Royal Bank of Canada FRN 30/01/2025	<u>857</u>	<u>0.51</u>
		<u>1,717</u>	<u>1.02</u>
	<b>Europe 31.87%</b>		
	<b>Asset Backed 31.87%</b>		
EUR 800,000	Adagio VI CLO FRN 30/04/2031 B1	684	0.41
EUR 500,000	Adagio CLO FRN 30/04/2031 VIX A	429	0.26
EUR 1,227,000	Adagio V FRN 15/10/2031	1,055	0.63
EUR 1,500,000	ALME Loan Funding FRN 15/04/2032 3X ARRE	1,287	0.77
EUR 319,000	ALME Loan Funding V FRN 15/07/2031 5X B1R	274	0.16
EUR 1,400,000	Ares European CLO FRN 21/10/2033 14X A	1,205	0.72
EUR 1,300,000	Ares European FRN 20/04/2032 12X B1	1,118	0.67
EUR 630,000	Ares European VIII FRN 17/04/2032 8XCR	543	0.32
EUR 1,485,000	Ares European XI FRN 15/04/2032 11X	1,279	0.76
EUR 3,600,000	Armada Euro FRN 28/07/2034 5X A	3,088	1.83
EUR 1,900,000	Armada Euro FRN 28/07/2034 5X C	1,629	0.97
EUR 3,000,000	Aurium FRN 22/05/2034 6X AR	2,556	1.52
EUR 2,000,000	Aurium FRN 22/05/2034 6X CR	<u>1,722</u>	<u>1.03</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Asset Backed (continued)</b>			
EUR 3,290,000	Aurium FRN 22/06/2034 2X CRR	2,822	1.68
EUR 1,000,000	Avoca FRN 12/01/2031 14X A1R	858	0.51
EUR 700,000	Avoca FRN 15/04/2034 12X ARR	599	0.36
EUR 1,500,000	Avoca FRN 15/04/2034 23X	1,287	0.77
EUR 1,250,000	BBAM European FRN 22/07/2034 1X CR	1,073	0.64
EUR 2,500,000	Bilbao III FRN 17/08/2034 3X AR	2,141	1.28
EUR 1,750,000	Bilbao III FRN 17/08/2034 3X BR	1,499	0.89
EUR 380,000	BlackRock European CLO X DAC FRN 15/10/2033 10X A	327	0.20
EUR 1,000,000	BlackRock European FRN 15/07/2030	858	0.51
EUR 1,200,000	BNPP FRN 15/04/2031 1X CR	1,028	0.61
EUR 500,000	Carlyle Global Market Strategies FRN 15/07/2030	429	0.26
EUR 480,000	Contego FRN 23/01/2030 4X CR	410	0.24
EUR 600,000	Cordatus CLO FRN 21/07/2030 5X ARR	515	0.31
EUR 500,000	Cordatus CLO FRN 21/07/2030 5X B1R	430	0.26
EUR 1,800,000	CVC Cordatus Loan Fund VIII FRN 15/07/2034 8X	1,545	0.92
EUR 1,170,000	CVC Cordatus Loan Fund XX FRN 22/06/2034 20X	1,004	0.60
EUR 1,300,000	Harvest CLO FRN 15/01/2031 8X ARR	1,112	0.66
EUR 1,200,000	Harvest FRN 15/10/2031 16X CRR	1,027	0.61
EUR 1,350,000	Harvest FRN 18/11/2030 12X AR	1,161	0.69
EUR 500,000	Harvest FRN 26/06/2030 11X CR	427	0.25
EUR 1,083,000	Henley CLO FRN 15/07/2032 1X A	929	0.55
EUR 1,400,000	Invesco CBO FRN 15/08/2032 2X A	1,202	0.72
EUR 500,000	Invesco Euro CLO FRN 15/07/2032 3X C	432	0.26
EUR 2,700,000	Invesco Euro FRN 15/07/2034 6X C	2,318	1.38
EUR 685,000	Invesco I FRN 15/07/2031 1X CR	584	0.35
EUR 880,000	Last Mile Securities FRN 17/08/2031 1X A1	756	0.45
EUR 270,000	Last Mile Securities FRN 17/08/2031 1X C	232	0.14
EUR 1,750,000	North Westerly FRN 15/05/2035 VII X A	1,501	0.89
EUR 1,080,000	North Westerly FRN 15/05/2035 VII X C	927	0.55
EUR 660,000	OAK Hill European Credit Partners FRN 20/04/2035 8X C	571	0.34
EUR 2,400,000	Sound Point Euro FRN 25/05/2034 1X AR	2,055	1.22
EUR 1,240,000	Sound Point Euro FRN 25/05/2034 1X CR	1,057	0.63
EUR 800,000	Tikehau FRN 07/12/2029 2X CR	688	0.41
EUR 1,400,000	Tikehau III FRN 01/12/2030	1,202	0.72
EUR 550,000	Voya Euro CLO II FRN 15/07/2032 2X A	472	0.28
EUR 530,000	Voya Euro FRN 15/07/2035 2X CR	455	0.27
EUR 800,000	Voya Euro II FRN 15/07/2032 2XB1	686	0.41
		<u>53,488</u>	<u>31.87</u>
<b>France 1.29%</b>			
<b>Asset Backed 1.29%</b>			
EUR 2,500,000	Auto ABS French Leases FRN 29/06/2033 FR1 A	<u>2,170</u>	<u>1.29</u>
<b>Germany 3.33%</b>			
<b>Asset Backed 3.33%</b>			
EUR 1,100,000	Globaldrive Auto Receivables FRN 20/02/2029 A B	944	0.56
EUR 2,300,000	RED & Black Auto No.7 FRN 15/10/2029 7 B	1,984	1.19
EUR 200,000	SC Germany SA Compartment Consumer FRN 14/11/2034 1 B	173	0.10
EUR 100,000	SC Germany SA Compartment Consumer FRN 14/11/2034 1 C	87	0.05
EUR 1,000,000	Volkswagen Car Lease FRN 21/01/2027 32 B	859	0.51

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Asset Backed (continued)</b>			
EUR 1,788,483	Volkswagen Car Lease FRN 21/06/2025 29 B	1,537	0.92
		<u>5,584</u>	<u>3.33</u>
<b>Ireland 5.39%</b>			
<b>Asset Backed 5.39%</b>			
EUR 3,327,571	Glenbeigh 2 FRN 24/03/2046 1X A	2,857	1.70
EUR 1,025,401	Jepson FRN 24/11/2057 1 A	881	0.53
EUR 3,319,438	Primrose Residential FRN 24/03/2061 1 A	2,847	1.70
EUR 2,313,602	Shamrock Residential FRN 24/12/2059 1 A	1,985	1.18
EUR 550,000	Voya Euro FRN 15/07/2035 2x AR	472	0.28
		<u>9,042</u>	<u>5.39</u>
<b>Netherlands 2.82%</b>			
<b>Asset Backed 2.82%</b>			
EUR 471,471	Magoi FRN 27/07/2039 C	406	0.24
EUR 5,000,000	Silver Arrow Athlon FRN 26/04/2031 1 A	4,332	2.58
		<u>4,738</u>	<u>2.82</u>
<b>Spain 3.13%</b>			
<b>Asset Backed 3.13%</b>			
EUR 1,500,000	Autonoria FRN 31/01/2039 SP B	1,288	0.77
EUR 2,300,000	Driver Espana FRN 25/09/2030 6 B	1,976	1.18
EUR 2,309,708	Miravet FRN 27/02/2065 1 A	1,986	1.18
		<u>5,250</u>	<u>3.13</u>
<b>United Kingdom 28.44%</b>			
<b>Asset Backed 28.28%</b>			
GBP 2,400,000	Agora Sécurité FRN 17/08/2031 1X A	2,400	1.43
GBP 1,040,000	Agora Sécurité FRN 17/08/2031 1X B	1,040	0.62
GBP 30,246	Azure Finance FRN 30/06/2027 1 B	30	0.02
GBP 2,350,000	Azure Finance No.1 FRN 30/06/2027 1 D	2,365	1.41
GBP 1,005,294	Azure Finance No.2 FRN 20/07/2030 2 A	1,010	0.60
GBP 929,273	Brass FRN 16/04/2069 10X A2	931	0.55
GBP 775,199	Broadgate Financing 5.098% 05/04/2033	897	0.53
GBP 376,647	Business Mortgage Finance FRN 15/08/2045	375	0.22
GBP 540,000	Dowson FRN 20/03/2028 1B	541	0.32
GBP 1,185,788	Dowson FRN 20/04/2027 1 A	1,193	0.71
GBP 1,400,000	Dowson 2019-1 FRN 20/09/2026 1 B	1,405	0.84
GBP 527,723	Dowson 2019-1 FRN 20/09/2026 1A	529	0.31
GBP 2,070,000	Economic Master Issuer FRN 25/06/2073 1X A	2,071	1.23
GBP 2,863,113	Income Contingent Student Loans FRN 24/07/2058 2 A1	2,868	1.72
USD 800,000	Lanark Master Issuer 2.277% 22/12/2069 1X 1A	591	0.35
USD 500,000	Lanark Master Issuer 2.71% 22/12/2069	368	0.22
GBP 805,410	Mitchells & Butlers Finance 5.574% 15/12/2030	917	0.55
USD 2,500,000	Newday Funding FRN 15/03/2029 1A A2	1,817	1.08
GBP 380,000	Newday Partnership Funding FRN 15/12/2027 1 A	380	0.23
GBP 122,439	Paragon Mortgage FRN 15/11/2038 12X A2A	120	0.07
USD 520,525	Paragon Mortgages FRN 15/11/2038 12A A2C	367	0.22
USD 504,331	Paragon Mortgages FRN 15/11/2038 12X A2C	355	0.21
GBP 660,000	PCL Funding FRN 15/10/2025 1 B	660	0.39

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Asset Backed (continued)</b>			
GBP 2,800,000	PCL Funding IV FRN 15/09/2024 1 A	2,814	1.69
GBP 770,000	PLC Funding V FRN 15/10/2025 1 A	772	0.46
GBP 1,485,348	Preferred Residential Securities FRN 15/12/2040 2X B1C	1,482	0.88
GBP 1,004,856	Residential Mortgage Securities FRN 20/06/2070 32X A	1,014	0.60
GBP 1,244,756	Residential Mortgage Securities FRN 20/09/2065 31 A	1,247	0.74
GBP 2,100,000	RMAC Securities FRN 12/06/2046 1 C	2,094	1.25
GBP 1,448,883	RMAC Securities No. 1 FRN 12/06/2044 NS2X A3A	1,402	0.84
GBP 707,526	RMAC Securities No. 1 FRN 12/06/2044 NS3X A2A	684	0.41
GBP 1,200,000	Rochester Financing FRN 18/12/2044 3 B	1,194	0.71
GBP 4,035,000	Silverstone Master Issuer FRN 21/01/2070 1X1A	4,048	2.41
GBP 414,284	Stratton Mortgage Funding FRN 12/03/2052 1 A	416	0.25
GBP 192,874	Telereal Securitisation 5.5653% 10/12/2031	195	0.12
GBP 1,167,748	Telereal Securitisation 6.1645% 10/12/2031	1,457	0.87
GBP 1,933,873	Tesco Property Finance 6.0517% 13/10/2039	2,571	1.53
GBP 330,000	Together Asset Backed Securitisation FRN 12/03/2049 1 C	330	0.20
GBP 1,140,000	Turbo Finance FRN 20/08/2028 9 A	1,147	0.68
GBP 500,000	Turbo Finance FRN 20/08/2028 9 B	504	0.30
GBP 850,000	Turbo Finance 8 FRN 20/02/2026 8 B	851	0.51
		<u>47,452</u>	<u>28.28</u>
<b>Variable Rate Bond 0.16%</b>			
GBP 272,000	Telereal Securitisation FRN 10/12/2033	<u>276</u>	<u>0.16</u>
<b>United States 2.27%</b>			
<b>Asset Backed 1.84%</b>			
USD 1,185,190	Invitation Homes FRN 17/07/2037 SFR3 A	861	0.51
USD 1,159,805	Invitation Homes FRN 17/12/2036 2017 SFR2 C	842	0.50
USD 731,250	Taco Bell Funding 4.318% 25/11/2048 1A A2I	530	0.32
USD 528,675	Wingstop Funding 2.841% 05/12/2050 1A A2	397	0.24
USD 628,000	Zaxby's Funding 0% 30/07/2051	455	0.27
		<u>3,085</u>	<u>1.84</u>
<b>Fixed Rate Bond 0.43%</b>			
USD 1,000,000	Global Net Lease 3.75% 15/12/2027	<u>717</u>	<u>0.43</u>
<b>Collective Investment Schemes 0.06%</b>			
100,000	Deutsche Global Liquidity Managed Platinum Sterling Fund	<u>100</u>	<u>0.06</u>
<b>Derivatives 0.01%</b>			
<b>Swaps 0.03%<sup>1</sup></b>			
<b>Overnight Index Swaps 0.03%<sup>1</sup></b>			
600,000	OIS 0.0435% SONIA 1 day - Receive Floating - GBP	12	0.01
500,000	OIS 0.0776% SONIA 1 day - Receive Floating - GBP	18	0.01
720,000	OIS 0.3038% SONIA 1 day - Receive Floating - GBP	(1)	-
160,000	OIS 0.3067% SOFR 1 day - Receive Floating - USD	4	-
800,000	OIS 0.3432% SOFR 1 day - Receive Floating - USD	12	0.01
150,000	OIS 0.3569% SONIA 1 day - Receive Floating - GBP <sup>2</sup>	-	-
220,000	OIS 0.4097% SOFR 1 day - Receive Floating - USD	5	-
510,000	OIS 0.4622% SONIA 1 day - Receive Floating - GBP	(1)	-
700,000	OIS 0.6212% SONIA 1 day - Receive Floating - GBP	(3)	-



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Overnight Index Swaps (continued)</b>			
400,000	OIS 0.6282% SONIA 1 day - Receive Floating - GBP	(2)	-
400,000	OIS 0.6361% SONIA 1 day - Receive Floating - GBP	(3)	-
680,000	OIS 0.6392% SONIA 1 day - Receive Floating - GBP	(5)	-
1,500,000	OIS 0.8297% SOFR 1 day - Receive Floating - USD	3	-
		<u>39</u>	<u>0.03</u>
<b>Forward Foreign Exchange Contracts (0.02%)<sup>1</sup></b>			
	Buy AUD 122,786 : Sell GBP 66,935 July 2021 <sup>2</sup>	-	-
	Buy AUD 150,539 : Sell GBP 81,600 July 2021 <sup>2</sup>	-	-
	Buy AUD 168,812 : Sell GBP 91,366 July 2021 <sup>2</sup>	-	-
	Buy AUD 203,793 : Sell GBP 110,707 July 2021 <sup>2</sup>	-	-
	Buy AUD 263,625 : Sell GBP 143,230 July 2021 <sup>2</sup>	-	-
	Buy AUD 29,101 : Sell GBP 15,903 July 2021 <sup>2</sup>	-	-
	Buy AUD 394,945 : Sell GBP 214,293 July 2021 <sup>2</sup>	-	-
	Buy AUD 5,484 : Sell GBP 2,990 July 2021 <sup>2</sup>	-	-
	Buy EUR 112,507 : Sell GBP 96,252 July 2021 <sup>2</sup>	-	-
	Buy EUR 1,408 : Sell GBP 1,211 July 2021 <sup>2</sup>	-	-
	Buy EUR 21,538 : Sell GBP 18,494 July 2021 <sup>2</sup>	-	-
	Buy EUR 493,375 : Sell GBP 424,815 July 2021	(1)	-
	Buy EUR 55,807 : Sell GBP 47,952 July 2021 <sup>2</sup>	-	-
	Buy GBP 1,069,255 : Sell EUR 1,250,000 July 2021	(4)	-
	Buy GBP 19,744,635 : Sell AUD 36,211,975 July 2021	64	0.04
	Buy GBP 3,023 : Sell USD 4,204 July 2021 <sup>2</sup>	-	-
	Buy GBP 3,405 : Sell USD 4,701 July 2021 <sup>2</sup>	-	-
	Buy GBP 3,452,175 : Sell EUR 4,027,650 July 2021	(7)	-
	Buy GBP 36,867 : Sell USD 51,534 July 2021 <sup>2</sup>	-	-
	Buy GBP 3,746 : Sell USD 5,184 July 2021 <sup>2</sup>	-	-
	Buy GBP 67,975,193 : Sell EUR 79,059,265 July 2021	75	0.04
	Buy GBP 7,147,303 : Sell USD 10,089,888 July 2021	(155)	(0.10)
	Buy GBP 99,507 : Sell AUD 182,618 July 2021 <sup>2</sup>	-	-
	Buy USD 14,541 : Sell GBP 10,422 July 2021 <sup>2</sup>	-	-
	Buy USD 18,029 : Sell GBP 12,782 July 2021 <sup>2</sup>	-	-
	Buy USD 4,261 : Sell GBP 3,062 July 2021 <sup>2</sup>	-	-
	Buy USD 5,115 : Sell GBP 3,683 July 2021 <sup>2</sup>	-	-
	Buy USD 6,696 : Sell GBP 4,819 July 2021 <sup>2</sup>	-	-
		<u>(28)</u>	<u>(0.02)</u>
	<b>Investment assets including investment liabilities</b>	<b>156,284</b>	<b>93.13</b>
	Other net assets	11,534	6.87
	<b>Total net assets</b>	<b>167,818</b>	<b>100.00</b>

<sup>1</sup> Not listed on an official stock exchange

<sup>2</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

The collective investment schemes held are approved regulated collective investment schemes within the meaning of the FCA rules.

## Statement of total return for the period 15 September 2020 to 30 June 2021

		15/09/20 - 30/06/21	
	Note	£000	£000
Income			
Net capital gains	2		370
Revenue	3	706	
Expenses	4	(42)	
Interest payable and similar charges	5	(1)	
Net revenue before taxation		663	
Taxation	6	-	
Net revenue after taxation			663
Total return before distributions			1,033
Distributions	7		(663)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>370</b>

## Statement of change in net assets attributable to shareholders

for the period 15 September 2020 to 30 June 2021

	15/09/20 - 30/06/21	
	£000	£000
<b>Opening net assets attributable to shareholders *</b>		-
Amounts receivable on issue of shares	167,312	
Amounts payable on cancellation of shares	-	
		167,312
Dilution adjustment		136
Change in net assets attributable to shareholders from investment activities		370
Retained distributions on accumulation shares		-
<b>Closing net assets attributable to shareholders</b>		<b>167,818</b>

\* The fund launched on 15 September 2020.

## Balance sheet as at 30 June 2021

	Note	30/06/2021 £000
<b>Assets:</b>		
Investments		156,466
Current assets:		
Debtors	8	11,119
Cash and bank balances	9	16,449
<b>Total assets</b>		<b>184,034</b>
<b>Liabilities:</b>		
Investment liabilities		182
Creditors:		
Amounts held at derivative clearing houses and brokers		66
Distributions payable		430
Other creditors	10	15,538
<b>Total liabilities</b>		<b>16,216</b>
<b>Net assets attributable to shareholders</b>		<b>167,818</b>

## Statement of cash flows for the period ended 30 June 2021

	15/09/20 - 30/06/21	
	£000	£000
<b>Cash flows from operating activities</b>		
Total return before distributions		1,033
Adjustments for:		
Interest payable and similar charges	1	
Taxation	-	
Transactions charges paid from capital	8	
Losses on investments	2,687	
Increase in debtors	(196)	
Increase in creditors	20	
	<u>20</u>	<u>2,520</u>
<b>Cash flows from operations</b>		<b>3,553</b>
Interest payable and similar charges	(1)	
Taxation paid	-	
Distribution paid on income shares	(362)	
	<u>(362)</u>	<u>(363)</u>
<b>Net cash generated from operating activities</b>		<b>3,190</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(196,424)	
Sales of investments	53,006	
	<u>53,006</u>	<u>(143,418)</u>
<b>Net cash used in investing activities</b>		<b>(143,418)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	156,541	
Cancellation of shares	-	
Dilution adjustment	136	
	<u>136</u>	<u>156,677</u>
<b>Net cash generated from financing activities</b>		<b>156,677</b>
<b>Net increase in cash</b>		<b>16,449</b>
Cash at beginning of the period		-
<b>Cash at end of the period</b>		<b>16,449</b>

## Notes to the financial statements for the period 15 September 2020 to 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital gains

Net capital gains on investments during the period comprise:

	15/09/20 - 30/06/21 £000
Derivative securities	36
Forward currency contracts	2,774
Non-derivative securities	(2,695)
Other currency gains	263
Transaction costs	(8)
<b>Net capital gains</b>	<b>370</b>

### 3 Revenue

	15/09/20 - 30/06/21 £000
Derivative revenue	1
Interest on debt securities	705
<b>Total revenue</b>	<b>706</b>

### 4 Expenses

	15/09/20 - 30/06/21 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>	
GAC*	29
	29
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary fees	6
Safe custody fees	7
	13
<b>Total expenses</b>	<b>42</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556.

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	15/09/20 - 30/06/21 £000
Interest payable	1
<b>Total interest payable and similar charges</b>	<b>1</b>

### 6 Taxation

#### a) Analysis of charge in the period

There is no tax charge for the current period.

#### b) Factors affecting tax charge for period

The tax assessed for each period is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20%. The differences are explained below:

	15/09/20 - 30/06/21 £000
Net revenue before taxation	663
Corporation tax at 20%	133
Effects of: Revenue being paid as interest distributions	(133)
<b>Tax charge for the period (note 6a)</b>	<b>-</b>

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date.

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current period end.

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	15/09/20 - 30/06/21 £000
Interim income	362
Interim accumulation*	-
Final income	430
Final accumulation*	-
	<b>792</b>
Amounts deducted on cancellation of shares	-
Amounts received on issue of shares	(129)
<b>Total distributions</b>	<b>663</b>

Details of the distribution per share are set out in the Distribution tables on pages 113 to 114.

\* Distributions totalling £41 were paid during the period in respect to accumulation shares.

## Notes to the financial statements (continued)

### 8 Debtors

	30/06/21 £000
Accrued revenue	196
Amounts receivable for issue of shares	10,900
Sales awaiting settlement	23
<b>Total debtors</b>	<b>11,119</b>

### 9 Cash and bank balances

	30/06/21 £000
Amounts held at derivative clearing houses and brokers	164
Cash and bank balances	16,285
<b>Total cash and bank balances</b>	<b>16,449</b>

### 10 Other creditors

	30/06/21 £000
Accrued Depositary's fee	1
Accrued other expenses	19
Purchases awaiting settlement	15,518
<b>Total other creditors</b>	<b>15,538</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current period end.

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 102 and 103 and notes 4, 7 and 8 on pages 105 to 107 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

There were no material shareholders at the period end (2020: nil).

### 13 Shareholders' funds

The fund currently has 2 share classes available: Class Y (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021 %
Class Y <sup>1</sup>	0.30
Class Z <sup>1,2</sup>	0.00

<sup>1</sup> Y accumulation, Y income, Z accumulation and Z income share classes launched on 15 September 2020.

<sup>2</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 92 to 94. The distribution per share class is given in the Distribution tables on pages 113 to 114. All share classes have the same rights on winding up.

## Notes to the financial statements (continued)

### 13 Shareholders' funds (continued)

#### Shares reconciliation as at 30 June 2021

	Class Y accumulation	Class Y income	Class Z accumulation	Class Z income
Opening number of shares	-	-	-	-
Issues during the period	500	500	12,761	166,695,214
Cancellations during the period	-	-	-	-
Shares converted during the period	-	-	-	-
<b>Closing shares in issue</b>	<b>500</b>	<b>500</b>	<b>12,761</b>	<b>166,695,214</b>

### 14 Financial derivatives

The fund may use financial derivatives with the aim of making investment gains in line with the fund's objective, to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of forward foreign exchange contracts and swaps as at 30 June 2021. The fund had cash assets of £164,335 and cash liabilities of £66,459 held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021.

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Overnight Index Swaps £000	Total by counterparty £000
BNP Paribas	139	-	139
Citigroup	-	54	54
	<b>139</b>	<b>54</b>	<b>193</b>

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Overnight Index Swaps £000	Total by counterparty £000
Bank of America	-	3,096	3,096
BNP Paribas	100,914	-	100,914
Citigroup	-	116	116
Goldman Sachs	-	839	839
JPMorgan	-	1,420	1,420
Morgan Stanley	-	579	579
RBC	-	400	400
UBS	-	150	150
	<b>100,914</b>	<b>6,600</b>	<b>107,514</b>



## Notes to the financial statements (continued)

### 15 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant.

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the period end is set out in the following table:

	<b>Floating rate financial assets £000</b>	<b>Fixed rate financial assets £000</b>	<b>Non-interest bearing assets £000</b>	<b>Total £000</b>
<b>2021</b>				
Australian dollar	19,005	-	9	19,014
Euro	83,921	1	85	84,007
UK sterling	55,539	6,895	11,247	73,681
US dollar	4,266	3,057	9	7,332
<b>Total</b>	<b>162,731</b>	<b>9,953</b>	<b>11,350</b>	<b>184,034</b>

	<b>Floating rate financial liabilities £000</b>	<b>Fixed rate financial liabilities £000</b>	<b>Non-interest bearing liabilities £000</b>	<b>Total £000</b>
<b>2021</b>				
Euro	-	-	12,079	12,079
UK sterling	55	-	4,055	4,110
US dollar	27	-	-	27
<b>Total</b>	<b>82</b>	<b>-</b>	<b>16,134</b>	<b>16,216</b>

#### Credit Ratings

	<b>Market value £000</b>	<b>Percentage of total net assets %</b>
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	130,218	77.60
Unrated	25,955	15.46
<b>Total debt securities</b>	<b>156,173</b>	<b>93.06</b>
Collective investment schemes	100	0.06
Derivatives	11	0.01
<b>Investment assets including investment liabilities</b>	<b>156,284</b>	<b>93.13</b>
Other net assets	11,534	6.87
<b>Total net assets</b>	<b>167,818</b>	<b>100.00</b>

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in period			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2021	0.37	1.12	0.72	20	1.83	5.59	3.62

#### Leverage

	Minimum	Maximum	Average
	%	%	%
2021	0	203	84

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2021				
Amounts held at derivatives clearing houses and brokers	66	-	-	-
Derivative financial liabilities	-	167	1	14
Distribution payable	-	430	-	-
Other creditors	-	15,538	-	-
<b>Total</b>	<b>66</b>	<b>16,135</b>	<b>1</b>	<b>14</b>

### 16 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	30/06/21	
	Assets £000	Liabilities £000
Level 1	-	-
Level 2	134,982	182
Level 3	21,484	-
	<b>156,466</b>	<b>182</b>

## Notes to the financial statements (continued)

### 16 Fair value disclosure (continued)

#### Fair value hierarchy (continued)

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Investment Manager, at its discretion, may permit an alternative method of valuation to be used if they consider that it better reflects value and is in accordance with good accounting practice. The FVPC of the Investment Manager supports the ACD in determining or approving unquoted prices. Where deemed necessary, the FVPC will seek ratification of decisions from the Janus Henderson Investment Performance and Risk Committee. The FVPC meets on a monthly basis and consists of representatives from various parts of the Investment Manager who act as an independent party, segregated from the fund management function, to review and approve fair value pricing decisions and pricing models on a regular basis. The assets included within level 3 are corporate bonds which are rated at the lowest level of IHS Markit and Bloomberg's liquidity scales.

### 17 Direct transaction costs

	<b>Purchases</b> <b>15/09/20 -</b> <b>30/06/21</b> <b>£000</b>	<b>Sales</b> <b>15/09/20 -</b> <b>30/06/21</b> <b>£000</b>
<b>Trades in the period</b>		
Debt securities	195,638	36,769
<b>Trades in the period before transaction costs</b>	<b>195,638</b>	<b>36,769</b>
<b>Transaction costs</b>		
<b>Commissions</b>		
Debt securities	-	-
<b>Total commissions</b>	-	-
<b>Taxes</b>		
Debt securities	-	-
<b>Total taxes</b>	-	-
<b>Other expenses</b>		
Debt securities	-	-
<b>Total other expenses</b>	-	-
<b>Total transaction costs</b>	-	-
<b>Total net trades in the period after transaction costs</b>	<b>195,638</b>	<b>36,769</b>
	<b>Purchases</b> <b>15/09/20 -</b> <b>30/06/21</b> <b>%</b>	<b>Sales</b> <b>15/09/20 -</b> <b>30/06/21</b> <b>%</b>
<b>Total transaction costs expressed as a percentage of asset type cost</b>		
<b>Commissions</b>		
Debt securities	-	-
<b>Taxes</b>		
Debt securities	-	-
<b>Other expenses</b>		
Debt securities	-	-
	<b>15/09/20 -</b> <b>30/06/21</b> <b>%</b>	
<b>Total transaction costs expressed as a percentage of net asset value</b>		
Commissions	-	
Taxes	-	
Other expenses	-	
<b>Total costs</b>	-	

## Notes to the financial statements (continued)

### 17 Direct transaction costs (continued)

There were no in specie transfers during the period. There were no corporate actions during the period.

There were no direct transaction costs associated with derivatives in the period.

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 0.20%. The portfolio dealing spread is calculated at a 12 noon valuation point.

### 18 Events after the Balance sheet date

As at 5 October 2021, the Net Asset Value of the fund is £486,073,203 which is an increase of 19.9% from the balance sheet date. The increase in NAV is due to net inflows to the fund. The movements are considered to be a non-adjusting post balance sheet event and therefore no adjustments to the financial statements were required as a result.

## Distribution tables for the period 15 September 2020 to 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 15 September 2020

Group 2: shares purchased on or after 15 September 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21
<b>Class Y accumulation</b>			
Group 1	0.2020	-	0.2020
Group 2	0.2020	-	0.2020
<b>Class Y income</b>			
Group 1	0.2020	-	0.2020
Group 2	0.2020	-	0.2020
<b>Class Z accumulation</b>			
Group 1	0.2020	-	0.2020
Group 2	0.2020	-	0.2020
<b>Class Z income</b>			
Group 1	0.1884	-	0.1884
Group 2	0.1435	0.0449	0.1884

### Interim interest distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21
<b>Class Y accumulation</b>			
Group 1	0.2440	-	0.2440
Group 2	0.2440	-	0.2440
<b>Class Y income</b>			
Group 1	0.2480	-	0.2480
Group 2	0.2480	-	0.2480
<b>Class Z accumulation</b>			
Group 1	0.2440	-	0.2440
Group 2	0.2440	-	0.2440
<b>Class Z income</b>			
Group 1	0.2326	-	0.2326
Group 2	0.0388	0.1938	0.2326

## Distribution tables (continued)

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21
<b>Class Y accumulation</b>			
Group 1	0.2700	-	0.2700
Group 2	0.2700	-	0.2700
<b>Class Y income</b>			
Group 1	0.2760	-	0.2760
Group 2	0.2760	-	0.2760
<b>Class Z accumulation</b>			
Group 1	0.2757	-	0.2757
Group 2	0.0897	0.1860	0.2757
<b>Class Z income</b>			
Group 1	0.2578	-	0.2578
Group 2	0.1584	0.0994	0.2578

# Janus Henderson European Smaller Companies Fund

## Authorised Corporate Director's report

### Investment Fund Managers

Ollie Beckett and Rory Stokes

### Investment objective and policy

The fund aims to provide capital growth over the long term (5 years or more).

The fund invests at least 80% of its assets in shares (also known as equities) of smaller companies, in any industry, in Europe (excluding UK). Companies will be incorporated, headquartered, listed on an exchange in, or deriving significant revenue from, this region.

The fund is actively managed with reference to the EMIX Smaller European Companies ex UK Index, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the fund's performance. The Investment Manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

### Strategy

The Investment Manager focuses on meetings and calls with company management, along with the use of quantitative filters, to identify potential companies for investment. Emphasis is placed on the robustness of a company's business model, an analysis of what drives the business, its competitive advantages and the sustainability of returns. The fund maintains a well-diversified portfolio of companies which generally fall within the bottom 25% of their relevant market by way of size. The liquidity of any stock (the degree to which shares can be quickly bought or sold in the market at a price reflecting its intrinsic value) is important in determining whether to invest and the size of the holding for the fund.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception	
	30 Jun 20 -	30 Jun 18 -	30 Jun 16 -	31 Jan 85 -	
	30 Jun 21	30 Jun 21	30 Jun 21	30 Jun 21	
	%	%	%	%	
Class I accumulation (Net)	51.1	58.2	160.5	8,172.0	
EMIX Smaller European Companies ex UK Index	36.5	37.9	100.0	-*	
IA European Smaller Companies Sector	37.1	31.8	92.0	5,443.3	
Discrete performance	30 Jun 20 -	30 Jun 19 -	30 Jun 18 -	30 Jun 17 -	30 Jun 16 -
	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17
	%	%	%	%	%
Class I accumulation (Net)	51.1	2.6	2.1	8.7	51.4
EMIX Smaller European Companies ex UK Index	36.5	0.3	0.6	6.9	35.8
IA European Smaller Companies Sector	37.1	(0.5)	(3.3)	9.9	32.6

\* Benchmark return is not quoted as the fund inception date is earlier than the benchmark inception date.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

### Benchmark usage:

Index: EMIX Smaller European Companies ex UK Index

Index usage: Comparator

Index description: The EMIX Smaller European Companies ex UK Index is a measure of the combined performance of over one thousand small and medium sized companies from developed European stock markets. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group: IA European Smaller Companies Sector

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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

### Significant portfolio changes for the year ended 30 June 2021

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
home24	5,682	Interroll	6,155
Uniphar	5,391	Ahlstrom-Munksjö	5,262
DFDS	4,526	Soitec	5,009
AIB	4,509	Zur Rose	4,923
H+H International	4,472	Stillfront	4,236
Greenergy Renovables	4,327	Handicare	3,905
Grupo Catalana Occidente	4,257	Better Collective	3,899
Friedrich Vorwerk	4,133	Laboratorios Farmacéuticos Rovi	3,814
CTP	3,990	Dermapharm	3,759
Media & Games Invest	3,987	Carel Industries	3,748
<b>Total purchases</b>	<b>230,333</b>	<b>Total sales</b>	<b>125,398</b>



### Investment review

The fund returned 51.1% based on Class I accumulation (Net) over the year under review, compared with a return of 36.5% in the EMIX Smaller European Companies ex UK Index and a return of 37.1% in the IA European Smaller Companies peer group benchmark.

The reporting year was a strong one for equity markets and the fund. Investors looked past regional second and third waves of COVID-19 infections to focus on Joe Biden's victory in the US presidential election and the resulting fiscal stimulus, a trade deal between the UK and the European Union, and most significantly, COVID-19 vaccine efficacy data that far exceeded the most optimistic expectations. In the early part of 2021, markets continued to edge higher following a very strong first-quarter earnings season, an acceleration in Europe's COVID-19 vaccine roll-out and societal reopening progress across the region. During the last quarter of the reporting year, we saw increased share price volatility as markets juggled concerns about the highly transmissible Delta variant of COVID-19 and a hawkish shift by the US Federal Reserve, which indicated that the first interest rate hike could be brought forward. This took a considerable amount of heat out of the reflation trade.

We have long advocated running a balanced portfolio, including stocks we see as attractively valued and those that are high growth. Each added to returns over the reporting year. The biggest contribution came from Kindred, a Sweden-listed online gaming company that has benefited from the US gambling market deregulation. Advertising technology company Criteo was also positive, following news that Google Chrome would delay the phase-out of third-party cookies. The move offered an immediate boost to forecasts, although it delayed an opportunity for the company to prove its resilience in a post-cookie world. We also had good returns from Gruppo MutuiOnline (online mortgage and credit broker), Befesa (waste recycling services) and home24 (online furniture retailer). Gruppo MutuiOnline showed strong performance in its online mortgage broking business as the Italian residential property market began to recover. Befesa demonstrated solid earnings growth and benefited from rising zinc prices and a re-rating as the market began to understand its incredibly strong environmental story. home24 delivered strong growth due to the pandemic accelerating the trend towards online shopping. On the negative side, PharmaSGP announced weak numbers while Pexip missed earnings expectations despite being perceived as a COVID-19 beneficiary. Pexip suffered a de-rating following the announcement of the COVID-19 vaccines, as investors rotated into value stocks. We sold both holdings.

Two recent initial public offerings (IPOs) also added to returns: Bike24, which is Europe's leading cycling, outdoor fitness and swimming products online shop, and Media & Games Invest, which offers exposure not only to video gaming but also to the growing online marketing revenue associated with the fledgling industry.

Other new purchases included Antares Vision, a company that provides inspection tracking systems for food and drug retail. We took part in a capital raising to build the fund's position. We also bought into German IPO Cherry, a globally active manufacturer of high-end switches for mechanical keyboards and computer input devices. In other activity, we added Friedrich Vorwerk (energy infrastructure services), as we liked the exposure to investment in the German energy grid and the required capital expenditure needed for the energy transition. We also built a position in Modern Times (e-sports and computer gaming), where we liked both areas of the business. We also added Thermador (plumbing wholesaler), as we liked the high-margin niches in which it operates, both organically and through acquisition.

In terms of sales, we reduced the fund's semiconductor exposure following some signs that this cycle could be maturing, and we also sold Kahoot!, where growth rates proved disappointing. We sold the position in Handicare (stairlifts), which received a bid. We also sold Carel Industries (heating, ventilation and air-conditioning systems), where we had anxieties about semiconductor shortages potentially disrupting the business. We exited Grafton (builders' merchant), where we felt the valuation was high after very strong share price performance since the market lows in the first half of 2020.

We continue to operate a relatively balanced portfolio with exposure to both high growth and what we see as attractively valued shares. The inflation debate will likely swing back and forth from being top of investors' agenda to a nagging risk factor, depending on the data each month. However, it is our view that valuation, as a fundamental factor in stock selection, will be more significant in the coming years than it has been for the past decade.

## Comparative tables for the year ended 30 June 2021

	Class A accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	2,388.26	2,349.07	2,318.97
Return before operating charges*	1,264.68	77.69	67.80
Operating charges	(53.10)	(38.50)	(37.70)
Return after operating charges*	1,211.58	39.19	30.10
Distributions on accumulation shares	-	-	(10.58)
Retained distributions on accumulation shares	-	-	10.58
Closing net asset value per share	3,599.84	2,388.26	2,349.07
* after direct transaction costs of:	0.59	-	0.55

### Performance

Return after charges	50.73%	1.67%	1.30%
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### Other information

Closing net asset value (£000s)	45,034	33,486	59,310
Closing number of shares	1,251,000	1,402,115	2,524,819
Operating charges	1.74%	1.71%	1.70%
Direct transaction costs	0.02%	0.00%	0.02%

### Prices

Highest share price (pence)	3,655.00	2,457.00	2,428.00
Lowest share price (pence)	2,371.00	1,623.00	1,960.00

### Class E accumulation

	2021 (pence per share)	08/07/19 - 30/06/20 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	2,400.27	2,392.63 <sup>1</sup>
Return before operating charges*	1,274.15	34.14
Operating charges	(38.29)	(26.50)
Return after operating charges*	1,235.86	7.64
Distributions on accumulation shares	(3.09)	(7.64)
Retained distributions on accumulation shares	3.09	7.64
Closing net asset value per share	3,636.13	2,400.27
* after direct transaction costs of:	0.60	-

### Performance

Return after charges	51.49%	0.32%
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### Other information

Closing net asset value (£000s)	28,014	17,886
Closing number of shares	770,421	745,186
Operating charges	1.24%	1.21%
Direct transaction costs	0.02%	0.00%

### Prices

Highest share price (pence)	3,689.00	2,464.00
Lowest share price (pence)	2,383.00	1,629.00

<sup>1</sup> Class E accumulation launched on 8 July 2019 and this is the first published price.

## Comparative tables (continued)

	Class I accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	2,726.49	2,658.85	2,602.41
Return before operating charges*	1,450.62	89.37	77.45
Operating charges	(30.98)	(21.73)	(21.01)
Return after operating charges*	1,419.64	67.64	56.44
Distributions on accumulation shares	(17.32)	(17.90)	(34.58)
Retained distributions on accumulation shares	17.32	17.90	34.58
Closing net asset value per share	4,146.13	2,726.49	2,658.85
* after direct transaction costs of:	0.70	-	0.62
<b>Performance</b>			
Return after charges	52.07%	2.54%	2.17%
<b>Other information</b>			
Closing net asset value (£000s)	332,355	131,813	149,038
Closing number of shares	8,016,042	4,834,527	5,606,367
Operating charges	0.86%	0.85%	0.84%
Direct transaction costs	0.02%	0.00%	0.02%
<b>Prices</b>			
Highest share price (pence)	4,206.00	2,794.00	2,727.00
Lowest share price (pence)	2,707.00	1,849.00	2,209.00

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	<b>2021</b> %	<b>2020</b> %
<b>Class A accumulation</b>	1.74	1.71 <sup>1</sup>
<b>Class E accumulation<sup>2</sup></b>	1.24	1.21 <sup>1</sup>
<b>Class I accumulation</b>	0.86	0.85 <sup>1</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

<sup>2</sup> Class E accumulation launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

## Risk and reward profile

The fund currently has 3 types of share class in issue: A accumulation, E accumulation and I accumulation.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 6 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section of the fund's prospectus.

The risk rating for all share classes increased to 6 from 5 during the year. The ratings may change over time as a fund takes on more or less risky investments or where market conditions become more or less volatile. At share class level the ratings may differ dependent on the class currency and may be influenced by currency movements and the impact of inflows and outflows.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class E accumulation launched on 8 July 2019 and as it does not have a 5 year history, a synthetic history has been created using the A accumulation share class.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 94.50% (2020: 97.38%)</b>		
	<b>Austria 0.51% (2020: 0.00%)</b>		
	<b>Industrials 0.51% (2020: 0.00%)</b>		
283,049	Zumtobel	2,065	0.51
	<b>Belgium 3.08% (2020: 4.65%)</b>		
	<b>Health Care 0.63% (2020: 1.54%)</b>		
125,009	Mithra Pharmaceuticals	2,543	0.63
	<b>Industrials 2.00% (2020: 2.53%)</b>		
671,029	Recticel	8,111	2.00
	<b>Real Estate 0.45% (2020: 0.58%)</b>		
29,722	Immobel	1,824	0.45
	<b>Denmark 3.63% (2020: 0.80%)</b>		
	<b>Consumer Discretionary 0.74% (2020: 0.00%)</b>		
217,067	Huscompagniet	2,987	0.74
	<b>Industrials 2.89% (2020: 0.00%)</b>		
144,346	DFDS	5,878	1.44
265,795	H+H International	5,861	1.45
		11,739	2.89
	<b>Technology 0.00% (2020: 0.80%)</b>		
	<b>Finland 4.70% (2020: 4.66%)</b>		
	<b>Consumer Discretionary 0.76% (2020: 0.68%)</b>		
346,216	Alma Media	3,067	0.76
	<b>Consumer Staples 0.00% (2020: 0.84%)</b>		
	<b>Industrials 3.45% (2020: 3.14%)</b>		
705,912	Metso Outotec	5,940	1.47
255,860	Valmet	8,066	1.98
		14,006	3.45
	<b>Technology 0.49% (2020: 0.00%)</b>		
58,595	BasWare	1,999	0.49
	<b>France 12.82% (2020: 15.03%)</b>		
	<b>Consumer Discretionary 4.92% (2020: 4.62%)</b>		
128,351	Bigben Interactive	1,829	0.45
66,605	Fnac Darty	3,099	0.76
205,522	IPSOS	6,263	1.55
135,984	Kaufman & Broad	4,669	1.16
26,927	Trigano	4,027	1.00
		19,887	4.92

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Energy 0.77% (2020: 1.25%)</b>		
53,738	Gaztransport et Technigaz	3,142	0.77
	<b>Health Care 1.24% (2020: 1.56%)</b>		
56,516	Vétoquinol	5,017	1.24
	<b>Industrials 3.53% (2020: 3.44%)</b>		
120,700	Assystem	3,202	0.79
143,491	LISI	3,387	0.84
147,892	Mersen	4,145	1.02
47,110	Thermador	3,559	0.88
		14,293	3.53
	<b>Technology 2.36% (2020: 4.16%)</b>		
175,831	Criteo ADS	5,748	1.41
176,246	Quadient	3,834	0.95
		9,582	2.36
	<b>Germany 23.30% (2020: 18.33%)</b>		
	<b>Basic Materials 1.37% (2020: 1.56%)</b>		
104,452	AlzChem	2,224	0.55
113,308	Nabaltec	3,336	0.82
		5,560	1.37
	<b>Consumer Discretionary 7.63% (2020: 5.12%)</b>		
221,920	Bike24	3,650	0.90
32,727	CEWE Stiftung	3,680	0.91
112,469	Cherry	3,051	0.75
43,186	Einhell Germany Preference Shares	5,987	1.48
122,410	HGears	2,575	0.64
437,705	home24	5,820	1.44
26,129	Zooplus	6,142	1.51
		30,905	7.63
	<b>Financials 1.42% (2020: 1.28%)</b>		
345,374	Aareal Bank	5,773	1.42
	<b>Health Care 0.46% (2020: 2.75%)</b>		
122,400	Apontis Pharma	1,855	0.46
	<b>Industrials 5.87% (2020: 1.69%)</b>		
34,548	Amadeus FiRe	4,573	1.13
569,070	Deutz	3,317	0.82
104,849	Friedrich Vorwerk	4,320	1.07
123,267	Katek	2,720	0.67
44,616	Krones	2,882	0.71
195,546	Montana Aerospace	5,957	1.47
		23,769	5.87

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Technology 3.51% (2020: 4.30%)</b>		
85,317	LPKF Laser & Electronics	1,790	0.44
43,278	Mensch und Maschine Software	2,259	0.56
184,055	PVA Tepla	3,902	0.95
104,250	SUESS MicroTec	2,461	0.61
180,711	USU Software	3,832	0.95
		<u>14,244</u>	<u>3.51</u>
	<b>Telecommunications 0.64% (2020: 0.00%)</b>		
259,443	ADVA Optical Networking	<u>2,610</u>	<u>0.64</u>
	<b>Utilities 2.40% (2020: 1.63%)</b>		
116,573	Befesa	6,435	1.59
69,967	Energiekontor	3,285	0.81
		<u>9,720</u>	<u>2.40</u>
	<b>Greece 0.69% (2020: 0.00%)</b>		
	<b>Energy 0.69% (2020: 0.00%)</b>		
229,827	Motor Oil Hellas Corinth Refineries	<u>2,815</u>	<u>0.69</u>
	<b>Ireland 4.79% (2020: 1.09%)</b>		
	<b>Consumer Discretionary 0.59% (2020: 0.32%)</b>		
727,043	Dalata Hotel	<u>2,394</u>	<u>0.59</u>
	<b>Consumer Staples 2.95% (2020: 0.77%)</b>		
1,248,122	C&C	3,033	0.75
640,684	Origin Enterprises	1,815	0.45
2,439,571	Uniphar	7,141	1.75
		<u>11,989</u>	<u>2.95</u>
	<b>Financials 1.25% (2020: 0.00%)</b>		
2,709,616	AIB	<u>5,052</u>	<u>1.25</u>
	<b>Italy 10.19% (2020: 13.81%)</b>		
	<b>Consumer Discretionary 2.30% (2020: 2.16%)</b>		
2,809,989	Arnoldo Mondadori Editore	3,879	0.96
1,908,217	Piaggio	5,432	1.34
		<u>9,311</u>	<u>2.30</u>
	<b>Financials 6.10% (2020: 9.19%)</b>		
103,968	Anima	374	0.09
874,852	BFF Bank	6,328	1.56
578,266	doValue	4,602	1.14
436,520	FinecoBank	5,508	1.36
229,187	Gruppo MutuiOnline	7,910	1.95
		<u>24,722</u>	<u>6.10</u>
	<b>Industrials 1.59% (2020: 2.46%)</b>		
231,227	Antares Vision	2,322	0.57
351,661	GVS	4,142	1.02
		<u>6,464</u>	<u>1.59</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Utilities 0.20% (2020: 0.00%)</b>		
265,624	Ascopiave	806	0.20
	<b>Liechtenstein 0.58% (2020: 0.00%)</b>		
	<b>Health Care 0.58% (2020: 0.00%)</b>		
257,908	Implantica SDR	2,336	0.58
	<b>Malta 1.16% (2020: 0.00%)</b>		
	<b>Consumer Discretionary 1.16% (2020: 0.00%)</b>		
1,093,950	Media & Games Invest	4,704	1.16
	<b>Netherlands 5.99% (2020: 4.40%)</b>		
	<b>Consumer Discretionary 1.20% (2020: 0.71%)</b>		
248,505	Kendrion	4,875	1.20
	<b>Financials 2.40% (2020: 2.78%)</b>		
493,349	Intertrust	6,420	1.58
180,828	Van Lanschot Kempen	3,330	0.82
		9,750	2.40
	<b>Industrials 1.30% (2020: 0.00%)</b>		
93,785	AMG Advanced Metallurgical	2,319	0.57
423,768	Fugro	2,936	0.73
		5,255	1.30
	<b>Real Estate 1.09% (2020: 0.00%)</b>		
302,332	CTP	4,412	1.09
	<b>Technology 0.00% (2020: 0.91%)</b>		
	<b>Norway 4.95% (2020: 4.62%)</b>		
	<b>Consumer Discretionary 0.00% (2020: 0.37%)</b>		
	<b>Consumer Staples 0.29% (2020: 0.71%)</b>		
187,276	Aker BioMarine	1,158	0.29
	<b>Energy 1.41% (2020: 0.81%)</b>		
2,841,647	Odfjell Drilling	5,713	1.41
	<b>Financials 0.61% (2020: 1.59%)</b>		
247,737	Sparebank 1	2,480	0.61
	<b>Industrials 1.52% (2020: 0.64%)</b>		
360,592	Flex	3,748	0.92
507,030	Froy	2,438	0.60
		6,186	1.52
	<b>Technology 0.61% (2020: 0.50%)</b>		
1,381,583	Smartcraft	2,453	0.61

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Utilities 0.51% (2020: 0.00%)</b>		
483,579	Fjordkraft	2,081	0.51
	<b>Portugal 1.30% (2020: 0.74%)</b>		
	<b>Industrials 0.88% (2020: 0.00%)</b>		
400,000	Corticeira Amorim	3,591	0.88
	<b>Telecommunications 0.42% (2020: 0.74%)</b>		
667,047	NOS	1,693	0.42
	<b>Spain 2.62% (2020: 2.99%)</b>		
	<b>Consumer Discretionary 0.27% (2020: 0.35%)</b>		
1,654,920	Promotora de Informaciones	1,094	0.27
	<b>Financials 1.29% (2020: 0.00%)</b>		
188,673	Grupo Catalana Occidente	5,255	1.29
	<b>Health Care 0.00% (2020: 1.47%)</b>		
	<b>Industrials 0.00% (2020: 0.46%)</b>		
	<b>Real Estate 0.00% (2020: 0.71%)</b>		
	<b>Utilities 1.06% (2020: 0.00%)</b>		
166,449	Greenergy Renovables	4,287	1.06
	<b>Sweden 9.71% (2020: 15.78%)</b>		
	<b>Basic Materials 0.00% (2020: 2.82%)</b>		
	<b>Consumer Discretionary 8.47% (2020: 11.21%)</b>		
647,546	AcadeMedia	4,429	1.10
305,643	BHG	4,269	1.05
361,056	Desenio	2,724	0.67
227,807	Granges	2,281	0.56
796,689	Karnov	3,507	0.86
645,562	Kindred	7,340	1.82
344,769	Modern Times	3,379	0.83
599,027	Nobia	3,696	0.91
390,331	Stillfront	2,716	0.67
		34,341	8.47
	<b>Financials 0.42% (2020: 0.00%)</b>		
477,350	Resurs	1,709	0.42
	<b>Health Care 0.40% (2020: 0.00%)</b>		
222,394	Raysearch Laboratories	1,638	0.40
	<b>Industrials 0.42% (2020: 1.75%)</b>		
113,299	Concentric	1,690	0.42

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Switzerland 3.75% (2020: 9.82%)</b>		
	<b>Consumer Discretionary 0.51% (2020: 0.00%)</b>		
64,878	lastminute.com	2,058	0.51
	<b>Consumer Staples 0.00% (2020: 2.51%)</b>		
	<b>Financials 0.93% (2020: 1.63%)</b>		
34,540	Swissquote	3,776	0.93
	<b>Health Care 0.00% (2020: 1.07%)</b>		
	<b>Industrials 2.31% (2020: 4.61%)</b>		
88,997	Klingelberg	1,491	0.37
569,270	OC Oerlikon	4,569	1.12
75,988	Vetropack	3,321	0.82
		9,381	2.31
	<b>United Kingdom 0.73% (2020: 0.66%)<sup>1</sup></b>		
	<b>Consumer Staples 0.73% (2020: 0.00%)</b>		
2,348,091	Greencore	2,949	0.73
	<b>Industrials 0.00% (2020: 0.66%)</b>		
	<b>Derivatives 0.00% (2020: 0.00%)</b>		
	<b>Forward Foreign Exchange Contracts 0.00% (2020: 0.00%)<sup>2</sup></b>		
	Buy EUR 236,174 : Sell GBP 202,568 July 2021 <sup>3</sup>	-	-
	Buy EUR 2,921,771 : Sell GBP 2,508,212 July 2021 <sup>3</sup>	-	-
	Buy GBP 110,418 : Sell EUR 128,478 July 2021 <sup>3</sup>	-	-
		-	-
	<b>Investment assets</b>	<b>383,116</b>	<b>94.50</b>
	Other net assets	22,287	5.50
	<b>Total net assets</b>	<b>405,403</b>	<b>100.00</b>

<sup>1</sup> These stocks are registered in Europe and are permitted investments, the country of risk is United Kingdom.

<sup>2</sup> Not listed on an official stock exchange

<sup>3</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

Prior year comparative percentages have changed for some sectors due to reclassification within these sectors.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		99,593		(5,227)
Revenue	3	4,513		2,994	
Expenses	4	(2,740)		(2,017)	
Interest payable and similar charges	5	(46)		(21)	
Net revenue before taxation		1,727		956	
Taxation	6	(479)		(110)	
Net revenue after taxation			1,248		846
Total return before distributions			100,841		(4,381)
Distributions	7		(1,412)		(922)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>99,429</b>		<b>(5,303)</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

		2021		2020	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>183,185</b>		<b>208,348</b>
Amounts receivable on issue of shares		159,094		47,277	
Amounts payable on cancellation of shares		(37,946)		(68,287)	
			121,148		(21,010)
Dilution adjustment			229		228
Change in net assets attributable to shareholders from investment activities			99,429		(5,303)
Retained distributions on accumulation shares			1,412		922
<b>Closing net assets attributable to shareholders</b>			<b>405,403</b>		<b>183,185</b>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		383,116	178,387
Current assets:			
Debtors	8	5,057	3,968
Cash and bank balances	9	19,592	6,431
<b>Total assets</b>		<b>407,765</b>	<b>188,786</b>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts		3	458
Other creditors	10	2,359	5,143
<b>Total liabilities</b>		<b>2,362</b>	<b>5,601</b>
<b>Net assets attributable to shareholders</b>		<b>405,403</b>	<b>183,185</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital gains/(losses)

Net capital gains/(losses) on investments during the year comprise:

	2021 £000	2020 £000
Forward currency contracts	(144)	(56)
Non-derivative securities	100,231	(5,509)
Other currency (losses)/gains	(483)	351
Transaction costs	(11)	(13)
<b>Net capital gains/(losses)</b>	<b>99,593</b>	<b>(5,227)</b>

### 3 Revenue

	2021 £000	2020 £000
Overseas dividends	4,250	2,953
UK dividends	263	41
<b>Total revenue</b>	<b>4,513</b>	<b>2,994</b>

### 4 Expenses

	2021 £000	2020 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	2,372	1,781
GAC*	324	208
	<u>2,696</u>	<u>1,989</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	23	18
Safe custody fees	13	10
	<u>36</u>	<u>28</u>
<b>Other expenses:</b>		
Professional fees	8	-
	<u>8</u>	<u>-</u>
<b>Total expenses</b>	<b>2,740</b>	<b>2,017</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £8,861 (2020: £7,912).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	46	21
<b>Total interest payable and similar charges</b>	<b>46</b>	<b>21</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2021 £000	2020 £000
<b>Current tax</b>		
Overseas withholding tax	479	110
<b>Total tax (note 6b)</b>	<b>479</b>	<b>110</b>

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	1,727	956
Corporation tax at 20% (2020: 20%)	345	191
Effects of:		
Double tax relief	(9)	(3)
Overseas withholding tax	479	110
Overseas dividends	(786)	(568)
UK dividends*	(53)	(8)
Unused management expenses	503	388
<b>Tax charge for the year (note 6a)</b>	<b>479</b>	<b>110</b>

\* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £3,462,521 (2020: £2,959,761) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

## Notes to the financial statements (continued)

### 7 Distributions

	2021 £000	2020 £000
Final accumulation	1,412	922
<b>Total distributions</b>	<b>1,412</b>	<b>922</b>
Net revenue after taxation	1,248	846
Revenue shortfall	164	76
<b>Total distributions</b>	<b>1,412</b>	<b>922</b>

Details of the distribution per share are set out in the Distribution table on page 137.

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	-	124
Amounts receivable for issue of shares	3,114	288
Currency transactions awaiting settlement	718	2,412
Overseas withholding tax reclaimable	666	436
Sales awaiting settlement	559	708
<b>Total debtors</b>	<b>5,057</b>	<b>3,968</b>

### 9 Cash and bank balances

	2021 £000	2020 £000
Cash and bank balances	19,592	6,431
<b>Total cash and bank balances</b>	<b>19,592</b>	<b>6,431</b>

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	279	134
Accrued Depositary's fee	3	1
Accrued other expenses	44	22
Amounts payable for cancellation of shares	176	198
Currency transactions awaiting settlement	718	2,405
Purchases awaiting settlement	1,139	2,383
<b>Total other creditors</b>	<b>2,359</b>	<b>5,143</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.



## Notes to the financial statements (continued)

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 128 and 129 and notes 4,8 and 10 on pages 130 to 132 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

There were no material shareholders at the year end (2020: nil).

### 13 Shareholders' funds

The fund currently has 3 share classes available: Class A (Retail), Class E (Retail), Class I (Institutional). The annual management charge on each share class is as follows:

	2021 %	2020 %
Class A	1.50	1.50
Class E	1.00	1.00
Class I	0.75	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 118 to 119. The distribution per share class is given in the Distribution table on page 137. All share classes have the same rights on winding up.

### Shares reconciliation as at 30 June 2021

	Class A accumulation	Class E accumulation	Class I accumulation
Opening number of shares	1,402,115	745,186	4,834,527
Issues during the year	104,706	15,088	4,104,665
Cancellations during the year	(186,720)	(50,060)	(930,577)
Shares converted during the year	(69,101)	60,207	7,427
<b>Closing shares in issue</b>	<b>1,251,000</b>	<b>770,421</b>	<b>8,016,042</b>

### 14 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 30 June 2021 (2020: nil).

#### 2021

The fund had no exposure to derivatives as at 30 June 2021 with a positive marked-to-market fair value.

#### 2020

The fund had no exposure to derivatives as at 30 June 2020 with a positive marked-to-market fair value.

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000
BNP Paribas	2,821
	<b>2,821</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts
	£000
BNP Paribas	195
	<b>195</b>

### 15 Risk

#### Currency risk

The exposure to currency risk is considered significant. The following table details the net exposure of the principal foreign currencies the fund is exposed to including any instruments used to hedge foreign currencies:

	Investment assets £000	Other net assets £000	Total net assets £000
<b>2021</b>			
<b>Currency</b>			
Danish krone	14,726	36	14,762
Euro	271,599	19,462	291,061
Norwegian krone	20,071	176	20,247
Swedish krona	46,418	-	46,418
Swiss franc	21,172	-	21,172
UK sterling	3,382	2,613	5,995
US dollar	5,748	-	5,748
<b>Total</b>	<b>383,116</b>	<b>22,287</b>	<b>405,403</b>
	Investment assets £000	Other net assets/(liabilities) £000	Total net assets £000
<b>2020</b>			
<b>Currency</b>			
Danish krone	-	29	29
Euro	121,850	4,712	126,562
Norwegian krone	8,459	109	8,568
Polish zloty	-	4	4
Swedish krona	28,520	10	28,530
Swiss franc	16,019	-	16,019
UK sterling	1,400	(66)	1,334
US dollar	2,139	-	2,139
<b>Total</b>	<b>178,387</b>	<b>4,798</b>	<b>183,185</b>

#### Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £399,408,312 (2020: £181,850,706). A 10% increase/(decrease) in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing/(decreasing) the return for the accounting year and the year end net assets by £39,940,831 (2020: £18,185,071).

#### Interest rate risk

The fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

#### Other market price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

#### Leverage

The fund has not employed significant leverage in the current or prior year.

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Bank overdrafts	3	-	-	-
Other creditors	-	2,359	-	-
<b>Total</b>	<b>3</b>	<b>2,359</b>	<b>-</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Bank overdrafts	458	-	-	-
Other creditors	-	5,143	-	-
<b>Total</b>	<b>458</b>	<b>5,143</b>	<b>-</b>	<b>-</b>

### 16 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	<b>2021</b>		<b>2020</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	383,116	-	178,387	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<b>383,116</b>	<b>-</b>	<b>178,387</b>	<b>-</b>

## Notes to the financial statements (continued)

### 17 Direct transaction costs

	Purchases		Sales	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Trades in the year</b>				
Equities	230,099	105,810	125,445	123,922
<b>Trades in the year before transaction costs</b>	<b>230,099</b>	<b>105,810</b>	<b>125,445</b>	<b>123,922</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Equities	79	42	47	50
<b>Total commissions</b>	<b>79</b>	<b>42</b>	<b>47</b>	<b>50</b>
<b>Taxes</b>				
Equities	111	43	-	-
<b>Total taxes</b>	<b>111</b>	<b>43</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Equities	44	20	-	-
<b>Total other expenses</b>	<b>44</b>	<b>20</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>234</b>	<b>105</b>	<b>47</b>	<b>50</b>
<b>Total net trades in the year after transaction costs</b>	<b>230,333</b>	<b>105,915</b>	<b>125,398</b>	<b>123,872</b>

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Equities	0.03	0.04	0.04	0.04
<b>Taxes</b>				
Equities	0.05	0.04	-	-
<b>Other expenses</b>				
Equities	0.02	0.02	-	-
<b>Total transaction costs expressed as a percentage of net asset value</b>	<b>2021</b>	<b>2020</b>		
	<b>%</b>	<b>%</b>		
Commissions	0.05	0.05		
Taxes	0.04	0.02		
Other expenses	0.02	0.01		
<b>Total costs</b>	<b>0.11</b>	<b>0.08</b>		

There were no in specie transfers during the year (2020: nil). There were corporate actions during the year of £448,707 (2020: £1,743,406).

There were no direct transaction costs associated with derivatives in the year (2020: nil).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The portfolio dealing spread as at 30 June 2021 was 0.36% (2020: 0.43%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 18 Events after the Balance sheet date

As at 5 October 2021, the Net Asset Value of the fund is £314,048,612 which is an increase of 86.7% from the balance sheet date. The increase in NAV is due to net inflows to the fund. The movements are considered to be a non-adjusting post balance sheet event and therefore no adjustments to the financial statements were required as a result.

## Distribution table for the year ended 30 June 2021 (in pence per share)

### Final dividend distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A accumulation</b>			
Group 1	-	-	-
Group 2	-	-	-
<b>Class E accumulation</b>			
Group 1	3.0853	3.0853	7.6400
Group 2	3.0853	3.0853	7.6400
<b>Class I accumulation</b>			
Group 1	17.3185	17.3185	17.9029
Group 2	17.3185	17.3185	17.9029

# Janus Henderson Index Linked Bond Fund

## Authorised Corporate Director's report

### Investment Fund Managers

Andrew Mulliner and Bethany Payne

### Investment objective and policy

The fund aims to provide an income with the potential for capital growth over the long term.

Performance target: To outperform the FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index by 0.75% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in UK index-linked government bonds (also known as index-linked gilts) of any maturity. (Index-linked bonds pay interest which increases in line with inflation, while their capital values are not directly related to inflation and may fall in value.)

The Investment Manager may use derivatives (complex financial instruments) with the aim of making investment gains in line with the fund's objective, to reduce risk or to manage the fund more efficiently.

The fund is actively managed with reference to the FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index, which is broadly representative of the bonds in which it may invest, as this forms the basis of the fund's performance target. The Investment Manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

### Strategy

The Investment Manager aims to provide a return in excess of the benchmark by investing primarily in UK government bonds - principally inflation-linked gilts - UK gilts and floating rate assets. The managers can also invest in other global fixed income securities with a focus on G10 government bond markets and associated fixed income derivatives, with the aim of providing diversification in the portfolio, as well as looking to enhance returns and/or manage risk.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception	
	30 Jun 20 - 30 Jun 21	30 Jun 18 - 30 Jun 21	30 Jun 16 - 30 Jun 21	4 Sep 00 - 30 Jun 21	
	%	%	%	%	
Class I accumulation (Net)	(5.4)	16.1	26.9	273.7	
FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index	(4.4)	16.7	27.5	317.0	
IA UK Index-Linked Gilts Sector	(4.3)	15.9	26.1	257.0	
Class I accumulation (Gross)	(4.9)	17.9	30.3	317.4	
FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index + 0.75%	(3.7)	19.3	32.4	387.2	
Discrete performance	30 Jun 20 - 30 Jun 21	30 Jun 19 - 30 Jun 20	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17
	%	%	%	%	%
Class I accumulation (Net)	(5.4)	12.6	8.9	1.2	8.0
FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index	(4.4)	11.9	9.1	2.0	7.1
IA UK Index-Linked Gilts Sector	(4.3)	11.2	9.0	1.9	6.7
Class I accumulation (Gross)	(4.9)	13.3	9.5	1.8	8.6
FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index + 0.75%	(3.7)	12.8	9.9	2.8	7.9

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Class I accumulation (Gross), NAV to NAV, gross of OCF and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

### Benchmark usage:

Index: FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index

Index usage: Target

Index description: The FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index is a measure of the combined performance of index-linked bonds issued by the British government with greater than 5 years to maturity. It is the basis for the fund's performance target.

Peer group: IA UK Index-Linked Gilts Sector

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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

## Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales	£000
UK Treasury 0.125% Index-Linked 22/11/2036	13,119	UK Treasury 1.25% Index-Linked 22/11/2055	14,668
UK Treasury 1.25% Index-Linked 22/11/2027	11,729	UK Treasury 1.125% Index-Linked 22/11/2037	10,286
UK Treasury 0.125% Index-Linked 22/11/2056	9,864	UK Treasury 1.25% Index-Linked 22/11/2027	9,557
UK Treasury 0.125% Index-Linked 10/08/2031	9,581	UK Treasury 0.75% Index-Linked 22/11/2047	9,473
UK Treasury 0.125% Index-Linked 10/08/2048	7,784	UK Treasury 2.00% Index-Linked 26/01/2035	7,936
UK Treasury 0.625% Index-Linked 22/03/2040	6,483	UK Treasury 0.625% Index-Linked 22/03/2040	6,223
UK Treasury 0.125% Index-Linked 10/08/2041	6,147	UK Treasury 0.625% 22/10/2050	5,599
UK Treasury 0.625% 22/10/2050	5,540	UK Treasury 0.125% Index-Linked 22/03/2046	5,583
UK Treasury 0.125% Index-Linked 22/03/2039	4,102	UK Treasury 0.125% Index-Linked 10/08/2041	5,440
UK Treasury 0.125% Index-Linked 22/03/2046	4,092	Janus Henderson Institutional Long Dated Credit Fund Z Acc <sup>1</sup>	5,129
<b>Total purchases</b>	<b>96,013</b>	<b>Total sales</b>	<b>111,361</b>

<sup>1</sup> Related party to the fund

### Investment review

The fund fell 5.4% (Net), 4.9% (Gross) based on Class I accumulation over the year under review, compared with a fall of 4.4% in the FTSE Actuaries UK Index-Linked Gilts greater than 5 years to maturity Index, a fall of 3.7% in the Target Index + 0.75% and a fall of 4.3% in the IA UK Index-Linked Gilts Sector peer group benchmark.

Government bond yields moved sideways over the first half of the reporting year, as accommodative monetary and fiscal policy from central banks and governments helped to dampen the impact of pandemic-related shutdowns and the uncertainty about reopening. Towards the end of 2020, the announcement of multiple COVID-19 vaccines and the US presidential election result helped to boost risk appetite, and this improved sentiment continued into 2021. The new year saw a sharp rise in government bond yields in February and March, as a reflation mindset took hold, driven by the roll-out of COVID-19 vaccines and anticipation – and subsequent delivery – of further US fiscal stimulus. In the UK, the 10-year gilt yield hit pre-pandemic levels of 0.89% as expectations that the Bank of England (BoE) would take rates into negative territory faded, before falling back to end the quarter at 0.71%. This resulted in falling bond prices, and negative returns for UK gilts, of -6.2%, over the reporting year. UK inflation-linked gilts fared slightly better as inflation expectations rose (with 10-year gilt breakeven inflation reaching the highest levels since 2008).

Following the pandemic-related fall in government bond yields to new lows, our approach has been to focus the fund's overweight duration exposure to emerging markets, and in developed markets at shorter maturities on the expectation that yield curves would steepen as the recovery continued. This performed well in 2020 as central banks signalled that rates would be on hold for the foreseeable future. However, in 2021 the reflationary backdrop led to higher yields and steeper yield curves globally, which negatively impacted the fund's positions in the 3-5-year part of the curve. This was the case in Australia, where yields repriced sharply beyond the three-year maturity, which is where the central bank is enacting yield curve control, and also the position in Canada. At the end of the reporting year, we further reduced interest rate duration at the front end of the yield curve.

Within emerging markets, we maintained an overweight position in government bonds of Indonesia, where the central bank cut interest rates three times over the reporting year. Exposure to both the bonds and currency have proved accretive. However, the position in Mexican local rates, which has performed well over the longer term, suffered in the final quarter following the US Federal Reserve meeting in June. The Banxico raised interest rates to 4.25% and the market priced in further rate hikes, leading to lower bond prices.

In the UK, yield curve strategies added value, with the fund positioned for the outperformance of 30-year UK gilts relative to 10-year gilt futures. However, a position in inflation swaps established on the expectation that UK inflation pricing would fall from elevated levels detracted from performance.

Within currencies, the fund made gains on the position expecting sterling to rise versus the euro. The progress on Brexit and COVID-19 vaccine distribution in the UK has been a positive tailwind for the currency, alongside a less dovish BoE.

Our continued belief in the potential strength of the economic recovery and the value in credit markets following the pandemic-related sell-off led us to maintain a modest overweight exposure to sterling investment grade corporate bonds out of gilts. This was beneficial for performance as credit spreads continued to tighten towards historic lows, and we took profits in early 2021.

The fund utilises derivatives. During the year, derivative positions included the use of government bond futures and interest rate/inflation swaps to implement active positions and manage overall interest rate exposure. Forward foreign exchange contracts were used to implement currency positions.

Central banks are expected to remain patient and likely avoid pre-emptive tightening of policy, but they also cannot ignore the strength of the economic data. Given the recovery in core government bond markets, particularly at longer maturities towards the end of the reporting year, this leaves yields at the lower end of the expected range, in our view. Global divergence in rate cycles is likely to become more of a theme in coming years as different regions begin to adjust policy settings. Despite the pick-up in inflation, we expect this to peak later in 2021 and that inflation-linked bond markets have priced this in, with real yields at or close to historic lows. Within emerging market rates, we remain selective given inflation risks, but continue to favour countries where real yields are elevated and currencies relatively stable.



## Comparative tables for the year ended 30 June 2021

	Class A income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	549.91	491.50	454.05
Return before operating charges*	(27.61)	63.12	41.66
Operating charges	(4.42)	(4.71)	(4.21)
Return after operating charges*	(32.03)	58.41	37.45
Distributions on income shares	-	-	-
Closing net asset value per share	517.88	549.91	491.50
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(5.82%)	11.88%	8.25%
<b>Other information</b>			
Closing net asset value (£000s)	10,592	11,742	11,723
Closing number of shares	2,045,177	2,135,271	2,385,140
Operating charges	0.84%	0.92%	0.91%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	555.60	556.70	505.20
Lowest share price (pence)	483.90	430.30	438.40

	Class D accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	425.48	377.94	347.01
Return before operating charges*	(21.40)	48.72	31.96
Operating charges	(1.26)	(1.18)	(1.03)
Return after operating charges*	(22.66)	47.54	30.93
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	402.82	425.48	377.94
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(5.33%)	12.58%	8.91%
<b>Other information</b>			
Closing net asset value (£000s)	26	34	31
Closing number of shares	6,539	7,959	8,097
Operating charges	0.31%	0.30%	0.29%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	429.90	430.60	388.30
Lowest share price (pence)	375.70	332.40	335.50

## Comparative tables (continued)

	Class E income	
	2021	08/07/19 - 30/06/20
	(pence per share)	(pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	551.27	504.33 <sup>1</sup>
Return before operating charges*	(27.71)	50.32
Operating charges	(3.11)	(3.38)
Return after operating charges*	(30.82)	46.94
Distributions on income shares	-	-
Closing net asset value per share	520.45	551.27
* after direct transaction costs of:	-	-

### Performance

Return after charges	(5.59%)	9.31%
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### Other information

Closing net asset value (£000s)	620	576
Closing number of shares	119,134	104,425
Operating charges	0.59%	0.67%
Direct transaction costs	0.00%	0.00%

### Prices

Highest share price (pence)	556.90	558.00
Lowest share price (pence)	485.90	431.10

<sup>1</sup> Class E income launched on 8 July 2019 and this is the first published price.

	Class I accumulation		
	2021	2020	2019
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	662.05	589.53	542.61
Return before operating charges*	(33.27)	75.91	49.91
Operating charges	(2.86)	(3.39)	(2.99)
Return after operating charges*	(36.13)	72.52	46.92
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	625.92	662.05	589.53
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(5.46%)	12.30%	8.65%
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### Other information

Closing net asset value (£000s)	126,470	143,874	105,691
Closing number of shares	20,205,544	21,731,646	17,927,981
Operating charges	0.45%	0.55%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	668.90	670.10	605.80
Lowest share price (pence)	584.10	517.60	524.30

## Comparative tables (continued)

	Class I income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	574.40	511.49	470.78
Return before operating charges*	(28.87)	65.84	43.31
Operating charges	(2.48)	(2.93)	(2.60)
Return after operating charges*	(31.35)	62.91	40.71
Distributions on income shares	-	-	-
Closing net asset value per share	543.05	574.40	511.49
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(5.46%)	12.30%	8.65%
<b>Other information</b>			
Closing net asset value (£000s)	34,285	38,848	39,217
Closing number of shares	6,313,369	6,763,173	7,667,298
Operating charges	0.45%	0.55%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	580.30	581.40	525.60
Lowest share price (pence)	506.80	449.00	454.90

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	392.20	347.50	318.26
Return before operating charges*	(19.73)	44.88	29.37
Operating charges	(0.19)	(0.18)	(0.13)
Return after operating charges*	(19.92)	44.70	29.24
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	372.28	392.20	347.50
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(5.08%)	12.86%	9.19%
<b>Other information</b>			
Closing net asset value (£000s)	15,164	16,653	16,317
Closing number of shares	4,073,288	4,245,964	4,695,514
Operating charges	0.05%	0.05%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	396.30	396.90	357.00
Lowest share price (pence)	346.90	306.20	307.90

## Comparative tables (continued)

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### **Operating charges**

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### **Share class launches and closures**

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2021 %	2020 %
<b>Class A income</b>	0.84 <sup>1</sup>	0.92 <sup>2</sup>
<b>Class D accumulation</b>	0.31	0.30 <sup>2</sup>
<b>Class E income<sup>3</sup></b>	0.59 <sup>4</sup>	0.67 <sup>2</sup>
<b>Class I accumulation</b>	0.45 <sup>4</sup>	0.55 <sup>2</sup>
<b>Class I income</b>	0.45 <sup>4</sup>	0.55 <sup>2</sup>
<b>Class Z accumulation</b>	0.05	0.05 <sup>2</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

The ongoing charges includes fees payable to Distributors. Where the ongoing charges exceed the target outperformance relative to the benchmark the return is likely to be below the benchmark return, even when the fund's outperformance target (before the deduction of charges) has been achieved.

<sup>1</sup> The AMC on Class A income decreased from 0.75% to 0.65% on 1 July 2020.

<sup>2</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

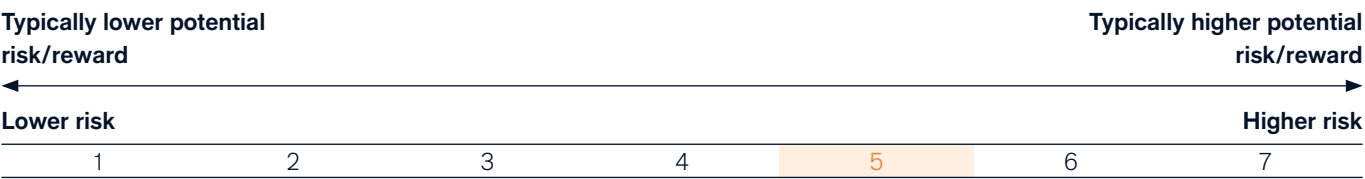
<sup>3</sup> Class E income launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

<sup>4</sup> The AMC on Class E income, Class I accumulation and Class I income decreased from 0.50% to 0.40% on 1 July 2020.

## Risk and reward profile

The fund currently has 6 types of share class in issue: A income, D accumulation, E income, I accumulation, I income and Z accumulation.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 5 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section of the fund's prospectus.

There has been no change to the risk ratings in the year.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class E income launched on 8 July 2019 and as it does not have a 5 year history, a synthetic history has been created using the A income share class.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Bonds 98.16% (2020: 96.24%)</b>		
	<b>Australia 0.00% (2020: 1.04%)</b>		
	<b>Fixed Rate Bond 0.00% (2020: 1.04%)</b>		
	<b>Indonesia 1.38% (2020: 1.31%)</b>		
	<b>Fixed Rate Bond 1.38% (2020: 1.31%)</b>		
IDR 11,517,000,000	Indonesia (Republic of) 7.00% 15/09/2030	594	0.32
IDR 36,000,000,000	Indonesia (Republic of) 8.375% 15/03/2034	1,987	1.06
		<u>2,581</u>	<u>1.38</u>
	<b>Spain 1.25% (2020: 1.16%)</b>		
	<b>Fixed Rate Bond 1.25% (2020: 1.16%)</b>		
EUR 1,058,000	Spain (Kingdom of) 0.50% 30/04/2030	925	0.49
EUR 1,515,000	Spain (Kingdom of) 1.25% 31/10/2030	1,408	0.76
		<u>2,333</u>	<u>1.25</u>
	<b>United Kingdom 95.53% (2020: 92.73%)</b>		
	<b>Index Linked Bond 95.53% (2020: 92.73%)</b>		
GBP 1,839,930	UK Treasury 0.125% Index-Linked 10/08/2028	2,446	1.31
GBP 7,147,542	UK Treasury 0.125% Index-Linked 10/08/2031	9,686	5.18
GBP 3,117,317	UK Treasury 0.125% Index-Linked 10/08/2041	5,378	2.87
GBP 7,270,130	UK Treasury 0.125% Index-Linked 10/08/2048	14,502	7.74
GBP 3,501,182	UK Treasury 0.125% Index-Linked 22/03/2029	5,534	2.96
GBP 2,663,845	UK Treasury 0.125% Index-Linked 22/03/2039	4,129	2.21
GBP 4,616,325	UK Treasury 0.125% Index-Linked 22/03/2044	9,579	5.12
GBP 3,556,034	UK Treasury 0.125% Index-Linked 22/03/2046	7,184	3.84
GBP 782,450	UK Treasury 0.125% Index-Linked 22/03/2051	1,519	0.81
GBP 2,834,835	UK Treasury 0.125% Index-Linked 22/03/2058	7,286	3.89
GBP 3,354,447	UK Treasury 0.125% Index-Linked 22/03/2068	11,228	6.00
GBP 9,100,161	UK Treasury 0.125% Index-Linked 22/11/2036	15,505	8.27
GBP 5,853,013	UK Treasury 0.125% Index-Linked 22/11/2056	14,086	7.53
GBP 1,876,476	UK Treasury 0.125% Index-Linked 22/11/2065	5,578	2.98
GBP 3,458,702	UK Treasury 0.25% Index-Linked 22/03/2052	8,579	4.58
GBP 3,430,590	UK Treasury 0.375% Index-Linked 22/03/2062	11,020	5.89
GBP 2,864,903	UK Treasury 0.50% Index-Linked 22/03/2050	8,166	4.36
GBP 4,148,674	UK Treasury 0.625% Index-Linked 22/03/2040	9,691	5.18
GBP 2,929,696	UK Treasury 0.625% Index-Linked 22/11/2042	7,389	3.95
GBP 5,199,962	UK Treasury 0.75% Index-Linked 22/03/2034	9,997	5.34
GBP 1,006,460	UK Treasury 1.25% Index-Linked 22/11/2027	2,017	1.08
GBP 3,966,371	UK Treasury 1.25% Index-Linked 22/11/2032	8,308	4.44
		<u>178,807</u>	<u>95.53</u>
	<b>Collective Investment Schemes 1.33% (2020: 2.62%)</b>		
2,483,056	Deutsche Global Liquidity Managed Platinum Sterling Fund	2,483	1.33
	<b>Derivatives (0.50%) (2020: 0.59%)</b>		
	<b>Futures (0.02%) (2020: 0.05%)</b>		
(15)	EUX Euro Bund September 2021	(13)	(0.01)
(92)	ICE Long Gilt September 2021	(27)	(0.01)
		<u>(40)</u>	<u>(0.02)</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Swaps (0.39%) (2020: 0.59%)<sup>1</sup></b>			
<b>Inflation Index Swaps (0.17%) (2020: 0.01%)<sup>1</sup></b>			
7,400,000	IIS 3.526% UKRPI - Receive Fixed - USD	(317)	(0.17)
<b>Interest Rate Swaps (0.22%) (2020: 0.58%)<sup>1</sup></b>			
3,600,000	IRS 0.006% EURIBOR 6 month - Receive Floating - EUR	416	0.22
21,600,000	IRS -0.244% EURIBOR 6 month - Receive Fixed - EUR	(588)	(0.31)
28,050,000	IRS -0.375% EURIBOR 6 month - Receive Floating - EUR	24	0.01
28,050,000	IRS -0.422% EURIBOR 6 month - Receive Floating - EUR	64	0.03
21,800,000	IRS -0.459% EURIBOR 6 month - Receive Floating - EUR	186	0.10
56,800,000	IRS -0.469% LIBOR 6 month - Receive Fixed - CHF	(79)	(0.04)
30,100,000	IRS -0.522% LIBOR 6 month - Receive Fixed - CHF	(46)	(0.02)
30,100,000	IRS -0.525% LIBOR 6 month - Receive Fixed - CHF	(26)	(0.01)
93,660,000	IRS 0.9038% CAD BA 3 month - Receive Fixed - CAD	(370)	(0.20)
		(419)	(0.22)
<b>Forward Foreign Exchange Contracts (0.09%) (2020: (0.05%))<sup>1</sup></b>			
	Buy AUD 261,828 : Sell GBP 142,764 July 2021 <sup>2</sup>	-	-
	Buy AUD 6,995 : Sell GBP 3,794 July 2021 <sup>2</sup>	-	-
	Buy CAD 172,341 : Sell GBP 100,209 July 2021	1	-
	Buy CAD 19,557 : Sell GBP 11,384 July 2021 <sup>2</sup>	-	-
	Buy CAD 22,766 : Sell GBP 13,280 July 2021 <sup>2</sup>	-	-
	Buy CAD 31,718 : Sell GBP 18,399 July 2021 <sup>2</sup>	-	-
	Buy CAD 33,334 : Sell GBP 19,423 July 2021 <sup>2</sup>	-	-
	Buy CAD 84,350 : Sell GBP 49,044 July 2021 <sup>2</sup>	-	-
	Buy CHF 101,514 : Sell GBP 80,182 July 2021	(1)	-
	Buy CHF 15,828 : Sell GBP 12,424 July 2021 <sup>2</sup>	-	-
	Buy CHF 19,493 : Sell GBP 15,277 July 2021 <sup>2</sup>	-	-
	Buy CHF 2,942 : Sell GBP 2,306 July 2021 <sup>2</sup>	-	-
	Buy CHF 29,914 : Sell GBP 23,499 July 2021 <sup>2</sup>	-	-
	Buy CHF 6,594 : Sell GBP 5,170 July 2021 <sup>2</sup>	-	-
	Buy CHF 7,012 : Sell GBP 5,498 July 2021 <sup>2</sup>	-	-
	Buy EUR 35,183 : Sell GBP 30,239 July 2021 <sup>2</sup>	-	-
	Buy GBP 102,815 : Sell AUD 189,654 July 2021 <sup>2</sup>	-	-
	Buy GBP 11,627 : Sell CAD 19,938 July 2021 <sup>2</sup>	-	-
	Buy GBP 118,491 : Sell MXN 3,277,752 July 2021 <sup>2</sup>	-	-
	Buy GBP 1,290 : Sell CAD 2,205 July 2021 <sup>2</sup>	-	-
	Buy GBP 13,966 : Sell MXN 402,921 July 2021	(1)	-
	Buy GBP 14,207 : Sell MXN 405,177 July 2021 <sup>2</sup>	-	-
	Buy GBP 14,413 : Sell CHF 18,446 July 2021 <sup>2</sup>	-	-
	Buy GBP 15,791 : Sell MXN 442,256 July 2021 <sup>2</sup>	-	-
	Buy GBP 15,969 : Sell MXN 458,888 July 2021	(1)	-
	Buy GBP 16,712 : Sell CAD 28,641 July 2021 <sup>2</sup>	-	-
	Buy GBP 17,700 : Sell CAD 30,432 July 2021 <sup>2</sup>	-	-
	Buy GBP 185,451 : Sell USD 258,751 July 2021	(2)	-
	Buy GBP 1,893,784 : Sell EUR 2,200,000 September 2021	2	-
	Buy GBP 20,534 : Sell CHF 26,205 July 2021 <sup>2</sup>	-	-
	Buy GBP 21,977 : Sell MXN 633,349 July 2021	(1)	-
	Buy GBP 22,645 : Sell CHF 28,889 July 2021 <sup>2</sup>	-	-
	Buy GBP 23,394 : Sell CHF 29,781 July 2021 <sup>2</sup>	-	-
	Buy GBP 2,361,711 : Sell EUR 2,746,813 July 2021	3	-
	Buy GBP 2,698,298 : Sell USD 3,809,202 July 2021	(59)	(0.03)



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> (continued)			
	Buy GBP 27,136 : Sell MXN 777,608 July 2021	(1)	-
	Buy GBP 27,732 : Sell CHF 35,125 July 2021 <sup>2</sup>	-	-
	Buy GBP 3,562 : Sell CAD 6,094 July 2021 <sup>2</sup>	-	-
	Buy GBP 36,045 : Sell AUD 66,424 July 2021 <sup>2</sup>	-	-
	Buy GBP 4,042,411 : Sell USD 5,730,000 September 2021	(106)	(0.07)
	Buy GBP 44,662 : Sell CHF 57,170 July 2021 <sup>2</sup>	-	-
	Buy GBP 53,255 : Sell CAD 91,691 July 2021 <sup>2</sup>	-	-
	Buy GBP 58,603 : Sell CAD 100,775 July 2021 <sup>2</sup>	-	-
	Buy GBP 608,417 : Sell MXN 17,244,480 July 2021	(16)	(0.01)
	Buy GBP 6,966 : Sell AUD 12,746 July 2021 <sup>2</sup>	-	-
	Buy GBP 78,367 : Sell EUR 91,410 July 2021 <sup>2</sup>	-	-
	Buy MXN 3,288,851 : Sell GBP 119,259 July 2021 <sup>2</sup>	-	-
	Buy MXN 5,822,858 : Sell GBP 211,115 July 2021 <sup>2</sup>	-	-
	Buy MXN 77,866 : Sell GBP 2,733 July 2021 <sup>2</sup>	-	-
	Buy MXN 8,396,237 : Sell GBP 292,369 July 2021	12	0.01
	Buy NOK 48,070,073 : Sell GBP 4,105,242 September 2021	(61)	(0.03)
	Buy USD 25,000 : Sell GBP 17,978 July 2021 <sup>2</sup>	-	-
	Buy USD 271,789 : Sell GBP 195,742 July 2021	1	-
	Buy USD 5,730,000 : Sell NOK 48,492,417 September 2021	67	0.04
	Buy USD 79,169 : Sell GBP 57,340 July 2021 <sup>2</sup>	-	-
		(163)	(0.09)
	<b>Investment assets including investment liabilities</b>	<b>185,265</b>	<b>98.99</b>
	Other net assets	1,892	1.01
	<b>Total net assets</b>	<b>187,157</b>	<b>100.00</b>

<sup>1</sup> Not listed on an official stock exchange

<sup>2</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

The collective investment schemes held are approved regulated collective investment schemes within the meaning of the FCA rules.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(16,879)		22,240
Revenue	3	6,594		1,293	
Expenses	4	(844)		(1,014)	
Interest payable and similar charges	5	(25)		(15)	
Net revenue before taxation		5,725		264	
Taxation	6	(38)		(11)	
Net revenue after taxation			5,687		253
Total return before distributions			(11,192)		22,493
Distributions	7		(1)		-
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(11,193)</b>		<b>22,493</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

	2021		2020	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>211,727</b>		<b>172,979</b>
Amounts receivable on issue of shares	11,988		38,570	
Amounts payable on cancellation of shares	(25,368)		(22,337)	
		(13,380)		16,233
Dilution adjustment		3		22
Change in net assets attributable to shareholders from investment activities		(11,193)		22,493
<b>Closing net assets attributable to shareholders</b>		<b>187,157</b>		<b>211,727</b>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		186,980	211,337
Current assets:			
Debtors	8	567	239
Cash and bank balances	9	1,897	2,094
<b>Total assets</b>		<b>189,444</b>	<b>213,670</b>
<b>Liabilities:</b>			
Investment liabilities		1,715	770
Creditors:			
Amounts held at derivative clearing houses and brokers		288	890
Bank overdrafts		-	28
Other creditors	10	284	255
<b>Total liabilities</b>		<b>2,287</b>	<b>1,943</b>
<b>Net assets attributable to shareholders</b>		<b>187,157</b>	<b>211,727</b>

## 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

## 2 Net capital (losses)/gains

Net capital (losses)/gains on investments during the year comprise:

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Capital management fee rebates	1	1
Derivative securities	(1,979)	1,419
Forward currency contracts	299	(866)
Non-derivative securities	(15,186)	21,919
Other currency losses	(5)	(218)
Transaction costs	(9)	(15)
<b>Net capital (losses)/gains</b>	<b>(16,879)</b>	<b>22,240</b>

## 3 Revenue

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Derivative revenue	606	270
Distributions from UK regulated collective investment schemes:		
Interest distribution	81	-
Interest on debt securities	5,907	1,022
Interest on margin	-	1
<b>Total revenue</b>	<b>6,594</b>	<b>1,293</b>

## 4 Expenses

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	743	927
GAC*	75	62
	<u>818</u>	<u>989</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	17	18
Safe custody fees	9	7
	<u>26</u>	<u>25</u>
<b>Total expenses</b>	<b>844</b>	<b>1,014</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £10,316).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	25	15
<b>Total interest payable and similar charges</b>	<b>25</b>	<b>15</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2021 £000	2020 £000
<b>Current tax</b>		
Overseas withholding tax	38	11
<b>Total tax (note 6b)</b>	<b>38</b>	<b>11</b>

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	5,725	264
Corporation tax at 20% (2020: 20%)	1,145	53
Effects of:		
Relief for indexation movements on index-linked gilts	(1,445)	(378)
Overseas withholding tax	38	11
Tax effect of expensed double taxation relief	(7)	-
Unused management expenses	307	325
<b>Tax charge for the year (note 6a)</b>	<b>38</b>	<b>11</b>

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £3,309,390 (2020: £3,002,468) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

## Notes to the financial statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Amounts deducted on cancellation of shares	1	1
Amounts received on issue of shares	-	(1)
<b>Total distributions</b>	<b>1</b>	<b>-</b>
Net revenue after taxation	5,687	253
Adjustment for capital indexation	(7,222)	(1,891)
Revenue shortfall	1,536	1,638
<b>Total distributions</b>	<b>1</b>	<b>-</b>

Details of the distribution per share are set out in the Distribution table on pages 163.

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	389	213
Amounts receivable for issue of shares	157	18
Currency transactions awaiting settlement	21	8
<b>Total debtors</b>	<b>567</b>	<b>239</b>

### 9 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	1,708	2,066
Cash and bank balances	189	28
<b>Total cash and bank balances</b>	<b>1,897</b>	<b>2,094</b>

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	59	81
Accrued Depositary's fee	1	2
Accrued other expenses	9	10
Amounts payable for cancellation of shares	138	143
Derivative revenue payable	56	11
Currency transactions awaiting settlement	21	8
<b>Total other creditors</b>	<b>284</b>	<b>255</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

## 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 150 and 151 and notes 4, 7, 8 and 10 on pages 152 to 154 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

The ultimate controlling party of HIFL is Janus Henderson Group plc. The transactions associated with Janus Henderson Group plc, its subsidiaries and other funds managed by HIFL are as follows:

- a) The value of purchase transactions was nil (2020: £5,145,000) and sales transactions was £5,129,282 (2020: nil) and the balance outstanding at the year end was purchases nil (2020: nil) and sales nil (2020: nil).
- b) Revenue receivable for the year was £80,560 (2020: nil) and the balance outstanding at the year end was nil (2020: nil).
- c) The aggregate value of investments held at the year end was nil (2020: £5,174,425).

HSBC Global Custody Nominee (UK) Limited, as a material shareholder, is a related party holding shares comprising 64.62% of the total net assets of the fund as at the year end (2020: 61.98%).

## 13 Shareholders' funds

The fund currently has 5 share classes available: Class A (Retail), Class D (Institutional), Class E (Retail), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021 %	2020 %
Class A	0.65	0.75
Class D	0.25	0.25
Class E	0.40	0.50
Class I	0.40	0.50
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 141 to 144. The distribution per share class is given in the Distribution table on page 163. All share classes have the same rights on winding up.

### Shares reconciliation as at 30 June 2021

	Class A accumulation	Class D accumulation	Class E accumulation
Opening number of shares	2,135,271	7,959	104,425
Issues during the year	231,580	-	22,816
Cancellations during the year	(312,424)	(1,420)	(9,604)
Shares converted during the year	(9,250)	-	1,497
<b>Closing shares in issue</b>	<b>2,045,177</b>	<b>6,539</b>	<b>119,134</b>

	Class I accumulation	Class I income	Class Z accumulation
Opening number of shares	21,731,646	6,763,173	4,245,964
Issues during the year	1,069,735	646,596	81,269
Cancellations during the year	(2,598,030)	(1,101,271)	(253,945)
Shares converted during the year	2,193	4,871	-
<b>Closing shares in issue</b>	<b>20,205,544</b>	<b>6,313,369</b>	<b>4,073,288</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was £137,527 of bonds held as collateral in respect of forward foreign exchange contracts as at 30 June 2021 (2020: nil). The fund had cash assets of £1,707,986 (2020: £2,066,280) and cash liabilities of £288,108 (2020: £890,469) held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	19	-	19
Citigroup	-	690	690
Credit Suisse	67	-	67
	<b>86</b>	<b>690</b>	<b>776</b>

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000
BNP Paribas	13	-	-
Citigroup	-	-	957
Morgan Stanley	-	-	851
UBS	-	160	-
	<b>13</b>	<b>160</b>	<b>1,808</b>

Counterparty	Inflation index swaps £000	Total by counterparty £000
BNP Paribas	-	13
Citigroup	28	985
Morgan Stanley	-	851
UBS	-	160
	<b>28</b>	<b>2,009</b>



## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Inflation index swaps £000
BNP Paribas	18,226	-	-
Credit Suisse	8,227	-	-
Goldman Sachs	-	-	7,400
RBC	-	-	-
UBS	-	(14,008)	-
	<b>26,453</b>	<b>(14,008)</b>	<b>7,400</b>

Counterparty	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	-	18,226
Credit Suisse	-	8,227
Goldman Sachs	47,651	55,051
RBC	54,751	54,751
UBS	132,526	118,518
	<b>234,928</b>	<b>254,773</b>

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Inflation index swaps £000
BNP Paribas	9,845	-	-
Citigroup	-	-	1,440
Goldman Sachs	-	-	750
Morgan Stanley	-	-	-
UBS	-	840	-
	<b>9,845</b>	<b>840</b>	<b>2,190</b>

Counterparty	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	-	9,845
Citigroup	5,028	6,468
Goldman Sachs	161,971	162,721
Morgan Stanley	9,809	9,809
UBS	42,572	43,412
	<b>219,380</b>	<b>232,255</b>

## Notes to the financial statements (continued)

### 15 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	<b>Floating rate financial assets £000</b>	<b>Fixed rate financial assets £000</b>	<b>Non-interest bearing assets £000</b>	<b>Total £000</b>
<b>2021</b>				
Canadian dollar	312	-	1	313
Swiss franc	153	-	21	174
Euro	774	2,333	3	3,110
Indonesian rupiah	-	2,581	55	2,636
Mexican peso	137	-	12	149
UK sterling	180,020	-	2,974	182,994
US dollar	-	-	68	68
<b>Total</b>	<b>181,396</b>	<b>4,914</b>	<b>3,134</b>	<b>189,444</b>
	<b>Floating rate financial assets £000</b>	<b>Fixed rate financial assets £000</b>	<b>Non-interest bearing assets £000</b>	<b>Total £000</b>
<b>2020</b>				
Australian dollar	66	2,210	15	2,291
Euro	574	2,457	168	3,199
Indonesian rupiah	-	2,784	63	2,847
Mexican peso	1,478	-	13	1,491
UK sterling	197,616	-	5,690	203,306
US dollar	530	-	6	536
<b>Total</b>	<b>200,264</b>	<b>7,451</b>	<b>5,955</b>	<b>213,670</b>
	<b>Floating rate financial liabilities £000</b>	<b>Fixed rate financial liabilities £000</b>	<b>Non-interest bearing liabilities £000</b>	<b>Total £000</b>
<b>2021</b>				
Canadian dollar	370	-	-	370
Swiss franc	152	-	-	152
Euro	686	-	69	755
Mexican peso	190	-	-	190
Norwegian krone	-	-	61	61
UK sterling	289	-	470	759
<b>Total</b>	<b>1,687</b>	<b>-</b>	<b>600</b>	<b>2,287</b>

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Interest rate risk (continued)

2020	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	80	-	7	87
Euro	365	-	3	368
Mexican peso	620	-	-	620
UK sterling	46	-	350	396
US dollar	463	-	9	472
<b>Total</b>	<b>1,574</b>	<b>-</b>	<b>369</b>	<b>1,943</b>

#### Credit Ratings

	Market value £000	Percentage of total net assets %
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	183,721	98.16
<b>Total debt securities</b>	<b>183,721</b>	<b>98.16</b>
Collective investment schemes	2,483	1.33
Derivatives	(939)	(0.50)
<b>Investment assets including investment liabilities</b>	<b>185,265</b>	<b>98.99</b>
Other net assets	1,892	1.01
<b>Total net assets</b>	<b>187,157</b>	<b>100.00</b>
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	203,785	96.24
<b>Total debt securities</b>	<b>203,785</b>	<b>96.24</b>
Collective investment schemes	5,543	2.62
Derivatives	1,239	0.59
<b>Investment assets including investment liabilities</b>	<b>210,567</b>	<b>99.45</b>
Other net assets	1,160	0.55
<b>Total net assets</b>	<b>211,727</b>	<b>100.00</b>

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
<b>2021</b>	77.35	109.64	102.29	200	38.68	54.82	51.15
<b>2020</b>	58.19	104.38	86.76	200	29.09	52.19	43.38

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Leverage

	Minimum	Maximum	Average
	%	%	%
2021	108	229	164
2020	92	145	115

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Amounts held at derivatives clearing houses and brokers	288	-	-	-
Derivative financial liabilities	-	289	522	904
Other creditors	-	284	-	-
<b>Total</b>	<b>288</b>	<b>573</b>	<b>522</b>	<b>904</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Amounts held at derivatives clearing houses and brokers	890	-	-	-
Bank overdrafts	28	-	-	-
Derivative financial liabilities	-	173	72	525
Other creditors	-	255	-	-
<b>Total</b>	<b>918</b>	<b>428</b>	<b>72</b>	<b>525</b>

### 16 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

## Notes to the financial statements (continued)

### 16 Fair value disclosure (continued)

#### Fair value hierarchy

	2021		2020	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	178,807*	40	196,494*	58
Level 2	8,173	1,675	14,843	712
Level 3	-	-	-	-
	<b>186,980</b>	<b>1,715</b>	<b>211,337</b>	<b>770</b>

\* Debt securities included in the highest fair value hierarchy level, where their valuation is determined by unadjusted quoted prices from an active market, amount to £178,807,451 as at 30 June 2021 (2020: £196,334,148).

### 17 Direct transaction costs

	Purchases		Sales	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Trades in the year</b>				
Collective investment schemes	-	5,145	5,129	-
Debt securities	96,013	52,835	106,232	41,151
<b>Trades in the year before transaction costs</b>	<b>96,013</b>	<b>57,980</b>	<b>111,361</b>	<b>41,151</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total commissions</b>	-	-	-	-
<b>Taxes</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total taxes</b>	-	-	-	-
<b>Other expenses</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total other expenses</b>	-	-	-	-
<b>Total transaction costs</b>	-	-	-	-
<b>Total net trades in the year after transaction costs</b>	<b>96,013</b>	<b>57,980</b>	<b>111,361</b>	<b>41,151</b>

## Notes to the financial statements (continued)

### 17 Direct transaction costs (continued)

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Taxes</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Other expenses</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
	<b>2021</b>	<b>2020</b>		
	%	%		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>-</b>	<b>-</b>		

There were no in specie transfers during the year (2020: nil). There were no corporate actions during the year (2020: nil).

There were direct transaction costs associated with derivatives in the year of £3,178 (2020: £2,904) which is 0.00% of the average net asset value of the fund (2020: 0.00%).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The costs of acquiring and disposing of units/shares in other collective investment schemes are included within the expense ratio which is an intrinsic part of the NAV price per unit/share of the underlying fund.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 0.01% (2020: 0.01%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 18 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

## **Distribution tables** for the year ended 30 June 2021 (in pence per share)

For the purposes of calculating the distribution on Janus Henderson Index Linked Bond Fund, revenue is computed on an effective yield basis utilising the exemption set out in the Financial Conduct Authority's COLL 6.8.3 (for funds whose policy is to invest predominantly in index linked securities) to treat capital indexation as non-distributable.

The expenses properly chargeable against revenue for the fund are greater than the remaining revenue for all share classes, therefore no distribution has been made for any share class at each quarter end during the current and prior year.

# Janus Henderson Institutional Long Dated Credit Fund

## Authorised Corporate Director's report

### Investment Fund Managers

Philip Payne and James Briggs

### Investment objective and policy

The fund aims to provide an income with the potential for capital growth over the long term.

Performance target: To outperform the Markit iBoxx GBP Non-Gilts greater than 15 years to maturity Index by 1% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in sterling-denominated investment grade (equivalent to BBB rated or higher) corporate bonds, typically with maturities of 15 years or more. (Longer dated bonds are generally more sensitive to changes in interest rates and may at times exhibit significant volatility.)

The fund is actively managed with reference to the Markit iBoxx GBP Non-Gilts greater than 15 years to maturity Index, which is broadly representative of the bonds in which it may invest, as this forms the basis of the fund's performance target. The Investment Manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

### Strategy

The investment process combines asset allocation views with rigorous fundamentally driven security selection, which allows the managers to determine key economic themes and identify which industry sectors to favour or avoid.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception
	30 Jun 20 - 30 Jun 21	30 Jun 18 - 30 Jun 21	30 Jun 16 - 30 Jun 21	18 Apr 97 - 30 Jun 21
	%	%	%	%
<b>Class I accumulation (Net)</b>	(0.4)	24.8	35.6	263.7
<b>Markit iBoxx GBP Non-Gilts greater than 15 years to maturity Index</b>	(0.0)	24.8	34.0	288.9
<b>IA Sterling Corporate Bond Sector</b>	3.5	15.5	23.6	154.7
<b>Class I accumulation (Gross)</b>	0.1	26.8	39.3	307.0
<b>Markit iBoxx GBP Non-Gilts greater than 15 years to maturity Index + 1%</b>	1.0	28.6	40.8	378.4

Discrete performance	30 Jun 20 - 30 Jun 21	30 Jun 19 - 30 Jun 20	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17
	%	%	%	%	%
<b>Class I accumulation (Net)</b>	(0.4)	14.5	9.4	0.5	8.1
<b>Markit iBoxx GBP Non-Gilts greater than 15 years to maturity Index</b>	0.0	13.8	9.6	0.1	7.3
<b>IA Sterling Corporate Bond Sector</b>	3.5	5.7	5.6	0.7	6.3
<b>Class I accumulation (Gross)</b>	0.1	15.2	10.0	1.0	8.7
<b>Markit iBoxx GBP Non-Gilts greater than 15 years to maturity Index + 1%</b>	1.0	15.0	10.7	1.1	8.3

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Class I accumulation (Gross), NAV to NAV, gross of OCF and net income reinvested as at 12 noon valuation point.



## Authorised Corporate Director's report (continued)

### Performance summary (continued)

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

### Benchmark usage:

Index: Markit iBoxx GBP Non-Gilts greater than 15 years to maturity Index

Index usage: Target

Index description: The Markit iBoxx GBP Non-Gilts greater than 15 years to maturity Index is a measure of the combined performance of investment grade corporate bonds issued in pounds sterling with greater than 15 years to maturity. It is the basis for the fund's performance target.

Peer group: IA Sterling Corporate Bond Sector

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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

## Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales	£000
UK Treasury 1.25% 22/10/2041	10,129	UK Treasury 1.75% 07/09/2037	6,163
UK Treasury 1.75% 07/09/2037	6,558	UK Treasury 1.25% 22/10/2041	5,787
UK Treasury 0.625% 22/10/2050	5,966	UK Treasury 0.625% 22/10/2050	5,527
UK Treasury 1.75% 22/07/2057	5,690	UK Treasury 1.75% 22/07/2057	4,520
UK Treasury 4.25% 07/12/2040	3,544	UK Treasury 4.25% 07/12/2040	4,460
BPHA Finance 4.816% 11/04/2044	2,528	Verizon Communications 3.375% 27/10/2036	2,384
Verizon Communications 1.875% 03/11/2038	2,494	Électricité de France 5.125% 22/09/2050	2,165
Notting Hill Housing Trust 3.25% 12/10/2048	2,326	Wells Fargo 4.875% 29/11/2035	2,020
Électricité de France 5.125% 22/09/2050	2,265	AT&T 4.875% 01/06/2044	1,716
London & Quadrant Housing 2.00% 20/10/2038	1,665	Walmart 5.25% 28/09/2035	1,604
<b>Total purchases</b>	<b>94,864</b>	<b>Total sales</b>	<b>149,226</b>

### Investment review

The fund fell 0.4% (Net), returned 0.1% (Gross) based on Class I accumulation over the year under review, compared with a return of 0.0% in the Markit iBoxx GBP Non-gilts greater than 15 years to maturity Index, a return of 1.0% in the Target Index + 1% and a return of 3.5% in the IA Sterling Corporate Bond Sector peer group benchmark.

The sterling investment grade corporate bond market delivered a small negative total return during the reporting year. However, excess returns (versus government equivalents) were positive, with sterling investment grade corporate bond spreads (the additional yield over an equivalent government bond) tightening over the year.

Bank of England corporate bond purchases were supportive for sterling investment grade corporate bond spreads during the first half of the reporting year. The positive mood continued into the end of 2020, spurred by the removal of political risks such as the US presidential election and the trade deal between the UK and the European Union. Most important, however, was the development of COVID-19 vaccines and start of immunisations, a pivotal step required to revitalise the global economy.

The yield on UK 10-year gilts reached historic lows of 0.08% in August, triggering rhetoric around potential negative rates. This quickly diminished in early 2021, however, as heightened expectations of economic growth and a reflation mindset took hold among investors. In the first quarter of 2021, the yield on UK 10-year gilts rose by 65 basis points to 0.85%. Markets eventually stabilised during second quarter, as leading central banks played down concerns about rising inflation, saying the effects would be temporary.

High beta sectors outperformed in the vaccine-led credit rally, with subordinated debt outperforming senior debt and sectors most impacted by COVID-19 volatility, for example travel and transport-related sectors, experiencing a strong comeback. We also continued to see big compression in longer-dated sterling sectors and flattening of the curve driven by buy-and-maintain demand.

The fund's overweight exposure to credit beta was additive, having dialled up risk in early November in the wake of the positive vaccine news. At the sector level, overweight allocations to banks and real estate were the main positive drivers of performance, in addition to off-benchmark positioning. We continue to use our flexibility to source off-benchmark alpha opportunities, specifically in high yield where we have identified 'rising star' candidates (high yield issuers expected to achieve investment grade status) in the BB rated space and US dollar and euro investment grade corporates that offer attractive relative value opportunities to sterling investment grade corporates (on a currency hedged basis).

At the issuer level, security selection within the banking sector was also beneficial, namely HSBC and Lloyds Bank subordinated debt exposure. The fund's exposure to commercial and residential real estate company Aroundtown was also additive. The real estate sector looked attractive on a relative value basis and credit improvement stories remained, thus we maintained an overweight position. Continued strong demand from buy-and-maintain-type investors for long-dated bonds drove broader spread compression in less liquid sectors such as housing associations, where the fund had an underweight position.

Investment grade corporate bond spreads are now trading at post-crisis tight levels and have priced in much of the constructive outlook. Thus, we expect spread compression going forward to be moderate and have been reducing the fund's credit beta relative to the benchmark.

Concerns about rising COVID-19 infections have increased recently, impacting investors' prospects for economic growth this year. We remain cognisant of the risk a further rise in cases or the emergence of new variants may lead to delays in the reopening of economies. Nevertheless, we believe a positive fundamental landscape and supportive market technical conditions should benefit market liquidity and suppress default rates in 2021. Despite our outlook, this past year reminded us to stay vigilant for risks that may arise. A potential pick-up in real rates and rates volatility remain key concerns, and while our overall outlook is for higher inflation to be transitory and central banks to remain dovish, we will continue to monitor global central bank rhetoric closely. Fund activity from this juncture is likely to evolve depending on the balance between the trend in COVID-19 cases, the speed of vaccination campaigns and their success in enabling economies to reopen, and policy support by central banks.

## Comparative tables for the year ended 30 June 2021

	Class A income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	227.52	204.05	191.72
Return before operating charges*	1.39	29.84	18.72
Operating charges	(2.15)	(1.98)	(1.74)
Return after operating charges*	(0.76)	27.86	16.98
Distributions on income shares	(4.01)	(4.39)	(4.85)
Closing net asset value per share	222.75	227.52	204.05
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(0.33%)	13.65%	8.85%
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### Other information

Closing net asset value (£000s)	3,124	3,492	3,536
Closing number of shares	1,402,379	1,534,952	1,732,941
Operating charges	0.94%	0.91%	0.90%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	243.70	235.20	207.80
Lowest share price (pence)	215.90	181.10	182.40

	Class E income	
	2021 (pence per share)	08/07/19 - 30/06/20 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	227.51	210.57 <sup>1</sup>
Return before operating charges*	1.39	23.29
Operating charges	(1.58)	(1.42)
Return after operating charges*	(0.19)	21.87
Distributions on income shares	(4.59)	(4.93)
Closing net asset value per share	222.73	227.51
* after direct transaction costs of:	-	-

### Performance

Return after charges	(0.08%)	10.39%
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### Other information

Closing net asset value (£000s)	612	362
Closing number of shares	274,869	159,039
Operating charges	0.69%	0.66%
Direct transaction costs	0.00%	0.00%

### Prices

Highest share price (pence)	243.80	235.30
Lowest share price (pence)	216.00	181.20

<sup>1</sup> Class E income launched on 8 July 2019 and this is the first published price.

## Comparative tables (continued)

	Class I accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	467.08	408.99	373.88
Return before operating charges*	2.73	60.46	37.17
Operating charges	(2.60)	(2.37)	(2.06)
Return after operating charges*	0.13	58.09	35.11
Distributions on accumulation shares	(10.14)	(10.51)	(10.97)
Retained distributions on accumulation shares	10.14	10.51	10.97
Closing net asset value per share	467.21	467.08	408.99
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	0.03%	14.20%	9.39%
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### Other information

Closing net asset value (£000s)	109,066	88,943	215,493
Closing number of shares	23,344,317	19,042,280	52,689,673
Operating charges	0.55%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	503.80	477.50	414.20
Lowest share price (pence)	448.30	367.80	358.20

	Class I income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	233.44	209.40	196.84
Return before operating charges*	1.36	30.60	19.21
Operating charges	(1.30)	(1.22)	(1.06)
Return after operating charges*	0.06	29.38	18.15
Distributions on income shares	(5.01)	(5.34)	(5.59)
Closing net asset value per share	228.49	233.44	209.40
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	0.03%	14.03%	9.22%
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### Other information

Closing net asset value (£000s)	35,961	111,232	17,456
Closing number of shares	15,738,430	47,649,222	8,336,220
Operating charges	0.55%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	250.20	241.40	213.40
Lowest share price (pence)	221.70	185.90	187.20

## Comparative tables (continued)

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	296.28	258.01	234.49
Return before operating charges*	1.76	38.39	23.62
Operating charges	(0.15)	(0.12)	(0.10)
Return after operating charges*	1.61	38.27	23.52
Distributions on accumulation shares	(7.99)	(8.11)	(8.28)
Retained distributions on accumulation shares	7.99	8.11	8.28
Closing net asset value per share	297.89	296.28	258.01
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.54%	14.83%	10.03%
<b>Other information</b>			
Closing net asset value (£000s)	1	6,855	1
Closing number of shares	206	2,313,852	206
Operating charges	0.05%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	320.40	302.50	261.30
Lowest share price (pence)	285.40	232.90	225.20

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	<b>2021</b> %	<b>2020</b> %
<b>Class A income</b>	0.94	0.91 <sup>1</sup>
<b>Class E income<sup>2</sup></b>	0.69	0.66 <sup>1</sup>
<b>Class I accumulation</b>	0.55	0.54 <sup>1</sup>
<b>Class I income</b>	0.55	0.54 <sup>1</sup>
<b>Class Z accumulation</b>	0.05	0.04 <sup>1</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

<sup>2</sup> Class E income launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

## Risk and reward profile

The fund currently has 5 types of share class in issue: A income, E income, I accumulation, I income and Z accumulation.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 5 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section in the fund's prospectus.

The risk rating for all share classes increased to 5 from 4 during the year. The ratings may change over time as a fund takes on more or less risky investments or where market conditions become more or less volatile. At share class level the ratings may differ dependent on the class currency and may be influenced by currency movements and the impact of inflows and outflows.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class E income launched on 8 July 2019 and as it does not have a 5 year history, a synthetic history has been created using the A income share class.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Bonds 98.51% (2020: 98.82%)</b>		
	<b>Australia 1.04% (2020: 1.23%)</b>		
	<b>Fixed Rate Bond 1.04% (2020: 1.23%)</b>		
GBP 1,140,000	BHP Billiton Finance 4.30% 25/09/2042	1,551	1.04
	<b>Belgium 0.59% (2020: 0.38%)</b>		
	<b>Zero / Discount Rate Bond 0.59% (2020: 0.38%)</b>		
GBP 800,000	Anheuser-Busch InBev 2.85% 25/05/2037	875	0.59
	<b>Denmark 0.76% (2020: 0.91%)</b>		
	<b>Fixed Rate Bond 0.76% (2020: 0.91%)</b>		
GBP 270,000	Orsted 2.50% 18/02/2067	268	0.18
GBP 544,000	Orsted 5.75% 09/04/2040	860	0.58
		1,128	0.76
	<b>France 7.21% (2020: 7.02%)</b>		
	<b>Fixed Rate Bond 7.21% (2020: 7.02%)</b>		
GBP 1,750,000	Électricité de France 5.125% 22/09/2050	2,704	1.82
GBP 800,000	Électricité de France 5.50% 17/10/2041	1,189	0.80
GBP 600,000	Électricité de France 5.50% 27/03/2037	853	0.57
GBP 1,300,000	Électricité de France 6.00% 23/01/2114	2,304	1.55
GBP 1,000,000	Engie 5.00% 5.00% 01/10/2060	1,639	1.10
GBP 350,000	Orange 5.375% 22/11/2050	566	0.38
GBP 370,000	Reseau Ferre de France 4.83% 25/03/2060	660	0.44
GBP 470,000	Reseau Ferre de France 5.00% 11/03/2052	811	0.55
		10,726	7.21
	<b>Germany 3.41% (2020: 3.75%)</b>		
	<b>Fixed Rate Bond 3.41% (2020: 3.75%)</b>		
GBP 300,000	Allianz Finance 4.50% 13/03/2043	453	0.30
GBP 657,000	Aroundtown 3.625% 10/04/2031	728	0.49
GBP 1,500,000	E.ON International Finance 6.125% 06/07/2039	2,305	1.55
GBP 800,000	E.ON International Finance 5.875% 30/10/2037	1,174	0.79
GBP 300,000	Siemens Financieringsmaatschappij 3.75% 10/09/2042	412	0.28
		5,072	3.41
	<b>Italy 2.24% (2020: 1.93%)</b>		
	<b>Fixed Rate Bond 2.24% (2020: 1.93%)</b>		
GBP 1,214,000	Enel Finance International 5.75% 14/09/2040	1,832	1.24
GBP 720,000	Enel 5.75% 22/06/2037	1,043	0.70
GBP 450,000	Intesa Sanpaolo 2.625% 11/03/2036	451	0.30
		3,326	2.24
	<b>Mexico 0.33% (2020: 0.33%)</b>		
	<b>Fixed Rate Bond 0.33% (2020: 0.33%)</b>		
GBP 445,000	Mexico (United Mexican States) 5.625% 19/03/2114	486	0.33
	<b>Netherlands 0.59% (2020: 0.46%)</b>		
	<b>Fixed Rate Bond 0.51% (2020: 0.46%)</b>		
GBP 300,000	Rabobank Nederland 5.375% 03/08/2060	584	0.40
GBP 200,000	Shell International Finance 1.75% 10/09/2052	171	0.11
		755	0.51



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Variable Rate Bond 0.08% (2020: 0.00%)</b>		
EUR 109,200	Rabobank 6.50% Perpetual	126	0.08
	<b>Norway 0.11% (2020: 0.35%)</b>		
	<b>Fixed Rate Bond 0.11% (2020: 0.35%)</b>		
GBP 117,000	Equinor 4.25% 10/04/2041	157	0.11
	<b>Supranational 3.07% (2020: 3.69%)</b>		
	<b>Fixed Rate Bond 3.07% (2020: 3.69%)</b>		
GBP 720,000	European Investment Bank 3.875% 08/06/2037	991	0.67
GBP 800,000	European Investment Bank 4.50% 07/03/2044	1,287	0.87
GBP 730,000	European Investment Bank 4.625% 12/10/2054	1,344	0.90
GBP 591,000	European Investment Bank 5.00% 15/04/2039	940	0.63
		4,562	3.07
	<b>Sweden 1.18% (2020: 0.71%)</b>		
	<b>Fixed Rate Bond 1.18% (2020: 0.71%)</b>		
EUR 600,000	Heimstaden Bostad 2.625% Perpetual	508	0.34
EUR 380,000	Heimstaden Bostad 3.00% Perpetual	326	0.22
GBP 529,000	Vattenfall 6.875% 15/04/2039	917	0.62
		1,751	1.18
	<b>United Kingdom 64.38% (2020: 61.76%)</b>		
	<b>Asset Backed 1.38% (2020: 1.30%)</b>		
GBP 317,000	Housing & Care 21 3.288% 08/11/2049	369	0.25
GBP 607,893	Tesco Property Finance 5.4111% 13/07/2044	795	0.54
GBP 322,733	Tesco Property Finance 5.744% 13/04/2040	432	0.29
GBP 338,428	Tesco Property Finance 6.0517% 13/10/2039	450	0.30
		2,046	1.38
	<b>Fixed Rate Bond 60.72% (2020: 57.93%)</b>		
GBP 700,000	Accent Capital 2.625% 18/07/2049	787	0.53
GBP 400,000	Affinity Sutton Capital Markets 5.981% 17/09/2038	634	0.43
GBP 2,000,000	Affordable Housing Finance 2.893% 11/08/2043	2,536	1.69
GBP 780,000	Affordable Housing Finance 3.80% 20/05/2042	1,108	0.74
GBP 1,100,000	Annington Funding 3.935% 12/07/2047	1,373	0.92
GBP 600,000	BAT International Finance 2.25% 09/09/2052	448	0.30
GBP 450,000	BAT International Finance 6.00% 24/11/2034	588	0.40
GBP 425,000	Bellis Acquisition 3.25% 16/02/2026	426	0.29
GBP 550,000	Beyond Housing 2.125% 17/05/2051	555	0.37
GBP 600,000	BG Energy Capital 5.00% 04/11/2036	837	0.56
GBP 490,000	Blend Funding 2.922% 05/04/2054	560	0.38
GBP 930,000	Blend Funding 3.459% 21/09/2047	1,155	0.78
GBP 1,100,000	BPHA Finance 4.816% 11/04/2044	1,606	1.08
GBP 550,000	British Telecommunications 3.625% 21/11/2047	626	0.42
GBP 840,000	Cadent Finance 2.625% 22/09/2038	870	0.58
GBP 1,100,000	Cadent Finance 2.75% 22/09/2046	1,145	0.77
GBP 400,000	Centrica 4.25% 12/09/2044	516	0.35
GBP 350,000	Dwr Cymru Financing 4.473% 31/03/2057	571	0.38
GBP 500,000	Dwr Cymru Financing 2.375% 31/03/2034	513	0.34
GBP 385,000	Eastern Power Networks 6.25% 12/11/2036	603	0.41
GBP 700,000	EMH Treasury 4.5% 29/01/2044	983	0.66

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond</b> (continued)			
GBP 965,000	Futures Treasury 3.375% 08/02/2044	1,197	0.80
GBP 170,000	Gatwick Funding 2.50% 15/04/2030	170	0.11
GBP 700,000	Gatwick Funding 2.625% 07/10/2046	653	0.44
GBP 1,200,000	Gatwick Funding 3.125% 28/09/2039	1,233	0.83
GBP 202,000	Gatwick Funding 5.75% 23/01/2037	272	0.18
GBP 1,100,000	GlaxoSmithKline Capital 4.25% 18/12/2045	1,564	1.05
GBP 650,000	GlaxoSmithKline Capital 5.25% 10/04/2042	1,004	0.67
GBP 650,000	GlaxoSmithKline Capital 6.375% 09/03/2039	1,076	0.72
GBP 700,000	Heathrow Funding 2.75% Perpetual	693	0.47
GBP 180,000	Heathrow Funding 2.75% 13/10/2029	187	0.13
GBP 1,000,000	Heathrow Funding 4.625% 31/10/2046	1,309	0.88
GBP 522,000	Heathrow Funding 5.875% 13/05/2041	759	0.51
GBP 1,182,000	HSBC 4.75% 24/03/2046	1,643	1.10
GBP 1,300,000	HSBC 6.00% 29/03/2040	1,870	1.26
GBP 500,000	HSBC 7.00% 07/04/2038	771	0.52
GBP 800,000	Hyde Housing Association 1.75% 18/08/2055	719	0.48
GBP 900,000	Incommunities Treasury 3.25% 21/03/2049	1,113	0.75
GBP 500,000	Karbon Homes 3.375% 15/11/2047	638	0.43
GBP 734,000	Land Securities Capital Markets 2.75% 22/09/2057	823	0.55
GBP 362,000	LCR Finance 4.50% 07/12/2038	539	0.36
GBP 490,000	LCR Finance 5.10% 07/03/2051	916	0.62
GBP 385,000	Legal & General 5.50% 27/06/2064	490	0.33
GBP 650,000	Livewest Treasury 1.875% 18/02/2056	634	0.43
GBP 1,050,000	Lloyds Bank 6.50% 17/09/2040	1,793	1.21
GBP 1,050,000	London & Quadrant Housing 2.00% 20/10/2038	1,042	0.70
GBP 600,000	London & Quadrant Housing 3.75% Perpetual	792	0.53
GBP 400,000	Manchester Airport Funding 2.875% 30/09/2044	401	0.27
GBP 200,000	M&G 5.56% 20/07/2055	241	0.16
GBP 700,000	Motability Operations 1.50% 20/01/2041	648	0.44
GBP 810,000	Motability Operations 2.375% 03/07/2039	867	0.58
GBP 1,400,000	National Grid Electricity Transmission 2.00% 16/09/2038	1,380	0.93
GBP 300,000	National Grid Electricity Transmission 2.00% 17/04/2040	292	0.20
GBP 250,000	Northern Electric Finance 2.75% 24/05/2049	286	0.19
GBP 400,000	Northern Powergrid (Northeast) 1.875% 16/06/2062	377	0.25
GBP 520,000	Northern Powergrid (Yorkshire) 2.25% 09/10/2059	543	0.36
GBP 1,200,000	Notting Hill Housing Trust 3.25% 12/10/2048	1,440	0.97
GBP 710,000	Onward Homes 2.125% 25/03/2053	718	0.48
GBP 950,000	Optivo Finance 3.283% 22/03/2048	1,137	0.76
GBP 300,000	Orbit Capital 2.00% 24/11/2038	296	0.20
GBP 740,000	Orbit Capital 3.50% 24/03/2045	912	0.61
GBP 500,000	Paradigm Homes 2.25% 20/05/2051	517	0.35
GBP 640,000	Paragon Treasury 2.00% 07/05/2036	648	0.44
GBP 400,000	Peabody Capital No.2 3.25% 14/09/2048	484	0.33
GBP 250,000	Peabody Capital No.2 4.625% 12/12/2053	389	0.26
GBP 600,000	Platform HG Finance 1.625% 10/08/2055	543	0.37
GBP 450,000	Sanctuary Capital 2.375% 14/04/2050	476	0.32
GBP 900,000	Sanctuary Capital 5.00% 26/04/2047	1,422	0.96
GBP 1,150,000	Scottish Widows 7.00% 16/06/2043	1,737	1.17
GBP 650,000	SEGRO 2.875% 11/10/2037	736	0.49
GBP 630,000	Severn Trent Water 2.00% 02/06/2040	620	0.42
GBP 545,000	Southern Electric Power 4.625% 20/02/2037	725	0.49

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
GBP 300,000	Southern Housing 3.50% 19/10/2047	355	0.24
GBP 850,000	Sovereign Housing Capital 2.375% 04/11/2048	908	0.61
GBP 420,000	Sovereign Housing Capital 4.768% 01/06/2043	630	0.42
GBP 1,400,000	Thames Water Utilities Finance 2.375% 22/04/2040	1,407	0.95
GBP 760,000	Thames Water Utilities Finance 4.625% 04/06/2046	1,069	0.72
GBP 580,000	Thames Water Utilities Finance 5.125% 28/09/2037	801	0.54
GBP 940,000	Thames Water Utilities Finance 5.50% 11/02/2041	1,391	0.94
GBP 850,000	THFC Funding No.2 6.35% 08/07/2039	1,370	0.92
GBP 1,300,000	THFC Funding No.3 5.20% 11/10/2043	1,974	1.33
GBP 313,000	Transport for London 3.625% 15/05/2045	397	0.27
GBP 850,000	Transport for London 3.875% 23/07/2042	1,095	0.74
GBP 100,000	Transport for London 4.00% 07/04/2064	152	0.10
GBP 4,155,000	UK Treasury 1.25% 22/10/2041	4,182	2.81
GBP 115,192	UK Treasury 1.625% 22/10/2071	140	0.09
GBP 1,673,000	UK Treasury 1.75% 07/09/2037	1,829	1.23
GBP 1,000,000	UK Treasury 1.75% 22/07/2057	1,163	0.78
GBP 900,000	United Utilities Water Finance 1.75% 10/02/2038	874	0.59
GBP 740,000	University College London 1.625% 04/06/2061	739	0.50
GBP 580,000	University of Cambridge 2.35% 27/06/2078	790	0.53
GBP 253,000	University of Cambridge 3.75% 17/10/2052	391	0.26
GBP 787,000	University of Oxford 2.544% 08/12/2017	988	0.66
GBP 202,000	University of Southampton 2.25% 11/04/2057	214	0.14
GBP 1,300,000	Vodafone 3.00% 12/08/2056	1,394	0.94
GBP 960,000	Vodafone 3.375% Perpetual	1,104	0.74
GBP 600,000	Wellcome Trust Finance 4.00% 09/05/2059	1,033	0.69
GBP 400,000	Western Power Distribution South West 5.75% 23/03/2040	610	0.41
GBP 900,000	WPP Finance 2013 2.875% 14/09/2046	900	0.60
GBP 800,000	Wrekin Housing 2.50% 22/10/2048	867	0.58
GBP 300,000	Yorkshire Water Finance 2.75% 18/04/2041	329	0.22
GBP 350,000	Yorkshire Water Finance 5.50% 28/05/2037	515	0.35
GBP 500,000	3i 3.75% 05/06/2040	568	0.38
		<b>90,354</b>	<b>60.72</b>
<b>Variable Rate Bond 2.28% (2020: 2.53%)</b>			
GBP 729,000	Aviva 6.875% 20/05/2058	1,150	0.77
GBP 710,000	HSBC 5.844% Perpetual	1,002	0.67
GBP 948,000	M&G 6.34% 19/12/2063	1,242	0.84
		<b>3,394</b>	<b>2.28</b>
<b>United States 13.60% (2020: 16.30%)</b>			
<b>Fixed Rate Bond 13.60% (2020: 16.30%)</b>			
GBP 500,000	Apple 3.60% 31/07/2042	672	0.45
GBP 800,000	AT&T 4.25% 01/06/2043	1,012	0.68
GBP 1,712,000	AT&T 4.875% 01/06/2044	2,363	1.60
GBP 1,150,000	AT&T 7.00% 30/04/2040	1,902	1.28
GBP 900,000	Berkshire Hathaway Finance 2.375% 19/06/2039	966	0.65
GBP 600,000	Berkshire Hathaway Finance 2.625% 19/06/2059	692	0.46
GBP 730,000	Citigroup 6.80% 25/06/2038	1,233	0.83
GBP 400,000	Citigroup 7.375% 01/09/2039	720	0.48
GBP 700,000	GE Capital UK Funding 6.25% 05/05/2038	1,044	0.70
GBP 320,000	GE Capital UK Funding 8.00% 14/01/2039	557	0.37

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
GBP 184,000	General Electric Capital 4.875% 18/09/2037	228	0.15
GBP 1,000,000	General Electric Capital 5.375% 18/12/2040	1,404	0.94
GBP 460,000	Goldman Sachs 6.875% 18/01/2038	725	0.49
GBP 1,700,000	Pfizer 2.735% 15/06/2043	1,931	1.30
GBP 568,000	Time Warner Cable 5.25% 15/07/2042	754	0.51
GBP 1,500,000	Verizon Communications 1.875% 03/11/2038	1,426	0.96
GBP 500,000	Verizon Communications 3.375% 27/10/2036	579	0.39
GBP 648,000	Walmart 4.875% 19/01/2039	967	0.65
GBP 450,000	Walmart 5.625% 27/03/2034	665	0.45
GBP 300,000	Wells Fargo 4.625% 02/11/2035	392	0.26
		<u>20,232</u>	<u>13.60</u>
<b>Derivatives (0.03%) (2020: 0.00%)</b>			
<b>Futures 0.00% (2020: 0.00%)</b>			
(11)	ICE Long Gilt September 2021	<u>(6)</u>	<u>-</u>
<b>Swaps (0.03%) (2020: 0.00%)<sup>1</sup></b>			
<b>Credit Default Swaps (0.03%) (2020: 0.00%)<sup>1</sup></b>			
1,400,000	CDS 1.000% 20/06/2026 HSBC - Receive - EUR	<u>(33)</u>	<u>(0.03)</u>
<b>Forward Foreign Exchange Contracts 0.00% (2020: 0.00%)<sup>1</sup></b>			
	Buy GBP 3,064 : Sell EUR 3,578 July 2021 <sup>2</sup>	-	-
	Buy GBP 322,703 : Sell EUR 377,253 July 2021	(2)	-
	Buy GBP 499,944 : Sell EUR 581,465 July 2021	<u>1</u>	<u>-</u>
		<u>(1)</u>	<u>-</u>
<b>Investment assets including investment liabilities</b>		<b>146,501</b>	<b>98.48</b>
Other net assets		<u>2,263</u>	<u>1.52</u>
<b>Total net assets</b>		<b>148,764</b>	<b>100.00</b>

<sup>1</sup> Not listed on an official stock exchange

<sup>2</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(6,052)		24,735
Revenue	3	5,702		7,086	
Expenses	4	<u>(1,150)</u>		<u>(1,306)</u>	
Net revenue before taxation		4,552		5,780	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>4,552</u>		<u>5,780</u>
Total return before distributions			(1,500)		30,515
Distributions	6		(4,552)		(5,780)
<b>Change in net assets attributable to shareholders from investment activities</b>			<u><b>(6,052)</b></u>		<u><b>24,735</b></u>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

	2021		2020	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>210,884</b>		<b>236,486</b>
Amounts receivable on issue of shares	39,690		30,587	
Amounts payable on cancellation of shares	<u>(98,169)</u>		<u>(85,077)</u>	
		(58,479)		(54,490)
Dilution adjustment		139		596
Change in net assets attributable to shareholders from investment activities		(6,052)		24,735
Retained distributions on accumulation shares		2,272		3,557
<b>Closing net assets attributable to shareholders</b>		<u><b>148,764</b></u>		<u><b>210,884</b></u>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		146,542	208,403
Current assets:			
Debtors	7	2,191	3,352
Cash and bank balances	8	1,532	714
<b>Total assets</b>		<b>150,265</b>	<b>212,469</b>
<b>Liabilities:</b>			
Investment liabilities		41	13
Creditors:			
Amounts held at derivative clearing houses and brokers		-	9
Distributions payable		213	616
Other creditors	9	1,247	947
<b>Total liabilities</b>		<b>1,501</b>	<b>1,585</b>
<b>Net assets attributable to shareholders</b>		<b>148,764</b>	<b>210,884</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital (losses)/gains

Net capital (losses)/gains on investments during the year comprise:

	2021 £000	2020 £000
Derivative securities	15	(90)
Forward currency contracts	174	(62)
Non-derivative securities	(6,248)	24,907
Other currency gains/(losses)	10	(10)
Transaction costs	(3)	(10)
<b>Net capital (losses)/gains</b>	<b>(6,052)</b>	<b>24,735</b>

### 3 Revenue

	2021 £000	2020 £000
Bank interest	-	11
Derivative revenue	(9)	(1)
Interest on debt securities	5,685	7,045
Stock lending revenue	26	31
<b>Total revenue</b>	<b>5,702</b>	<b>7,086</b>

### 4 Expenses

	2021 £000	2020 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	1,051	1,212
GAC*	69	62
	<b>1,120</b>	<b>1,274</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	19	22
Safe custody fees	11	10
	<b>30</b>	<b>32</b>
<b>Total expenses</b>	<b>1,150</b>	<b>1,306</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £10,316).

## Notes to the financial statements (continued)

### 5 Taxation

#### a) Analysis of charge in the year

There is no tax charge for the current year (2020: nil).

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	4,552	5,780
Corporation tax at 20% (2020: 20%)	910	1,156
Effects of:		
Revenue being paid as interest distributions	(910)	(1,156)
<b>Tax charge for the year (note 5a)</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

### 6 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim income	1,961	1,450
Interim accumulation	1,672	3,036
Final income	213	616
Final accumulation	600	521
	4,446	5,623
Amounts deducted on cancellation of shares	195	255
Amounts received on issue of shares	(89)	(98)
<b>Total distributions</b>	<b>4,552</b>	<b>5,780</b>

Details of the distribution per share are set out in the Distribution tables on pages 190 to 191.

### 7 Debtors

	2021 £000	2020 £000
Accrued revenue	1,709	2,513
Amounts receivable for issue of shares	121	577
Sales awaiting settlement	361	262
<b>Total debtors</b>	<b>2,191</b>	<b>3,352</b>



## Notes to the financial statements (continued)

### 8 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	44	138
Cash and bank balances	1,488	576
<b>Total cash and bank balances</b>	<b>1,532</b>	<b>714</b>

### 9 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	61	84
Accrued Depositary's fee	1	2
Accrued other expenses	7	10
Amounts payable for cancellation of shares	77	-
Derivative revenue payable	1	-
Purchases awaiting settlement	1,100	851
<b>Total other creditors</b>	<b>1,247</b>	<b>947</b>

### 10 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 11 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 177 and 178 and notes 4, 6, 7 and 9 on pages 179 to 181 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

HSBC Global Custody Nominee (UK) Limited, as a material shareholder, is a related party holding shares comprising 66.02% of the total net assets of the fund as at the year end (2020: nil).

## Notes to the financial statements (continued)

### 12 Shareholders' funds

The fund currently has 4 share classes available: Class A (Retail), Class E (Retail), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021 %	2020 %
Class A	0.75	0.75
Class E	0.50	0.50
Class I	0.50	0.50
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 167 to 169. The distribution per share class is given in the Distribution tables on pages 190 to 191. All share classes have the same rights on winding up.

#### Shares reconciliation as at 30 June 2021

	Class A income	Class E income	Class I accumulation
Opening number of shares	1,534,952	159,039	19,042,280
Issues during the year	220,525	13,631	5,010,445
Cancellations during the year	(204,907)	(35,488)	(708,408)
Shares converted during the year	(148,191)	137,687	-
<b>Closing shares in issue</b>	<b>1,402,379</b>	<b>274,869</b>	<b>23,344,317</b>

	Class I income	Class Z accumulation
Opening number of shares	47,649,222	2,313,852
Issues during the year	6,476,208	-
Cancellations during the year	(38,397,236)	(2,313,646)
Shares converted during the year	10,236	-
<b>Closing shares in issue</b>	<b>15,738,430</b>	<b>206</b>

### 13 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of forward foreign exchange contracts as at 30 June 2021 (2020: nil).

The fund had cash assets of £43,376 (2020: £137,609) and cash liabilities of nil (2020: £9,161) held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

## Notes to the financial statements (continued)

### 13 Financial derivatives (continued)

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	1	1
	<u>1</u>	<u>1</u>

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Futures £000	Total by counterparty £000
UBS	9	9
	<u>9</u>	<u>9</u>

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Credit default swaps £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	-	826	-	826
Citigroup	1,234	-	-	1,234
UBS	-	-	(1,409)	(1,409)
	<u>1,234</u>	<u>826</u>	<u>(1,409)</u>	<u>651</u>

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	1,122	-	1,122
UBS	-	494	494
	<u>1,122</u>	<u>494</u>	<u>1,616</u>

## Notes to the financial statements (continued)

### 14 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with JPMorgan Chase Bank, National Association (London branch) acting as the stock lending agent in order to generate additional revenue.

Stock lending revenue is disclosed under 'Revenue' in the Statement of total return.

Eligible collateral types for stock lending and borrowing transactions are approved by the Investment Manager and may consist of (i) cash, (ii) securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope or by Hong Kong or Singapore, generally subject to a minimum long term credit rating of at least A- by one or more major rating agency or (iii) equities. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102% to 110% of the value of the stock on loan.

2021 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
JPMorgan	5,437	5,740	Government Bond
	<b>5,437</b>	<b>5,740</b>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas <sup>1</sup>	Stock lending agent	31	5	26

<sup>1</sup> Until 9 March 2021 BNP Paribas was the securities lending agent. Income received from JPMorgan from 10 March 2021 is below the minimum reporting threshold.

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
BNP Paribas	1,389	1,476	Corporate Bond
BNP Paribas	84	89	Government Bond
	<b>1,473</b>	<b>1,565</b>	
JPMorgan	12,105	12,920	Government Bond
	<b>13,578</b>	<b>14,485</b>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	36	5	31

## Notes to the financial statements (continued)

### 15 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	<b>Floating rate financial assets £000</b>	<b>Fixed rate financial assets £000</b>	<b>Non-interest bearing assets £000</b>	<b>Total £000</b>
<b>2021</b>				
Euro	127	834	2	963
UK sterling	4,925	142,187	2,190	149,302
<b>Total</b>	<b>5,052</b>	<b>143,021</b>	<b>2,192</b>	<b>150,265</b>
	<b>Floating rate financial assets £000</b>	<b>Fixed rate financial assets £000</b>	<b>Non-interest bearing assets £000</b>	<b>Total £000</b>
<b>2020</b>				
UK sterling	3,583	203,446	4,273	211,302
US dollar	65	1,086	16	1,167
<b>Total</b>	<b>3,648</b>	<b>204,532</b>	<b>4,289</b>	<b>212,469</b>
	<b>Floating rate financial liabilities £000</b>	<b>Fixed rate financial liabilities £000</b>	<b>Non-interest bearing liabilities £000</b>	<b>Total £000</b>
<b>2021</b>				
Euro	-	33	-	33
UK sterling	-	-	1,468	1,468
<b>Total</b>	<b>-</b>	<b>33</b>	<b>1,468</b>	<b>1,501</b>
	<b>Floating rate financial liabilities £000</b>	<b>Fixed rate financial liabilities £000</b>	<b>Non-interest bearing liabilities £000</b>	<b>Total £000</b>
<b>2020</b>				
UK sterling	1	-	1,576	1,577
US dollar	8	-	-	8
<b>Total</b>	<b>9</b>	<b>-</b>	<b>1,576</b>	<b>1,585</b>

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Credit Ratings

	Market value £000	Percentage of total net assets %
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	134,569	90.46
Below investment grade (BB and below)	1,528	1.03
Unrated	10,444	7.02
<b>Total debt securities</b>	<b>146,541</b>	<b>98.51</b>
Derivatives	(40)	(0.03)
<b>Investment assets including investment liabilities</b>	<b>146,501</b>	<b>98.48</b>
Other net assets	2,263	1.52
<b>Total net assets</b>	<b>148,764</b>	<b>100.00</b>
	Market value £000	Percentage of total net assets %
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	194,807	92.38
Below investment grade (BB and below)	926	0.44
Unrated	12,661	6.00
<b>Total debt securities</b>	<b>208,394</b>	<b>98.82</b>
Derivatives	(4)	-
<b>Investment assets including investment liabilities</b>	<b>208,390</b>	<b>98.82</b>
Other net assets	2,494	1.18
<b>Total net assets</b>	<b>210,884</b>	<b>100.00</b>

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
<b>2021</b>	93.91	107.19	98.07	200	46.96	53.59	49.03
<b>2020</b>	94.06	102.60	99.14	200	47.03	51.30	49.57

#### Leverage

	Minimum	Maximum	Average
	%	%	%
<b>2021</b>	1	5	2
<b>2020</b>	1	7	4

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Derivative financial liabilities	-	8	33	-
Distribution payable	-	213	-	-
Other creditors	-	1,247	-	-
<b>Total</b>	<b>-</b>	<b>1,468</b>	<b>33</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Amounts held at derivatives clearing houses and brokers	9	-	-	-
Derivative financial liabilities	-	13	-	-
Distribution payable	-	616	-	-
Other creditors	-	947	-	-
<b>Total</b>	<b>9</b>	<b>1,576</b>	<b>-</b>	<b>-</b>

### 16 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	<b>2021</b>		<b>2020</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	13,347*	6	12,776*	-
Level 2	133,195	35	195,627	13
Level 3	-	-	-	-
	<b>146,542</b>	<b>41</b>	<b>208,403</b>	<b>13</b>

\* Debt securities included in the highest fair value hierarchy level, where their valuation is determined by unadjusted quoted prices from an active market, amount to £13,346,659 as at 30 June 2021 (2020: £12,766,581).

## Notes to the financial statements (continued)

### 17 Direct transaction costs

	Purchases		Sales	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	94,864	111,646	149,226	160,679
<b>Trades in the year before transaction costs</b>	<b>94,864</b>	<b>111,646</b>	<b>149,226</b>	<b>160,679</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
<b>Total commissions</b>	-	-	-	-
<b>Taxes</b>				
Debt securities	-	-	-	-
<b>Total taxes</b>	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
<b>Total other expenses</b>	-	-	-	-
<b>Total transaction costs</b>	-	-	-	-
<b>Total net trades in the year after transaction costs</b>	<b>94,864</b>	<b>111,646</b>	<b>149,226</b>	<b>160,679</b>

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
<b>Taxes</b>				
Debt securities	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
	<b>2021</b>	<b>2020</b>		
	%	%		

#### Total transaction costs expressed as a percentage of net asset value

Commissions	-	-
Taxes	-	-
Other expenses	-	-
<b>Total costs</b>	-	-



## Notes to the financial statements (continued)

### 17 Direct transaction costs (continued)

There were no in specie transfers during the year (2020: £nil). There were corporate actions during the year of £592,473 (2020: nil).

There were direct transaction costs associated with derivatives in the year of £134 (2020: £271) which is 0.00% of the average net asset value of the fund (2020: 0.00%).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 1.11% (2020: 1.57%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 18 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class A income</b>				
Group 1	1.0166	-	1.0166	1.1466
Group 2	0.5884	0.4282	1.0166	1.1466
<b>Class E income</b>				
Group 1	1.1670	-	1.1670	1.2703
Group 2	0.1296	1.0374	1.1670	1.2703
<b>Class I accumulation</b>				
Group 1	2.5565	-	2.5565	2.6973
Group 2	1.0466	1.5099	2.5565	2.6973
<b>Class I income</b>				
Group 1	1.2777	-	1.2777	1.3817
Group 2	0.6318	0.6459	1.2777	1.3817
<b>Class Z accumulation</b>				
Group 1	2.0029	-	2.0029	2.0122
Group 2	2.0029	-	2.0029	2.0122

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class A income</b>				
Group 1	1.0186	-	1.0186	1.1426
Group 2	0.3058	0.7128	1.0186	1.1426
<b>Class E income</b>				
Group 1	1.1690	-	1.1690	1.2785
Group 2	0.4849	0.6841	1.1690	1.2785
<b>Class I accumulation</b>				
Group 1	2.5782	-	2.5782	2.7020
Group 2	1.4128	1.1654	2.5782	2.7020
<b>Class I income</b>				
Group 1	1.2816	-	1.2816	1.3798
Group 2	0.5977	0.6839	1.2816	1.3798
<b>Class Z accumulation</b>				
Group 1	2.0239	-	2.0239	2.0947
Group 2	2.0239	-	2.0239	2.0947

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class A income</b>				
Group 1	0.9557	-	0.9557	1.0897
Group 2	0.4462	0.5095	0.9557	1.0897
<b>Class E income</b>				
Group 1	1.0973	-	1.0973	1.2274
Group 2	0.7883	0.3090	1.0973	1.2274
<b>Class I accumulation</b>				
Group 1	2.4412	-	2.4412	2.6181
Group 2	1.8548	0.5864	2.4412	2.6181
<b>Class I income</b>				
Group 1	1.2073	-	1.2073	1.3240
Group 2	0.5918	0.6155	1.2073	1.3240
<b>Class Z accumulation</b>				
Group 1	1.9343	-	1.9343	2.0458
Group 2	1.9343	-	1.9343	2.0458

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A income</b>				
Group 1	1.0152	-	1.0152	1.0129
Group 2	0.7358	0.2794	1.0152	1.0129
<b>Class E income</b>				
Group 1	1.1541	-	1.1541	1.1490
Group 2	0.4584	0.6957	1.1541	1.1490
<b>Class I accumulation</b>				
Group 1	2.5688	-	2.5688	2.4967
Group 2	1.5152	1.0536	2.5688	2.4967
<b>Class I income</b>				
Group 1	1.2434	-	1.2434	1.2564
Group 2	0.6878	0.5556	1.2434	1.2564
<b>Class Z accumulation</b>				
Group 1	2.0312	-	2.0312	1.9546
Group 2	2.0312	-	2.0312	1.9546

# Janus Henderson Institutional Long Dated Gilt Fund

## Authorised Corporate Director's report

### Investment Fund Managers

Andrew Mulliner and Bethany Payne

### Investment objective and policy

The fund aims to provide an income with the potential for capital growth over the long term.

Performance target: To outperform the FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index by 0.75% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in UK government bonds (also known as gilts), typically with maturities of 15 years or more. (Longer dated bonds are generally more sensitive to changes in interest rates and may at times exhibit significant volatility.)

The fund is actively managed with reference to the FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index, which is broadly representative of the bonds in which it may invest, as this forms the basis of the fund's performance target. The Investment Manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

### Strategy

The Investment Manager aims to provide a return in excess of the benchmark by investing primarily in long maturity UK government bonds, including inflation-linked gilts and floating rate assets. The managers can also invest in other global fixed income securities with a focus on G10 government bond markets and associated fixed income derivatives, with the aim of providing diversification in the portfolio, as well as looking to enhance returns and/or manage risk.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception
	30 Jun 20 - 30 Jun 21	30 Jun 18 - 30 Jun 21	30 Jun 16 - 30 Jun 21	4 Sep 00 - 30 Jun 21
	%	%	%	%
<b>Class I accumulation (Net)</b>	(12.0)	12.3	15.1	192.5
<b>FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index</b>	(10.9)	14.3	17.0	265.5
<b>IA UK Gilts Sector</b>	(7.0)	9.3	10.7	133.3
<b>Class I accumulation (Gross)</b>	(11.6)	14.2	18.3	227.5
<b>FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index + 0.75%</b>	(10.2)	16.9	21.5	327.0

Discrete performance	30 Jun 20 - 30 Jun 21	30 Jun 19 - 30 Jun 20	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17
	%	%	%	%	%
<b>Class I accumulation (Net)</b>	(12.0)	19.7	6.6	3.6	(1.1)
<b>FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index</b>	(10.9)	19.8	7.2	4.2	(1.8)
<b>IA UK Gilts Sector</b>	(7.0)	12.0	5.0	2.1	(0.8)
<b>Class I accumulation (Gross)</b>	(11.6)	20.4	7.2	4.1	(0.5)
<b>FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index + 0.75%</b>	(10.2)	20.7	8.0	5.0	(1.1)

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Class I accumulation (Gross), NAV to NAV, gross of OCF and net income reinvested as at 12 noon valuation point.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

### Benchmark usage:

Index: FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index

Index usage: Target

Index description: The FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index is a measure of the combined performance of bonds issued by the British government with more than 15 years to maturity. It is the basis for the fund's performance target.

Peer group: IA UK Gilts Sector

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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

## Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales	£000
UK Treasury 0.625% 22/10/2050	3,092	UK Treasury 1.75% 07/09/2037	2,011
UK Treasury 1.625% 22/10/2054	2,267	UK Treasury 3.75% 22/07/2052	1,985
UK Treasury 1.25% 22/10/2041	2,163	Janus Henderson Institutional Long Dated Credit Fund Z Acc <sup>1</sup>	1,666
UK Treasury 1.50% 22/07/2047	1,762	UK Treasury 0.625% 22/10/2050	1,591
UK Treasury 4.25% 07/12/2046	1,068	UK Treasury 3.50% 22/01/2045	1,307
Australia (Commonwealth of) 1.75% 21/06/2051	905	UK Treasury 1.75% 22/01/2049	1,124
UK Treasury 0.50% 22/10/2061	807	UK Treasury 3.50% 22/07/2068	1,020
UK Treasury 0.875% 31/01/2046	725	Australia (Commonwealth of) 1.75% 21/06/2051	930
UK Treasury 1.75% 22/07/2057	681	UK Treasury 4.50% 07/12/2042	843
UK Treasury 3.75% 22/07/2052	631	UK Treasury 1.50% 22/07/2047	728
<b>Total purchases</b>	<b>17,289</b>	<b>Total sales</b>	<b>18,823</b>

<sup>1</sup> Related party to the fund

### Investment review

The fund fell 12.0% (Net), 11.6% (Gross) based on Class I accumulation over the year under review, compared with a fall of 10.9% in the FTSE Actuaries UK Conventional Gilts greater than 15 years to maturity Index, a fall of 10.2% in the Target Index + 0.75% and a fall of 7.0% in the IA UK Gilts Sector peer group benchmark.

Government bond yields moved sideways over the first half of the reporting year, as accommodative monetary and fiscal policy from central banks and governments helped to dampen the impact of pandemic-related shutdowns and the uncertainty about reopening. Towards the end of 2020, the announcement of multiple COVID-19 vaccines and the US presidential election result helped to boost risk appetite, and this improved sentiment continued into 2021. The new year saw a sharp rise in government bond yields in February and March, as a reflation mindset took hold, driven by the roll-out of COVID-19 vaccines and anticipation – and subsequent delivery – of further US fiscal stimulus. In the UK, the 10-year gilt yield hit pre-pandemic levels of 0.89% as expectations that the Bank of England (BoE) would take rates into negative territory faded, before falling back to end the quarter at 0.71%. This resulted in falling bond prices, and negative returns for UK gilts, of -6.2%, over the reporting year. UK inflation-linked gilts fared slightly better as inflation expectations rose (with 10-year gilt breakeven inflation reaching the highest levels since 2008).

Following the pandemic-related fall in government bond yields to new lows, our approach has been to focus the fund's overweight duration exposure to emerging markets, and in developed markets at shorter maturities on the expectation that yield curves would steepen as the recovery continued. This performed well in 2020 as central banks signalled that rates would be on hold for the foreseeable future. However, in 2021 the reflationary backdrop led to higher yields and steeper yield curves globally, which negatively impacted the fund's positions in the 3-5-year part of the curve. This was the case in Australia, where yields repriced sharply beyond the three-year maturity, which is where the central bank is enacting yield curve control, and also the position in Canada. At the end of the reporting year, we further reduced interest rate duration at the front end of the yield curve.

Within emerging markets, we maintained an overweight position in government bonds of Indonesia, where the central bank cut interest rates three times over the reporting year. Exposure to both the bonds and currency have proved accretive. However, the position in Mexican local rates, which has performed well over the longer term, suffered in the final quarter following the US Federal Reserve's meeting in June. The Banxico raised interest rates to 4.25% and the market priced in further rate hikes, leading to lower bond prices.

In the UK, yield curve strategies added value, with the fund positioned for the outperformance of 30-year UK gilts relative to 10-year gilt futures. However, a position in inflation swaps established on the expectation that UK inflation pricing would fall from elevated levels detracted from performance.

Within currencies, the fund made gains on the position expecting sterling to rise versus the euro. The progress on Brexit and COVID-19 vaccine distribution in the UK has been a positive tailwind for the currency, alongside a less dovish BoE.

Our continued belief in the potential strength of the economic recovery and the value in credit markets following the pandemic-related sell-off led us to maintain a modest overweight exposure to sterling investment grade corporate bonds out of gilts. This was beneficial for performance as credit spreads continued to tighten towards historic lows, and we took profits in early 2021.

The fund utilises derivatives. During the year, derivative positions included the use of government bond futures and interest rate/inflation swaps to implement active positions and manage overall interest rate exposure. Forward foreign exchange contracts were used to implement currency positions.

Central banks are expected to remain patient and likely avoid pre-emptive tightening of policy, but they also cannot ignore the strength of the economic data. Given the recovery in core government bond markets, particularly at longer maturities towards the end of the reporting year, this leaves yields at the lower end of the expected range, in our view. Global divergence in rate cycles is likely to become more of a theme in coming years as different regions begin to adjust policy settings. Despite the pick-up in inflation, we expect this to peak later in 2021 and that inflation-linked bond markets have priced this in, with real yields at or close to historic lows. Within emerging market rates, we remain selective given inflation risks, but continue to favour countries where real yields are elevated and currencies relatively stable.

## Comparative tables for the year ended 30 June 2021

	Class A accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	279.22	234.44	220.49
Return before operating charges*	(31.61)	47.22	16.00
Operating charges	(2.23)	(2.44)	(2.05)
Return after operating charges*	(33.84)	44.78	13.95
Distributions on accumulation shares	(1.77)	(1.56)	(2.70)
Retained distributions on accumulation shares	1.77	1.56	2.70
Closing net asset value per share	245.38	279.22	234.44
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(12.12%)	19.10%	6.33%
<b>Other information</b>			
Closing net asset value (£000s)	970	1,636	1,185
Closing number of shares	395,380	585,898	505,301
Operating charges	0.85%	0.94%	0.93%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	281.70	293.70	237.40
Lowest share price (pence)	236.60	235.60	205.60

	Class A income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	247.17	208.78	198.74
Return before operating charges*	(27.93)	41.93	14.31
Operating charges	(1.96)	(2.16)	(1.84)
Return after operating charges*	(29.89)	39.77	12.47
Distributions on income shares	(1.57)	(1.38)	(2.43)
Closing net asset value per share	215.71	247.17	208.78
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(12.09%)	19.05%	6.27%
<b>Other information</b>			
Closing net asset value (£000s)	8,311	10,821	8,298
Closing number of shares	3,852,770	4,377,777	3,974,667
Operating charges	0.85%	0.94%	0.93%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	249.40	260.60	212.10
Lowest share price (pence)	208.40	209.80	184.70

## Comparative tables (continued)

	<b>Class E accumulation</b>	
	<b>2021</b>	<b>08/07/19 -</b>
	<b>(pence</b>	<b>30/06/20</b>
	<b>per share)</b>	<b>(pence</b>
		<b>per share)</b>
<b>Change in net assets per share</b>		
Opening net asset value per share	279.95	240.79 <sup>1</sup>
Return before operating charges*	(31.73)	40.92
Operating charges	(1.57)	(1.76)
Return after operating charges*	(33.30)	39.16
Distributions on accumulation shares	(2.44)	(2.21)
Retained distributions on accumulation shares	2.44	2.21
Closing net asset value per share	246.65	279.95
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	(11.89%)	16.26%
<b>Other information</b>		
Closing net asset value (£000s)	73	47
Closing number of shares	29,509	16,671
Operating charges	0.60%	0.69%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	282.50	294.20
Lowest share price (pence)	237.70	236.10

<sup>1</sup> Class E accumulation launched on 8 July 2019 and this is the first published price.



## Comparative tables (continued)

	Class E income	
	2021	08/07/19 - 30/06/20
	(pence per share)	(pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	247.20	214.43 <sup>2</sup>
Return before operating charges*	(27.95)	36.26
Operating charges	(1.38)	(1.54)
Return after operating charges*	(29.33)	34.72
Distributions on income shares	(2.15)	(1.95)
Closing net asset value per share	215.72	247.20
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	(11.86%)	16.19%
<b>Other information</b>		
Closing net asset value (£000s)	107	110
Closing number of shares	49,410	44,638
Operating charges	0.60%	0.69%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	249.50	260.70
Lowest share price (pence)	208.50	210.30

<sup>2</sup> Class E income launched on 8 July 2019 and this is the first published price.

	Class I accumulation		
	2021	2020	2019
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	417.14	348.93	326.97
Return before operating charges*	(47.34)	70.42	23.79
Operating charges	(1.80)	(2.21)	(1.83)
Return after operating charges*	(49.14)	68.21	21.96
Distributions on accumulation shares	(4.18)	(3.75)	(5.19)
Retained distributions on accumulation shares	4.18	3.75	5.19
Closing net asset value per share	368.00	417.14	348.93
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(11.78%)	19.55%	6.72%
<b>Other information</b>			
Closing net asset value (£000s)	21,721	26,266	13,958
Closing number of shares	5,902,242	6,296,724	4,000,306
Operating charges	0.46%	0.57%	0.56%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	421.00	438.30	353.30
Lowest share price (pence)	354.40	350.70	305.10

## Comparative tables (continued)

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	306.08	254.75	237.52
Return before operating charges*	(34.79)	51.53	17.37
Operating charges	(0.17)	(0.20)	(0.14)
Return after operating charges*	(34.96)	51.33	17.23
Distributions on accumulation shares	(4.23)	(4.15)	(4.99)
Retained distributions on accumulation shares	4.23	4.15	4.99
Closing net asset value per share	271.12	306.08	254.75
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(11.42%)	20.15%	7.25%
<b>Other information</b>			
Closing net asset value (£000s)	24,875	27,986	17,439
Closing number of shares	9,174,902	9,143,314	6,845,475
Operating charges	0.06%	0.07%	0.06%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	309.00	321.10	257.90
Lowest share price (pence)	260.80	256.00	222.00

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2021 %	2020 %
<b>Class A accumulation</b>	0.85 <sup>1</sup>	0.94 <sup>2</sup>
<b>Class A income</b>	0.85 <sup>1</sup>	0.94 <sup>2</sup>
<b>Class E accumulation<sup>3</sup></b>	0.60 <sup>4</sup>	0.69 <sup>2</sup>
<b>Class E income<sup>3</sup></b>	0.60 <sup>4</sup>	0.69 <sup>2</sup>
<b>Class I accumulation</b>	0.46 <sup>4</sup>	0.57 <sup>2</sup>
<b>Class Z accumulation</b>	0.06	0.07 <sup>2</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

The ongoing charges includes fees payable to Distributors. Where the ongoing charges exceed the target outperformance relative to the benchmark the return is likely to be below the benchmark return, even when the fund's outperformance target (before the deduction of charges) has been achieved.

<sup>1</sup> The AMC on Class A accumulation and Class A income decreased from 0.75% to 0.65% on 1 July 2020.

<sup>2</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

<sup>3</sup> Class E accumulation and Class E income launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

<sup>4</sup> The AMC on Class E accumulation, Class E income and Class I accumulation decreased from 0.50% to 0.40% on 1 July 2020.

Risk and reward profile

The fund currently has 6 types of share class in issue: A accumulation, A income, E accumulation, E income, I accumulation and Z accumulation.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 5 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund’s actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund’s risks are contained in the ‘Risk Factors’ section in the fund’s prospectus.

There has been no change to the risk ratings in the year.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class E accumulation and E income launched on 8 July 2019. As these share classes do not have a 5 year history, a synthetic history has been created using the A accumulation and A income share classes, respectively.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Bonds 96.84% (2020: 93.61%)</b>		
	<b>Australia 0.00% (2020: 1.04%)</b>		
	<b>Fixed Rate Bond 0.00% (2020: 1.04%)</b>		
	<b>Indonesia 1.40% (2020: 1.27%)</b>		
	<b>Fixed Rate Bond 1.40% (2020: 1.27%)</b>		
IDR 5,131,000,000	Indonesia (Republic of) 7.00% 15/09/2030	265	0.47
IDR 9,423,000,000	Indonesia (Republic of) 8.375% 15/03/2034	520	0.93
		<u>785</u>	<u>1.40</u>
	<b>Spain 1.20% (2020: 1.06%)</b>		
	<b>Fixed Rate Bond 1.20% (2020: 1.06%)</b>		
EUR 306,000	Spain (Kingdom of) 0.50% 30/04/2030	267	0.48
EUR 436,000	Spain (Kingdom of) 1.25% 31/10/2030	405	0.72
		<u>672</u>	<u>1.20</u>
	<b>United Kingdom 94.24% (2020: 90.24%)</b>		
	<b>Fixed Rate Bond 94.24% (2020: 90.24%)</b>		
GBP 1,703,576	UK Treasury 0.50% 22/10/2061	1,347	2.40
GBP 2,797,158	UK Treasury 0.625% 22/10/2050	2,377	4.24
GBP 803,246	UK Treasury 0.875% 31/01/2046	739	1.32
GBP 3,204,521	UK Treasury 1.25% 22/10/2041	3,226	5.75
GBP 3,279,337	UK Treasury 1.50% 22/07/2047	3,469	6.19
GBP 3,407,760	UK Treasury 1.625% 22/10/2054	3,781	6.74
GBP 1,409,476	UK Treasury 1.625% 22/10/2071	1,710	3.05
GBP 3,034,493	UK Treasury 1.75% 07/09/2037	3,318	5.92
GBP 1,275,235	UK Treasury 1.75% 22/01/2049	1,428	2.55
GBP 2,518,293	UK Treasury 1.75% 22/07/2057	2,928	5.22
GBP 1,889,004	UK Treasury 2.50% 22/07/2065	2,776	4.95
GBP 2,749,580	UK Treasury 3.25% 22/01/2044	3,848	6.88
GBP 1,409,445	UK Treasury 3.50% 22/01/2045	2,065	3.68
GBP 922,174	UK Treasury 3.50% 22/07/2068	1,722	3.07
GBP 1,048,073	UK Treasury 3.75% 22/07/2052	1,732	3.09
GBP 1,442,605	UK Treasury 4.00% 22/01/2060	2,712	4.84
GBP 983,248	UK Treasury 4.25% 07/09/2039	1,485	2.65
GBP 1,222,703	UK Treasury 4.25% 07/12/2040	1,878	3.35
GBP 1,365,806	UK Treasury 4.25% 07/12/2046	2,264	4.04
GBP 1,008,691	UK Treasury 4.25% 07/12/2049	1,742	3.11
GBP 1,390,139	UK Treasury 4.25% 07/12/2055	2,583	4.61
GBP 1,362,907	UK Treasury 4.50% 07/12/2042	2,214	3.95
GBP 939,159	UK Treasury 4.75% 07/12/2038	1,482	2.64
		<u>52,826</u>	<u>94.24</u>
	<b>Collective Investment Schemes 2.55% (2020: 4.68%)</b>		
1,431,428	Deutsche Global Liquidity Managed Platinum Sterling Fund	<u>1,431</u>	<u>2.55</u>
	<b>Derivatives (0.54%) (2020: 0.52%)</b>		
	<b>Futures (0.01%) (2020: 0.06%)</b>		
(5)	EUX Euro Bund September 2021	(4)	(0.01)
(2)	ICE Long Gilt September 2021	(1)	-
		<u>(5)</u>	<u>(0.01)</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Swaps (0.44%) (2020: 0.51%)<sup>1</sup></b>			
<b>Inflation Index Swaps (0.21%) (2020: 0.00%)<sup>1</sup></b>			
240,000	IIS 3.445% UKRPI - Receive Fixed - GBP	(14)	(0.02)
2,370,000	IIS 3.526% UKRPI - Receive Fixed - USD	(101)	(0.19)
		(115)	(0.21)
<b>Interest Rate Swaps (0.23%) (2020: 0.51%)<sup>1</sup></b>			
1,200,000	IRS 0.006% EURIBOR 6 month - Receive Floating - EUR	139	0.25
7,260,000	IRS -0.244% EURIBOR 6 month - Receive Fixed - EUR	(198)	(0.36)
9,460,000	IRS -0.375% EURIBOR 6 month - Receive Floating - EUR	8	0.01
6,700,000	IRS -0.422% EURIBOR 6 month - Receive Floating - EUR	15	0.03
7,340,000	IRS -0.459% EURIBOR 6 month - Receive Floating - EUR	63	0.11
17,760,000	IRS -0.469% LIBOR 6 month - Receive Fixed - CHF	(25)	(0.04)
8,700,000	IRS -0.522% LIBOR 6 month - Receive Fixed - CHF	(13)	(0.02)
8,895,000	IRS -0.525% LIBOR 6 month - Receive Fixed - CHF	(8)	(0.01)
28,430,000	IRS 0.9038% CAD BA 3 month - Receive Fixed - CAD	(112)	(0.20)
		(131)	(0.23)
<b>Forward Foreign Exchange Contracts (0.09%) (2020: (0.05%))<sup>1</sup></b>			
	Buy AUD 13,281 : Sell GBP 7,203 July 2021 <sup>2</sup>	-	-
	Buy AUD 68,328 : Sell GBP 37,257 July 2021 <sup>2</sup>	-	-
	Buy CAD 10,118 : Sell GBP 5,896 July 2021 <sup>2</sup>	-	-
	Buy CAD 28,842 : Sell GBP 16,770 July 2021 <sup>2</sup>	-	-
	Buy CAD 49,075 : Sell GBP 28,535 July 2021 <sup>2</sup>	-	-
	Buy CAD 5,936 : Sell GBP 3,456 July 2021 <sup>2</sup>	-	-
	Buy CAD 6,911 : Sell GBP 4,031 July 2021 <sup>2</sup>	-	-
	Buy CAD 9,628 : Sell GBP 5,585 July 2021 <sup>2</sup>	-	-
	Buy CHF 1,367 : Sell GBP 1,080 July 2021 <sup>2</sup>	-	-
	Buy CHF 1,989 : Sell GBP 1,560 July 2021 <sup>2</sup>	-	-
	Buy CHF 31,452 : Sell GBP 24,658 July 2021 <sup>2</sup>	-	-
	Buy CHF 4,783 : Sell GBP 3,755 July 2021 <sup>2</sup>	-	-
	Buy CHF 5,916 : Sell GBP 4,637 July 2021 <sup>2</sup>	-	-
	Buy CHF 9,078 : Sell GBP 7,131 July 2021 <sup>2</sup>	-	-
	Buy GBP 10,236 : Sell MXN 294,999 July 2021 <sup>2</sup>	-	-
	Buy GBP 1,081 : Sell CAD 1,850 July 2021 <sup>2</sup>	-	-
	Buy GBP 10,943 : Sell AUD 20,165 July 2021 <sup>2</sup>	-	-
	Buy GBP 1,241,648 : Sell USD 1,760,000 September 2021	(32)	(0.07)
	Buy GBP 13,122 : Sell MXN 376,029 July 2021	(1)	-
	Buy GBP 13,498 : Sell CHF 17,278 July 2021 <sup>2</sup>	-	-
	Buy GBP 152,957 : Sell MXN 4,335,282 July 2021	(4)	(0.01)
	Buy GBP 16,165 : Sell CAD 27,832 July 2021 <sup>2</sup>	-	-
	Buy GBP 17,789 : Sell CAD 30,590 July 2021 <sup>2</sup>	-	-
	Buy GBP 2,115 : Sell AUD 3,869 July 2021 <sup>2</sup>	-	-
	Buy GBP 23,478 : Sell EUR 27,385 July 2021 <sup>2</sup>	-	-
	Buy GBP 31,213 : Sell AUD 57,575 July 2021 <sup>2</sup>	-	-
	Buy GBP 3,529 : Sell CAD 6,052 July 2021 <sup>2</sup>	-	-
	Buy GBP 4,380 : Sell CHF 5,605 July 2021 <sup>2</sup>	-	-
	Buy GBP 5,073 : Sell CAD 8,694 July 2021 <sup>2</sup>	-	-
	Buy GBP 5,373 : Sell CAD 9,238 July 2021 <sup>2</sup>	-	-
	Buy GBP 56,190 : Sell MXN 1,554,348 July 2021 <sup>2</sup>	-	-
	Buy GBP 57,216 : Sell USD 79,831 July 2021	(1)	-
	Buy GBP 6,258 : Sell CHF 7,986 July 2021 <sup>2</sup>	-	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> (continued)			
	Buy GBP 636,654 : Sell EUR 740,000 September 2021 <sup>2</sup>	-	-
	Buy GBP 6,763 : Sell MXN 192,878 July 2021 <sup>2</sup>	-	-
	Buy GBP 6,858 : Sell CHF 8,748 July 2021 <sup>2</sup>	-	-
	Buy GBP 695,348 : Sell EUR 808,732 July 2021	1	-
	Buy GBP 7,044 : Sell MXN 202,417 July 2021 <sup>2</sup>	-	-
	Buy GBP 7,080 : Sell CHF 9,013 July 2021 <sup>2</sup>	-	-
	Buy GBP 7,395 : Sell MXN 213,362 July 2021 <sup>2</sup>	-	-
	Buy GBP 7,630 : Sell MXN 213,687 July 2021 <sup>2</sup>	-	-
	Buy GBP 833,268 : Sell USD 1,176,329 July 2021	(18)	(0.03)
	Buy GBP 8,400 : Sell CHF 10,639 July 2021 <sup>2</sup>	-	-
	Buy MXN 3,139,695 : Sell GBP 109,329 July 2021	4	0.01
	Buy MXN 36,512 : Sell GBP 1,281 July 2021 <sup>2</sup>	-	-
	Buy MXN 4,314,444 : Sell GBP 156,425 July 2021 <sup>2</sup>	-	-
	Buy MXN 705,014 : Sell GBP 25,565 July 2021 <sup>2</sup>	-	-
	Buy NOK 14,765,081 : Sell GBP 1,260,956 September 2021	(19)	(0.03)
	Buy USD 13,731 : Sell GBP 9,875 July 2021 <sup>2</sup>	-	-
	Buy USD 1,760,000 : Sell NOK 14,894,704 September 2021	21	0.04
	Buy USD 34,429 : Sell GBP 24,936 July 2021 <sup>2</sup>	-	-
	Buy USD 86,221 : Sell GBP 62,096 July 2021 <sup>2</sup>	-	-
		(49)	(0.09)
	<b>Investment assets including investment liabilities</b>	<b>55,414</b>	<b>98.85</b>
	Other net assets	643	1.15
	<b>Total net assets</b>	<b>56,057</b>	<b>100.00</b>

<sup>1</sup> Not listed on an official stock exchange

<sup>2</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

The collective investment schemes held are approved regulated collective investment schemes within the meaning of the FCA rules.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(8,730)		8,248
Revenue	3	959		799	
Expenses	4	(208)		(206)	
Interest payable and similar charges	5	(9)		(4)	
Net revenue before taxation		742		589	
Taxation	6	(11)		(3)	
Net revenue after taxation			731		586
Total return before distributions			(7,999)		8,834
Distributions	7		(730)		(586)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(8,729)</b>		<b>8,248</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

		2021		2020	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>66,866</b>		<b>40,880</b>
Amounts receivable on issue of shares		15,414		38,257	
Amounts payable on cancellation of shares		(18,158)		(21,088)	
			(2,744)		17,169
Dilution adjustment			6		16
Change in net assets attributable to shareholders from investment activities			(8,729)		8,248
Retained distributions on accumulation shares			658		553
<b>Closing net assets attributable to shareholders</b>			<b>56,057</b>		<b>66,866</b>



## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		55,965	66,312
Current assets:			
Debtors	8	419	711
Cash and bank balances	9	623	1,083
<b>Total assets</b>		<b>57,007</b>	<b>68,106</b>
<b>Liabilities:</b>			
Investment liabilities		551	244
Creditors:			
Amounts held at derivative clearing houses and brokers		158	330
Bank overdrafts		-	213
Distributions payable		19	13
Other creditors	10	222	440
<b>Total liabilities</b>		<b>950</b>	<b>1,240</b>
<b>Net assets attributable to shareholders</b>		<b>56,057</b>	<b>66,866</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital (losses)/gains

Net capital (losses)/gains on investments during the year comprise:

	2021 £000	2020 £000
Derivative securities	(691)	492
Forward currency contracts	97	(234)
Non-derivative securities	(8,126)	8,066
Other currency losses	(2)	(60)
Transaction costs	(8)	(16)
<b>Net capital (losses)/gains</b>	<b>(8,730)</b>	<b>8,248</b>

### 3 Revenue

	2021 £000	2020 £000
Derivative revenue	195	47
Distributions from UK regulated collective investment schemes:		
Interest distribution	26	-
Interest on debt securities	737	746
Overseas interest distributions*	1	6
<b>Total revenue</b>	<b>959</b>	<b>799</b>

\* includes interest distributions from overseas funds

### 4 Expenses

	2021 £000	2020 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	165	172
GAC*	34	27
	199	199
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	6	5
Safe custody fees	3	2
	9	7
<b>Total expenses</b>	<b>208</b>	<b>206</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £10,316).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	9	4
<b>Total interest payable and similar charges</b>	<b>9</b>	<b>4</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2021 £000	2020 £000
<b>Current tax</b>		
Corporation tax	2	1
Double tax relief	(2)	(1)
Overseas withholding tax	11	3
<b>Total tax (note 6b)</b>	<b>11</b>	<b>3</b>

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	742	589
Corporation tax at 20% (2020: 20%)	148	118
Effects of:		
Double tax relief	(2)	(1)
Overseas withholding tax	11	3
Revenue being paid as interest distributions	(146)	(117)
<b>Tax charge for the year (note 6a)</b>	<b>11</b>	<b>3</b>

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

## Notes to the financial statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim income	48	48
Interim accumulation	484	399
Final income	19	13
Final accumulation	174	154
	<u>725</u>	<u>614</u>
Amounts deducted on cancellation of shares	25	37
Amounts received on issue of shares	(20)	(65)
	<u>730</u>	<u>586</u>
<b>Total distributions</b>	<b>730</b>	<b>586</b>

Details of the distribution per share are set out in the Distribution tables on pages 216 to 219.

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	375	324
Amounts receivable for issue of shares	38	384
Currency transactions awaiting settlement	6	3
	<u>419</u>	<u>711</u>
<b>Total debtors</b>	<b>419</b>	<b>711</b>

### 9 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	489	848
Cash and bank balances	134	235
	<u>623</u>	<u>1,083</u>
<b>Total cash and bank balances</b>	<b>623</b>	<b>1,083</b>

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	12	18
Accrued other expenses	4	6
Amounts payable for cancellation of shares	181	212
Derivative revenue payable	19	4
Currency transactions awaiting settlement	6	2
Purchases awaiting settlement	-	198
	<u>222</u>	<u>440</u>
<b>Total other creditors</b>	<b>222</b>	<b>440</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 204 and 205 and notes 4, 7, 8 and 10 on pages 206 to 208 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

The ultimate controlling party of HIFL is Janus Henderson Group plc. The transactions associated with Janus Henderson Group plc, its subsidiaries and other funds managed by HIFL are as follows:

- a) The value of purchase transactions was nil (2020: £1,671,000) and sales transactions was £1,665,895 (2020: nil) and the balance outstanding at the year end was purchases nil (2020: nil) and sales nil (2020: nil).
- b) Revenue receivable for the year was £26,164 (2020: nil) and the balance outstanding at the year end was nil (2020: nil).
- c) The aggregate value of investments held at the year end was nil (2020: £1,680,557).

There were no material shareholders at the year end (2020: nil).

### 13 Shareholders' funds

The fund currently has 4 share classes available: Class A (Retail), Class E (Retail), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021	2020
	%	%
Class A	0.65	0.75
Class E	0.40	0.50
Class I	0.40	0.50
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 195 to 198. The distribution per share class is given in the Distribution tables on pages 216 to 219. All share classes have the same rights on winding up.

#### Shares reconciliation as at 30 June 2021

	Class A accumulation	Class A income	Class E accumulation	Class E income
Opening number of shares	585,898	4,377,777	16,671	44,638
Issues during the year	101,162	984,896	625	309
Cancellations during the year	(273,517)	(1,494,485)	(5,896)	(10,951)
Shares converted during the year	(18,163)	(15,418)	18,109	15,414
<b>Closing shares in issue</b>	<b>395,380</b>	<b>3,852,770</b>	<b>29,509</b>	<b>49,410</b>

	Class I accumulation	Class Z accumulation
Opening number of shares	6,296,724	9,143,314
Issues during the year	2,515,590	954,650
Cancellations during the year	(2,910,072)	(923,062)
Shares converted during the year	-	-
<b>Closing shares in issue</b>	<b>5,902,242</b>	<b>9,174,902</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of forward foreign exchange contracts as at 30 June 2021 (2020: nil). The fund had cash assets of £489,618 (2020: £848,243) and cash liabilities of £157,799 (2020: £329,793) held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	5	-	5
Citigroup	-	225	225
Credit Suisse	21	-	21
	<b>26</b>	<b>225</b>	<b>251</b>

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	3	-	-	3
Citigroup	-	-	346	346
Morgan Stanley	-	-	183	183
UBS	-	61	-	61
	<b>3</b>	<b>61</b>	<b>529</b>	<b>593</b>

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Inflation index swaps £000
BNP Paribas	5,733	-	-
Credit Suisse	2,527	-	-
Goldman Sachs	-	-	2,370
Morgan Stanley	-	-	240
RBC	-	-	-
UBS	-	(997)	-
	<b>8,260</b>	<b>(997)</b>	<b>2,610</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

2021 (continued)

Counterparty	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	-	5,733
Credit Suisse	-	2,527
Goldman Sachs	15,087	17,457
Morgan Stanley	-	240
RBC	16,619	16,619
UBS	40,052	39,055
	<b>71,758</b>	<b>81,631</b>

### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	2,819	-	-	2,819
Citigroup	-	-	2,180	2,180
Goldman Sachs	-	-	51,393	51,393
Morgan Stanley	-	-	2,554	2,554
UBS	-	6,037	13,541	19,578
	<b>2,819</b>	<b>6,037</b>	<b>69,668</b>	<b>78,524</b>

### 15 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2021</b>				
Canadian dollar	95	-	-	95
Swiss franc	47	-	6	53
Euro	274	672	-	946
Indonesian rupiah	-	785	17	802
Mexican peso	29	-	4	33
UK sterling	403	52,826	1,828	55,057
US dollar	-	-	21	21
<b>Total</b>	<b>848</b>	<b>54,283</b>	<b>1,876</b>	<b>57,007</b>

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Interest rate risk (continued)

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2020</b>				
Australian dollar	22	694	4	720
Euro	220	708	51	979
Indonesian rupiah	-	847	19	866
Mexican peso	424	-	3	427
UK sterling	756	60,340	3,826	64,922
US dollar	190	-	2	192
<b>Total</b>	<b>1,612</b>	<b>62,589</b>	<b>3,905</b>	<b>68,106</b>
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2021</b>				
Canadian dollar	112	-	-	112
Swiss franc	46	-	-	46
Euro	224	-	23	247
Mexican peso	132	-	-	132
Norwegian Krone	-	-	19	19
UK sterling	14	-	279	293
US dollar	101	-	-	101
<b>Total</b>	<b>629</b>	<b>-</b>	<b>321</b>	<b>950</b>
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2020</b>				
Australian dollar	25	-	2	27
Euro	115	-	1	116
Mexican peso	240	-	-	240
UK sterling	225	-	483	708
US dollar	147	-	2	149
<b>Total</b>	<b>752</b>	<b>-</b>	<b>488</b>	<b>1,240</b>

#### Credit Ratings

	Market value £000	Percentage of total net assets %
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	54,283	96.84
<b>Total debt securities</b>	<b>54,283</b>	<b>96.84</b>
Collective investment schemes	1,431	2.55
Derivatives	(300)	(0.54)
<b>Investment assets including investment liabilities</b>	<b>55,414</b>	<b>98.85</b>
Other net assets	643	1.15
<b>Total net assets</b>	<b>56,057</b>	<b>100.00</b>



## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Credit Ratings (continued)

	Market value £000	Percentage of total net assets %
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	62,588	93.61
<b>Total debt securities</b>	<b>62,588</b>	<b>93.61</b>
Collective investment schemes	3,131	4.68
Derivatives	349	0.52
<b>Investment assets including investment liabilities</b>	<b>66,068</b>	<b>98.81</b>
Other net assets	798	1.19
<b>Total net assets</b>	<b>66,866</b>	<b>100.00</b>

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
<b>2021</b>	99.24	111.43	103.45	200	49.62	55.71	51.73
<b>2020</b>	61.94	109.04	90.46	200	30.97	54.52	45.23

#### Leverage

	Minimum	Maximum	Average
	%	%	%
<b>2021</b>	109	254	170
<b>2020</b>	82	137	113

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Amounts held at derivatives clearing houses and brokers	158	-	-	-
Derivative financial liabilities	-	80	158	313
Distribution payable	-	19	-	-
Other creditors	-	222	-	-
<b>Total</b>	<b>158</b>	<b>321</b>	<b>158</b>	<b>313</b>
<b>2020</b>				
Amounts held at derivatives clearing houses and brokers	330	-	-	-
Bank overdrafts	213	-	-	-
Derivative financial liabilities	-	54	23	167
Distribution payable	-	13	-	-
Other creditors	-	440	-	-
<b>Total</b>	<b>543</b>	<b>507</b>	<b>23</b>	<b>167</b>

## Notes to the financial statements (continued)

### 16 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	2021		2020	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	52,826*	5	60,399*	18
Level 2	3,139	546	5,913	226
Level 3	-	-	-	-
	<b>55,965</b>	<b>551</b>	<b>66,312</b>	<b>244</b>

\* Debt securities included in the highest fair value hierarchy level, where their valuation is determined by unadjusted quoted prices from an active market, amount to £52,825,759 as at 30 June 2021 (2020: £60,339,134).

### 17 Direct transaction costs

	Purchases		Sales	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Trades in the year</b>				
Collective investment schemes	-	1,671	1,666	-
Debt securities	17,289	39,217	17,157	24,205
<b>Trades in the year before transaction costs</b>	<b>17,289</b>	<b>40,888</b>	<b>18,823</b>	<b>24,205</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total commissions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxes</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net trades in the year after transaction costs</b>	<b>17,289</b>	<b>40,888</b>	<b>18,823</b>	<b>24,205</b>

## Notes to the financial statements (continued)

### 17 Direct transaction costs (continued)

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Taxes</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Other expenses</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
	<b>2021</b>	<b>2020</b>		
	%	%		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>-</b>	<b>-</b>		

There were no in specie transfers during the year (2020: nil). There were no corporate actions during the year (2020: nil).

There were direct transaction costs associated with derivatives in the year of £1,039 (2020: £962) which is 0.00% of the average net asset value of the fund (2020: 0.00%).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The costs of acquiring and disposing of units/shares in other collective investment schemes are included within the expense ratio which is an intrinsic part of the NAV price per unit/share of the underlying fund.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 0.01% (2020: 0.01%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 18 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class A accumulation</b>				
Group 1	0.2852	-	0.2852	0.5438
Group 2	0.0882	0.1970	0.2852	0.5438
<b>Class A income</b>				
Group 1	0.2539	-	0.2539	0.4803
Group 2	0.1126	0.1413	0.2539	0.4803
<b>Class E accumulation</b>				
Group 1	0.4664	-	0.4664	0.6928
Group 2	0.4664	-	0.4664	0.6928
<b>Class E income</b>				
Group 1	0.4074	-	0.4074	0.6103
Group 2	0.1641	0.2433	0.4074	0.6103
<b>Class I accumulation</b>				
Group 1	0.8311	-	0.8311	1.1487
Group 2	0.3950	0.4361	0.8311	1.1487
<b>Class Z accumulation</b>				
Group 1	0.9146	-	0.9146	1.1802
Group 2	0.5623	0.3523	0.9146	1.1802

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class A accumulation</b>				
Group 1	0.4760	-	0.4760	0.3790
Group 2	0.3244	0.1516	0.4760	0.3790
<b>Class A income</b>				
Group 1	0.4220	-	0.4220	0.3388
Group 2	0.1959	0.2261	0.4220	0.3388
<b>Class E accumulation</b>				
Group 1	0.6484	-	0.6484	0.5365
Group 2	0.2579	0.3905	0.6484	0.5365
<b>Class E income</b>				
Group 1	0.5714	-	0.5714	0.4777
Group 2	0.1711	0.4003	0.5714	0.4777
<b>Class I accumulation</b>				
Group 1	1.1115	-	1.1115	0.9106
Group 2	0.4747	0.6368	1.1115	0.9106
<b>Class Z accumulation</b>				
Group 1	1.1158	-	1.1158	1.0076
Group 2	0.7349	0.3809	1.1158	1.0076

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class A accumulation</b>				
Group 1	0.4738	-	0.4738	0.2966
Group 2	0.1351	0.3387	0.4738	0.2966
<b>Class A income</b>				
Group 1	0.4189	-	0.4189	0.2621
Group 2	0.1554	0.2635	0.4189	0.2621
<b>Class E accumulation</b>				
Group 1	0.6344	-	0.6344	0.4568
Group 2	0.2461	0.3883	0.6344	0.4568
<b>Class E income</b>				
Group 1	0.5579	-	0.5579	0.4039
Group 2	0.1862	0.3717	0.5579	0.4039
<b>Class I accumulation</b>				
Group 1	1.0777	-	1.0777	0.7913
Group 2	0.4503	0.6274	1.0777	0.7913
<b>Class Z accumulation</b>				
Group 1	1.0704	-	1.0704	0.9264
Group 2	1.0704	-	1.0704	0.9264

## Distribution tables (continued)

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A accumulation</b>				
Group 1	0.5397	-	0.5397	0.3407
Group 2	0.2692	0.2705	0.5397	0.3407
<b>Class A income</b>				
Group 1	0.4754	-	0.4754	0.3010
Group 2	0.2501	0.2253	0.4754	0.3010
<b>Class E accumulation</b>				
Group 1	0.6957	-	0.6957	0.5207
Group 2	0.3031	0.3926	0.6957	0.5207
<b>Class E income</b>				
Group 1	0.6089	-	0.6089	0.4533
Group 2	0.2273	0.3816	0.6089	0.4533
<b>Class I accumulation</b>				
Group 1	1.1636	-	1.1636	0.9029
Group 2	0.6943	0.4693	1.1636	0.9029
<b>Class Z accumulation</b>				
Group 1	1.1242	-	1.1242	1.0401
Group 2	1.1242	-	1.1242	1.0401

# Janus Henderson Institutional Short Duration Bond Fund

## Authorised Corporate Director's report

### Investment Fund Manager

Denis Struc, Ian Bettney and Colin Fleury

### Investment objective and policy

The fund aims to provide a return primarily from income with the potential for some capital growth over the long term.

Performance target: To outperform SONIA by 0.25% per annum, before the deduction of charges, over any 3 year period.

The fund invests in a global portfolio of short duration bonds, money market instruments and other fixed income and variable rate securities, issued by governments, companies or any other type of issuer, this may include but is not limited to asset backed and residential mortgage backed securities (ABS & RMBS).

The fund may also hold Collective Investment Schemes (including those managed by Janus Henderson) and cash.

The Investment Manager may use derivatives (complex financial instruments) to reduce risk (specifically credit, currency and interest rate risks) or to manage the fund more efficiently.

The fund is actively managed with reference to SONIA, as this forms the basis of the fund's performance target. The Investment Manager has complete discretion to choose investments for the fund and is not constrained by a benchmark.

### Strategy

The Investment Manager aims to generate returns through the interest income from a diversified portfolio of primarily senior and short maturity investments with a focus on floating rate or low interest rate sensitivity. Investments are spread across highly rated corporate bonds, asset-backed securities, residential mortgage-backed securities and money market instruments. With no benchmark to follow the managers have the flexibility to vary the portfolio mix based on relative value and the desired risk and return.

### Performance summary

Cumulative performance		One year	Three years	Five years	Since inception
		30 Jun 20 - 30 Jun 21	30 Jun 18 - 30 Jun 21	30 Jun 16 - 30 Jun 21	24 Nov 15 - 30 Jun 21
		%	%	%	%
Class Z accumulation (Net)		0.6	2.6	4.2	4.9
SONIA		0.1	1.6	2.5	2.9
Class Z accumulation (Gross)		0.6	2.7	4.4	5.1
SONIA + 0.25%		0.3	2.4	3.8	4.3
Discrete performance	30 Jun 20 - 30 Jun 21	30 Jun 19 - 30 Jun 20	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17
	%	%	%	%	%
Class Z accumulation (Net)	0.6	1.0	1.1	0.6	1.0
SONIA	0.1	0.7*	0.8*	0.5*	0.4*
Class Z accumulation (Gross)	0.6	1.0	1.1	0.7	1.0
SONIA + 0.25%	0.3	1.0*	1.1*	0.7*	0.7*

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

\* From 19 April 2021, the fund benchmark changed from the 3 month GBP LIBOR Interest Rate to SONIA. Past Performance before 19 April 2021 is shown for the previous fund benchmark.

Benchmark values are as at close of business.



## Authorised Corporate Director's report (continued)

### Performance summary (continued)

Source: BNP Paribas

Class Z accumulation (Net), net of OCF and net income reinvested as at 12 noon valuation point.

Class Z accumulation (Gross), gross of OCF and net income reinvested as at 12 noon valuation point.

Class Z accumulation is disclosed as it is the representative share class.

### Benchmark usage:

Index: SONIA

Index usage: Target

Index description: SONIA reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions. The Bank of England is the administrator for SONIA and they are responsible for its governance and publication every London business day. It is the basis of the fund's performance target.

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

## Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales/maturities	£000
MUFG Bank 0.10% 25/08/2021	20,000	PCL Funding FRN 15/06/2023 2 A	20,000
Silver Arrow Athlon FRN 26/04/2031 1 A	18,656	Handelsbanken 0.58% 09/11/2020	20,000
Turbo Finance FRN 20/08/2028 9 A	18,119	Gosforth Funding FRN 19/12/2059 1X A1B	15,724
Fact FRN 20/07/2028 1 A	17,216	Commonwealth Bank of Australia 0.56% 09/12/2020	15,003
Gosforth Funding FRN 19/12/2059 1X A1B	15,888	ABN AMRO Bank 0.065% 11/01/2021	15,000
ABN AMRO Bank 0.065% 11/01/2021	15,000	Barclays Bank 40.60% 09/09/2020	15,000
Barclays Bank 0.20% 10/05/2022	15,000	Crédit Industriel et Commercial 0.94% 01/09/2020	15,000
First Abu Dhabi Bank 0.07% 23/07/2021	15,000	Credit Suisse 0.96% 14/10/2020	15,000
First Abu Dhabi Bank 0.14% 12/11/2021	15,000	First Abu Dhabi Bank 1.00% 12/11/2020	15,000
ING Bank 0.05% 19/10/2021	15,000	Société Générale 0.875% 03/02/2021	15,000
<b>Total purchases</b>	<b>727,363</b>	<b>Total sales/maturities</b>	<b>745,886</b>

### Investment review

The fund returned 0.6% (Net), 0.6% (Gross) based on Class Z accumulation over the year under review, compared with a return of 0.1% in the SONIA Index and a return of 0.3% in the Target Index + 0.25%.

Yields on government debt rose sharply (bond prices fell, reflecting their inverse relationship) during the reporting year, albeit most of this movement took place in early 2021. Sovereign bonds were largely rangebound in the second half of 2020, supported by uncertainty about a possible new wave of COVID-19 infections, the outcome of the US presidential election and the course of the UK's negotiations with the European Union (EU) over a trade deal. However, there was also progress towards developing COVID-19 vaccines and anticipation of further US fiscal stimulus, along with the announcement on Christmas Eve of a UK/EU trade agreement. These bullish factors contributed to a relatively optimistic tone by the end of 2020, supporting investor risk appetite and helping credit to perform well.

By contrast, the first quarter of 2021 was difficult for government bonds as the reflation theme took hold among investors, helped by a relatively smooth roll-out of COVID-19 vaccines in developed countries. US President Joe Biden signed a US\$1.9trn stimulus package into law and prices of crude oil and industrial metals continued to rise as the global economic rebound gathered pace, fostering worries that the leading central banks might start to tighten their ultra-loose monetary policies. However, conditions improved in the second quarter, even as economic reopening progressed and the US Federal Reserve indicated that its key interest rate would likely start rising in 2023, sooner than previously expected. Investors looked past inflation concerns and sovereign debt generally rallied as central bankers said the effect of higher prices would likely prove temporary and indicated that there were no plans for sudden policy adjustments.

Performance was positive, despite the COVID-19-inspired volatility and subsequent interest rate moves. Income was the chief driver of the fund's returns.

Among the fund's three principal asset classes, asset-backed securities (ABS) and investment grade corporate bonds made the largest contributions to performance, while holdings of money market instruments were modestly supportive in the context of ultra-low interest rates. Although sterling assets were vulnerable to continued Brexit-related uncertainty in the first half of the reporting year, our broad diversification between ABS, corporate bonds and money markets was beneficial for performance.

Within the fund's ABS holdings, the holdings in UK prime residential mortgage-backed securities and UK consumer ABS were the leading contributors to returns, with European consumer ABS also supporting performance. In credit, positioning in financials was the main driver of performance. However, the fund underperformed the broader credit market as BBB rated securities played a significant role in the credit rally during the reporting year.

Following the dramatic market sell-off in early 2020 as the pandemic escalated, the fund entered the reporting year with a relatively defensive stance. We cautiously increased exposure to risk as the year progressed, aiming to capitalise on an accelerating economic rebound while remaining mindful of reasons for continued prudence, such as the emergence and rapid spread of the highly contagious Delta variant of COVID-19. Exposure to ABS increased to about 36% by the end of the year, from 33% at the start, and the allocation to money markets fell to 34% from 35%. Corporate bond holdings remained at around 26%.

During the year, the fund made use of currency forwards and interest rate swaps. These instruments were used to hedge both currency and interest rate risk.

We anticipate further strong results from issuers as they lap the previous year, which was affected by the initial COVID-19 lockdowns. Meanwhile, the new issue pipeline remains strong, which should mitigate against any substantial tightening of spreads.

Reflation remains a notable theme, as data releases continue to portray strong price growth in many developed economies and the leading central banks have indicated that the current ultra-loose monetary policies are unlikely to be adjusted anytime soon. We feel that this backdrop favours the protection offered by floating rates. However, we continue to expect that coupon income will be the primary driver of returns going forward.

## Comparative table for the year ended 30 June 2021

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	104.25	103.28	102.18
Return before operating charges*	0.65	1.01	1.13
Operating charges	(0.04)	(0.04)	(0.03)
Return after operating charges*	0.61	0.97	1.10
Distributions on accumulation shares	(0.40)	(0.84)	(0.83)
Retained distributions on accumulation shares	0.40	0.84	0.83
Closing net asset value per share	104.86	104.25	103.28
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.59%	0.94%	1.08%
<b>Other information</b>			
Closing net asset value (£000s)	966,316	1,065,805	1,084,257
Closing number of shares	921,563,079	1,022,310,852	1,049,790,246
Operating charges	0.04%	0.04%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	104.89	104.30	103.30
Lowest share price (pence)	104.30	103.17	102.22

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2021 %	2020 %
<b>Class Z accumulation</b>	0.04	0.04 <sup>1</sup>

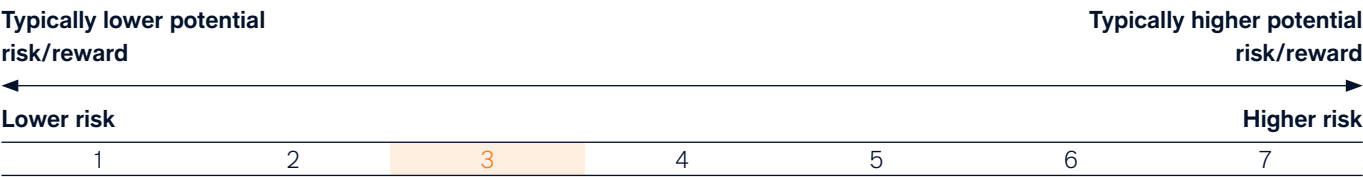
The OCF is calculated in accordance with guidelines issued by ESMA.

<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

Risk and reward profile

The fund currently has one type of share class in issue: Z accumulation.

The risk and reward profile is as follows:



The share class appears at 3 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section of the fund's prospectus.

There has been no change to the risk rating in the year.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class Z accumulation was launched on 24 November 2015 and as it does not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Bonds 65.62% (2020: 58.98%)</b>		
	<b>Australia 3.42% (2020: 3.45%)</b>		
	<b>Asset Backed 0.74% (2020: 0.93%)</b>		
AUD 2,131,310	Driver Australia Five Trust FRN 21/07/2026	1,160	0.12
AUD 6,836,870	Pepper SPARKZ Trust No.2 FRN 16/11/2027 A1A	3,732	0.39
AUD 4,160,862	Pepper SPARKZ Trust No.3 FRN 17/08/2028 A1A	2,271	0.23
		<u>7,162</u>	<u>0.74</u>
	<b>Fixed Rate Bond 1.44% (2020: 1.39%)</b>		
GBP 10,000,000	National Australia Bank 5.125% 09/12/2021	10,213	1.06
USD 5,000,000	Westpac Banking 2.00% 13/01/2023	3,714	0.38
		<u>13,927</u>	<u>1.44</u>
	<b>Floating Rate Note 1.24% (2020: 1.39%)</b>		
GBP 12,000,000	Commonwealth Bank of Australia FRN 12/07/2021	<u>12,000</u>	<u>1.24</u>
	<b>Austria 2.07% (2020: 0.50%)</b>		
	<b>Asset Backed 2.07% (2020: 0.50%)</b>		
EUR 20,000,000	Fact FRN 20/07/2028 1 A	17,297	1.79
EUR 3,141,983	Fact FRN 20/11/2025	2,705	0.28
		<u>20,002</u>	<u>2.07</u>
	<b>Belgium 1.17% (2020: 0.51%)</b>		
	<b>Asset Backed 1.17% (2020: 0.51%)</b>		
EUR 13,000,000	BL Consumer Issuance Platform FRN 25/09/2038 1 A	<u>11,331</u>	<u>1.17</u>
	<b>Denmark 0.54% (2020: 0.00%)</b>		
	<b>Fixed Rate Bond 0.54% (2020: 0.00%)</b>		
EUR 6,000,000	Novo Nordisk Finance 0.00% 04/06/2020	<u>5,187</u>	<u>0.54</u>
	<b>Europe 0.00% (2020: 0.28%)</b>		
	<b>Floating Rate Note 0.00% (2020: 0.28%)</b>		
	<b>France 6.86% (2020: 4.68%)</b>		
	<b>Asset Backed 2.32% (2020: 0.00%)</b>		
EUR 11,500,000	Auto ABS French Leases FRN 29/06/2033 FR1 A	9,981	1.03
EUR 14,400,000	Purple Master Credit Cards FRN 25/05/2034 1 A	12,474	1.30
		<u>22,454</u>	<u>2.32</u>
	<b>Fixed Rate Bond 4.07% (2020: 3.00%)</b>		
GBP 16,900,000	Banque Fédérative du Crédit Mutuel 1.875% 13/12/2022	17,250	1.80
GBP 7,200,000	BPCE 2.125% 16/12/2022	7,372	0.76
GBP 8,000,000	LVMH 1.00% 11/02/2023	8,067	0.83
GBP 6,500,000	Total Capital International 2.25% 09/06/2022	6,617	0.68
		<u>39,306</u>	<u>4.07</u>
	<b>Floating Rate Note 0.47% (2020: 1.68%)</b>		
EUR 5,300,000	LVMH FRN 11/02/2022	<u>4,562</u>	<u>0.47</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Germany 11.65% (2020: 9.77%)</b>		
	<b>Asset Backed 9.00% (2020: 8.05%)</b>		
EUR 3,263,756	Bavarian Sky FRN 20/05/2027 GE10A	2,821	0.29
EUR 1,180,019	Bavarian Sky FRN 20/09/2026 A	1,014	0.10
EUR 5,094,240	Bavarian Sky FRN 20/12/2026 A	4,398	0.46
EUR 14,999,438	Cars Alliance Auto Loans Germany FRN 18/08/2031	12,932	1.33
EUR 3,947,325	Limes Funding FRN 22/09/2029 1 A	3,399	0.35
EUR 11,000,000	Limes Funding FRN 22/09/2030 1 A	9,525	0.99
EUR 4,576,051	PBD Germany Auto FRN 19/09/2031	3,936	0.41
EUR 9,000,000	RED & Black Auto No.3 FRN 15/09/2031 3 A	7,780	0.81
EUR 7,712,281	RED & Black Auto No.7 FRN 15/10/2029 7 A	6,688	0.69
EUR 2,667,861	SC Germany Auto FRN 13/12/2027	2,297	0.24
EUR 15,900,000	SC Germany SA Compartment Consumer FRN 14/11/2034 1 A	13,795	1.42
EUR 4,710,400	Silver Arrow FRN 15/02/2027 11A	4,070	0.42
EUR 1,264,387	VCL Multi-Compartment FRN 21/01/2025	1,087	0.11
EUR 9,007,719	Volkswagen Car Lease FRN 21/01/2027 32 A	7,787	0.81
EUR 6,355,191	Volkswagen Car Lease FRN 21/06/2025 29 A	5,474	0.57
		<u>87,003</u>	<u>9.00</u>
	<b>Fixed Rate Bond 2.65% (2020: 1.72%)</b>		
GBP 8,500,000	Henkel 1.00% 30/09/2022	8,560	0.89
EUR 7,100,000	Siemens Financieringsmaatschappij 0.00% 20/02/2023	6,130	0.63
GBP 3,300,000	Siemens Financieringsmaatschappij 0.875% 05/06/2023	3,324	0.34
GBP 3,300,000	Volkswagen Financial Services 1.75% 12/09/2022	3,343	0.35
GBP 4,200,000	Volkswagen Financial Services 1.625% 09/06/2022	4,240	0.44
		<u>25,597</u>	<u>2.65</u>
	<b>Japan 1.74% (2020: 1.03%)</b>		
	<b>Fixed Rate Bond 1.74% (2020: 0.00%)</b>		
USD 10,000,000	NTT Finance 0.583% 01/03/2024	7,229	0.75
EUR 11,000,000	Toyota Motor Finance 0.625% 26/09/2023	9,626	0.99
		<u>16,855</u>	<u>1.74</u>
	<b>Floating Rate Note 0.00% (2020: 1.03%)</b>		
	<b>Netherlands 6.24% (2020: 6.09%)</b>		
	<b>Asset Backed 4.63% (2020: 3.88%)</b>		
EUR 14,557,968	Magoi FRN 27/07/2039 A	12,572	1.30
EUR 195,750	Matsuba FRN 27/08/2021	168	0.02
EUR 21,400,000	Silver Arrow Athlon FRN 26/04/2031 1 A	18,543	1.92
EUR 15,643,614	Storm FRN 22/06/2054	13,442	1.39
		<u>44,725</u>	<u>4.63</u>
	<b>Fixed Rate Bond 1.61% (2020: 2.21%)</b>		
GBP 9,000,000	ABN AMRO Bank 1.375% 07/06/2022	9,086	0.94
GBP 6,171,000	Cooperatieve Rabobank 4.00% 19/09/2022	6,443	0.67
		<u>15,529</u>	<u>1.61</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Norway 0.00% (2020: 0.27%)</b>		
	<b>Asset Backed 0.00% (2020: 0.27%)</b>		
	<b>Spain 1.07% (2020: 2.28%)</b>		
	<b>Asset Backed 1.07% (2020: 2.28%)</b>		
EUR 11,976,401	Driver Espana FRN 25/09/2030 6A	10,331	1.07
	<b>Sweden 1.29% (2020: 1.27%)</b>		
	<b>Fixed Rate Bond 1.29% (2020: 1.27%)</b>		
EUR 6,000,000	Skandinaviska Enskilda Banken 0.25% 19/05/2023	5,206	0.54
USD 10,000,000	Svenska Handelsbanken 0.625% 20/06/2023	7,274	0.75
		12,480	1.29
	<b>Switzerland 0.79% (2020: 0.79%)</b>		
	<b>Fixed Rate Bond 0.79% (2020: 0.79%)</b>		
EUR 2,910,000	UBS 0.75% 21/04/2023	2,544	0.26
USD 7,000,000	UBS 1.75% 21/04/2022	5,123	0.53
		7,667	0.79
	<b>United Kingdom 22.94% (2020: 22.48%)</b>		
	<b>Asset Backed 17.01% (2020: 14.69%)</b>		
GBP 6,564,861	Brass FRN 16/04/2069 10X A2	6,579	0.68
GBP 11,235,000	Brass FRN 16/10/2059	11,284	1.17
GBP 10,738,131	Brass FRN 16/11/2066 8XA2	10,833	1.12
GBP 12,353,000	Bumper Finance 1 FRN 20/12/2030 1 A	12,384	1.28
GBP 5,770,000	Economic Master Issuer FRN 25/06/2072 1X A1	5,790	0.60
GBP 14,287,977	Elvet Mortgages FRN 22/10/2058	14,351	1.49
GBP 7,458,294	Friary FRN 21/11/2067 6 A	7,524	0.78
GBP 12,041,754	Friary No.4 FRN 21/01/2050	12,057	1.25
GBP 163,970	Gosforth Funding FRN 19/12/2059 1X A1B	164	0.02
GBP 4,966,972	Holmes Master Issuer FRN 15/07/2021 1X A2	4,966	0.51
GBP 5,261,500	Lanark Master Issuer FRN 22/12/2069 2A	5,291	0.55
GBP 4,650,000	Lanark Master Issuer FRN 22/12/2069 1X 1A2	4,653	0.48
GBP 4,100,000	Lanark Master Issuer FRN 22/12/2069 2X2A	4,123	0.43
GBP 13,463,600	Orbita Funding FRN 16/03/2027 1A	13,484	1.40
GBP 6,000,000	Permanent Master Issuer FRN 15/07/2058	6,000	0.62
GBP 7,360,000	PCL Funding V FRN 15/10/2025 1 A	7,377	0.76
USD 2,389,505	Silverstone Master Issuer FRN 21/01/2070 1X 1A	1,731	0.18
GBP 17,290,000	Silverstone Master Issuer FRN 21/01/2070 1X1A	17,346	1.80
GBP 138,962	Turbo Finance FRN 20/02/2026	139	0.01
GBP 18,110,000	Turbo Finance FRN 20/08/2028 9 A	18,216	1.88
		164,292	17.01
	<b>Fixed Rate Bond 2.81% (2020: 5.73%)</b>		
GBP 12,000,000	Coventry Building Society 1.50% 23/01/2023	12,157	1.27
GBP 8,840,000	Nationwide Building Society 1.00% 24/01/2023	8,913	0.92
GBP 6,000,000	Unilever 1.125% 03/02/2022	6,031	0.62
		27,101	2.81



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Floating Rate Note 2.08% (2020: 2.06%)</b>		
GBP 10,000,000	HSBC Bank FRN 08/03/2023	10,110	1.04
GBP 10,000,000	TSB Bank FRN 07/12/2022	10,030	1.04
		<u>20,140</u>	<u>2.08</u>
	<b>Stepped Rate Bond 1.04% (2020: 0.00%)</b>		
GBP 10,000,000	Santander UK FRN 16/11/2022	<u>10,021</u>	<u>1.04</u>
	<b>United States 5.84% (2020: 5.58%)</b>		
	<b>Fixed Rate Bond 5.84% (2020: 5.58%)</b>		
EUR 9,000,000	Apple 1.00% 10/11/2022	7,872	0.81
EUR 9,000,000	Berkshire Hathaway 0.625% 17/01/2023	7,828	0.81
EUR 12,480,000	Colgate-Palmolive 0.00% 12/11/2021	10,726	1.11
GBP 11,000,000	Met Life Global Funding 1.125% 15/12/2021	11,042	1.15
USD 14,000,000	US Bank 1.95% 09/01/2023	10,377	1.07
GBP 8,500,000	Wells Fargo 2.125% 22/04/2022	8,610	0.89
		<u>56,455</u>	<u>5.84</u>
	<b>Certificates of Deposit 34.57% (2020: 35.26%)</b>		
	<b>Australia 1.55% (2020: 1.41%)</b>		
GBP 15,000,000	Commonwealth Bank of Australia 0.16% 28/06/2022	<u>15,006</u>	<u>1.55</u>
	<b>Canada 2.07% (2020: 0.00%)</b>		
GBP 10,000,000	Toronto-Dominion Bank 0.10% 06/09/2021	10,002	1.04
GBP 10,000,000	Toronto-Dominion Bank 0.17% 04/07/2022	10,005	1.03
		<u>20,007</u>	<u>2.07</u>
	<b>Denmark 0.00% (2020: 0.94%)</b>		
	<b>Finland 2.48% (2020: 0.94%)</b>		
GBP 15,000,000	Nordea Bank 0.15% 11/05/2022	15,007	1.55
GBP 9,000,000	Nordea Bank 0.16% 07/04/2022	9,005	0.93
		<u>24,012</u>	<u>2.48</u>
	<b>France 4.66% (2020: 7.52%)</b>		
GBP 10,000,000	Crédit Agricole Corporate & Investment Bank 0.03% 14/07/2021	10,000	1.03
GBP 10,000,000	Crédit Agricole Corporate & Investment Bank 0.19% 31/08/2021	10,003	1.04
GBP 15,000,000	Crédit Industriel et Commercial 0.145% 24/02/2022	15,007	1.55
GBP 10,000,000	Société Générale 0.10% 14/01/2022	10,003	1.04
		<u>45,013</u>	<u>4.66</u>
	<b>Germany 0.00% (2020: 2.82%)</b>		
	<b>Japan 2.07% (2020: 1.41%)</b>		
GBP 20,000,000	MUFG Bank 0.10% 25/08/2021	<u>20,003</u>	<u>2.07</u>
	<b>Netherlands 2.59% (2020: 2.82%)</b>		
GBP 15,000,000	ING Bank 0.05% 19/10/2021	15,001	1.55
GBP 10,000,000	Rabobank 0.10% 29/11/2021	10,003	1.04
		<u>25,004</u>	<u>2.59</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Singapore 3.11% (2020: 0.00%)</b>			
GBP 5,000,000	United Overseas Bank 0.10% 01/10/2021	5,001	0.52
GBP 10,000,000	United Overseas Bank 0.10% 02/12/2021	10,003	1.03
GBP 5,000,000	United Overseas Bank 0.10% 07/10/2021	5,001	0.52
GBP 10,000,000	United Overseas Bank 0.10% 22/09/2021	10,002	1.04
		<u>30,007</u>	<u>3.11</u>
<b>Sweden 3.62% (2020: 1.88%)</b>			
GBP 15,000,000	Handelsbanken 0.06% 02/07/2021	14,999	1.55
GBP 10,000,000	SEB 0.07% 09/08/2021	10,001	1.03
GBP 10,000,000	SEB 0.15% 16/06/2022	10,004	1.04
		<u>35,004</u>	<u>3.62</u>
<b>Switzerland 3.62% (2020: 4.70%)</b>			
GBP 10,000,000	Credit Suisse 0.10% 09/11/2021	10,003	1.03
GBP 5,000,000	Credit Suisse 0.12% 01/10/2021	5,001	0.52
GBP 10,000,000	Credit Suisse 0.26% 26/07/2021	10,002	1.04
GBP 10,000,000	UBS 0.07% 09/08/2021	10,001	1.03
		<u>35,007</u>	<u>3.62</u>
<b>United Arab Emirates 3.11% (2020: 2.82%)</b>			
GBP 15,000,000	First Abu Dhabi Bank 0.07% 23/07/2021	15,001	1.55
GBP 15,000,000	First Abu Dhabi Bank 0.14% 12/11/2021	15,006	1.56
		<u>30,007</u>	<u>3.11</u>
<b>United Kingdom 4.65% (2020: 8.00%)</b>			
GBP 15,000,000	Barclays Bank 0.20% 10/05/2022	15,014	1.54
GBP 10,000,000	Barclays Bank 0.23% 10/09/2021	10,004	1.04
GBP 10,000,000	Standard Chartered Bank 0.14% 03/11/2021	10,004	1.04
GBP 10,000,000	Standard Chartered Bank 0.15% 23/02/2022	10,005	1.03
		<u>45,027</u>	<u>4.65</u>
<b>United States 1.04% (2020: 0.00%)</b>			
GBP 10,000,000	Citibank 0.10% 04/10/2021	10,002	1.04
<b>Derivatives (0.13%) (2020: (0.49%))</b>			
<b>Swaps (0.08%) (2020: (0.17%))<sup>1</sup></b>			
<b>Interest Rate Swaps (0.08%) (2020: (0.17%))<sup>1</sup></b>			
2,500,000	IRS 0.1112% LIBOR 3 month - Receive Floating - GBP <sup>2</sup>	-	-
7,400,000	IRS 0.1482% LIBOR 3 month - Receive Floating - GBP	6	-
3,300,000	IRS 0.1752% LIBOR 3 month - Receive Floating - GBP	6	-
10,000,000	IRS 0.265% LIBOR 3 month - Receive Floating - USD	8	-
6,000,000	IRS 0.3452% LIBOR 3 month - Receive Floating - GBP	(9)	-
10,000,000	IRS 0.358% LIBOR 3 month - Receive Floating - USD	22	-
9,000,000	IRS 0.3587% LIBOR 3 month - Receive Floating - GBP	(19)	-
2,910,000	IRS -0.3692% EURIBOR 3 month - Receive Floating - EUR	(5)	-
5,434,000	IRS 0.3702% LIBOR 3 month - Receive Floating - GBP	(7)	-
7,500,000	IRS 0.3717% LIBOR 3 month - Receive Floating - GBP	(9)	-
5,566,000	IRS 0.3732% LIBOR 3 month - Receive Floating - GBP	(7)	-
7,000,000	IRS 0.41% LIBOR 3 month - Receive Floating - USD	(10)	-
7,100,000	IRS -0.412% EURIBOR 3 month - Receive Floating - EUR	(8)	-
4,000,000	IRS -0.42% EURIBOR 3 month - Receive Floating - EUR	(2)	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Interest Rate Swaps (continued)</b>			
6,000,000	IRS -0.425% EURIBOR 3 month - Receive Floating - EUR	(6)	-
6,480,000	IRS -0.426% EURIBOR 3 month - Receive Floating - EUR	1	-
6,000,000	IRS -0.427% EURIBOR 3 month - Receive Floating - EUR	1	-
5,000,000	IRS -0.432% EURIBOR 3 month - Receive Floating - EUR	(2)	-
6,500,000	IRS 0.4327% LIBOR 3 month - Receive Floating - GBP	(18)	-
6,000,000	IRS -0.452% EURIBOR 3 month - Receive Floating - EUR	3	-
11,000,000	IRS -0.4865% EURIBOR 3 month - Receive Floating - EUR <sup>2</sup>	-	-
9,000,000	IRS -0.499% EURIBOR 3 month - Receive Floating - EUR	2	-
6,171,000	IRS 0.5622% LIBOR 3 month - Receive Floating - GBP	(29)	-
8,840,000	IRS 0.5632% LIBOR 3 month - Receive Floating - GBP	(46)	-
9,500,000	IRS 0.6147% LIBOR 3 month - Receive Floating - GBP	(56)	(0.01)
8,500,000	IRS 0.6202% LIBOR 3 month - Receive Floating - GBP	(35)	-
8,000,000	IRS 0.6438% LIBOR 3 month - Receive Floating - GBP	(54)	(0.01)
8,500,000	IRS 0.654% LIBOR 3 month - Receive Floating - GBP	(50)	(0.01)
12,000,000	IRS 0.7152% LIBOR 3 month - Receive Floating - GBP	(91)	(0.01)
7,200,000	IRS 0.7512% LIBOR 3 month - Receive Floating - GBP	(57)	(0.01)
14,000,000	IRS 1.5754% LIBOR 3 month - Receive Floating - USD	(207)	(0.02)
5,000,000	IRS 1.629% LIBOR 3 month - Receive Floating - USD	(77)	(0.01)
		<u>(755)</u>	<u>(0.08)</u>
<b>Forward Foreign Exchange Contracts (0.05%) (2020: (0.32%))<sup>1</sup></b>			
	Buy AUD 243,697 : Sell GBP 131,895 July 2021	1	-
	Buy AUD 365,858 : Sell GBP 198,314 July 2021	1	-
	Buy AUD 83,228 : Sell GBP 45,370 July 2021 <sup>2</sup>	-	-
	Buy AUD 90,061 : Sell GBP 48,924 July 2021 <sup>2</sup>	-	-
	Buy EUR 1,027,111 : Sell GBP 878,712 July 2021	3	-
	Buy EUR 1,071,301 : Sell GBP 920,116 July 2021 <sup>2</sup>	-	-
	Buy EUR 1,699 : Sell GBP 1,460 July 2021 <sup>2</sup>	-	-
	Buy EUR 204,371 : Sell GBP 175,750 July 2021 <sup>2</sup>	-	-
	Buy EUR 243,152 : Sell GBP 208,292 July 2021	1	-
	Buy EUR 2,957,004 : Sell GBP 2,530,610 July 2021	9	-
	Buy EUR 821,140 : Sell GBP 705,079 July 2021 <sup>2</sup>	-	-
	Buy GBP 224,798,161 : Sell EUR 261,453,873 July 2021	248	0.03
	Buy GBP 34,894,348 : Sell USD 49,260,551 July 2021	(763)	(0.08)
	Buy GBP 7,615,471 : Sell AUD 13,966,896 July 2021	25	-
	Buy GBP 9,491,798 : Sell EUR 11,092,620 July 2021	(35)	-
	Buy GBP 9,965,884 : Sell EUR 11,627,190 July 2021	(20)	-
	Buy USD 35,015 : Sell GBP 25,181 July 2021 <sup>2</sup>	-	-
	Buy USD 38,468 : Sell GBP 27,571 July 2021 <sup>2</sup>	-	-
		<u>(530)</u>	<u>(0.05)</u>
	<b>Investment assets including investment liabilities</b>	<b>966,942</b>	<b>100.06</b>
	Other net liabilities	<u>(626)</u>	<u>(0.06)</u>
	<b>Total net assets</b>	<b>966,316</b>	<b>100.00</b>

<sup>1</sup> Not listed on an official stock exchange

<sup>2</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

Prior year comparative percentages have changed for some sectors due to reclassification within these sectors.

## Statement of total return for the year ended 30 June 2021

	Note	£000	2021 £000	£000	2020 £000
Income					
Net capital gains	2		1,994		1,349
Revenue	3	4,286		9,081	
Expenses	4	(417)		(379)	
Interest payable and similar charges	5	(5)		(6)	
Net revenue before taxation		3,864		8,696	
Taxation	6	-		-	
Net revenue after taxation			3,864		8,696
Total return before distributions			5,858		10,045
Distributions	7		(3,864)		(8,696)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,994</b>		<b>1,349</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

	2021 £000	£000	2020 £000	£000
<b>Opening net assets attributable to shareholders</b>		<b>1,065,805</b>		<b>1,084,257</b>
Amounts receivable on issue of shares	33,744		41,252	
Amounts payable on cancellation of shares	(139,084)		(69,745)	
		(105,340)		(28,493)
Dilution adjustment		52		23
Change in net assets attributable to shareholders from investment activities		1,994		1,349
Retained distributions on accumulation shares		3,805		8,669
<b>Closing net assets attributable to shareholders</b>		<b>966,316</b>		<b>1,065,805</b>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		968,564	1,004,394
Current assets:			
Debtors	8	1,673	3,313
Cash and bank balances	9	28,012	71,216
<b>Total assets</b>		<b>998,249</b>	<b>1,078,923</b>
<b>Liabilities:</b>			
Investment liabilities		1,622	5,252
Creditors:			
Amounts held at derivative clearing houses and brokers		-	53
Other creditors	10	30,311	7,813
<b>Total liabilities</b>		<b>31,933</b>	<b>13,118</b>
<b>Net assets attributable to shareholders</b>		<b>966,316</b>	<b>1,065,805</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Derivative securities	1,240	(1,896)
Forward currency contracts	16,807	(5,536)
Non-derivative securities	(16,484)	9,371
Other currency gains/(losses)	431	(588)
Transaction costs	-	(2)
<b>Net capital gains</b>	<b>1,994</b>	<b>1,349</b>

### 3 Revenue

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Bank interest	2	202
Derivative revenue	(1,084)	(261)
Interest on debt securities	5,368	9,136
Interest on margin	-	4
<b>Total revenue</b>	<b>4,286</b>	<b>9,081</b>

### 4 Expenses

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
GAC*	303	259
	303	259
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	63	65
Safe custody fees	51	55
	114	120
<b>Total expenses</b>	<b>417</b>	<b>379</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £10,316).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	5	6
<b>Total interest payable and similar charges</b>	<b>5</b>	<b>6</b>

### 6 Taxation

#### a) Analysis of charge in the year

There is no tax charge for the current year (2020: nil).

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	3,864	8,696
Corporation tax at 20% (2020: 20%)	773	1,739
Effects of: Revenue being paid as interest distributions	(773)	(1,739)
<b>Tax charge for the year (note 6a)</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim accumulation	3,065	6,935
Final accumulation	740	1,734
	<b>3,805</b>	<b>8,669</b>
Amounts deducted on cancellation of shares	87	86
Amounts received on issue of shares	(28)	(59)
<b>Total distributions</b>	<b>3,864</b>	<b>8,696</b>

Details of the distribution per share are set out in the Distribution tables on page 243.

## Notes to the financial statements (continued)

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	1,673	3,193
Sales awaiting settlement	-	120
<b>Total debtors</b>	<b>1,673</b>	<b>3,313</b>

### 9 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	2,070	3,489
Cash and bank balances	25,942	67,727
<b>Total cash and bank balances</b>	<b>28,012</b>	<b>71,216</b>

### 10 Other creditors

	2021 £000	2020 £000
Accrued Depositary's fee	5	5
Accrued other expenses	34	36
Amounts payable for cancellation of shares	2,847	-
Derivative revenue payable	133	36
Purchases awaiting settlement	27,292	7,736
<b>Total other creditors</b>	<b>30,311</b>	<b>7,813</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 232 and 233 and notes 4, 7 and 10 on pages 234 to 236 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

HSBC Global Custody Nominee (UK) Limited, as a material shareholder, is a related party holding shares comprising 100% of the total net assets of the fund as at the year end (2020: 100%).

### 13 Shareholders' funds

The fund currently has 1 share classes available: Class Z (Institutional). The annual management charge on the share class is as follows:

	2021 %	2020 %
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative table on page 223. The distribution per share class is given in the Distribution tables on page 243. All share classes have the same rights on winding up.



## Notes to the financial statements (continued)

### 13 Shareholders' funds (continued)

#### Shares reconciliation as at 30 June 2021

	<b>Class Z accumulation</b>
Opening number of shares	1,022,310,852
Issues during the year	32,259,204
Cancellations during the year	(133,006,977)
<b>Closing shares in issue</b>	<b>921,563,079</b>

### 14 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of forward foreign exchange contracts as at 30 June 2021 (2020: nil). The fund had cash assets of £2,069,410 (2020: £3,489,476) and cash liabilities of nil (2020: £52,619) held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

<b>Counterparty</b>	<b>Forward foreign exchange contracts £000</b>	<b>Interest rate swaps £000</b>	<b>Total by counterparty £000</b>
BNP Paribas	288	-	288
Citigroup	-	49	49
	<b>288</b>	<b>49</b>	<b>337</b>

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

<b>Counterparty</b>	<b>Forward foreign exchange contracts £000</b>	<b>Interest rate swaps £000</b>	<b>Total by counterparty £000</b>
BNP Paribas	37	-	37
Citigroup	-	15	15
	<b>37</b>	<b>15</b>	<b>52</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	293,221	46,403	339,624
JPMorgan	-	102,845	102,845
Morgan Stanley	-	60,350	60,350
	<b>293,221</b>	<b>209,598</b>	<b>502,819</b>

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	296,535	49,218	345,753
JPMorgan	-	101,416	101,416
Morgan Stanley	-	76,275	76,275
	<b>296,535</b>	<b>226,909</b>	<b>523,444</b>

### 15 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2021</b>				
Australian dollar	7,163	-	5	7,168
Euro	200,478	55,119	104	255,701
UK sterling	232,338	465,367	1,738	699,443
US dollar	2,107	33,716	114	35,937
<b>Total</b>	<b>442,086</b>	<b>554,202</b>	<b>1,961</b>	<b>998,249</b>
	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2020</b>				
Australian dollar	9,909	-	8	9,917
Euro	183,563	51,733	238	235,534
Norwegian krone	-	-	2,915	2,915
UK sterling	232,770	525,399	36,707	794,876
US dollar	5,683	29,794	204	35,681
<b>Total</b>	<b>431,925</b>	<b>606,926</b>	<b>40,072</b>	<b>1,078,923</b>

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Interest rate risk (continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2021</b>				
Euro	23	-	17,327	17,350
UK sterling	487	-	13,755	14,242
US dollar	294	-	47	341
<b>Total</b>	<b>804</b>	<b>-</b>	<b>31,129</b>	<b>31,933</b>
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2020</b>				
Euro	25	-	18	43
UK sterling	1,249	-	11,211	12,460
US dollar	610	-	5	615
<b>Total</b>	<b>1,884</b>	<b>-</b>	<b>11,234</b>	<b>13,118</b>

#### Credit Ratings

	Market value £000	Percentage of total net assets %
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)*	968,227	100.19
<b>Total debt securities</b>	<b>968,227</b>	<b>100.19</b>
Derivatives	(1,285)	(0.13)
<b>Investment assets including investment liabilities</b>	<b>966,942</b>	<b>100.06</b>
Other net liabilities	(626)	(0.06)
<b>Total net assets</b>	<b>966,316</b>	<b>100.00</b>
	Market value £000	Percentage of total net assets %
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)*	937,044	87.93
Unrated	67,298	6.31
<b>Total debt securities</b>	<b>1,004,342</b>	<b>94.24</b>
Derivatives	(5,200)	(0.49)
<b>Investment assets including investment liabilities</b>	<b>999,142</b>	<b>93.75</b>
Other net assets	66,663	6.25
<b>Total net assets</b>	<b>1,065,805</b>	<b>100.00</b>

\* Certificates of deposits included within investment grade have been rated based on the rating of the issuer.

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2021	0.22	1.36	0.35	20	1.12	6.79	1.74
2020	0.17	1.31	0.29	20	0.85	6.54	1.44

#### Leverage

	Minimum	Maximum	Average
	%	%	%
2021	45	108	62
2020	39	110	62

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2021				
Derivative financial liabilities	-	932	690	-
Other creditors	-	30,311	-	-
<b>Total</b>	<b>-</b>	<b>31,243</b>	<b>690</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Amounts held at derivatives clearing houses and brokers	53	-	-	-
Derivative financial liabilities	-	3,565	1,687	-
Other creditors	-	7,813	-	-
<b>Total</b>	<b>53</b>	<b>11,378</b>	<b>1,687</b>	<b>-</b>

## Notes to the financial statements (continued)

### 16 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	2021		2020	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	968,564	1,622	1,004,394	5,252
Level 3	-	-	-	-
	<u>968,564</u>	<u>1,622</u>	<u>1,004,394</u>	<u>5,252</u>

### 17 Direct transaction costs

	Purchases		Sales	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Trades in the year</b>				
Certificates of Deposit	414,005	670,516	455,008	661,018
Debt securities	313,358	475,265	290,878	523,647
<b>Trades in the year before transaction costs</b>	<u>727,363</u>	<u>1,145,781</u>	<u>745,886</u>	<u>1,184,665</u>
<b>Transaction costs</b>				
<b>Commissions</b>				
Certificates of Deposit	-	-	-	-
Debt securities	-	-	-	-
<b>Total commissions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Taxes</b>				
Certificates of Deposit	-	-	-	-
Debt securities	-	-	-	-
<b>Total taxes</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other expenses</b>				
Certificates of Deposit	-	-	-	-
Debt securities	-	-	-	-
<b>Total other expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total transaction costs</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total net trades in the year after transaction costs</b>	<u>727,363</u>	<u>1,145,781</u>	<u>745,886</u>	<u>1,184,665</u>

## Notes to the financial statements (continued)

### 17 Direct transaction costs (continued)

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Certificates of Deposit	-	-	-	-
Debt securities	-	-	-	-
<b>Taxes</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Other expenses</b>				
Certificates of Deposit	-	-	-	-
Debt securities	-	-	-	-
	<b>2021</b>	<b>2020</b>		
	%	%		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>-</b>	<b>-</b>		

There were no in specie transfers during the year (2020: nil). There were no corporate actions during the year (2020: nil).

There were no direct transaction costs associated with derivatives in the year (2020: nil).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 0.10% (2020: 0.18%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 18 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class Z accumulation</b>				
Group 1	0.1314	-	0.1314	0.2302
Group 2	0.1314	-	0.1314	0.2302

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class Z accumulation</b>				
Group 1	0.1034	-	0.1034	0.2221
Group 2	0.0176	0.0858	0.1034	0.2221

### Interim interest distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class Z accumulation</b>				
Group 1	0.0831	-	0.0831	0.2161
Group 2	0.0831	-	0.0831	0.2161

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class Z accumulation</b>				
Group 1	0.0803	-	0.0803	0.1696
Group 2	0.0803	-	0.0803	0.1696

# Janus Henderson Institutional UK Gilt Fund

## Authorised Corporate Director's report

### Investment Fund Managers

Andrew Mulliner and Bethany Payne

### Investment objective and policy

The fund aims to provide an income with the potential for capital growth over the long term.

Performance target: To outperform the FTSE Actuaries All Stocks Gilt Index by 0.75% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in UK government bonds (also known as gilts) of any maturity.

The fund is actively managed with reference to the FTSE Actuaries All Stocks Gilt Index, which is broadly representative of the bonds in which it may invest, as this forms the basis of the fund's performance target. The Investment Manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

### Strategy

The Investment Manager aims to provide a return in excess of the benchmark by investing primarily in UK government bonds, including inflation-linked gilts and floating rate assets. The managers can also invest in other global fixed income securities with a focus on G10 government bond markets and associated fixed income derivatives, with the aim of providing diversification in the portfolio, as well as looking to enhance returns and/or manage risk.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception
	30 Jun 20 - 30 Jun 21 %	30 Jun 18 - 30 Jun 21 %	30 Jun 16 - 30 Jun 21 %	4 Sep 00 - 30 Jun 21 %
<b>Class I accumulation (Net)</b>	(7.2)	8.2	8.7	124.8
<b>FTSE Actuaries All Stocks Gilt Index</b>	(6.2)	9.4	10.5	179.9
<b>IA UK Gilts</b>	(7.0)	9.3	10.7	133.3
<b>Class I accumulation (Gross)</b>	(6.7)	9.9	11.7	151.1
<b>FTSE Actuaries All Stocks Gilt Index + 0.75%</b>	(5.5)	11.8	14.7	227.0

Discrete performance	30 Jun 20 - 30 Jun 21 %	30 Jun 19 - 30 Jun 20 %	30 Jun 18 - 30 Jun 19 %	30 Jun 17 - 30 Jun 18 %	30 Jun 16 - 30 Jun 17 %
<b>Class I accumulation (Net)</b>	(7.2)	11.5	4.5	1.2	(0.6)
<b>FTSE Actuaries All Stocks Gilt Index</b>	(6.2)	11.2	4.9	1.9	(0.9)
<b>IA UK Gilts</b>	(7.0)	12.0	5.0	2.1	(0.8)
<b>Class I accumulation (Gross)</b>	(6.7)	12.1	5.1	1.7	(0.1)
<b>FTSE Actuaries All Stocks Gilt Index + 0.75%</b>	(5.5)	12.0	5.7	2.7	(0.1)

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Class I accumulation (Gross), NAV to NAV, gross of OCF and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.



## Authorised Corporate Director's report (continued)

### Performance summary (continued)

#### Benchmark usage:

Index: FTSE Actuaries All Stocks Gilt Index

Index usage: Target

Index description: The FTSE Actuaries All Stock Gilt Index is a measure of the combined performance of conventional bonds issued by the British government. It is the basis for the fund's performance target.

Peer group: IA UK Gilts

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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

### Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales	£000
UK Treasury 0.25% 31/07/2031	3,948	Janus Henderson All Stocks Credit Fund Z Accumulation <sup>1</sup>	3,475
UK Treasury 1.25% 22/07/2027	3,554	UK Treasury 4.25% 07/03/2036	2,155
UK Treasury 0.625% 22/10/2050	3,316	UK Treasury 3.75% 07/09/2021	1,758
UK Treasury 0.375% 22/10/2030	3,010	UK Treasury 1.625% 22/10/2028	1,733
UK Treasury 0.125% 30/01/2026	2,793	UK Treasury 4.75% 07/12/2030	1,708
UK Treasury 0.625% 31/07/2035	2,027	UK Treasury 4.75% 07/12/2038	1,704
UK Treasury 0.875% 22/10/2029	1,696	UK Treasury 1.00% 22/04/2024	1,687
UK Treasury 0.125% 31/01/2028	1,623	UK Treasury 0.625% 22/10/2050	1,643
UK Treasury 1.50% 22/07/2047	1,113	UK Treasury 4.25% 07/12/2027	1,592
UK Treasury 1.25% 22/10/2041	1,095	UK Treasury 2.75% 07/09/2024	1,005
<b>Total purchases</b>	<b>33,440</b>	<b>Total sales</b>	<b>28,357</b>

<sup>1</sup> Related party to the fund

### Investment review

The fund fell 7.2% (Net), 6.7% (Gross) based on Class I accumulation over the year under review, compared with a fall of 6.2% in the FTSE Actuaries All Stocks Gilt Index, a fall of 5.5% in the Target Index + 0.75% and a fall of 7.0% in the IA UK Gilts peer group benchmark.

Government bond yields moved sideways over the first half of the reporting year, as accommodative monetary and fiscal policy from central banks and governments helped to dampen the impact of pandemic-related shutdowns and the uncertainty about reopening. Towards the end of 2020, the announcement of multiple COVID-19 vaccines and the US presidential election result helped to boost risk appetite, and this improved sentiment continued into 2021. The new year saw a sharp rise in government bond yields in February and March, as a reflation mindset took hold, driven by the roll-out of COVID-19 vaccines and anticipation – and subsequent delivery – of further US fiscal stimulus. In the UK, the 10-year gilt yield hit pre-pandemic levels of 0.89% as expectations that the Bank of England (BoE) would take rates into negative territory faded, before falling back to end the quarter at 0.71%. This resulted in falling bond prices, and negative returns for UK gilts, of -6.2%, over the reporting year. UK inflation-linked gilts fared slightly better as inflation expectations rose (with 10-year gilt breakeven inflation reaching the highest levels since 2008).

Following the pandemic-related fall in government bond yields to new lows, our approach has been to focus our overweight duration exposure to emerging markets, and in developed markets at shorter maturities on the expectation that yield curves would steepen as the recovery continued. This performed well in 2020 as central banks signalled that rates would be on hold for the foreseeable future. However, in 2021 the reflationary backdrop led to higher yields and steeper yield curves globally, which negatively impacted the fund's positions in the 3-5-year part of the curve. This was the case in Australia, where yields repriced sharply beyond the three-year maturity, which is where the central bank is enacting yield curve control, and also the position in Canada. At the end of the reporting year, we further reduced interest rate duration at the front end of the yield curve.

Within emerging markets, we maintained an overweight position in government bonds of Indonesia, where the central bank cut interest rates three times over the reporting year. Exposure to both the bonds and currency have proved accretive. However, the position in Mexican local rates, which has performed well over the longer term, suffered in the final quarter following the US Federal Reserve's meeting in June. The Banxico raised interest rates to 4.25% and the market priced in further rate hikes, leading to lower bond prices.

In the UK, yield curve strategies added value, where the fund was positioned for the outperformance of 30-year UK gilts relative to 10-year gilt futures. However, a position in inflation swaps established on the expectation that UK inflation pricing would fall from elevated levels detracted from performance.

Within currencies, the fund made gains on the position expecting sterling to rise versus the euro. The progress on Brexit and COVID-19 vaccine distribution in the UK has been a positive tailwind for the currency, alongside a less dovish BoE.

Our continued belief in the potential strength of the economic recovery and the value in credit markets following the pandemic-related sell-off led us to maintain a modest overweight exposure to sterling investment grade corporate bonds out of gilts. This was beneficial for performance as credit spreads continued to tighten toward historic lows, and we took profits in early 2021.

The fund utilises derivatives. During the year, derivative positions included the use of government bond futures and interest rate/inflation swaps to implement active positions and manage overall interest rate exposure. Forward foreign exchange contracts were used to implement currency positions.

Central banks are expected to remain patient and likely avoid pre-emptive tightening of policy, but they also cannot ignore the strength of the economic data. Given the recovery in core government bond markets, particularly at longer maturities towards the end of the reporting year, this leaves yields at the lower end of the expected range, in our view. Global divergence in rate cycles is likely to become more of a theme in coming years as different regions begin to adjust policy settings. Despite the pick-up in inflation, we expect this to peak later in the year and that inflation-linked bond markets have priced this in, with real yields at or close to historic lows. Within emerging market rates, we remain selective given inflation risks but continue to favour countries where real yields are elevated and currencies relatively stable.

## Comparative tables for the year ended 30 June 2021

	Class A income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	235.13	213.83	207.10
Return before operating charges*	(15.40)	25.51	10.45
Operating charges	(1.90)	(2.09)	(1.88)
Return after operating charges*	(17.30)	23.42	8.57
Distributions on income shares	(1.33)	(2.12)	(1.84)
Closing net asset value per share	216.50	235.13	213.83
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(7.36%)	10.95%	4.14%
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### Other information

Closing net asset value (£000s)	811	998	1,024
Closing number of shares	374,389	424,556	479,035
Operating charges	0.84%	0.93%	0.91%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	236.85	241.34	215.80
Lowest share price (pence)	213.13	213.23	198.80

	Class D accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	176.39	157.94	150.70
Return before operating charges*	(11.62)	18.95	7.68
Operating charges	(0.51)	(0.50)	(0.44)
Return after operating charges*	(12.13)	18.45	7.24
Distributions on accumulation shares	(1.92)	(2.61)	(2.29)
Retained distributions on accumulation shares	1.92	2.61	2.29
Closing net asset value per share	164.26	176.39	157.94
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(6.88%)	11.68%	4.80%
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### Other information

Closing net asset value (£000s)	4,111	3,499	13,112
Closing number of shares	2,502,794	1,983,717	8,301,968
Operating charges	0.30%	0.30%	0.29%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	177.76	180.25	159.00
Lowest share price (pence)	161.37	158.40	145.20

## Comparative tables (continued)

	Class E income	
	2021	08/07/19 - 30/06/20
	(pence per share)	(pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	235.13	217.09 <sup>1</sup>
Return before operating charges*	(15.42)	22.22
Operating charges	(1.33)	(1.51)
Return after operating charges*	(16.75)	20.71
Distributions on income shares	(1.89)	(2.67)
Closing net asset value per share	216.49	235.13
* after direct transaction costs of:	-	-

### Performance

Return after charges	(7.12%)	9.54%
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### Other information

Closing net asset value (£000s)	135	134
Closing number of shares	62,388	57,103
Operating charges	0.59%	0.68%
Direct transaction costs	0.00%	0.00%

### Prices

Highest share price (pence)	236.89	241.44
Lowest share price (pence)	213.19	213.34

<sup>1</sup> Class E income launched on 8 July 2019 and this is the first published price.

	Class I accumulation		
	2021	2020	2019
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	385.84	346.34	331.26
Return before operating charges*	(25.38)	41.55	16.87
Operating charges	(1.68)	(2.05)	(1.79)
Return after operating charges*	(27.06)	39.50	15.08
Distributions on accumulation shares	(3.64)	(4.80)	(4.21)
Retained distributions on accumulation shares	3.64	4.80	4.21
Closing net asset value per share	358.78	385.84	346.34
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(7.01%)	11.40%	4.55%
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### Other information

Closing net asset value (£000s)	5,326	7,461	6,620
Closing number of shares	1,484,526	1,933,599	1,911,355
Operating charges	0.45%	0.56%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	388.80	394.59	348.70
Lowest share price (pence)	352.53	347.30	318.90

## Comparative tables (continued)

	Class I income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	233.22	212.09	205.42
Return before operating charges*	(15.28)	25.31	10.36
Operating charges	(1.01)	(1.25)	(1.11)
Return after operating charges*	(16.29)	24.06	9.25
Distributions on income shares	(2.19)	(2.93)	(2.58)
Closing net asset value per share	214.74	233.22	212.09
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(6.98%)	11.34%	4.50%
<b>Other information</b>			
Closing net asset value (£000s)	1,678	2,227	2,101
Closing number of shares	781,217	954,588	990,497
Operating charges	0.45%	0.56%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	235.01	239.54	214.20
Lowest share price (pence)	211.49	211.66	197.20

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	256.70	229.28	218.21
Return before operating charges*	(16.92)	27.54	11.16
Operating charges	(0.12)	(0.12)	(0.09)
Return after operating charges*	(17.04)	27.42	11.07
Distributions on accumulation shares	(3.42)	(4.40)	(3.86)
Retained distributions on accumulation shares	3.42	4.40	3.86
Closing net asset value per share	239.66	256.70	229.28
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(6.64%)	11.96%	5.07%
<b>Other information</b>			
Closing net asset value (£000s)	57,794	54,842	252,474
Closing number of shares	24,115,526	21,363,973	110,118,005
Operating charges	0.05%	0.05%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	258.76	262.12	230.80
Lowest share price (pence)	235.35	229.90	210.40

## Comparative tables (continued)

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### **Operating charges**

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### **Share class launches and closures**

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2021 %	2020 %
<b>Class A income</b>	0.84 <sup>1</sup>	0.93 <sup>2</sup>
<b>Class D accumulation</b>	0.30	0.30 <sup>2</sup>
<b>Class E income<sup>3</sup></b>	0.59 <sup>4</sup>	0.68 <sup>2</sup>
<b>Class I accumulation</b>	0.45 <sup>4</sup>	0.56 <sup>2</sup>
<b>Class I income</b>	0.45 <sup>4</sup>	0.56 <sup>2</sup>
<b>Class Z accumulation</b>	0.05	0.05 <sup>2</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

The ongoing charges includes fees payable to Distributors. Where the ongoing charges exceed the target outperformance relative to the benchmark the return is likely to be below the benchmark return, even when the fund's outperformance target (before the deduction of charges) has been achieved.

<sup>1</sup> The AMC on Class A income decreased from 0.75% to 0.65% on 1 July 2020.

<sup>2</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

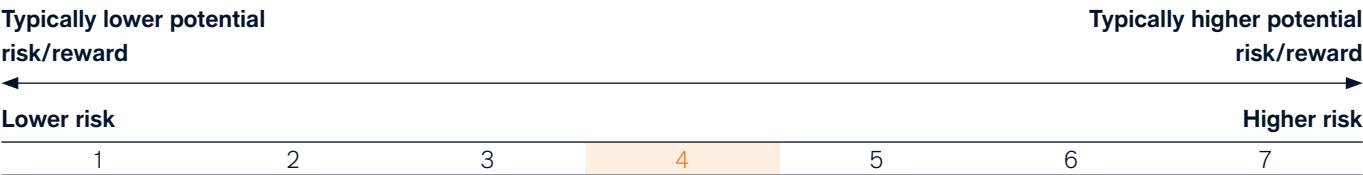
<sup>3</sup> Class E income launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

<sup>4</sup> The AMC on Class E income, Class I accumulation and Class I income decreased from 0.50% to 0.40% on 1 July 2020.

Risk and reward profile

The fund currently has 6 types of share class in issue: A income, D accumulation, E income, I accumulation, I income and Z accumulation.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 4 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund’s actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund’s risks are contained in the ‘Risk Factors’ section of the fund’s prospectus.

There has been no change to the risk ratings in the year.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class E income launched on 8 July 2019 and as it does not have a 5 year history, a synthetic history has been created using the A income share class.



## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Bonds 94.92% (2020: 91.70%)</b>		
	<b>Australia 0.00% (2020: 1.02%)</b>		
	<b>Fixed Rate Bond 0.00% (2020: 1.02%)</b>		
	<b>Indonesia 1.39% (2020: 1.52%)</b>		
	<b>Fixed Rate Bond 1.39% (2020: 1.52%)</b>		
IDR 17,642,000,000	Indonesia (Republic of) 8.375% 15/03/2034	974	1.39
	<b>Spain 1.30% (2020: 1.38%)</b>		
	<b>Fixed Rate Bond 1.30% (2020: 1.38%)</b>		
EUR 412,000	Spain (Kingdom of) 0.50% 30/04/2030	360	0.52
EUR 588,000	Spain (Kingdom of) 1.25% 31/10/2030	546	0.78
		906	1.30
	<b>United Kingdom 92.23% (2020: 87.78%)</b>		
	<b>Fixed Rate Bond 92.23% (2020: 87.78%)</b>		
GBP 3,376,895	UK Treasury 0.125% 30/01/2026	3,345	4.79
GBP 1,066,419	UK Treasury 0.125% 31/01/2024	1,065	1.52
GBP 1,038,868	UK Treasury 0.125% 31/01/2028	1,012	1.45
GBP 4,096,932	UK Treasury 0.25% 31/07/2031	3,865	5.54
GBP 3,039,741	UK Treasury 0.375% 22/10/2030	2,937	4.20
GBP 2,696,647	UK Treasury 0.50% 22/07/2022	2,710	3.88
GBP 1,091,535	UK Treasury 0.50% 22/10/2061	863	1.24
GBP 3,047,425	UK Treasury 0.625% 07/06/2025	3,093	4.43
GBP 1,584,310	UK Treasury 0.625% 22/10/2050	1,347	1.93
GBP 2,050,106	UK Treasury 0.625% 31/07/2035	1,931	2.76
GBP 2,830,074	UK Treasury 0.875% 22/10/2029	2,880	4.12
GBP 270,385	UK Treasury 0.875% 31/01/2046	249	0.36
GBP 4,020,855	UK Treasury 1.25% 22/07/2027	4,214	6.04
GBP 1,070,531	UK Treasury 1.25% 22/10/2041	1,078	1.54
GBP 2,382,322	UK Treasury 1.50% 22/07/2047	2,520	3.61
GBP 306,989	UK Treasury 1.625% 22/10/2028	331	0.47
GBP 899,510	UK Treasury 1.625% 22/10/2054	998	1.43
GBP 766,952	UK Treasury 1.625% 22/10/2071	931	1.33
GBP 1,745,567	UK Treasury 1.75% 07/09/2022	1,781	2.55
GBP 2,347,520	UK Treasury 1.75% 07/09/2037	2,567	3.67
GBP 1,366,060	UK Treasury 1.75% 22/01/2049	1,530	2.19
GBP 1,483,019	UK Treasury 1.75% 22/07/2057	1,724	2.47
GBP 104,190	UK Treasury 2.25% 07/09/2023	109	0.16
GBP 418,711	UK Treasury 2.50% 22/07/2065	615	0.88
GBP 952,416	UK Treasury 2.75% 07/09/2024	1,030	1.47
GBP 1,178,128	UK Treasury 3.25% 22/01/2044	1,649	2.36
GBP 1,032,026	UK Treasury 3.50% 22/01/2045	1,512	2.16
GBP 677,665	UK Treasury 3.50% 22/07/2068	1,265	1.81
GBP 656,517	UK Treasury 3.75% 22/07/2052	1,085	1.55
GBP 1,230,111	UK Treasury 4.00% 07/03/2022	1,264	1.81
GBP 657,892	UK Treasury 4.00% 22/01/2060	1,237	1.77
GBP 383,184	UK Treasury 4.25% 07/03/2036	551	0.79
GBP 1,951,833	UK Treasury 4.25% 07/06/2032	2,645	3.79
GBP 1,212,179	UK Treasury 4.25% 07/09/2039	1,831	2.62
GBP 1,248,618	UK Treasury 4.25% 07/12/2040	1,918	2.75
GBP 726,316	UK Treasury 4.25% 07/12/2049	1,254	1.80

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Fixed Rate Bond (continued)</b>		
GBP 926,940	UK Treasury 4.25% 07/12/2055	1,722	2.47
GBP 818,997	UK Treasury 4.50% 07/12/2042	1,330	1.90
GBP 317,454	UK Treasury 4.75% 07/12/2030	434	0.62
		<u>64,422</u>	<u>92.23</u>
	<b>Collective Investment Schemes 4.15% (2020: 6.74%)</b>		
2,899,153	Deutsche Global Liquidity Managed Platinum Sterling Fund	<u>2,899</u>	<u>4.15</u>
	<b>Derivatives (0.53%) (2020: 0.71%)</b>		
	<b>Futures (0.02%) (2020: 0.05%)</b>		
(6)	EUX Euro Bund September 2021	(5)	(0.01)
(34)	ICE Long Gilt September 2021	<u>(10)</u>	<u>(0.01)</u>
		<u>(15)</u>	<u>(0.02)</u>
	<b>Swaps (0.43%) (2020: 0.72%)<sup>1</sup></b>		
	<b>Inflation Index Swaps (0.20%) (2020: 0.00%)<sup>1</sup></b>		
500,000	IIS 3.445% UKRPI - Receive Fixed - GBP	(29)	(0.04)
2,540,000	IIS 3.526% UKRPI - Receive Fixed - USD	<u>(109)</u>	<u>(0.16)</u>
		<u>(138)</u>	<u>(0.20)</u>
	<b>Interest Rate Swaps (0.23%) (2020: 0.72%)<sup>1</sup></b>		
1,300,000	IRS 0.006% EURIBOR 6 month - Receive Floating - EUR	151	0.22
250,000	IRS 0.077% EURIBOR 6 month - Receive Floating - EUR	25	0.04
1,520,000	IRS -0.212% EURIBOR 6 month - Receive Fixed - EUR	(38)	(0.05)
7,600,000	IRS -0.244% EURIBOR 6 month - Receive Fixed - EUR	(207)	(0.31)
9,500,000	IRS -0.375% EURIBOR 6 month - Receive Floating - EUR	8	0.01
9,500,000	IRS -0.422% EURIBOR 6 month - Receive Floating - EUR	22	0.03
1,540,000	IRS -0.446% EURIBOR 6 month - Receive Floating - EUR	12	0.02
7,700,000	IRS -0.459% EURIBOR 6 month - Receive Floating - EUR	66	0.09
23,300,000	IRS -0.469% LIBOR 6 month - Receive Fixed - CHF	(33)	(0.05)
10,150,000	IRS -0.522% LIBOR 6 month - Receive Fixed - CHF	(16)	(0.02)
10,150,000	IRS -0.525% LIBOR 6 month - Receive Fixed - CHF	(9)	(0.01)
35,400,000	IRS 0.9038% CAD BA 3 month - Receive Fixed - CAD	<u>(140)</u>	<u>(0.20)</u>
		<u>(159)</u>	<u>(0.23)</u>
	<b>Forward Foreign Exchange Contracts (0.08%) (2020: (0.06%))<sup>1</sup></b>		
	Buy AUD 112,399 : Sell GBP 61,287 July 2021 <sup>2</sup>	-	-
	Buy CAD 11,988 : Sell GBP 6,954 July 2021 <sup>2</sup>	-	-
	Buy CAD 12,599 : Sell GBP 7,341 July 2021 <sup>2</sup>	-	-
	Buy CAD 33,457 : Sell GBP 19,453 July 2021 <sup>2</sup>	-	-
	Buy CAD 63,563 : Sell GBP 36,959 July 2021 <sup>2</sup>	-	-
	Buy CAD 7,392 : Sell GBP 4,303 July 2021 <sup>2</sup>	-	-
	Buy CAD 8,605 : Sell GBP 5,019 July 2021 <sup>2</sup>	-	-
	Buy CHF 11,305 : Sell GBP 8,881 July 2021 <sup>2</sup>	-	-
	Buy CHF 2,390 : Sell GBP 1,874 July 2021 <sup>2</sup>	-	-
	Buy CHF 2,446 : Sell GBP 1,918 July 2021 <sup>2</sup>	-	-
	Buy CHF 38,159 : Sell GBP 30,140 July 2021 <sup>2</sup>	-	-
	Buy CHF 5,906 : Sell GBP 4,636 July 2021 <sup>2</sup>	-	-
	Buy CHF 7,369 : Sell GBP 5,775 July 2021 <sup>2</sup>	-	-
	Buy EUR 26,037 : Sell GBP 22,418 July 2021 <sup>2</sup>	-	-
	Buy GBP 10,132 : Sell MXN 288,965 July 2021 <sup>2</sup>	-	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> (continued)			
	Buy GBP 1,023,679 : Sell USD 1,445,134 July 2021	(22)	(0.03)
	Buy GBP 10,416 : Sell CHF 13,193 July 2021 <sup>2</sup>	-	-
	Buy GBP 10,536 : Sell MXN 302,756 July 2021 <sup>2</sup>	-	-
	Buy GBP 11,189 : Sell MXN 313,352 July 2021 <sup>2</sup>	-	-
	Buy GBP 11,217 : Sell MXN 323,615 July 2021	(1)	-
	Buy GBP 1,346 : Sell CAD 2,303 July 2021 <sup>2</sup>	-	-
	Buy GBP 13,945 : Sell AUD 25,697 July 2021 <sup>2</sup>	-	-
	Buy GBP 1,523,841 : Sell USD 2,160,000 September 2021	(39)	(0.07)
	Buy GBP 15,449 : Sell MXN 445,224 July 2021	(1)	-
	Buy GBP 16,651 : Sell CHF 21,315 July 2021 <sup>2</sup>	-	-
	Buy GBP 1,804 : Sell USD 2,517 July 2021 <sup>2</sup>	-	-
	Buy GBP 19,568 : Sell MXN 560,746 July 2021	(1)	-
	Buy GBP 20,128 : Sell CAD 34,656 July 2021 <sup>2</sup>	-	-
	Buy GBP 22,150 : Sell CAD 38,089 July 2021 <sup>2</sup>	-	-
	Buy GBP 26,618 : Sell EUR 31,048 July 2021 <sup>2</sup>	-	-
	Buy GBP 2,836 : Sell AUD 5,189 July 2021 <sup>2</sup>	-	-
	Buy GBP 39,249 : Sell AUD 72,400 July 2021 <sup>2</sup>	-	-
	Buy GBP 4,395 : Sell CAD 7,536 July 2021 <sup>2</sup>	-	-
	Buy GBP 4,943 : Sell AUD 9,114 July 2021 <sup>2</sup>	-	-
	Buy GBP 5,469 : Sell CHF 7,000 July 2021 <sup>2</sup>	-	-
	Buy GBP 6,317 : Sell CAD 10,825 July 2021 <sup>2</sup>	-	-
	Buy GBP 64,285 : Sell MXN 1,822,041 July 2021	(2)	-
	Buy GBP 6,690 : Sell CAD 11,502 July 2021 <sup>2</sup>	-	-
	Buy GBP 748,906 : Sell EUR 870,000 September 2021	1	-
	Buy GBP 7,864 : Sell CHF 10,036 July 2021 <sup>2</sup>	-	-
	Buy GBP 81,262 : Sell USD 113,382 July 2021	(1)	-
	Buy GBP 84,361 : Sell MXN 2,333,616 July 2021 <sup>2</sup>	-	-
	Buy GBP 8,499 : Sell CHF 10,843 July 2021 <sup>2</sup>	-	-
	Buy GBP 8,764 : Sell CHF 11,157 July 2021 <sup>2</sup>	-	-
	Buy GBP 941,801 : Sell EUR 1,095,372 July 2021	1	-
	Buy MXN 1,896,680 : Sell GBP 68,766 July 2021 <sup>2</sup>	-	-
	Buy MXN 3,644,125 : Sell GBP 126,894 July 2021	5	0.01
	Buy MXN 59,663 : Sell GBP 2,094 July 2021 <sup>2</sup>	-	-
	Buy NOK 18,121,145 : Sell GBP 1,547,568 September 2021	(23)	(0.03)
	Buy USD 105,545 : Sell IDR 1,513,620,000 September 2021	2	-
	Buy USD 113,610 : Sell GBP 81,821 July 2021 <sup>2</sup>	-	-
	Buy USD 2,160,000 : Sell NOK 18,279,864 September 2021	25	0.04
	Buy USD 43,111 : Sell GBP 31,224 July 2021 <sup>2</sup>	-	-
	Buy USD 9,497 : Sell GBP 6,830 July 2021 <sup>2</sup>	-	-
		(56)	(0.08)
	<b>Investment assets including investment liabilities</b>	<b>68,833</b>	<b>98.54</b>
	Other net assets	1,022	1.46
	<b>Total net assets</b>	<b>69,855</b>	<b>100.00</b>

<sup>1</sup> Not listed on an official stock exchange

<sup>2</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

The collective investment schemes held are approved regulated collective investment schemes within the meaning of the FCA rules.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(5,953)		16,213
Revenue	3	1,026		1,736	
Expenses	4	(84)		(118)	
Interest payable and similar charges	5	(23)		(22)	
Net revenue before taxation		919		1,596	
Taxation	6	(15)		(6)	
Net revenue after taxation			904		1,590
Total return before distributions			(5,049)		17,803
Distributions	7		(904)		(1,590)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(5,953)</b>		<b>16,213</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

		2021		2020	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>69,161</b>		<b>275,331</b>
Amounts receivable on issue of shares		24,970		26,248	
Amounts payable on cancellation of shares		(19,221)		(250,062)	
			5,749		(223,814)
Dilution adjustment			11		77
Change in net assets attributable to shareholders from investment activities			(5,953)		16,213
Retained distributions on accumulation shares			887		1,354
<b>Closing net assets attributable to shareholders</b>			<b>69,855</b>		<b>69,161</b>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		69,519	68,832
Current assets:			
Debtors	8	420	1,532
Cash and bank balances	9	756	829
<b>Total assets</b>		<b>70,695</b>	<b>71,193</b>
<b>Liabilities:</b>			
Investment liabilities		686	256
Creditors:			
Amounts held at derivative clearing houses and brokers		109	666
Bank overdrafts		-	84
Distributions payable		5	8
Other creditors	10	40	1,018
<b>Total liabilities</b>		<b>840</b>	<b>2,032</b>
<b>Net assets attributable to shareholders</b>		<b>69,855</b>	<b>69,161</b>

## 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

## 2 Net capital (losses)/gains

Net capital (losses)/gains on investments during the year comprise:

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Capital management fee rebates	-	1
Derivative securities	(779)	988
Forward currency contracts	146	(403)
Non-derivative securities	(5,308)	15,737
Other currency losses	(5)	(93)
Transaction costs	(7)	(17)
<b>Net capital (losses)/gains</b>	<b>(5,953)</b>	<b>16,213</b>

## 3 Revenue

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Derivative revenue	241	202
Distributions from UK regulated collective investment schemes:		
Interest distribution	49	-
Interest on debt securities	736	1,514
Interest on margin	-	2
Stock lending revenue	-	18
<b>Total revenue</b>	<b>1,026</b>	<b>1,736</b>

## 4 Expenses

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	52	78
GAC*	23	26
	75	104
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	6	10
Safe custody fees	3	4
	9	14
<b>Total expenses</b>	<b>84</b>	<b>118</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £10,316).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	23	22
<b>Total interest payable and similar charges</b>	<b>23</b>	<b>22</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2021 £000	2020 £000
<b>Current tax</b>		
Corporation tax	3	1
Double tax relief	(3)	(1)
Overseas withholding tax	15	6
<b>Total tax (note 6b)</b>	<b>15</b>	<b>6</b>

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	919	1,596
Corporation tax at 20% (2020: 20%)	184	319
Effects of:		
Double tax relief	(3)	(1)
Overseas withholding tax	15	6
Revenue being paid as interest distributions	(181)	(318)
<b>Tax charge for the year (note 6a)</b>	<b>15</b>	<b>6</b>

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

## Notes to the financial statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim income	20	31
Interim accumulation	672	1,119
Final income	5	8
Final accumulation	215	235
	<u>912</u>	<u>1,393</u>
Amounts deducted on cancellation of shares	31	255
Amounts received on issue of shares	(39)	(58)
<b>Total distributions</b>	<u><b>904</b></u>	<u><b>1,590</b></u>

Details of the distribution per share are set out in the Distribution tables on pages 269 to 272.

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	377	314
Amounts receivable for issue of shares	35	1,216
Currency transactions awaiting settlement	8	2
<b>Total debtors</b>	<u><b>420</b></u>	<u><b>1,532</b></u>

### 9 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	682	735
Cash and bank balances	74	94
<b>Total cash and bank balances</b>	<u><b>756</b></u>	<u><b>829</b></u>

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	4	5
Accrued Depositary's fee	-	1
Accrued other expenses	4	5
Amounts payable for cancellation of shares	1	6
Derivative revenue payable	23	4
Currency transactions awaiting settlement	8	2
Purchases awaiting settlement	-	995
<b>Total other creditors</b>	<u><b>40</b></u>	<u><b>1,018</b></u>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.



## Notes to the financial statements (continued)

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 256 and 257 and notes 4, 7, 8 and 10 on pages 258 to 260 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

The ultimate controlling party of HIFL is Janus Henderson Group plc. The transactions associated with Janus Henderson Group plc, its subsidiaries and other funds managed by HIFL are as follows:

- a) The value of purchase transactions was nil (2020: £3,338,612) and sales transactions was £3,475,370 (2020: nil) and the balance outstanding at the year end was purchases nil (2020: nil) and sales nil (2020: nil).
- b) Revenue receivable for the year was £48,816 (2020: nil) and the balance outstanding at the year end was nil (2020: nil).
- c) The aggregate value of investments held at the year end was nil (2020: £3,416,529).

Harewood Nominees Ltd, as a material shareholder, is a related party holding shares comprising 67.18% of the total net assets of the fund as at the year end (2020: 64.55%).

### 13 Shareholders' funds

The fund currently has 5 share classes available: Class A (Retail), Class D (Institutional), Class E (Retail), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021	2020
	%	%
Class A	0.65	0.75
Class D	0.25	0.25
Class E	0.40	0.50
Class I	0.40	0.50
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 247 to 250. The distribution per share class is given in the Distribution tables on pages 269 to 272. All share classes have the same rights on winding up.

#### Shares reconciliation as at 30 June 2021

	Class A income	Class D accumulation	Class E income
Opening number of shares	424,556	1,983,717	57,103
Issues during the year	28,390	688,678	4,782
Cancellations during the year	(75,271)	(177,733)	(2,782)
Shares converted during the year	(3,286)	8,132	3,285
<b>Closing shares in issue</b>	<b>374,389</b>	<b>2,502,794</b>	<b>62,388</b>

	Class I accumulation	Class I income	Class Z accumulation
Opening number of shares	1,933,599	954,588	21,363,973
Issues during the year	1,437,512	3,925,387	3,748,292
Cancellations during the year	(1,886,585)	(4,098,758)	(991,158)
Shares converted during the year	-	-	(5,581)
<b>Closing shares in issue</b>	<b>1,484,526</b>	<b>781,217</b>	<b>24,115,526</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of forward foreign exchange contracts as at 30 June 2021 (2020: nil). The fund had cash assets of £681,980 (2020: £735,169) and cash liabilities of £109,597 (2020: £666,114) held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	7	-	7
Citigroup	2	284	286
Credit Suisse	25	-	25
	<b>34</b>	<b>284</b>	<b>318</b>

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	-	2	-	2
Citigroup	-	1	691	692
UBS	54	-	-	54
	<b>54</b>	<b>3</b>	<b>691</b>	<b>748</b>

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Inflation index swaps £000
Bank of America	-	-	-
BNP Paribas	6,893	-	-
Citigroup	151	-	-
Credit Suisse	3,101	-	-
Goldman Sachs	-	-	2,540
Morgan Stanley	-	-	500
RBC	-	-	-
UBS	-	(5,244)	-
	<b>10,145</b>	<b>(5,244)</b>	<b>3,040</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

2021 (continued)

Counterparty	Interest rate swaps £000	Total by counterparty £000
Bank of America	2,844	2,844
BNP Paribas	-	6,893
Citigroup	-	151
Credit Suisse	-	3,101
Goldman Sachs	16,104	18,644
Morgan Stanley	-	500
RBC	20,694	20,694
UBS	48,617	43,373
	<b>88,259</b>	<b>96,200</b>

### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	3,473	-	-	3,473
Citigroup	167	-	356	523
Goldman Sachs	-	-	56,423	56,423
UBS	-	784	13,460	14,244
	<b>3,640</b>	<b>784</b>	<b>70,239</b>	<b>74,663</b>

### 15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with JPMorgan Chase Bank, National Association (London branch) acting as the stock lending agent in order to generate additional revenue.

Stock lending revenue is disclosed under 'Revenue' in the Statement of total return.

Eligible collateral types for stock lending and borrowing transactions are approved by the Investment Manager and may consist of (i) cash, (ii) securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope or by Hong Kong or Singapore, generally subject to a minimum long term credit rating of at least A- by one or more major rating agency or (iii) equities. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102% to 110% of the value of the stock on loan.

### 2021

The fund had no stock on loan as at 30 June 2021 and no stock lending revenue received in the year to 30 June 2021.

## Notes to the financial statements (continued)

### 15 Stock lending (continued)

#### 2020

The fund had no stock on loan as at 30 June 2020.

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	21	3	18

### 16 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

2021	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Canadian dollar	118	-	-	118
Swiss franc	58	-	8	66
Euro	327	906	1	1,234
Indonesian rupiah	-	974	21	995
Mexican peso	-	-	5	5
UK sterling	537	64,422	3,291	68,250
US dollar	-	-	27	27
<b>Total</b>	<b>1,040</b>	<b>66,302</b>	<b>3,353</b>	<b>70,695</b>

2020	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	21	706	5	732
Euro	217	955	52	1,224
Indonesian rupee	-	1,049	24	1,073
Mexican peso	585	-	2	587
UK sterling	504	60,714	6,163	67,381
US dollar	193	-	3	196
<b>Total</b>	<b>1,520</b>	<b>63,424</b>	<b>6,249</b>	<b>71,193</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Interest rate risk (continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2021</b>				
Canadian dollar	140	-	-	140
Swiss franc	58	-	-	58
Euro	281	-	28	309
Mexican peso	138	-	-	138
Norwegian krone	73	-	23	96
UK sterling	-	-	99	99
<b>Total</b>	<b>690</b>	<b>-</b>	<b>150</b>	<b>840</b>

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2020</b>				
Australian dollar	25	-	2	27
Euro	97	-	41	138
Mexican peso	582	-	1	583
UK sterling	68	-	1,065	1,133
US dollar	149	-	2	151
<b>Total</b>	<b>921</b>	<b>-</b>	<b>1,111</b>	<b>2,032</b>

#### Credit Ratings

	Market value £000	Percentage of total net assets %
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	66,302	94.92
<b>Total debt securities</b>	<b>66,302</b>	<b>94.92</b>
Collective investment schemes	2,899	4.15
Derivatives	(368)	(0.53)
<b>Investment assets including investment liabilities</b>	<b>68,833</b>	<b>98.54</b>
Other net assets	1,022	1.46
<b>Total net assets</b>	<b>69,855</b>	<b>100.00</b>
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	63,424	91.70
<b>Total debt securities</b>	<b>63,424</b>	<b>91.70</b>
Collective investment schemes	4,660	6.74
Derivatives	492	0.71
<b>Investment assets including investment liabilities</b>	<b>68,576</b>	<b>99.15</b>
Other net assets	585	0.85
<b>Total net assets</b>	<b>69,161</b>	<b>100.00</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2021	100.20	139.39	106.71	200	50.10	69.69	53.36
2020	66.23	109.05	48.53	200	33.15	54.53	48.53

#### Leverage

	Minimum	Maximum	Average
	%	%	%
2021	101	241	166
2020	99	189	123

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2021				
Amounts held at derivatives clearing houses and brokers	109	-	-	-
Derivative financial liabilities	-	105	198	383
Distribution payable	-	5	-	-
Other creditors	-	40	-	-
<b>Total</b>	<b>109</b>	<b>150</b>	<b>198</b>	<b>383</b>
2020				
Amounts held at derivatives clearing houses and brokers	666	-	-	-
Bank overdrafts	84	-	-	-
Derivative financial liabilities	-	65	23	168
Distribution payable	-	8	-	-
Other creditors	-	1,018	-	-
<b>Total</b>	<b>750</b>	<b>1,091</b>	<b>23</b>	<b>168</b>

### 17 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

## Notes to the financial statements (continued)

### 17 Fair value disclosure (continued)

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	2021		2020	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	64,422*	15	60,768*	20
Level 2	5,097	671	8,064	236
Level 3	-	-	-	-
	<b>69,519</b>	<b>686</b>	<b>68,832</b>	<b>256</b>

\* Debt securities included in the highest fair value hierarchy level, where their valuation is determined by unadjusted quoted prices from an active market, amount to £64,421,546 as at 30 June 2021 (2020: £60,714,674).

### 18 Direct transaction costs

	Purchases		Sales	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Trades in the year</b>				
Collective investment schemes	-	3,388	3,475	-
Debt securities	33,440	35,010	24,882	252,263
<b>Trades in the year before transaction costs</b>	<b>33,440</b>	<b>38,398</b>	<b>28,357</b>	<b>252,263</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total commissions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxes</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net trades in the year after transaction costs</b>	<b>33,440</b>	<b>38,398</b>	<b>28,357</b>	<b>252,263</b>

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Taxes</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
<b>Other expenses</b>				
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
	<b>2021</b>	<b>2020</b>		
	%	%		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>-</b>	<b>-</b>		

There were no in specie transfers during the year (2020: nil). There were no corporate actions during the year (2020: nil).

There were direct transaction costs associated with derivatives in the year of £1,241 (2020: £1,635) which is 0.00% of the average net asset value of the fund (2020: 0.00%).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The costs of acquiring and disposing of units/shares in other collective investment schemes are included within the expense ratio which is an intrinsic part of the NAV price per unit/share of the underlying fund.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 0.01% (2020: 0.01%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.



## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class A income</b>				
Group 1	0.2531	-	0.2531	1.2302
Group 2	0.0603	0.1928	0.2531	1.2302
<b>Class D accumulation</b>				
Group 1	0.4295	-	0.4295	1.1637
Group 2	0.1567	0.2728	0.4295	1.1637
<b>Class E income</b>				
Group 1	0.4024	-	0.4024	1.3588
Group 2	0.0293	0.3731	0.4024	1.3588
<b>Class I accumulation</b>				
Group 1	0.7920	-	0.7920	2.3242
Group 2	0.6272	0.1648	0.7920	2.3242
<b>Class I income</b>				
Group 1	0.4802	-	0.4802	1.4240
Group 2	0.1799	0.3003	0.4802	1.4240
<b>Class Z accumulation</b>				
Group 1	0.7858	-	0.7858	1.8386
Group 2	0.4221	0.3637	0.7858	1.8386

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class A income</b>				
Group 1	0.4391	-	0.4391	0.3047
Group 2	0.3378	0.1013	0.4391	0.3047
<b>Class D accumulation</b>				
Group 1	0.5673	-	0.5673	0.4803
Group 2	0.2786	0.2887	0.5673	0.4803
<b>Class E income</b>				
Group 1	0.5844	-	0.5844	0.4435
Group 2	0.1799	0.4045	0.5844	0.4435
<b>Class I accumulation</b>				
Group 1	1.0958	-	1.0958	0.8259
Group 2	0.6030	0.4928	1.0958	0.8259
<b>Class I income</b>				
Group 1	0.6614	-	0.6614	0.5030
Group 2	0.3538	0.3076	0.6614	0.5030
<b>Class Z accumulation</b>				
Group 1	0.9862	-	0.9862	0.8468
Group 2	0.1106	0.8756	0.9862	0.8468

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class A income</b>				
Group 1	0.3384	-	0.3384	0.2112
Group 2	-	0.3384	0.3384	0.2112
<b>Class D accumulation</b>				
Group 1	0.4803	-	0.4803	0.4099
Group 2	0.1480	0.3323	0.4803	0.4099
<b>Class E income</b>				
Group 1	0.4765	-	0.4765	0.3517
Group 2	0.0635	0.4130	0.4765	0.3517
<b>Class I accumulation</b>				
Group 1	0.9130	-	0.9130	0.6801
Group 2	0.1590	0.7540	0.9130	0.6801
<b>Class I income</b>				
Group 1	0.5472	-	0.5472	0.4130
Group 2	0.3621	0.1851	0.5472	0.4130
<b>Class Z accumulation</b>				
Group 1	0.8517	-	0.8517	0.7538
Group 2	0.0904	0.7613	0.8517	0.7538

## Distribution tables (continued)

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A income</b>				
Group 1	0.2950	-	0.2950	0.3728
Group 2	0.1904	0.1046	0.2950	0.3728
<b>Class D accumulation</b>				
Group 1	0.4439	-	0.4439	0.5528
Group 2	0.2569	0.1870	0.4439	0.5528
<b>Class E income</b>				
Group 1	0.4307	-	0.4307	0.5132
Group 2	0.2205	0.2102	0.4307	0.5132
<b>Class I accumulation</b>				
Group 1	0.8357	-	0.8357	0.9720
Group 2	0.6408	0.1949	0.8357	0.9720
<b>Class I income</b>				
Group 1	0.5011	-	0.5011	0.5884
Group 2	0.3767	0.1244	0.5011	0.5884
<b>Class Z accumulation</b>				
Group 1	0.7961	-	0.7961	0.9624
Group 2	0.6192	0.1769	0.7961	0.9624

# Janus Henderson Preference & Bond Fund

## Authorised Corporate Director's report

The Janus Henderson Preference & Bond Fund merged into the Janus Henderson Fixed Interest Monthly Income Fund on 18 March 2021. The fund holds illiquid stocks on the portfolio which has prevented the fund from terminating. It is the ACD's intention to terminate the fund once the stocks have been removed from the portfolio.

### Investment objective and policy up to 18 March 2021

The fund aims to provide a return, from a combination of income and capital growth over the long term.

Performance target: To outperform the IA Sterling Strategic Bond Sector average, after the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in a global portfolio of bonds of any quality, including high yield (non-investment grade) bonds, issued by governments or companies. Where investments are made in assets in currencies other than sterling, the fund will seek to hedge at least 80% of those assets back to sterling to largely remove the risk of currency exchange rate movements.

In certain market conditions, the fund may invest more than 35% of its assets in government bonds issued by any one body. The Investment Manager may use derivatives (complex financial instruments), including total return swaps, with the aim of making investment gains in line with the fund's objective, to reduce risk or to manage the fund more efficiently.

The fund is actively managed with reference to the IA Sterling Strategic Bond Sector average, which is based on a peer group of broadly similar funds, as this forms the basis of the fund's performance target. The Investment Manager has complete freedom to choose individual investments for the fund and to vary allocations between different types of bonds.

### Strategy

The Investment Manager looks to create a diversified portfolio of bonds that can deliver a quarterly income. Free from a benchmark but with a strong focus on income generation, the portfolio managers search for investment opportunities across the entire spectrum of fixed income assets in the developed world using macroeconomic research and company analysis. The portfolio is then actively managed to include the most suitable investments for the prevailing market and economic environment.

### Performance summary

Cumulative performance	Period from 30 Jun 20 - 18 Mar 21*	Period from 30 Jun 18 - 18 Mar 21*	Period from 30 Jun 16 - 18 Mar 21*	Since inception 31 Oct 78 - 18 Mar 21*
	%	%	%	%
<b>Class I accumulation (Net)</b>	5.8	19.3	30.0	2,007.3
<b>IA Sterling Strategic Bond Sector</b>	4.7	13.4	21.3	-

Performance/performance target related data will display only when relevant to the fund/share class inception date and the annualised target time period.

Discrete performance	30 Jun 20 - 18 Mar 21*	30 Jun 19 - 30 Jun 20	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17
	%	%	%	%	%
<b>Class I accumulation (Net)</b>	5.8	4.1	8.3	0.0	9.0
<b>IA Sterling Strategic Bond Sector</b>	4.7	3.1	5.1	0.4	6.5

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

\* The fund closed on 18 March 2021.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

#### Benchmark usage:

Peer group: IA Sterling Strategic Bond Sector

Peer group usage: Target

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors.

The fund's ranking within the sector (as calculated by a number of data providers) forms the basis for the fund's performance target.

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

### Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales/maturities	£000
Rabobank 6.50% Perpetual	12,671	Aviva 6.125% Perpetual	9,641
Netflix 3.625% 15/06/2030	7,628	BUPA Finance 6.125% Perpetual	9,447
1011778 BC 4.00% 15/10/2030	7,607	IHS Markit 4.75% 15/02/2025	8,606
DaVita 4.625% 01/06/2030	7,423	Crown Americas 4.75% 01/02/2026	8,573
Iceland Bondco 4.625% 15/03/2025	7,379	AT&T 3.50% 01/06/2041	7,556
RSA FRN 01/09/2027	7,226	McDonald's 2.95% 15/03/2034	7,083
Verisure 3.875% 15/07/2026	7,085	WM Morrison Supermarkets 4.75% 04/07/2029	6,804
McAfee FRN 30/09/2024 B	7,044	Refinitiv FRN 01/10/2025 B	6,394
Lloyds Bank 7.50% Perpetual A	6,522	Boston Scientific 4.00% 01/03/2029	6,362
BUPA Finance 5.00% 08/12/2026	6,459	Live Nation Entertainment 4.75% 15/10/2027	6,042
<b>Total purchases</b>	<b>328,603</b>	<b>Total sales/maturities</b>	<b>242,086</b>

### Investment review

The fund returned 5.8% based on Class I accumulation (Net) over the period from 1 July 2020 to 18 March 2021, compared with a rise of 4.7% in the IA Sterling Strategic Bond Sector peer group benchmark.

On 18 March 2021, we announced the merger of the Janus Henderson Preference & Bond Fund into the Janus Henderson Fixed Interest Monthly Income Fund. This was a natural conclusion as we were running the funds in a similar fashion and with a similar objective of delivering a sensible and consistent income to our investors.

The reporting year started in the middle of the recovery from the COVID-19 outbreak, which was punctuated by lockdowns while there were significant and rapid scientific advances on a number of vaccines to deal with the virus. The US and UK's impressive fiscal and monetary response to the crisis meant that we saw the potential for credit spreads to tighten meaningfully. We positioned the fund appropriately, boosting its high yield holdings at the expense of investment grade, as we anticipated that the recovery would favour the lowest form of fixed income disproportionality, which gains more from an improving economy.

The fund's performance on a relative basis beat the peer group. During the reporting period, from 1 July 2020 to 18 March 2021, the US high yield index\* tightened by 267 basis points (bps) while the US investment grade index\* tightened by 58bps. The European high yield index\* tightened by 199bps and the European investment grade index\* tightened by 56bps. US high yield defaults, which had risen after COVID-19 emerged, then fell and ended at 5.4% on 31 March 2021. With the benefits of an improving economy, the roll-out of COVID-19 vaccinations and large fiscal stimulus packages, defaults were forecast to end 2021 at 2%, according to JPMorgan.

We always need to have a reasonable allocation of corporate bonds to be able to generate the quarterly income stream required by investors. We continue to believe in our bias to large-cap non-cyclical growth businesses while we remain shy of structurally challenged small-cap, cyclical 'value traps'. Not having any energy, shipping, steel, automotive and airline holdings has helped us maintain the fund's historically low drawdown performance. The COVID-19 lockdowns have, in many ways, exaggerated trends that we have highlighted for years. This growth over value bias being applied to fixed-interest investments makes perfect sense to us.

Derivatives were used for three reasons. Firstly, to hedge against any foreign currency risk when buying a bond not denominated in sterling. The second reason was the active use of interest rate futures in order to manage duration (interest rate risk). Thirdly, through Itraxx Crossover series, where we took a view on credit spreads.

Credit is trading in quite a tight range, supported by fundamentals and technical conditions, and we remain very selective on what we add to the portfolio. Our focus in the enlarged fund remains on returning a regular and reliable income stream for our shareholders, focusing on the 'reason-to-exist' large-cap credit around what we see as the B, BB and BBB rated sweet spot.

\* Spread data quoted are for the ICE BofA fixed income indices

## Comparative tables for the year ended 30 June 2021

	Class A income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	52.45	52.90	51.21
Return before operating charges*	3.15	2.52	4.49
Operating charges	(0.56)	(0.75)	(0.72)
Return after operating charges*	2.59	1.77	3.77
Distributions on income shares	(1.65)	(2.22)	(2.08)
Final cancellation	(53.39) <sup>1</sup>	-	-
Closing net asset value per share	-	52.45	52.90
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	4.94%	3.35%	7.36%
<b>Other information</b>			
Closing net asset value (£000s)	-	92,608	127,269
Closing number of shares	-	176,567,728	240,576,818
Operating charges	1.43%	1.41%	1.40%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	55.79 <sup>2</sup>	54.60	53.54
Lowest share price (pence)	52.63 <sup>2</sup>	46.24	50.12

<sup>1</sup> Class A income closed on 18 March 2021.

<sup>2</sup> to 18 March 2021.



## Comparative tables (continued)

	Class E income	
	2021	08/07/19 - 30/06/20
	(pence per share)	(pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	52.71	53.14 <sup>3</sup>
Return before operating charges*	3.16	2.27
Operating charges	(0.37)	(0.47)
Return after operating charges*	2.79	1.80
Distributions on income shares	(1.66)	(2.23)
Final cancellation	(53.84) <sup>4</sup>	-
Closing net asset value per share	-	52.71
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	5.29%	3.39%
<b>Other information</b>		
Closing net asset value (£000s)	-	27,931
Closing number of shares	-	52,993,675
Operating charges	0.93%	0.91%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	56.20 <sup>5</sup>	54.74
Lowest share price (pence)	52.89 <sup>5</sup>	46.41

<sup>3</sup> Class E income launched on 8 July 2019 and this is the first published price.

<sup>4</sup> Class E income closed on 18 March 2021.

<sup>5</sup> to 18 March 2021.

## Comparative tables (continued)

	Class G accumulation 19/10/20 - 30/06/21 (pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	167.43 <sup>6</sup>
Return before operating charges*	2.81
Operating charges	(0.67)
Return after operating charges*	2.14
Distributions on accumulation shares	(3.48)
Retained distributions on accumulation shares	3.48
Final cancellation	(169.57) <sup>7</sup>
Closing net asset value per share	-
* after direct transaction costs of:	-
<b>Performance</b>	
Return after charges	1.28%
<b>Other information</b>	
Closing net asset value (£000s)	-
Closing number of shares	-
Operating charges	0.54%
Direct transaction costs	0.00%
<b>Prices</b>	
Highest share price (pence)	174.40 <sup>8</sup>
Lowest share price (pence)	166.60 <sup>8</sup>

<sup>6</sup> Class G accumulation launched on 19 October 2020 and this is the first published price.

<sup>7</sup> Class G accumulation closed on 18 March 2021.

<sup>8</sup> to 18 March 2021.

## Comparative tables (continued)

	<b>Class G income</b> <b>19/10/20 -</b> <b>30/06/21</b> <b>(pence</b> <b>per share)</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	59.42 <sup>9</sup>
Return before operating charges*	1.02
Operating charges	(0.24)
Return after operating charges*	0.78
Distributions on income shares	(1.23)
Final cancellation	(58.97) <sup>10</sup>
Closing net asset value per share	-
* after direct transaction costs of:	-
<b>Performance</b>	
Return after charges	1.31%
<b>Other information</b>	
Closing net asset value (£000s)	-
Closing number of shares	-
Operating charges	0.54%
Direct transaction costs	0.00%
<b>Prices</b>	
Highest share price (pence)	61.54 <sup>11</sup>
Lowest share price (pence)	59.13 <sup>11</sup>

<sup>9</sup> Class G income launched on 19 October 2020 and this is the first published price.

<sup>10</sup> Class G income closed on 18 March 2021.

<sup>11</sup> to 18 March 2021.

## Comparative tables (continued)

	Class I accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	160.68	154.21	142.37
Return before operating charges*	9.63	7.56	12.85
Operating charges	(0.84)	(1.09)	(1.01)
Return after operating charges*	8.79	6.47	11.84
Distributions on accumulation shares	(5.22)	(6.72)	(6.00)
Retained distributions on accumulation shares	5.22	6.72	6.00
Final cancellation	(169.47) <sup>12</sup>	-	-
Closing net asset value per share	-	160.68	154.21
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	5.47%	4.20%	8.32%
<b>Other information</b>			
Closing net asset value (£000s)	-	99,144	76,509
Closing number of shares	-	61,704,215	49,613,814
Operating charges	0.70%	0.69%	0.69%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	174.30 <sup>13</sup>	162.90	154.50
Lowest share price (pence)	161.20 <sup>13</sup>	138.10	141.70

<sup>12</sup> Class I accumulation closed on 18 March 2021.

<sup>13</sup> to 18 March 2021.

## Comparative tables (continued)

	Class I income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	57.64	57.76	55.55
Return before operating charges*	3.45	2.76	4.90
Operating charges	(0.30)	(0.40)	(0.39)
Return after operating charges*	3.15	2.36	4.51
Distributions on income shares	(1.85)	(2.48)	(2.30)
Final cancellation	(58.94) <sup>14</sup>	-	-
Closing net asset value per share	-	57.64	57.76
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	5.46%	4.09%	8.12%
<b>Other information</b>			
Closing net asset value (£000s)	-	541,084	559,457
Closing number of shares	-	938,761,365	968,626,637
Operating charges	0.70%	0.69%	0.69%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	61.52 <sup>15</sup>	59.84	58.46
Lowest share price (pence)	57.84 <sup>15</sup>	50.74	54.54

<sup>14</sup> Class I income closed on 18 March 2021.

<sup>15</sup> to 18 March 2021.

## Comparative tables (continued)

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	247.83	236.31	216.75
Return before operating charges*	14.85	11.62	19.63
Operating charges	(0.08)	(0.10)	(0.07)
Return after operating charges*	14.77	11.52	19.56
Distributions on accumulation shares	(8.19)	(10.46)	(9.28)
Retained distributions on accumulation shares	8.19	10.46	9.28
Final cancellation	(262.60) <sup>16</sup>	-	-
Closing net asset value per share	-	247.83	236.31
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	5.96%	4.87%	9.02%
<b>Other information</b>			
Closing net asset value (£000s)	-	25,677	20,860
Closing number of shares	-	10,361,065	8,827,435
Operating charges	0.04%	0.04%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	270.00 <sup>17</sup>	250.70	236.80
Lowest share price (pence)	248.70 <sup>17</sup>	212.60	216.30

<sup>16</sup> Class Z accumulation closed on 18 March 2021.

<sup>17</sup> to 18 March 2021.

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

The fund closed on 18 March 2021.

The following share classes launched during the year:

Share class	Launch date
Class G accumulation	19 October 2020
Class G income	19 October 2020

The following share classes closed during the year:

Share class	Closure date
Class A income	18 March 2021
Class E income	18 March 2021
Class G accumulation	18 March 2021
Class G income	18 March 2021
Class I accumulation	18 March 2021
Class I income	18 March 2021
Class Z accumulation	18 March 2021

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2021 %	2020 %
<b>Class A income<sup>2</sup></b>	1.43	1.41 <sup>1</sup>
<b>Class E income<sup>2,3</sup></b>	0.93	0.91 <sup>1</sup>
<b>Class G accumulation<sup>2,4</sup></b>	0.54	n/a
<b>Class G income<sup>2,4</sup></b>	0.54	n/a
<b>Class I accumulation<sup>2</sup></b>	0.70	0.69 <sup>1</sup>
<b>Class I income<sup>2</sup></b>	0.70	0.69 <sup>1</sup>
<b>Class Z accumulation<sup>2</sup></b>	0.04	0.04 <sup>1</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

<sup>2</sup> Class A income, Class E income, Class G accumulation, Class G income, Class I accumulation, Class I income and Class Z accumulation closed on 18 March 2021.

<sup>3</sup> Class E income launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

<sup>4</sup> Class G accumulation and Class G income launched on 19 October 2020 so there are no prior year comparatives.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 0.00% (2020: 1.90%)</b>		
	<b>United Kingdom 0.00% (2020: 1.90%)</b>		
	<b>Consumer Goods 0.00% (2020: 0.00%)</b>		
310,000	Whitnash 6.50% Preference <sup>1</sup>	-	-
550,000	Whitnash 9.00% Preference <sup>1</sup>	-	-
		-	-
	<b>Financials 0.00% (2020: 1.90%)</b>		
	<b>Bonds 0.00% (2020: 94.12%)</b>		
	<b>Derivatives 0.00% (2020: (0.27%))</b>		
	<b>Futures 0.00% (2020: (0.04%))</b>		
	<b>Swaps 0.00% (2020: 0.23%)<sup>2</sup></b>		
	<b>Credit Default Index Swaps 0.00% (2020: 0.23%)<sup>2</sup></b>		
	<b>Forward Foreign Exchange Contracts 0.00% (2020: (0.46%))<sup>2</sup></b>		
	<b>Investment assets</b>	-	-
	Other net assets	-	-
	<b>Total net assets</b>	-	-

<sup>1</sup> Suspended or delisted securities

<sup>2</sup> Unquoted securities

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.



## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		22,313		962
Revenue	3	24,745		33,337	
Expenses	4	(4,268)		(6,165)	
Interest payable and similar charges	5	(6)		(19)	
Net revenue before taxation		20,471		27,153	
Taxation	6	(4)		-	
Net revenue after taxation			20,467		27,153
Total return before distributions			42,780		28,115
Distributions	7		(25,319)		(34,280)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>17,461</b>		<b>(6,165)</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

	2021		2020	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>786,444</b>		<b>784,095</b>
Amounts receivable on issue of shares	43,501		100,292	
Amounts payable on merger*	(804,932)		-	
Amounts payable on cancellation of shares	(46,625)		(96,912)	
		(808,056)		3,380
Dilution adjustment		-		272
Change in net assets attributable to shareholders from investment activities		17,461		(6,165)
Retained distributions on accumulation shares		4,135		4,851
Unclaimed distributions		16		11
<b>Closing net assets attributable to shareholders*</b>		<b>-</b>		<b>786,444</b>

\* The Janus Henderson Preference & Bond Fund merged into the Janus Henderson Fixed Interest Monthly Income Fund on 18 March 2021.

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Current assets:			
Investments		-	760,611
Debtors	8	1,066	27,411
Cash and bank balances	9	6	29,716
<b>Total assets</b>		<b>1,072</b>	<b>817,738</b>
<b>Liabilities:</b>			
Investment liabilities		-	7,626
Creditors:			
Amounts held at derivative clearing houses and brokers		-	1,761
Distributions payable		-	7,768
Other creditors	10	1,072	14,139
<b>Total liabilities</b>		<b>1,072</b>	<b>31,294</b>
<b>Net assets attributable to shareholders</b>		<b>-</b>	<b>786,444</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2021 £000	2020 £000
Derivative securities	(1,600)	(1,836)
Forward currency contracts	66,420	(23,809)
Non-derivative securities	(43,541)	23,167
Other currency gains	1,038	3,452
Transaction costs	(4)	(12)
<b>Net capital gains</b>	<b>22,313</b>	<b>962</b>

### 3 Revenue

	2021 £000	2020 £000
Bank interest	14	192
Derivative revenue	1,349	998
Interest on debt securities	22,884	31,137
Interest on margin	-	9
Stock lending revenue	6	21
UK dividends	492	980
<b>Total revenue</b>	<b>24,745</b>	<b>33,337</b>

### 4 Expenses

	2021 £000	2020 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	3,716	5,395
GAC*	502	697
	4,218	6,092
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	28	45
Safe custody fees	22	28
	50	73
<b>Total expenses</b>	<b>4,268</b>	<b>6,165</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £9,245 (2020: £12,799).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	4	19
Interest on margin	2	-
<b>Total interest payable and similar charges</b>	<b>6</b>	<b>19</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2021 £000	2020 £000
<b>Current tax</b>		
Overseas withholding tax	4	-
<b>Total tax (note 6b)</b>	<b>4</b>	<b>-</b>

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	20,471	27,153
Corporation tax at 20% (2020: 20%)	4,094	5,431
Effects of:		
Overseas withholding tax	4	-
Revenue being paid as interest distributions	(3,996)	(5,235)
UK dividends*	(98)	(196)
<b>Tax charge for the year (note 6a)</b>	<b>4</b>	<b>-</b>

\* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

## Notes to the financial statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim income	14,985	21,453
Interim accumulation	2,938	3,393
Final income	6,168	7,768
Final accumulation	1,197	1,458
	<u>25,288</u>	<u>34,072</u>
Amounts deducted on cancellation of shares	670	671
Amounts received on issue of shares	(639)	(463)
<b>Total distributions</b>	<u><b>25,319</b></u>	<u><b>34,280</b></u>
Net revenue after taxation	20,467	27,153
Annual management charge borne by the capital account	3,716	5,395
Effective yield coupon based adjustment	1,143	1,734
Income carried forward	(7)	(2)
<b>Total distributions</b>	<u><b>25,319</b></u>	<u><b>34,280</b></u>

Details of the distribution per share are set out in the Distribution tables on pages 298 to 302.

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	-	10,146
Amounts receivable for issue of shares	-	901
Currency transactions awaiting settlement	-	7,415
Overseas withholding tax reclaimable	-	4
Sales awaiting settlement	-	8,945
Other debtor - Merger Debtor	1,066	-
<b>Total debtors</b>	<u><b>1,066</b></u>	<u><b>27,411</b></u>

### 9 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	-	5,424
Cash and bank balances	6	24,292
<b>Total cash and bank balances</b>	<u><b>6</b></u>	<u><b>29,716</b></u>

## Notes to the financial statements (continued)

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	-	433
Accrued Depositary's fee	-	5
Accrued other expenses	1	72
Amounts payable for cancellation of shares	-	1,130
Currency transactions awaiting settlement	-	7,415
Purchases awaiting settlement	1,071	5,084
<b>Total other creditors</b>	<b>1,072</b>	<b>14,139</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 285 and 286 and notes 4, 7, 8 and 10 on pages 287 to 290 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

There were no material shareholders at the year end (2020: nil).

### 13 Shareholders' funds

Prior to the closure of the fund on 18 March 2021 the fund had 5 share classes available: Class A (Retail), Class E (Retail), Class G (Institutional), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021 %	2020 %
Class A	1.25	1.25
Class E	0.75	0.75
Class G <sup>1</sup>	0.50	n/a
Class I	0.60	0.60
Class Z <sup>2</sup>	0.00	0.00

<sup>1</sup> Class G accumulation and Class G income launched on 19 October 2020.

<sup>2</sup> Charges for managing Z class shares are levied outside the fund and were agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 276 to 282. The distribution per share class is given in the Distribution tables on pages 298 to 302. All share classes have the same rights on winding up.

## Notes to the financial statements (continued)

### 13 Shareholders' funds (continued)

Shares reconciliation as at 30 June 2021

	Class A income	Class E income	Class G accumulation	Class G income
Opening number of shares	176,567,728	52,993,675	-	-
Issues during the year	5,183,508	1,711,167	1,396,769	23,050,874
Cancellations during the year	(171,319,219)	(64,546,679)	(12,001,631)	(551,849,075)
Shares converted during the year	(10,432,017)	9,841,837	10,604,862	528,798,201
<b>Closing shares in issue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Class I accumulation	Class I income	Class Z accumulation
Opening number of shares	61,704,215	938,761,365	10,361,065
Issues during the year	5,306,445	20,984,645	934,531
Cancellations during the year	(56,406,940)	(431,429,930)	(11,295,596)
Shares converted during the year	(10,603,720)	(528,316,080)	-
<b>Closing shares in issue</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 14 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 30 June 2021 (2020: nil).

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

#### 2021

The fund had no exposure to derivatives as at 30 June 2021 with a positive market value.

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Credit default index swaps £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	-	3,705	-	3,705
Citigroup	1,812	-	-	1,812
UBS	-	-	4	4
	<b>1,812</b>	<b>3,705</b>	<b>4</b>	<b>5,521</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

#### 2021

At 30 June 2021 there was no underlying exposure to derivatives.

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Credit default index swaps £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	4,183	879,505	-	883,688
Citigroup	12,550	-	-	12,550
Goldman Sachs	4,183	-	-	4,183
JPMorgan	16,733	-	-	16,733
Morgan Stanley	4,183	-	-	4,183
UBS	-	-	(61,201)	(61,201)
	<b>41,832</b>	<b>879,505</b>	<b>(61,201)</b>	<b>860,136</b>

### 15 Stock lending

Until the date of the merger, the fund and the Investment Manager were in a stock lending programme with BNP Paribas acting as the stock lending agent in order to generate additional revenue.

Stock lending revenue is disclosed under 'Revenue' in the Statement of total return.

Eligible collateral types for stock lending and borrowing transactions are approved by the Investment Manager and may consist of (i) cash, (ii) securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope or by Hong Kong or Singapore, generally subject to a minimum long term credit rating of at least A- by one or more major rating agency or (iii) equities. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102% to 110% of the value of the stock on loan.

#### 2021

The fund had no stock on loan as at 30 June 2021.

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	7	1	6



## Notes to the financial statements (continued)

### 15 Stock lending (continued)

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Credit Suisse	272	315	Corporate Bond
Credit Suisse	181	210	Government Bond
	453	525	
JPMorgan	134	143	Government Bond
	587	668	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	25	4	21

### 16 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk at the year end is considered insignificant. The interest rate risk profile of the fund's financial assets and financial liabilities at the prior year end is set out in the following table:

2020	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	-	11,083	1,015	12,098
Euro	9,192	29,709	823	39,724
UK sterling	92,790	116,498	13,522	222,810
US dollar	50,371	476,977	15,758	543,106
<b>Total</b>	<b>152,353</b>	<b>634,267</b>	<b>31,118</b>	<b>817,738</b>

2020	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Euro	1,602	-	3,436	5,038
UK sterling	-	-	16,550	16,550
US dollar	159	-	9,547	9,706
<b>Total</b>	<b>1,761</b>	<b>-</b>	<b>29,533</b>	<b>31,294</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Credit Ratings

The fund's exposure to credit risk at the year end is considered insignificant. The credit rating of the fund's net assets at the prior year end is set out in the following table:

	Market value £000	Percentage of total net assets %
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	317,327	40.35
Below investment grade (BB and below)	399,467	50.79
Unrated	23,385	2.98
<b>Total debt securities</b>	<b>740,179</b>	<b>94.12</b>
Derivatives	(2,105)	(0.27)
Equities	14,911	1.90
<b>Investment assets including investment liabilities</b>	<b>752,985</b>	<b>95.75</b>
Other net assets	33,459	4.25
<b>Total net assets</b>	<b>786,444</b>	<b>100.00</b>

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
<b>2021</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>2020</b>	1.05	7.63	2.80	20	5.24	38.16	14.01

#### Leverage

	Minimum	Maximum	Average
	%	%	%
<b>2021</b>	n/a	n/a	n/a
<b>2020</b>	85	249	132

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Other creditors	-	1,072	-	-
<b>Total</b>	<b>-</b>	<b>1,072</b>	<b>-</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Amounts held at derivatives clearing houses and brokers	1,761	-	-	-
Derivative financial liabilities	-	7,626	-	-
Distribution payable	-	7,768	-	-
Other creditors	-	14,139	-	-
<b>Total</b>	<b>1,761</b>	<b>29,533</b>	<b>-</b>	<b>-</b>

### 17 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	<b>2021</b>		<b>2020</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	-	-	4	327
Level 2	-	-	760,607	7,299
Level 3	-	-	-	-
	<b>-</b>	<b>-</b>	<b>760,611</b>	<b>7,626</b>

## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	328,603	555,976	242,086	548,724
Equities	-	8,626	-	7,658
<b>Trades in the year before transaction costs</b>	<b>328,603</b>	<b>564,602</b>	<b>242,086</b>	<b>556,382</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	-	3	-	2
<b>Total commissions</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>2</b>
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>2</b>
<b>Total net trades in the year after transaction costs</b>	<b>328,603</b>	<b>564,605</b>	<b>242,086</b>	<b>556,380</b>

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	-	0.03	-	0.03
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
	<b>2021</b>	<b>2020</b>		
	<b>%</b>	<b>%</b>		

#### Total transaction costs expressed as a percentage of net asset value

Commissions	-	-
Taxes	-	-
Other expenses	-	-
<b>Total costs</b>	<b>-</b>	<b>-</b>

There were in specie transfers during the year of £804,964,702 (2020: nil) relating to the merger into Janus Henderson Fixed Interest Monthly Income Fund. There were corporate actions during the year of £26,480,482 (2020: £12,318,606).

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

There were direct transaction costs associated with derivatives in the year of £15,506 (2020: £10,940) which is 0.00% of the average net asset value of the fund (2020: 0.00%).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 is not applicable as the fund closed during the year (2020: 0.68%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class A income</b>				
Group 1	0.5701	-	0.5701	0.5287
Group 2	0.3185	0.2516	0.5701	0.5287
<b>Class E income</b>				
Group 1	0.5745	-	0.5745	0.5310
Group 2	0.4176	0.1569	0.5745	0.5310
<b>Class I accumulation</b>				
Group 1	1.7880	-	1.7880	1.5695
Group 2	1.2996	0.4884	1.7880	1.5695
<b>Class I income</b>				
Group 1	0.6394	-	0.6394	0.5879
Group 2	0.4463	0.1931	0.6394	0.5879
<b>Class Z accumulation</b>				
Group 1	2.7973	-	2.7973	2.4383
Group 2	1.8127	0.9846	2.7973	2.4383

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class A income</b>				
Group 1	0.6009	-	0.6009	0.4974
Group 2	0.2725	0.3284	0.6009	0.4974
<b>Class E income</b>				
Group 1	0.6051	-	0.6051	0.4984
Group 2	0.3193	0.2858	0.6051	0.4984
<b>Class G accumulation<sup>1</sup></b>				
Group 1	1.9216	-	1.9216	n/a
Group 2	0.9894	0.9322	1.9216	n/a
<b>Class G income<sup>1</sup></b>				
Group 1	0.6816	-	0.6816	n/a
Group 2	0.3516	0.3300	0.6816	n/a
<b>Class I accumulation</b>				
Group 1	1.9010	-	1.9010	1.4947
Group 2	1.1628	0.7382	1.9010	1.4947
<b>Class I income</b>				
Group 1	0.6743	-	0.6743	0.5541
Group 2	0.4340	0.2403	0.6743	0.5541
<b>Class Z accumulation</b>				
Group 1	2.9789	-	2.9789	2.3284
Group 2	1.9976	0.9813	2.9789	2.3284

<sup>1</sup> Class G accumulation and Class G income launched on 19 October 2020.

## Distribution tables (continued)

### Final interest distribution on closure (accounting date 18 March 2021, paid on 30 April 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 30/04/21
<b>Class A income<sup>1</sup></b>			
Group 1	0.4781	-	0.4781
Group 2	0.2197	0.2584	0.4781
<b>Class E income<sup>1</sup></b>			
Group 1	0.4821	-	0.4821
Group 2	0.2505	0.2316	0.4821
<b>Class G accumulation<sup>1</sup></b>			
Group 1	1.5570	-	1.5570
Group 2	1.1342	0.4228	1.5570
<b>Class G income<sup>1</sup></b>			
Group 1	0.5459	-	0.5459
Group 2	0.3297	0.2162	0.5459
<b>Class I accumulation<sup>1</sup></b>			
Group 1	1.5338	-	1.5338
Group 2	0.9422	0.5916	1.5338
<b>Class I income<sup>1</sup></b>			
Group 1	0.5379	-	0.5379
Group 2	0.3036	0.2343	0.5379
<b>Class Z accumulation<sup>1</sup></b>			
Group 1	2.4095	-	2.4095
Group 2	1.4189	0.9906	2.4095

<sup>1</sup> The fund closed on 18 March 2021, with an additional distribution made at the point of closure. As this was not an ordinary distribution we have not included a comparative.



## Distribution tables (continued)

### Interim interest distribution (accounting date 31 March 2020, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class A income<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	0.5880
Group 2	n/a	n/a	n/a	0.5880
<b>Class E income<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	0.5901
Group 2	n/a	n/a	n/a	0.5901
<b>Class G accumulation<sup>1,2</sup></b>				
Group 1	n/a	n/a	n/a	n/a
Group 2	n/a	n/a	n/a	n/a
<b>Class G income<sup>1,2</sup></b>				
Group 1	n/a	n/a	n/a	n/a
Group 2	n/a	n/a	n/a	n/a
<b>Class I accumulation<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	1.7827
Group 2	n/a	n/a	n/a	1.7827
<b>Class I income<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	0.6544
Group 2	n/a	n/a	n/a	0.6544
<b>Class Z accumulation<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	2.7741
Group 2	n/a	n/a	n/a	2.7741

<sup>1</sup> Class A income, Class E income, Class G accumulation, Class G income, Class I accumulation, Class I income and Class Z accumulation closed on 18 March 2021.

<sup>2</sup> Class G accumulation and Class G income launched on 19 October 2020.

## Distribution tables (continued)

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A income<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	0.6082
Group 2	n/a	n/a	n/a	0.6082
<b>Class E income<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	0.6110
Group 2	n/a	n/a	n/a	0.6110
<b>Class G accumulation<sup>1,2</sup></b>				
Group 1	n/a	n/a	n/a	n/a
Group 2	n/a	n/a	n/a	n/a
<b>Class G income<sup>1,2</sup></b>				
Group 1	n/a	n/a	n/a	n/a
Group 2	n/a	n/a	n/a	n/a
<b>Class I accumulation<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	1.8733
Group 2	n/a	n/a	n/a	1.8733
<b>Class I income<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	0.6786
Group 2	n/a	n/a	n/a	0.6786
<b>Class Z accumulation<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	2.9201
Group 2	n/a	n/a	n/a	2.9201

<sup>1</sup> Class A income, Class E income, Class G accumulation, Class G income, Class I accumulation, Class I income and Class Z accumulation closed on 18 March 2021.

<sup>2</sup> Class G accumulation and Class G income launched on 19 October 2020.

# Janus Henderson Strategic Bond Fund

## Authorised Corporate Director's report

### Investment Fund Managers

Jenna Barnard and John Pattullo

### Investment objective and policy

The fund aims to provide a return, from a combination of income and capital growth over the long term.

Performance target: To outperform the IA Sterling Strategic Bond Sector average, after the deduction of charges, over any 5 year period.

The fund invests in a global portfolio of bonds of any quality, including high yield (non-investment grade) bonds, issued by governments or companies. Where investments are made in assets in currencies other than the base currency of the fund, the fund will seek to hedge those assets back to the base currency to remove the risk of currency exchange rate movements.

In certain market conditions, the fund may invest more than 35% of its assets in government bonds issued by any one body.

The Investment Manager may use derivatives (complex financial instruments), including total return swaps, with the aim of making investment gains in line with the fund's objective, to reduce risk or to manage the fund more efficiently.

The fund is actively managed with reference to the IA Sterling Strategic Bond Sector average, which is based on a peer group of broadly similar funds, as this forms the basis of the fund's performance target. The Investment Manager has complete freedom to choose individual investments for the fund and to vary allocations between different types of bonds.

### Strategy

The Investment Manager follows a flexible strategy that seeks to deliver total returns (capital appreciation and income) from investments across the entire spectrum of fixed income assets. Using careful macroeconomic research and credit analysis, the portfolio managers actively vary the allocation to different types of bonds to suit the prevailing economic environment.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception	
	30 Jun 20 -	30 Jun 18 -	30 Jun 16 -	31 Jan 95 -	
	30 Jun 21	30 Jun 21	30 Jun 21	30 Jun 21	
	%	%	%	%	
Class I accumulation (Net)	5.4	20.3	28.1	177.2	
IA Sterling Strategic Bond Sector	6.7	15.6	23.6	117.2	
Discrete performance	30 Jun 20 -	30 Jun 19 -	30 Jun 18 -	30 Jun 17 -	30 Jun 16 -
	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17
	%	%	%	%	%
Class I accumulation (Net)	5.4	6.2	7.5	0.0	6.5
IA Sterling Strategic Bond Sector	6.7	3.1	5.1	0.4	6.5

Please note that the performance target is to be achieved over a specific annualised time period. Refer to the investment objective and policy above.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

### Benchmark usage:

Peer group: IA Sterling Strategic Bond Sector

Peer group usage: Target

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

The fund's ranking within the sector (as calculated by a number of data providers) forms the basis for the fund's performance target.

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

### Significant portfolio changes for the year ended 30 June 2021

Largest purchases	£000	Largest sales/maturities	£000
Australia (Commonwealth of) 1.75% 21/06/2051	51,038	Microsoft 3.30% 06/02/2027	35,633
Australia (Commonwealth of) 2.25% 21/05/2028	37,565	Mastercard 2.10% 01/12/2027	33,092
Australia (Commonwealth of) 1.50% 21/06/2031	35,724	Visa 2.75% 15/09/2027	32,717
Netflix 3.625% 15/06/2030	33,706	Credit Suisse 7.50% Perpetual	28,222
Australia (Commonwealth of) 0.25% 21/11/2025	33,576	AbbVie 4.05% 21/11/39	27,674
Ball 2.875% 15/08/2030	33,335	KBC 4.25% Perpetual	23,990
Australia (Commonwealth of) 2.75% 21/05/2041	32,829	UK Treasury 0.625% 22/10/2050	23,661
US Treasury 1.625% 15/05/2031	32,778	Coca-Cola 1.25% 08/03/2031	19,993
AbbVie 4.05% 21/11/39	30,293	AT&T 3.1% 01/02/43 USD	19,623
1011778 BC 4.00% 15/10/2030	29,586	McDonald's 2.625% 11/06/2029	19,156
<b>Total purchases</b>	<b>1,671,446</b>	<b>Total sales/maturities</b>	<b>1,359,580</b>

### Investment review

The fund returned 5.4% based on Class I accumulation (Net) over the year under review, compared with a return of 6.7% in the IA Sterling Strategic Bond Sector peer group benchmark.

The year under review was positive for the fund and was the result of the massive policy support in response to the COVID-19 crisis. The massive fiscal and monetary policy support continued to gain traction in financial markets and the wider economy. The year was broadly all about credit repair, recovery and reflation. In early April 2020, the US Federal Reserve (Fed) 'crossed the Rubicon' and announced that it would start buying corporate bonds and exchange traded funds. This was the ultimate signal to not 'fight the Fed'. Unlike previous crises, this meant the investment grade and high yield markets were open for business – at a price. Many large investment grade businesses tapped the markets for precautionary reasons to bolster their balance sheets. The 2020 calendar year was one of record issuance and spread levels. US investment grade spreads peaked at a scary 4% over US Treasury yields in late March 2020 and rallied with frightening speed to only 0.9%, while they were reassuringly expensive again by 30 April 2021. The snapback in spreads was the fastest on record and was further compounded in the autumn of 2020 by the exceptionally positive news on the development of COVID-19 vaccines and the US presidential election result.

The fund made a solid, positive return although it slightly underperformed the peer group. This modest underperformance was partially due to the fund holding slightly less and slightly lower beta credits than the peer group. In addition, although we were correctly at the short end of our duration (interest rate sensitivity) range during the autumn and Christmas period, with the benefit of hindsight, we were too early to close this short and start building a long sovereign bond position in February and March 2021. This led to a disappointing start to the current calendar year. However, in April, sovereign debt started rallying back and at the time of writing, this duration position had proved to be very positive, although it is outside the reporting year in question.

The entire economic debate has focused on whether the so-called opening-up trade will cause persistent inflation and whether there will be an inflation regime change. We are firmly in the 'transitory camp' and continue to believe that once the dust settles, because the pace of structural change has accelerated, the world will remain deficient of demand in the longer term. During the 'everything rally' we used synthetic credit indices to purchase extra credit beta, which was both effective and efficient. We also used interest rate futures on the short side in the autumn and the long side in the spring. Duration varied from the mid-three years at the end of the 2020 calendar year to the low seven years at the end of the reporting year. We continue to focus and model the rate of change in inflation and growth as the primary determinant of bond yields. This has proved increasingly beneficial to identify turning points in bond yields.

In addition to the change in duration positioning, we made a significant change to the credit allocation in August and September. By then, sovereign bonds and credit spreads were both very low and we had a successful de-allocation away from the longest dated, lowest spread bonds back towards high yield and shorter dated bonds. New high yield bonds were bought in both the primary and secondary markets. As ever, in keeping with our sensible income philosophy, we favoured larger, less cyclical modern day facing businesses that have a reason to exist in the post-COVID-19 era. These include Virgin Media, Sirius XM Radio, Rackspace Technology Global, Broadcom, Avantor Funding and CrowdStrike. We also added some junior banking bonds to enhance the yield of the portfolio in names such as NatWest, Lloyds Banking, ING, Rabobank and Barclays. A lot of these businesses tend to be US-based global technology companies specialising in the modern economy in areas such as media and cable television, cloud infrastructure, cyber security and payment processing. These businesses are of significant size and have proved themselves in the digital age. We continue to be attracted to the size, depth, breadth and diversity of US corporate bond markets. UK banks, among others, have had a remarkably good crisis. They went into it with record levels of capital, while they are over-provisioned upfront, making prudent use of the more pragmatic accounting rules.

Volatility and measures of distress in credit markets are at 15-year lows. Credit markets are tightly – but, arguably, fairly – priced, given the remarkably benign outlook. There is little dispersion and little opportunity. We have experienced markets like this before. We will keep focused on sensible income and not get drawn to the illusory 'fools yield' – those that are so high that they are almost guaranteed to lose capital. We are very mindful of value traps, and illiquid, esoteric and exotic credits. The COVID-19 crisis accelerated many of the existing structural themes we have spoken about for ages. If anything, in the longer term we see a more deflationary world. We understand the market's obsession with inflation, although we believe it to be predominately a cyclical and transitory phenomenon. Given this view, we are positioned accordingly.

## Comparative tables for the year ended 30 June 2021

	Class A income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	128.28	125.25	120.95
Return before operating charges*	7.75	8.61	9.77
Operating charges	(1.88)	(1.77)	(1.70)
Return after operating charges*	5.87	6.84	8.07
Distributions on income shares	(4.36)	(3.81)	(3.77)
Closing net asset value per share	129.79	128.28	125.25
* after direct transaction costs of:	-	-	0.01
<b>Performance</b>			
Return after charges	4.58%	5.46%	6.67%
<b>Other information</b>			
Closing net asset value (£000s)	120,167	114,122	119,620
Closing number of shares	92,584,481	88,960,146	95,504,454
Operating charges	1.43%	1.40%	1.40%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices</b>			
Highest share price (pence)	134.40	130.20	126.40
Lowest share price (pence)	128.20	114.90	118.70

	Class E income	
	2021 (pence per share)	08/07/19 - 30/06/20 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	128.93	125.63 <sup>1</sup>
Return before operating charges*	7.80	8.25
Operating charges	(1.23)	(1.12)
Return after operating charges*	6.57	7.13
Distributions on income shares	(4.40)	(3.83)
Closing net asset value per share	131.10	128.93
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	5.10%	5.68%
<b>Other information</b>		
Closing net asset value (£000s)	8,045	7,214
Closing number of shares	6,136,298	5,595,485
Operating charges	0.93%	0.90%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	135.50	130.80
Lowest share price (pence)	129.20	115.30

<sup>1</sup> Class E income launched on 8 July 2019 and this is the first published price.

## Comparative tables (continued)

	<b>Class G accumulation</b>	
	<b>2021</b>	<b>05/05/20 - 30/06/20</b>
	<b>(pence per share)</b>	<b>(pence per share)</b>
<b>Change in net assets per share</b>		
Opening net asset value per share	353.00	340.00 <sup>2</sup>
Return before operating charges*	21.50	13.28
Operating charges	(1.98)	(0.28)
Return after operating charges*	19.52	13.00
Distributions on accumulation shares	(13.01)	(2.55)
Retained distributions on accumulation shares	13.01	2.55
Closing net asset value per share	372.52	353.00
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	5.53%	3.82%
<b>Other information</b>		
Closing net asset value (£000s)	18,354	10,449
Closing number of shares	4,926,902	2,959,936
Operating charges	0.54%	0.53%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	375.10	354.80
Lowest share price (pence)	353.80	338.50

<sup>2</sup> Class G accumulation launched on 5 May 2020 and this is the first published price.

## Comparative tables (continued)

	Class G income	
	2021	05/05/20 - 30/06/20
	(pence per share)	(pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	133.91	130.00 <sup>3</sup>
Return before operating charges*	8.24	4.99
Operating charges	(0.74)	(0.11)
Return after operating charges*	7.50	4.88
Distributions on income shares	(4.93)	(0.97)
Closing net asset value per share	136.48	133.91
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	5.60%	3.75%
<b>Other information</b>		
Closing net asset value (£000s)	270,166	1
Closing number of shares	197,954,588	537
Operating charges	0.54%	0.53%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	140.80	135.60
Lowest share price (pence)	134.20	129.40

<sup>3</sup> Class G income launched on 5 May 2020 and this is the first published price.



## Comparative tables (continued)

	Class I accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	373.59	351.34	326.62
Return before operating charges*	22.77	24.73	26.98
Operating charges	(2.72)	(2.48)	(2.26)
Return after operating charges*	20.05	22.25	24.72
Distributions on accumulation shares	(13.24)	(11.12)	(10.56)
Retained distributions on accumulation shares	13.24	11.12	10.56
Closing net asset value per share	393.64	373.59	351.34
* after direct transaction costs of:	-	-	0.02

### Performance

Return after charges	5.37%	6.33%	7.57%
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### Other information

Closing net asset value (£000s)	1,501,864	1,404,579	975,018
Closing number of shares	381,533,676	375,971,044	277,514,358
Operating charges	0.70%	0.69%	0.68%
Direct transaction costs	0.00%	0.00%	0.01%

### Prices

Highest share price (pence)	396.70	375.50	352.10
Lowest share price (pence)	374.40	328.10	323.90

	Class I income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	141.39	137.15	131.58
Return before operating charges*	8.56	9.49	10.67
Operating charges	(1.02)	(0.96)	(0.90)
Return after operating charges*	7.54	8.53	9.77
Distributions on income shares	(4.94)	(4.29)	(4.20)
Closing net asset value per share	143.99	141.39	137.15
* after direct transaction costs of:	-	-	0.01

### Performance

Return after charges	5.33%	6.22%	7.43%
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### Other information

Closing net asset value (£000s)	1,353,436	1,448,176	1,294,506
Closing number of shares	939,939,538	1,024,241,987	943,875,930
Operating charges	0.70%	0.69%	0.68%
Direct transaction costs	0.00%	0.00%	0.01%

### Prices

Highest share price (pence)	148.70	143.50	138.50
Lowest share price (pence)	141.70	126.40	129.40

## Comparative tables (continued)

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	411.27	384.27	354.91
Return before operating charges*	25.12	27.12	29.47
Operating charges	(0.17)	(0.12)	(0.11)
Return after operating charges*	24.95	27.00	29.36
Distributions on accumulation shares	(14.89)	(12.41)	(11.70)
Retained distributions on accumulation shares	14.89	12.41	11.70
Closing net asset value per share	436.22	411.27	384.27
* after direct transaction costs of:	-	-	0.02
<b>Performance</b>			
Return after charges	6.07%	7.03%	8.27%
<b>Other information</b>			
Closing net asset value (£000s)	10,206	10,647	11,749
Closing number of shares	2,339,605	2,588,907	3,057,563
Operating charges	0.04%	0.03%	0.03%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices</b>			
Highest share price (pence)	438.20	413.30	385.10
Lowest share price (pence)	412.20	360.60	352.60

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

There were no share classes launched or closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2021 %	2020 %
<b>Class A income</b>	1.43	1.40 <sup>1</sup>
<b>Class E income<sup>2</sup></b>	0.93	0.90 <sup>1</sup>
<b>Class G accumulation<sup>3</sup></b>	0.54	0.53
<b>Class G income<sup>3</sup></b>	0.54	0.53
<b>Class I accumulation</b>	0.70	0.69 <sup>1</sup>
<b>Class I income</b>	0.70	0.69 <sup>1</sup>
<b>Class Z accumulation</b>	0.04	0.03 <sup>1</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

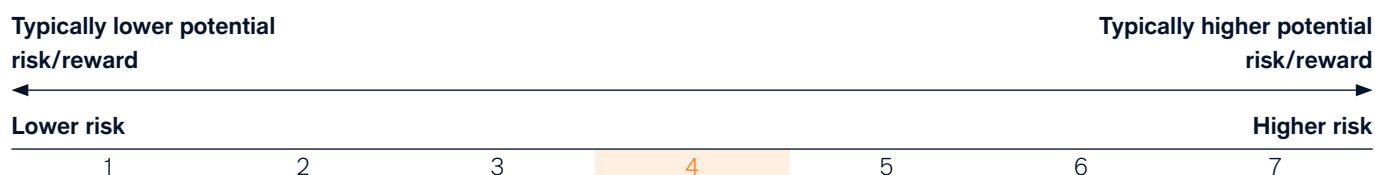
<sup>2</sup> Class E income launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

<sup>3</sup> Class G accumulation and G income launched on 5 May 2020. An annualised OCF rate has been disclosed in the prior year comparative.

## Risk and reward profile

The fund currently has 7 types of share class in issue: A income, E income, G accumulation, G income, I accumulation, I income and Z accumulation.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 4 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section in the fund's prospectus.

The risk rating for all share classes increased to 4 from 3 during the year. The ratings may change over time as a fund takes on more or less risky investments or where market conditions become more or less volatile. At share class level the ratings may differ dependent on the class currency and may be influenced by currency movements and the impact of inflows and outflows.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class E income launched on 8 July 2019, Class G accumulation and Class G income were launched on 5 May 2020. As these share classes do not have a 5 year history, a synthetic history has been created for Class E income using the A income share class and for Class G accumulation and G income using the fund's sector average.

## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 0.74% (2020: 0.68%)</b>		
	<b>United Kingdom 0.74% (2020: 0.68%)</b>		
	<b>Financials 0.74% (2020: 0.68%)</b>		
14,000	Lloyds Banking 9.25% Non-Cumulative Preference Share	23	-
130,350	Nationwide Building Society CDDS	24,300	0.74
		<u>24,323</u>	<u>0.74</u>
	<b>Bonds 89.68% (2020: 96.77%)</b>		
	<b>Australia 5.69% (2020: 0.00%)</b>		
	<b>Fixed Rate Bond 5.69% (2020: 0.00%)</b>		
AUD 60,000,000	Australia (Commonwealth of) 0.25% 21/11/2025	32,024	0.98
AUD 60,000,000	Australia (Commonwealth of) 1.50% 21/06/2031	32,626	0.99
AUD 112,000,000	Australia (Commonwealth of) 1.75% 21/06/2051	53,748	1.63
AUD 60,000,000	Australia (Commonwealth of) 2.25% 21/05/2028	35,075	1.07
AUD 56,000,000	Australia (Commonwealth of) 2.75% 21/05/2041	33,444	1.02
		<u>186,917</u>	<u>5.69</u>
	<b>Belgium 0.33% (2020: 0.14%)</b>		
	<b>Fixed Rate Bond 0.33% (2020: 0.14%)</b>		
USD 8,220,000	Anheuser-Busch InBev 3.50% 01/06/2030	6,619	0.20
AUD 7,000,000	Anheuser-Busch InBev 4.10% 06/09/2027	4,307	0.13
		<u>10,926</u>	<u>0.33</u>
	<b>Canada 0.55% (2020: 0.88%)</b>		
	<b>Fixed Rate Bond 0.55% (2020: 0.88%)</b>		
USD 25,564,000	1011778 BC 4.00% 15/10/2030	17,904	0.55
	<b>France 2.93% (2020: 3.21%)</b>		
	<b>Fixed Rate Bond 2.61% (2020: 3.09%)</b>		
USD 10,457,000	Altice France 5.50% 15/01/2028	7,855	0.24
EUR 10,190,000	Altice France 5.875% 01/02/2027	9,260	0.28
GBP 15,000,000	BNP Paribas 1.875% 14/12/2027	15,303	0.46
EUR 4,170,000	CAB SELAS 3.375% 01/02/2028	3,563	0.11
EUR 24,700,000	Orange 2.00% 15/01/2029	23,930	0.72
GBP 10,000,000	Orange 3.25% 15/01/2032	11,365	0.35
EUR 1,020,000	Sodexo 0.75% 14/04/2027	908	0.03
EUR 11,970,000	Sodexo 1.00% 27/04/2029	10,786	0.33
GBP 2,900,000	Sodexo 1.75% 26/06/2028	2,955	0.09
		<u>85,925</u>	<u>2.61</u>
	<b>Secured Loans 0.18% (2020: 0.00%)<sup>1</sup></b>		
EUR 6,740,000	Biogroup FRN 09/02/2028	5,750	0.18
		<u>5,750</u>	<u>0.18</u>
	<b>Variable Rate Bond 0.14% (2020: 0.12%)</b>		
GBP 3,500,000	AXA 5.625% 16/01/2054	4,449	0.14
		<u>4,449</u>	<u>0.14</u>
	<b>Germany 2.60% (2020: 2.27%)</b>		
	<b>Asset Backed 0.00% (2020: 0.00%)</b>		
EUR 1,231,147	Talisman-6 Finance FRN 22/10/2016 <sup>2</sup>	-	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Fixed Rate Bond 2.60% (2020: 2.27%)</b>		
EUR 19,720,000	Deutsche Telekom 1.375% 05/07/2034	18,015	0.55
EUR 30,000,000	Germany (Federal Republic of) 0.00% 15/08/2050	23,681	0.73
EUR 11,360,000	Symrise 1.25% 29/11/2025	10,151	0.31
EUR 9,430,000	Symrise 1.375% 01/07/2027	8,517	0.26
EUR 8,140,000	TK Elevator 4.375% 15/07/2027	7,297	0.22
EUR 15,500,000	Vantage Towers 0.75% 31/03/2030	13,264	0.40
USD 5,769,000	Vertical US Newco 5.25% 15/07/2027	4,401	0.13
		<u>85,326</u>	<u>2.60</u>
	<b>Ireland 0.39% (2020: 0.28%)</b>		
	<b>Fixed Rate Bond 0.39% (2020: 0.28%)</b>		
EUR 3,200,000	Eircom Finance 2.625% 15/02/2027	2,731	0.08
EUR 6,800,000	Eircom Finance 3.50% 15/05/2026	5,971	0.18
EUR 1,320,000	Smurfit Kappa 1.50% 15/09/2027	1,198	0.04
EUR 3,170,000	Smurfit Kappa 2.375% 01/02/2024	2,873	0.09
		<u>12,773</u>	<u>0.39</u>
	<b>Luxembourg 0.18% (2020: 0.00%)</b>		
	<b>Secured Loans 0.18% (2020: 0.00%)<sup>1</sup></b>		
EUR 7,000,000	Eircom FRN 15/05/2026 B	<u>5,992</u>	<u>0.18</u>
	<b>Netherlands 4.05% (2020: 2.11%)</b>		
	<b>Fixed Rate Bond 2.77% (2020: 1.66%)</b>		
EUR 13,200,000	Cooperatieve Rabobank 3.25% Perpetual	11,717	0.36
EUR 8,600,000	Heineken 1.50% 03/10/2029	8,043	0.25
EUR 3,920,000	Heineken 2.25% 30/03/2030	3,890	0.12
USD 12,220,000	Heineken 3.50% 29/01/2028	9,785	0.30
USD 4,314,000	ING 5.75% Perpetual	3,459	0.11
USD 10,500,000	ING 6.50% Perpetual	8,473	0.26
EUR 5,580,000	Sunshine Mid 6.50% 15/05/2026	4,946	0.15
EUR 25,520,000	VZ Vendor Financing II 2.875% 15/01/2029	21,437	0.64
USD 25,570,000	Ziggo 4.875% 15/01/2030	18,972	0.58
		<u>90,722</u>	<u>2.77</u>
	<b>Secured Loans 0.36% (2020: 0.00%)<sup>1</sup></b>		
EUR 7,000,000	Refresco FRN 28/03/2025 B1	5,965	0.18
EUR 7,000,000	Ziggo FRN 31/01/2029 H	5,957	0.18
		<u>11,922</u>	<u>0.36</u>
	<b>Variable Rate Bond 0.92% (2020: 0.45%)</b>		
EUR 23,172,500	Rabobank 6.50% Perpetual	26,767	0.82
EUR 3,792,000	Ziggo 4.25% 15/01/2027	3,370	0.10
		<u>30,137</u>	<u>0.92</u>
	<b>Spain 1.17% (2020: 0.33%)</b>		
	<b>Fixed Rate Bond 1.17% (2020: 0.33%)</b>		
EUR 8,100,000	Cellnex Finance 2.00% 15/02/2033	6,880	0.21
USD 6,124,000	Cellnex Finance 3.875% 07/07/2041	4,427	0.13
EUR 7,900,000	Cellnex Telecom 1.875% 26/06/2029	6,907	0.21
EUR 3,200,000	Grifols 2.25% 15/11/2027	2,791	0.09

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
EUR 20,010,000	Lorca Telecom 4.00% 18/09/2027	17,484	0.53
		<u>38,489</u>	<u>1.17</u>
<b>Sweden 0.72% (2020: 0.00%)</b>			
	<b>Fixed Rate Bond 0.63% (2020: 0.00%)</b>		
EUR 7,165,000	Verisure Midholding 5.25% 15/02/2029	6,322	0.19
EUR 5,310,000	Verisure 3.25% 15/02/2027	4,563	0.14
EUR 11,100,000	Verisure 3.875% 15/07/2026	9,737	0.30
		<u>20,622</u>	<u>0.63</u>
<b>Secured Loans 0.09% (2020: 0.00%)<sup>1</sup></b>			
EUR 3,500,000	Verisure FRN 20/07/2026	2,995	0.09
<b>Switzerland 0.80% (2020: 1.52%)</b>			
	<b>Fixed Rate Bond 0.58% (2020: 1.09%)</b>		
EUR 10,700,000	Argentum Givaudan Finance 2.00% 17/09/2030	10,482	0.32
EUR 9,170,000	Firmanich International 1.75% 30/04/2030	8,665	0.26
		<u>19,147</u>	<u>0.58</u>
<b>Variable Rate Bond 0.22% (2020: 0.43%)</b>			
USD 8,700,000	UBS 7.00% Perpetual	7,275	0.22
<b>United Kingdom 18.28% (2020: 17.64%)</b>			
	<b>Asset Backed 0.65% (2020: 0.22%)</b>		
GBP 1,993,829	DECO Series FRN 27/01/2036 <sup>2</sup>	-	-
GBP 16,013,234	Tesco Property Finance 5.744% 13/04/2040	21,421	0.65
		<u>21,421</u>	<u>0.65</u>
<b>Fixed Rate Bond 14.63% (2020: 13.11%)</b>			
GBP 5,330,000	Aviva 4.00% 03/06/2055	5,930	0.18
USD 14,973,000	Bacardi 4.45% 15/05/2025	12,047	0.37
USD 18,991,000	Bacardi 4.70% 15/05/2028	16,006	0.49
USD 3,250,000	Barclays 7.75% Perpetual	2,585	0.08
GBP 28,590,000	BUPA Finance 4.125% 14/06/2035	32,089	0.97
GBP 17,500,000	BUPA Finance 5.00% 08/12/2026	20,434	0.62
GBP 10,810,000	Co-operative 5.125% 17/05/2024	11,505	0.35
GBP 8,520,000	CPUK Finance 4.875% 28/08/2025	8,615	0.26
GBP 6,540,000	CPUK Finance 6.50% 28/08/2026	6,923	0.21
USD 3,914,000	Diageo Capital 2.00% 29/04/2030	2,838	0.09
GBP 12,090,000	Diageo Finance 2.875% 27/03/2029	13,469	0.41
USD 21,741,000	Experian Finance 2.75% 08/03/2030	16,281	0.50
GBP 1,900,000	Experian Finance 3.25% 07/04/2032	2,159	0.07
USD 20,169,000	Experian Finance 4.25% 01/02/2029	16,582	0.51
GBP 8,030,000	Galaxy 6.50% 31/07/2026	8,442	0.26
GBP 7,310,000	Iceland Bondco 4.375% 15/05/2028	6,875	0.21
GBP 2,060,000	Legal & General 4.50% 01/11/2050	2,368	0.07
GBP 14,580,000	Lloyds Bank 1.875% 15/01/2026	14,927	0.45
GBP 14,113,000	Lloyds Bank 2.707% 03/12/2035	14,420	0.44
AUD 16,240,000	Lloyds Bank 4.25% 22/11/2027	9,904	0.30
USD 7,200,000	Lloyds Bank 4.375% 22/03/2028	5,990	0.18

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
USD 9,800,000	Lloyds Bank 7.50% Perpetual A	8,300	0.25
USD 4,000,000	Lloyds Bank 7.50% Perpetual B	3,294	0.10
EUR 5,340,000	Motion Finco 7.00% 15/05/2025	4,844	0.15
GBP 21,770,000	Nationwide Building Society 5.75% Perpetual	24,446	0.74
GBP 6,000,000	NatWest 2.875% 19/09/2026	6,377	0.19
GBP 28,180,000	NatWest 3.622% 14/08/2030	30,059	0.92
GBP 24,400,000	NatWest 5.125% Perpetual	26,261	0.80
USD 7,000,000	NatWest 5.125% 28/05/2024	5,628	0.17
USD 1,930,000	NatWest 6.00% Perpetual	1,557	0.05
GBP 15,607,000	Phoenix 4.125% 20/07/2022	16,138	0.49
GBP 9,100,000	Phoenix 6.625% 18/12/2025	10,987	0.33
GBP 5,000,000	Scottish Widows 5.50% 16/06/2023	5,428	0.17
GBP 2,515,000	Scottish Widows 7.00% 16/06/2043	3,798	0.12
GBP 7,280,000	Tesco 2.75% 27/04/2030	7,769	0.24
USD 4,866,000	Tesco 6.15% 15/11/2037	4,682	0.14
GBP 10,240,000	Unilever 1.50% 22/07/2026	10,598	0.32
GBP 8,230,000	Virgin Media 4.125% 15/08/2030	8,148	0.25
GBP 23,380,000	Virgin Media 4.875% 15/07/2028	23,717	0.72
USD 7,542,000	Virgin Media 5.00% 15/07/2030	5,487	0.17
GBP 14,824,000	Virgin Media 5.25% 15/05/2029	15,616	0.48
GBP 12,520,000	Vmed O2 UK Financing I 4.00% 31/01/2029	12,371	0.38
EUR 3,200,000	Vodafone 1.60% 29/07/2031	2,980	0.09
USD 7,000,000	Vodafone 4.375% 30/05/2028	5,899	0.18
GBP 5,033,000	WM Morrison Supermarkets 3.50% 27/07/2026	5,240	0.16
		<u>480,013</u>	<u>14.63</u>
<b>Secured Loans 1.39% (2020: 0.68%)<sup>1</sup></b>			
EUR 4,728,150	Ion Analytics FRN 04/02/2028 B	4,064	0.12
EUR 6,952,575	Ion Analytics FRN 16/02/2028	5,977	0.18
GBP 6,430,000	IVC FRN 13/02/2026	6,429	0.20
GBP 6,010,000	IVC FRN 13/02/2026 B	6,009	0.18
USD 5,587,239	LGC FRN 21/04/2027	4,023	0.12
USD 10,831,010	LGC FRN 21/04/2027 B	7,702	0.24
EUR 6,470,000	LGC FRN 21/04/2027 B1	5,481	0.17
EUR 7,000,000	Masmovil FRN 17/09/2027	6,011	0.18
EUR 1,100,000	Synlab FRN 01/07/2027	936	0.03
EUR (1,100,000)	Synlab FRN 01/07/2027	(936)	(0.03)
		<u>45,696</u>	<u>1.39</u>
<b>Stepped Rate Bond 0.54% (2020: 1.00%)</b>			
GBP 14,819,000	Co-operative 7.50% 08/07/2026	<u>17,801</u>	<u>0.54</u>
<b>Variable Rate Bond 1.07% (2020: 2.63%)</b>			
GBP 2,340,000	Aviva 6.125% Perpetual	2,486	0.08
USD 23,020,000	Barclays 6.278% Perpetual	22,329	0.68
USD 10,152,000	Lloyds Bank 6.657% Perpetual	<u>10,279</u>	<u>0.31</u>
		<u>35,094</u>	<u>1.07</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>United States 51.99% (2020: 68.39%)</b>			
<b>Asset Backed 0.00% (2020: 0.00%)</b>			
GBP 848,421	Lehman Brothers 7.875% 08/05/2018 <sup>2</sup>	6	-
<b>Fixed Rate Bond 50.39% (2020: 66.27%)</b>			
USD 4,668,000	Activision Blizzard 1.35% 15/09/2030	3,163	0.10
USD 4,471,000	Allied Universal 4.625% 01/06/2028	3,239	0.10
USD 18,710,000	Alphabet 1.10% 15/08/2030	12,869	0.39
USD 71,446,000	Alphabet 1.998% 15/08/2026	54,128	1.64
USD 31,520,000	Amazon.com 2.10% 12/05/2031	23,223	0.71
USD 61,080,000	Amazon.com 3.15% 22/08/2027	48,877	1.49
USD 18,853,000	American Tower 2.90% 15/01/2030	14,373	0.44
USD 14,240,000	American Tower 3.60% 15/01/2028	11,345	0.35
USD 20,487,000	American Tower 3.80% 15/08/2029	16,539	0.50
USD 24,342,000	Anthem 2.25% 15/05/2030	17,790	0.54
USD 3,545,000	Apple 3.35% 09/02/2027	2,851	0.09
USD 17,814,000	Arches Buyer 4.25% 01/06/2028	12,750	0.39
USD 3,582,000	Arches Buyer 6.125% 01/12/2028	2,671	0.08
EUR 3,170,000	Ardagh Packaging Finance A 2.125% 15/08/2026	2,717	0.08
USD 23,655,000	Ardagh Packaging Finance A 5.25% 15/08/2027	17,466	0.53
USD 6,918,000	Ardagh Packaging Finance B 5.25% 15/08/2027	5,108	0.16
USD 2,964,000	Atlas LuxCo 4.625% 01/06/2028	2,153	0.07
EUR 3,000,000	AT&T 2.60% 17/12/2029	2,972	0.09
USD 35,700,000	AT&T 2.75% 01/06/2031	26,881	0.82
USD 8,610,000	AT&T 4.50% 15/05/2035	7,326	0.22
USD 25,168,000	Autodesk 2.85% 15/01/2030	19,242	0.59
EUR 10,720,000	Avantor Funding 3.875% 15/07/2028	9,689	0.30
USD 15,293,000	Avantor Funding 4.625% 15/07/2028	11,688	0.36
EUR 3,220,000	Ball 1.50% 15/03/2027	2,802	0.09
USD 44,717,000	Ball 2.875% 15/08/2030	31,775	0.97
USD 3,640,000	Ball 4.875% 15/03/2026	2,935	0.09
USD 18,730,000	Ball 5.25% 01/07/2025	15,304	0.47
USD 14,036,000	Baxter International 3.95% 01/04/2030	11,706	0.36
EUR 7,400,000	Booking 1.80% 03/03/2027	6,880	0.21
USD 6,530,000	Booking 3.60% 01/06/2026	5,242	0.16
USD 11,366,000	Broadcom 2.60% 15/02/2033	8,055	0.25
USD 8,930,000	Broadcom 3.75% 15/02/2051	6,753	0.21
USD 8,930,000	Broadcom 4.11% 15/09/2028	7,278	0.22
USD 8,790,000	Broadcom 4.15% 15/11/2030	7,143	0.22
USD 11,524,000	Cable One 4.00% 15/11/2030	8,373	0.26
EUR 16,630,000	Catalent Pharma Solutions 2.375% 01/03/2028	14,314	0.44
USD 8,095,000	Catalent Pharma Solutions 3.125% 15/02/2029	5,674	0.17
USD 3,054,000	CCO 4.25% 01/02/2031	2,252	0.07
USD 6,995,000	CCO 4.50% 15/08/2030	5,279	0.16
USD 7,058,000	CCO 4.75% 01/03/2030	5,397	0.16
USD 11,739,000	CCO 5.375% 01/06/2029	9,289	0.28
USD 28,177,000	Centene 2.50% 01/03/2031	20,116	0.61
USD 8,467,000	Centene 3.00% 15/10/2030	6,296	0.19
USD 33,100,000	Charter Communications Operating Capital 4.20% 15/03/2028	27,137	0.83
USD 6,500,000	Charter Communications Operating Capital 5.05% 30/03/2029	5,563	0.17
USD 12,685,000	Clarivate Science 3.875% 30/06/2028	9,229	0.28
EUR 4,800,000	Coca-Cola 1.625% 09/03/2035	4,553	0.14

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond</b> (continued)			
USD 13,000,000	Coca-Cola 2.125% 06/09/2029	9,719	0.30
GBP 6,290,000	Comcast 1.50% 20/02/2029	6,305	0.19
GBP 5,440,000	Comcast 1.875% 20/02/2036	5,371	0.16
USD 5,414,000	Constellation Brands 2.875% 01/05/2030	4,114	0.13
USD 30,340,000	Constellation Brands 3.15% 01/08/2029	23,575	0.72
USD 9,200,000	Constellation Brands 3.50% 09/05/2027	7,333	0.22
USD 5,979,000	Constellation Brands 4.75% 15/11/2024	4,854	0.15
USD 10,747,000	Crowdstrike 3.00% 15/02/2029	7,787	0.24
USD 2,788,000	Crown Americas 4.25% 30/09/2026	2,164	0.07
USD 1,810,000	Crown Americas 4.75% 01/02/2026	1,360	0.04
USD 9,644,000	Crown Castle 3.65% 01/09/2027	7,692	0.23
USD 13,434,000	Crown Castle 2.25% 15/01/2031	9,606	0.29
USD 13,750,000	Crown Castle 3.10% 15/11/2029	10,568	0.32
USD 15,319,000	Crown Castle 3.30% 01/07/2030	11,889	0.36
USD 8,590,000	Crown Castle 3.80% 15/02/2028	6,914	0.21
EUR 3,170,000	Crown European 2.875% 01/02/2026	2,893	0.09
EUR 3,170,000	Crown European 3.375% 15/05/2025	2,918	0.09
USD 4,757,000	CSC 3.375% 15/02/2031	3,254	0.10
USD 8,912,000	CSC 4.125% 01/12/2030	6,411	0.20
USD 10,563,000	CSC 6.50% 01/02/2029	8,469	0.26
USD 9,091,000	DaVita 4.625% 01/06/2030	6,755	0.21
USD 21,560,000	Dell International 6.02% 15/06/2026	18,744	0.57
USD 6,502,000	Dell International 6.20% 15/07/2030	6,058	0.18
EUR 10,190,000	Digital Intrepid 0.625% 15/07/2031	8,443	0.26
USD 7,080,000	Digital Realty Trust 4.75% 01/10/2025	5,828	0.18
USD 20,100,000	Elanco Animal Health 4.90% 28/08/2028	17,027	0.52
USD 10,791,000	Equinix 3.00% 15/07/2050	7,486	0.23
USD 37,686,000	Equinix 3.20% 18/11/2029	29,289	0.89
USD 10,021,000	Expedia 2.95% 15/03/2031	7,364	0.22
EUR 9,480,000	Fiserv 1.625% 01/07/2030	8,725	0.27
GBP 2,760,000	Fiserv 2.25% 01/07/2025	2,896	0.09
USD 7,680,000	Fiserv 2.65% 01/06/2030	5,762	0.18
USD 18,513,000	Fiserv 3.50% 01/07/2029	14,759	0.45
USD 8,715,000	Gartner 3.75% 01/10/2030	6,454	0.20
USD 5,538,000	Global Payments 2.65% 15/02/2025	4,225	0.13
USD 22,396,000	Global Payments 2.90% 15/05/2030	16,908	0.52
USD 8,960,000	Global Payments 3.20% 15/08/2029	6,949	0.21
USD 3,620,000	HCA 3.50% 01/09/2030	2,792	0.09
USD 23,125,000	HCA 4.125% 15/06/2029	18,867	0.57
USD 3,433,000	HCA 5.00% 15/03/2024	2,746	0.08
USD 12,320,000	HCA 5.125% 15/06/2039	11,149	0.34
USD 7,834,000	HCA 5.25% 15/06/2026	6,567	0.20
USD 2,467,000	HCA 5.875% 01/02/2029	2,156	0.07
USD 20,472,000	Hologic 3.25% 15/02/2029	14,690	0.45
USD 3,323,000	IHS Markit 4.00% 01/03/2026	2,666	0.08
USD 8,960,000	IHS Markit 4.75% 15/02/2025	7,260	0.22
USD 17,950,000	Intercontinental Exchange 1.85% 15/09/2032	12,297	0.37
EUR 930,000	International Flavors & Fragrances 1.80% 25/09/2026	858	0.03
USD 2,867,000	International Flavors & Fragrances 4.45% 26/09/2028	2,402	0.07
USD 32,067,000	International Flavors & Fragrances 2.30% 01/11/2030	23,108	0.70
EUR 3,200,000	IQVIA 2.25% 15/01/2028	2,762	0.08

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
EUR 13,695,000	IQVIA 2.875% 15/06/2028	12,108	0.37
USD 1,903,000	IQVIA 5.00% 15/05/2027	1,443	0.04
USD 19,423,000	Iron Mountain 4.50% 15/02/2031	14,236	0.43
USD 6,207,000	Iron Mountain 4.875% 15/09/2027	4,662	0.14
USD 6,204,000	Iron Mountain 5.25% 15/03/2028	4,700	0.14
AUD 5,070,000	JPMorgan Chase 4.50% 30/01/2026	3,121	0.10
USD 2,044,000	Keurig Dr Pepper 3.20% 01/05/2030	1,601	0.05
USD 8,580,000	Keurig Dr Pepper 4.597% 25/05/2028	7,298	0.22
USD 3,524,000	Kimberly-Clark 3.10% 26/03/2030	2,818	0.09
USD 3,292,000	Lamar Media 3.625% 15/01/2031	2,329	0.07
USD 3,071,000	Lamb Weston 4.875% 15/05/2028	2,459	0.07
USD 9,465,000	Levi Strauss 3.50% 01/03/2020	6,812	0.21
USD 3,545,000	Levi Strauss 5% 01/05/2025	2,617	0.08
USD 16,093,000	Marriott International 5.75% 01/05/2025	13,451	0.41
USD 20,643,000	Mars 3.20% 01/04/2030	16,369	0.50
USD 15,182,000	McCormick 3.40% 15/08/2027	12,125	0.37
CAD 17,820,000	McDonald's 3.125% 04/03/2025	11,045	0.34
AUD 28,850,000	McDonald's 3.45% 08/09/2026	17,052	0.52
USD 1,465,000	Mondelez International 2.75% 13/04/2030	1,118	0.03
USD 15,155,000	MSCI 3.625% 01/09/2030	11,201	0.34
USD 12,569,000	MSCI 3.625% 01/11/2031	9,332	0.28
USD 3,770,000	MSCI 3.875% 15/02/2031	2,832	0.09
USD 6,592,000	MSCI 4.00% 15/11/2029	5,022	0.15
EUR 34,850,000	Netflix 3.625% 15/06/2030	35,562	1.08
EUR 6,510,000	Netflix 3.875% 15/11/2029	6,725	0.20
USD 7,385,000	Netflix 4.875% 15/04/2028	6,208	0.19
USD 4,985,000	Netflix 4.875% 15/06/2030	4,292	0.13
USD 1,852,000	Nike 3.375% 27/03/2050	1,511	0.05
USD 12,590,000	Oracle 2.95% 01/04/2030	9,610	0.29
USD 5,450,000	PayPal 2.65% 01/10/2026	4,239	0.13
USD 5,450,000	PayPal 2.85% 01/10/2029	4,271	0.13
USD 6,914,000	PepsiCo 2.625% 29/07/2029	5,369	0.16
USD 7,397,000	Qorvo 3.375% 01/04/2031	5,581	0.17
USD 6,338,000	Rackspace Technology Global 3.50% 15/02/2028	4,438	0.14
USD 12,243,000	Salesforce.com 1.95% 15/07/2031	8,882	0.27
USD 15,521,000	Salesforce.com 3.70% 11/04/2028	12,788	0.39
USD 11,497,000	SBA Communications 3.125% 01/02/2029	8,023	0.24
USD 12,700,000	Service International 4.00% 15/05/2031	9,383	0.29
USD 10,050,000	Service International 3.375% 15/08/2030	7,128	0.22
USD 16,068,000	Service International 4.625% 15/12/2027	12,300	0.37
USD 5,936,000	Service International 5.125% 01/06/2029	4,662	0.14
USD 24,391,000	Sirius XM Radio 4.125% 01/07/2030	17,877	0.54
USD 4,538,000	Sirius XM Radio 5.00% 01/08/2027	3,442	0.10
USD 14,932,000	Sirius XM Radio 5.50% 01/07/2029	11,778	0.36
USD 9,987,000	Sirius XM Radio 4.00% 15/07/2028	7,454	0.23
USD 23,461,000	Square 3.50% 01/06/2031	17,131	0.52
USD 11,500,000	Sysco 3.55% 15/03/2025	9,053	0.28
EUR 3,660,000	Thermo Fisher Scientific 2.375% 15/04/2032	3,657	0.11
USD 2,748,000	Thermo Fisher Scientific 4.497% 25/03/2030	2,371	0.07
USD 3,902,000	T-Mobile USA 2.625% 15/02/2029	2,789	0.08
USD 7,322,000	T-Mobile USA 3.00% 15/02/2041	5,235	0.16

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Fixed Rate Bond (continued)</b>			
USD 20,500,000	T-Mobile USA 3.875% 15/04/2030	16,569	0.50
USD 17,475,000	T-Mobile USA 4.375% 15/04/2040	14,783	0.45
USD 2,534,000	T-Mobile USA 4.50% 01/02/2026	1,869	0.06
USD 3,997,000	T-Mobile USA 4.75% 01/02/2028	3,099	0.09
USD 1,858,000	Twitter 3.875% 15/12/2027	1,429	0.04
USD 45,000,000	US Treasury 1.625% 15/05/2031	33,114	1.01
AUD 10,000,000	Verizon Communications 2.35% 23/03/2028	5,437	0.17
USD 13,478,000	Verizon Communications 2.55% 21/03/2031	9,984	0.30
AUD 25,200,000	Verizon Communications 2.65% 06/05/2030	13,546	0.41
USD 13,683,000	Verizon Communications 4.016% 03/12/2029	11,355	0.35
AUD 16,640,000	Verizon Communications 4.50% 17/08/2027	10,298	0.31
USD 15,078,000	Viatis 2.70% 22/06/2030	11,048	0.34
USD 14,369,000	VMware 3.90% 21/08/2027	11,565	0.35
USD 33,175,000	VMware 4.70% 15/05/2030	28,442	0.87
USD 13,610,000	Walmart 3.70% 26/06/2028	11,218	0.34
USD 20,535,000	Walt Disney 2.00% 01/09/2029	15,041	0.46
USD 21,338,000	Walt Disney 2.65% 13/01/2031	16,231	0.49
EUR 10,450,000	WMG Acquisition 2.75% 15/07/2028	9,179	0.28
USD 26,906,000	WMG Acquisition 3.00% 15/02/2031	18,453	0.56
USD 4,818,000	WMG Acquisition 3.875% 15/07/2030	3,522	0.11
USD 15,949,000	Zayo 4.00% 01/03/2027	11,466	0.35
USD 10,812,000	Zoetis 2.00% 15/05/2030	7,799	0.24
USD 6,018,000	Zoetis 3.90% 20/08/2028	4,957	0.15
		<u>1,653,507</u>	<u>50.39</u>
<b>Floating Rate Note 0.82% (2020: 0.00%)</b>			
CAD 16,500,000	Bank of America FRN 20/09/2025	10,235	0.31
EUR 16,000,000	Bank of America FRN 31/03/2029	16,581	0.51
		<u>26,816</u>	<u>0.82</u>
<b>Index Linked Bond 0.00% (2020: 0.43%)</b>			
<b>Secured Loans 0.78% (2020: 0.76%)<sup>1</sup></b>			
USD 5,037,500	Ion Analytics FRN 16/02/2028	3,656	0.11
USD 9,645,017	McAfee FRN 30/09/2024 B	6,980	0.21
EUR 8,663,362	McAfee FRN 30/09/2024 B1	7,432	0.23
USD 10,649,429	Realpage FRN 24/04/2028	7,682	0.23
		<u>25,750</u>	<u>0.78</u>
<b>Variable Rate Bond 0.00% (2020: 0.93%)</b>			
<b>Derivatives (0.41%) (2020: (1.31%))</b>			
<b>Futures 0.15% (2020: (0.07%))</b>			
665	CBT US 10 Year Ultra September 2021	976	0.03
1,850	ICE Long Gilt September 2021	1,592	0.05
4,000	SFE Australia 10 Year Bond September 2021	2,425	0.07
		<u>4,993</u>	<u>0.15</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Swaps (0.25%) (2020: 0.43%)<sup>1</sup></b>			
<b>Credit Default Index Swaps (0.25%) (2020: 0.43%)<sup>1</sup></b>			
38,000,000	CDX 5.00% 20/06/2026 iTraxx-Crossover - Receive - EUR	(4,062)	(0.12)
38,000,000	CDX 5.00% 20/06/2026 iTraxx-Crossover - Receive - EUR	(4,061)	(0.13)
		<u>(8,123)</u>	<u>(0.25)</u>
<b>Credit Default Swaps 0.00% (2020: 0.00%)<sup>1</sup></b>			
9,000,000	CDS 1.00% 20/12/2021 Renault - Pay - EUR	<u>(12)</u>	<u>-</u>
<b>Forward Foreign Exchange Contracts (0.31%) (2020: (1.67%))<sup>1</sup></b>			
	Buy AUD 10,010,671 : Sell GBP 5,511,310 August 2021	(70)	-
	Buy AUD 1,098,500 : Sell GBP 601,377 September 2021	(4)	-
	Buy AUD 1,254,000 : Sell GBP 686,708 September 2021	(5)	-
	Buy AUD 1,353,200 : Sell GBP 737,835 September 2021	(2)	-
	Buy AUD 13,896,699 : Sell GBP 7,607,437 August 2021	(55)	-
	Buy AUD 1,430,000 : Sell GBP 772,573 September 2021	5	-
	Buy AUD 1,516,000 : Sell GBP 842,082 July 2021	(18)	-
	Buy AUD 1,518,700 : Sell GBP 831,346 August 2021	(6)	-
	Buy AUD 1,520,000 : Sell GBP 831,994 August 2021	(6)	-
	Buy AUD 1,521,700 : Sell GBP 849,653 July 2021	(23)	-
	Buy AUD 1,524,000 : Sell GBP 836,374 August 2021	(8)	-
	Buy AUD 1,948,200 : Sell GBP 1,068,699 August 2021	(10)	-
	Buy AUD 2,021,100 : Sell GBP 1,094,114 September 2021	4	-
	Buy AUD 2,033,000 : Sell GBP 1,104,926 September 2021 <sup>3</sup>	-	-
	Buy AUD 2,093,000 : Sell GBP 1,146,482 September 2021	(9)	-
	Buy AUD 2,164,700 : Sell GBP 1,198,820 July 2021	(22)	-
	Buy AUD 2,165,300 : Sell GBP 1,208,850 July 2021	(32)	-
	Buy AUD 216,700 : Sell GBP 118,419 August 2021	(1)	-
	Buy AUD 226,200 : Sell GBP 123,341 September 2021 <sup>3</sup>	-	-
	Buy AUD 272,000 : Sell GBP 151,910 July 2021	(4)	-
	Buy AUD 2,807,200 : Sell GBP 1,578,406 July 2021	(53)	-
	Buy AUD 333,900 : Sell GBP 187,195 July 2021	(6)	-
	Buy AUD 3,388,100 : Sell GBP 1,830,602 September 2021	11	-
	Buy AUD 345,100 : Sell GBP 189,171 August 2021	(2)	-
	Buy AUD 3,940,500 : Sell GBP 2,149,296 September 2021	(7)	-
	Buy AUD 432,800 : Sell GBP 237,583 August 2021	(2)	-
	Buy AUD 434,000 : Sell GBP 241,717 July 2021	(6)	-
	Buy AUD 436,900 : Sell GBP 237,587 August 2021 <sup>3</sup>	-	-
	Buy AUD 4,992,461 : Sell GBP 2,734,421 August 2021	(21)	-
	Buy AUD 5,330,349 : Sell GBP 2,952,420 July 2021	(56)	-
	Buy AUD 5,381,809 : Sell GBP 2,954,305 August 2021	(29)	-
	Buy AUD 545,100 : Sell GBP 298,003 September 2021	(2)	-
	Buy AUD 650,400 : Sell GBP 363,297 July 2021	(10)	-
	Buy AUD 651,800 : Sell GBP 363,710 July 2021	(9)	-
	Buy AUD 654,800 : Sell GBP 358,964 August 2021	(3)	-
	Buy AUD 863,100 : Sell GBP 474,808 August 2021	(6)	-
	Buy AUD 868,500 : Sell GBP 482,508 July 2021	(11)	-
	Buy AUD 872,400 : Sell GBP 477,468 August 2021	(3)	-
	Buy EUR 119,700 : Sell GBP 104,215 July 2021	(1)	-
	Buy EUR 121,396 : Sell GBP 104,634 September 2021 <sup>3</sup>	-	-
	Buy EUR 13,620,000 : Sell GBP 11,728,144 August 2021	(26)	-
	Buy EUR 1,440,068 : Sell GBP 1,233,334 September 2021	5	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> (continued)			
	Buy EUR 157,240 : Sell GBP 134,850 July 2021 <sup>3</sup>	-	-
	Buy EUR 175,302 : Sell GBP 152,202 July 2021	(2)	-
	Buy EUR 17,594 : Sell GBP 15,300 July 2021 <sup>3</sup>	-	-
	Buy EUR 19,590 : Sell GBP 16,854 September 2021 <sup>3</sup>	-	-
	Buy EUR 20,222 : Sell GBP 17,597 July 2021 <sup>3</sup>	-	-
	Buy EUR 24,339 : Sell GBP 20,963 August 2021 <sup>3</sup>	-	-
	Buy EUR 25,858 : Sell GBP 22,146 September 2021 <sup>3</sup>	-	-
	Buy EUR 26,201 : Sell GBP 22,813 July 2021 <sup>3</sup>	-	-
	Buy EUR 3,206,765 : Sell GBP 2,751,953 September 2021	5	-
	Buy EUR 325,223 : Sell GBP 282,459 July 2021	(3)	-
	Buy EUR 3,917,832 : Sell GBP 3,394,727 July 2021	(30)	-
	Buy EUR 39,340 : Sell GBP 33,760 September 2021 <sup>3</sup>	-	-
	Buy EUR 5,072,833 : Sell GBP 4,412,194 July 2021	(56)	-
	Buy EUR 5,083,612 : Sell GBP 4,421,361 July 2021	(56)	-
	Buy EUR 569,602 : Sell GBP 489,597 September 2021 <sup>3</sup>	-	-
	Buy EUR 6,640,594 : Sell GBP 5,713,481 July 2021	(11)	-
	Buy EUR 6,750 : Sell GBP 5,841 August 2021 <sup>3</sup>	-	-
	Buy EUR 725,061 : Sell GBP 627,123 August 2021	(4)	-
	Buy EUR 7,635 : Sell GBP 6,638 July 2021 <sup>3</sup>	-	-
	Buy EUR 954,653 : Sell GBP 821,812 September 2021	(1)	-
	Buy GBP 104,286 : Sell EUR 121,737 September 2021 <sup>3</sup>	-	-
	Buy GBP 11,603 : Sell USD 16,445 August 2021 <sup>3</sup>	-	-
	Buy GBP 1,194,250 : Sell AUD 2,169,200 August 2021	15	-
	Buy GBP 1,201,600 : Sell USD 1,696,800 August 2021	(27)	-
	Buy GBP 1,205,573 : Sell AUD 2,221,400 September 2021	(2)	-
	Buy GBP 120,788 : Sell AUD 216,700 July 2021	3	-
	Buy GBP 12,102,131 : Sell EUR 13,878,900 July 2021	184	0.01
	Buy GBP 123,461 : Sell AUD 225,900 September 2021	1	-
	Buy GBP 12,846,264 : Sell AUD 23,009,840 July 2021	341	0.01
	Buy GBP 12,897,130 : Sell AUD 23,071,440 July 2021	358	0.01
	Buy GBP 14,307,069 : Sell USD 20,004,000 July 2021	(173)	(0.01)
	Buy GBP 151,195 : Sell EUR 175,873 September 2021 <sup>3</sup>	-	-
	Buy GBP 15,626,589 : Sell USD 21,592,080 September 2021	(1)	-
	Buy GBP 1,567,387 : Sell AUD 2,816,700 July 2021	37	-
	Buy GBP 16,953,066 : Sell USD 23,912,892 September 2021	(354)	(0.01)
	Buy GBP 1,716,553 : Sell AUD 3,060,115 July 2021	53	-
	Buy GBP 1,718,643 : Sell AUD 3,163,100 September 2021	(1)	-
	Buy GBP 176,287,137 : Sell EUR 203,902,867 September 2021	977	0.03
	Buy GBP 181,508,179 : Sell EUR 210,718,295 August 2021	462	0.01
	Buy GBP 184,018,592 : Sell EUR 211,585,624 July 2021	2,321	0.07
	Buy GBP 192,314 : Sell USD 267,691 September 2021	(1)	-
	Buy GBP 19,292 : Sell EUR 22,500 September 2021 <sup>3</sup>	-	-
	Buy GBP 197,818 : Sell USD 280,500 August 2021	(5)	-
	Buy GBP 2,006 : Sell EUR 2,330 July 2021 <sup>3</sup>	-	-
	Buy GBP 20,667,600 : Sell USD 29,140,986 July 2021	(426)	(0.01)
	Buy GBP 22,275,745 : Sell USD 31,514,326 July 2021	(535)	(0.02)
	Buy GBP 2,318,875 : Sell AUD 4,277,100 September 2021	(6)	-
	Buy GBP 23,598,803 : Sell USD 32,469,758 July 2021	96	-
	Buy GBP 239,283 : Sell AUD 435,300 July 2021	3	-
	Buy GBP 248,852,362 : Sell USD 350,600,658 September 2021	(4,892)	(0.14)



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> (continued)			
	Buy GBP 249,909,176 : Sell USD 344,407,687 July 2021	614	0.02
	Buy GBP 250,811 : Sell USD 353,400 September 2021	(5)	-
	Buy GBP 25,397,567 : Sell AUD 46,490,440 August 2021	130	-
	Buy GBP 254,155,048 : Sell USD 357,112,250 August 2021	(4,321)	(0.12)
	Buy GBP 2,603 : Sell EUR 3,000 August 2021 <sup>3</sup>	-	-
	Buy GBP 283,935,205 : Sell USD 400,000,000 September 2021	(5,561)	(0.16)
	Buy GBP 284,227 : Sell USD 394,800 September 2021	(2)	-
	Buy GBP 285,064,341 : Sell USD 400,000,000 August 2021	(4,454)	(0.13)
	Buy GBP 289,995,143 : Sell USD 400,000,000 July 2021	460	0.01
	Buy GBP 3,110,513 : Sell CAD 5,310,047 September 2021	7	-
	Buy GBP 3,113,608 : Sell CAD 5,312,687 August 2021	8	-
	Buy GBP 3,246,478 : Sell CAD 5,591,124 July 2021	(22)	-
	Buy GBP 33,020,329 : Sell USD 45,689,063 September 2021	(47)	-
	Buy GBP 3,895,573 : Sell USD 5,516,000 August 2021	(97)	-
	Buy GBP 3,900,400 : Sell AUD 7,009,618 July 2021	91	-
	Buy GBP 3,911,026 : Sell USD 5,471,900 July 2021	(50)	-
	Buy GBP 4,375,563 : Sell USD 6,045,858 September 2021 <sup>3</sup>	-	-
	Buy GBP 484,601 : Sell AUD 867,400 July 2021	13	-
	Buy GBP 484,694 : Sell AUD 865,700 July 2021	14	-
	Buy GBP 490,406 : Sell AUD 902,600 September 2021 <sup>3</sup>	-	-
	Buy GBP 520,441 : Sell AUD 954,300 September 2021	2	-
	Buy GBP 58,792 : Sell USD 83,200 August 2021	(1)	-
	Buy GBP 58,974 : Sell USD 83,700 August 2021	(2)	-
	Buy GBP 61,622,270 : Sell AUD 109,657,049 July 2021	2,027	0.06
	Buy GBP 6,505,997 : Sell EUR 7,557,722 August 2021	13	-
	Buy GBP 7,072,169 : Sell USD 9,987,000 September 2021	(156)	-
	Buy GBP 70,838 : Sell AUD 129,341 August 2021	1	-
	Buy GBP 711,918 : Sell AUD 1,299,800 August 2021	5	-
	Buy GBP 74,762,887 : Sell AUD 136,221,984 September 2021	721	0.02
	Buy GBP 81,286 : Sell EUR 94,508 September 2021 <sup>3</sup>	-	-
	Buy GBP 83,902,332 : Sell AUD 152,972,541 August 2021	761	0.02
	Buy GBP 843,394 : Sell AUD 1,519,500 July 2021	18	-
	Buy GBP 855,668 : Sell AUD 1,521,800 July 2021	29	-
	Buy GBP 89,799 : Sell USD 124,800 September 2021	(1)	-
	Buy GBP 8,992,836 : Sell USD 12,700,000 August 2021	(199)	(0.01)
	Buy GBP 9,090,792 : Sell USD 12,685,000 September 2021	(90)	-
	Buy GBP 9,201,632 : Sell USD 13,047,825 August 2021	(242)	(0.01)
	Buy GBP 94,859 : Sell EUR 110,265 September 2021 <sup>3</sup>	-	-
	Buy GBP 952,913 : Sell AUD 1,727,800 August 2021	14	-
	Buy GBP 956,697 : Sell AUD 1,746,300 August 2021	8	-
	Buy GBP 966,800 : Sell AUD 1,725,300 July 2021	29	-
	Buy USD 1,099,005 : Sell GBP 789,751 September 2021	6	-
	Buy USD 1,172,052 : Sell GBP 839,982 September 2021	8	-
	Buy USD 119,998 : Sell GBP 85,998 September 2021	1	-
	Buy USD 13,060,433 : Sell GBP 9,218,316 August 2021	235	0.01
	Buy USD 161,000 : Sell GBP 114,188 July 2021	2	-
	Buy USD 18,262,429 : Sell GBP 13,061,992 July 2021	157	-
	Buy USD 1,885,622 : Sell GBP 1,355,706 July 2021	9	-
	Buy USD 197,500 : Sell GBP 139,354 August 2021	4	-
	Buy USD 2,089,967 : Sell GBP 1,498,358 July 2021	14	-
	Buy USD 22,058,620 : Sell GBP 15,808,890 July 2021	158	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> (continued)			
	Buy USD 2,239,301 : Sell GBP 1,587,622 September 2021	33	-
	Buy USD 225,400 : Sell GBP 159,464 August 2021	4	-
	Buy USD 2,399,721 : Sell GBP 1,732,918 July 2021	4	-
	Buy USD 2,417,151 : Sell GBP 1,700,617 August 2021	49	-
	Buy USD 242,747 : Sell GBP 170,758 August 2021	5	-
	Buy USD 2,529,171 : Sell GBP 1,785,457 August 2021	45	-
	Buy USD 2,570,146 : Sell GBP 1,859,095 July 2021	1	-
	Buy USD 27,678,002 : Sell GBP 19,629,775 August 2021	403	0.01
	Buy USD 28,127 : Sell GBP 20,192 July 2021 <sup>3</sup>	-	-
	Buy USD 286,753 : Sell GBP 205,259 September 2021	2	-
	Buy USD 290,900 : Sell GBP 205,944 September 2021	5	-
	Buy USD 307,282 : Sell GBP 222,960 July 2021	(1)	-
	Buy USD 337,909 : Sell GBP 238,636 August 2021	6	-
	Buy USD 341,250 : Sell GBP 243,896 July 2021	3	-
	Buy USD 350,725 : Sell GBP 248,518 August 2021	5	-
	Buy USD 353,300 : Sell GBP 249,794 September 2021	6	-
	Buy USD 374,200 : Sell GBP 264,899 September 2021	6	-
	Buy USD 4,044,425 : Sell GBP 2,913,637 July 2021	14	-
	Buy USD 44,758,042 : Sell GBP 31,648,174 July 2021	749	0.02
	Buy USD 493,938 : Sell GBP 348,811 August 2021	9	-
	Buy USD 498,800 : Sell GBP 360,498 September 2021	1	-
	Buy USD 498,800 : Sell GBP 361,259 September 2021 <sup>3</sup>	-	-
	Buy USD 5,086,902 : Sell GBP 3,595,457 August 2021	86	-
	Buy USD 543,572 : Sell GBP 393,332 September 2021 <sup>3</sup>	-	-
	Buy USD 550,700 : Sell GBP 396,016 September 2021	3	-
	Buy USD 5,671,518 : Sell GBP 4,022,839 July 2021	82	-
	Buy USD 599,640 : Sell GBP 429,216 September 2021	5	-
	Buy USD 62,490 : Sell GBP 45,127 July 2021 <sup>3</sup>	-	-
	Buy USD 627,698 : Sell GBP 444,420 August 2021	10	-
	Buy USD 71,289 : Sell GBP 51,476 July 2021 <sup>3</sup>	-	-
	Buy USD 7,696,072 : Sell GBP 5,531,560 July 2021	39	-
		(10,350)	(0.31)
<b>Investment assets including investment liabilities</b>		<b>2,954,206</b>	<b>90.01</b>
	Other net assets	328,032	9.99
	<b>Total net assets</b>	<b>3,282,238</b>	<b>100.00</b>

<sup>1</sup> Not listed on an official stock exchange

<sup>2</sup> Defaulted

<sup>3</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

Prior year comparative percentages have changed for some sectors due to reclassification within these sectors.



## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		81,357		99,117
Revenue	3	106,932		80,725	
Expenses	4	(22,936)		(19,260)	
Interest payable and similar charges	5	(43)		(92)	
Net revenue before taxation		83,953		61,373	
Taxation	6	-		19	
Net revenue after taxation			83,953		61,392
Total return before distributions			165,310		160,509
Distributions	7		(109,583)		(83,888)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>55,727</b>		<b>76,621</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

	2021		2020	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>2,995,188</b>		<b>2,400,893</b>
Amounts receivable on issue of shares	546,536		754,346	
Amounts payable on cancellation of shares	(367,374)		(275,159)	
		179,162		479,187
Dilution adjustment		253		493
Change in net assets attributable to shareholders from investment activities		55,727		76,621
Retained distributions on accumulation shares		51,896		37,988
Unclaimed distributions		12		6
<b>Closing net assets attributable to shareholders</b>		<b>3,282,238</b>		<b>2,995,188</b>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		2,984,706	2,946,688
Current assets:			
Debtors	8	80,149	51,376
Cash and bank balances	9	329,548	132,797
<b>Total assets</b>		<b>3,394,403</b>	<b>3,130,861</b>
<b>Liabilities:</b>			
Investment liabilities		30,500	67,115
Creditors:			
Amounts held at derivative clearing houses and brokers		4,993	11,977
Distributions payable		13,012	14,973
Other creditors	10	63,660	41,608
<b>Total liabilities</b>		<b>112,165</b>	<b>135,673</b>
<b>Net assets attributable to shareholders</b>		<b>3,282,238</b>	<b>2,995,188</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2021 £000	2020 £000
Derivative securities	18,856	5,978
Forward currency contracts	261,115	(51,256)
Non-derivative securities	(195,802)	143,868
Other currency (losses)/gains	(2,806)	540
Transaction costs	(6)	(13)
<b>Net capital gains</b>	<b>81,357</b>	<b>99,117</b>

### 3 Revenue

	2021 £000	2020 £000
Bank interest	105	651
Derivative revenue	12,306	5,710
Interest on debt securities	93,152	72,824
Interest on margin	-	15
Stock lending revenue	32	189
UK dividends	1,337	1,336
<b>Total revenue</b>	<b>106,932</b>	<b>80,725</b>

### 4 Expenses

	2021 £000	2020 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	19,821	16,867
GAC*	2,898	2,167
	22,719	19,034
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	99	105
Safe custody fees	118	121
	217	226
<b>Total expenses</b>	<b>22,936</b>	<b>19,260</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £12,799).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	13	92
Interest on margin	30	-
<b>Total interest payable and similar charges</b>	<b>43</b>	<b>92</b>

### 6 Taxation

#### a) Analysis of credit in the year

The tax credit comprises

	2021 £000	2020 £000
<b>Current tax</b>		
Overseas withholding tax	-	(19)
<b>Total tax (note 6b)</b>	<b>-</b>	<b>(19)</b>

#### b) Factors affecting tax credit for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	83,953	61,373
Corporation tax at 20% (2020: 20%)	16,791	12,275
Effects of:		
Overseas withholding tax	-	(19)
Revenue being paid as interest distributions	(16,523)	(12,008)
UK dividends*	(268)	(267)
<b>Tax credit for the year (note 6a)</b>	<b>-</b>	<b>(19)</b>

\* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

## Notes to the financial statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim income	45,857	31,975
Interim accumulation	40,601	24,499
Final income	13,012	14,973
Final accumulation	11,295	13,489
	<u>110,765</u>	<u>84,936</u>
Amounts deducted on cancellation of shares	666	1,318
Amounts received on issue of shares	(1,848)	(2,366)
<b>Total distributions</b>	<b><u>109,583</u></b>	<b><u>83,888</u></b>
Net revenue after taxation	83,953	61,392
Annual management charge borne by the capital account	19,821	16,867
Effective yield coupon based adjustment	5,731	5,629
Undistributed revenue brought forward	1	1
Undistributed revenue carried forward	(1)	(1)
Equalisation on conversions	78	-
<b>Total distributions</b>	<b><u>109,583</u></b>	<b><u>83,888</u></b>

Details of the distribution per share are set out in the Distribution tables on pages 340 to 343.

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	24,589	27,662
Amounts receivable for issue of shares	14,646	6,204
Currency transactions awaiting settlement	21,111	12,602
Sales awaiting settlement	19,803	4,908
<b>Total debtors</b>	<b><u>80,149</u></b>	<b><u>51,376</u></b>

### 9 Cash and bank balances

	2021 £000	2020 £000
Amounts held at derivative clearing houses and brokers	26,799	36,539
Cash and bank balances	302,749	95,998
Cash pledged as collateral	-	260
<b>Total cash and bank balances</b>	<b><u>329,548</u></b>	<b><u>132,797</u></b>

The fund held significant Cash and bank balances at the balance sheet date to ensure that there is sufficient cash backing to settle any futures contracts, in addition to other investment purposes, without increasing the economic exposure on the fund.

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	1,646	1,526
Accrued Depositary's fee	11	10
Accrued other expenses	258	247
Amounts payable for cancellation of shares	226	5,029
Derivative revenue payable	83	6
Currency transactions awaiting settlement	21,111	12,572
Purchases awaiting settlement	40,325	22,218
<b>Total other creditors</b>	<b>63,660</b>	<b>41,608</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 325 and 326 and notes 4,7,8 and 10 on pages 327 to 330 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

There were no material shareholders at the year end (2020: nil).

### 13 Shareholders' funds

The fund currently has 5 share classes available: Class A (Retail), Class E (Retail), Class G (Retail), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021 %	2020 %
Class A	1.25	1.25
Class E	0.75	0.75
Class G	0.50	0.50
Class I	0.60	0.60
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 306 to 310. The distribution per share class is given in the Distribution tables on pages 340 to 343. All share classes have the same rights on winding up.

## Notes to the financial statements (continued)

### 13 Shareholders' funds (continued)

#### Shares reconciliation as at 30 June 2021

	Class A income	Class E income	Class G accumulation	Class G income
Opening number of shares	88,960,146	5,595,485	2,959,936	537
Issues during the year	14,861,227	242,728	5,582,358	15,627,911
Cancellations during the year	(10,581,992)	(274,822)	(27,666,841)	(18,260,947)
Shares converted during the year	(654,900)	572,907	24,051,449	200,587,087
<b>Closing shares in issue</b>	<b>92,584,481</b>	<b>6,136,298</b>	<b>4,926,902</b>	<b>197,954,588</b>

	Class I accumulation	Class I income	Class Z accumulation
Opening number of shares	375,971,044	1,024,241,987	2,588,907
Issues during the year	67,453,090	152,666,304	364,242
Cancellations during the year	(39,162,495)	(46,914,564)	(613,544)
Shares converted during the year	(22,727,963)	(190,054,189)	-
<b>Closing shares in issue</b>	<b>381,533,676</b>	<b>939,939,538</b>	<b>2,339,605</b>

### 14 Financial derivatives

The fund may use financial derivatives with the aim of making investment gains in line with the fund's objective, to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 30 June 2021 (2020: £260,000). The fund had cash assets of £26,799,237 (2020: £36,538,718) and cash liabilities of £4,993,433 (2020: £11,976,959) held in margin accounts at derivative clearing houses and brokers at 30 June 2021.

The tables below, provide further details of the counterparty exposure for the derivative positions held on the fund at 30 June 2021 and 30 June 2020.

#### 2021

At 30 June 2021 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	-	12,015	12,015
UBS	4,993	-	4,993
	<b>4,993</b>	<b>12,015</b>	<b>17,008</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

#### 2020

At 30 June 2020 the counterparty exposure calculated using the positive marked-to-market fair value for the derivatives held, which is considered to be risk of repayment to the counterparty by the fund, was as follows:

Counterparty	Credit default swaps £000	Credit default index swaps £000	Forward foreign exchange contracts £000
BNP Paribas	-	-	15,086
Barclays	89	-	-
Citigroup	-	12,708	-
UBS	-	-	-
	<b>89</b>	<b>12,708</b>	<b>15,086</b>

Counterparty	Futures £000	Total by counterparty £000
BNP Paribas	-	15,086
Barclays	-	89
Citigroup	-	12,708
UBS	15	15
	<b>15</b>	<b>27,898</b>

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Credit default swaps £000	Credit default index swaps £000	Forward foreign exchange contracts £000
Barclays	7,366	-	-
BNP Paribas	-	-	2,889,779
Goldman Sachs	-	36,657	-
Morgan Stanley	-	36,657	-
UBS	-	-	-
	<b>7,366</b>	<b>73,314</b>	<b>2,889,779</b>

Counterparty	Futures £000	Total by counterparty £000
Barclays	-	7,366
BNP Paribas	-	2,889,779
Goldman Sachs	-	36,657
Morgan Stanley	-	36,657
UBS	614,761	614,761
	<b>614,761</b>	<b>3,585,220</b>



## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Credit default swaps £000	Credit default index swaps £000	Forward foreign exchange contracts £000
Barclays	7,490	-	-
BNP Paribas	-	44,006	3,887,411
Citigroup	-	44,006	-
Goldman Sachs	-	14,669	-
JPMorgan	16,963	176,024	-
Morgan Stanley	-	14,669	-
UBS	-	-	-
	<b>24,453</b>	<b>293,374</b>	<b>3,887,411</b>

Counterparty	Futures £000	Total by counterparty £000
Barclays	-	7,490
BNP Paribas	-	3,931,417
Citigroup	-	44,006
Goldman Sachs	-	14,669
JPMorgan	-	192,987
Morgan Stanley	-	14,669
UBS	(305,837)	(305,837)
	<b>(305,837)</b>	<b>3,899,401</b>

### 15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with JPMorgan Chase Bank, National Association (London branch) acting as the stock lending agent in order to generate additional revenue.

Stock lending revenue is disclosed under 'Revenue' in the Statement of total return.

Eligible collateral types for stock lending and borrowing transactions are approved by the Investment Manager and may consist of (i) cash, (ii) securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope or by Hong Kong or Singapore, generally subject to a minimum long term credit rating of at least A- by one or more major rating agency or (iii) equities. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102% to 110% of the value of the stock on loan.

2021 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of America	791	819	Government Bond
HSBC	556	568	Government Bond
JPMorgan	16,134	16,885	Government Bond
	<b>17,481</b>	<b>18,272</b>	

## Notes to the financial statements (continued)

### 15 Stock lending (continued)

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas <sup>1</sup>	Stock lending agent	36	5	31
JPMorgan <sup>2</sup>	Stock lending agent	1	-	1

<sup>1</sup> Until 9 March 2021 BNP Paribas was the securities lending agent

<sup>2</sup> From 10 March 2021 JPMorgan was the securities lending agent

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	10,830	12,185	Equity
BNP Paribas	6,318	6,719	Corporate Bond
BNP Paribas	383	407	Government Bond
	<u>6,701</u>	<u>7,126</u>	
Credit Suisse	2,617	3,031	Corporate Bond
Credit Suisse	1,743	2,019	Government Bond
	<u>4,360</u>	<u>5,050</u>	
Deutsche Bank	7	8	Equity
JPMorgan	27,647	29,507	Government Bond
	<u>49,545</u>	<u>53,876</u>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	222	33	189

### 16 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2021</b>				
Australian dollar	8,364	250,581	3,210	262,155
Canadian dollar	10,235	11,045	197	21,477
Euro	110,869	411,590	20,914	543,373
UK sterling	372,516	420,730	33,072	826,318
US dollar	71,541	1,629,752	39,787	1,741,080
<b>Total</b>	<b>573,525</b>	<b>2,723,698</b>	<b>97,180</b>	<b>3,394,403</b>

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2020</b>				
Australian dollar	-	81,740	6,791	88,531
Canadian dollar	-	21,795	2,750	24,545
Euro	42,763	510,855	16,216	569,834
UK sterling	195,361	265,487	16,412	477,260
US dollar	109,797	1,836,565	24,329	1,970,691
<b>Total</b>	<b>347,921</b>	<b>2,716,442</b>	<b>66,498</b>	<b>3,130,861</b>

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2021</b>				
Australian dollar	2,426	-	1,606	4,032
Euro	1	8,135	4,368	12,504
UK sterling	1,590	-	63,277	64,867
US dollar	976	-	29,786	30,762
<b>Total</b>	<b>4,993</b>	<b>8,135</b>	<b>99,037</b>	<b>112,165</b>

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2020</b>				
Euro	11,237	-	17,675	28,912
UK sterling	-	-	95,423	95,423
US dollar	740	42	10,556	11,338
<b>Total</b>	<b>11,977</b>	<b>42</b>	<b>123,654</b>	<b>135,673</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Credit Ratings

	Market value £000	Percentage of total net assets %
<b>2021</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	1,790,983	54.58
Below investment grade (BB and below)	1,101,711	33.55
Unrated	50,681	1.55
<b>Total debt securities</b>	<b>2,943,375</b>	<b>89.68</b>
Derivatives	(13,492)	(0.41)
Equities	24,323	0.74
<b>Investment assets including investment liabilities</b>	<b>2,954,206</b>	<b>90.01</b>
Other net assets	328,032	9.99
<b>Total net assets</b>	<b>3,282,238</b>	<b>100.00</b>

	Market value £000	Percentage of total net assets %
<b>2020</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	2,135,070	71.28
Below investment grade (BB and below)	698,117	23.31
Unrated	65,274	2.18
<b>Total debt securities</b>	<b>2,898,461</b>	<b>96.77</b>
Derivatives	(39,217)	(1.31)
Equities	20,329	0.68
<b>Investment assets including investment liabilities</b>	<b>2,879,573</b>	<b>96.14</b>
Other net assets	115,615	3.86
<b>Total net assets</b>	<b>2,995,188</b>	<b>100.00</b>

#### Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
<b>2021</b>	5.20	6.86	5.96	20	25.98	34.29	29.79
<b>2020</b>	0.93	6.10	2.63	20	4.64	30.51	13.16

#### Leverage

	Minimum	Maximum	Average
	%	%	%
<b>2021</b>	100	245	148
<b>2020</b>	98	263	150

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Amounts held at derivatives clearing houses and brokers	4,993	-	-	-
Derivative financial liabilities	-	22,377	8,123	-
Distribution payable	-	13,012	-	-
Other creditors	-	63,660	-	-
<b>Total</b>	<b>4,993</b>	<b>99,049</b>	<b>8,123</b>	<b>-</b>

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Amounts held at derivatives clearing houses and brokers	11,977	-	-	-
Derivative financial liabilities	-	67,115	-	-
Distribution payable	-	14,973	-	-
Other creditors	-	41,608	-	-
<b>Total</b>	<b>11,977</b>	<b>123,696</b>	<b>-</b>	<b>-</b>

### 17 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	<b>2021</b>		<b>2020</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	86,111*	-	27,930*	2,110
Level 2	2,898,595	30,500	2,918,758	65,005
Level 3	-	-	-	-
	<b>2,984,706</b>	<b>30,500</b>	<b>2,946,688</b>	<b>67,115</b>

\* Debt securities included in the highest fair value hierarchy level, where their valuation is determined by unadjusted quoted prices from an active market, amount to £56,795,415 as at 30 June 2021 (2020: £12,984,934).

## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	1,671,446	2,525,044	1,359,580	2,047,303
Equities	-	27,750	-	24,633
<b>Trades in the year before transaction costs</b>	<b>1,671,446</b>	<b>2,552,794</b>	<b>1,359,580</b>	<b>2,071,936</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	-	8	-	7
<b>Total commissions</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>7</b>
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>7</b>
<b>Total net trades in the year after transaction costs</b>	<b>1,671,446</b>	<b>2,552,802</b>	<b>1,359,580</b>	<b>2,071,929</b>

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	-	0.03	-	0.03
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
	<b>2021</b>	<b>2020</b>		
	<b>%</b>	<b>%</b>		

### Total transaction costs expressed as a percentage of net asset value

Commissions	-	-
Taxes	-	-
Other expenses	-	-
<b>Total costs</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

There were no in specie transfers during the year (2020: nil). There were corporate actions during the year of £55,574,237 (2020: £19,633,053).

There were direct transaction costs associated with derivatives in the year of £83,128 (2020: £46,276) which is 0.00% of the average net asset value of the fund (2020: 0.00%).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 30 June 2021 was 0.33% (2020: 0.50%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim interest distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class A income</b>				
Group 1	1.1171	-	1.1171	0.8653
Group 2	0.8213	0.2958	1.1171	0.8653
<b>Class E income</b>				
Group 1	1.1236	-	1.1236	0.8679
Group 2	0.7550	0.3686	1.1236	0.8679
<b>Class G accumulation<sup>1</sup></b>				
Group 1	3.2714	-	3.2714	n/a
Group 2	2.1649	1.1065	3.2714	n/a
<b>Class G income<sup>1</sup></b>				
Group 1	1.3782	-	1.3782	n/a
Group 2	0.8733	0.5049	1.3782	n/a
<b>Class I accumulation</b>				
Group 1	3.3404	-	3.3404	2.4882
Group 2	2.4565	0.8839	3.3404	2.4882
<b>Class I income</b>				
Group 1	1.2619	-	1.2619	0.9714
Group 2	0.9105	0.3514	1.2619	0.9714
<b>Class Z accumulation</b>				
Group 1	3.7530	-	3.7530	2.7744
Group 2	3.1920	0.5610	3.7530	2.7744

<sup>1</sup> Class G accumulation and Class G income launched on 5 May 2020.



## Distribution tables (continued)

### Interim interest distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class A income</b>				
Group 1	1.2218	-	1.2218	0.7755
Group 2	0.6777	0.5441	1.2218	0.7755
<b>Class E income</b>				
Group 1	1.2305	-	1.2305	0.7774
Group 2	0.7376	0.4929	1.2305	0.7774
<b>Class G accumulation<sup>1</sup></b>				
Group 1	3.5341	-	3.5341	n/a
Group 2	2.0009	1.5332	3.5341	n/a
<b>Class G income<sup>1</sup></b>				
Group 1	1.3275	-	1.3275	n/a
Group 2	0.6456	0.6819	1.3275	n/a
<b>Class I accumulation</b>				
Group 1	3.6789	-	3.6789	2.2563
Group 2	2.0214	1.6575	3.6789	2.2563
<b>Class I income</b>				
Group 1	1.3797	-	1.3797	0.8743
Group 2	0.7853	0.5944	1.3797	0.8743
<b>Class Z accumulation</b>				
Group 1	4.1257	-	4.1257	2.5253
Group 2	1.5944	2.5313	4.1257	2.5253

<sup>1</sup> Class G accumulation and Class G income launched on 5 May 2020.

## Distribution tables (continued)

### Interim interest distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class A income</b>				
Group 1	1.0867	-	1.0867	0.9708
Group 2	0.6450	0.4417	1.0867	0.9708
<b>Class E income</b>				
Group 1	1.0955	-	1.0955	0.9738
Group 2	0.4416	0.6539	1.0955	0.9738
<b>Class G accumulation<sup>1</sup></b>				
Group 1	3.4052	-	3.4052	n/a
Group 2	2.5604	0.8448	3.4052	n/a
<b>Class G income<sup>1</sup></b>				
Group 1	1.1870	-	1.1870	n/a
Group 2	0.5661	0.6209	1.1870	n/a
<b>Class I accumulation</b>				
Group 1	3.3155	-	3.3155	2.8304
Group 2	1.8979	1.4176	3.3155	2.8304
<b>Class I income</b>				
Group 1	1.2309	-	1.2309	1.0898
Group 2	0.7000	0.5309	1.2309	1.0898
<b>Class Z accumulation</b>				
Group 1	3.7296	-	3.7296	3.1592
Group 2	1.4159	2.3137	3.7296	3.1592

<sup>1</sup> Class G accumulation and Class G income launched on 5 May 2020.

## Distribution tables (continued)

### Final interest distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A income</b>				
Group 1	0.9381	-	0.9381	1.2030
Group 2	0.7095	0.2286	0.9381	1.2030
<b>Class E income</b>				
Group 1	0.9464	-	0.9464	1.2086
Group 2	0.5267	0.4197	0.9464	1.2086
<b>Class G accumulation</b>				
Group 1	2.7999	-	2.7999	2.5479
Group 2	2.0780	0.7219	2.7999	2.5479
<b>Class G income</b>				
Group 1	1.0327	-	1.0327	0.9711
Group 2	0.6446	0.3881	1.0327	0.9711
<b>Class I accumulation</b>				
Group 1	2.9042	-	2.9042	3.5404
Group 2	1.7887	1.1155	2.9042	3.5404
<b>Class I income</b>				
Group 1	1.0683	-	1.0683	1.3508
Group 2	0.8075	0.2608	1.0683	1.3508
<b>Class Z accumulation</b>				
Group 1	3.2807	-	3.2807	3.9473
Group 2	2.3156	0.9651	3.2807	3.9473

# Janus Henderson UK Equity Income & Growth Fund

## Authorised Corporate Director's report

### Investment Fund Managers

James Henderson and Laura Foll

### Investment objective and policy

The fund aims to provide a dividend income, with prospects for both income and capital growth over the long term (5 years or more).

The fund invests at least 80% of its assets in shares (also known as equities) of companies, in any industry, in the UK. Companies will be incorporated, headquartered, or deriving significant revenue from, the UK. The fund will typically have a bias towards small and medium sized companies.

The fund is actively managed with reference to the FTSE All Share Index, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the fund's performance. The Investment Manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

### Strategy

The Investment Manager seek to benefit from investment opportunities created by market inefficiencies and aim to add value by investigating under-analysed areas of the market in order to identify out-of-favour, quality companies. The investment process is driven by fundamental company research and focuses on companies with above-average yield and growing dividends.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception	
	30 Jun 20 - 30 Jun 21	30 Jun 18 - 30 Jun 21	30 Jun 16 - 30 Jun 21	4 Oct 74 - 30 Jun 21	
	%	%	%	%	
Class I income (Net)	31.9	(5.5)	20.4	19,593.3	
FTSE All Share Index	21.5	6.3	36.9	-*	
IA UK Equity Income Sector	25.4	5.5	33.7	19,565.4	
Discrete performance	30 Jun 20 - 30 Jun 21	30 Jun 19 - 30 Jun 20	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17
	%	%	%	%	%
Class I income (Net)	31.9	(22.1)	(8.0)	3.3	23.2
FTSE All Share Index	21.5	(13.0)	0.6	9.0	18.1
IA UK Equity Income Sector	25.4	(13.7)	(2.5)	6.2	19.4

\* Benchmark return is not quoted as the fund inception date is earlier than the benchmark inception date.

Source: Morningstar

Class I income (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I income is disclosed as it is the representative share class.

### Benchmark usage:

Index: FTSE All Share Index

Index usage: Comparator

Index description: The FTSE All Share Index is a measure of the combined performance of a large number of the companies listed on the London Stock Exchange and includes large, medium and smaller companies. It provides a useful comparison against which the fund's performance can be assessed over time.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

Peer group: IA UK Equity Income Sector

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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

### Significant portfolio changes for the year ended 30 June 2021

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
AstraZeneca	4,704	Ilika	7,467
Rio Tinto	3,925	St. Modwen Properties	3,771
BT	3,105	Croda International	3,719
RELX	3,096	iEnergizer	3,555
Unilever	2,735	GlaxoSmithKline	2,952
Lloyds Banking	2,724	Prudential	2,551
Novartis	2,684	Hill & Smith	2,355
Tesco	2,364	Palace Capital	2,303
Barclays	2,267	RSA Insurance	2,279
DCC	2,125	Babcock International	2,122
<b>Total purchases</b>	<b>61,899</b>	<b>Total sales</b>	<b>77,465</b>

### Investment review

The fund returned 31.9% based on Class I income (Net) over the year under review, compared with a return of 21.5% in the FTSE All Share Index and a return of 25.4% in the IA UK Equity Income Sector peer group benchmark.

Global equity markets performed well during the reporting year as they recovered from the lows of March 2020. Performance was particularly strong in the six months following the positive news about the development of COVID-19 vaccines, at the beginning of November. At the sector level, the top-performing sectors were those best placed to benefit from the opening up of the global economy, such as consumer discretionary, financials and industrials, while defensive sectors (where performance is less correlated with the economic cycle) such as healthcare, consumer staples and utilities underperformed.

At the fund level, an overweight position in the industrials sector was the most material contributor to relative performance during the year. While there were individual factors driving each of the stocks, broadly the industrials benefited from an acceleration in organic growth in the first half of the calendar year, which meant that earnings for the period were higher than expected.

At the stock level, the largest contributors to performance included solid state battery company Ilika (which made further progress towards commercialisation), outsourcing firm iEnergizer (which grew sales and earnings year on year despite the pandemic) and vehicle hire company Redde Northgate (which made good progress in its first year of being a newly merged company). The largest detractors from performance included retailer Shoe Zone (where shops had trading restrictions imposed for much of the year), and a number of companies in defensive industries that underperformed a rising market (such as water utility Severn Trent, closed book life insurer Chesnara and pharmaceutical company GlaxoSmithKline).

During the year, new large positions were taken in companies including BT, AstraZeneca and Rio Tinto. In the case of BT, a new position was added in December. The shares were trading at a valuation discount historically and to European telecommunications peers and, in our view, did not reflect the benefits of the roll-out of fibre broadband to homes. Across small and medium-sized companies, new positions included medical technology company ConvaTec, lighting equipment designer and manufacturer Vitec, publisher Reach and collagen casings manufacturer Devro.

The biggest sales included two takeover approaches – one for RSA Insurance and one for St Modwen Properties. Takeover interest was a recurrent theme throughout the year, with the boards of Senior and Elementis rejecting approaches. The position in speciality chemicals firm Croda International was sold on valuation grounds following good performance, and the holding in iEnergizer was reduced for portfolio balance reasons.

On a rolling 12-month basis (up until the quarterly dividend paid at the end of May), the fund's distribution on the I Inc share class fell by 17% year on year. At the worst point in 2020, approximately half of the portfolio had either reduced or suspended dividends as a result of the pandemic. It is encouraging that the majority of these companies have since resumed dividends. At the end of the reporting year, only 11% of the portfolio had neither paid a dividend nor announced an imminent restart of payments. The remaining non-dividend payers in the portfolio were either in the worst impacted areas (such as Meggitt and Senior, which are exposed to civil aerospace) or paid no dividend prior to the pandemic (such as Ilika and Studio Retail). We are expecting further dividend growth from these levels. In some cases, while dividends have resumed, payout ratios remain low as boards are understandably cautious about shareholder returns at an early stage of the earnings recovery.

We continue to be encouraged by what we are hearing from companies about current trading conditions. In many cases, companies are reporting sales that have already recovered to (or in some cases are above) 2019 levels. This strength, aside from the most affected areas such as civil aerospace, is broad across a number of end markets, including advertising, construction and areas of consumer spending (such as car and home sales). This is a faster recovery than we, and many companies, were anticipating. This recovery comes at a time when many companies had substantially reduced costs during the peak of the pandemic last year and, therefore, there could be a faster-than-forecast earnings recovery if current trading levels are sustained. This will depend on several factors, including the final stages of opening up the domestic economy, the progression of unemployment levels as the government's wage-subsidy scheme begins to wind down, and the willingness of consumers to spend their excess savings built up over the course of the pandemic.

## Comparative tables for the year ended 30 June 2021

	Class A accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	536.17	698.63	764.83
Return before operating charges*	181.68	(151.52)	(54.20)
Operating charges	(10.61)	(10.94)	(12.00)
Return after operating charges*	171.07	(162.46)	(66.20)
Distributions on accumulation shares	(26.85)	(22.09)	(30.35)
Retained distributions on accumulation shares	26.85	22.09	30.35
Closing net asset value per share	707.24	536.17	698.63
* after direct transaction costs of:	0.99	0.55	0.23

### Performance

Return after charges	31.91%	(23.25%)	(8.66%)
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### Other information

Closing net asset value (£000s)	129	119	499
Closing number of shares	18,270	22,199	71,392
Operating charges	1.73%	1.70%	1.70%
Direct transaction costs	0.16%	0.09%	0.03%

### Prices

Highest share price (pence)	720.20	739.00	771.50
Lowest share price (pence)	504.10	442.00	644.90

	Class A income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	412.11	556.07	636.06
Return before operating charges*	137.00	(117.95)	(45.30)
Operating charges	(8.01)	(8.60)	(9.85)
Return after operating charges*	128.99	(126.55)	(55.15)
Distributions on income shares	(20.31)	(17.41)	(24.84)
Closing net asset value per share	520.79	412.11	556.07
* after direct transaction costs of:	0.75	0.43	0.18

### Performance

Return after charges	31.30%	(22.76%)	(8.67%)
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### Other information

Closing net asset value (£000s)	11,529	11,308	44,915
Closing number of shares	2,213,828	2,743,847	8,077,260
Operating charges	1.73%	1.70%	1.70%
Direct transaction costs	0.16%	0.09%	0.03%

### Prices

Highest share price (pence)	536.30	577.00	641.60
Lowest share price (pence)	382.30	344.30	531.00

## Comparative tables (continued)

	Class C income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	116.62	157.35	179.98
Return before operating charges*	38.76	(33.29)	(12.82)
Operating charges	(2.27)	(2.51)	(2.78)
Return after operating charges*	36.49	(35.80)	(15.60)
Distributions on income shares	(5.74)	(4.93)	(7.03)
Closing net asset value per share	147.37	116.62	157.35
* after direct transaction costs of:	0.21	0.13	0.05
<b>Performance</b>			
Return after charges	31.29%	(22.75%)	(8.67%)
<b>Other information</b>			
Closing net asset value (£000s)	4,760	4,176	112,933
Closing number of shares	3,229,895	3,581,272	71,771,287
Operating charges	1.73%	1.70%	1.70%
Direct transaction costs	0.16%	0.09%	0.03%
<b>Prices</b>			
Highest share price (pence)	151.80	163.30	181.60
Lowest share price (pence)	108.20	97.43	150.30

	Class E accumulation	
	2021 (pence per share)	08/07/19 - 30/06/20 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	538.83	707.70 <sup>1</sup>
Return before operating charges*	183.15	(161.39)
Operating charges	(7.66)	(7.48)
Return after operating charges*	175.49	(168.87)
Distributions on accumulation shares	(27.06)	(22.16)
Retained distributions on accumulation shares	27.06	22.16
Closing net asset value per share	714.32	538.83
* after direct transaction costs of:	1.00	0.55
<b>Performance</b>		
Return after charges	32.57%	(23.86%)
<b>Other information</b>		
Closing net asset value (£000s)	337	260
Closing number of shares	47,179	48,300
Operating charges	1.23%	1.20%
Direct transaction costs	0.16%	0.09%
<b>Prices</b>		
Highest share price (pence)	727.30	741.00
Lowest share price (pence)	507.50	443.60

<sup>1</sup> Class E accumulation launched on 8 July 2019 and this is the first published price.



## Comparative tables (continued)

	<b>Class E income</b>	
	<b>2021</b>	<b>08/07/19 -</b>
	<b>(pence</b>	<b>30/06/20</b>
	<b>per share)</b>	<b>(pence</b>
		<b>per share)</b>
<b>Change in net assets per share</b>		
Opening net asset value per share	117.19	159.42 <sup>2</sup>
Return before operating charges*	39.07	(35.63)
Operating charges	(1.63)	(1.66)
Return after operating charges*	37.44	(37.29)
Distributions on income shares	(5.79)	(4.94)
Closing net asset value per share	148.84	117.19
* after direct transaction costs of:	0.21	0.12
<b>Performance</b>		
Return after charges	31.95%	(23.39%)
<b>Other information</b>		
Closing net asset value (£000s)	121,186	97,129
Closing number of shares	81,420,219	82,882,125
Operating charges	1.23%	1.20%
Direct transaction costs	0.16%	0.09%
<b>Prices</b>		
Highest share price (pence)	153.20	163.70
Lowest share price (pence)	108.90	97.77

<sup>2</sup> Class E income launched on 8 July 2019 and this is the first published price.

## Comparative tables (continued)

	Class G accumulation		
	2021 (pence per share)	2020 (pence per share)	14/02/19 - 30/06/19 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	78.63	101.47	100.00 <sup>3</sup>
Return before operating charges*	26.80	(22.16)	1.73
Operating charges	(0.68)	(0.68)	(0.26)
Return after operating charges*	26.12	(22.84)	1.47
Distributions on accumulation shares	(4.10)	(2.91)	(2.32)
Retained distributions on accumulation shares	4.10	2.91	2.32
Closing net asset value per share	104.75	78.63	101.47
* after direct transaction costs of:	0.15	0.08	0.03
<b>Performance</b>			
Return after charges	33.22%	(22.51%)	1.47%
<b>Other information</b>			
Closing net asset value (£000s)	141	142	1
Closing number of shares	134,906	180,037	542
Operating charges	0.75%	0.74%	0.71%
Direct transaction costs	0.16%	0.09%	0.03%
<b>Prices</b>			
Highest share price (pence)	106.60	107.90	103.50
Lowest share price (pence)	74.17	64.65	97.68

<sup>3</sup> Class G accumulation launched on 14 February 2019 and this is the first published price.

## Comparative tables (continued)

	Class I accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	1,011.28	1,306.42	1,418.06
Return before operating charges*	344.28	(285.00)	(100.58)
Operating charges	(9.85)	(10.14)	(11.06)
Return after operating charges*	334.43	(295.14)	(111.64)
Distributions on accumulation shares	(52.39)	(42.79)	(57.90)
Retained distributions on accumulation shares	52.39	42.79	57.90
Closing net asset value per share	1,345.71	1,011.28	1,306.42
* after direct transaction costs of:	1.87	1.03	0.42

### Performance

Return after charges	33.07%	(22.59%)	(7.87%)
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### Other information

Closing net asset value (£000s)	16,735	16,254	26,502
Closing number of shares	1,243,588	1,607,301	2,028,561
Operating charges	0.85%	0.84%	0.84%
Direct transaction costs	0.16%	0.09%	0.03%

### Prices

Highest share price (pence)	1,370.00	1,388.00	1,431.00
Lowest share price (pence)	953.70	831.80	1,201.00

	Class I income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	473.64	634.32	720.13
Return before operating charges*	158.11	(135.27)	(51.33)
Operating charges	(4.55)	(4.86)	(5.54)
Return after operating charges*	153.56	(140.13)	(56.87)
Distributions on income shares	(24.12)	(20.55)	(28.94)
Closing net asset value per share	603.08	473.64	634.32
* after direct transaction costs of:	0.86	0.49	0.21

### Performance

Return after charges	32.42%	(22.09%)	(7.90%)
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### Other information

Closing net asset value (£000s)	39,788	35,959	64,663
Closing number of shares	6,597,396	7,592,037	10,194,024
Operating charges	0.85%	0.84%	0.84%
Direct transaction costs	0.16%	0.09%	0.03%

### Prices

Highest share price (pence)	621.00	660.80	726.60
Lowest share price (pence)	440.60	395.00	603.60

## Comparative tables (continued)

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	166.92	213.95	230.44
Return before operating charges*	57.03	(46.91)	(16.36)
Operating charges	(0.13)	(0.12)	(0.13)
Return after operating charges*	56.90	(47.03)	(16.49)
Distributions on accumulation shares	(8.71)	(7.07)	(9.51)
Retained distributions on accumulation shares	8.71	7.07	9.51
Closing net asset value per share	223.82	166.92	213.95
* after direct transaction costs of:	0.31	0.17	0.07

### Performance

Return after charges	34.09%	(21.98%)	(7.16%)
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### Other information

Closing net asset value (£000s)	11,478	9,808	19,312
Closing number of shares	5,128,099	5,876,066	9,026,198
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	0.16%	0.09%	0.03%

### Prices

Highest share price (pence)	227.80	228.40	232.60
Lowest share price (pence)	157.80	137.00	195.90

	Class Z income		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	149.98	199.34	224.60
Return before operating charges*	50.28	(42.72)	(16.02)
Operating charges	(0.12)	(0.11)	(0.12)
Return after operating charges*	50.16	(42.83)	(16.14)
Distributions on income shares	(7.72)	(6.53)	(9.12)
Closing net asset value per share	192.42	149.98	199.34
* after direct transaction costs of:	0.27	0.15	0.07

### Performance

Return after charges	33.44%	(21.49%)	(7.19%)
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### Other information

Closing net asset value (£000s)	1,653	1,649	1,986
Closing number of shares	858,840	1,099,559	996,105
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	0.16%	0.09%	0.03%

### Prices

Highest share price (pence)	198.10	208.40	226.70
Lowest share price (pence)	139.90	124.80	189.00

## Comparative tables (continued)

	Class A accumulation (EUR hedged)		
	2021	2020	2019
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	762.73	980.17	1,075.69
Return before operating charges*	196.55	(202.34)	(78.38)
Operating charges	(14.71)	(15.10)	(17.14)
Return after operating charges*	181.84	(217.44)	(95.52)
Distributions on accumulation shares	(36.75)	(30.54)	(41.50)
Retained distributions on accumulation shares	36.75	30.54	41.50
Closing net asset value per share	944.57	762.73	980.17
* after direct transaction costs of:	1.37	0.76	0.32
<b>Performance</b>			
Return after charges (Share class base currency)	23.84%	(22.18%)	(8.88%)
Return after charges (Share class currency hedged)	31.14%	(23.40%)	(9.94%)
<b>Other information</b>			
Closing net asset value (£000s)	6	5	6
Closing number of shares	650	650	650
Operating charges	1.73%	1.70%	1.70%
Direct transaction costs	0.16%	0.09%	0.03%
<b>Prices</b>			
Highest share price (Euro cents)	1,121.00	1,152.00	1,227.00
Lowest share price (Euro cents)	786.70	691.10	1,018.00

## Comparative tables (continued)

	Class A accumulation (USD hedged)		
	2021	2020	2019
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	752.01	928.48	963.07
Return before operating charges*	153.97	(161.77)	(18.16)
Operating charges	(13.73)	(14.70)	(16.43)
Return after operating charges*	140.24	(176.47)	(34.59)
Distributions on accumulation shares	(35.03)	(30.44)	(34.38)
Retained distributions on accumulation shares	35.03	30.44	34.38
Closing net asset value per share	892.25	752.01	928.48
* after direct transaction costs of:	1.28	0.74	0.31
<b>Performance</b>			
Return after charges (Share class base currency)	18.65%	(19.01%)	(3.59%)
Return after charges (Share class currency hedged)	32.65%	(21.37%)	(7.06%)
<b>Other information</b>			
Closing net asset value (£000s)	2	2	2
Closing number of shares	250	250	250
Operating charges	1.73%	1.70%	1.70%
Direct transaction costs	0.16%	0.09%	0.03%
<b>Prices</b>			
Highest share price (USD cents)	1,255.00	1,260.00	1,283.00
Lowest share price (USD cents)	875.00	761.30	1,081.00

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

There were no share classes launched or closed during the year.

### Hedged share classes

Class A accumulation (EUR hedged) and Class A accumulation (USD hedged) are hedged share classes. Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in those classes and sterling which is the base currency of the fund.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2021 %	2020 %
<b>Class A accumulation</b>	1.73	1.70 <sup>1</sup>
<b>Class A income</b>	1.73	1.70 <sup>1</sup>
<b>Class C income</b>	1.73	1.70 <sup>1</sup>
<b>Class E accumulation<sup>2</sup></b>	1.23	1.20 <sup>1</sup>
<b>Class E income<sup>2</sup></b>	1.23	1.20 <sup>1</sup>
<b>Class G accumulation</b>	0.75	0.74 <sup>1</sup>
<b>Class I accumulation</b>	0.85	0.84 <sup>1</sup>
<b>Class I income</b>	0.85	0.84 <sup>1</sup>
<b>Class Z accumulation</b>	0.07	0.06 <sup>1</sup>
<b>Class Z income</b>	0.07	0.06 <sup>1</sup>
<b>Class A accumulation (EUR hedged)</b>	1.73	1.70 <sup>1</sup>
<b>Class A accumulation (USD hedged)</b>	1.73	1.70 <sup>1</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

<sup>2</sup> Class E accumulation and Class E income launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

## Risk and reward profile

The fund currently has 12 types of share class in issue: A accumulation, A income, C income, E accumulation, E income, G accumulation, I accumulation, I income, Z accumulation, Z income, A accumulation (EUR hedged) and A accumulation (USD hedged).

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 6 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk Factors' section of the fund's prospectus.

The risk rating for all share classes increased to 6 from 5 during the year. The ratings may change over time as a fund takes on more or less risky investments or where market conditions become more or less volatile. At share class level the ratings may differ dependent on the class currency and may be influenced by currency movements and the impact of inflows and outflows.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class G accumulation launched on 14 February 2019. Class E accumulation and Class E income launched on 8 July 2019.

As these share classes do not have a 5 year history, a synthetic history has been created for Class G accumulation using the fund's relevant sector average and for Class E accumulation and Class E income using the C income share class.



## Portfolio statement as at 30 June 2021

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 100.49% (2020: 100.48%)</b>		
	<b>France 1.00% (2020: 0.00%)</b>		
	<b>Health Care 1.00% (2020: 0.00%)</b>		
27,500	Sanofi	2,085	1.00
	<b>India 0.00% (2020: 0.20%)</b>		
	<b>Energy 0.00% (2020: 0.20%)</b>		
	<b>Italy 0.51% (2020: 0.00%)</b>		
	<b>Consumer Discretionary 0.51% (2020: 0.00%)</b>		
75,000	Stellantis	1,066	0.51
	<b>Singapore 0.13% (2020: 0.63%)</b>		
	<b>Energy 0.13% (2020: 0.63%)</b>		
5,757,349	Simec Atlantis Energy	276	0.13
	<b>South Africa 0.02% (2020: 0.07%)</b>		
	<b>Consumer Discretionary 0.00% (2020: 0.07%)</b>		
85,356,657	Fastjet <sup>1</sup>	-	-
3,931,657	Fastjet (Warrants) <sup>1</sup>	-	-
		-	-
	<b>Energy 0.02% (2020: 0.00%)</b>		
18,500	Thungela Resources	37	0.02
	<b>Switzerland 1.27% (2020: 0.00%)</b>		
	<b>Health Care 1.27% (2020: 0.00%)</b>		
40,000	Novartis	2,641	1.27
	<b>United Kingdom 95.56% (2020: 98.69%)</b>		
	<b>Basic Materials 6.58% (2020: 5.51%)</b>		
185,000	Anglo American	5,315	2.56
1,050,000	Elementis	1,582	0.76
145,000	Hill & Smith	2,166	1.04
77,500	Rio Tinto	4,610	2.22
		13,673	6.58
	<b>Consumer Discretionary 10.03% (2020: 7.01%)</b>		
45,000	Bellway	1,458	0.70
661,553	DFS Furniture	1,852	0.89
744,601	Halfords	3,211	1.55
600,000	Headlam	2,628	1.27
1,050,000	Marks & Spencer	1,538	0.74
83,249	Next Fifteen Communications	804	0.39
725,000	Reach	1,994	0.96
180,000	RELX	3,453	1.65
800,694	Studio Retail	2,306	1.11
1,000,000	Taylor Wimpey	1,590	0.77
		20,834	10.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Staples 4.69% (2020: 3.14%)</b>			
1,418,202	Conviviality <sup>2</sup>	-	-
600,000	Devro	1,157	0.56
1,671,052	Tesco	3,726	1.79
115,000	Unilever	4,864	2.34
		<u>9,747</u>	<u>4.69</u>
<b>Energy 6.70% (2020: 7.34%)</b>			
1,514,254	BP	4,770	2.30
340,000	Royal Dutch Shell 'A'	4,919	2.36
302,808	Royal Dutch Shell 'B'	4,236	2.04
		<u>13,925</u>	<u>6.70</u>
<b>Financials 27.00% (2020: 31.55%)</b>			
3,591,500	ACHP <sup>1</sup>	-	-
1,175,000	Aviva	4,769	2.30
1,500,000	Barclays	2,567	1.24
991,947	Chesnara	2,629	1.27
1,413,199	Direct Line Insurance	4,028	1.94
1,761,383	Hipgnosis Songs Fund	2,142	1.03
353,411	Hiscox	2,939	1.41
1,206,683	HSBC	5,035	2.42
203,500,000	Hume Capital Securities <sup>2</sup>	-	-
600,000	IP	698	0.34
658,440	Jupiter Fund Management	1,857	0.89
11,000,000	Lloyds Banking	5,136	2.47
1,061,949	M&G	2,431	1.17
1,622,260	NatWest	3,296	1.59
699,976	Numis	2,485	1.20
816,415	Phoenix	5,523	2.65
310,000	Prudential	4,258	2.05
800,000	Standard Chartered	3,688	1.78
956,250	Standard Life Aberdeen	2,591	1.25
		<u>56,072</u>	<u>27.00</u>
<b>Health Care 6.21% (2020: 5.55%)</b>			
62,500	AstraZeneca	5,427	2.61
750,000	ConvaTec	1,805	0.87
400,000	GlaxoSmithKline	5,677	2.73
		<u>12,909</u>	<u>6.21</u>
<b>Industrials 21.45% (2020: 24.62%)</b>			
450,000	BAE Systems	2,349	1.13
800,000	Balfour Beatty	2,453	1.18
1,900,965	Carillion <sup>2</sup>	-	-
302,805	Castings	1,217	0.59
35,000	DCC	2,071	1.00
1,797,275	Epwin	1,896	0.91
160,000	Euromoney Institutional Investor	1,629	0.78
500,000	Ibstock	1,067	0.51
2,485,400	iEnergizer	7,805	3.77

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials (continued)</b>		
750,000	Ilika	1,163	0.56
194,266	IMI	3,341	1.61
324,701	Interserve <sup>2</sup>	-	-
744,000	Johnson Service	1,305	0.63
436,411	Meggitt	2,013	0.97
125,000	Mondi	2,376	1.14
1,550,000	Morgan Advanced Materials	5,472	2.63
1,052,655	Redde Northgate	4,200	2.02
378,697	Ricardo	1,553	0.75
948,061	Senior	1,436	0.69
86,102	Vitec	1,205	0.58
		<u>44,551</u>	<u>21.45</u>
	<b>Real Estate 2.62% (2020: 4.98%)</b>		
400,000	Land Securities	2,701	1.30
514,500	Palace Capital	1,405	0.68
350,000	Secure Income REIT	1,330	0.64
		<u>5,436</u>	<u>2.62</u>
	<b>Technology 2.01% (2020: 1.59%)</b>		
852,609	Mirriad Advertising	392	0.19
1,470,000	TT Electronics	3,785	1.82
		<u>4,177</u>	<u>2.01</u>
	<b>Telecommunications 3.87% (2020: 2.20%)</b>		
1,850,000	BT	3,589	1.73
3,663,235	Vodafone	4,445	2.14
		<u>8,034</u>	<u>3.87</u>
	<b>Utilities 4.40% (2020: 5.20%)</b>		
4,600,000	Centrica	2,367	1.14
450,000	National Grid	4,144	2.00
105,000	Severn Trent	2,626	1.26
		<u>9,137</u>	<u>4.40</u>
	<b>United States 2.00% (2020: 0.89%)</b>		
	<b>Health Care 0.83% (2020: 0.00%)</b>		
35,500	Bristol-Myers Squibb	1,717	0.83
	<b>Industrials 1.17% (2020: 0.89%)</b>		
541,980	Somero Enterprises	2,439	1.17

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Derivatives 0.00% (2020: 0.00%)</b>		
	<b>Forward Foreign Exchange Contracts (Hedged share classes) 0.00% (2020: 0.00%)<sup>3</sup></b>		
	Buy EUR 7,290 : Sell GBP 6,265 July 2021 <sup>4</sup>	-	-
	Buy GBP 14 : Sell EUR 16 July 2021 <sup>4</sup>	-	-
	Buy GBP 24 : Sell USD 33 July 2021 <sup>4</sup>	-	-
	Buy GBP 65 : Sell EUR 76 July 2021 <sup>4</sup>	-	-
	Buy USD 0 : Sell GBP 0 July 2021 <sup>4</sup>	-	-
	Buy USD 3,135 : Sell GBP 2,221 July 2021 <sup>4</sup>	-	-
		-	-
		-	-
		-	-
	<b>Investment assets</b>	<b>208,756</b>	<b>100.49</b>
	Other net liabilities	(1,012)	(0.49)
	<b>Total net assets</b>	<b>207,744</b>	<b>100.00</b>

<sup>1</sup> Manually priced securities<sup>2</sup> Suspended or delisted securities<sup>3</sup> Not listed on an official stock exchange

<sup>4</sup> Due to rounding to nearest £1,000

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

Prior year comparative percentages have changed for some sectors due to reclassification within these sectors.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		47,578		(61,543)
Revenue	3	8,948		8,452	
Expenses	4	<u>(2,095)</u>		<u>(2,411)</u>	
Net revenue before taxation		6,853		6,041	
Taxation	5	<u>(106)</u>		<u>(62)</u>	
Net revenue after taxation			<u>6,747</u>		<u>5,979</u>
Total return before distributions			54,325		(55,564)
Distributions	6		(8,487)		(8,042)
<b>Change in net assets attributable to shareholders from investment activities</b>			<u><b>45,838</b></u>		<u><b>(63,606)</b></u>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

		2021		2020	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>176,811</b>		<b>270,819</b>
Amounts receivable on issue of shares		9,427		9,412	
Amounts payable on cancellation of shares		<u>(25,611)</u>		<u>(41,051)</u>	
			(16,184)		(31,639)
Dilution adjustment			17		-
Change in net assets attributable to shareholders from investment activities			45,838		(63,606)
Retained distributions on accumulation shares			1,206		1,194
Unclaimed distributions			56		43
<b>Closing net assets attributable to shareholders</b>			<u><b>207,744</b></u>		<u><b>176,811</b></u>

## Balance sheet as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		208,756	177,654
Current assets:			
Debtors	7	766	579
Cash and bank balances	8	798	741
<b>Total assets</b>		<b>210,320</b>	<b>178,974</b>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts		-	240
Distributions payable		2,024	1,461
Other creditors	9	552	462
<b>Total liabilities</b>		<b>2,576</b>	<b>2,163</b>
<b>Net assets attributable to shareholders</b>		<b>207,744</b>	<b>176,811</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital gains/(losses)

Net capital gains/(losses) on investments during the year comprise:

	2021 £000	2020 £000
Forward currency contracts on hedged share classes	(1)	1
Non-derivative securities	47,586	(61,527)
Other currency losses	(5)	(4)
Transaction costs	(2)	(13)
<b>Net capital gains/(losses)</b>	<b>47,578</b>	<b>(61,543)</b>

### 3 Revenue

	2021 £000	2020 £000
Bank interest	-	19
Overseas dividends	2,571	1,262
Stock lending revenue	12	23
UK dividends	6,085	6,997
UK REIT revenue - PID	276	89
UK REIT revenue - non PID	-	60
Underwriting commission	4	2
<b>Total revenue</b>	<b>8,948</b>	<b>8,452</b>

### 4 Expenses

	2021 £000	2020 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	1,740	2,063
GAC*	332	322
	<u>2,072</u>	<u>2,385</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	17	20
Safe custody fees	6	6
	<u>23</u>	<u>26</u>
<b>Total expenses</b>	<b>2,095</b>	<b>2,411</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2020: £10,316).

## Notes to the financial statements (continued)

### 5 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2021 £000	2020 £000
<b>Current tax</b>		
Overseas withholding tax	106	62
<b>Total tax (note 5b)</b>	<b>106</b>	<b>62</b>

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	6,853	6,041
Corporation tax at 20% (2020: 20%)	1,371	1,208
Effects of:		
Overseas withholding tax	106	62
Overseas dividends	(514)	(252)
UK dividends*	(1,217)	(1,412)
Unused management expenses	360	456
<b>Tax charge for the year (note 5a)</b>	<b>106</b>	<b>62</b>

\* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £23,913,844 (2020: £23,553,413) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.



## Notes to the financial statements (continued)

### 6 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021 £000	2020 £000
Interim income	5,159	5,222
Interim accumulation	877	930
Final income	2,024	1,461
Final accumulation	329	264
	<u>8,389</u>	<u>7,877</u>
Amounts deducted on cancellation of shares	177	231
Amounts received on issue of shares	(79)	(66)
<b>Total distributions</b>	<u><b>8,487</b></u>	<u><b>8,042</b></u>
Net revenue after taxation	6,747	5,979
Annual management charge borne by the capital account	1,740	2,063
<b>Total distributions</b>	<u><b>8,487</b></u>	<u><b>8,042</b></u>

Details of the distribution per share are set out in the Distribution tables on pages 373 to 376.

### 7 Debtors

	2021 £000	2020 £000
Accrued revenue	689	378
Amounts receivable for issue of shares	1	95
Income tax recoverable	6	6
Overseas withholding tax reclaimable	70	100
<b>Total debtors</b>	<u><b>766</b></u>	<u><b>579</b></u>

### 8 Cash and bank balances

	2021 £000	2020 £000
Cash and bank balances	798	741
<b>Total cash and bank balances</b>	<u><b>798</b></u>	<u><b>741</b></u>

### 9 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	159	136
Accrued Depositary's fee	2	1
Accrued other expenses	32	29
Amounts payable for cancellation of shares	137	296
Purchases awaiting settlement	222	-
<b>Total other creditors</b>	<b>552</b>	<b>462</b>

### 10 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 11 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 361 and 362 and notes 4, 6, 7 and 9 on pages 363 to 366 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

There were no material shareholders at the year end (2020: nil).

### 12 Shareholders' funds

The fund currently has 6 share classes available: Class A (Retail), Class C (Institutional), Class E (Retail), Class G (Institutional), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021 %	2020 %
Class A	1.50	1.50
Class C	1.50	1.50
Class E	1.00	1.00
Class G	0.675	0.675
Class I	0.75	0.75
Class Z <sup>1</sup>	0.00	0.00

<sup>1</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 347 to 354. The distribution per share class is given in the Distribution tables on pages 373 to 376. All share classes have the same rights on winding up.

## Notes to the financial statements (continued)

### 12 Shareholders' funds (continued)

#### Shares reconciliation as at 30 June 2021

	<b>Class A accumulation</b>	<b>Class A income</b>	<b>Class C income</b>	<b>Class E accumulation</b>
Opening number of shares	22,199	2,743,847	3,581,272	48,300
Issues during the year	5,257	63,306	93,292	4,266
Cancellations during the year	(6,570)	(334,117)	(174,217)	(7,832)
Shares converted during the year	(2,616)	(259,208)	(270,452)	2,445
<b>Closing shares in issue</b>	<b>18,270</b>	<b>2,213,828</b>	<b>3,229,895</b>	<b>47,179</b>

	<b>Class E income</b>	<b>Class G accumulation</b>	<b>Class I accumulation</b>	<b>Class I income</b>
Opening number of shares	82,882,125	180,037	1,607,301	7,592,037
Issues during the year	2,557,270	464	25,389	976,156
Cancellations during the year	(5,110,247)	(45,595)	(392,276)	(1,986,015)
Shares converted during the year	1,091,071	-	3,174	15,218
<b>Closing shares in issue</b>	<b>81,420,219</b>	<b>134,906</b>	<b>1,243,588</b>	<b>6,597,396</b>

	<b>Class Z accumulation</b>	<b>Class Z income</b>	<b>Class A accumulation (EUR hedged)</b>	<b>Class A accumulation (USD hedged)</b>
Opening number of shares	5,876,066	1,099,559	650	250
Issues during the year	22,345	1,215	-	-
Cancellations during the year	(770,312)	(241,934)	-	-
Shares converted during the year	-	-	-	-
<b>Closing shares in issue</b>	<b>5,128,099</b>	<b>858,840</b>	<b>650</b>	<b>250</b>

### 13 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was no collateral pledged or collateral held at 30 June 2021 (2020: £260,000).

#### 2021

The fund had no exposure to derivatives as at 30 June 2021 with a positive marked-to-market fair value.

#### 2020

The fund had no exposure to derivatives as at 30 June 2020 with a positive marked-to-market fair value.

#### 2021

At 30 June 2021 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

<b>Counterparty</b>	<b>Forward foreign exchange contracts £000</b>
JPMorgan	9
	<b>9</b>

## Notes to the financial statements (continued)

### 13 Financial derivatives (continued)

#### 2020

At 30 June 2020 the underlying exposure to each counterparty, calculated on a notional basis using the market values for each derivative instrument held, was as follows:

Counterparty	Forward foreign exchange contracts £000
JPMorgan	8
	<b>8</b>

### 14 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with JPMorgan Chase Bank, National Association (London branch) acting as the stock lending agent in order to generate additional revenue.

Stock lending revenue is disclosed under 'Revenue' in the Statement of total return.

Eligible collateral types for stock lending and borrowing transactions are approved by the Investment Manager and may consist of (i) cash, (ii) securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope or by Hong Kong or Singapore, generally subject to a minimum long term credit rating of at least A- by one or more major rating agency or (iii) equities. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102% to 110% of the value of the stock on loan.

2021 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of America	33	35	Government Bond
Morgan Stanley	5	5	Government Bond
	<b>38</b>	<b>40</b>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas <sup>1</sup>	Stock lending agent	14	2	12

<sup>1</sup> Until 9 March 2021 BNP Paribas was the securities lending agent. Income received from JPMorgan from 10 March 2021 is below the minimum reporting threshold.

## Notes to the financial statements (continued)

### 14 Stock lending (continued)

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
ABN Amro	10,877	12,086	Equity
Bank of Nova Scotia	2,044	2,296	Equity
Citigroup	37	43	Equity
Credit Suisse	1,451	1,657	Equity
Morgan Stanley	460	485	Government Bond
	<b>14,869</b>	<b>16,567</b>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	27	4	23

### 15 Risk

#### Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

#### Other market price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

#### Leverage

The fund has not employed significant leverage in the current or prior year.

## Notes to the financial statements (continued)

### 15 Risk (continued)

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Distribution payable	-	2,024	-	-
Other creditors	-	552	-	-
<b>Total</b>	<b>-</b>	<b>2,576</b>	<b>-</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Bank overdrafts	240	-	-	-
Distribution payable	-	1,461	-	-
Other creditors	-	462	-	-
<b>Total</b>	<b>240</b>	<b>1,923</b>	<b>-</b>	<b>-</b>

### 16 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Fair value hierarchy

	<b>2021</b>		<b>2020</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	208,756	-	177,654	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<b>208,756</b>	<b>-</b>	<b>177,654</b>	<b>-</b>

## Notes to the financial statements (continued)

### 17 Direct transactions costs

	Purchases		Sales	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Trades in the year</b>				
Equities	61,606	33,401	77,499	61,582
<b>Trades in the year before transaction costs</b>	<b>61,606</b>	<b>33,401</b>	<b>77,499</b>	<b>61,582</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Equities	22	12	34	26
<b>Total commissions</b>	<b>22</b>	<b>12</b>	<b>34</b>	<b>26</b>
<b>Taxes</b>				
Equities	264	157	-	-
<b>Total taxes</b>	<b>264</b>	<b>157</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Equities	7	-	-	-
<b>Total other expenses</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>293</b>	<b>169</b>	<b>34</b>	<b>26</b>
<b>Total net trades in the year after transaction costs</b>	<b>61,899</b>	<b>33,570</b>	<b>77,465</b>	<b>61,556</b>

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Equities	0.04	0.04	0.04	0.04
<b>Taxes</b>				
Equities	0.43	0.47	-	-
<b>Other expenses</b>				
Equities	0.01	-	-	-
	<b>2021</b>	<b>2020</b>		
	<b>%</b>	<b>%</b>		

#### Total transaction costs expressed as a percentage of net asset value

Commissions	0.03	0.02
Taxes	0.14	0.07
Other expenses	-	-
<b>Total costs</b>	<b>0.17</b>	<b>0.09</b>

There were no in specie transfers during the year (2020: nil). There were corporate actions during the year of £917,207 (2020: £2,310,619).

There were no direct transaction costs associated with derivatives in the year (2020: nil).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The portfolio dealing spread as at 30 June 2021 was 0.29% (2020: 1.11%). The portfolio dealing spread is calculated at a 12 noon valuation point.

## Notes to the financial statements (continued)

### 18 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.



## Distribution tables for the year ended 30 June 2021 (in pence per share)

### Interim dividend distribution (accounting date 30 September 2020, paid on 30 November 2020)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Equalisation	Total distribution per share 30/11/20	Total distribution per share 29/11/19
<b>Class A accumulation</b>				
Group 1	6.9527	-	6.9527	9.4446
Group 2	3.4329	3.5198	6.9527	9.4446
<b>Class A income</b>				
Group 1	5.3473	-	5.3473	7.5277
Group 2	1.2809	4.0664	5.3473	7.5277
<b>Class C income</b>				
Group 1	1.5126	-	1.5126	2.1292
Group 2	0.1764	1.3362	1.5126	2.1292
<b>Class E accumulation</b>				
Group 1	6.9898	-	6.9898	9.4454
Group 2	2.5929	4.3969	6.9898	9.4454
<b>Class E income</b>				
Group 1	1.5208	-	1.5208	2.1290
Group 2	0.1899	1.3309	1.5208	2.1290
<b>Class G accumulation</b>				
Group 1	1.0525	-	1.0525	0.9653
Group 2	1.0525	-	1.0525	0.9653
<b>Class I accumulation</b>				
Group 1	13.4595	-	13.4595	18.0144
Group 2	7.2161	6.2434	13.4595	18.0144
<b>Class I income</b>				
Group 1	6.3036	-	6.3036	8.7479
Group 2	1.9144	4.3892	6.3036	8.7479
<b>Class Z accumulation</b>				
Group 1	2.2232	-	2.2232	2.9451
Group 2	2.2232	-	2.2232	2.9451
<b>Class Z income</b>				
Group 1	2.0087	-	2.0087	2.7658
Group 2	2.0087	-	2.0087	2.7658
<b>Class A accumulation (EUR hedged)<sup>1</sup></b>				
Group 1	10.8458	-	10.8458	15.7956
Group 2	10.8458	-	10.8458	15.7956
<b>Class A accumulation (USD hedged)<sup>2</sup></b>				
Group 1	12.1936	-	12.1936	16.3846
Group 2	12.1936	-	12.1936	16.3846

<sup>1</sup> in Euro cents per share

<sup>2</sup> in USD cents per share

## Distribution tables (continued)

### Interim dividend distribution (accounting date 31 December 2020, paid on 26 February 2021)

Group 1: shares purchased prior to 1 October 2020

Group 2: shares purchased on or after 1 October 2020

	Distribution per share	Equalisation	Total distribution per share 26/02/21	Total distribution per share 28/02/20
<b>Class A accumulation</b>				
Group 1	4.0199	-	4.0199	5.8870
Group 2	2.4557	1.5642	4.0199	5.8870
<b>Class A income</b>				
Group 1	3.0471	-	3.0471	4.6214
Group 2	1.5583	1.4888	3.0471	4.6214
<b>Class C income</b>				
Group 1	0.8625	-	0.8625	1.3069
Group 2	0.3061	0.5564	0.8625	1.3069
<b>Class E accumulation</b>				
Group 1	4.0477	-	4.0477	5.8973
Group 2	1.3792	2.6685	4.0477	5.8973
<b>Class E income</b>				
Group 1	0.8683	-	0.8683	1.3100
Group 2	0.3180	0.5503	0.8683	1.3100
<b>Class G accumulation</b>				
Group 1	0.6253	-	0.6253	0.8854
Group 2	0.6253	-	0.6253	0.8854
<b>Class I accumulation</b>				
Group 1	7.9547	-	7.9547	11.3857
Group 2	3.4140	4.5407	7.9547	11.3857
<b>Class I income</b>				
Group 1	3.6759	-	3.6759	5.4520
Group 2	1.4865	2.1894	3.6759	5.4520
<b>Class Z accumulation</b>				
Group 1	1.3204	-	1.3204	1.8894
Group 2	1.3204	-	1.3204	1.8894
<b>Class Z income</b>				
Group 1	1.1797	-	1.1797	1.7330
Group 2	1.1797	-	1.1797	1.7330
<b>Class A accumulation (EUR hedged)<sup>1</sup></b>				
Group 1	6.3947	-	6.3947	9.2444
Group 2	6.3947	-	6.3947	9.2444
<b>Class A accumulation (USD hedged)<sup>2</sup></b>				
Group 1	7.1355	-	7.1355	10.1264
Group 2	7.1355	-	7.1355	10.1264

<sup>1</sup> in Euro cents per share

<sup>2</sup> in USD cents per share

## Distribution tables (continued)

### Interim dividend distribution (accounting date 31 March 2021, paid on 28 May 2021)

Group 1: shares purchased prior to 1 January 2021

Group 2: shares purchased on or after 1 January 2021

	Distribution per share	Equalisation	Total distribution per share 28/05/21	Total distribution per share 29/05/20
<b>Class A accumulation</b>				
Group 1	8.0321	-	8.0321	1.6235
Group 2	0.9141	7.1180	8.0321	1.6235
<b>Class A income</b>				
Group 1	6.0540	-	6.0540	1.2944
Group 2	1.7346	4.3194	6.0540	1.2944
<b>Class C income</b>				
Group 1	1.7130	-	1.7130	0.3656
Group 2	0.5777	1.1353	1.7130	0.3656
<b>Class E accumulation</b>				
Group 1	8.0974	-	8.0974	1.6622
Group 2	0.8492	7.2482	8.0974	1.6622
<b>Class E income</b>				
Group 1	1.7267	-	1.7267	0.3669
Group 2	0.5961	1.1306	1.7267	0.3669
<b>Class G accumulation</b>				
Group 1	1.2227	-	1.2227	0.2741
Group 2	1.2227	-	1.2227	0.2741
<b>Class I accumulation</b>				
Group 1	15.6256	-	15.6256	3.4361
Group 2	7.7004	7.9252	15.6256	3.4361
<b>Class I income</b>				
Group 1	7.1711	-	7.1711	1.6330
Group 2	2.4989	4.6722	7.1711	1.6330
<b>Class Z accumulation</b>				
Group 1	2.6030	-	2.6030	0.5610
Group 2	2.6030	-	2.6030	0.5610
<b>Class Z income</b>				
Group 1	2.2945	-	2.2945	0.5285
Group 2	2.2945	-	2.2945	0.5285
<b>Class A accumulation (EUR hedged)<sup>1</sup></b>				
Group 1	12.6056	-	12.6056	2.5549
Group 2	12.6056	-	12.6056	2.5549
<b>Class A accumulation (USD hedged)<sup>2</sup></b>				
Group 1	14.1502	-	14.1502	2.8370
Group 2	14.1502	-	14.1502	2.8370

<sup>1</sup> in Euro cents per share

<sup>2</sup> in USD cents per share

## Distribution tables (continued)

### Final dividend distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 April 2021

Group 2: shares purchased on or after 1 April 2021

	Distribution per share	Equalisation	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A accumulation</b>				
Group 1	7.8487	-	7.8487	5.1346
Group 2	1.2562	6.5925	7.8487	5.1346
<b>Class A income</b>				
Group 1	5.8570	-	5.8570	3.9762
Group 2	1.6715	4.1855	5.8570	3.9762
<b>Class C income</b>				
Group 1	1.6567	-	1.6567	1.1268
Group 2	0.2839	1.3728	1.6567	1.1268
<b>Class E accumulation</b>				
Group 1	7.9210	-	7.9210	5.1597
Group 2	3.3520	4.5690	7.9210	5.1597
<b>Class E income</b>				
Group 1	1.6721	-	1.6721	1.1310
Group 2	0.3246	1.3475	1.6721	1.1310
<b>Class G accumulation</b>				
Group 1	1.2026	-	1.2026	0.7806
Group 2	1.2026	-	1.2026	0.7806
<b>Class I accumulation</b>				
Group 1	15.3523	-	15.3523	9.9527
Group 2	5.2030	10.1493	15.3523	9.9527
<b>Class I income</b>				
Group 1	6.9695	-	6.9695	4.7122
Group 2	2.0717	4.8978	6.9695	4.7122
<b>Class Z accumulation</b>				
Group 1	2.5642	-	2.5642	1.6774
Group 2	0.2113	2.3529	2.5642	1.6774
<b>Class Z income</b>				
Group 1	2.2349	-	2.2349	1.5019
Group 2	1.1683	1.0666	2.2349	1.5019
<b>Class A accumulation (EUR hedged)<sup>1</sup></b>				
Group 1	12.1755	-	12.1755	7.1145
Group 2	12.1755	-	12.1755	7.1145
<b>Class A accumulation (USD hedged)<sup>2</sup></b>				
Group 1	13.9858	-	13.9858	8.9055
Group 2	13.9858	-	13.9858	8.9055

<sup>1</sup> in Euro cents per share

<sup>2</sup> in USD cents per share

# Janus Henderson UK Smaller Companies Fund

## Authorised Corporate Director's report

### Investment Fund Manager

Neil Hermon

### Other information

The Janus Henderson UK & Irish Smaller Companies Fund, a sub fund of Janus Henderson Investment Funds Series I, merged into the Janus Henderson UK Smaller Companies Fund on 18 March 2021.

### Investment objective and policy

The fund aims to provide capital growth over the long term (5 years or more).

The fund invests at least 80% of its assets in shares (also known as equities) of smaller companies, in any industry, in the UK. Companies will be incorporated, headquartered or deriving significant revenue from, the UK.

The fund is actively managed with reference to the Numis Smaller Companies ex Investment Companies Index, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the fund's performance. The Investment Manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

### Strategy

The Investment Manager believes that investing in companies is about the future and taking a long term view. The investment process is grounded both in fundamental analysis, which aims to gain a clear understanding of individual companies and their markets, and in a strong valuation discipline. The universe of potential investments is reduced in stages using broad-based screening and ranking of companies, detailed profiling, meetings with management and the detailed analysis of financial data. The fund has a well-diversified portfolio and normally avoids very small 'micro cap' companies due to the more difficult nature of buying and selling shares in these companies.

### Performance summary

Cumulative performance	One year	Three years	Five years	Since inception	
	30 Jun 20 - 30 Jun 21	30 Jun 18 - 30 Jun 21	30 Jun 16 - 30 Jun 21	31 Jan 83 - 30 Jun 21	
	%	%	%	%	
Class I accumulation (Net)	51.8	33.3	114.9	6,425.4	
Numis Smaller Companies ex Investment Companies Index	49.8	20.5	67.4	-*	
IA UK Smaller Companies	50.8	32.5	111.5	6,841.9	
Discrete performance	30 Jun 20 - 30 Jun 21	30 Jun 19 - 30 Jun 20	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17
	%	%	%	%	%
Class I accumulation (Net)	51.8	(7.7)	(4.8)	17.1	37.7
Numis Smaller Companies ex Investment Companies Index	49.8	(15.0)	(5.4)	7.6	29.1
IA UK Smaller Companies	50.8	(6.4)	(6.2)	16.9	36.6

\* Benchmark return is not quoted as the fund inception date is earlier than the benchmark inception date.

Source: Morningstar

Class I accumulation (Net), NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point.

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the representative share class.

## Authorised Corporate Director's report (continued)

### Performance summary (continued)

#### Benchmark usage:

Index: Numis Smaller Companies ex Investment Companies Index

Index usage: Comparator

Index description: The Numis Smaller Companies ex Investment Companies Index is a measure of the combined performance of smaller companies (the bottom 10%) listed on the London Stock Exchange excluding investment companies. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group: IA UK Smaller Companies

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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

### Significant portfolio changes for the year ended 30 June 2021

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
Bellway	3,489	Intermediate Capital	6,382
Alphawave IP	2,978	John Laing	6,205
Wickes	2,905	St. Modwen Properties	5,373
Foresight	2,800	Codemasters	4,418
Moneysupermarket.Com	2,786	Cineworld	3,263
Serco	2,376	Spire Healthcare	2,008
Renishaw	2,353	Vectura	1,518
Auction Technology	1,882	Future	1,447
Moonpig	1,747	Urban & Civic	1,354
Victrex	1,729	Zotefoams	1,341
<b>Total purchases</b>	<b>75,192</b>	<b>Total sales</b>	<b>71,927</b>

### Investment review

The fund returned 51.8% based on Class I accumulation (Net) over the year under review, compared with a return of 49.8% in the Numis Smaller Companies ex Investment Companies Index and a return of 50.8% in the IA UK Small Companies peer group benchmark.

The reporting year was volatile but, ultimately, extremely positive for equity markets. Rising COVID-19 caseloads globally in the summer of 2020 and the discovery of highly contagious variants in the winter resulted in a stop-start reopening of the UK economy. Corporate and consumer sentiment was dampened by the reimposition of stricter measures at various points. News in November about the development of COVID-19 vaccines marked a turning point, and equity markets rallied.

Politics briefly took centre stage towards the end of 2020, as the UK and European Union finally agreed a trade deal, and sterling strengthened materially as a result. In the US, Joe Biden was proclaimed the winner of the presidential election and the Democrats took control of the US Congress.

In the UK, the COVID-19 vaccination programme was a notable success and allowed the government to set out a roadmap for reopening the economy, causing equity markets to rally further. Vaccination progress in conjunction with the continued fiscal support from governments increased global growth and inflation expectations. Oil and commodity prices rose along with bond yields. Value stocks rallied at the expense of defensive and growth stocks as investors started to position themselves for reflation.

Contributors to the fund's performance included Future and Impax Asset Management. Shares in Future, a special interest media group, performed strongly following the announcement of material earnings upgrades. Impax Asset Management, an ethical fund manager, rose after it reported strong fund inflows.

On the negative side, Clinigen, a specialist pharmaceutical group, fell after it issued a profit warning. RWS, a translation services company, declined as investors de-rated it after it acquired a quoted competitor, SDL.

In the first half of the reporting year, we initiated a position in Bytes Technology, a UK information technology reseller that has benefited from robust demand for its services. Cash conversion and generation has been strong and the board committed to returning cash to shareholders.

To fund the purchase, we sold the position in Tekmar, a provider of products to the offshore wind and oil and gas industries. We also sold the positions in AA, a roadside assistance group, and Urban & Civic, a land investment company and house builder, after both received agreed bids.

In the second half of the year, we initiated positions in Moonpig and Wickes. Moonpig, which has a more than 60% share of the online card market, has benefited from the offline-to-online transition in card purchasing, and we took the opportunity to invest in its initial public offering (IPO). Wickes is a home improvement product retailer recently de-merged from Travis Perkins, and we expected it to benefit from its increasing digital presence, among other things.

To finance these purchases, we sold the position in Cineworld, a cinema operator. The share price had recovered strongly and the forced closure of its business throughout most of 2020 and early 2021 had left it heavily indebted. We were concerned about the efforts of film studios to shorten the exclusive period that movies are shown in cinemas and the rise in premium video-on-demand services. We also sold the positions in infrastructure investment company John Laing, property developer St. Modwen Properties and computer games company Codemasters after they all received bids.

The pandemic has dramatically changed expectations for global economic growth. Lockdown measures have had a profound effect on economic activity, although government actions to protect consumers and businesses from the worst impact of the shock softened the blow.

The shape and magnitude of the recovery are uncertain, although confidence is rising that it will be pronounced and swift. The successful roll-out of the COVID-19 vaccines has raised the real possibility that life may return to some sort of 'normal' during 2021, with a consequent sharp recovery in economic activity.

One of the major concerns is the threat of higher inflation and the need for central banks to start tightening monetary policy. There is much debate as to whether current indications of inflation, led by commodities and logistics costs, are temporary or are of a more permanent nature, with central bankers tending to lean towards the former view. A sustained pick-up in wage inflation would probably force monetary authorities to act more quickly, although there was no evidence of this at the time of writing.

In the corporate sector, conditions are intrinsically stronger than they were during the financial crisis of 2008-09. On the whole, the UK corporate sector has performed well during the crisis and most companies are beating their initial, post-COVID-19 earnings and cash expectations.

We are seeing a noticeable pick-up in corporate activity. The IPO market, after a quiet 2020, has exploded into life in recent months. We are also seeing a significant increase in mergers and acquisitions. We expect this upsurge to continue in the coming months as UK equity market valuations remain markedly depressed versus other developed markets.

In terms of valuations, the equity market is now trading in line with long-term averages if we apply pre-COVID-19 earnings. Corporate earnings were sharply down in 2020, although confidence in a sharp recovery in 2021 and beyond is rising.

## Comparative tables for the year ended 30 June 2021

	Class A accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	718.75	786.86	834.01
Return before operating charges*	382.11	(54.95)	(34.01)
Operating charges	(16.82)	(13.16)	(13.14)
Return after operating charges*	365.29	(68.11)	(47.15)
Distributions on accumulation shares	(0.50)	-	(7.14)
Retained distributions on accumulation shares	0.50	-	7.14
Closing net asset value per share	1,084.04	718.75	786.86
* after direct transaction costs of:	0.31	-	0.87
<b>Performance</b>			
Return after charges	50.82%	(8.66%)	(5.65%)
<b>Other information</b>			
Closing net asset value (£000s)	60,083	11,179	55,933
Closing number of shares	5,542,479	1,555,378	7,108,397
Operating charges	1.73%	1.70%	1.70%
Direct transaction costs	0.03%	0.00%	0.11%
<b>Prices</b>			
Highest share price (pence)	1,107.00	909.30	842.20
Lowest share price (pence)	714.10	523.70	677.10

	Class C accumulation 18/03/21 - 30/06/21 (pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	802.05 <sup>1</sup>
Return before operating charges*	90.78
Operating charges	(1.39)
Return after operating charges*	89.39
Distributions on accumulation shares	(3.93)
Retained distributions on accumulation shares	3.93
Closing net asset value per share	891.44
* after direct transaction costs of:	0.28
<b>Performance</b>	
Return after charges	11.15%
<b>Other information</b>	
Closing net asset value (£000s)	30
Closing number of shares	3,317
Operating charges	0.57%
Direct transaction costs	0.03%
<b>Prices</b>	
Highest share price (pence)	909.70
Lowest share price (pence)	801.50

<sup>1</sup> Class C accumulation launched on 18 March 2021 and this is the first published price.



## Comparative tables (continued)

	Class E accumulation	
	2021	08/07/19 - 30/06/20
	(pence per share)	(pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	722.28	780.29 <sup>2</sup>
Return before operating charges*	384.01	(48.94)
Operating charges	(11.61)	(9.07)
Return after operating charges*	372.40	(58.01)
Distributions on accumulation shares	(2.29)	(3.56)
Retained distributions on accumulation shares	2.29	3.56
Closing net asset value per share	1,094.68	722.28
* after direct transaction costs of:	0.30	-
<b>Performance</b>		
Return after charges	51.56%	(7.43%)
<b>Other information</b>		
Closing net asset value (£000s)	101,563	37,646
Closing number of shares	9,277,910	5,212,073
Operating charges	1.24%	1.20%
Direct transaction costs	0.03%	0.00%
<b>Prices</b>		
Highest share price (pence)	1,118.00	911.80
Lowest share price (pence)	717.60	525.60

<sup>2</sup> Class E accumulation launched on 8 July 2019 and this is the first published price.

	Class I accumulation		
	2021	2020	2019
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	856.89	930.05	977.37
Return before operating charges*	456.06	(65.46)	(39.69)
Operating charges	(9.33)	(7.70)	(7.63)
Return after operating charges*	446.73	(73.16)	(47.32)
Distributions on accumulation shares	(6.28)	(6.85)	(15.00)
Retained distributions on accumulation shares	6.28	6.85	15.00
Closing net asset value per share	1,303.62	856.89	930.05
* after direct transaction costs of:	0.35	-	1.02
<b>Performance</b>			
Return after charges	52.13%	(7.87%)	(4.84%)
<b>Other information</b>			
Closing net asset value (£000s)	191,287	118,046	101,704
Closing number of shares	14,673,459	13,776,211	10,935,313
Operating charges	0.86%	0.84%	0.84%
Direct transaction costs	0.03%	0.00%	0.11%
<b>Prices</b>			
Highest share price (pence)	1,331.00	1,080.00	988.30
Lowest share price (pence)	851.30	622.90	796.90

## Comparative tables (continued)

	Class Z accumulation		
	2021 (pence per share)	2020 (pence per share)	2019 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	600.93	647.16	674.80
Return before operating charges*	320.97	(45.78)	(27.26)
Operating charges	(0.54)	(0.45)	(0.38)
Return after operating charges*	320.43	(46.23)	(27.64)
Distributions on accumulation shares	(9.90)	(6.34)	(16.10)
Retained distributions on accumulation shares	9.90	6.34	16.10
Closing net asset value per share	921.36	600.93	647.16
* after direct transaction costs of:	0.25	-	0.71
<b>Performance</b>			
Return after charges	53.32%	(7.14%)	(4.10%)
<b>Other information</b>			
Closing net asset value (£000s)	76,390	40,969	26,064
Closing number of shares	8,291,027	6,817,598	4,027,517
Operating charges	0.07%	0.07%	0.06%
Direct transaction costs	0.03%	0.00%	0.11%
<b>Prices</b>			
Highest share price (pence)	939.90	754.90	683.20
Lowest share price (pence)	597.00	435.90	552.30

Direct transaction costs incurred on securities transactions are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business on a bid basis, which will differ from those in the Performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

### Share class launches and closures

The following share class launched during the year:

Share class	Launch date
Class C accumulation	18 March 2021

There were no share classes closed during the year.

## Ongoing charge figure

The annualised OCF of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	<b>2021</b> %	<b>2020</b> %
<b>Class A accumulation</b>	1.73	1.70 <sup>1</sup>
<b>Class C accumulation<sup>2</sup></b>	0.57	n/a
<b>Class E accumulation<sup>3</sup></b>	1.24	1.20 <sup>1</sup>
<b>Class I accumulation</b>	0.86	0.84 <sup>1</sup>
<b>Class Z accumulation</b>	0.07	0.07 <sup>1</sup>

The OCF is calculated in accordance with guidelines issued by ESMA.

<sup>1</sup> The OCF is a blended rate reflecting new GAC rates which took effect from 5 May 2020.

<sup>2</sup> Class C accumulation launched on 18 March 2021 so there are no prior year comparatives.

<sup>3</sup> Class E accumulation launched on 8 July 2019. An annualised OCF rate has been disclosed in the prior year comparative.

## Risk and reward profile

The fund currently has 5 types of share class in issue: A accumulation, C accumulation, E accumulation, I accumulation and Z accumulation.

Each share class has the same risk and reward profile which is as follows:



The share classes appear at 6 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The SRRI is calculated based on historical volatility over a rolling 5\* year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The risk rating for all share classes, with the exception of Class C accumulation, increased to 6 from 5 during the year. The ratings may change over time as a fund takes on more or less risky investments or where market conditions become more or less volatile. At share class level the ratings may differ dependent on the class currency and may be influenced by currency movements and the impact of inflows and outflows.

The full list of the fund's risks are contained in the 'Risk Factors' section in the fund's prospectus.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

\* Class E accumulation was launched on 8 July 2019 and Class C accumulation was launched on 18 March 2021. As these share classes do not have a 5 year history, a synthetic history has been created using the A accumulation share class and the fund's relevant sector average respectively.

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Equities 98.62% (2020: 98.34%)</b>			
<b>United Kingdom 98.62% (2020: 98.34%)</b>			
<b>Basic Materials 3.73% (2020: 3.84%)</b>			
521,115	Bodycote	4,411	1.03
1,401,729	Synthomer	6,891	1.60
185,123	Victrex	4,713	1.10
		<u>16,015</u>	<u>3.73</u>
<b>Consumer Discretionary 26.83% (2020: 21.78%)</b>			
315,512	Bellway	10,223	2.38
835,000	Countryside Properties	3,946	0.92
999,878	Crest Nicholson	4,193	0.98
1,601,800	DFS Furniture	4,485	1.04
121,274	Frontier Developments	2,801	0.65
408,339	Future	12,789	2.97
201,844	Go-Ahead	2,257	0.53
1,173,711	Gym	3,298	0.77
419,628	Headlam	1,838	0.43
1,118,670	Hollywood Bowl	2,685	0.63
336,370	Howden Joinery	2,747	0.64
1,845,561	Hyve	2,442	0.57
1,242,443	Inspec	4,597	1.07
1,172,200	Joules	3,341	0.78
1,269,231	Mar City <sup>1</sup>	-	-
992,851	Marshall Motor	1,886	0.44
2,778,374	Mitchells & Butlers	7,741	1.80
661,243	Moonpig	2,835	0.66
304,780	Next Fifteen Communications	2,944	0.69
1,274,147	Pebble	1,975	0.46
1,692,055	Restaurant	2,169	0.51
822,903	RM	1,950	0.45
3,618,260	SafeStyle UK	1,961	0.46
1,202,000	Team17	8,654	2.02
2,396,326	TI Fluid Systems	7,357	1.71
1,009,071	Watches of Switzerland	8,436	1.96
1,117,327	Wickes	2,749	0.64
100,556	Young & Co's Brewery 'A'	1,639	0.38
139,561	Young & Co's Brewery Non-Voting	1,241	0.29
		<u>115,179</u>	<u>26.83</u>
<b>Energy 2.13% (2020: 3.19%)</b>			
2,482,418	Cairn Energy	3,617	0.85
233,192	Harbour Energy	879	0.20
1,118,052	Hunting	2,465	0.57
1,573,299	Serica Energy	2,181	0.51
		<u>9,142</u>	<u>2.13</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials 14.44% (2020: 16.30%)</b>			
1,311,172	Brewin Dolphin	4,556	1.06
220,333	Burford Capital	1,639	0.38
915,351	Foresight	3,707	0.86
146,940	Gresham House	1,352	0.31
1,166,863	Impax Asset Management	13,068	3.05
1,061,172	IntegraFin	5,465	1.27
5,195,479	Just	4,840	1.13
288,381	Liontrust Asset Management	5,422	1.26
1,482,552	OSB	6,879	1.60
1,412,718	Paragon Banking	7,198	1.69
785,191	Sanne	6,533	1.52
2,266,643	Sherborne Investors 'A'	1,349	0.31
		<u>62,008</u>	<u>14.44</u>
<b>Health Care 4.47% (2020: 5.99%)</b>			
528,121	Advanced Medical Solutions	1,500	0.35
2,524,066	Alliance Pharma	2,504	0.58
2,576,131	Benchmark	1,623	0.38
1,127,209	Clinigen	6,977	1.63
150,282	Dechra Pharmaceuticals	6,567	1.53
		<u>19,171</u>	<u>4.47</u>
<b>Industrials 29.40% (2020: 28.96%)</b>			
71,860	AB Dynamics	1,509	0.35
1,167,352	Alpha Financial Markets Consulting	4,086	0.95
137,824	Avon Rubber	3,605	0.84
1,979,915	Balfour Beatty	6,070	1.41
1,378,021	Chemring	3,962	0.92
3,615,633	Coats	2,462	0.57
1,074,937	De La Rue	2,002	0.47
795,448	Eurocell	2,132	0.50
355,628	Euromoney Institutional Investor	3,620	0.84
191,595	James Fisher & Sons	1,776	0.41
910,951	Johnson Service	1,598	0.37
407,227	Knights	1,702	0.40
1,625,334	Luceco	6,753	1.57
687,967	Midwich	4,059	0.95
410,975	Oxford Instruments	9,495	2.20
313,039	PageGroup	1,750	0.41
369,723	Polypipe	2,263	0.53
912,891	Redde Northgate	3,642	0.85
114,650	Renishaw	5,648	1.32
759,766	ReStore	2,963	0.69
544,881	Rotork	1,855	0.43
1,404,500	RWS	7,914	1.83
2,238,023	Serco	3,037	0.71
1,505,172	Severfield	1,204	0.28
260,375	Smart Metering Systems	2,263	0.53
101,733	Spectris	3,294	0.77
545,284	SThree	2,516	0.59
1,878,131	Thruvision	458	0.11

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials (continued)</b>		
1,279,078	Tyman	5,756	1.34
282,148	Ultra Electronics	6,461	1.50
996,620	Vesuvius	5,262	1.23
288,499	Vitec	4,039	0.94
375,461	Volet	1,399	0.33
1,117,743	Volution	4,678	1.09
90,013	XP Power	5,023	1.17
		<u>126,256</u>	<u>29.40</u>
	<b>Real Estate 3.58% (2020: 6.11%)</b>		
1,646,604	CLS	3,960	0.92
1,626,277	Empiric Student Property	1,400	0.33
536,553	Grainger	1,529	0.36
612,740	Helical	2,665	0.62
504,113	Savills	5,798	1.35
		<u>15,352</u>	<u>3.58</u>
	<b>Technology 12.12% (2020: 10.29%)</b>		
758,104	Alphawave IP	2,729	0.64
354,064	Aptitude Software	2,075	0.48
1,366,199	Ascential	5,683	1.32
261,417	Auction Technology	3,012	0.70
554,263	Blanco Technology	1,441	0.34
704,369	Bytes Technology	3,261	0.76
203,275	Computacenter	5,228	1.22
112,523	EMIS	1,294	0.30
805,372	GBG	6,648	1.55
112,380	Gooch & Housego	1,540	0.36
4,239,404	Learning Technologies	7,975	1.85
1,019,271	Moneysupermarket.Com	2,615	0.61
344,987	Softcat	6,127	1.43
2,414,619	Tribal	2,415	0.56
		<u>52,043</u>	<u>12.12</u>
	<b>Telecommunications 1.92% (2020: 1.88%)</b>		
414,415	Gamma Communications	8,247	1.92
	<b>Investment assets</b>	<b>423,413</b>	<b>98.62</b>
	Other net assets	5,940	1.38
	<b>Total net assets</b>	<b>429,353</b>	<b>100.00</b>

<sup>1</sup> Suspended or delisted securities

All investments are listed on recognised stock exchanges or are 'approved securities' within the meaning of FCA rules unless otherwise stated.

The classification is based on the country of risk and a relevant industry classification standard.

Prior year comparative percentages have changed for some sectors due to reclassification within these sectors.

## Statement of total return for the year ended 30 June 2021

		2021		2020	
	Note	£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		116,747		(30,233)
Revenue	3	4,450		3,275	
Expenses	4	(2,467)		(1,714)	
Interest payable and similar charges	5	(1)		(5)	
Net revenue before taxation		1,982		1,556	
Taxation	6	-		-	
Net revenue after taxation			1,982		1,556
Total return before distributions			118,729		(28,677)
Distributions	7		(1,982)		(1,561)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>116,747</b>		<b>(30,238)</b>

## Statement of change in net assets attributable to shareholders for the year ended 30 June 2021

	2021		2020	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>207,840</b>		<b>183,701</b>
Amounts receivable on issue of shares	43,049		94,739	
Amounts receivable on merger*	106,108		-	
Amounts payable on cancellation of shares	(46,580)		(42,375)	
		102,577		52,364
Dilution adjustment		207		452
Change in net assets attributable to shareholders from investment activities		116,747		(30,238)
Retained distributions on accumulation shares		1,982		1,561
<b>Closing net assets attributable to shareholders</b>		<b>429,353</b>		<b>207,840</b>

\* Janus Henderson UK & Irish Smaller Companies Fund, a sub-fund of Janus Henderson Investment Funds Series I, merged into Janus Henderson UK Smaller Companies Fund on 18 March 2021.



## Balance sheet

as at 30 June 2021

	Note	2021 £000	2020 £000
<b>Assets:</b>			
Investments		423,413	204,392
Current assets:			
Debtors	8	6,315	685
Cash and bank balances	9	1,219	3,320
<b>Total assets</b>		<b>430,947</b>	<b>208,397</b>
<b>Liabilities:</b>			
Creditors:			
Other creditors	10	1,594	557
<b>Total liabilities</b>		<b>1,594</b>	<b>557</b>
<b>Net assets attributable to shareholders</b>		<b>429,353</b>	<b>207,840</b>

## Notes to the financial statements for the year ended 30 June 2021

### 1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the funds' aggregated notes to the financial statements.

### 2 Net capital gains/(losses)

Net capital gains/(losses) on investments during the year comprise:

	2021 £000	2020 £000
Non-derivative securities	116,753	(30,223)
Transaction costs	(6)	(10)
<b>Net capital gains/(losses)</b>	<b>116,747</b>	<b>(30,233)</b>

### 3 Revenue

	2021 £000	2020 £000
Bank interest	-	24
Overseas dividends	199	95
UK dividends	4,244	2,997
UK REIT revenue - PID	7	148
UK REIT revenue - non PID	-	1
Underwriting commission	-	10
<b>Total revenue</b>	<b>4,450</b>	<b>3,275</b>

### 4 Expenses

	2021 £000	2020 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	2,080	1,484
GAC*	354	206
	<b>2,434</b>	<b>1,690</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	25	18
Safe custody fees	8	6
	<b>33</b>	<b>24</b>
<b>Total expenses</b>	<b>2,467</b>	<b>1,714</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £8,861 (2020: £7,912).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2021 £000	2020 £000
Interest payable	1	5
<b>Total interest payable and similar charges</b>	<b>1</b>	<b>5</b>

### 6 Taxation

#### a) Analysis of charge in the year

There is no tax charge for the current year (2020: nil).

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised OEICs of 20% (2020: 20%). The differences are explained below:

	2021 £000	2020 £000
Net revenue before taxation	1,982	1,556
Corporation tax at 20% (2020: 20%)	396	311
Effects of:		
Overseas dividends	(39)	(19)
UK dividends*	(849)	(600)
Unused management expenses	492	308
<b>Tax charge for the year (note 6a)</b>	<b>-</b>	<b>-</b>

\* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2020: nil).

#### d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £7,569,821 (2020: £7,077,826) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

### 7 Distributions

	2021 £000	2020 £000
Final accumulation	1,982	1,561
Net revenue after taxation	1,982	1,556
Revenue shortfall	-	5
<b>Total distributions</b>	<b>1,982</b>	<b>1,561</b>

Details of the distribution per share are set out in the Distribution table on page 397.

## Notes to the financial statements (continued)

### 8 Debtors

	2021 £000	2020 £000
Accrued revenue	616	282
Amounts receivable for issue of shares	548	74
Amounts receivable from merger fund	116	-
Overseas withholding tax reclaimable	4	4
Sales awaiting settlement	5,031	325
<b>Total debtors</b>	<b>6,315</b>	<b>685</b>

### 9 Cash and bank balances

	2021 £000	2020 £000
Cash and bank balances	1,219	3,320
<b>Total cash and bank balances</b>	<b>1,219</b>	<b>3,320</b>

### 10 Other creditors

	2021 £000	2020 £000
Accrued annual management charge	279	118
Accrued Depositary's fee	3	2
Accrued other expenses	49	22
Amounts payable for cancellation of shares	482	207
Purchases awaiting settlement	781	208
<b>Total other creditors</b>	<b>1,594</b>	<b>557</b>

### 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

### 12 Related party transactions

HIFL as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 388 and 389 and notes 4, 8 and 10 on pages 390 to 392 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations
- Annual management charge
- GAC

There were no material shareholders at the year end (2020: nil).

## Notes to the financial statements (continued)

### 13 Shareholders' funds

The fund currently has 5 share classes available: Class A (Retail), Class C (Institutional) Class E (Retail), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2021	2020
	%	%
Class A	1.50	1.50
Class C <sup>1</sup>	0.50	n/a
Class E	1.00	1.00
Class I	0.75	0.75
Class Z <sup>2</sup>	0.00	0.00

<sup>1</sup> Class C accumulation launched on 18 March 2021.

<sup>2</sup> Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 380 to 382. The distribution per share class is given in the Distribution table on page 397. All share classes have the same rights on winding up.

#### Shares reconciliation as at 30 June 2021

	Class A accumulation	Class C accumulation	Class E accumulation	Class I accumulation
Opening number of shares	1,555,378	-	5,212,073	13,776,211
Issues during the year	4,613,979	3,317	4,219,320	3,794,453
Cancellations during the year	(371,883)	-	(319,960)	(2,969,954)
Shares converted during the year	(254,995)	-	166,477	72,749
<b>Closing shares in issue</b>	<b>5,542,479</b>	<b>3,317</b>	<b>9,277,910</b>	<b>14,673,459</b>

	Class Z accumulation
Opening number of shares	6,817,598
Issues during the year	2,621,575
Cancellations during the year	(1,148,146)
Shares converted during the year	-
<b>Closing shares in issue</b>	<b>8,291,027</b>

### 14 Financial derivatives

The fund may use financial derivatives to reduce risk or to manage the fund more efficiently.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 30 June 2021 (2020: £260,000).

#### 2021

The fund had no exposure to derivatives as at 30 June 2021 with a positive marked-to-market fair value.

#### 2020

The fund had no exposure to derivatives as at 30 June 2020 with a positive marked-to-market fair value.

## Notes to the financial statements (continued)

### 15 Risk

#### Currency risk

The fund's exposure to currency risk is considered insignificant. This is consistent with the exposure during the prior year.

#### Interest rate risk

The fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

#### Other market price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

#### Leverage

The fund has not employed significant leverage in the current or prior year.

#### Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities showing the remaining contractual maturities on an undiscounted basis:

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2021</b>				
Other creditors	-	1,594	-	-
<b>Total</b>	<u>-</u>	<u>1,594</u>	<u>-</u>	<u>-</u>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2020</b>				
Other creditors	-	557	-	-
<b>Total</b>	<u>-</u>	<u>557</u>	<u>-</u>	<u>-</u>

### 16 Fair value disclosure

#### Fair value measurement

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the fund classifies fair value measurement under the following levels:

#### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Inputs other than quoted prices included within level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

#### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

## Notes to the financial statements (continued)

### 16 Fair value disclosure (continued)

#### Fair value hierarchy

	2021		2020	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	423,413	-	204,392	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<b>423,413</b>	<b>-</b>	<b>204,392</b>	<b>-</b>

### 17 Direct transaction costs

	Purchases		Sales	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Trades in the year</b>				
Equities	74,924	91,741	71,959	34,003
<b>Trades in the year before transaction costs</b>	<b>74,924</b>	<b>91,741</b>	<b>71,959</b>	<b>34,003</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Equities	25	37	31	14
<b>Total commissions</b>	<b>25</b>	<b>37</b>	<b>31</b>	<b>14</b>
<b>Taxes</b>				
Equities	243	321	-	-
<b>Total taxes</b>	<b>243</b>	<b>321</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Equities	-	-	1	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Total transaction costs</b>	<b>268</b>	<b>358</b>	<b>32</b>	<b>14</b>
<b>Total net trades in the year after transaction costs</b>	<b>75,192</b>	<b>92,099</b>	<b>71,927</b>	<b>33,989</b>

## Notes to the financial statements (continued)

### 17 Direct transaction costs (continued)

	Purchases		Sales	
	2021	2020	2021	2020
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Equities	0.03	0.04	0.04	0.04
<b>Taxes</b>				
Equities	0.32	0.35	-	-
<b>Other expenses</b>				
Equities	-	-	-	-
	<b>2021</b>	<b>2020</b>		
	%	%		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	0.02	0.02		
Taxes	0.08	0.16		
Other expenses	-	-		
<b>Total costs</b>	<b>0.10</b>	<b>0.18</b>		

There were in specie transfers during the year of £106,107,858 (2020: nil) relating to the merger of Janus Henderson UK & Irish Smaller Companies Fund into the fund. There were corporate actions during the year of £1,329,593 (2020: £1,922,799).

There were no direct transaction costs associated with derivatives in the year (2020: nil).

Direct transaction costs are fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The portfolio dealing spread as at 30 June 2021 was 0.69% (2020: 1.07%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 18 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.



## Distribution table for the year ended 30 June 2021 (in pence per share)

### Final dividend distribution (accounting date 30 June 2021, paid on 31 August 2021)

Group 1: shares purchased prior to 1 July 2020

Group 2: shares purchased on or after 1 July 2020

	Distribution per share	Total distribution per share 31/08/21	Total distribution per share 28/08/20
<b>Class A accumulation</b>			
Group 1	0.5022	0.5022	-
Group 2	0.5022	0.5022	-
<b>Class C accumulation<sup>1</sup></b>			
Group 1	3.9341	3.9341	n/a
Group 2	3.9341	3.9341	n/a
<b>Class E accumulation</b>			
Group 1	2.2894	2.2894	3.5641
Group 2	2.2894	2.2894	3.5641
<b>Class I accumulation</b>			
Group 1	6.2759	6.2759	6.8500
Group 2	6.2759	6.2759	6.8500
<b>Class Z accumulation</b>			
Group 1	9.9042	9.9042	6.3360
Group 2	9.9042	9.9042	6.3360

<sup>1</sup> Class C accumulation launched on 18 March 2021.

## Appendix - additional information (unaudited)

### Securities financing transactions

The funds engage in securities financing transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, as amended by the Transparency of Securities Financing Transactions and Reuse (Amendment) (EUR Exit) Regulations 2019, SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation (EU) 2015/2365, as amended by the Transparency of Securities Financing Transactions and Reuse (Amendment) (EUR Exit) Regulations 2019, the funds' involvement in and exposures related to securities lending for the year ended 30 June 2021 are detailed below.

### Global data

The table lists the amount of securities on loan as a proportion of total lendable assets and the funds' AUM as at 30 June 2021:

Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Janus Henderson All Stocks Credit Fund	3,855	1.38%	1.36%
Janus Henderson Institutional Long Dated Credit Fund	5,437	3.71%	3.65%
Janus Henderson Strategic Bond Fund	17,481	0.59%	0.53%
Janus Henderson UK Equity Income & Growth Fund	38	0.02%	0.02%

### Concentration data

The following table lists the ten largest collateral issuers by value of collateral received (across all SFTs) for each fund as at 30 June 2021:

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
<b>Janus Henderson All Stocks Credit Fund</b>		<b>Janus Henderson Institutional Long Dated Credit Fund</b>	
Government of France	1,990	Government of France	2,807
Government of Germany	1,826	Government of Germany	2,576
Government of Belgium	229	Government of Belgium	323
Kingdom of Netherlands	23	Kingdom of Netherlands	32
Government of Austria	1	Government of Austria	1
Republic of Finland	1	Republic of Finland	1
<b>Janus Henderson Strategic Bond Fund</b>		<b>Janus Henderson UK Equity Income &amp; Growth Fund</b>	
Government of France	8,753	Government of France	21
Government of Germany	7,974	Government of Belgium	8
Government of Belgium	987	Government of Germany	5
Government of Austria	323	Kingdom of Netherlands	3
Kingdom of Netherlands	225	UK Treasury	2
Republic of Finland	10	US Treasury	1

## Appendix - additional information (unaudited) (continued)

### Securities financing transactions (continued)

#### Concentration data (continued)

The following table details the top ten counterparties of each type of SFTs (based on gross volume of outstanding transactions), for each fund as at 30 June 2021:

Counterparty	Market value of securities on loan £000	Settlement basis	Counterparty	Market value of securities on loan £000	Settlement basis
<b>Janus Henderson All Stocks Credit Fund</b>			<b>Janus Henderson Institutional Long Dated Credit Fund</b>		
JPMorgan	3,855	Triparty	JPMorgan	5,437	Triparty
	<b>3,855</b>			<b>5,437</b>	
<b>Janus Henderson Strategic Bond Fund</b>			<b>Janus Henderson UK Equity Income &amp; Growth Fund</b>		
JPMorgan	16,134	Triparty	Bank of America	33	Triparty
Bank of America	791	Triparty	Morgan Stanley	5	Triparty
HSBC	556	Triparty		<b>38</b>	
	<b>17,481</b>				

All counterparties have been included.

#### Aggregate transaction data

The following tables provide an analysis of the collateral received by each fund in respect of each type of SFTs as at 30 June 2021:

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
<b>Janus Henderson All Stocks Credit Fund</b>							
JPMorgan	United States	Government Bond	Investment grade	EUR	Triparty	JPMorgan	4,070
							<b>4,070</b>
<b>Janus Henderson Institutional Long Dated Credit Fund</b>							
JPMorgan	United States	Government Bond	Investment grade	EUR	Triparty	JPMorgan	5,740
							<b>5,740</b>
<b>Janus Henderson Strategic Bond Fund</b>							
Bank of America	United States	Government Bond	Investment grade	EUR	Triparty	JPMorgan	819
JPMorgan	United States	Government Bond	Investment grade	EUR	Triparty	JPMorgan	16,885
HSBC	United Kingdom	Government Bond	Investment grade	EUR	Triparty	JPMorgan	568
							<b>18,272</b>
<b>Janus Henderson UK Equity Income &amp; Growth Fund</b>							
Bank of America	United States	Government Bond	Investment grade	EUR	Triparty	JPMorgan	35
Morgan Stanley	United States	Government Bond	Investment grade	EUR	Triparty	JPMorgan	1
Morgan Stanley	United States	Government Bond	Investment grade	GBP	Triparty	JPMorgan	3
Morgan Stanley	United States	Government Bond	Investment grade	USD	Triparty	JPMorgan	1
							<b>40</b>

All collateral is held in segregated accounts.

The lending and collateral transactions are on an open basis and can be recalled on demand.

## Appendix - additional information (unaudited) (continued)

### Securities financing transactions (continued)

#### Re-use of collateral

Cash collateral may be reinvested during the loan transaction to generate additional returns for the benefit of the fund.

#### Return and cost on securities lending activities

The following table details the funds' return and costs for each type of SFTs for the year ended 30 June 2021:

Fund	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000	% return retained by the securities lending agent*	% return retained by the fund
Janus Henderson Absolute Return Fixed Income Fund	4	1	3	15%	85%
Janus Henderson All Stocks Credit Fund	9	1	8	15%	85%
Janus Henderson Institutional Long Dated Credit Fund	31	5	26	15%	85%
Janus Henderson Preference & Bond Fund	7	1	6	15%	85%
Janus Henderson Strategic Bond Fund	36	5	31	15%	85%
Janus Henderson UK Equity Income & Growth Fund	14	2	12	15%	85%

Fund	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000	% return retained by the securities lending agent*	% return retained by the fund
Janus Henderson Strategic Bond Fund	1	-	1	8%	92%

Due to rounding to the nearest thousand, only Janus Henderson Strategic Bond Fund had reportable stocklending income earned with JPMorgan in the year to 30 June 2021.

\* JPMorgan Chase Bank, National Association (London Branch) replaced BNP Paribas as securities lending agent from 10 March 2021. Under this arrangement the return retained by the securities lending agent has reduced from 15% to 8%, with 92% return retained by the fund.

## Appendix - additional information (unaudited) (continued)

### Remuneration policy

Following the implementation of the UCITS V in the UK from 18 March 2016, all authorised UCITS Management Companies are required to comply with the UCITS Remuneration Code (SYSC 19E). Under the Code, the Compensation Committee of Janus Henderson Group plc in its oversight of HIFL must make relevant remuneration disclosures.

The disclosures must split remuneration between fixed and variable remuneration and must break down remuneration for categories of UCITS Code Staff (defined as all staff whose professional activities have a material impact on the risk profiles of the funds it manages). The Janus Henderson Group plc Compensation Committee approves the list of UCITS Code Staff annually. In addition, identified UCITS Code Staff are notified of their status and the associated implications annually.

Janus Henderson UK & Europe Funds is managed by HIFL, which is a subsidiary of Janus Henderson Group plc.

The Compensation Committee of Janus Henderson Group plc has established a Remuneration policy, one of the guiding principles of which is to ensure that the remuneration of its employees is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of each ACD and the funds they manage. This policy applies to HIFL and Janus Henderson UK & Europe Funds.

Further information with respect to Janus Henderson Group plc's Remuneration policy is available in Janus Henderson Group plc's annual report as at 31 December 2020.

	Headcount (1)	Total Remuneration (£000s) (2,3)
<b>Janus Henderson Absolute Return Fixed Income Fund</b>	2,014	213
<b>of which</b>		
Fixed Remuneration	2,014	91
Variable Remuneration	2,002	122
<b>Janus Henderson Absolute Return Fixed Income Fund Remuneration Code Staff</b>	53	63
<b>of which</b>		
Senior Management (4)	25	18
Other Code Staff (5)	28	44
<b>Janus Henderson All Stocks Credit Fund</b>	2,015	451
<b>of which</b>		
Fixed Remuneration	2,015	195
Variable Remuneration	2,003	256
<b>Janus Henderson All Stocks Credit Fund Remuneration Code Staff</b>	52	122
<b>of which</b>		
Senior Management (4)	25	40
Other Code Staff (5)	27	82
<b>Janus Henderson Asset-Backed Securities Fund</b>	2,014	87
<b>of which</b>		
Fixed Remuneration	2,014	35
Variable Remuneration	2,002	52
<b>Janus Henderson Asset-Backed Securities Fund Remuneration Code Staff</b>	53	31
<b>of which</b>		
Senior Management (4)	25	7
Other Code Staff (5)	28	25
<b>Janus Henderson European Smaller Companies Fund</b>	2,014	436
<b>of which</b>		
Fixed Remuneration	2,014	162
Variable Remuneration	2,002	274
<b>Janus Henderson European Smaller Companies Fund Remuneration Code Staff</b>	53	188
<b>of which</b>		
Senior Management (4)	25	30
Other Code Staff (5)	28	158

## Appendix - additional information (unaudited) (continued)

### Remuneration policy (continued)

	Headcount (1)	Total Remuneration (£000s) (2,3)
<b>Janus Henderson Index Linked Bond Fund</b>	2,014	284
<b>of which</b>		
Fixed Remuneration	2,014	124
Variable Remuneration	2,002	160
<b>Janus Henderson Index Linked Bond Fund Remuneration Code Staff</b>	53	86
<b>of which</b>		
Senior Management (4)	25	24
Other Code Staff (5)	28	62
<b>Janus Henderson Institutional Long Dated Credit Fund</b>	2,015	311
<b>of which</b>		
Fixed Remuneration	2,015	135
Variable Remuneration	2,003	177
<b>Janus Henderson Institutional Long Dated Credit Fund Remuneration Code Staff</b>	52	84
<b>of which</b>		
Senior Management (4)	25	28
Other Code Staff (5)	27	57
<b>Janus Henderson Institutional Long Dated Gilt Fund</b>	2,014	90
<b>of which</b>		
Fixed Remuneration	2,014	40
Variable Remuneration	2,002	51
<b>Janus Henderson Institutional Long Dated Gilt Fund Remuneration Code Staff</b>	53	27
<b>of which</b>		
Senior Management (4)	25	8
Other Code Staff (5)	28	20
<b>Janus Henderson Institutional Short Duration Bond Fund</b>	2,014	1,603
<b>of which</b>		
Fixed Remuneration	2,014	651
Variable Remuneration	2,002	952
<b>Janus Henderson Institutional Short Duration Bond Fund Remuneration Code Staff</b>	53	577
<b>of which</b>		
Senior Management (4)	25	125
Other Code Staff (5)	28	452
<b>Janus Henderson Institutional UK Gilt Fund</b>	2,014	96
<b>of which</b>		
Fixed Remuneration	2,014	42
Variable Remuneration	2,002	54
<b>Janus Henderson Institutional UK Gilt Fund Remuneration Code Staff</b>	53	29
<b>of which</b>		
Senior Management (4)	25	8
Other Code Staff (5)	28	21
<b>Janus Henderson Preference &amp; Bond Fund</b>	2,016	2,013
<b>of which</b>		
Fixed Remuneration	2,016	548
Variable Remuneration	2,004	1,464
<b>Janus Henderson Preference &amp; Bond Fund Remuneration Code Staff</b>	53	1,388
<b>of which</b>		
Senior Management (4)	25	75
Other Code Staff (5)	28	1,313

## Appendix - additional information (unaudited) (continued)

### Remuneration policy (continued)

	Headcount (1)	Total Remuneration (£000s) (2,3)
<b>Janus Henderson Strategic Bond Fund</b>	2,015	5,210
<b>of which</b>		
Fixed Remuneration	2,015	1,927
Variable Remuneration	2,003	3,283
<b>Janus Henderson Strategic Bond Fund Remuneration Code Staff</b>	52	1,976
<b>of which</b>		
Senior Management (4)	25	390
Other Code Staff (5)	27	1,586
<b>Janus Henderson UK Equity Income &amp; Growth Fund</b>	2,014	233
<b>of which</b>		
Fixed Remuneration	2,014	106
Variable Remuneration	2,002	127
<b>Janus Henderson UK Equity Income &amp; Growth Fund Remuneration Code Staff</b>	53	86
<b>of which</b>		
Senior Management (4)	25	18
Other Code Staff (5)	28	68
<b>Janus Henderson UK Smaller Companies Fund</b>	2,014	498
<b>of which</b>		
Fixed Remuneration	2,014	183
Variable Remuneration	2,002	315
<b>Janus Henderson UK Smaller Companies Fund Remuneration Code Staff</b>	53	225
<b>of which</b>		
Senior Management (4)	25	33
Other Code Staff (5)	28	192

1. This is the actual number of employees who are fully or partly involved in the activities of Janus Henderson UK & Europe Funds – no attempt has been made to apportion the time spent specifically in support of each fund within Janus Henderson UK & Europe Funds as this data is not captured as part of Janus Henderson Group plc's normal processes.
2. Please note that due to the employment structure and resourcing of Janus Henderson Group plc, the staff indicated in this table may provide services to other companies in Janus Henderson Group plc.
3. The remuneration disclosed is only in respect of the provision of services to Janus Henderson UK & Europe Funds for the year, rather than the total remuneration for the year – for this purpose, remuneration has been apportioned between the provision of services to Janus Henderson UK & Europe Funds and to other entities in Janus Henderson Group plc, as follows:
  - in respect of performance fee incentives, 100% of any direct allocations of performance fees generated within Janus Henderson UK & Europe Funds;
  - in respect of fixed pay and annual/long term incentive bonuses:
    - where fixed pay is directly attributable to each of the funds of Janus Henderson UK & Europe Funds (for example, fees for Board members of the funds of Janus Henderson UK & Europe Funds), 100% of those fees;
    - for Investment Fund Managers, pro-rated using the average AUM of Janus Henderson UK & Europe Funds managed by the relevant Investment Fund Manager (as a proportion of the total AUM managed by that individual) as a proxy.
    - for other individuals, pro-rated using the average AUM of each of the funds of Janus Henderson UK & Europe Funds (as a proportion of the aggregate average AUM of Janus Henderson Group plc) as a proxy.
4. Senior Management includes the Janus Henderson Executive Committee and other Group Board members and the Board of HIFL.
5. Other Code Staff includes all other UCITS Code Staff not covered by the above, including Investment Fund Managers who manage AUM within each of the funds of Janus Henderson UK & Europe Funds.
6. Please note that rounding off of values could lead to a mismatch of individual numbers and their sum.

## Further information

### Shareholder enquiries

If you have any queries about your fund holding, either contact your professional adviser or telephone us on one of the numbers below:

For dealing enquiries including buying and selling shares please telephone at local rate: **0845 608 8703**

The following line is also available:

Client Services: **0800 832 832**

or you can contact us via e-mail at **[support@janushenderson.com](mailto:support@janushenderson.com)**

We may record telephone calls for our mutual protection and to improve customer service.



## Important Information

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