



# ANNUAL REPORT & ACCOUNTS

For the year ended  
31 October 2017

Janus Henderson  
— INVESTORS —

Henderson Strategic Investment Funds



# Who are Janus Henderson Investors?

**Janus Henderson Investors exists to help clients achieve their long-term financial goals.**

Formed in 2017 from the merger between Janus Capital Group and Henderson Group, we are committed to adding value through active management. For us, active is more than our investment approach – it is the way we translate ideas into action, how we communicate our views and the partnerships we build in order to create the best outcomes for clients.

We are proud to offer a highly diversified range of products, harnessing the intellectual capital of some of the industry's most innovative and formative thinkers. Our expertise encompasses the major asset classes, we have investment teams situated around the world and we serve intermediary, institutional and individual investors globally. As at 30 September 2017, we had approximately US\$360.5bn in assets under management, more than 2,000 employees and offices in 27 cities worldwide. Headquartered in London, we are an independent asset manager that is dual-listed on the New York Stock Exchange and the Australian Securities Exchange.

At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. We call this ethos *Knowledge.Shared*. *Knowledge.Shared* is reflected both in how our investment teams interact and in our commitment to empowering clients in their decision-making. In our view, knowledge is powerful when it is shared.

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## Authorised Corporate Director's (ACD) report

We are pleased to present the Annual Report and Accounts for the Henderson Strategic Investment Funds (the "Company") for the year ended 31 October 2017.

### Authorised status

Henderson Strategic Investment Funds is an open ended investment company (OEIC) with variable capital authorised, under regulation 12 (Authorisation) of the OEIC regulations, by the Financial Conduct Authority on 1 April 2004. The company is a UCITS scheme structured as an umbrella company, comprising five sub-funds ("funds"), the first of which was launched on 1 July 2005. Each fund is operated as a distinct fund with its own portfolio of investments.

The investment objective and policy, investment activities, portfolio statement and risk and reward profile for each fund are given in the relevant section of each fund's report. These all form part of the Authorised Corporate Director's Report. Shareholders are not liable for the debts of the company. All funds belong to the category of securities scheme.

### Fund liabilities

Each fund is treated as a separate entity, and is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that fund.

### Other information

On 1 November 2016 the following funds changed names. The funds' investment objectives and policies have also been revised with effect from 1 November 2016.

- Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund to Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund
- Henderson Institutional Japan Enhanced Equity Fund to Henderson Institutional Japan Index Opportunities Fund
- Henderson Institutional European Enhanced Equity Fund to Henderson Institutional European Index Opportunities Fund
- Henderson Institutional North American Enhanced Equity Fund to Henderson Institutional North American Index Opportunities Fund

Henderson Group plc and Janus Capital Group merged on 30 May 2017 to form Janus Henderson Group plc.

On 15 December 2017, the Company changed its name from Henderson Strategic Investment Funds to Janus Henderson Strategic Investment Funds.

### Director's statement

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 report and financial statements on behalf of the Directors of Henderson Investment Funds Limited.

G Foggin  
(Director)

16 January 2018

## Authorised Corporate Director's (ACD) report

### 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 Telephone - 020 7818 1818 Dealing - 0845 608 8703 Enquiries - 0800 832 832	Authorised and regulated by the Financial Conduct Authority
<b>Directors of the ACD</b>	C Chaloner R Chaudhuri (from 27.09.17) G Foggin G Kitchen H J de Sausmarez M Skinner (to 29.06.17) P Wagstaff		
<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>DST Financial Services Europe Limited</b>	DST House St Nicholas Lane Basildon Essex SS15 5FS	Authorised and regulated by the Financial Conduct Authority
<b>Depository</b>	<b>National Westminster Bank Plc</b> The ultimate holding company is the Royal Bank of Scotland Group plc	135 Bishopsgate London EC2M 3UR	Authorised and regulated by the Prudential Regulation Authority and regulated by the Financial Conduct 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 LLP</b>	One Wood Street London EC2V 7WS	The Law Society

Returns are sterling total returns unless otherwise stated.

## Overview

Global equity markets rose over the year to 31 October 2017 (MSCI World Index 13.5% in sterling total returns, 23.5% in US dollars), as political events and central bank activity dominated headlines. Donald Trump was elected as US president, Britain formally began its exit from the European Union (EU) (known as 'Brexit'), elections took place across Europe and tensions between the US and North Korea heightened. Central bank activity was divergent, as some considered scaling back quantitative easing, while others retained accommodative measures.

The FTSE All-Share Index rose, returning 13.4%, in the UK. In March, the UK government triggered Article 50, marking the official start of Brexit negotiations, however, by October, the discussions reached a deadlock. In June, Prime Minister Theresa May weakened her position in a snap general election that resulted in a hung parliament. The gross domestic product (GDP) annual growth rate dropped to a four-year low in the second- and third-quarters of 2017. The Bank of England (BoE) kept rates on hold throughout the year, but policymakers agreed in September that a rate increase was likely to be appropriate in the coming months as inflation continued to rise, reaching a five-year high of 3.0% in September. Unemployment proved a standout statistic, as it fell to a 42-year low in the three months to end-July.

European equities also rose during the year (FTSE World Europe ex UK 19.9% in sterling, 24.5% in euros) as elections took place across the region. Euro-sceptic candidates polled strongly and investors were cautious, but the votes, particularly France's election of Emmanuel Macron as president in May, returned favourable results and sent the euro soaring against the US dollar from late April. However, the German general election in September boosted the power of far-right group Alternative for Germany and Catalonia's attempt to achieve independence from Spain in October led to its parliament being dissolved and Madrid taking back direct control. European Central Bank (ECB) President Mario Draghi announced in June that the threat of deflation had subsided, and began to consider the removal of stimulus measures in September due to economic strength within the eurozone. In October, the ECB confirmed it would extend its bond purchase programme for another year, albeit at half the monthly pace, and the euro dropped against the US dollar in the immediate aftermath. GDP growth for the third quarter was 0.6%, in line with expectations but lower than the second quarter figure of 0.7%.

In the US, markets rose (S&P 500 13.7% in sterling, 23.6% in dollars). Domestic markets advanced following the presidential election in November 2016, later helped by strong first- and second-quarter corporate earnings. However, optimism was dampened by airstrikes in Syria, tensions with North Korea and questions about President Trump's ties to Russia during the 2016 election season. GDP growth slowed during the winter months, but rose in 2017. Consumer price inflation rose to a five-month high in September as petrol prices increased due to damage caused by Hurricane Harvey. In June, the US Federal Reserve (Fed) raised interest rates for the third time since December 2016. It left rates unchanged at the September Federal Open Market Committee meeting but signalled a further likely rate hike this year and a near term reduction in quantitative easing. Industrial production in September rebounded from an eight-year low in August, and initial jobless claims was at its lowest level since 1973 in mid-October.

Japanese equities Topix Index rose 10.1% in sterling (29.4% in yen). Exports sharply improved in January, and The Bank of Japan (BoJ) raised its fiscal year 2017–2018 growth forecast to 1.6% in April. The International Monetary Fund (IMF) followed suit, upwardly revising its estimate for 2017 GDP expansion to 1.2%. Second quarter GDP growth was revised down from 1.0% to 0.6%, as business spending grew much more slowly than anticipated. However, it was still the sixth straight quarter of growth. In July, the country struck a free-trade deal with the EU, which is expected to benefit the Japanese automobile sector in particular. The yen strengthened in August as investors sought 'safe haven' assets amid heightened tensions between the US and North Korea, but fell in September as these fears eased. That same month, the BoJ announced plans to continue stimulating its economy, leaving its policy unchanged. In October, the yen weakened further when Prime Minister Shinzo Abe was re-elected in the snap general election, and the BoJ left its policy unchanged again.

In Asia, the FTSE World Asia Pacific ex Japan Index rose by 14.6% in sterling (22.7% in local currency terms). In China, MSCI announced a decision in June to include Chinese A-shares in its emerging markets index from 2018. The IMF increased its Chinese growth estimates out to 2020 in August, but warned against rapidly rising debt levels. The annual growth rate for the third quarter was 6.8%, marking the weakest annualised rate since the final quarter of 2016. The South Korea KOSPI index reached record highs, despite the impeachment of its President and ongoing tensions with neighbouring North Korea. Australia's second quarter GDP improved to 0.8%, after 0.3% in the first quarter, boosted by strong domestic demand and increased exports. Australian and Hong Kong energy stocks performed well in August, as Brent crude oil prices rose when Hurricane Harvey damaged the Gulf Coast. The mining sector and banks led Australian equities to their highest level of 2017 in October.

## Market review (continued)

Emerging markets rose over the year (MSCI Emerging Markets 16.7% in sterling, 26.9% in US dollars). The Brazilian economy improved, despite a volatile political situation as President Michel Temer faced corruption charges. The Central Bank made interest rate cuts throughout the year and inflation eased. 2017 brought news of improved year-on-year GDP growth in Russia, driven by better conditions in the mining and manufacturing sectors. The annualised GDP growth rate for the second quarter neared a five-year high. Taiwan's annual inflation was weak in early 2017 because of lower food prices, but the stock market rose throughout the year. In South Korea, the GDP growth rate in the second quarter of 2017 reached a seven-year high as manufacturing and construction rebounded.

Within fixed income, core government bond markets (eg US, UK, Germany) saw prices fall (yields move inversely to prices, and so rose). The JPM Global Government Bond Index was down by -8.0% in sterling terms, 0.0% in dollar terms over the 12 month period. US 10-year Treasury yields rose following the presidential election but were volatile thereafter as tensions between the US and North Korea worsened. They rose to a seven-month high in October as the Fed adopted a hawkish tone. UK 10-year Gilt yields dropped when Brexit negotiations began in spring, falling further in June when the snap general election weakened Prime Minister Theresa May's position. They spiked in September on speculation of a BoE interest rate rise. German 10-year bund yields experienced volatility throughout the European elections, but rose in late June and early July over speculation of the ECB's plan to taper its asset purchase scheme. However, they fell in October when the ECB announced plans to extend the length of the scheme. Corporate debt (Barclays Global Aggregate Corporate Bond fell -8.84% in sterling, -0.93% in dollars) suffered when investors sought 'safe-haven' assets during escalating tensions between the US and North Korea, and yields rose further when central banks began plans to reduce their quantitative easing programmes.



## Statement of ACD's Responsibilities of Henderson Strategic Investment Funds

for the year ended 31 October 2017

The Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view, 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), of the financial affairs of the Company and of its 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 Statement of Recommended Practice for Authorised Open Ended Investment Companies issued by the Investment Management Association (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 comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; 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 Henderson Strategic Investment Funds (the "Company")

for the year ended 31 October 2017

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 are carried out in accordance with the Regulations;
- The value of shares of 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 Authorised Fund Manager ("the AFM") 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 AFM:

- (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.

National Westminster Bank Plc  
London  
16 January 2018

# **Independent Auditors' Report to the Shareholders of Henderson Strategic Investment Funds (the "Company")** for the year ended 31 October 2017

## **Report on the financial statements**

### **Our opinion**

In our opinion, Henderson Strategic Investment Fund's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31st October 2017 and of the net revenue/(expense) and the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; 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.

Henderson Strategic Investment Fund (the "company") is an Open Ended Investment Company ('OEIC') with 5 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 31st October 2017; the Statement of total return and the Statement of change in net assets attributable to shareholders for the year then ended; the Distribution tables; and the 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**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

# **Independent Auditors' Report to the Shareholders of Henderson Strategic Investment Funds (the "Company")** (continued)

## **Responsibilities for the financial statements and the audit**

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

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 5, 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.

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.

### **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

16 January 2018

## **1 Accounting policies**

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

The financial statements of Henderson Strategic Investment 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 Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association ('IMA') in May 2014 (the "SORP"), the Financial Reporting Standard 102 ("FRS 102"), the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL") and the Company's Instrument of Incorporation. The financial statements 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 valuation day of the accounting year (31 October 2017) in accordance with the provisions of the scheme particulars.

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.

Certificates of deposit are valued by the Authorised Corporate Director ("ACD") 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.

Suspended, defaulted, delisted, unquoted or manually priced securities are valued by the Authorised Corporate Director ("ACD") taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

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.

### **(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 are disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the tax note.

Interest on debt securities 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.

Income distributions from UK Real Estate Investment Trusts ("UK REITs") 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.

Overseas REIT income is disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the tax note.

Interest on margin and revenue earned on derivatives are accounted for on an accruals basis.

Management fee rebates received from management companies are recognised when the entitlement arises, and are recognised as either income or capital in accordance with the treatment of the management fee charged on the underlying CIS.

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.

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

## Aggregated notes to the financial statements (continued)

### 1 Accounting policies (continued)

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

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

#### Annual Management Charge ("AMC")

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company property, calculated as a percentage of the relevant value of the property of each class of each fund. The 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.

#### General Administration Charge

All fees with the exception of the annual management charge, Depositary, professional fees, dividend collection charges 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.

#### Performance fees on Henderson Credit Alpha Fund

There is a performance related management fee, payable in arrears for each three month quarter of the fund's accounting period. The performance fee will only be charged when, over a three month period, the fund outperforms the Benchmark and the High water mark and, when payable, the fee will equal 20% of the appreciation in value of shares over the benchmark return for those shares over the relevant quarter. The High watermark is the Net Asset Value at the end of the previous performance period if a performance fee was payable. The benchmark is the published share price on the last business day of the previous quarter multiplied by the return available had the amount of the published share price been invested at 3 month GBP LIBOR until the last dealing day of the current quarter.

#### (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.

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

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.

#### (g) Cash flow statement

The funds are not required to produce a cash flow statement as they meet the exemption criteria set out in FRS102.7.1A.

### 1 Accounting policies (continued)

#### (h) Hedged share classes on Henderson Credit Alpha Fund

Class A Euro (hedged) accumulation, Class G Euro (hedged) accumulation, Class Y Euro (hedged) accumulation, Class A USD (hedged) accumulation, Class G USD (hedged) accumulation and Class Y USD (hedged) accumulation 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.

Any benefits or losses of the hedging transactions should accrue to shareholders in that hedged share class only. However, the hedge may not always be 100% effective. 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 Euro and US dollar hedged class shares 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 class shares will not be completely protected from all currency fluctuations.

#### (j) Treatment of derivatives

In pursuing its investment objectives, the funds may hold a number of financial instruments.

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.

#### Contracts for Difference

Contracts for difference ("CFD") 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. The margins paid on these contracts are included in the Amounts held at derivative clearing houses and brokers. Dividends receivable on CFDs are included in the Revenue account on an accruals basis. Dividends payable on CFDs are included in Interest payable and similar charges on an accruals basis.

#### 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.

#### Futures 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. For futures, 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.

#### Credit default swaps

Open credit default swaps (CDS) 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 CDSs are included in the revenue account on an accruals basis.

#### Credit default index swaps

Open credit default index swaps ("CDX") 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 CDX are included in the Revenue account on an accruals basis.

#### Interest rate swaps

Open interest rate swaps ("IRS") 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. Interest receivable or payable on IRS are included in the Revenue account on an accruals basis.

#### Total return swaps

Open total return swaps ("TRS") are shown in the portfolio statement at fair value. 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 index or other appropriate source.

### 1 Accounting policies (continued)

#### (j) Dilution adjustment

The fund is 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 accumulate all available revenue, after the deduction of expenses properly chargeable against revenue, subject to any of the AMC or other expense which may currently be transferred to capital. Henderson Credit Alpha Fund makes interest distributions, all other funds make dividend distributions.

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

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 policy of each fund is to make annual distributions (31 December) and interim (30 June) distributions to shareholders:

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 applies to all funds.

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 that arise directly from the funds' operations. The funds may also enter into derivative transactions for the purposes of efficient portfolio management (EPM) and meeting the funds' investment objectives.

The risk management policy and process for the funds is designed to satisfy the regulatory requirements for UCITS; associated regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the funds is 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;
- OneSumX (formerly ArcLogics) operational risk database;
- RiskMetrics, UBS Delta, Style Research, FinAnalytics and Barra Aegis for market risk measurement; and
- Bloomberg for market data and price checking.

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



### 3 Risk (continued)

#### (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, collective investment schemes, money market instruments, cash and deposits and derivatives in pursuance of the investment objectives and policies as set out in the Prospectus. Whilst equity investments carry potential for attractive returns over the longer term, the volatility of these returns can also be relatively high.

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 investment include: fraudulent securities; lack of liquidity; currency fluctuations; settlement and custody risks; investment and remittance restrictions; and accounting requirements.

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. 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 the purpose of efficient portfolio management and meeting the funds' objectives, in line with the risk profile of a fund. While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The funds may engage various strategies in view of reducing certain of its risks and for attempting to enhance returns. These strategies may include the use of derivatives instruments such as forward transactions, options, warrants, swaps and/or futures. Such strategies carry a risk of underperformance and may be unsuccessful, incurring losses for the funds due to market conditions.

The global exposure of the funds is calculated by using the Value-at-Risk ("VaR") approach by reference to risk profiles. VaR is a mathematical-statistical concept and is commonly used as a standard measure of risk in the financial sector. The VaR approach is used, in general, for funds using derivative instruments or techniques within their investment strategies to generate additional leverage or market risk exposure.

For such funds, the maximum potential loss that a fund 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 portfolio are taken into consideration including those undertaken for efficient portfolio management purposes. For the purpose of calculating global exposure by VaR either a relative VaR approach or absolute VaR approach can be used; the selection of relative or absolute VaR methodology is determined by the availability of a reference portfolio appropriate for the fund in meeting its investment objective.

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 minimum: a onetailed 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. The total portfolio's positions shall not be greater than twice the VaR of the portfolio's reference portfolio. If the sub-fund is unable or for which it is not appropriate to determine a reference portfolio (e.g. absolute return type funds) an absolute VaR is calculated on all of the portfolio's positions which is not to exceed a regulatory maximum limit of 20%.

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 and leverage.



## Aggregated notes to the financial statements (continued)

### 3 Risk (continued)

#### Currency risk

Hedged share classes allow the ACD to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the reference currency of such share classes and the base currency of each fund.

Hedged share classes exist in the Credit Alpha Fund. These hedged share classes allow the Investment Fund Manager to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the base currency and the portfolio currency of each fund. The performance of a hedged share class may differ from other share classes of the fund because the return on unhedged share classes is based on both the performance of the funds' investments and the performance of the portfolio currency relative to sterling whereas the return on a hedged share class should only be based on the performance of the funds' investments. However, there is no guarantee that the hedging strategy applied in hedged share classes will entirely eliminate the adverse effects of changes in exchange rates between the base currency and the portfolio currency.

Where undertaken, the effect of hedging is reflected in the net asset value and therefore, in the performance of the relevant hedged share class. While the ACD may attempt to hedge currency risks, there can be no guarantee that it will be successful in doing so and it may result in mismatches between the currency position of the relevant fund and the relevant hedged share class.

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

#### 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.

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 issue. 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.

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

#### Other price risk

Other 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 as set out in the Prospectus.

#### (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 the funds are subject to investment limits for issuers of securities 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 an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed by the Janus Henderson Credit Risk Forum along with set limits and new counterparty approval.

The fund's assets that are held with banks are also exposed to credit and counterparty risk. The banks used by the fund and ACD are subject to regular reviews. Only counterparties that have been approved by Janus Henderson's Credit Risk Forum are used for derivative and stock lending transactions, as detailed in the notes to individual funds' accounts.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of incorporation, the Prospectus and in the Financial Conduct Authority Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

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

## Aggregated notes to the financial statements (continued)

### 3 Risk (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that a position in the funds' portfolios 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.

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. When 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.

#### 4 Cross-holdings

There were no cross-holdings within any of the funds of Henderson Strategic Investment Funds at the year end (2016: nil).

# Henderson Credit Alpha Fund

## Authorised Corporate Director's report

### Investment Fund Managers

Thomas Ross and Thomas Hanson

### Other information

Effective from 1 October 2017, Thomas Hanson replaced Stephen Thariyan as Investment Fund Manager.

### Investment objective and policy

The fund aims to generate positive returns.

The fund aims to typically deliver absolute (more than zero) returns 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.

The fund will seek to achieve its investment objective by taking directional, relative value, structural and tactical positions in corporate bonds, asset backed securities, preference shares, equities, secured loans, credit default swaps, as well as other permitted derivative instruments.

The fund may also invest the property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

### Performance summary

	31 Oct 16 - 31 Oct 17 %	31 Oct 15 - 31 Oct 16 %	31 Oct 14 - 31 Oct 15 %	31 Oct 13 - 31 Oct 14 %	31 Oct 12 - 31 Oct 13 %
<b>Henderson Credit Alpha Fund</b>	(3.0)	(2.2)	0.7	0.8	4.8
<b>3M Libor</b>	0.3	0.6	0.6	0.5	0.5

Source: Morningstar, bid to bid, net of fees as at 12 noon valuation point, based on performance of class I gross accumulation. Benchmark value are as at close of business.

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 31 October 2017

Largest purchases	£000	Largest sales/maturities	£000
Codere Finance 2 Luxembourg 6.75% 01/11/2021	10,685	Garfunkelux 3 8.50% 01/11/2022	20,628
Garfunkelux 3 8.50% 01/11/2022	10,005	WFS Global 9.50% 15/07/2022	12,438
Svenska Handelsbanken 0.285% 16/05/2017	10,001	Kennedy Wilson Europe Real Estate 3.95% 30/06/2022	11,458
Standard Chartered 7.75% Perpetual	9,404	Codere Finance 2 Luxembourg 6.75% 01/11/2021	10,476
Harman Finance International 2.00% 27/05/2022	7,644	Rabobank Nederland 0.51% 14/11/2016	10,000
Nordea Bank 0.24% 06/09/2017	7,000	Svenska Handelsbanken 0.285% 16/05/2017	10,000
Mercury BondCo 7.125% 30/05/2021	6,888	PGH Capital 5.75% 07/07/2021	9,599
Thomas Cook 6.25% 15/06/2022	6,480	Standard Chartered 7.75% Perpetual	9,329
Deutsche Telekom International Finance 1.375% 30/01/2027	5,989	Bank of America 0.50% 08/02/2017	8,001
AA Bond 2.875% 31/01/2022	5,795	DZ Bank 0.405% 24/11/2016	8,000
<b>Total purchases</b>	<b>700,490</b>	<b>Total sales/maturities</b>	<b>812,817</b>

### Investment review

Politics dominated headlines over the year, which began with the surprise election of Donald Trump as US president, followed by the market friendly result of the French election, a hung parliament in the UK and substantial noise from Donald Trump's administration. Government bond yields in developed markets rose early in the year (prices move inversely to yields), given better than expected economic data, but subsequently fell, particularly in the US. The US Federal Reserve raised interest rates three times during the year under review, with other developed market central banks causing a surprise by also taking a more hawkish tone. Towards the end of the 12-month period, news flow was again dominated by politics, with growing tension between the US and North Korea. However, markets remained sanguine, with volatility approaching record lows.

Corporate bonds continued their recent strong performance, outperforming government equivalents, with both investment grade and high yield markets generating positive returns in spite of historically expensive valuations. The financial sector and lower rated corporates were the standout performers over the year.

Performance was disappointing over the year under review, with the fund declining -3.0% net of fees (I Acc share class). The cash benchmark (3-month GBP Libor) returned 0.3%.

The weakness was driven primarily by poor performance due to idiosyncratic risk factors relating to specific bond issues, and from short positions that broadly detracted given the strength of credit markets over the last year.

At the security level, the main detractors were positions in issuers Agrokor and Isolux. Balkan food manufacturer Agrokor suffered due to a price war in one of its local markets and subsequently from reports of falsified accounts, which led suppliers to limit credit lines. The issuer was judged to be too big to fail and a change to local laws enabled the government to step in and run the company for the benefit of the suppliers, limiting the company's ability to refinance.

The other large detractor was a position in recently restructured Spanish construction firm Isolux. We had expected the company to gain additional required funding from the Spanish banks given their existing bonding lines to the company. However, Santander – one of the larger banks involved – declined to offer further credit. We subsequently exited the position, shortly before the company announced that it would be going into another restructuring.

Credit default swap (CDS) positions, looking to benefit from any underperformance also detracted. These included UK food producer Boparan, Scandinavian debt collector Lindorf and Greek telecoms issuer Ote. However, the largest of these was a broader credit hedge using a high yield credit derivative that detracted in the broad market strength. However, we consider this position a partial hedge against our relatively high number of long positions, particularly to European high yield.

While our financial holdings remain relatively low numbered, performance benefited from our holdings in subordinated bank and insurance bonds. Within the sector, the strongest contributions to performance came from positions in Tier 1 bank bonds from ICBPI and Commerzbank, with RBS, Austrian bank RBI (upgraded to investment grade by S&P), Clydesdale bank and new Tier 3 bonds from insurer Phoenix also performing well.

Elsewhere in financials, positions in the real estate sector, including Kennedy Wilson, Aroundtown, Grand City Properties and ATF Netherlands, also performed well.

The market friendly French election result was positive for our holdings in European issuers, including Italian aerospace company Leonardo and hybrid bonds from French utility EDF, which received a further boost from positive news flow in relation to its nuclear activities and a €4bn rights issue. In contrast, short risk CDS positions to French issuers, including supermarket operator Rallye and aircraft manufacturer Airbus declined.

Lower rated bonds performed well over the year, benefiting from the ongoing hunt for yield. This helped drive returns, with a long position in UK retailer Matalan benefiting from an increase in demand on expectations that the company will refinance its debt in the near term.

Our relative value position in travel company Royal Caribbean outperformed against offsetting a CDS short risk position to rival cruise company Carnival. The position gained on speculation that the issuer will be upgraded to investment grade. A long position in the senior bonds of debt management company Garfunkel also outperformed versus a short risk CDS position in the same issuers subordinated bonds which had been trading at very expensive levels.

We participated in a number of new issues over the year across multiple sectors, which added incremental return.

With valuations at relatively rich levels relative to history, we remain cautious. However, on a fundamental basis, credit continues to be in relatively robust condition, with default rates expected to fall, corporate leverage low and global economic data firm.

As a result, we continue to focus on relative value and our strong bottom-up credit selection capabilities.

Over the longer term, we are concerned about the potential for a policy error from central banks and idiosyncratic risks such as Italian elections, ongoing negotiations regarding the UK's exit from the European Union and any escalation from North Korea.

## Comparative tables for the year ended 31 October 2017

### Class A accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	53.81	55.27	55.62
Return before operating charges*	(1.00)	(0.54)	0.74
Operating charges	(0.87)	(0.90)	(0.93)
Operating charges - Performance Fees	-	-	(0.08)
Return after operating charges*	(1.87)	(1.44)	(0.27)
Distributions on accumulation shares^	-	(0.10)	(0.39)
Retained distributions on accumulation shares	-	0.08	0.31
Closing net asset value per share	51.94	53.81	55.27
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(3.48%)	(2.61%)	(0.49%)
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### Other information

Closing net asset value (£000s)	1,492	2,070	3,933
Closing number of shares	2,872,175	3,847,161	7,116,594
Operating charges	1.66%	1.66%	1.66%
Operating charges - Performance Fees	0.00%	0.00%	0.15%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	54.10	55.53	56.94
Lowest share price (pence)	51.87	53.38	54.95

### Class G accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	49.30	50.43	50.38
Return before operating charges*	(1.07)	(0.74)	0.72
Operating charges	(0.32)	(0.36)	(0.37)
Operating charges - performance fees	-	-	(0.15)
Return after operating charges*	(1.39)	(1.10)	0.20
Distributions on accumulation shares	-	(0.18)	(0.75)
Retained distributions on accumulation shares^	-	0.15	0.60
Final cancellation price	(47.91) <sup>1</sup>	-	-
Closing net asset value per share	0.00	49.30	50.43
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(2.82%)	(2.18%)	0.40%
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### Other information

Closing net asset value (£000s)	-	1	1
Closing number of shares	-	3,000	3,000
Operating charges	0.73%	0.73%	0.74%
Operating charges - performance fees	0.00%	0.00%	0.30%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	49.49 <sup>2</sup>	50.66	51.78
Lowest share price (pence)	47.78 <sup>2</sup>	48.75	50.13

<sup>1</sup> Class G accumulation closed on 29 September 2017 and this is the final cancellation price.

<sup>2</sup> to 29 September 2017

<sup>^</sup> Retained distributions prior to 6 April 2017 are net of 20% income tax.

## Comparative tables (continued)

	Class I accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	147.72	151.47	151.54
Return before operating charges*	(2.34)	(2.04)	1.99
Operating charges	(1.54)	(1.58)	(1.62)
Operating charges - performance fees	-	-	-
Return after operating charges*	(3.88)	(3.62)	0.37
Distributions on accumulation shares	-	(0.62)	(2.18)
Retained distributions on accumulation shares^	-	0.49	1.74
Closing net asset value per share	143.84	147.72	151.47
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(2.63%)	(2.39%)	0.24%
<b>Other information</b>			
Closing net asset value (£000s)	32	69	172
Closing number of shares	22,514	46,579	113,584
Operating charges	1.06%	1.06%	1.06%
Operating charges - performance fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	148.90	152.20	155.80
Lowest share price (pence)	143.60	146.80	150.60

^ Retained distributions prior to 6 April 2017 are net of 20% income tax.

	Class Y accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	110.56	112.88	113.17
Return before operating charges*	(2.21)	(1.03)	1.51
Operating charges	(1.16)	(1.18)	(1.21)
Operating charges - performance fees	-	-	(0.32)
Return after operating charges*	(3.37)	(2.21)	(0.02)
Distributions on accumulation shares	-	(0.52)	(1.34)
Retained distributions on accumulation shares^	-	0.41	1.07
Closing net asset value per share	107.19	110.56	112.88
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(3.05%)	(1.96%)	(0.02%)
<b>Other information</b>			
Closing net asset value (£000s)	956	4,206	21,029
Closing number of shares	891,734	3,803,912	18,630,156
Operating charges	1.06%	1.06%	1.06%
Operating charges - performance fees	0.00%	0.00%	0.28%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	111.00	113.40	116.00
Lowest share price (pence)	107.00	109.20	112.20

^ Retained distributions prior to 6 April 2017 are net of 20% income tax.

## Comparative tables (continued)

### Class Z accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	106.67	112.05	111.18
Return before operating charges*	1.74	(5.13)	1.48
Operating charges	(0.04)	(0.04)	(0.05)
Operating charges - performance fees	-	-	-
Return after operating charges*	1.70	(5.17)	1.43
Distributions on accumulation shares	(0.23)	(1.07)	(2.78)
Retained distributions on accumulation shares^	0.23	0.86	2.22
Closing net asset value per share	108.37	106.67	112.05
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	1.59%	(4.61%)	1.29%
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### Other information

Closing net asset value (£000s)	102	152	7,996
Closing number of shares	93,729	142,480	7,136,182
Operating charges	0.04%	0.04%	0.04%
Operating charges - performance fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	111.20	112.60	114.80
Lowest share price (pence)	107.60	108.70	110.90

^ Retained distributions prior to 6 April 2017 are net of 20% income tax.

### Class G gross accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	49.69	50.60	50.44
Return before operating charges*	(1.12)	(0.55)	0.80
Operating charges	(0.22)	(0.36)	(0.38)
Operating charges - performance fees	-	-	(0.26)
Return after operating charges*	(1.34)	(0.91)	0.16
Distributions on accumulation shares	-	(0.31)	(0.75)
Retained distributions on accumulation shares	-	0.31	0.75
Final cancellation price	(48.35) <sup>3</sup>		
Closing net asset value per share	-	49.69	50.60
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(2.70%)	(1.80%)	0.32%
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### Other information

Closing net asset value (£000s)	-	2	2
Closing number of shares	-	5,000	5,000
Operating charges	0.73%	0.73%	0.74%
Operating charges - performance fees	0.00%	0.00%	0.51%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	49.95 <sup>4</sup>	50.83	51.88
Lowest share price (pence)	48.23 <sup>4</sup>	49.01	50.25

<sup>3</sup>Class G accumulation closed on 14 June 2017 and this is the final cancellation price.

<sup>4</sup>to 14 June 2017

## Comparative tables (continued)

	Class I gross accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	151.45	154.62	154.21
Return before operating charges*	(2.91)	(1.56)	2.07
Operating charges	(1.58)	(1.61)	(1.66)
Operating charges - performance fees	-	-	-
Return after operating charges*	(4.49)	(3.17)	0.41
Distributions on accumulation shares	-	(0.73)	(2.29)
Retained distributions on accumulation shares	-	0.73	2.29
Closing net asset value per share	146.96	151.45	154.62
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(2.96%)	(2.05%)	0.27%
<b>Other information</b>			
Closing net asset value (£000s)	60,870	95,529	156,488
Closing number of shares	41,418,781	63,078,099	101,206,936
Operating charges	1.06%	1.06%	1.06%
Operating charges - performance fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	152.20	155.40	158.90
Lowest share price (pence)	146.70	149.70	153.60
	Class Y gross accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	106.97	109.22	109.25
Return before operating charges*	(2.04)	(1.11)	1.45
Operating charges	(1.13)	(1.14)	(1.17)
Operating charges - performance fees	-	-	(0.31)
Return after operating charges*	(3.17)	(2.25)	(0.03)
Distributions on accumulation shares	-	(0.51)	(1.30)
Retained distributions on accumulation shares	-	0.51	1.30
Closing net asset value per share	103.80	106.97	109.22
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(2.96%)	(2.06%)	(0.03%)
<b>Other information</b>			
Closing net asset value (£000s)	519	8,617	45,911
Closing number of shares	500,249	8,055,683	42,034,916
Operating charges	1.06%	1.06%	1.06%
Operating charges - Performance Fees	0.00%	0.00%	0.28%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	107.50	109.70	112.10
Lowest share price (pence)	103.60	105.70	108.50



## Comparative tables (continued)

	Class Z gross accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	166.70	168.49	166.34
Return before operating charges*	(3.18)	(1.72)	2.22
Operating charges	(0.07)	(0.07)	(0.07)
Operating charges - performance fees	-	-	-
Return after operating charges*	(3.25)	(1.79)	2.15
Distributions on accumulation shares	(0.34)	(2.23)	(4.21)
Retained distributions on accumulation shares	0.34	2.23	4.21
Closing net asset value per share	163.45	166.70	168.49
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(1.95%)	(1.06%)	1.29%
<b>Other information</b>			
Closing net asset value (£000s)	232,450	304,572	299,255
Closing number of shares	142,218,849	182,704,478	177,607,798
Operating charges	0.04%	0.04%	0.04%
Operating charges - performance fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	167.70	169.30	172.30
Lowest share price (pence)	162.30	163.70	166.00
	Class A Euro (hedged) accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	459.04	379.15	419.70
Return before operating charges*	(22.44)	86.59	(33.86)
Operating charges	(7.22)	(6.70)	(6.57)
Operating charges - performance fees	-	-	(0.12)
Return after operating charges*	(29.66)	79.89	(40.55)
Distributions on accumulation shares	-	(0.72)	(3.25)
Retained distributions on accumulation shares	-	0.72	3.25
Closing net asset value per share	429.38	459.04	379.15
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(6.46%)	21.07%	(9.66%)
<b>Other information</b>			
Closing net asset value (£000s)	9,929	36,500	81,762
Closing number of shares	2,312,466	7,951,286	21,564,198
Operating charges	1.66%	1.66%	1.66%
Operating charges - performance fees	0.00%	0.00%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (Euro cents)	514.03	532.74	548.09
Lowest share price (Euro cents)	488.92	508.99	527.33

## Comparative tables (continued)

	Class G Euro (hedged) accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	438.22	358.60	393.80
Return before operating charges*	(20.04)	82.47	(31.61)
Operating charges	(2.79)	(2.85)	(2.77)
Operating charges - performance fees	-	-	(0.82)
Return after operating charges*	(22.83)	79.62	(35.20)
Distributions on accumulation shares	-	(2.55)	(6.01)
Retained distributions on accumulation shares	-	2.55	6.01
Final cancellation price	(415.39) <sup>5</sup>	-	-
Closing net asset value per share	-	438.22	358.60
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(5.21%)	22.20%	(8.94%)
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### Other information

Closing net asset value (£000s)	-	2	2
Closing number of shares	-	500	500
Operating charges	0.73%	0.73%	0.74%
Operating charges - performance fees	0.00%	0.00%	0.22%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (Euro cents)	490.47 <sup>6</sup>	503.71	515.82
Lowest share price (Euro cents)	470.86 <sup>6</sup>	484.40	498.26

<sup>5</sup> Class G Euro (hedged) accumulation closed on 29 September 2017 and this is the final cancellation price.

<sup>6</sup> to 29 September 2017

	Class Y Euro (hedged) accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	946.49	777.22	856.18
Return before operating charges*	(47.22)	178.00	(69.07)
Operating charges	(9.54)	(8.73)	(8.66)
Operating charges - performance fees	-	-	(1.23)
Return after operating charges*	(56.76)	169.27	(78.96)
Distributions on accumulation shares	-	(3.88)	(10.56)
Retained distributions on accumulation shares	-	3.88	10.56
Closing net asset value per share	889.73	946.49	777.22
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(6.00%)	21.78%	(9.22%)
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### Other information

Closing net asset value (£000s)	1,003	17,533	73,108
Closing number of shares	112,686	1,852,421	9,406,354
Operating charges	1.06%	1.06%	1.06%
Operating charges - performance fees	0.00%	0.00%	0.15%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (Euro cents)	1,059.55	1,091.86	1,120.04
Lowest share price (Euro cents)	1,012.83	1,047.19	1,080.24

## Comparative tables (continued)

	Class A USD (hedged) accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	426.31	345.50	336.00
Return before operating charges*	(37.69)	86.90	15.63
Operating charges	(6.74)	(6.09)	(5.85)
Operating charges - performance fees	-	-	(0.28)
Return after operating charges*	(44.43)	80.81	9.50
Distributions on accumulation shares	-	(0.62)	(2.79)
Retained distributions on accumulation shares	-	0.62	2.79
Closing net asset value per share	381.88	426.31	345.50
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(10.42%)	23.39%	2.83%
<b>Other information</b>			
Closing net asset value (£000s)	3,612	8,755	28,435
Closing number of shares	945,886	2,053,647	8,230,145
Operating charges	1.66%	1.66%	1.66%
Operating charges - performance fees	0.00%	0.00%	0.08%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (USD cents)	523.28	536.12	550.25
Lowest share price (USD cents)	504.96	515.36	530.53
	Class G USD (hedged) accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	405.63	325.60	314.40
Return before operating charges*	(40.68)	82.62	14.48
Operating charges	(2.58)	(2.59)	(2.45)
Operating charges - performance fees	-	-	(0.83)
Return after operating charges*	(43.26)	80.03	11.20
Distributions on accumulation shares	-	(2.28)	(5.20)
Retained distributions on accumulation shares	-	2.28	5.20
Final cancellation price	(362.37) <sup>7</sup>		
Closing net asset value per share	-	405.63	325.60
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(10.66%)	24.58%	3.56%
<b>Other information</b>			
Closing net asset value (£000s)	-	2	2
Closing number of shares	-	500	500
Operating charges	0.73%	0.73%	0.74%
Operating charges - performance fees	0.00%	0.00%	0.25%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (USD cents)	498.30 <sup>8</sup>	505.69	516.19
Lowest share price (USD cents)	482.45 <sup>8</sup>	487.32	499.64

<sup>7</sup> Class G USD (hedged) accumulation closed on 29 September 2017 and this is the final cancellation price.

<sup>8</sup> to 29 September 2017

## Comparative tables (continued)

	Class Y USD (hedged) accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	857.41	690.92	668.68
Return before operating charges*	(76.60)	174.26	31.18
Operating charges	(8.89)	(7.77)	(7.46)
Operating charges - performance fees	-	-	(1.48)
Return after operating charges*	(85.49)	166.49	22.24
Distributions on accumulation shares	-	(3.41)	(9.02)
Retained distributions on accumulation shares	-	3.41	9.02
Closing net asset value per share	771.92	857.41	690.92
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(9.97%)	24.10%	3.33%
<b>Other information</b>			
Closing net asset value (£000s)	286	8,490	35,376
Closing number of shares	37,030	990,168	5,120,071
Operating charges	1.06%	1.06%	1.06%
Operating charges - Performance Fees	0.00%	0.00%	0.21%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (USD cents)	1,052.57	1,072.03	1,097.19
Lowest share price (USD cents)	1,017.98	1,032.51	1,060.38

Performance values are at close of business and may differ from 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 during the year. The following share classes closed in the year:

Share class	Closure date
Class G accumulation	29 September 2017
Class G gross accumulation	14 June 2017
Class G Euro (hedged) accumulation	29 September 2017
Class G USD (hedged) accumulation	29 September 2017

### Hedged share classes

Class A Euro (hedged) accumulation, Class G Euro (hedged) accumulation, Class Y Euro (hedged) accumulation, Class A USD (hedged) accumulation, Class G USD (hedged) accumulation and Class Y USD (hedged) accumulation 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 share in those classes and Sterling which is the base currency of the fund.

## 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.

	OCF*	Performance fees	OCF*	Performance fees
	2017	2017	2016	2016
	%	%	%	%
<b>Class A</b>	1.66	-	1.66	-
<b>Class G<sup>1</sup></b>	n/a	-	0.73	-
<b>Class I</b>	1.06	n/a	1.06	n/a
<b>Class Y</b>	1.06	-	1.06	-
<b>Class Z</b>	0.04	n/a	0.04	n/a
<b>Class G gross<sup>2</sup></b>	n/a	-	0.73	-
<b>Class Y gross</b>	1.06	-	1.06	-
<b>Class A Euro (hedged)</b>	1.66	-	1.66	-
<b>Class G Euro (hedged)<sup>1</sup></b>	n/a	-	0.73	-
<b>Class Y Euro (hedged)</b>	1.06	-	1.06	-
<b>Class A USD (hedged)</b>	1.66	-	1.66	-
<b>Class G USD (hedged)<sup>1</sup></b>	n/a	-	0.73	-
<b>Class Y USD (hedged)</b>	1.06	-	1.06	-

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

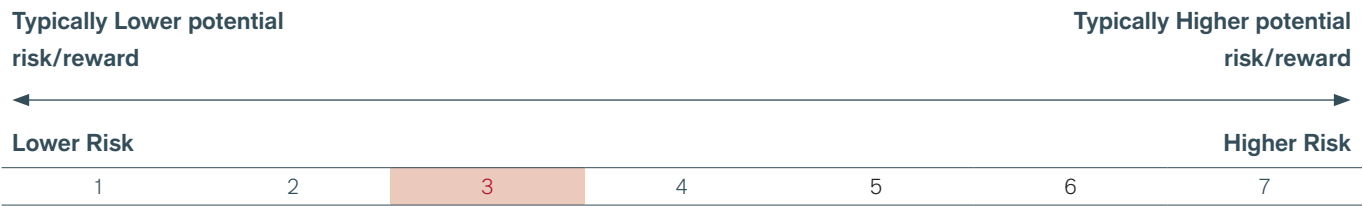
\* OCF excludes performance fees

<sup>1</sup> Class G, Class G Euro (hedged) and Class G USD (hedged) closed on 29 September 2017.

<sup>2</sup> Class G gross closed on 14 June 2017.

# Risk and reward profile

The fund currently has 11 types of share class in issue; they are all accumulation share classes; A, A Euro hedged, A USD hedged, I, I gross, Y, Y gross, Y Euro hedged, Y USD hedged, Z and Z gross. Each type of share class has the same risk and reward profile which is as follows:



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 in the fund 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 share class appears at 3 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

There have been no changes to the risk rating in the year.

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

The SRRI conforms to the European Securities and Markets Authority (ESMA) guidelines for the calculation of the SRRI.

## Portfolio statement as at 31 October 2017

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Certificates of Deposit 26.26% (2016: 37.11%)</b>		
	<b>Australia 0.00% (2016: 3.08%)</b>		
	<b>Canada 0.00% (2016: 2.06%)</b>		
	<b>Denmark 3.21% (2016: 2.06%)</b>		
GBP 5,000,000	Den Danske Bank Aktieselskab 0.24% 10/11/2017	5,000	1.61
GBP 5,000,000	Den Danske Bank Aktieselskab 0.38% 08/12/2017	5,000	1.60
		<u>10,000</u>	<u>3.21</u>
	<b>Finland 1.53% (2016: 2.06%)</b>		
GBP 3,000,000	Nordea Bank 0.25% 08/11/2017	3,000	0.97
GBP 1,750,000	Nordea Bank 0.25% 08/11/2017	1,750	0.56
		<u>4,750</u>	<u>1.53</u>
	<b>France 2.25% (2016: 6.17%)</b>		
GBP 2,000,000	Crédit Agricole 0.25% 14/11/2017	2,000	0.64
GBP 5,000,000	Crédit Agricole 0.34% 06/11/2017	5,000	1.61
		<u>7,000</u>	<u>2.25</u>
	<b>Germany 3.21% (2016: 1.64%)</b>		
GBP 5,000,000	DZ Bank 0.21% 01/12/2017	4,999	1.60
GBP 5,000,000	Landesbank Hessen Thueringen 0.22% 17/11/2017	5,000	1.61
		<u>9,999</u>	<u>3.21</u>
	<b>Japan 6.42% (2016: 1.03%)</b>		
GBP 5,000,000	Bank of Tokyo Mitsubishi UFJ 0.25% 14/11/2017	5,000	1.60
GBP 5,000,000	Bank of Tokyo Mitsubishi UFJ 0.76% 09/11/2017	5,000	1.61
GBP 5,000,000	Sumitomo Mitsui Banking 0.23% 03/11/2017	5,000	1.60
GBP 5,000,000	Sumitomo Mitsui Banking 0.29% 20/11/2017	5,000	1.61
		<u>20,000</u>	<u>6.42</u>
	<b>Netherlands 3.86% (2016: 6.06%)</b>		
GBP 5,000,000	ING Bank 0.35% 03/11/2017	5,000	1.61
GBP 2,000,000	Rabobank Nederland 0.34% 19/12/2017	2,000	0.64
GBP 5,000,000	Rabobank Nederland 0.35% 05/12/2017	5,000	1.61
		<u>12,000</u>	<u>3.86</u>
	<b>Singapore 0.96% (2016: 3.08%)</b>		
GBP 3,000,000	United Overseas Bank 0.31% 09/01/2018	3,000	0.96
	<b>Sweden 0.00% (2016: 1.03%)</b>		
	<b>Switzerland 0.00% (2016: 4.11%)</b>		
	<b>United Arab Emirates 1.61% (2016: 1.03%)</b>		
GBP 5,000,000	National Bank of Abu Dhabi 0.23% 03/11/2017	5,000	1.61
	<b>United Kingdom 0.00% (2016: 1.03%)</b>		

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>United States 3.21% (2016: 2.67%)</b>		
GBP 5,000,000	Bank of America 0.34% 15/12/2017	5,000	1.61
GBP 5,000,000	Citibank 0.24% 06/11/2017	5,000	1.60
		<u>10,000</u>	<u>3.21</u>
	<b>Bonds 62.03% (2016: 45.41%)</b>		
	<b>Australia 0.00% (2016: 0.37%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 0.37%)</b>		
	<b>Austria 0.00% (2016: 1.19%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 1.03%)</b>		
	<b>Variable Rate Bond 0.00% (2016: 0.16%)</b>		
	<b>Belgium 1.57% (2016: 1.34%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 1.34%)</b>		
	<b>Zero / Discount Rate Bond 1.57% (2016: 0.00%)</b>		
GBP 5,060,000	Anheuser-Busch InBev 2.25% 24/05/2029	<u>4,902</u>	<u>1.57</u>
	<b>Brazil 0.00% (2016: 0.30%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 0.30%)</b>		
	<b>Cayman Islands 0.71% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 0.71% (2016: 0.00%)</b>		
EUR 2,500,000	UPCB Finance VII 3.625% 15/06/2029	<u>2,201</u>	<u>0.71</u>
	<b>Croatia 0.00% (2016: 2.83%)</b>		
	<b>Secured Loans 0.00% (2016: 2.83%)</b>		
	<b>Czech Republic 0.66% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 0.66% (2016: 0.00%)</b>		
EUR 2,300,000	Residomo 3.375% 15/10/2024	<u>2,066</u>	<u>0.66</u>
	<b>Denmark 1.23% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 1.23% (2016: 0.00%)</b>		
EUR 4,000,000	Nykredit Realkredit 4.00% 03/06/2036	<u>3,816</u>	<u>1.23</u>
	<b>Europe 0.00% (2016: 2.88%)</b>		
	<b>Asset Backed 0.00% (2016: 2.88%)</b>		
	<b>France 3.66% (2016: 5.52%)</b>		
	<b>Fixed Rate Bond 2.36% (2016: 3.37%)</b>		
EUR 1,900,000	Air France-KLM 3.75% 12/10/2022	1,798	0.58
EUR 2,300,000	CMA CGM 5.25% 15/01/2025	2,063	0.66
EUR 3,890,000	LVMH 0.75% 26/05/2024	3,482	1.12
		<u>7,343</u>	<u>2.36</u>
	<b>Variable Rate Bond 1.30% (2016: 2.15%)</b>		
EUR 4,000,000	Électricité de France 5.375% Perpetual	<u>4,061</u>	<u>1.30</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Germany 11.16% (2016: 6.67%)</b>		
	<b>Fixed Rate Bond 5.49% (2016: 2.27%)</b>		
EUR 2,650,000	CBR Fashion Finance 5.125% 01/10/2022	2,342	0.75
EUR 1,600,000	CPI Property 2.125% 04/10/2024	1,430	0.46
EUR 3,400,000	DEMIRE Deutsche Mittelstand Real Estate 2.875% 15/07/2022	3,054	0.98
EUR 1,600,000	DEMIRE Deutsche Mittelstand Real Estate 2.875% 15/07/2022	1,443	0.46
USD 5,643,000	Dresdner Funding Trust 8.151% 30/06/2031	5,531	1.78
EUR 3,600,000	Unitymedia Hessen 3.75% 15/01/2027	3,286	1.06
		<u>17,086</u>	<u>5.49</u>
	<b>Variable Rate Bond 5.67% (2016: 4.40%)</b>		
EUR 7,800,000	ATF Netherlands 3.75% Perpetual	7,232	2.33
EUR 6,900,000	Grand City Properties 3.75% Perpetual	6,543	2.10
EUR 4,200,000	IHO Verwaltungs 3.25% 15/09/2023	3,866	1.24
		<u>17,641</u>	<u>5.67</u>
	<b>Italy 6.97% (2016: 3.55%)</b>		
	<b>Fixed Rate Bond 3.60% (2016: 3.05%)</b>		
EUR 2,000,000	Almaviva 7.25% 15/10/2022	1,821	0.59
USD 9,310,000	Meccanica Holdings 6.25% 15/01/2040	7,958	2.55
EUR 1,600,000	Telecom Italia 2.375% 12/10/2027	1,432	0.46
		<u>11,211</u>	<u>3.60</u>
	<b>Variable Rate Bond 3.37% (2016: 0.50%)</b>		
GBP 2,700,000	Enel 7.75% 10/09/2075	3,092	0.99
EUR 8,100,000	Mercury BondCo 7.125% 30/05/2021	7,402	2.38
		<u>10,494</u>	<u>3.37</u>
	<b>Jamaica 0.00% (2016: 0.82%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 0.82%)</b>		
	<b>Japan 0.40% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 0.40% (2016: 0.00%)</b>		
EUR 1,400,000	Asahi 1.151% 19/09/2025	<u>1,240</u>	<u>0.40</u>
	<b>Luxembourg 1.91% (2016: 4.94%)</b>		
	<b>Fixed Rate Bond 1.91% (2016: 4.06%)</b>		
EUR 1,700,000	Altice Luxembourg 6.25% 15/02/2025	1,648	0.53
EUR 4,300,000	WFS Global 12.50% 30/12/2022	4,300	1.38
		<u>5,948</u>	<u>1.91</u>
	<b>Variable Rate Bond 0.00% (2016: 0.88%)</b>		
	<b>Mexico 0.92% (2016: 1.00%)</b>		
	<b>Fixed Rate Bond 0.92% (2016: 1.00%)</b>		
USD 3,500,000	Petroleos Mexicanos 6.5% 13/03/2027	<u>2,878</u>	<u>0.92</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Netherlands 2.45% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 2.45% (2016: 0.00%)</b>		
EUR 3,800,000	Dufry One 2.50% 15/10/2024	3,419	1.10
USD 1,846,000	NXP Funding 3.875% 01/09/2022	1,444	0.46
USD 698,000	NXP Funding 4.125% 01/06/2021	549	0.18
USD 970,000	NXP Funding 4.625% 15/06/2022	782	0.25
EUR 1,700,000	UPC 3.875% 15/06/2029	1,440	0.46
		<u>7,634</u>	<u>2.45</u>
	<b>Nigeria 0.00% (2016: 1.04%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 1.04%)</b>		
	<b>Philippines 0.75% (2016: 0.51%)</b>		
	<b>Fixed Rate Bond 0.75% (2016: 0.51%)</b>		
USD 3,000,000	San Miguel 4.875% 26/04/2023	<u>2,321</u>	<u>0.75</u>
	<b>Spain 2.49% (2016: 2.12%)</b>		
	<b>Fixed Rate Bond 1.49% (2016: 2.12%)</b>		
USD 6,100,000	Codere Finance 2 (Luxembourg) 7.625% 01/11/2021	<u>4,639</u>	<u>1.49</u>
	<b>Variable Rate Bond 1.00% (2016: 0.00%)</b>		
EUR 2,900,000	Telefonica Europe 7.625% Perpetual	<u>3,099</u>	<u>1.00</u>
	<b>Sweden 1.61% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 1.61% (2016: 0.00%)</b>		
EUR 2,800,000	Fastighets Balder 3.00% 07/03/2078	2,496	0.80
EUR 2,800,000	Intrum Justitia 2.75% 15/07/2022	<u>2,514</u>	<u>0.81</u>
		<u>5,010</u>	<u>1.61</u>
	<b>Switzerland 0.17% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 0.17% (2016: 0.00%)</b>		
EUR 700,000	Syngenta Finance 1.25% 10/09/2027	<u>544</u>	<u>0.17</u>
	<b>United Kingdom 16.07% (2016: 9.57%)</b>		
	<b>Asset Backed 0.00% (2016: 0.71%)</b>		
	<b>Fixed Rate Bond 13.93% (2016: 5.48%)</b>		
GBP 5,800,000	AA Bond 2.875% 31/01/2022	5,862	1.88
GBP 2,900,000	CPUK Finance 4.25% 28/08/2022	2,968	0.95
USD 3,600,000	Global Ship Lease 9.875% 15/11/2022	2,765	0.89
EUR 3,400,000	Globalworth Real Estate Investments 2.875% 20/06/2022	3,046	0.98
GBP 1,800,000	Iceland Bondco 4.625% 15/03/2025	1,744	0.56
USD 3,833,000	Jaguar Land Rover 4.50% 01/10/2027	2,858	0.92
GBP 3,100,000	KIRS Midco 3 8.375% 15/07/2023	3,204	1.03
EUR 3,900,000	Lecta 6.50% 01/08/2023	3,619	1.16
GBP 3,500,000	Matalan Finance 6.875% 01/06/2019	3,536	1.14
GBP 1,500,000	NMG Finco 5.00% 01/08/2022	1,516	0.49
GBP 900,000	Pennon 2.875% Perpetual	906	0.29
USD 5,739,000	Royal Bank of Scotland 7.648% Perpetual	5,532	1.78
GBP 3,700,000	Twinkle Pizza 6.625% 01/08/2021	3,596	1.16
GBP 2,100,000	Virgin Media Receivables Financing Notes 5.50% 15/09/2024	<u>2,186</u>	<u>0.70</u>
		<u>43,338</u>	<u>13.93</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Variable Rate Bond 2.14% (2016: 3.38%)</b>			
GBP 4,500,000	CYBG 5.00% 09/02/2026	4,728	1.53
USD 3,519,000	EnQuest 7.00% 15/04/2022	1,908	0.61
		<u>6,636</u>	<u>2.14</u>
<b>United States 9.30% (2016: 0.76%)</b>			
<b>Fixed Rate Bond 9.30% (2016: 0.56%)</b>			
USD 5,071,000	AT&T 5.30% 14/08/2058	3,781	1.21
EUR 3,800,000	Avantor 4.75% 01/10/2024	3,400	1.09
USD 2,900,000	Broadcom Cayman Finance 3.50% 15/01/2028	2,171	0.70
USD 3,700,000	CCO Holdings Capital 5.00% 01/02/2028	2,765	0.89
EUR 2,400,000	Equinix 2.875% 01/10/2025	2,159	0.69
USD 3,700,000	Express Scripts 3.40% 01/03/2027	2,737	0.88
USD 3,700,000	Express Scripts 4.80% 15/07/2046	2,895	0.93
EUR 2,100,000	General Electric 1.50% 17/05/2029	1,863	0.60
EUR 5,634,000	Harman Finance International 2.00% 27/05/2022	5,264	1.70
GBP 1,900,000	Iron Mountain UK 3.875% 15/11/2025	1,900	0.61
EUR 5,350,000	Lehman Brothers 4.625% 14/03/2019#	-	-
		<u>28,935</u>	<u>9.30</u>
<b>Secured Loans 0.00% (2016: 0.20%)</b>			
<b>Collective Investment Schemes 8.77% (2016: 7.86%)</b>			
9,019,783	Deutsche Global Liquidity Managed Platinum Sterling Fund	9,020	2.90
15,709,637	Henderson Institutional Cash Fund Class I Gross Accumulation+	18,278	5.87
		<u>27,298</u>	<u>8.77</u>
<b>Derivatives (1.80%) (2016: (1.77%))</b>			
<b>Futures 0.22% (2016: 0.45%)</b>			
(62)	CBT US Long Bond December 2017	179	0.06
(49)	CBT US Ultra Bond December 2017	164	0.05
(139)	CBT US 10 Year Note December 2017	187	0.06
(153)	EUX Euro-Bobl December 2017	(10)	-
(85)	EUX Euro-Bund December 2017	(42)	(0.01)
(59)	EUX Euro-Schatz December 2017	(3)	-
(68)	ICE Long Gilt December 2017	218	0.06
		<u>693</u>	<u>0.22</u>
<b>Swaps (2.33%) (2016: (2.45%))§</b>			
<b>Credit Default Index Swaps (2.81%) (2016: (1.17%))§</b>			
40,900,000	CDX 5.00% 20/12/2019 CDSIndex.ITR Pay EUR	(3,084)	(0.99)
3,500,000	CDX 5.00% 20/12/2022 CDSIndex.ITR Pay EUR	(400)	(0.13)
46,000,000	CDX 5.00% 20/12/2022 CDSIndex.ITR Pay EUR	(5,256)	(1.69)
		<u>(8,740)</u>	<u>(2.81)</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Credit Default Swaps (0.06%) (2016: (1.28%))\$</b>			
4,300,000	CDS 1.00% 20/12/2022 Barclays Bank Receive EUR	93	0.03
16,700,000	CDS 1.00% 20/12/2022 Ladbroke's Coral Pay EUR	1,163	0.37
4,300,000	CDS 1.00% 20/12/2022 Standard Chartered Bank Pay EUR	(97)	(0.03)
5,900,000	CDS 1.00% 20/12/2022 Telecom Italia Receive EUR	(30)	(0.01)
4,000,000	CDS 5% 20/06/2022 Stena Line Pay EUR	(39)	(0.01)
12,000,000	CDS 5.00% 20/12/2017 Stena Line Pay EUR	(70)	(0.02)
2,000,000	CDS 5.00% 20/12/2022 Air France Receive EUR	311	0.10
2,900,000	CDS 5.00% 20/12/2022 Altice Luxembourg Receive EUR	393	0.13
3,200,000	CDS 5.00% 20/12/2022 American General Life Insurance Pay EUR	(292)	(0.09)
7,000,000	CDS 5.00% 20/12/2022 Fiat Chrysler Pay EUR	(1,019)	(0.33)
4,300,000	CDS 5.00% 20/12/2022 Garfunkelux Pay EUR	(273)	(0.09)
3,500,000	CDS 5.00% 20/12/2022 International Game Technology Receive EUR	497	0.16
12,300,000	CDS 5.00% 20/12/2022 OTE Pay EUR	(1,901)	(0.62)
8,700,000	CDS 5.00% 20/12/2022 Vougeot Bidco Receive EUR	1,080	0.35
		(184)	(0.06)
<b>Total Return Swaps 0.54% (2016: 0.00%)\$</b>			
38,700,000	TRS 0.13205% 20/12/2017 Markit iBoxx - Receive EUR	1,675	0.54
<b>Forward Foreign Exchange Contracts 0.38% (2016: 0.15%)\$</b>			
	Buy EUR 10,247 : Sell GBP 9,023 November 2017^	-	-
	Buy EUR 11,250 : Sell GBP 10,067 November 2017^	-	-
	Buy EUR 122,290 : Sell GBP 109,272 November 2017	(2)	-
	Buy EUR 1,308,197 : Sell GBP 1,156,441 November 2017	(8)	-
	Buy EUR 182,400 : Sell GBP 162,241 November 2017	(2)	-
	Buy EUR 2,350,797 : Sell GBP 2,090,937 November 2017	(27)	(0.01)
	Buy EUR 2,656,800 : Sell GBP 2,346,884 November 2017	(16)	(0.01)
	Buy EUR 5,405,625 : Sell GBP 4,813,416 November 2017	(68)	(0.02)
	Buy EUR 6,000 : Sell GBP 5,336 November 2017^	-	-
	Buy GBP 1,070,216 : Sell USD 1,419,288 November 2017	2	-
	Buy GBP 1,154,412 : Sell EUR 1,290,709 November 2017	21	0.01
	Buy GBP 1,307,297 : Sell USD 1,726,408 November 2017	8	-
	Buy GBP 158,646 : Sell EUR 178,400 November 2017	2	-
	Buy GBP 159,664 : Sell USD 209,663 November 2017	2	-
	Buy GBP 1,652,570 : Sell USD 2,178,000 November 2017	14	-
	Buy GBP 182,464 : Sell USD 243,100 November 2017^	-	-
	Buy GBP 189,775 : Sell EUR 215,200 November 2017	1	-
	Buy GBP 2,058,128 : Sell EUR 2,300,000 November 2017	39	0.01
	Buy GBP 206,915 : Sell USD 275,000 November 2017^	-	-
	Buy GBP 2,175,927 : Sell USD 2,898,695 November 2017	(5)	-
	Buy GBP 2,183,453 : Sell EUR 2,441,194 November 2017	40	0.01
	Buy GBP 2,348,336 : Sell EUR 2,656,800 November 2017	16	0.01
	Buy GBP 26,727 : Sell EUR 30,017 November 2017^	-	-
	Buy GBP 2,813,006 : Sell USD 3,708,736 November 2017	22	0.01
	Buy GBP 3,399,459 : Sell EUR 3,806,000 November 2017	58	0.02
	Buy GBP 3,602 : Sell EUR 4,059 November 2017^	-	-
	Buy GBP 37,129,932 : Sell USD 49,504,750 November 2017	(120)	(0.04)
	Buy GBP 404,651 : Sell USD 534,117 November 2017	3	-
	Buy GBP 432,104 : Sell USD 570,503 November 2017	3	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> <small>(continued)</small>			
	Buy GBP 4,808,522 : Sell USD 6,405,974 November 2017	(12)	-
	Buy GBP 5,333 : Sell EUR 6,000 November 2017 <sup>^</sup>	-	-
	Buy GBP 563,028 : Sell USD 743,385 November 2017	4	-
	Buy GBP 639,452 : Sell USD 839,180 November 2017	8	-
	Buy GBP 876,555 : Sell EUR 987,835 November 2017	10	-
	Buy GBP 91,403,382 : Sell EUR 102,787,135 November 2017	1,172	0.39
	Buy USD 213,000 : Sell GBP 161,370 November 2017	(1)	-
	Buy USD 215,800 : Sell GBP 163,723 November 2017	(1)	-
	Buy USD 4,270 : Sell GBP 3,206 November 2017 <sup>^</sup>	-	-
	Buy USD 94,039 : Sell GBP 71,296 November 2017 <sup>^</sup>	-	-
		<u>1,163</u>	<u>0.38</u>
<b>Forward Foreign Exchange Contracts (Hedged share classes) (0.07%) (2016: 0.08%)§</b>			
	Buy EUR 10,397,117 : Sell GBP 9,275,622 November 2017	(152)	(0.05)
	Buy EUR 1,388,885 : Sell GBP 1,239,071 November 2017	(20)	(0.01)
	Buy EUR 3,243 : Sell GBP 2,893 November 2017 <sup>^</sup>	-	-
	Buy EUR 38,186 : Sell GBP 34,067 November 2017	(1)	-
	Buy EUR 4,058 : Sell GBP 3,602 November 2017 <sup>^</sup>	-	-
	Buy EUR 59,813 : Sell GBP 53,615 November 2017	(1)	-
	Buy EUR 69,521 : Sell GBP 62,017 November 2017	(1)	-
	Buy EUR 83 : Sell GBP 74 November 2017 <sup>^</sup>	-	-
	Buy EUR 987,492 : Sell GBP 876,555 November 2017	(10)	-
	Buy GBP 109,272 : Sell EUR 122,247 November 2017	2	-
	Buy GBP 179,122 : Sell EUR 201,011 November 2017	3	-
	Buy GBP 2,558 : Sell EUR 2,865 November 2017 <sup>^</sup>	-	-
	Buy GBP 44,660 : Sell EUR 49,823 November 2017	1	-
	Buy GBP 71,296 : Sell USD 94,073 November 2017 <sup>^</sup>	-	-
	Buy GBP 89,911 : Sell EUR 100,064 November 2017	2	-
	Buy GBP 9,023 : Sell EUR 10,245 November 2017 <sup>^</sup>	-	-
	Buy USD 127,462 : Sell GBP 96,679 November 2017	(1)	-
	Buy USD 370,115 : Sell GBP 280,728 November 2017	(2)	-
	Buy USD 4,766,619 : Sell GBP 3,615,425 November 2017	(27)	(0.01)
	Buy USD 9,792 : Sell GBP 7,427 November 2017 <sup>^</sup>	-	-
		<u>(207)</u>	<u>(0.07)</u>
<b>Investment assets including investment liabilities</b>		<b>296,490</b>	<b>95.26</b>
	Other net assets	14,761	4.74
<b>Total net assets</b>		<b><u>311,251</u></b>	<b><u>100.00</u></b>

# Defaulted

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

+ Related party to the fund

§ Unquoted securities

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

## Statement of total return for the year ended 31 October 2017

		2017		2016	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(12,094)		9,354
Revenue	3	953		8,200	
Expenses	4	(1,497)		(3,409)	
Interest payable and similar charges	5	(1)		(2)	
Net (expense)/revenue before taxation		(545)		4,789	
Taxation	6	-		(1)	
Net (expense)/revenue after taxation			(545)		4,788
Total return before distributions			(12,639)		14,142
Distributions	7		(561)		(5,345)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(13,200)</b>		<b>8,797</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

		2017		2016	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>486,500</b>		<b>753,472</b>
Amounts receivable on issue of shares		14,430		56,979	
Amounts payable on cancellation of shares		(177,230)		(338,170)	
			(162,800)		(281,191)
Dilution adjustment			191		410
Change in net assets attributable to shareholders from investment activities			(13,200)		8,797
Retained distributions on accumulation shares			560		5,012
<b>Closing net assets attributable to shareholders</b>			<b>311,251</b>		<b>486,500</b>

## Balance sheet as at 31 October 2017

	Note	2017 £000	2016 £000
<b>Assets</b>			
Investments		309,483	452,298
Current assets:			
Debtors	8	4,380	9,634
Cash and bank balances	9	22,935	60,788
<b>Total assets</b>		<b>336,798</b>	<b>522,720</b>
<b>Liabilities:</b>			
Investment liabilities		12,993	21,188
Creditors:			
Amounts held at derivative clearing houses and brokers		748	2,211
Bank overdrafts		73	-
Other creditors	10	11,733	12,821
<b>Total liabilities</b>		<b>25,547</b>	<b>36,220</b>
<b>Net assets attributable to shareholders</b>		<b>311,251</b>	<b>486,500</b>

## Notes to the financial statements for the year ended 31 October 2017

### 1 Accounting policies

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

### 2 Net capital (losses)/gains

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

	2017 £000	2016 £000
Capital management fee rebates	3	3
Derivative securities	(8,202)	(15,140)
Forward currency contracts	6,306	(46,367)
Forward currency contracts on hedged share classes	(2,952)	26,232
Non-derivative securities	(7,476)	44,772
Other currency gains/(losses)	235	(126)
Transaction costs	(8)	(20)
<b>Net capital (losses)/gains</b>	<b>(12,094)</b>	<b>9,354</b>

### 3 Revenue

	2017 £000	2016 £000
Bank interest	89	238
Deposit interest	6	-
Derivative revenue	(8,742)	(10,150)
Distributions from UK regulated collective investment schemes:		
Interest distribution	85	124
Interest on debt securities	9,482	17,979
Management fee rebates	-	5
Revenue on hedged share classes	1	(18)
Stock lending revenue	32	22
<b>Total revenue</b>	<b>953</b>	<b>8,200</b>



## Notes to the financial statements (continued)

### 4 Expenses

	2017 £000	2016 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	1,304	3,056
Performance fees	-	1
GAC*	140	262
	<b>1,444</b>	<b>3,319</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	35	64
Safe custody fees	18	26
	<b>53</b>	<b>90</b>
<b>Total expenses</b>	<b>1,497</b>	<b>3,409</b>

Irrecoverable VAT is included in the above expenses where relevant.

\*The current audit fee, which is levied through the GAC, is £12,064 (2016: £11,712).

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2017 £000	2016 £000
Interest payable	1	2
<b>Total interest payable and similar charges</b>	<b>1</b>	<b>2</b>

## Notes to the financial statements (continued)

### 6 Taxation

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

The tax charge comprises:

	2017 £000	2016 £000
<b>Current tax</b>		
Corporation tax	-	1
<b>Total tax (note 6b)</b>	<b>-</b>	<b>1</b>

#### b) Factors affecting current 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 open ended investment companies (OEICS) of 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Net (expense)/revenue before taxation	(545)	4,789
Corporation tax at 20% (2016: 20%)	(109)	958
Effects of:		
Revenue being paid as interest distributions	-	(958)
Tax effect of capitalised management fee rebates	1	1
Unused management expenses	108	-
<b>Tax charge for the year (note 6a)</b>	<b>-</b>	<b>1</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 (2016: 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 £108,427 (2016: nil) 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 in the current or prior year.

## Notes to the financial statements (continued)

### 7 Distributions

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

	2017 £000	2016 £000
Interim accumulation	528	3,949
Final accumulation	32	1,063
Tax withheld on interest distributions	-	10
	<u>560</u>	<u>5,022</u>
Amounts deducted on cancellation of shares	1	508
Amounts received on issue of shares	-	(185)
<b>Total distributions</b>	<u><b>561</b></u>	<u><b>5,345</b></u>
Net (expense)/revenue after taxation	(545)	4,788
Tax effect of capitalised management fee rebates	1	-
Revenue shortfall	1,105	572
Tax payment for class in shortfall	-	(15)
<b>Total distributions</b>	<u><b>561</b></u>	<u><b>5,345</b></u>

Details of the distribution per share are set out in the distribution tables on pages 49 to 52.

### 8 Debtors

	2017 £000	2016 £000
Accrued revenue	2,788	4,274
Amounts receivable for issue of shares	870	-
Corporation tax recoverable	-	1
Currency transactions awaiting settlement	-	1,652
Lehman's compensation	239	239
Overseas withholding tax reclaimable	-	11
Sales awaiting settlement	483	3,457
<b>Total debtors</b>	<u><b>4,380</b></u>	<u><b>9,634</b></u>

### 9 Cash and bank balances

	2017 £000	2016 £000
Amounts held at derivative clearing houses and brokers	1,183	1,668
Cash and bank balances	13,282	44,900
Collateral accounts	8,470	14,220
<b>Total cash and bank balances</b>	<u><b>22,935</b></u>	<u><b>60,788</b></u>

## Notes to the financial statements (continued)

### 10 Other creditors

	2017 £000	2016 £000
Accrued annual management charge	72	176
Accrued Depositary's fee	3	5
Accrued other expenses	11	85
Amounts payable for cancellation of shares	204	178
Corporation tax payable	-	1
Derivative interest payable	673	1,451
Currency transactions awaiting settlement	-	1,652
Purchases awaiting settlement	10,770	9,273
<b>Total other creditors</b>	<b>11,733</b>	<b>12,821</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

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party because it provides key management personnel services to 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 34 and 35 and notes 4, 7, 8 and 10 on pages 37 to 40 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 Henderson Investment Funds Limited is Janus Henderson Group plc. The transactions associated with Janus Henderson Group plc, its subsidiaries and other funds managed by Henderson Investment Funds Limited are as follows:

- a) The aggregate value of purchases and sales transactions was nil (2016: nil) and the balance outstanding at the year end was nil (2016:nil).
- b) Revenue receivable for the year was £85,485 (2016: £125,174) and the balance outstanding at the year end was nil (2016: nil).
- c) The aggregate value of investments held at the year end was £18,278,163 (2016: £18,202,756).

Harewood Nominees Limited, as a material shareholder, is a related party holding shares comprising 74.64% of the total net assets of the fund as at the year end (2016: 62.59%).

### 13 Shareholders' funds

The fund currently has 4 share classes available; Class A (Retail with front-end charges), Class I (Institutional), Class Y (Retail with exit charges) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2017 %	2016 %
Class A	1.50	1.50
Class G^	n/a*	0.675
Class I	1.00	1.00
Class Y	1.00	1.00
Class Z*	0.00	0.00

\* Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

^ Class G gross closed on 14 June 2017. Class G, Class G Euro (hedged) and Class G USD (hedged) closed on 29 September 2017.

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 17 to 24. The distribution per share class is given in the distribution tables on pages 49 to 52. All share classes have the same rights on winding up.

## Notes to the financial statements (continued)

### 13 Shareholders' funds (continued)

**Shares reconciliation** for the year ended October 2017

	<b>Class A accumulation</b>	<b>Class G accumulation</b>	<b>Class I accumulation</b>	<b>Class Y accumulation</b>
Opening number of shares	3,847,161	3,000	46,579	3,803,912
Creations during the year	163,811	-	6,161	60,360
Cancellations during the year	(1,127,597)	(3,000)	(30,226)	(2,977,967)
Shares converted during the year	(11,200)	-	-	5,429
<b>Closing shares in issue</b>	<b>2,872,175</b>	<b>-</b>	<b>22,514</b>	<b>891,734</b>

	<b>Class Z accumulation</b>	<b>Class G gross accumulation</b>	<b>Class I gross accumulation</b>	<b>Class Y gross accumulation</b>
Opening number of shares	142,480	5,000	63,078,099	8,055,683
Creations during the year	-	-	-	379,078
Cancellations during the year	(48,751)	(5,000)	(21,659,318)	(7,934,512)
Shares converted during the year	-	-	-	-
<b>Closing shares in issue</b>	<b>93,729</b>	<b>-</b>	<b>41,418,781</b>	<b>500,249</b>

	<b>Class Z gross accumulation</b>	<b>Class A Euro (hedged) accumulation</b>	<b>Class G Euro (hedged) accumulation</b>	<b>Class Y Euro (hedged) accumulation</b>
Opening number of shares	182,704,478	7,951,286	500	1,852,421
Creations during the year	-	3,181,940	-	4,487
Cancellations during the year	(40,485,629)	(8,820,760)	(500)	(1,744,222)
Shares converted during the year	-	-	-	-
<b>Closing shares in issue</b>	<b>142,218,849</b>	<b>2,312,466</b>	<b>-</b>	<b>112,686</b>

	<b>Class A USD (hedged) accumulation</b>	<b>Class G USD (hedged) accumulation</b>	<b>Class Y USD (hedged) accumulation</b>
Opening number of shares	2,053,647	500	990,168
Creations during the year	-	-	-
Cancellations during the year	(1,107,761)	(500)	(953,138)
Shares converted during the year	-	-	-
<b>Closing shares in issue</b>	<b>945,886</b>	<b>-</b>	<b>37,030</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund has used financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, including risk reduction and implementation of investment policies.

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 cash of £8,470,000 pledged as collateral as at 31 October 2017 (2016: £14,320,000). There were bonds with a market value of £561,781 held as collateral as at 31 October 2017 (2016: £1,150,003)

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives were as follows:

Counterparty	Credit default index swaps and Credit default swaps £000	Forward foreign exchange contracts £000	Forward foreign exchange contracts (hedged) £000
BNP Paribas	-	1,415	-
Credit Suisse	404	-	-
JP Morgan	3,133	10	8
UBS	-	-	-
	<b>3,537</b>	<b>1,425</b>	<b>8</b>

Counterparty	Futures £000	Total return swaps £000	Total by counterparty contracts £000
BNP Paribas	-	-	1,415
Credit Suisse	-	-	404
JP Morgan	-	1,675	4,826
UBS	748	-	748
	<b>748</b>	<b>1,675</b>	<b>7,393</b>

#### 2016

At 31 October 2016 the underlying exposure for each category of derivatives were as follows:

Counterparty	Credit default index swaps and Credit default swaps £000	Forward foreign exchange contracts £000	Forward foreign exchange contracts (hedged) £000	Futures £000	Total by counterparty £000
BNP Paribas	-	874	-	-	874
Credit Suisse	1,683	-	-	-	1,683
Goldman Sachs	3,037	-	-	-	3,037
JP Morgan	4,225	-	402	-	4,627
Merill Lynch	130	-	-	-	130
UBS	-	-	-	2,212	2,212
	<b>9,075</b>	<b>874</b>	<b>402</b>	<b>2,212</b>	<b>12,563</b>

## Notes to the financial statements (continued)

### 15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with BNP Paribas acting as the stock lending agent for the purposes of efficient portfolio management.

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 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, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or listed equities on eligible markets. 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 102.50% to 110.00% of the value of the stock on loan.

#### 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
JP Morgan	5,644	5,942	Corporate Bond
JP Morgan	4,226	4,717	Equity
JP Morgan	211	223	Government Bond
	<u>10,081</u>	<u>10,882</u>	
Morgan Stanley	794	845	Government Bond
	<u>10,875</u>	<u>11,727</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	38	6	32

#### 2016

There was no stock on loan as at 31 October 2016.

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	26	4	22

## 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) as at 31 October 2017, is considered insignificant.

#### 2016

The exposure to currency risk as at 31 October 2016 was considered significant. The following table details the net exposure of the principle foreign currencies the fund is exposed to including any instruments used to hedge foreign currencies.

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets £000
<b>Currency</b>			
Euro	55,017	884	55,901
UK sterling	359,036	53,260	412,296
US dollar	17,057	1,246	18,303
<b>Total</b>	<b>431,110</b>	<b>55,390</b>	<b>486,500</b>

#### 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>2017</b>				
Euro	34,359	70,719	1,351	106,429
UK sterling	26,971	114,069	31,333	172,373
US dollar	5,213	51,607	1,176	57,996
<b>Total</b>	<b>66,543</b>	<b>236,395</b>	<b>33,860</b>	<b>336,798</b>

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2016</b>				
Euro	66,324	67,053	4,553	137,930
UK sterling	56,405	230,197	41,794	328,396
US dollar	4,049	49,003	3,342	56,394
<b>Total</b>	<b>126,778</b>	<b>346,253</b>	<b>49,689</b>	<b>522,720</b>

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing financial liabilities £000	Total £000
<b>2017</b>				
Euro	-	12,169	3,792	15,961
UK sterling	291	-	5,456	5,747
US dollar	530	292	3,017	3,839
<b>Total</b>	<b>821</b>	<b>12,461</b>	<b>12,265</b>	<b>25,547</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>2016</b>				
Euro	2,009	16,444	7,098	25,551
UK sterling	1,214	-	472	1,686
US dollar	640	4,589	3,754	8,983
<b>Total</b>	<b>3,863</b>	<b>21,033</b>	<b>11,324</b>	<b>36,220</b>

#### Credit ratings

	Market value £000	Percentage of net assets %
<b>2017</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)*	131,262	42.17
Below investment grade (BB and below)	131,307	42.19
Unrated	12,223	3.93
<b>Total debt securities</b>	<b>274,792</b>	<b>88.29</b>
Collective investment schemes	27,298	8.77
Derivatives	(5,600)	(1.80)
<b>Investment assets including investment liabilities</b>	<b>296,490</b>	<b>95.26</b>
Other net assets	14,761	4.74
<b>Total net assets</b>	<b>311,251</b>	<b>100.00</b>

\* Certificate of deposits included within above investment grade have been rated based on the rating of the issuer.

	Market value £000	Percentage of net assets %
<b>2016</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)*	247,925	50.96
Below investment grade (BB and below)	143,488	29.49
Unrated	10,103	2.08
<b>Total debt securities</b>	<b>401,516</b>	<b>82.53</b>
Collective investment schemes	38,219	7.85
Derivatives	(8,625)	(1.77)
<b>Investment assets including investment liabilities</b>	<b>431,110</b>	<b>88.61</b>
Other net assets	55,390	11.39
<b>Total net assets</b>	<b>486,500</b>	<b>100.00</b>

\* Certificate of deposits included within above investment grade have been rated based on the rating of the issuer.

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Sensitivity analysis

##### Global exposure

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
	%	%	%		%	%	%
2017	0.60	1.85	1.25	20	3.02	9.24	6.24
2016	0.66	2.30	1.23	20	3.32	11.49	6.15

Global exposure calculation basis: Absolute VaR.

#### Leverage

	Minimum	Maximum	Average
	%	%	%
2017	120.78	258.17	172.92
2016	129.28	283.47	179.15

#### 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	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2017				
Amounts held at derivatives clearing houses and brokers	748	-	-	-
Bank overdrafts	73	-	-	-
Derivative financial liabilities	-	602	3,123	9,268
Other creditors	-	11,733	-	-
<b>Total</b>	<b>821</b>	<b>12,335</b>	<b>3,123</b>	<b>9,268</b>
2016				
Amounts held at derivatives clearing houses and brokers	2,211	-	-	-
Derivative financial liabilities	-	154	342	20,692
Other creditors	-	12,821	-	-
<b>Total</b>	<b>2,211</b>	<b>12,975</b>	<b>342</b>	<b>20,692</b>

### 17 Fair value

#### Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS 102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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 (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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	748	55	2,211	3
Level 2	308,735	12,938	450,087	21,185
Level 3	-	-	-	-
	<b>309,483</b>	<b>12,993</b>	<b>452,298</b>	<b>21,188</b>

### 18 Direct transaction costs

	Purchases		Sales	
	2017 £000	2016 £000	2017 £000	2016 £000
<b>Trades in the year</b>				
Certificates of deposit	357,520	570,607	466,256	593,178
Collective Investment Schemes	-	-	-	1,775
Debt securities	342,970	419,617	346,420	632,795
Equities	-	-	144	-
<b>Trades in the year before transaction costs</b>	<b>700,490</b>	<b>990,224</b>	<b>812,820</b>	<b>1,227,748</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Certificates of deposit	-	-	-	-
Collective Investment Schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total commissions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxes</b>				
Certificates of deposit	-	-	-	-
Collective Investment Schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Certificates of deposit	-	-	-	-
Collective Investment Schemes	-	-	-	-
Debt securities	-	-	3	-
Equities	-	-	-	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>
<b>Total transaction costs</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>
<b>Total net trades in the year after transaction costs</b>	<b>700,490</b>	<b>990,224</b>	<b>812,817</b>	<b>1,227,748</b>

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

	Purchases		Sales	
	2017	2016	2017	2016
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>	-	-	-	-
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Taxes</b>				
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Other expenses</b>				
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
	<b>2017</b>	<b>2016</b>		
	%	%		
<b>Total transaction cost expressed as a percentage of net asset value</b>				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>-</b>	<b>-</b>		

There were no specie transfers during the year (2016: nil). There were corporate actions during the year of £13,925,728 (2016: nil).

There were direct transaction costs associated with derivatives in the year of £6,575 (2016: £9,013) which is 0% of the average net asset value of the fund (2016: 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 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 31 October 2017 is 0.49% (2016: 1.02%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

On 15 December 2017, the fund changed its name to Janus Henderson Credit Alpha Fund. With effect from 1 November 2017, the fund's Annual Management Charge (AMC) reduced by 0.25% for share classes A and Y. There were no other material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 31 October 2017 (in pence per share)

### Interim interest distribution (accounting date 30 April 2017, paid on 30 June 2017)

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

	Distribution per share	Equalisation	Total distribution per share 30/06/2017	Total distribution per share 30/06/2016*
<b>Class A accumulation</b>				
Group 1	-	-	-	0.0768
Group 2	-	-	-	0.0768
<b>Class G accumulation</b>				
Group 1	-	-	-	0.1456
Group 2	-	-	-	0.1456
<b>Class I accumulation</b>				
Group 1	-	-	-	0.4924
Group 2	-	-	-	0.4924
<b>Class Y accumulation</b>				
Group 1	-	-	-	0.4129
Group 2	-	-	-	0.4129
<b>Class Z accumulation</b>				
Group 1	0.2018	-	0.2018	0.8591
Group 2	0.2018	-	0.2018	0.8591
<b>Class G gross accumulation</b>				
Group 1	-	-	-	0.3130
Group 2	-	-	-	0.3130
<b>Class I gross accumulation</b>				
Group 1	-	-	-	0.7289
Group 2	-	-	-	0.7289
<b>Class Y gross accumulation</b>				
Group 1	-	-	-	0.5082
Group 2	-	-	-	0.5082
<b>Class Z gross accumulation</b>				
Group 1	0.3132	-	0.3132	1.6436
Group 2	0.3132	-	0.3132	1.6436

## Distribution tables (continued)

### Interim interest distribution (accounting date 30 April 2017, paid on 30 June 2017)

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

	Distribution per share	Equalisation	Total distribution per share 30/06/2017	Total distribution per share 30/06/2016*
<b>Class A Euro (hedged) accumulation<sup>1</sup></b>				
Group 1	-	-	-	0.9131
Group 2	-	-	-	0.9131
<b>Class G Euro (hedged) accumulation<sup>1</sup></b>				
Group 1	-	-	-	3.1752
Group 2	-	-	-	3.1752
<b>Class Y Euro (hedged) accumulation<sup>1</sup></b>				
Group 1	-	-	-	4.9511
Group 2	-	-	-	4.9511
<b>Class A USD (hedged) accumulation<sup>2</sup></b>				
Group 1	-	-	-	0.9104
Group 2	-	-	-	0.9104
<b>Class G USD (hedged) accumulation<sup>2</sup></b>				
Group 1	-	-	-	3.2237
Group 2	-	-	-	3.2237
<b>Class Y USD (hedged) accumulation<sup>2</sup></b>				
Group 1	-	-	-	5.0022
Group 2	-	-	-	5.0022

<sup>1</sup> in Euro cents per share

<sup>2</sup> in USD cents per share

\* Distributions on Class A accumulation, Class G accumulation, Class I accumulation, Class Y accumulation and Class Z accumulation prior to 6 April 2017 are shown net of 20% income tax.

## Distribution tables (continued)

### Final interest distribution (accounting date 31 October 2017, paid on 29 December 2017)

Group 1 : shares purchased prior to 1 May 2017

Group 2 : shares purchased on or after 1 May 2017

	Distribution per share	Equalisation	Total distribution per share 29/12/2017	Total distribution per share 30/12/2016*
<b>Class A accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Class G accumulation<sup>3</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-
<b>Class I accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Class Y accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Class Z accumulation</b>				
Group 1	0.0272	-	0.0272	-
Group 2	0.0272	-	0.0272	-
<b>Class G gross accumulation<sup>4</sup></b>				
Group 1	n/a	n/a	n/a	0.0003
Group 2	n/a	n/a	n/a	0.0003
<b>Class I gross accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Class Y gross accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Class Z gross accumulation</b>				
Group 1	0.0226	-	0.0226	0.5820
Group 2	0.0226	-	0.0226	0.5820

## Distribution tables (continued)

### Final interest distribution (accounting date 31 October 2017, paid on 29 December 2017)

Group 1 : shares purchased prior to 1 May 2017

Group 2 : shares purchased on or after 1 May 2017

	Distribution per share	Equalisation	Total distribution per share 29/12/2017	Total distribution per share 30/12/2016*
<b>Class A Euro (hedged) accumulation<sup>1</sup></b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Class G Euro (hedged) accumulation<sup>1,3</sup></b>				
Group 1	n/a	n/a	n/a	0.0745
Group 2	n/a	n/a	n/a	0.0745
<b>Class Y Euro (hedged) accumulation<sup>1</sup></b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Class A USD (hedged) accumulation<sup>2</sup></b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Class G USD (hedged) accumulation<sup>2,3</sup></b>				
Group 1	n/a	n/a	n/a	0.0924
Group 2	n/a	n/a	n/a	0.0924
<b>Class Y USD (hedged) accumulation<sup>2</sup></b>				
Group 1	-	-	-	-
Group 2	-	-	-	-

<sup>1</sup> in Euro cents per share

<sup>2</sup> in USD cents per share

<sup>3</sup> Class G accumulation, Class G Euro (hedged) accumulation and Class G USD (hedged) accumulation closed on 29 September 2017.

<sup>4</sup> Class G gross accumulation closed on 14 June 2017.

\* Distributions on Class A accumulation, Class G accumulation, Class I accumulation, Class Y accumulation and Class Z accumulation prior to 6 April 2017 are shown net of 20% income tax.



# Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund (formerly Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund) Authorised Corporate Director's report

## Investment Fund Manager

Janus Henderson Multi Strategy Team

## Other information

On 1 November 2016 Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund changed its name to Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund.

## Investment objective and policy

The fund aims to deliver a return in excess of the FTSE customised Developed Asia Pacific ex Japan Index, the "reference index", (or such other index as may from time to time replace it) before management fees, while carefully controlling deviation from the reference index.

The fund will invest primarily in shares of Asia Pacific ex Japan companies included in the reference index. The fund's holdings are principally selected to replicate the components of the reference index. The index will not be identically replicated and this can lead to differences in performance. There are no restrictions on the size of the companies in which the fund may invest.

In addition to seeking to reflect the index, the fund manager will make use of investment strategies aimed at enhancing returns. These seek to generate returns based on differences in the prices of securities issued by, or associated with, companies that form part of the reference index. They can include, but are not limited to, liquidity strategies (investing in 'blocks of stock' at discounted prices), and relative value strategies (taking advantage of differences between the prices of securities related to the same company. Further details explaining the investment strategies are available on the funds' pages on our website ([www.janushenderson.com](http://www.janushenderson.com))

The fund may invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used by the fund for investment purposes, in achieving the enhancements to the index return and for the purposes of efficient portfolio management.

## Performance summary

	31 Oct 16 - 31 Oct 17 %	31 Oct 15 - 31 Oct 16 %	31 Oct 14 - 31 Oct 15 %	31 Oct 13 - 31 Oct 14 %	31 Oct 12 - 31 Oct 13 %
<b>Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund*</b>	15.5	40.2	(8.9)	1.6	14.4
<b>FTSE Custom All World Dev Asia Pacific ex Japan Index**</b>	15.2	39.7	(8.8)	1.6	14.2

Source: Janus Henderson Investors & FTSE.

\* Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of class Z accumulation.

\*\* Customised net dividends reinvested (Market Capitalisation weighted index of Australia, New Zealand, Hong Kong, Singapore, Taiwan and South Korea).

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 31 October 2017

Largest purchases	£000	Largest sales	£000
Samsung Electronics	1,306	Samsung Electronics	2,314
Taiwan Semiconductor Manufacturing	1,181	Taiwan Semiconductor Manufacturing	1,590
Commonwealth Bank of Australia	924	Commonwealth Bank of Australia	1,159
Westpac Banking	813	Westpac Banking	993
AIA	759	Australia & New Zealand Banking	970
Australia & New Zealand Banking	697	AIA	936
National Australia Bank	558	BHP Billiton	769
BHP Billiton	517	National Australia Bank	721
CSL	491	CSL	663
Wesfarmers	443	CK Hutchison Holdings	585
<b>Total purchases</b>	<b>24,502</b>	<b>Total sales</b>	<b>33,793</b>

### Investment review

The FTSE Custom All World Dev Asia Pacific ex Japan Index rose by 15.2% in sterling terms over the year to 31 October 2017. The fund returned 15.5%, marginally outperformed its benchmark index during the year, led by contributions from the Events Driven and Liquidity Strategies, with Relative Value broadly flat.

In China, 2017 brought encouraging data: in January, exports increased by 7.9% year on year, and inflation hit its highest level since 2014, at 2.5%. However, the latter backtracked in February and March. First and second quarter gross domestic product (GDP) increased to an annualised growth rate of 6.9%. However, the rate for the third quarter fell back to 6.8% – the weakest rate since the final quarter of 2016. Although industrial output and retail sales rose during the third quarter, fixed-asset investment rose at its lowest rate for nearly 18 years and detracted from the country's performance. In June, MSCI announced a decision to include Chinese A-shares in its emerging markets index from 2018. Although more recent indicators showed signs of a slowdown, the International Monetary Fund increased its Chinese growth estimates out to 2020, but warned against rapidly rising debt levels.

Elsewhere in Asia, the South Korea KOSPI index reached record highs in a year that saw its president impeached and jailed, though equities slipped from August onwards and lagged regional averages due to the country's proximity to volatile North Korea. However, the GDP growth rate was impressive, at 1.1% quarter on quarter in the first quarter of 2017, and although it fell to 0.6% in the second quarter, it reached a seven-year high of 1.4% in the third quarter as manufacturing and construction rebounded. In Australia, the GDP growth rate for the final quarter of 2016 was 1.1% compared with the previous quarter, boosted by household spending. The rate slowed to 0.3% for the first quarter of 2017, but rebounded to 0.8% in the second quarter as domestic demand and net exports increased. However, the inflation rate was below market expectations in the third quarter (the lowest rate since the final quarter of 2016) as food prices fell while housing and transport costs increased. Taiwan suffered from disappointing economic data at the beginning of 2017 as the trade surplus contracted and the inflation rate turned negative in February. However, retail sales increased from -20.2% in February to +7.5% in March, although they were a little lacklustre thereafter. The stock market rose throughout the year, despite technology stocks struggling in September due to disappointing iPhone 8 sales.

## Comparative tables for the year ended 31 October 2017

### Class I accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	265.42	190.67	210.87
Return before operating charges*	41.02	76.53	(18.48)
Operating charges	(2.35)	(1.78)	(1.72)
Return after operating charges*	38.67	74.75	(20.20)
Distributions on accumulation shares	(7.47)	(6.82)	(4.98)
Retained distributions on accumulation shares	7.47	6.82	4.98
Closing net asset value per share	304.09	265.42	190.67
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	14.57%	39.20%	(9.58%)
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### Other information

Closing net asset value (£000s)	13,107	12,362	9,995
Closing number of shares	4,310,248	4,657,365	5,241,736
Operating charges	0.83%	0.83%	0.83%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	307.38	269.22	232.67
Lowest share price (pence)	251.04	178.19	169.11

### Class Y accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	264.81	190.26	210.40
Return before operating charges*	40.99	76.33	(18.42)
Operating charges	(2.35)	(1.78)	(1.72)
Return after operating charges*	38.64	74.55	(20.14)
Distributions on accumulation shares	(7.45)	(6.78)	(4.97)
Retained distributions on accumulation shares	7.45	6.78	4.97
Closing net asset value per share	303.45	264.81	190.26
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	14.59%	39.18%	(9.57%)
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### Other information

Closing net asset value (£000s)	24,916	25,211	18,113
Closing number of shares	8,211,085	9,520,438	9,520,438
Operating charges	0.83%	0.83%	0.83%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	306.74	268.64	232.16
Lowest share price (pence)	250.50	177.80	168.74

## Comparative tables (continued)

	Class Z accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	396.46	283.05	310.69
Return before operating charges*	61.75	113.67	(27.39)
Operating charges	(0.34)	(0.26)	(0.25)
Return after operating charges*	61.41	113.41	(27.64)
Distributions on accumulation shares	(14.06)	(12.08)	(9.66)
Retained distributions on accumulation shares	14.06	12.08	9.66
Closing net asset value per share	457.87	396.46	283.05
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	15.49%	40.07%	(8.90%)
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### Other information

Closing net asset value (£000s)	112,495	107,735	93,059
Closing number of shares	24,568,898	27,174,158	32,876,934
Operating charges	0.08%	0.08%	0.08%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	463.08	402.62	343.94
Lowest share price (pence)	375.74	265.02	250.70

Direct transaction costs 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 and may differ from 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 in the year.

## Ongoing charge figure

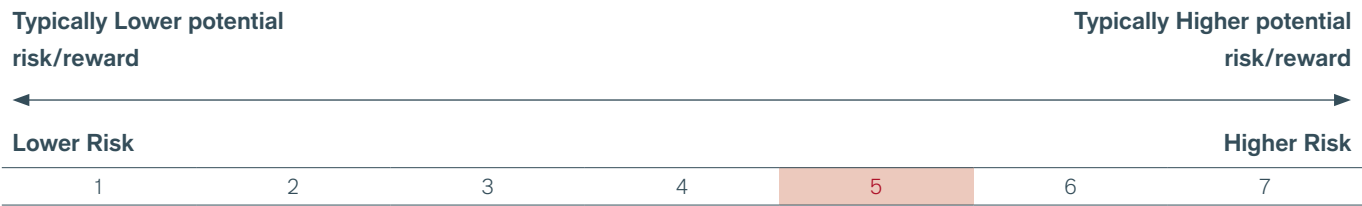
The annualised ongoing charge figure (OCF) of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2017 %	2016 %
<b>Class I</b>	0.83	0.83
<b>Class Y</b>	0.83	0.83
<b>Class Z</b>	0.08	0.08

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

# Risk and reward profile

The fund currently has 3 types of share class in issue; I accumulation, Y accumulation and Z accumulation. Each type of share class has the same risk and reward profile which is as follows:



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 in the fund 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 share class appears at 5 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

There have been no changes to the risk rating in the year.

The risk rating decreased from 6 to 5 in the year for all share classes.

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

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

## Portfolio statement as at 31 October 2017

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 98.68% (2016: 98.19%)</b>		
	<b>Australia 30.58% (2016: 32.47%)</b>		
	<b>Basic Materials 3.88% (2016: 3.97%)</b>		
171,748	Alumina	231	0.15
193,025	BHP Billiton	2,954	1.96
34,944	Bluescope Steel	258	0.17
93,604	Fortescue Metals	251	0.17
164,700	Gunns~	-	-
29,616	Iluka Resources	159	0.11
110,164	Incitec Pivot	242	0.16
47,243	Newcrest Mining	608	0.40
11,910	Nufarm	62	0.04
23,187	Orica	274	0.18
16,930	Oz Minerals	79	0.05
7,975	Sims Metal Management	61	0.04
303,454	South32	590	0.39
39,524	Whitehaven Coal	85	0.06
		<hr/> 5,854	<hr/> 3.88
	<b>Consumer Goods 0.38% (2016: 0.34%)</b>		
29,771	Coca-Cola Amatil	138	0.09
47,940	Treasury Wine Estates	430	0.29
		<hr/> 568	<hr/> 0.38
	<b>Consumer Services 3.02% (2016: 3.32%)</b>		
36,563	Aristocrat Leisure	496	0.33
17,806	Crown	119	0.08
3,501	Domino's Pizza	94	0.06
172,546	Fairfax Media	109	0.07
4,319	Flight Centre	116	0.08
29,658	Harvey Norman	65	0.04
77,883	Metcash	120	0.08
51,332	Qantas Airways	181	0.12
75,948	Seven West Media	29	0.02
47,197	Star Entertainment	155	0.10
39,844	Tabcorp Holdings	103	0.07
70,610	Tatts	165	0.11
67,512	Wesfarmers	1,629	1.07
79,351	Woolworths	1,182	0.79
		<hr/> 4,563	<hr/> 3.02
	<b>Financials 15.55% (2016: 16.75%)</b>		
23	AET&D Holdings~	-	-
187,629	AMP	536	0.36
175,452	Australia & New Zealand Banking	3,030	2.01
10,869	Australia Stock Exchange	338	0.22
24,172	Bank of Queensland	186	0.12
25,308	Bendigo & Adelaide	166	0.11
35,796	Challenger Financial Service	275	0.18
103,861	Commonwealth Bank of Australia	4,656	3.08
61,719	Dexus Property REIT	345	0.23
111,315	Goodman	536	0.36
116,501	GPT REIT	339	0.23
142,649	Insurance Australia	539	0.36



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials (continued)</b>			
20,385	IOOF Holdings	126	0.08
31,083	Lend Lease	291	0.19
18,986	Macquarie REIT	1,078	0.72
7,251	Magellan Financial	102	0.07
170,380	Medibank	301	0.20
214,433	Mirvac REIT	297	0.20
159,639	National Australia Bank	3,009	2.00
7,610	Netwealth	16	0.01
3,625	Perpetual	101	0.07
11,154	Platinum Asset Management	47	0.03
87,152	QBE Insurance	537	0.36
74,133	SCA Property Stapled Security	99	0.07
311,786	Scentre	722	0.48
150,098	Stockland Trust REIT	391	0.26
82,487	Suncorp	643	0.43
210,811	Vincity Centres	321	0.21
116,815	Westfield	521	0.35
203,296	Westpac Banking	3,867	2.56
		<u>23,415</u>	<u>15.55</u>
<b>Health Care 2.24% (2016: 2.16%)</b>			
7,577	Ansell	104	0.07
3,353	Cochlear	339	0.23
27,366	CSL	2,195	1.45
108,703	Healthscope	123	0.08
8,193	Ramsay Health Care	317	0.21
23,527	Sonic Healthcare	295	0.20
		<u>3,373</u>	<u>2.24</u>
<b>Industrials 2.85% (2016: 2.85%)</b>			
24,127	Adelaide Brighton	85	0.06
30,618	ALS	138	0.09
69,475	Amcor	633	0.42
126,484	Aurizon Holdings	375	0.25
61,154	Boral	251	0.17
99,691	Brambles	543	0.36
30,988	Computershare	278	0.18
27,654	CSR (AUD)	75	0.05
45,635	Downer EDI	184	0.12
13,697	Dulux	58	0.04
33,080	Macquarie Atlas	114	0.08
53,139	Orora	104	0.07
36,940	Qube	55	0.04
22,925	Seek	242	0.16
72,596	Sydney Airport	298	0.20
122,376	Transurban	850	0.56
		<u>4,283</u>	<u>2.85</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Oil &amp; Gas 1.42% (2016: 1.46%)</b>		
67,413	APA	333	0.22
14,435	Caltex Australia	283	0.19
71,808	Oil Search	305	0.20
122,197	Santos	316	0.21
43,019	Woodside Petroleum	763	0.51
16,103	Worleyparsons	130	0.09
		<u>2,130</u>	<u>1.42</u>
	<b>Telecommunications 0.45% (2016: 0.77%)</b>		
260,364	Telstra	528	0.36
26,124	TPG Telecom	81	0.05
39,372	Vocus	65	0.04
		<u>674</u>	<u>0.45</u>
	<b>Utilities 0.79% (2016: 0.85%)</b>		
42,950	AGL Energy	625	0.41
96,247	AusNet Services	98	0.07
101,819	Origin Energy	466	0.31
		<u>1,189</u>	<u>0.79</u>
	<b>China 1.40% (2016: 1.66%)</b>		
	<b>Basic Materials 0.03% (2016: 0.04%)</b>		
300,000	Shougang Fushan Resources	49	0.03
	<b>Consumer Goods 0.56% (2016: 0.44%)</b>		
150,000	China Mengniu Dairy	312	0.20
40,000	Minth	162	0.11
100,000	Tingyi (Cayman Islands)	119	0.08
420,000	Want Want China Holdings	258	0.17
		<u>851</u>	<u>0.56</u>
	<b>Consumer Services 0.13% (2016: 0.54%)</b>		
132,000	China Travel International	37	0.02
32,800	MGM China	56	0.04
129,500	Sun Art Retail	98	0.07
		<u>191</u>	<u>0.13</u>
	<b>Financials 0.12% (2016: 0.17%)</b>		
166,000	Guotai Junan International	40	0.03
161,320	Haitong International Securities	68	0.04
2,500	New China Life Insurance	12	0.01
290,400	Shui On Land	54	0.04
		<u>174</u>	<u>0.12</u>
	<b>Health Care 0.00% (2016: 0.01%)</b>		
	<b>Industrials 0.43% (2016: 0.30%)</b>		
43,000	AAC Technologies Holdings	592	0.40
12,400	ABN Amro Bank 0.445% 07/07/2017	50	0.03
		<u>642</u>	<u>0.43</u>
	<b>Oil &amp; Gas 0.03% (2016: 0.04%)</b>		
199,397	Xinyi Solar	52	0.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Technology 0.10% (2016: 0.12%)</b>		
134,400	Semiconductor Manufacturing	155	0.10
	<b>France 0.02% (2016: 0.03%)</b>		
	<b>Consumer Services 0.02% (2016: 0.03%)</b>		
22,500	L'Occitane International	32	0.02
	<b>Hong Kong 15.72% (2016: 16.21%)</b>		
	<b>Basic Materials 0.03% (2016: 0.02%)</b>		
103,000	Huabao International	50	0.03
	<b>Consumer Goods 0.99% (2016: 1.00%)</b>		
155,050	First Pacific	89	0.06
480,400	Global Brands	42	0.03
280,400	Li & Fung	106	0.07
49,000	Nexteer Automotive	72	0.05
72,600	Samsonite International	227	0.15
72,000	Techtronic Industries	318	0.21
516,500	WH	394	0.26
120,000	Xinyi Glass Holdings	87	0.06
54,000	Yue Yuen Industrials	156	0.10
		1,491	0.99
	<b>Consumer Services 1.78% (2016: 1.17%)</b>		
32,000	Café de Coral	74	0.05
58,000	Cathay Pacific Airways	75	0.05
56,800	Chow Tai Fook Jewellery	45	0.03
18,100	Dairy Farm International	111	0.07
142,958	Espirit	65	0.04
132,000	Galaxy Entertainment	676	0.45
25,291	Great Eagle	104	0.07
284,000	Kingston Financial	164	0.11
24,000	Melco International Development	49	0.03
88,486	MTR	386	0.26
139,200	Sands China	493	0.33
85,666	Shangri-La Asia	128	0.09
76,000	SJM Holdings	49	0.03
27,000	Television Broadcasts	77	0.05
91,200	Wynn Macau	176	0.12
		2,672	1.78
	<b>Financials 8.98% (2016: 9.42%)</b>		
731,000	AIA	4,142	2.76
73,804	Bank of East Asia	244	0.16
217,000	BOC Hong Kong Holdings	778	0.52
167,000	Champion REIT	91	0.06
162,940	CK Asset	1,009	0.67
3,200	Dah Sing Financial	16	0.01
47,000	Hang Lung	124	0.08
140,000	Hang Lung Properties	242	0.16
43,400	Hang Seng Bank	773	0.51
70,177	Henderson Land Development	344	0.23
73,970	Hong Kong Exchanges & Clearing	1,551	1.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials (continued)</b>			
71,300	Hongkong Land Holdings	389	0.26
33,000	Hopewell Highway Infrastructure	95	0.06
43,162	Hysan Development	157	0.10
40,539	Kerry Properties	137	0.09
129,186	Link REIT	817	0.54
360,360	New World Development	403	0.27
169,461	Sino Land	220	0.15
86,189	Sun Hung Kai Properties	1,062	0.71
62,300	Swire Properties	158	0.11
67,721	Wharf Holdings	464	0.31
55,000	Wheelock	288	0.19
		<u>13,504</u>	<u>8.98</u>
<b>Industrials 2.16% (2016: 2.54%)</b>			
160,940	CK Hutchison Holdings	1,538	1.03
358,000	Hutchinson Port	115	0.08
12,500	Jardine Matheson	602	0.40
10,900	Jardine Strategic	344	0.23
25,750	Johnson Electric Holdings	78	0.05
33,519	Kerry Logistics Network	35	0.02
76,607	NWS Holdings	117	0.08
11,000	Orient Overseas	80	0.05
18,500	Swire Pacific 'A'	138	0.09
155,000	Swire Pacific 'B'	201	0.13
		<u>3,248</u>	<u>2.16</u>
<b>Oil &amp; Gas 0.02% (2016: 0.04%)</b>			
234,000	Brightoil Petroleum Holdings	<u>34</u>	<u>0.02</u>
<b>Technology 0.18% (2016: 0.15%)</b>			
15,700	ASM Pacific Technology	172	0.11
9,500	Vtech	102	0.07
		<u>274</u>	<u>0.18</u>
<b>Telecommunications 0.07% (2016: 0.08%)</b>			
254,000	PCCW	<u>105</u>	<u>0.07</u>
<b>Utilities 1.51% (2016: 1.79%)</b>			
34,000	CK Infrastructure	223	0.15
96,500	CLP Holdings	738	0.49
487,588	Hong Kong & China Gas	696	0.46
84,000	Hong Kong Electric	548	0.36
121,952	Towngas China	75	0.05
		<u>2,280</u>	<u>1.51</u>
<b>Ireland 0.21% (2016: 0.26%)</b>			
<b>Industrials 0.21% (2016: 0.26%)</b>			
27,965	James Hardie Industries	<u>319</u>	<u>0.21</u>
<b>Italy 0.06% (2016: 0.07%)</b>			
<b>Consumer Goods 0.06% (2016: 0.07%)</b>			
33,300	Prada	<u>86</u>	<u>0.06</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>New Zealand 1.02% (2016: 1.21%)</b>		
	<b>Consumer Services 0.13% (2016: 0.12%)</b>		
37,437	Air New Zealand	63	0.04
54,364	Sky City Entertainment	109	0.07
23,563	Sky Network Television	30	0.02
		<u>202</u>	<u>0.13</u>
	<b>Financials 0.04% (2016: 0.06%)</b>		
89,201	Kiwi Property	61	0.04
	<b>Health Care 0.23% (2016: 0.24%)</b>		
36,940	Fisher & Paykel Healthcare	253	0.17
18,252	Ryman Healthcare	87	0.06
		<u>340</u>	<u>0.23</u>
	<b>Industrials 0.22% (2016: 0.34%)</b>		
50,645	Auckland International Airport	163	0.11
43,500	Fletcher Building	164	0.11
		<u>327</u>	<u>0.22</u>
	<b>Technology 0.07% (2016: 0.04%)</b>		
6,344	Xero	113	0.07
	<b>Telecommunications 0.14% (2016: 0.17%)</b>		
108,307	Telecom New Zealand	206	0.14
	<b>Utilities 0.19% (2016: 0.24%)</b>		
42,980	Contact Energy	127	0.09
84,328	Meridian Energy	123	0.08
18,288	Mighty River Power	31	0.02
		<u>281</u>	<u>0.19</u>
	<b>Russian Federation 0.03% (2016: 0.02%)</b>		
	<b>Basic Materials 0.03% (2016: 0.02%)</b>		
94,000	United Rusal	46	0.03
	<b>Singapore 5.86% (2016: 5.59%)</b>		
	<b>Consumer Goods 0.24% (2016: 0.29%)</b>		
535,300	Golden Agri-Resources	115	0.08
129,700	Wilmar International	243	0.16
		<u>358</u>	<u>0.24</u>
	<b>Consumer Services 0.54% (2016: 0.68%)</b>		
139,400	Comfortdelgro	155	0.10
358,300	Genting International	241	0.16
5,288	Jardine Cycle & Carriage	115	0.08
32,100	Singapore Airlines	182	0.12
85,200	Singapore Press	127	0.08
		<u>820</u>	<u>0.54</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials 3.77% (2016: 3.18%)</b>			
125,600	Ascendas REIT	190	0.13
164,755	CapitaCommercial Trust REIT	158	0.10
119,200	CapitaLand Mall Trust REIT	132	0.09
157,700	CapitaLand REIT	320	0.21
31,000	City Developments	221	0.15
109,935	DBS Holdings	1,383	0.91
185,600	Global Logistic Properties REIT	341	0.23
203,169	Oversea-Chinese Banking	1,336	0.89
43,200	Singapore Exchange	183	0.12
162,000	Suntec REIT	174	0.12
77,021	United Overseas Bank	1,048	0.70
34,848	UOL	174	0.12
		<u>5,660</u>	<u>3.77</u>
<b>Industrials 0.32% (2016: 0.36%)</b>			
40,100	SATS	104	0.07
93,000	Singapore Post	66	0.04
80,400	Singapore Technologies Engineering	155	0.10
14,900	Venture	160	0.11
		<u>485</u>	<u>0.32</u>
<b>Oil &amp; Gas 0.33% (2016: 0.29%)</b>			
89,900	Keppel	372	0.25
33,900	Sembcorp Industries	62	0.04
59,000	Sembcorp Marine	63	0.04
		<u>497</u>	<u>0.33</u>
<b>Telecommunications 0.66% (2016: 0.79%)</b>			
446,700	Singapore Telecommunications	926	0.61
48,250	Starhub	70	0.05
		<u>996</u>	<u>0.66</u>
<b>South Korea 24.32% (2016: 21.45%)</b>			
<b>Basic Materials 1.74% (2016: 1.47%)</b>			
4,027	Hanwha Chemical	82	0.05
920	Honam Petrochemical	228	0.15
3,622	Hyundai Steel	140	0.09
633	Korea Zinc	218	0.14
1,312	Kumho Petro Chemical	61	0.04
2,752	LG Chem	746	0.51
572	LG Chem Preference Shares	100	0.07
1,465	OCI	111	0.07
4,081	Posco	893	0.60
1,366	Samsung Fine Chemicals	37	0.02
		<u>2,616</u>	<u>1.74</u>
<b>Consumer Goods 12.08% (2016: 10.22%)</b>			
1,979	Amorepacific	418	0.28
1,910	Amorepacific	184	0.12
792	Amorepacific Preference Shares	95	0.06
841	Cheil Jedang	105	0.07
394	CJ Cheiljedang	97	0.06
3,421	Coway	223	0.15

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods (continued)</b>			
2,308	Dongsuh	43	0.03
3,803	Hankook Tire	138	0.09
759	Hanssem	87	0.06
3,679	Hite Jinro	66	0.04
4,168	Hyundai Mobis	747	0.50
8,364	Hyundai Motor	902	0.60
1,718	Hyundai Motor Preference Shares	119	0.08
1,656	Hyundai Motor Preference 2nd Shares	126	0.08
1,263	Hyundai Wia	55	0.04
14,984	Kia Motors	356	0.24
6,175	KT&G	440	0.29
5,723	LG Electronics	350	0.23
148	LG Household & Health Care Preference Shares	65	0.04
582	LG Household & Healthcare	460	0.31
28	Lotte Chilsung Beverage	26	0.02
1,713	Lotte Corporation	86	0.06
118	Lotte Confectionery	15	0.01
442	Mando	97	0.06
1,140	NCsoft	326	0.22
831	Netmarble Games	97	0.06
1,073	NHN Entertainment	49	0.03
134	Nong Shim	31	0.02
1,690	Orion	120	0.08
108	Ottogi	55	0.04
5,784	Samsung Electronics	10,706	7.11
1,001	Samsung Electronics Preference Shares	1,505	1.00
		<u>18,189</u>	<u>12.08</u>
<b>Consumer Services 0.62% (2016: 0.67%)</b>			
1,516	BGF Retail	81	0.05
5,295	Cheil Worldwide	74	0.05
1,118	E-Mart	169	0.12
1,581	GS Retail	35	0.02
2,253	Hotel Shilla	118	0.09
798	Hyundai Department Store	49	0.03
4,871	Kangwon Land	112	0.07
3,885	Korean Airlines	83	0.05
506	Lotte Shopping	76	0.05
4,250	Paradise	57	0.04
503	Shinsegae	77	0.05
		<u>931</u>	<u>0.62</u>
<b>Financials 3.09% (2016: 2.93%)</b>			
20,535	BS Financial	137	0.09
22,502	Daewoo Securities	154	0.10
7,954	DGB Financial	56	0.04
3,485	Dongbu Insurance	165	0.11
18,491	Hana Financial	596	0.40
12,240	Hanwha Life Insurance	65	0.04
5,244	Hyundai Marine & Fire Insurance	160	0.11
12,021	Industrial Bank of Korea	124	0.08
24,061	KB Financial	942	0.62

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials (continued)</b>			
1,966	Korea Investment Holdings	84	0.06
2,380	Samsung Card	59	0.04
1,913	Samsung Fire & Marine	350	0.23
3,735	Samsung Life Insurance	339	0.23
4,563	Samsung Securities	109	0.07
27,224	Shinhan Financial	916	0.61
32,192	Woori Bank	355	0.24
3,531	Woori Investment & Securities	33	0.02
		<u>4,644</u>	<u>3.09</u>
<b>Health Care 0.75% (2016: 0.41%)</b>			
4,767	Celltrion	555	0.36
2,530	Celltrion Healthcare	100	0.07
424	Hanmi Pharmaceutical	132	0.09
766	Hanmi Science	47	0.03
897	Samsung BioLogics	231	0.15
511	Yuhan	70	0.05
		<u>1,135</u>	<u>0.75</u>
<b>Industrials 2.39% (2016: 2.43%)</b>			
4,043	Cheil Industries	400	0.27
650	CJ Korea Express	69	0.05
1,143	Daelim Industrial	64	0.04
15,750	Daewoo Engineering & Construction	78	0.05
1,070	Daewoo International	14	0.01
896	Daewoo Shipbuilding & Marine	11	0.01
822	Doosan	74	0.05
10,320	Doosan Infracore	64	0.04
3,303	GS Engineering & Construction	58	0.04
4,242	Hanwha	127	0.08
1,671	Hyosung	151	0.10
120	Hyundai Construction Equipment	30	0.02
37	Hyundai Construction Equipment (Interim Line)^	-	-
7	Hyundai Construction Equipment (Over Subscription)	1	-
3,716	Hyundai Development	100	0.07
3,362	Hyundai Engineering & Construction	86	0.06
938	Hyundai Glovis	95	0.06
1,905	Hyundai Heavy Industries	200	0.13
765	Hyundai Mipo Dockyard	56	0.04
629	Hyundai Robotics	191	0.13
1,873	KEPCO Plant Service & Engineering	52	0.03
392	Keumkang Korea Chemical	103	0.07
3,209	Korea Aerospace Industries	123	0.08
4,938	LG	284	0.19
1,013	LS	54	0.04
3,056	Samsung Electro Mechanics	213	0.14
12,727	Samsung Engineering	104	0.07
18,589	Samsung Heavy Industries	147	0.10
3,394	Samsung SDI	469	0.31
1,837	Samsung Techwin	47	0.03
11,660	SK Networks	52	0.03
1,205	S1	74	0.05
		<u>3,591</u>	<u>2.39</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Oil &amp; Gas 0.58% (2016: 0.52%)</b>		
3,660	Doosan Heavy Industries	43	0.03
3,265	GS Holdings	145	0.10
3,644	SK Innovation	502	0.33
2,174	S-Oil	188	0.12
		<u>878</u>	<u>0.58</u>
	<b>Technology 2.54% (2016: 2.08%)</b>		
2,098	Daum Communications	203	0.13
14,625	LG Display	288	0.19
1,597	Naver	959	0.64
1,906	Samsung	265	0.18
1,812	SK C&C	353	0.23
31,843	SK Hynix	1,758	1.17
		<u>3,826</u>	<u>2.54</u>
	<b>Telecommunications 0.23% (2016: 0.30%)</b>		
8,502	LG Uplus	73	0.05
1,510	SK Telecom	268	0.18
		<u>341</u>	<u>0.23</u>
	<b>Utilities 0.30% (2016: 0.42%)</b>		
16,275	Korea Electric Power	429	0.29
813	Korea Gas	22	0.01
		<u>451</u>	<u>0.30</u>
	<b>Spain 0.13% (2016: 0.09%)</b>		
	<b>Industrials 0.13% (2016: 0.09%)</b>		
6,920	CIMIC	193	0.13
	<b>Taiwan 18.51% (2016: 18.41%)</b>		
	<b>Basic Materials 1.57% (2016: 1.84%)</b>		
750,688	China Steel	460	0.31
53,550	Eternal Materials	41	0.03
34,910	Feng Hsin Iron And Steel	45	0.03
202,430	Formosa Chemicals & Fibre	463	0.31
296,593	Formosa Plastics	680	0.44
330,593	Nan Ya Plastic	613	0.41
55,000	Taiwan Fertilizer	54	0.04
		<u>2,356</u>	<u>1.57</u>
	<b>Consumer Goods 1.50% (2016: 1.53%)</b>		
111,477	Cheng Shin Rubber Industry	166	0.11
15,650	Eclat Textile	141	0.09
255,269	Far Eastern Textile	165	0.11
24,640	Feng Tay Enterprise	84	0.06
57,000	Formosa Taffeta	44	0.03
16,721	Giant Manufacturing	64	0.04
6,000	Largan Precision	856	0.56
190,571	Pou Chen	180	0.12
91,000	Teco Electric & Machinery	64	0.04
62,348	Uni-President China	39	0.03
265,760	Uni-President Enterprises	417	0.28

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods (continued)</b>			
69,846	Yulon Motor	44	0.03
		2,264	1.50
<b>Consumer Services 0.37% (2016: 0.39%)</b>			
136,661	China Airlines	42	0.03
114,216	EVA Airways	42	0.03
24,000	Hotai Motor	210	0.14
37,996	President Chain Store	257	0.17
		551	0.37
<b>Financials 2.85% (2016: 2.77%)</b>			
495,932	Cathay Financial REIT	618	0.41
317,912	Chang Hwa Commercial Bank	129	0.09
840,963	China Development Financial	194	0.13
225,630	China Life Insurance	161	0.11
1,137,418	CTBC Financial	547	0.36
15,578	CTBC Financial (Rights)^	-	-
587,684	E.Sun Financial	269	0.18
583,281	First Financial	283	0.19
441,295	Fubon Financial Holdings	529	0.35
464,940	Hua Nan Financial	192	0.13
673,398	Mega Financial	398	0.26
375,320	Shin Kong Financial	90	0.06
535,317	Sinopac	124	0.08
645,121	Taishin Financial	213	0.14
159,653	Taiwan Business Bank	33	0.02
627,079	Taiwan Cooperative Financial	255	0.17
784,439	Yuanta Financial Holdings	262	0.17
		4,297	2.85
<b>Health Care 0.02% (2016: 0.05%)</b>			
8,000	OBI Pharma	34	0.02
<b>Industrials 2.88% (2016: 2.74%)</b>			
183,872	Asia Cement	123	0.08
44,225	Catcher Technology	353	0.23
126,146	Delta Electronic	457	0.30
170,485	Evergreen Marine	77	0.05
66,444	Foxconn Technology	159	0.11
903,045	Hon Hai Precision Industries	2,526	1.69
116,722	Lite On Technology	124	0.08
205,836	Taiwan Cement	172	0.11
89,763	Taiwan Glass Industry	35	0.02
195,000	Taiwan High Speed Rail	117	0.08
18,495	Taiwan Secom	41	0.03
172,293	Unimicron Technology	74	0.05
200,000	Walsin Lihwa	77	0.05
		4,335	2.88

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Oil &amp; Gas 0.14% (2016: 0.17%)</b>		
82,304	Formosa Petrochemical	216	0.14
	<b>Technology 8.50% (2016: 8.08%)</b>		
131,229	Acer	51	0.03
436,475	Advanced Semiconductor Engineering	396	0.26
27,578	Advantech	142	0.09
39,001	Asustek Computer	254	0.17
576,034	AU Optronics	177	0.12
31,049	Chicony Electronics	59	0.04
233,802	Compal Electronics	129	0.09
75,000	Epistar	91	0.06
153,000	Foxconn International	36	0.02
57,842	HTC	98	0.06
490,796	Innolux	162	0.11
239,245	Inventec	140	0.09
86,846	Mediatek	743	0.49
46,426	Nanya Technology	95	0.06
31,473	Novatek Microelectronics	88	0.06
137,747	Pegatron	268	0.18
158,687	Quanta Computers	281	0.19
29,440	Realtek Semiconductor	83	0.06
111,917	Siliconware Precision	134	0.09
57,716	Synnex Technology	55	0.04
1,449,954	Taiwan Semiconductor Manufacturing	8,797	5.85
18,000	Transcend Information	38	0.03
739,938	United Microelectronic	286	0.19
62,000	Vanguard International Semiconductor	88	0.06
140,951	Wistron	89	0.06
		12,780	8.50
	<b>Telecommunications 0.68% (2016: 0.84%)</b>		
227,031	Chunghwa Telecom	581	0.38
98,432	Far Eastone Telecommunications	174	0.12
100,356	Taiwan Mobile	268	0.18
		1,023	0.68
	<b>United Kingdom 0.70% (2016: 0.62%)</b>		
	<b>Basic Materials 0.70% (2016: 0.62%)</b>		
26,318	Rio Tinto	1,053	0.70
	<b>Financials 0.00% (2016: 0.00%)</b>		
1,436,104	BGP Holdings~	-	-
	<b>United States 0.12% (2016: 0.10%)</b>		
	<b>Consumer Goods 0.03% (2016: 0.03%)</b>		
5,930	Halla Visteon Climate Control	52	0.03
	<b>Financials 0.09% (2016: 0.07%)</b>		
3,139	REA	131	0.09

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Derivatives 0.04% (2016: (0.04%))</b>		
	<b>Futures 0.04% (2016: (0.03%))</b>		
3	HKG Hang Seng Index November 2017^	-	-
9	KFE KOSPI2 Index December 2017	25	0.03
8	SFE SPI 200 Index December 2017	16	0.01
6	SGX MSCI Index November 2017^	-	-
13	SGX MSCI Taiwan Index November 2017	1	-
		<u>42</u>	<u>0.04</u>
	<b>Contracts for Difference 0.00% (2016: 0.00%)§</b>		
	<b>Cross Currency Contracts for Difference 0.00% (2016: 0.00%)§</b>		
21,820	BHP Billiton	<u>11</u>	<u>-</u>
	<b>Equity Contracts for Difference 0.00% (2016: 0.00%)§</b>		
(18,770)	BHP Billiton	(6)	-
(36,940)	Qube	<u>1</u>	<u>-</u>
		<u>(5)</u>	<u>-</u>
	<b>Forward Foreign Exchange Contracts 0.00% (2016: (0.01%))§</b>		
	Buy HKD 910,000 : Sell USD 116,667 November 2017^	-	-
	Buy KRW 1,007,747,000 : Sell USD 890,000 November 2017	9	-
	Buy USD 116,684 : Sell HKD 910,000 November 2017^	-	-
	Buy USD 120,000 : Sell KRW 135,360,000 November 2017	(1)	-
	Buy USD 150,000 : Sell KRW 172,020,000 November 2017	<u>(3)</u>	<u>-</u>
		<u>5</u>	<u>-</u>
	<b>Investment assets including investment liabilities</b>	<b>148,590</b>	<b>98.72</b>
	Other net assets	<u>1,928</u>	<u>1.28</u>
	<b>Total net assets</b>	<b><u>150,518</u></b>	<b><u>100.00</u></b>

^ Due to rounding to nearest £1,000

~ Suspended or delisted securities

§ Unquoted securities

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

## Statement of total return for the year ended 31 October 2017

		2017		2016	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		15,558		39,038
Revenue	3	5,129		4,715	
Expenses	4	(428)		(333)	
Interest payable and similar charges	5	(2)		-	
Net revenue before taxation		4,699		4,382	
Taxation	6	(209)		173	
Net revenue after taxation			4,490		4,555
Total return before distributions			20,048		43,593
Distributions	7		(4,490)		(4,555)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>15,558</b>		<b>39,038</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

		2017		2016	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>145,308</b>		<b>121,167</b>
Amounts receivable on issue of shares		21,812		4,883	
Amounts payable on cancellation of shares		(36,764)		(24,269)	
			(14,952)		(19,386)
Dilution adjustment			190		108
Change in net assets attributable to shareholders from investment activities			15,558		39,038
Retained distributions on accumulation shares			4,414		4,381
<b>Closing net assets attributable to shareholders</b>			<b>150,518</b>		<b>145,308</b>

## Balance sheet as at 31 October 2017

	Note	2017 £000	2016 £000
<b>Assets:</b>			
Investments		148,600	142,688
Current assets:			
Debtors	8	56	363
Cash and bank balances	9	4,551	5,705
<b>Total assets</b>		<b>153,207</b>	<b>148,756</b>
<b>Liabilities:</b>			
Investment liabilities		10	75
Creditors:			
Amounts held at derivative clearing houses and brokers		59	3
Bank overdrafts		2,430	2,802
Other creditors	10	190	568
<b>Total liabilities</b>		<b>2,689</b>	<b>3,448</b>
<b>Net assets attributable to shareholders</b>		<b>150,518</b>	<b>145,308</b>

## Notes to the financial statements for the year ended 31 October 2017

### 1 Accounting policies

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

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2017 £000	2016 £000
Derivative securities	386	55
Forward currency contracts	(153)	(148)
Non-derivative securities	15,413	38,703
Other currency (losses)/gains	(68)	440
Transaction costs	(20)	(12)
<b>Net capital gains</b>	<b>15,558</b>	<b>39,038</b>

### 3 Revenue

	2017 £000	2016 £000
Bank interest	8	7
Overseas dividends	4,577	4,087
Overseas REIT revenue	301	297
Stock dividends	232	249
Stock lending revenue	11	75
<b>Total revenue</b>	<b>5,129</b>	<b>4,715</b>

### 4 Expenses

	2017 £000	2016 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	285	235
GAC*	31	23
	<b>316</b>	<b>258</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	11	13
Safe custody fees	57	48
	<b>68</b>	<b>61</b>
<b>Other expenses:</b>		
Professional fees	44	14
	<b>44</b>	<b>14</b>
<b>Total expenses</b>	<b>428</b>	<b>333</b>

Irrecoverable VAT is included in the above expenses where relevant.

\*The current audit fee, which is levied through the GAC, is £7,458 (2016: £7,240).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2017 £000	2016 £000
Interest payable	1	-
Dividends payable on CFD contracts	1	-
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>-</b>

### 6 Taxation

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

The tax charge/(credit) comprises:

	2017 £000	2016 £000
<b>Current tax</b>		
UK corporation tax	-	10
Double tax relief	-	(10)
Overseas withholding tax	209	(173)
<b>Total tax (note 6b)</b>	<b>209</b>	<b>(173)</b>

#### (b) Factors affecting current tax charge/(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 open ended investment companies (OEICS) of 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Net revenue before taxation	4,699	4,382
Corporation tax at 20% (2016: 20%)	940	876
Effects of:		
Double tax relief	(5)	(10)
Irrecoverable overseas tax	209	(173)
Overseas dividends*	(915)	(817)
Stock dividends*	(46)	(50)
Unused management expenses	26	1
<b>Tax charge/(credit) for the year (note 6a)</b>	<b>209</b>	<b>(173)</b>

\* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

\*\* 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 (2016: 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 £24,987 (2016: nil) 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 in the current or prior year.

The movement in the potential tax asset identified in note (d) may not match the movement shown in 'Unused management expenses' in note (b) due to filing adjustments.



## 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:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interim accumulation	1,791	1,545
Final accumulation	2,623	2,836
	<u>4,414</u>	<u>4,381</u>
Amounts deducted on cancellation of shares	296	228
Amounts received on issue of shares	(220)	(54)
<b>Total distributions</b>	<u><b>4,490</b></u>	<u><b>4,555</b></u>

Details of the distribution per share are set out in the distribution tables on page 87.

### 8 Debtors

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Accrued revenue	49	32
Amounts receivable for issue of shares	-	32
Currency transactions awaiting settlement	-	206
Overseas withholding tax reclaimable	2	3
Sales awaiting settlement	5	90
<b>Total debtors</b>	<u><b>56</b></u>	<u><b>363</b></u>

### 9 Cash and bank balances

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Amounts held at derivative clearing houses and brokers	359	289
Cash and bank balances	4,192	5,416
<b>Total cash and bank balances</b>	<u><b>4,551</b></u>	<u><b>5,705</b></u>

## Notes to the financial statements (continued)

### 10 Other creditors

	2017 £000	2016 £000
Accrued annual management charge	24	22
Accrued Depositary's fee	1	2
Accrued other expenses	9	11
Amounts payable for cancellation of shares	114	147
Currency transactions awaiting settlement	-	206
Purchases awaiting settlement	42	180
<b>Total other creditors</b>	<b>190</b>	<b>568</b>

### 11 Contingent assets, liabilities and commitments

The fund has filed a claim with HM Revenue & Customs ("HMRC") (on the basis of the principles set out in the Franked Investment Income Group Litigation Order (FII GLO)) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim has been filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods. A successful outcome may result in a refund of corporation tax. An asset has not been recognised as the amount receivable is not certain.

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

### 12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party because it provides key management personnel services to 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 75 and 78 and notes 4, 7, 8 and 10 on pages 73 to 74 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) Ltd, as a material shareholder, is a related party holding units comprising 74.21% of the total net assets of the fund as at the year end (2016: 73.95%).

### 13 Shareholders' funds

The fund currently has 3 share classes available; Class Y (Retail with exit charges), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2017 %	2016 %
Class I	0.75	0.75
Class Y	0.75	0.75
Class Z*	0.00	0.00

\*Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

## Notes to the financial statements (continued)

### 13 Shareholders' funds (continued)

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 56 to 57. The distribution per share class is given in the distribution tables on page 87. All share classes have the same rights on winding up.

**Shares reconciliation** for the year ended 31 October 2017

	<b>Class I accumulation</b>	<b>Class Y accumulation</b>	<b>Class Z accumulation</b>
Opening number of shares	4,657,365	9,520,438	27,174,158
Creations during the year	41,481	-	5,192,595
Cancellations during the year	(388,598)	(1,309,353)	(7,797,855)
<b>Closing shares in issue</b>	<b>4,310,248</b>	<b>8,211,085</b>	<b>24,568,898</b>

### 14 Financial derivatives

The fund has used financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, including risk reduction and implementation of investment policies.

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 in respect of derivatives as at 31 October 2017 (2016: nil).

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives held was as follows:

<b>Counterparty</b>	<b>Contracts for difference £000</b>	<b>Forward foreign exchange contracts £000</b>	<b>Futures £000</b>	<b>Total by counterparty £000</b>
Credit Suisse	12	-	-	12
UBS	-	9	42	51
	<b>12</b>	<b>9</b>	<b>42</b>	<b>63</b>

#### 2016

At 31 October 2016 the underlying exposure for the derivatives held was as follows:

<b>Counterparty</b>	<b>Forward foreign exchange contracts £000</b>
BNP Paribas	11
UBS	1
	<b>12</b>

## Notes to the financial statements (continued)

### 15 Stock lending

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

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 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, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or listed equities on eligible markets. 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 102.50% to 110.00% of the value of the stock on loan.

#### 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Deutsche Bank	200	222	Equity
HSBC Bank	952	1,064	Equity
JP Morgan	184	205	Equity
Merrill Lynch	1,232	1,370	Equity
	<b>2,568</b>	<b>2,861</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	13	2	11

## Notes to the financial statements (continued)

### 15 Stock lending (continued)

<b>2016 Counterparty</b>	<b>Total market value of stock on loan £000</b>	<b>Amount of collateral received £000</b>	<b>Type of collateral</b>
Barclays Bank	118	241	Government Bond
Citigroup	3,854	4,256	Equity
Deutsche Bank	417	462	Equity
JP Morgan	95	117	Equity
Merrill Lynch	85	91	Government Bond
	<b>4,569</b>	<b>5,167</b>	

<b>Recipient</b>	<b>Relationship</b>	<b>Gross income £000</b>	<b>Direct and indirect expenses £000</b>	<b>Net income £000</b>
BNP Paribas	Stock lending agent	88	13	75

## Notes to the financial statements (continued)

### 16 Risk

#### Currency risk

The exposure to currency risk is considered significant. The following table details the net exposure of the principle foreign currencies the fund is exposed to, including any instruments used to hedge foreign currencies.

	Investment assets including liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Australian dollar	47,766	574	48,340
Euro	-	1	1
Hong Kong dollar	24,450	423	24,873
Korean won	37,152	89	37,241
New Zealand dollar	1,530	-	1,530
Singapore dollar	8,816	117	8,933
Taiwan dollar	27,780	384	28,164
UK sterling	-	(27)	(27)
US dollar	1,096	367	1,463
<b>Total</b>	<b>148,590</b>	<b>1,928</b>	<b>150,518</b>

	Investment assets including liabilities £000	Other net assets £000	Total net assets £000
<b>2016</b>			
<b>Currency</b>			
Australian dollar	48,675	987	49,662
Hong Kong dollar	24,286	470	24,756
Korean won	31,772	66	31,838
New Zealand dollar	1,755	-	1,755
Singapore dollar	8,255	167	8,422
Taiwan dollar	26,672	598	27,270
UK sterling	-	32	32
US dollar	1,198	375	1,573
<b>Total</b>	<b>142,613</b>	<b>2,695</b>	<b>145,308</b>

#### Interest rate risk

The fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

#### Sensitivity analysis

##### Global exposure

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

	Actual VaR in year			VaR Limit %	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
<b>2017</b>	96.23	103.20	100.02	200.00	48.12	51.60	50.01
<b>2016</b>	98.69	101.96	100.16	200.00	49.35	50.98	50.08

Global exposure calculation basis: Relative VaR

Reference portfolio: FTSE Custom All World Dev Asia Pacific ex Japan Index

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Leverage

The level of leverage arising from the use of derivatives in the investment portfolio is disclosed in the table below as a percentage of the fund's total Net Asset Value. More detail on the disclosure is set out in note 3 of the aggregated notes to the financial statements.

	Minimum	Maximum	Average
	%	%	%
<b>2017</b>	1.31	14.53	6.08
<b>2016</b>	0.92	10.97	3.55

#### 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	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
<b>2017</b>				
Amounts held at derivatives clearing houses and brokers	59	-	-	-
Bank overdrafts	2,430	-	-	-
Derivative financial liabilities	-	4	6	-
Other creditors	-	190	-	-
<b>Total</b>	<b>2,489</b>	<b>194</b>	<b>6</b>	<b>-</b>

	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
<b>2016</b>				
Amounts held at derivatives clearing houses and brokers	3	-	-	-
Bank overdrafts	2,802	-	-	-
Derivative financial liabilities	-	75	-	-
Other creditors	-	568	-	-
<b>Total</b>	<b>2,805</b>	<b>643</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

### 17 Fair value

#### Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS 102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	148,579	-	141,346	51
Level 2	21	10	1,342	24
Level 3	-	-	-	-
	<b>148,600</b>	<b>10</b>	<b>142,688</b>	<b>75</b>



## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2017	2016	2017	2016
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	90	-	90	-
Equities	24,393	6,460	33,762	21,222
<b>Trades in the year before transaction costs</b>	<b>24,483</b>	<b>6,460</b>	<b>33,852</b>	<b>21,222</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	14	3	10	5
<b>Total commissions</b>	<b>14</b>	<b>3</b>	<b>10</b>	<b>5</b>
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	4	1	30	20
<b>Total taxes</b>	<b>4</b>	<b>1</b>	<b>30</b>	<b>20</b>
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	1	-	19	10
<b>Total other expenses</b>	<b>1</b>	<b>-</b>	<b>19</b>	<b>10</b>
<b>Total transaction costs</b>	<b>19</b>	<b>4</b>	<b>59</b>	<b>35</b>
<b>Total net trades in the year after transaction costs</b>	<b>24,502</b>	<b>6,464</b>	<b>33,793</b>	<b>21,187</b>

	Purchases		Sales	
	2017	2016	2017	2016
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	0.06	0.05	0.03	0.02
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	0.02	0.02	0.09	0.09
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	0.06	0.05
<b>Total transaction cost expressed as a percentage of net asset value</b>				
Commissions	0.02	0.01		
Taxes	0.02	0.02		
Other expenses	0.01	0.01		
<b>Total costs</b>	<b>0.05</b>	<b>0.04</b>		

There were no in specie transfers during the year (2016: nil). There were corporate actions of £540,453 during the year (2016: £453,876).

There were direct transaction costs associated with derivatives in the year of £10,297 (2016: £5,886) which is 0.01% of the average net asset value of the fund (2016: 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 31 October 2017 is 0.34% (2016: 0.41%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

On 15 December 2017, the fund changed its name to Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund. There were no other material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 31 October 2017 (in pence per share)

### Interim dividend distribution (accounting date 30 April 2017, paid on 30 June 2016)

Group 1: shares purchased prior to 1 November 2016

Group 2: shares purchased on or after 1 November 2016

	Net revenue	Equalisation	Distribution paid 30/06/17	Distribution paid 30/06/16
<b>Class I accumulation</b>				
Group 1	2.8893	-	2.8893	2.1270
Group 2	2.8893	-	2.8893	2.1270
<b>Class Y accumulation</b>				
Group 1	2.8801	-	2.8801	2.1295
Group 2	2.8801	-	2.8801	2.1295
<b>Class Z accumulation</b>				
Group 1	5.7148	-	5.7148	4.0782
Group 2	2.3710	3.3438	5.7148	4.0782

### Final dividend distribution (accounting date 31 October 2017, paid on 29 December 2017)

Group 1: shares purchased prior to 1 May 2017

Group 2: shares purchased on or after 1 May 2017

	Net revenue	Equalisation	Distribution paid 29/12/17	Distribution paid 30/12/16
<b>Class I accumulation</b>				
Group 1	4.5800	-	4.5800	4.6937
Group 2	2.8022	1.7778	4.5800	4.6937
<b>Class Y accumulation</b>				
Group 1	4.5746	-	4.5746	4.6539
Group 2	4.5746	-	4.5746	4.6539
<b>Class Z accumulation</b>				
Group 1	8.3439	-	8.3439	8.0013
Group 2	1.9695	6.3744	8.3439	8.0013

# Henderson Institutional European Index Opportunities Fund (formerly Henderson Institutional European Enhanced Equity Fund) Authorised Corporate Director's report

## Investment Fund Manager

Henderson Multi Strategy Equities Team

## Other information

On 1 November 2016 Henderson Institutional European Enhanced Equity Fund changed its name to Henderson Institutional European Index Opportunities Fund.

## Investment objective and policy

The fund aims to deliver a return in excess of the FTSE customised Developed Europe ex UK Index, the "reference index", (or such other index as may from time to time replace it) before management fees, while carefully controlling deviation from the reference index.

The fund will invest primarily in shares of European companies included in the reference index. The fund's holdings are principally selected to replicate the components of the reference index. The index will not be identically replicated and this can lead to differences in performance. There are no restrictions on the size of the companies in which the fund may invest.

In addition to seeking to reflect the index, the fund manager will make use of investment strategies aimed at enhancing returns. These seek to generate returns based on differences in the prices of securities issued by, or associated with, companies that form part of the reference index. They can include, but are not limited to, liquidity strategies (investing in 'blocks of stock' at discounted prices), and relative value strategies (taking advantage of differences between the prices of securities related to the same company. Further details explaining the investment strategies are available on the Funds' pages on our website ([www.janushenderson.com](http://www.janushenderson.com))

The fund may invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used by the fund for investment purposes, in achieving the enhancements to the index return and for the purposes of efficient portfolio management.

## Performance summary

	31 Oct 16 - 31 Oct 17 %	31 Oct 15 - 31 Oct 16 %	31 Oct 14 - 31 Oct 15 %	31 Oct 13 - 31 Oct 14 %	31 Oct 12 - 31 Oct 13 %
<b>Henderson Institutional European Index Opportunities Equity Fund*</b>	20.4	20.3	6.1	(0.5)	33.5
<b>FTSE Custom World Dev Europe ex UK Index**</b>	19.2	18.9	5.2	(1.2)	32.5

Source: Henderson Global Investors & FTSE

\* Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of class Z accumulation.

\*\* Customised net dividends reinvested (Market Capitalisation weighted index of Austria, Belgium/Luxembourg, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and Switzerland).

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 31 October 2017

Largest purchases	£000	Largest sales	£000
Bayer Capital 5.625% 22/11/2019	4,066	Telefonica Participacion 4.9% 25/09/2017	4,642
Telefonica	4,029	Nestlé	4,255
Deutsche Wohnen	2,887	Unilever	3,682
Nestlé	2,344	Roche Holdings	3,099
Covestro	2,285	Novartis	3,043
ABN AMRO	2,269	Deutsche Wohnen	2,883
Unilever	2,201	Telecom Italia	2,811
Dong Energy	2,121	Covestro	2,264
Roche Holdings	1,746	Bayer	2,237
Turkcell Iletisim	1,557	Total	2,166
<b>Total purchases</b>	<b>120,139</b>	<b>Total sales</b>	<b>163,736</b>

### Investment review

European equity markets performed strongly over the year, boosted by improving economic growth and rising company earnings amid a backdrop of still-easy monetary policy, which helped to offset elevated geopolitical risks and events. During the year, the fund outperformed its benchmark, with all four strategies contributing positively to this outperformance.

Within the Relative Value strategy, the share class, holding company and convertible sub-strategies all added value. Share class and holding company positions generally benefited as spreads to fair value narrowed over the year. These spreads historically correlate well with a declining risk environment, and given the reduction in overall volatility (weaker fluctuations in prices) during the 12-month period, we would have expected a positive return. Positive contributors included KBC, Henkel and Atlas Copco. As spreads have narrowed, we reduced the capital allocated to these sub-strategies. Within convertibles, we mainly focused on the new issuance in mandatories, given convertibles generally are expensive due to demand from long only convertibles funds. Mandatories are less attractive to those buyers, so tend to come at more attractive prices. Positive contributions included Telecom Italia, Fugro, Bayer and STMicroelectronics.

Secondary trades underpinned a positive return from the Liquidity strategy, with trades from the initial public offering market broadly flat. Activity was muted early in the year under review, with a lower trade count given the political events at the end of 2016. However, activity levels picked up into 2017, which coincided with a high hit ratio for trades. Most positive during the year was German chemical company Covestro, which saw its largest shareholder, Bayer, sell down its post spinoff position three times to fund its acquisition of Monsanto. These blocks came at discounts of between 3–6%. Other positive trades included Spanish bank Banco de Sabadell, German energy company E.ON and Turkish telecommunications company Turkcell.

The Fundamental strategy had a strong end to 2016 as the sector rotation continued out of long duration (a measure of interest rate sensitivity), defensive sectors in to more cyclical sectors. However, this trend saw some reversal early in 2017 as some cyclicals gave back their post US presidential election rally. Moving into the second half of the 12-month period, the strategy performed well following a positive outcome in the French presidential election and solid macroeconomic indicators across the region. Positive contributors were wide ranging, from Austrian insurer Uniqa, which reported strong organic growth as well as being seen to benefit from rising interest rates; German flag carrier Deutsche Lufthansa which saw a halt in industry action alongside a pickup in both demand and pricing; and insulin-focused pharmaceutical company Novo Nordisk, which also saw positive performance for some of its key drugs. Corporate activity was also positive, with Autolive, a Swedish provider of safety systems for autos, announcing plans to explore a possible split of its two main divisions, and Danish payments processor Nets A/S receiving a bid from a private equity consortium at a 27% premium. One of the biggest contributions came from the underweight position in Finnish pharmaceutical company Orion Oyj, which missed guidance as sales suffered due to patents rolling off. This disappointing result, coupled with the high valuation, caused the shares to drop close to 30%; we used this weakness to reduce the underweight position.

The main 'event' in the Event Driven strategy during the year was the position in Syngenta AG, which was finally acquired by ChemChina. Initially, the Syngenta share price suffered as the European regulatory process moved to a Phase 2 review, which was a disappointment with expectations set on an extended Phase 1 approval. The shares recovered strongly, however, as the acquisition moved closer to completion, with both US and European Union competition commissions clearing the merger, and the deal eventually becoming unconditional. During the year, the fund also initiated a new position in Swiss pharmaceutical company Actelion, which Johnson & Johnson agreed to buy for \$30bn.

The outlook for our strategies remains broadly positive, although narrower spreads in Relative Value means less capital is being allocated to that strategy. We expect activity in Liquidity to remain strong as market levels lead investors to trim holdings or raise capital for acquisitions, which in turn should support the Event Driven strategy. Investor rotation into and out of cyclicals and defensive stocks (depending on their economic view) suits our value-range approach that we employ in the Fundamental strategy.

## Comparative tables for the year ended 31 October 2017

### Class I accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	146.80	122.71	116.38
Return before operating charges*	29.76	25.11	7.32
Operating charges	(1.27)	(1.02)	(0.99)
Return after operating charges*	28.49	24.09	6.33
Distributions on accumulation shares	(2.97)	(3.25)	(2.90)
Retained distributions on accumulation shares	2.97	3.25	2.90
Closing net asset value per share	175.29	146.80	122.71
* after direct transaction costs of:	0.01	-	-

### Performance

Return after charges	19.41%	19.63%	5.44%
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### Other information

Closing net asset value (£000s)	11,739	11,041	9,163
Closing number of shares	6,697,152	7,520,677	7,466,611
Operating charges	0.79%	0.80%	0.80%
Direct transaction costs	0.01%	0.00%	0.00%

### Prices

Highest share price (pence)	177.65	148.48	134.84
Lowest share price (pence)	135.83	110.48	114.26

### Class Y accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	201.96	168.82	160.13
Return before operating charges*	40.94	34.55	10.06
Operating charges	(1.75)	(1.41)	(1.37)
Return after operating charges*	39.19	33.14	8.69
Distributions on accumulation shares	(4.08)	(4.47)	(3.99)
Retained distributions on accumulation shares	4.08	4.47	3.99
Closing net asset value per share	241.15	201.96	168.82
* after direct transaction costs of:	0.02	-	-

### Performance

Return after charges	19.40%	19.63%	5.43%
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### Other information

Closing net asset value (£000s)	50,995	51,569	43,107
Closing number of shares	21,146,190	25,534,280	25,534,280
Operating charges	0.79%	0.80%	0.80%
Direct transaction costs	0.01%	0.00%	0.00%

### Prices

Highest share price (pence)	244.41	204.28	185.50
Lowest share price (pence)	186.86	151.99	157.19

## Comparative tables (continued)

	Class Z accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	212.21	176.33	166.23
Return before operating charges*	43.08	35.95	10.19
Operating charges	(0.09)	(0.07)	(0.09)
Return after operating charges*	42.99	35.88	10.10
Distributions on accumulation shares	(5.97)	(5.79)	(5.23)
Retained distributions on accumulation shares	5.97	5.79	5.23
Closing net asset value per share	255.20	212.21	176.33
* after direct transaction costs of:	0.02	-	-
<b>Performance</b>			
Return after charges	20.26%	20.35%	6.08%
<b>Other information</b>			
Closing net asset value (£000s)	391,478	371,655	361,602
Closing number of shares	153,401,005	175,136,923	205,076,932
Operating charges	0.04%	0.04%	0.05%
Direct transaction costs	0.01%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	258.56	214.57	193.10
Lowest share price (pence)	196.47	159.01	163.78

Direct transaction costs 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 and may differ from 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 in 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.

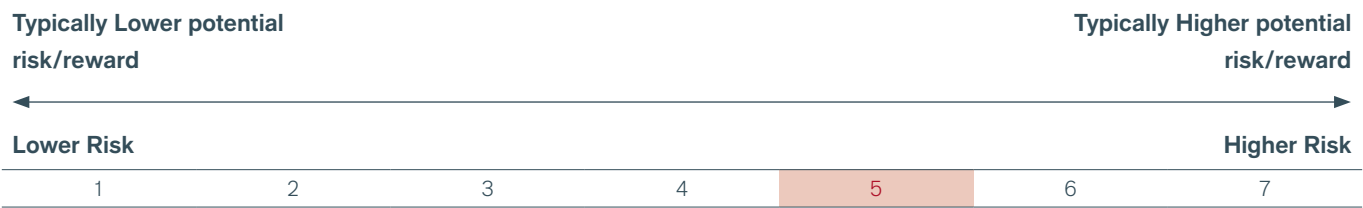
	2017 %	2016 %
<b>Class I</b>	0.79	0.80
<b>Class Y</b>	0.79	0.80
<b>Class Z</b>	0.04	0.04

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



# Risk and reward profile

The fund currently has 3 types of share classes in issue; I accumulation, Y accumulation and Z accumulation. Each type of share has the same risk and reward profile which is as follows:



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 in the fund 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 lowest category does not mean risk free.

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

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

The risk rating decreased from 6 to 5 in the year for all share closes.

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

The SRRI conforms to the European Securities and Markets Authority guidelines for the calculation of the SRRI.

## Portfolio statement as at 31 October 2017

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 86.42% (2016: 87.92%)</b>		
	<b>Austria 0.73% (2016: 0.54%)</b>		
	<b>Basic Materials 0.09% (2016: 0.09%)</b>		
10,213	Voestalpine	422	0.09
	<b>Financials 0.37% (2016: 0.30%)</b>		
6,655	BAWAG	266	0.06
25,829	Erste Bank	836	0.18
12,096	Raiffeisen Bank	319	0.07
33,741	Uniq Insurance	260	0.06
		1,681	0.37
	<b>Industrials 0.07% (2016: 0.07%)</b>		
7,283	Andritz	310	0.07
	<b>Oil &amp; Gas 0.13% (2016: 0.08%)</b>		
12,780	OMV	581	0.13
	<b>Technology 0.07% (2016: 0.00%)</b>		
4,786	AMS	329	0.07
	<b>Belgium 2.64% (2016: 2.97%)</b>		
	<b>Basic Materials 0.28% (2016: 0.26%)</b>		
6,632	Solvay	741	0.16
16,268	Umicore	548	0.12
		1,289	0.28
	<b>Consumer Goods 1.34% (2016: 1.71%)</b>		
66,328	Anheuser-Busch InBev	6,113	1.34
64,992	Anheuser-Busch InBev WPR~	-	-
		6,113	1.34
	<b>Consumer Services 0.08% (2016: 0.13%)</b>		
6,755	Colruyt	260	0.05
2,327	Telenet	121	0.03
		381	0.08
	<b>Financials 0.64% (2016: 0.63%)</b>		
1,908	Ackermans & van Haaren	246	0.05
14,698	Ageas	537	0.12
6,939	Groupe Bruxelles Lambert	561	0.12
20,346	KBC Ancora	913	0.21
9,490	KBC Bank	594	0.13
399	Sofina	45	0.01
		2,896	0.64
	<b>Health Care 0.17% (2016: 0.14%)</b>		
13,811	UCB	757	0.17
	<b>Industrials 0.06% (2016: 0.06%)</b>		
11,873	Bpost	252	0.06

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Telecommunications 0.07% (2016: 0.04%)</b>		
12,477	Belgacom	311	0.07
	<b>China 0.04% (2016: 0.00%)</b>		
	<b>Consumer Goods 0.04% (2016: 0.00%)</b>		
30,070	Pirelli	178	0.04
	<b>Denmark 4.30% (2016: 4.11%)</b>		
	<b>Consumer Goods 0.48% (2016: 0.55%)</b>		
7,684	Carlsberg	661	0.15
15,425	Pandora	1,094	0.23
34,399	Scandinavian Tobacco	438	0.10
		2,193	0.48
	<b>Financials 0.49% (2016: 0.53%)</b>		
61,254	Danske Bank	1,760	0.38
7,118	Jyske Bank	302	0.07
10,380	Tryg	186	0.04
		2,248	0.49
	<b>Health Care 2.01% (2016: 1.89%)</b>		
3,420	Bavarian Nordic	104	0.02
6,970	Chr. Hansen	459	0.10
10,693	Coloplast	708	0.16
4,302	Genmab	652	0.14
5,124	Lundbeck	229	0.05
161,118	Novo Nordisk 'B'	6,045	1.34
21,698	Novozymes	901	0.20
		9,098	2.01
	<b>Industrials 0.70% (2016: 0.68%)</b>		
1,284	A.P. Moller-Maersk 'A'	1,795	0.40
16,133	DSV	941	0.21
13,251	ISS	423	0.09
		3,159	0.70
	<b>Oil &amp; Gas 0.28% (2016: 0.31%)</b>		
18,840	Vestas Wind Systems	1,252	0.28
	<b>Telecommunications 0.08% (2016: 0.09%)</b>		
86,541	TDC	385	0.08
	<b>Utilities 0.26% (2016: 0.06%)</b>		
28,064	Dong Energy	1,183	0.26
	<b>Finland 2.10% (2016: 2.26%)</b>		
	<b>Basic Materials 0.36% (2016: 0.29%)</b>		
38,345	Stora Enso	453	0.10
51,281	UPM-Kymmene	1,163	0.26
		1,616	0.36

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Goods 0.01% (2016: 0.04%)</b>		
1,359	Nokian Renkaat	47	0.01
	<b>Consumer Services 0.06% (2016: 0.08%)</b>		
6,681	Kesko	257	0.06
	<b>Financials 0.35% (2016: 0.39%)</b>		
40,541	Sampo	1,598	0.35
	<b>Health Care 0.01% (2016: 0.00%)</b>		
901	Orion 'B'	28	0.01
	<b>Industrials 0.55% (2016: 0.61%)</b>		
8,652	Huhtamaki	278	0.06
33,862	Kone	1,377	0.30
11,286	Metso	309	0.07
11,470	Wartsila	557	0.12
		2,521	0.55
	<b>Oil &amp; Gas 0.11% (2016: 0.09%)</b>		
11,416	Neste Oil	479	0.11
	<b>Technology 0.43% (2016: 0.53%)</b>		
546,150	Nokia	2,017	0.43
	<b>Telecommunications 0.09% (2016: 0.08%)</b>		
12,863	Elisa	391	0.09
	<b>Utilities 0.13% (2016: 0.15%)</b>		
35,777	Fortum	572	0.13
	<b>France 22.64% (2016: 21.92%)</b>		
	<b>Basic Materials 0.94% (2016: 0.86%)</b>		
383	Air Liquide	37	0.01
36,855	Air Liquide (Prime de Fidélité)	3,530	0.77
5,263	Arkema	501	0.11
3,270	Imerys	224	0.05
		4,292	0.94
	<b>Consumer Goods 4.67% (2016: 4.49%)</b>		
2,972	BIC	236	0.05
925	Christian Dior	239	0.05
51,015	Danone	3,137	0.69
6,544	Faurecia	358	0.08
2,659	Hermes International	1,039	0.23
432	L'Oréal	72	0.02
20,529	L'Oréal (Prime de Fidélité)	3,440	0.76
21,678	LVMH	4,870	1.06
14,389	Michelin	1,567	0.35
18,384	Pernod-Ricard	2,076	0.46
35,838	Peugeot	640	0.14
5,177	Plastic Omnium	162	0.04

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods (continued)</b>			
2,222	Remy Cointreau	217	0.05
17,862	Renault	1,334	0.29
2,907	SEB	408	0.09
5,687	Ubisoft	327	0.07
21,054	Valeo	1,073	0.24
		<u>21,195</u>	<u>4.67</u>
<b>Consumer Services 1.64% (2016: 1.56%)</b>			
17,255	Accor	648	0.14
42,278	Carrefour	641	0.14
5,546	Casino Guichard Perrachon	239	0.05
7,044	Elior	151	0.03
18,087	Eutelsat Communications	341	0.08
7,641	JC Decaux International	220	0.05
5,969	Kering	2,059	0.44
12,484	Lagardère	310	0.07
16,308	Publicis	800	0.18
2,240	Sodexo	214	0.05
98,621	Vivendi	1,845	0.41
		<u>7,468</u>	<u>1.64</u>
<b>Financials 4.08% (2016: 3.81%)</b>			
4,845	Amundi	309	0.07
167,492	AXA	3,811	0.84
94,592	BNP Paribas	5,562	1.22
6,352	CNP Assurances	111	0.02
107,891	Credit Agricole (Prime de Fidélité)	1,417	0.31
1,917	Credit Agricole (Prime de Fidélité 2018)	25	0.01
2,086	Euler Hermes	182	0.04
4,037	Foncière des Régions	310	0.07
3,089	Gecina	377	0.08
2,507	Icade	165	0.04
20,045	Klepierre	600	0.13
82,514	Natixis Banques Populaire	487	0.11
15,478	SCOR	484	0.11
65,550	Société Générale	2,748	0.60
9,348	Unibail-Rodamco	1,761	0.39
1,350	Wendel Investissement	171	0.04
		<u>18,520</u>	<u>4.08</u>
<b>Health Care 2.20% (2016: 2.26%)</b>			
3,570	BioMérieux	211	0.05
18,303	Essilor International	1,744	0.38
2,828	Ipsen	258	0.06
4,515	Orpea	407	0.09
103,677	Sanofi	7,392	1.62
18	Sartorius Stedim Biotech	1	-
		<u>10,013</u>	<u>2.20</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Industrials 4.70% (2016: 4.30%)</b>			
2,644	Aéroports de Paris	335	0.07
50,251	Airbus	3,868	0.86
15,065	Alstom	459	0.10
106,924	Bolloré	389	0.09
612	Bolloré (npv)	2	-
19,032	Bouygues	688	0.15
23,216	Bureau Veritas	468	0.10
42,783	Compagnie de St Gobain	1,890	0.42
273	Dassault Aviation	320	0.07
16,415	Edenred	356	0.08
7,123	Eiffage	560	0.12
13,099	Elis	257	0.06
1,645	Eurazeo	115	0.03
40,350	Eurotunnel	381	0.08
24,351	Legrand	1,361	0.30
26,324	Rexel	354	0.08
25,483	Safran	2,021	0.44
45,909	Schneider Electric	3,038	0.67
3,799	Teleperformance	418	0.09
8,852	Thales	694	0.15
39,995	Vinci	2,948	0.65
19,431	Zodiac Aerospace	418	0.09
		<u>21,340</u>	<u>4.70</u>
<b>Oil &amp; Gas 2.04% (2016: 2.36%)</b>			
6,397	Sodexo (Prime de Fidélité)	612	0.13
206,377	Total	8,663	1.91
		<u>9,275</u>	<u>2.04</u>
<b>Technology 1.04% (2016: 0.89%)</b>			
8,867	Atos Origin	1,038	0.23
12,866	Capgemini	1,177	0.26
11,052	Dassault Systèmes	883	0.19
1,397	Iliad	263	0.06
5,572	Ingenico	407	0.09
54,051	STMicroelectronics	957	0.21
		<u>4,725</u>	<u>1.04</u>
<b>Telecommunications 0.51% (2016: 0.60%)</b>			
186,327	Orange	2,301	0.51
<b>Utilities 0.82% (2016: 0.79%)</b>			
17,435	EDF	172	0.04
5,144	EDF (Prime de Fidélité 2019)	51	0.01
12,547	Électricité de France	124	0.03
131,508	Engie (Prime de Fidélité Majoré)	1,673	0.37
15,601	GDF Suez	199	0.04

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Utilities (continued)</b>		
6,564	Rubis	310	0.07
26,768	Suez Environnement	354	0.08
46,017	Veolia Environnement	821	0.18
		<u>3,704</u>	<u>0.82</u>
	<b>Germany 6.60% (2016: 8.28%)</b>		
	<b>Basic Materials 1.19% (2016: 1.96%)</b>		
14,617	BASF	1,198	0.26
3,261	Bayer	320	0.07
14,737	Brenntag	629	0.14
10,535	Covestro	761	0.17
14,203	Evonik	389	0.09
4,212	Fuchs Petrolub	157	0.03
6,435	Fuchs Petrolub Non-Voting Preference Shares	273	0.06
9,744	K & S	178	0.04
6,113	Lanxess	360	0.08
3,812	Linde	620	0.14
8,899	Symrise	521	0.11
		<u>5,406</u>	<u>1.19</u>
	<b>Consumer Goods 1.71% (2016: 1.92%)</b>		
4,422	Adidas	742	0.16
932	Beiersdorf	79	0.02
5,118	BMW	392	0.09
5,876	BMW Non-Voting Preference Shares	384	0.08
2,054	Continental	392	0.09
13,169	DaimlerChrysler	823	0.18
4,034	Hella	183	0.04
17,105	Henkel	1,617	0.35
6,528	Hugo Boss	441	0.10
20,972	Osram	1,206	0.27
12,952	Porsche Automobil Holdings	708	0.16
6,949	Suedzucker	103	0.02
2,111	Volkswagen	295	0.06
2,839	Volkswagen Non-Voting Preference	388	0.09
		<u>7,753</u>	<u>1.71</u>
	<b>Consumer Services 0.28% (2016: 0.32%)</b>		
5,758	Axel Springer	292	0.06
2,063	Delivery Hero	66	0.01
3,012	Fielmann	198	0.04
11,285	Metro	162	0.04
11,285	Metro	111	0.02
1,150	ProSiebenSat.1 Media	30	0.01
10,671	Zalando	402	0.10
		<u>1,261</u>	<u>0.28</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials 0.97% (2016: 1.32%)</b>			
8,654	Allianz	1,513	0.32
21,261	Commerzbank	219	0.05
25,664	Deutsche Bank	314	0.07
4,408	Deutsche Boerse	343	0.08
26,314	Deutsche Wohnen	844	0.18
1,318	Hannover Rueckversicherungs	124	0.03
7,059	LEG Immobilien	539	0.12
503	Munchener Ruckvers	85	0.02
11,717	Rocket Internet	225	0.05
6,634	Vonovia	219	0.05
		<hr/> 4,425	<hr/> 0.97
<b>Health Care 0.18% (2016: 0.24%)</b>			
5,461	Fresenius	344	0.08
4,947	Fresenius Medical Care	360	0.07
1,415	Merck	114	0.03
		<hr/> 818	<hr/> 0.18
<b>Industrials 1.33% (2016: 1.40%)</b>			
26,031	Deutsche Post	898	0.20
2,676	Fraport	191	0.04
15,392	GEA	558	0.12
3,026	HeidelbergCement	232	0.05
1,586	Hochtief	211	0.05
7,655	Kion	464	0.10
1,277	Man	106	0.02
3,442	MTU Aero Engines	437	0.10
524	Rational	258	0.06
1,896	Sartorius	133	0.03
11,718	Siemens	1,259	0.27
29,910	Thyssenkrupp	602	0.13
9,550	Wirecard	709	0.16
		<hr/> 6,058	<hr/> 1.33
<b>Technology 0.47% (2016: 0.52%)</b>			
20,416	Infineon Technologies	421	0.09
9,011	SAP	771	0.17
14,311	Scout24	432	0.10
10,485	United Internet	499	0.11
		<hr/> 2,123	<hr/> 0.47
<b>Telecommunications 0.21% (2016: 0.33%)</b>			
52,626	Deutsche Telekom	722	0.16
64,914	Telefonica Deutschland	247	0.05
		<hr/> 969	<hr/> 0.21



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Utilities 0.26% (2016: 0.27%)</b>		
20,090	E.ON	178	0.04
8,422	Innogy	294	0.06
20,552	RWE Non-Voting Preference Shares	293	0.06
19,086	Uniper	402	0.10
		<u>1,167</u>	<u>0.26</u>
	<b>Greece 0.00% (2016: 0.00%)</b>		
	<b>Financials 0.00% (2016: 0.00%)</b>		
382,000	National Bank of Greece (Warrants)	1	-
382,000	Piraeus Bank (Warrants)^	-	-
		<u>1</u>	<u>-</u>
	<b>Ireland 0.24% (2016: 0.20%)</b>		
	<b>Consumer Goods 0.07% (2016: 0.08%)</b>		
14,775	Glanbia	215	0.04
1,611	Kerry	122	0.03
		<u>337</u>	<u>0.07</u>
	<b>Financials 0.17% (2016: 0.12%)</b>		
60,550	Allied Irish Bank	271	0.06
108,059	Anglo Irish Bank~	-	-
81,721	Bank of Ireland	482	0.11
		<u>753</u>	<u>0.17</u>
	<b>Italy 5.16% (2016: 4.40%)</b>		
	<b>Consumer Goods 0.51% (2016: 0.39%)</b>		
67,604	Davide Campari	407	0.09
11,186	Ferrari	1,010	0.23
15,826	Luxottica	683	0.15
9,521	Moncler	203	0.04
		<u>2,303</u>	<u>0.51</u>
	<b>Consumer Services 0.00% (2016: 0.04%)</b>		
	<b>Financials 2.17% (2016: 1.58%)</b>		
136,110	Assicurazioni Generali	1,867	0.41
29,836	Banca Mediolanum	191	0.04
115,394	Banco BPM	303	0.07
42,487	FinecoBank	299	0.07
1,087,269	Intesa Sanpaolo	2,752	0.60
100,532	Intesa Sanpaolo di Risp	238	0.05
53,869	Mediobanca	445	0.10
92,648	Poste Italiane	509	0.11
189,127	UniCredit	2,727	0.59
109,265	Unione di Banche Italiane	386	0.09
96,881	UnipolSai Assicurazioni	166	0.04
		<u>9,883</u>	<u>2.17</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Health Care 0.08% (2016: 0.05%)</b>		
9,771	Recordati	342	0.08
	<b>Industrials 0.49% (2016: 0.43%)</b>		
49,849	Atlantia	1,224	0.27
41,847	Enav	149	0.03
34,169	Leonardo	445	0.10
15,101	Prysmian	391	0.09
		2,209	0.49
	<b>Oil &amp; Gas 0.62% (2016: 0.72%)</b>		
210,325	ENI	2,588	0.57
70,421	Saipem	223	0.05
		2,811	0.62
	<b>Telecommunications 0.22% (2016: 0.08%)</b>		
1,029,063	Telecom Italia	672	0.15
605,377	Telecom Italia di Risp	324	0.07
		996	0.22
	<b>Utilities 1.07% (2016: 1.11%)</b>		
132,567	A2A	171	0.04
684,101	Enel	3,195	0.69
50,130	Italgas	221	0.05
230,926	Snam Rete Gas	888	0.20
91,832	Terna	417	0.09
		4,892	1.07
	<b>Luxembourg 0.54% (2016: 0.69%)</b>		
	<b>Basic Materials 0.32% (2016: 0.31%)</b>		
47,590	ArcelorMittal	1,028	0.24
36,360	Tenaris	374	0.08
		1,402	0.32
	<b>Consumer Services 0.13% (2016: 0.25%)</b>		
4,576	RTL	255	0.06
28,730	SES	352	0.07
		607	0.13
	<b>Health Care 0.09% (2016: 0.08%)</b>		
906	Eurofins Scientific	427	0.09
	<b>Industrials 0.00% (2016: 0.05%)</b>		
	<b>Netherlands 5.72% (2016: 5.19%)</b>		
	<b>Basic Materials 0.64% (2016: 0.62%)</b>		
20,893	Akzo Nobel	1,425	0.31
16,219	Koninklijke DSM	1,041	0.23
24,877	OCI	444	0.10
		2,910	0.64

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Goods 0.45% (2016: 0.38%)</b>		
27,617	Heineken	2,027	0.45
	<b>Consumer Services 0.58% (2016: 0.74%)</b>		
115,474	Koninklijke Ahold Delhaize	1,636	0.36
27,517	Wolters Kluwer	1,015	0.22
		<u>2,651</u>	<u>0.58</u>
	<b>Financials 1.75% (2016: 1.37%)</b>		
35,545	ABN AMRO	827	0.18
165,992	Aegon	738	0.16
8,649	ASR Nederland	267	0.06
9,649	Exor	466	0.10
333,682	ING	4,641	1.03
31,898	NN	1,006	0.22
		<u>7,945</u>	<u>1.75</u>
	<b>Health Care 0.78% (2016: 0.00%)</b>		
96,956	Koninklijke Philips	2,973	0.66
21,850	Qiagen	552	0.12
		<u>3,525</u>	<u>0.78</u>
	<b>Industrials 0.25% (2016: 0.85%)</b>		
7,980	Boskalis Westminster	215	0.05
7,000	Philips Lighting	199	0.04
10,983	Randstad	509	0.11
6,700	Vopak	218	0.05
		<u>1,141</u>	<u>0.25</u>
	<b>Technology 0.91% (2016: 0.79%)</b>		
28,467	ASML Holdings	3,865	0.85
8,612	Gemalto	257	0.06
		<u>4,122</u>	<u>0.91</u>
	<b>Telecommunications 0.36% (2016: 0.44%)</b>		
25,088	Altice 'A'	356	0.08
52,636	Altice 'B'	748	0.16
212,851	Koninklijke KPN	553	0.12
		<u>1,657</u>	<u>0.36</u>
	<b>Norway 1.70% (2016: 1.71%)</b>		
	<b>Basic Materials 0.28% (2016: 0.23%)</b>		
127,184	Norsk Hydro	739	0.16
15,208	Yara International	543	0.12
		<u>1,282</u>	<u>0.28</u>
	<b>Consumer Goods 0.22% (2016: 0.28%)</b>		
33,972	Marine Harvest	498	0.11
66,396	Orkla 'A'	488	0.11
		<u>986</u>	<u>0.22</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Services 0.06% (2016: 0.06%)</b>		
4,820	Schibsted	93	0.02
10,375	Schibsted 'B'	183	0.04
		<u>276</u>	<u>0.06</u>
	<b>Financials 0.42% (2016: 0.42%)</b>		
98,362	DNB	1,426	0.31
14,831	Gjensidige Forsikring	210	0.05
39,921	Storebrand	257	0.06
		<u>1,893</u>	<u>0.42</u>
	<b>Health Care 0.07% (2016: 0.05%)</b>		
14,360	William Demant	312	0.07
	<b>Industrials 0.07% (2016: 0.00%)</b>		
17,016	Nets	327	0.07
	<b>Oil &amp; Gas 0.38% (2016: 0.29%)</b>		
29,283	Aker BP	506	0.11
78,720	Statoil	1,198	0.27
		<u>1,704</u>	<u>0.38</u>
	<b>Technology 0.00% (2016: 0.17%)</b>		
9,601	Opera Software	21	-
	<b>Telecommunications 0.20% (2016: 0.21%)</b>		
58,369	Telenor	931	0.20
	<b>Portugal 0.33% (2016: 0.35%)</b>		
	<b>Consumer Services 0.07% (2016: 0.10%)</b>		
23,489	Jeronimo Martins	321	0.07
	<b>Financials 0.00% (2016: 0.00%)</b>		
336,000	Banco Espírito Santo~	-	-
	<b>Oil &amp; Gas 0.14% (2016: 0.12%)</b>		
46,029	Galp Energia	643	0.14
	<b>Utilities 0.12% (2016: 0.13%)</b>		
200,297	Energias de Portugal	538	0.12
	<b>Spain 7.37% (2016: 6.35%)</b>		
	<b>Basic Materials 0.04% (2016: 0.04%)</b>		
17,436	Acerinox	189	0.04
	<b>Consumer Services 0.63% (2016: 0.78%)</b>		
36,985	Distribuidora Internacional de Alimentacion	136	0.03
93,613	Inditex	2,636	0.58
11,405	Mediaset Espanamunicacion	93	0.02
		<u>2,865</u>	<u>0.63</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials 3.16% (2016: 2.73%)</b>			
596,944	Banco Bilbao Vizcaya Argentaria	3,934	0.87
493,847	Banco de Sabadell	744	0.16
355,050	Banco Popular Espanol	99	0.02
1,396,328	Banco Santander	7,132	1.58
1,348,087	Banco Santander (Rights)	48	0.01
101,564	Bankia	365	0.08
56,580	Bankinter	402	0.09
304,987	CaixaBank	1,075	0.24
114,773	Mapfre	283	0.06
24,547	Merlin Properties Socimi	244	0.05
		<hr/> 14,326	<hr/> 3.16
<b>Health Care 0.24% (2016: 0.21%)</b>			
48,900	Grifols ADR	871	0.19
13,573	Grifols 'B' Preference Shares	236	0.05
		<hr/> 1,107	<hr/> 0.24
<b>Industrials 1.10% (2016: 1.08%)</b>			
45,788	Abertis Infraestructuras	746	0.17
3,000	Acciona	187	0.04
16,678	ACS Actividades	495	0.11
4,742	Aena	654	0.14
38,561	Amadeus IT Holdings	1,970	0.44
44,923	Ferrovial	735	0.16
44,923	Ferrovial Emisiones (Rights)	16	-
22,056	Zardoya Otis	180	0.04
		<hr/> 4,983	<hr/> 1.10
<b>Oil &amp; Gas 0.35% (2016: 0.41%)</b>			
24,016	Gamesa	262	0.06
95,098	Repsol	1,342	0.29
		<hr/> 1,604	<hr/> 0.35
<b>Telecommunications 0.71% (2016: 0.02%)</b>			
8,596	Cellnex Telecom	161	0.04
387,740	Telefonica	3,063	0.67
		<hr/> 3,224	<hr/> 0.71
<b>Utilities 1.14% (2016: 1.08%)</b>			
20,276	Enagas	440	0.10
28,650	Endesa	494	0.11
29,746	Gas Natural	479	0.11
506,122	Iberdrola	3,080	0.67
41,000	Red Electrica	683	0.15
		<hr/> 5,176	<hr/> 1.14
<b>Sweden 6.52% (2016: 6.48%)</b>			
<b>Basic Materials 0.22% (2016: 0.12%)</b>			
20,664	Boliden	544	0.11
8,023	SSAB	30	0.01
61,827	Svenska Cellulosa 'B'	436	0.10
		<hr/> 1,010	<hr/> 0.22

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods 0.63% (2016: 0.67%)</b>			
5,038	Autoliv	475	0.10
17,298	Electrolux Series 'B'	461	0.10
52,103	Essity Aktiebolag	1,172	0.26
29,873	Husqvarna 'B'	220	0.05
19,400	Swedish Match	551	0.12
		<u>2,879</u>	<u>0.63</u>
<b>Consumer Services 0.45% (2016: 0.58%)</b>			
81,045	Hennes & Mauritz 'B'	1,531	0.34
9,831	ICA Gruppen	273	0.06
8,543	Modern Times	246	0.05
		<u>2,050</u>	<u>0.45</u>
<b>Financials 2.03% (2016: 2.34%)</b>			
7,264	Fastighets Balder 'B'	142	0.03
42,374	Investor 'B'	1,583	0.35
22,909	Kinnevik 'B'	566	0.12
4,292	Lundbergs 'B'	252	0.06
277,245	Nordea Bank	2,522	0.55
118,004	Skandinaviska Enskilda Banken 'A'	1,094	0.24
133,711	Svenska Handelsbanken 'A'	1,442	0.32
86,389	Swedbank 'A'	1,614	0.36
		<u>9,215</u>	<u>2.03</u>
<b>Health Care 0.12% (2016: 0.12%)</b>			
18,475	Getinge 'B'	274	0.06
24,615	Swedish Orphan Biovitrum	275	0.06
		<u>549</u>	<u>0.12</u>
<b>Industrials 2.30% (2016: 1.89%)</b>			
28,230	Alfa Laval	537	0.12
85,892	Assa Abloy 'B'	1,367	0.30
29,830	Atlas Copco 'A'	986	0.22
64,982	Atlas Copco 'B'	1,944	0.43
114,093	Sandvik	1,569	0.35
32,518	Securitas 'B'	429	0.09
28,114	Skanska	465	0.10
31,402	SKF 'B'	550	0.12
19,044	Trelleborg 'B'	356	0.08
148,165	Volvo 'B'	2,203	0.49
		<u>10,406</u>	<u>2.30</u>
<b>Oil &amp; Gas 0.06% (2016: 0.06%)</b>			
16,214	Lundin	287	0.06
<b>Technology 0.44% (2016: 0.44%)</b>			
266,730	Ericsson 'B'	1,263	0.28
19,159	Hexagon	737	0.16
		<u>2,000</u>	<u>0.44</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Telecommunications 0.27% (2016: 0.26%)</b>			
34,832	Tele2 'B'	334	0.07
259,039	Teliasonera	904	0.20
		<u>1,238</u>	<u>0.27</u>
<b>Switzerland 17.92% (2016: 20.60%)</b>			
<b>Basic Materials 0.48% (2016: 1.18%)</b>			
22,546	Clariant	427	0.09
765	EMS-Chemie	378	0.08
812	Givaudan	1,366	0.31
		<u>2,171</u>	<u>0.48</u>
<b>Consumer Goods 5.05% (2016: 5.41%)</b>			
5,915	Aryzta	141	0.03
241	Barry Callebaut	283	0.06
49,499	CIE Financiere Richemont 'A'	3,440	0.76
10	Lindt & Spruengli	523	0.12
106	Lindt & Spruengli Participation Certificates	462	0.10
269,416	Nestlé	17,067	3.75
4,581	Swatch	260	0.06
2,574	Swatch (Bearer Shares)	760	0.17
		<u>22,936</u>	<u>5.05</u>
<b>Consumer Services 0.14% (2016: 0.47%)</b>			
2,734	Dufry	307	0.07
3,330	Vifor Pharma	323	0.07
		<u>630</u>	<u>0.14</u>
<b>Financials 3.44% (2016: 3.68%)</b>			
3,919	Baloise Holdings	466	0.10
401	Banque Cantonale Vaudoise	217	0.05
216,732	Credit Suisse	2,576	0.57
715	Helvetia	290	0.06
18,327	Julius Baer	817	0.18
2,438	Pargesa	154	0.03
1,621	Partners	821	0.18
2,769	PSP Swiss Property	184	0.04
2,890	Swiss Life	757	0.17
5,709	Swiss Prime Site	367	0.08
26,952	Swiss Reinsurance	1,911	0.42
317,170	UBS	4,065	0.90
13,016	Zurich Insurance	2,994	0.66
		<u>15,619</u>	<u>3.44</u>
<b>Health Care 5.86% (2016: 7.00%)</b>			
8,678	Idorsia	128	0.03
5,879	Lonza	1,177	0.26
211,736	Novartis	13,142	2.89
2,025	Roche	354	0.08
61,271	Roche Participation Certificates	10,670	2.35
4,495	Sonova	611	0.13
1,059	Straumann	557	0.12
		<u>26,639</u>	<u>5.86</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Industrials 2.55% (2016: 2.60%)</b>			
168,509	ABB	3,320	0.73
19,015	Adecco	1,136	0.25
2,896	DKSH Holdings	183	0.04
1,681	Flughafen Zurich 'A'	276	0.06
2,947	Geberit	1,005	0.22
41,452	Holcim	1,763	0.39
5,148	Kuehne Nagel	677	0.15
1,077	Schindler	179	0.04
3,334	Schindler Participation Certificates	569	0.13
387	SGS	720	0.16
189	Sika	1,054	0.23
7,065	VAT	692	0.15
		<u>11,574</u>	<u>2.55</u>
<b>Technology 0.19% (2016: 0.00%)</b>			
12,548	Logitech International	338	0.07
5,925	Temenos	515	0.12
		<u>853</u>	<u>0.19</u>
<b>Telecommunications 0.21% (2016: 0.26%)</b>			
2,790	Sunrise Communications	175	0.04
2,088	Swisscom	795	0.17
		<u>970</u>	<u>0.21</u>
<b>United Kingdom 1.71% (2016: 1.67%)</b>			
<b>Consumer Goods 1.28% (2016: 1.26%)</b>			
95,249	Fiat Chrysler Automobiles	1,240	0.27
103,955	Unilever	4,546	1.01
		<u>5,786</u>	<u>1.28</u>
<b>Consumer Services 0.25% (2016: 0.31%)</b>			
67,857	RELX	1,154	0.25
<b>Industrials 0.18% (2016: 0.10%)</b>			
86,513	CNH Industrial	833	0.18
<b>United States 0.16% (2016: 0.20%)</b>			
<b>Health Care 0.00% (2016: 0.15%)</b>			
<b>Oil &amp; Gas 0.16% (2016: 0.00%)</b>			
34,800	TechnipFMC	711	0.16



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Technology 0.00% (2016: 0.05%)</b>		
	<b>Bonds 1.57% (2016: 2.53%)</b>		
	<b>Germany 1.20% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 1.20% (2016: 0.00%)</b>		
EUR 4,700,000	Bayer Capital 5.625% 22/11/2019	4,921	1.08
EUR 600,000	Deutsche Wohnen 0.60% 05/01/2026	534	0.12
		<u>5,455</u>	<u>1.20</u>
	<b>Italy 0.00% (2016: 0.95%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 0.95%)</b>		
	<b>Netherlands 0.00% (2016: 0.27%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 0.27%)</b>		
	<b>Spain 0.00% (2016: 1.01%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 1.01%)</b>		
	<b>Sweden 0.37% (2016: 0.30%)</b>		
	<b>Fixed Rate Bond 0.37% (2016: 0.30%)</b>		
SEK 16,000,000	SAS 3.625% 01/04/2019	<u>1,666</u>	<u>0.37</u>
	<b>Derivatives 0.72% (2016: 0.20%)</b>		
	<b>Contracts for Difference 0.03% (2016: (0.05%))\$</b>		
	<b>Cross Currency Contracts for Difference 0.01% (2016: (0.03%))\$</b>		
30,897	Unilever	<u>25</u>	<u>0.01</u>
	<b>Equity Contracts for Difference 0.02% (2016: (0.02%))\$</b>		
8,101	AEDAS Homes	(12)	-
(146)	A.P. Moller-Maersk	17	-
4,117	Arkema	17	-
(25,857)	Bayer	111	0.01
(3,121)	Capgemini	(10)	-
(18,466)	Crédit Agricole	9	-
(12,949)	Deutsche Lufthansa	(36)	(0.01)
14,329	Europcar^	-	-
5,567	France Telecom	2	-
14,206	GDF Suez	2	-
(8,192)	Grifols	(19)	-
(2,946)	Henkel	(8)	-
11,511	Kerry 'A'	29	0.01
15,165	Kingspan	(7)	-
1,192	Renault^	-	-
(11,295)	RWE	(20)	-
(378,800)	SAS	<u>34</u>	<u>0.01</u>
		<u>109</u>	<u>0.02</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Futures 0.68% (2016: 0.24%)</b>		
5	EOE Amsterdam Index November 2017	9	-
26	EOP CAC40 10 Euro November 2017	35	0.01
234	EUX DAX Index December 2017	3,506	0.77
(374)	EUX Euro Stoxx50 December 2017	(472)	(0.10)
(6)	EUX Euro-Bobl December 2017	(3)	-
(19)	EUX Euro-Schatz December 2017	(1)	-
(21)	EUX Swiss Market Index December 2017	(16)	-
4	FTSE MIB Index December 2017	13	-
5	MFM IBEX 35 Index November 2017	16	-
23	SSE OMXS30 Index November 2017	7	-
		<u>3,094</u>	<u>0.68</u>
	<b>Swaps (0.01%) (2016: 0.01%)§</b>		
	<b>Credit Default Swaps (0.01%) (2016: 0.01%)§</b>		
1,800,000	CDS 5% 20/03/2019 Scandinavian Pay EUR	<u>(32)</u>	<u>(0.01)</u>
	<b>Forward Foreign Exchange Contracts 0.02% (2016: 0.00%)§</b>		
	Buy CHF 190,250 : Sell EUR 166,149 November 2017	(2)	-
	Buy CHF 245,500 : Sell EUR 214,579 November 2017	(3)	-
	Buy DKK 1,037,000 : Sell EUR 139,336 November 2017^	-	-
	Buy DKK 1,169,750 : Sell EUR 157,199 November 2017^	-	-
	Buy DKK 1,195,750 : Sell EUR 160,664 November 2017^	-	-
	Buy DKK 977,250 : Sell EUR 131,326 November 2017^	-	-
	Buy EUR 2,511,536 : Sell DKK 18,685,750 November 2017^	-	-
	Buy EUR 2,632,759 : Sell CHF 3,011,000 November 2017	34	0.01
	Buy EUR 3,407,978 : Sell SEK 32,629,000 November 2017	56	0.01
	Buy EUR 439,764 : Sell NOK 4,114,000 November 2017	7	-
	Buy EUR 540,985 : Sell TRY 2,309,500 November 2017	20	-
	Buy EUR 557,872 : Sell CHF 652,250 November 2017	(4)	-
	Buy EUR 606,420 : Sell ZAR 9,778,000 November 2017	14	-
	Buy EUR 814,241 : Sell DKK 6,060,000 November 2017^	-	-
	Buy GBP 197,338 : Sell USD 258,330 November 2017	3	-
	Buy NOK 983,000 : Sell EUR 103,468 November 2017^	-	-
	Buy SEK 1,289,000 : Sell EUR 135,041 November 2017	(3)	-
	Buy SEK 2,309,500 : Sell EUR 242,307 November 2017	(5)	-
	Buy TRY 1,741,500 : Sell EUR 394,833 November 2017	(4)	-
	Buy TRY 568,000 : Sell EUR 132,551 November 2017	(4)	-
	Buy ZAR 3,522,250 : Sell EUR 218,220 November 2017	(5)	-
	Buy ZAR 6,255,750 : Sell EUR 385,349 November 2017	(7)	-
		<u>97</u>	<u>0.02</u>
	<b>Investment assets including investment liabilities</b>	<u><b>402,930</b></u>	<u><b>88.71</b></u>
	Other net assets	<u>51,282</u>	<u>11.29</u>
	<b>Total net assets</b>	<u><b>454,212</b></u>	<u><b>100.00</b></u>

^ Due to rounding to nearest £1,000

~ Suspended or delisted securities

§ Unquoted securities

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

## Statement of total return for the year ended 31 October 2017

		2017		2016	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		69,215		65,062
Revenue	3	12,310		13,792	
Expenses	4	(633)		(584)	
Interest payable and similar charges	5	(356)		(250)	
Net revenue before taxation		11,321		12,958	
Taxation	6	(502)		(666)	
Net revenue after taxation			10,819		12,292
Total return before distributions			80,034		77,354
Distributions	7		(10,819)		(12,292)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>69,215</b>		<b>65,062</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

		2017		2016	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>434,265</b>		<b>413,872</b>
Amounts receivable on issue of shares		58,668		25,524	
Amounts payable on cancellation of shares		(118,592)		(82,096)	
			(59,924)		(56,572)
Dilution adjustment			156		148
Change in net assets attributable to shareholders from investment activities			69,215		65,062
Retained distributions on accumulation shares			10,500		11,755
<b>Closing net assets attributable to shareholders</b>			<b>454,212</b>		<b>434,265</b>

## Balance sheet as at 31 October 2017

	Note	2017 £000	2016 £000
<b>Assets:</b>			
Investments		403,603	394,245
Current assets:			
Debtors	8	2,442	3,206
Cash and bank balances	9	56,788	44,844
<b>Total assets</b>		<b>462,833</b>	<b>442,295</b>
<b>Liabilities:</b>			
Investment liabilities		673	572
Creditors:			
Amounts held at derivative clearing houses and brokers		3,698	1,180
Bank overdrafts		2,905	3,685
Other creditors	10	1,345	2,593
<b>Total liabilities</b>		<b>8,621</b>	<b>8,030</b>
<b>Net assets attributable to shareholders</b>		<b>454,212</b>	<b>434,265</b>

## Notes to the financial statements for the year ended 31 October 2017

### 1 Accounting policies

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

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2017 £000	2016 £000
Derivative securities	11,727	5,551
Forward currency contracts	12	(16)
Non-derivative securities	57,416	53,356
Other currency gains	94	6,191
Transaction costs	(34)	(20)
<b>Net capital gains</b>	<b>69,215</b>	<b>65,062</b>

### 3 Revenue

	2017 £000	2016 £000
Bank interest	73	3
Derivative revenue	18	32
Interest on debt securities	413	815
Overseas dividends	10,487	11,348
Stock dividends	1,258	1,317
Stock lending revenue	61	277
<b>Total revenue</b>	<b>12,310</b>	<b>13,792</b>

### 4 Expenses

	2017 £000	2016 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	468	409
GAC*	88	81
	<u>556</u>	<u>490</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	37	46
Safe custody fees	35	34
	<u>72</u>	<u>80</u>
<b>Other expenses:</b>		
Dividend collection charges	-	1
Professional fees	5	13
	<u>5</u>	<u>14</u>
<b>Total expenses</b>	<b>633</b>	<b>584</b>

Irrecoverable VAT is included in the above expenses where relevant.

\*The current audit fee, which is levied through the GAC, is £9,725 (2016: £9,441).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2017 £000	2016 £000
Interest payable	297	201
Dividends payable on CFD contracts	59	49
<b>Total interest payable and similar charges</b>	<b>356</b>	<b>250</b>

### 6 Taxation

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

The tax charge comprises:

	2017 £000	2016 £000
<b>Current tax</b>		
UK corporation tax	-	73
Double tax relief	-	(10)
Overseas withholding tax	502	603
<b>Total tax (note 6b)</b>	<b>502</b>	<b>666</b>

#### (b) Factors affecting current 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 open ended investment companies (OEICS) of 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Net revenue before taxation	11,321	12,958
Corporation tax at 20% (2016: 20%)	2,264	2,592
Effects of:		
Irrecoverable overseas tax	502	603
Overseas dividends*	(2,083)	(2,256)
Stock dividends**	(252)	(263)
Unused management expenses	71	-
Double tax relief	-	(10)
<b>Tax charge for the year (note 6a)</b>	<b>502</b>	<b>666</b>

\* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

\*\*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 (2016: 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 £72,873 (2016: nil) 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 in the current or prior year.

## Notes to the financial statements (continued)

### 7 Distributions

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interim accumulation	5,038	5,969
Final accumulation	5,462	5,786
	<u>10,500</u>	<u>11,755</u>
Amounts deducted on cancellation of shares	699	722
Amounts received on issue of shares	(380)	(185)
<b>Total distributions</b>	<u><b>10,819</b></u>	<u><b>12,292</b></u>

Details of the distribution per share are set out in the distribution tables on page 125.

### 8 Debtors

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Accrued revenue	255	424
Currency transactions awaiting settlement	-	766
Corporation tax recoverable	15	15
Overseas withholding tax reclaimable	1,823	1,550
Sales awaiting settlement	349	451
<b>Total debtors</b>	<u><b>2,442</b></u>	<u><b>3,206</b></u>

### 9 Cash and bank balances

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Amounts held at derivative clearing houses and brokers	5,955	5,381
Cash and bank balances	50,833	39,463
<b>Total cash and bank balances</b>	<u><b>56,788</b></u>	<u><b>44,844</b></u>

## Notes to the financial statements (continued)

### 10 Other creditors

	2017 £000	2016 £000
Accrued annual management charge	40	40
Accrued Depositary's fee	3	4
Accrued other expenses	37	31
Amounts payable for cancellation of shares	360	601
Corporation tax payable	527	527
Derivative interest payable	9	9
Currency transactions awaiting settlement	-	764
Purchases awaiting settlement	369	617
<b>Total other creditors</b>	<b>1,345</b>	<b>2,593</b>

### 11 Contingent assets, liabilities and commitments

The fund has filed a claim with HM Revenue & Customs ("HMRC") (on the basis of the principles set out in the Franked Investment Income Group Litigation Order (FII GLO)) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim has been filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods. A successful outcome may result in a refund of corporation tax. An asset has not been recognised as the amount receivable is not certain.

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

### 12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party because it provides key management personnel services to 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 113 and 116 and notes 4, 7, 8 and 10 on pages 111 to 112 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) Ltd, as a material shareholder, is a related party holding shares comprising 78.07% of the total net assets of the fund as at the year end (2016: 77.44%).

### 13 Shareholders' funds

The fund currently has 3 share classes available; Class I (Institutional), Class Y (Retail with exit charges) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2017 %	2016 %
Class I	0.75	0.75
Class Y	0.75	0.75
Class Z*	0.00	0.00

\* 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 90 to 91. The distribution per share class is given in the distribution tables on page 125. All share classes have the same rights on winding up.



## Notes to the financial statements (continued)

### 13 Shareholders' funds (continued)

**Shares reconciliation** for the year ended 31 October 2017

	<b>Class I accumulation</b>	<b>Class Y accumulation</b>	<b>Class Z accumulation</b>
Opening number of shares	7,520,677	25,534,280	175,136,923
Issues during the year	148,864	-	25,635,059
Cancellations during the year	(972,389)	(4,388,090)	(47,370,977)
<b>Closing shares in issue</b>	<b>6,697,152</b>	<b>21,146,190</b>	<b>153,401,005</b>

### 14 Financial derivatives

The fund has used financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, including risk reduction and implementation of investment policies.

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 in respect of derivatives as at 31 October 2017 (2016: nil).

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives held was as follows:

<b>Counterparty</b>	<b>Cross currency contracts for difference £000</b>	<b>Contracts for difference £000</b>	<b>Forward foreign exchange contracts £000</b>	<b>Futures £000</b>	<b>Total by counterparty £000</b>
BNP Paribas	-	-	34	-	34
Citigroup	-	-	17	-	17
Credit Suisse	25	221	-	-	246
JPM Chase	-	-	83	-	83
UBS	-	-	-	3,586	3,586
	<b>25</b>	<b>221</b>	<b>134</b>	<b>3,586</b>	<b>3,966</b>

#### 2016

At 31 October 2016 the underlying exposure for each category of derivatives was as follows:

<b>Counterparty</b>	<b>Contracts for difference £000</b>	<b>Credit default swaps £000</b>	<b>Forward foreign exchange contracts £000</b>	<b>Futures £000</b>	<b>Total by counterparty £000</b>
BNP Paribas	-	-	62	-	62
Citigroup	-	64	4	-	68
Morgan Stanley	-	-	11	-	11
UBS	145	-	-	1,171	1,316
	<b>145</b>	<b>64</b>	<b>77</b>	<b>1,171</b>	<b>1,457</b>

## Notes to the financial statements (continued)

### 15 Stock lending

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

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 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, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or listed equities on eligible markets. 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 102.50% to 110.00% of the value of the stock on loan.

#### 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
ABN AMRO	389	409	Equity
Citigroup	243	270	Equity
Deutsche Bank	10,343	11,636	Equity
HSBC	2,649	2,961	Equity
ING Bank	1,318	1,470	Equity
JP Morgan	6,964	7,777	Equity
Merrill Lynch	1,365	1,518	Equity
Natixis	5,616	6,240	Equity
Société Générale	2,077	2,308	Equity
	<b>30,964</b>	<b>34,589</b>	

#### 2016

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	72	11	61

## Notes to the financial statements (continued)

### 15 Stock lending (continued)

2016

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
ABN AMRO	150	168	Equity
Citigroup	1,650	1,823	Equity
Deutsche Bank	17,903	19,872	Equity
HSBC	986	1,090	Equity
JP Morgan	8,814	10,848	Equity
Morgan Stanley	7	8	Equity
Natixis	3,106	3,417	Equity
Natixis	1,785	1,875	Government Bond
	<u>4,891</u>	<u>5,292</u>	
Société Générale	518	578	Equity
Société Générale	12,671	13,308	Government Bond
	<u>13,189</u>	<u>13,886</u>	
	<u>47,590</u>	<u>52,987</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	326	49	277

## Notes to the financial statements (continued)

### 16 Risk

#### Currency risk

The exposure to currency risk is considered significant. The following table details the net exposure of the principle foreign currencies the fund is exposed to including any instruments used to hedge foreign currencies.

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Danish krone	17,771	123	17,894
Euro	269,488	49,071	318,559
Norwegian krone	6,805	(270)	6,535
South African rand	-	5	5
Swedish krona	28,729	571	29,300
Swiss franc	79,264	1,857	81,121
Turkish lira	-	25	25
UK sterling	197	(303)	(106)
US dollar	676	203	879
<b>Total</b>	<b>402,930</b>	<b>51,282</b>	<b>454,212</b>

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2016</b>			
<b>Currency</b>			
Danish krone	16,946	(2)	16,944
Euro	256,573	39,047	295,620
Norwegian krone	5,969	88	6,057
Polish zloty	-	20	20
South African rand	-	3	3
Swedish krona	27,384	539	27,923
Swiss franc	86,362	1,092	87,454
Turkish lira	-	1	1
UK sterling	-	(284)	(284)
US dollar	439	88	527
<b>Total</b>	<b>393,673</b>	<b>40,592</b>	<b>434,265</b>

#### Interest rate risk

The fund's exposure to interest rate risk is insignificant. This is consistent with the exposure during the prior year.

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Sensitivity analysis

##### Global exposure

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

	Actual VaR in year			VaR Limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2017	96.89	106.29	99.93	200	48.45	53.15	49.96
2016	86.85	103.50	100.04	200	43.43	51.75	50.02

Global exposure calculation basis: Relative VaR

Reference portfolio: FTSE Custom World Dev Europe ex UK Index

	Minimum	Maximum	Average
	%	%	%
2017	22.79	37.14	26.01
2016	19.95	30.34	22.27

#### 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	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2017				
Amounts held at derivatives clearing houses and brokers	3,698	-	-	-
Bank overdrafts	2,905	-	-	-
Derivative financial liabilities	-	529	144	-
Other creditors	-	1,345	-	-
<b>Total</b>	<b>6,603</b>	<b>1,874</b>	<b>144</b>	<b>-</b>

	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2016				
Amounts held at derivatives clearing houses and brokers	1,180	-	-	-
Bank overdrafts	3,685	-	-	-
Derivative financial liabilities	-	222	350	-
Other creditors	-	2,593	-	-
<b>Total</b>	<b>4,865</b>	<b>2,815</b>	<b>350</b>	<b>-</b>

## Notes to the financial statements (continued)

### 17 Fair value

#### Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS 102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	396,102	492	382,958	166
Level 2	7,501	181	11,287	406
Level 3	-	-	-	-
	<b>403,603</b>	<b>673</b>	<b>394,245</b>	<b>572</b>

## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2017	2016	2017	2016
	£000	£000	£000	£000
<b>Trades for the year</b>				
Debt securities	13,729	9,015	14,946	13,530
Equities	106,319	62,024	148,841	103,641
<b>Trades in the year before transaction costs</b>	<b>120,048</b>	<b>71,039</b>	<b>163,787</b>	<b>117,171</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	46	31	51	38
<b>Total commissions</b>	<b>46</b>	<b>31</b>	<b>51</b>	<b>38</b>
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	8	3	-	-
<b>Total taxes</b>	<b>8</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	37	10	-	-
<b>Total other expenses</b>	<b>37</b>	<b>10</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>91</b>	<b>44</b>	<b>51</b>	<b>38</b>
<b>Total net trades in the year after transaction costs</b>	<b>120,139</b>	<b>71,083</b>	<b>163,736</b>	<b>117,133</b>

	Purchases		Sales	
	2017	2016	2017	2016
	%	%	%	%
<b>Total transaction cost expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	0.04	0.04	0.04	0.03
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	0.03	0.01	-	-
	<b>2017</b>	<b>2016</b>		
	<b>%</b>	<b>%</b>		
<b>Total transaction cost expressed as a percentage of net asset value</b>				
Commissions	0.02	0.02		
Taxes	-	-		
Other expenses	0.01	-		
<b>Total costs</b>	<b>0.03</b>	<b>0.02</b>		

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

There were no in specie transfers during the year (2016: nil). There were corporate actions during the year of £8,226,627 (2016: £6,702,663).

There were direct transaction costs associated with derivatives in the year of £43,615 (2016: £11,156) which is 0.01% of the average net asset value of the fund (2016: 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 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 31 October 2017 is 0.06% (2016: 0.07%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

On 15 December 2017, the fund changed its name to Janus Henderson Institutional European Index Opportunities Fund. There were no other material post Balance sheet events which require disclosure within these financial statements.



## Distribution tables for the year ended 31 October 2017 (in pence per share)

### Interim dividend distribution (accounting date 30 April 2017, paid on 30 June 2017)

Group 1: shares purchased prior to 1 November 2016

Group 2: shares purchased on or after 1 November 2016

	Net revenue	Equalisation	Distribution paid 30/06/17	Distribution paid 30/06/16
<b>Class I accumulation</b>				
Group 1	1.3925	-	1.3925	1.6377
Group 2	0.7101	0.6824	1.3925	1.6377
<b>Class Y accumulation</b>				
Group 1	1.9156	-	1.9156	2.2531
Group 2	1.9156	-	1.9156	2.2531
<b>Class Z accumulation</b>				
Group 1	2.7810	-	2.7810	2.8820
Group 2	1.8166	0.9644	2.7810	2.8820

### Final dividend distribution (accounting date 31 October 2017, paid on 29 December 2017)

Group 1: shares purchased prior to 1 May 2017

Group 2: shares purchased on or after 1 May 2017

	Net revenue	Equalisation	Distribution paid 29/12/17	Distribution paid 30/12/16
<b>Class I accumulation</b>				
Group 1	1.5771	-	1.5771	1.6109
Group 2	0.0356	1.5415	1.5771	1.6109
<b>Class Y accumulation</b>				
Group 1	2.1693	-	2.1693	2.2161
Group 2	2.1693	-	2.1693	2.2161
<b>Class Z accumulation</b>				
Group 1	3.1928	-	3.1928	2.9112
Group 2	0.1531	3.0397	3.1928	2.9112

# Henderson Institutional Japan Index Opportunities Fund (formerly Henderson Institutional Japan Enhanced Equity Fund) Authorised Corporate Director's report

## Investment Fund Manager

Janus Henderson Multi Strategy Team

## Other information

On 1 November 2016 Henderson Institutional Japan Enhanced Equity Fund changed its name to Henderson Institutional Japan Index Opportunities Fund.

## Investment objective and policy

The fund aims to deliver a return in excess of the FTSE customised Japan Index, the "reference index", (or such other index as may from time to time replace it) before management fees, while carefully controlling deviation from the reference index.

The fund will invest primarily in shares of Japanese companies included in the reference index. The fund's holdings are principally selected to replicate the components of the reference index. The index will not be identically replicated and this can lead to differences in performance. There are no restrictions on the size of the companies in which the fund may invest.

In addition to seeking to reflect the index, the fund manager will make use of investment strategies aimed at enhancing returns. These seek to generate returns based on differences in the prices of securities issued by, or associated with, companies that form part of the reference index. They can include, but are not limited to, liquidity strategies (investing in 'blocks of stock' at discounted prices), and relative value strategies (taking advantage of differences between the prices of securities related to the same company. Further details explaining the investment strategies are available on the funds' pages on our website ([www.janushenderson.com](http://www.janushenderson.com)).

The fund may invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used by the fund for investment purposes, in achieving the enhancements to the index return and for the purposes of efficient portfolio management.

## Performance summary

	31 Oct 16 - 31 Oct 17 %	31 Oct 15 - 31 Oct 16 %	31 Oct 14 - 31 Oct 15 %	31 Oct 13 - 31 Oct 14 %	31 Oct 12 - 31 Oct 13 %
<b>Henderson Institutional Japan Index Opportunities Equity Fund*</b>	9.2	31.4	14.5	(0.1)	34.4
<b>FTSE Custom All World Dev Japan Index**</b>	9.0	31.1	14.4	0.0	34.4

Source: Henderson Global Investors & FTSE.

\* Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of class Z accumulation.

\*\* Customised net dividends reinvested in Japan.

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 31 October 2017

Largest purchases	£000	Largest sales	£000
NTT	1,213	Toyota Motor	1,938
Seibu Holdings	821	Mitsubishi UFJ Financial	986
Japan Post	728	Softbank	881
Toyota Motor	694	Seibu Holdings	820
Sumitomo Mitsui Financial	374	Keyence	694
Fujitsu	366	Sumitomo Mitsui Financial	683
Keyence	340	Honda Motor	638
Softbank	321	Takeda Pharmaceutical	527
Renesas Electronics	318	East Japan Railway	518
East Japan Railway	300	KDDI	489
<b>Total purchases</b>	<b>18,904</b>	<b>Total sales</b>	<b>38,465</b>

### Investment review

The FTSE World Japan Index rose by 9.0% in sterling terms over the year to 31 October 2017.

The fund returned 9.2%, outperformed its benchmark index with positive contributions from the Relative Value and Liquidity Strategies.

The Japanese market rose over the year, but suffered bouts of volatility when tensions between the US and North Korea worsened. January brought good news in the form of sharply improving exports, which increased by 5.4% over the year to December and rose again in February. In April, the Bank of Japan (BOJ) raised its fiscal year 2017-2018 growth forecast to 1.6%, and the International Monetary Fund followed suit, upwardly revising its estimate for 2017 GDP expansion to 1.2%. Second quarter GDP growth was revised down from 1.0% to 0.6%, as business spending grew much slower than anticipated. However, it was still the sixth straight quarter of growth. In July, the country struck a free-trade deal with the EU, which is expected to benefit the Japanese automobile sector in particular. In September, the jobless rate held steady at the June level of 2.8% - the lowest figure in 23 years. Inflation reached a 29-month high of 0.7% in August and remained at that level in September, as food prices increased at a faster annualised rate, while housing prices fell.

The yen strengthened in August as investors sought 'safe haven' assets amid heightened tensions between the US and North Korea, but fell in September as these fears eased. The BOJ announced plans to continue stimulating its economy, leaving its policy unchanged, just hours after the US Federal Reserve notified markets of its decision to reverse quantitative easing. In October, the yen weakened further when Prime Minister Shinzo Abe was re-elected in the snap general election, and the BOJ left its policy unchanged again.

## Comparative tables for the year ended 31 October 2017

	Class A accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	186.71	144.22	128.06
Return before operating charges*	17.02	44.83	18.57
Operating charges	(1.32)	(2.34)	(2.41)
Return after operating charges*	15.70	42.49	16.16
Distributions on accumulation shares	(2.08)	(0.86)	-
Retained distributions on accumulation shares	2.08	0.86	-
Closing net asset value per share	202.41	186.71	144.22
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	8.41%	29.46%	12.62%
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### Other information

Closing net asset value (£000s)	8,973	9,718	10,254
Closing number of shares	4,433,113	5,204,951	7,109,768
Operating charges	0.70%	1.54%	1.70%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	205.00	187.27	157.52
Lowest share price (pence)	173.52	124.71	126.40

	Class C accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	215.69	165.00	144.85
Return before operating charges*	19.62	51.69	21.07
Operating charges	(1.23)	(1.00)	(0.92)
Return after operating charges*	18.39	50.69	20.15
Distributions on accumulation shares	(2.63)	(2.75)	(1.69)
Retained distributions on accumulation shares	2.63	2.75	1.69
Closing net asset value per share	234.08	215.69	165.00
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	8.53%	30.72%	13.91%
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### Other information

Closing net asset value (£000s)	88	1,602	1,401
Closing number of shares	37,605	742,762	848,976
Operating charges	0.57%	0.57%	0.57%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	237.15	216.33	179.10
Lowest share price (pence)	200.48	143.14	143.18

## Comparative tables (continued)

### Class I accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	161.10	123.42	108.60
Return before operating charges*	14.74	38.61	15.77
Operating charges	(0.56)	(0.93)	(0.95)
Return after operating charges*	14.18	37.68	14.82
Distributions on accumulation shares	(2.40)	(1.89)	(0.99)
Retained distributions on accumulation shares	2.40	1.89	0.99
Closing net asset value per share	175.28	161.10	123.42
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	8.80%	30.53%	13.65%
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### Other information

Closing net asset value (£000s)	23,449	22,293	15,898
Closing number of shares	13,377,919	13,837,597	12,881,132
Operating charges	0.34%	0.71%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	177.52	161.58	134.14
Lowest share price (pence)	149.77	107.00	107.31

### Class Y accumulation

	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	161.23	123.61	108.77
Return before operating charges*	14.69	38.66	15.80
Operating charges	(1.29)	(1.04)	(0.96)
Return after operating charges*	13.40	37.62	14.84
Distributions on accumulation shares	(1.64)	(1.76)	(1.00)
Retained distributions on accumulation shares	1.64	1.76	1.00
Closing net asset value per share	174.63	161.23	123.61
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	8.31%	30.43%	13.64%
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### Other information

Closing net asset value (£000s)	29,198	28,208	21,627
Closing number of shares	16,719,736	17,495,904	17,495,904
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	176.87	161.70	134.34
Lowest share price (pence)	149.82	107.17	107.48

## Comparative tables (continued)

	Class Z accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	232.28	176.76	154.37
Return before operating charges*	21.30	55.60	22.46
Operating charges	(0.09)	(0.08)	(0.07)
Return after operating charges*	21.21	55.52	22.39
Distributions on accumulation shares	(4.17)	(3.95)	(2.72)
Retained distributions on accumulation shares	4.17	3.95	2.72
Closing net asset value per share	253.49	232.28	176.76
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	9.13%	31.41%	14.50%
<b>Other information</b>			
Closing net asset value (£000s)	128,928	133,670	112,881
Closing number of shares	50,861,908	57,547,271	63,860,225
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	256.71	232.97	191.31
Lowest share price (pence)	216.01	153.57	152.69

Direct transaction costs 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 and may differ from 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 in 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.

	2017 %	2016 %
<b>Class A</b>	0.70	1.54 <sup>1</sup>
<b>Class C</b>	0.57	0.57
<b>Class I</b>	0.34	0.71 <sup>2</sup>
<b>Class Y</b>	0.79	0.79
<b>Class Z</b>	0.04	0.04

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

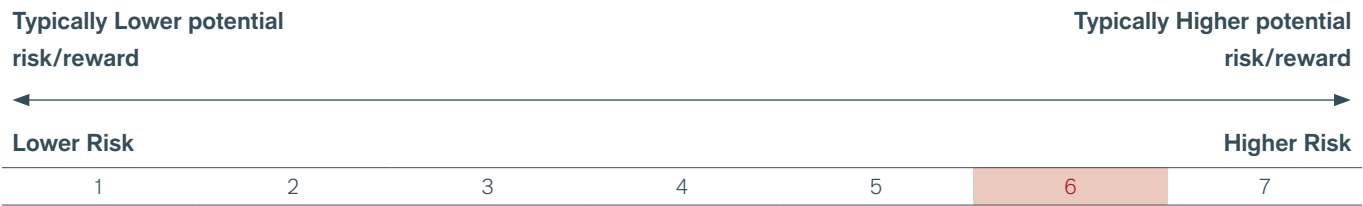
<sup>1</sup> The annual management charge reduced from 1.50% to 0.50% on 1 September 2016

<sup>2</sup> The annual management charge reduced from 0.75% to 0.30% on 1 September 2016



Risk and reward profile

The fund currently has 5 types of share class in issue;  
A accumulation, C accumulation, I accumulation, Y accumulation and Z accumulation. Each type of share class has the same risk and reward profile which is as follows:



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

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

There have been no changes to the risk rating in the year.

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

The SRRI conforms to the European Securities and Markets Authority (ESMA) guidelines for the calculation of the SRRI.

## Portfolio statement as at 31 October 2017

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Equities 97.64% (2016: 98.85%)</b>			
<b>Japan 97.43% (2016: 98.68%)</b>			
<b>Basic Materials 6.64% (2016: 6.02%)</b>			
9,000	Air Water	129	0.07
86,000	Asahi Kasei	780	0.41
16,500	Daicel Chemical Industries	153	0.08
1,500	Daido Steel	71	0.04
4,800	Denki Kagaku Kogyo	120	0.06
4,200	DIC	117	0.06
3,160	Dowa Holdings	99	0.05
8,500	Hitachi Chemical	181	0.09
17,000	Hitachi Metals	165	0.09
31,525	JFE Holdings	505	0.27
13,300	JSR	193	0.10
15,000	Kaneka	93	0.05
13,900	Kansai Paint	268	0.14
24,600	Kobe Steel	155	0.08
24,900	Kuraray	367	0.19
4,300	Maruichi Steel Tube	98	0.05
82,300	Mitsubishi Chemicals	642	0.34
11,000	Mitsubishi Gas Chemical	201	0.11
13,200	Mitsui Chemicals	304	0.16
3,600	Mitsui Mining & Smelting	140	0.07
9,700	Nagase & Company	123	0.06
9,000	Nippon Kayaku	107	0.06
9,900	Nippon Paint	261	0.14
8,300	Nippon Paper	124	0.07
2,600	Nippon Shokubai	146	0.08
48,274	Nippon Steel & Sumitomo Metal	864	0.44
10,000	Nissan Chemical	279	0.15
10,200	Nitto Denko	708	0.37
4,500	NOF	97	0.05
56,000	Oji Paper	245	0.13
27,200	Shin-Etsu Chemical	2,146	1.12
6,200	Showa Denko	155	0.08
91,000	Sumitomo Chemical	478	0.25
14,000	Sumitomo Metal Mining	413	0.22
14,900	Taiyo Nippon Sanso	134	0.07
11,000	Teijin	174	0.09
105,000	Toray Industries	795	0.42
21,000	Tosoh	339	0.18
7,400	Ube Industries	170	0.09
2,100	Yamato Kogyo	42	0.02
8,000	Zeon	80	0.04
		<hr/>	<hr/>
		12,661	6.64
<b>Consumer Goods 23.65% (2016: 25.01%)</b>			
1,100	ABC-Mart	42	0.02
11,300	Aisin Seiki	437	0.23
32,800	Ajinomoto	495	0.26
1,300	Ariake Japan	75	0.04
23,200	Asahi Breweries	793	0.42
13,000	ASICS	149	0.08
41,400	Bridgestone	1,478	0.78

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Goods</b> (continued)		
5,600	Calbee	141	0.07
18,000	Casio Computer	199	0.10
19,400	Citizen	106	0.06
9,325	Coca Cola Bottlers Japan	244	0.13
6,100	Colopl	51	0.03
2,600	Daiichikoshō	92	0.05
44,200	Daiwa House Industries	1,212	0.64
31,400	Denso	1,286	0.67
4,500	Ezaki Glico	187	0.10
39,200	Fuji Heavy Industries	1,010	0.53
3,000	Fuji Oil	61	0.03
7,000	Fujitsu General	100	0.05
30,000	GS Yuasa	113	0.06
114,000	Honda Motor	2,660	1.39
4,800	House Foods	107	0.06
3,900	ITO EN	102	0.05
10,400	Itoham Yonekyu	75	0.04
79,300	Japan Tobacco	1,968	1.03
12,500	Jtekt	154	0.08
5,200	Kagome	130	0.07
31,600	Kao	1,430	0.75
8,800	Kewpie	165	0.09
10,000	Kikkoman	257	0.13
56,900	Kirin Brewery	1,019	0.53
6,800	Koito Manufacturing	339	0.18
5,700	Konami	207	0.11
1,500	Kose	136	0.07
18,000	Lion	259	0.14
16,400	Makita	516	0.27
34,100	Mazda	366	0.19
3,300	Megmilk Snow Brand	69	0.04
8,720	Meiji	535	0.28
44,500	Mitsubishi Motors	266	0.14
2,900	Morinaga	124	0.07
12,600	Namco Bandai	323	0.17
14,800	NGK Spark Plug	251	0.13
14,600	NHK Spring	125	0.07
9,000	Nichirei	174	0.09
3,700	Nifco	181	0.10
22,000	Nikon	312	0.16
7,100	Nintendo	2,060	1.08
12,000	Nippon Meat Packer	259	0.14
86,600	Nissan Motor	630	0.33
14,590	Nisshin Seifun	192	0.10
9,000	Nisshinbo Industries	81	0.04
5,300	Nissin Food Products	250	0.13
5,600	NOK	103	0.05
25,900	NSK	277	0.15
2,100	Paltac	62	0.03
138,217	Panasonic	1,557	0.82
6,900	Pigeon	183	0.10
2,200	Pilot	83	0.04
6,000	Pola Orbis	143	0.07

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods</b> (continued)			
3,100	Rinnai	199	0.10
4,200	Sanrio	52	0.03
5,000	Sapporo Breweries	118	0.06
10,800	Sega Sammy	114	0.06
19,800	Sekisui Chemical	299	0.16
35,100	Sekisui House	491	0.26
8,600	Sharp	204	0.11
5,300	Shimano	543	0.28
25,400	Shiseido	786	0.41
84,222	Sony	2,462	1.29
11,300	Stanley Electric	312	0.16
44,600	Sumitomo Electric Industries	568	0.30
6,000	Sumitomo Forestry	76	0.04
9,500	Sumitomo Rubber	135	0.07
9,400	Suntory Beverage & Food	323	0.17
27,900	Suzuki Motor	1,141	0.60
7,300	Takara	53	0.03
6,300	Tokai Rika	99	0.05
4,500	Toyo Suisan Kaisha	130	0.07
5,400	Toyo Tire & Rubber	91	0.05
6,400	Toyobo	92	0.05
6,200	Toyoda Gosei	113	0.06
4,700	Toyota Boshoku	71	0.04
11,000	Toyota Industries	503	0.26
169,540	Toyota Motor	7,853	4.11
5,200	TS Tech	139	0.07
27,400	Uni-Charm	467	0.24
4,500	Wacoal	96	0.05
5,700	Yakult Honsha	353	0.19
8,900	Yamaha	261	0.14
15,700	Yamaha Motor	350	0.18
9,000	Yamazaki Baking	122	0.06
4,100	Yokohama Rubber	69	0.04
		<hr/> 45,086	<hr/> 23.65
<b>Consumer Services 9.95% (2016: 10.97%)</b>			
41,800	Aeon	485	0.25
1,400	Ain	72	0.04
8,000	All Nippon Airways	230	0.12
3,800	Aoyama Trading	106	0.06
5,100	Autobacs Seven	66	0.03
4,800	Benesse	122	0.06
6,500	Bic Camera	60	0.03
11,800	Central Japan Railway	1,608	0.84
800	Cosmos Pharmaceutical	125	0.07
17,000	Dai Nippon Printing	304	0.16
9,200	Dena	162	0.08
13,700	Dentsu	438	0.23
7,500	Don Quijote	235	0.12
24,600	East Japan Railway	1,789	0.93
4,245	Familymart	181	0.09
3,300	Fast Retailing	821	0.43
16,400	Hakuhodo	170	0.09

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services</b> (continued)			
14,900	Hankyu	434	0.23
3,900	Heiwa	54	0.03
3,200	H.I.S.	80	0.04
4,000	H2O Retailing	55	0.03
25,340	Isetan Mitsukoshi Holdings	206	0.11
2,300	Izumi	89	0.05
17,800	J Front Retailing	197	0.10
8,300	Japan Airlines	213	0.11
12,400	Kakaku.com	128	0.07
7,000	Keihan Electric Railway	160	0.08
17,500	Keikyu	271	0.14
7,600	Keio	248	0.13
7,100	Keisei Electric Railway	160	0.08
12,400	Kintetsu	357	0.19
5,200	KS Holdings	89	0.05
11,700	Kyushu Railway	281	0.15
4,000	Lawson	196	0.10
13,500	Marui	154	0.08
2,200	Matsumotokiyoshi	119	0.06
13,800	M3	308	0.16
12,000	Nagoya Railroad	202	0.11
7,400	Nankai Electric Railway	143	0.08
5,200	Nishi-Nippon Railroad	104	0.05
4,700	Nitori Holdings	512	0.27
22,500	Odakyu Electric Railway	329	0.17
13,200	Oriental Land	792	0.42
6,500	Park24	113	0.06
49,200	Rakuten	394	0.21
4,900	Resorttrust	72	0.04
1,700	Ryohin Keikaku	376	0.20
3,000	Sankyo	73	0.04
14,700	Seibu Holdings	197	0.10
50,347	Seven & I Holdings	1,525	0.80
2,400	Shimachu	51	0.03
1,500	Shimamura	125	0.07
900	Shochiku	101	0.05
7,800	Skylark	88	0.05
3,000	Sotetsu	58	0.03
11,700	Start Today	239	0.13
2,600	Sugi Holdings	99	0.05
4,800	Sundrug	157	0.08
17,000	Takashimaya	117	0.06
14,400	Tobu Railway	316	0.17
9,100	Toho (Film)	226	0.12
33,500	Tokyu	379	0.20
2,500	Tsuruha	232	0.12
15,000	USS	227	0.12
4,000	Welcia	114	0.06
11,500	West Japan Railway	607	0.32
37,400	Yamada Denki	149	0.08
5,400	Zensho	75	0.04
		<u>18,965</u>	<u>9.95</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials 15.05% (2016: 15.47%)</b>		
35,700	Acom	111	0.06
7,100	Aeon Financial Service	114	0.06
9,460	Aeon Mall	126	0.07
30,900	Aiful	80	0.04
9,300	Aozora Bank	273	0.14
21,000	Awa Bank	106	0.06
4,600	Bank of Kyoto	180	0.09
1,400	Century Leasing System	46	0.02
49,000	Chiba Bank	280	0.15
7,400	Chugoka Bank	79	0.04
65,800	Concordia Financial	259	0.14
13,300	Credit Saison	200	0.11
70,800	Dai-ichi Life Insurance	1,005	0.53
3,300	Daishi Bank	121	0.06
4,800	Daito Trust Construction	631	0.33
115,000	Daiwa Securities	537	0.28
35,000	Fukuoka Financial	135	0.07
16,900	Gunma Bank	81	0.04
15,900	Hachijuni Bank	74	0.04
22,500	Hiroshima Bank	142	0.07
10,200	Hokuhoku Financial	126	0.07
20,200	Hulic	156	0.08
8,700	Iida Holdings	125	0.07
24,000	Iyo Bank	154	0.08
1,600	Jafco	59	0.03
33,400	Japan Exchange	449	0.24
89,900	Japan Post	779	0.41
31,800	Japan Post Bank	301	0.16
5,100	Japan Post Insurance	83	0.04
3,300	Juroku Bank	83	0.04
24,000	Keiyo Bank	88	0.05
21,390	Kyushu Financial	102	0.05
14,800	Leopalace21	83	0.04
73,300	Mebuki Financial	228	0.12
74,500	Mitsubishi Estate	1,009	0.53
845,270	Mitsubishi UFJ Financial	4,272	2.25
36,700	Mitsubishi UFJ Lease & Finance	144	0.08
61,000	Mitsui Fudosan	1,062	0.56
1,688,720	Mizuho Financial	2,294	1.20
31,033	MS & AD Insurance	788	0.41
4,000	Nihon M&A Centre	143	0.08
6,600	Nishi-Nippon Financial	57	0.03
210,300	Nomura Holdings	904	0.47
10,900	Nomura Real Estate Holdings	180	0.09
35,000	North Pacific Bank	88	0.05
6,500	NTT Urban Development	50	0.03
30,900	Orient	37	0.02
80,900	Orix	1,040	0.54
6,000	Relo	112	0.06
134,100	Resona	540	0.28
15,000	San-In Godo Bank	103	0.05
16,840	SBIwoldings	198	0.10
15,480	Senshu Ikeda	45	0.02

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials (continued)</b>		
45,400	Seven Bank	125	0.07
24,000	Shiga Bank	103	0.05
13,900	Shinsei Bank	175	0.09
27,000	Shizuoka Bank	196	0.10
25,075	Sompo Japan Nipponkoa	754	0.40
10,100	Sony Financial	125	0.07
85,586	Sumitomo Mitsui Financial	2,563	1.34
22,696	Sumitomo Mitsui Trust Holdings	668	0.35
28,000	Sumitomo Realty & Development	698	0.37
12,500	Suruga Bank	213	0.11
39,656	T&D Holdings	459	0.24
11,500	Tokai Tokyo Financial Holdings	56	0.03
44,100	Tokio Marine Holdings	1,419	0.74
17,000	Tokyo Tatemono	178	0.09
21,600	Tokyu Fudosan Holdings	106	0.06
20,000	Yamaguchi Financial	181	0.10
3,900	Zenkoku Hoshu	120	0.06
5,000	77th Bank	95	0.05
		<hr/> 28,696	<hr/> 15.05
	<b>Health Care 6.48% (2016: 7.56%)</b>		
7,800	Alfresa Holdings	112	0.06
3,900	Asahi Intecc	169	0.09
134,400	Astellas Pharmaceutical	1,344	0.70
14,900	Chugai Pharmaceutical	532	0.28
38,800	Daiichi Sankyo	668	0.35
13,000	Dainippon Sumitomo Pharma	139	0.07
15,700	Eisai	655	0.34
5,600	Hisamitsu Pharmaceutical	231	0.12
2,500	Kaken Pharmaceutical	95	0.05
4,000	Kissei Pharmaceutical	83	0.04
4,200	Kobayashi Pharmaceuticals	182	0.10
2,100	Kyorin	32	0.02
16,000	Kyowa Hakko Kogyo	221	0.12
8,800	Medical	122	0.06
2,200	Miraca	77	0.04
16,600	Mitsubishi Tanabe Pharmaceutical	274	0.14
1,100	Mochida Pharmaceutical	60	0.03
5,100	Nihon Kohden	85	0.04
4,000	Nippon Shinyaku	212	0.11
4,400	Nipro	48	0.03
20,000	Olympus Optical	555	0.29
29,700	Ono Pharmaceutical	511	0.27
26,600	Otsuka	834	0.44
5,600	PeptiDream	133	0.07
8,000	Rohto Pharmaceutical	138	0.07
25,800	Santen Pharmaceutical	307	0.16
2,500	Sawai Pharmaceutical	106	0.06
19,800	Shionogi	798	0.42
5,920	Suzuken	160	0.08
8,400	Sysmex	430	0.23
2,900	Taisho Pharmaceutical	165	0.09
50,400	Takeda Pharmaceutical	2,135	1.12
18,500	Terumo	576	0.30

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Health Care (continued)</b>		
4,600	Topcon	73	0.04
3,100	Tsumura	86	0.05
		<hr/> 12,348 <hr/>	<hr/> 6.48 <hr/>
	<b>Industrials 22.85% (2016: 21.36%)</b>		
3,000	Aica Kogyo	78	0.04
13,400	Alps Electric	305	0.16
21,000	Amada	195	0.10
14,200	Asahi Glass	417	0.22
10,000	Chiyoda	44	0.02
4,100	Comsys	78	0.04
6,800	Daifuku	248	0.13
17,400	Daikin Industries	1,437	0.75
1,600	Disco	277	0.15
8,200	Ebara	220	0.12
12,900	Fanuc	2,253	1.18
2,600	FP	103	0.05
48,000	Fuji Electric	260	0.14
22,000	Fujikura	143	0.08
4,000	Fukuyama Transporting	97	0.05
5,200	Furukawa Electric	237	0.12
5,000	Glory	140	0.07
9,700	Hamamatsu Photonics	235	0.12
22,800	Haseko	248	0.13
21,000	Hino Motors	202	0.11
1,945	Hirose Electric	219	0.11
299,000	Hitachi	1,777	0.93
7,400	Hitachi Construction Machine	189	0.10
2,300	Horiba	102	0.05
3,500	Hoshizaki Electric	248	0.13
24,200	Hoya	984	0.52
9,800	Ibiden	122	0.06
10,500	Ishikawajima Harima Heavy Industries	283	0.15
32,200	Isuzu Motors	352	0.18
91,500	Itochu	1,199	0.63
3,000	Japan Airport Terminal	80	0.04
3,000	Japan Aviation Electronics	41	0.02
5,600	Japan Steel Works	106	0.06
12,000	JGC	150	0.08
63,000	Kajima	490	0.26
7,000	Kamigumi	125	0.07
10,600	Kawasaki Heavy Industries	276	0.14
5,700	Kawasaki Kisen Kai	111	0.06
5,738	Keyence	2,389	1.26
5,000	Kinden	63	0.03
59,500	Komatsu	1,457	0.76
70,700	Kubota	994	0.52
4,600	Kurita Water Industries	109	0.06
21,500	Kyocera	1,073	0.56
2,000	Kyudenko	66	0.03
4,900	Lintec	102	0.05
16,100	Lixil	331	0.17
4,200	Mabuchi Motor	164	0.09



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials</b> (continued)		
7,000	Maeda	66	0.03
5,000	Maeda Road Construction	81	0.04
105,300	Marubeni	528	0.28
26,400	Minebea	361	0.19
16,600	Misumi	340	0.18
84,200	Mitsubishi	1,477	0.77
129,600	Mitsubishi Electric	1,658	0.87
17,400	Mitsubishi Heavy Industries	509	0.27
6,000	Mitsubishi Logistics	116	0.06
7,000	Mitsubishi Materials	199	0.10
104,500	Mitsui	1,169	0.61
7,200	Mitsui Engineering & Shipbuilding	70	0.04
5,800	Mitsui O.S.K. Lines	133	0.07
6,000	Miura	105	0.06
9,000	Mori Seiki	135	0.07
12,400	Murata Manufacturing	1,453	0.76
5,600	Nabtesco	166	0.09
16,200	NGK Insulators	239	0.13
15,300	Nidec	1,520	0.80
3,500	Nippon Electric Glass	107	0.06
5,000	Nippon Express	238	0.12
13,500	Nippon Yusen	213	0.11
24,000	NTN	87	0.05
38,000	Obayashi	372	0.20
3,000	Okuma	137	0.07
12,100	Omron	506	0.27
6,000	OSG	97	0.05
8,000	Persol	149	0.08
76,800	Recruit Holdings	1,413	0.74
5,000	Rengo	25	0.01
2,800	SANKYU	87	0.05
19,100	Sanwa Holdings	179	0.09
13,300	Secom	755	0.40
13,000	Seino	142	0.07
20,000	Shimadzu	311	0.16
33,000	Shimizu	290	0.15
3,700	SMC	1,060	0.56
4,900	Sohgo Security Services	176	0.09
106,200	Sojitz	240	0.13
77,400	Sumitomo	838	0.44
6,200	Sumitomo Heavy Industries	195	0.10
35,000	Sumitomo Osaka Cement	120	0.06
13,000	Tadano	148	0.08
6,800	Taiheiyo Cement	203	0.11
13,400	Taisei	556	0.29
10,000	Taiyo Yuden	130	0.07
6,800	TDK	390	0.20
5,400	THK	147	0.08
10,000	Toda	61	0.03
39,000	Toppan Printing	297	0.16
232,000	Toshiba	506	0.27
9,200	Toto	337	0.18
11,600	Toyo Seikan	152	0.08
16,700	Toyota Tsusho	453	0.24

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials (continued)</b>		
2,900	ULVAC	154	0.08
4,800	Ushio	50	0.03
2,600	Yamatake	85	0.04
20,400	Yamato Holdings	312	0.16
15,700	Yaskawa Electric	420	0.22
19,600	Yokogawa Electric	277	0.15
		<hr/> 43,559	<hr/> 22.85
	<b>Oil &amp; Gas 0.89% (2016: 0.82%)</b>		
5,500	Cosmo Energy	94	0.05
10,000	Idemitsu Kosan	218	0.11
60,300	Inpex	481	0.25
2,300	Japan Petroleum Exploration	35	0.02
200,650	JX Holdings	776	0.41
10,400	Showa Shell Sekiyu	92	0.05
		<hr/> 1,696	<hr/> 0.89
	<b>Technology 5.31% (2016: 4.63%)</b>		
14,000	Advantest	238	0.12
15,800	Brother Industries	287	0.15
64,900	Canon	1,824	0.97
4,200	Capcom	80	0.04
8,200	Cyber Agent	190	0.10
3,400	Dainippon Screen	198	0.10
24,700	Fujifilm	757	0.41
124,000	Fujitsu	721	0.39
5,600	Hitachi High-Technologies	175	0.09
4,600	Hitachi Kokusai Electric	96	0.05
4,000	IT Holdings	93	0.05
4,600	Itochu Techno Solutions	134	0.07
30,200	Konica Minolta	198	0.10
15,200	NEC Electronics	312	0.16
7,271	Nomura Research Institute	231	0.12
47,000	NTT Data	410	0.21
3,900	Obic	193	0.10
2,200	Oracle	139	0.07
2,500	Otsuka	127	0.07
29,900	Renesas Electronics	287	0.15
50,700	Ricoh	351	0.18
6,200	Rohm	429	0.23
2,000	SCSK	64	0.03
17,100	Seiko Epson	305	0.16
5,300	Square Enix	160	0.08
15,200	Sumco	248	0.13
9,700	Tokyo Electron	1,267	0.67
6,800	Trend Micro	272	0.14
97,500	Yahoo! Japan	328	0.17
		<hr/> 10,114	<hr/> 5.31
	<b>Telecommunications 4.89% (2016: 4.76%)</b>		
1,800	Hikari Tsushin	175	0.09
119,200	KDDI	2,386	1.25
45,300	NTT	1,642	0.86
83,600	NTT Docomo	1,518	0.80

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Telecommunications (continued)</b>		
54,600	Softbank	3,598	1.89
		<u>9,319</u>	<u>4.89</u>
	<b>Utilities 1.72% (2016: 2.08%)</b>		
45,159	Chubu Electric Power	436	0.23
22,100	Chugoku Electric Power	185	0.10
13,220	Electric Power Development 'C'	249	0.13
9,000	Hokkaido Electric Power	53	0.03
12,100	Hokuriku Electric Power	80	0.04
43,038	Kansai Electric Power	441	0.23
18,800	Kyushu Electric Power	161	0.08
22,600	Osaka Gas	328	0.17
11,100	Shikoku Electric Power	109	0.06
5,600	Toho Gas	117	0.06
33,300	Tohoku Electric Power	327	0.17
92,800	Tokyo Electric Power	285	0.15
27,400	Tokyo Gas	511	0.27
		<u>3,282</u>	<u>1.72</u>
	<b>South Korea 0.16% (2016: 0.12%)</b>		
	<b>Consumer Goods 0.12% (2016: 0.07%)</b>		
10,900	Nexon	220	0.12
	<b>Technology 0.04% (2016: 0.05%)</b>		
2,700	LINE	83	0.04
	<b>United States 0.05% (2016: 0.05%)</b>		
	<b>Industrials 0.05% (2016: 0.05%)</b>		
4,600	Monotaro	95	0.05
	<b>Bonds 0.18% (2016: 0.00%)</b>		
	<b>Japan 0.18% (2016: 0.00%)</b>		
	<b>Zero / Discount Rate Bond 0.18% (2016: 0.00%)</b>		
JPY 10,000,000	H.I.S. 0.00% 15/11/2024	68	0.04
JPY 20,000,000	Kyushu Electric Power 0.00% 31/03/2020	140	0.07
JPY 20,000,000	Kyushu Electric Power 0.00% 31/03/2022	142	0.07
		<u>350</u>	<u>0.18</u>
	<b>Derivatives 0.15% (2016: 0.07%)</b>		
	<b>Contracts for Difference 0.06% (2016: 0.02%)§</b>		
	<b>Cross Currency Contracts for Difference 0.06% (2016: 0.02%)§</b>		
6,019	Renault	121	0.06
	<b>Futures 0.09% (2016: 0.05%)</b>		
36	OSE TOPIX Index December 2017	165	0.09
	<b>Investment assets</b>	<b>186,760</b>	<b>97.97</b>
	Other net assets	3,876	2.03
	<b>Total net assets</b>	<b>190,636</b>	<b>100.00</b>

§ Unquoted securities

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

## Statement of total return for the year ended 31 October 2017

		2017		2016	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		13,308		44,341
Revenue	3	3,764		4,258	
Expenses	4	(424)		(498)	
Interest payable and similar charges	5	(7)		(2)	
Net revenue before taxation		3,333		3,758	
Taxation	6	(374)		(423)	
Net revenue after taxation			2,959		3,335
Total return before distributions			16,267		47,676
Distributions	7		(2,959)		(3,335)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>13,308</b>		<b>44,341</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

		2017		2016	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>195,491</b>		<b>162,061</b>
Amounts receivable on issue of shares		22,126		46,354	
Amounts payable on cancellation of shares		(43,305)		(60,736)	
			(21,179)		(14,382)
Dilution adjustment			81		148
Change in net assets attributable to shareholders from investment activities			13,308		44,341
Retained distribution on accumulation shares			2,935		3,323
<b>Closing net assets attributable to shareholders</b>			<b>190,636</b>		<b>195,491</b>

## Balance sheet as at 31 October 2017

	Note	2017 £000	2016 £000
<b>Assets:</b>			
Investments		186,760	193,378
Current assets:			
Debtors	8	1,370	1,935
Cash and bank balances	9	2,952	1,509
<b>Total assets</b>		<b>191,082</b>	<b>196,822</b>
<b>Liabilities:</b>			
Creditors:			
Amounts held at derivative clearing houses and brokers		166	91
Bank overdrafts		-	95
Other creditors	10	280	1,145
<b>Total liabilities</b>		<b>446</b>	<b>1,331</b>
<b>Net assets attributable to shareholders</b>		<b>190,636</b>	<b>195,491</b>

## Notes to the financial statements for the year ended 31 October 2017

### 1 Accounting policies

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

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2017 £000	2016 £000
Derivative securities	662	(352)
Forward currency contracts	(4)	230
Non-derivative securities	12,913	44,004
Other currency (losses)/gains	(254)	469
Transaction costs	(9)	(10)
<b>Net capital gains</b>	<b>13,308</b>	<b>44,341</b>

### 3 Revenue

	2017 £000	2016 £000
Bank interest	-	1
Derivative revenue	14	-
Overseas dividends	3,737	4,236
Overseas REIT revenue	1	-
Stock lending revenue	12	21
<b>Total revenue</b>	<b>3,764</b>	<b>4,258</b>

### 4 Expenses

	2017 £000	2016 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	338	418
GAC*	53	49
	<b>391</b>	<b>467</b>

#### Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary fees	15	17
Safe custody fees	16	14
	<b>31</b>	<b>31</b>

#### Other expenses:

Professional fees	2	-
	<b>2</b>	<b>-</b>

### Total expenses

	<b>424</b>	<b>498</b>
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Irrecoverable VAT is included in the above expenses where relevant.

\*The current audit fee, which is levied through the GAC, is £7,458 (2016: £7,240).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2017 £000	2016 £000
Interest payable	6	2
Dividends payable on CFD contracts	1	-
<b>Total interest payable and similar charges</b>	<b>7</b>	<b>2</b>

### 6 Taxation

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

The tax charge comprises:

	2017 £000	2016 £000
<b>Current tax</b>		
Overseas withholding tax	374	423
<b>Total tax (note 6b)</b>	<b>374</b>	<b>423</b>

#### (b) Factors affecting current 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 open ended investment companies (OEICS) of 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Net revenue before taxation	3,333	3,758
Corporation tax at 20% (2016: 20%)	667	752
Effects of:		
Irrecoverable overseas tax	374	423
Overseas dividends*	(748)	(848)
Unused management expenses	81	96
<b>Tax charge for the year (note 6a)</b>	<b>374</b>	<b>423</b>

\* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009. 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 (2016: 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 £690,364 (2016: £609,731) 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 in the current or prior year.

## Notes to the financial statements (continued)

### 7 Distributions

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

	2017 £000	2016 £000
Interim accumulation	1,568	1,691
Final accumulation	1,367	1,632
	<u>2,935</u>	<u>3,323</u>
Amounts deducted on cancellation of shares	92	88
Amounts received on issue of shares	(68)	(76)
<b>Total distributions</b>	<u><b>2,959</b></u>	<u><b>3,335</b></u>

Details of the distribution per share are set out in the distribution tables on page 157.

### 8 Debtors

	2017 £000	2016 £000
Accrued revenue	1,337	1,446
Amounts receivable for issue of shares	24	139
Corporation tax recoverable	2	2
Currency transactions awaiting settlement	-	300
Overseas withholding tax reclaimable	7	8
Sales awaiting settlement	-	40
<b>Total debtors</b>	<u><b>1,370</b></u>	<u><b>1,935</b></u>

### 9 Cash and bank balances

	2017 £000	2016 £000
Amounts held at derivative clearing houses and brokers	202	313
Cash and bank balances	2,750	1,196
<b>Total cash and bank balances</b>	<u><b>2,952</b></u>	<u><b>1,509</b></u>



## Notes to the financial statements (continued)

### 10 Other creditors

	2017 £000	2016 £000
Accrued annual management charge	28	28
Accrued Depositary's fee	2	2
Accrued other expenses	7	9
Amounts payable for cancellation of shares	158	525
Currency transactions awaiting settlement	-	299
Purchases awaiting settlement	85	282
<b>Total other creditors</b>	<b>280</b>	<b>1,145</b>

### 11 Contingent assets, liabilities and commitments

The fund has filed a claim with HM Revenue & Customs ("HMRC") (on the basis of the principles set out in the Franked Investment Income Group Litigation Order (FII GLO)) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim has been filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods. A successful outcome may result in a refund of corporation tax. A contingent asset has not been recognised and the amount receivable is not certain.

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

### 12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party because it provides key management personnel services to 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 144 and 145 and notes 4, 7, 8 and 10 on pages 146 to 149 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) Ltd, as a material shareholder, is a related party holding shares comprising 66.80% of the total net assets of the fund as at the year end (2016: 67.77%).

## Notes to the financial statements (continued)

### 13 Shareholders' funds

The fund currently has 5 share classes available; Class A (Retail with front-end charges), Class C (Institutional), Class I (Institutional), Class Y (Retail with exit charge) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2017	2016
	%	%
Class A	0.50	0.50**
Class C	0.50	0.50
Class I	0.30	0.30***
Class Y	0.75	0.75
Class Z*	0.00	0.00

\* Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

\*\* With effect from 1 September 2016, the annual management charge decreased from 1.50% to 0.50%.

\*\*\* With effect from 1 September 2016, the annual management charge decreased from 0.75% to 0.30%.

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 129 to 131. The distribution per share class is given in the distribution tables on page 157. All share classes have the same rights on winding up.

#### Shares reconciliation for the year ended 31 October 2017

	Class A accumulation	Class C accumulation	Class I accumulation	Class Y accumulation
Opening number of shares	5,204,951	742,762	13,837,597	17,495,904
Issues during the year	44,164	-	2,456,432	995,751
Cancellations during the year	(665,892)	(631,505)	(3,188,031)	(1,771,919)
Shares converted during the year	(150,110)	(73,652)	271,921	-
<b>Closing shares in issue</b>	<b>4,433,113</b>	<b>37,605</b>	<b>13,377,919</b>	<b>16,719,736</b>

	Class Z accumulation
Opening number of shares	57,547,271
Issues during the year	7,157,073
Cancellations during the year	(13,842,436)
Shares converted during the year	-
<b>Closing shares in issue</b>	<b>50,861,908</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund has used financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, including risk reduction and implementation of investment policies.

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 in respect of derivatives as at 31 October 2017 (2016: nil).

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Contracts for difference £000	Futures £000	Total by counterparty £000
Credit Suisse	121	-	121
UBS	-	165	165
	<u>121</u>	<u>165</u>	<u>286</u>

#### 2016

At 31 October 2016 the underlying exposure for each category of derivatives was as follows:

Counterparty	Contracts for difference £000	Futures £000	Total by counterparty £000
UBS	41	91	132
	<u>41</u>	<u>91</u>	<u>132</u>

## Notes to the financial statements (continued)

### 15 Stock lending

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

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 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, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or listed equities on eligible markets. 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 102.50% to 110.00% of the value of the stock on loan.

#### 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Citigroup	1,564	1,741	Equity
Société Générale	42	48	Equity
	<b>1,606</b>	<b>1,789</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	14	2	12

2016 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Citigroup	164	182	Equity
Deutsche Bank	76	84	Equity
Merrill Lynch	91	98	Government Bond
Morgan Stanley	130	150	Equity
	<b>461</b>	<b>514</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	25	4	21

## Notes to the financial statements (continued)

### 16 Risk

#### Currency risk

The exposure to currency risk is considered significant. The following table details the net exposure of the principle foreign currencies the fund is exposed to including any instruments used to hedge foreign currencies.

	Investment assets £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Japanese yen	186,760	3,926	190,686
UK sterling	-	(51)	(51)
US Dollar	-	1	1
<b>Total</b>	<b>186,760</b>	<b>3,876</b>	<b>190,636</b>

	Investment assets £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2016</b>			
<b>Currency</b>			
Japanese yen	193,378	2,137	195,515
UK sterling	-	(26)	(26)
US dollar	-	2	2
<b>Total</b>	<b>193,378</b>	<b>2,113</b>	<b>195,491</b>

#### Interest rate risk

The fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

#### Sensitivity analysis

##### Global exposure

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>2017</b>	97.42	102.13	99.77	200	48.71	51.07	49.88
<b>2016</b>	97.37	101.90	100.06	200	48.69	50.95	50.03

Global exposure calculation basis: Relative VaR.

Reference portfolio: FTSE Custom All World Dev Japan Index

#### Leverage

	Minimum	Maximum	Average
	%	%	%
<b>2017</b>	0.32	5.42	1.85
<b>2016</b>	0.16	4.83	1.61

## 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	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
<b>2017</b>				
Amounts held at derivative clearing house and brokers	166	-	-	-
Other creditors	-	280	-	-
<b>Total</b>	<b>166</b>	<b>280</b>	<b>-</b>	<b>-</b>

	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
<b>2016</b>				
Amounts held at derivatives clearing houses and brokers	91	-	-	-
Bank overdrafts	95	-	-	-
Other creditors	-	1,145	-	-
<b>Total</b>	<b>186</b>	<b>1,145</b>	<b>-</b>	<b>-</b>

### 17 Fair value

#### Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS 102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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)

### 17 Fair value (continued)

#### Fair value hierarchy

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	186,289	-	193,337	-
Level 2	471	-	41	-
Level 3	-	-	-	-
	<u>186,760</u>	<u>-</u>	<u>193,378</u>	<u>-</u>

### 18 Direct transaction costs

	Purchases		Sales	
	2017 £000	2016 £000	2017 £000	2016 £000
<b>Trades in the year</b>				
Debt securities	504	-	146	-
Equities	18,395	37,955	38,330	47,579
<b>Trades in the year before transactions costs</b>	<b>18,899</b>	<b>37,955</b>	<b>38,476</b>	<b>47,579</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Equities	5	10	11	11
<b>Total commissions</b>	<b>5</b>	<b>10</b>	<b>11</b>	<b>11</b>
<b>Taxes</b>				
Equities	-	-	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Equities	-	-	-	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total costs</b>	<b>5</b>	<b>10</b>	<b>11</b>	<b>11</b>
<b>Total net trades in the year after transaction costs</b>	<b>18,904</b>	<b>37,965</b>	<b>38,465</b>	<b>47,568</b>

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

	Purchases		Sales	
	2017	2016	2017	2016
	%	%	%	%
<b>Total transaction cost expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Equities	0.03	0.03	0.03	0.02
<b>Taxes</b>				
Equities	-	-	-	-
<b>Other expenses</b>				
Equities	-	-	-	-
	<b>2017</b>	<b>2016</b>		
	%	%		
<b>Total transaction cost expressed as a percentage of net asset value</b>				
Commissions	0.01	0.01		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>0.01</b>	<b>0.01</b>		

There were no in specie transfers during the year (2016: nil). There were corporate actions of £124,144 during the year (2016: nil).

There were direct transaction costs associated with derivatives in the year of £7,667 (2016: £13,930) which is 0.00% of the average net asset value of the fund (2016: 0.01%).

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 31 October 2017 was 0.16% (2016: 0.16%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

On 15 December 2017, the fund changed its name to Janus Henderson Institutional Japan Index Opportunities Fund. There were no other material post Balance sheet events which require disclosure within these financial statements.



## Distribution tables for the year ended 31 October 2017 (in pence per share)

### Interim dividend distribution (accounting date 30 April 2017, paid on 30 June 2017)

Group 1: shares purchased prior to 1 November 2016

Group 2: shares purchased on or after 1 November 2016

	Distribution per share	Equalisation	Total distribution per share 30/06/17	Total distribution per share 30/06/16
<b>Class A accumulation</b>				
Group 1	1.0902	-	1.0902	0.1690
Group 2	0.5622	0.5280	1.0902	0.1690
<b>Class C accumulation</b>				
Group 1	1.3752	-	1.3752	1.2127
Group 2	1.3752	-	1.3752	1.2127
<b>Class I accumulation</b>				
Group 1	1.2407	-	1.2407	0.7773
Group 2	0.8449	0.3958	1.2407	0.7773
<b>Class Y accumulation</b>				
Group 1	0.8729	-	0.8729	0.7708
Group 2	0.8729	-	0.8729	0.7708
<b>Class Z accumulation</b>				
Group 1	2.1248	-	2.1248	1.7663
Group 2	1.2984	0.8264	2.1248	1.7663

### Final dividend distribution (accounting date 31 October 2017, paid on 29 December 2017)

Group 1: shares purchased prior to 1 May 2017

Group 2: shares purchased on or after 1 May 2017

	Distribution per share	Equalisation	Total distribution per share 29/12/17	Total distribution per share 30/12/16
<b>Class A accumulation</b>				
Group 1	0.9883	-	0.9883	0.6867
Group 2	0.8784	0.1099	0.9883	0.6867
<b>Class C accumulation</b>				
Group 1	1.2512	-	1.2512	1.5384
Group 2	1.2512	-	1.2512	1.5384
<b>Class I accumulation</b>				
Group 1	1.1614	-	1.1614	1.1106
Group 2	1.0113	0.1501	1.1614	1.1106
<b>Class Y accumulation</b>				
Group 1	0.7629	-	0.7629	0.9929
Group 2	0.7629	-	0.7629	0.9929
<b>Class Z accumulation</b>				
Group 1	2.0447	-	2.0447	2.1854
Group 2	1.6053	0.4394	2.0447	2.1854

# Henderson Institutional North American Index Opportunities Fund (formerly Henderson Institutional North American Enhanced Equity Fund) Authorised Corporate Director's report

## Investment Fund Manager

Janus Henderson Multi Strategy Team

## Other information

On 1 November 2016 the Henderson Institutional North American Enhanced Equity Fund changed its name to Henderson Institutional North American Index Opportunities Fund.

## Investment objective and policy

The fund aims to deliver a return in excess of the FTSE customised North America Index, the "reference index", (or such other index as may from time to time replace it) before management fees, while carefully controlling deviation from the reference index.

The fund will invest primarily in shares of North American companies included in the reference index. The fund's holdings are principally selected to replicate the components of the reference index. The index will not be identically replicated and this can lead to differences in performance. There are no restrictions on the size of the companies in which the fund may invest.

In addition to seeking to reflect the index, the fund manager will make use of investment strategies aimed at enhancing returns. These seek to generate returns based on differences in the prices of securities issued by, or associated with, companies that form part of the reference index. They can include, but are not limited to, liquidity strategies (investing in 'blocks of stock' at discounted prices), and relative value strategies (taking advantage of differences between the prices of securities related to the same company. Further details explaining the investment strategies are available on the funds' pages on our website ([www.janushenderson.com](http://www.janushenderson.com))

The fund may invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used by the fund for investment purposes, in achieving the enhancements to the index return and for the purposes of efficient portfolio management.

## Performance summary

	31 Oct 16- 31 Oct 17 %	31 Oct 15- 31 Oct 16 %	31 Oct 14- 31 Oct 15 %	31 Oct 13- 31 Oct 14 %	31 Oct 12- 31 Oct 13 %
<b>Henderson Institutional North American Index Opportunities Fund*</b>	13.2	32.0	6.9	16.3	26.2
<b>FTSE Custom All World Dev North America Index**</b>	13.2	31.9	6.8	16.3	26.0

Source: Henderson Global Investors & FTSE.

\* Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of class Z accumulation.

\*\* Customised net dividends re-invested (Market Capitalisation on weighted Index of United States of America and Canada).

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 31 October 2017

Largest purchases	£000	Largest sales/maturities	£000
Apple	1,941	Apple	3,865
Microsoft	1,693	Microsoft	2,956
Amazon.com	1,646	USG 6.3% 15/11/2016	2,453
Liberty Media 'C'	1,639	Amazon.com	2,293
Extended Stay America	1,521	Johnson & Johnson	2,225
Performance Food	1,446	Bank of America	1,929
Hilton Worldwide	1,371	Wells Fargo	1,755
Facebook	1,365	Liberty Media 'C'	1,680
EnSCO Jersey Finance 3% 31/01/2024	1,274	Facebook	1,634
Johnson & Johnson	1,258	Exxon Mobil	1,538
<b>Total purchases</b>	<b>115,014</b>	<b>Total sales/maturities</b>	<b>162,152</b>

### Investment review

The FTSE World North America Index delivered a total return of 13.2% over the year to 31 October 2017. The fund returned 13.2%, performed in line with its benchmark index during the year, with positive contributions from the Relative Value and Event Driven strategies offset by negative returns in the Liquidity strategy.

The market advanced notably following November's presidential election. The result in favour of Donald Trump pushed equities higher as hopes were high that the new president's tax-reform plans and reflationary policies would come to fruition. The US Federal Reserve (Fed) raised interest rates in December due to encouraging economic data and rising inflation in late 2016, and signalled that further rates would be likely in the new year. However, optimism was dampened by airstrikes in Syria, tensions with North Korea and questions about the president's ties to Russia during the 2016 election season. The annualised GDP growth rate slowed during the winter months but rose to 3.1% in the second quarter of 2017, falling slightly to 3.0% in the third quarter. Rising petrol prices caused the inflation rate to rise to 2.7% over the year to February, a near five-year high. The figure subsequently fell but rebounded to a five-month high of 2.2% in September as energy prices rose. Industrial production in September recovered from an eight-year low in August, and initial jobless claims were at their lowest level since 1973 in mid-October. The Fed raised interest rates again in March and June; it left rates unchanged at the September Federal Open Market Committee meeting, but signalled a likely further rate hike this year and a near term reduction in quantitative easing.

## Comparative tables for the year ended 31 October 2017

	Class A accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	1,204.06	923.27	875.28
Return before operating charges*	160.60	296.34	63.73
Operating charges	(9.07)	(15.55)	(15.74)
Return after operating charges*	151.53	280.79	47.99
Distributions on accumulation shares	(14.78)	(7.65)	(5.25)
Retained distributions on accumulation shares	14.78	7.65	5.25
Closing net asset value per share	1,355.59	1,204.06	923.27
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	12.58%	30.41%	5.48%
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### Other information

Closing net asset value (£000s)	22,751	23,244	22,790
Closing number of shares	1,678,282	1,930,481	2,468,398
Operating charges	0.70%	1.53%	1.70%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	1,365.04	1,219.19	996.98
Lowest share price (pence)	1,155.67	855.61	841.35

	Class I accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	1,350.06	1,028.47	967.95
Return before operating charges*	179.11	329.71	68.64
Operating charges	(4.95)	(8.12)	(8.12)
Return after operating charges*	174.16	321.59	60.52
Distributions on accumulation shares	(20.63)	(15.89)	(13.30)
Retained distributions on accumulation shares	20.63	15.89	13.30
Closing net asset value per share	1,524.22	1,350.06	1,028.47
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	12.90%	31.27%	6.25%
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### Other information

Closing net asset value (£000s)	49,168	42,371	30,316
Closing number of shares	3,225,790	3,138,404	2,947,715
Operating charges	0.34%	0.70%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	1,535.90	1,366.81	1,106.11
Lowest share price (pence)	1,295.85	955.07	935.96

## Comparative tables (continued)

	Class Y accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	252.68	192.61	181.28
Return before operating charges*	33.69	61.76	12.85
Operating charges	(2.12)	(1.69)	(1.52)
Return after operating charges*	31.57	60.07	11.33
Distributions on accumulation shares	(2.88)	(2.82)	(2.49)
Retained distributions on accumulation shares	2.88	2.82	2.49
Closing net asset value per share	284.25	252.68	192.61
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	12.49%	31.19%	6.25%
<b>Other information</b>			
Closing net asset value (£000s)	68	61	46
Closing number of shares	24,131	24,131	24,131
Operating charges	0.78%	0.79%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	286.22	255.86	207.15
Lowest share price (pence)	242.52	178.86	175.28
	Class Z accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	372.77	282.41	264.20
Return before operating charges*	49.26	90.49	18.32
Operating charges	(0.16)	(0.13)	(0.11)
Return after operating charges*	49.10	90.36	18.21
Distributions on accumulation shares	(6.66)	(6.10)	(5.33)
Retained distributions on accumulation shares	6.66	6.10	5.33
Closing net asset value per share	421.87	372.77	282.41
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	13.17%	32.00%	6.89%
<b>Other information</b>			
Closing net asset value (£000s)	392,020	393,389	363,665
Closing number of shares	92,924,083	105,529,912	128,772,147
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	425.35	377.29	302.73
Lowest share price (pence)	357.76	262.70	256.73

Direct transaction costs 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 and may differ from 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 in 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.

	<b>2017</b> %	<b>2016</b> %
<b>Class A</b>	0.70	1.53 <sup>1</sup>
<b>Class I</b>	0.34	0.70 <sup>2</sup>
<b>Class Y</b>	0.78	0.79
<b>Class Z</b>	0.04	0.04

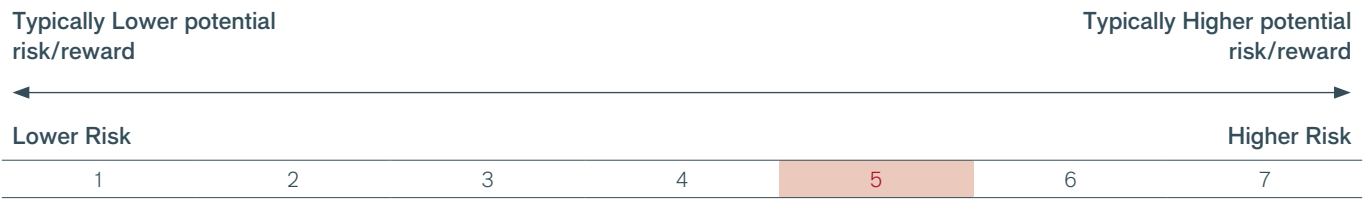
The OCF is calculated in accordance with guidelines issued by the European Securities and Markets Authority (ESMA).

<sup>1</sup>The annual management charge on class A reduced from 1.50% to 0.50% on 1 September 2016.

<sup>2</sup>The annual management charge on class I reduced from 0.75% to 0.30% on 1 September 2016.

# Risk and reward profile

The fund currently has 4 types of share class in issue;  
A accumulation, I accumulation, Y accumulation and Z accumulation. Each type of share class has the same risk and reward profile which is as follows:



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 in the fund 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 share class appears at 5 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

There have been no changes to the risk rating in the year.

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

The SRRI conforms to the European Securities and Markets Authority (ESMA) guidelines for the calculation of the SRRI.



## Portfolio statement as at 31 October 2017

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 98.21% (2016: 98.55%)</b>		
	<b>Argentina 0.04% (2016: 0.00%)</b>		
	<b>Consumer Services 0.04% (2016: 0.00%)</b>		
1,026	MercadoLibre	186	0.04
	<b>Canada 5.22% (2016: 5.14%)</b>		
	<b>Basic Materials 0.46% (2016: 0.47%)</b>		
6,870	Agnico Eagle Mines	230	0.05
4,334	Agrium	355	0.08
26,544	Barrick Gold	289	0.06
4,948	Franco Nevada	296	0.06
16,422	Goldcorp	162	0.03
25,116	Potash of Saskatchewan	367	0.09
12,767	Teck Resources 'B'	197	0.04
14,717	Wheaton Precious Metals	230	0.05
		2,126	0.46
	<b>Consumer Goods 0.11% (2016: 0.13%)</b>		
6,632	Magna 'A'	273	0.06
8,300	Saputo	225	0.05
		498	0.11
	<b>Consumer Services 0.39% (2016: 0.39%)</b>		
11,796	Alimentation Couche-Tard 'B'	416	0.08
1,816	Canadian Tire 'A'	168	0.04
3,300	Dollarama	276	0.06
5,888	Loblaws	229	0.05
5,871	Metro 'A'	139	0.03
3,783	Restaurant Brands	184	0.04
12,026	Shaw Communications 'B'	206	0.04
5,999	Thomson Reuters	211	0.05
		1,829	0.39
	<b>Financials 2.32% (2016: 2.25%)</b>		
15,239	Bank of Montreal	880	0.19
31,791	Bank of Nova Scotia	1,547	0.33
24,657	Brookfield Asset Management 'A'	779	0.17
9,315	Canadian Imperial Bank of Commerce	618	0.13
8,167	CI Financial	137	0.03
695	Fairfax Financial	275	0.06
11,004	Great-West Lifeco	231	0.05
2,052	Intact Financial	126	0.03
55,563	Manulife Financial	841	0.18
7,793	National Bank of Canada	285	0.06
6,713	Power Corporation of Canada	130	0.03
7,770	Power Financial	163	0.04
10,913	RioCan REIT	156	0.03
34,891	Royal Bank of Canada	2,053	0.44

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials</b> <small>(continued)</small>			
15,980	Sun Life Financial	468	0.10
255	TMX	10	-
47,993	Toronto-Dominion Bank	2,054	0.45
		<u>10,753</u>	<u>2.32</u>
<b>Industrials 0.44% (2016: 0.40%)</b>			
19,546	Canadian National Railways	1,184	0.26
3,854	Canadian Pacific Railway	504	0.11
6,349	Waste Connections	338	0.07
		<u>2,026</u>	<u>0.44</u>
<b>Oil &amp; Gas 1.05% (2016: 1.08%)</b>			
14,596	Arc Resources	134	0.03
25,585	Canadian Natural Resources	673	0.15
33,105	Cenovus Energy	242	0.05
18,627	Crescent Point Energy	115	0.02
22,648	Enbridge (Canada Listing)	656	0.14
19,796	Enbridge (US Listing)	573	0.12
28,225	Encana	248	0.05
12,105	Husky Energy	118	0.03
6,106	Imperial Oil	149	0.03
10,813	Inter Pipeline	166	0.04
38,577	Suncor Energy	985	0.21
5,807	Tourmaline Oil	80	0.02
21,111	TransCanada	755	0.16
		<u>4,894</u>	<u>1.05</u>
<b>Technology 0.14% (2016: 0.12%)</b>			
21,668	Blackberry	179	0.04
7,841	CGI 'A'	313	0.07
332	Constellation Software	142	0.03
		<u>634</u>	<u>0.14</u>
<b>Telecommunications 0.18% (2016: 0.17%)</b>			
8,860	BCE	308	0.07
9,312	Rogers Communications 'B'	364	0.07
6,087	Telus	166	0.04
		<u>838</u>	<u>0.18</u>
<b>Utilities 0.13% (2016: 0.13%)</b>			
7,179	Canadian Utilities 'A'	163	0.04
7,932	Fortis	220	0.05
9,303	Pembina Pipeline	232	0.04
		<u>615</u>	<u>0.13</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Cayman Islands 0.00% (2016: 0.01%)</b> <b>Industrials 0.00% (2016: 0.01%)</b>		
	<b>Germany 0.10% (2016: 0.00%)</b> <b>Consumer Goods 0.10% (2016: 0.00%)</b>		
10,148	Monster Beverage	443	0.10
	<b>Hong Kong 0.00% (2016: 0.02%)</b> <b>Consumer Goods 0.00% (2016: 0.02%)</b>		
	<b>India 0.00% (2016: 0.01%)</b> <b>Utilities 0.00% (2016: 0.01%)</b>		
	<b>Ireland 0.00% (2016: 0.43%)</b> <b>Financials 0.00% (2016: 0.07%)</b>		
	<b>Industrials 0.00% (2016: 0.36%)</b>		
	<b>Israel 0.04% (2016: 0.08%)</b> <b>Technology 0.04% (2016: 0.08%)</b>		
2,096	Check Point Software	186	0.04
	<b>Mexico 0.00% (2016: 0.02%)</b> <b>Basic Materials 0.00% (2016: 0.02%)</b>		
	<b>Netherlands 0.22% (2016: 0.20%)</b> <b>Industrials 0.05% (2016: 0.04%)</b>		
5,485	AerCap	217	0.05
	<b>Technology 0.17% (2016: 0.16%)</b>		
8,880	NXP Semiconductors	782	0.17
	<b>Russian Federation 0.05% (2016: 0.03%)</b> <b>Technology 0.05% (2016: 0.03%)</b>		
8,295	Yandex	211	0.05
	<b>Singapore 0.44% (2016: 0.31%)</b> <b>Technology 0.44% (2016: 0.31%)</b>		
10,352	Broadcom	2,056	0.44
	<b>Sweden 0.03% (2016: 0.02%)</b> <b>Consumer Goods 0.03% (2016: 0.02%)</b>		
1,348	Autoliv	127	0.03
	<b>Switzerland 0.00% (2016: 0.12%)</b> <b>Industrials 0.00% (2016: 0.12%)</b>		
	<b>United Kingdom 0.21% (2016: 0.29%)</b> <b>Consumer Goods 0.04% (2016: 0.04%)</b>		
5,671	Coca-Cola European Partners	175	0.04

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services 0.10% (2016: 0.21%)</b>			
8,902	Liberty Global 'A'	207	0.04
12,370	Liberty Global 'C'	278	0.06
		<hr/> 485	<hr/> 0.10
<b>Financials 0.07% (2016: 0.04%)</b>			
5,010	Janus Henderson+	131	0.03
6,754	XL	206	0.04
		<hr/> 337	<hr/> 0.07
<b>United States 91.86% (2016: 91.87%)</b>			
<b>Basic Materials 2.19% (2016: 2.11%)</b>			
6,073	Air Products & Chemicals	729	0.15
2,292	Albemarle	243	0.05
4,670	Alcoa Upstream	168	0.04
14,012	Arconic	265	0.06
1,128	Ashland Global	58	0.01
3,722	Avery Dennison	298	0.06
2,718	Celanese 'A'	213	0.05
7,035	CF Industries	201	0.04
57,933	DowDuPont	3,155	0.67
2,033	Eastman Chemical	139	0.03
6,072	Ecolab	597	0.13
2,793	FMC	195	0.04
33,478	Freeport-McMoRan C & G 'B'	352	0.08
1,704	International Flavors & Fragrances	189	0.04
12,374	International Paper	534	0.12
8,097	Lyondellbasell Industries 'A'	631	0.14
9,736	Mosaic	164	0.04
11,648	Newmont Mining	317	0.07
8,712	Nucor	379	0.08
7,180	PPG Industries	629	0.14
6,523	Praxair	718	0.15
		<hr/> 10,174	<hr/> 2.19
<b>Consumer Goods 8.74% (2016: 10.03%)</b>			
17,671	Activision Blizzard	871	0.19
2,670	Adient	170	0.04
49,855	Altria	2,411	0.52
14,589	Archer Daniels Midland	449	0.10
8,458	BorgWarner	336	0.07
6,052	Brown-Forman	260	0.06
5,235	Bunge	271	0.06
3,063	Campbell Soup	109	0.02
13,013	Camping World	412	0.09
6,690	Church & Dwight	228	0.05
3,733	Clorox	356	0.08
92,417	Coca-Cola	3,199	0.69
22,788	Colgate-Palmolive	1,209	0.26

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Goods</b> <small>(continued)</small>		
6,873	ConAgra Foods	177	0.04
4,216	Constellation Brands 'A'	695	0.15
12,453	Coty 'A'	144	0.03
6,888	Delphi Automotive	515	0.11
3,957	D.R. Horton	132	0.03
4,058	Dr Pepper Snapple	262	0.06
2,634	Edgewell Personal Care	129	0.03
6,921	Electronic Arts	623	0.13
6,233	Estée Lauder 'A'	525	0.11
96,751	Ford Motor	894	0.19
14,240	General Mills	557	0.12
32,658	General Motors	1,057	0.23
10,718	Gentex	157	0.03
1,655	Genuine Parts	110	0.02
9,890	Goodyear Tire & Rubber	228	0.05
13,072	Hanesbrands	221	0.05
3,132	Harley-Davidson	112	0.02
1,862	Hasbro	130	0.03
2,870	Herbalife	157	0.03
3,356	Hershey	268	0.06
8,208	Hormel Foods	193	0.04
1,799	Ingredion	170	0.04
6,054	Kellogg	285	0.06
8,764	Kimberly-Clark	742	0.16
15,581	Kraft Heinz	907	0.20
4,925	Lamb Weston	189	0.04
2,743	Lear	363	0.08
6,100	Lennar 'A'	256	0.06
6,378	Leucadia National	122	0.03
3,815	LKQ	108	0.02
4,353	Lululemon Athletica	202	0.04
11,866	Mattel	126	0.03
2,114	McCormick Non-Voting Shares	158	0.03
2,236	Michael Kors Holdings	82	0.02
1,190	Mohawk Industries	235	0.05
4,020	Molson Coors Brewing 'B'	245	0.05
39,484	Mondelez International	1,232	0.27
19,169	Monsanto	1,748	0.38
10,357	Newell Rubbermaid	318	0.07
33,211	Nike 'B'	1,375	0.30
87	NVR	214	0.05
36,515	PepsiCo	3,031	0.65
39,733	Philip Morris International	3,130	0.67
2,191	Polaris Industries	195	0.04
2,388	Polo Ralph Lauren 'A'	161	0.03
62,269	Procter & Gamble	4,047	0.86
6,418	Pulte	146	0.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods</b> <small>(continued)</small>			
1,794	PVH	171	0.04
2,739	Smucker (JM)	219	0.05
949	Snap-on	113	0.02
3,712	Stanley Black & Decker	452	0.10
5,843	Tapestry	180	0.04
3,161	Tesla Motors	789	0.17
5,838	Toll Brothers	202	0.04
9,145	Tyson Foods 'A'	502	0.11
5,769	Under Armour	50	0.01
5,729	Under Armour 'A'	54	0.01
7,496	VF	393	0.08
710	Whirlpool	88	0.02
		<hr/> 40,567	<hr/> 8.74
<b>Consumer Services 11.40% (2016: 12.11%)</b>			
2,636	Advance Auto Parts	162	0.03
9,807	Amazon.com	8,162	1.75
6,012	American Airlines	212	0.05
5,313	AmerisourceBergen 'A'	308	0.07
6,204	Aramark	204	0.04
811	AutoZone	360	0.08
3,364	Bed Bath & Beyond	50	0.01
7,975	Best Buy	336	0.07
8,077	Block (H & R)	150	0.03
9,187	Cardinal Health	428	0.09
2,255	CarMax	128	0.03
7,624	Carnival	381	0.08
5,865	CBS 'B'	248	0.05
5,157	Charter Communications 'A'	1,297	0.28
586	Chipotle Mexican Grill 'A'	120	0.03
113,493	Comcast 'A' Special	3,079	0.66
11,505	Costco Wholesale	1,395	0.30
26,544	CVS Health	1,370	0.30
1,995	Darden Restaurants	124	0.03
4,070	Delta Air Lines	153	0.03
6,180	Discovery Communications 'A'	88	0.02
6,528	Discovery Communications 'C'	88	0.02
7,839	DISH Network 'A'	287	0.06
6,087	Dollar General	371	0.08
5,948	Dollar Tree	409	0.09
1,226	Domino's Pizza	169	0.04
22,341	eBay	633	0.14
2,337	Expedia	219	0.05
3,007	Foot Locker	68	0.01
7,835	Gap	153	0.03
3,728	Hilton Worldwide	203	0.04
30,956	Home Depot	3,865	0.83

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services</b> <small>(continued)</small>			
4,891	Interpublic	71	0.02
5,655	Kohls	178	0.04
26,628	Kroger	415	0.09
6,945	L Brands	225	0.05
8,482	Las Vegas Sands	405	0.09
6,717	Liberty Interactive 'A'	115	0.02
3,430	Liberty Sirius 'C'	108	0.02
19,048	Lowe's	1,147	0.25
10,556	Macy's	149	0.03
9,004	Marriott International 'A'	810	0.17
20,795	McDonald's	2,614	0.56
4,122	McKesson	428	0.09
13,780	MGM Resorts International	325	0.07
10,224	Netflix	1,512	0.33
15,279	News 'A'	157	0.03
9,726	Nielsen	271	0.06
4,185	Nordstrom	125	0.03
4,617	Norwegian Cruise Line	194	0.04
5,950	Omnicom	301	0.06
1,733	O'Reilly Automotive	275	0.06
1,279	Priceline.com	1,841	0.40
11,178	Ross Stores	534	0.12
3,557	Royal Caribbean Cruises	332	0.07
3,684	Scripps Networks Interactive 'A'	231	0.05
2,670	Signet Jewellers	132	0.03
52,454	Sirius XM Holdings	215	0.05
5,581	Southwest Airlines	226	0.05
35,531	Starbucks	1,468	0.32
10,606	Sysco	444	0.10
14,512	Target	645	0.14
40,520	The Walt Disney Company	2,984	0.64
2,615	Tiffany	184	0.04
20,104	Time Warner	1,488	0.32
15,501	TJX	815	0.18
1,701	Tractor Supply	77	0.02
4,422	Tripadvisor	125	0.03
24,597	Twenty-First Century Fox	484	0.10
13,447	Twenty-First Century Fox 'B'	258	0.06
1,895	ULTA Beauty	288	0.06
6,853	Viacom 'B'	124	0.03
24,418	Walgreens	1,218	0.26
37,822	Wal-Mart Stores	2,486	0.54
3,140	Wyndham Worldwide	253	0.05
1,839	Wynn Resorts	204	0.04
9,449	Yum! Brands	530	0.11
9,449	Yum China	287	0.06
		<b>52,918</b>	<b>11.40</b>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials 18.15% (2016: 16.95%)</b>		
11,686	Ace	1,327	0.29
2,230	Affiliated Managers	313	0.07
11,752	Aflac	742	0.16
16,878	AGNC Investment	256	0.06
2,366	Alexandria Real Estate Equities REIT	221	0.05
302	Alleghany	129	0.03
8,910	Allstate	630	0.14
13,565	Ally Financial	267	0.06
19,208	American Express	1,381	0.30
24,188	American International	1,177	0.25
10,309	American Tower	1,115	0.24
2,850	Ameriprise Financial	336	0.07
38,044	Annaly Capital Management REIT	328	0.07
6,275	AON	678	0.15
4,498	Arch Capital	338	0.07
3,327	Arthur J Gallagher	159	0.03
3,718	AvalonBay Communities	507	0.11
4,068	Axis Capital Holdings	167	0.04
242,447	Bank of America	5,000	1.07
24,701	Bank of New York Mellon	957	0.21
19,474	BB & T	722	0.16
11	Berkshire Hathaway 'A'	2,321	0.50
30,537	Berkshire Hathaway 'B'	4,297	0.92
2,980	BlackRock	1,057	0.23
2,999	Boston Properties	274	0.06
2,093	Brighthouse Financial	98	0.02
13,903	Capital One Financial	965	0.21
2,820	CBOE	240	0.05
5,269	CBRE 'A'	156	0.03
27,184	Charles Schwab	918	0.20
5,677	Cincinnati Financial	300	0.06
7,445	CIT	261	0.06
66,595	Citigroup	3,685	0.79
13,712	Citizens Financial	392	0.08
9,298	CME 'A'	960	0.21
2,829	Comerica	167	0.04
10,107	Crown Castle	815	0.18
5,185	Digital Realty Trust REIT	462	0.10
9,538	Discover Financial Services	478	0.10
5,154	Duke Realty REIT	110	0.02
2,026	Equifax	166	0.04
2,230	Equinix	778	0.17
6,866	Equity Residential REIT	348	0.07
2,095	Essex Property Trust	414	0.09
5,009	E*TRADE Financial	164	0.04
627	Everest Reinsurance	112	0.02
4,254	Extra Space Storage	261	0.06



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials</b> <small>(continued)</small>		
2,315	Federal Realty Investment Trust REIT	210	0.05
10,896	First Republic Bank	799	0.17
9,987	FNF	281	0.06
11,976	Franklin Resources	380	0.08
12,173	GGP	178	0.04
9,616	Goldman Sachs	1,756	0.38
10,727	Hartford Financial Services	445	0.10
15,943	Health Care Properties	310	0.07
13,059	Host Hotels & Resort	192	0.04
32,469	Huntington Bancshares	337	0.07
9,728	IHS Markit	312	0.07
12,645	Intercontinental Exchange	629	0.14
6,304	Invesco	170	0.04
8,257	Iron Mountain	249	0.05
2,046	JBG SMITH Properties	48	0.01
87,443	JPMorgan Chase	6,625	1.42
31,696	KeyCorp	436	0.09
9,352	Kimco Realty	128	0.03
4,061	Liberty Broadband C	267	0.06
6,149	Lincoln National	351	0.08
9,880	Loews	368	0.08
4,132	M & T Bank	519	0.11
2,193	Macerich	90	0.02
335	Markel	274	0.06
14,687	Marsh & McLennan	895	0.19
24,821	Mastercard	2,780	0.60
23,032	MetLife	929	0.20
2,942	Mid-America Apartment Communities	227	0.05
5,231	Moody's	561	0.12
33,135	Morgan Stanley	1,247	0.27
4,956	NASDAQ	271	0.06
22,883	New York Community Bancorp	216	0.05
6,367	Northern Trust	448	0.10
2,569	People's United Financial	36	0.01
12,327	PNC Financial Services	1,270	0.27
6,078	Price (T. Rowe) Associates	425	0.09
4,645	Principal Financial	230	0.05
11,659	Progressive	427	0.09
11,103	Prologis	540	0.12
9,912	Prudential Financial	824	0.18
3,346	Public Storage	522	0.11
2,987	Raymond James Financial	191	0.04
6,003	Realty Income	243	0.05
3,834	Regency Centers	178	0.04
33,514	Regions Financial	391	0.08
3,581	SBA Communications	424	0.09
7,875	Simon Property	921	0.20

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials</b> (continued)			
4,104	SL Green Realty	296	0.06
6,316	S&P Global	744	0.16
8,683	State Street	601	0.13
13,325	SunTrust Banks	604	0.13
24,950	Synchrony Financial	613	0.13
3,498	TD Ameritrade Holdings	132	0.03
6,218	The Travelers Companies	620	0.13
2,264	Torchmark	143	0.03
9,706	United Dominion Realty Trust	283	0.06
3,394	Unum	133	0.03
42,465	US Bancorp	1,739	0.37
11,300	Ventas	534	0.12
29,968	Vereit	178	0.04
47,842	Visa	3,962	0.84
4,093	Vornado Realty Trust	231	0.05
6,700	Voya Financial	203	0.04
110,260	Wells Fargo	4,661	0.99
9,819	Welltower	495	0.11
10,578	Western Union	158	0.03
15,398	Weyerhaeuser	416	0.09
3,332	Willis Towers Watson	404	0.09
326	WR Berkley	17	-
4,725	Zions Bancorp	165	0.04
18,839	5th Third Bancorp	410	0.09
		<hr/>	<hr/>
		84,241	18.15
<b>Health Care 12.03% (2016: 12.17%)</b>			
44,319	Abbott Laboratories	1,810	0.39
40,264	AbbVie	2,736	0.59
8,104	Aetna	1,038	0.22
4,336	Alexion Pharmaceuticals	391	0.08
1,836	Align Technology	330	0.07
4,094	Alkermes	150	0.03
8,446	Allergan	1,127	0.24
18,640	Amgen	2,460	0.53
6,844	Anthem	1,078	0.23
1,828	Bard	450	0.10
10,035	Baxter International	487	0.10
6,119	Becton Dickinson	962	0.21
4,866	Biogen Idec	1,142	0.25
5,135	BioMarin Pharmaceutical	318	0.07
2,918	Bioverativ	124	0.03
33,481	Boston Scientific	709	0.15
42,202	Bristol-Myers Squibb	1,959	0.42
19,796	Celgene	1,505	0.32
3,459	Centene	244	0.05
5,781	CIGNA	859	0.19

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Health Care</b> (continued)		
1,090	Cooper	197	0.04
2,003	DaVita HealthCare Partners	92	0.02
5,781	Dentsply Sirona	266	0.06
4,705	Edwards Lifesciences	362	0.08
25,656	Eli Lilly	1,582	0.34
16,743	Express Scripts Holdings	773	0.17
34,020	Gilead Sciences	1,920	0.41
6,921	HCA Holdings	394	0.09
3,058	Henry Schein	181	0.04
8,695	Hologic	248	0.05
2,963	Humana	570	0.12
2,329	IDEXX Laboratories	291	0.06
3,967	Illumina	613	0.13
4,727	Incyte	403	0.09
6,633	Innovive Pharmaceuticals*	-	-
2,859	Intuitive Surgical	808	0.17
1,789	Jazz Pharmaceuticals	191	0.04
66,635	Johnson & Johnson	6,994	1.52
3,333	Laboratory Corporation of America	386	0.08
4,994	Mallinckrodt	119	0.03
34,554	Medtronic	2,096	0.45
70,751	Merck	2,934	0.63
10,578	Mylan	284	0.06
203,005	NovaDel Pharmaceutical~	-	-
3,478	Perrigo	212	0.05
153,349	Pfizer	4,048	0.88
1,714	Quest Diagnostics	121	0.03
3,920	Quintiles Transnational	319	0.07
1,606	Regeneron Pharmaceuticals	487	0.10
2,994	ResMed	190	0.04
8,856	Stryker	1,033	0.22
1	TG Therapeutics^	-	-
10,321	Thermo Fisher Scientific	1,506	0.32
24,711	United Health	3,911	0.85
3,142	Universal Health Services	243	0.05
10,249	Valeant Pharmaceuticals International	90	0.02
2,049	Varian Medical Systems	161	0.03
5,295	Vertex Pharmaceuticals	583	0.13
2,259	Waters	333	0.07
4,334	Zimmer Holdings	397	0.09
12,598	Zoetis	605	0.13
		<u>55,822</u>	<u>12.03</u>
	<b>Industrials 11.21% (2016: 10.64%)</b>		
16,900	Accenture	1,812	0.39
1,270	Acuity Brands	160	0.03
6,267	Agilent Technologies	321	0.07

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials</b> <small>(continued)</small>		
1,582	Allegion	99	0.02
512	Alliance Data Systems	86	0.02
4,037	Ametek	205	0.04
8,930	Amphenol 'A'	585	0.13
9,825	Auto Data Processing	860	0.19
5,743	Avnet	172	0.04
8,196	Ball	265	0.06
13,371	Boeing	2,597	0.56
1,323	Broadridge Financial Solutions	86	0.02
13,039	Caterpillar	1,333	0.29
2,388	CH Robinson Worldwide	141	0.03
1,721	Cintas	193	0.04
20,105	CSX	764	0.16
4,126	Cummins	549	0.12
16,570	Danaher	1,151	0.25
6,738	Deere	674	0.15
3,847	Dover	277	0.06
13,229	Eaton	797	0.17
17,260	Emerson Electric	837	0.18
3,333	Expeditors International of Washington	147	0.03
4,664	Fastenal	165	0.04
6,129	FedEx	1,042	0.22
9,812	Fidelity National Information	685	0.15
5,311	Fiserv	518	0.11
2,504	Fleetcor Technologies	311	0.07
16,359	Flex	219	0.05
6,228	Flowserve	207	0.04
2,618	Fluor	85	0.02
8,285	Fortive	451	0.10
5,775	Fortune Brands Home & Security	287	0.06
7,108	General Dynamics	1,086	0.23
211,426	General Electric Capital	3,207	0.68
3,209	Global Payments	251	0.05
1,889	Grainger (WW)	281	0.06
19,836	Honeywell International	2,154	0.46
7,300	Illinois Tool Works	860	0.19
6,730	Ingersoll-Rand	449	0.10
8,160	Jabil Circuit	174	0.04
1,921	Jacobs Engineering	84	0.02
3,423	JB Hunt Transport Services	274	0.06
26,704	Johnson Controls	832	0.18
2,969	Kansas City Southern Industries	233	0.05
6,517	Keysight	219	0.05
5,781	Lockheed Martin	1,342	0.29
2,346	L3 Technologies	331	0.07
1,292	Manpowergroup	120	0.03
2,071	Martin Marietta Materials	338	0.07

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials</b> (continued)		
5,016	Masco	150	0.03
6,397	MDU Resources	132	0.03
746	Mettler-Toledo International	384	0.08
7,205	Norfolk Southern	713	0.15
4,256	Northrop Grumman	947	0.20
9,138	PACCAR	494	0.11
2,387	Packaging Corporation of America	209	0.05
2,781	Parker Hannifin	382	0.08
9,797	Paychex	471	0.10
28,224	PayPal	1,542	0.33
2,905	Pentair	154	0.03
6,930	Raytheon	940	0.20
5,646	Republic Services	277	0.06
2,768	REV	54	0.01
5,503	Robert Half International	214	0.05
2,736	Rockwell Automation	414	0.09
5,137	Rockwell Collins	525	0.11
2,111	Roper Industries	410	0.09
7,015	Sealed Air	234	0.05
5,505	Sensata Technologies	203	0.04
2,226	Sherwin-Williams	663	0.14
3,180	Stericycle	170	0.04
10,466	TE Connectivity	717	0.15
4,748	Textron	189	0.04
4,884	Total System Services	265	0.06
955	Transdigm	200	0.04
13,259	TransUnion	524	0.11
4,355	Trimble Navigation	134	0.03
20,685	Union Pacific	1,803	0.39
17,650	United Parcel Service	1,562	0.34
2,849	United Rentals	304	0.07
19,464	United Technologies	1,756	0.38
2,862	Vantiv 'A'	151	0.03
3,621	Verisk Analytics 'A'	232	0.05
2,997	Vulcan Materials	275	0.06
2,391	Wabtec	138	0.03
11,623	Waste Management	719	0.16
4,935	Westrock	228	0.05
3,886	Xerox	89	0.02
6,665	Xylem	334	0.07
13,830	3M	2,396	0.52
		<u>52,014</u>	<u>11.21</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Oil &amp; Gas 5.38% (2016: 6.68%)</b>			
15,202	Anadarko Petroleum	566	0.12
2,016	Andeavor	161	0.03
11,651	Apache	363	0.08
12,686	Baker Hughes 'A'	300	0.06
11,722	Cabot Oil & Gas	244	0.05
8,606	Cheniere Energy	303	0.07
45,914	Chevron	4,007	0.86
3,149	Cimarex Energy	277	0.06
3,714	Concho Resources	375	0.08
30,199	ConocoPhillips	1,163	0.25
1,622	Core Laboratories	122	0.03
11,714	Devon Energy	325	0.07
15,518	EOG Resources	1,167	0.25
5,944	Equitable Resources	280	0.06
104,276	Exxon Mobil	6,546	1.41
21,379	Halliburton	688	0.15
3,692	Helmerich & Payne	151	0.03
4,988	Hess	166	0.04
8,395	Hollyfrontier	234	0.05
45,658	Kinder Morgan Delaware	622	0.13
30,655	Marathon Oil	328	0.07
11,982	Marathon Petroleum	539	0.12
2,785	Matador Resources	56	0.01
8,404	Murphy Oil	169	0.04
12,424	National Oilwell Varco	320	0.07
5,474	Newfield Exploration	127	0.03
13,654	Noble Energy	286	0.06
18,567	Occidental Petroleum	902	0.19
4,036	Pattern Energy	70	0.02
8,883	Phillips 66	609	0.13
4,460	Pioneer Natural Resources	503	0.11
6,379	Range Resources	87	0.02
32,101	Schlumberger	1,547	0.33
4,939	Targa Resources	154	0.03
12,216	Valero Energy	726	0.16
23,063	Williams	495	0.11
		<hr/> 24,978	<hr/> 5.38
<b>Technology 18.73% (2016: 16.70%)</b>			
12,010	Adobe Systems	1,584	0.34
20,232	Advanced Micro Devices	167	0.04
2,914	Akamai Technologies	115	0.02
7,662	Alphabet 'A'	5,960	1.29
7,783	Alphabet 'C'	5,958	1.29
4,566	Amdocs	224	0.05
9,589	Analog Devices	659	0.14

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Technology</b> <small>(continued)</small>			
651	Ansys	67	0.01
130,237	Apple	16,579	3.58
24,291	Applied Materials	1,032	0.22
1,249	Arista Networks	188	0.04
4,007	Autodesk	377	0.08
4,475	CA	109	0.02
4,528	CDK Global	217	0.05
3,627	CDW	191	0.04
8,211	Cerner	417	0.09
129,188	Cisco Systems	3,322	0.72
3,996	Citrix Systems	249	0.05
12,823	Cognizant Technology Solutions	731	0.16
24,120	Corning	569	0.12
1,464	CSRA	35	0.01
6,539	Dell Technologies	407	0.09
6,046	DXC Technology	417	0.09
57,861	Facebook	7,846	1.70
586	F5 Networks	54	0.01
3,310	Garmin	141	0.03
2,092	Gartner	197	0.04
2,036	Harris	214	0.05
39,622	Hewlett Packard Enterprise	415	0.09
35,471	HP	575	0.12
115,017	Intel	3,940	0.86
22,643	International Business Machines	2,627	0.57
7,096	Intuit	807	0.17
10,104	Juniper Networks	189	0.04
2,821	KLA-Tencor	231	0.05
4,377	Lam Research	687	0.15
8,174	Marvell Technology	114	0.02
4,845	Maxim Integrated Products	192	0.04
7,714	Microchip Technology	551	0.12
38,473	Micron Technology	1,284	0.28
186,692	Microsoft	11,695	2.53
5,810	Mobileye	274	0.06
4,966	Motorola Solutions	339	0.07
4,319	NCR	104	0.02
7,158	NetApp	239	0.05
13,566	Nuance Communications	151	0.03
14,693	Nvidia	2,288	0.49
75,796	Oracle	2,905	0.63
1,300	Palo Alto Networks	144	0.03
4,297	Qorvo	245	0.05
34,495	Qualcomm	1,325	0.29
5,314	Red Hat	483	0.10
15,550	Salesforce.com	1,198	0.26
10,630	Seagate Technology	296	0.06

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Technology</b> (continued)		
4,521	ServiceNow	430	0.09
6,196	Skyworks Solutions	531	0.11
3,869	Splunk	196	0.04
15,586	Symantec	381	0.08
5,565	Synopsys	363	0.08
25,464	Texas Instruments	1,854	0.40
13,244	Twitter	206	0.04
1,912	VeriSign	155	0.03
3,190	VMWare 'A'	288	0.06
9,377	Western Digital	630	0.14
3,127	Workday 'A'	261	0.06
4,175	Xilinx	232	0.05
		<b>86,851</b>	<b>18.73</b>
	<b>Telecommunications 1.05% (2016: 1.31%)</b>		
8,877	AT&T	225	0.05
15,210	Century Link	218	0.05
6,371	Level 3 Communications	257	0.06
28,954	Sprint	143	0.03
5,335	T-Mobile USA	240	0.05
104,964	Verizon Communications	3,783	0.81
		<b>4,866</b>	<b>1.05</b>
	<b>Utilities 2.98% (2016: 3.17%)</b>		
15,898	AES	127	0.03
8,298	Alliant Energy	270	0.06
7,233	Ameren	338	0.07
12,559	American Electric Power	704	0.15
3,325	American Water Works	220	0.05
14,073	Calpine	158	0.03
7,090	CenterPoint Energy	158	0.03
8,933	CMS Energy	325	0.07
8,500	Consolidated Edison	551	0.12
15,413	Dominion Resources	942	0.20
3,605	DTE Energy	300	0.06
18,663	Duke Energy	1,241	0.27
6,195	Edison International	373	0.08
3,273	Entergy	213	0.05
9,470	Eversource Energy	447	0.10
25,982	Exelon	787	0.17
12,762	First Energy	317	0.07
12,375	NextEra Energy Resources	1,445	0.32
10,411	NiSource	207	0.04
9,463	NRG Energy	178	0.04
7,712	ONEOK	315	0.07
10,393	PG&E	452	0.10
4,079	Pinnacle West Capital	269	0.06



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Utilities</b> (continued)		
19,712	PPL	557	0.12
14,344	Public Service Enterprise	531	0.11
4,538	Scana	147	0.03
5,457	Sempra Energy	483	0.10
24,770	Southern	973	0.21
8,428	WEC Energy	428	0.09
9,913	Xcel Energy	370	0.08
		<b>13,826</b>	<b>2.98</b>
	<b>Bonds 0.00% (2016: 0.54%)</b>		
	<b>United States 0.00% (2016: 0.54%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 0.54%)</b>		
	<b>Derivatives (0.05%) (2016: (0.03%))</b>		
	<b>Contracts for Difference (0.05%) (2016: 0.02%)§</b>		
	<b>Equity Contracts for Difference (0.05%) (2016: 0.02%)§</b>		
139,956	AT&T	(216)	(0.05)
	<b>Futures 0.01% (2016: 0.00%)</b>		
(5)	CME S&P MidCap 400 E-mini December 2017	(4)	-
15	CME S&P 500 December 2017	31	0.01
(11)	CME S&P 500 E-mini December 2017^	-	-
3	MSE S&P/TSX 60 Index December 2017	4	-
		<b>31</b>	<b>0.01</b>
	<b>Swaps 0.00% (2016: (0.05%))§</b>		
	<b>Credit Default Swaps 0.00% (2016: (0.05%))§</b>		
	<b>Forward Foreign Exchange Contracts (0.01%) (2016: 0.00%)§</b>		
	Buy USD 2,551,953 : Sell GBP 1,950,000 November 2017	(28)	(0.01)
	<b>Investment assets including investment liabilities</b>	<b>455,462</b>	<b>98.16</b>
	Other net assets	8,545	1.84
	<b>Total net assets</b>	<b>464,007</b>	<b>100.00</b>

\* Manually priced securities

~ Suspended or delisted securities

§ Unquoted securities

+ Related party to the fund

^ Due to rounding to nearest £1,000

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

## Statement of total return for the year ended 31 October 2017

		2017	2016
	Note	£000	£000
Income			
Net capital gains	2	50,734	111,608
Revenue	3	9,313	10,024
Expenses	4	(442)	(705)
Interest payable and similar charges	5	(55)	(85)
Net revenue before taxation		8,816	9,234
Taxation	6	(1,278)	(1,306)
Net revenue after taxation		7,538	7,928
Total return before distributions		58,272	119,536
Distributions	7	(7,539)	(7,931)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>50,733</b>	<b>111,605</b>

## Statement of change in net assets attributable to shareholders for the year ended 31 October 2017

	2017	2016
	£000	£000
<b>Opening net assets attributable to shareholders</b>	<b>459,065</b>	<b>416,817</b>
Amounts receivable on issue of shares	71,946	62,691
Amounts payable on cancellation of shares	(125,228)	(140,143)
	(53,282)	(77,452)
Dilution adjustment	92	180
Change in net assets attributable to shareholders from investment activities	50,733	111,605
Retained distributions on accumulation shares	7,399	7,915
<b>Closing net assets attributable to shareholders</b>	<b>464,007</b>	<b>459,065</b>

**Balance sheet** as at 31 October 2017

	Note	2017 £000	2016 £000
<b>Assets</b>			
Investments		455,710	455,055
Current assets:			
Debtors	8	3,145	1,147
Cash and bank balances	9	9,355	7,378
<b>Total assets</b>		<b>468,210</b>	<b>463,580</b>
<b>Liabilities:</b>			
Investment liabilities		248	301
Provisions for liabilities	10	-	1
Creditors:			
Amounts held at derivative clearing houses and brokers		36	425
Bank overdrafts		2,865	2,949
Other creditors	11	1,054	839
<b>Total liabilities</b>		<b>4,203</b>	<b>4,515</b>
<b>Net assets attributable to shareholders</b>		<b>464,007</b>	<b>459,065</b>

## Notes to the financial statements for the year ended 31 October 2017

### 1 Accounting policies

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

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2017 £000	2016 £000
Derivative securities	379	1,699
Forward currency contracts	(543)	(75)
Non-derivative securities	50,984	109,308
Other currency (losses)/gains	(70)	687
Transaction costs	(16)	(11)
<b>Net capital gains</b>	<b>50,734</b>	<b>111,608</b>

### 3 Revenue

	2017 £000	2016 £000
Bank interest	49	12
Deposit interest	-	24
Derivative revenue	38	-
Interest on debt securities	(3)	877
Overseas dividends	8,786	8,488
Overseas REIT revenue	368	510
Stock dividends	24	44
Stock lending revenue	30	51
UK dividends	21	18
<b>Total revenue</b>	<b>9,313</b>	<b>10,024</b>

### 4 Expenses

	2017 £000	2016 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	253	519
GAC*	131	120
	<u>384</u>	<u>639</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	31	42
Safe custody fees	25	24
	<u>56</u>	<u>66</u>
<b>Other expenses:</b>		
Professional fees	2	-
	<u>2</u>	<u>-</u>
<b>Total expenses</b>	<b>442</b>	<b>705</b>

Irrecoverable VAT is included in the above expenses where relevant.

\*The current audit fee, which is levied through the GAC, is £9,725 (2016: £9,442).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2017 £000	2016 £000
Interest payable	55	85
<b>Total interest payable and similar charges</b>	<b>55</b>	<b>85</b>

### 6 Taxation

#### a) Analysis of charge in year

The tax charge comprises:

	2017 £000	2016 £000
<b>Current tax</b>		
UK corporation tax	-	142
Double tax relief	-	(75)
Overseas withholding tax	1,285	1,239
Adjustments in respect of prior years	(6)	-
<b>Total current tax charge for the year</b>	<b>1,279</b>	<b>1,306</b>
Deferred tax (note 6c)	(1)	-
<b>Total tax (note 6b)</b>	<b>1,278</b>	<b>1,306</b>

#### b) Factors affecting current 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 open ended investment companies (OEICS) of 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Net revenue before taxation	8,816	9,234
Corporation tax at 20% (2016: 20%)	1,763	1,847
Effects of:		
Corporation tax prior year adjustment	(6)	-
Deferred tax	(1)	-
Irrecoverable overseas tax	1,285	1,239
Overseas dividends*	(1,757)	(1,702)
Expensed double tax relief	(15)	-
Movement in taxable income accruals	1	-
Stock dividends**	(4)	-
UK dividends**	(4)	(75)
Excess management expenses	16	(3)
<b>Tax charge for the year (note 6a)</b>	<b>1,278</b>	<b>1,306</b>

\* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

\*\*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.

## Notes to the financial statements (continued)

### 6 Taxation (continued)

#### (c) Deferred tax

	2017 £000	2016 £000
Provision at start of year	1	1
Deferred tax credit for year (note 6a)	(1)	-
<b>Provision at end of year</b>	<b>-</b>	<b>1</b>

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

At the year end, after offset against income taxable on receipt, there is a potential deferred tax asset of £13,083 (2016: nil) 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.

The movement in the potential tax asset identified in note (d) may not match the movement shown in 'Unused management expenses' in note (b) due to filing adjustments.

### 7 Distributions

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

	2017 £000	2016 £000
Interim accumulation	3,883	4,171
Final accumulation	3,516	3,744
	<u>7,399</u>	<u>7,915</u>
Amounts deducted on cancellation of shares	564	484
Amounts received on issue of shares	(424)	(468)
<b>Total distributions</b>	<b><u>7,539</u></b>	<b><u>7,931</u></b>
Net revenue after taxation	7,538	7,928
Equalisation on conversions	1	3
<b>Total distributions</b>	<b><u>7,539</u></b>	<b><u>7,931</u></b>

Details of the distribution per share are set out in the distribution tables on page 195.

### 8 Debtors

	2017 £000	2016 £000
Accrued revenue	379	473
Amounts receivable for issue of shares	2,149	157
Overseas withholding tax reclaimable	6	47
Sales awaiting settlement	543	432
Corporation tax recoverable	68	38
<b>Total debtors</b>	<b><u>3,145</u></b>	<b><u>1,147</u></b>

### 9 Cash and bank balances

	2017 £000	2016 £000
Amounts held at derivative clearing houses and brokers	1,761	2,520
Cash and bank balances	7,594	4,858
<b>Total cash and bank balances</b>	<b><u>9,355</u></b>	<b><u>7,378</u></b>

## Notes to the financial statements (continued)

### 10 Provisions for liabilities

	2017 £000	2016 £000
The provisions for liabilities comprise:		
Deferred tax	-	1
<b>Total provisions for liabilities</b>	<b>-</b>	<b>1</b>

### 11 Other creditors

	2017 £000	2016 £000
Accrued annual management charge	22	21
Accrued Depositary's fee	3	4
Accrued other expenses	16	18
Amounts payable for cancellation of shares	490	415
Derivative interest payable	-	40
Purchases awaiting settlement	523	341
<b>Total other creditors</b>	<b>1,054</b>	<b>839</b>

### 12 Contingent assets, liabilities and commitments

The fund has filed a claim with HM Revenue & Customs ("HMRC") (on the basis of the principles set out in the Franked Investment Income Group Litigation Order (FII GLO)) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim has been filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods. A successful outcome may result in a refund of corporation tax. An asset has not been recognised as the amount receivable is not certain.

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

### 13 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party because it provides key management personnel services to 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 182 and 183 and notes 4, 7, 8 and 10 on pages 184 to 187 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 Henderson Investment Funds Limited is Janus Henderson Group plc. The transactions associated with Janus Henderson Group plc, its subsidiaries and other funds managed by Henderson Investment Funds Limited are as follows:

- a) The aggregate value of purchases and sales transactions was £117,108 (2016: nil) and the balance outstanding at the year end was nil (2016: nil).
- b) Revenue receivable for the year was £1,224 (2016: nil) and the balance outstanding at the year end was nil (2016: nil).
- c) The aggregate value of investments held at the year end was £131,027 (2016: nil).

HSBC Global Custody Nominees (UK) Limited, as a material shareholder, is a related party holding shares comprising 85.44% of the total net assets of the fund as at the year end (2016: 86.23%).

## Notes to the financial statements (continued)

### 14 Shareholders' funds

The fund currently has 4 share classes available; Class Y (Retail with exit charges), Class A (Retail with front-end charges), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2017	2016
	%	%
Class A	0.50	0.50**
Class I	0.30	0.30***
Class Y	0.75	0.75
Class Z*	0.00	0.00

\* Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

\*\* With effect from 1 September 2016, the annual management charge on Class A decreased from 1.50% to 0.50%.

\*\*\* With effect from 1 September 2016, the annual management charge on Class I decreased from 0.75% to 0.30%.

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 161 to 162. The distribution per share class is given in the distribution tables on page 195. All share classes have the same rights on winding up.

#### Shares reconciliation for the year ended 31 October 2017

	Class A accumulation	Class I accumulation	Class Y accumulation	Class Z accumulation
Opening number of shares	1,930,481	3,138,404	24,131	105,529,912
Issues during the year	49,774	327,072	-	16,645,919
Cancellations during the year	(249,696)	(286,168)	-	(29,251,748)
Shares converted during the year	(52,277)	46,482	-	-
<b>Closing shares in issue</b>	<b>1,678,282</b>	<b>3,225,790</b>	<b>24,131</b>	<b>92,924,083</b>

### 15 Financial derivatives

The fund has used financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, including risk reduction and implementation of investment policies.

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 in respect of derivatives as at 31 October 2017 (2016: nil).

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives were as follows:

Counterparty	Futures £000
UBS	35
	<u>35</u>



## Notes to the financial statements (continued)

### 15 Financial derivatives (continued)

#### 2016

At 31 October 2016 the underlying exposure for each category of derivatives was as follows:

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Total by counterparty £000
UBS	144	24	168
	<u>144</u>	<u>24</u>	<u>168</u>

### 16 Stock lending

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

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 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, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or listed equities on eligible markets. 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 102.50% to 110.00% of the value of the stock on loan.

#### 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Citigroup	175	198	Equity
Deutsche Bank	8,063	9,070	Equity
JP Morgan	7,171	8,010	Equity
Merrill Lynch	2,775	3,084	Equity
Natixis	3,191	3,545	Equity
	<u>21,375</u>	<u>23,907</u>	

## Notes to the financial statements (continued)

### 16 Stock lending (continued)

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	35	5	30

### 2016

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Bank of Nova Scotia	1,451	1,605	Equity
Citigroup	523	578	Equity
Deutsche Bank	6,806	7,542	Equity
Natixis	4,181	4,599	Equity
Natixis	2,403	2,523	Government Bond
	6,584	7,122	
	<b>15,364</b>	<b>16,847</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	60	9	51

### 17 Risk

#### Currency risk

The exposure to currency risk is considered significant. The following table details the net exposure of the principle foreign currencies the fund is exposed to including any instruments used to hedge foreign currencies.

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Canadian dollar	23,734	403	24,137
Euro	-	1	1
UK sterling	(1,950)	2,092	142
US dollar	433,678	6,049	439,727
<b>Total</b>	<b>455,462</b>	<b>8,545</b>	<b>464,007</b>

## Notes to the financial statements (continued)

### 17 Risk (continued)

#### Currency risk (continued)

	Investment assets £000	Other net assets £000	Total net assets £000
<b>2016</b>			
<b>Currency</b>			
Canadian dollar	23,765	228	23,993
Euro	-	1	1
UK sterling	-	79	79
US dollar	430,989	4,003	434,992
<b>Total</b>	<b>454,754</b>	<b>4,311</b>	<b>459,065</b>

#### Interest rate risk

The fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

#### Sensitivity analysis

##### Global exposure

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

	Actual VaR in year			VaR limit %	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
<b>2017</b>	98.83	101.31	100.08	200	49.42	50.66	50.04
<b>2016</b>	98.13	101.24	100.14	200	49.07	50.62	50.07

Global exposure calculation basis: Relative VaR

Reference portfolio: FTSE Custom All World Dev North American Index

#### Leverage

The level of leverage arising from the use of derivatives in the investment portfolio is disclosed in the table below as a percentage of the fund's total Net Asset Value. More detail on the disclosure is set out in note 3 of the aggregated notes to the financial statements.

	Minimum	Maximum	Average
	%	%	%
<b>2017</b>	2.33	6.38	3.96
<b>2016</b>	2.89	9.94	5.97

#### 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	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
<b>2017</b>				
Amounts held at derivatives clearing houses and brokers	36	-	-	-
Bank overdrafts	2,865	-	-	-
Derivative financial liabilities	-	32	216	-
Other creditors	-	1,054	-	-
<b>Total</b>	<b>2,901</b>	<b>1,086</b>	<b>216</b>	<b>-</b>

## Notes to the financial statements (continued)

### 17 Risk (continued)

#### Liquidity risk (continued)

	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
<b>2016</b>				
Amounts held at derivatives clearing houses and brokers	425	-	-	-
Bank overdrafts	2,949	-	-	-
Derivative financial liabilities	-	46	255	-
Provisions for liabilities	-	-	1	-
Other creditors	-	839	-	-
<b>Total</b>	<b>3,374</b>	<b>885</b>	<b>256</b>	<b>-</b>

### 18 Fair value disclosure

#### Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS 102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	455,710	4	452,410	30
Level 2	-	244	2,645	271
Level 3	-	-	-	-
	<b>455,710</b>	<b>248</b>	<b>455,055</b>	<b>301</b>

## Notes to the financial statements (continued)

### 19 Direct transaction costs

	Purchases		Sales	
	2017	2016	2017	2016
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	1,944	-	4,420	3,092
Equities	113,049	68,965	157,797	123,874
<b>Trades in the year before transaction costs</b>	<b>114,993</b>	<b>68,965</b>	<b>162,217</b>	<b>126,966</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	21	17	62	23
<b>Total commissions</b>	<b>21</b>	<b>17</b>	<b>62</b>	<b>23</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	-	-	3	2
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2</b>
<b>Total transaction costs</b>	<b>21</b>	<b>17</b>	<b>65</b>	<b>25</b>
<b>Total net trades in the year after transaction costs</b>	<b>115,014</b>	<b>68,982</b>	<b>162,152</b>	<b>126,941</b>

	Purchases		Sales	
	2017	2016	2017	2016
	%	%	%	%
<b>Total transaction cost expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	0.02	0.02	0.04	0.02
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
	<b>2017</b>	<b>2016</b>		
	<b>%</b>	<b>%</b>		
<b>Total transaction cost expressed as a percentage of net asset value</b>				
Commissions	0.02	0.01		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>0.02</b>	<b>0.01</b>		

There were no in specie transfers during the year (2016: nil). There were corporate actions during the year of £2,963,482 (2016: £6,567,886).

There were direct transaction costs associated with derivatives in the year of £5,782 (2016: £3,557) which is 0.00% of the average net asset value of the fund (2016: 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 31 October 2017 is 0.03% (2016: 0.03%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

## Notes to the financial statements (continued)

### 20 Events after the Balance sheet date

On 15 December 2017, the fund changed its name to Janus Henderson North American Index Opportunities Fund. There were no other material post Balance sheet events which require disclosure within these financial statements.

## Distribution tables for the year ended 31 October 2017 (in pence per share)

### Interim dividend distribution (accounting date 30 April 2017, paid on 30 June 2017)

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

	Distribution per share	Equalisation	Total distribution per share 30/06/17	Total Distribution paid 30/06/16
<b>Class A accumulation</b>				
Group 1	7.5029	-	7.5029	3.1026
Group 2	3.6701	3.8328	7.5029	3.1026
<b>Class I accumulation</b>				
Group 1	10.4448	-	10.4448	7.2840
Group 2	4.4766	5.9682	10.4448	7.2840
<b>Class Y accumulation</b>				
Group 1	1.4765	-	1.4765	1.3632
Group 2	1.4765	-	1.4765	1.3632
<b>Class Z accumulation</b>				
Group 1	3.3627	-	3.3627	2.8936
Group 2	1.1126	2.2501	3.3627	2.8936

### Final dividend distribution (accounting date 31 October 2017, paid on 29 December 2017)

Group 1 : shares purchased prior to 1 May 2017

Group 2 : shares purchased on or after 1 May 2017

	Distribution per share	Equalisation	Total distribution per share 29/12/17	Total Distribution paid 30/12/16
<b>Class A accumulation</b>				
Group 1	7.2768	-	7.2768	4.5441
Group 2	4.0113	3.2655	7.2768	4.5441
<b>Class I accumulation</b>				
Group 1	10.1837	-	10.1837	8.6025
Group 2	2.6905	7.4932	10.1837	8.6025
<b>Class Y accumulation</b>				
Group 1	1.4082	-	1.4082	1.4601
Group 2	1.4082	-	1.4082	1.4601
<b>Class Z accumulation</b>				
Group 1	3.2987	-	3.2987	3.2082
Group 2	0.8560	2.4427	3.2987	3.2082

## 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, securities financing transactions 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, the funds' involvement in and exposures related to securities lending for the year ending 31 October 2017 are detailed below.

### Global Data

The table lists the amount of securities on loan as a proportion of total lendable assets and the funds' assets under management (AUM) as at 31 October 2017:

Stock lending			
Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Henderson Credit Alpha Fund	10,875	3.60%	3.49%
Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund	2,568	1.73%	1.71%
Henderson Institutional European Index Opportunities Fund	30,964	7.75%	6.82%
Henderson Institutional Japan Index Opportunities Fund	1,606	0.86%	0.84%
Henderson Institutional North American Index Opportunities Fund	21,375	4.69%	4.61%

The table lists the amount of total return swaps held as a proportion of total lendable assets and the fund's assets under management (AUM) as at 31 October 2017:

Total return swaps			
Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Henderson Credit Alpha Fund	1,675	0.55%	0.48%

### Concentration Data

The following table lists the ten largest collateral issuers by value of collateral received (across all SFTs) for each fund as at 31 October 2017:

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
<b>Henderson Credit Alpha Fund</b>		<b>Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>	
KFW	3,389	Total	472
KFW	2,230	China Construction Bank	138
Kingdom of Netherlands	824	British American Tobacco	137
Banco Santander Central Hispano	448	Booker	137
Banco Bilbao Vizcaya Argentaria	411	Royal Dutch Shell	137
Petrochina	320	Industrial & Commercial Bank of China 'H'	136
Haitong Securities	305	Geely Automobile	136
PICC Property & Casualty Services 'H'	260	Delta Air Lines	128
Regie Autonome des Transports Parisiens	257	Unicredit	125
Government of Ireland	223	Orkla 'A'	106



## Appendix - Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
<b>Henderson Institutional European Index Opportunities Fund</b>		<b>Henderson Institutional Japan Index Opportunities Fund</b>	
Total	1,557	Amadeus IT Holdings	174
Zodiac Aerospace	893	Eni	174
Banco Santander Central Hispano	893	Royal Dutch Shell	174
Banco Bilbao Vizcaya Argentaria	788	Monsanto	173
Baloise Holdings	769	HSBC	172
Petrochina	713	Telefonica	130
PICC Property & Casualty Services 'H'	573	Paddy Power Betfair	124
Deutsche Telekom	530	Deutsche Pfandbr	124
Haitong Securities	503	Banco Santander Central Hispano	123
CRH	483	Unicredit	103
<b>Henderson Institutional North American Index Opportunities Fund</b>			
Banco Santander Central Hispano	816		
Banco Bilbao Vizcaya Argentaria	700		
Baloise Holdings	636		
Petrochina	575		
Haitong Securities	518		
PICC Property & Casualty Services 'H'	441		
China Construction Bank	417		
Forbo Holdings	393		
People's Insurance Company of China	370		
Swiss Prime Site	366		

### Total Return Swaps

#### Henderson Credit Alpha Fund

The fund does not hold specific collateral in relation to the total return swap as all derivative positions that are held by the fund are collateralised on a net exposure basis.

## Appendix - Additional Information (unaudited) (continued)

### Securities Financing Transactions (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 31 October 2017:

#### Stock lending activities

Counterparty	Market value of securities on loan £000	Settlement basis	Counterparty	Market value of securities on loan £000	Settlement basis
<b>Henderson Credit Alpha Fund</b>			<b>Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>		
JP Morgan	10,081	Tri-party	Merrill Lynch	1,232	Tri-party
Morgan Stanley	794	Tri-party	HSBC	952	Tri-party
	10,875		Deutsche Bank	200	Tri-party
			JP Morgan	184	Tri-party
				2,568	
<b>Henderson Institutional European Index Opportunities Fund</b>			<b>Henderson Institutional Japan Index Opportunities Fund</b>		
Deutsche Bank	10,343	Tri-party	Citigroup	1,564	Tri-party
JP Morgan	6,964	Tri-party	Société Générale	42	Tri-party
Natixis	5,616	Tri-party		1,606	
HSBC	2,649	Tri-party			
Société Générale	2,077	Tri-party			
Merrill Lynch	1,365	Tri-party			
ING Bank	1,318	Tri-party			
ABN Amro	389	Bilateral			
Citigroup	243	Tri-party			
	30,964				
<b>Henderson Institutional North American Index Opportunities Fund</b>					
Deutsche Bank	8,063	Tri-party			
JP Morgan	7,171	Tri-party			
Natixis	3,191	Tri-party			
Merrill Lynch	2,775	Tri-party			
Citigroup	175	Tri-party			
	21,375				

All counterparties have been included

#### Total return swaps

Counterparty	Market value of securities on loan £000	Settlement basis
<b>Henderson Credit Alpha Fund</b>		
JP Morgan	1,675	Bilateral

All counterparties have been included

## Appendix - Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### 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 31 October 2017:

#### Stock lending activities

Counterparty	Counterparty country of origin	Type	Quality	Collateral CCY	Settlement basis	Custodian	Market value of collateral received £000
<b>Henderson Credit Alpha Fund</b>							
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,279
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,389
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	185
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	1,719
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	67
JP Morgan	United States	Equity	Main market listing	AUD	Triparty	BNP Paribas	78
JP Morgan	United States	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	5,942
JP Morgan	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	223
Morgan Stanley	United Kingdom	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	835
Morgan Stanley	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	10
							<b>11,727</b>
<b>Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>							
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	102
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	88
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	5
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	8
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	4
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	15
HSBC	United Kingdom	Equity	Main market listing	EUR	Triparty	BNP Paribas	916
HSBC	United Kingdom	Equity	Main market listing	SEK	Triparty	BNP Paribas	42
HSBC	United Kingdom	Equity	Main market listing	NOK	Triparty	BNP Paribas	106
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	50
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	66
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	8
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	75
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	3
JP Morgan	United States	Equity	Main market listing	AUD	Triparty	BNP Paribas	3
Merrill Lynch	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	110
Merrill Lynch	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	237
Merrill Lynch	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	411
Merrill Lynch	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	408
Merrill Lynch	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	204
							<b>2,861</b>

## Appendix - Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

Counterparty	Counterparty country of origin	Type	Quality	Collateral CCY	Settlement basis	Custodian	Market value of collateral received £000
<b>Henderson Institutional European Index Opportunities Fund</b>							
ABN Amro	Netherlands	Equity	Main market listing	GBP	Bilateral	BNP Paribas	409
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	6
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	146
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	91
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	27
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	5,325
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	4,584
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	288
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	436
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	226
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	777
HSBC	United Kingdom	Equity	Main market listing	EUR	Triparty	BNP Paribas	2,549
HSBC	United Kingdom	Equity	Main market listing	SEK	Triparty	BNP Paribas	117
HSBC	United Kingdom	Equity	Main market listing	NOK	Triparty	BNP Paribas	295
ING Bank	Netherlands	Equity	Main market listing	EUR	Triparty	BNP Paribas	341
ING Bank	Netherlands	Equity	Main market listing	GBP	Triparty	BNP Paribas	147
ING Bank	Netherlands	Equity	Main market listing	HKD	Triparty	BNP Paribas	982
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	2,110
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	2,289
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	305
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	2,834
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	111
JP Morgan	United States	Equity	Main market listing	AUD	Triparty	BNP Paribas	128
Merrill Lynch	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	123
Merrill Lynch	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	263
Merrill Lynch	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	455
Merrill Lynch	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	452
Merrill Lynch	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	225
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	141
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	4,354
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	828
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	746
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	171
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,051
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,257
							<b>34,589</b>
<b>Henderson Institutional Japan Index Opportunities Fund</b>							
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	42
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	937
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	589
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	173
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	22
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	26
							<b>1,789</b>

## Appendix - Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

Counterparty	Counterparty country of origin	Type	Quality	Collateral CCY	Settlement basis	Custodian	Market value of collateral received £000
<b>Henderson Institutional North American Index Opportunities Fund</b>							
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	5
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	106
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	67
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	20
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	4,151
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	3,573
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	224
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	340
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	176
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	606
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	2,175
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	2,357
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	314
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	2,918
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	114
JP Morgan	United States	Equity	Main market listing	AUD	Triparty	BNP Paribas	132
Merrill Lynch	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	248
Merrill Lynch	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	534
Merrill Lynch	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	925
Merrill Lynch	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	919
Merrill Lynch	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	458
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	80
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	2,474
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	470
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	424
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	97
							<b>23,907</b>

The lending and collateral transactions are on an open basis and can be recalled on demand.

All collateral is held in segregated accounts.

#### Total Return Swaps

The total return swap held by Henderson Credit Alpha Fund is due to mature in less than three months.

The fund does not hold specific collateral in relation to the total return swap as all derivative positions that are held by the fund are collateralised on a net exposure basis.

All collateral is held in segregated accounts.

#### Re-use of collateral

The fund does not engage in any re-use of collateral.

## Appendix - Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Return and cost on securities lending activities

The following table details the funds' return and costs for each type of SFTs for the year ending 31 October 2017:

Stock lending					
Fund	Total gross amount of securities lending income £000	Direct and indirect costs and fees deducted by securities lending agent £000	% return of the securities lending agent	Net securities lending income retained by the fund £000	% return of the fund
Henderson Credit Alpha Fund	38	6	15%	32	85%
Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund	13	2	15%	11	85%
Henderson Institutional European Index Opportunities Fund	72	11	15%	61	85%
Henderson Institutional Japan Index Opportunities Fund	14	2	15%	12	85%
Henderson Institutional North American Index Opportunities Fund	35	5	15%	30	85%

Total return swaps					
Fund	Total gross amount of securities lending income £000	Direct and indirect costs and fees deducted by securities lending agent £000	% return of the securities lending agent	Net securities lending income retained by the fund £000	% return of the fund
Henderson Credit Alpha Fund	103	-	0%	103	100%

## 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. Under the Code, the Remuneration Committee of Henderson Group plc\* in its oversight of Henderson Investment Funds Limited ("HIFL") must make relevant remuneration disclosures in the first full performance year following the implementation date.

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 Henderson Group plc\* Remuneration 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.

Henderson Strategic Investment Funds is managed by HIFL, which is a subsidiary of Janus Henderson Group plc.

The Remuneration Committee of 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 AFM and the funds they manage. This policy applies to HIFL and Henderson Strategic Investment Funds.

Further information on the Henderson Group plc\* Remuneration Policy is available in the Henderson Group plc\* annual report and accounts.

	Headcount (1)	Total Remuneration (£'000s) (2,3)
<b>Henderson Credit Alpha Fund</b>	<b>831</b>	<b>504</b>
of which		
Fixed Remuneration	831	247
Variable Remuneration	824	257
Carried Interest	n/a	-
<b>Henderson Credit Alpha Fund Remuneration Code Staff</b>	<b>37</b>	<b>305</b>
of which		
Senior Management (4)	19	37
Other Code Staff (5)	18	268
	Headcount (1)	Total Remuneration (£'000s) (2,3)
<b>Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>	<b>842</b>	<b>161</b>
of which		
Fixed Remuneration	842	99
Variable Remuneration	835	62
Carried Interest	n/a	-
<b>Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund Remuneration Code Staff</b>	<b>48</b>	<b>93</b>
of which		
Senior Management (4)	19	13
Other Code Staff (5)	29	80
	Headcount (1)	Total Remuneration (£'000s) (2,3)
<b>Henderson Institutional European Index Opportunities Fund</b>	<b>842</b>	<b>468</b>
of which		
Fixed Remuneration	842	289
Variable Remuneration	835	179
Carried Interest	n/a	-

## Appendix - Additional Information (unaudited) (continued)

### Remuneration Policy (continued)

<b>Henderson Institutional European Index Opportunities Fund Remuneration Code Staff</b>	<b>48</b>	<b>257</b>
of which		
Senior Management (4)	19	40
Other Code Staff (5)	29	217
	<b>Headcount (1)</b>	<b>Total Remuneration (£'000s) (2,3)</b>
<b>Henderson Institutional Japan Index Opportunities Fund</b>	<b>842</b>	<b>215</b>
of which		
Fixed Remuneration	842	133
Variable Remuneration	835	82
Carried Interest	n/a	-
<b>Henderson Institutional Japan Index Opportunities Fund Remuneration Code Staff</b>	<b>48</b>	<b>124</b>
of which		
Senior Management (4)	19	17
Other Code Staff (5)	29	107
	<b>Headcount (1)</b>	<b>Total Remuneration (£'000s) (2,3)</b>
<b>Henderson Institutional North American Index Opportunities Fund</b>	<b>842</b>	<b>507</b>
of which		
Fixed Remuneration	842	313
Variable Remuneration	835	194
Carried Interest	n/a	-
<b>Henderson Institutional North American Index Opportunities Fund Remuneration Code Staff</b>	<b>48</b>	<b>284</b>
of which		
Senior Management (4)	19	42
Other Code Staff (5)	29	242

1. The is actual number of employees who are fully or partly involved in the activities of Henderson Strategic Investment Funds – no attempt has been made to apportion the time spent specifically in support of each fund within the Henderson Strategic Investment Funds as this data is not captured as part of the Company's normal processes.
2. Please note that due to the employment structure and resourcing of the Henderson Group\*, the staff indicated in this table may provide services to other companies in the Henderson Group plc\*.
3. The remuneration disclosed is only in respect of the provision of services to Henderson Strategic Investment 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 Henderson Strategic Investment Funds and to other entities in the Henderson Group plc\*, as follows:
  - in respect of fixed pay and annual/long term incentive bonuses:
  - where fixed pay is directly attributable to Henderson Strategic Investment Funds (for example, fees for HIFL), 100% of those fees;
  - for fund managers, pro-rated using the average AUM of Henderson Strategic Investment Funds managed by the relevant 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 Henderson Strategic Investment Funds (as a proportion of the aggregate average AUM of Henderson Group plc\*) as a proxy.
4. Senior Management includes the 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 Fund Managers who manage AUM within Henderson Strategic Investment Funds.

\*On 30 May 2017, Henderson Group plc merged with Janus Capital Group to form Janus Henderson Group plc. The remuneration disclosure stated above is based on information for Henderson Group plc prior to the merger only.



## 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 lines are 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

We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

Janus Henderson Investors is the name under which Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. © 2017, Janus Henderson Investors. The name Janus Henderson Investors includes HGI Group Limited, Henderson Global Investors (Brand Management) Sarl and Janus International Holding LLC.