



# ANNUAL REPORT & ACCOUNTS

For the year ended  
31 August 2017

Janus Henderson  
— INVESTORS —

Henderson Investment Fund OEIC

# 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.

# Contents

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Authorised Corporate Director's (ACD) report	Page 1
Director's statement	Page 1
Market review	Page 3
Statement of Authorised Corporate Director's (ACD) responsibilities of Henderson Investment Fund OEIC	Page 5
Statement of the Depositary's responsibilities and Report of the Depositary to the shareholders of Henderson Investment Fund OEIC	Page 5
Independent Auditor's Report to the shareholders of Henderson Investment Fund OEIC	Page 6
Aggregated notes to financial statements	Page 8
<b>Financial statements</b>	
Henderson European Growth Fund	Page 14
Henderson Global Equity Income Fund	Page 38
Henderson UK Alpha Fund	Page 72
Appendix - Additional Information (unaudited)	Page 92
Further information	Page 98

## Authorised Corporate Director's (ACD) report

We are pleased to present the Annual Report and Accounts for Henderson Investment Fund OEIC ("the Company") for the year ended 31 August 2017.

### Authorised status

The company is an open-ended investment Company ("OEIC") with variable capital incorporated in England and Wales under registered number IC106 and authorised by the Financial Conduct Authority (FCA) with effect from 18 May 2001.

The Company is a UCITS scheme complying with chapter 5 of COLL and the operation of the Company is governed by the OEIC Regulations, COLL, its Instrument of Incorporation and Prospectus.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment after they have paid the price on the purchase of shares.

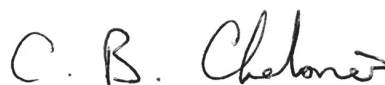
The Company is structured as an umbrella company which comprises of 3 funds ("funds") for the purposes of COLL. The assets of each fund are treated as separate from those of every other fund and are invested in accordance with the investment objective and investment policy applicable to that fund.

### 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.

### 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.



C Chaloner  
(Director)

14 November 2017

## 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 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 in sterling total returns unless otherwise stated.

**Global equity markets** rose over the year to 31 August 2017 (MSCI World Index +18.8% in sterling, +16.8% in US dollars). Politics were the main focus over the year under review; markets were boosted by an unexpectedly positive global reaction to Donald Trump's US presidential election victory and favourable outcomes in European elections.

**In the UK**, the FTSE All-Share Index rose (+14.3%) in defiance of the political uncertainty that came with 2017. In late March, the UK government triggered Article 50, marking the official start of exit negotiations with the European Union (EU). This was unexpectedly followed up by the announcement that a snap general election would be held in June. The general election itself brought more uncertainty, as it resulted in a hung parliament. Economic data was mixed, with GDP growth rising to 0.7% in the fourth quarter but subsequently slipping. Inflation was higher - May's year-on-year figure of 2.9% marked the highest number since June 2013 (the figure fell to 2.6% in June and July). The Bank of England (BoE) kept rates on hold, though policymakers displayed wariness regarding higher inflation. Meanwhile the unemployment rate continued to fall, reaching 4.3% in the three months to end-July.

**European equities** rose (FTSE World Europe ex UK +26.0% in sterling terms, 17.1% in euros) in a busy year that saw elections in Austria, the Netherlands and France. With euro-sceptic candidates polling strongly, investors took caution, fearing for a breakdown of the eurozone, particularly following the success of anti-globalisation movements in the UK and US in 2016. But the votes (in particular, France's election of Emmanuel Macron over euro-sceptic Marine Le Pen) returned favourable results for the single-currency bloc, and sent the euro soaring against the US dollar from late April. The European Central Bank (ECB) made only minimal policy changes, though it did extend the end date of its bond-buying programme (albeit at a lower rate of €60bn in purchases per month). President Mario Draghi noted his belief that stimulus measures have worked, saying, "the threat of deflation is gone."

**US equities** also gained strongly in the year (S&P 500 +18.1% in sterling, +16.2% in US dollars). Domestic markets advanced, especially following November's presidential election, and were later helped by strong first- and second-quarter corporate earnings. However, as time wore on, optimism ebbed, dampened by geopolitical events (such as airstrikes in Syria and tensions with North Korea) and questions about the president's ties to Russia during the 2016 election season. GDP growth slowed during the winter months, but bounced back up to exceed expectations and advance by 3.0% in the second quarter. Consumer price inflation eased towards the end of the review year. The Federal Reserve (Fed) followed through on its guidance for rate hikes: benchmark interest rates were lifted by 25 basis points in each of December, March and June.

**Asia-Pacific ex Japan equities** were up over the year (MSCI AC Asia Pacific ex Japan +25.6% in sterling, +23.5% in US dollars). China proved strong: joblessness decreased and annualised GDP growth advanced. The International Monetary Fund upgraded its projection for the country's 2017 growth to 6.7%, and MSCI announced a decision to include Chinese A-shares in its emerging markets index from 2018. India saw its stock market climb on optimism regarding Prime Minister Narendra Modi's government reforms, with the rupee moving steadily higher versus the US dollar from February. Australia experienced a marked recovery in GDP from the third quarter to the fourth (-0.4% and +1.1%, respectively). However, the figure fell to 0.3% for the first quarter of 2017 partly because of poor weather conditions that negatively impacted iron ore and coal exports. South Korea recorded record highs for its KOSPI index in a year that saw its president impeached and jailed, though equities began to slip in August due to investors' fears from the country's proximity to volatile North Korea.

**Japanese equities** advanced by 18.7% in sterling, 24.3% in yen terms, according to the TOPIX Index. The Bank of Japan (BoJ) implemented a policy to control the yield curve in September but kept rates on hold throughout the 12-month period. By October, the strong yen started to weaken, and consumer price inflation began to turn positive. The BoJ raised its fiscal year 2017-2018 growth forecast to 1.5% in January, and later revised it even higher, to 1.6%, in April. While growth for the January-March quarter missed expectations, GDP growth reached its highest level in two years in the three months to June, helped by strong domestic demand. 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.

**Emerging markets** also strengthened (MSCI Emerging Markets +27.0% in sterling, +25.0% in US dollars). Brazilian stocks experienced volatility as the oil price floundered and President Michel Temer was charged with corruption. The central bank made multiple rate cuts to support the economy. The new year brought news of improved year-on-year GDP growth in Russia; this was driven by better conditions in the mining and manufacturing sectors. However, the domestic equity market was down sharply on falling oil prices. Despite strong Chinese GDP growth in early 2017, Moody's downgraded the nation's credit rating, citing an increasing reliance on debt-fuelled growth. Although South Korea witnessed a presidential impeachment, the country's equity market was ascendant for most of 2017, boosted by repeated all-time highs in the stock price of major index constituent Samsung. Taiwan's annual inflation fell precipitously in February, but the equity market proved strong as the year went on.

**Within fixed income**, core government bond markets (eg US, UK, Germany) saw yields rise (prices fell, as they move inversely to yields). The JPM Global Government Bond Index increased by 0.3% over the year. In the US, 10-year Treasury yields rose sharply after November's presidential election but were somewhat volatile thereafter as geopolitical tensions and White House scandals persisted. UK 10-year gilt yields initially experienced a dip (on hints of BoE rate cuts) but subsequently increased, only to drop again in August 2017. German 10-year bund yields were up and down, beginning the year in negative territory and moving higher into the new year before experiencing volatility in anticipation of elections across western Europe. Elsewhere, in credit markets both investment grade and sub investment grade markets generated positive returns and outperformed government equivalents.

**Commodities** proved mixed. Gold zigzagged throughout the year, plunging following Donald Trump's election as investors grew confident about his potential pro-growth policies, but soaring in August as tensions between the US and North Korea escalated. Copper was a top performer, booming in November and hitting a three-year high in August. The potential for infrastructure improvements in the US and greater demand from China kept prices elevated. The Organization of the Petroleum Exporting Countries (OPEC)'s deal in November to cut production drove crude oil prices higher during the fourth quarter and into 2017. But spring ushered in a volatile period, with increased supply from the US driving prices down. As the review year ended, the significant destruction caused by Hurricane Harvey depressed the price of US crude oil further – oil prices dipped by almost 6% in the month of August alone.

## **Statement of Authorised Corporate Director's (ACD) responsibilities of Henderson Investment Fund OEIC** for the year ended 31 August 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 funds and their income 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 Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the Financial Statements, as prepared by Henderson Investment Funds Limited, 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 the Depositary's Responsibilities and Report of the Depositary to the shareholders of Henderson Investment Fund OEIC ("the company")** for the year ended 31 August 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 carried out in accordance with the Regulations;
- The value of shares of the Company are 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  
14 November 2017



# **Independent Auditors' report to the shareholders of Henderson Investment Fund OEIC (the "Company")**

## **Report on the financial statements**

### **Our opinion**

In our opinion, Henderson Investment Fund OEIC'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 August 2017 and of the net revenue and the net capital gains 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 Investment Fund OEIC (the "company") is an Open Ended Investment Company ("OEIC") with 3 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 August 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.

# **Independent Auditors' report to the shareholders of Henderson Investment Fund OEIC (the "Company")** (continued)

## **Authorised Corporate Director's Report**

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.

## **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  
14 November 2017

## **1 Accounting Policies**

### **(a) Basis of accounting**

The financial statements of Henderson Investment Fund OEIC (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 August 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.

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

Bank interest is 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.

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

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

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 detailed below and 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.

The investment objective of Henderson Global Equity Income Fund concentrates on the generation of income as a higher priority than capital growth. The ACD and Depositary have agreed that 100% of the AMC for this fund is to be taken to capital for the purpose of calculating the distribution, as permitted by the OEIC regulations and in accordance with the Prospectus. The distribution currently payable reflects this treatment together with any associated tax effect.

#### General Administration Charge

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

For further details please refer to the Prospectus.

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

With the exception of the AMC, and the GAC 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.

For further details please refer to the Prospectus.

#### (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.

## Aggregated notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### (h) 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.

#### (i) Treatment of derivatives

In pursuing its investment objectives, each of 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 accrual 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 on 'Net capital gains/(losses)' in the Statement of total return.

#### Forward foreign currency contracts

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

### 2 Distribution Policy

The distribution policy of the funds is to distribute/accumulate all available revenue, after the deduction of expenses properly chargeable against revenue, subject to any of the AMC or other expense which may currently be transferred to capital. All of the funds pay dividend distributions.

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

Marginal tax relief has been included when determining the amount available for distribution.

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

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

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

- Henderson European Growth Fund and Henderson UK Alpha Fund

The following fund makes quarterly distributions (31 January, 30 April, 31 July and 31 October) to shareholders:

- Henderson Global Equity Income Fund

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

In the event that an amount of income to be distributed or accumulated is less than 1% of the value of the fund's property the ACD reserves the right to carry the income over to the next distribution or accumulation.

#### Equalisation

Income equalisation currently only applies to Henderson Global Equity Income Fund.

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

### 3 Risk

In pursuing its investment objective each fund holds 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, transaction and stock lending and forward foreign exchange contracts for the purpose of efficient portfolio management only.

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, FinAnalytica and Barra Aegis for market risk measurement; and
- Bloomberg for market data and price checking.

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

#### (a) Market risk

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

The investments of the funds are subject to normal market fluctuations and other risks inherent in investing in securities in pursuance of the investment objectives and policies as set out in the Prospectus.

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 derivative instruments solely for the purpose of efficient portfolio management, and they are not intended to increase 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 enhanced return. These strategies may include the use of derivatives instruments such as options, futures, forward transactions and contracts for difference. Such strategies may be unsuccessful and incur losses for the funds, due to market conditions. The funds do not employ significant leverage.

## Aggregated notes to the financial statements (continued)

### 3 Risk (continued)

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

##### Currency risk

Currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates. A proportion of a fund's assets and income may be denominated in currencies other than sterling (the fund's functional currency and the one in which it reports its results). As a result, movements in exchange rates may affect the sterling value of those items so a fund's total return and balance sheet can be significantly affected by currency fluctuations. This risk is managed by the Investment Manager using hedging transactions in line with each fund's investment objective, powers and limits, though this will not eliminate the relevant fund's currency risk.

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.

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

##### Other market 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 Authorised Corporate Director 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 cashflow.

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 funds and ACD are subject to regular reviews. Only counterparties that have been approved by Janus Henderson's Credit Risk Forum are used for derivative transactions. The continuing credit worthiness of counterparties is monitored on a daily basis.

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

#### (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.

## Aggregated notes to the financial statements (continued)

### 4 Cross holdings

There are no cross holdings within any of the funds of Henderson Investment Fund OEIC at the year end (2016: nil).



# Henderson European Growth Fund

## Authorised Corporate Director's report for the year ended 31 August 2017

### Investment Fund Manager

Simon Rowe

### Investment objective and policy

To achieve long-term capital growth.

The fund will invest principally in the securities of European companies. In addition to ordinary shares, the fund may also invest in preference shares, debt securities convertible into ordinary stocks and shares, money-market instruments and deposits. The fund may also invest outside of Europe if the investment adviser believes that it is in the interest of the fund.

### Performance summary

	31 Aug 16- 31 Aug 17	31 Aug 15- 31 Aug 16	31 Aug 14- 31 Aug 15	31 Aug 13- 31 Aug 14	31 Aug 12- 31 Aug 13
	%	%	%	%	%
<b>Henderson European Growth Fund</b>	21.1	22.1	8.4	5.4	29.1
<b>FTSE World Europe ex UK</b>	26.0	15.4	1.3	10.4	26.3

Source: Morningstar, bid to bid, net of fees as at 12 noon valuation point, based on performance of Class A accumulation. Benchmark values are 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 August 2017

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
Carlsberg	26,147	Kerry	25,563
Royal Dutch Shell 'B'	24,664	Zodiac Aerospace	24,874
Michelin	22,079	Sodexo	22,535
Danske Bank	21,906	Nestlé	20,501
UPM-Kymmene	20,544	Bayer	19,042
SCOR	18,468	Novo Nordisk 'B'	18,620
Tarkett	17,857	Air Liquide	17,419
Viscofan	16,489	Fielmann	15,625
Akzo Nobel	14,909	Sika	13,619
Cargotec 'B'	14,894	Aalberts Industries	13,450
<b>Total purchases</b>	<b>366,005</b>	<b>Total sales</b>	<b>361,804</b>

### Investment review

The year to 31 August 2017 began with the confusing aftermath of the UK's unexpected vote to leave the European Union (EU). Although there was a quick recovery from the initial selloff in the wake of the referendum, there was still widespread nervousness that the rise of populist anti-EU sentiment might cause the EU and the Eurozone to unravel. However, the UK's decision caused little short term disruption and the tide of populism was reversed in early 2017 with a rebuff to populists, first in the Netherlands and more significantly in France, where Emmanuel Macron, standing as a reforming, pro-EU candidate, won an overwhelming majority in the French presidential election. The French vote cemented a rally that had been building since the start of 2017, as a more benign political environment combined with evidence of an economic pickup in previously moribund countries such as Portugal, Italy and France. Greater optimism about Europe also coincided with a period in which investors became more sceptical about President Donald Trump's ability to implement his electoral programme of tax cuts and infrastructure spending in the US. A rebound in the euro against the US dollar further enhanced investment returns for international investors.

Against this backdrop, the Henderson European Growth Fund rose 22.0% (Class I accumulation) compared with its index, which gained 26.0%. The fund lagged the index because of its underweight position in banks, which rallied strongly in the second half of 2016 after it became clear that the European Central Bank (ECB) would not cut interest rates further. The fund also had no holdings in luxury and only a few in oil, two other sectors which also rallied. However, there were very healthy contributions from other holdings, with several returning more than 50.0%, including Swiss construction chemicals group Sika, and French services specialist SPIE. Agricultural equipment group CNH also rose sharply on signs of an improvement in its end markets, while Danish insulation group Rockwell contributed 37.0%. Our bank holdings Nordea and ING rose sharply. Other highlights included smaller holdings such as Pfeiffer Vacuum, which received a bid (as did aerospace group Zodiac) and German automation specialist Duerr, which returned 43.0%. We had relatively few disappointments, although Huhtamaki gave back some of its strong performance from the previous year, and a number of other stocks made no advancements after excellent previous contributions, such as DCC.

In terms of changes, we made relatively few changes to the largest holdings, but more significant changes among the middle and smaller holdings. We purchased new positions in Carlsberg, Danske Bank, Michelin, French reinsurer SCOR, and Dutch-based coatings group Akzo Nobel, which was then the subject of a bid approach. Other additions included UPM-Kymmene, which still looks inexpensive (even after strong performance), French flooring group Tarkett, Swiss agricultural equipment group Bucher Industries, Danish ferry group DFDS and Fnac in France.

In terms of sales, we took profits in Jungheinrich, having doubled the value of our initial purchase, and we sold German eyewear retailer Fielmann after many years of good contributions – mainly because the valuation became very high. We also sold positions in Bayer, Nestle and Linde, preferring to invest this cash in some of the medium sized companies mentioned above. Other disposals included Aalberts Industries and Symrise, again on valuation grounds. In addition to these changes, we made a number of adjustments to existing holdings.

The economic backdrop in Europe continues to improve, albeit from very sluggish levels, and France looks likely to embark on significant economic reforms under its new president, Emmanuel Macron. The main focus in the short term will be whether Macron can introduce significant changes to the byzantine French labour code. Initial signs are that the resistance to the proposals – making it easier, less expensive and quicker to lay off workers – is far weaker than in the past. Macron's next (and more difficult) challenge will be to tackle the pension and welfare system.

The outlook for European equities is also supported by increased interest from international investors, who have considered Europe not suitable for investing for many years. One area of uncertainty concerns ECB policy, in particular how the Bank will wind down its programme of bond purchases. Our view is that rates will rise, but the pace will be slow so as not to choke off the fragile recovery or undermine the position of heavily indebted Italy. In this environment, we continue to focus on mid cap companies where we still can find restructuring stories or attractive prices, even though valuations have risen across the board. We also think that there is more fundamental value in equities valued on 6-8% free cash flow yields than in the bond market, where yields, although above the troughs seen in 2016, are still fairly near multi-year lows (prices move inversely to yields).

## Comparative tables for the year ended 31 August 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	198.37	163.17	150.00
Return before operating charges*	46.57	38.13	15.94
Operating charges	(3.66)	(2.93)	(2.77)
Return after operating charges*	42.91	35.20	13.17
Distributions on accumulation shares	(1.99)	(2.13)	(0.83)
Retained distributions on accumulation shares	1.99	2.13	0.83
Closing net asset value per share	241.28	198.37	163.17
* after direct transaction costs of:	0.19	0.09	0.08
<b>Performance</b>			
Return after charges	21.63%	21.57%	8.78%
<b>Other information</b>			
Closing net asset value (£000s)	554,738	494,966	554,796
Closing number of shares	229,913,165	249,511,767	340,018,687
Operating charges	1.70%	1.70%	1.70%
Direct transaction costs	0.09%	0.05%	0.05%
<b>Prices</b>			
Highest share price (pence)	242.00	202.70	179.70
Lowest share price (pence)	187.60	154.80	136.80
	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	440.32	359.08	327.28
Return before operating charges*	103.88	84.51	34.80
Operating charges	(4.04)	(3.27)	(3.00)
Return after operating charges*	99.84	81.24	31.80
Distributions on accumulation shares	(7.63)	(8.78)	(5.01)
Retained distributions on accumulation shares	7.63	8.78	5.01
Closing net asset value per share	540.16	440.32	359.08
* after direct transaction costs of:	0.42	0.19	0.17
<b>Performance</b>			
Return after charges	22.67%	22.62%	9.72%
<b>Other information</b>			
Closing net asset value (£000s)	631,479	485,020	348,221
Closing number of shares	116,905,981	110,151,757	96,977,301
Operating charges	0.84%	0.85%	0.84%
Direct transaction costs	0.09%	0.05%	0.05%
<b>Prices</b>			
Highest share price (pence)	541.70	449.80	394.10
Lowest share price (pence)	417.40	340.80	298.80

## Comparative tables (continued)

	Class S income		
	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	263.53	218.71	202.00
Return before operating charges*	62.42	51.70	21.51
Operating charges	(0.17)	(0.16)	(0.16)
Return after operating charges*	62.25	51.54	21.35
Distributions on income shares	(7.28)	(6.72)	(4.64)
Closing net asset value per share	318.50	263.53	218.71
* after direct transaction costs of:	0.25	0.12	0.10

### Performance

Return after charges	23.62%	23.57%	10.57%
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### Other information

Closing net asset value (£000s)	39,088	31,351	24,654
Closing number of shares	12,272,579	11,896,824	11,272,085
Operating charges	0.06%	0.07%	0.07%
Direct transaction costs	0.09%	0.05%	0.05%

### Prices

Highest share price (pence)	326.70	276.00	244.40
Lowest share price (pence)	250.30	207.70	184.60

	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	211.64	171.25	154.87
Return before operating charges*	50.16	40.52	16.50
Operating charges	(0.14)	(0.13)	(0.12)
Return after operating charges*	50.02	40.39	16.38
Distributions on accumulation shares	(7.51)	(5.74)	(3.01)
Retained distributions on accumulation shares	7.51	5.74	3.01
Closing net asset value per share	261.66	211.64	171.25
* after direct transaction costs of:	0.20	0.09	0.08

### Performance

Return after charges	23.63%	23.59%	10.58%
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### Other information

Closing net asset value (£000s)	266	349	247
Closing number of shares	101,640	164,808	144,043
Operating charges	0.06%	0.07%	0.07%
Direct transaction costs	0.09%	0.05%	0.05%

### Prices

Highest share price (pence)	262.40	216.10	187.40
Lowest share price (pence)	201.00	162.60	141.50

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.

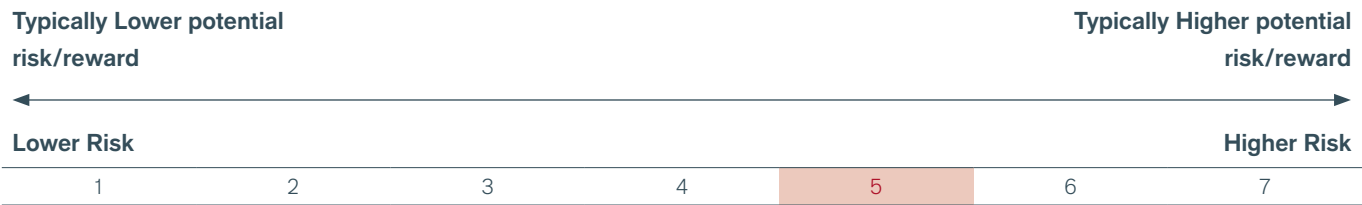
	2017 %	2016 %
<b>Class A</b>	1.70	1.70
<b>Class I</b>	0.84	0.85
<b>Class S</b>	0.06	0.07
<b>Class Z</b>	0.06	0.07

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 4 types of share in issue;

A accumulation, I accumulation, Z accumulation and S income. The risk and reward profile is the same for each type of share and 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 full list of the fund’s risks are contained in the ‘risk warnings’ section in the fund’s prospectus.

The risk rating has changed from 6 to 5 for all share classes.

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

## Portfolio statement as at 31 August 2017

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 97.31% (2016: 99.67%)</b>		
	<b>Austria 0.53% (2016: 0.00%)</b>		
	<b>Basic Materials 0.53% (2016: 0.00%)</b>		
53,047	Lenzing	6,461	0.53
	<b>Belgium 1.52% (2016: 1.76%)</b>		
	<b>Consumer Goods 1.28% (2016: 1.56%)</b>		
598,305	Ontex	15,775	1.28
	<b>Consumer Services 0.24% (2016: 0.20%)</b>		
64,653	Kinepolis	2,898	0.24
	<b>Cayman Islands 0.00% (2016: 2.07%)</b>		
	<b>Industrials 0.00% (2016: 2.07%)</b>		
	<b>Denmark 12.18% (2016: 6.13%)</b>		
	<b>Consumer Goods 4.58% (2016: 1.09%)</b>		
354,947	Carlsberg	31,570	2.58
396,290	Royal Unibrew	16,833	1.37
562,665	Scandinavian Tobacco	7,678	0.63
		56,081	4.58
	<b>Financials 2.13% (2016: 0.00%)</b>		
865,360	Danske Bank	26,108	2.13
	<b>Health Care 1.36% (2016: 3.53%)</b>		
452,920	Novo Nordisk 'B'	16,687	1.36
	<b>Industrials 4.11% (2016: 1.51%)</b>		
294,555	DFDS	13,111	1.07
191,431	Rockwool International 'B'	37,236	3.04
		50,347	4.11
	<b>Finland 10.12% (2016: 7.94%)</b>		
	<b>Basic Materials 1.59% (2016: 0.00%)</b>		
967,472	UPM-Kymmene	19,478	1.59
	<b>Consumer Goods 1.21% (2016: 0.00%)</b>		
722,640	Amer Sports	14,776	1.21
	<b>Financials 3.61% (2016: 3.99%)</b>		
1,080,635	Sampo	44,201	3.61
	<b>Industrials 3.71% (2016: 3.95%)</b>		
322,256	Cargotec 'B'	15,045	1.23
1,011,150	Huhtamaki	30,526	2.48
		45,571	3.71
	<b>France 20.39% (2016: 16.04%)</b>		
	<b>Basic Materials 0.00% (2016: 1.56%)</b>		
	<b>Consumer Goods 2.11% (2016: 0.00%)</b>		
244,804	Michelin	25,863	2.11

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Services 3.87% (2016: 5.15%)</b>		
1,739,453	Elior	35,775	2.92
168,143	Fnac Darty	11,615	0.95
		<u>47,390</u>	<u>3.87</u>
	<b>Financials 1.81% (2016: 0.00%)</b>		
685,079	SCOR	<u>22,244</u>	<u>1.81</u>
	<b>Health Care 1.55% (2016: 1.41%)</b>		
251,482	Sanofi	<u>18,941</u>	<u>1.55</u>
	<b>Industrials 11.05% (2016: 7.92%)</b>		
10,189	Dassault Aviation	12,059	0.98
288,794	Eiffage	23,126	1.89
905,443	Eurotunnel	8,363	0.68
376,029	Schneider Electric	23,499	1.92
1,478,391	SPIE	32,418	2.66
622,666	Tarkett	19,982	1.63
188,026	Vinci	13,416	1.09
109,843	Zodiac Aerospace	2,462	0.20
		<u>135,325</u>	<u>11.05</u>
	<b>Germany 8.30% (2016: 14.94%)</b>		
	<b>Basic Materials 3.63% (2016: 7.04%)</b>		
384,946	Brenntag	15,806	1.29
666,814	Fuchs Petrolub Non-Voting Preference Shares	28,728	2.34
		<u>44,534</u>	<u>3.63</u>
	<b>Consumer Goods 2.52% (2016: 2.96%)</b>		
176,371	Continental	<u>30,871</u>	<u>2.52</u>
	<b>Consumer Services 0.00% (2016: 1.49%)</b>		
	<b>Industrials 2.15% (2016: 3.45%)</b>		
126,995	Duerr	11,460	0.94
117,556	Pfeiffer Vacuum Technology	14,887	1.21
		<u>26,347</u>	<u>2.15</u>
	<b>Ireland 0.00% (2016: 2.53%)</b>		
	<b>Consumer Goods 0.00% (2016: 2.53%)</b>		
	<b>Netherlands 12.36% (2016: 10.13%)</b>		
	<b>Basic Materials 2.99% (2016: 1.19%)</b>		
261,357	Akzo Nobel	18,518	1.51
398,971	IMCD	18,187	1.48
		<u>36,705</u>	<u>2.99</u>
	<b>Consumer Services 2.24% (2016: 3.86%)</b>		
809,549	Wolters Kluwer	<u>27,395</u>	<u>2.24</u>
	<b>Financials 3.34% (2016: 2.70%)</b>		
2,968,774	ING	<u>40,813</u>	<u>3.34</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Health Care 1.90% (2016: 0.00%)</b>		
795,605	Koninklijke Philips	23,326	1.90
	<b>Industrials 0.00% (2016: 2.38%)</b>		
	<b>Oil &amp; Gas 1.89% (2016: 0.00%)</b>		
1,074,788	Royal Dutch Shell 'B'	23,221	1.89
	<b>Slovakia 0.00% (2016: 0.00%)</b>		
	<b>Financials 0.00% (2016: 0.00%)</b>		
22,600	VUB Kupon~	-	-
	<b>Spain 1.50% (2016: 0.00%)</b>		
	<b>Consumer Goods 1.50% (2016: 0.00%)</b>		
394,511	Viscofan	18,444	1.50
	<b>Sweden 10.08% (2016: 9.06%)</b>		
	<b>Consumer Goods 2.65% (2016: 2.79%)</b>		
1,984,333	Dometic	12,773	1.04
2,520,765	Husqvarna 'B'	19,668	1.61
		32,441	2.65
	<b>Financials 3.49% (2016: 2.70%)</b>		
4,104,108	Nordea Bank	42,828	3.49
	<b>Industrials 3.94% (2016: 3.57%)</b>		
816,135	Atlas Copco 'A'	24,786	2.02
1,275,763	Trelleborg 'B'	23,541	1.92
		48,327	3.94
	<b>Switzerland 12.04% (2016: 19.12%)</b>		
	<b>Basic Materials 0.96% (2016: 4.60%)</b>		
7,429	Givaudan	11,759	0.96
	<b>Consumer Goods 0.00% (2016: 2.18%)</b>		
	<b>Financials 2.27% (2016: 2.38%)</b>		
102,807	Cembra Money Bank	6,932	0.57
1,640,110	UBS	20,914	1.70
		27,846	2.27
	<b>Health Care 2.47% (2016: 4.75%)</b>		
259,445	Novartis	16,939	1.38
68,043	Roche Holdings	13,375	1.09
		30,314	2.47
	<b>Industrials 6.34% (2016: 5.21%)</b>		
48,678	Bucher Industries	13,248	1.08
5,204	Forbo Holdings	6,127	0.50
1,053,556	OC Oerlikon	11,358	0.93
5,982	Sika	32,801	2.67
165,413	Sulzer	14,160	1.16
		77,694	6.34

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>United Kingdom 8.29% (2016: 9.95%)</b>		
	<b>Consumer Services 3.53% (2016: 4.34%)</b>		
2,656,758	RELX	43,229	3.53
	<b>Industrials 4.76% (2016: 5.61%)</b>		
2,001,256	CNH Industrial	17,588	1.44
450,457	DCC	31,735	2.58
1,156,156	Grafton	9,087	0.74
		58,410	4.76
	<b>Investment assets</b>	<b>1,192,650</b>	<b>97.31</b>
	<b>Other net assets</b>	32,921	2.69
	<b>Total net assets</b>	<b>1,225,571</b>	<b>100.00</b>

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

~ Suspended or delisted securities

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

		2017		2016	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		198,602		175,838
Revenue	3	28,324		28,963	
Expenses	4	(13,061)		(11,995)	
Interest payable and similar charges	5	(2)		(1)	
Net revenue before taxation		15,261		16,967	
Taxation	6	(867)		(1,189)	
Net revenue after taxation			14,394		15,778
Total return before distributions			212,996		191,616
Distributions	7		(14,394)		(15,778)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>198,602</b>		<b>175,838</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 August 2017

		2017		2016	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>1,011,686</b>		<b>927,918</b>
Amounts receivable on issue of shares		98,728		16,016	
Amounts payable on cancellation of shares		(96,945)		(123,064)	
			1,783		(107,048)
Change in net assets attributable to shareholders from investment activities			198,602		175,838
Retained distributions on accumulation shares			13,500		14,978
<b>Closing net assets attributable to shareholders</b>			<b>1,225,571</b>		<b>1,011,686</b>

## Balance sheet as at 31 August 2017

	Note	2017 £000	2016 £000
<b>Assets:</b>			
Investments		1,192,650	1,008,394
Current assets:			
Debtors	8	7,910	6,101
Cash and bank balances	9	30,979	15,339
<b>Total assets</b>		<b>1,231,539</b>	<b>1,029,834</b>
 Liabilities:			
Creditors:			
Distributions payable		894	800
Other creditors	10	5,074	17,348
<b>Total liabilities</b>		<b>5,968</b>	<b>18,148</b>
<b>Net assets attributable to shareholders</b>		<b>1,225,571</b>	<b>1,011,686</b>

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

### 1 Accounting policies

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

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2017 £000	2016 £000
Forward currency contracts	165	(1)
Non-derivative securities	198,982	175,719
Other currency (losses)/gains	(534)	129
Transaction costs	(11)	(9)
<b>Net capital gains</b>	<b>198,602</b>	<b>175,838</b>

### 3 Revenue

	2017 £000	2016 £000
Bank interest	187	379
Overseas dividends	26,874	28,462
Stock lending revenue	119	122
UK dividends	1,144	-
<b>Total revenue</b>	<b>28,324</b>	<b>28,963</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	11,528	10,570
GAC*	1,321	1,216
	12,849	11,786
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	78	108
Safe custody fees	89	78
	167	186
<b>Other expenses:</b>		
Legal fees	45	23
	45	23
<b>Total expenses</b>	<b>13,061</b>	<b>11,995</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: £7,030).

## 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	2	1
Total interest payable and similar charges	<u>2</u>	<u>1</u>

### 6 Taxation

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

The tax charge comprises:

	2017 £000	2016 £000
<b>Current tax:</b>		
Overseas withholding tax	867	1,189
<b>Overseas withholding tax</b>	<u>867</u>	<u>1,189</u>

#### (b) Factors affecting tax charge for the 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%. The differences are explained below:

	2017 £000	2016 £000
Net revenue before taxation	<u>15,261</u>	<u>16,967</u>
Corporation tax at 20% (2016: 20%)	3,052	3,393
Effects of:		
Irrecoverable overseas tax	867	1,189
Overseas dividends*	(5,375)	(5,692)
UK dividends**	(228)	-
Unused management expenses	<u>2,551</u>	<u>2,299</u>
<b>Tax charge for the year (note 6a)</b>	<u>867</u>	<u>1,189</u>

\* 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 £19,640,874 (2016: £17,089,519) 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

	2017 £000	2016 £000
Final income	894	800
Final accumulation	13,500	14,978
<b>Total distributions</b>	<b>14,394</b>	<b>15,778</b>

Details of the distribution per share are set out in the distribution table on page 37.

### 8 Debtors

	2017 £000	2016 £000
Accrued revenue	509	169
Amounts receivable for issue of shares	916	115
Currency transactions awaiting settlement	1,378	1,912
Overseas withholding tax reclaimable	5,107	3,905
<b>Total debtors</b>	<b>7,910</b>	<b>6,101</b>

### 9 Cash and bank balances

	2017 £000	2016 £000
Cash and bank balances	30,979	15,339
<b>Total cash and bank balances</b>	<b>30,979</b>	<b>15,339</b>

## Notes to the financial statements (continued)

### 10 Other creditors

	2017 £000	2016 £000
Accrued annual management charge	1,092	947
Accrued Depositary's fee	6	9
Accrued other expenses	144	116
Amounts payable for cancellation of shares	777	12,154
Corporation tax payable	297	298
Currency transactions awaiting settlement	1,380	1,912
Purchases awaiting settlement	1,378	1,912
<b>Total other creditors</b>	<b>5,074</b>	<b>17,348</b>

### 11 Contingent assets, liabilities and commitments

The fund is party to a claim against HMRC, the Franked Investment Group (FII GLO) litigation, against the retrospective legislation issued by HMRC, which may result in a remedy to claimants. A contingent asset has not been recognised in the current or prior year 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 24 and 25 and notes 4, 7, 8 and 10 on pages 26 to 29 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations,
- Annual management charge
- GAC

There were no material shareholders at the year end (2016: nil).

### 13 Shareholder funds

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

	2017	2016
Class A	1.50%	1.50%
Class I	0.75%	0.75%
Class S*	0.00%	0.00%
Class Z*	0.00%	0.00%

\* Charges for managing S & 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 16 to 17. The distribution per share class is given in the distribution table on page 37. All share classes have the same rights on winding up.



## Notes to the financial statements (continued)

### 13 Shareholder funds (continued)

Share reconciliation as at 31 August 2017

	<b>Class A accumulation</b>	<b>Class I accumulation</b>	<b>Class S income</b>
Opening number of shares	249,511,767	110,151,757	11,896,824
Issues during the year	2,450,308	16,816,316	1,790,818
Cancellations during the year	(19,070,029)	(11,423,671)	(1,407,521)
Shares converted during the year	(2,978,881)	1,361,579	(7,542)
<b>Closing shares in issue</b>	<b>229,913,165</b>	<b>116,905,981</b>	<b>12,272,579</b>

	<b>Class Z accumulation</b>
Opening number of shares	164,808
Issues during the year	19,766
Cancellations during the year	(36,506)
Shares converted during the year	(46,428)
<b>Closing shares in issue</b>	<b>101,640</b>

### 14 Financial derivatives

The fund is permitted to used financial derivatives for efficient portfolio management only.

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 August 2017 (2016: nil).

There were no exposure to derivatives as at 31 August 2017 (2016: nil).

## 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
Abbey National	12,179	13,533	Equity
ABN AMRO	233	259	Equity
Citigroup	16,184	17,983	Equity
Deutsche Bank	24,690	27,616	Equity
Merrill Lynch	14,788	16,432	Equity
Natixis	140	157	Equity
Société Générale	19,701	21,893	Equity
Total	<b>87,915</b>	<b>97,873</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	140	21	119

## 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
Bank of Nova Scotia	1,073	1,183	Equity
Citigroup	259	285	Equity
Citigroup	5	6	Government Bond
	<u>264</u>	<u>291</u>	
Deutsche Bank	1,046	1,098	Corporate Bond
Deutsche Bank	32,087	35,603	Equity
	<u>33,133</u>	<u>36,701</u>	
J P Morgan	4,366	5,315	Equity
Natixis	95	107	Equity
Natixis	14	15	Government Bond
	<u>109</u>	<u>122</u>	
Société Générale	25,587	28,151	Equity
Société Générale	43,862	46,061	Government Bond
	<u>69,449</u>	<u>74,212</u>	
	<u>108,394</u>	<u>117,824</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	144	22	122

### 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 £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Danish krone	149,223	484	149,707
Euro	708,175	2,367	710,542
Swedish krona	123,596	10	123,606
Swiss franc	147,613	2,370	149,983
UK sterling	64,043	27,687	91,730
US dollar	-	3	3
<b>Total</b>	<u>1,192,650</u>	<u>32,921</u>	<u>1,225,571</u>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Currency risk (continued)

	Investment assets £000	Other net assets (liabilities) £000	Total net assets £000
<b>2016</b>			
<b>Currency</b>			
Danish krone	62,015	123	62,138
Euro	616,341	2,043	618,384
Swedish krona	91,635	84	91,719
Swiss franc	193,379	1,820	195,199
UK sterling	45,024	(781)	44,243
US dollar	-	3	3
<b>Total</b>	<b>1,008,394</b>	<b>3,292</b>	<b>1,011,686</b>

#### Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £1,133,841 (2016: £967,443). A 10% increase in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing the return and the net assets as at 31 August 2017 by £113,384 (2016: £96,744). A 10% decrease in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of decreasing the return and the net assets as at 31 August 2017 by £113,384 (2016: £96,744).

#### Interest rate risk

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

#### Other market price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

#### Leverage

The fund has not employed significant leverage in the current or prior year.

#### Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2017</b>				
Distribution payable	-	894	-	-
Other creditors	-	5,074	-	-
<b>Total</b>	<b>-</b>	<b>5,968</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Liquidity risk (continued)

	On demand	Within one year	Over one year but not more than five years	Over five years
2016	£000	£000	£000	£000
Distribution payable	-	800	-	-
Other creditors	-	17,348	-	-
<b>Total</b>	<b>-</b>	<b>18,148</b>	<b>-</b>	<b>-</b>

### 17 Fair value disclosure

#### Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS102 (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 FRS102 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

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

#### 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	1,192,650	-	1,008,394	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<b>1,192,650</b>	<b>-</b>	<b>1,008,394</b>	<b>-</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>				
Equities	365,369	158,117	362,089	237,409
<b>Trades in the year before transaction costs</b>	<b>365,369</b>	<b>158,117</b>	<b>362,089</b>	<b>237,409</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Equities	268	143	285	222
Total commissions	268	143	285	222
<b>Taxes</b>				
Equities	136	27	-	-
Total taxes	136	27	-	-
<b>Other expenses</b>				
Equities	232	86	-	-
Total other expenses	232	86	-	-
<b>Total transaction costs</b>	<b>636</b>	<b>256</b>	<b>285</b>	<b>222</b>
<b>Total net trades in the year after transaction costs</b>	<b>366,005</b>	<b>158,373</b>	<b>361,804</b>	<b>237,187</b>
	Purchases		Sales	
	2017	2016	2017	2016
	%	%	%	%
<b>Total transaction cost expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Equities	0.07	0.09	0.08	0.09
<b>Taxes</b>				
Equities	0.04	0.02	-	-
<b>Other expenses</b>				
Equities	0.06	0.05	-	-
	2017	2016		
	%	%		
<b>Total transaction cost expressed as a percentage of net asset value</b>				
Commissions	0.06	0.04		
Taxes	0.01	-		
Other expenses	0.02	0.01		
<b>Total costs</b>	<b>0.09</b>	<b>0.05</b>		

There were no in specie transfers identified during the year (2016: nil). There were corporate actions identified during the year of £18,997,790 (2016: nil).

There were no direct transaction costs associated with derivatives during the year (2016: nil).

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

The portfolio dealing spread as at 31 August 2017 is 0.07% (2016: 0.07%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

## Notes to the financial statements (continued)

### 19 Events after the Balance sheet date

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

## Distribution table for the year ended 31 August 2017 (in pence per share)

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

Group 1 : shares purchased prior to 1 September 2016

Group 2 : shares purchased on or after 1 September 2016

	Distribution per share	Total Distribution per share 31/10/2017	Total Distribution per share 31/10/2016
<b>Class A accumulation</b>			
Group 1	1.9882	1.9882	2.1253
Group 2	1.9882	1.9882	2.1253
<b>Class I accumulation</b>			
Group 1	7.6315	7.6315	8.7750
Group 2	7.6315	7.6315	8.7750
<b>Class S income</b>			
Group 1	7.2826	7.2826	6.7230
Group 2	7.2826	7.2826	6.7230
<b>Class Z accumulation</b>			
Group 1	7.5136	7.5136	5.7399
Group 2	7.5136	7.5136	5.7399



## Henderson Global Equity Income Fund

### Authorised Corporate Director's report for the year ended 31 August 2017

#### Investment Fund Managers

Andrew Jones and Ben Lofthouse

#### Investment objective and policy

To achieve an income in excess of that of the MSCI World Index with the potential for long-term capital growth.

The fund will invest principally in global equities. In addition to ordinary shares, the fund may also invest in fixed interest securities, preference shares, debt securities convertible into ordinary stock, money market instruments, cash and near cash and deposits.

#### Performance summary

	31 Aug 16- 31 Aug 17	31 Aug 15- 31 Aug 16	31 Aug 14- 31 Aug 15	31 Aug 13- 31 Aug 14	31 Aug 12- 31 Aug 13
	%	%	%	%	%
Henderson Global Equity Income Fund	14.4	22.2	3.4	9.2	21.1
MSCI World Index	18.8	26.0	4.1	13.4	21.5

Source: Morningstar, bid to bid, net of fees as at 12 noon valuation point, based on performance of Class A income.

Benchmark values are 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 August 2017

Largest purchases	£000	Largest sales	£000
Japan Tobacco	12,381	Synchrony Financial	13,603
Sumitomo Mitsui Financial	12,123	AstraZeneca	13,173
General Motors	11,956	Panasonic	12,369
Mitsubishi UFJ Financial	11,430	NTT	12,034
Nordea Bank	11,004	Sumitomo Mitsui Financial	11,705
Crown Castle	10,488	Six Flags Entertainment	11,174
Samsung Electronics Preference Shares	9,909	British American Tobacco	10,603
Blackstone	9,753	Wolters Kluwer	10,001
SK Telecom	9,722	SCOR	9,921
Siemens	9,528	BCE	9,568
<b>Total purchases</b>	<b>216,600</b>	<b>Total sales</b>	<b>288,878</b>

### Investment review

The fund's total return in sterling over the year was 15.4% (Class I income), compared with the total return of the MSCI World Index of 18.8% in sterling over the year.

Equity markets rose strongly over the year as political risk gradually reduced and the outlook for global economic growth improved. The US market performed well following the Republican victory in the presidential and house elections, while European markets were especially strong following the election of President Emmanuel Macron in France. With these elections completed, the market focused on positive gross domestic product (GDP) trends globally and the likelihood that interest rates would have to increase from very low levels. This resulted in the financial, industrial and technology sectors performing well, while more defensive areas such as telecommunications and healthcare underperformed the strong market.

The fund underperformed the benchmark during the year. The underweight position in the technology sector was negative for relative performance, as were the holdings in certain defensive companies. The largest detractor from performance was the holding in tobacco firm Imperial Brands.

The FDA announced an intention to lower the nicotine content of combustible cigarettes and also encourage the adoption of new, less harmful delivery devices over the long run. Imperial was already relatively low rated, and following the share price fall, now trades at 11x earnings and has a dividend yield in 2018 of almost 6%. Although the FDA's actions are negative for Imperial in the long term, it is our view that due to the time taken for the new measures to be adopted, the company's shares more than discount this, and as a result the position was maintained.

Analytics provider Nielsen also detracted from returns following the company reporting disappointing results, with sales growth in its 'Buy' division being lower than expected. This was largely due to some branded consumer goods companies cutting back on their advertising and promotion activity in order to improve margins. Despite this disappointment, the portfolio has retained its holding as the valuation is attractive, free cash flow generation is strong and the company is still delivering good dividend growth.

The best performing holdings during the year were predominantly financials including Natixis, JP Morgan, ING and Cembra Money Bank. If interest rates and bond yields move sustainably higher (bond prices move inversely to yields), this should positively impact margins for financial companies following years of margin pressure and earnings downgrades as a result of the low interest rate environment.

Although the underweight position in the low yielding technology area was negative for relative returns against the benchmark, the fund's holdings in companies such as Microsoft and Taiwan Semiconductor (TSMC) were positive in absolute terms. Microsoft continues to grow its cloud-based businesses such as Office 365 and Azure very strongly, while TSMC continues to benefit from strong demand from the automotive and industrial sectors.

During the year, new positions were added in Danish brewer Carlsberg, US chemical company DowDuPont, fertiliser producer Agrium and Scandinavian bank Nordea. Carlsberg has a new management team who are very focused on improving margins, increasing cashflow generation and deleveraging the balance sheet. This should result in good cashflow and dividend growth from a company that is still valued at a discount to its international peers. The merger of Dow and DuPont will lead to significant synergies, which, along with good operational performance, should lead to good cash returns to investors going forward.

Agrium is in the process of merging with PotashCorp – a deal which should be substantially earnings accretive and lead to good potential dividend growth from an already attractive yield. Nordea has leading market positions, a very high capital ratio and an attractive distribution policy. The company is well placed to improve its Return on Equity further, grow earnings and deliver good dividend growth from an attractive starting yield of 6%. These positions were funded by exiting positions in telecommunications operator BCE, professional publisher Wolters Kluwer, pharmaceutical group AstraZeneca and Swiss consumer finance group Cembra following good long term performance.

For the first time in many years, most major areas of the world are delivering good GDP growth, which is resulting in a favourable global economic backdrop. Although markets have performed well, provided this backdrop feeds through to corporate earnings, cashflow and dividend growth, then equities should still be able to make further progress. The fund will continue with its existing strategy of identifying companies that pay an attractive and sustainable dividend which have the capacity to grow over the medium to long-term.

## Comparative tables for the year ended 31 August 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	310.52	253.41	245.82
Return before operating charges*	51.83	61.85	12.13
Operating charges	(5.77)	(4.74)	(4.54)
Return after operating charges*	46.06	57.11	7.59
Distributions on accumulation shares	(11.36)	(10.19)	(8.86)
Retained distributions on accumulation shares	11.36	10.19	8.86
Closing net asset value per share	356.58	310.52	253.41
* after direct transaction costs of:	0.20	0.18	0.24

### Performance

Return after charges	14.83%	22.54%	3.09%
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### Other information

Closing net asset value (£000s)	169,609	158,617	153,808
Closing number of shares	47,565,303	51,080,346	60,695,891
Operating charges	1.73%	1.74%	1.74%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (pence)	356.80	317.40	282.10
Lowest share price (pence)	304.00	246.00	228.70

	Class A income		
	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	55.96	47.36	47.50
Return before operating charges*	9.24	11.36	2.42
Operating charges	(1.03)	(0.88)	(0.87)
Return after operating charges*	8.21	10.48	1.55
Distributions on income shares	(2.02)	(1.88)	(1.69)
Closing net asset value per share	62.15	55.96	47.36
* after direct transaction costs of:	0.04	0.03	0.05

### Performance

Return after charges	14.67%	22.13%	3.26%
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### Other information

Closing net asset value (£000s)	446,672	455,401	435,612
Closing number of shares	718,680,004	813,810,325	919,829,069
Operating charges	1.73%	1.74%	1.74%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (pence)	62.70	57.67	53.99
Lowest share price (pence)	54.79	45.77	44.18

## Comparative tables (continued)

	Class G accumulation	
	2017	2016
	(pence per share)	(pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	120.91	100.90 <sup>1</sup>
Return before operating charges*	20.28	20.87
Operating charges	(0.97)	(0.86)
Return after operating charges*	19.31	20.01
Distributions on accumulation shares	(4.64)	(3.27)
Retained distributions on accumulation shares	4.64	3.27
Closing net asset value per share	140.22	120.91
* after direct transaction costs of:	0.08	0.08
<b>Performance</b>		
Return after charges	15.97%	19.83%
<b>Other information</b>		
Closing net asset value (£000s)	6,588	4,181
Closing number of shares	4,698,530	3,458,012
Operating charges	0.74%	0.75%
Direct transaction costs	0.06%	0.07%
<b>Prices</b>		
Highest share price (pence)	140.20	123.50
Lowest share price (pence)	118.40	95.51
	Class G income	
	2017	2016
	(pence per share)	(pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	117.52	100.90 <sup>1</sup>
Return before operating charges*	19.50	20.70
Operating charges	(0.93)	(0.84)
Return after operating charges*	18.57	19.86
Distributions on income shares	(4.45)	(3.24)
Closing net asset value per share	131.64	117.52
* after direct transaction costs of:	0.08	0.08
<b>Performance</b>		
Return after charges	15.80%	19.68%
<b>Other information</b>		
Closing net asset value (£000s)	31,220	19,537
Closing number of shares	23,716,745	16,625,034
Operating charges	0.74%	0.75%
Direct transaction costs	0.06%	0.07%
<b>Prices</b>		
Highest share price (pence)	132.70	121.10
Lowest share price (pence)	115.10	95.51

<sup>1</sup> Class G accumulation and Class G income launched on 26 February 2016 and this is the first published price.

## 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	131.63	106.46	102.36
Return before operating charges*	22.06	26.16	5.04
Operating charges	(1.20)	(0.99)	(0.94)
Return after operating charges*	20.86	25.17	4.10
Distributions on accumulation shares	(5.01)	(4.46)	(3.85)
Retained distributions on accumulation shares	5.01	4.46	3.85
Closing net asset value per share	152.49	131.63	106.46
* after direct transaction costs of:	0.09	0.08	0.10

### Performance

Return after charges	15.85%	23.64%	4.01%
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### Other information

Closing net asset value (£000s)	47,973	38,583	15,892
Closing number of shares	31,459,326	29,312,184	14,927,906
Operating charges	0.84%	0.85%	0.85%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (pence)	152.40	134.50	118.10
Lowest share price (pence)	128.90	103.40	95.33

	Class I income		
	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	117.79	98.94	98.49
Return before operating charges*	19.53	23.84	5.01
Operating charges	(1.06)	(0.90)	(0.89)
Return after operating charges*	18.47	22.94	4.12
Distributions on income shares	(4.43)	(4.09)	(3.67)
Closing net asset value per share	131.83	117.79	98.94
* after direct transaction costs of:	0.08	0.07	0.10

### Performance

Return after charges	15.68%	23.19%	4.18%
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### Other information

Closing net asset value (£000s)	132,514	126,512	65,670
Closing number of shares	100,519,852	107,403,754	66,371,952
Operating charges	0.84%	0.85%	0.85%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (pence)	132.90	121.40	112.50
Lowest share price (pence)	115.40	95.96	91.72

## Comparative tables (continued)

	Class S income		
	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	119.17	99.34	98.15
Return before operating charges*	19.82	24.06	4.96
Operating charges	(0.08)	(0.07)	(0.07)
Return after operating charges*	19.74	23.99	4.89
Distributions on income shares	(4.56)	(4.16)	(3.70)
Closing net asset value per share	134.35	119.17	99.34
* after direct transaction costs of:	0.08	0.07	0.10

### Performance

Return after charges	16.56%	24.15%	4.98%
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### Other information

Closing net asset value (£000s)	2,714	2,427	1,793
Closing number of shares	2,020,321	2,036,586	1,805,090
Operating charges	0.06%	0.07%	0.07%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (pence)	135.40	122.80	112.60
Lowest share price (pence)	116.70	96.54	91.49

	Class A Euro 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	57.83	46.85	45.40
Return before operating charges*	9.65	11.84	2.28
Operating charges	(1.06)	(0.86)	(0.83)
Return after operating charges*	8.59	10.98	1.45
Distributions on accumulation shares	(2.13)	(1.92)	(1.66)
Retained distributions on accumulation shares	2.13	1.92	1.66
Closing net asset value per share	66.42	57.83	46.85
* after direct transaction costs of:	0.04	0.03	0.05

### Performance

Return after charges	14.85%	23.44%	3.19%
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### Other information

Closing net asset value (£000s)	849	1	1
Closing number of shares	1,278,241	2,000	2,000
Operating charges	1.70%	1.70%	1.70%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (Euro cent)	75.61	70.97	72.80
Lowest share price (Euro cent)	65.24	58.61	53.40

## Comparative tables (continued)

### Class A Euro income

	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	51.81	43.85	43.98
Return before operating charges*	8.56	10.52	2.24
Operating charges	(0.94)	(0.80)	(0.79)
Return after operating charges*	7.62	9.72	1.45
Distributions on income shares	(1.88)	(1.76)	(1.58)
Closing net asset value per share	57.55	51.81	43.85
* after direct transaction costs of:	0.03	0.03	0.04

### Performance

Return after charges	14.71%	22.17%	3.30%
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### Other information

Closing net asset value (£000s)	1,454	788	400
Closing number of shares	2,526,718	1,521,046	910,967
Operating charges	1.70%	1.70%	1.70%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (Euro cent)	66.99	65.60	69.30
Lowest share price (Euro cent)	58.47	54.12	51.30

### Class A US Dollar 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	401.40	325.33	315.50
Return before operating charges*	67.10	82.72	15.56
Operating charges	(7.35)	(6.65)	(5.73)
Return after operating charges*	59.75	76.07	9.83
Distributions on accumulation shares	(14.81)	(13.26)	(11.59)
Retained distributions on accumulation shares	14.81	13.26	11.59
Closing net asset value per share	461.15	401.40	325.33
* after direct transaction costs of:	0.26	0.27	0.32

### Performance

Return after charges	14.89%	23.38%	3.12%
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### Other information

Closing net asset value (£000s)	102	85	2
Closing number of shares	22,138	21,127	600
Operating charges	1.70%	1.70%	1.70%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (USD cent)	598.84	531.44	551.24
Lowest share price (USD cent)	500.79	461.54	472.40

## Comparative tables (continued)

	Class A US Dollar income		
	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	39.40	33.36	33.46
Return before operating charges*	6.52	7.98	1.71
Operating charges	(0.71)	(0.61)	(0.60)
Return after operating charges*	5.81	7.37	1.11
Distributions on income shares	(1.44)	(1.33)	(1.21)
Closing net asset value per share	43.77	39.40	33.36
* after direct transaction costs of:	0.03	0.02	0.03

### Performance

Return after charges	14.75%	22.09%	3.32%
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### Other information

Closing net asset value (£000s)	864	697	306
Closing number of shares	1,973,842	1,769,149	916,951
Operating charges	1.70%	1.70%	1.70%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (USD cent)	57.30	53.90	57.50
Lowest share price (USD cent)	48.86	46.68	49.80

	Class I Euro 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	118.16	96.05	92.00
Return before operating charges*	17.35	22.99	4.90
Operating charges	(0.93)	(0.88)	(0.85)
Return after operating charges*	16.42	22.11	4.05
Distributions on accumulation shares	(3.38)	(4.04)	(3.49)
Retained distributions on accumulation shares	3.38	4.04	3.49
Final cancellation price per share	(134.58) <sup>2</sup>	-	-
Closing net asset value per share	-	118.16	96.05
* after direct transaction costs of:	0.08	0.07	0.09

### Performance

Return after charges	13.90%	23.02%	4.40%
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### Other information

Closing net asset value (£000s)	-	77	65
Closing number of shares	-	64,809	68,056
Operating charges	0.84%	0.85%	0.85%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (Euro cent)	156.204 <sup>3</sup>	144.90	147.80
Lowest share price (Euro cent)	134.204 <sup>3</sup>	119.80	107.90

<sup>2</sup> Class I Euro accumulation closed on 14 July 2017 and this is the final cancellation price.

<sup>3</sup> to 14 July 2017



## Comparative tables (continued)

### Class I Euro income

	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	105.52	89.70	89.00
Return before operating charges*	15.70	20.32	4.80
Operating charges	(0.85)	(0.81)	(0.79)
Return after operating charges*	14.85	19.51	4.01
Distributions on income shares	(2.99)	(3.69)	(3.31)
Final cancellation price per share	(117.38) <sup>4</sup>	-	-
Closing net asset value per share	-	105.52	89.70
* after direct transaction costs of:	0.07	0.06	0.09

### Performance

Return after charges	14.07%	21.75%	4.51%
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### Other information

Closing net asset value (£000s)	-	1	1
Closing number of shares	-	1,000	1,000
Operating charges	0.84%	0.85%	0.85%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (Euro cent)	137.90 <sup>5</sup>	133.50	140.50
Lowest share price (Euro cent)	119.90 <sup>5</sup>	110.40	103.50

<sup>4</sup> Class I Euro income closed on 25 July 2017 and this is the final cancellation price.

<sup>5</sup> to 25 July 2017

### Class I US Dollar 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	90.60	73.25	70.42
Return before operating charges*	12.73	18.01	3.45
Operating charges	(0.68)	(0.67)	(0.62)
Return after operating charges*	12.05	17.34	2.83
Distributions on accumulation shares	(2.58)	(3.07)	(2.70)
Retained distributions on accumulation shares	2.58	3.07	2.70
Final cancellation price per share	(102.65) <sup>6</sup>	-	-
Closing net asset value per share	-	90.60	73.25
* after direct transaction costs of:	0.06	0.05	0.07

### Performance

Return after charges	13.30%	23.69%	4.02%
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### Other information

Closing net asset value (£000s)	-	23	19
Closing number of shares	-	25,572	25,572
Operating charges	0.84%	0.85%	0.85%
Direct transaction costs	0.06%	0.07%	0.09%

### Prices

Highest share price (USD cent)	133.30 <sup>7</sup>	119.90	123.00
Lowest share price (USD cent)	113.30 <sup>7</sup>	103.60	104.80

<sup>6</sup> Class I US Dollar accumulation closed on 14 July 2017 and this is the final cancellation price.

<sup>7</sup> to 14 July 2017

## Comparative tables (continued)

	Class I US Dollar income		
	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	80.87	68.40	68.10
Return before operating charges*	13.39	15.90	3.48
Operating charges	(0.73)	(0.62)	(0.61)
Return after operating charges*	12.66	15.28	2.87
Distributions on income shares	(3.03)	(2.81)	(2.57)
Closing net asset value per share	90.50	80.87	68.40
* after direct transaction costs of:	0.05	0.05	0.07
<b>Performance</b>			
Return after charges	15.65%	22.34%	4.21%
<b>Other information</b>			
Closing net asset value (£000s)	201	33	1
Closing number of shares	222,492	40,293	1,000
Operating charges	0.84%	0.85%	0.85%
Direct transaction costs	0.06%	0.07%	0.09%
<b>Prices</b>			
Highest share price (USD cent)	118.40	110.00	116.90
Lowest share price (USD cent)	100.50	95.40	100.70

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 in the year.

The following share classes closed in the year:

Share class	Closure date
Class I Euro accumulation	14/07/17
Class I Euro income	25/07/17
Class I US Dollar accumulation	14/07/17

## 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>	1.73	1.74
<b>Class G</b>	0.74	0.75 <sup>1</sup>
<b>Class I</b>	0.84	0.85
<b>Class S</b>	0.06	0.07
<b>Class A Euro</b>	1.70	1.70
<b>Class A US Dollar</b>	1.70	1.70
<b>Class I Euro<sup>2,3</sup></b>	n/a	0.85
<b>Class I US Dollar<sup>4</sup></b>	0.84	0.85

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

<sup>1</sup> G share class launched on 26 February 2016

<sup>2</sup> I Euro accumulation closed on 14 July 2017

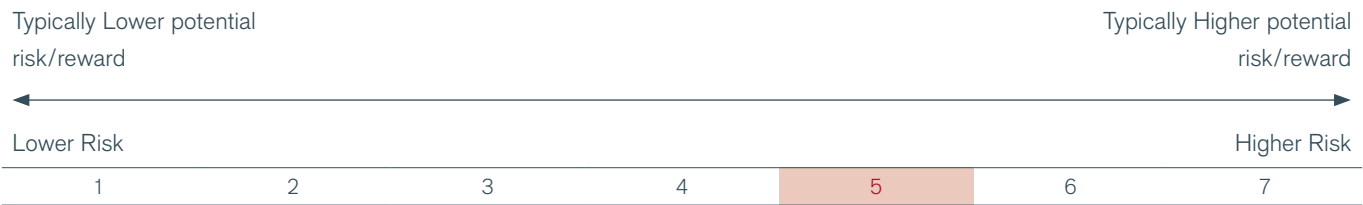
<sup>3</sup> I Euro income closed on 25 July 2017

<sup>4</sup> I US Dollar accumulation closed 14 July 2017

# Risk and reward profile

The fund currently has 12 types of share class in issue;

A income, A accumulation, A Euro accumulation, A Euro income, A US Dollar accumulation, A US Dollar income, I accumulation, I income, I US Dollar income, G accumulation, G income and S income have 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 full list of the fund's risks are contained in the 'risk warnings' section in the fund's prospectus.

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

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

\*Class G was launched on 20 February 2016, as it does not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

## Portfolio statement as at 31 August 2017

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 99.01% (2016: 100.28%)</b>		
	<b>Canada 0.85% (2016: 1.25%)</b>		
	<b>Materials 0.85% (2016: 0.00%)</b>		
	Agrium	7,163	0.85
	<b>Telecommunication Services 0.00% (2016: 1.25%)</b>		
	<b>China 1.00% (2016: 0.00%)</b>		
	<b>Financials 1.00% (2016: 0.00%)</b>		
20,584,000	Bank of China	8,389	1.00
	<b>Denmark 1.93% (2016: 0.00%)</b>		
	<b>Consumer Staples 0.90% (2016: 0.00%)</b>		
84,655	Carlsberg	7,530	0.90
	<b>Health Care 1.03% (2016: 0.00%)</b>		
235,043	Novo Nordisk 'B'	8,660	1.03
	<b>France 8.25% (2016: 10.35%)</b>		
	<b>Energy 1.35% (2016: 1.33%)</b>		
282,351	Total	11,318	1.35
	<b>Financials 3.10% (2016: 3.24%)</b>		
391,665	AXA	8,807	1.05
2,972,053	Natixis Banques Populaire	17,281	2.05
		26,088	3.10
	<b>Health Care 0.00% (2016: 0.85%)</b>		
	<b>Industrials 0.00% (2016: 0.92%)</b>		
	<b>Real Estate 2.12% (2016: 2.06%)</b>		
139,401	Icade	9,600	1.15
190,792	Nexity	8,196	0.97
		17,796	2.12
	<b>Telecommunication Services 1.68% (2016: 1.95%)</b>		
1,074,144	Orange	14,143	1.68
	<b>Germany 8.39% (2016: 7.35%)</b>		
	<b>Financials 1.36% (2016: 2.06%)</b>		
138,371	Deutsche Boerse	11,459	1.36
	<b>Health Care 1.96% (2016: 1.56%)</b>		
165,845	Bayer	16,488	1.96
	<b>Industrials 3.60% (2016: 1.98%)</b>		
631,144	Deutsche Post	20,305	2.41
98,116	Siemens	9,972	1.19
		30,277	3.60

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
878,345	<b>Telecommunication Services 1.47% (2016: 1.75%)</b> Deutsche Telekom	12,319	1.47
	<b>Hong Kong 1.36% (2016: 2.39%)</b> <b>Financials 0.00% (2016: 0.96%)</b>		
1,125,500	<b>Industrials 1.36% (2016: 1.43%)</b> CK Hutchison Holdings	11,406	1.36
3,739,512	<b>Israel 0.51% (2016: 1.23%)</b> <b>Telecommunication Services 0.51% (2016: 1.23%)</b> Bezeq Israeli Telecommunication	4,265	0.51
2,977,299	<b>Italy 1.66% (2016: 1.22%)</b> <b>Utilities 1.66% (2016: 1.22%)</b> Enel	13,955	1.66
184,300	<b>Japan 3.47% (2016: 2.79%)</b> <b>Consumer Discretionary 0.96% (2016: 1.33%)</b> Toyota Motor	8,033	0.96
400,200	<b>Consumer Staples 1.26% (2016: 0.00%)</b> Japan Tobacco	10,615	1.26
2,212,800	<b>Financials 1.25% (2016: 0.00%)</b> Mitsubishi UFJ Financial	10,517	1.25
	<b>Telecommunication Services 0.00% (2016: 1.46%)</b>		
595,640	<b>Netherlands 4.50% (2016: 5.43%)</b> <b>Energy 1.51% (2016: 1.45%)</b> Royal Dutch Shell 'A'	12,720	1.51
1,323,745	<b>Financials 2.17% (2016: 1.64%)</b> ING	18,198	2.17
	<b>Industrials 0.00% (2016: 1.41%)</b>		
207,774	<b>Real Estate 0.82% (2016: 0.93%)</b> Eurocommercial Properties	6,902	0.82
608,497	<b>Norway 1.13% (2016: 1.05%)</b> <b>Telecommunication Services 1.13% (2016: 1.05%)</b> Telenor	9,530	1.13
2,218,503	<b>Portugal 1.31% (2016: 1.49%)</b> <b>Consumer Discretionary 1.31% (2016: 1.49%)</b> NOS	11,002	1.31
9,886	<b>South Korea 2.58% (2016: 0.00%)</b> <b>Information Technology 1.52% (2016: 0.00%)</b> Samsung Electronics Preference Shares	12,826	1.52

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Telecommunication Services 1.06% (2016: 0.00%)</b>		
452,213	SK Telecom	8,875	1.06
	<b>Spain 1.22% (2016: 0.00%)</b>		
	<b>Industrials 1.22% (2016: 0.00%)</b>		
4,457,091	Prosegur Cash	10,215	1.22
	<b>Sweden 1.39% (2016: 0.00%)</b>		
	<b>Financials 1.39% (2016: 0.00%)</b>		
1,121,353	Nordea Bank	11,702	1.39
	<b>Switzerland 6.44% (2016: 8.73%)</b>		
	<b>Consumer Staples 2.05% (2016: 2.08%)</b>		
263,009	Nestlé	17,268	2.05
	<b>Financials 0.00% (2016: 0.93%)</b>		
	<b>Health Care 4.39% (2016: 5.72%)</b>		
262,361	Novartis	17,130	2.04
100,359	Roche Holdings	19,726	2.35
		36,856	4.39
	<b>Taiwan 1.89% (2016: 1.68%)</b>		
	<b>Information Technology 1.89% (2016: 1.68%)</b>		
554,893	Taiwan Semiconductor Manufacturing ADS	15,916	1.89
	<b>United Kingdom 18.18% (2016: 22.35%)</b>		
	<b>Consumer Discretionary 2.03% (2016: 2.88%)</b>		
3,061,667	GKN	9,764	1.16
4,596,618	ITV	7,290	0.87
43,680	Specialist Investment Properties	5	-
		17,059	2.03
	<b>Consumer Staples 7.32% (2016: 7.96%)</b>		
95,726	British American Tobacco ADR	4,613	0.55
264,879	Coca-Cola European Partners	8,837	1.05
534,008	Diageo	13,841	1.65
570,018	Imperial Brands	18,244	2.16
347,904	Unilever	16,054	1.91
		61,589	7.32
	<b>Energy 1.28% (2016: 1.35%)</b>		
2,423,141	BP	10,787	1.28
	<b>Financials 1.97% (2016: 1.72%)</b>		
434,110	Prudential	7,881	0.94
2,018,114	Standard Life	8,670	1.03
		16,551	1.97
	<b>Health Care 0.00% (2016: 1.60%)</b>		

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials 3.58% (2016: 3.84%)</b>		
1,385,745	BAE Systems	8,418	1.00
1,331,121	RELX	21,660	2.58
		<u>30,078</u>	<u>3.58</u>
	<b>Materials 1.25% (2016: 0.79%)</b>		
149,417	Rio Tinto (Australian Listing)	6,162	0.73
115,712	Rio Tinto (UK Listing)	4,335	0.52
		<u>10,497</u>	<u>1.25</u>
	<b>Telecommunication Services 0.75% (2016: 1.71%)</b>		
2,839,249	Vodafone	<u>6,286</u>	<u>0.75</u>
	<b>Utilities 0.00% (2016: 0.50%)</b>		
	<b>United States 32.95% (2016: 32.97%)</b>		
	<b>Consumer Discretionary 3.91% (2016: 2.12%)</b>		
158,956	Best Buy	6,694	0.80
301,758	General Motors	8,557	1.02
430,506	Hanesbrands	8,109	0.96
197,029	Las Vegas Sands	9,510	1.13
		<u>32,870</u>	<u>3.91</u>
	<b>Consumer Staples 2.49% (2016: 4.59%)</b>		
312,684	Coca-Cola	11,049	1.31
109,217	Philip Morris International	9,908	1.18
		<u>20,957</u>	<u>2.49</u>
	<b>Energy 2.18% (2016: 2.09%)</b>		
219,188	Chevron	<u>18,296</u>	<u>2.18</u>
	<b>Financials 4.71% (2016: 5.83%)</b>		
452,242	Blackstone	11,487	1.37
194,917	JP Morgan Chase Bank	13,747	1.64
362,843	Wells Fargo	14,379	1.70
		<u>39,613</u>	<u>4.71</u>
	<b>Health Care 4.03% (2016: 4.27%)</b>		
105,002	Johnson & Johnson	10,782	1.28
878,368	Pfizer	23,122	2.75
		<u>33,904</u>	<u>4.03</u>
	<b>Industrials 4.01% (2016: 5.33%)</b>		
564,606	General Electric Capital	10,753	1.28
394,638	Nielsen	11,899	1.42
124,497	United Parcel Service	11,044	1.31
		<u>33,696</u>	<u>4.01</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Information Technology 7.07% (2016: 5.94%)</b>		
525,203	Cisco Systems	13,133	1.56
609,844	HP	9,030	1.07
94,526	Maxim Integrated Products	3,422	0.41
584,526	Microsoft	33,923	4.03
19	TCH Investments~	-	-
		<u>59,508</u>	<u>7.07</u>
	<b>Materials 1.02% (2016: 0.00%)</b>		
166,728	Dow Chemical	<u>8,545</u>	<u>1.02</u>
	<b>Real Estate 2.45% (2016: 1.12%)</b>		
138,169	Crown Castle	11,623	1.38
293,982	Iron Mountain	<u>8,991</u>	<u>1.07</u>
		<u>20,614</u>	<u>2.45</u>
	<b>Telecommunication Services 1.08% (2016: 1.68%)</b>		
245,013	Verizon Communications	<u>9,119</u>	<u>1.08</u>
	<b>Bonds 0.00% (2016: 0.00%)</b>		
	<b>Italy 0.00% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 0.00%)</b>		
GBP 1,361,464	Parmalat Capital Finance 9.375% Perpetual#	<u>-</u>	<u>-</u>
	<b>United Kingdom 0.00% (2016: 0.00%)</b>		
	<b>Fixed Rate Bond 0.00% (2016: 0.00%)</b>		
GBP 139,071	Polestar 12.5% 30/06/2011#	<u>-</u>	<u>-</u>
	<b>Derivatives 0.00% (2016: 0.00%)</b>		
	<b>Forward Foreign Exchange Contracts 0.00% (2016: 0.00%)</b>		
	Buy USD 4,327,745 : Sell GBP 3,347,210 September 2017	<u>11</u>	<u>-</u>
	<b>Investment assets</b>	<b><u>832,411</u></b>	<b><u>99.01</u></b>
	Other net assets	<u>8,349</u>	<u>0.99</u>
	<b>Total net assets</b>	<b><u>840,760</u></b>	<b><u>100.00</u></b>

~ Suspended or delisted securities

# Defaulted

§ Unquoted securities

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

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

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

		2017		2016	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		99,521		133,402
Revenue	3	32,365		30,838	
Expenses	4	(12,544)		(11,180)	
Interest payable and similar charges	5	(4)		(6)	
Net revenue before taxation		19,817		19,652	
Taxation	6	(2,354)		(2,261)	
Net revenue after taxation			17,463		17,391
Total return before distributions			116,984		150,793
Distributions	7		(28,316)		(27,083)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>88,668</b>		<b>123,710</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 August 2017

		2017		2016	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>806,963</b>		<b>673,570</b>
Amounts receivable on issue of shares		42,985		59,890	
Amounts payable on cancellation of shares		(105,356)		(57,055)	
			(62,371)		2,835
Dilution adjustment			42		-
Change in net assets attributable to shareholders from investment activities			88,668		123,710
Retained distribution on accumulation shares			7,289		6,717
Unclaimed distributions			169		131
<b>Closing net assets attributable to shareholders</b>			<b>840,760</b>		<b>806,963</b>

## Balance sheet as at 31 August 2017

	Note	2017 £000	2016 £000
<b>Assets:</b>			
Investments		832,411	809,259
Current assets:			
Debtors	8	7,503	4,937
Cash and bank balances	9	23,661	2,199
<b>Total assets</b>		<b>863,575</b>	<b>816,395</b>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts		-	33
Distributions payable		4,986	5,059
Other creditors	10	17,829	4,340
<b>Total liabilities</b>		<b>22,815</b>	<b>9,432</b>
<b>Net assets attributable to shareholders</b>		<b>840,760</b>	<b>806,963</b>

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

### 1 Accounting and distribution policies

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

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2017 £000	2016 £000
Forward currency contracts	(283)	(235)
Non-derivative securities	99,530	132,379
Other currency gains	288	1,267
Transaction costs	(14)	(9)
<b>Net capital gains</b>	<b>99,521</b>	<b>133,402</b>

### 3 Revenue

	2017 £000	2016 £000
Bank interest	65	11
Overseas dividends	25,835	24,519
Overseas REIT income	803	352
Stock lending revenue	23	36
UK dividends	5,639	5,920
<b>Total revenue</b>	<b>32,365</b>	<b>30,838</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	10,900	9,683
GAC*	1,491	1,341
	<u>12,391</u>	<u>11,024</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fee	66	86
Safe custody fees	78	70
	<u>144</u>	<u>156</u>
Other expenses:		
Dividend collection charges	9	-
	<u>9</u>	<u>-</u>
<b>Total expenses</b>	<b>12,544</b>	<b>11,180</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: £9,167).

## 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	4	6
<b>Total interest payable and similar charges</b>	<b>4</b>	<b>6</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	2,354	2,261
<b>Total tax (note 6b)</b>	<b>2,354</b>	<b>2,261</b>

#### (b) Factors affecting tax charge for the 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	19,817	19,651
Corporation tax at 20% (2016: 20%)	3,963	3,930
Effects of:		
Irrecoverable overseas tax	2,354	2,261
Overseas dividends*	(4,971)	(4,676)
Tax effect of expensed double taxation relief	(45)	(40)
UK dividends**	(1,128)	(1,184)
Unused management expenses	2,181	1,970
<b>Tax charge for the year (note 6a)</b>	<b>2,354</b>	<b>2,261</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 £24,077,404 (2016: £21,896,431) 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 income	15,758	15,361
Interim accumulation	5,485	5,049
Final income	4,986	5,059
Final accumulation	1,804	1,668
	<u>28,033</u>	<u>27,137</u>
Amounts deducted on cancellation of shares	451	249
Amounts received on issue of shares	(168)	(303)
<b>Total distributions</b>	<u><b>28,316</b></u>	<u><b>27,083</b></u>
Net revenue after taxation	17,463	17,391
Annual management charge borne by the capital account	10,900	9,683
Equalisation on conversions	1	9
Tax relief on capital expenses	(48)	-
<b>Total distributions</b>	<u><b>28,316</b></u>	<u><b>27,083</b></u>

Details of the distribution per share are set out in the distribution tables on pages 68 to 71.

### 8 Debtors

	2017 £000	2016 £000
Accrued revenue	2,290	2,558
Amounts receivable for issue of shares	340	218
Amounts receivable on mergers	13	25
Currency transactions awaiting settlement	1,902	-
Overseas withholding tax reclaimable	2,958	2,136
<b>Total debtors</b>	<u><b>7,503</b></u>	<u><b>4,937</b></u>

### 9 Cash and bank balances

	2017 £000	2016 £000
Cash and bank balances	23,661	2,199
<b>Total cash and bank balances</b>	<u><b>23,661</b></u>	<u><b>2,199</b></u>

## Notes to the financial statements (continued)

### 10 Other creditors

	2017 £000	2016 £000
Accrued annual management charge	924	910
Accrued Depositary's fee	5	9
Accrued other expenses	140	131
Amounts payable for cancellation of shares	991	3,290
Currency transactions awaiting settlement	1,898	-
Purchases awaiting settlement	13,871	-
<b>Total other creditors</b>	<b>17,829</b>	<b>4,340</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 55 and 56 and notes 4, 7, 8 and 10 on pages 57 to 60 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations,
- Annual management charge
- GAC

There were no material shareholders at the year end (2016: nil).

### 13 Shareholder funds

The fund currently has 7 share classes available; Class A (Retail with front-end charges), Class A Euro, Class G (Institutional), Class I (Institutional), Class S, Class A US Dollar and Class I US Dollar. The annual management charge on each share class is as follows:

	2017	2016
Class A	1.50%	1.50%
Class G	0.675%	0.675%
Class I	0.75%	0.75%
Class S*	0.00%	0.00%
Class A Euro	1.50%	1.50%
Class A US Dollar	1.50%	1.50%
Class I Euro	n/a	0.75%
Class I US Dollar	0.75%	0.75%

\* Charges for managing S 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 40 to 47. The distribution per share class is given in the distribution tables on pages 68 to 71. All share classes have the same rights on winding up.

## Notes to the financial statements (continued)

### 13 Shareholder funds (continued)

#### Share reconciliation as at 31 August 2017

	<b>Class A accumulation</b>	<b>Class A income</b>	<b>Class G accumulation</b>	<b>Class G income</b>
Opening number of shares	51,080,346	813,810,325	3,458,012	16,625,034
Issues during the year	178,210	21,597,215	1,721,041	10,982,491
Cancellations during the year	(3,377,994)	(112,757,698)	(505,245)	(1,955,074)
Shares converted during the year	(315,259)	(3,969,838)	24,722	(1,935,706)
<b>Closing shares in issue</b>	<b>47,565,303</b>	<b>718,680,004</b>	<b>4,698,530</b>	<b>23,716,745</b>

	<b>Class I accumulation</b>	<b>Class I income</b>	<b>Class S income</b>	<b>Class A Euro accumulation</b>
Opening number of shares	29,312,184	107,403,754	2,036,586	2,000
Issues during the year	3,942,608	3,993,985	498,342	1,276,241
Cancellations during the year	(2,579,599)	(14,610,128)	(514,607)	-
Shares converted during the year	784,133	3,732,241	-	-
<b>Closing shares in issue</b>	<b>31,459,326</b>	<b>100,519,852</b>	<b>2,020,321</b>	<b>1,278,241</b>

	<b>Class A Euro income</b>	<b>Class A US Dollar accumulation</b>	<b>Class A US Dollar income</b>	<b>Class I Euro accumulation</b>
Opening number of shares	1,521,046	21,127	1,769,149	64,809
Issues during the year	1,217,653	1,011	420,875	1,000
Cancellations during the year	(211,981)	-	(216,182)	(65,809)
Shares converted during the year	-	-	-	-
<b>Closing shares in issue</b>	<b>2,526,718</b>	<b>22,138</b>	<b>1,973,842</b>	<b>-</b>

	<b>Class I Euro income</b>	<b>Class I US Dollar accumulation</b>	<b>Class I US Dollar income</b>
Opening number of shares	1,000	25,572	40,293
Issues during the year	-	-	183,292
Cancellations during the year	(1,000)	(25,572)	(1,093)
Shares converted during the year	-	-	-
<b>Closing shares in issue</b>	<b>-</b>	<b>-</b>	<b>222,492</b>



## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund has used financial derivatives for efficient portfolio management only.

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 August 2017 (2016: nil).

#### 2017

At 31 August 2017 the underlying exposure for the derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000
BNP Paribas	11
	<u>11</u>

#### 2016

There was no exposure to derivatives as at 31 August 2016.

### 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
J P Morgan	7,986	8,874	Equity
Natixis	1,551	1,724	Equity
	<u>9,537</u>	<u>10,598</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	27	4	23

## 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
Citigroup	276	305	Equity
Citigroup	6	6	Government Bond
	<u>282</u>	<u>311</u>	
J P Morgan	6,297	7,666	Equity
Natixis	7,390	8,156	Equity
Natixis	1,114	1,170	Government Bond
	<u>8,504</u>	<u>9,326</u>	
	<u>15,083</u>	<u>17,303</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	42	6	36

### 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>			
Australian dollar	6,162	284	6,446
Canadian dollar	-	154	154
Swiss franc	54,124	1,378	55,502
Danish krone	16,189	-	16,189
Euro	250,595	1,123	251,718
Hong Kong dollar	19,795	-	19,795
Israeli new shekel	4,265	157	4,422
Japanese yen	29,165	382	29,547
Korean won	12,826	131	12,957
Norwegian krone	9,530	292	9,822
Swedish krona	11,702	-	11,702
UK sterling	92,174	14,121	106,295
US dollar	325,884	(9,673)	316,211
<b>Total</b>	<u>832,411</u>	<u>8,349</u>	<u>840,760</u>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Currency risk (continued)

	Investment assets £000	Other net assets (liabilities) £000	Total net assets £000
<b>2016</b>			
<b>Currency</b>			
Australian dollar	4,266	417	4,683
Canadian dollar	10,110	144	10,254
Euro	243,790	714	244,504
Hong Kong dollar	19,269	-	19,269
Israeli new shekel	9,925	99	10,024
Japanese yen	22,525	30	22,555
Norwegian krone	8,489	204	8,693
Swedish krona	-	54	54
Swiss franc	70,475	900	71,375
UK sterling	134,644	(5,884)	128,760
US dollar	285,766	1,026	286,792
<b>Total</b>	<b>809,259</b>	<b>(2,296)</b>	<b>806,963</b>

#### Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £734,465,000 (2016: £678,203,000). A 10% increase in the value of the fund's net foreign currency assets would have the effect of increasing the return and the net assets as at 31 August 2017 by £73,446,500 (2016: £67,820,300). A 10% decrease in the value of the fund's net foreign currency assets would have the effect of decreasing the return and the net assets as at 31 August 2017 by £73,446,500 (2016: £67,820,300).

#### Interest rate risk

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

#### Other market price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

#### Leverage

The fund has not employed significant leverage in the current or prior year.

#### Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2017</b>				
Distribution payable	-	4,986	-	-
Other creditors	-	17,829	-	-
<b>Total</b>	<b>-</b>	<b>22,815</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Liquidity risk (continued)

	On demand	Within one year	Over one year but not more than five years	Over five years
2016	£000	£000	£000	£000
Bank overdrafts	33	-	-	-
Distribution payable	-	5,059	-	-
Other creditors	-	4,340	-	-
<b>Total</b>	<b>33</b>	<b>9,399</b>	<b>-</b>	<b>-</b>

### 17 Fair value disclosure

#### Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS102 (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 FRS102 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	832,400	-	809,259	-
Level 2	11	-	-	-
Level 3	-	-	-	-
	<b>832,411</b>	<b>-</b>	<b>809,259</b>	<b>-</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>				
Equities	216,316	178,781	289,142	177,571
<b>Trades in the year before transaction costs</b>	<b>216,316</b>	<b>178,781</b>	<b>289,142</b>	<b>177,571</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Equities	221	157	252	178
Total commissions	221	157	252	178
<b>Taxes</b>				
Equities	62	107	8	2
Total taxes	62	107	8	2
<b>Other expenses</b>				
Equities	1	44	4	3
Total other expenses	1	44	4	3
<b>Total costs</b>	<b>284</b>	<b>308</b>	<b>264</b>	<b>183</b>
<b>Total net trades in the year after transaction costs</b>	<b>216,600</b>	<b>179,089</b>	<b>288,878</b>	<b>177,388</b>

	Purchases		Sales	
	2017	2016	2017	2016
	%	%	%	%
<b>Total transaction cost expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Equities	0.10	0.09	0.09	0.10
<b>Taxes</b>				
Equities	0.03	0.06	-	-
<b>Other expenses</b>				
Equities	-	0.02	-	-
	<b>2017</b>	<b>2016</b>		
	%	%		
<b>Total transaction cost expressed as a percentage of net asset value</b>				
Commissions	0.06	0.04		
Taxes	0.01	0.02		
Other expenses	-	0.01		
<b>Total costs</b>	<b>0.07</b>	<b>0.07</b>		

There were no in specie transfers during the year (2016: nil). There were corporate actions during the year of £4,106,527 (2016: nil).

There were no direct transaction costs associated with derivatives during the year (2016: nil).

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

The portfolio dealing spread as at 31 August 2017 was 0.06% (2016: 0.05%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

## Notes to the financial statements (continued)

### 19 Events after the Balance sheet date

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

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

### Interim dividend distribution (accounting date 30 November 2016, paid on 31 January 2017)

Group 1 : shares purchased prior to 1 September 2016

Group 2 : shares purchased on or after 1 September 2016

	Distribution per share	Equalisation	Total distribution per share 31/01/2017	Total distribution per share 29/01/2016*
<b>Class A accumulation</b>				
Group 1	1.8719	-	1.8719	1.7445
Group 2	1.2480	0.6239	1.8719	1.7445
<b>Class A income</b>				
Group 1	0.3373	-	0.3373	0.3260
Group 2	0.1961	0.1412	0.3373	0.3260
<b>Class G accumulation<sup>3</sup></b>				
Group 1	0.7714	-	0.7714	n/a
Group 2	0.5212	0.2502	0.7714	n/a
<b>Class G income<sup>3</sup></b>				
Group 1	0.7498	-	0.7498	n/a
Group 2	0.4391	0.3107	0.7498	n/a
<b>Class I accumulation</b>				
Group 1	0.8318	-	0.8318	0.7713
Group 2	0.4523	0.3795	0.8318	0.7713
<b>Class I income</b>				
Group 1	0.7444	-	0.7444	0.7166
Group 2	0.4036	0.3408	0.7444	0.7166
<b>Class S income</b>				
Group 1	0.7608	-	0.7608	0.7277
Group 2	0.2290	0.5318	0.7608	0.7277
<b>Class A Euro accumulation<sup>1</sup></b>				
Group 1	0.4149	-	0.4149	0.4672
Group 2	0.3630	0.0519	0.4149	0.4672
<b>Class A Euro income<sup>1</sup></b>				
Group 1	0.3718	-	0.3718	0.4343
Group 2	0.3402	0.0316	0.3718	0.4343
<b>Class A US Dollar accumulation<sup>2</sup></b>				
Group 1	3.0587	-	3.0587	3.4377
Group 2	1.5400	1.5187	3.0587	3.4377
<b>Class A US Dollar income<sup>2</sup></b>				
Group 1	0.3002	-	0.3002	0.3500
Group 2	0.2947	0.0055	0.3002	0.3500
<b>Class I Euro accumulation<sup>1</sup></b>				
Group 1	0.8836	-	0.8836	0.9920
Group 2	0.8836	-	0.8836	0.9920
<b>Class I Euro income<sup>1</sup></b>				
Group 1	0.7891	-	0.7891	0.9199
Group 2	0.7891	-	0.7891	0.9199
<b>Class I US Dollar accumulation<sup>2</sup></b>				
Group 1	0.7155	-	0.7155	0.7981
Group 2	0.7155	-	0.7155	0.7981
<b>Class I US Dollar income<sup>2</sup></b>				
Group 1	0.6387	-	0.6387	0.7397
Group 2	0.6263	0.0124	0.6387	0.7397

<sup>1</sup>In EUR cents per share

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

<sup>3</sup>Class G launched on 26 February 2016

\* Distribution is shown net of 10% notional tax credit

## Distribution tables (continued)

### Interim dividend distribution (accounting date 28 February 2017, paid on 28 April 2017)

Group 1 : shares purchased prior to 1 December 2016

Group 2 : shares purchased on or after 1 December 2016

	Distribution per share	Equalisation	Total distribution per share 28/04/2017	Total distribution per share 29/04/2016
<b>Class A accumulation</b>				
Group 1	1.7290	-	1.7290	1.5662
Group 2	1.1988	0.5302	1.7290	1.5662
<b>Class A income</b>				
Group 1	0.3097	-	0.3097	0.2908
Group 2	0.1992	0.1105	0.3097	0.2908
<b>Class G accumulation</b>				
Group 1	0.7405	-	0.7405	0.4968
Group 2	0.6415	0.0990	0.7405	0.4968
<b>Class G income</b>				
Group 1	0.7150	-	0.7150	0.4968
Group 2	0.4621	0.2529	0.7150	0.4968
<b>Class I accumulation</b>				
Group 1	0.7934	-	0.7934	0.6986
Group 2	0.5342	0.2592	0.7934	0.6986
<b>Class I income</b>				
Group 1	0.7052	-	0.7052	0.6449
Group 2	0.4735	0.2317	0.7052	0.6449
<b>Class S income</b>				
Group 1	0.7270	-	0.7270	0.6574
Group 2	0.4746	0.2524	0.7270	0.6574
<b>Class A Euro accumulation<sup>1</sup></b>				
Group 1	0.3853	-	0.3853	0.3767
Group 2	0.2885	0.0968	0.3853	0.3767
<b>Class A Euro income<sup>1</sup></b>				
Group 1	0.3431	-	0.3431	0.3479
Group 2	0.0808	0.2623	0.3431	0.3479
<b>Class A US Dollar accumulation<sup>2</sup></b>				
Group 1	2.8366	-	2.8366	2.8480
Group 2	2.8366	-	2.8366	2.8480
<b>Class A US Dollar income<sup>2</sup></b>				
Group 1	0.2768	-	0.2768	0.2879
Group 2	0.2551	0.0217	0.2768	0.2879
<b>Class I Euro accumulation<sup>1</sup></b>				
Group 1	0.8378	-	0.8378	0.8003
Group 2	0.8378	-	0.8378	0.8003
<b>Class I Euro income<sup>1</sup></b>				
Group 1	0.7435	-	0.7435	0.7371
Group 2	0.7435	-	0.7435	0.7371
<b>Class I US Dollar accumulation<sup>2</sup></b>				
Group 1	0.6789	-	0.6789	0.6661
Group 2	0.6789	-	0.6789	0.6661
<b>Class I US Dollar income<sup>2</sup></b>				
Group 1	0.6023	-	0.6023	0.6132
Group 2	0.4258	0.1765	0.6023	0.6132

<sup>1</sup>In EUR cents per share

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



## Distribution tables (continued)

### Interim dividend distribution (accounting date 31 May 2017, paid on 31 July 2017) )

Group 1 : shares purchased prior to 1 March 2017

Group 2 : shares purchased on or after 1 March 2017

	Distribution per share	Equalisation	Total distribution per share 31/07/2017	Total distribution per share 29/07/2016
<b>Class A accumulation</b>				
Group 1	4.9299	-	4.9299	4.3285
Group 2	3.0104	1.9195	4.9299	4.3285
<b>Class A income</b>				
Group 1	0.8783	-	0.8783	0.7990
Group 2	0.4442	0.4341	0.8783	0.7990
<b>Class G accumulation</b>				
Group 1	1.9593	-	1.9593	1.7441
Group 2	1.4817	0.4776	1.9593	1.7441
<b>Class G income</b>				
Group 1	1.8765	-	1.8765	1.7383
Group 2	1.1626	0.7139	1.8765	1.7383
<b>Class I accumulation</b>				
Group 1	2.1240	-	2.1240	1.8715
Group 2	1.2919	0.8321	2.1240	1.8715
<b>Class I income</b>				
Group 1	1.8797	-	1.8797	1.7161
Group 2	1.0675	0.8122	1.8797	1.7161
<b>Class S income</b>				
Group 1	1.9450	-	1.9450	1.7398
Group 2	0.7893	1.1557	1.9450	1.7398
<b>Class A Euro accumulation<sup>1</sup></b>				
Group 1	1.0563	-	1.0563	1.0614
Group 2	1.0563	-	1.0563	1.0614
<b>Class A Euro income<sup>1</sup></b>				
Group 1	0.9358	-	0.9358	0.9743
Group 2	0.3206	0.6152	0.9358	0.9743
<b>Class A US Dollar accumulation<sup>2</sup></b>				
Group 1	8.2452	-	8.2452	8.1940
Group 2	8.2452	-	8.2452	8.1940
<b>Class A US Dollar income<sup>2</sup></b>				
Group 1	0.8001	-	0.8001	0.8238
Group 2	0.2840	0.5161	0.8001	0.8238
<b>Class I Euro accumulation<sup>1</sup></b>				
Group 1	2.2019	-	2.2019	2.2065
Group 2	2.2019	-	2.2019	2.2065
<b>Class I Euro income<sup>1</sup></b>				
Group 1	1.9433	-	1.9433	2.0197
Group 2	1.9433	-	1.9433	2.0197
<b>Class I US Dollar accumulation<sup>2</sup></b>				
Group 1	1.8878	-	1.8878	1.8742
Group 2	1.8878	-	1.8878	1.8742
<b>Class I US Dollar income<sup>2</sup></b>				
Group 1	1.6652	-	1.6652	1.7147
Group 2	1.4100	0.2552	1.6652	1.7147

<sup>1</sup>In EUR cents per share

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

## Distribution table (continued)

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

Group 1 : shares purchased prior to 1 June 2017

Group 2 : shares purchased on or after 1 June 2017

	Net revenue	Equalisation	Total distribution per share 31/10/2017	Total distribution per share 31/10/2016
<b>Class A accumulation</b>				
Group 1	2.8303	-	2.8303	2.5509
Group 2	1.3539	1.4764	2.8303	2.5509
<b>Class A income</b>				
Group 1	0.4977	-	0.4977	0.4634
Group 2	0.2176	0.2801	0.4977	0.4634
<b>Class G accumulation</b>				
Group 1	1.1645	-	1.1645	1.0314
Group 2	0.5158	0.6487	1.1645	1.0314
<b>Class G income</b>				
Group 1	1.1038	-	1.1038	1.0053
Group 2	0.5247	0.5791	1.1038	1.0053
<b>Class I accumulation</b>				
Group 1	1.2584	-	1.2584	1.1191
Group 2	0.5768	0.6816	1.2584	1.1191
<b>Class I income</b>				
Group 1	1.0978	-	1.0978	1.0119
Group 2	0.4857	0.6121	1.0978	1.0119
<b>Class S income</b>				
Group 1	1.1307	-	1.1307	1.0313
Group 2	0.4936	0.6371	1.1307	1.0313
<b>Class A Euro accumulation<sup>1</sup></b>				
Group 1	0.5798	-	0.5798	0.5606
Group 2	0.5798	-	0.5798	0.5606
<b>Class A Euro income<sup>1</sup></b>				
Group 1	0.5065	-	0.5065	0.5065
Group 2	0.4756	0.0309	0.5065	0.5065
<b>Class A US Dollar accumulation<sup>2</sup></b>				
Group 1	4.7910	-	4.7910	4.3194
Group 2	4.7910	-	4.7910	4.3194
<b>Class A US Dollar income<sup>2</sup></b>				
Group 1	0.4583	-	0.4583	0.4275
Group 2	0.4583	-	0.4583	0.4275
<b>Class I Euro accumulation<sup>1,3</sup></b>				
Group 1	n/a	n/a	n/a	1.1917
Group 2	n/a	n/a	n/a	1.1917
<b>Class I Euro income<sup>1,4</sup></b>				
Group 1	n/a	n/a	n/a	1.0734
Group 2	n/a	n/a	n/a	1.0734
<b>Class I US Dollar accumulation<sup>2,3</sup></b>				
Group 1	n/a	n/a	n/a	1.0102
Group 2	n/a	n/a	n/a	1.0102
<b>Class I US Dollar income<sup>2</sup></b>				
Group 1	0.9713	-	0.9713	0.9095
Group 2	0.4023	0.5690	0.9713	0.9095

<sup>1</sup>In EUR cents per share

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

<sup>3</sup>Class I Euro accumulation and Class I US Dollar accumulation closed on 14 July 2017.

<sup>4</sup>Class I Euro income closed on 25 July 2017.

## Henderson UK Alpha Fund

### Authorised Corporate Director's report for the year ended 31 August 2017

#### Investment Fund Managers

Neil Hermon and Indriatti van Hien

#### Other information

Effective from 1 September 2016, Indriatti van Hien took over co-management of this fund from James Ross

#### Investment objective and policy

To achieve capital growth through a relatively concentrated portfolio.

The fund will invest principally in the securities of UK companies. The fund may also invest in fixed interest securities, preference shares, debt securities convertible into ordinary stock, money-market instruments and deposits. The fund may also invest outside of the UK if the investment adviser believes that it is in the interest of the fund.

#### Performance summary

	31 Aug 16- 31 Aug 17	31 Aug 15- 31 Aug 16	31 Aug 14- 31 Aug 15	31 Aug 13- 31 Aug 14	31 Aug 12- 31 Aug 13
	%	%	%	%	%
<b>Henderson UK Alpha Fund</b>	17.9	9.6	7.2	12.4	15.4
<b>FTSE All-Share Total Return Index</b>	14.3	11.7	(2.3)	10.3	18.9

Source: Morningstar, bid to bid, net of fees as at 12 noon valuation point, based on performance of Class A accumulation.  
Benchmark values are 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 currency fluctuations and you may not get back the amount originally invested.

### Significant portfolio changes for the year ended 31 August 2017

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
Rio Tinto	11,232	Vodafone	12,772
Electra Private Equity	9,087	WPP	10,364
Glencore Xstrata	8,248	Berendsen	8,548
Rentokil Initial	7,098	Saga	6,859
Ultra Electronics Holdings	6,620	Esure	6,581
Cineworld	6,165	RPC	5,786
Group 4 Securicor Lambert	5,565	BT	5,561
Laird	5,519	Inchcape	5,280
Jupiter Fund Management	5,423	Essentra	4,933
Equiniti	5,071	Phoenix Holdings	4,886
<b>Total purchases</b>	<b>144,515</b>	<b>Total sales</b>	<b>142,780</b>

### Investment review

The year was strong for UK Equities. The year was punctuated by several political events which had manifold consequences on markets. Donald Trump's election as US President initially spurred on the reflation trade, causing equities to outperform gilts and corporate bonds. However, there was a reversal of this trend as markets began to question President Donald Trump's ability to effect structural change through Congress and Senate. Theresa May invoked Article 50, beginning the negotiations for the UK's exit from the European Union (EU), and declared that the UK would leave the single market. This, in conjunction with the snap UK election that returned a hung parliament and minority government, caused trade-weighted sterling to further weaken during the year. The year end was marked by North Korean nuclear missile testing, which increased tensions between the US and North Korea. Over the 12 months, mid cap stocks outperformed large cap stocks. The fund rose 17.9% over the year, while the FTSE All Share Total Return Index rose by 14.3% in sterling terms.

The fund's best performing positions included NMC, Clinigen, Melrose and Burford Capital. NMC, a Middle Eastern healthcare operation, continued to deliver on its strategy of organic and inorganic growth. During the year under review, it successfully completed the acquisition of Al Zahara Hospital in Sharjah, the next Emirate State likely to introduce mandatory health insurance. Clinigen, a specialist pharmaceutical services company, rallied following a strong set of earnings results which highlighted the excellent performance of its acquisition of Link Healthcare and management's intentions to continue to pursue further acquisitions. Shares in Melrose, a turnaround specialist, rallied following early over delivery in its recent acquisition of Nortek. The shares also re-rated (stock reassessment by the market) as investors continued to price in further acquisitions. Shares in Burford Capital, a company which specialises in the provision of litigation finances, performed strongly after its acquisition of GKC (an asset manager in the litigation finance space) and the announcement of a favourable and outsized investment result from one of its litigation assets.

The fund's worst performing positions included AA, Interserve, Laird and NCC. AA is a provider of car breakdown services. Its shares suffered from profit warnings, driven by some operational mistakes and further increases in insurance premium taxes, which have dampened earnings growth. These issues were compounded by the abrupt departure of its executive chairman. We believe this story is ripe for a turnaround, and better management and corporate communication could bring the deleveraging story to the fore, which should allow a re-rating. Shares in Interserve, an international construction and support services group, were hit by the announcement of further provisions against six waste to energy contracts. Following the year under review, we disposed of this position on the belief that the company had limited options to protect its balance sheet from ever increasing provisions. NCC, a cyber-security consultancy, suffered from a profit warning caused by contract delays and a troubled integration of two large acquisitions. There have since been changes to the senior management team, who we believe can drive positive change to a business which still operates in an attractive and growing market. Laird, an electronic components supplier, suffered a profit warning as a result of severe and unanticipated pricing pressure from its largest supplier in its performance materials division. We have since exited the position.

During the year, we initiated positions in Alfa Financial, Burford Capital, Coca-Cola Hellenic Bottling Company (CCH) and Cineworld. Alfa Financial is a software and services provider to the asset financing industry. The company benefits from strong end market growth and high barriers to entry. All intellectual property is internally generated and its superior offering allows the company to generate industry leading margins and returns. The business runs a net cash balance sheet, and growth is not cash consumptive – which should provide scope for material cash returns in the future. Burford Capital provides finance to the legal industry, a nascent market which is ripe for growth and provides strong and uncorrelated returns. Cineworld is the second largest operator of cinemas in the Europe. Our investment thesis is premised on the belief that valuation was not fully reflected in the price; the strong growth prospects of the business both in the UK and overseas, the strength of cash generation within the business and the self-funded roll-out story. CCH is a bottler for Coca-Cola that operates in 28 countries across Continental and Eastern Europe and Africa. The high operating leverage in the business, in conjunction with the strong demographics in the countries CCH operates in, should give it good scope to materially grow both revenues and margins. The company's strong balance sheet also provides investors with optionality around a transformational deal or potential cash returns.

We sold our holdings in Berensden, BT, Vodafone and WPP. All these disposals took place early during the year under review. We disposed of our position in Berensden on the belief that the stock had sufficiently re-rated in the context of the limited revenue growth it was targeting. We disposed of our position in BT on concerns around further deterioration in trading in its public sector business and worries around the implications a resolution with Ofcom over Openreach would have on group free cash flow. We disposed of our position in Vodafone on the belief that greater competition in key operating regions may continue to put pressure on the shares. Our disposal of WPP was driven by our belief that, following a strong re-rating over the past four years, the risks lie to the downside given the valuation and heightened risks of a major probe into the agency space and media buying practices.

The altered political landscape following the general election is likely to manifest itself in a change of both domestic and foreign policy. As negotiations surrounding the UK's decision to leave the EU gain momentum, markets should get further clarity on the UK's trading relationship with Europe. We are encouraged that the government has stressed the need for transitional arrangements following the UK's exit from the EU. It is our view that equities represent reasonable value versus history and good value versus other asset classes. Corporate balance sheets are strong and we continue to see plenty of opportunities to invest in quality growth companies.

## Comparative tables for the year ended 31 August 2017

### Class A accumulation

	2017	2016	2015
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	122.35	113.37	104.67
Return before operating charges*	25.23	10.90	10.56
Operating charges	(2.24)	(1.92)	(1.86)
Return after operating charges*	22.99	8.98	8.70
Distributions on accumulation shares	(2.77)	(1.57)	(1.93)
Retained distributions on accumulation shares	2.77	1.57	1.93
Closing net asset value per share	145.34	122.35	113.37
* after direct transaction costs of:	0.25	0.31	0.30

### Performance

Return after charges	18.79%	7.92%	8.31%
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### Other information

Closing net asset value (£000s)	354,618	326,160	373,097
Closing number of shares	243,984,541	266,571,219	329,087,501
Operating charges	1.69%	1.70%	1.69%
Direct transaction costs	0.19%	0.28%	0.27%

### Prices

Highest share price (pence)	146.50	122.90	121.00
Lowest share price (pence)	118.60	100.80	93.65

### Class C accumulation

	2017	2016	2015
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	691.12	633.20	578.00
Return before operating charges*	143.42	61.47	58.56
Operating charges	(4.19)	(3.55)	(3.36)
Return after operating charges*	139.23	57.92	55.20
Distributions on accumulation shares	(29.87)	(16.42)	(17.71)
Retained distributions on accumulation shares	29.87	16.42	17.71
Closing net asset value per share	830.35	691.12	633.20
* after direct transaction costs of:	1.41	1.77	1.66

### Performance

Return after charges	20.15%	9.15%	9.55%
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### Other information

Closing net asset value (£000s)	386	446	449
Closing number of shares	46,530	64,479	70,882
Operating charges	0.56%	0.56%	0.55%
Direct transaction costs	0.19%	0.28%	0.27%

### Prices

Highest share price (pence)	836.20	694.40	673.80
Lowest share price (pence)	671.40	565.80	517.90

## Comparative tables (continued)

	Class I accumulation		
	2017	2016	2015
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	272.70	250.57	229.36
Return before operating charges*	56.51	24.23	23.24
Operating charges	(2.49)	(2.10)	(2.03)
Return after operating charges*	54.02	22.13	21.21
Distributions on accumulation shares	(8.30)	(5.15)	(5.16)
Retained distributions on accumulation shares	8.30	5.15	5.16
Closing net asset value per share	326.72	272.70	250.57
* after direct transaction costs of:	0.56	0.70	0.66

### Performance

Return after charges	19.81%	8.83%	9.25%
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### Other information

Closing net asset value (£000s)	100,883	83,840	39,573
Closing number of shares	30,876,968	30,744,494	15,793,324
Operating charges	0.84%	0.84%	0.83%
Direct transaction costs	0.19%	0.28%	0.27%

### Prices

Highest share price (pence)	329.10	274.00	266.80
Lowest share price (pence)	264.80	223.60	205.40

	Class Z accumulation		
	2017	2016	2015
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	158.11	144.30	131.08
Return before operating charges*	33.10	13.90	13.30
Operating charges	(0.11)	(0.09)	(0.08)
Return after operating charges*	32.99	13.81	13.22
Distributions on accumulation shares	(3.59)	(1,752.69)	(3.31)
Retained distributions on accumulation shares	3.59	1,752.69	3.31
Closing net asset value per share	191.10	158.11	144.30
* after direct transaction costs of:	0.34	0.40	0.38

### Performance

Return after charges	20.87%	9.57%	10.09%
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### Other information

Closing net asset value (£000s)	29	2	1,934
Closing number of shares	15,381	1,500	1,340,477
Operating charges	0.06%	0.06%	0.06%
Direct transaction costs	0.19%	0.28%	0.27%

### Prices

Highest share price (pence)	192.40	159.00	153.30
Lowest share price (pence)	153.90	129.20	117.50

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.

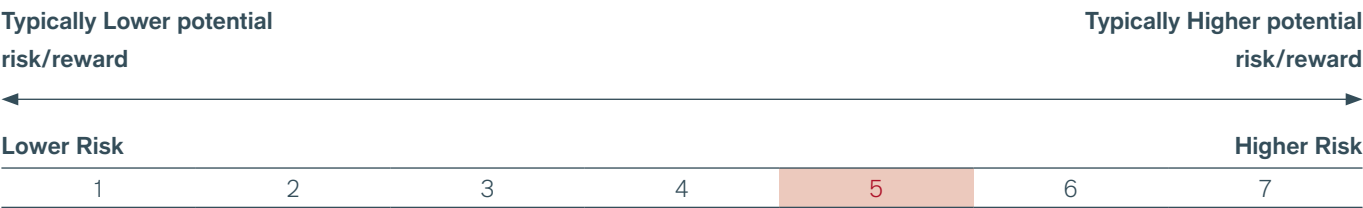
	<b>2017</b> %	<b>2016</b> %
<b>Class A</b>	1.69	1.70
<b>Class C</b>	0.56	0.56
<b>Class I</b>	0.84	0.84
<b>Class Z</b>	0.06	0.06

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 4 types of share in issue;

A accumulation, C accumulation, I accumulation and Z accumulation. The risk and reward profile 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 full list of the fund’s risks are contained in the ‘Risk Warnings’ section in the fund’s prospectus.

The risk rating has changed from 6 to 5 for all share classes.

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



## Portfolio statement as at 31 August 2017

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 100.38% (2016: 98.76%)</b>		
	<b>Australia 0.00% (2016: 0.00%)</b>		
	<b>Oil &amp; Gas 0.00% (2016: 0.00%)</b>		
28,370,334	International Petroleum~	-	-
	<b>Canada 0.00% (2016: 0.00%)</b>		
	<b>Consumer Services 0.00% (2016: 0.00%)</b>		
1,250,000	AirSea Lines International (Canada)~	-	-
	<b>Industrials 0.00% (2016: 0.00%)</b>		
525,000	Turbo Power Systems (Warrants)~	-	-
	<b>Ireland 1.05% (2016: 1.07%)</b>		
	<b>Consumer Services 1.05% (2016: 1.07%)</b>		
290,022	Ryanair	4,793	1.05
	<b>Netherlands 7.05% (2016: 6.15%)</b>		
	<b>Oil &amp; Gas 7.05% (2016: 6.15%)</b>		
1,487,935	Royal Dutch Shell 'B'	32,147	7.05
	<b>Switzerland 3.41% (2016: 0.00%)</b>		
	<b>Basic Materials 2.22% (2016: 0.00%)</b>		
2,822,393	Glencore Xstrata	10,147	2.22
	<b>Consumer Goods 1.19% (2016: 0.00%)</b>		
204,404	Coca-Cola HBC	5,404	1.19
	<b>United Arab Emirates 5.09% (2016: 3.21%)</b>		
	<b>Health Care 5.09% (2016: 3.21%)</b>		
855,000	NMC Health	23,213	5.09
	<b>United Kingdom 82.26% (2016: 87.43%)</b>		
	<b>Basic Materials 6.02% (2016: 3.12%)</b>		
342,594	Rio Tinto	12,835	2.81
410,000	Victrex	8,352	1.83
1,326,042	Yule Catto	6,271	1.38
		27,458	6.02
	<b>Consumer Goods 6.03% (2016: 5.90%)</b>		
375,000	Bellway	12,011	2.64
1,583,815	Countryside Properties	5,483	1.20
311,697	Imperial Brands	9,976	2.19
		27,470	6.03
	<b>Consumer Services 14.33% (2016: 18.12%)</b>		
1,604,534	Ascential	6,027	1.32
950,000	Cineworld	6,151	1.35
380,000	DCD Media~	-	-
1,526,089	DFS Furniture	3,640	0.80
534,264	Euromoney Institutional Investor	6,000	1.32
249,896	Go-Ahead	4,501	0.99
464,963	GVC	3,629	0.80
1,382,637	Informa	9,547	2.09
2,410,460	ITV	3,823	0.84

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services (continued)</b>			
1,087,526	Playtech	10,331	2.26
474,354	RELX	8,021	1.76
659,072	SSP	3,645	0.80
		<u>65,315</u>	<u>14.33</u>
<b>Financials 25.91% (2016: 23.66%)</b>			
2,026,726	Aviva	10,590	2.32
497,541	Burford Capital	5,757	1.26
128,043	Electra Private Equity	2,140	0.47
1,600,000	Grainger Trust	4,086	0.90
2,031,294	HSBC Holdings	15,245	3.35
1,383,555	Intermediate Capital	12,286	2.69
4,828,951	John Laing	14,342	3.15
1,225,000	Jupiter Fund Management	6,572	1.44
13,858,002	Lloyds Banking	8,844	1.94
2,414,489	Paragon	9,887	2.17
329,642	Phoenix Holdings	2,579	0.57
779,245	Prudential	14,147	3.10
2,000,000	St. Modwen Properties	7,070	1.55
1,060,336	Standard Life	4,555	1.00
3,758	Thomas Murray Network~	-	-
		<u>118,100</u>	<u>25.91</u>
<b>Health Care 2.82% (2016: 1.83%)</b>			
1,152,861	Clinigen	12,854	2.82
<b>Industrials 19.95% (2016: 22.56%)</b>			
3,758,781	AA	6,014	1.32
350,000	Aero Inventory~	-	-
3,200,000	Balfour Beatty	8,605	1.89
2,422,673	Equiniti	6,541	1.43
1,673,262	Group 4 Securicor Lambert	4,744	1.04
627,637	Howden Joinery	2,674	0.59
2,520,804	Ibstock	5,924	1.30
1,200,000	Interserve	2,019	0.44
66	Keronite~	-	-
6,268,936	Melrose Industries	13,791	3.02
1,011,733	Optimal Payments	5,929	1.30
580,000	Oxford Instruments	6,084	1.33
3,125,100	Rentokil Initial	9,516	2.09
292,434	Sanne	2,215	0.49
2,987,881	SIG	5,321	1.17
225,000	Spectris	5,207	1.14
358	Thomas Murray Network~	-	-
345,000	Ultra Electronics Holdings	6,383	1.40
		<u>90,967</u>	<u>19.95</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Oil &amp; Gas 1.74% (2016: 1.19%)</b>		
927,342	Amec	3,918	0.86
1,000,000	Hunting	4,022	0.88
		<u>7,940</u>	<u>1.74</u>
	<b>Technology 5.46% (2016: 5.92%)</b>		
1,079,894	Alfa Financial Software	4,903	1.08
270,000	Aveva	5,206	1.14
479,028	Micro Focus International	10,888	2.38
2,100,000	NCC	3,906	0.86
		<u>24,903</u>	<u>5.46</u>
	<b>Telecommunications 0.00% (2016: 5.13%)</b>		
	<b>United States 1.52% (2016: 0.90%)</b>		
	<b>Financials 0.00% (2016: 0.00%)</b>		
203	Directo*	-	-
1,116,667	Xshares Income Preference 'A' Shares~	-	-
		<u>-</u>	<u>-</u>
	<b>Health Care 1.52% (2016: 0.90%)</b>		
180,629	Shire	6,924	1.52
	<b>Collective Investment Schemes 0.00% (2016: 0.37%)</b>		
	<b>Investment assets</b>	<u><b>457,635</b></u>	<u><b>100.38</b></u>
	Other net liabilities	<u>(1,719)</u>	<u>(0.38)</u>
	<b>Total net assets</b>	<u><b>455,916</b></u>	<u><b>100.00</b></u>

~ Suspended or delisted securities

\* Manually priced securities

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

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

		2017		2016	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		65,323		24,769
Revenue	3	15,809		11,931	
Expenses	4	(6,463)		(6,128)	
Interest payable and similar charges	5	(4)		-	
Net revenue before taxation		9,342		5,803	
Taxation	6	-		-	
Net revenue after taxation			9,342		5,803
Total return before distributions			74,665		30,572
Distributions	7		(9,342)		(5,803)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>65,323</b>		<b>24,769</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 August 2017

		2017		2016	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>410,448</b>		<b>415,053</b>
Amounts receivable on issue of shares		7,858		10,511	
Amounts payable on cancellation of shares		(37,055)		(45,688)	
			(29,197)		(35,177)
Change in net assets attributable to shareholders from investment activities			65,323		24,769
Retained distributions on accumulation shares			9,342		5,803
<b>Closing net assets attributable to shareholders</b>			<b>455,916</b>		<b>410,448</b>

## Balance sheet as at 31 August 2017

	Note	2017 £000	2016 £000
<b>Assets</b>			
Investments		457,635	406,887
Current assets:			
Debtors	8	2,558	2,483
Cash and bank balances	9	8,113	8,664
<b>Total assets</b>		<b>468,306</b>	<b>418,034</b>
<b>Liabilities</b>			
Creditors:			
Bank overdrafts		10,998	-
Other creditors	10	1,392	7,586
<b>Total liabilities</b>		<b>12,390</b>	<b>7,586</b>
<b>Net assets attributable to shareholders</b>		<b>455,916</b>	<b>410,448</b>

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

### 1 Accounting policies

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

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2017 £000	2016 £000
Capital management fee rebates	-	2
Forward currency contracts	-	(2)
Non-derivative securities	65,318	24,829
Other currency gains / (losses)	13	(52)
Transaction costs	(8)	(8)
<b>Net capital gains</b>	<b>65,323</b>	<b>24,769</b>

### 3 Revenue

	2017 £000	2016 £000
Bank interest	1	30
Distributions from UK regulated collection schemes		
Unfranked investment revenue	-	47
Overseas dividends	1,540	613
Stock lending revenue	34	25
UK dividends	14,036	11,105
Underwriting commission	198	111
<b>Total revenue</b>	<b>15,809</b>	<b>11,931</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	5,739	5,428
GAC*	675	642
	6,414	6,070
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	37	47
Safe custody fees	12	11
	49	58
<b>Total expenses</b>	<b>6,463</b>	<b>6,128</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: £7,030).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

	2017 £000	2016 £000
Interest payable	4	-
<b>Total interest payable and similar charges</b>	<b>4</b>	<b>-</b>

### 6 Taxation

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

There is no tax charge for the current year (2016: nil).

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

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Net revenue before taxation	9,342	5,803
Corporation tax at 20% (2016: 20%)	1,868	1,161
Effects of:		
Overseas dividends*	(308)	(123)
UK dividends**	(2,807)	(2,221)
Unused management expenses	1,247	1,183
<b>Tax charge for the year (note 6a)</b>	<b>-</b>	<b>-</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 £14,301,658 (2016: £13,054,845) 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.

### 7 Distributions

	2017 £000	2016 £000
Final accumulation	9,342	5,803
<b>Total distributions</b>	<b>9,342</b>	<b>5,803</b>

Details of the distribution per share are set out in the distribution table on page 91.

## Notes to the financial statements (continued)

### 8 Debtors

	2017 £000	2016 £000
Accrued revenue	1,801	1,413
Amounts receivable for issue of shares	83	8
Overseas withholding tax reclaimable	10	10
Sales awaiting settlement	664	1,052
<b>Total debtors</b>	<b>2,558</b>	<b>2,483</b>

### 9 Cash and bank balances

	2017 £000	2016 £000
Cash and bank balances	8,113	8,664
<b>Total cash and bank balances</b>	<b>8,113</b>	<b>8,664</b>

### 10 Other creditors

	2017 £000	2016 £000
Accrued annual management charge	516	462
Accrued Depositary's fee	3	4
Accrued other expenses	64	56
Amounts payable for cancellation of shares	531	911
Purchases awaiting settlement	278	6,153
<b>Total other creditors</b>	<b>1,392</b>	<b>7,586</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 81 and 82 and notes 4, 7, 8 and 10 on pages 83 to 85 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All issues and cancellations,
- Annual management charge
- GAC

There were no material shareholders at the year end (2016: nil).



## Notes to the financial statements (continued)

### 13 Shareholder funds

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

	2017	2016
Class A	1.50%	1.50%
Class C	0.50%	0.50%
Class I	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 74 to 75. The distribution per share class is given in the distribution table on page 91. All share classes have the same rights on winding up.

#### Share reconciliation as at 31 August 2017

	Class A accumulation	Class C accumulation	Class I accumulation	Class Z accumulation
Opening number of shares	266,571,219	64,479	30,744,494	1,500
Issues during the year	237,218	-	2,457,194	13,881
Cancellations during the year	(21,301,922)	(17,949)	(3,003,965)	-
Shares converted during the year	(1,521,974)	-	679,245	-
<b>Closing shares in issue</b>	<b>243,984,541</b>	<b>46,530</b>	<b>30,876,968</b>	<b>15,381</b>

### 14 Financial derivatives

The fund has used financial derivatives for efficient portfolio management only.

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 August 2017 (2016: nil).

There were no exposure to derivatives as at 31 August 2017 (2016: nil).

## 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 rating agency or equities. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102.50% 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	228	254	Equity
Citigroup	178	198	Equity
Deutsche Bank	950	1,058	Equity
Natixis	3,589	3,987	Equity
	<b>4,945</b>	<b>5,497</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	40	6	34

#### 2016

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
ABN Amro	19,412	20,417	Government Bond
Citigroup	1,368	1,462	Government Bond
Deutsche Bank	104	109	Corporate Bond
Deutsche Bank	1,747	1,835	Government Bond
	<b>1,851</b>	<b>1,944</b>	
J P Morgan	3,850	4,458	Government Bond
	<b>26,481</b>	<b>28,281</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	29	4	25

## Notes to the financial statements (continued)

### 16 Risk

#### Currency risk

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

#### Interest rate risk

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

#### Other market price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

#### Leverage

The fund has not employed significant leverage in the current or prior year.

#### Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2017</b>				
Bank overdrafts	10,998	-	-	-
Other creditors	-	1,392	-	-
<b>Total</b>	<b>10,998</b>	<b>1,392</b>	<b>-</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2016</b>				
Other creditors	-	7,586	-	-
<b>Total</b>	<b>-</b>	<b>7,586</b>	<b>-</b>	<b>-</b>

### 17 Fair value disclosure

#### Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS102 (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 FRS102 the fund classifies fair value measurement under the following levels:

## Notes to the financial statements (continued)

### 17 Fair value disclosure (continued)

#### 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	457,635	-	405,381	-
Level 2	-	-	1,506	-
Level 3	-	-	-	-
	<b>457,635</b>	<b>-</b>	<b>406,887</b>	<b>-</b>

### 18 Direct transaction costs

	Purchases		Sales	
	2017 £000	2016 £000	2017 £000	2016 £000
<b>Trades in the year</b>				
Equities	143,855	198,429	142,923	208,178
<b>Trades in the year before transaction costs</b>	<b>143,855</b>	<b>198,429</b>	<b>142,923</b>	<b>208,178</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Equities	130	172	143	219
<b>Total commissions</b>	<b>130</b>	<b>172</b>	<b>143</b>	<b>219</b>
<b>Taxes</b>				
Equities	530	719	-	-
<b>Total taxes</b>	<b>530</b>	<b>719</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 transaction costs</b>	<b>660</b>	<b>891</b>	<b>143</b>	<b>219</b>
<b>Total net trades in the year after transaction costs</b>	<b>144,515</b>	<b>199,320</b>	<b>142,780</b>	<b>207,959</b>

	Purchases		Sales	
	2017 %	2016 %	2017 %	2016 %
<b>Total transaction cost expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Equities	0.09	0.09	0.10	0.11
<b>Taxes</b>				
Equities	0.37	0.36	-	-
<b>Other expenses</b>				
Equities	-	-	-	-

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

	2017 %	2016 %
<b>Total transaction cost expressed as a percentage of net asset value</b>		
Commissions	0.07	0.10
Taxes	0.12	0.18
Other expenses	-	-
<b>Total costs</b>	<b>0.19</b>	<b>0.28</b>

There were no in specie transfers during the year (2016: nil). There were corporate actions during the year of £14,799,017 (2016: £11,882,652).

There were no direct transaction costs associated with derivatives in the year (2016: nil).

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

The portfolio dealing spread as at 31 August 2017 is 0.12% (2016: 0.15%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

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

## Distribution table for the year ended 31 August 2017 (in pence per share)

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

Group 1 : shares purchased prior to 1 September 2016

Group 2 : shares purchased on or after 1 September 2016

	Distribution per share	Total distribution per share 31/10/2017	Total distribution per share 31/10/2016
<b>Class A accumulation</b>			
Group 1	2.7725	2.7725	1.5691
Group 2	2.7725	2.7725	1.5691
<b>Class C accumulation</b>			
Group 1	29.8655	29.8655	16.4233
Group 2	29.8655	29.8655	16.4233
<b>Class I accumulation</b>			
Group 1	8.3009	8.3009	5.1508
Group 2	8.3009	8.3009	5.1508
<b>Class Z accumulation</b>			
Group 1	3.5917	3.5917	1,752.6864
Group 2	3.5917	3.5917	1,752.6864

## Appendix - Additional information (unaudited)

### 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 Investment Fund OEIC 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 ACD and the funds they manage. This policy applies to HIFL and Henderson Investment Fund OEIC.

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 European Growth Fund</b>	<b>828</b>	<b>1,293</b>
of which		
Fixed Remuneration	828	574
Variable Remuneration	821	719
Carried Interest	n/a	-
<b>Henderson European Growth Fund Remuneration Code Staff</b>	<b>34</b>	<b>786</b>
of which		
Senior Management (4)	19	95
Other Code Staff (5)	15	691
<b>Henderson Global Equity Income Fund</b>	<b>829</b>	<b>716</b>
of which		
Fixed Remuneration	829	376
Variable Remuneration	822	340
Carried Interest	n/a	-
<b>Henderson Global Equity Income Fund Remuneration Code Staff</b>	<b>35</b>	<b>318</b>
of which		
Senior Management (4)	19	75
Other Code Staff (5)	16	243

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

### Remuneration Policy (continued)

	Headcount (1)	Total Remuneration (£'000s) (2,3)
Henderson UK Alpha Fund	829	579
of which		
Fixed Remuneration	829	270
Variable Remuneration	822	309
Carried Interest	n/a	-
Henderson UK Alpha Fund Remuneration Code Staff	35	375
of which		
Senior Management (4)	19	39
Other Code Staff (5)	16	336

1. The is actual number of employees who are fully or partly involved in the activities of Henderson Investment Fund OEIC – no attempt has been made to apportion the time spent specifically in support of each fund within the Henderson Investment Fund OEIC 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 plc\*, 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 Investment Fund OEIC 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 Investment Fund OEIC 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 Investment Fund OEIC (for example, fees for HIFL Board members), 100% of those fees;
  - for Fund managers, pro-rated using the average AUM of Henderson Investment Fund OEIC 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 Investment Fund OEIC (as a proportion of the aggregate average AUM of Henderson Group plc\*) as a proxy.
4. Senior Management includes the Janus Henderson Executive Committee and other Group Board members and the Board of HIFL.
5. Other Code Staff includes all other UCITS Code Staff not covered by the above, including Fund Managers who manage AUM within Henderson Investment Fund OEIC.

\* Henderson Group plc merged with Janus Capital on 30 May 2017 to become Janus Henderson Group plc, the employee and compensation metrics and the average AUM across the preceding 12 months are largely based on the Henderson Group plc prior to the merger.



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

### 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 accounting year ended 31 August 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 August 2017:

Stock lending			
Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Henderson European Growth Fund	87,915	7.37%	7.17%
Henderson Global Equity Income Fund	9,537	1.15%	1.13%
Henderson UK Alpha Fund	4,945	1.08%	1.08%

### 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 August 2017:

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
<b>Henderson European Growth Fund</b>		<b>Henderson Global Equity Income Fund</b>	
Booker	3,547	Link REIT	782
Royal Dutch Shell	3,442	Banque Cantonale Vaudoise	627
Berendsen	2,191	HSBC	487
Playtech	2,019	Banco Santander Central Hispano	461
Telefonica	2,015	China Railway	409
McCarthy & Stone	2,009	BKW	392
Eurofins Scientific	1,948	Haitong Securities	367
Landis+Gyr Group	1,890	Valora Holding	358
Hastings	1,804	PICC Property & Casualty Services 'H'	320
Monsanto	1,798	People's Insurance Company of China	318
<b>Henderson UK Alpha Fund</b>			
CRH	400		
ASML	246		
ING	224		
Danone	222		
Nexity	199		
Suez Environnement	197		
Toyota Motor	179		
Renault	164		
Klepierre (REIT)	157		
Siemens	139		

## 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 August 2017:

Counterparty	Market value of securities on loan £000	Settlement basis	Counterparty	Market value of securities on loan £000	Settlement basis
<b>Henderson European Growth Fund</b>			<b>Henderson Global Equity Income Fund</b>		
Deutsche Bank	24,690	Tri-party	J P Morgan	7,986	Tri-party
Société Générale	19,701	Tri-party	Natixis	1,551	Tri-party
Citigroup	16,184	Tri-party		<b>9,537</b>	
Merrill Lynch	14,788	Tri-party			
Abbey National	12,179	Tri-party			
ABN Amro	233	Tri-party			
Natixis	140	Tri-party			
	<b>87,915</b>				
<b>Henderson UK Alpha Fund</b>					
Natixis	3,589	Tri-party			
Deutsche Bank	950	Tri-party			
ABN Amro	228	Tri-party			
Citigroup	178	Tri-party			
	<b>4,945</b>				

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 August 2017:

Counterparty	Counterparty country of origin	Type	Quality	Collateral CCY	Settlement basis	Custodian	Market value of collateral received £000
<b>Henderson European Growth Fund</b>							
Abbey National	Finland	Equity	Main market listing	EUR	Triparty	BNP Paribas	6,767
Abbey National	Finland	Equity	Main market listing	GBP	Triparty	BNP Paribas	6,766
ABN Amro	Netherlands	Equity	Main market listing	CAD	Triparty	BNP Paribas	26
ABN Amro	Netherlands	Equity	Main market listing	EUR	Triparty	BNP Paribas	200
ABN Amro	Netherlands	Equity	Main market listing	GBP	Triparty	BNP Paribas	33
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,227
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	4050
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	6,807
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	5,899
Deutsche Bank	Germany	Equity	Main market listing	AUD	Triparty	BNP Paribas	353
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	10,467
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	12,440
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,514
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	1,734
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	371
Deutsche Bank	Germany	Equity	Main market listing	SEK	Triparty	BNP Paribas	202
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	535
Merrill Lynch	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	2,417
Merrill Lynch	United States	Equity	Main market listing	DKK	Triparty	BNP Paribas	1144
Merrill Lynch	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	9,978
Merrill Lynch	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,784
Merrill Lynch	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	1,109
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	1
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	101
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	27
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	24
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	4
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	3,669
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	16,873
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	750
Société Générale	France	Equity	Main market listing	USD	Triparty	BNP Paribas	601
							<b>97,873</b>
<b>Henderson Global Equity Income Fund</b>							
J P Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	3,139
J P Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,363
J P Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	53
J P Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	4,255
J P Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	64
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	7
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,022
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	417
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	237
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	41
							<b>10,598</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 UK Alpha Fund</b>							
ABN Amro	Netherlands	Equity	Main market listing	CAD	Triparty	BNP Paribas	25
ABN Amro	Netherlands	Equity	Main market listing	EUR	Triparty	BNP Paribas	196
ABN Amro	Netherlands	Equity	Main market listing	GBP	Triparty	BNP Paribas	33
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	13
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	45
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	76
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	64
Deutsche Bank	Germany	Equity	Main market listing	AUD	Triparty	BNP Paribas	14
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	399
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	477
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	58
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	67
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	14
Deutsche Bank	Germany	Equity	Main market listing	SEK	Triparty	BNP Paribas	8
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	21
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	16
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	2,363
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	964
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	549
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	95
							<b>5,497</b>

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

#### Re-use of collateral

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

#### Return and cost on securities lending activities

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

<b>Stock lending</b>					
Fund	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	% return of the securities lending agent	Net stock lending revenue retained by the fund £000	% return of the fund
Henderson European Growth Fund	140	21	15%	119	85%
Henderson Global Equity Income Fund	27	4	15%	23	85%
Henderson UK Alpha Fund	40	6	15%	34	85%

## Further information

### Shareholder enquiries

If you have any queries about your fund holding, either contact your professional adviser or telephone us on one of the numbers below:

For dealing enquiries including buying and selling shares please telephone at local rate: **0845 608 8703**

The following line is also available:

Client Services: 0800 832 832

or you can contact us via e-mail at **[support@janushenderson.com](mailto:support@janushenderson.com)**

We may record telephone calls for our mutual protection and to improve customer service.



## Important Information

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), Henderson Investment Management Limited (reg. no. 1795354), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored.

Unless otherwise stated, all data is sourced by Janus Henderson Investors.