



ANNUAL REPORT & ACCOUNTS

For the year ended
31 October 2017

Janus Henderson
— INVESTORS —

Henderson Global Funds

Who are Janus Henderson Investors?

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

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

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

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

Contents

| | |
|---|----------|
| Authorised Corporate Director's (ACD) report | Page 1 |
| Market review | Page 3 |
| Statement of ACD's responsibilities | Page 5 |
| Statement of Depositary's responsibilities and report of the Depositary to the shareholders of Henderson Global Funds | Page 5 |
| Independent Auditors' report to the shareholders of Henderson Global Funds | Page 6 |
| Aggregated notes to the financial statements | Page 8 |
| Financial statements | |
| Henderson Asia Pacific Capital Growth Fund | Page 14 |
| Henderson Global Technology Fund | Page 38 |
| Henderson Institutional Emerging Markets Fund | Page 59 |
| Henderson Institutional Global Buy & Maintain Fund | Page 71 |
| Henderson Institutional Overseas Bond Fund | Page 94 |
| Henderson Japan Opportunities Fund | Page 124 |
| Henderson World Select Fund | Page 142 |
| Appendix - Additional information (unaudited) | Page 162 |
| Further information | Page 168 |

Henderson Global Funds Authorised Corporate Director's (ACD) report

We are pleased to present the Annual Report and Accounts for Henderson Global Funds for the year ended 31 October 2017.

Authorised status

Henderson Global Funds (the "Company") is an open ended investment company (OEIC) with variable capital authorised under regulation 12 (Authorisation) of the OEIC regulations, by the Financial Conduct Authority on 21 June 2000. It is a UCITS scheme structured as an umbrella company, comprising seven sub-funds ("funds"), that was launched on 28 September 2000.

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.

Shareholders are not liable for the debts of the Company.

Other information

Henderson Institutional Emerging Markets Fund merged into Henderson Emerging Markets Opportunities Fund (a sub-fund of Henderson Investment Funds Series I) on 11 February 2016. The fund has remained open pending the outcome of the Franked Investment Group (FII GLO) Class action which may generate additional assets to the fund. The fund will be terminated once this has been concluded. Therefore, the fund is not considered to be a going concern and as such the financial statements have been prepared on a basis other than going concern.

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

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

Director's statement

In accordance with the requirements of the Collective Investment Schemes sourcebook as issued and amended by the Financial Conduct Authority, I hereby certify the investment report and financial statements on behalf of the Directors of Henderson Investment Funds Limited.



C. Chaloner
(Director)

15 January 2018

Henderson Global Funds Continued
Authorised Corporate Director's (ACD) report Continued

Service providers

| | Name | Address | Regulator |
|---|---|---|--|
| Authorised Corporate Director | Henderson Investment Funds Limited Member of The Investment Association (formerly Investment Management 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 |
| Directors of the Authorised Corporate Director (ACD) | M. Skinner (to 29.06.17) P. Wagstaff G. Kitchen C. Chaloner H. J. de Sausmarez G. Foggin R Chaudhuri (from 27.09.17) | 201 Bishopsgate, London EC2M 3AE | Authorised and regulated by the Financial Conduct Authority |
| Investment Manager | Henderson Global Investors Limited The ultimate holding company is Janus Henderson Group plc | 201 Bishopsgate London EC2M 3AE | Authorised and regulated by the Financial Conduct Authority |
| Shareholder Administrator | DST Financial Services Europe Limited | DST House St Nicholas Lane Basildon Essex SS15 5FS | Authorised and regulated by the Financial Conduct Authority |
| Depository | National Westminster Bank plc The ultimate holding company is the Royal Bank of Scotland Group plc | 135 Bishopsgate London EC2M 3UR | Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority |
| Independent Auditors | PricewaterhouseCoopers LLP | 141 Bothwell Street Glasgow G2 7EQ | Institute of Chartered Accountants in England and Wales |
| Legal Advisers | Eversheds LLP | One Wood Street London EC2V 7WS | The Law Society |

Returns are sterling total returns unless otherwise stated.

Overview

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

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

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

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

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

In Asia, the FTSE World Asia Pacific ex Japan Index rose by 14.6% in sterling (22.7% in local currency terms). In China, MSCI announced a decision in June to include Chinese A-shares in its emerging markets index from 2018. The IMF increased its Chinese growth estimates out to 2020 in August, but warned against rapidly rising debt levels. The annual growth rate for the third quarter was 6.8%, marking the weakest annualised rate since the final quarter of 2016. The South Korea KOSPI index reached record highs, despite the impeachment of its President and ongoing tensions with neighbouring North Korea. Australia's second quarter GDP improved to

Market review continued

0.8%, after 0.3% in the first quarter, boosted by strong domestic demand and increased exports. Australian and Hong Kong energy stocks performed well in August, as Brent crude oil prices rose when Hurricane Harvey damaged the Gulf Coast. The mining sector and banks led Australian equities to their highest level of 2017 in October.

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

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

Statement of Authorised Corporate Director's (ACD) responsibilities

for the year ended 31 October 2017

The Financial Conduct Authority's Collective Investment Schemes sourcebook requires the ACD to prepare financial statements for each annual accounting period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland), of the financial affairs of the Company and of its revenue/expenditure for the year. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice relating to Authorised Open Ended Investment Companies issued by the Investment Management Association (IMA) in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

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

Statement of the Depositary's responsibilities and report of the Depositary to the shareholders of Henderson Global Funds (the "Company")

for the year ended 31 October 2017

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

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

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

The Depositary must ensure that:

- The Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- The sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- The value of shares in the Company is calculated in accordance with the Regulations;
- Any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- The Company's income is applied in accordance with the Regulations; and
- The instructions of the 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
15 January 2018

Independent Auditors' report to the shareholders of Henderson Global Funds (the "Company") for the year ended 31 October 2017

Our opinion

In our opinion, Henderson Global Funds financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 October 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 Global Funds (the "Company") is an Open Ended Investment Company ('OEIC') with 7 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 31 October 2017; the statement of total return and the statement of change in net assets attributable to shareholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of Matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in aggregated note 1 to the financial statements concerning the basis of preparation for the Henderson Institutional Emerging Market Fund. The ACD decided to cease investment activity on 11 February 2016 following the fund's with the Henderson Emerging Markets Opportunities Fund. Accordingly, the going concern basis of preparation is no longer appropriate for this fund and the financial statements have been prepared on a basis other than going concern as described in aggregated note 1(a) to the financial statements. There has been no impact on the financial statements or disclosure notes to adjust assets or liabilities to realisable value. No adjustments were necessary to provide for the costs of terminating the fund as the ACD will bear any related costs for this fund.

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.

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 Statement of Authorised Corporate Director's Responsibilities 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. 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

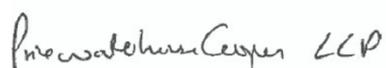
In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

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
15 January 2018

1 Accounting policies

(a) Basis of preparation

The financial statements of Henderson Global Funds (the "Company") comprise the financial statements of each of the funds. They have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association ('IMA') in May 2014 (the "SORP"), the Financial Reporting Standard 102 ("FRS 102"), the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL") and the Company's Instrument of Incorporation. The financial statements for all funds except Henderson Institutional Emerging Markets Fund have been prepared on a going concern basis.

The financial statements for the Henderson Institutional Emerging Markets Fund has been prepared on a basis other than going concern as the fund managed decided to cease investment activity on 11 February 2016 as it merged with the Henderson Emerging Markets Opportunities Fund. The fund has remained as it is a party to a claim against HMRC, under the principles argued in the Franked Investment Income Group Litigations Order (FII GLO) litigations that parts of the UK tax legislation were in breach of EU law which may result in a remedy to claimants. The fund will terminate once this has been concluded. Accordingly, the financial statements have been prepared on a basis other than going concern. There has been no impact on the financial statements or disclosure notes to adjust assets or liabilities to realisable value. No adjustments were necessary to provide for the costs of terminating the funds as the ACD will bear any related costs for this fund.

(b) Basis of valuation of investments

The valuation of listed investments has been at fair value, which is generally deemed to be bid market price, excluding any accrued interest in the case of debt securities, at close of business on the last valuation day of the accounting year (31 October 2017) in accordance with the provisions of the scheme particulars.

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

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

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

(c) Revenue recognition

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

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

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

Bank interest, deposit interest and revenue earned on other securities are recognised on an accruals basis.

Accumulation of revenue relating to accumulation units or shares held in underlying funds is recognised as revenue and included in the amount available for distribution.

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

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the shares underwritten in which case an appropriate proportion of the commission received are 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 relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

Annual Management Charge (“AMC”)

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

General Administration Charge

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

Allocation of revenue and expenses to multiple share classes

With the exception of the AMC, 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.

(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.

(h) Treatment of derivatives

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

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

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(h) Treatment of derivatives (continued)

Forward foreign currency contracts

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

Futures contracts

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

Interest rate swaps

Open interest rate swaps ("IRS") are shown in the portfolio statement at fair value and the net capital gains/(losses) are reflected within Derivative securities in Net capital gains/(losses) on investments. Interest receivable or payable on IRS are included in the Revenue account on an accruals basis.

(i) Dilution adjustment

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

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

2 Distribution Policy

The distribution policy of the funds is to distribute/accumulate all available revenue, after the deduction of expenses properly chargeable against revenue. Henderson Institutional Global Buy & Maintain Fund and Henderson Institutional Overseas Bond Fund make interest distributions. The other funds make dividend distributions.

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

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

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

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

- Henderson Asia Pacific Capital Growth Fund
- Henderson Global Technology Fund
- Henderson Japan Opportunities Fund
- Henderson World Select Fund

The following fund makes quarterly distributions (30 June, 30 September, 31 March and 31 December) to shareholders:

- Henderson Institutional Global Buy & Maintain Fund
- Henderson Institutional Overseas Bond Fund

Henderson Institutional Emerging Markets Fund closed on 11 February 2016 and no distributions have been declared since the closure date.

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

Aggregated notes to the financial statements (continued)

2 Distribution Policy (continued)

Equalisation

Income equalisation currently only applies to Henderson Institutional Global Buy & Maintain Fund and Henderson Institutional Overseas Bond Fund.

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

3 Risk

In pursuing their investment objectives the funds hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors arising from the funds' operations. Derivative instruments may be used in all funds for the purposes of efficient portfolio management ('EPM') only; the use of derivatives in this manner is not likely to increase the risk profile of the funds.

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 are documented within the ACD's Risk Management Policy and Process document, which outlines for each main risk category the controls and risk measures in place, including stress tests for assessing sensitivity to the most relevant risks. This risk framework includes setting of limits and monitoring against those limits.

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

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

- Charles River system's Compliance module for investment restrictions monitoring;
- 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 Janus Henderson Derivatives Risk and Compliance database.

(a) Market risk

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

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

Efficient portfolio management is used by the funds to reduce risk and/or costs in the funds and to produce additional capital or income in the funds. The funds may use derivatives (including options, futures, forward transactions and contracts for difference), borrowing, cash holding and stock lending for efficient portfolio management. It is not intended that using derivatives for efficient portfolio management will increase the volatility of the funds. In adverse situations, however a fund's use of derivatives may become ineffective in hedging or EPM and a fund may suffer significant loss as a result.

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

3 Risk (continued)

(a) Market risk (continued)

Funds that may invest in China securities, including China A-Shares additionally have specific risks related to political risk: currency risk and taxation as outlined in more detail in the Prospectus. Further risks are set out in the Prospectus arising from investing in certain eligible securities listed and traded on the Shanghai-Hong Kong Stock Connect.

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 by which derivatives or forward transactions are converted into the market value of an equivalent position in the underlying asset.

The global exposure is calculated by using either the commitment approach or Value-at-Risk ("VaR") approach by reference to their risk profile. Sensitivity analysis of funds using the commitment approach is calculated using the Value-at-Risk approach. VaR is a mathematical statistical concept and is commonly used as a standard measure of risk in the financial sector. For each fund the maximum potential loss that it could suffer in normal market conditions within a given time horizon and a certain degree of confidence is estimated.

In these calculations all positions in the relevant investment portfolio are taken into consideration including those undertaken for efficient portfolio management purposes. VaR is calculated daily using a Monte Carlo simulation approach; as a control mechanism, Monte Carlo results are compared to the parametric model for validation purposes within the daily monitoring process. The following parameters are applied as a minimum: a one-tailed 99% confidence interval, a holding period equivalent to one month (20 business days), effective observation period (history) of risk factors of at least 1 year (250 business days), quarterly data set updates and daily calculation.

For those funds using the VaR approach to calculate either sensitivity analysis or global exposure and for which there is no suitable reference portfolio absolute monthly VaR calculated on all the positions in a fund's investment portfolio is not to exceed a regulatory maximum limit of 20%.

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

Currency risk

Currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates. A proportion of a fund's assets and income may be denominated in currencies other than sterling (the funds' functional currency and the one in which it reports its results). As a result, movements in exchange rates may affect the sterling value of those items so a fund's financial statements can be 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.

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

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

Other 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.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(b) Credit and counterparty risk

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

In order to manage credit risk the funds are subject to investment limits for issuers of securities as outlined in the Prospectus. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the funds may only buy and sell investments through brokers which have been approved by the ACD as acceptable counterparties 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 funds' 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 and stocklending transactions, as detailed in the notes to the individual funds' accounts.

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

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

(c) Liquidity risk

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

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

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

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

4 Cross-holdings

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

Henderson Asia Pacific Capital Growth Fund

Authorised Corporate Director's report

Investment Fund Managers

Andrew Gillan and Mervyn Koh

Investment objective and policy

To aim to provide capital growth by investing in Pacific region and Indian sub-continent companies. The fund may invest in Australasia, but not in Japan. It is not restricted in the size of companies in which it can invest.

Performance summary

| | 31 Oct 16 - 31 Oct 17 | 31 Oct 15 - 31 Oct 16 | 31 Oct 14 - 31 Oct 15 | 31 Oct 13 - 31 Oct 14 | 31 Oct 12 - 31 Oct 13 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | % | % | % | % | % |
| Henderson Asia Pacific Capital Growth Fund | 18.4 | 37.6 | (7.6) | 4.2 | 13.8 |
| MSCI All Country Asia Pacific (ex Japan) Index | 17.7 | 37.0 | (7.0) | 4.7 | 12.2 |

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

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

Significant portfolio changes for the year ended 31 October 2017

| Largest purchases | £000 | Largest sales | £000 |
|------------------------------|---------------|---------------------------------------|---------------|
| Alibaba Holdings ADS | 6,767 | SK Hynix | 7,568 |
| Hon Hai Precision Industries | 5,499 | Tencent Holdings | 6,713 |
| Yum China | 4,305 | CSL | 5,190 |
| Treasury Wine Estates | 4,249 | Samsung Electronics Preference Shares | 4,941 |
| Delta Electronic | 4,051 | AIA | 4,351 |
| Advantech | 3,963 | Astra International | 3,917 |
| BOC Hong Kong Holdings | 3,683 | Lupin | 3,863 |
| Midea (Warrants) | 3,486 | President Chain Store | 3,617 |
| Techtronic Industries | 3,399 | Tech Mahindra | 3,310 |
| Nien Made Enterprise | 3,221 | CK Hutchison Holdings | 3,133 |
| Total purchases | 67,211 | Total sales | 83,732 |

Investment review

Asian shares posted healthy gains over the year, supported by stronger earnings growth and more positive sentiment towards emerging markets following prior underperformance. Economic growth remained strong, while purchasing managers' indices and export numbers were also positive across much of the region. This reflected a recovery in the global economy, which certainly benefits Asia, but more importantly, a clear stabilisation in the key Chinese economy after the stimulus efforts of 2016. October 2017 witnessed the 19th National Congress of the Communist Party of China, where President Xi Jinping retained his top position in the Party, as expected, and a new guiding ideology was written into the Party's Constitution. Meanwhile, in the US, prior concerns on increased protectionism following Donald Trump's US presidential election win did not materialise, while the expectations of a very measured normalisation in US interest rates also supported the region's stock markets and currencies.

Economic reforms continued, particularly in India. The Indian government firstly introduced a controversial demonetisation policy to tackle corruption, which had a short term impact on growth. This was followed with the implementation of a nationwide goods and services tax regime. In China, the government's efforts on supply-side reform were also positively received, with noticeable impact on the steel and aluminium industries. Similarly, there is a clear willingness on the part of the authorities to address the amount of leverage in the economy, a common concern of foreign investors in China. While this process will not be without challenges, this is nonetheless positive.

China and South Korea were the standout markets in terms of returns. Chinese shares were led by the new economy companies in the internet sector, but returns broadened out to the older economy sector towards the end of the year under review on increased confidence in the state of the economy. In South Korea, the large cap memory companies were the key drivers thanks to significant earnings upgrades as the DRAM industry benefited from stronger pricing as a result of significant industry consolidation and supply discipline. Similar trends with regard to the China internet and South Korean memory sectors also contributed to information technology leading sector gains, followed by materials, which was in part by the supply side reforms outlined above.

The fund outperformed over the year, gaining 18.4% relative to the 17.7% rise in the MSCI Asia Pacific ex Japan index. The fund's overweight to the information technology sector was a key contributor to relative performance, while stock selection was strong within our real estate holdings. The healthcare sector was our biggest detractor to performance.

Within information technology, our holdings in Samsung Electronics and SK Hynix saw positive earnings revisions on firmer than expected DRAM pricing as the industry remains disciplined in terms of supply. Samsung Electronics also benefited from plans to improve shareholder returns both from increased dividends and share cancellations. The Chinese internet sector also continued to perform well and we benefited from our positions in Tencent and Alibaba particularly. Alibaba shares rallied after the company gave revenue guidance significantly ahead of analyst expectations. While the shares rerated, we still believe that both Tencent and Alibaba offer compelling growth and have very strong franchises in the China market, so remain happy to maintain our holdings in both companies. Other notable contributors included Taiwanese company Largan Precision, an optical lens company which is benefiting from its technology lead and specification upgrades in the latest smartphones; and Hong Kong based AAC Technologies, a fairly well diversified company with industry leading expertise in acoustics, haptics and casing solutions.

Elsewhere, our position in a Singaporean property developer, City Developments, also outperformed as sentiment towards the sector improved significantly following the government's decision to tweak one of its cooling measures on Sellers Stamp Duty, which resulted in higher transaction volumes and firmer pricing. The increasing momentum in the developers' collective sales transactions also lifted overall sentiments.

Healthcare was the key area of underperformance as Lupin, Aurobindo Pharma and Raffles Medical all performed relatively poorly. The Indian pharmaceuticals sector is facing several structural headwinds in the US and the outlook is increasingly challenging, thus we decided to exit Lupin. However, we retained our position in Aurobindo, with the belief that the company is relatively better positioned with a strong product launch pipeline and a well-diversified drug portfolio. Raffles Medical is a high quality Singaporean healthcare provider, which the fund also exited. While the company is very well managed and has a solid record in terms of delivering earnings growth, we felt that the startup operations in China will likely cause protracted earnings drag which has not been factored into the share price.

We highlighted the increase in holdings in Taiwan through Delta Electronics, Advantech and Nien Made Enterprise in the first half of the year, in addition to the introduction of Techtronic Industries to the portfolio. In the second half of the year, we took partial profits in selected stocks on valuation grounds and recycled the proceeds to initiate positions in Hon Hai, Treasury Wine, Midea Group, ENN and BOC Hong Kong, all of which we believe offer attractive value relative to their growth prospects. We also initiated two new positions in Coway and Yum China to give the fund access to discretionary spending in Korea and domestic consumption in China, respectively. Other notable transactions included exiting the positions in SK Hynix in Korea, Astra International in Indonesia, Tech Mahindra in India and President Chain Store in Taiwan. We continue to maintain a focused portfolio of less than 40 companies and maintained both our quality tilt and as much valuation discipline as possible.

Authorised Corporate Director's report (continued)

Investment review (continued)

Asian markets have posted healthy gains so far this year, but – pleasingly – this has been accompanied by significantly stronger earnings growth relative to the previous few years. Valuations therefore remain reasonable both relative to their own history for the region and relative to developed markets given the superior growth outlook for Asia. In the short term, post the 19th National Congress in China, attention will be focused on the signals coming out from Beijing as the Party endeavours to seek a balance between reform and growth. On a positive note, there is a clear recognition of the need to address the high levels of debt in the economy, but it is a difficult task to address this while maintaining growth. For that reason, we continue to favour the new economy, private sector businesses in China.

We believe dollar strength on the back of higher interest rates in the US remains a risk to the region as we have seen flows away from Asia in this environment. However, a sharp rise in US interest rates appears unlikely given the US would want to avoid increasing interest payments to service its high levels of government debt (which rose from around \$7 trillion in 2004 to over \$20 trillion at the time of writing). In our view, stronger fiscal positions in Asia combined with strong corporate earnings growth should mean we do not see a significant rotation away from Asia.

Longer term, there is every reason to be positive on Asia with attractive demographics, increasing consumption and significant economic development potential providing an ideal backdrop for companies to thrive. We aim to provide our investors with a high conviction portfolio focused on companies that enjoy strong franchise positions and a proven track record of both execution and superior return on equity and firmly believe that this approach combined with valuation discipline can generate superior returns.

Comparative tables for the year ended 31 October 2017

| | Class A accumulation | | |
|---|------------------------------|------------------------------|------------------------------|
| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 948.04 | 692.34 | 749.71 |
| Return before operating charges* | 195.74 | 269.16 | (44.41) |
| Operating charges | (17.60) | (13.46) | (12.96) |
| Return after operating charges* | 178.14 | 255.70 | (57.37) |
| Distributions on accumulation shares | (0.38) | (1.22) | (1.03) |
| Retained distributions on accumulation shares | 0.38 | 1.22 | 1.03 |
| Closing net asset value per share | 1,126.18 | 948.04 | 692.34 |
| * after direct transaction costs of: | 1.79 | 1.67 | 1.77 |
| Performance | | | |
| Return after charges | 18.79% | 36.93% | (7.65%) |
| Other information | | | |
| Closing net asset value (£000s) | 137,491 | 127,311 | 117,652 |
| Closing number of shares | 12,208,606 | 13,428,759 | 16,993,418 |
| Operating charges | 1.75% | 1.75% | 1.73% |
| Direct transaction costs | 0.18% | 0.22% | 0.24% |
| Prices | | | |
| Highest share price (pence) | 1,137.00 | 968.10 | 868.90 |
| Lowest share price (pence) | 858.20 | 638.80 | 612.60 |
| | | | |
| | Class C accumulation | | |
| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 662.68 | 478.48 | 512.27 |
| Return before operating charges* | 137.30 | 189.38 | (28.94) |
| Operating charges | (4.10) | (5.18) | (4.85) |
| Return after operating charges* | 133.20 | 184.20 | (33.79) |
| Distributions on accumulation shares | (10.71) | (7.28) | (7.37) |
| Retained distributions on accumulation shares | 10.71 | 7.28 | 7.37 |
| Closing net asset value per share | 795.88 | 662.68 | 478.48 |
| * after direct transaction costs of: | 1.19 | 1.81 | 1.91 |
| Performance | | | |
| Return after charges | 20.10% | 38.50% | (6.60%) |
| Other information | | | |
| Closing net asset value (£000s) | 711 | 2,885 | 2,149 |
| Closing number of shares | 89,295 | 435,381 | 449,254 |
| Operating charges | 0.61% | 0.62% | 0.60% |
| Direct transaction costs | 0.18% | 0.22% | 0.24% |
| Prices | | | |
| Highest share price (pence) | 803.20 | 676.20 | 596.70 |
| Lowest share price (pence) | 600.50 | 442.90 | 422.50 |

Comparative tables (continued)

Class I accumulation

| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
|---|------------------------------|------------------------------|------------------------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 1,040.20 | 753.17 | 808.59 |
| Return before operating charges* | 215.95 | 295.26 | (47.57) |
| Operating charges | (9.89) | (8.23) | (7.85) |
| Return after operating charges* | 206.06 | 287.03 | (55.42) |
| Distributions on accumulation shares | (10.18) | (10.11) | (7.79) |
| Retained distributions on accumulation shares | 10.18 | 10.11 | 7.79 |
| Closing net asset value per share | 1,246.26 | 1,040.20 | 753.17 |
| * after direct transaction costs of: | 1.97 | 1.99 | 2.08 |

Performance

| | | | |
|----------------------|--------|--------|---------|
| Return after charges | 19.81% | 38.11% | (6.85%) |
|----------------------|--------|--------|---------|

Other information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£000s) | 69,817 | 59,089 | 43,936 |
| Closing number of shares | 5,602,127 | 5,680,580 | 5,833,524 |
| Operating charges | 0.89% | 0.90% | 0.89% |
| Direct transaction costs | 0.18% | 0.22% | 0.24% |

Prices

| | | | |
|-----------------------------|----------|----------|--------|
| Highest share price (pence) | 1,257.00 | 1,062.00 | 940.70 |
| Lowest share price (pence) | 942.40 | 696.70 | 665.30 |

Class Z accumulation

| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
|---|------------------------------|------------------------------|------------------------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 1,137.82 | 817.62 | 871.03 |
| Return before operating charges* | 234.69 | 320.79 | (52.90) |
| Operating charges | (1.33) | (0.59) | (0.51) |
| Return after operating charges* | 233.36 | 320.20 | (53.41) |
| Distributions on accumulation shares | (378.70) | (557.10) | (20.05) |
| Retained distributions on accumulation shares | 378.70 | 557.10 | 20.05 |
| Closing net asset value per share | 1,371.18 | 1,137.82 | 817.62 |
| * after direct transaction costs of: | 2.15 | 1.17 | 1.22 |

Performance

| | | | |
|----------------------|--------|--------|---------|
| Return after charges | 20.51% | 39.16% | (6.13%) |
|----------------------|--------|--------|---------|

Other information

| | | | |
|---------------------------------|-------|-------|--------|
| Closing net asset value (£000s) | 1 | 9 | 199 |
| Closing number of shares | 40 | 767 | 24,359 |
| Operating charges | 0.11% | 0.11% | 0.10% |
| Direct transaction costs | 0.18% | 0.22% | 0.24% |

Prices

| | | | |
|-----------------------------|----------|----------|----------|
| Highest share price (pence) | 1,386.00 | 1,161.00 | 1,017.00 |
| Lowest share price (pence) | 1,032.00 | 758.00 | 721.30 |

Comparative tables (continued)

Class I USD accumulation

| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
|---|------------------------------|------------------------------|------------------------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 757.50 | 548.67 | 682.43 ¹ |
| Return before operating charges* | 157.43 | 214.31 | (128.67) |
| Operating charges | (7.20) | (5.48) | (5.09) |
| Return after operating charges* | 150.23 | 208.83 | (133.76) |
| Distributions on accumulation shares | (7.31) | (6.38) | (4.82) |
| Retained distributions on accumulation shares | 7.31 | 6.38 | 4.82 |
| Closing net asset value per share | 907.73 | 757.50 | 548.67 |
| * after direct transaction costs of: | 1.44 | 1.34 | 1.35 |
| Performance | | | |
| Return after charges | 19.83% | 38.06% | (19.60%) |
| Other information | | | |
| Closing net asset value (£000s) | 1 | 1 | 1 |
| Closing number of shares | 150 | 150 | 150 |
| Operating charges | 0.89% | 0.89% | 0.89% |
| Direct transaction costs | 0.18% | 0.22% | 0.24% |
| Prices | | | |
| Highest share price (USD cent) | 1,210.00 | 962.60 | 1,000.00 |
| Lowest share price (USD cent) | 851.80 | 734.80 | 761.90 |

¹Class I USD accumulation was launched on 10 April 2015 and this is the first published price

Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business and may differ from the performance summary.

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

| | 2017 | 2016 |
|--------------------|-------------|-------------|
| | % | % |
| Class A | 1.75 | 1.75 |
| Class C | 0.61 | 0.62 |
| Class I | 0.89 | 0.90 |
| Class Z | 0.11 | 0.11 |
| Class I USD | 0.89 | 0.89 |

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 5 types of share class in issue; A accumulation, C accumulation, I accumulation, Z accumulation and I USD accumulation.

Class A, class C, class I and Z accumulation have the same risk and reward profile which is as follows:



Class I USD accumulation has the following risk profile:



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

The value of an investment in the fund can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks.

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

The risk rating for class A, class C, class I and class 2 accumulation changed from 6 to 5 in the year. Class I USD accumulation remains the same at 6.

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

*Class I USD accumulation was launched on 10 April 2015, 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 October 2017

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|-----------|---|----------------------|---|
| | Equities 98.53% (2016: 98.93%) | | |
| | Australia 6.09% (2016: 6.04%) | | |
| | Consumer Staples 2.09% (2016: 0.00%) | | |
| 483,910 | Treasury Wine Estates | 4,350 | 2.09 |
| | Health Care 2.25% (2016: 4.12%) | | |
| 58,145 | CSL | 4,663 | 2.25 |
| | Materials 1.75% (2016: 1.92%) | | |
| 400,000 | Amcor | 3,647 | 1.75 |
| | China 20.95% (2016: 15.33%) | | |
| | Consumer Discretionary 2.08% (2016: 0.00%) | | |
| 237 | China Literature (Interim Line) | 1 | - |
| 749,297 | Midea (Warrants) | 4,339 | 2.08 |
| | | 4,340 | 2.08 |
| | Industrials 1.46% (2016: 1.00%) | | |
| 1,049,910 | Zhengzhou Yutong Bus | 3,031 | 1.46 |
| | Information Technology 15.91% (2016: 12.58%) | | |
| 213,000 | AAC Technologies Holdings | 2,936 | 1.41 |
| 79,294 | Alibaba Holdings ADS | 11,044 | 5.30 |
| 23,845 | Baidu ADS | 4,380 | 2.11 |
| 21,999 | NetEase.com ADR | 4,673 | 2.25 |
| 298,500 | Tencent Holdings | 10,078 | 4.84 |
| | | 33,111 | 15.91 |
| | Utilities 1.50% (2016: 1.75%) | | |
| 566,000 | ENN Energy | 3,125 | 1.50 |
| | Hong Kong 8.58% (2016: 9.08%) | | |
| | Consumer Discretionary 4.05% (2016: 2.43%) | | |
| 1,332,600 | Samsonite International | 4,174 | 2.01 |
| 960,500 | Techtronic Industries | 4,241 | 2.04 |
| | | 8,415 | 4.05 |
| | Financials 4.53% (2016: 4.94%) | | |
| 1,058,000 | AIA | 5,994 | 2.88 |
| 959,000 | BOC Hong Kong Holdings | 3,439 | 1.65 |
| | | 9,433 | 4.53 |
| | Industrials 0.00% (2016: 1.71%) | | |
| | India 17.09% (2016: 24.03%) | | |
| | Consumer Staples 1.95% (2016: 5.51%) | | |
| 1,312,844 | ITC | 4,058 | 1.95 |
| | Financials 8.19% (2016: 7.85%) | | |
| 354,206 | HDFC Bank | 7,458 | 3.59 |
| 485,126 | Housing Development Finance | 9,594 | 4.60 |
| | | 17,052 | 8.19 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|-----------|---|----------------------|---|
| | Health Care 1.53% (2016: 4.38%) | | |
| 359,708 | Aurobindo Pharma | 3,184 | 1.53 |
| | Information Technology 4.03% (2016: 6.29%) | | |
| 383,318 | Infosys | 4,109 | 1.98 |
| 140,435 | Tata Consultancy Services | 4,276 | 2.05 |
| | | 8,385 | 4.03 |
| | Utilities 1.38% (2016: 0.00%) | | |
| 1,162,992 | Power Grid | 2,860 | 1.38 |
| | Indonesia 0.00% (2016: 1.85%) | | |
| | Consumer Discretionary 0.00% (2016: 1.85%) | | |
| | Philippines 2.83% (2016: 5.38%) | | |
| | Consumer Staples 0.00% (2016: 1.48%) | | |
| | Financials 2.83% (2016: 2.77%) | | |
| 392,115 | Ayala | 5,891 | 2.83 |
| | Utilities 0.00% (2016: 1.13%) | | |
| | Singapore 1.58% (2016: 3.64%) | | |
| | Health Care 0.00% (2016: 1.36%) | | |
| | Real Estate 1.58% (2016: 2.28%) | | |
| 458,800 | City Developments | 3,276 | 1.58 |
| | South Korea 13.01% (2016: 12.35%) | | |
| | Consumer Discretionary 3.11% (2016: 1.69%) | | |
| 48,300 | Coway | 3,149 | 1.51 |
| 29,109 | Hanssem | 3,326 | 1.60 |
| | | 6,475 | 3.11 |
| | Consumer Staples 2.53% (2016: 1.39%) | | |
| 6,662 | LG Household & Healthcare | 5,270 | 2.53 |
| | Information Technology 7.37% (2016: 9.27%) | | |
| 10,172 | Samsung Electronics Preference Shares | 15,309 | 7.37 |
| | Sri Lanka 1.59% (2016: 1.85%) | | |
| | Industrials 1.59% (2016: 1.85%) | | |
| 4,265,677 | John Keells | 3,304 | 1.59 |
| | Taiwan 21.30% (2016: 16.01%) | | |
| | Consumer Discretionary 1.48% (2016: 0.00%) | | |
| 393,000 | Nien Made Enterprise | 3,081 | 1.48 |
| | Consumer Staples 2.85% (2016: 4.38%) | | |
| 3,775,374 | Uni-President Enterprises | 5,929 | 2.85 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---|------------------------------------|----------------------|---|
| Information Technology 16.97% (2016: 11.63%) | | | |
| 656,880 | Advantech | 3,379 | 1.62 |
| 403,000 | Catcher Technology | 3,220 | 1.55 |
| 914,000 | Delta Electronic | 3,309 | 1.59 |
| 1,902,000 | Hon Hai Precision Industries | 5,319 | 2.56 |
| 47,000 | Largan Precision | 6,707 | 3.22 |
| 2,205,000 | Taiwan Semiconductor Manufacturing | 13,379 | 6.43 |
| | | <u>35,313</u> | <u>16.97</u> |
| Thailand 1.63% (2016: 1.17%) | | | |
| Real Estate 1.63% (2016: 1.17%) | | | |
| 2,244,900 | Land and Houses | 550 | 0.26 |
| 11,570,200 | Land and Houses (Alien Market) | 2,832 | 1.37 |
| | | <u>3,382</u> | <u>1.63</u> |
| United States 1.93% (2016: 0.00%) | | | |
| Consumer Discretionary 1.93% (2016: 0.00%) | | | |
| 131,982 | Yum China | 4,009 | 1.93 |
| Vietnam 1.93% (2016: 2.20%) | | | |
| Consumer Staples 1.93% (2016: 2.20%) | | | |
| 800,400 | Vietnam Dairy Products | 4,007 | 1.93 |
| | | <u>4,007</u> | <u>1.93</u> |
| | Investment assets | 204,900 | 98.50 |
| | Other net assets | 3,121 | 1.50 |
| | Total net assets | 208,021 | 100.00 |

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

Statement of total return for the year ended 31 October 2017

| | Note | 2017 £000 | 2016 £000 |
|---|------|---------------|---------------|
| Income | | | |
| Net capital gains | 2 | | 53,712 |
| Revenue | 3 | 3,845 | 3,334 |
| Expenses | 4 | (2,843) | (2,444) |
| Net revenue before taxation | | 1,002 | 890 |
| Taxation | 5 | (375) | (116) |
| Net revenue after taxation | | 627 | 774 |
| Total return before distributions | | 34,498 | 54,486 |
| Distributions | 6 | (627) | (774) |
| Change in net assets attributable to shareholders from investment activities | | 33,871 | 53,712 |

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

| | 2017 £000 | 2016 £000 |
|--|----------------|----------------|
| Opening net assets attributable to shareholders | 189,295 | 163,937 |
| Amounts receivable on issue of shares | 6,040 | 606 |
| Amounts payable on cancellation of shares | (21,812) | (29,762) |
| | (15,772) | (29,156) |
| Dilution adjustment | - | 28 |
| Change in net assets attributable to shareholders from investment activities | 33,871 | 53,712 |
| Retained distribution on accumulation shares | 627 | 774 |
| Closing net assets attributable to shareholders | 208,021 | 189,295 |

Balance sheet as at 31 October 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|----------------|----------------|
| Assets | | | |
| Investments | | 204,900 | 187,262 |
| Current assets: | | | |
| Debtors | 7 | 131 | 12 |
| Cash and bank balances | 8 | 3,396 | 2,369 |
| Total assets | | 208,427 | 189,643 |
| Liabilities: | | | |
| Creditors: | | | |
| Other creditors | 9 | 406 | 348 |
| Total liabilities | | 406 | 348 |
| Net assets attributable to shareholders | | 208,021 | 189,295 |

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

1 Accounting policies

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

2 Net capital gains

Net capital gains on investments during the year comprise:

| | 2017 | 2016 |
|----------------------------|---------------|---------------|
| | £000 | £000 |
| Forward currency contracts | (2) | (80) |
| Non-derivative securities | 34,097 | 54,079 |
| Other currency losses | (216) | (273) |
| Transaction costs | (8) | (14) |
| Net capital gains | 33,871 | 53,712 |

3 Revenue

| | 2017 | 2016 |
|-----------------------|--------------|--------------|
| | £000 | £000 |
| Bank interest | 3 | 7 |
| Overseas dividends | 3,819 | 3,326 |
| Stock dividends | 19 | - |
| Stock lending revenue | 4 | 1 |
| Total revenue | 3,845 | 3,334 |

4 Expenses

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| Annual management charge | 2,422 | 2,092 |
| GAC* | 281 | 243 |
| | <u>2,703</u> | <u>2,335</u> |

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

| | | |
|-------------------|------------|------------|
| Depositary fees | 15 | 17 |
| Safe custody fees | 105 | 88 |
| | <u>120</u> | <u>105</u> |

Other expenses:

| | | |
|-----------------------|--------------|--------------|
| Professional fees | 20 | 4 |
| | <u>20</u> | <u>4</u> |
| Total expenses | 2,843 | 2,444 |

Irrecoverable VAT is included in the above expenses where relevant.

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

Notes to the financial statements (continued)

5 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

| | 2017 £000 | 2016 £000 |
|----------------------------|--------------|--------------|
| Current tax | | |
| Overseas withholding tax | 375 | 116 |
| Total tax (note 5b) | <u>375</u> | <u>116</u> |

(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 | <u>1,002</u> | <u>890</u> |
| Corporation tax at 20% (2016: 20%) | 200 | 178 |
| Effects of: | | |
| Irrecoverable overseas tax | 375 | 116 |
| Overseas dividends* | (763) | (594) |
| Stock dividends** | (4) | - |
| Tax effect of expensed double taxation relief | - | (5) |
| Unused management expenses | 567 | 421 |
| Tax charge for the year (note 5a) | <u>375</u> | <u>116</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 £4,309,954 (2016: £3,742,750) 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.

6 Distributions

| | 2017 £000 | 2016 £000 |
|----------------------------|--------------|--------------|
| Final accumulation | 627 | 774 |
| Total distributions | <u>627</u> | <u>774</u> |

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

Notes to the financial statements (continued)

7 Debtors

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Accrued revenue | 106 | 10 |
| Amounts receivable for issue of shares | 25 | 2 |
| Total debtors | 131 | 12 |

8 Cash and bank balances

| | 2017 £000 | 2016 £000 |
|-------------------------------------|--------------|--------------|
| Cash and bank balances | 3,396 | 2,369 |
| Total cash and bank balances | 3,396 | 2,369 |

9 Other creditors

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Accrued annual management charge | 218 | 202 |
| Accrued Depositary's fee | 2 | 2 |
| Accrued other expenses | 35 | 42 |
| Amounts payable for cancellation of shares | 151 | 102 |
| Total other creditors | 406 | 348 |

10 Contingent assets, liabilities and commitments

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

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

Notes to the financial statements (continued)

11 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 25 and 26 and notes 4, 7 and 10 on pages 27 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).

12 Shareholders' funds

The fund currently has 4 share classes available; Class A (Retail with front-end charges), Class C, Class I (Institutional) and Class Z. 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 17 to 19. The distribution per share class is given in the distribution table on page 37. All share classes have the same rights on winding up.

Shares reconciliation for the year ended 31 October 2017

| | Class A accumulation | Class C accumulation | Class I accumulation |
|----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Opening number of shares | 13,428,759 | 435,381 | 5,680,580 |
| Issues during the year | 115,822 | 1,951 | 425,234 |
| Cancellations during the year | (1,023,429) | (348,037) | (786,815) |
| Shares converted during the year | (312,546) | - | 283,128 |
| Closing shares in issue | 12,208,606 | 89,295 | 5,602,127 |

| | Class Z accumulation | Class I USD accumulation |
|----------------------------------|---------------------------------|-------------------------------------|
| Opening number of shares | 767 | 150 |
| Creations during the year | - | - |
| Cancellations during the year | (727) | - |
| Shares converted during the year | - | - |
| Closing shares in issue | 40 | 150 |

Notes to the financial statements (continued)

13 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management.

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

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 31 October 2017 (2016: nil).

There was no exposure to derivatives as at 31 October 2017 (2016: nil).

14 Stock lending

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

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

Eligible collateral types for Stock Lending and borrowing transactions are approved by the Investment Manager and may consist of securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or listed equities on eligible markets. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102.50% to 110.00% of the value of the stock on loan.

2017

| Counterparty | Total market value of stock on loan £000 | Amount of collateral received £000 | Type of collateral |
|---------------|--|--|--------------------|
| Deutsche Bank | 6,712 | 7,551 | Equity |
| Natixis | 3,577 | 3,974 | Equity |
| | <u>10,289</u> | <u>11,525</u> | |

| Recipient | Relationship | Gross income £000 | Direct and indirect expenses £000 | Net income £000 |
|-------------|---------------------|----------------------|---|--------------------|
| BNP Paribas | Stock lending agent | 5 | 1 | 4 |

2016

| Counterparty | Total market value of stock on loan £000 | Amount of collateral received £000 | Type of collateral |
|--------------|--|--|--------------------|
| Citigroup | 2,040 | 2,253 | Equity |
| | <u>2,040</u> | <u>2,253</u> | |

| Recipient | Relationship | Gross income £000 | Direct and indirect expenses £000 | Net income £000 |
|-------------|---------------------|----------------------|---|--------------------|
| BNP Paribas | Stock lending agent | 1 | - | 1 |

Notes to the financial statements (continued)

15 Risk

Currency risk

The exposure to currency risk is 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 |
|-------------------|------------------------------|---|-----------------------------|
| 2017 | | | |
| Currency | | | |
| Australian dollar | 12,660 | - | 12,660 |
| Chinese yuan | 3,031 | - | 3,031 |
| Hong Kong dollar | 33,990 | (1) | 33,989 |
| Indian rupee | 35,539 | 69 | 35,608 |
| Korean won | 27,054 | 37 | 27,091 |
| Philippine peso | 5,891 | - | 5,891 |
| Singapore dollar | 3,276 | - | 3,276 |
| Sri Lankan rupee | 3,304 | - | 3,304 |
| Taiwan dollar | 44,322 | 1,027 | 45,349 |
| Thai baht | 3,382 | - | 3,382 |
| UK sterling | - | 1,936 | 1,936 |
| US dollar | 28,444 | - | 28,444 |
| Vietnamese dong | 4,007 | 53 | 4,060 |
| Total | 204,900 | 3,121 | 208,021 |

| | Investment assets £000 | Other net assets £000 | Total net assets £000 |
|-------------------|------------------------------|-----------------------------|-----------------------------|
| 2016 | | | |
| Currency | | | |
| Australian dollar | 11,436 | - | 11,436 |
| Hong Kong dollar | 34,576 | - | 34,576 |
| Indian rupee | 45,471 | 10 | 45,481 |
| Indonesian rupiah | 3,511 | - | 3,511 |
| Korean won | 23,382 | - | 23,382 |
| Philippine peso | 10,180 | 20 | 10,200 |
| Singapore dollar | 6,889 | - | 6,889 |
| Sri Lankan rupee | 3,510 | - | 3,510 |
| Taiwan dollar | 30,291 | 928 | 31,219 |
| Thai baht | 2,206 | - | 2,206 |
| UK sterling | - | 825 | 825 |
| US dollar | 11,643 | - | 11,643 |
| Vietnamese dong | 4,167 | 250 | 4,417 |
| Total | 187,262 | 2,033 | 189,295 |

Notes to the financial statements (continued)

15 Risk (continued)

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £206,085,000 (2016: £188,470,000). 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 October 2017 by £20,608,500 (2016: £18,847,000). 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 October 2017 by £20,608,500 (2016: £18,847,000).

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 | Within one year | Over one year but not more than five years | Over five years |
|-----------------|-----------|--------------------|--|--------------------|
| | £000 | £000 | £000 | £000 |
| 2017 | | | | |
| Other creditors | - | 461 | - | - |
| Total | <u>-</u> | <u>461</u> | <u>-</u> | <u>-</u> |
| | | | | |
| | On demand | Within one year | Over one year but not more than five years | Over five years |
| | £000 | £000 | £000 | £000 |
| 2016 | | | | |
| Other creditors | - | 348 | - | - |
| Total | <u>-</u> | <u>348</u> | <u>-</u> | <u>-</u> |

Notes to the financial statements (continued)

16 Fair value disclosure

Fair value measurement

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

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

| Valuation technique | 2017 | | 2016 | |
|---------------------|----------------|---------------------|----------------|---------------------|
| | Assets £000 | Liabilities £000 | Assets £000 | Liabilities £000 |
| Level 1 | 204,900 | - | 187,262 | - |
| Level 2 | - | - | - | - |
| Level 3 | - | - | - | - |
| | <u>204,900</u> | <u>-</u> | <u>187,262</u> | <u>-</u> |

Notes to the financial statements (continued)

17 Direct transaction costs

| | Purchases | | Sales | |
|---|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 |
| Trades in the year | | | | |
| Equities | 67,119 | 60,106 | 83,985 | 87,818 |
| Trades in the year before transaction costs | 67,119 | 60,106 | 83,985 | 87,818 |
| Transaction costs | | | | |
| Commissions | | | | |
| Equities | 72 | 134 | 111 | 129 |
| Total commissions | 72 | 134 | 111 | 129 |
| Taxes | | | | |
| Equities | 17 | 23 | 96 | 55 |
| Total taxes | 17 | 23 | 96 | 55 |
| Other expenses | | | | |
| Equities | 3 | 10 | 46 | 44 |
| Total other expenses | 3 | 10 | 46 | 44 |
| Total transaction costs | 92 | 167 | 253 | 228 |
| Total net trades in the year after transaction costs | 67,211 | 60,273 | 83,732 | 87,590 |

| | Purchases | | Sales | |
|--|-----------|------|-------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | % | % | % | % |
| Total transaction cost expressed as a percentage of asset type cost | | | | |
| Commissions | | | | |
| Equities | 0.11 | 0.22 | 0.13 | 0.15 |
| Taxes | | | | |
| Equities | 0.03 | 0.04 | 0.11 | 0.06 |
| Other expenses | | | | |
| Equities | - | 0.02 | 0.05 | 0.05 |

| | Purchases | |
|--|-------------|-------------|
| | 2017 | 2016 |
| | % | % |
| Total transaction cost expressed as a percentage of net asset value | | |
| Commissions | 0.09 | 0.15 |
| Taxes | 0.06 | 0.04 |
| Other expenses | 0.03 | 0.03 |
| Total costs | 0.18 | 0.22 |

There were no in specie transfers during the year (2016: nil). There were corporate actions £7,035 during the year (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 October 2017 was 0.23% (2016: 0.25%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

Notes to the financial statements (continued)

18 Events after the Balance sheet date

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

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

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

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

| | Distribution per share | Total distribution 29/12/17 | Total distribution 30/12/16 |
|---|---------------------------|-----------------------------------|-----------------------------------|
| Class A accumulation | | | |
| Group 1 | 0.3812 | 0.3812 | 1.2236 |
| Group 2 | 0.3812 | 0.3812 | 1.2236 |
| Class C accumulation | | | |
| Group 1 | 10.7113 | 10.7113 | 7.2793 |
| Group 2 | 10.7113 | 10.7113 | 7.2793 |
| Class I accumulation | | | |
| Group 1 | 10.1845 | 10.1845 | 10.1072 |
| Group 2 | 10.1845 | 10.1845 | 10.1072 |
| Class Z accumulation | | | |
| Group 1 | 378.7216 | 378.7216 | 557.1004 |
| Group 2 | 378.7216 | 378.7216 | 557.1004 |
| Class I USD accumulation¹ | | | |
| Group 1 | 9.7027 | 9.7027 | 7.7930 |
| Group 2 | 9.7027 | 9.7027 | 7.7930 |

¹ in USD cents per share

Henderson Global Technology Fund

Authorised Corporate Director's report

Investment Fund Managers

Richard Clode, Stuart O'Gorman, Graeme Clark and Alison Porter

Other information

Please note as of 1 August 2017, Alison Porter and Graeme Clark also managed this fund.

Investment objective and policy

To aim to provide capital growth by investing in companies worldwide that derive, or are expected to derive, profits from technology.

Performance summary

| | 31 Oct 16 - 31 Oct 17 % | 31 Oct 15 - 31 Oct 16 % | 31 Oct 14 - 31 Oct 15 % | 31 Oct 13 - 31 Oct 14 % | 31 Oct 12 - 31 Oct 13 % |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Henderson Global Technology Fund | 28.7 | 32.8 | 14.0 | 13.3 | 20.1 |
| MSCI All Countries World Information Technology Index | 29.4 | 40.6 | 12.0 | 21.1 | 23.0 |

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

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

Significant portfolio changes for the year ended 31 October 2017

| Largest purchases | £000 | Largest sales | £000 |
|-------------------------------|----------------|----------------------|----------------|
| Texas Instruments | 16,381 | Intel | 20,641 |
| TE Connectivity | 9,101 | Qualcomm | 15,502 |
| Flex | 8,898 | Tencent Holdings | 9,013 |
| DXC Technology | 8,642 | Check Point Software | 7,792 |
| Facebook | 8,592 | CDW | 5,410 |
| Xilinx | 8,528 | Palo Alto Networks | 4,884 |
| Silicon Motion Technology ADR | 6,895 | EPAM Systems | 4,848 |
| Alibaba Holdings ADS | 6,767 | Alibaba Holdings ADS | 4,786 |
| Coherent | 6,656 | TDK | 4,149 |
| Expedia | 6,503 | Micron Technology | 3,850 |
| Total purchases | 196,568 | Total sales | 143,964 |

Authorised Corporate Director's report (continued)

Investment review

The Henderson Global Technology Fund returned 28.7% for the year to 31 October 2017, versus a benchmark return of 29.4% for the MSCI All Countries World Information Technology Index.

Performance

At the sector level, stock selection within the technology hardware, software, IT Services and internet sectors were the largest contributors to performance. Communications equipment was the largest detractor, while the fund's cash balance was also detrimental.

At the stock level, Micron was the most significant contributor to performance. The recovery in memory markets since mid-2016, driven by supply discipline and broadening demand drivers (notably from the datacentre), led to very strong profit growth and share price performance for Micron, despite the memory supplier de-rating. Not holding IBM was beneficial, as the stock underperformed given ongoing challenges to its core business and a lack of levers to change that trajectory. The addition of China's Alibaba to the fund in 2016 was a key contributor as advertising technology upgrades led to a reacceleration of the core e-commerce business, while its access to the cloud and financial disruption continues to excite investors. Universal Display performed well, benefiting from the shift to flexible organic light emitting diode (OLED) displays, as adopted in the recent iPhone X, given the company is a leading supplier of OLED IP and materials. The capital spending from supplier Samsung required to support Apple's adoption of flexible OLED displays also drove strong performance from equipment maker Applied Materials, complemented by strong semiconductor capital spending that was driven by robust semiconductor demand and rising capital intensity.

Not holding Nvidia in the fund continued to detract from performance given strong profit growth and ongoing investor enthusiasm for the artificial intelligence and autonomous driving themes. Fleet card provider Fleetcor underperformed due to misexecution, exacerbated by concerns raised by a short seller report, but recently recovered strongly. Palo Alto Networks, a leading networking security solution provider, also underperformed due to poor execution, but its issues seemed more structural and so the fund exited this position. Auto Trader, a UK used car classified business, performed poorly given concerns around the UK economy, the country's decision to leave the European Union (known as 'Brexit') and auto financing. The fund also suffered from being structurally underweight Apple as, despite having a positive view of the company, the fund is unable to have a greater than 10% position in any one stock and Apple outperformed during this year.

Activity

In the internet sector, we initiated a position in Yandex given its dominant search position in Russia benefiting from a recent anti-trust ruling against Google locally, as well as its involvement in ride sharing via Yandex Taxi, which recently announced plans to merge with Uber in Russia. We switched some of our Tencent position into Naspers, which is trading at a significant discount to its holding in Tencent as well as offering optionality on some other interesting global internet assets. We also added IAC given its discount to an attractive portfolio of internet assets, notably Match.com and HomeAdvisor. We bought Expedia as part of our internet transformation theme in travel.

In semiconductors, we added Xilinx given its attractive position as the only independent supplier of field programmable gate arrays (FPGAs) post Intel's acquisition of Altera. FPGAs have strong growth potential in datacentre acceleration, artificial intelligence inferencing, autonomous driving and 5G. Given strong fundamentals in analog semiconductors (driven by industrial and automotive), we returned to the global leader, Texas Instruments, which is also a beneficiary of any US tax reform. We also added Silicon Motion, which is a leading merchant supplier of NAND memory controllers, benefiting from the secular shift to solid state drives and easing NAND memory supply after the shortages from late 2016. We exited our position in Qualcomm post disclosure of a royalty dispute with Apple and heightened regulatory conflict. We also exited our position in NXP Semiconductor after the announced bid for the company by Qualcomm.

Elsewhere in the fund, we added to our flexible OLED display holdings via Coherent, a dominant supplier of excimer lasers for annealing the OLED displays. We initiated a position in TE Connectivity, a leading supplier of connectors (notably to the auto industry), which should benefit from rising content in electric and, ultimately, autonomous cars. We added Flex, which is transforming from a low value add contract manufacturer to the electronics industry to a 'sketch to scale' partner with a milestone long term contract with Nike. New positions were also initiated in PTC, a computer aided design and product lifecycle management software company, and DXC, an IT services company formed by the spin-merger of CSC and HP Enterprise's enterprise services business given its attractive valuation.

Authorised Corporate Director's report (continued)

Outlook

The global macroeconomic picture is more positive, allowing central banks to begin the process of unwinding their bloated balance sheets. The focus shifted to quantitative easing (central bank liquidity measures), notably US tax reform, which has the potential to unlock the significant offshore cash balances of US technology companies via repatriation. The technology sector, given a demographic tailwind and its ability to continually provide customers 'more for less', is likely to continue to gain share. We will continue to focus on powerful secular themes within technology.

Technology companies' valuations and balance sheets relative to global equities remain attractive. The strong dollar and rising protectionism predicted in the wake of President Donald Trump's election have yet to materialise, but remain risks. The ongoing attractive growth prospects of the sector continue to attract capital and this can create irrational competition in some areas of the market. Regulatory scrutiny and concerns over cybersecurity and data privacy will continue to be debated.

We retain a preference for sectors with high barriers to entry and dominant participants, leading us to remain heavily overweight the internet, notably dominant franchises such as Alphabet (Google), Facebook and Amazon as part of our 'winners take most' philosophy. We will also continue to navigate the hype cycle balancing attractive growth opportunities with our long standing approach of valuation and risk discipline.

Comparative tables for the year ended 31 October 2017

| | Class A accumulation | | |
|---|------------------------------|------------------------------|------------------------------|
| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 1,278.92 | 957.37 | 857.94 |
| Return before operating charges* | 399.74 | 339.63 | 115.53 |
| Operating charges | (24.84) | (18.08) | (16.10) |
| Return after operating charges* | 374.90 | 321.55 | 99.43 |
| Distributions on accumulation shares | - | - | - |
| Retained distributions on accumulation shares | - | - | - |
| Closing net asset value per share | 1,653.82 | 1,278.92 | 957.37 |
| * after direct transaction costs of: | 0.71 | 1.19 | 1.02 |
| Performance | | | |
| Return after charges | 29.31% | 33.59% | 11.59% |
| Other information | | | |
| Closing net asset value (£000s) | 251,108 | 210,240 | 210,204 |
| Closing number of shares | 15,183,512 | 16,438,905 | 21,956,460 |
| Operating charges | 1.75% | 1.75% | 1.75% |
| Direct transaction costs | 0.05% | 0.11% | 0.12% |
| Prices | | | |
| Highest share price (pence) | 1,650.00 | 1,295.00 | 985.00 |
| Lowest share price (pence) | 1,178.00 | 857.50 | 822.00 |
| | | | |
| | Class I accumulation | | |
| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 1,419.78 | 1,053.22 | 935.34 |
| Return before operating charges* | 446.27 | 376.29 | 126.45 |
| Operating charges | (13.38) | (9.73) | (8.57) |
| Return after operating charges* | 432.89 | 366.56 | 117.88 |
| Distributions on accumulation shares | (0.17) | (1.62) | (2.06) |
| Retained distributions on accumulation shares | 0.17 | 1.62 | 2.06 |
| Closing net asset value per share | 1,852.67 | 1,419.78 | 1,053.22 |
| * after direct transaction costs of: | 0.80 | 1.31 | 1.11 |
| Performance | | | |
| Return after charges | 30.49% | 34.80% | 12.60% |
| Other information | | | |
| Closing net asset value (£000s) | 566,535 | 372,858 | 267,763 |
| Closing number of shares | 30,579,456 | 26,261,621 | 25,423,345 |
| Operating charges | 0.84% | 0.85% | 0.85% |
| Direct transaction costs | 0.05% | 0.11% | 0.12% |
| Prices | | | |
| Highest share price (pence) | 1,848.00 | 1,437.00 | 1,078.00 |
| Lowest share price (pence) | 1,309.00 | 945.80 | 902.80 |

Comparative tables (continued)

| | Class Z accumulation | | |
|---|----------------------|----------------------|----------------------|
| | 2017 | 2016 | 2015 |
| | (pence per share) | (pence per share) | (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 246.28 | 181.27 | 159.60 |
| Return before operating charges* | 77.82 | 65.11 | 21.77 |
| Operating charges | (0.17) | (0.10) | (0.10) |
| Return after operating charges* | 77.65 | 65.01 | 21.67 |
| Distributions on accumulation shares | (2.24) | (1.85) | (1.78) |
| Retained distributions on accumulation shares | 2.24 | 1.85 | 1.78 |
| Closing net asset value per share | 323.93 | 246.28 | 181.27 |
| * after direct transaction costs of: | 0.14 | 0.23 | 0.19 |
| Performance | | | |
| Return after charges | 31.53% | 35.86% | 13.58% |
| Other information | | | |
| Closing net asset value (£000s) | 5 | 4 | 3 |
| Closing number of shares | 1,500 | 1,500 | 1,500 |
| Operating charges | 0.06% | 0.05% | 0.06% |
| Direct transaction costs | 0.05% | 0.11% | 0.12% |
| Prices | | | |
| Highest share price (pence) | 323.10 | 249.20 | 184.70 |
| Lowest share price (pence) | 227.30 | 163.10 | 155.10 |

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.

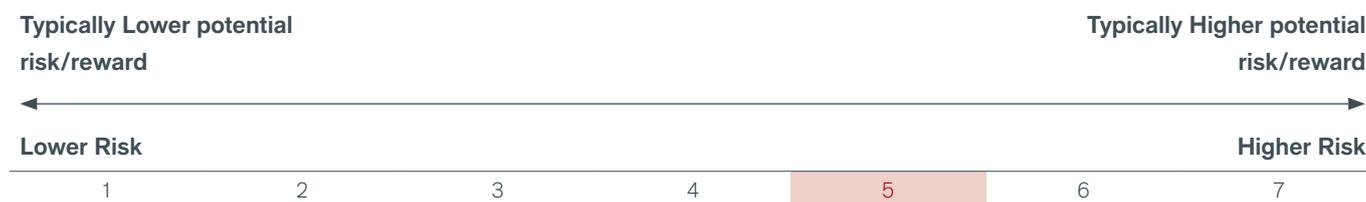
| | 2017 | 2016 |
|----------------|-------------|-------------|
| | % | % |
| Class A | 1.75 | 1.75 |
| Class I | 0.84 | 0.85 |
| Class Z | 0.06 | 0.05 |

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

Risk and reward profile

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

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



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

The value of an investment in the fund can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks.

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

The risk rating changed from 6 to 5 in the year.

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

Portfolio statement as at 31 October 2017

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|-----------|---|----------------------|---|
| | Equities 97.87% (2016: 97.42%) | | |
| | Canada 0.00% (2016: 0.00%) | | |
| | Information Technology 0.00% (2016: 0.00%) | | |
| 665,000 | Wildcard Technologies~ | - | - |
| | China 7.31% (2016: 7.43%) | | |
| | Consumer Discretionary 0.00% (2016: 0.59%) | | |
| 594 | China Literature (Interim Line) | 3 | - |
| | Information Technology 7.31% (2016: 6.84%) | | |
| 248,526 | Alibaba Holdings ADS | 34,612 | 4.23 |
| 746,230 | Tencent Holdings | 25,195 | 3.08 |
| | | 59,807 | 7.31 |
| | Finland 1.01% (2016: 1.19%) | | |
| | Information Technology 1.01% (2016: 1.19%) | | |
| 2,228,468 | Nokia | 8,230 | 1.01 |
| | France 0.33% (2016: 0.58%) | | |
| | Information Technology 0.33% (2016: 0.58%) | | |
| 86,254 | Criteo ADS | 2,712 | 0.33 |
| | Germany 0.00% (2016: 0.11%) | | |
| | Information Technology 0.00% (2016: 0.11%) | | |
| | Israel 0.00% (2016: 1.16%) | | |
| | Information Technology 0.00% (2016: 1.16%) | | |
| | Japan 0.00% (2016: 0.74%) | | |
| | Information Technology 0.00% (2016: 0.74%) | | |
| | Netherlands 0.53% (2016: 1.04%) | | |
| | Information Technology 0.53% (2016: 1.04%) | | |
| 86,826 | ASM International | 4,373 | 0.53 |
| | Russian Federation 1.01% (2016: 0.00%) | | |
| | Information Technology 1.01% (2016: 0.00%) | | |
| 325,196 | Yandex | 8,284 | 1.01 |
| | Singapore 3.10% (2016: 2.82%) | | |
| | Information Technology 3.10% (2016: 2.82%) | | |
| 127,526 | Broadcom | 25,333 | 3.10 |
| | South Africa 0.93% (2016: 0.00%) | | |
| | Consumer Discretionary 0.93% (2016: 0.00%) | | |
| 41,578 | Naspers 'N' | 7,625 | 0.93 |
| | South Korea 5.01% (2016: 4.47%) | | |
| | Information Technology 5.01% (2016: 4.47%) | | |
| 20,235 | Samsung Electronics | 37,457 | 4.58 |
| 2,337 | Samsung Electronics Preference Shares | 3,517 | 0.43 |
| | | 40,974 | 5.01 |
| | Taiwan 0.82% (2016: 0.00%) | | |
| | Information Technology 0.82% (2016: 0.00%) | | |
| 184,334 | Silicon Motion Technology ADR | 6,718 | 0.82 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---|--------------------------------|----------------------|---|
| United Kingdom 1.03% (2016: 1.16%) | | | |
| Information Technology 1.03% (2016: 1.16%) | | | |
| 517,320 | Alfa Financial Software | 2,527 | 0.31 |
| 1,716,640 | Auto Trader | 5,880 | 0.72 |
| | | 8,407 | 1.03 |
| United States 76.79% (2016: 76.72%) | | | |
| Consumer Discretionary 2.92% (2016: 2.71%) | | | |
| 12,779 | Amazon.com | 10,636 | 1.30 |
| 58,447 | Expedia | 5,487 | 0.67 |
| 5,411 | Priceline.com | 7,791 | 0.95 |
| | | 23,914 | 2.92 |
| Information Technology 73.87% (2016: 74.01%) | | | |
| 285,804 | Activision Blizzard | 14,093 | 1.72 |
| 132,650 | Adobe Systems | 17,497 | 2.14 |
| 52,704 | Alphabet 'A' | 41,000 | 5.01 |
| 41,989 | Alphabet 'C' | 32,146 | 3.93 |
| 39,487 | Ambarella | 1,678 | 0.21 |
| 517,896 | Apple | 65,925 | 8.07 |
| 332,539 | Applied Materials | 14,131 | 1.73 |
| 159,603 | Cavium | 8,292 | 1.01 |
| 141,199 | CDW | 7,445 | 0.91 |
| 968,440 | Cisco Systems | 24,905 | 3.05 |
| 169,339 | Cognizant Technology Solutions | 9,649 | 1.18 |
| 36,258 | Coherent | 7,175 | 0.88 |
| 89,523 | Dolby Laboratories | 3,905 | 0.48 |
| 140,751 | DXC Technology | 9,701 | 1.19 |
| 343,199 | eBay | 9,728 | 1.19 |
| 132,394 | Electronic Arts | 11,915 | 1.46 |
| 416,585 | Facebook | 56,486 | 6.91 |
| 146,064 | Fidelity National Information | 10,200 | 1.25 |
| 60,041 | Fleetcor Technologies | 7,467 | 0.91 |
| 670,898 | Flex | 8,993 | 1.10 |
| 113,083 | Grubhub | 5,195 | 0.64 |
| 725,271 | HP | 11,764 | 1.44 |
| 93,052 | IAC/InterActiveCorp | 9,043 | 1.11 |
| 191,141 | Mastercard | 21,408 | 2.62 |
| 568,218 | Micron Technology | 18,968 | 2.32 |
| 695,890 | Microsoft | 43,589 | 5.33 |
| 147,975 | PTC | 7,405 | 0.91 |
| 111,762 | Red Hat | 10,167 | 1.24 |
| 222,945 | Salesforce.com | 17,178 | 2.10 |
| 143,490 | ServiceNow | 13,660 | 1.67 |
| 148,522 | TE Connectivity | 10,175 | 1.24 |
| 266,022 | Texas Instruments | 19,369 | 2.37 |
| 58,872 | Universal Display | 6,495 | 0.79 |
| 338,875 | Visa | 28,060 | 3.43 |
| 131,830 | Western Digital | 8,860 | 1.08 |
| 184,006 | Xilinx | 10,211 | 1.25 |
| | | 603,878 | 73.87 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---------|--|----------------------|---|
| | Derivatives 0.00% (2016: 0.00%) | | |
| | Forward Foreign Exchange Contracts 0.00% (2016: 0.00%)§ | | |
| | Buy USD 1,079,652 : Sell GBP 815,025 November 2017 | (2) | - |
| | Buy USD 383,316 : Sell GBP 293,058 November 2017 | (4) | - |
| | Buy USD 6,298,245 : Sell GBP 4,775,971 November 2017 | (34) | - |
| | Buy ZAR 18,341,618 : Sell USD 1,297,514 November 2017 [^] | - | - |
| | | <u>(40)</u> | <u>-</u> |
| | Investment assets including investment liabilities | 800,218 | 97.87 |
| | Other net assets | 17,430 | 2.13 |
| | Total net assets | 817,648 | 100.00 |

~ Suspended or delisted securities

§ Unquoted securities

[^] Due to rounding to nearest £1,000

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 October 2017

| | | 2017 | | 2016 | |
|---|------|---------|----------------|---------|----------------|
| | Note | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Net capital gains | 2 | | 179,602 | | 150,820 |
| Revenue | 3 | 6,565 | | 5,453 | |
| Expenses | 4 | (7,552) | | (5,826) | |
| Interest payable and similar charges | 5 | (1) | | (1) | |
| Net expense before taxation | | (988) | | (374) | |
| Taxation | 6 | (917) | | (603) | |
| Net expense after taxation | | | (1,905) | | (977) |
| Total return before distributions | | | 177,697 | | 149,843 |
| Distributions | 7 | | (53) | | (425) |
| Change in net assets attributable to shareholders from investment activities | | | 177,644 | | 149,418 |

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

| | | 2017 | | 2016 | |
|--|--|----------|----------------|----------|----------------|
| | | £000 | £000 | £000 | £000 |
| Opening net assets attributable to shareholders | | | 583,102 | | 477,970 |
| Amounts receivable on issue of shares | | 121,409 | | 48,716 | |
| Amounts payable on cancellation of shares | | (64,560) | | (93,427) | |
| | | | 56,849 | | (44,711) |
| Change in net assets attributable to shareholders from investment activities | | | 177,644 | | 149,418 |
| Retained distributions on accumulation shares | | | 53 | | 425 |
| Closing net assets attributable to shareholders | | | 817,648 | | 583,102 |

Balance sheet as at 31 October 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|----------------|----------------|
| Assets: | | | |
| Investments | | 800,258 | 568,062 |
| Current assets: | | | |
| Debtors | 8 | 6,702 | 6,723 |
| Cash and bank balances | 9 | 15,519 | 14,345 |
| Total assets | | 822,479 | 589,130 |
| Liabilities: | | | |
| Investment liabilities | | 40 | - |
| Creditors: | | | |
| Bank overdrafts | | 1,403 | 565 |
| Other creditors | 10 | 3,388 | 5,463 |
| Total liabilities | | 4,831 | 6,028 |
| Net assets attributable to shareholders | | 817,648 | 583,102 |

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

1 Accounting policies

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

2 Net capital gains

Net capital gains on investments during the year comprise:

| | 2017 £000 | 2016 £000 |
|-------------------------------|----------------------------|----------------------------|
| Forward currency contracts | (366) | (2) |
| Non-derivative securities | 179,606 | 151,311 |
| Other currency gains/(losses) | 370 | (476) |
| Transaction costs | (8) | (13) |
| Net capital gains | 179,602 | 150,820 |

3 Revenue

| | 2017 £000 | 2016 £000 |
|-----------------------|----------------------------|----------------------------|
| Bank interest | 21 | 70 |
| Overseas dividends | 6,474 | 5,343 |
| Stock lending revenue | - | 8 |
| UK dividends | 70 | 32 |
| Total revenue | 6,565 | 5,453 |

4 Expenses

| | 2017 £000 | 2016 £000 |
|--|----------------------------|----------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| Annual management charge | 6,600 | 5,072 |
| GAC* | 837 | 655 |
| | <u>7,437</u> | <u>5,727</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary fees | 43 | 49 |
| Safe custody fees | 56 | 45 |
| | <u>99</u> | <u>94</u> |
| Other expenses: | | |
| Professional fees | 16 | 5 |
| | <u>16</u> | <u>5</u> |
| Total expenses | 7,552 | 5,826 |

Irrecoverable VAT is included in the above expenses where relevant.

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

5 Interest payable and similar charges

The interest payable and similar charges comprise:

| | 2017 £000 | 2016 £000 |
|---|----------------------------|----------------------------|
| Interest payable | 1 | 1 |
| Total interest payable and similar charges | 1 | 1 |

Notes to the financial statements (continued)

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

| | 2017 | 2016 |
|----------------------------|-------------|-------------|
| | £000 | £000 |
| Current tax | | |
| Overseas withholding tax | 917 | 603 |
| Total tax (note 6b) | 917 | 603 |

(b) Factors affecting current tax charge for year

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

| | 2017 | 2016 |
|--|-------------|-------------|
| | £000 | £000 |
| Net expense before taxation | (988) | (374) |
| Corporation tax at 20% (2016: 20%) | (198) | (75) |
| Effects of: | | |
| Irrecoverable overseas tax | 917 | 603 |
| Overseas dividends* | (1,294) | (1,069) |
| UK dividends** | (14) | (6) |
| Unused management expenses | 1,506 | 1,150 |
| Tax charge for the year (note 6a) | 917 | 603 |

* 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 £18,975,063 (2016: £17,468,636) 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 | 2016 |
|----------------------------|-------------|-------------|
| | £000 | £000 |
| Final accumulation | 53 | 425 |
| Total distributions | 53 | 425 |
| Net expense after taxation | (1,905) | (977) |
| Revenue shortfall | 1,958 | 1,402 |
| Total distributions | 53 | 425 |

Details of the distribution per share are set out in the distribution table on page 58.

Notes to the financial statements (continued)

8 Debtors

| | 2017 | 2016 |
|---|--------------|--------------|
| | £000 | £000 |
| Accrued revenue | 210 | 58 |
| Amounts receivable for issue of shares | 6,461 | 1,382 |
| Currency transactions awaiting settlement | - | 2,336 |
| Overseas withholding tax reclaimable | 31 | 107 |
| Sales awaiting settlement | - | 2,840 |
| Total debtors | 6,702 | 6,723 |

9 Cash and bank balances

| | 2017 | 2016 |
|-------------------------------------|---------------|---------------|
| | £000 | £000 |
| Cash and bank balances | 15,519 | 14,345 |
| Total cash and bank balances | 15,519 | 14,345 |

10 Other creditors

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| Accrued annual management charge | 652 | 499 |
| Accrued Depositary's fee | 4 | 5 |
| Accrued other expenses | 88 | 74 |
| Amounts payable for cancellation of shares | - | 547 |
| Currency transactions awaiting settlement | - | 2,338 |
| Purchases awaiting settlement | 2,644 | 2,000 |
| Total other creditors | 3,388 | 5,463 |

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 48 and 49 and notes 4, 8 and 10 on pages 50 to 52 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 Shareholders' funds

The fund currently has 3 share classes available; Class A, Class I and Class Z. 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 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 41 to 42. The distribution per share class is given in the distribution table on page 58. All share classes have the same rights on winding up.

Shares reconciliation for the year ended 31 October 2017

| | Class A accumulation | Class I accumulation | Class Z accumulation |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| Opening number of shares | 16,438,905 | 26,261,621 | 1,500 |
| Issues during the year | 949,098 | 6,523,049 | - |
| Cancellations during the year | (1,968,065) | (2,417,023) | - |
| Shares converted during the year | (236,426) | 211,809 | - |
| Closing shares in issue | 15,183,512 | 30,579,456 | 1,500 |

14 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management.

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

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 31 October 2017 (2016: nil).

2017

There was no exposure to derivatives as at 31 October 2017.

2016

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

| Counterparty | Forward foreign currency contracts £000 |
|--------------|---|
| BNP Paribas | 2 |
| | <u>2</u> |

Notes to the financial statements (continued)

15 Stock lending

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

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

Eligible collateral types for Stock Lending and borrowing transactions are approved by the Investment Manager and may consist of securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or listed equities on eligible markets. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102.50% to 110.00% of the value of the stock on loan.

2017

There was no stock on loan at 31 October 2017 and no stock lending revenue received in the year to 31 October 2017.

2016

There was no stock on loan at 31 October 2016.

| Recipient | Relationship | Gross income | Direct and indirect expenses | Net income |
|-------------|---------------------|--------------|------------------------------|------------|
| | | £000 | £000 | £000 |
| BNP Paribas | Stock lending agent | 9 | 1 | 8 |

16 Risk

Currency risk

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

| | Investment assets including investment liabilities | Other net assets/(liabilities) | Total net assets |
|--------------------|--|--------------------------------|------------------|
| 2017 | £000 | £000 | £000 |
| Currency | | | |
| Euro | 12,603 | 8 | 12,611 |
| Hong Kong dollar | 25,198 | - | 25,198 |
| Korean won | 40,974 | 77 | 41,051 |
| South African rand | 8,602 | (977) | 7,625 |
| Swedish krona | - | 20 | 20 |
| Taiwan dollar | - | 14 | 14 |
| UK sterling | 2,523 | 16,721 | 19,244 |
| US dollar | 710,318 | 1,567 | 711,885 |
| Total | 800,218 | 17,430 | 817,648 |

Notes to the financial statements (continued)

16 Risk (continued)

Currency risk (continued)

| | Investment assets | Other net assets | Total net assets |
|------------------|-------------------|------------------|------------------|
| 2016 | £000 | £000 | £000 |
| Currency | | | |
| Euro | 10,726 | 16 | 10,742 |
| Hong Kong dollar | 21,610 | - | 21,610 |
| Japanese yen | 4,323 | 41 | 4,364 |
| Korean won | 26,053 | - | 26,053 |
| Swedish krona | - | 13 | 13 |
| Taiwan dollar | - | 216 | 216 |
| UK sterling | 6,438 | 12,168 | 18,606 |
| US dollar | 498,912 | 2,586 | 501,498 |
| Total | 568,062 | 15,040 | 583,102 |

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £798,404,000 (2016: £564,496,000). 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 October 2017 by £79,840,400 (2016: £56,449,600). 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 October 2017 by £79,840,400 (2016: £56,449,600).

Interest rate risk

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

Other market price risk

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

Leverage

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

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

| | On demand | Within one year | Over one year but not more than five years | Over five years |
|----------------------------------|--------------|--------------------|--|--------------------|
| 2017 | £000 | £000 | £000 | £000 |
| Bank overdrafts | 1,403 | - | - | - |
| Derivative financial liabilities | - | 40 | - | - |
| Other creditors | - | 3,388 | - | - |
| Total | 1,403 | 3,428 | - | - |

| | On demand | Within one year | Over one year but not more than five years | Over five years |
|-----------------|------------|--------------------|--|--------------------|
| 2016 | £000 | £000 | £000 | £000 |
| Bank overdrafts | 565 | - | - | - |
| Other creditors | - | 5,463 | - | - |
| Total | 565 | 5,463 | - | - |

17 Fair value disclosure

Fair value measurement

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

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

| Valuation technique | 2017 | | 2016 | |
|---------------------|----------------|---------------------|----------------|---------------------|
| | Assets £000 | Liabilities £000 | Assets £000 | Liabilities £000 |
| Level 1 | 800,258 | - | 568,060 | - |
| Level 2 | - | 40 | 2 | - |
| Level 3 | - | - | - | - |
| | 800,258 | 40 | 568,062 | - |

Notes to the financial statements (continued)

18 Direct transaction costs

| | Purchases | | Sales | |
|--|-------------------|-------------------|----------------|----------------|
| | 2017 £000 | 2016 £000 | 2017 £000 | 2016 £000 |
| Trades in the year | | | | |
| Equities | 196,381 | 221,417 | 144,107 | 253,300 |
| Trades in the year before transaction costs | 196,381 | 221,417 | 144,107 | 253,300 |
| Transaction costs | | | | |
| Commissions | | | | |
| Equities | 155 | 205 | 115 | 249 |
| Total commissions | 155 | 205 | 115 | 249 |
| Taxes | | | | |
| Equities | 31 | 40 | 15 | 32 |
| Total taxes | 31 | 40 | 15 | 32 |
| Other expenses | | | | |
| Equities | 1 | 2 | 13 | 36 |
| Total other expenses | 1 | 2 | 13 | 36 |
| Total transaction costs | 187 | 247 | 143 | 317 |
| Total net trades in the year after transaction costs | 196,568 | 221,664 | 143,964 | 252,983 |
| | | | | |
| | Purchases | | Sales | |
| | 2017 % | 2016 % | 2017 % | 2016 % |
| Total transaction cost expressed as a percentage of asset type cost | | | | |
| Commissions | | | | |
| Equities | 0.08 | 0.09 | 0.08 | 0.10 |
| Taxes | | | | |
| Equities | 0.02 | 0.02 | 0.01 | 0.01 |
| Other expenses | | | | |
| Equities | - | - | 0.01 | 0.01 |
| | 2017 % | 2016 % | | |
| Total transaction cost expressed as a percentage of net asset value | | | | |
| Commissions | 0.04 | 0.09 | | |
| Taxes | 0.01 | 0.01 | | |
| Other expenses | - | 0.01 | | |
| Total costs | 0.05 | 0.11 | | |

There were no in specie transfers during the year (2016: nil). There were no corporate actions during the year (2016: £4,898,726).

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 October 2017 is 0.02% (2016: 0.03%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

19 Events after the Balance sheet date

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

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

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

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

| | Net revenue | Distribution paid 29/12/2017 | Distribution paid 30/12/2016 |
|-----------------------------|----------------|------------------------------------|------------------------------------|
| Class A accumulation | | | |
| Group 1 | - | - | - |
| Group 2 | - | - | - |
| Class I accumulation | | | |
| Group 1 | 0.1737 | 0.1737 | 1.6174 |
| Group 2 | 0.1737 | 0.1737 | 1.6174 |
| Class Z accumulation | | | |
| Group 1 | 2.2390 | 2.2390 | 1.8477 |
| Group 2 | 2.2390 | 2.2390 | 1.8477 |

Henderson Institutional Emerging Markets Fund

Authorised Corporate Director's report

Investment Fund Manager

Henderson Multi-Strategy Equities Team

Other information

Henderson Institutional Emerging Markets Fund merged into Henderson Emerging Markets Opportunities Fund (a sub-fund of Henderson Investment Funds Series I) on 11 February 2016. The fund has remained open pending the outcome of the Franked Investment Income Group litigation order (FII GLO) class action which may generate additional assets to the fund and will be terminated once this has been concluded. Therefore, the fund is not considered to be a going concern and as such the financial statements have been prepared on a basis other than going concern. As the fund is closed, the fund's risk and reward profile, comparative tables and significant purchases and sales disclosure have not been included.

Investment objective and policy

To aim to provide capital growth by investing in emerging market companies. These companies will either be incorporated in emerging markets or, if incorporated elsewhere, derive a majority of their revenue from, or from activities related to, emerging markets. For the avoidance of doubt the fund may also invest in securities of other investment vehicles whose objectives are compatible with that of the fund.

Performance summary

| | 31 Oct 15 - 11 Feb 16* | 31 Oct 14 - 31 Oct 15 | 31 Oct 13 - 31 Oct 14 | 31 Oct 12 - 31 Oct 13 |
|--|---------------------------|--------------------------|--------------------------|--------------------------|
| | % | % | % | % |
| Henderson Institutional Emerging Markets Fund | (12.0) | (12.8) | (0.6) | 4.8 |
| MSCI Emerging Markets Index | (9.7) | (11.1) | 1.4 | 7.2 |

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

Benchmark values are as at close of business.

*Fund closure date

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.

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 |
|----------------------------|-------------|-------------|
| | % | % |
| Class A¹ | n/a | 1.74 |
| Class I¹ | n/a | 1.09 |
| Class Z¹ | n/a | 0.08 |

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

¹ The fund closed following its merger with Henderson Emerging Markets Opportunities Fund on 11 February 2016.

Statement of total return for the year ended 31 October 2017

| | Note | 2017 | | 2016 | |
|---|------|------|------------|------|----------------|
| | | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Net capital gains/(losses) | 2 | | - | | (3,364) |
| Revenue | 3 | - | | 138 | |
| Expenses | 4 | (6) | | (19) | |
| Net (expense)/revenue before taxation | | (6) | | 119 | |
| Taxation | 5 | - | | (3) | |
| Net (expense)/revenue after taxation | | | (6) | | 116 |
| Total return before distributions | | | (6) | | (3,248) |
| Distributions | 6 | | - | | (90) |
| Change in net assets attributable to shareholders from investment activities | | | (6) | | (3,338) |

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

| | 2017 | | 2016 | |
|--|------|----------|----------|---------------|
| | £000 | £000 | £000 | £000 |
| Opening net assets attributable to shareholders | | - | | 35,162 |
| Amounts receivable on issue of shares | - | | 7,215 | |
| Movement in amount payable to merger fund [^] | 6 | | - | |
| Amounts payable on mergers [^] | - | | (30,979) | |
| Amounts payable on cancellation of shares | - | | (8,203) | |
| | | 6 | | (31,967) |
| Dilution adjustment | | - | | 53 |
| Change in net assets attributable to shareholders from investment activities | | (6) | | (3,338) |
| Retained distribution on accumulation shares | | - | | 90 |
| Closing net assets attributable to shareholders | | - | | - |

[^] The fund merged with Henderson Emerging Markets Opportunities Fund on 11 February 2016.

Balance sheet as at 31 October 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|--------------|--------------|
| Assets: | | | |
| Current assets: | | | |
| Cash and bank balances | 7 | 47 | 47 |
| Total assets | | <u>47</u> | <u>47</u> |
| Liabilities: | | | |
| Creditors: | | | |
| Bank overdrafts | | 28 | 25 |
| Other creditors | 8 | <u>19</u> | <u>22</u> |
| Total liabilities | | <u>47</u> | <u>47</u> |
| Net assets attributable to shareholders | | <u>-</u> | <u>-</u> |

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

1 Accounting policies

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

2 Net capital gains/(losses)

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

| | 2017 £000 | 2016 £000 |
|-----------------------------------|--------------|----------------|
| Derivative securities | - | (1,914) |
| Forward currency contracts | - | (74) |
| Non-derivative securities | - | (1,821) |
| Other currency gains | - | 454 |
| Transaction costs | - | (9) |
| Net capital gains/(losses) | - | (3,364) |

3 Revenue

| | 2017 £000 | 2016 £000 |
|-----------------------------|--------------|--------------|
| Bank interest | - | 1 |
| Interest on debt securities | - | 3 |
| Overseas dividends | - | 124 |
| Stock lending revenue | - | 2 |
| UK dividends | - | 8 |
| Total revenue | - | 138 |

4 Expenses

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| Annual management charge | - | 13 |
| GAC | - | 3 |
| | - | 16 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Safe custody fees | - | 3 |
| | - | 3 |
| Other expenses: | | |
| Audit fees | 6 | - |
| | 6 | - |
| Total expenses | 6 | 19 |

Irrecoverable VAT is included in the above expenses where relevant.

The current year audit fee is £2,866 (2016: £5,400). The charge of £5,732 in the current year includes the current year fee and an accrual of £2,866 for the audit fee for the year to 31 October 2018. The prior year audit fee was levied through the GAC.

Notes to the financial statements (continued)

5 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

| | 2017 £000 | 2016 £000 |
|----------------------------|--------------|--------------|
| Current tax | | |
| UK corporation tax | - | 2 |
| Double tax relief | - | (2) |
| Overseas withholding tax | - | 3 |
| Total tax (note 5a) | <u>-</u> | <u>3</u> |

(b) Factors affecting current tax charge for year

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

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Net (expense)/revenue before taxation | <u>(6)</u> | <u>119</u> |
| Corporation tax at 20% (2016: 20%) | (1) | 24 |
| Effects of: | | |
| Irrecoverable overseas tax | - | 1 |
| Overseas dividends* | - | (20) |
| UK dividends** | - | (2) |
| Unused management expenses | <u>1</u> | <u>-</u> |
| Tax charge for the year (note 5a) | <u>-</u> | <u>3</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 £1,146 (2016: nil) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

Notes to the financial statements (continued)

6 Distributions

| | 2017 £000 | 2016 £000 |
|--------------------------------------|--------------|--------------|
| Merger/final accumulation | - | 90 |
| Total distributions | - | 90 |
| Net (expense)/revenue after taxation | (6) | 116 |
| Revenue shortfall | 6 | 3 |
| Undistributed revenue | - | (29) |
| Total distributions | - | 90 |

Details of the distribution per share are set out in the distribution table on page 70.

7 Cash and bank balances

| | 2017 £000 | 2016 £000 |
|-------------------------------------|--------------|--------------|
| Cash and bank balances | 47 | 47 |
| Total cash and bank balances | 47 | 47 |

8 Other creditors

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Accrued other expenses | 6 | - |
| Amounts payable to merger fund | 10 | 19 |
| Reimbursement to ACD for unused merger provision | 3 | 3 |
| Total other creditors | 19 | 22 |

9 Contingent assets, liabilities and commitments

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

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

10 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 61 and 62 and notes 4 and 8 on pages 63 to 65 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 ACD fees paid by the fund in the current year due to the closure of the fund. One creditor balance of £3,196 as disclosed in note 8 on page 65 was due to be paid to the ACD at the end of the current and prior year.

Notes to the financial statements (continued)

11 Shareholders' funds

The fund closed following its merger with Henderson Emerging Markets Opportunities Fund on 11 February 2016 and the fund had no shareholders at the end of the current or prior year.

Prior to the merger of the fund on 11 February 2016, the fund had 3 share classes available; Class A (Retail with front-end charges), Class I (Institutional) & Class Z. The annual management charge on each share class was as follows:

| | 2016 % |
|----------|-----------|
| Class A | 1.50 |
| Class I | 1.00 |
| Class Z* | 0.00 |

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

12 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management.

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

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 31 October 2017 (2016: nil).

There was no exposure to derivatives as at 31 October 2017 (2016: nil).

13 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

There was no stock on loan at 31 October 2017 and no stock lending revenue was received in the year to 31 October 2017.

2016

There was no stock on loan at 31 October 2016.

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

Notes to the financial statements (continued)

14 Risk

Currency risk

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

Interest rate risk

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

Liquidity risk

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

| | On demand | Within one year | Over one year but not more than five years | Over five years |
|-----------------|-----------|--------------------|--|--------------------|
| | £000 | £000 | £000 | £000 |
| 2017 | | | | |
| Bank overdrafts | 28 | - | - | - |
| Other creditors | - | 19 | - | - |
| Total | 28 | 19 | - | - |
| | | | | |
| | On demand | Within one year | Over one year but not more than five years | Over five years |
| | £000 | £000 | £000 | £000 |
| 2016 | | | | |
| Bank overdrafts | 25 | - | - | - |
| Other creditors | - | 22 | - | - |
| Total | 25 | 22 | - | - |

Notes to the financial statements (continued)

15 Direct transaction costs

| | Purchases | | Sales | |
|---|--------------|---------------|--------------|---------------|
| | 2017 £000 | 2016 £000 | 2017 £000 | 2016 £000 |
| Trades in the year | | | | |
| Collective investment schemes | - | - | - | 730 |
| Debt securities | - | 10,638 | - | 16,090 |
| Equities | - | 18,898 | - | 27,682 |
| Trades in the year before transaction costs | - | 29,536 | - | 44,502 |
| Transaction costs | | | | |
| Commissions | | | | |
| Collective investment schemes | - | - | - | - |
| Debt securities | - | - | - | - |
| Equities | - | 9 | - | 14 |
| Total commissions | - | 9 | - | 14 |
| Taxes | | | | |
| Collective investment schemes | - | - | - | - |
| Debt securities | - | - | - | - |
| Equities | - | 17 | - | 4 |
| Total taxes | - | 17 | - | 4 |
| Other expenses | | | | |
| Collective investment schemes | - | - | - | - |
| Debt securities | - | - | - | - |
| Equities | - | 4 | - | 24 |
| Total other expenses | - | 4 | - | 24 |
| Total transaction costs | - | 30 | - | 42 |
| Total net trades in the year after transaction costs | - | 29,566 | - | 44,460 |

Notes to the financial statements (continued)

15 Direct transaction costs (continued)

| | Purchases | | Sales | |
|--|-------------|-------------|-------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | % | % | % | % |
| Total transaction cost expressed as a percentage of asset type cost | | | | |
| Commissions | | | | |
| Collective investment schemes | - | - | - | - |
| Debt securities | - | - | - | - |
| Equities | - | 0.03 | - | 0.03 |
| Taxes | | | | |
| Collective investment schemes | - | - | - | - |
| Debt securities | - | - | - | - |
| Equities | - | 0.06 | - | 0.01 |
| Other expenses | | | | |
| Collective investment schemes | - | - | - | - |
| Debt securities | - | - | - | - |
| Equities | - | 0.01 | - | 0.01 |
| | 2017 | 2016 | | |
| | % | % | | |
| Total transaction cost expressed as a percentage of net asset value | | | | |
| Commissions | - | 0.09 | | |
| Taxes | - | 0.08 | | |
| Other expenses | - | 0.10 | | |
| Total costs | - | 0.27 | | |

There were no specie transfers during the year (2016: £24,510,658). There were no corporate actions during the year (2016: nil).

There were no direct transaction costs associated with derivatives in the year (2016: £6,817) which is 0.00% of the average net asset value of the fund (2016: 0.03%).

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

The costs of acquiring and disposing of units/shares in other collective investment schemes are included within the expense ratio which is an intrinsic part of the NAV price per share of the underlying fund.

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

The portfolio dealing spread is not applicable as at 31 October 2017 and 31 October 2016 as the fund closed on 11 February 2016.

16 Events after the Balance sheet date

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

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

Merger dividend distribution (accounting date 11 February 2016, paid on 31 March 2016)

Group 1 : shares purchased prior to 1 November 2015

Group 2 : shares purchased on or after 1 November 2015

| | Total distribution per share 31/03/16 |
|-----------------------------|--|
| Class A accumulation | |
| Group 1 | - |
| Group 2 | - |
| Class I accumulation | |
| Group 1 | 0.0545 |
| Group 2 | 0.0545 |
| Class Z accumulation | |
| Group 1 | 0.7740 |
| Group 2 | 0.7740 |

The fund closed on 11 February 2016 and no distributions have been declared since the closure date.

Henderson Institutional Global Buy & Maintain Fund

Authorised Corporate Director's report

Investment Fund Manager

James Briggs

Investment objective and policy

To provide income and growth by investing primarily in a diversified portfolio of investment grade global corporate bonds. The fund may also invest in other transferable securities (including high yield bonds), government bonds, money market instruments, deposits, cash and near cash and collective investment schemes. Derivatives may be used by the fund for the purposes of efficient portfolio management.

Performance summary

| | 31 Oct 16 - 31 Oct 17 % | 31 Oct 15 - 31 Oct 16 % | 16 Sep 15* - 31 Oct 15 % |
|---|-------------------------------|-------------------------------|--------------------------------|
| Henderson Institutional Global Buy & Maintain Fund | 3.5 | 3.2 | (0.3) |

Source: Morningstar, bid to bid and gross of fees, as at close of business, based on performance of Class Y gross accumulation.

* The fund launched on 16 September 2015. The fund is not measured against a benchmark index.

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

Significant portfolio changes for the year ended 31 October 2017

| Largest purchases | £000 | Largest sales / maturities | £000 |
|--|---------------|--|--------------|
| A2Dominion 3.50% 15/11/2028 | 895 | Qualcomm 2.25% 20/05/2020 | 918 |
| United Technologies 4.5% 01/06/2042 | 857 | Kennedy Wilson Europe Real Estate 3.95% 30/06/2022 | 644 |
| Unilever 1.125% 03/02/2022 | 793 | National Express 6.25% 13/01/2017 | 500 |
| Affordable Housing Finance 3.80% 20/05/2042 | 782 | Lloyds Bank 4.2% 28/03/2017 | 398 |
| COMM 2015-3BP Mortgage Trust 3.2384% 10/02/2035 | 777 | Verizon Communications 4.75% 17/02/2034 | 369 |
| Novartis Capital 3.10% 17/05/2027 | 748 | Svenska Handelsbanken 1.875% 29/08/2017 | 279 |
| Grand City Properties 2% 29/10/2021 | 722 | Business Mortgage Finance FRN 15/02/2039 | 261 |
| Anheuser-Busch InBev 2.25% 24/05/2029 | 710 | IPIC 6.875% 14/03/2026 | 201 |
| University of Southampton 2.25% 11/04/2057 | 698 | Daimler 1.625% 02/12/2016 | 193 |
| Amazon.com 3.15% 22/08/2027 | 679 | Anglian Water Services Finance 5.5% 10/10/2040 | 142 |
| Total purchases | 12,224 | Total sales / maturities | 4,492 |

Market Commentary

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

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

Fund performance and activity

Performance was positive, with the fund returning 3.5% over the year (based on the GBP 'Y' gross Acc share class). For comparison, global corporate bond markets returned 2.7%*.

The fund's strong performance was driven in broadly equal parts by coupon income and a contraction in credit spreads (the additional yield demanded over equivalent government bonds). At the margin, government bond yields also fell, which added to performance.

The financial sector was one of the largest benefactors of the strong credit rally this year, broadly outperforming its non-financial counterparts. This benefited fund performance as the fund has large allocations to both banks and insurers. The strongest contributions included sterling-denominated holdings in life insurance companies Scottish Widows, Aviva and Prudential. On the banking side, holdings in HSBC and US dollar-denominated holdings in Morgan Stanley were the stand out performers. Elsewhere in financials, holdings in property related bonds, including A2Dominion and Sanctuary Housing Association, also benefited returns.

In terms of non-financials, positions in communications and technology performed very well, with holdings in Comcast, Apple and Microsoft the main contributors. Consumer related sectors also performed well over the period, with holdings in Tesco and Walmart benefiting returns.

While the intention of this fund is to be a buy and hold portfolio, we engage in a limited volume of trading, primarily aimed at re-investing cash flows, exiting positions we believe to be at risk of downgrade/default and – to a limited extent – selling bonds which, in our view, recovered to fair value.

Notable activity over the year included participation in a number of attractively priced new issues, including real estate companies Grand City and Annington Finance; pharmaceutical related positions in GKN, McKesson and Novartis; and UK bank Barclays. We also increased our holdings in fixed rate asset backed securities, initiating positions in commercial mortgage backed securities from Land Securities and 3 Bryant Park in New York.

To finance these, we sold a number of positions, including Qualcomm (due to ongoing litigation concerns around patents and royalties), Portuguese utility EDP, carmaker Volkswagen and Abu Dhabi based International Petroleum Investment Company (IPIC). We also executed a relative value switch from long dated sterling-denominated Verizon bonds into their US dollar equivalents.

Outlook

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

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

*Based on the BAML Global Corporate Index (hedged to GBP).

Comparative tables for the year ended 31 October 2017

| | Class Y gross accumulation | | |
|---|------------------------------|------------------------------|------------------------------|
| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 103.22 | 99.36 | 99.97 ¹ |
| Return before operating charges* | 4.72 | 4.10 | (0.37) |
| Operating charges | (0.25) | (0.24) | (0.24) |
| Return after operating charges* | 4.47 | 3.86 | (0.61) |
| Distributions on accumulation shares | (2.25) | (2.44) | (0.18) |
| Retained distributions on accumulation shares | 2.25 | 2.44 | 0.18 |
| Closing net asset value per share | 107.69 | 103.22 | 99.36 |
| * after direct transaction costs of: | - | - | - |
| Performance | | | |
| Return after charges | 4.33% | 3.88% | (0.61%) |
| Other information | | | |
| Closing net asset value (£000s) | 94,563 | 90,573 | 87,145 |
| Closing number of shares | 87,807,974 | 87,749,276 | 87,702,873 |
| Operating charges | 0.24% | 0.24% | 0.24% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price (pence) | 108.00 | 104.30 | 100.40 |
| Lowest share price (pence) | 103.10 | 95.61 | 99.20 |

¹The fund launched on 16 September 2015 and this is the first published price

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.

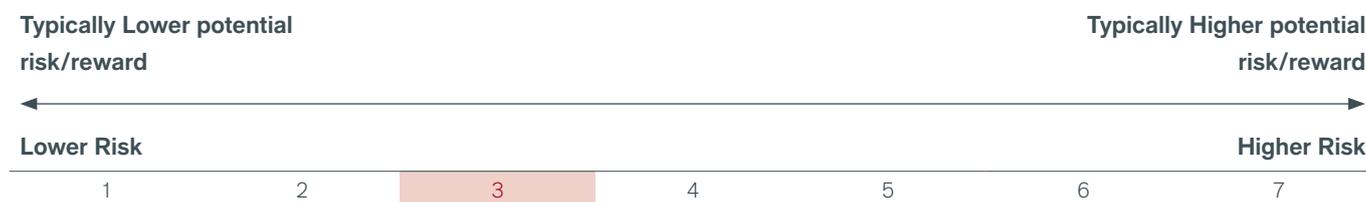
| | 2017 | 2016 |
|----------------|-------------|-------------|
| | % | % |
| Class Y | 0.24 | 0.24 |

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

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks.

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

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

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

*The fund launched on 16 September 2015, 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 October 2017

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---------------|---|----------------------|---|
| | Bonds 92.92% (2016: 93.06%) | | |
| | Australia 1.69% (2016: 2.18%) | | |
| | Fixed Rate Bond 1.69% (2016: 2.18%) | | |
| GBP 600,000 | APT Pipelines 3.50% 22/03/2030 | 624 | 0.66 |
| USD 520,000 | Brambles 4.125% 23/10/2025 | 404 | 0.43 |
| USD 200,000 | SGSP (Australia) Assets 3.25% 29/07/2026 | 149 | 0.16 |
| USD 435,000 | Transurban Finance 4.125% 02/02/2026 | 341 | 0.36 |
| USD 100,000 | Westpac Banking 4.875% 19/11/2019 | 80 | 0.08 |
| | | <u>1,598</u> | <u>1.69</u> |
| | Belgium 0.74% (2016: 0.00%) | | |
| | Zero / Discount Rate Bond 0.74% (2016: 0.00%) | | |
| GBP 720,000 | Anheuser-Busch InBev 2.25% 24/05/2029 | 698 | 0.74 |
| | France 4.08% (2016: 4.47%) | | |
| | Fixed Rate Bond 3.13% (2016: 3.48%) | | |
| USD 1,250,000 | Banque Federative du Credit Mutuel 2.50% 29/10/2018 | 947 | 0.99 |
| GBP 700,000 | Électricité de France 5.50% 17/10/2041 | 914 | 0.97 |
| USD 1,100,000 | Engie 2.875% 10/10/2022 | 838 | 0.89 |
| GBP 200,000 | Suez Environnement 5.375% 02/12/2030 | 262 | 0.28 |
| | | <u>2,961</u> | <u>3.13</u> |
| | Stepped Rate Bond 0.46% (2016: 0.54%) | | |
| USD 381,000 | Orange 8.50% 01/03/2031 | 435 | 0.46 |
| | Variable Rate Bond 0.49% (2016: 0.45%) | | |
| GBP 389,000 | AXA 5.625% 16/01/2054 | 463 | 0.49 |
| | Germany 4.69% (2016: 4.49%) | | |
| | Fixed Rate Bond 4.44% (2016: 4.23%) | | |
| GBP 200,000 | Allianz Finance 4.50% 13/03/2043 | 265 | 0.28 |
| EUR 800,000 | ATF Netherlands 1.50% 15/07/2024 | 711 | 0.75 |
| USD 600,000 | Deutsche Telekom International Finance 8.75% 15/06/2030 | 662 | 0.70 |
| USD 750,000 | E.ON International Finance 6.65% 30/04/2038 | 741 | 0.78 |
| USD 500,000 | Schaeffler Finance 4.75% 15/05/2023 | 387 | 0.41 |
| GBP 700,000 | Siemens Financieringsmaatschappij 2.75% 10/09/2025 | 752 | 0.80 |
| EUR 700,000 | Vonovia Finance 2.25% 15/12/2023 | 676 | 0.72 |
| | | <u>4,194</u> | <u>4.44</u> |
| | Variable Rate Bond 0.25% (2016: 0.26%) | | |
| GBP 200,000 | Munich Reinsurance 6.625% 26/05/2042 | 240 | 0.25 |
| | Ireland 0.83% (2016: 0.96%) | | |
| | Fixed Rate Bond 0.83% (2016: 0.96%) | | |
| USD 1,000,000 | CRH America 3.875% 18/05/2025 | 785 | 0.83 |
| | Italy 0.57% (2016: 0.59%) | | |
| | Fixed Rate Bond 0.57% (2016: 0.59%) | | |
| GBP 400,000 | Enel Finance International 5.75% 14/09/2040 | 543 | 0.57 |
| | Japan 1.45% (2016: 1.61%) | | |
| | Fixed Rate Bond 1.45% (2016: 1.61%) | | |
| GBP 500,000 | East Japan Railway 5.25% 22/04/2033 | 679 | 0.72 |
| USD 400,000 | Japan Tobacco 2.80% 13/04/2026 | 297 | 0.31 |
| USD 500,000 | Softbank 5.375% 30/07/2022 | 395 | 0.42 |
| | | <u>1,371</u> | <u>1.45</u> |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---------------|---|----------------------|---|
| | Mexico 1.06% (2016: 1.12%) | | |
| | Fixed Rate Bond 1.06% (2016: 1.12%) | | |
| GBP 450,000 | America Movil 4.948% 22/07/2033 | 548 | 0.58 |
| GBP 100,000 | America Movil 5.00% 27/10/2026 | 120 | 0.13 |
| USD 350,000 | America Movil 6.375% 01/03/2035 | 330 | 0.35 |
| | | <u>998</u> | <u>1.06</u> |
| | Netherlands 1.95% (2016: 2.08%) | | |
| | Fixed Rate Bond 1.95% (2016: 2.08%) | | |
| USD 1,000,000 | Heineken 2.75% 01/04/2023 | 760 | 0.81 |
| GBP 238,000 | Rabobank Nederland 2.25% 23/02/2022 | 247 | 0.26 |
| GBP 500,000 | Rabobank Nederland 5.25% 23/05/2041 | 720 | 0.76 |
| GBP 111,000 | Shell International Finance 2.00% 20/12/2019 | 114 | 0.12 |
| | | <u>1,841</u> | <u>1.95</u> |
| | Norway 0.72% (2016: 0.76%) | | |
| | Fixed Rate Bond 0.72% (2016: 0.76%) | | |
| GBP 500,000 | Statoil 6.125% 27/11/2028 | 680 | 0.72 |
| | Portugal 0.00% (2016: 0.13%) | | |
| | Fixed Rate Bond 0.00% (2016: 0.13%) | | |
| | Sweden 0.78% (2016: 1.13%) | | |
| | Fixed Rate Bond 0.78% (2016: 1.13%) | | |
| GBP 310,000 | Nordea Bank 2.375% 02/06/2022 | 324 | 0.35 |
| GBP 100,000 | Skandinaviska Enskilda Banken 3.00% 18/12/2020 | 106 | 0.11 |
| GBP 304,000 | Swedbank 1.625% 15/04/2019 | 307 | 0.32 |
| | | <u>737</u> | <u>0.78</u> |
| | Switzerland 1.88% (2016: 1.16%) | | |
| | Fixed Rate Bond 1.71% (2016: 0.99%) | | |
| GBP 850,000 | Nestlé 2.25% 30/11/2023 | 893 | 0.95 |
| USD 940,000 | Novartis Capital 3.10% 17/05/2027 | 720 | 0.76 |
| | | <u>1,613</u> | <u>1.71</u> |
| | Stepped Rate Bond 0.17% (2016: 0.17%) | | |
| GBP 140,000 | Glencore Finance 6.00% 03/04/2022 | 162 | 0.17 |
| | United Arab Emirates 0.00% (2016: 0.23%) | | |
| | Fixed Rate Bond 0.00% (2016: 0.23%) | | |
| | United Kingdom 44.81% (2016: 43.83%) | | |
| | Asset Backed 4.13% (2016: 4.75%) | | |
| GBP 400,000 | Arqiva Financing 4.882% 31/12/2032 | 451 | 0.48 |
| GBP 152,533 | Broadgate Financing 5.098% 05/04/2033 | 179 | 0.19 |
| GBP 316,773 | Business Mortgage Finance FRN 15/02/2039 | 314 | 0.33 |
| GBP 255,710 | Great Rolling Stock 6.50% 05/04/2031 | 329 | 0.35 |
| GBP 139,706 | Great Rolling Stock 6.875% 27/07/2035 | 181 | 0.19 |
| GBP 139,145 | Greene King Finance 5.318% 15/09/2031 | 165 | 0.17 |
| GBP 154,000 | Greene King Finance 5.702% 15/12/2034 | 144 | 0.15 |
| GBP 600,000 | High Speed Rail Finance 4.375% 01/11/2038 | 745 | 0.78 |
| GBP 47,929 | Longstone Finance 4.791% 19/04/2036 | 55 | 0.06 |
| GBP 102,000 | Marstons Issuer 5.1576% 15/10/2027 | 102 | 0.11 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|--|---|----------------------|---|
| United Kingdom (continued) | | | |
| Asset Backed (continued) | | | |
| GBP 102,000 | Marstons Issuer 5.641% 15/07/2035 | 93 | 0.10 |
| GBP 39,361 | Mitchells & Butlers 5.965% 15/12/2025 | 44 | 0.05 |
| GBP 107,228 | Mitchells & Butlers 6.013% 15/12/2030 | 128 | 0.14 |
| USD 893,410 | RMAC FRN 12/09/2037 2005-NS2X A2B | 650 | 0.68 |
| GBP 104,596 | Telereal Securitisation 5.9478% 10/12/2033 | 129 | 0.14 |
| GBP 161,063 | Telereal Securitisation 6.1645% 10/12/2031 | 195 | 0.21 |
| | | 3,904 | 4.13 |
| Fixed Rate Bond 38.47% (2016: 36.51%) | | | |
| GBP 105,000 | AA Bond 2.875% 31/01/2022 | 106 | 0.11 |
| GBP 155,000 | AA Bond 4.248% 31/07/2020 | 164 | 0.17 |
| GBP 300,000 | AA Bond 6.269% 31/07/2025 | 361 | 0.38 |
| GBP 600,000 | Affordable Housing Finance 3.80% 20/05/2042 | 774 | 0.82 |
| GBP 300,000 | Annington Funding 2.646% 12/07/2025 | 302 | 0.32 |
| GBP 200,000 | Arqiva Financing 5.34% 30/06/2030 | 235 | 0.25 |
| GBP 900,000 | A2Dominion 3.50% 15/11/2028 | 913 | 0.98 |
| GBP 350,000 | BAA Funding 6.75% 03/12/2026 | 473 | 0.50 |
| GBP 339,000 | Barclays Bank 4.25% 12/01/2022 | 383 | 0.40 |
| GBP 300,000 | Barclays 3.125% 17/01/2024 | 312 | 0.33 |
| GBP 288,000 | BAT International Finance 4.00% 04/09/2026 | 322 | 0.34 |
| GBP 150,000 | BAT International Finance 5.75% 05/07/2040 | 208 | 0.22 |
| GBP 250,000 | BG Energy Capital 5.00% 04/11/2036 | 331 | 0.35 |
| GBP 350,000 | BG Energy 5.125% 01/12/2025 | 430 | 0.46 |
| GBP 750,000 | BP Capital Market 4.325% 10/12/2018 | 778 | 0.82 |
| GBP 350,000 | British Land 5.264% 24/09/2035 | 437 | 0.46 |
| GBP 150,000 | Broadgate Financing 4.821% 05/07/2036 | 196 | 0.21 |
| GBP 193,000 | BUPA Finance 3.375% 17/06/2021 | 205 | 0.22 |
| GBP 600,000 | Centrica 4.375% 13/03/2029 | 692 | 0.73 |
| GBP 400,000 | Compass 2.00% 03/07/2029 | 389 | 0.41 |
| GBP 196,000 | Coventry Building Society 4.625% 19/04/2018 | 200 | 0.21 |
| GBP 136,000 | Coventry Building Society 5.875% 28/09/2022 | 163 | 0.17 |
| GBP 600,000 | CPUK Finance 3.588% 28/08/2025 | 642 | 0.68 |
| GBP 500,000 | Daily Mail & General Trust 5.75% 07/12/2018 | 523 | 0.55 |
| GBP 600,000 | Dwr Cymru Financing 6.015% 31/03/2028 | 813 | 0.87 |
| GBP 101,000 | Eastern Power Networks 5.75% 08/03/2024 | 123 | 0.13 |
| GBP 138,000 | EE Finance 4.375% 28/03/2019 | 144 | 0.15 |
| GBP 750,000 | Experian Finance 3.50% 15/10/2021 | 808 | 0.86 |
| GBP 190,000 | FCE Bank 2.625% 20/11/2018 | 193 | 0.20 |
| GBP 50,000 | FirstGroup 6.875% 18/09/2024 | 64 | 0.07 |
| GBP 76,000 | FirstGroup 8.125% 19/09/2018 | 81 | 0.09 |
| GBP 200,000 | Freshwater Finance 4.556% 03/04/2036 | 246 | 0.26 |
| GBP 244,000 | Freshwater Finance 5.182% 20/04/2035 | 321 | 0.34 |
| GBP 300,000 | Gatwick Funding 5.75% 23/01/2037 | 418 | 0.44 |
| GBP 123,000 | Gatwick Funding 6.125% 02/03/2026 | 157 | 0.17 |
| GBP 100,000 | GKN 3.375% 12/05/2032 | 99 | 0.10 |
| GBP 200,000 | GlaxoSmithKline Capital 4.25% 18/12/2045 | 255 | 0.27 |
| GBP 272,000 | GlaxoSmithKline Capital 5.25% 10/04/2042 | 389 | 0.41 |
| GBP 175,000 | GlaxoSmithKline Capital 6.375% 09/03/2039 | 275 | 0.29 |
| GBP 500,000 | G4S 7.75% 13/05/2019 | 547 | 0.58 |
| GBP 450,000 | Heathrow Funding 5.225% 15/02/2023 | 526 | 0.56 |
| GBP 600,000 | HSBC Holdings 6.75% 11/09/2028 | 796 | 0.84 |
| GBP 587,000 | Imperial Tobacco Finance 4.875% 07/06/2032 | 698 | 0.74 |
| GBP 312,000 | intu Metrocentre Finance 4.125% 06/12/2023 | 342 | 0.36 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|------------------------------------|---|----------------------|---|
| Fixed Rate Bond (continued) | | | |
| GBP 100,000 | Intu (SGS) Finance 3.875% 17/03/2023 | 107 | 0.11 |
| GBP 315,000 | Intu (SGS) Finance 4.25% 17/09/2030 | 353 | 0.37 |
| GBP 200,000 | Intu (SGS) Finance 4.625% 17/03/2028 | 230 | 0.24 |
| GBP 200,000 | Jaguar Land Rover Automotive 2.75% 24/01/2021 | 203 | 0.21 |
| GBP 167,000 | John Lewis 4.25% 18/12/2034 | 175 | 0.18 |
| GBP 100,000 | Land Securities Capital Markets 2.625% 22/09/2037 | 99 | 0.10 |
| GBP 400,000 | Legal & General 5.875% 05/04/2033 | 552 | 0.58 |
| GBP 450,000 | Lloyds Bank 5.125% 07/03/2025 | 559 | 0.59 |
| GBP 149,000 | London Power Networks 6.125% 07/06/2027 | 196 | 0.21 |
| GBP 250,000 | Longstone Finance 4.896% 19/04/2036 | 280 | 0.30 |
| GBP 550,000 | Manchester Airport Group Funding 4.75% 31/03/2034 | 689 | 0.73 |
| GBP 750,000 | Motability Operations 3.75% 16/04/2026 | 852 | 0.91 |
| GBP 350,000 | National Westminster Bank 6.50% 07/09/2021 | 408 | 0.43 |
| GBP 282,000 | Nationwide Building Society 2.25% 29/04/2022 | 293 | 0.31 |
| GBP 179,000 | Nationwide Building Society 5.625% 28/01/2026 | 234 | 0.25 |
| GBP 450,000 | Northern Powergrid (Yorkshire) 5.125% 04/05/2035 | 599 | 0.63 |
| GBP 500,000 | Notting Hill Housing Trust 3.25% 12/10/2048 | 503 | 0.53 |
| GBP 460,000 | Porterbrook Rail Finance 6.50% 20/10/2020 | 525 | 0.56 |
| GBP 128,000 | Prudential 1.375% 19/01/2018 | 128 | 0.14 |
| GBP 700,000 | RELX 2.75% 01/08/2019 | 716 | 0.76 |
| GBP 500,000 | Rio Tinto 4.00% 11/12/2029 | 579 | 0.61 |
| GBP 110,000 | Royal Bank of Scotland 5.125% 13/01/2024 | 133 | 0.14 |
| GBP 96,000 | Royal Bank of Scotland 6.625% 17/09/2018 | 101 | 0.11 |
| GBP 500,000 | Sanctuary Capital 6.697% 23/03/2039 | 794 | 0.84 |
| GBP 232,000 | Santander UK 1.875% 17/02/2020 | 236 | 0.25 |
| GBP 455,000 | Santander UK 5.75% 02/03/2026 | 596 | 0.63 |
| GBP 453,000 | Scottish Widows 7.00% 16/06/2043 | 596 | 0.63 |
| GBP 630,000 | Severn Trent Water Utilities 6.00% 22/01/2018 | 637 | 0.67 |
| GBP 500,000 | Sky 2.875% 24/11/2020 | 523 | 0.55 |
| GBP 250,000 | South Eastern Power Networks 5.625% 30/09/2030 | 331 | 0.35 |
| GBP 147,000 | South Eastern Power Networks 6.375% 12/11/2031 | 211 | 0.22 |
| GBP 130,000 | Southern Water Services Financial 6.192% 31/03/2029 | 180 | 0.19 |
| GBP 620,000 | SP Manweb 4.875% 20/09/2027 | 755 | 0.80 |
| GBP 500,000 | Tesco 6.00% 14/12/2029 | 603 | 0.64 |
| GBP 800,000 | Unilever 1.125% 03/02/2022 | 797 | 0.84 |
| GBP 300,000 | University of Liverpool 3.375% 25/06/2055 | 370 | 0.39 |
| GBP 700,000 | University of Southampton 2.25% 11/04/2057 | 661 | 0.70 |
| GBP 350,000 | Virgin Media Secured Finance 6.25% 28/03/2029 | 382 | 0.40 |
| USD 280,000 | Vodafone 6.15% 27/02/2037 | 259 | 0.27 |
| GBP 100,000 | Wales & West Utilities Finance 4.625% 13/12/2023 | 117 | 0.12 |
| GBP 200,000 | Wellcome Trust Finance 4.00% 09/05/2059 | 299 | 0.32 |
| GBP 246,000 | Western Power Distribution East Midlands 5.25% 17/01/2023 | 287 | 0.30 |
| GBP 350,000 | Western Power Distribution West Midlands 5.75% 16/04/2032 | 472 | 0.50 |
| GBP 600,000 | Whitbread 3.375% 16/10/2025 | 629 | 0.66 |
| USD 900,000 | WPP Finance 2010 3.75% 19/09/2024 | 695 | 0.74 |
| GBP 285,000 | Yorkshire Building Society 4.75% 12/04/2018 | 290 | 0.31 |
| GBP 200,000 | Yorkshire Water Services 6.375% 19/08/2039 | 314 | 0.33 |
| | | 36,382 | 38.47 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---|---|----------------------|---|
| Stepped Rate Bond 0.00% (2016: 0.13%) | | | |
| Variable Rate Bond 2.21% (2016: 2.44%) | | | |
| GBP 400,000 | Aviva FRN 04/06/2050 | 441 | 0.47 |
| GBP 200,000 | Aviva 6.125% 14/11/2036 | 238 | 0.25 |
| GBP 118,000 | Aviva 6.625% 03/06/2041 | 135 | 0.14 |
| GBP 200,000 | Direct Line Insurance 9.25% 27/04/2042 | 257 | 0.27 |
| GBP 390,000 | Prudential 5.70% 19/12/2063 | 455 | 0.48 |
| GBP 401,000 | Standard Life 5.50% 04/12/2042 | 452 | 0.48 |
| GBP 110,000 | Wales & West Utilities Finance 6.75% 17/12/2036 | 116 | 0.12 |
| | | 2,094 | 2.21 |
| United States 27.67% (2016: 28.32%) | | | |
| Asset Backed 0.80% (2016: 0.00%) | | | |
| USD 1,000,000 | COMM 2015-3BP Mortgage Trust 3.2384% 10/02/2035 | 756 | 0.80 |
| Fixed Rate Bond 26.87% (2016: 28.32%) | | | |
| USD 1,200,000 | Altria 2.625% 14/01/2020 | 916 | 0.97 |
| USD 876,000 | Amazon.com 3.15% 22/08/2027 | 664 | 0.70 |
| GBP 100,000 | American International 5.00% 26/04/2023 | 115 | 0.12 |
| GBP 500,000 | Amgen 4.00% 13/09/2029 | 567 | 0.60 |
| GBP 1,000,000 | Apple 3.60% 31/07/2042 | 1,162 | 1.23 |
| GBP 200,000 | AT&T 4.25% 01/06/2043 | 210 | 0.22 |
| GBP 450,000 | AT&T 5.20% 18/11/2033 | 539 | 0.57 |
| GBP 300,000 | Bank of America 6.125% 15/09/2021 | 351 | 0.37 |
| GBP 300,000 | Bank of America 7.75% 30/04/2018 | 310 | 0.33 |
| USD 900,000 | Citigroup 2.65% 26/10/2020 | 684 | 0.72 |
| GBP 199,000 | Citigroup 7.375% 01/09/2039 | 337 | 0.36 |
| USD 500,000 | Comcast 7.05% 15/03/2033 | 523 | 0.55 |
| USD 1,000,000 | CVS Health 2.875% 01/06/2026 | 717 | 0.76 |
| GBP 339,000 | Digital Stout 4.25% 17/01/2025 | 375 | 0.40 |
| USD 455,000 | Exxon Mobil 4.114% 01/03/2046 | 373 | 0.39 |
| USD 820,000 | FedEx 4.75% 15/11/2045 | 673 | 0.71 |
| GBP 500,000 | General Electric Capital UK Funding 4.375% 31/07/2019 | 528 | 0.56 |
| GBP 398,000 | Goldman Sachs 4.25% 29/01/2026 | 448 | 0.47 |
| GBP 90,000 | Goldman Sachs 7.125% 07/08/2025 | 120 | 0.13 |
| GBP 135,000 | Goldman Sachs 7.25% 10/04/2028 | 190 | 0.20 |
| USD 600,000 | HCA Holdings 6.50% 15/02/2020 | 487 | 0.51 |
| USD 860,000 | HP Enterprise 4.90% 15/10/2025 | 689 | 0.73 |
| USD 445,000 | Johnson & Johnson 2.45% 01/03/2026 | 327 | 0.35 |
| GBP 300,000 | McKesson 3.125% 17/02/2029 | 304 | 0.32 |
| USD 1,000,000 | Medtronic 3.15% 15/03/2022 | 776 | 0.82 |
| USD 450,000 | Microsoft 3.75% 12/02/2045 | 344 | 0.36 |
| USD 350,000 | Microsoft 4.00% 12/02/2055 | 272 | 0.29 |
| USD 1,000,000 | Morgan Stanley 4.30% 27/01/2045 | 794 | 0.84 |
| USD 500,000 | NBC Universal Media 5.95% 01/04/2041 | 482 | 0.51 |
| USD 1,200,000 | Oracle 2.50% 15/10/2022 | 906 | 0.96 |
| GBP 696,000 | PACCAR Financial Europe 1.513% 29/05/2018 | 699 | 0.74 |
| GBP 600,000 | Pfizer 6.50% 03/06/2038 | 953 | 1.01 |
| USD 1,100,000 | Philip Morris 4.125% 17/05/2021 | 879 | 0.93 |
| GBP 670,000 | Procter & Gamble 5.25% 19/01/2033 | 924 | 0.98 |
| USD 1,200,000 | Southern Power 1.85% 01/12/2017 | 904 | 0.96 |
| USD 1,100,000 | S&P Global 3.30% 14/08/2020 | 849 | 0.90 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|--|--|----------------------|---|
| Fixed Rate Bond (continued) | | | |
| GBP 700,000 | Toyota Motor Credit 4.00% 07/12/2017 | 702 | 0.74 |
| USD 1,000,000 | United Technologies 4.50% 01/06/2042 | 820 | 0.87 |
| USD 250,000 | UnitedHealth 4.25% 15/03/2043 | 203 | 0.21 |
| USD 100,000 | UnitedHealth 4.625% 15/07/2035 | 85 | 0.09 |
| USD 400,000 | Verizon Communications 4.862% 21/08/2046 | 304 | 0.32 |
| USD 540,000 | Verizon Communications 5.25% 16/03/2037 | 444 | 0.47 |
| USD 110,000 | Walgreens Boots Alliance 4.65% 01/06/2046 | 85 | 0.09 |
| USD 792,000 | Wal-Mart Stores 6.20% 15/04/2038 | 825 | 0.87 |
| GBP 770,000 | Wells Fargo 3.50% 12/09/2029 | 852 | 0.90 |
| GBP 600,000 | Welltower REIT 4.80% 20/11/2028 | 697 | 0.74 |
| | | <u>25,408</u> | <u>26.87</u> |
| Derivatives (0.35%) (2016: (2.60%)) | | | |
| Futures 0.09% (2016: 0.79%) | | | |
| (6) | CBT US Long Bond December 2017 | 11 | 0.01 |
| (2) | CBT US Ultra Bond December 2017 | 5 | - |
| (7) | EUX Euro-Bund December 2017 | (2) | - |
| (25) | ICE Long Gilt December 2017 | 67 | 0.08 |
| | | <u>81</u> | <u>0.09</u> |
| Swaps (0.37%) (2016: (3.51%)) | | | |
| Interest Rate Swaps (0.37%) (2016: (3.51%))§ | | | |
| 11,500,000 | IRS 0.8650% LIBOR 3 month - Receive Floating - GBP | 47 | 0.05 |
| 10,000,000 | IRS 1.0700% LIBOR 3 month - Receive Floating - GBP | 19 | 0.02 |
| 11,500,000 | IRS 1.3050% LIBOR 3 month - Receive Floating - GBP | (37) | (0.04) |
| 8,000,000 | IRS 1.5140% LIBOR 3 month - Receive Floating - GBP | (63) | (0.07) |
| 2,500,000 | IRS 1.5690% LIBOR 3 month - Receive Floating - GBP | (15) | (0.02) |
| 4,000,000 | IRS 1.5850% LIBOR 3 month - Receive Floating - GBP | (35) | (0.04) |
| 2,100,000 | IRS 1.607% LIBOR 3 month - Receive Floating - GBP | (27) | (0.03) |
| 9,400,000 | IRS 2.0825% LIBOR 3 month - Receive Floating - USD | (17) | (0.02) |
| 7,300,000 | IRS 2.4820% LIBOR 3 month - Receive Floating - USD | (79) | (0.08) |
| 6,000,000 | IRS 2.7300% LIBOR 3 month - Receive Floating - USD | (138) | (0.14) |
| | | <u>(345)</u> | <u>(0.37)</u> |
| Forward Foreign Exchange Contracts (0.07%) (2016: 0.12%)§ | | | |
| | Buy GBP 1,414,704 : Sell EUR 1,590,896 November 2017 | 18 | 0.02 |
| | Buy GBP 14,812 : Sell EUR 16,577 November 2017^ | - | - |
| | Buy GBP 25,258,709 : Sell USD 33,677,036 November 2017 | (81) | (0.09) |
| | | <u>(63)</u> | <u>(0.07)</u> |
| Investment assets including investment liabilities | | 87,536 | 92.57 |
| Other net assets | | 7,027 | 7.43 |
| Total net assets | | 94,563 | 100.00 |

^ Due to rounding to nearest £1,000

§ Unquoted securities

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

Statement of total return for the year ended 31 October 2017

| | | 2017 | | 2016 | |
|---|------|-------|--------------|-------|--------------|
| | Note | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Net capital gains | 2 | | 1,956 | | 1,243 |
| Revenue | 3 | 2,195 | | 2,353 | |
| Expenses | 4 | (222) | | (213) | |
| Interest payable and similar charges | 5 | - | | (1) | |
| Net revenue before taxation | | 1,973 | | 2,139 | |
| Taxation | 6 | - | | - | |
| Net revenue after taxation | | | 1,973 | | 2,139 |
| Total return before distributions | | | 3,929 | | 3,382 |
| Distributions | 7 | | (1,973) | | (2,139) |
| Change in net assets attributable to shareholders from investment activities | | | 1,956 | | 1,243 |

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

| | | 2017 | | 2016 | |
|--|--|------|---------------|------|---------------|
| | | £000 | £000 | £000 | £000 |
| Opening net assets attributable to shareholders | | | 90,573 | | 87,145 |
| Amounts receivable on issue of shares | | 61 | | 46 | |
| Change in net assets attributable to shareholders from investment activities | | | 61 | | 46 |
| Retained distributions on accumulation shares | | | 1,956 | | 1,243 |
| Closing net assets attributable to shareholders | | | 94,563 | | 90,573 |

Balance sheet as at 31 October 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|---------------|---------------|
| Assets: | | | |
| Investments | | 88,030 | 85,109 |
| Current assets: | | | |
| Debtors | 8 | 1,254 | 1,229 |
| Cash and bank balances | 9 | 6,563 | 8,887 |
| Total assets | | 95,847 | 95,225 |
| Liabilities: | | | |
| Investment liabilities | | 494 | 3,175 |
| Creditors: | | | |
| Amounts held at derivative clearing houses and brokers | | 83 | 716 |
| Bank overdrafts | | 364 | 679 |
| Other creditors | 10 | 343 | 82 |
| Total liabilities | | 1,284 | 4,652 |
| Net assets attributable to shareholders | | 94,563 | 90,573 |

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

1 Accounting policies

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

2 Net capital gains

Net capital gains on investments during the year comprise:

| | 2017 | 2016 |
|-------------------------------|--------------|--------------|
| | £000 | £000 |
| Derivative securities | 1,686 | (4,911) |
| Forward currency contracts | 1,932 | (5,843) |
| Non-derivative securities | (1,643) | 11,923 |
| Other currency (losses)/gains | (18) | 76 |
| Transaction costs | (1) | (2) |
| Net capital gains | 1,956 | 1,243 |

3 Revenue

| | 2017 | 2016 |
|-----------------------------|--------------|--------------|
| | £000 | £000 |
| Bank interest | 6 | 14 |
| Derivative revenue | (626) | (570) |
| Interest on debt securities | 2,815 | 2,909 |
| Total revenue | 2,195 | 2,353 |

4 Expenses

| | 2017 | 2016 |
|--|------------|------------|
| | £000 | £000 |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| Annual management charge | 186 | 177 |
| GAC* | 21 | 20 |
| | <u>207</u> | <u>197</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary fees | 9 | 11 |
| Safe custody fees | 6 | 5 |
| | <u>15</u> | <u>16</u> |
| Total expenses | 222 | 213 |

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £9,725 (2016: £7,240).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

| | 2017 | 2016 |
|---|----------|----------|
| | £000 | £000 |
| Interest payable | - | 1 |
| Total interest payable and similar charges | - | 1 |

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 the 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 | 2016 |
|--|----------|----------|
| | £000 | £000 |
| Net revenue before taxation | 1,973 | 2,139 |
| Corporation tax at 20% | 395 | 428 |
| Effects of: | | |
| Revenue being paid as interest distributions | (395) | (428) |
| Tax charge for the year (note 6a) | - | - |

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

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

Notes to the financial statements (continued)

7 Distributions

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

| | 2017 | 2016 |
|----------------------------|--------------|--------------|
| | £000 | £000 |
| Interim accumulation | 1,486 | 1,723 |
| Final accumulation | 487 | 416 |
| Total distributions | 1,973 | 2,139 |

Details of the distribution per share are set out in the distribution tables on page 93.

8 Debtors

| | 2017 | 2016 |
|----------------------|--------------|--------------|
| | £000 | £000 |
| Accrued revenue | 1,254 | 1,229 |
| Total debtors | 1,254 | 1,229 |

9 Cash and bank balances

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| Amounts held at derivative clearing houses and brokers | 158 | 491 |
| Cash and bank balances | 5,695 | 5,046 |
| Collateral accounts | 710 | 3,350 |
| Total cash and bank balances | 6,563 | 8,887 |

10 Other creditors

| | 2017 | 2016 |
|----------------------------------|-------------|-------------|
| | £000 | £000 |
| Accrued annual management charge | 16 | 15 |
| Accrued Depositary's fee | 1 | 1 |
| Accrued other expenses | 3 | 3 |
| Derivative interest payable | 323 | 63 |
| Total other creditors | 343 | 82 |

11 Contingent liabilities and commitments

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

Notes to the financial statements (continued)

12 Related party transactions

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 82 and 83 and notes 4 and 10 on pages 84 to 86 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

Nortrust Nominees Limited, as a material shareholder, is a related party holding shares comprising 100% of the total net assets of the fund as at the year end (2016: 100%).

13 Shareholder funds

The fund currently has 1 share class available; Class Y (Retail with exit charges). The annual management charge on the share class is as follows:

| | 2017 % | 2016 % |
|---------|-----------|-----------|
| Class Y | 0.20 | 0.20 |

The net asset value of the share class, the net asset value per share and the number of shares in the share class are given in the comparative table on pages 73. The distribution per share class is given in the distribution tables on page 93.

Shares reconciliation for the year ended 31 October 2017

| | Class Y gross accumulation |
|--------------------------------|---------------------------------------|
| Opening number of shares | 87,749,276 |
| Creations during the year | 58,698 |
| Cancellations during the year | - |
| Closing shares in issue | 87,807,974 |

14 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management.

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

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was cash of £710,000 pledged as collateral as at 31 October 2017 (2016: £3,890,000). There was no collateral held in respect of derivatives as at 31 October 2017 (2016: nil).

Notes to the financial statements (continued)

14 Financial derivatives (continued)

2017

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

| Counterparty | Futures £000 | Forward foreign exchange contracts £000 | Interest rate swaps £000 | Total by counterparty £000 |
|--------------|-----------------|---|--------------------------------|----------------------------------|
| BNP Paribas | - | 18 | - | 18 |
| JP Morgan | - | - | 19 | 19 |
| Citigroup | - | - | 47 | 47 |
| UBS | 83 | - | - | 83 |
| | 83 | 18 | 66 | 167 |

2016

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

| Counterparty | Forward foreign exchange contracts £000 | Futures £000 | Total by counterparty £000 |
|--------------|---|-----------------|----------------------------------|
| BNP Paribas | 107 | - | 107 |
| UBS | - | 716 | 716 |
| | 107 | 716 | 823 |

15 Risk

Currency risk

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

Interest rate risk

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

| | Floating rate financial assets £000 | Fixed rate financial assets £000 | Non-interest bearing assets £000 | Total net assets £000 |
|--------------|---|--|--|-----------------------------|
| 2017 | | | | |
| Euro | 26 | 1,388 | 22 | 1,436 |
| UK sterling | 10,178 | 57,187 | 1,081 | 68,446 |
| US dollar | 706 | 24,252 | 1,007 | 25,965 |
| Total | 10,910 | 82,827 | 2,110 | 95,847 |
| | | | | |
| | Floating rate financial assets £000 | Fixed rate financial assets £000 | Non-interest bearing assets £000 | Total net assets £000 |
| 2016 | | | | |
| Euro | 25 | 697 | 10 | 732 |
| UK sterling | 12,221 | 53,199 | 1,429 | 66,849 |
| US dollar | 1,012 | 26,019 | 613 | 27,644 |
| Total | 13,258 | 79,915 | 2,052 | 95,225 |

Notes to the financial statements (continued)

15 Risk (continued)

Interest rate risk (continued)

| | Floating rate financial assets £000 | Fixed rate financial assets £000 | Non-interest bearing assets £000 | Total net assets £000 |
|--------------|---|--|--|-----------------------------|
| 2017 | | | | |
| Euro | | - | 2 | 2 |
| UK sterling | 608 | - | 302 | 910 |
| US dollar | 250 | - | 122 | 372 |
| Total | 858 | - | 426 | 1,284 |
| | | | | |
| | Floating rate financial assets £000 | Fixed rate financial assets £000 | Non-interest bearing assets £000 | Total net assets £000 |
| 2016 | | | | |
| Euro | 7 | - | 1 | 8 |
| UK sterling | 3,815 | - | 82 | 3,897 |
| US dollar | 746 | - | 1 | 747 |
| Total | 4,568 | - | 84 | 4,652 |

Credit ratings

2017

| | Market value £000 | Percentage of net assets % |
|---|----------------------|----------------------------------|
| Investments | | |
| Investment grade (AAA - BBB) | 82,545 | 87.29 |
| Below investment grade (BB and below) | 2,378 | 2.52 |
| Unrated | 2,940 | 3.11 |
| Total debt securities | 87,863 | 92.92 |
| Derivatives | (327) | (0.35) |
| Investment assets including investment liabilities | 87,536 | 92.57 |
| Other net assets | 7,027 | 7.43 |
| Total net assets | 94,563 | 100.00 |

2016

| | Market value £000 | Percentage of net assets % |
|---|----------------------|----------------------------------|
| Investments | | |
| Investment grade (AAA - BBB) | 79,465 | 87.74 |
| Below investment grade (BB and below) | 2,281 | 2.52 |
| Unrated | 2,540 | 2.80 |
| Total debt securities | 84,286 | 93.06 |
| Derivatives | (2,352) | (2.60) |
| Investment assets including investment liabilities | 81,934 | 90.46 |
| Other net assets | 8,639 | 9.54 |
| Total net assets | 90,573 | 100.00 |

Notes to the financial statements (continued)

15 Risk (continued)

Sensitivity analysis

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

| | Actual VaR in year | | | VaR limit | Utilisation of VaR limit | | |
|------|--------------------|---------|---------|--------------|--------------------------|---------|---------|
| | Minimum | Maximum | Average | | Minimum | Maximum | Average |
| | % | % | % | % | % | % | % |
| 2017 | 1.41 | 2.15 | 1.71 | 20.00 | 7.06 | 10.74 | 8.54 |
| 2016 | 1.12 | 2.67 | 1.73 | 20.00 | 5.61 | 13.33 | 8.67 |

| Leverage | Minimum | Maximum | Average |
|----------|---------|---------|---------|
| | % | % | % |
| 2017 | 89.16 | 173.54% | 125.11 |
| 2016 | 87.60 | 156.22 | 110.25 |

Liquidity risk

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

| | On demand | Within one year | Over one year | |
|---|------------|--------------------|---------------------------------|--------------------|
| | | | but not more than five years | Over five years |
| | £000 | £000 | £000 | £000 |
| 2017 | | | | |
| Amounts held at derivatives clearing houses and brokers | 83 | - | - | - |
| Bank overdrafts | 364 | - | - | - |
| Derivative financial liabilities | - | 83 | 17 | 394 |
| Other creditors | - | 343 | - | - |
| Total | 447 | 426 | 17 | 394 |

| | On demand | Within one year | Over one year | |
|---|--------------|--------------------|---------------------------------|--------------------|
| | | | but not more than five years | Over five years |
| | £000 | £000 | £000 | £000 |
| 2016 | | | | |
| Amounts held at derivatives clearing houses and brokers | 716 | - | - | - |
| Bank overdrafts | 679 | - | - | - |
| Derivative financial liabilities | - | 3,175 | - | - |
| Other creditors | - | 82 | - | - |
| Total | 1,395 | 3,257 | - | - |

Notes to the financial statements (continued)

16 Fair value

Fair value measurement

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

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

| | 2017 | | 2016 | |
|---------|----------------|---------------------|----------------|---------------------|
| | Assets £000 | Liabilities £000 | Assets £000 | Liabilities £000 |
| Level 1 | 83 | 2 | 716 | - |
| Level 2 | 87,947 | 492 | 84,393 | 3,175 |
| Level 3 | - | - | - | - |
| | <u>88,030</u> | <u>494</u> | <u>85,109</u> | <u>3,175</u> |

17 Direct transaction costs

| | Purchases | | Sales | |
|---|---------------|--------------|--------------|---------------|
| | 2017 £000 | 2016 £000 | 2017 £000 | 2016 £000 |
| Trades in the year | | | | |
| Debt securities | 12,224 | 7,740 | 4,492 | 11,493 |
| Trades in the year before transaction costs | <u>12,224</u> | <u>7,740</u> | <u>4,492</u> | <u>11,493</u> |
| Transaction costs | | | | |
| Commissions | | | | |
| Debt securities | - | - | - | - |
| Total commissions | - | - | - | - |
| Taxes | | | | |
| Debt securities | - | - | - | - |
| Total taxes | - | - | - | - |
| Other expenses | | | | |
| Debt securities | - | - | - | - |
| Total other expenses | - | - | - | - |
| Total transaction costs | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total net trades in the year after transaction costs | <u>12,224</u> | <u>7,740</u> | <u>4,492</u> | <u>11,493</u> |

Notes to the financial statements (continued)

17 Direct transaction costs (continued)

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

There were no in specie transfers identified during the year (2016: nil). There were corporate actions of £1,974,889 during the year (2016: nil).

There were direct transaction costs associated with derivatives of £897 during the year (2016: £1,907) which is 0.00% of the net asset value of the fund (2016; 0.00%).

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

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

The portfolio dealing spread as at 31 October 2017 is 0.60% (2016: 0.76%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

18 Events after the Balance sheet date

On 15 December 2017, the fund changed its name to Janus Henderson Global Buy & Maintain Fund. There were no other material post Balance sheet events which require disclosure within these financial statements.

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

Interim interest distribution (accounting date 31 January 2017, paid on 31 March 2017)

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

| | Distribution per share | Equalisation | Total Distribution per share 31/03/2017 | Total distribution per share 31/03/2016 |
|-----------------------------------|---------------------------|--------------|---|---|
| Class Y gross accumulation | | | | |
| Group 1 | 0.7228 | - | 0.7228 | 0.6750 |
| Group 2 | 0.5451 | 0.1777 | 0.7228 | 0.6750 |

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

Group 1 : shares purchased prior to 1 February 2017

Group 2 : shares purchased on or after 1 February 2017

| | Distribution per share | Equalisation | Total Distribution per share 30/06/2017 | Total distribution per share 30/06/2016 |
|-----------------------------------|---------------------------|--------------|---|---|
| Class Y gross accumulation | | | | |
| Group 1 | 0.4372 | - | 0.4372 | 0.5904 |
| Group 2 | 0.2693 | 0.1679 | 0.4372 | 0.5904 |

Interim interest distribution (accounting date 31 July 2017, paid on 29 September 2017)

Group 1 : shares purchased prior to 1 May 2017

Group 2 : shares purchased on or after 1 May 2017

| | Distribution per share | Equalisation | Total Distribution per share 29/09/2017 | Total distribution per share 30/09/2016 |
|-----------------------------------|---------------------------|--------------|---|---|
| Class Y gross accumulation | | | | |
| Group 1 | 0.5325 | - | 0.5325 | 0.6992 |
| Group 2 | 0.2933 | 0.2392 | 0.5325 | 0.6992 |

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

Group 1 : shares purchased prior to 1 August 2017

Group 2 : shares purchased on or after 1 August 2017

| | Distribution per share | Equalisation | Total Distribution per share 29/12/2017 | Total distribution per share 30/12/2016 |
|-----------------------------------|---------------------------|--------------|---|---|
| Class Y gross accumulation | | | | |
| Group 1 | 0.5547 | - | 0.5547 | 0.4737 |
| Group 2 | 0.3759 | 0.1788 | 0.5547 | 0.4737 |

Henderson Institutional Overseas Bond Fund

Authorised Corporate Director's report

Investment Fund Managers

Mitul Patel

Investment objective and policy

To aim to provide a return by investing in fixed and floating rate securities in any area of the world, except the United Kingdom. The fund will invest primarily in bonds issued by Governments, public authorities and international organisations.

Performance summary

| | 31 Oct 16 - 31 Oct 17 | 31 Oct 15 - 31 Oct 16 | 31 Oct 14 - 31 Oct 15 | 31 Oct 13 - 31 Oct 14 | 31 Oct 12 - 31 Oct 13 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | % | % | % | % | % |
| Henderson Institutional Overseas Bond | (9.4) | 32.8 | (1.2) | (2.2) | (5.1) |
| JP Morgan Global Bond Traded Ex UK Index | (8.7) | 35.9 | 0.7 | (0.8) | (3.4) |

Source: Morningstar, bid to bid and net of fees, as at 12 noon valuation point, based on performance of Class A income. Benchmark values are as at close of business.

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

Significant portfolio changes for the year ended 31 October 2017

| Largest purchases | £000 | Largest sales/maturities | £000 |
|---|----------------|---|----------------|
| US Treasury Index-Linked 0.375% 15/07/2027 | 14,673 | US Treasury 4.625% 15/11/2016 | 12,782 |
| US Treasury 2.00% 31/12/2021 | 12,747 | Canada (Government of) 0.50% 01/03/22 | 11,524 |
| Canada (Government of) 0.50% 01/03/22 | 11,305 | Japan (Government of) (10 Year Issue) 1.20% 20/12/2020 | 11,210 |
| Japan (Government of) (10 Year Issue) 1.20% 20/12/2020 | 9,592 | US Treasury 0.75% 28/02/2018 | 11,065 |
| US Treasury 1.625% 15/08/2022 | 8,948 | US Treasury 1.75% 30/04/2022 | 11,042 |
| Germany (Federal Republic of) 0.50% 15/02/2026 | 8,858 | US Treasury Index-Linked 0.375% 15/07/2027 | 9,337 |
| France (Government of) 0.25% 25/11/2026 | 8,499 | US Treasury 2.00% 15/02/2025 | 8,793 |
| Japan (Government of) 2.20% 20/09/2027 | 8,457 | Spain (Kingdom of) 1.30% 31/10/2026 | 7,207 |
| Canada (Government of) 0.75% 01/09/2020 | 7,492 | Germany (Federal Republic of) 0.50% 15/02/2026 | 7,020 |
| US Treasury 1.375% 31/08/2023 | 7,457 | Japan (Government of) 0.20% 20/09/2019 | 6,318 |
| Total purchases | 173,384 | Total sales/maturities | 137,741 |

Investment review

The year to 31 October saw government bond markets perform weakly. The bulk of this weak performance accrued early in the year, which was dominated by the election of Donald Trump as US president. His election ignited a so-called 'reflation' trade – trades that stand to benefit from a boost to growth and, ultimately, inflation. The expectation of increased government spending, and a decreased regulatory and administrative burden for businesses, caused riskier assets such as equities to perform strongly. Likewise, the perception that these policies would eventually lead to higher levels of inflation led government bonds to underperform, while the expectation of a larger budget deficit to finance these expenditures caused the yield curve to steepen (longer dated government bonds underperformed shorter dated ones). This was preceded by signs of growth emanating from China, as observed in commodity price indices, which itself served to propagate reflationary sentiment.

Against this backdrop, Japanese Government Bond yields drifted slightly higher as further policy easing became seen as less likely; however, the newly introduced 'Yield Curve Control' policy limited the amount by which they could rise. The result of this was a substantial weakening of the yen. In Europe, core government bond yields also rose, albeit to a lesser extent due to the weaker growth/inflation outlook there. Peripheral European bonds underperformed the core countries, as the perceived odds of populists winning elections in the region increased.

As the year wore on, it became apparent that headway on legislative change in the US would not happen as rapidly as imagined, if at all. This, combined with a declining oil price and core inflation persistently coming in lower than expected, allowed bonds to gradually regain some lost ground. Yield curves flattened (longer dated government bonds outperformed shorter dated ones) as markets questioned future growth and inflation prospects, but the US Federal Reserve (Fed) continued to tighten monetary policy. A strong rebound in growth in Europe, as well as the victory of centrist parties in the elections, also caused peripheral government bonds to perform strongly.

The fund underperformed its benchmark (the JP Morgan Global Bond Ex UK Index) during the year, returning -9.4% compared with the benchmark's return of -8.7%.

We began the year positioned for longer dated US Treasuries to underperform shorter dated ones, and for long dated German bonds to perform weakly, both of which worked well in this reflationary environment.

We then moved towards more outright short exposure, in the form of shorts to both Treasuries and French bonds. These were challenged by the aforementioned lack of progress on the change agenda in Washington, while French bonds suffered as the market bought in to the reform agenda promised by Emmanuel Macron after he won the presidential election in France.

In the second half of the year, there was a feeling that central banks had made a slight change of stance, slightly de-emphasising the moderately weaker inflation environment, and placing greater emphasis on financial stability concerns. One outcome of this was an expectation that several rate hikes in Canada were imminent. We decided to position against this eventuality by buying Canadian bonds against those of the US. The delivery of the first two of these hikes, however, caused further underperformance in Canadian bonds, some of which was eventually reversed. We also captured some of this rebound with an outright long position.

Towards the end of the year, we realised some profits from a tactical short in US Treasuries; however, losses accrued from expecting the US yield curve to steepen relative to the German yield curve.

In currency, the fund benefited from being positioned for the Europe-wide rebound in growth. We were long the Polish zloty and Czech koruna, where inflationary impulses have been building. We lost money by being a little early in positioning for the rebound in the US dollar after a protracted weakness. Being long the Swedish krona against the euro also cost performance as, despite inflation being at target and achieving relatively very strong growth, the Swedish central bank was reluctant to tighten ahead of the European Central Bank (ECB) for fear of currency strength dampening inflation again.

Going forward, the Fed look set to continue on a path of gradual interest rate increases against a strong employment and growth backdrop, despite the recent softening of inflation. In Europe, while the growth outlook looks robust, inflation is sufficiently low to keep the ECB purchasing bonds for another nine months at least. Overall, this looks like a reasonably positive environment for longer dated government bonds, while a surprise fiscal package in the US could be one potential caveat to that.

Comparative tables for the year ended 31 October 2017

| | 2017 (pence per share) | Class A income 2016 (pence per share) | 2015 (pence per share) |
|--|------------------------------|--|------------------------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 209.97 | 157.49 | 160.16 |
| Return before operating charges* | (18.29) | 54.58 | (0.53) |
| Operating charges | (1.91) | (2.10) | (1.85) |
| Return after operating charges* | (20.20) | 52.48 | (2.38) |
| Distributions on income shares | - | - | (0.29) |
| Closing net asset value per share | 189.77 | 209.97 | 157.49 |
| * after direct transaction costs of: | - | - | - |
| Performance | | | |
| Return after charges | (9.62)% | 33.32% | (1.49)% |
| Other information | | | |
| Closing net asset value (£000s) | 903 | 1,278 | 1,367 |
| Closing number of shares | 475,960 | 608,804 | 867,967 |
| Operating charges | 0.98% | 1.16% | 1.16% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price (pence) | 210.30 | 212.20 | 167.00 |
| Lowest share price (pence) | 188.30 | 156.90 | 152.00 |
| | 2017 (pence per share) | Class I accumulation 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 281.06 | 209.60 | 211.30 |
| Return before operating charges* | (24.52) | 72.87 | (0.28) |
| Operating charges | (1.41) | (1.32) | (1.14) |
| Return after operating charges* | (25.93) | 71.55 | (1.42) |
| Distributions on accumulation shares | (1.00) | (0.47) | (1.41) |
| Retained distributions on accumulation shares^ | 0.95 | 0.38 | 1.13 |
| Closing net asset value per share | 255.08 | 281.06 | 209.60 |
| * after direct transaction costs of: | - | - | - |
| Performance | | | |
| Return after charges | (9.23)% | 34.14% | (0.67)% |
| Other information | | | |
| Closing net asset value (£000s) | 4 | 3 | 2 |
| Closing number of shares | 1,574 | 1,000 | 1,000 |
| Operating charges | 0.54% | 0.54% | 0.54% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price (pence) | 281.50 | 283.90 | 221.20 |
| Lowest share price (pence) | 253.00 | 208.80 | 201.60 |

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

Comparative tables (continued)

| | 2017 (pence per share) | Class I income 2016 (pence per share) | 2015 (pence per share) |
|---|------------------------------|--|------------------------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 212.18 | 158.46 | 160.83 |
| Return before operating charges* | (18.53) | 55.11 | (0.44) |
| Operating charges | (1.07) | (1.03) | (0.86) |
| Return after operating charges* | (19.60) | 54.08 | (1.30) |
| Distributions on income shares | (0.72) | (0.36) | (1.07) |
| Closing net asset value per share | 191.86 | 212.18 | 158.46 |
| * after direct transaction costs of: | - | - | - |
| Performance | | | |
| Return after charges | (9.24)% | 34.13% | (0.81)% |
| Other information | | | |
| Closing net asset value (£000s) | 819 | 1,889 | 179 |
| Closing number of shares | 427,004 | 890,155 | 112,667 |
| Operating charges | 0.54% | 0.54% | 0.54% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price (pence) | 212.50 | 214.30 | 167.90 |
| Lowest share price (pence) | 190.40 | 157.80 | 152.80 |
| | 2017 (pence per share) | Class 3 gross accumulation 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 125.92 | 93.62 | 94.10 |
| Return before operating charges* | (11.00) | 32.50 | (0.27) |
| Operating charges | (0.25) | (0.20) | (0.21) |
| Return after operating charges* | (11.25) | 32.30 | (0.48) |
| Distributions on accumulation shares | (0.83) | - | (0.87) |
| Retained distributions on accumulation shares | 0.83 | - | 0.87 |
| Closing net asset value per share | 114.67 | 125.92 | 93.62 |
| * after direct transaction costs of: | - | - | - |
| Performance | | | |
| Return after charges | (8.93)% | 34.50% | (0.51)% |
| Other information | | | |
| Closing net asset value (£000s) | 2 | 2 | 4,480 |
| Closing number of shares | 1,509 | 1,509 | 4,784,752 |
| Operating charges | 0.21% | 0.21% | 0.22% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price (pence) | 126.10 | 127.30 | 98.61 |
| Lowest share price (pence) | 113.70 | 93.25 | 89.89 |

Comparative tables (continued)

| | 2017 (pence per share) | Class I gross accumulation | |
|---|------------------------------|------------------------------|------------------------------|
| | | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 287.76 | 219.83 | 221.67 |
| Return before operating charges* | (18.57) | 69.29 | (0.64) |
| Operating charges | (1.48) | (1.36) | (1.20) |
| Return after operating charges* | (20.05) | 67.93 | (1.84) |
| Distributions on accumulation shares | (1.08) | (0.49) | (1.45) |
| Retained distributions on accumulation shares | 1.08 | 0.49 | 1.45 |
| Closing net asset value per share | 267.71 | 287.76 | 219.83 |
| * after direct transaction costs of: | - | - | - |
| Performance | | | |
| Return after charges | (6.97)% | 30.90% | (0.83)% |
| Other information | | | |
| Closing net asset value (£000s) | 6 | 7 | 26,974 |
| Closing number of shares | 2,229 | 2,434 | 12,270,329 |
| Operating charges | 0.54% | 0.54% | 0.54% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price (pence) | 295.40 | 298.10 | 232.00 |
| Lowest share price (pence) | 265.50 | 218.90 | 211.30 |
| | | | |
| | 2017 (pence per share) | Class Z gross accumulation | |
| | | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 227.39 | 168.57 | 169.13 |
| Return before operating charges* | (19.91) | 58.90 | (0.49) |
| Operating charges | (0.08) | (0.08) | (0.07) |
| Return after operating charges* | (19.99) | 58.82 | (0.56) |
| Distributions on accumulation shares | (1.88) | (1.09) | (1.84) |
| Retained distributions on accumulation shares | 1.88 | 1.09 | 1.84 |
| Closing net asset value per share | 207.40 | 227.39 | 168.57 |
| * after direct transaction costs of: | - | - | - |
| Performance | | | |
| Return after charges | (8.79)% | 34.89% | (0.33)% |
| Other information | | | |
| Closing net asset value (£000s) | 249,466 | 249,570 | 162,931 |
| Closing number of shares | 120,280,053 | 109,753,160 | 96,655,610 |
| Operating charges | 0.04% | 0.04% | 0.04% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price (pence) | 227.70 | 229.70 | 177.40 |
| Lowest share price (pence) | 205.60 | 167.90 | 161.70 |

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 |
|----------------|-------------------|-------------|
| | % | % |
| Class 3 | 0.21 | 0.21 |
| Class A | 0.98 ¹ | 1.16 |
| Class I | 0.54 | 0.54 |
| Class Z | 0.04 | 0.04 |

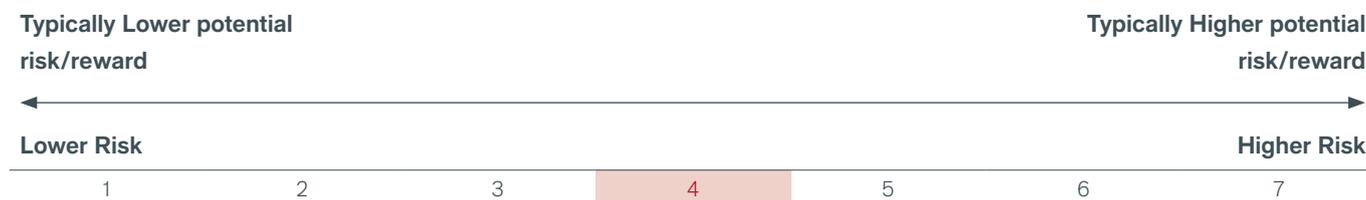
The OCF is calculated in accordance with guidelines issued by the European Securities and Markets Authority (ESMA).

¹The annual management charge on Class A changed from 1.00% to 0.75% with effect from 1 February 2017.

Risk and reward profile

The fund currently has 6 types of share class in issue; A income, I accumulation, I income, 3 gross accumulation, I gross accumulation and Z gross accumulation.

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



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

The value of an investment in the fund can go up or down. When you sell your shares they may be worth less than you paid for them.

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

The share class appears at 4 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 which could amplify everyday risk and trigger other risks.

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

Portfolio statement as at 31 October 2017

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|-------------------|--|----------------------|---|
| | Bonds 97.81% (2016: 92.61%) | | |
| | Belgium 1.99% (2016: 1.81%) | | |
| | Fixed Rate Bond 1.99% (2016: 1.81%) | | |
| EUR 3,260,883 | Belgium (Kingdom of) 2.60% 22/06/2024 | 3,340 | 1.33 |
| EUR 1,218,124 | Belgium (Kingdom of) 4.25% 28/03/2041 | 1,669 | 0.66 |
| | | <u>5,009</u> | <u>1.99</u> |
| | Canada 4.30% (2016: 1.29%) | | |
| | Fixed Rate Bond 4.30% (2016: 1.29%) | | |
| CAD 12,846,000 | Canada (Government of) 0.75% 01/09/2020 | 7,357 | 2.93 |
| CAD 5,039,000 | Canada (Government of) 2.25% 01/06/2025 | 3,031 | 1.21 |
| CAD 559,000 | Canada (Government of) 3.50% 01/12/2045 | 405 | 0.16 |
| | | <u>10,793</u> | <u>4.30</u> |
| | Denmark 0.93% (2016: 0.96%) | | |
| | Fixed Rate Bond 0.93% (2016: 0.96%) | | |
| DKK 17,405,090 | Denmark (Kingdom of) 3.00% 15/11/2021 | 2,332 | 0.93 |
| | France 7.39% (2016: 5.57%) | | |
| | Fixed Rate Bond 7.39% (2016: 5.57%) | | |
| EUR 8,027,182 | France (Government of) 0.25% 25/11/2026 | 6,874 | 2.74 |
| EUR 3,994,985 | France (Government of) 1.75% 25/11/2024 | 3,897 | 1.55 |
| EUR 576,240 | France (Government of) 3.25% 25/05/2045 | 687 | 0.27 |
| EUR 3,683,218 | France (Government of) 3.75% 25/04/2021 | 3,710 | 1.48 |
| EUR 516,060 | France (Government of) 4.00% 25/04/2060 | 740 | 0.29 |
| EUR 1,942,946 | France (Government of) 4.75% 25/04/2035 | 2,663 | 1.06 |
| | | <u>18,571</u> | <u>7.39</u> |
| | Germany 5.16% (2016: 4.52%) | | |
| | Fixed Rate Bond 5.16% (2016: 4.52%) | | |
| EUR 4,411,869 | Germany (Federal Republic of) 0.50% 15/02/2026 | 3,992 | 1.59 |
| EUR 5,869,546 | Germany (Federal Republic of) 2.00% 04/01/2022 | 5,691 | 2.26 |
| EUR 1,393,203 | Germany (Federal Republic of) 4.75% 04/07/2040 | 2,155 | 0.86 |
| EUR 794,866 | Germany (Federal Republic of) 5.50% 04/01/2031 | 1,129 | 0.45 |
| | | <u>12,967</u> | <u>5.16</u> |
| | Italy 7.63% (2016: 5.74%) | | |
| | Fixed Rate Bond 7.63% (2016: 3.88%) | | |
| EUR 4,190,000 | Italy Buoni Poliennali Del Tesoro 3.75% 01/09/2024 | 4,286 | 1.71 |
| EUR 4,088,000 | Italy (Republic of) 0.05% 15/10/2019 | 3,604 | 1.43 |
| EUR 1,697,000 | Italy (Republic of) 0.70% 01/05/2020 | 1,517 | 0.60 |
| EUR 1,527,000 | Italy (Republic of) 0.95% 15/03/2023 | 1,351 | 0.54 |
| EUR 5,894,000 | Italy (Republic of) 1.25% 01/12/2026 | 4,997 | 2.00 |
| EUR 1,014,000 | Italy (Republic of) 3.25% 01/09/2046 | 942 | 0.37 |
| EUR 939,000 | Italy (Republic of) 5.00% 01/08/34 | 1,111 | 0.44 |
| EUR 1,146,000 | Italy (Republic of) 5.00% 01/09/2040 | 1,366 | 0.54 |
| | | <u>19,174</u> | <u>7.63</u> |
| | Index Linked Bond 0.00% (2016: 1.86%) | | |
| | Japan 25.68% (2016: 27.30%) | | |
| | Fixed Rate Bond 25.68% (2016: 27.30%) | | |
| JPY 1,787,550,000 | Japan (Government of) 0.20% 20/09/2019 | 11,928 | 4.76 |
| JPY 1,658,050,000 | Japan (Government of) 0.30% 20/12/2024 | 11,247 | 4.48 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|-------------------|--|----------------------|---|
| | Japan (continued) | | |
| | Fixed Rate Bond (continued) | | |
| JPY 307,050,000 | Japan (Government of) (10 Year Issue) 0.60% 20/06/2024 | 2,121 | 0.84 |
| JPY 1,700,750,000 | Japan (Government of) (10 Year Issue) 1.20% 20/12/2020 | 11,737 | 4.67 |
| JPY 181,850,000 | Japan (Government of) 1.90% 20/09/2042 | 1,516 | 0.60 |
| JPY 1,006,550,000 | Japan (Government of) (20 Year Issue) 1.70% 20/03/2032 | 7,989 | 3.18 |
| JPY 258,650,000 | Japan (Government of) 2.10% 20/12/2030 | 2,130 | 0.85 |
| JPY 1,037,050,000 | Japan (Government of) 2.20% 20/09/2027 | 8,313 | 3.31 |
| JPY 510,500,000 | Japan (Government of) (30 Year Issue) 1.50% 20/12/2044 | 3,951 | 1.57 |
| JPY 403,800,000 | Japan (Government of) (30 Year Issue) 2.40% 20/03/2037 | 3,571 | 1.42 |
| | | <u>64,503</u> | <u>25.68</u> |
| | Netherlands 1.11% (2016: 1.05%) | | |
| | Fixed Rate Bond 1.11% (2016: 1.05%) | | |
| EUR 2,564,988 | Netherlands (Kingdom of) 2.50% 15/01/2033 | <u>2,786</u> | <u>1.11</u> |
| | Spain 4.98% (2016: 5.14%) | | |
| | Fixed Rate Bond 4.98% (2016: 4.10%) | | |
| EUR 4,078,000 | Spain (Kingdom of) 1.30% 31/10/2026 | 3,596 | 1.44 |
| EUR 272,000 | Spain (Kingdom of) 2.15% 31/10/2025 | 258 | 0.10 |
| EUR 593,000 | Spain (Kingdom of) 2.90% 31/10/2046 | 538 | 0.21 |
| EUR 3,667,000 | Spain (Kingdom of) 4.30% 31/10/2019 | 3,513 | 1.40 |
| EUR 943,000 | Spain (Kingdom of) 4.70% 30/07/2041 | 1,151 | 0.46 |
| EUR 3,126,000 | Spain (Kingdom of) 5.40% 31/01/2023 | 3,454 | 1.37 |
| | | <u>12,510</u> | <u>4.98</u> |
| | Index Linked Bond 0.00% (2016: 1.04%) | | |
| | Sweden 0.34% (2016: 0.92%) | | |
| | Fixed Rate Bond 0.34% (2016: 0.92%) | | |
| SEK 8,780,000 | Sweden (Kingdom of) 1.50% 13/11/2023 | <u>854</u> | <u>0.34</u> |
| | United Kingdom 0.00% (2016: 0.00%) | | |
| | Fixed Rate Bond 0.00% (2016: 0.00%) | | |
| | United States 38.30% (2016: 38.31%) | | |
| | Fixed Rate Bond 36.18% (2016: 38.31%) | | |
| USD 16,164,900 | US Treasury 1.375% 29/02/2020 | 12,093 | 4.81 |
| USD 10,043,100 | US Treasury 1.375% 31/08/2023 | 7,254 | 2.89 |
| USD 11,876,100 | US Treasury 1.625% 15/08/2022 | 8,797 | 3.50 |
| USD 17,088,300 | US Treasury 1.625% 31/03/2019 | 12,885 | 5.14 |
| USD 6,197,000 | US Treasury 2.00% 15/08/2025 | 4,570 | 1.82 |
| USD 16,739,500 | US Treasury 2.00% 31/12/2021 | 12,644 | 5.04 |
| USD 8,199,000 | US Treasury 2.50% 15/02/2024 | 6,289 | 2.50 |
| USD 3,549,700 | US Treasury 2.50% 15/02/2045 | 2,487 | 0.99 |
| USD 11,140,600 | US Treasury 2.625% 15/11/2020 | 8,607 | 3.43 |
| USD 5,446,700 | US Treasury 3.375% 15/02/2044 | 4,508 | 1.79 |
| USD 6,641,500 | US Treasury 3.875% 15/08/2040 | 5,929 | 2.36 |
| USD 4,687,600 | US Treasury 5.00% 15/05/2037 | 4,805 | 1.91 |
| | | <u>90,868</u> | <u>36.18</u> |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---------------|--|----------------------|---|
| | Index Linked Bond 2.12% (2016: 0.00%) | | |
| USD 7,123,500 | US Treasury Index-Linked 0.375% 15/07/2027 | 5,322 | 2.12 |
| | Derivatives 0.06% (2016: (0.01%)) | | |
| | Futures (0.06%) (2016: (0.19%)) | | |
| (5) | CBT US Ultra Bond December 2017 | 12 | - |
| (129) | CBT US 10 Year Note December 2017 | (3) | - |
| 51 | CBT US 2 Year Note December 2017^ | - | - |
| 207 | CBT US 5 Year Note December 2017 | (145) | (0.05) |
| (122) | EUX Euro-Bobl December 2017 | (28) | (0.01) |
| (34) | EUX Euro-Bund December 2017 | (4) | - |
| 24 | EUX Euro-Buxl 30 Year Bond December 2017 | (16) | (0.01) |
| 30 | SFE Australia 10 Year Bond December 2017 | 17 | 0.01 |
| 38 | SFE Australia 3 Year Bond December 2017 | 9 | - |
| | | (158) | (0.06) |
| | Forward Foreign Exchange Contracts 0.12% (2016: 0.18%)§ | | |
| | Buy AUD 1,106,398 : Sell GBP 660,000 December 2017 | (22) | (0.01) |
| | Buy AUD 6,669,164 : Sell GBP 3,915,036 December 2017 | (70) | (0.03) |
| | Buy CAD 904,781 : Sell GBP 550,000 December 2017 | (22) | (0.01) |
| | Buy CZK 1,923,554 : Sell EUR 75,000 December 2017^ | - | - |
| | Buy CZK 34,600,000 : Sell GBP 1,200,880 December 2017 | (16) | (0.01) |
| | Buy CZK 36,963,835 : Sell EUR 1,440,000 December 2017 | 1 | - |
| | Buy DKK 1,820,536 : Sell GBP 220,000 December 2017 | (5) | - |
| | Buy DKK 2,676,235 : Sell GBP 320,000 December 2017 | (4) | - |
| | Buy EUR 12,127,569 : Sell GBP 10,904,000 December 2017 | (257) | (0.10) |
| | Buy EUR 158,567 : Sell USD 191,000 December 2017 | (4) | - |
| | Buy EUR 4,778,900 : Sell GBP 4,223,236 December 2017 | (27) | (0.01) |
| | Buy GBP 100,000 : Sell EUR 112,254 December 2017 | 1 | - |
| | Buy GBP 102,000 : Sell EUR 115,798 December 2017^ | - | - |
| | Buy GBP 120,000 : Sell JPY 17,934,643 December 2017 | 1 | - |
| | Buy GBP 1,240,789 : Sell EUR 1,363,758 December 2017 | 43 | 0.02 |
| | Buy GBP 1,261,925 : Sell CAD 2,092,918 December 2017 | 40 | 0.02 |
| | Buy GBP 135,000 : Sell USD 179,112 December 2017^ | - | - |
| | Buy GBP 145,000 : Sell USD 192,779 December 2017^ | - | - |
| | Buy GBP 1,495,131 : Sell DKK 12,585,611 December 2017 | 10 | - |
| | Buy GBP 158,000 : Sell AUD 266,464 December 2017 | 4 | - |
| | Buy GBP 159,000 : Sell USD 213,927 December 2017 | (2) | - |
| | Buy GBP 16,055,835 : Sell JPY 2,423,191,325 December 2017 | (12) | - |
| | Buy GBP 1,662,382 : Sell SEK 17,892,626 December 2017 | 51 | 0.02 |
| | Buy GBP 1,690,000 : Sell JPY 254,102,180 December 2017 | 5 | - |
| | Buy GBP 185,000 : Sell JPY 27,393,292 December 2017 | 3 | - |
| | Buy GBP 23,000 : Sell CAD 38,427 December 2017 | 1 | - |
| | Buy GBP 245,000 : Sell USD 323,655 December 2017 | 2 | - |
| | Buy GBP 2,485,336 : Sell EUR 2,750,000 December 2017 | 70 | 0.03 |
| | Buy GBP 250,000 : Sell EUR 279,278 December 2017 | 5 | - |
| | Buy GBP 25,100,000 : Sell USD 33,122,738 December 2017 | 184 | 0.07 |
| | Buy GBP 2,895,000 : Sell EUR 3,257,726 December 2017 | 35 | 0.01 |
| | Buy GBP 30,000 : Sell EUR 33,930 December 2017^ | - | - |
| | Buy GBP 300,000 : Sell EUR 337,223 December 2017 | 4 | - |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|--|--|----------------------|---|
| Forward Foreign Exchange Contracts <small>(continued)</small> | | | |
| | Buy GBP 300,000 : Sell EUR 337,585 December 2017 | 4 | - |
| | Buy GBP 340,000 : Sell CAD 566,717 December 2017 | 9 | - |
| | Buy GBP 3,452,000 : Sell USD 4,681,302 December 2017 | (69) | (0.03) |
| | Buy GBP 42,000 : Sell JPY 6,363,813 December 2017 [^] | - | - |
| | Buy GBP 45,000 : Sell DKK 376,654 December 2017 | 1 | - |
| | Buy GBP 47,000 : Sell CAD 78,112 December 2017 | 1 | - |
| | Buy GBP 50,000 : Sell AUD 84,722 December 2017 | 1 | - |
| | Buy GBP 51,000 : Sell EUR 57,461 December 2017 | 1 | - |
| | Buy GBP 52,000 : Sell CAD 86,477 December 2017 | 2 | - |
| | Buy GBP 54,000 : Sell CAD 89,696 December 2017 | 2 | - |
| | Buy GBP 56,000 : Sell JPY 8,433,158 December 2017 [^] | - | - |
| | Buy GBP 6,000,000 : Sell EUR 6,725,016 December 2017 | 95 | 0.04 |
| | Buy GBP 65,000 : Sell AUD 110,452 December 2017 | 1 | - |
| | Buy GBP 70,000 : Sell USD 91,723 December 2017 | 1 | - |
| | Buy GBP 7,100,000 : Sell JPY 1,064,720,828 December 2017 | 40 | 0.02 |
| | Buy GBP 75,000 : Sell USD 101,452 December 2017 | (1) | - |
| | Buy GBP 750,000 : Sell EUR 847,497 December 2017 | 6 | - |
| | Buy GBP 85,000 : Sell AUD 144,422 December 2017 | 2 | - |
| | Buy GBP 85,000 : Sell EUR 95,538 December 2017 | 1 | - |
| | Buy GBP 887,620 : Sell USD 1,181,353 December 2017 | (1) | - |
| | Buy JPY 1,162,212,366 : Sell GBP 7,843,000 December 2017 | (136) | (0.05) |
| | Buy JPY 917,328,942 : Sell CAD 10,200,000 December 2017 | 129 | 0.05 |
| | Buy PLN 1,362,910 : Sell GBP 288,000 December 2017 | (6) | - |
| | Buy PLN 5,089,776 : Sell EUR 1,200,000 December 2017 | (2) | - |
| | Buy PLN 5,600,000 : Sell GBP 1,182,863 December 2017 | (25) | (0.01) |
| | Buy SEK 13,047,065 : Sell GBP 1,239,608 December 2017 | (65) | (0.03) |
| | Buy SEK 16,937,360 : Sell GBP 1,550,000 December 2017 | (25) | (0.01) |
| | Buy SEK 2,465,469 : Sell GBP 230,000 December 2017 | (8) | - |
| | Buy TRY 5,276,964 : Sell GBP 1,125,554 December 2017 | (93) | (0.04) |
| | Buy TRY 578,094 : Sell GBP 118,000 December 2017 | (5) | - |
| | Buy USD 14,929,504 : Sell GBP 11,000,000 December 2017 | 231 | 0.09 |
| | Buy USD 19,858,494 : Sell GBP 14,620,481 December 2017 | 317 | 0.14 |
| | Buy USD 21,321,502 : Sell GBP 16,160,000 December 2017 | (121) | (0.05) |
| | Buy USD 3,340,000 : Sell JPY 379,604,259 December 2017 | (6) | - |
| | Buy USD 720,000 : Sell TRY 2,725,233 December 2017 | 8 | - |
| | | <u>308</u> | <u>0.12</u> |
| | Investment assets including investment liabilities | 245,839 | 97.87 |
| | Other net assets | 5,361 | 2.13 |
| | Total net assets | 251,200 | 100.00 |

[^] Due to rounding to nearest £1,000

§ Unquoted securities

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

Statement of total return for the year ended 31 October 2017

| | | 2017 | | 2016 | |
|---|------|-------|-----------------|-------|---------------|
| | Note | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (24,202) | | 68,464 |
| Revenue | 3 | 2,164 | | 1,086 | |
| Expenses | 4 | (105) | | (253) | |
| Interest payable and similar charges | 5 | (17) | | (30) | |
| Net revenue before taxation | | 2,042 | | 803 | |
| Taxation | 6 | - | | - | |
| Net revenue after taxation | | | 2,042 | | 803 |
| Total return before distributions | | | (22,160) | | 69,267 |
| Distributions | 7 | | (2,042) | | (1,189) |
| Change in net assets attributable to shareholders from investment activities | | | (24,202) | | 68,078 |

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

| | | 2017 | | 2016 | |
|--|--|----------|----------------|----------|----------------|
| | | £000 | £000 | £000 | £000 |
| Opening net assets attributable to shareholders | | | 252,749 | | 195,933 |
| Amounts receivable on issue of shares | | 81,910 | | 82,933 | |
| Amounts payable on cancellation of shares | | (61,439) | | (95,414) | |
| | | | 20,471 | | (12,481) |
| Dilution adjustment | | | 32 | | 26 |
| Change in net assets attributable to shareholders from investment activities | | | (24,202) | | 68,078 |
| Retained distributions on accumulation shares | | | 2,150 | | 1,192 |
| Unclaimed distributions | | | - | | 1 |
| Closing net assets attributable to shareholders | | | 251,200 | | 252,749 |

Balance sheet as at 31 October 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|----------------|----------------|
| Assets: | | | |
| Investments | | 247,039 | 237,676 |
| Current assets: | | | |
| Debtors | 8 | 4,370 | 2,135 |
| Cash and bank balances | 9 | 4,147 | 20,415 |
| Total assets | | 255,556 | 260,226 |
| Liabilities: | | | |
| Investment liabilities | | 1,200 | 3,631 |
| Creditors: | | | |
| Amounts held at derivative clearing houses and brokers | | 38 | 19 |
| Bank overdrafts | | 982 | 1,925 |
| Distributions payable | | 1 | - |
| Other creditors | 10 | 2,135 | 1,902 |
| Total liabilities | | 4,356 | 7,477 |
| Net assets attributable to shareholders | | 251,200 | 252,749 |

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

1 Accounting and distribution policies

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

2 Net capital (losses)/gains

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

| | 2017 | 2016 |
|-----------------------------------|-----------------|---------------|
| | £000 | £000 |
| Derivative securities | (946) | 414 |
| Forward currency contracts | 564 | (491) |
| Non-derivative securities | (22,443) | 57,884 |
| Other currency (losses)/gains | (1,368) | 10,666 |
| Transaction costs | (9) | (9) |
| Net capital (losses)/gains | (24,202) | 68,464 |

3 Revenue

| | 2017 | 2016 |
|-----------------------------|--------------|--------------|
| | £000 | £000 |
| Bank interest | 9 | 35 |
| Derivative revenue | 74 | 77 |
| Interest on debt securities | 2,040 | 954 |
| Stock lending revenue | 41 | 20 |
| Total revenue | 2,164 | 1,086 |

4 Expenses

| | 2017 | 2016 |
|--|-------------|-------------|
| | £000 | £000 |
| Payable to the ACD, associates of the | | |
| Annual management charge | 16 | 159 |
| GAC* | 55 | 54 |
| | <u>71</u> | <u>213</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary fees | 19 | 26 |
| Safe custody fees | 15 | 14 |
| | <u>34</u> | <u>40</u> |
| Total expenses | 105 | 253 |

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £7,458 (2016: £9,442).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

| | 2017 £000 | 2016 £000 |
|---|----------------------------|----------------------------|
| Interest payable | 17 | 30 |
| Total interest payable and similar charges | 17 | 30 |

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 the 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 | 2,042 | 803 |
| Corporation tax at 20% (2016: 20%) | 408 | 161 |
| Effects of: Revenue being paid as interest distributions | (408) | (161) |
| Tax charge for the year (note 6a) | - | - |

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

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

7 Distributions

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

| | 2017 £000 | 2016 £000 |
|--|----------------------------|----------------------------|
| Interim income | 3 | 2 |
| Interim accumulation | 1,615 | 1,191 |
| Final income | 1 | - |
| Final accumulation | 535 | - |
| Tax withheld on interest distributions | - | 1 |
| | 2,154 | 1,194 |
| Amounts deducted on cancellation of shares | 88 | 88 |
| Amounts received on issue of shares | (200) | (93) |
| Total distributions | 2,042 | 1,189 |
| Net revenue after taxation | 2,042 | 803 |
| Revenue shortfall | - | 386 |
| Total distributions | 2,042 | 1,189 |

Details of the distribution per share are set out in the distribution tables on pages 120 to 123.

Notes to the financial statements (continued)

8 Debtors

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| Accrued revenue | 1,474 | 1,509 |
| Amounts receivable for issue of shares | 7 | 3 |
| Sales awaiting settlement | 2,889 | 623 |
| Total debtors | 4,370 | 2,135 |

9 Cash and bank balances

| | 2017 | 2016 |
|--|--------------|---------------|
| | £000 | £000 |
| Amounts held at derivative clearing houses and brokers | 496 | 1,333 |
| Cash and bank balances | 3,361 | 19,082 |
| Collateral accounts | 290 | - |
| Total cash and bank balances | 4,147 | 20,415 |

10 Other creditors

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| Accrued annual management charge | 1 | 4 |
| Accrued Depositary's fee | 2 | 3 |
| Accrued other expenses | 7 | 11 |
| Amounts payable for cancellation of shares | 254 | 1,884 |
| Purchases awaiting settlement | 1,871 | - |
| Total other creditors | 2,135 | 1,902 |

11 Contingent liabilities and commitments

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

Notes to the financial statements (continued)

12 Related party transactions

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 105 and 106 and notes 4, 7, 8 and 10 on pages 107 to 109 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

HSBC Global Custody Nominee, as a material shareholder, is a related party holding shares comprising 100% of the total net assets of the fund as at the year end (2016: 98.74%).

13 Shareholders funds

The fund currently has 4 share classes available; Class 3, Class A, Class I & Class Z. The annual management charge on each share class is as follows:

| | 2017 | 2016 |
|----------|-------------------|------|
| | % | % |
| Class 3 | 0.15 | 0.15 |
| Class A | 0.75 ¹ | 1.00 |
| Class I | 0.50 | 0.50 |
| 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.

¹The annual management charge on Class A changed from 1.00% to 0.75% with effect from 1 February 2017.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 96 to 98. The distribution per share class is given in the distribution tables on pages 120 to 123. All share classes have the same rights on winding up.

Shares reconciliation for the year ended 31 October 2017

| | Class A income | Class I accumulation | Class I income |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Opening number of shares | 608,804 | 1,000 | 890,155 |
| Creations during the year | 4,766 | 574 | 146,055 |
| Cancellations during the year | (121,085) | - | (625,544) |
| Shares converted during the year | (16,525) | - | 16,338 |
| Closing shares in issue | 475,960 | 1,574 | 427,004 |
| | Class 3 gross accumulation | Class I gross accumulation | Class Z gross accumulation |
| Opening number of shares | 1,509 | 2,434 | 109,753,160 |
| Creations during the year | - | 208,793 | 38,458,809 |
| Cancellations during the year | - | (208,998) | (27,931,916) |
| Shares converted during the year | - | - | - |
| Closing shares in issue | 1,509 | 2,229 | 120,280,053 |

Notes to the financial statements (continued)

14 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management.

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

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was cash of £290,000 pledged as collateral as at 31 October 2017 (2016: nil). There was no collateral held in respect of derivatives as at 31 October 2017 (2016: nil).

2017

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

| Counterparty | Forward foreign | Futures | Total by counterparty |
|----------------|--------------------|-----------|-----------------------|
| | exchange contracts | | |
| | £000 | £000 | £000 |
| Barclays | 11 | - | 11 |
| BNP Paribas | 77 | - | 77 |
| Citigroup | 604 | - | 604 |
| JP Morgan | 202 | - | 202 |
| Merrill Lynch | 6 | - | 6 |
| Morgan Stanley | 361 | - | 361 |
| UBS | 51 | 38 | 89 |
| | 1,312 | 38 | 1,350 |

2016

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

| Counterparty | Forward foreign | Futures | Total by counterparty |
|----------------|--------------------|-----------|-----------------------|
| | exchange contracts | | |
| | £000 | £000 | £000 |
| BNP Paribas | 5 | - | 5 |
| Citigroup | 52 | - | 52 |
| JP Morgan | 155 | - | 155 |
| Merrill Lynch | - | 19 | 19 |
| Morgan Stanley | 2,527 | - | 2,527 |
| UBS | 853 | - | 853 |
| | 3,592 | 19 | 3,611 |

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 |
|------------------------|--|--|--------------------|
| JP Morgan | 8,150 | 8,581 | Corporate Bond |
| JP Morgan | 3,081 | 3,436 | Equity |
| JP Morgan | 305 | 321 | Government Bond |
| | <u>11,536</u> | <u>12,338</u> | |
| Royal Bank of Scotland | 22,832 | 24,038 | Government Bond |
| | <u>34,368</u> | <u>36,376</u> | |

| Recipient | Relationship | Gross income £000 | Direct and indirect expenses £000 | Net income £000 |
|-------------|---------------------|----------------------|---|--------------------|
| BNP Paribas | Stock lending agent | 48 | 7 | 41 |

2016

| Counterparty | Total market value of stock on loan £000 | Amount of collateral received £000 | Type of collateral |
|------------------------|--|--|--------------------|
| JP Morgan | 101 | 104 | Government Bond |
| Royal Bank of Scotland | 55,335 | 56,727 | Government Bond |
| | <u>55,436</u> | <u>56,831</u> | |

| Recipient | Relationship | Gross income £000 | Direct and indirect expenses £000 | Net income £000 |
|-------------|---------------------|----------------------|---|--------------------|
| BNP Paribas | Stock lending agent | 24 | 4 | 20 |

Notes to the financial statements (continued)

16 Risk

Currency risk

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

| | Investment assets investment liabilities £000 | Other net assets £000 | Total net assets £000 |
|-------------------|--|--------------------------------------|--------------------------------------|
| 2017 | | | |
| Currency | | | |
| Australian dollar | 4,160 | 231 | 4,391 |
| Canadian dollar | 3,644 | 49 | 3,693 |
| Czech koruna | 2,516 | - | 2,516 |
| Danish krone | 1,333 | 83 | 1,416 |
| Euro | 69,244 | 1,907 | 71,151 |
| Japanese yen | 50,563 | 174 | 50,737 |
| Polish zloty | 2,491 | - | 2,491 |
| Swedish krona | 2,165 | 78 | 2,243 |
| Turkish lira | 613 | - | 613 |
| UK sterling | (1,906) | 2,015 | 109 |
| US dollar | 111,016 | 824 | 111,840 |
| Total | 245,839 | 5,361 | 251,200 |

| | Investment assets investment liabilities £000 | Other net assets £000 | Total net assets £000 |
|-------------------|--|--------------------------------------|--------------------------------------|
| 2016 | | | |
| Currency | | | |
| Australian dollar | 3,542 | 375 | 3,917 |
| Canadian dollar | 2,930 | 437 | 3,367 |
| Danish krone | 998 | 408 | 1,406 |
| Euro | 68,231 | 3,541 | 71,772 |
| Japanese yen | 52,901 | 9,344 | 62,245 |
| Norwegian krone | 3 | - | 3 |
| Singapore dollar | - | 3 | 3 |
| Swedish krona | 869 | 24 | 893 |
| UK sterling | (1,405) | 1,197 | (208) |
| US dollar | 105,976 | 3,375 | 109,351 |
| Total | 234,045 | 18,704 | 252,749 |

Notes to the financial statements (continued)

16 Risk (continued)

Interest rate risk

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

| | Floating rate financial assets £000 | Fixed rate financial assets £000 | Non interest bearing assets £000 | Total £000 |
|-------------------|--|---|--|----------------|
| 2017 | | | | |
| Australian dollar | 257 | - | 26 | 283 |
| Canadian dollar | 8 | 10,793 | 42 | 10,843 |
| Danish krone | 24 | - | 60 | 84 |
| Euro | 242 | 2,332 | 3,536 | 6,110 |
| Japanese yen | 34 | 71,018 | 139 | 71,191 |
| Norwegian krona | - | 64,503 | 129 | 64,632 |
| Singapore dollar | - | - | 626 | 626 |
| Swedish krona | 67 | 854 | 11 | 932 |
| UK sterling | 8,577 | 90,867 | 575 | 100,019 |
| US dollar | 261 | - | 575 | 836 |
| Total | 9,470 | 240,367 | 5,719 | 255,556 |

| | Floating rate financial assets £000 | Fixed rate financial assets £000 | Non interest bearing assets £000 | Total £000 |
|-------------------|--|---|--|----------------|
| 2016 | | | | |
| Australian dollar | 375 | - | 308 | 683 |
| Canadian dollar | 409 | 3,260 | 39 | 3,708 |
| Danish krone | 347 | 2,439 | 60 | 2,846 |
| Euro | 9,609 | 52,919 | 2,124 | 64,652 |
| Japanese yen | 9,189 | 68,989 | 232 | 78,410 |
| Norwegian krona | - | - | 74 | 74 |
| Singapore dollar | 3 | - | - | 3 |
| Swedish krona | 2 | 2,314 | 22 | 2,338 |
| UK sterling | 5,261 | - | 3 | 5,264 |
| US dollar | 2,550 | 96,814 | 2,884 | 102,248 |
| Total | 27,745 | 226,735 | 5,746 | 260,226 |

| | Floating rate financial liabilities £000 | Fixed rate financial liabilities £000 | Non interest bearing liabilities £000 | Total £000 |
|-------------------|---|--|--|---------------|
| 2017 | | | | |
| Australian dollar | 26 | - | 92 | 118 |
| Canadian dollar | - | - | 22 | 22 |
| Czech krona | - | - | 17 | 17 |
| Danish krone | - | - | 9 | 9 |
| Euro | - | - | 2,209 | 2,209 |
| Japanese yen | - | - | 136 | 136 |
| Norwegian krona | - | - | 33 | 33 |
| Singapore dollar | - | - | 86 | 86 |
| Swedish krona | - | - | 97 | 97 |
| UK sterling | 982 | - | 362 | 1,344 |
| US dollar | 12 | - | 273 | 285 |
| Total | 1,020 | - | 3,336 | 4,356 |

Notes to the financial statements (continued)

16 Risk (continued)

Interest rate risk (continued)

| | Floating rate financial liabilities £000 | Fixed rate financial liabilities £000 | Non interest bearing liabilities £000 | Total £000 |
|-------------------|---|--|--|---------------|
| 2016 | | | | |
| Australian dollar | - | - | 42 | 42 |
| Canadian dollar | - | - | 46 | 46 |
| Euro | 19 | - | - | 19 |
| Japanese yen | - | - | 59 | 59 |
| Swedish krona | - | - | 86 | 86 |
| UK sterling | 1,925 | - | 4,856 | 6,781 |
| US dollar | - | - | 444 | 444 |
| Total | 1,944 | - | 5,533 | 7,477 |

Credit ratings

| | Market value £000 | Percentage of net assets % |
|---|----------------------|-------------------------------|
| 2017 | | |
| Investments | | |
| Investment grade (AAA - BBB) | 245,689 | 97.81 |
| Total debt securities | 245,689 | 97.81 |
| Derivatives | 150 | 0.06 |
| Investment assets including investment liabilities | 245,839 | 97.87 |
| Other net assets | 5,361 | 2.13 |
| Total net assets | 251,200 | 100.00 |

| | Market value £000 | Percentage of net assets % |
|---|----------------------|-------------------------------|
| 2016 | | |
| Investments | | |
| Investment grade (AAA - BBB) | 230,733 | 91.29 |
| Unrated | 3,332 | 1.32 |
| Total debt securities | 234,065 | 92.61 |
| Derivatives | (20) | (0.01) |
| Investment assets including investment liabilities | 234,045 | 92.60 |
| Other net assets | 18,704 | 7.40 |
| Total net assets | 252,749 | 100.00 |

Sensitivity analysis

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

| VaR Results | Actual VaR in year | | | VaR limit % | Utilisation of VaR Limit | | |
|-------------|--------------------|---------|---------|-------------------|--------------------------|---------|---------|
| | Minimum | Maximum | Average | | Minimum | Maximum | Average |
| | % | % | % | | % | % | % |
| 2017 | 6.41 | 9.26 | 7.88 | 20.00 | 32.07 | 46.29 | 39.41 |
| 2016 | 3.85 | 9.22 | 5.98 | 20.00 | 19.26 | 46.10 | 29.91 |

Leverage

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

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

| | On demand | Within one year | Over one year but not more than five years | Over five years |
|---|--------------|--------------------|--|--------------------|
| | £000 | £000 | £000 | £000 |
| 2017 | | | | |
| Amounts held at derivatives clearing houses and brokers | 38 | - | - | - |
| Bank overdrafts | 982 | - | - | - |
| Derivative financial liabilities | - | 1,200 | - | - |
| Distribution payable | - | 1 | - | - |
| Other creditors | - | 2,135 | - | - |
| Total | 1,020 | 3,336 | - | - |

| | On demand | Within one year | Over one year but not more than five years | Over five years |
|---|--------------|--------------------|--|--------------------|
| | £000 | £000 | £000 | £000 |
| 2016 | | | | |
| Amounts held at derivatives clearing houses and brokers | 19 | - | - | - |
| Bank overdrafts | 1,925 | - | - | - |
| Derivative financial liabilities | - | 3,631 | - | - |
| Other creditors | - | 1,902 | - | - |
| Total | 1,944 | 5,533 | - | - |

17 Fair value disclosure

Fair value measurement

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

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

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

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

Level 1

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

Level 2

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

Level 3

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

Notes to the financial statements (continued)

17 Fair value disclosure (continued)

Fair value hierarchy

| Valuation technique | 2017 | | 2016 | |
|---------------------|----------------|---------------------|----------------|---------------------|
| | Assets £000 | Liabilities £000 | Assets £000 | Liabilities £000 |
| Level 1 | 214,878* | 196 | 209,081* | 501 |
| Level 2 | 32,161 | 1,004 | 28,595 | 3,130 |
| Level 3 | - | - | - | - |
| | <u>247,039</u> | <u>1,200</u> | <u>237,676</u> | <u>3,631</u> |

* Debt securities included in the highest fair value hierarchy level, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £214,839,625 as at 31 October 2017 (2016: £209,062,263).

Notes to the financial statements (continued)

18 Direct transaction costs

| | Purchases | | Sales | |
|---|----------------|----------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 |
| Trades in the year | | | | |
| Debt securities | 173,384 | 191,158 | 137,741 | 184,644 |
| Trades in the year before transaction costs | 173,384 | 191,158 | 137,741 | 184,644 |
| Transaction costs | | | | |
| Commissions | | | | |
| Debt securities | - | - | - | - |
| Total commissions | - | - | - | - |
| Taxes | | | | |
| Debt securities | - | - | - | - |
| Total taxes | - | - | - | - |
| Other expenses | | | | |
| Debt securities | - | - | - | - |
| Total other expenses | - | - | - | - |
| Total transaction costs | - | - | - | - |
| Total net trades in the year after transaction costs | 173,384 | 191,158 | 137,741 | 184,644 |

| | Purchases | | Sales | |
|--|-----------|------|-------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | % | % | % | % |
| Total transaction cost expressed as a percentage of asset type cost | | | | |
| Commissions | | | | |
| Debt securities | - | - | - | - |
| Taxes | | | | |
| Debt securities | - | - | - | - |
| Other expenses | | | | |
| Debt securities | - | - | - | - |

| | 2017 | 2016 |
|--|------|------|
| | % | % |
| Total transaction cost expressed as a percentage of net asset value | | |
| Commissions | - | - |
| Taxes | - | - |
| Other expenses | - | - |
| Total costs | - | - |

There were no in specie transfers during the year (2016: nil). There were corporate actions during the year of £19,492 (2016: nil).

There were direct transaction costs associated with derivatives in the year of £8,737 (2016: £8,307) which is 0.00% of the average net asset value of the fund (2016: 0.00%).

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

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

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

The portfolio dealing spread as at 31 October 2017 is 0.06% (2016: 0.08%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

19 Events after the Balance sheet date

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

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

Interim interest distribution (accounting date 31 January 2017, paid on 31 March 2017)

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

| | Gross revenue | Income tax (20%) | Distribution per share | Equalisation | Total distribution per share 31/03/2017* | Total distribution per share 31/03/2016* |
|-----------------------------------|---------------|------------------|------------------------|--------------|--|--|
| Class A income | | | | | | |
| Group 1 | - | - | - | - | - | - |
| Group 2 | - | - | - | - | - | - |
| Class I accumulation | | | | | | |
| Group 1 | 0.2263 | 0.0453 | 0.1810 | - | 0.1810 | - |
| Group 2 | 0.2263 | 0.0453 | 0.1810 | - | 0.1810 | - |
| Class I income | | | | | | |
| Group 1 | 0.1709 | 0.0342 | 0.1367 | - | 0.1367 | - |
| Group 2 | 0.0323 | 0.0065 | 0.0258 | 0.1109 | 0.1367 | - |
| Class 3 gross accumulation | | | | | | |
| Group 1 | 0.2015 | - | 0.2015 | - | 0.2015 | - |
| Group 2 | 0.2015 | - | 0.2015 | - | 0.2015 | - |
| Class I gross accumulation | | | | | | |
| Group 1 | 0.2495 | - | 0.2495 | - | 0.2495 | - |
| Group 2 | 0.1617 | - | 0.1617 | 0.0878 | 0.2495 | - |
| Class Z gross accumulation | | | | | | |
| Group 1 | 0.4560 | - | 0.4560 | - | 0.4560 | 0.1978 |
| Group 2 | - | - | - | 0.4560 | 0.4560 | 0.1978 |

* Distributions on Class I accumulation and Class I income prior to 6 April 2017 are net of 20% income tax.

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

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

Group 1 : shares purchased prior to 1 February 2017

Group 2 : shares purchased on or after 1 February 2017

| | Distribution per share | Equalisation | Total distribution per share 30/06/2017 | Total distribution per share 30/06/2016* |
|-----------------------------------|---------------------------|--------------|--|---|
| Class A income | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| Class I accumulation | | | | |
| Group 1 | 0.3377 | - | 0.3377 | - |
| Group 2 | 0.0603 | 0.2774 | 0.3377 | - |
| Class I income | | | | |
| Group 1 | 0.2548 | - | 0.2548 | - |
| Group 2 | - | 0.2548 | 0.2548 | - |
| Class 3 gross accumulation | | | | |
| Group 1 | 0.2447 | - | 0.2447 | - |
| Group 2 | 0.2447 | - | 0.2447 | - |
| Class I gross accumulation | | | | |
| Group 1 | 0.3542 | - | 0.3542 | - |
| Group 2 | 0.3542 | - | 0.3542 | - |
| Class Z gross accumulation | | | | |
| Group 1 | 0.5326 | - | 0.5326 | 0.0100 |
| Group 2 | - | 0.5326 | 0.5326 | 0.0100 |

* Distributions on Class I accumulation and Class I income prior to 6 April 2017 are net of 20% income tax.

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

Interim interest distribution (accounting date 31 July 2017, paid on 29 September 2017)

Group 1 : shares purchased prior to 1 May 2017

Group 2 : shares purchased on or after 1 May 2017

| | Distribution per share | Equalisation | Total distribution per share 29/09/2017 | Total distribution per share 30/09/2016* |
|-----------------------------------|---------------------------|--------------|--|---|
| Class A income | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| Class I accumulation | | | | |
| Group 1 | 0.2289 | - | 0.2289 | 0.3763 |
| Group 2 | 0.1510 | 0.0779 | 0.2289 | 0.3763 |
| Class I income | | | | |
| Group 1 | 0.1725 | - | 0.1725 | 0.2845 |
| Group 2 | - | 0.1725 | 0.1725 | 0.2845 |
| Class 3 gross accumulation | | | | |
| Group 1 | 0.1968 | - | 0.1968 | - |
| Group 2 | 0.1968 | - | 0.1968 | - |
| Class I gross accumulation | | | | |
| Group 1 | 0.2401 | - | 0.2401 | 0.4872 |
| Group 2 | - | 0.2401 | 0.2401 | 0.4872 |
| Class Z gross accumulation | | | | |
| Group 1 | 0.4511 | - | 0.4511 | 0.8829 |
| Group 2 | - | 0.4511 | 0.4511 | 0.8829 |

* Distributions on Class I accumulation and Class I income prior to 6 April 2017 are net of 20% income tax.

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

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

Group 1 : shares purchased prior to 1 August 2017

Group 2 : shares purchased on or after 1 August 2017

| | Distribution per share | Equalisation | Total distribution per share 29/12/2017 | Total distribution per share 30/12/2016* |
|-----------------------------------|---------------------------|--------------|--|---|
| Class A income | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| Class I accumulation | | | | |
| Group 1 | 0.2069 | - | 0.2069 | - |
| Group 2 | 0.2069 | - | 0.2069 | - |
| Class I income | | | | |
| Group 1 | 0.1557 | - | 0.1557 | - |
| Group 2 | - | 0.1557 | 0.1557 | - |
| Class 3 gross accumulation | | | | |
| Group 1 | 0.1874 | - | 0.1874 | - |
| Group 2 | 0.1874 | - | 0.1874 | - |
| Class I gross accumulation | | | | |
| Group 1 | 0.2326 | - | 0.2326 | - |
| Group 2 | 0.2326 | - | 0.2326 | - |
| Class Z gross accumulation | | | | |
| Group 1 | 0.4452 | - | 0.4452 | - |
| Group 2 | - | 0.4452 | 0.4452 | - |

* Distributions on Class I accumulation and Class I income prior to 6 April 2017 are net of 20% income tax.

Henderson Japan Opportunities Fund

Authorised Corporate Director's report

Investment Fund Manager

Janus Henderson Japanese Equity Team

Investment objective and policy

To aim to provide capital growth by investing in Japanese companies. The fund is not restricted in the size of companies in which it can invest.

Performance summary

| | 31 Oct 16 - 31 Oct 17 % | 31 Oct 15 - 31 Oct 16 % | 31 Oct 14 - 31 Oct 15 % | 31 Oct 13 - 31 Oct 14 % | 31 Oct 12 - 31 Oct 13 % |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Henderson Japan Opportunities Fund | 7.8 | 36.8 | 19.9 | (0.5) | 30.3 |
| JCGOJI Composite Benchmark* | 10.1 | 32.8 | 14.5 | 0.0 | 34.6 |

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

* The composite uses the Tokyo Stock exchange First Section (TOPIX) from 31/03/2015. Prior to this it was made up of the MSCI Japan Index.

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

Significant portfolio changes for the year ended 31 October 2017

| Largest purchases | £000 | Largest sales | £000 |
|-------------------------------|---------------|-----------------------------|---------------|
| Dentsu | 1,218 | Asahi Kasei | 1,065 |
| TDK | 1,168 | Recruit Holdings | 1,034 |
| Mitsubishi UFJ Financial | 1,110 | East Japan Railway | 916 |
| Fujifilm | 1,103 | Denso | 907 |
| Softbank | 1,052 | Hitachi | 895 |
| Yahoo! Japan | 1,039 | Fast Retailing | 867 |
| Fuji Heavy Industries | 1,016 | Seven & I Holdings | 864 |
| NTT | 1,007 | Mitsubishi Motors | 830 |
| Sony | 995 | Sumitomo Mitsui Financial | 823 |
| Nippon Steel & Sumitomo Metal | 918 | Mitsubishi Heavy Industries | 769 |
| Total purchases | 17,108 | Total sales | 15,123 |

Investment review

Review

The TOPIX total return index moved up 29% in local currency terms. As the yen depreciated from 127 to 149 against sterling, the index return in sterling terms was 10.1%. In November last year, equity markets rebounded globally in expectation of a better economic outlook under the new US president. The movement in US 10-year Treasury rates triggered a depreciation of the yen, while a pick up in the Japanese yield curve was limited due to the Bank of Japan's policy. This led to the strong appetite for Japanese equities, which have high correlation with US 10-year rates and a weaker yen. However, as US 10-year bond yields came back down, Japanese equities lost momentum despite strong corporate earnings, which registered record-high profits. It was the snap election called by Prime Minister Abe in September that changed the sentiment. The market interpreted the victory of Shinzo's political party, the LDP, to mean that supportive monetary and economic policy would be maintained, which led to the strong catch-up rally towards the end of October.

Performance

The fund returned 7.8% in sterling during this year, underperforming TOPIX by 2.3%. The most significant contributor to performance was our holding in DISCO, a semiconductor equipment manufacturer. We liked the company as it is well positioned in the semiconductor equipment business. It benefits not only from capital expenditure, but also from semiconductor production through sales of consumables. The stock extended its gain as the company revised its earnings up by a large margin. Our position in Recruit Holdings also boosted performance. The stock was re-evaluated by investors, as they started to understand the strength of its highly cash-generative business model. Ryohin Keikaku, which operates MUJI stores globally, was another positive contributor as investor confidence increased on secular earnings growth based on store expansion in China and strong same-store sales in Japan. On the other hand, our holding in Dentsu had a negative impact, due to weak organic growth in North America and Asia.

Activity

The number of fund holdings remained unchanged at 30. We introduced several new stocks. TDK is an electronics components manufacturer. The company is going through a transformational period through asset swaps to increase its automobile exposure and electronics sensor business. We believe the company can grow faster than the market expects. We have also bought a new position in Daiichi Sankyo, a pharmaceutical company, as the market seems to have underestimated the potential of new cancer drugs in the pipeline. We financed these purchases by selling stocks that reached their full value, including Asahi Kasei and East Japan Railway.

Outlook

We believe the outlook for Japanese equities remains positive. The unemployment rate is 2.8%, the lowest among developed countries and Japan's lowest rate since 1994. We view this as an opportunity for the Japanese economy, as this can end decades of deflation. The wage increase will translate into higher consumer confidence, allowing business to increase prices. Corporate earnings are strong. Assuming no change in the exchange rate, earnings per share in the TOPIX will grow by the low teens in this fiscal year and high single digits in the new fiscal year, registering further growth from historically high profits. However, price-to-earnings is only 15 times next fiscal year's earnings per share, the lowest among developed markets. We are also encouraged by recent progress in corporate governance, which has been translating into higher rewards to shareholders. The risk for equities will be yen appreciation and North Korea-related issues, which may cause higher volatility. We believe that risk-reward balance is very good in Japan and will continue to focus on stock picking, which will be the key determinant of the fund's performance.

Comparative tables for the year ended 31 October 2017

| | | Class A accumulation | |
|---|------------------------------|------------------------------|------------------------------|
| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 332.08 | 241.67 | 197.75 |
| Return before operating charges* | 30.31 | 94.79 | 47.86 |
| Operating charges | (5.79) | (4.38) | (3.94) |
| Return after operating charges* | 24.52 | 90.41 | 43.92 |
| Distributions on accumulation shares | - | (1.85) | - |
| Retained distributions on accumulation shares | - | 1.85 | - |
| Closing net asset value per share | 356.60 | 332.08 | 241.67 |
| * after direct transaction costs of: | 0.33 | 0.44 | 0.22 |

Performance

| | | | |
|----------------------|-------|--------|--------|
| Return after charges | 7.38% | 37.41% | 22.21% |
|----------------------|-------|--------|--------|

Other information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£000s) | 14,629 | 15,356 | 13,652 |
| Closing number of shares | 4,102,389 | 4,624,135 | 5,649,126 |
| Operating charges | 1.71% | 1.71% | 1.71% |
| Direct transaction costs | 0.10% | 0.17% | 0.09% |

Prices

| | | | |
|-----------------------------|--------|--------|--------|
| Highest share price (pence) | 360.10 | 333.40 | 262.40 |
| Lowest share price (pence) | 316.50 | 202.80 | 198.30 |

| | | Class I accumulation | |
|---|------------------------------|------------------------------|------------------------------|
| | 2017 (pence per share) | 2016 (pence per share) | 2015 (pence per share) |
| Change in net assets per share | | | |
| Opening net asset value per share | 367.18 | 264.94 | 214.98 |
| Return before operating charges* | 33.75 | 104.56 | 52.13 |
| Operating charges | (3.24) | (2.32) | (2.17) |
| Return after operating charges* | 30.51 | 102.24 | 49.96 |
| Distributions on accumulation shares | (2.70) | (8.53) | (2.17) |
| Retained distributions on accumulation shares | 2.70 | 8.53 | 2.17 |
| Closing net asset value per share | 397.69 | 367.18 | 264.94 |
| * after direct transaction costs of: | 0.37 | 0.46 | 0.24 |

Performance

| | | | |
|----------------------|-------|--------|--------|
| Return after charges | 8.31% | 38.59% | 23.24% |
|----------------------|-------|--------|--------|

Other information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£000s) | 14,975 | 10,594 | 23,182 |
| Closing number of shares | 3,765,369 | 2,885,246 | 8,749,642 |
| Operating charges | 0.86% | 0.86% | 0.85% |
| Direct transaction costs | 0.10% | 0.17% | 0.09% |

Prices

| | | | |
|-----------------------------|--------|--------|--------|
| Highest share price (pence) | 401.50 | 368.70 | 286.30 |
| Lowest share price (pence) | 350.30 | 222.90 | 215.70 |

Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business and may differ from the performance summary.

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

| | 2017 | 2016 |
|----------------|-------------|-------------|
| | % | % |
| Class A | 1.71 | 1.71 |
| Class I | 0.86 | 0.86 |

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 2 types of share in issue; A accumulation and I accumulation.

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



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

The value of an investment in the fund can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks.

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

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

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

Portfolio statement as at 31 October 2017

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---------|---|----------------------|---|
| | Equities 97.98% (2016: 95.93%) | | |
| | Japan 97.98% (2016: 95.93%) | | |
| | Consumer Discretionary 21.30% (2016: 16.12%) | | |
| 26,000 | Bridgestone | 928 | 3.14 |
| 29,200 | Dentsu | 933 | 3.15 |
| 28,300 | Don Quijote | 888 | 3.00 |
| 35,700 | Fuji Heavy Industries | 920 | 3.11 |
| 4,000 | Ryohin Keikaku | 885 | 2.99 |
| 34,200 | Sony | 1,001 | 3.37 |
| 59,100 | Sumitomo Electric Industries | 752 | 2.54 |
| | | <u>6,307</u> | <u>21.30</u> |
| | Consumer Staples 3.97% (2016: 9.49%) | | |
| 47,400 | Japan Tobacco | 1,176 | 3.97 |
| | Energy 2.82% (2016: 3.02%) | | |
| 104,600 | Inpex | 835 | 2.82 |
| | Financials 15.67% (2016: 17.36%) | | |
| 379,900 | Mitsubishi UFJ Financial | 1,919 | 6.48 |
| 77,700 | Orix | 998 | 3.37 |
| 82,100 | T&D Holdings | 951 | 3.21 |
| 24,000 | Tokio Marine Holdings | 772 | 2.61 |
| | | <u>4,640</u> | <u>15.67</u> |
| | Health Care 5.32% (2016: 2.91%) | | |
| 43,200 | Daiichi Sankyo | 744 | 2.51 |
| 19,600 | Takeda Pharmaceutical | 830 | 2.81 |
| | | <u>1,574</u> | <u>5.32</u> |
| | Industrials 9.32% (2016: 14.37%) | | |
| 5,700 | Fanuc | 995 | 3.36 |
| 43,600 | Kubota | 613 | 2.07 |
| 17,400 | Recruit Holdings | 320 | 1.08 |
| 62,200 | Seibu Holdings | 832 | 2.81 |
| | | <u>2,760</u> | <u>9.32</u> |
| | Information Technology 23.34% (2016: 20.86%) | | |
| 6,900 | Disco | 1,194 | 4.03 |
| 33,100 | Fujifilm | 1,015 | 3.43 |
| 254,000 | Fujitsu | 1,477 | 5.00 |
| 8,600 | Murata Manufacturing | 1,008 | 3.41 |
| 22,400 | TDK | 1,283 | 4.34 |
| 276,100 | Yahoo! Japan | 928 | 3.13 |
| | | <u>6,905</u> | <u>23.34</u> |
| | Materials 3.05% (2016: 5.99%) | | |
| 50,500 | Nippon Steel & Sumitomo Metal | 904 | 3.05 |
| | Real Estate 5.69% (2016: 5.81%) | | |
| 27,100 | Daiwa House Industries | 743 | 2.51 |
| 54,100 | Mitsui Fudosan | 942 | 3.18 |
| | | <u>1,685</u> | <u>5.69</u> |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---------|---|-------------------------|---|
| | Telecommunication Services 7.50% (2016: 0.00%) | | |
| 26,900 | NTT | 975 | 3.29 |
| 18,900 | Softbank | 1,246 | 4.21 |
| | | <u>2,221</u> | <u>7.50</u> |
| | Investment assets | <u>29,007</u> | <u>97.98</u> |
| | Other net assets | 597 | 2.02 |
| | Total net assets | <u>29,604</u> | <u>100.00</u> |

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

Statement of total return for the year ended 31 October 2017

| | Note | 2017 | | 2016 | |
|---|------|-------|--------------|-------|--------------|
| | | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Net capital gains | 2 | | 2,114 | | 6,480 |
| Revenue | 3 | 501 | | 769 | |
| Expenses | 4 | (362) | | (362) | |
| Net revenue before taxation | | 139 | | 407 | |
| Taxation | 5 | (50) | | (75) | |
| Net revenue after taxation | | | 89 | | 332 |
| Total return before distributions | | | 2,203 | | 6,812 |
| Distributions | 6 | | (102) | | (332) |
| Change in net assets attributable to shareholders from investment activities | | | 2,101 | | 6,480 |

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

| | | 2017 | | 2016 | |
|--|--|---------|---------------|----------|---------------|
| | | £000 | £000 | £000 | £000 |
| Opening net assets attributable to shareholders | | | 25,950 | | 36,834 |
| Amounts receivable on issue of shares | | 11,338 | | 6,903 | |
| Amounts payable on cancellation of shares | | (9,887) | | (24,626) | |
| | | | 1,451 | | (17,723) |
| Dilution adjustment | | | - | | 27 |
| Change in net assets attributable to shareholders from investment activities | | | 2,101 | | 6,480 |
| Retained distribution on accumulation shares | | | 102 | | 332 |
| Closing net assets attributable to shareholders | | | 29,604 | | 25,950 |

Balance sheet as at 31 October 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|---------------|---------------|
| Assets | | | |
| Investments | | 29,007 | 24,894 |
| Current assets: | | | |
| Debtors | 7 | 352 | 382 |
| Cash and bank balances | 8 | 410 | 733 |
| Total assets | | 29,769 | 26,009 |
| Liabilities | | | |
| Creditors: | | | |
| Bank overdrafts | | 72 | - |
| Other creditors | 9 | 93 | 59 |
| Total liabilities | | 165 | 59 |
| Net assets attributable to shareholders | | 29,604 | 25,950 |

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

1 Accounting policies

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

2 Net capital gains

Net capital gains on investments during the year comprise:

| | 2017 | 2016 |
|-------------------------------|--------------|--------------|
| | £000 | £000 |
| Forward currency contracts | (22) | 424 |
| Non-derivative securities | 2,128 | 6,596 |
| Other currency gains/(losses) | 12 | (536) |
| Transaction costs | (4) | (4) |
| Net capital gains | 2,114 | 6,480 |

3 Revenue

| | 2017 | 2016 |
|-----------------------|-------------|-------------|
| | £000 | £000 |
| Bank interest | 1 | 2 |
| Overseas dividends | 500 | 765 |
| Stock lending revenue | - | 2 |
| Total revenue | 501 | 769 |

4 Expenses

| | 2017 | 2016 |
|--|-------------|-------------|
| | £000 | £000 |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| Annual management charge | 321 | 320 |
| GAC* | 37 | 36 |
| | <u>358</u> | <u>356</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary fees | 2 | 4 |
| Safe custody fees | 2 | 2 |
| | <u>4</u> | <u>6</u> |
| Total expenses | 362 | 362 |

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £9,725 (2016: £7,240).

Notes to the financial statements (continued)

5 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

| | 2017 | 2016 |
|----------------------------|-------------|-------------|
| | £000 | £000 |
| Current tax | | |
| Overseas withholding tax | 50 | 75 |
| Total tax (note 5b) | 50 | 75 |

(b) Factors affecting current tax charge for year

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

| | 2017 | 2016 |
|--|-------------|-------------|
| | £000 | £000 |
| Net revenue before taxation | 139 | 407 |
| Corporation tax at 20% (2016: 20%) | 28 | 81 |
| Effects of: | | |
| Irrecoverable overseas tax | 50 | 75 |
| Overseas dividends* | (100) | (153) |
| Unused management expenses | 72 | 72 |
| Tax charge for the year (note 5a) | 50 | 75 |

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009. OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2016: nil).

(d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £2,458,708 (2016: £2,386,437) 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.

6 Distributions

| | 2017 | 2016 |
|----------------------------|-------------|-------------|
| | £000 | £000 |
| Final accumulation | 102 | 332 |
| Total distributions | 102 | 332 |
| Net revenue after taxation | 89 | 332 |
| Revenue shortfall | 13 | - |
| Total distributions | 102 | 332 |

Details of the distribution per share are set out in the distribution table on page 141.

Notes to the financial statements (continued)

7 Debtors

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Accrued revenue | 189 | 199 |
| Amounts receivable for issue of shares | 160 | 179 |
| Overseas withholding tax reclaimable | 3 | 4 |
| Total debtors | 352 | 382 |

8 Cash and bank balances

| | 2017 £000 | 2016 £000 |
|-------------------------------------|--------------|--------------|
| Cash and bank balances | 410 | 733 |
| Total cash and bank balances | 410 | 733 |

9 Other creditors

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Accrued annual management charge | 28 | 25 |
| Accrued other expenses | 4 | 4 |
| Amounts payable for cancellation of shares | 61 | 30 |
| Total other creditors | 93 | 59 |

10 Contingent liabilities and commitments

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

11 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 131 and 132 and notes 4, 7 and 9 on pages 133 to 135 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)

12 Shareholders funds

The fund currently has 2 share classes available; Class A (Retail with front-end charges), and Class I (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 |

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 page 126. The distribution per share class is given in the distribution table on page 141. All share classes have the same rights on winding up.

Shares reconciliation for the year ended 31 October 2017

| | Class A accumulation | Class I accumulation |
|----------------------------------|-------------------------|-------------------------|
| Opening number of shares | 4,624,135 | 2,885,246 |
| Issues during the year | 551,810 | 2,332,314 |
| Cancellations during the year | (849,812) | (1,653,241) |
| Shares converted during the year | (223,744) | 201,050 |
| Closing shares in issue | 4,102,389 | 3,765,369 |

13 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management.

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

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 31 October 2017 (2016: nil).

There was no exposure to derivatives as at 31 October 2017 (2016: nil).

Notes to the financial statements (continued)

14 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

There were no stock on loan at 31 October 2017 and no stock lending revenue received in the year to 31 October 2017.

2016

There were no stock on loan at 31 October 2016.

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

15 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 | Other net assets | Total net assets |
|-----------------|-------------------|------------------|------------------|
| | £000 | £000 | £000 |
| 2017 | | | |
| Currency | | | |
| Japanese yen | 29,007 | 192 | 29,199 |
| UK sterling | - | 405 | 405 |
| Total | 29,007 | 597 | 29,604 |
| | | | |
| | Investment assets | Other net assets | Total net assets |
| | £000 | £000 | £000 |
| 2016 | | | |
| Currency | | | |
| Japanese yen | 24,894 | 683 | 25,577 |
| UK sterling | - | 373 | 373 |
| Total | 24,894 | 1,056 | 25,950 |

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £29,199,000 (2016: £25,577,000). 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 October 2017 by £2,919,900 (2016: £2,557,700). 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 October 2017 by £2,919,900 (2016: £2,557,700).

Notes to the financial statements (continued)

15 Risk (continued)

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 | Within one year | Over one year but not more than five years | Over five years |
|-----------------|-----------|--------------------|--|--------------------|
| | £000 | £000 | £000 | £000 |
| 2017 | | | | |
| Bank overdrafts | 72 | - | - | - |
| Other creditors | - | 93 | - | - |
| Total | 72 | 93 | - | - |
| | | | | |
| | On demand | Within one year | Over one year but not more than five years | Over five years |
| | £000 | £000 | £000 | £000 |
| 2016 | | | | |
| Other creditors | - | 59 | - | - |
| Total | - | 59 | - | - |

Notes to the financial statements (continued)

16 Fair value

Fair value measurement

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

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

| Valuation technique | 2017 | | 2016 | |
|---------------------|----------------|---------------------|----------------|---------------------|
| | Assets £000 | Liabilities £000 | Assets £000 | Liabilities £000 |
| Level 1 | 29,007 | - | 24,894 | - |
| Level 2 | - | - | - | - |
| Level 3 | - | - | - | - |
| | <u>29,007</u> | <u>-</u> | <u>24,894</u> | <u>-</u> |

Notes to the financial statements (continued)

17 Direct transaction costs

| | Purchases | | Sales | |
|---|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 |
| Trades in the year | | | | |
| Equities | 17,093 | 22,595 | 15,135 | 40,838 |
| Trades in the year before transaction costs | 17,093 | 22,595 | 15,135 | 40,838 |
| Transaction costs | | | | |
| Commissions | | | | |
| Equities | 15 | 23 | 12 | 28 |
| Total commissions | 15 | 23 | 12 | 28 |
| Taxes | | | | |
| Equities | - | - | - | - |
| Total taxes | - | - | - | - |
| Other expenses | | | | |
| Equities | - | - | - | - |
| Total other expenses | - | - | - | - |
| Total transaction costs | 15 | 23 | 12 | 28 |
| Total net trades in the year after transaction costs | 17,108 | 22,618 | 15,123 | 40,810 |

| | Purchases | | Sales | |
|--|-------------|-------------|-------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | % | % | % | % |
| Total transaction cost expressed as a percentage of asset type cost | | | | |
| Commissions | | | | |
| Equities | 0.09 | 0.10 | 0.08 | 0.07 |
| Taxes | | | | |
| Equities | - | - | - | - |
| Other expenses | | | | |
| Equities | - | - | - | - |
| Total transaction cost expressed as a percentage of net asset value | | | | |
| Commissions | 0.10 | 0.17 | | |
| Taxes | - | - | | |
| Other expenses | - | - | | |
| Total costs | 0.10 | 0.17 | | |

There were no in specie transfers during the year (2016: nil). There were no corporate actions during the year (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 October 2017 was 0.13% (2016: 0.15%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

18 Events after the Balance sheet date

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

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

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

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

| | Distribution per share | Total distribution per share 29/12/2017 | Total distribution per share 30/12/2016 |
|-----------------------------|---------------------------|--|--|
| Class A accumulation | | | |
| Group 1 | - | - | 1.8469 |
| Group 2 | - | - | 1.8469 |
| Class I accumulation | | | |
| Group 1 | 2.7013 | 2.7013 | 8.5302 |
| Group 2 | 2.7013 | 2.7013 | 8.5302 |

Henderson World Select Fund

Authorised Corporate Director's report

Investment Fund Managers

Janus Henderson Global Equities Team

Investment objective and policy

To aim to provide capital growth by investing in a concentrated portfolio of company shares in any economic sector and any area of the world. The fund will invest in companies of any market capitalisation, and will invest in a portfolio of typically 30-40 holdings. The fund may also invest in cash and near cash and deposits. The fund may also make use of derivatives and forward transactions for the purpose of efficient portfolio management, including the use of stock lending.

Performance summary

| | 31 Oct 16 - 31 Oct 17 | 31 Oct 15 - 31 Oct 16 | 31 Oct 14 - 31 Oct 15 | 31 Oct 13 - 31 Oct 14 | 31 Oct 12 - 31 Oct 13 |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | % | % | % | % | % |
| Henderson World Select Fund | 12.4 | 17.7 | 8.0 | (1.0) | 31.7 |
| MSCI World Index | 13.5 | 28.8 | 6.0 | 9.7 | 26.8 |

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

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

Significant portfolio changes for the year ended 31 October 2017

| Largest purchases | £000 | Largest sales | £000 |
|--------------------------|---------------|----------------------|----------------|
| Microsoft | 3,936 | Willis Towers Watson | 5,448 |
| ABN Amro | 3,603 | Facebook | 5,074 |
| Texas Instruments | 3,304 | Shinhan Financial | 5,066 |
| Marsh & McLennan | 2,944 | Fairfax Financial | 4,223 |
| Adobe Systems | 2,916 | Hess | 4,116 |
| TE Connectivity | 2,895 | ABN Amro | 3,997 |
| Humana | 2,876 | Coca-Cola HBC | 3,724 |
| Visa | 2,422 | AON | 3,669 |
| Suzuki Motor | 2,088 | Fujifilm | 3,574 |
| Vodafone | 1,870 | Ashland Global | 3,333 |
| Total purchases | 41,876 | Total sales | 100,785 |

Investment review

Expectations that President Trump's policies, from lower taxes to increased fiscal spending, would be positive for economic growth underpinned strong equity markets early in the year. While economic data in the US showed some signs of plateauing and President Trump has certainly not had it all his own way with policy implementation, positive economic data in Europe, Japan and China supported investor expectations for strong economic growth during the second half of the year. Additionally, company earnings results through October of 2017 generally beat expectations. This helped to offset increasing geopolitical risk arising from US protectionist policies, increased tension between the US, Syria, Russia and North Korea, European elections and Brexit negotiations.

While global equity markets in local currencies delivered a strong a return of 22.4% over the year ended 31 October, the recovery in sterling reduced this to an admittedly very respectable, return of 13.5% for sterling-based investors. Over the year, the financials and information technology (IT) sectors delivered the strongest returns as companies met or exceeded earnings expectations, with the more defensive telecoms sector lagging the market. By region, European bourses performed strongly, with the UK's stock market mostly shrugging off the potential impact of the triggering of its 2-year negotiations to exit the European Union. Asian markets performed in line with the broad market measure on the back of a stronger-than-expected Chinese economy; however, the Japanese market struggled to gain ground until a convincing victory in a surprise election for Prime Minister Abe. Japanese companies also delivered the strongest earnings growth of any developed region over the reporting year. Meanwhile, the strong financials and IT sectors supported the US market. Moderation in the strength of the US dollar also helped emerging market equities perform well during the year.

The fund marginally outperformed its index during the year, returning 13.4% (I share class, midday price) versus 12.9% for the MSCI World index (NDR). The most positive contributions came from positions within the IT, consumer staples and energy sectors, which offset weakness in financials. Within the IT sector, the main positive contributor was the position in Russian internet search company Yandex, which rallied strongly on a string of positive earnings results. Analysts began to realise the conservative nature of management's earnings forecasts and significantly upgraded their full-year earnings estimates. US entertainment software company Activision Blizzard was also positive. The company behind "Call of Duty" and "World of Warcraft" video games announced very strong results during the year, with disciplined cost control improving margins. As such, the dividend was increased by 30% with a \$1bn buyback announced and full-year earnings guidance raised. PayPal Holdings was also a strong contributor to performance as investors reacted positively to continued growth in payments volumes and revenues. Within consumer staples, the position in Coca-Cola HBC added the most value. The stock benefited from operational improvements and balance sheet optimisation and its exposure to the growth in emerging markets over the year.

By sector, the main negative impact on performance was the underweight to US banks during their fourth quarter rally. The fund has been underweight US banks, as globally low interest rates have depressed net interest margins and profitability. Although higher interest rates will increase lending spreads at banks, many still have a return on capital below their cost of capital as a result of an increased regulatory burden on the sector. At the stock level, the most negative impact was the position in Teva Pharmaceuticals; the company reported weaker-than-expected sales, lowered guidance for 2017 sales and earnings per share from \$4.90-\$5.30 to \$4.30-\$4.50, and cut its dividend by 75%. Far greater-than-expected price competition among US generic pharmaceutical companies appears to be translating into accelerated price erosion and lower-than-expected new product competition. However, Teva is still planning to move forward with the divestitures of its Women's Health and European Oncology/Pain divisions to aid debt reduction. Despite the attractive valuation and prospect of debt reduction, we took the decision to sell the position as it was unclear when price competition might normalise. Within US industrials, the position in Wabtech was also a negative contributor to fund performance. The weakness was due to lower-than-expected growth in the US freight and transit markets. On a positive note, the company reported strong growth in their order backlog and continued to execute well on integrating the Faiveley acquisition; consequently, we took the opportunity to add to the position.

It seems almost miraculous that markets have been so resilient in the face of unsettled politics, increasingly hawkish central banks and some devastating natural disasters. Amazingly, the VIX index, a measure of volatility, is close to all-time lows. In general, though, economic conditions have continued to be favourable and many companies are reporting improving earnings trends. In the near term, however, we would not be surprised by a market correction or style rotation, and remain relatively cautious in our portfolio positioning.

Comparative tables for the year ended 31 October 2017

| | 2017 (pence per share) | Class A accumulation 2016 (pence per share) | 2015 (pence per share) |
|---|------------------------------|--|------------------------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 931.62 | 792.51 | 745.99 |
| Return before operating charges* | 142.90 | 153.22 | 60.15 |
| Operating charges | (16.57) | (14.11) | (13.63) |
| Return after operating charges* | 126.33 | 139.11 | 46.52 |
| Distributions on accumulation shares | (0.54) | (2.27) | - |
| Retained distributions on accumulation shares | 0.54 | 2.27 | - |
| Closing net asset value per share | 1,057.95 | 931.62 | 792.51 |
| * after direct transaction costs of: | 0.45 | 1.50 | 1.32 |

Performance

| | | | |
|----------------------|--------|--------|-------|
| Return after charges | 13.56% | 17.55% | 6.24% |
|----------------------|--------|--------|-------|

Other information

| | | | |
|---------------------------------|-----------|------------|------------|
| Closing net asset value (£000s) | 91,060 | 135,145 | 133,289 |
| Closing number of shares | 8,607,176 | 14,506,401 | 16,818,717 |
| Operating charges | 1.70% | 1.70% | 1.70% |
| Direct transaction costs | 0.05% | 0.18% | 0.17% |

Prices

| | | | |
|-----------------------------|----------|--------|--------|
| Highest share price (pence) | 1,059.00 | 955.40 | 871.80 |
| Lowest share price (pence) | 874.50 | 709.60 | 738.50 |

| | 2017 (pence per share) | Class I accumulation 2016 (pence per share) | 2015 (pence per share) |
|---|------------------------------|--|------------------------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 1,060.81 | 894.70 | 835.12 |
| Return before operating charges* | 163.75 | 174.14 | 67.27 |
| Operating charges | (9.56) | (8.03) | (7.69) |
| Return after operating charges* | 154.19 | 166.11 | 59.58 |
| Distributions on accumulation shares | (9.75) | (10.30) | (5.72) |
| Retained distributions on accumulation shares | 9.75 | 10.30 | 5.72 |
| Closing net asset value per share | 1,215.00 | 1,060.81 | 894.70 |
| * after direct transaction costs of: | 0.52 | 1.70 | 1.50 |

Performance

| | | | |
|----------------------|--------|--------|-------|
| Return after charges | 14.54% | 18.57% | 7.13% |
|----------------------|--------|--------|-------|

Other information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£000s) | 25,853 | 23,650 | 10,247 |
| Closing number of shares | 2,127,850 | 2,229,418 | 1,145,275 |
| Operating charges | 0.85% | 0.85% | 0.85% |
| Direct transaction costs | 0.05% | 0.18% | 0.17% |

Prices

| | | | |
|-----------------------------|----------|----------|--------|
| Highest share price (pence) | 1,217.00 | 1,087.00 | 979.50 |
| Lowest share price (pence) | 996.60 | 803.00 | 827.50 |

Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business and may differ from the performance summary.

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

| | 2017 | 2016 |
|----------------|-------------|-------------|
| | % | % |
| Class A | 1.70 | 1.70 |
| Class I | 0.85 | 0.85 |

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 2 types of share class in issue; A accumulation and I accumulation.

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



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

The value of an investment in the fund can go up or down. When you sell your shares they may be worth less than you paid for them.

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

The 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 which could amplify everyday risk and trigger other risks.

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

Portfolio statement for the year ended 31 October 2017

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---------|---|----------------------|---|
| | Equities 97.65% (2016: 98.87%) | | |
| | Brazil 2.86% (2016: 3.72%) | | |
| | Financials 2.86% (2016: 3.72%) | | |
| 346,208 | Itau Unibanco | 3,340 | 2.86 |
| | Canada 0.00% (2016: 3.93%) | | |
| | Consumer Discretionary 0.00% (2016: 0.97%) | | |
| | Financials 0.00% (2016: 2.96%) | | |
| | Germany 3.35% (2016: 3.59%) | | |
| | Information Technology 3.35% (2016: 3.59%) | | |
| 45,715 | SAP | 3,916 | 3.35 |
| | Israel 0.00% (2016: 2.54%) | | |
| | Health Care 0.00% (2016: 2.54%) | | |
| | Italy 1.11% (2016: 0.00%) | | |
| | Financials 1.11% (2016: 0.00%) | | |
| 90,200 | UniCredit | 1,300 | 1.11 |
| | Japan 6.68% (2016: 5.66%) | | |
| | Consumer Discretionary 3.09% (2016: 1.62%) | | |
| 88,500 | Suzuki Motor | 3,620 | 3.09 |
| | Consumer Staples 2.61% (2016: 1.64%) | | |
| 32,900 | Tsuruha | 3,057 | 2.61 |
| | Information Technology 0.00% (2016: 2.40%) | | |
| | Real Estate 0.98% (2016: 0.00%) | | |
| 205,300 | Leopalace21 | 1,147 | 0.98 |
| | Netherlands 2.65% (2016: 3.08%) | | |
| | Energy 2.65% (2016: 3.08%) | | |
| 127,971 | Royal Dutch Shell 'B' | 3,099 | 2.65 |
| | Portugal 3.06% (2016: 3.12%) | | |
| | Energy 3.06% (2016: 3.12%) | | |
| 256,230 | Galp Energia | 3,575 | 3.06 |
| | Russian Federation 3.11% (2016: 2.78%) | | |
| | Information Technology 3.11% (2016: 2.78%) | | |
| 142,571 | Yandex | 3,632 | 3.11 |
| | South Korea 0.00% (2016: 3.04%) | | |
| | Financials 0.00% (2016: 3.04%) | | |
| | Spain 3.80% (2016: 2.67%) | | |
| | Health Care 3.80% (2016: 2.67%) | | |
| 249,140 | Grifols ADR | 4,437 | 3.80 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|-----------|---|----------------------|---|
| | Switzerland 5.77% (2016: 6.48%) | | |
| | Consumer Staples 2.93% (2016: 3.35%) | | |
| 134,307 | Coca-Cola HBC | 3,418 | 2.93 |
| | Health Care 2.84% (2016: 3.13%) | | |
| 53,587 | Novartis | 3,326 | 2.84 |
| | United Kingdom 4.60% (2016: 2.88%) | | |
| | Consumer Discretionary 1.44% (2016: 1.87%) | | |
| 443,201 | Merlin Entertainments | 1,679 | 1.44 |
| | Materials 1.07% (2016: 0.00%) | | |
| 239,900 | DS Smith | 1,250 | 1.07 |
| | Telecommunication Services 2.09% (2016: 1.01%) | | |
| 1,135,591 | Vodafone | 2,448 | 2.09 |
| | United States 60.66% (2016: 55.38%) | | |
| | Consumer Discretionary 4.29% (2016: 5.31%) | | |
| 76,771 | Carnival | 3,838 | 3.29 |
| 19,291 | Dollar General | 1,174 | 1.00 |
| | | 5,012 | 4.29 |
| | Consumer Staples 6.68% (2016: 6.09%) | | |
| 94,253 | Coca-Cola | 3,263 | 2.79 |
| 22,800 | CVS Health | 1,176 | 1.01 |
| 42,696 | Philip Morris International | 3,365 | 2.88 |
| | | 7,804 | 6.68 |
| | Energy 0.00% (2016: 2.95%) | | |
| | Financials 7.51% (2016: 9.62%) | | |
| 20,600 | AON | 2,225 | 1.90 |
| 131,044 | Citizens Financial | 3,751 | 3.21 |
| 46,000 | Marsh & McLennan | 2,803 | 2.40 |
| | | 8,779 | 7.51 |
| | Health Care 5.61% (2016: 5.63%) | | |
| 15,900 | Humana | 3,058 | 2.62 |
| 38,207 | Zimmer Holdings | 3,499 | 2.99 |
| | | 6,557 | 5.61 |
| | Industrials 4.83% (2016: 3.21%) | | |
| 61,114 | Wabtec | 3,521 | 3.01 |
| 42,400 | Xylem | 2,124 | 1.82 |
| | | 5,645 | 4.83 |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---|---------------------|-----------------------|---|
| Information Technology 28.73% (2016: 16.43%) | | | |
| 84,816 | Activision Blizzard | 4,182 | 3.58 |
| 25,000 | Adobe Systems | 3,298 | 2.82 |
| 5,586 | Alphabet 'C' | 4,277 | 3.66 |
| 135,663 | eBay | 3,845 | 3.29 |
| 71,000 | Microsoft | 4,446 | 3.79 |
| 78,064 | PayPal | 4,265 | 3.65 |
| 43,900 | TE Connectivity | 3,008 | 2.57 |
| 49,800 | Texas Instruments | 3,626 | 3.10 |
| 32,100 | Visa | 2,658 | 2.27 |
| | | <u>33,605</u> | <u>28.73</u> |
| Materials 3.01% (2016: 6.14%) | | | |
| 77,747 | Crown Holdings | <u>3,523</u> | <u>3.01</u> |
| Investment assets | | 114,169 | 97.65 |
| | Other net assets | <u>2,744</u> | <u>2.35</u> |
| Total net assets | | <u>116,913</u> | <u>100.00</u> |

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

Statement of total return for the year ended 31 October 2017

| | | 2017 | | 2016 | |
|---|------|---------|---------------|---------|---------------|
| | Note | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Net capital gains | 2 | | 15,878 | | 23,873 |
| Revenue | 3 | 2,546 | | 3,162 | |
| Expenses | 4 | (2,053) | | (2,312) | |
| Interest payable and similar charges | 5 | - | | (1) | |
| Net revenue before taxation | | 493 | | 849 | |
| Taxation | 6 | (239) | | (290) | |
| Net revenue after taxation | | | 254 | | 559 |
| Total return before distributions | | | 16,132 | | 24,432 |
| Distributions | 7 | | (254) | | (559) |
| Change in net assets attributable to shareholders from investment activities | | | 15,878 | | 23,873 |

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2017

| | | 2017 | | 2016 | |
|--|--|----------|----------------|----------|----------------|
| | | £000 | £000 | £000 | £000 |
| Opening net assets attributable to shareholders | | | 158,795 | | 143,536 |
| Amounts receivable on issue of shares | | 3,804 | | 2,890 | |
| Amounts payable on cancellation of shares | | (61,884) | | (12,063) | |
| | | | (58,080) | | (9,173) |
| Dilution adjustment | | | 66 | | - |
| Change in net assets attributable to shareholders from investment activities | | | 15,878 | | 23,873 |
| Retained distributions on accumulation shares | | | 254 | | 559 |
| Closing net assets attributable to shareholders | | | 116,913 | | 158,795 |

Balance sheet as at 31 October 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|----------------|----------------|
| Assets: | | | |
| Investments | | 114,169 | 157,009 |
| Current assets: | | | |
| Debtors | 8 | 206 | 1,171 |
| Cash and bank balances | 9 | 2,717 | 959 |
| Total assets | | 117,092 | 159,139 |
| Liabilities: | | | |
| Creditors: | | | |
| Other creditors | 10 | 179 | 344 |
| Total liabilities | | 179 | 344 |
| Net assets attributable to shareholders | | 116,913 | 158,795 |

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

1 Accounting and distribution policies

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

2 Net capital gains

Net capital gains on investments during the year comprise:

| | 2017 | 2016 |
|-------------------------------|---------------|---------------|
| | £000 | £000 |
| Forward currency contracts | (45) | 70 |
| Non-derivative securities | 16,073 | 23,774 |
| Other currency (losses) gains | (145) | 33 |
| Transaction costs | (5) | (4) |
| Net capital gains | 15,878 | 23,873 |

3 Revenue

| | 2017 | 2016 |
|-----------------------|--------------|--------------|
| | £000 | £000 |
| Bank interest | 2 | 11 |
| Overseas dividends | 2,071 | 2,594 |
| Stock lending revenue | 3 | 13 |
| UK dividends | 470 | 544 |
| Total revenue | 2,546 | 3,162 |

4 Expenses

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| Annual management charge | 1,808 | 2,039 |
| GAC* | 213 | 242 |
| | <u>2,021</u> | <u>2,281</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary fees | 10 | 14 |
| Safe custody fees | 10 | 11 |
| | <u>20</u> | <u>25</u> |
| Other expenses: | | |
| Dividend collection charges | 12 | 5 |
| Professional fees | - | 1 |
| | <u>12</u> | <u>6</u> |
| Total expenses | 2,053 | 2,312 |

Irrecoverable VAT is included in the above expenses where relevant.

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

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Interest payable | - | 1 |
| Total interest payable and similar charges | - | 1 |

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

| | 2017 £000 | 2016 £000 |
|----------------------------|--------------|--------------|
| Current tax | | |
| Overseas withholding tax | 239 | 290 |
| Total tax (note 6b) | 239 | 290 |

(b) Factors affecting tax charge for year

The tax assessed for the 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 | 493 | 849 |
| Corporation tax at 20% (2016: 20%) | 99 | 170 |
| Effects of: | | |
| Irrecoverable overseas tax | 239 | 290 |
| Overseas dividends* | (334) | (472) |
| Tax effect of expensed double taxation relief | (12) | (7) |
| UK dividends** | (94) | (109) |
| Unused management expenses | 341 | 418 |
| Tax charge for the year (note 6a) | 239 | 290 |

* 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 £3,406,837 (2016: £3,066,031) 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 accumulation | 254 | 559 |
| Total distributions | 254 | 559 |

Details of the distribution per share are set out in the distribution tables on page 161.

8 Debtors

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Accrued revenue | 76 | 66 |
| Amounts receivable for issue of shares | 2 | - |
| Overseas withholding tax reclaimable | 128 | 116 |
| Sales awaiting settlement | - | 989 |
| Total debtors | 206 | 1,171 |

9 Cash and bank balances

| | 2017 £000 | 2016 £000 |
|-------------------------------------|--------------|--------------|
| Cash and bank balances | 2,717 | 959 |
| Total cash and bank balances | 2,717 | 959 |

10 Other creditors

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Accrued annual management charge | 131 | 188 |
| Accrued Depositary's fee | 1 | 2 |
| Accrued other expenses | 17 | 25 |
| Amounts payable for cancellation of shares | 30 | 129 |
| Total other creditors | 179 | 344 |

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 150 and 151 and notes 4, 8 and 10 on pages 152 to 154 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

Notes to the financial statements (continued)

13 Shareholder funds

The fund currently has 2 share classes available; Class A and Class I. 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 |

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 page 144. The distribution per share class is given in the distribution table on page 161. All share classes have the same rights on winding up.

Shares reconciliation for the year ended 31 October 2017

| | Class A accumulation | Class I accumulation |
|----------------------------------|-------------------------|-------------------------|
| Opening number of shares | 14,506,401 | 2,229,418 |
| Issues during the year | 359,322 | 28,973 |
| Cancellations during the year | (6,090,301) | (277,428) |
| Shares converted during the year | (168,246) | 146,887 |
| Closing shares in issue | 8,607,176 | 2,127,850 |

14 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management.

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

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 31 October 2017 (2016: nil).

There was no exposure to derivatives as at 31 October 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 and efficient portfolio management.

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

Eligible collateral types for Stock Lending and borrowing transactions are approved by the Investment Manager and may consist of securities issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and organisations with regional, EU and world-wide scope, generally subject to a minimum long term credit rating of at least A- by one or more major credit rating agency or listed equities on eligible markets. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102.50% to 110.00% of the value of the stock on loan.

2017

| Counterparty | Total market value of stock on loan £000 | Amount of collateral received £000 | Type of collateral |
|--------------|--|--|--------------------|
| Natixis | 3,335 | 3,705 | Equity |
| | 3,335 | 3,705 | |

| Recipient | Relationship | Gross income £000 | Direct and indirect expenses £000 | Net income £000 |
|-------------|---------------------|----------------------|---|--------------------|
| BNP Paribas | Stock lending agent | 4 | 1 | 3 |

2016

| Counterparty | Total market value of stock on loan £000 | Amount of collateral received £000 | Type of collateral |
|--------------|--|--|--------------------|
| Citigroup | 1,547 | 1,709 | Equity |
| Citigroup | 2,318 | 2,434 | Government Bond |
| | 3,865 | 4,143 | |

| Recipient | Relationship | Gross income £000 | Direct and indirect expenses £000 | Net income £000 |
|-------------|---------------------|----------------------|---|--------------------|
| BNP Paribas | Stock lending agent | 15 | 2 | 13 |

Notes to the financial statements (continued)

16 Risk

Currency risk

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

| | Investment assets £000 | Other net assets £000 | Total net assets £000 |
|-----------------|------------------------------|-----------------------------|-----------------------------|
| 2017 | | | |
| Currency | | | |
| Euro | 8,791 | 25 | 8,816 |
| Japanese yen | 7,824 | 57 | 7,881 |
| Swiss franc | 3,326 | 61 | 3,387 |
| UK sterling | 11,894 | 2,475 | 14,369 |
| US dollar | 82,334 | 126 | 82,460 |
| Total | 114,169 | 2,744 | 116,913 |

| | Investment assets £000 | Other net assets £000 | Total net assets £000 |
|-----------------|------------------------------|-----------------------------|-----------------------------|
| 2016 | | | |
| Currency | | | |
| Canadian dollar | 6,237 | - | 6,237 |
| Euro | 10,653 | 162 | 10,815 |
| Japanese yen | 8,989 | 56 | 9,045 |
| Korean won | 4,833 | 989 | 5,822 |
| Swiss franc | 4,973 | 27 | 5,000 |
| UK sterling | 14,781 | 410 | 15,191 |
| US dollar | 106,543 | 142 | 106,685 |
| Total | 157,009 | 1,786 | 158,795 |

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £102,544,000 (2016: £143,604,000). 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 October 2017 by £10,254,400 (2016: £14,360,400). 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 October 2017 by £10,254,400 (2016: £14,360,400).

Interest rate risk

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

Other market price risk

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

Leverage

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

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

The following table provides a maturity analysis of the funds' 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 |
|-----------------|-------------------|----------------------------|--|----------------------------|
| 2017 | | | | |
| Other creditors | - | 179 | - | - |
| Total | - | 179 | - | - |
| | On demand £000 | Within one year £000 | Over one year but not more than five years £000 | Over five years £000 |
| 2016 | | | | |
| Other creditors | - | 344 | - | - |
| Total | - | 344 | - | - |

17 Fair value disclosure

Fair value measurement

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

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

| Valuation technique | 2017 | | 2016 | |
|---------------------|----------------|---------------------|----------------|---------------------|
| | Assets £000 | Liabilities £000 | Assets £000 | Liabilities £000 |
| Level 1 | 114,169 | - | 157,009 | - |
| Level 2 | - | - | - | - |
| Level 3 | - | - | - | - |
| | 114,169 | - | 157,009 | - |

Notes to the financial statements (continued)

18 Direct transaction costs

| | Purchases | | Sales | |
|---|---------------|---------------|----------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 |
| Trades in the year | | | | |
| Equities | 41,822 | 88,935 | 100,858 | 93,763 |
| Trades in the year before transaction costs | 41,822 | 88,935 | 100,858 | 93,763 |
| Transaction costs | | | | |
| Commissions | | | | |
| Equities | 38 | 104 | 56 | 106 |
| Total commissions | 38 | 104 | 56 | 106 |
| Taxes | | | | |
| Equities | 15 | 44 | 11 | 3 |
| Total taxes | 15 | 44 | 11 | 3 |
| Other expenses | | | | |
| Equities | 1 | 4 | 6 | 2 |
| Total other expenses | 1 | 4 | 6 | 2 |
| Total transaction costs | 54 | 152 | 73 | 111 |
| Total net trades in the year after transaction costs | 41,876 | 89,087 | 100,785 | 93,652 |

| | Purchases | | Sales | |
|--|-----------|------|-------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | % | % | % | % |
| Total transaction cost expressed as a percentage of asset type cost | | | | |
| Commissions | | | | |
| Equities | 0.09 | 0.12 | 0.06 | 0.11 |
| Taxes | | | | |
| Equities | 0.04 | 0.05 | 0.01 | - |
| Other expenses | | | | |
| Equities | - | - | - | - |

| | 2017 | 2016 |
|---|-------------|-------------|
| | % | % |
| Total transaction costs expressed as a percentage of net asset value | | |
| Commissions | 0.07 | 0.14 |
| Taxes | 0.02 | 0.04 |
| Other expenses | 0.01 | - |
| Total costs | 0.10 | 0.18 |

There were no in specie transfers during the year (2016: nil). There were no corporate actions during the year (2016: £1,141,723).

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 October 2017 is 0.04% (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

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

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

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

Group 1 : shares purchased prior to 1 November 2016

Group 2 : shares purchased on or after 1 November 2016

| | Distribution per share | Total Distribution per share 29/12/17 | Total Distribution paid 30/12/16 |
|-----------------------------|---------------------------|--|---|
| Class A accumulation | | | |
| Group 1 | 0.5407 | 0.5407 | 2.2693 |
| Group 2 | 0.5407 | 0.5407 | 2.2693 |
| Class I accumulation | | | |
| Group 1 | 9.7515 | 9.7515 | 10.2997 |
| Group 2 | 9.7515 | 9.7515 | 10.2997 |

Appendix - Additional Information (unaudited)

Securities Financing Transactions

The funds engage in Securities Financing Transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the funds' involvement in and exposures related to securities lending for the year ending 31 October 2017 are detailed below.

Global Data

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

| Stock lending | | | |
|--|------------------------------------|----------------------|----------|
| Fund | Market value of securities on loan | % of lendable assets | % of AUM |
| Henderson Asia Pacific Capital Growth Fund | 10,289 | 5.02 | 4.95 |
| Henderson Institutional Overseas Bond Fund | 34,368 | 13.99 | 13.68 |
| Henderson World Select Fund | 3,335 | 2.92 | 2.85 |

Concentration Data

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

| Issuer | Market value of collateral received £000 | Issuer | Market value of collateral received £000 |
|---|---|---|---|
| Henderson Asia Pacific Capital Growth Fund | | Henderson Institutional Overseas Bond Fund | |
| Baloise Holdings | 402 | Government of Japan | 24,038 |
| Deutsche Telekom | 338 | KFW | 8,114 |
| CRH | 307 | Regie Autonome des Transports Parisiens | 371 |
| Swiss Prime Site | 305 | Banco Santander Central Hispano | 327 |
| Siemens | 304 | Government of Ireland | 321 |
| Facebook 'A' | 250 | Banco Bilbao Vizcaya Argentaria | 300 |
| ASML | 248 | Petrochina | 234 |
| BioMerieux | 222 | Haitong Securities | 222 |
| Schindler | 209 | PICC Property & Casualty Services 'H' | 190 |
| International Consolidated Airlines | 193 | Partners | 136 |
| Henderson World Select Fund | | | |
| Deutsche Telekom | 316 | | |
| CRH | 287 | | |
| Siemens | 283 | | |
| ASML | 231 | | |
| Deutsche Post | 170 | | |
| Total | 146 | | |
| Danone | 146 | | |
| Alstom | 144 | | |
| Casino Guichard Perrachon | 143 | | |
| Credit Agricole | 131 | | |

Appendix - Additional Information (unaudited) (continued)

Securities Financing Transactions (continued)

The following table details the top ten counterparties of each type of SFTs (based on gross volume of outstanding transactions), for each fund as at 31 October 2017:

| Counterparty | Market value of securities on loan £000 | Settlement basis | Counterparty | Market value of securities on loan £000 |
|---|---|------------------|---|---|
| Henderson Asia Pacific Capital Growth Fund | | | Henderson Institutional Overseas Bond Fund | |
| Deutsche Bank | 6,712 | Tri-party | RBS | 22,832 |
| Natixis | 3,577 | Tri-party | JP Morgan | 11,536 |
| | <u>10,289</u> | | | <u>34,368</u> |
| Henderson World Select Fund | | | | |
| Natixis | 3,335 | Tri-party | | |
| | <u>3,335</u> | | | |

All counterparties have been included

Aggregate transaction data

| Counterparty | Counterparty country of origin | Type | Quality | Collateral CCY | Settlement basis | Custodian | Market value of collateral received £000 |
|---|--------------------------------|-----------------|---------------------|----------------|------------------|-------------|--|
| Henderson Asia Pacific Capital Growth Fund | | | | | | | |
| Deutsche Bank | Germany | Equity | Main market listing | CHF | Triparty | BNP Paribas | 3,455 |
| Deutsche Bank | Germany | Equity | Main market listing | EUR | Triparty | BNP Paribas | 2,975 |
| Deutsche Bank | Germany | Equity | Main market listing | GBP | Triparty | BNP Paribas | 187 |
| Deutsche Bank | Germany | Equity | Main market listing | HKD | Triparty | BNP Paribas | 283 |
| Deutsche Bank | Germany | Equity | Main market listing | JPY | Triparty | BNP Paribas | 147 |
| Deutsche Bank | Germany | Equity | Main market listing | USD | Triparty | BNP Paribas | 504 |
| Natixis | France | Equity | Main market listing | CHF | Triparty | BNP Paribas | 90 |
| Natixis | France | Equity | Main market listing | EUR | Triparty | BNP Paribas | 2,773 |
| Natixis | France | Equity | Main market listing | GBP | Triparty | BNP Paribas | 527 |
| Natixis | France | Equity | Main market listing | JPY | Triparty | BNP Paribas | 475 |
| Natixis | France | Equity | Main market listing | USD | Triparty | BNP Paribas | 109 |
| | | | | | | | <u>11,525</u> |
| Henderson Institutional Overseas Bond Fund | | | | | | | |
| JP Morgan | United States | Equity | Main market listing | CHF | Triparty | BNP Paribas | 929 |
| JP Morgan | United States | Equity | Main market listing | EUR | Triparty | BNP Paribas | 1,012 |
| JP Morgan | United States | Equity | Main market listing | GBP | Triparty | BNP Paribas | 135 |
| JP Morgan | United States | Equity | Main market listing | HKD | Triparty | BNP Paribas | 1,254 |
| JP Morgan | United States | Equity | Main market listing | JPY | Triparty | BNP Paribas | 49 |
| JP Morgan | United States | Equity | Main market listing | AUD | Triparty | BNP Paribas | 57 |
| JP Morgan | United States | Corporate Bond | Investment grade | EUR | Triparty | BNP Paribas | 8,581 |
| JP Morgan | United States | Government Bond | Investment grade | EUR | Triparty | BNP Paribas | 321 |
| Royal Bank of Scotland | United Kingdom | Government Bond | Investment grade | JPY | Triparty | BNP Paribas | 24,038 |
| | | | | | | | <u>36,376</u> |

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 |
|------------------------------------|--------------------------------|--------|---------------------|----------------|------------------|-------------|--|
| Henderson World Select Fund | | | | | | | |
| Natixis | France | Equity | Main market listing | CHF | Triparty | BNP Paribas | 84 |
| Natixis | France | Equity | Main market listing | EUR | Triparty | BNP Paribas | 2,586 |
| Natixis | France | Equity | Main market listing | GBP | Triparty | BNP Paribas | 491 |
| Natixis | France | Equity | Main market listing | JPY | Triparty | BNP Paribas | 443 |
| Natixis | France | Equity | Main market listing | USD | Triparty | BNP Paribas | 101 |
| | | | | | | | 3,705 |

All collateral is held in segregated accounts.

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

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

| Fund | Total gross amount of securities lending income £000 | Direct and indirect costs and fees deducted by securities lending agent £000 | % return of the securities lending agent | Net securities lending income retained by the fund £000 | % return of the fund |
|--|--|--|--|---|----------------------|
| Henderson Asia Pacific Capital Growth Fund | 5 | 1 | 15% | 4 | 85% |
| Henderson Institutional Overseas Bond Fund | 48 | 7 | 15% | 41 | 85% |
| Henderson World Select Fund | 4 | 1 | 15% | 3 | 85% |

Appendix - Additional Information (unaudited) (continued)

Remuneration Policy

Following the implementation of the UCITS V in the UK from 18 March 2016, all authorised UCITS Management Companies are required to comply with the UCITS Remuneration Code. Under the Code, the Remuneration Committee of Henderson Group plc* in its oversight of Henderson Investment Funds Limited ("HIFL") must make relevant remuneration disclosures in the first full performance year following the implementation date.

The disclosures must split remuneration between fixed and variable remuneration and must break down remuneration for categories of UCITS Code Staff (defined as all staff whose professional activities have a material impact on the risk profiles of the funds it manages). The Henderson Group plc* Remuneration Committee approves the list of UCITS Code Staff annually. In addition, identified UCITS Code Staff are notified of their status and the associated implications annually.

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

The Remuneration Committee of Henderson Group plc* has established a Remuneration Policy, one of the guiding principles of which is to ensure that the remuneration of its employees is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of each AFM and the funds they manage. This policy applies to HIFL and Henderson Global Funds.

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

| | Headcount [1] | Total Remuneration (£'000s) [2,3] |
|---|---------------|-----------------------------------|
| Henderson Asia Pacific Capital Growth Fund | 829 | 704 |
| of which | | |
| Fixed Remuneration | 829 | 373 |
| Variable Remuneration | 822 | 331 |
| Carried Interest | n/a | - |
| Henderson Asia Pacific Capital Growth Fund Remuneration Code Staff | 35 | 612 |
| of which | | |
| Senior Management [4] | 19 | 17 |
| Other Code Staff [5] | 16 | 595 |

| | Headcount [1] | Total Remuneration (£'000s) [2,3] |
|---|---------------|-----------------------------------|
| Henderson Global Technology Fund | 830 | 632 |
| of which | | |
| Fixed Remuneration | 830 | 326 |
| Variable Remuneration | 823 | 306 |
| Carried Interest | n/a | - |
| Henderson Global Technology Fund Remuneration Code Staff | 36 | 335 |
| of which | | |
| Senior Management [4] | 19 | 56 |
| Other Code Staff [5] | 17 | 279 |

Appendix - Additional Information (unaudited) (continued)

Remuneration Policy (continued)

| | Headcount [1] | Total Remuneration (£'000s) [2,3] |
|---|---------------|-----------------------------------|
| Henderson Institutional Global Buy & Maintain Fund | 828 | 133 |
| of which | | |
| Fixed Remuneration | 828 | 79 |
| Variable Remuneration | 821 | 54 |
| Carried Interest | n/a | - |
| Henderson Institutional Global Buy & Maintain Fund Remuneration Code Staff | 34 | 42 |
| of which | | |
| Senior Management [4] | 19 | 17 |
| Other Code Staff [5] | 15 | 25 |

| | Headcount [1] | Total Remuneration (£'000s) [2,3] |
|---|---------------|-----------------------------------|
| Henderson Institutional Overseas Bond Fund | 828 | 192 |
| of which | | |
| Fixed Remuneration | 828 | 114 |
| Variable Remuneration | 821 | 78 |
| Carried Interest | n/a | - |
| Henderson Institutional Overseas Bond Fund Remuneration Code Staff | 34 | 77 |
| of which | | |
| Senior Management [4] | 19 | 22 |
| Other Code Staff [5] | 15 | 56 |

Proposed Disclosure for Trust ARA

| | Headcount [1] | Total Remuneration (£'000s) [2,3] |
|---|---------------|-----------------------------------|
| Henderson Japan Opportunities Fund | 828 | 76 |
| of which | | |
| Fixed Remuneration | 828 | 62 |
| Variable Remuneration | 821 | 14 |
| Carried Interest | n/a | - |
| Henderson Japan Opportunities Fund Remuneration Code Staff | 34 | 63 |
| of which | | |
| Senior Management [4] | 19 | 2 |
| Other Code Staff [5] | 15 | 61 |

| | Headcount [1] | Total Remuneration (£'000s) [2,3] |
|--|---------------|-----------------------------------|
| Henderson World Select Fund | 829 | 322 |
| of which | | |
| Fixed Remuneration | 829 | 192 |
| Variable Remuneration | 822 | 130 |
| Carried Interest | n/a | - |
| Henderson World Select Fund Remuneration Code Staff | 35 | 257 |
| of which | | |
| Senior Management [4] | 19 | 12 |
| Other Code Staff [5] | 16 | 244 |

Appendix - Additional Information (unaudited) (continued)

Remuneration Policy (continued)

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

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

Further information

Shareholder enquiries

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

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

The following line is also available:

Client Services: 0800 832 832

or you can contact us via e-mail at **support@janushenderson.com**

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

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

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