



ANNUAL REPORT & ACCOUNTS

For the year ended
31 May 2020

Janus Henderson
— INVESTORS —

Janus Henderson Multi-Manager Diversified Fund

Who are Janus Henderson Investors?

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

Our active management offers clients the opportunity to outperform passive portfolios over the course of market cycles. With more than 345 investment professionals, we provide access to some of the industry's most talented and innovative thinkers, spanning equities, fixed income, multi-asset, and alternatives, globally. Our investment teams blend insight, originality, and precision with rigorous analysis, structured processes, and robust risk management. We build client partnerships on openness and trust, channelling expertise from across the business and communicating the views of our experts in a timely and relevant way. As at 30 June 2020, we had £272.5bn assets under management, more than 2,000 employees and 27 offices 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.

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* These collectively comprise the Authorised Fund Manager's Report.

Authorised Fund Manager's report for the year ended 31 May 2020

We are pleased to present the Annual Report and Accounts for Janus Henderson Multi-Manager Diversified Fund (the 'fund') for the year ended 31 May 2020.

Authorised status

The fund is an authorised unit trust scheme under section 243 of the Financial Services and Markets Act 2000. It is a UCITS scheme complying with chapter 5 of the Collective Investment Schemes Sourcebook (COLL). The operation of the scheme is governed by the Trust Deed, COLL and Prospectus.

The fund was established by a Trust Deed dated 17 May 1991. It was authorised by the Financial Conduct Authority (FCA) on 9 May 1991.

Unitholders are not liable for the debts of the fund.

Brexit update

Janus Henderson Investors established a Brexit project following the 2016 referendum to look at all possible Brexit impacts including distribution, regulatory permissions and licences, Human Resources, Information Technology and Operations. Through this project, Janus Henderson Investors sought to minimise the potential impact on investors regardless of the end outcome of Brexit.

The project is actively involved in discussions with regulators, industry groups and clients to remain abreast of developments that may impact on our preparations.

The project team is supported by a number of law firms both in the UK and across multiple European countries.

We have a long history in both the UK and continental Europe, and the planned build out of our existing office in Luxembourg was completed in 2019. We are well placed to continue to support our clients globally after Brexit.

Value assessment

The board of Henderson Investment Funds Limited present the value assessment report for the period to 31 December 2019, made available on our website www.janushenderson.com. Access by this link (https://cdn.janushenderson.com/webdocs/H045178_0420_VAR_Final_2020_LATEST.pdf).

Over the period 2015 to 2019, the UK's financial services regulator, the Financial Conduct Authority (FCA), carried out a study of the asset management industry to understand how asset managers compete to deliver value to investors. The findings of this study have given rise to a range of FCA initiatives, one being for the Board of the Authorised Fund Manager (the body responsible for an investment fund) in the UK to perform detailed assessments of whether funds are providing value to investors, and publish an annual statement summarising the outcome of this process, known as the value assessment.

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

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

COVID-19

An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now been declared a pandemic by the World Health Organization. The impact of COVID-19 has now been highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of a fund's investments. This may impact liquidity in the marketplace, which in turn may affect the fund's ability to meet redemption requests. Public health crises caused by the COVID-19 pandemic may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 pandemic and its effects cannot be determined with certainty, and could prevent a fund from executing advantageous investment decisions in a timely manner and negatively impact a fund's ability to achieve its investment objective.

Authorised Fund Manager's report (continued)

Service providers

	Name	Address	Regulator
Authorised Fund Manager	Henderson Investment Funds Limited Member of the Investment Association The ultimate holding company is Janus Henderson Group plc	Registered Office: 201 Bishopsgate London EC2M 3AE Registered in England No 2678531 Dealing – 0845 608 8703 Enquiries – 0800 832 832	Authorised and regulated by the Financial Conduct Authority
Directors of the Authorised Fund Manager	R Chaudhuri (from 17.03.20) A Crooke G Foggin G Fogo S Hillenbrand H J de Sausmarez P Shea (from 07.06.19)* F Smith* R Thompson (to 31.12.19) *Independent		
Investment Advisor	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
Unitholder Administrator	SS&C Financial Services International Limited and SS&C Financial Services Europe Limited	SS&C House St Nicholas Lane Basildon Essex SS15 5FS	Authorised and regulated by the Financial Conduct Authority
Trustee and Depositary	NatWest Trustee and Depositary Services Limited The ultimate holding company is the Royal Bank of Scotland Group plc	250 Bishopsgate London EC2M 4AA	Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and by the Prudential Regulation Authority
Independent Auditors	PricewaterhouseCoopers LLP	141 Bothwell Street Glasgow G2 7EQ	Institute of Chartered Accountants in England and Wales
Legal Adviser	Eversheds Sutherland (International) LLP	One Wood Street London EC2V 7WS	The Law Society

Authorised Fund Manager's report (continued)

Investment Fund Managers

Dean Cheeseman , Nick Watson and Paul O'Connor

Investment objective and policy

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

Performance target: To outperform the IA Mixed Investment 0-35% Shares Sector average, after the deduction of charges, over any 5 year period.

The fund invests in Collective Investment Schemes (other funds including those managed by Janus Henderson and Exchange Traded Funds) to provide diversified global exposure to a range of assets including shares (equities) of companies, bonds issued by companies and governments, and to a lesser extent, alternative assets such as property, commodities, private equity and hedge funds.

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

The fund is actively managed with reference to the IA Mixed Investment 0-35% Shares Sector average, which is based on a peer group of broadly similar funds, as this forms the basis of the fund's performance target and limits the level of exposure the fund may have to company shares. The investment manager has a high degree of freedom to choose individual investments for the fund and to vary allocations between asset types within the constraints of the sector.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19 -	31 May 17 - 31 May 18 -	31 May 16 - 31 May 17 -	31 May 15 - 31 May 16 -
	%	%	%	%	%
Class I accumulation	1.3	1.1	1.0	9.0	(2.0)
IA Mixed Investment 0-35% Shares Sector	1.6	1.4	1.0	10.5	(1.1)

Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target within the objective.

Source: Morningstar

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

Benchmark values are as at close of business.

Class I accumulation is disclosed as it is the primary unit class.

Benchmark Usage

Peer group: IA Mixed Investment 0-35% Shares Sector

Peer group usage: Target

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

The fund's ranking within the sector (as calculated by a number of data providers) forms the basis of the fund's performance target.

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

Authorised Fund Manager's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales	£000
iShares USD Corporate Bond UCITS ETF	4,692	WisdomTree Physical Gold	2,905
Finisterre Unconstrained Emerging Markets Fixed Income Fund	1,693	iShares \$ TIPS UCITS ETF	2,476
Barings Emerging Markets Sovereign Debt Fund A Income	1,686	PIMCO Global Investors Series Income Fund	2,329
Muzinich Global Short Duration Investment Grade Fund Income	1,380	Henderson Alternative Strategies Trust	2,127
iShares Physical Gold ETC	1,164	BlackRock Emerging Markets Flexi Dynamic Bond Fund	1,718
iShares Core MSCI EM IMI UCITS ETF	739	iShares JPMorgan USD Emerging Markets Bond UCITS ETF	1,489
WisdomTree Physical Gold	509	Montlake Dunn WMA UCITS Fund	1,385
Vanguard S&P 500 UCITS ETF	259	Jupiter UK Special Situations Fund	1,066
		Muzinich Global Short Duration Investment Grade Fund Income	1,031
		JPMorgan Emerging Markets Income Fund	946
Total purchases	12,122	Total sales	24,241

All purchases are included.

Authorised Fund Manager's report (continued)

Investment review

The fund returned 1.3% based on Class I accumulation over the year under review, compared with a return of 1.6% in the IA Mixed Investment 0-35% Shares Sector peer group benchmark.

Global equity markets rose over the year to 31 May 2020, with the MSCI World Index increasing by 9.5% in sterling and 7.4% in US dollar terms. Stocks recovered somewhat in the final months of the year as countries started to emerge from lockdowns following widespread sell-offs in late February and March as COVID-19 spread. Before that, markets had enjoyed strong growth because of supportive monetary policy and an improvement in US/China trade relations.

Within fixed income, the JPM Global Government Bond Index rose by 9.1% in sterling and by 7.0% in US dollar terms. Yields in core government markets generally decreased early in the year because of weakening global economic growth rates, trade disputes, geopolitical risks and Brexit uncertainty (prices increased, reflecting their inverse relationship with yields). Optimism around US/China relations caused a gradual sell-off in bond markets over the fourth quarter of 2019. However, the spread of COVID-19 led to a slump in yields in the first quarter of 2020. Fiscal and monetary stimulus announcements around the world spurred a sharp – albeit brief – rise in March. The global pandemic prompted a surge in issuance from investment-grade companies in March as they looked to bolster their finances. In April, the US Federal Reserve announced that it would buy high-yield corporate debt to help mitigate the effects of COVID-19, supporting the market.

Strong arguments for the bulls and the bears remain in play. Pessimists can point to the slew of negative economic data and rising corporate bond defaults, as well as earnings downgrades. A second wave of COVID-19 infections as economies emerge from hibernation would be a further headwind. However, the optimists point to slowing virus cases and huge stimulus packages, in addition to the recovery in investor sentiment. Volatility is likely to remain elevated as the global economy recovers from a shock that it has not experienced in modern times. This should be a good environment for the active investor, able to add value by rotating between opportunities as they appear across asset classes.

Our alternatives and other assets delivered the strongest contributions. The closed-end holding in BH Macro recorded a robust return of 40.7%, and our allocations to physical gold via exchange traded funds contributed strongly. Our fixed interest allocations performed well overall – the Janus Henderson Horizon Total Return Bond Fund rose by 7.6%, and our futures positions in the long UK gilt and the US 10-year Treasury note indices contributed strongly. The iShares USD Corporate Bond UCITS ETF performed very well after its introduction to the portfolio in March. The detractors included holdings in the Jupiter UK Special Situations Fund (down 13.9%), the Schroder Asian Income Fund (down 7.6%), the Invesco European Equity Income Fund (down 6.4%), and the Neuberger Berman CLO Income Fund (down 17.6%).

Early in the year, we initiated a position in the Muzinich Global Short Duration Investment Grade Fund, an actively managed low-risk credit fund that also aims to limit risk from changes in bank interest rates. We also switched our allocations within emerging market debt. Holdings in the BlackRock Emerging Markets Flexi Dynamic Bond Fund and iShares JPMorgan USD Emerging Markets Bond UCITS ETF were sold, with the proceeds equally re-allocated to new positions in the Finissterre Unconstrained Emerging Markets Fixed Income Fund and the Barings Emerging Markets Sovereign Debt Fund.

During the second half of 2019, we added to our equity allocations following reasonable economic data releases and improved risk sentiment around US/China relations. We increased allocations to North America and Europe ex-UK using index futures, funded through a reduction to the Montlake Dunn WMA UCITS Fund, WisdomTree Physical Gold, and cash.

At the start of 2020, given the rise in the gold price driven by geopolitical events, we fully redeemed our position in the WisdomTree Physical Gold ETC, taking profits for the fund. In line with our strategic asset allocation outlook, we increased our bond duration by initiating a position in US 10-year Treasury futures. Towards the end of the January, concerns surrounding COVID-19 were rising, and with market positioning and valuations looking stretched, we reduced our equity weighting, in aggregate, across North America, Europe ex-UK and Japan using index futures.

Over the remainder of the year, we continued to reduce equities and add to our fixed income allocations. Within the underlying positions, we fully redeemed our closed-end holdings in the Henderson Alternative Strategies Trust and the Foresight Solar Fund. Given the continuing 'risk-off' environment, we reinstated a position in physical gold via the iShares Physical Gold ETC. We trimmed our positions in US 10-year Treasury futures and long UK gilt futures, reallocating the proceeds to a new holding in the iShares USD Corporate Bond UCITS ETF. This move reduced our US duration following significant re-pricing of US interest rate expectations, switching to US investment-grade bonds where spreads were expected to get support from coordinated policy action to ease credit conditions. In May, our holding in the RWC Global Enhanced Dividend Income Fund was sold following a prolonged period of underperformance.

Comparative tables for the year ended 31 May 2020

	Class A accumulation		
	2020 (pence per unit)	2019 (pence per unit)	2018 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	86.37	85.78	85.18
Return before operating charges*	2.87	2.20	2.23
Operating charges	(1.68)	(1.61)	(1.63)
Return after operating charges*	1.19	0.59	0.60
Distributions on accumulation units	(2.59)	(2.55)	(2.59)
Retained distributions on accumulation units	2.59	2.55	2.59
Closing net asset value per unit	87.56	86.37	85.78
* after direct transaction costs of:	0.02	-	-

Performance

Return after charges	1.38%	0.69%	0.70%
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Other information

Closing net asset value (£000s)	11,208	17,551	19,573
Closing number of units	12,800,283	20,322,049	22,818,483
Operating charges	1.90%	1.89%	1.91%
Direct transaction costs	0.03%	0.01%	0.00%

Prices

Highest unit price (pence)	91.87	86.86	87.18
Lowest unit price (pence)	77.77	82.37	84.11

	Class A income		
	2020 (pence per unit)	2019 (pence per unit)	2018 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	108.40	111.39	114.02
Return before operating charges*	3.15	2.33	2.66
Operating charges	(2.08)	(2.06)	(2.16)
Return after operating charges*	1.07	0.27	0.50
Distributions on income units	(3.21)	(3.26)	(3.13)
Closing net asset value per unit	106.26	108.40	111.39
* after direct transaction costs of:	0.03	0.01	-

Performance

Return after charges	0.99%	0.24%	0.44%
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Other information

Closing net asset value (£000s)	357	619	717
Closing number of units	335,708	571,104	643,845
Operating charges	1.90%	1.89%	1.91%
Direct transaction costs	0.03%	0.01%	0.00%

Prices

Highest unit price (pence)	113.30	112.20	115.00
Lowest unit price (pence)	95.30	105.40	110.00

Comparative tables (continued)

	Class B accumulation		
	2020	2019	2018
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	173.83	171.82	169.68
Return before operating charges*	5.29	3.96	4.12
Operating charges	(2.07)	(1.95)	(1.98)
Return after operating charges*	3.22	2.01	2.14
Distributions on accumulation units	(5.40)	(5.28)	(5.02)
Retained distributions on accumulation units	5.40	5.28	5.02
Closing net asset value per unit	177.05	173.83	171.82
* after direct transaction costs of:	0.05	0.01	0.01
Performance			
Return after charges	1.85%	1.17%	1.26%
Other information			
Closing net asset value (£000s)	2,174	2,234	2,794
Closing number of units	1,227,890	1,285,135	1,625,994
Operating charges	1.16%	1.14%	1.16%
Direct transaction costs	0.03%	0.01%	0.00%
Prices			
Highest unit price (pence)	185.60	174.80	174.20
Lowest unit price (pence)	157.10	165.60	167.80

Comparative tables (continued)

	Class E accumulation
	24/06/19 -
	31/05/20
	(pence
	per unit)
Change in net assets per unit	
Opening net asset value per unit	88.41 ¹
Return before operating charges*	0.70
Operating charges	(1.17)
Return after operating charges*	(0.47)
Distributions on accumulation units	(2.60)
Retained distributions on accumulation units	2.60
Closing net asset value per unit	87.94
* after direct transaction costs of:	0.02
Performance	
Return after charges	(0.53%) ²
Other information	
Closing net asset value (£000s)	4,816
Closing number of units	5,476,423
Operating charges	1.41%
Direct transaction costs	0.03%
Prices	
Highest unit price (pence)	92.15
Lowest unit price (pence)	78.03

¹ Class E accumulation launched on 24 June 2019 and this is the first published price.

² Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A accumulation unit class. This performance will differ from the other unit classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables (continued)

	Class E income 24/06/19 - 31/05/20 (pence per unit)
Change in net assets per unit	
Opening net asset value per unit	110.98 ³
Return before operating charges*	0.42
Operating charges	(1.45)
Return after operating charges*	(1.03)
Distributions on income units	(3.22)
Closing net asset value per unit	106.73
* after direct transaction costs of:	0.03
Performance	
Return after charges	(0.92%) ⁴
Other information	
Closing net asset value (£000s)	238
Closing number of units	222,970
Operating charges	1.41%
Direct transaction costs	0.03%
Prices	
Highest unit price (pence)	113.70
Lowest unit price (pence)	95.66

³ Class E income launched on 24 June 2019 and this is the first published price.

⁴ Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A income unit class. This performance will differ from the other unit classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables (continued)

	Class I accumulation		
	2020 (pence per unit)	2019 (pence per unit)	2018 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	115.14	114.28	113.16
Return before operating charges*	3.09	2.22	2.51
Operating charges	(1.43)	(1.36)	(1.39)
Return after operating charges*	1.66	0.86	1.12
Distributions on accumulation units	(3.54)	(3.47)	(3.06)
Retained distributions on accumulation units	3.54	3.47	3.06
Closing net asset value per unit	116.80	115.14	114.28
* after direct transaction costs of:	0.03	0.01	-
Performance			
Return after charges	1.44%	0.75%	0.99%
Other information			
Closing net asset value (£000s)	12,811	15,169	18,478
Closing number of units	10,968,727	13,173,665	16,168,271
Operating charges	1.21%	1.20%	1.22%
Direct transaction costs	0.03%	0.01%	0.00%
Prices			
Highest unit price (pence)	122.60	115.80	116.00
Lowest unit price (pence)	103.70	110.00	111.90
	Class I income		
	2020 (pence per unit)	2019 (pence per unit)	2018 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	111.57	114.19	116.15
Return before operating charges*	3.01	2.16	2.56
Operating charges	(1.37)	(1.35)	(1.41)
Return after operating charges*	1.64	0.81	1.15
Distributions on income units	(3.39)	(3.43)	(3.11)
Closing net asset value per unit	109.82	111.57	114.19
* after direct transaction costs of:	0.03	0.01	-
Performance			
Return after charges	1.47%	0.71%	0.99%
Other information			
Closing net asset value (£000s)	11,892	14,312	19,289
Closing number of units	10,828,594	12,827,975	16,892,253
Operating charges	1.21%	1.20%	1.22%
Direct transaction costs	0.03%	0.01%	0.00%
Prices			
Highest unit price (pence)	117.00	115.20	117.60
Lowest unit price (pence)	98.42	108.30	112.70

Comparative tables (continued)

	Class I Euro accumulation 2018 (pence per unit)
Change in net assets per unit	
Opening net asset value per unit	92.72
Return before operating charges*	1.99
Operating charges	(0.62)
Return after operating charges*	1.37
Distributions on accumulation units	(1.18)
Retained distributions on accumulation units	1.18
Final cancellation	(94.09) ⁵
Closing net asset value per unit	-
* after direct transaction costs of:	-
Performance	
Return after charges	1.48%
Other information	
Closing net asset value (£000s)	-
Closing number of units	-
Operating charges	1.21%
Direct transaction costs	0.00%
Prices	
Highest unit price (EUR cents)	107.00 ⁶
Lowest unit price (EUR cents)	100.50 ⁶

⁵ Class I Euro accumulation closed on 15 December 2017.

⁶ to 15 December 2017.

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

Operating charges

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

Unit class launches and closures

The following unit classes launched in the year:

Unit class	Launch date
Class E accumulation	24 June 2019
Class E income	24 June 2019

There were no share classes closed in the year.

Unit class conversions	Conversion date
Class A accumulation to Class E accumulation	24 June 2019
Class A income to Class E income	24 June 2019

The conversion of A share classes to the E share classes was performed to benefit investors who do not use a financial adviser as a lower management fee is charged because there are no commission payments bundled within it. The E share classes are available for direct investment.

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.

	2020 %	2019 %	Estimated OCF from 5 May 2020 ¹ %
Class A	1.90 ²	1.89	1.93
Class B³	1.16 ⁴	1.14	1.17
Class E⁵	1.41 ²	n/a	1.43
Class I	1.21 ⁶	1.20	1.23

The OCF includes a synthetic element of 0.48% (2019: 0.47%) to incorporate the OCF of underlying funds.

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

¹ The estimated ongoing charge is based on the new General Administration Charge (GAC) rates to the year ended 31 May 2020.

² The GAC on Class A and Class E increased from 0.14% to 0.17% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

³ Class B accumulation units are no longer available for new investment.

⁴ The GAC on Class B increased from 0.04% to 0.06% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁵ Class E accumulation and Class E income launched on 24 June 2019 so there are no prior year comparatives.

⁶ The GAC on Class I increased from 0.075% to 0.09% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

Risk and reward profile

The fund currently has 7 types of unit class in issue; A accumulation, A income, B accumulation, E accumulation, E income, I accumulation and I income.

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



The unit classes appear at 3 out of 7. Classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

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

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

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

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

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

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

* Class E accumulation and Class E income launched on 24 June 2019. As these unit classes do not have a 5 year history, a synthetic history has been created using the A accumulation and A income unit classes.

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Alternatives 4.86% (2019: 12.33%)		
38,744	BH Macro	1,326	3.05
5,668	Montlake Dunn WMA UCITS Fund	787	1.81
689,770	Speymill Deutsche Immobilien ¹	-	-
		<u>2,113</u>	<u>4.86</u>
	Asia Ex Japan Equity 1.03% (2019: 3.16%)		
686,021	Schroder Asian Income Fund Z Income	<u>448</u>	<u>1.03</u>
	Cash 18.58% (2019: 6.50%)		
8,085,659	Deutsche Global Liquidity Managed Sterling Platinum Income	<u>8,086</u>	<u>18.58</u>
	Commodities 2.99% (2019: 4.22%)		
47,347	iShares Physical Gold ETC	<u>1,300</u>	<u>2.99</u>
	Diversified Bonds 22.81% (2019: 26.21%)		
30,378	Janus Henderson Horizon Total Return Bond Fund Z2 Accumulation ²	4,010	9.21
36,551	MI TwentyFour Dynamic Bond Fund	3,868	8.89
224,602	PIMCO Global Investors Series Income Fund	<u>2,049</u>	<u>4.71</u>
		<u>9,927</u>	<u>22.81</u>
	Emerging Market Bonds 7.60% (2019: 6.17%)		
17,606	Barings Emerging Markets Sovereign Debt Fund A Income	1,631	3.75
196,459	Finisterre Unconstrained Emerging Markets Fixed Income Fund	<u>1,673</u>	<u>3.85</u>
		<u>3,304</u>	<u>7.60</u>
	Europe ex UK Equity 6.10% (2019: 7.62%)		
1,198,929	BlackRock Continental European Income Fund	1,730	3.98
801,174	Invesco European Equity Income Fund	<u>922</u>	<u>2.12</u>
		<u>2,652</u>	<u>6.10</u>
	Global Emerging Market Equity 0.40% (2019: 2.40%)		
157,779	JPMorgan Emerging Markets Income Fund	<u>173</u>	<u>0.40</u>
	Global Equity 0.00% (2019: 2.06%)		
	Government Bonds 0.00% (2019: 4.97%)		
	High Yield Bonds 6.95% (2019: 7.39%)		
3,162,360	AXA US Short Duration High Yield Fund ZI Gross Income	2,837	6.52
484,542	NB Distressed Debt Investment Extended Life	<u>188</u>	<u>0.43</u>
		<u>3,025</u>	<u>6.95</u>
	Investment Grade Bonds 12.05% (2019: 0.00%)		
48,103	iShares USD Corporate Bond UCITS ETF	4,910	11.29
3,380	Muzinich Global Short Duration Investment Grade Fund Income	<u>330</u>	<u>0.76</u>
		<u>5,240</u>	<u>12.05</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Japan Equity 2.59% (2019: 3.29%)			
354,248	LF Morant Wright Nippon Yield Fund B Income	1,127	2.59
Private Equity 0.00% (2019: 0.18%)			
179,526	Henderson Private Equity Investment Trust ¹	-	-
1,500,000	Promethean ¹	-	-
Specialist Equity 1.04% (2019: 1.13%)			
58,515	Neuberger Berman CLO Income Fund I5 Income	451	1.04
UK Equity 11.14% (2019: 13.57%)			
638,196	Artemis Income Fund	1,167	2.68
824,977	Jupiter UK Special Situations Fund	1,227	2.82
2,070,182	Ninety One UK Equity Income Fund	2,450	5.64
		4,844	11.14
Derivatives 0.47% (2019: (0.33%))			
Futures 0.10% (2019: 0.00%)			
19	CBT US 10 Year Treasury Note September 2020	1	-
3	CME E-mini Nasdaq 100 June 2020	109	0.25
10	CME E-mini S&P 500 June 2020	125	0.29
(22)	EUX Euro Stoxx 50 June 2020	(77)	(0.18)
4	ICE FTSE 100 June 2020	11	0.02
10	ICE Long Gilt September 2020	(4)	(0.01)
(9)	OSE TOPIX Index June 2020	(119)	(0.27)
		46	0.10
Forward Foreign Exchange Contracts 0.37% (2019: 0.33%)³			
	Buy GBP 1,269,071 : Sell JPY 164,726,563 June 2020	32	0.08
	Buy GBP 2,601,893 : Sell EUR 2,913,330 June 2020	(20)	(0.05)
	Buy GBP 7,066,745 : Sell USD 8,558,120 June 2020	144	0.34
		156	0.37
Investment assets including investment liabilities		42,892	98.61
Other net assets		604	1.39
Total net assets		43,496	100.00

¹ Suspended or delisted securities

² Related party to the fund

³ Unquoted securities

The collective investment schemes held are approved regulated collective investment schemes within the meaning of the FCA rules. Exchange traded funds and all other investments are listed on recognised stock exchanges and are 'approved securities' within the meaning of FCA rules unless otherwise stated.

Portfolio statement (continued)

Composition of portfolio

	Market value £000	Percentage of total net assets %
2020		
Investments		
Total collective investment schemes	34,966	80.38
Total equities	7,724	17.76
Total derivatives	202	0.47
Investment assets including investment liabilities	42,892	98.61
Other net assets	604	1.39
Total net assets	43,496	100.00

	Market value £000	Percentage of total net assets %
2019		
Investments		
Total collective investment schemes	40,019	80.22
Total equities	10,465	20.98
Total derivatives	(163)	(0.33)
Investment assets including investment liabilities	50,321	100.87
Other net liabilities	(436)	(0.87)
Total net assets	49,885	100.00

Statement of Authorised Fund Manager's responsibilities for the year ended 31 May 2020

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

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice (SORP) for Authorised Funds 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 by Henderson Investment Funds Limited, comply with the above requirements;
- make best judgements and estimates that are reasonable; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation for the foreseeable future.

The Authorised Fund Manager is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and the Regulations. The Authorised Fund Manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's responsibilities and report of the Trustee to the unitholders of Janus Henderson Multi-Manager Diversified Fund ('the Scheme') for the year ended 31 May 2020

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Trustee must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Schemes income in accordance with the Regulations and the Scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

NatWest Trustee and Depositary Services Limited
London
12 August 2020

Independent Auditors' report to the unitholders of Janus Henderson Multi-Manager Diversified Fund

Report on the audit of the financial statements

Opinion

In our opinion, Janus Henderson Multi-Manager Diversified Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 31 May 2020 and of the net revenue and the net capital losses on its scheme property 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 Trust Deed.

We have audited the financial statements, included within the Annual Report & Accounts (the 'Annual Report'), which comprise: the balance sheet as at 31 May 2020; the statement of total return and the statement of change in net assets attributable to unitholders 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's 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 Trust's 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 Fund Manager 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 Fund Manager's Report

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

Independent Auditors' report to the unitholders of Janus Henderson Multi-Manager Diversified Fund (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the Financial Statements

As explained more fully in the Statement of Authorised Fund Manager's (AFM) responsibilities set out on page 17, the Authorised Fund Manager 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 Fund Manager 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 Fund Manager is responsible for assessing the Trust's 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 Fund Manager either intend to wind up or terminate the Trust, or have 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 Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook 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 and returns.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
12 August 2020

Statement of total return for the year ended 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital losses	4		(268)		(902)
Revenue	5	1,470		1,717	
Expenses	6	<u>(434)</u>		<u>(520)</u>	
Net revenue before taxation		1,036		1,197	
Taxation	7	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>1,036</u>		<u>1,197</u>
Total return before distributions			768		295
Distributions	8		(1,417)		(1,658)
Change in net assets attributable to unitholders from investment activities			<u>(649)</u>		<u>(1,363)</u>

Statement of change in net assets attributable to unitholders for the year ended 31 May 2020

	2020		2019	
	£000	£000	£000	£000
Opening net assets attributable to unitholders		49,885		60,851
Amounts receivable on issue of units	814		952	
Amounts payable on cancellation of units	<u>(7,532)</u>		<u>(11,653)</u>	
		(6,718)		(10,701)
Change in net assets attributable to unitholders from investment activities		(649)		(1,363)
Retained distributions on accumulation units		978		1,098
Closing net assets attributable to unitholders		<u>43,496</u>		<u>49,885</u>

Balance sheet as at 31 May 2020

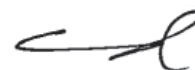
	Note	2020 £000	2019 £000
Assets:			
Investments		43,112	50,499
Current assets:			
Debtors	9	137	198
Cash and bank balances	10	1,128	443
Total assets		44,377	51,140
Liabilities:			
Investment liabilities		220	178
Creditors:			
Amounts held at derivatives clearing houses and brokers		246	24
Distribution payable		116	114
Other creditors	11	299	939
Total liabilities		881	1,255
Net assets attributable to unitholders		43,496	49,885

Directors' statement

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



G Foggin
(Director)



S Hillenbrand
(Director)

12 August 2020

1 Accounting policies

(a) Basis of preparation

The financial statements of Janus Henderson Multi-Manager Diversified Fund (the 'fund') have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (IMA) in May 2014, the Financial Reporting Standard 102 (FRS 102), the Financial Conduct Authority's (FCA) Collective Investment Schemes Sourcebook (COLL), Trust Deed and Prospectus.

The financial statements have been prepared on a going concern basis.

(b) Basis of valuation of investments

The valuation of listed investments has been at fair value, which is generally deemed to be bid market price, excluding any accrued interest in the case of debt securities, at close of business on the last working day of the accounting year (29 May 2020) in accordance with the provisions of the scheme particulars.

The AFM has assigned the responsibility to review and approve fair value pricing decisions on a regular basis to the Janus Henderson UK & EMEA Fair Value Pricing Committee. The Committee report to the Board of Directors on suspended, defaulted, delisted, unquoted or manually priced securities, taking into consideration where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

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

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

(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.

Bank interest is recognised on an accruals basis.

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

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

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

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

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

(d) Treatment of expenses (including Authorised Fund Manager expenses)

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

Annual Management Charge (AMC)

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

The investment objective of the fund concentrates on the generation of income as a higher priority than capital growth. The Authorised Fund Manager and Trustee have agreed that 100% of the AMC for this fund is to be taken to capital for the purpose of calculating the distribution, in accordance with the Trust Deed and the Prospectus. The distribution currently payable reflects this treatment together with any associated tax effect.

Notes to the financial statements (continued)

1 Accounting policies (continued)

(d) Treatment of expenses (including Authorised Fund Manager expenses) (continued)

General Administration Charge

All fees with the exception of the AMC, Trustee and safe custody fees have been replaced by a single ad valorem charge, the General Administration Charge (GAC). The Authorised Fund Manager 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 unit class in the fund will pay will depend on the costs attributable to each unit 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 Authorised Fund Manager by each unit class monthly.

Allocation of revenue and expenses to multiple unit classes

With the exception of the AMC, and the GAC which are directly attributable to individual unit classes, all revenue and expenses are allocated to unit classes pro rata to the value of the net assets of the relevant unit class on the day that the revenue or expense is incurred.

(e) Exchange rates

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

(f) Taxation

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

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

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

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

(g) Cash flow statement

The fund is not required to produce a cash flow statement as it meets the exemption criteria set out in FRS 102 7.1A as the fund's investments are highly liquid, are carried at market value and a Statement of change in net assets attributable to unitholders is provided for the fund.

(h) Treatment of derivatives

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

Forward foreign currency contracts

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

Bond and Index future contracts

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

(i) Dilution adjustment

The fund is priced on a single swinging price basis. The Authorised Fund Manager 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 Authorised Fund Manager 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 Authorised Fund Manager is of the opinion that the interests of existing or continuing unitholders and potential investors require the imposition of a dilution adjustment.

2 Distribution Policy

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

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

Marginal tax relief is not taken into account when determining the amount available for distribution on the funds.

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 fund makes quarterly distributions on 31 October, 31 January, 30 April and 31 July to unitholders.

In the event that the income yielded is low (generally less than 1% p.a.) the Authorised Fund Manager has the discretion not to make an income allocation in respect of a particular interim income allocation date and instead to hold over that payment until the final income allocation date.

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

Equalisation

Income equalisation applies to the fund.

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

3 Risk

In pursuing its investment objective the fund holds a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors arising from the fund's operations. The fund may also enter into derivatives and forward transactions for the purposes of achieving the investment objective and efficient portfolio management.

The Authorised Fund Manager employs a risk management process that identifies the risks to which the fund might be exposed and how such risks are assessed, monitored and managed, ensuring compliance with relevant regulation. This enables it to monitor and measure at any time the risk of the portfolio positions including derivative instruments and their contribution to the overall risk profile of the fund.

In the normal course of business, the fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. 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 fund, 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 policy and process for the fund is designed to satisfy the regulatory requirements for a UCITS; associated regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the fund is documented within the Authorised Fund Manager'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.

Notes to the financial statements (continued)

3 Risk (continued)

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

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

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

(a) Market risk

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

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

Whilst equity investments carry potential for attractive returns over the longer term, the volatility of these returns can be relatively high and exposure to a single country or geographical area may increase potential volatility.

The fund takes the annual management charge from the capital of the fund. Distributable income will be increased at the expense of capital growth and to that extent, capital may be eroded or future growth constrained.

The fund may use derivatives and forward transactions for the purposes of achieving the investment objective and efficient portfolio management; it is not expected that the use of derivatives for these purposes will alter the risk profile of the fund.

Currency risk

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

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

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets £000
2020			
Currency			
Euro	(2,699)	183	(2,516)
Japanese yen	(1,356)	192	(1,164)
UK sterling	43,555	209	43,764
US dollar	3,392	20	3,412
Total	42,892	604	43,496

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
2019			
Currency			
Euro	(2,947)	239	(2,708)
Japanese yen	2	24	26
UK sterling	53,877	(806)	53,071
US dollar	(611)	107	(504)
Total	50,321	(436)	49,885

Notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Some securities such as bonds are directly impacted by interest rate movements but others are indirectly affected. The majority of the fund's financial assets are investments which neither pay interest nor have a maturity date.

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

Other market price risk is the risk that the value of the fund's 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 fund might hold. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The fund's investment portfolio is exposed to market price fluctuations, which are monitored by the Authorised Fund Manager in pursuance of the investment objective and policy.

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

In response to the COVID 19 pandemic, the FRC (Financial Reporting Council) has issued guidance to companies to ensure that they maintain sufficient capital reserves, which in some circumstances could result in cancelled dividend payments already announced to the market. In order to assess and mitigate the risk of not receiving income accrued at the end of the year, procedures are in place to monitor the effect of any cancelled dividends and to make suitable provisions when calculating the amount available for distribution.

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

Leverage is calculated in terms of the fund's overall 'exposure' and includes any method by which the exposure of the fund is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. Henderson Investment Funds Limited (HIFL) as the Authorised Fund Manager is required to calculate and monitor the level of leverage of the fund, expressed as the ratio between the total exposure of the fund and its net asset value with exposure values being calculated by both the gross method and commitment method at the year end.

Exposure values under the gross method basis are calculated as the absolute value of all positions of the fund; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions including those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the fund requires the calculation to:

- include the sum of all non-derivative assets held at market value, plus the absolute value of all such liabilities;
- exclude cash and cash equivalents which are highly liquid investments held in the base currency of the fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- convert derivative instruments into the equivalent position in their underlying assets;
- exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Exposure values under the commitment method basis are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalents.

The level of leverage arising from the use of derivative instruments is disclosed in the table below as a percentage of the fund's total Net Asset Value. The calculation is based on the sum of notional exposures of financial derivative instruments in the investment portfolio including those held for risk reduction purposes.

Please note these levels of leverage are explicitly not investment limits for the fund and will vary over time under differing market conditions to ensure that the fund meets its investment objective.

Notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

Leverage (continued)

	Minimum	Maximum	Average
	%	%	%
2020	28.86	123.99	54.83
2019	28.25	93.46	47.74

Sensitivity analysis

The sensitivity of the fund to market risk is calculated by using the Value-at-Risk (VaR) approach. VaR is a mathematical-statistical concept and is commonly used as a standard measure of risk in the financial sector. The maximum potential loss that a fund could suffer in normal market conditions within a given time horizon and a certain degree of confidence is estimated. In these calculations all positions in the investment portfolio are taken into consideration including those undertaken for efficient portfolio management purposes.

Absolute VaR is calculated using a Monte Carlo simulation approach, 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.

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
	%	%	%	%	%	%	%
2020	1.48	3.77	2.24	20	7.40	18.84	11.18
2019	1.67	2.63	2.09	20	8.35	13.15	10.46

(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 fund is 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 fund may only buy and sell investments through brokers which have been approved by the Authorised Fund Manager as acceptable counterparties and limits are set and monitored to cover the exposure to any individual broker. Changes in brokers financial ratings are periodically reviewed by the Janus Henderson Counterparty Risk Committee along with set limits and new counterparty approval. The exposure to credit risk by the fund is considered insignificant. This is consistent with the exposure in the prior year.

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

Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, 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.

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

(c) Operational risk

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

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

Notes to the financial statements (continued)

3 Risk (continued)

(d) Liquidity risk

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

The fund is generally able to realise cash quickly to meet its liabilities. The main liquidity requirements of the fund include the redemption of any units that a unitholder 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 units.

The Authorised Fund Manager manages the fund's cash position to ensure it can meet its liabilities. The Authorised Fund Manager receives daily reports of subscriptions and redemptions enabling the Authorised Fund Manager to raise cash from the fund's portfolio in order to meet redemption requests. In addition the Authorised Fund Manager monitors the market liquidity of all securities, seeking to ensure the fund maintains sufficient liquidity to meet known and potential redemption activity. The fund's cash balances are monitored daily by the Authorised Fund Manager and administrator. When investments cannot be realised in time to meet any potential liability, the fund may borrow up to 10% of its property to ensure settlement.

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Amounts held at derivatives clearing houses and brokers	246	-	-	-
Derivative financial liabilities	-	220	-	-
Distribution payable	-	116	-	-
Other creditors	-	299	-	-
Total	246	635	-	-

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Amounts held at derivatives clearing houses and brokers	24	-	-	-
Derivative financial liabilities	-	178	-	-
Distribution payable	-	114	-	-
Other creditors	-	939	-	-
Total	24	1,231	-	-

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

(e) Brexit Risk

On 31 January 2020, the United Kingdom formally left the EU ('Brexit'). Under the terms of the withdrawal agreement concluded between the United Kingdom and the EU, a transition period will run until 31 December 2020, during which time the United Kingdom will continue to benefit from and be bound by many EU laws.

The terms of the United Kingdom's future relationship with the EU are uncertain and will depend on how the United Kingdom and the EU re-negotiate their relationship following Brexit. Given this, it is difficult to predict how the United Kingdom's withdrawal from the EU will be implemented and what the implications will be for the asset management industry and the broader European and global financial markets more generally.

Returns of the fund and its investments are adversely affected by market movements, potential decline in the value of the British Pound and/or Euro, and any downgrading of United Kingdom sovereign credit rating. This uncertainty may have an adverse effect on the economy generally and on the ability of the fund and its investments to execute their respective strategies and to receive attractive returns, and may also result in increased costs to the fund.

Notes to the financial statements (continued)

4 Net capital losses

Net capital losses on investments during the year comprise:

	2020	2019
	£000	£000
Capital management fee rebates	43	45
Derivative securities	701	104
Forward currency contracts	(452)	(829)
Non-derivative securities	(529)	(238)
Other currency (losses)/gains	(20)	26
Transaction costs	(11)	(10)
Net capital losses	(268)	(902)

5 Revenue

	2020	2019
	£000	£000
Bank interest	4	3
Derivative revenue	(3)	11
Distributions from UK regulated collective investment schemes:		
Franked investment revenue	522	549
Interest distribution	288	307
Management fee rebates	2	3
Overseas dividends*	621	799
Stock lending revenue	18	9
UK dividends	18	36
Total revenue	1,470	1,717

* includes distributions from overseas funds

6 Expenses

	2020	2019
	£000	£000
Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager and agents of either of them:		
Annual management charge	381	461
GAC*	47	52
	<u>428</u>	<u>513</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee fees	4	5
Safe custody fees	2	2
	<u>6</u>	<u>7</u>
Total expenses	434	520

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,317 (2019: £10,017).

Notes to the financial statements (continued)

7 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2019: nil).

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for an authorised unit trust of 20% (2019: 20%).

The differences are explained below:

	2020 £000	2019 £000
Net revenue before taxation	1,036	1,197
Corporation tax at 20% (2019: 20%)	207	239
Effects of:		
Overseas dividends	(18)	(33)
Tax effect of management fee rebates in capital	9	9
UK dividends*	(108)	(117)
Unused management expenses	(90)	(98)
Tax charge for the year (note 7a)	-	-

* As an authorised unit trust this item is not subject to corporation tax.

Unit trusts 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 (2019: 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 £2,859,480 (2019: £2,949,556) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

8 Distributions

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

	2020 £000	2019 £000
Interim income	293	404
Interim accumulation	696	834
Final income	116	114
Final accumulation	282	264
	<u>1,387</u>	<u>1,616</u>
Amounts deducted on cancellation of units	34	45
Amounts received on issue of units	(4)	(3)
Total distributions	<u>1,417</u>	<u>1,658</u>
Net revenue after taxation	1,036	1,197
Annual management charge borne by the capital account	381	461
Total distributions	<u>1,417</u>	<u>1,658</u>

Details of the distribution per unit are set out in the Distribution tables on pages 38 to 41.

Notes to the financial statements (continued)

9 Debtors

	2020 £000	2019 £000
Accrued revenue	70	162
Amounts receivable for issue of units	-	4
Currency transactions awaiting settlement	32	24
Management fee rebates	5	8
Sales awaiting settlement	30	-
Total debtors	137	198

10 Cash and bank balances

	2020 £000	2019 £000
Amounts held at derivative clearing houses and brokers	656	367
Cash and bank balances	472	76
Total cash and bank balances	1,128	443

11 Other creditors

	2020 £000	2019 £000
Accrued annual management charge	30	37
Accrued other expenses	6	6
Amounts payable for cancellation of units	230	123
Currency transactions awaiting settlement	33	24
Purchases awaiting settlement	-	749
Total other creditors	299	939

12 Contingent liabilities and commitments

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

13 Related party transactions

Henderson Investment Funds Limited as Authorised Fund Manager to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the Authorised Fund Manager are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to unitholders' and the 'Balance sheet' on pages 21 and 22 and notes 6, 8, 9 and 11 on pages 30 to 32 including all issues and cancellations where the Authorised Fund Manager acted as principal.

Transactions with the Authorised Fund Manager are as follows:

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

The ultimate controlling party of Henderson Investment Funds Limited is Janus Henderson Group plc. The transactions associated with Janus Henderson Group plc, its subsidiaries and other funds managed by Henderson Investment Funds Limited are as follows:

- The value of purchase transactions was nil (2019: nil) and sales transactions was £720,419 (2019: £1,120,756) and the balance outstanding at the year end was purchases nil (2019: nil) and sales nil (2019: nil).
- Revenue receivable for the year was £110,066 (2019: £168,335) and the balance outstanding at the year end was nil (2019: nil).
- The aggregate value of investments held at the year end was £4,009,519 (2019: £4,512,779).

There were no material unitholders at the year end (2019: nil).

Notes to the financial statements (continued)

14 Unitholders' funds

The fund currently has 6 unit classes available; A accumulation, A income, E accumulation, E income, I accumulation and I income. Class B is no longer available for new investment. The annual management charge on each unit class is as follows:

	2020 %	2019 %
Class A	1.25	1.25
Class B	0.60	0.60
Class E	0.75	n/a
Class I	0.625	0.625

The net asset value of each unit class, the net asset value per unit and the number of units in each unit class are given in the Comparative tables on pages 6 to 11. The distribution per unit class is given in the Distribution tables on pages 38 to 41. All unit classes have the same rights on winding up.

Units reconciliation as at 31 May 2020

	Class A accumulation	Class A income	Class B accumulation	Class E accumulation
Opening number of units	20,322,049	571,104	1,285,135	-
Issues during the year	24,862	15,595	48,025	17,667
Cancellations during the year	(1,676,069)	(42,189)	(113,199)	(316,838)
Units converted during the year	(5,870,559)	(208,802)	7,929	5,775,594
Closing units in issue	12,800,283	335,708	1,227,890	5,476,423
		Class E income	Class I accumulation	Class I income
Opening number of units		-	13,173,665	12,827,975
Issues during the year		303	320,669	231,042
Cancellations during the year		-	(2,574,734)	(2,227,366)
Units converted during the year		222,667	49,127	(3,057)
Closing units in issue		222,970	10,968,727	10,828,594

Notes to the financial statements (continued)

15 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management and for meeting the investment objectives of the fund.

Eligible collateral types are approved by the Investment Manager and 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 May 2020 (2019: nil).

2020

At 31 May 2020 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	176	-	176
UBS	-	246	246
	<u>176</u>	<u>246</u>	<u>422</u>

2019

At 31 May 2019 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Futures £000	Total by counterparty £000
UBS	15	15
	<u>15</u>	<u>15</u>

16 Stock lending

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

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

Eligible collateral types for Stock Lending and borrowing transactions are approved by the Investment Manager and may consist of 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.

2020

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
JP Morgan	988	1,098	Equity
	<u>988</u>	<u>1,098</u>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	21	3	18

Notes to the financial statements (continued)

16 Stock lending (continued)

2019

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Citigroup	1,139	1,326	Equity
	<u>1,139</u>	<u>1,326</u>	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	11	2	9

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	7,969	200	10,480	17
Level 2	35,143	20	39,929	161
Level 3	-	-	90	-
	<u>43,112</u>	<u>220</u>	<u>50,499</u>	<u>178</u>

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Investment Manager, at its discretion, may permit some other method of valuation to be used if they consider that it better reflects value and is in accordance with good accounting practice. Janus Henderson UK & EMEA Fair Value Pricing Committee (FVPC) of the Investment Manager is responsible for determining or approving unquoted prices. Where deemed necessary, the FVPC will seek ratification of decisions from the Janus Henderson Investment Performance and Risk Committee. The FVPC meets on a monthly basis and consists of representatives from various parts of the Investment manager who act as an independent party, segregated from the fund management function, to review and approve fair value pricing decisions and pricing models on a regular basis. The asset (The Partners Group Global Opportunities) included within level 3 for the prior year was a delisted security which had been valued by the FVPC based on the entity's liquidity proceeds.

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trades in the year				
Collective investment schemes	4,753	1,338	13,135	5,796
Equities	7,362	5,225	11,110	6,315
Trades in the year before transaction costs	12,115	6,563	24,245	12,111
Transaction costs				
Commissions				
Collective investment schemes	-	-	-	-
Equities	2	1	4	2
Total commissions	2	1	4	2
Taxes				
Collective investment schemes	-	-	-	-
Equities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Collective investment schemes	5	-	-	-
Equities	-	-	-	-
Total other expenses	5	-	-	-
Total transaction costs	7	1	4	2
Total net trades in the year after transaction costs	12,122	6,564	24,241	12,109

	Purchases		Sales	
	2020	2019	2020	2019
	%	%	%	%
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Collective investment schemes	-	-	0.01	-
Equities	0.03	0.02	0.04	0.03
Taxes				
Collective investment schemes	-	-	-	-
Equities	-	-	-	-
Other expenses				
Collective investment schemes	0.11	-	-	-
Equities	-	-	-	-

	2020	2019
	%	%
Total transaction costs expressed as a percentage of net asset value		
Commissions	0.01	0.01
Taxes	-	-
Other expenses	0.01	-
Total costs	0.02	0.01

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2019: nil). There were corporate actions during the year of £171,524 (2019: £143,632).

There were direct transaction costs associated with derivatives in the year of £1,289 (2019: £460) which is 0.00% of the average net asset value of the fund (2019: 0.00%).

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

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

The portfolio dealing spread as at 31 May 2020 was 0.14% (2019: 0.16%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

Due to COVID-19 and the resultant market volatility, we have assessed the effect on the Net Asset Value of the fund of this event. As at 10 August 2020, the Net Asset Value of the fund had increased.

Distribution tables for the year ended 31 May 2020 (in pence per unit)

Interim dividend distribution (accounting date 31 August 2019, paid on 31 October 2019)

Group 1: units purchased prior to 1 June 2019

Group 2: units purchased on or after 1 June 2019

	Distribution per unit	Equalisation	Total distribution per unit 31/10/19	Total distribution per unit 31/10/18
Class A accumulation				
Group 1	0.7364	-	0.7364	0.5427
Group 2	0.4324	0.3040	0.7364	0.5427
Class A income				
Group 1	0.9238	-	0.9238	0.7065
Group 2	0.6791	0.2447	0.9238	0.7065
Class B accumulation				
Group 1	1.5256	-	1.5256	1.1313
Group 2	1.3093	0.2163	1.5256	1.1313
Class E accumulation¹				
Group 1	0.7366	-	0.7366	n/a
Group 2	0.2867	0.4499	0.7366	n/a
Class E income¹				
Group 1	0.9242	-	0.9242	n/a
Group 2	0.0577	0.8665	0.9242	n/a
Class I accumulation				
Group 1	1.0011	-	1.0011	0.7465
Group 2	0.6301	0.3710	1.0011	0.7465
Class I income				
Group 1	0.9700	-	0.9700	0.7448
Group 2	0.2514	0.7186	0.9700	0.7448

¹ Class E accumulation and Class E income launched on 24 June 2019.

Distribution tables (continued)

Interim dividend distribution (accounting date 30 November 2019, paid on 31 January 2020)

Group 1: units purchased prior to 1 September 2019

Group 2: units purchased on or after 1 September 2019

	Distribution per unit	Equalisation	Total distribution per unit 31/01/20	Total distribution per unit 31/01/19
Class A accumulation				
Group 1	0.5766	-	0.5766	0.6192
Group 2	0.2512	0.3254	0.5766	0.6192
Class A income				
Group 1	0.7166	-	0.7166	0.7945
Group 2	0.2968	0.4198	0.7166	0.7945
Class B accumulation				
Group 1	1.2050	-	1.2050	1.2840
Group 2	0.9793	0.2257	1.2050	1.2840
Class E accumulation¹				
Group 1	0.5774	-	0.5774	n/a
Group 2	0.3080	0.2694	0.5774	n/a
Class E income¹				
Group 1	0.7181	-	0.7181	n/a
Group 2	0.1920	0.5261	0.7181	n/a
Class I accumulation				
Group 1	0.7883	-	0.7883	0.8433
Group 2	0.3131	0.4752	0.7883	0.8433
Class I income				
Group 1	0.7574	-	0.7574	0.8373
Group 2	0.1822	0.5752	0.7574	0.8373

¹ Class E accumulation and Class E income launched on 24 June 2019.

Distribution tables (continued)

Interim dividend distribution (accounting date 29 February 2020, paid on 30 April 2020)

Group 1: units purchased prior to 1 December 2019

Group 2: units purchased on or after 1 December 2019

	Distribution per unit	Equalisation	Total distribution per unit 30/04/20	Total distribution per unit 30/04/19
Class A accumulation				
Group 1	0.4898	-	0.4898	0.7390
Group 2	0.2228	0.2670	0.4898	0.7390
Class A income				
Group 1	0.6045	-	0.6045	0.9449
Group 2	0.1463	0.4582	0.6045	0.9449
Class B accumulation				
Group 1	1.0323	-	1.0323	1.5250
Group 2	0.5630	0.4693	1.0323	1.5250
Class E accumulation¹				
Group 1	0.4910	-	0.4910	n/a
Group 2	0.1304	0.3606	0.4910	n/a
Class E income¹				
Group 1	0.6064	-	0.6064	n/a
Group 2	0.0406	0.5658	0.6064	n/a
Class I accumulation				
Group 1	0.6735	-	0.6735	1.0041
Group 2	0.0522	0.6213	0.6735	1.0041
Class I income				
Group 1	0.6428	-	0.6428	0.9891
Group 2	0.2767	0.3661	0.6428	0.9891

¹ Class E accumulation and Class E income launched on 24 June 2019.

Distribution tables (continued)

Final dividend distribution (accounting date 31 May 2020, paid on 31 July 2020)

Group 1: units purchased prior to 1 March 2020

Group 2: units purchased on or after 1 March 2020

	Distribution per unit	Equalisation	Total distribution per unit 31/07/20	Total distribution per unit 31/07/19
Class A accumulation				
Group 1	0.7900	-	0.7900	0.6442
Group 2	0.1888	0.6012	0.7900	0.6442
Class A income				
Group 1	0.9682	-	0.9682	0.8151
Group 2	0.2609	0.7073	0.9682	0.8151
Class B accumulation				
Group 1	1.6389	-	1.6389	1.3373
Group 2	0.6018	1.0371	1.6389	1.3373
Class E accumulation¹				
Group 1	0.7928	-	0.7928	n/a
Group 2	0.1976	0.5952	0.7928	n/a
Class E income¹				
Group 1	0.9720	-	0.9720	n/a
Group 2	0.1619	0.8101	0.9720	n/a
Class I accumulation				
Group 1	1.0736	-	1.0736	0.8775
Group 2	0.5137	0.5599	1.0736	0.8775
Class I income				
Group 1	1.0189	-	1.0189	0.8568
Group 2	0.2596	0.7593	1.0189	0.8568

¹ Class E accumulation and Class E income launched on 24 June 2019.

Appendix - additional information (unaudited)

Securities financing transactions

The fund engages 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 fund's involvement in and exposures related to securities lending for the year ended 31 May 2020 are detailed below.

Global data

The table lists the amount of securities on loan as a proportion of total lendable assets and the fund's assets under management (AUM) as at 31 May 2020:

Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Janus Henderson Multi-Manager Diversified Fund	988	2.32%	2.27%

Concentration data

The following table lists the ten largest collateral issuers by value of collateral received (across all SFTs) for the fund as at 31 May 2020:

Issuer	Market value of collateral received £000
Singapore Exchange	110
Jardine Matheson	110
Keyence	109
China Overseas Land & Investment	107
Ubisoft Entertain	107
Canadian Imperial Bank of Commerce	98
Franco Nevada	84
Prosus	48
Royal Bank of Canada	36
International Consolidated Airlines	35

The following table details the top ten counterparties of each type of SFTs (based on gross volume of outstanding transactions), for the fund as at 31 May 2020:

Counterparty	Market value of securities on loan £000	Settlement basis
JP Morgan	988	Triparty
	988	

All counterparties have been included

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data

The following table provides an analysis of the collateral received by the fund in respect of each type of SFTs as at 31 May 2020:

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
JP Morgan	United States	Equity	Main market listing	CAD	Triparty	BNP Paribas	241
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	44
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	226
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	86
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	107
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	158
JP Morgan	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	1
JP Morgan	United States	Equity	Main market listing	SGD	Triparty	BNP Paribas	110
JP Morgan	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	125
							1,098

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 on securities lending activities

The following table details the fund's return and costs for each type of SFTs for the year ended 31 May 2020:

Fund	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000	% return retained by the securities lending agent	% return retained by the fund
Janus Henderson Multi-Manager Diversified Fund	21	3	18	15%	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 Compensation Committee of Janus Henderson Group plc in its oversight of Henderson Investment Funds Limited (HIFL) must make relevant remuneration disclosures.

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

Janus Henderson Multi-Manager Diversified Fund is managed by HIFL, which is a subsidiary of Janus Henderson Group plc.

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

Further information with respect to the Janus Henderson Group plc Remuneration Policy is available in the Janus Henderson Group plc annual report as at 31 December 2019.

	Headcount (1)	Total Remuneration (£000s) (2,3)
Janus Henderson Multi-Manager Diversified Fund	2,012	76
of which		
Fixed Remuneration	2,012	32
Variable Remuneration	2,000	44
Janus Henderson Multi-Manager Diversified Fund Remuneration Code Staff	50	27
of which		
Senior Management (4)	25	5
Other Code Staff (5)	25	22

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

Further information

Unitholder 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 units 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.

Important Information

Janus Henderson Investors is the name under which investment products and services are provided by 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 registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier).

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

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