“The Company’s current portfolio is a blend of assets and strategies, less correlated to traditional market instruments, which have proven to be relatively robust in recent market setbacks.”

Richard Gubbins, Chairman
Performance Highlights

Risk adjusted return\(^2\) compared to the benchmark\(^3\)

![Graph showing monthly return rates for Company and Benchmark from October 2017 to March 2019]

<table>
<thead>
<tr>
<th>NAV per ordinary share at period end</th>
<th>Total return per ordinary share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong> 335.5p</td>
<td><strong>2019</strong> 9.8p</td>
</tr>
<tr>
<td><strong>2017</strong> 335.4p</td>
<td><strong>2017</strong> 32.2p</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share price per ordinary share at period end</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong> 270.0p</td>
</tr>
<tr>
<td><strong>2017</strong> 291.5p</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Discount at period end(^4)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong> 19.5%</td>
</tr>
<tr>
<td><strong>2017</strong> 13.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of investments at period end(^6)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong> 44</td>
</tr>
<tr>
<td><strong>2017</strong> 54</td>
</tr>
</tbody>
</table>

Sources: Morningstar Direct, Janus Henderson, Datastream, Association of Investment Companies ("AIC")
A glossary of terms is included on pages 18 and 19

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1. Figures in respect of the 18-month period ended 31 March 2019 compared to the previous year ended 30 September 2017
2. Risk adjusted return calculated using the monthly average Sharpe ratio
3. FTSE World Total Return index in Sterling terms
4. Discount calculated using year-end audited NAVs including current year revenue
5. 2019 final dividend subject to shareholder approval at the annual general meeting on 25 July 2019
6. Includes nil-valued securities
7. Calculated using the methodology prescribed by the AIC
8. Annualised for the 18 months ended 31 March 2019
Performance Highlights (continued)

Total return performance for the 18-month period to 31 March 2019 (rebased to 100)

NAV Total return performance

12 months to 31 March 2019 3.4%  18 months to 31 March 2019 3.0%  12 months to 30 September 2017 10.8%

Dividend per share

5 year dividend growth (annualised)

Sources: Morningstar Direct, Janus Henderson, Datastream, Association of Investment Companies ("AIC")
A glossary of terms is included on pages 18 and 19

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1 Figures in respect of the 18-month period ended 31 March 2019 compared to the previous year ended 30 September 2017
2 Share price total return using mid-market closing prices
3 FTSE Developed Total Return Index (75%)/FTSE Emerging Markets Total Return Index (25%)
4 2019 dividend comprises an interim dividend of 5.00p per ordinary share and final dividend of 2.50p per ordinary share subject to approval at the annual general meeting on 25 July 2019
Business Model

Henderson Alternative Strategies Trust plc ("the Company") operates as an investment company. It appoints specialised third-party service providers to establish and maintain an investment portfolio in line with the Investment Objective and Policy. The performance of the third-party service providers is monitored and challenged by a Board of independent non-executive directors. The Board is directly accountable to the Company’s shareholders.

Investment Objective
The Company exploits global opportunities not normally readily accessible in one vehicle to provide long-term growth to shareholders via a diversified, international, multi-strategy portfolio which also offers access to specialist funds including hedge and private equity. The Company aims to outperform the FTSE World Total Return Index on a total return basis (a combination of income and capital growth) in Sterling terms.

Investment Policy
Investments
The portfolio comprises investments which are considered to have attractive medium to long-term (typically 5 years or more) return potential and are of a specialist or alternative asset focus. Specialist investments target particular geographies or sectors and alternative investments focus on the private equity, hedge and property asset classes. Investments may be made in listed or unlisted closed-ended investment funds, open-ended investment funds, listed or unlisted company shares and debt instruments, exchange traded funds, contracts for difference ("CFDs"), and warrants and related instruments.

The Company holds a minimum of 30 individual investments.

Investment of Cash Resources
In the event the Company has significant cash resources it will typically invest in UK government securities or money market funds.

Benchmark
The Company’s performance benchmark, the FTSE World Total Return Index in Sterling terms, is a global equity market index which provides the Company with a total return yardstick for its investment portfolio. Given the flexibility of the Company’s investment mandate, the pursuit of the Company’s Investment Objective may result in the geometrical and sector weightings of its investment portfolio differing materially from the composition and content of the benchmark index.

Limits
The following limits address the need for maintaining an appropriate degree of portfolio diversification in relation to asset class, geography, sector, gearing and underlying portfolio liquidity:

- individual investments shall not exceed 10% of total portfolio value;
- investments in private equity funds shall not exceed 35% of total portfolio value;
- investments in hedge funds shall not exceed 30% of total portfolio value;
- investments in property funds shall not exceed 20% of total portfolio value;
- no more than 50% of total portfolio value shall be invested in emerging or frontier markets on a look-through basis;
- no more than 20% of total portfolio value shall be invested in one sector on a look-through basis;
- unlisted investments without redemption rights shall not exceed 20% of total portfolio value;
- borrowings and long-only CFD exposure shall not exceed 20% of the Company’s net asset value on a combined basis; and
- portfolio hedging exposure shall not exceed 20% of the Company’s net asset value.

For the purposes of the above limits, the total portfolio value is the value of all investments in the portfolio excluding cash, cash equivalents and holdings in money market instruments (which would otherwise be held as cash on deposit). The limits apply at the time each investment is made. To the extent a limit is exceeded as a result of changes in the value of investments, the Manager will seek to manage the position in a manner consistent with the best interests of shareholders.

Management Arrangements
The Company has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager in accordance with an agreement effective from 22 July 2014. The agreement is terminable on two months’ notice. HIFL delegates investment management services to Henderson Global Investors Limited. Both entities are authorised and regulated by the Financial Conduct Authority and are part of the Janus Henderson group of companies. References to “Janus Henderson” or the “Manager” refer to the services provided to the Company by the Manager’s group.

The management fee for the period from 1 October 2017 to 31 March 2018 was charged at a rate of 0.70% per annum, payable quarterly in arrears based on the level of net chargeable assets at the relevant quarter end. With effect from 1 April 2018, the management fee is 0.60% per annum of the NAV for assets up to £250m and 0.55% per annum of the NAV for assets in excess of £250m.

The portfolio was jointly managed by Ian Barrass and James de Bunsen up to 30 June 2018, when Ian Barrass retired from the Manager. James de Bunsen continues to manage the Company’s portfolio along with Peter Webster who was appointed as a Fund Manager on 1 July 2018. Alex Barr was appointed as a senior manager with effect from 15 July 2019.

Janus Henderson and its subsidiaries provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of Janus Henderson, by BNP Paribas Securities Services ("BNP"). Henderson Secretarial Services Limited acts as the Corporate Secretary.
Chairman’s Statement

The Chairman of the Company, Richard Gubbins, reports on the 18-month period to 31 March 2019

Performance

This is my first full report to shareholders since the change in our financial year end. The report therefore covers the 18-month period to 31 March 2019, a period marked by the return of volatility to stock markets, which led, at times, to severe falls in the levels of indices. The period saw two particularly sharp sell-offs in 2018 with the market downturn in the autumn being precipitated by the continuing lack of resolution of the trade dispute between the United States and China together with increasing concerns over the Federal Reserve’s tightening of monetary policy in both raising interest rates and shrinking its balance sheet at a time when economic data appeared to be deteriorating.

The Federal Reserve’s abrupt about-turn in the first quarter of 2019 led to a strong rally in assets of every type, including government bonds, credit and equities, in spite of widespread earnings downgrades and of an apparently weak macro-economic environment. Currently, much of the market’s optimism is predicated on satisfactory resolution of the US-China trade dispute and on success in China’s attempts to stimulate its economy.

Against this backdrop, the Company generated a 3.0% NAV total return over the period. This compares to an 11.4% total return from its benchmark, the FTSE World Total Return Index (in Sterling). The Company share price total return was -4.2% during the period and reflected both its lack of full participation in the recovery in share prices (having defended well the Company’s value in the period of market downturn) and some widening of the discount. By contrast, the three-year numbers are healthier: annualised total return improvements of 9.7% in NAV and 10.8% in share price. Such returns have also been achieved with only slightly more than half the volatility displayed by the portfolio’s benchmark index: 5.7% compared to 10.2%.

Share Price Discount

The average share price discount to NAV over the period was 16.5%. As experienced at the time of the previous continuation votes, the discount came in for a spell and then widened again as the potential opportunity for a return of cash from a company winding itself up disappeared. The discount ended the period close to its widest levels at 19.5%. The Board remains of the view that the high quality of the Company’s assets, the improved underlying liquidity of the portfolio and its re-invigorated performance over the last three years merit a higher rating.

Dividends

The Company extended its financial reporting period from 30 September to 31 March with the aim of aligning more closely its reporting cycle to the receipt of valuations from the unquoted private equity funds and other unlisted investments held in the portfolio. Owing to such an extension, the Board declared an interim dividend of 5.00p per ordinary share which was paid to shareholders on 31 January 2019.

Having considered the performance of the Company’s portfolio for the additional six months in this 18-month financial reporting period to 31 March 2019, the Board is pleased to recommend a final dividend of 2.50p per ordinary share which will be payable to shareholders on 2 August 2019, subject to approval by shareholders. The decision has been made with regard to the level of revenue reserves and brings the total dividend for the period to 7.50p (2017: 4.75p) per ordinary share.

For the current and future financial reporting periods, the Board expects to revert to paying a single final dividend following approval by shareholders at the annual general meeting in each year.

Management Fees

Following a review by the Board of the fees paid to the Manager, the management fee was reduced, with effect from 1 April 2018, from 0.70% per annum of net chargeable assets to 0.60% per annum for assets up to £250m and 0.55% for assets above this amount.

Fund Management Team

The Board was disappointed to receive the news that Mr Ian Barrass intended to retire from the Manager at the end of June 2018. Ian had been instrumental in the transition of the Company’s portfolio to Janus Henderson in 2013 and in restructuring the Company’s investments. The Board is particularly grateful for Ian’s commitment to the portfolio in that time and wish him all the very best. Mr Peter Webster was appointed as a Fund Manager of the Company on 1 July 2018, alongside the existing Fund Manager, Mr James de Bunsen. In April 2019, the Board was delighted to announce the appointment as a senior manager of Mr Alex Barr, formerly lead manager of Aberdeen Private Equity Fund Limited and most recently Global Head of Private Markets and Real Estate Investment Oversight at Aberdeen Standard Investment Management. Alex has 26 years of experience in financial markets, specialising in alternative assets, and will be joining in July 2019.

Governance

The Financial Reporting Council ("FRC") issued a revised UK Corporate Governance Code in July 2018. This was followed in February 2019 by the publication of an updated Code of Governance which was issued by the Association of Investment Companies ("AIC Code"). The AIC Code mirrors the provisions of the UK Corporate Governance Code and includes additional provisions that are of specific relevance to investment companies. The Board is pleased that the AIC Code continues to receive FRC endorsement and is reviewing its governance arrangements in light of the revised provisions. The revised AIC Code is applicable to reporting periods commencing on or after 1 January 2019.

Outlook

Investors have experienced something of a roller-coaster ride in 2018 and early 2019. The calm of 2017 gave way to a much more febrile mood in 2018 as tighter US monetary policy and rising global trade tensions hit sentiment. The recent market recovery in 2019 recognises a reduction in those former concerns as opposed to expectations of substantial improvement in company earnings or in macro-economic data. While its is possible that this sentiment continues to propel markets higher, the Board believes that some caution is warranted. The Company’s current portfolio is a blend of assets and strategies, less correlated to traditional market instruments, which have proven to be relatively robust in recent market setbacks. This highly diversified, multi-alternative approach provides investors with a distinct and attractive investment proposition in potentially volatile times ahead.

Richard Gubbins
Chairman
21 June 2019
Portfolio Information

Ten Largest Investments at 31 March 2019

<table>
<thead>
<tr>
<th>Ranking 2019</th>
<th>Ranking 2017</th>
<th>Company</th>
<th>Focus</th>
<th>Geographical area</th>
<th>Market Value £'000</th>
<th>Portfolio %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>Mantra Secondary Opportunities3</td>
<td>Investment in private equity funds</td>
<td>Global</td>
<td>7,960</td>
<td>7.0</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>CEIBA Investments Limited1</td>
<td>Investment in Cuban real estate</td>
<td>Cuba</td>
<td>7,246</td>
<td>6.4</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>BlackRock European Hedge Fund Limited2</td>
<td>Long and short investment in listed equities</td>
<td>Europe</td>
<td>7,038</td>
<td>6.2</td>
</tr>
<tr>
<td>4</td>
<td>n/a</td>
<td>Bank of America Merrill Lynch Commodity2</td>
<td>Management of commodity risk</td>
<td>Global</td>
<td>5,783</td>
<td>5.1</td>
</tr>
<tr>
<td>5</td>
<td>23</td>
<td>Renewable Energy &amp; Environmental Infrastructure Fund II4</td>
<td>Renewable energy and infrastructure investments</td>
<td>Europe</td>
<td>5,593</td>
<td>5.0</td>
</tr>
<tr>
<td>6</td>
<td>12</td>
<td>KLS Sloane Robinson Emerging Market Equity Fund2</td>
<td>Investments in emerging market securities</td>
<td>Global</td>
<td>5,446</td>
<td>4.8</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
<td>Majedie Asset Management Tortoise Fund2</td>
<td>Long and short investment in listed securities</td>
<td>Global</td>
<td>5,183</td>
<td>4.6</td>
</tr>
<tr>
<td>8</td>
<td>13</td>
<td>Sagil Latin America Opportunities Fund3</td>
<td>Long and short investments in public equity markets in Latin America</td>
<td>Latin America</td>
<td>4,881</td>
<td>4.3</td>
</tr>
<tr>
<td>9</td>
<td>8</td>
<td>Baring Vostok Investments Limited Core4</td>
<td>Direct private equity investments</td>
<td>Russia</td>
<td>4,725</td>
<td>4.2</td>
</tr>
<tr>
<td>10</td>
<td>9</td>
<td>Summit Properties1 (formerly Summit Germany Limited)</td>
<td>Investment in German real estate</td>
<td>Germany</td>
<td>4,621</td>
<td>4.1</td>
</tr>
</tbody>
</table>

1 Listed on major market (includes London Stock Exchange (full listing and AIM), Euronext and CBOE)
2 Listed on minor market (includes Luxembourg Stock Exchange, Channel Islands Stock Exchange, ISDX and LMMX)
3 Unlisted investment – with redemption rights
4 Unlisted investment – without redemption rights
5 Cash held in underlying investments

Investment by type at the portfolio level

Investment by focus at the portfolio level

Investment by geography on a look-through basis

Investment by sector on a look-through basis
Performance

Whilst we have negotiated relatively successfully some of the extreme movements in equity markets during the period, we have not captured enough of the market upside when conditions have been more benign. In hindsight, we have been too wary about high asset valuations and the ageing economic and market cycles. However, it is not our mandate to replicate the benchmark and we will always lag in periods of strong equity market performance owing to the different composition of the portfolio. It is interesting to look at how regional equity markets fared during the period: while the US equity market rose 15.9%, Europe and Japan fell 2.7% and 1.8% respectively, whilst Emerging Markets and the UK rose just 1.3% and 3.9% respectively*. The Company’s benchmark was 57% weighted towards the US equity market at period end, compared to the Company’s average exposure below 30%. Such positioning helps to explain much of the shortfall in overall performance in the latest period under review.

We have secured, however, our aim of delivering to shareholders an equity-like return, but with lower volatility, by achieving three-year annualised total returns, after expenses, of 9.7% in net asset value and 10.8% in share price. Such returns are ahead of longer-term returns from equity markets.

Our view is that we are most likely to outperform global equities over the long term by mitigating the negative impact of severe downturns in the market. We should achieve such a result by sensible portfolio construction and by not overpaying for assets. Sensible portfolio construction entails ensuring we have a suitably diversified portfolio of attractively priced assets. Our remit to invest in alternative assets and strategies is very helpful in this regard. Its strength was demonstrated in the challenging fourth quarter of 2018, when the portfolio’s fall in value was a fraction of the severe decline seen in global equity markets. Meanwhile our focus on valuation stems from our belief that attempts to forecast economic data and market movements are largely futile. Instead, we follow a disciplined, valuation-driven approach. Thus we look to raise risk exposure when assets look invitingly valued relative to history and take profits when they look expensive. History shows us that valuation is the most important factor in determining realised returns. Of course, we also take account of macro-economic data, investor sentiment and positioning when evaluating opportunities but adherence to a valuation discipline removes much of the guesswork from investing. In the volatile period under review, we have allowed excessive caution to colour the composition of our portfolio and, despite emerging relatively unscathed during the two particularly steep equity market declines at the beginning and end of 2018, lagged significantly the comparable benchmark return.

We remain convinced that our mandate is not to recreate exposures that investors may include with ease in their investment portfolios, particularly when equity and bond investing has become somewhat commoditised in recent years with the onslaught of very cheap passive index trackers. This portfolio remains a blend of hard-to-access strategies and assets which most investors would find difficult to recreate. It also means that shorter-term returns may vary meaningfully from those of the benchmark.

Performance Contribution

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Contribution %</th>
<th>Average Weighting %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Equity</td>
<td>1.3</td>
<td>17.7</td>
</tr>
<tr>
<td>Private Equity</td>
<td>1.6</td>
<td>30.8</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>0.2</td>
<td>20.9</td>
</tr>
<tr>
<td>Property</td>
<td>0.5</td>
<td>10.9</td>
</tr>
<tr>
<td>Credit</td>
<td>0.4</td>
<td>13.4</td>
</tr>
<tr>
<td>Commodities</td>
<td>0.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Cash</td>
<td>0.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: Janus Henderson

All our investment categories delivered positive performance, led by both Private and Public Equity. Within the portfolio the largest individual contributor was Mantra Secondary Opportunities, which is a fund of secondary private equity funds. The first investment in this fund was made in 2014; since then, it has returned 58% of the capital originally invested and has generated an internal rate of return of 33.4% per annum. Public Equities had the tailwind of a rising stock market but notable returns came from EF Realisation Co Ltd, a special situation stock which looked undervalued compared to its underlying assets. The anomaly was recognised subsequently as such by the market with a strong boost to the share price. In the Hedge Fund category, the Blackrock European Hedge Fund continued to contribute strongly to returns by showing itself to be adept at managing a more volatile environment. Our Commodities strategy made a positive contribution over the period as a whole and was particularly robust in December 2018 when equity markets suffered steep falls. Within Property, CEIBA Investments Ltd and Summit Properties performed well; whilst in Credit our NB Distressed Debt holdings contributed to returns as more assets were realised and capital returned to investors.

* S&P 500, Euro Stoxx 50, Topix, MSCI Emerging Markets, FTSE All Share indices, total returns, local currency, 30/09/17-31/03/19
On the debit side, the largest detractor from performance was Eurovestech, in the Private Equity category. The holding was marked down by roughly a third as a handful of shares were traded at an extremely large discount to the latest NAV. We believe this unwarranted markdown is more a reflection of the lack of liquidity in this de-listed stock, which only trades on a matched-bargain basis, rather than a reflection of the underlying investee companies’ performance.

Elsewhere, Riverstone Energy performed poorly as volatile oil prices hurt sentiment towards this investor in US shale oil and gas projects. Finally, in Hedge Funds, the Schroder GAIA Indus Pacific choice Asia Fund had a disappointing period of performance in tracking Asian equity markets downwards without offsetting any of the generalised market weakness.

**Portfolio Activity**

**Private Equity**

Within Private Equity, both Mantra Secondary Opportunities and Renewable Energy & Environmental Infrastructure Fund (REEIF) II drew down further capital, thus becoming larger positions over the course of the period. Both funds also wrote up the value of some of their holdings. Mantra is now past its investment period and is regularly realising investments, while REEIF’s investment period ends in September 2019.

Having taken some profits in listed private equity names such as Standard Life Private Equity (now sold), Princess Private Equity and Harbourvest Global Private Equity early in the period, in order to reduce our sensitivity to general equity market moves, we took advantage of market volatility in the fourth quarter of 2018 to make a tactical investment in 3i Group. 3i is a leading private equity and infrastructure investor, focused on mid-market businesses in Europe and North America. We have followed the company for some time but have never felt comfortable investing at the high premium to NAV at which its shares have tended to trade. However, following a very constructive meeting with the company in June 2018, we were afforded the opportunity to buy shares amidst the general weakness in UK-listed stocks in January 2019, close to NAV, in contrast to an average premium in the previous 12 months of more than 20% (and which had reached 45% at one stage). We believe the firm is extremely well managed, the current portfolio has attractive growth opportunities and that portfolio valuations are conservative. Its key asset, the European discount retailer Lidl, is extremely large in size, and has increased its market share from 45% at one stage. We believe the firm is extremely well managed, the current portfolio has attractive growth opportunities and that portfolio valuations are conservative. Its key asset, Eurovestech, in the Private Equity category. The holding was marked down by roughly a third as a handful of shares were traded at an extremely large discount to the latest NAV. We believe this unwarranted markdown is more a reflection of the lack of liquidity in this de-listed stock, which only trades on a matched-bargain basis, rather than a reflection of the underlying investee companies’ performance.

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**Public Equity**

During December 2017 and January 2018 we built a position in Sigma Capital Group PLC, a UK-listed developer of private rental sector (PRS) housing in areas of the UK which require regeneration. Sigma was a 1.7% position at period end. It is rare for us to make direct company investments, but we believed Sigma represented an excellent opportunity. Sigma came to our attention as a result of our Multi-Asset desk’s involvement in the £250 million IPO of PRS REIT plc during May 2017. PRS REIT is developing and acquiring a portfolio of PRS housing, mainly in northern and central England. Sigma manages PRS REIT’s existing property portfolio, oversees PRS REIT’s own development activities and also develops projects which may be offered to PRS REIT for purchase. Properties are typically new-build, two- to four-bedroom houses, for households with average incomes.

With high demand in the UK for competitively priced, good-quality PRS accommodation, PRS REIT is planning to raise substantially more capital over the next few years. This will clearly be a major financial boost for Sigma as the fund’s manager will receive additional management and development fees. We believe that the market continues to undervalue Sigma’s growth potential and the operational leverage within its business.

In early 2018 we invested tactically in three UK-listed infrastructure stocks: HICL Infrastructure Company Limited, 3i Infrastructure PLC and International Public Partnerships Limited. All three of these vehicles were impacted negatively in January 2018 by comments made by leading Labour Party figures regarding the possible “nationalisation” of PFI/PPP contracts under a future Labour government. Such an event would, in theory, result in material reductions in their NAVs. The comments triggered a sell-off across the listed infrastructure sector between January and March which, in our view, was overdone. Even if Labour did come to power, we believe it unlikely that such a government could finance the huge cost of buying out the contracts in question.

We added two new holdings during the October 2018 market sell-off. The Euro Stoxx 50 Dividend December 2022 futures contract was a 4.0% position at the period end. HAST made an attractive return from dividend futures in early 2016, when markets had also fallen sharply. Dividend futures are based on the amount of dividends paid out by the Eurozone’s 50 largest firms. Dividends tend to be more predictable and stable than earnings (and much more so than share prices). Company managements are loath to cut dividends unless there is an extremely good reason to do so. Dividends also tend to grow in line with nominal GDP growth over time. However, from time to time, particularly during sharp market corrections, dividend future contracts can also fall sharply. This is usually a function of investment banks, which manufacture these products, de-risking in line with their volatility-driven risk models. The same event happened in October, although there was no major negative news flow on dividends. In fact, earnings in Europe have been decent, thereby indicating further increases in dividend pay-outs.

We chose to invest in the 2022 contract as it appeared to have a very attractive risk/return profile. Longer-dated contracts tend to behave similarly to equities but, as the contracts near maturity and the visibility over the actual level of the underlying dividend index becomes much clearer, this sensitivity falls dramatically. Our conservative forecast was for around 12% annualised returns until 2022. While the volatility of the contract might be similar to the EuroStoxx 50 index for the next year or so, this will fall significantly thereafter. We also think that downside risk is limited, given that the contracts are already trading almost 50% below bottom-up forecasts for dividends in 2022 and around 20% lower than 2018 dividends.

We also added a position in litigation and arbitration finance provider Burford Capital. Burford has been operating in this hugely underpenetrated space since 2009 and is acknowledged as the market leader in the sector. Its success rate and returns on capital invested have been very impressive, and the company now has interests in thousands of cases, meaning that risks are highly diversified. We have been following the stock for a while and a 25% price correction for Burford, in the absence of any news, gave us a good entry opportunity. We see this as a non-cyclical investment in a small but rapidly growing alternative asset class.

**Hedge Funds**

There were no new investments made in Hedge Funds in the period, although we topped up our exposure to SAGIL Latin American
Opportunities Fund, which briefly opened up to new investment but is now at capacity again. The fund managers have continued to add value in what has been a difficult period in Latin American markets. Meanwhile, we sold the Schroder GAIA Indus Pacificchoice Asia Fund in early 2019, following sustained poor performance. We invested originally in the Indus fund in order to gain pan-Asian equity exposure but with the expectation that the fund would protect us against some of the market downside, given its flexibility to short stocks and indices. However, this proved not to be the case and, in fact, the fund underperformed Asian markets in 2018 and also lagged in the market rally of early 2019. We are currently finalising due diligence on a global macro hedge fund, which will bring the exposure in this category back up to previous levels.

Credit
Over the course of the period, we focused on taking profits in higher risk areas of credit as the market looked priced for perfection, with more downside risk than upside return potential. As such we exited Blackstone GSO Loan Financing, Chenavari Capital Solutions and Tetragon Financial Group, and reduced Chenavari Toro, as all of these had exposure to leveraged loans in one format or another. The NB Distressed Debt vehicles also returned capital over the period.

Property
In April 2018, we took part in a placing for listed UK warehouse fund Urban Logistics REIT PLC. This is a clear structural growth story with the exponential rise in online retail and, although a fairly well understood theme, we think that this niche and highly experienced manager has the wherewithal to continue to generate double-digit returns over the next few years from yield compression and good asset management.

Commodities
One of the largest new holdings was a commodity strategy, which represented 4.3% of NAV at the period end. This is a market-neutral strategy, meaning its returns are not dependent on commodity prices appreciating (or depreciating). It involves a purely systematic process which makes returns from various inefficiencies or “risk premia” in commodity futures markets. It is a strategy with which we are very familiar and which has generated attractive annualised returns over an extended number of years, with relatively low volatility and with minimal correlation to equities, bonds or commodities themselves.

Liquidity
Portfolio liquidity continued to improve over the period. Only 13.4% of the portfolio at period end lacks at least monthly liquidity. Moreover, 9.7% of this exposure is in the two private equity investments (Mantra and REEIF II). Mantra is returning cash regularly and, as mentioned above, REEIF II is approaching the end of its investment period. Meanwhile, in October 2018, our Cuban property fund CEIBA (5.8% of NAV at period end) listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange. It managed to attract £30m of new capital and listed with a market capitalisation of c. £137m. These fresh funds will allow the company to undertake some new development and increase the potential returns of the portfolio at a time when Cuba is opening up to foreign investment. We also benefitted from liquidity or final distributions from various legacy holdings including Zouk Solar Opportunities Fund, Value Catalysts Fund and ASM Asian Recovery Fund.

Portfolio Classifications
As part of our drive to improve the transparency and clarity of the portfolio, we have decided to re-classify our portfolio holdings. By grouping our investments by commonly understood asset classes, we believe that investors will obtain a better sense of what is in the portfolio, its key drivers and sensitivities. Some classifications will remain unchanged, such as Private Equity, Hedge Funds and Property. We now also include Commodities, Public Equity and Credit, while jettisoning the less helpful categories of Specialist Sector and Specialist Geography (see the table on page 10).

While Public Equity and Credit are not alternative asset classes, the composition of these sectors will vary greatly from traditional allocations to equities and bonds. Here our focus is on niche strategies and sectors, often managed by very focused specialists, or in more tactical areas of the broader market, where we see particular value and/or a catalyst. These investments are, however, equities and bonds and it is important to describe them as such to enable our investors to understand our portfolio’s sensitivity to key factors such as earnings growth, market multiples, credit spreads and interest rates.

These changes have no impact on any of our portfolio maximum limits, which remain in place at: 35% in Private Equity; 30% in Hedge Funds; 20% in Property or any other sector; and 50% in Emerging Markets.

Outlook
As we write, it appears that there is much good news priced into equities and bonds. It does not follow necessarily that prices should fall from here but it does mean that the good news needs to continue for markets to make fresh highs. Certainly, the Federal Reserve’s decision to put interest rate rises on hold was a large and unexpected fillip for markets in early 2019 as there was not much good news from elsewhere. Economic data was decidedly soggy and earnings were being downgraded across the board. Hence the sharp rally in markets was surprising and happened even as investors continued to pull money out of equity mutual funds, despite cash levels remaining historically on the high side. Moreover, bond yields fell sharply, thereby suggesting that the growth outlook was deteriorating significantly. It is very unusual for bond yields to fall and equities to rally sharply simultaneously. Either bond investors are too pessimistic or equity investors are too optimistic. Historically, it has been the bearish bond buyers who have been right more often than equity buyers.

As mentioned at the outset, we do not make market forecasts and we will not start now. We believe some caution is warranted. We believe similarly that we have adequate risk exposure across our six categories, in areas that would benefit in an ongoing environment of positive market sentiment. We, however, are not wholly reliant on such a scenario. We will continue to take profits in assets that are looking more fully valued and recycle the proceeds advantageously into more attractive areas where we identify improving fundamentals. We will also continue to search for less correlated strategies which will provide ballast in more volatile market episodes. We do not need a crystal ball to be confident that there will be more of those around the corner and volatility normally provides opportunity.

James de Bunsen and Peter Webster
Fund Managers
21 June 2019
## Investment Categories

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Characteristics/Investment approach</th>
</tr>
</thead>
</table>
| Private Equity      | • Access to early-stage, high-growth and buy-out companies  
                      • Historically outperforms listed markets over the long-term |
| Public Equity       | • Allocate selectively to secular growth and tactical opportunities  
                      • Leverage from multi-asset team to invest by sector or geography |
| Hedge Funds         | • Access to a diversified pool of different strategies  
                      • Strategies can protect capital during volatile periods |
| Credit              | • Bank disintermediation has led to growth in alternative finance providers  
                      • Caution required as many new strategies yet to be tested |
| Property            | • Focus away from UK prime commercial property markets  
                      • Specific growth sector helps reduce beta to global property values |
| Commodities         | • Potentially uncorrelated returns across a wide array of raw materials from metals to energy to agricultural commodities |
# Investment Portfolio at 31 March 2019

<table>
<thead>
<tr>
<th>Investments</th>
<th>Focus</th>
<th>Market Value £'000</th>
<th>Portfolio %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mantra Secondary Opportunities ⁴</td>
<td>Private Equity</td>
<td>7,960</td>
<td>7.0</td>
</tr>
<tr>
<td>CEIBA Investment Limited ¹</td>
<td>Property</td>
<td>7,246</td>
<td>6.4</td>
</tr>
<tr>
<td>BlackRock European Hedge Fund Limited ³</td>
<td>Hedge Funds</td>
<td>7,038</td>
<td>6.2</td>
</tr>
<tr>
<td>Bank of America Merrill Lynch Commodity ²</td>
<td>Commodities</td>
<td>5,783</td>
<td>5.1</td>
</tr>
<tr>
<td>Renewable Energy &amp; Environmental Infrastructure Fund II ⁴</td>
<td>Private Equity</td>
<td>5,593</td>
<td>5.0</td>
</tr>
<tr>
<td>KLS Sloane Robinson Emerging Market Equity Fund ³</td>
<td>Public Equity</td>
<td>5,446</td>
<td>4.8</td>
</tr>
<tr>
<td>Majede Asset Management Tortoise Fund ³</td>
<td>Hedge Funds</td>
<td>5,183</td>
<td>4.6</td>
</tr>
<tr>
<td>Sagil Latin America Opportunities Fund ³</td>
<td>Hedge Funds</td>
<td>4,881</td>
<td>4.3</td>
</tr>
<tr>
<td>Baring Vostok Investments Limited Core ²</td>
<td>Private Equity</td>
<td>4,725</td>
<td>4.2</td>
</tr>
<tr>
<td>Summit Properties ¹</td>
<td>Property</td>
<td>4,621</td>
<td>4.1</td>
</tr>
</tbody>
</table>
| **Ten largest** &nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&n...
Historical Performance and Financial Information

Total return performance to 31 March 2019

<table>
<thead>
<tr>
<th></th>
<th>6 months %</th>
<th>12 months %</th>
<th>18 months %</th>
<th>3 years %</th>
<th>5 years %</th>
<th>10 years %</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV¹</td>
<td>-1.2</td>
<td>3.4</td>
<td>3.0</td>
<td>32.1</td>
<td>23.5</td>
<td>43.9</td>
</tr>
<tr>
<td>Share price²</td>
<td>-1.1</td>
<td>1.1</td>
<td>-4.2</td>
<td>36.1</td>
<td>22.6</td>
<td>46.9</td>
</tr>
<tr>
<td>Benchmark³</td>
<td>-2.4</td>
<td>11.1</td>
<td>11.4</td>
<td>51.4</td>
<td>79.9</td>
<td>263.5</td>
</tr>
<tr>
<td>Composite Index⁴</td>
<td>-0.9</td>
<td>9.4</td>
<td>10.5</td>
<td>51.8</td>
<td>76.9</td>
<td>246.9</td>
</tr>
</tbody>
</table>

Ten year historical performance to 31 March 2019 (rebased to 100)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV¹</td>
<td>291.66</td>
<td>259.75</td>
<td>10.9</td>
<td>(20,015)</td>
<td>2.18</td>
<td>(37.23)</td>
<td>(35.50)</td>
<td>2.00</td>
<td>0.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share price²</td>
<td>319.06</td>
<td>264.50</td>
<td>17.1</td>
<td>15,136</td>
<td>0.78</td>
<td>26.30</td>
<td>27.08</td>
<td>1.00</td>
<td>0.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benchmark³</td>
<td>289.50</td>
<td>289.50</td>
<td>9.8</td>
<td>1,215</td>
<td>2.33</td>
<td>(0.07)</td>
<td>2.26</td>
<td>2.00</td>
<td>0.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Composite Index⁴</td>
<td>245.00</td>
<td>245.00</td>
<td>15.6</td>
<td>5,700</td>
<td>0.85</td>
<td>11.07</td>
<td>11.92</td>
<td>1.50</td>
<td>0.84</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Financial Information

<table>
<thead>
<tr>
<th>At 30 September</th>
<th>Net assets £’000</th>
<th>NAV p</th>
<th>Mid-market price per ordinary share p</th>
<th>Discount/ (premium) %</th>
<th>Profit/ (loss) for year £’000</th>
<th>Revenue return per ordinary share p</th>
<th>Capital return per ordinary share p</th>
<th>Total return per ordinary share p</th>
<th>Dividend p</th>
<th>Expenses¹ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>166,521</td>
<td>291.66</td>
<td>259.75</td>
<td>10.9</td>
<td>(20,015)</td>
<td>2.18</td>
<td>(37.23)</td>
<td>(35.50)</td>
<td>2.00</td>
<td>0.91</td>
</tr>
<tr>
<td>2010</td>
<td>172,403</td>
<td>319.06</td>
<td>264.50</td>
<td>17.1</td>
<td>15,136</td>
<td>0.78</td>
<td>26.30</td>
<td>27.08</td>
<td>1.00</td>
<td>0.90</td>
</tr>
<tr>
<td>2011</td>
<td>170,082</td>
<td>320.85</td>
<td>289.50</td>
<td>9.8</td>
<td>1,215</td>
<td>2.33</td>
<td>(0.07)</td>
<td>2.26</td>
<td>2.00</td>
<td>0.93</td>
</tr>
<tr>
<td>2012</td>
<td>135,201</td>
<td>279.83</td>
<td>253.50</td>
<td>9.4</td>
<td>(20,851)</td>
<td>2.01</td>
<td>(42.89)</td>
<td>(40.88)</td>
<td>2.00</td>
<td>0.93</td>
</tr>
<tr>
<td>2013</td>
<td>138,580</td>
<td>290.20</td>
<td>245.00</td>
<td>15.6</td>
<td>5,700</td>
<td>0.85</td>
<td>11.07</td>
<td>11.92</td>
<td>1.50</td>
<td>0.84</td>
</tr>
<tr>
<td>2014</td>
<td>139,408</td>
<td>291.94</td>
<td>250.88</td>
<td>14.1</td>
<td>1,544</td>
<td>3.53</td>
<td>(0.30)</td>
<td>3.23</td>
<td>3.00</td>
<td>0.93</td>
</tr>
<tr>
<td>2015</td>
<td>118,444¹</td>
<td>275.60</td>
<td>221.00</td>
<td>19.8</td>
<td>(6,606)</td>
<td>3.72</td>
<td>(18.61)</td>
<td>(14.89)</td>
<td>3.30</td>
<td>0.97</td>
</tr>
<tr>
<td>2016</td>
<td>132,648</td>
<td>308.66</td>
<td>249.13</td>
<td>19.3</td>
<td>15,622</td>
<td>7.50</td>
<td>28.85</td>
<td>36.35</td>
<td>3.80¹</td>
<td>1.00</td>
</tr>
<tr>
<td>2017</td>
<td>129,742²</td>
<td>335.44</td>
<td>291.50</td>
<td>13.1</td>
<td>12,903</td>
<td>5.23</td>
<td>26.97</td>
<td>32.20</td>
<td>4.75</td>
<td>1.02</td>
</tr>
</tbody>
</table>

At 31 March 2019³

|                  | 129,752 | 335.46 | 270.00 | 19.5 | 3,781 | 6.34 | 3.43 | 9.77 | 7.50³ | 0.94³ |

1. Net asset value per ordinary share with income reinvested
2. Share price total return per ordinary share using mid-market prices
3. FTSE World Total Return Index in Sterling terms
4. FTSE Developed Total Return Index (75%)/FTSE Emerging Markets Total Return Index (25%)
5. Using total expense ratio methodology for 2011 and previous years (excluding performance fees); ongoing charge methodology thereafter
6. Reduction in net assets of £12,925,142 following tender offer in December 2014
7. Excludes the special dividend of 2.6p per ordinary share
8. Reduction in net assets of £13,059,000 following tender offer in January 2017
9. The Company changed its accounting reference date from 30 September to 31 March in 2018
10. Comprises an interim dividend of 5.00p per ordinary share and final dividend of 2.50p per ordinary share. The final dividend is subject to shareholder approval at the annual general meeting to be held on 25 July 2019
11. Annualised for the 18 months ended 31 March 2019

Sources: Morningstar Direct, Janus Henderson, Datastream
Corporate Information

Directors
The directors appointed to the Board at the date of this report are:

**Richard Gubbins**
Position: Chairman of the Board, Nominations Committee and Management Engagement Committee
Date of Appointment: 25 July 2014
Richard is a Senior Consultant and was previously a Senior Corporate Partner of Ashurst LLP. For 20 years he had a senior role in developing business in Emerging Markets (South-East Asia (1996-2000), Russia (2004-2008) and India for nine years). He is a director of Hero Inc. BV, a non-executive director of JP Morgan Mid-Cap Investment Trust PLC and The Masuri Group Limited and he is a senior adviser in Europe to a family office. He is an independent member of the Audit and Risk Management Committee of The England and Wales Cricket Board and a director of The American European Business Association.

**Jamie Korner**
Position: Senior Independent Director
Date of Appointment: 13 May 2013
Jamie is a recently retired partner of Stanhope Capital LLP. A Cambridge graduate, he joined Inchcape in 1978 following a period in farming. After working at stockbroker Fielding Newson Smith and as a manager of institutional funds at M&G, he moved to Newton Investment Management in 1995. He led the charity and smaller institutional business of Newton until his retirement in 2011. He is a trustee of the Foyle Foundation and other charities.

**Graham Oldroyd**
Position: Audit Committee Chairman
Date of Appointment: 25 July 2014
Graham was a partner with 23 years’ service at European private equity fund manager Bridgepoint until June 2013. He is a non-executive director of Nobina AB (publ.), Sweden, a non-executive director of PHS Group Investments Limited and Chairman of Ideal Standard International NV, a Senior Adviser to MCF Corporate Finance, and a Senior Adviser to fund manager Downing LLP. He is a Church of England Church Commissioner, and a member of the Church Commissioners’ Fund Assets Committee. A graduate in Engineering from Cambridge University, he also holds an MBA from INSEAD Business School. He is a Chartered Engineer, a Fellow of the Institution of Mechanical Engineers, and a Member of the Chartered Institute for Securities & Investment.

**Mary-Anne McIntyre**
Position: Director
Date of Appointment: 1 September 2017
Mary-Anne brings a wealth of experience from the asset management industry having held roles as Chief Distribution Officer at Old Mutual Wealth, Chief Executive Officer, and an executive director, at OpenWork (2010-2015), Head of European Customer Service Operations at Fidelity International (2006-2010) and Managing Director of Customer Services at Invesco Perpetual (1997-2002). She is a qualified Chartered Accountant and formerly the Group Director, Financial Services Group, of Deloitte (1985-1997). Mary-Anne is CEO of Secium Group Holdings, a non-executive director of Canada Life Limited and a member of Javelin Capital Partners LLP. She is currently a member of the Audit and Risk Management Committee of The England and Wales Cricket Board and a former Trustee, latterly Chair, of FitzRoy (2004-2017), a charity that supports people with learning disabilities.

All directors are independent of Janus Henderson and are members of the Audit, Nominations and Management Engagement committees.
Corporate Information (continued)

Service Providers

Alternative Investment Fund Manager
Henderson Investment Funds Limited
201 Bishopsgate
London
EC2M 3AE

Corporate Secretary
Henderson Secretarial Services Limited
201 Bishopsgate
London
EC2M 3AE
Telephone: 020 7818 1818

Depositary
State Street Trustees Limited
525 Ferry Road
Edinburgh
EH5 2AW

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol
BS99 6ZZ

Corporate Broker
Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Independent Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Registered Office
Edinburgh House
4 North St. Andrew Street
Edinburgh
EH12 1HJ

Correspondence Address
201 Bishopsgate
London
EC2M 3AE

Financial Calendar

Annual General Meeting\(^1\) 25 July 2019
Ex-dividend date 11 July 2019
Dividend record date 12 July 2019
Final dividend payable August 2019
Interim report November 2019

1 At 201 Bishopsgate, London EC2M 3AE at 11.30 am

Information Sources

For more information about the Company, visit the website at www.hendersonalternativestrategies.com

HGi
HGi is a content platform provided by Janus Henderson that offers online personalisation where you can “follow” investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Janus Henderson’s investment expertise.

Scan the QR code or use this short URL to register for HGi.
http://HGi.co/rb

Follow Investment Trusts on Twitter, YouTube and Facebook

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone 03457 225 525, email Customercare.HSDL@halifax.co.uk or visit their website www.halifax.co.uk/sharedealing.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee Share Code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.
Corporate Information (continued)

Status

The Company is an investment company as defined by Section 833 of the Companies Act 2006 (the "Act"). It has been approved as an investment trust under Section 1158 of the Corporation Tax Act 2010, as amended ("s.1158"), and is a member of the Association of Investment Companies.

The directors are of the opinion that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company)(Tax) Regulations 2011.

The Company maintains a primary listing on the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosures Guidance and Transparency Rules issued by the Financial Conduct Authority. The Company is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution.

Principal Risks

The Board, with the assistance of Janus Henderson, has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. In carrying out this assessment, the Board has considered the market uncertainty arising from the UK’s negotiations to leave the EU. The Board has drawn up a matrix of risks and has put in place a schedule of Investment Limits and Restrictions appropriate to the Company’s Investment Objective and Policy, in order to mitigate these risks as far as practicable. The significant risks facing the continuing operations of the Company are summarised below:

<table>
<thead>
<tr>
<th>Risk</th>
<th>Controls and mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Strategy and Performance</strong></td>
<td></td>
</tr>
<tr>
<td>Poor investment performance</td>
<td>The Board monitors investment performance at each meeting and the Fund Managers are</td>
</tr>
<tr>
<td>Failure of the Manager</td>
<td>committed to maintaining a diversified portfolio. Market risk is mitigated through the</td>
</tr>
<tr>
<td>Loss of Fund Manager or management team</td>
<td>activities set out in note 15 to the financial statements.</td>
</tr>
<tr>
<td></td>
<td>The Board seeks assurances that the Manager maintains and tests business continuity</td>
</tr>
<tr>
<td></td>
<td>plans to ensure operations can be maintained in the event of a business disruption.</td>
</tr>
<tr>
<td></td>
<td>The Board seeks assurances from the Managers that the Multi-Asset team is suitably</td>
</tr>
<tr>
<td></td>
<td>resourced and that the Fund Managers are appropriately remunerated and incentivised in</td>
</tr>
<tr>
<td></td>
<td>their roles.</td>
</tr>
<tr>
<td><strong>Regulatory/Operational</strong></td>
<td></td>
</tr>
<tr>
<td>Failure of a key third-party service provider</td>
<td>The Board receives regular reporting from its key third-party service providers.</td>
</tr>
<tr>
<td>Breach of internal controls</td>
<td></td>
</tr>
<tr>
<td>Loss of s.1158 status</td>
<td>The Audit Committee reviews the independently audited reports on the effectiveness of</td>
</tr>
<tr>
<td>Breach of company law or Listing Rules</td>
<td>internal controls in place at each of its key third-party service providers, monitors</td>
</tr>
<tr>
<td>resulting in suspension</td>
<td>compliance with the investment mandate and receives quarterly internal control reports</td>
</tr>
<tr>
<td></td>
<td>from the Manager and quarterly reports from the depositary on the safe custody of the</td>
</tr>
<tr>
<td></td>
<td>Company’s assets.</td>
</tr>
<tr>
<td></td>
<td>The Manager regularly reviews and reports on compliance with s.1158.</td>
</tr>
<tr>
<td><strong>Discount</strong></td>
<td></td>
</tr>
<tr>
<td>The Company’s shares trade at an increasing wide discount to NAV</td>
<td>The Board monitors the level of the Company’s discount to NAV per share and reviews the</td>
</tr>
<tr>
<td></td>
<td>average discount to NAV for the AIC Flexible Investment sector at each meeting.</td>
</tr>
<tr>
<td></td>
<td>The Board regularly reviews with the Fund Managers and the Company’s brokers measures</td>
</tr>
<tr>
<td></td>
<td>to maintain demand in the Company’s shares, including a full range of discount control</td>
</tr>
<tr>
<td></td>
<td>mechanisms.</td>
</tr>
</tbody>
</table>

The Board considers these risks to have remained unchanged throughout the period under review.

Brexit

The Board has considered the potential effects on the Company of the possible exit of the United Kingdom from the EU ("Brexit"). The main exposures are related to potential currency volatility affecting the value of the Company’s holdings until the matter is finally determined.
Viability Statement
The directors have assessed the viability of the Company over a three year period, taking account of the Company’s current position and the potential impact of the principal risks and uncertainties as documented in this Strategic Report. The assessment has considered the possible impact of the principal risks and uncertainties facing the Company, in particular the investment strategy risk and the likelihood of their materialising in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The directors took into account the nature of the investment portfolio, including its liquidity, redemption restrictions that exist on certain investments, and the income stream that the current portfolio generates in considering the viability of the Company over the next three years and its ability to meet liabilities as they fall due.

The directors conducted this review for a period of three years as they consider this to be an appropriate period over which they do not expect there to be any significant change in the current principal risks and in the adequacy of the mitigating controls. The directors do not envisage any change in the Investment Objective or Policy, or any events that would prevent the Company from continuing to operate over that period as the Company’s assets are sufficiently liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. A substantial financial crisis affecting the global economy could have an impact on this assessment.

The ongoing operation of the Company is subject to a continuation vote every three years, with the next vote due to take place in 2021. In the event such a vote was not passed, the directors would follow the provisions in the Articles of Association relating to the winding up of the Company and the realisation of its assets.

Based on this assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three year period.

Future Developments
While the future performance of the Company is mainly dependent on the performance of international financial markets which are subject to various external factors, the Board’s intention is that the Company will continue to pursue its stated Investment Objective and Policy. The Chairman’s Statement and Fund Managers’ Report provide commentary on the outlook for the Company.

Key Performance Indicators
In order to measure the success of the Company in meeting its Investment Objective and Policy, and to evaluate the performance of the Manager, the directors take into account the following Key Performance Indicators (“KPIs”):

Performance measured against the benchmark
The Board reviews and compares the total return of the NAV per share and share price for the Company compared with the benchmark, the FTSE World Total Return Index on a total return basis in Sterling terms.

Given the fact that the Company’s portfolio includes a number of emerging market exposures, an additional informal performance measure has been adopted by the Board which the Company also reports against. This is a composite index comprising the FTSE Developed Total Return Index (75%) and the FTSE Emerging Markets Total Return Index (25%).

The Company has adopted the AIC Flexible Investment Sector as an additional informal measure which assesses performance against other similar vehicles with differentiated and flexible mandates.

Discount to NAV
The Board monitors the performance of the Company’s shares and the level of discount at which the shares trade relative to the NAV per ordinary share.

Ongoing charge
The Board reviews the costs of running the Company calculated using the AIC methodology for the ongoing charge.

The charts and data on pages 2, 3 and 12 show how the Company has performed against these KPIs.

Corporate Responsibility
Responsible investment and the UK Stewardship Code
The Board has delegated responsibility to the Manager for voting the rights attached to the shares held in the Company’s portfolio. The Manager does so in line with the provisions of its Responsible Investment Policy (the “RI Policy”) which sets out its approach to corporate governance, corporate responsibility and Janus Henderson’s compliance with the UK Stewardship Code. The Board reviews the RI Policy at least annually and receives reporting on the voting undertaken by the Manager on behalf of the Company.

The Board and the Manager believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies’ shareholders. The Manager actively votes at shareholder meetings and engages with companies as part of the voting process. Voting decisions are made in consultation with the Fund Managers.

The RI Policy can be found on the Manager’s website at www.janushenderson.com.

Employees, social, community, human rights and environmental matters
As an investment company, the Company’s own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors’ Reports) Regulations 2013.
Corporate Information (continued)

The Company has no employees. The directors are satisfied that, to the best of their knowledge, the Company’s principal suppliers, listed on page 14, comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Bribery Act 2010
The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011, and confirmed its zero tolerance to bribery and corruption in its business activities. It has received assurances from the Company’s main contractors and suppliers that they maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Modern Slavery Act 2015
As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Criminal Finances Act 2017
The Board has considered the changes made by the Criminal Finances Act 2017 which introduced a new corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion. The Company maintains a zero tolerance policy towards the provision of illegal services, including the facilitation of tax evasion.

Board
The Company’s business is overseen by a Board comprising four non-executive directors, three male and one female. The directors bring a range of knowledge and business experience including legal, private and listed equity investment experience, knowledge of the distribution chain for investment products and broad investment management expertise to discussions regarding the Company’s business.

The Board regularly considers the leadership needs and specific skills required to achieve the Company’s Investment Objective and to provide effective oversight of the Company’s activities. The directors are mindful of diversity, gender, social and ethnic backgrounds, cognitive and personal strengths, and experience when making appointments to the Board. As part of its regular evaluation of the composition of the Board, the Nominations Committee considers a skills matrix to identify the Board’s core competencies. Where gaps are identified in the profile, these are considered in the context of a search for a new director or as part of the regular retirement of directors. All appointments to the Board are based on objective criteria and merit and are made following a formal, rigorous and transparent process.

As the Company has no employees, it does not maintain a formal policy on diversity and inclusion, and therefore has nothing further to report in respect of gender representation within the Company.

For and on behalf of the Board

Graham Oldroyd
Director
21 June 2019

Warning to shareholders
Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based “brokers” who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company’s registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment “advice”. If you are in any doubt about the veracity of an unsolicited phone call, please call the Corporate Secretary at the number provided on page 14.
Glossary

Alternative Investment Fund Managers Directive ("AIFMD")
Agreed by the European Parliament and the Council of the European Union and transposed into English law with effect from 22 July 2013, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board of Directors retains responsibility for strategy, operations and compliance and the directors retain a fiduciary duty to shareholders.

AIC Flexible Investment Sector
The AIC sector comprising funds with differentiated and flexible mandates.

Association of Investment Companies ("AIC")
The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark
An index against which performance is compared. For the Company this is the FTSE World Total Return Index in Sterling terms.

Beta
The beta of an investment measures the relationship with the overall market or chosen benchmark.

Composite index
A composite index is a grouping of equities, indices or other factors combined in a standardised way to provide a useful measure of market or sector performance over time.

Contribution
A measure of how much a particular holding or investment category has contributed to the Company’s gross total return before management and administration costs. In calculating the contribution, an average weighting of the value of the holding or category as a percentage of the Company’s portfolio (including cash and money market funds) is applied to the investment return of that holding or category.

Custodian
The custodian is responsible for ensuring the safe custody of the Company’s assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary
With effect from 22 July 2014, all AIFs were required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring, verification of ownership and valuation of the underlying holdings, and is responsible for the appointment of a custodian. The depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The depositary has confirmed that it has not discharged liability in relation to any of the Company’s assets.

Derivative
A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security’s value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend dates
When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company’s registrars to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the date on which the shares trade without entitlement to the dividend. The NAV disclosed on this date is quoted as excluding the dividend.

Gearing
Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage reflects the amount of borrowings (e.g. bank loans or overdrafts) the Company has used to invest in the market and is calculated by taking the difference between total investments and equity shareholders’ funds, dividing this by equity shareholders’ funds and multiplying by 100. The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

Investment trusts
Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.
**Glossary (continued)**

**Liquidity**
In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buy-back powers to assist the market liquidity in their shares.

**Revenue return per share**
The revenue return per share is the revenue profit for the period divided by the weighted average number of ordinary shares in issue during the period.

**Risk adjusted return**
The risk adjusted return is calculated using the monthly average Sharpe ratio. The ratio measures the average return earned in excess of the risk-free rate per unit of volatility. Generally, the greater the value of the Sharpe ratio, the more attractive the risk adjusted return.

**Total return performance**
This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company’s assets (for NAV total return).

**With/without redemption rights**
Unlisted investments may or may not have redemption rights. Unlisted investments with redemption rights give the right to the Company, as an investor, to exit these investments periodically. Unlisted investments without redemption rights have no such provisions and are therefore likely to be less liquid in nature.

**Yield**
The annual dividend expressed as a percentage of the share price.

**Lock-up**
A period in which an investor has no redemption rights.

**Look-through basis**
Statistics provided on a look-through basis are an aggregation of the exposures of each of the Company’s underlying portfolio investments.

**Market capitalisation (market cap)**
The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

**Net asset value (“NAV”) per ordinary share**
The value of the Company’s assets (i.e. investments, cash held and other assets) less any liabilities (i.e. bank borrowings, debt securities and other liabilities) for which the Company is responsible, divided by the number of ordinary shares in issue. The aggregate NAV is also referred to as shareholders’ funds on the Statement of Financial Position. The NAV is published weekly.

**Ongoing charge**
The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs in accordance with methodology prescribed by the AIC and is the annualised ongoing charge divided by the average net asset value in the period.

**Premium/discount**
The amount by which the market price per ordinary share of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.