

# ANNUAL REPORT & ACCOUNTS

For the year ended 23 November 2020



# Who are Janus Henderson Investors?



Source: Janus Henderson Investors. Staff and assets under management (AUM) data as at 30 September 2020. AUM data excludes exchange-traded note (ETN) assets.

## Who we are

The notion of “connecting” is powerful – it has shaped our evolution and our world today. At Janus Henderson Investors (Janus Henderson), we seek to benefit clients through the connections we make.

Connections enable strong relationships with clients based on trust and insight as well as the flow of ideas among our investment teams and our engagement with companies, all of which allow us to make a positive difference. These connections are central to our values as a firm, to what active management stands for and to the outperformance we seek to deliver.

Our commitment to active management offers clients the opportunity to outperform passive strategies over the course of market cycles. Through times of both market calm and growing uncertainty, our managers apply their experience weighing risk versus reward potential – seeking to ensure clients are on the right side of change.

## Why Janus Henderson Investors?

At Janus Henderson, we believe in linking our world-class investment teams and experienced global distribution professionals with our clients around the world.

### Active because active matters

We selectively invest in what we believe are the most compelling opportunities. Our investment teams are free to form their own views and seek to actively position portfolios to connect clients with their financial goals.

### Global strength to deliver local solutions

We offer true global reach with a presence in all major markets, combined with the responsiveness, tailored solutions and personal touch you would expect from a local partner.

### Empowering clients through knowledge shared

We connect our clients with insights and knowledge that empower them to make better investment and business decisions.

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

## Authorised Fund Manager's report for the year ended 23 November 2020

We are pleased to present the Annual Report and Accounts for the Janus Henderson Multi-Manager Distribution Fund ('the fund') for the year ended 23 November 2020.

### Authorised status

The fund is an Alternative Investment Fund (AIF) under the Alternative Investment Fund Manager Directive (AIFMD) Regulations, authorised as a non-Undertakings for Collective Investment in Transferable Securities (non-UCITS) retail scheme for the purposes of the the Financial Conduct Authority (FCA) rules, 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 Trustee is also the Depositary for the purposes of the AIFMD pursuant to a depositary agreement dated 22 July 2014.

The fund was established on 28 February 2001 and authorised by the FCA on 2 March 2001.

Unitholders are not liable for the debts of the fund.

### Other information

With effect from 5 May 2020 the fund's investment objective and policy changed. The investment objective and policy can be found on page 3.

### Brexit update

With effect from 1 January 2021, UK domiciled investment funds that had previously operated under the Undertakings for the Collective Investment in Transferable Securities (UCITS) regulations will cease to be classed as UCITS and will instead become 'UK UCITS'. From the same date, UK domiciled non-UCITS Retail Schemes (NURS) will cease to be classed as EU Alternative Investment Funds (AIFs) and instead will be classed as third country AIFs. The way in which the funds are managed will not be impacted by this change.

### Value assessment

The board of Henderson Investment Funds Limited (HIFL) present the value assessment report for the period to 31 December 2019, made available on our website [www.janushenderson.com](http://www.janushenderson.com). Access by this link (<https://www.janushenderson.com/en-gb/adviser/notice/value-assessment-report>).

Over the period 2015 to 2019, the UK's financial services regulator, the 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 (AFM) (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

The outbreak of the novel coronavirus ('COVID-19') and subsequent global pandemic has impacted the global financial markets and economies during the year to 23 November 2020.

New variants of coronavirus are rapidly emerging around the world. These new strains are proving more infectious than the original strain which began the pandemic. As the northern hemisphere has moved into winter, coronavirus rates have been rising in parts of Europe and the USA. The impact of COVID-19 and influenza has put the pressure on hospitals and other healthcare facilities. In response to the threat presented by the second wave, European countries and many US states have instituted population lockdowns that involve varying restrictions on movement, meeting people, work, schooling, shopping, hospitality and entertainment.

Vaccines are the most effective way to prevent infections, and in the UK and around the world mass vaccination programmes have started to counter the threat of the second wave.

The worldwide spread of COVID-19 has created significant uncertainty in the global economy. The impact of COVID-19 during the year has been taken into account in the recognition and measurement of the fund's primary statements at 23 November 2020.

## Authorised Fund Manager's report (continued)

### Service providers

	Name	Address	Regulator
<b>Authorised Fund Manager and Alternative Investment Fund Manager</b>	<b>Henderson Investment Funds Limited</b> Member of the Investment Association  The ultimate holding company is Janus Henderson group plc.	Registered Office: 201 Bishopsgate London EC2M 3AE. Registered in England No 2678531 Dealing - 0845 608 8703 Enquiries - 0800 832 832	Authorised and regulated by the Financial Conduct Authority
<b>Directors of the Authorised Fund Manager</b>	R Chaudhuri (from 17.03.20) A Crooke G Foggin G Fogo S Hillenbrand H J de Sausmarez P Shea* F Smith* R Thompson (to 31.12.19) *Independent		
<b>Investment Adviser</b>	<b>Henderson Global Investors Limited</b> The ultimate holding company is Janus Henderson Group plc.	201 Bishopsgate London EC2M 3AE	Authorised and regulated by the Financial Conduct Authority
<b>Unitholder Administrator</b>	<b>SS&amp;C Financial Services International Limited and SS&amp;C Financial Services Europe Limited</b>	SS&C House St Nicholas Lane Basildon Essex SS15 5FS	Authorised and regulated by the Financial Conduct Authority
<b>Trustee and Depositary</b>	<b>NatWest Trustee and Depositary Services Limited</b> The ultimate holding company is 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
<b>Independent Auditors</b>	<b>PricewaterhouseCoopers LLP</b>	141 Bothwell Street Glasgow G2 7EQ	Institute of Chartered Accountants in England and Wales
<b>Legal Adviser</b>	<b>Eversheds Sutherland (International) LLP</b>	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 sustainable level of income with the potential for capital growth over the long term.

Performance target: To outperform the IA Mixed Investment 20–60% Shares Sector average, after the deduction of charges, over any 5 year period.

The fund invests in Collective Investment Schemes (CIS) (other funds including those managed by Janus Henderson and Exchange Traded Funds) to provide diversified 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 fund will invest globally while maintaining a core exposure to UK assets.

The fund is actively managed with reference to the IA Mixed Investment 20–60% 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

#### Cumulative performance

	One year 23 Nov 19 - 23 Nov 20	Three years 23 Nov 17 - 23 Nov 20	Five years 23 Nov 15 - 23 Nov 20	Since inception 19 Mar 01 - 23 Nov 20
	%	%	%	%
<b>Class I Income (Net)</b>	1.8	6.9	24.1	173.6
<b>IA Mixed Investment 20-60% Shares Sector</b>	3.1	8.4	27.1	124.1

#### Discrete performance

	23 Nov 19 - 23 Nov 20	23 Nov 18 - 23 Nov 19	23 Nov 17 - 23 Nov 18	23 Nov 16 - 23 Nov 17	23 Nov 15 - 23 Nov 16
	%	%	%	%	%
		%	%	%	%
<b>Class I Income (Net)</b>	1.8	8.0	(2.8)	8.4	7.1
<b>IA Mixed Investment 20-60% Shares Sector</b>	3.1	7.8	(2.5)	8.5	8.1

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

Source: Morningstar

Class I income (Net), 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 income is disclosed as it is the representative unit class.

#### Benchmark usage:

Peer group: IA Mixed Investment 20-60% Shares Sector

Peer group usage: Target

Peer group description: The 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 23 November 2020

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
Trojan Income Fund	4,170	Ninety One UK Equity Income Fund	5,272
iShares USD Corporate Bond UCITS ETF	3,700	PIMCO Global Investors Series Income Fund	3,759
Janus Henderson Global Investment Grade Bond Fund Z1 Income <sup>1</sup>	2,917	iShares Core UK Gilts UCITS ETF	3,109
iShares Physical Gold ETC	2,779	LF Morant Wright Nippon Yield Fund B Income	2,955
iShares Core UK Gilts UCITS ETF	2,575	Vanguard S&P 500 UCITS ETF	2,411
AXA Global Strategic Bond Fund Z1 Income	2,291	iShares USD Corporate Bond UCITS ETF	2,328
iShares Core MSCI EM IMI UCITS ETF	1,980	Janus Henderson UK Property PAIF Z Income <sup>1</sup>	2,253
Amundi MSCI EM Asia UCITS ETF	1,118	JPMorgan Emerging Markets Income Fund	2,118
Vanguard S&P 500 UCITS ETF	624	WisdomTree Physical Gold	1,568
Polar Capital UK Value Opportunities Fund S Accumulation	607	Invesco European Equity Income Fund	1,425
<b>Total purchases</b>	<b>25,880</b>	<b>Total sales</b>	<b>38,554</b>

<sup>1</sup> Related party to the fund

### Investment review

The fund returned 1.8% based on Class I income (Net) over the year under review, compared with a return of 3.1% in the IA Mixed Investment 20-60% Shares Sector peer group benchmark. Over the targeted five years, the fund returned 24.1% (Net) and the benchmark returned 27.1%.

Global equity markets increased over the year (MSCI World Index +9.9% in sterling and +13.8% in US dollar terms). The spread of COVID-19, and the huge monetary policy and fiscal stimulus response to the pandemic were strong drivers of markets. Markets rallied in November as investors cheered the development of three separate COVID-19 vaccines. Confirmation that Joe Biden had won the US presidential election further boosted sentiment.

Within fixed income, the FTSE World Government Bond Index moved up by 4.6% in sterling and 8.3% in US dollar terms. Yields on core developed market government bonds were generally lower (prices were higher, reflecting their inverse relationship), as the pandemic-led slump in equity markets increased demand for perceived 'safe-haven' investments. In the corporate debt market, issuance surged as companies bolstered their balance sheets to get through the crisis.

The worst-performing asset class was the allocation to UK equities. The main detractors within the underlying holdings included the Artemis Income Fund and the Ninety One UK Equity Income Fund. Contributions from the Polar Capital UK Value Opportunities Fund and the Jupiter UK Special Situations Fund offset some of these losses. Within Japanese equities, the holding in the LF Morant Wright Nippon Yield Fund detracted. The allocations to North American and European equities excluding the UK contributed strongly – positions in the Vanguard S&P 500 UCITS ETF and CME E-mini S&P 500 Index delivered robust returns while the BlackRock Continental European Income Fund increased by 11.6%. Asian equities excluding Japan aided performance, with the Schroder Asian Income Fund increasing by 9.9%. The fixed income allocations contributed strongly – holdings in the MI TwentyFour Dynamic Bond Fund and the iShares USD Corporate Bond UCITS ETF increased by 6.2% and 7.0%, respectively. Within alternatives and other assets, the closed-end position in BH Macro returned 26.8% and the allocation to physical gold exchange-trade commodities (ETCs) made a solid contribution.

During the first half of 2020, the fund's equities exposure was reduced, in aggregate, while fixed income allocations were increased. Within the underlying positions, given the continuing 'risk-off' environment, a new position in the iShares Physical Gold ETC was initiated. The positions in US 10 Year Treasury Note and the iShares Core UK Gilts UCITS ETF were scaled back, with the proceeds reallocated to a new holding in the iShares USD Corporate Bond UCITS ETF. This move reduced the fund's US duration. We switched to US investment-grade bonds, where spreads were expected to get support from coordinated policy action to ease credit conditions. We initiated a position in the Polar Capital UK Value Opportunities Fund, which is an actively managed strategy that gives exposure to the relative returns of the FTSE 250 Index. The index had performed a lot worse than the large-cap FTSE 100 Index during the extreme market volatility. Price targets and relative performance suggested a switch back to mid caps was appropriate.

During the second half, the global bonds allocation was increased, with the introduction of a holding in the Janus Henderson Global Investment Grade Bond Fund. The position in the iShares Physical Gold ETC was increased, which served as an attractive diversifying position within the portfolio. The investment in the Ninety One UK Equity Income Fund was switched to a new holding in the Trojan Income Fund. The position in the Neuberger Berman Income Fund was fully redeemed following a rebound from its March lows, with the proceeds reallocated to assets with a more cautious stance. The position in the JPMorgan Emerging Markets Income Fund was switched to a new holding in the Janus Henderson Emerging Markets Opportunities Fund. The allocations to global emerging markets and Asian equities excluding Japan were increased, with new positions in the iShares Core MSCI EM IMI UCITS ETF and the Amundi MSCI EM Asia UCITS ETF. In November, the allocation to European equities excluding the UK was increased using Euro Stoxx 50 Index futures while the position in the LF Morant Wright Nippon Yield Fund was fully redeemed, with an overall reduction to cash. Within the allocation to diversified bonds, the investment in the PIMCO Global Investors Series Income Fund was switched to a new holding in the AXA Global Strategic Bond Fund.

The economic outlook has become clearer recently as a potential timeline for returning to normal has appeared with the news of effective COVID-19 vaccines. However, there is still a dangerous gap before the health situation is fully resolved and any premature economic reopening or virus mutations poses additional risks. Policies are needed to fill this gap and it is unclear that every major country is willing to step up. However, investors appear very bullish about the outlook, with surveys indicating a high level of optimism as markets look ahead to a rosier 2021. The concern is that there is too much consensus in a market that has rallied hard. Earnings are expected to surge next year but if bond yields also rise, valuations of risk assets could come under pressure. Recognising and responding to risks such as this, after a decade of stark style divergence and falling bond yields, is going to be important to both driving returns and protecting capital going forward.

## Comparative tables for the year ended 23 November 2020

	Class A income		
	2020	2019	2018
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	134.26	128.03	136.19
Return before operating charges*	4.05	13.35	(1.16)
Operating charges	(2.85)	(2.93)	(3.03)
Return after operating charges*	1.20	10.42	(4.19)
Distributions on income units	(3.73)	(4.19)	(3.97)
Closing net asset value per unit	131.73	134.26	128.03
* after direct transaction costs of:	0.03	0.02	0.01
<b>Performance</b>			
Return after charges	0.89%	8.14%	(3.08%)
<b>Other information</b>			
Closing net asset value (£000s)	14,835	18,075	24,718
Closing number of units	11,261,973	13,463,047	19,306,009
Operating charges	2.20%	2.22%	2.25%
Direct transaction costs	0.02%	0.02%	0.01%
<b>Prices</b>			
Highest unit price (pence)	138.80	137.80	139.30
Lowest unit price (pence)	110.60	125.00	129.00
	Class B income		
	2020	2019	2018
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	110.95	105.60	112.00
Return before operating charges*	3.03	10.42	(1.46)
Operating charges	(1.55)	(1.61)	(1.67)
Return after operating charges*	1.48	8.81	(3.13)
Distributions on income units	(2.95)	(3.46)	(3.27)
Closing net asset value per unit	109.48	110.95	105.60
* after direct transaction costs of:	0.02	0.02	0.01
<b>Performance</b>			
Return after charges	1.33%	8.34%	(2.79%)
<b>Other information</b>			
Closing net asset value (£000s)	3,679	3,774	3,670
Closing number of units	3,360,179	3,401,634	3,475,014
Operating charges	1.45%	1.47%	1.50%
Direct transaction costs	0.02%	0.02%	0.01%
<b>Prices</b>			
Highest unit price (pence)	114.70	113.60	114.40
Lowest unit price (pence)	91.51	103.10	106.40

## Comparative tables (continued)

	Class E income	
	2020	24/06/19 - 23/11/19
	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>		
Opening net asset value per unit	134.48	134.68 <sup>1</sup>
Return before operating charges*	3.94	3.06
Operating charges	(2.21)	(0.97)
Return after operating charges*	1.73	2.09
Distributions on income units	(3.74)	(2.29)
Closing net asset value per unit	132.47	134.48
* after direct transaction costs of:	0.03	0.02
<b>Performance</b>		
Return after charges	1.29%	1.55%
<b>Other information</b>		
Closing net asset value (£000s)	4,343	2,254
Closing number of units	3,279,008	1,676,312
Operating charges	1.70%	1.72%
Direct transaction costs	0.02%	0.02%
<b>Prices</b>		
Highest unit price (pence)	139.10	137.80
Lowest unit price (pence)	110.90	133.00

<sup>1</sup> Class E income launched on 24 June 2019 and this is the first published price.

	Class I income		
	2020	2019	2018
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	122.01	116.13	123.20
Return before operating charges*	3.33	11.45	(1.63)
Operating charges	(1.63)	(1.69)	(1.76)
Return after operating charges*	1.70	9.76	(3.39)
Distributions on income units	(3.32)	(3.88)	(3.68)
Closing net asset value per unit	120.39	122.01	116.13
* after direct transaction costs of:	0.03	0.02	0.01
<b>Performance</b>			
Return after charges	1.39%	8.40%	(2.75%)
<b>Other information</b>			
Closing net asset value (£000s)	40,758	49,146	55,036
Closing number of units	33,855,018	40,279,598	47,389,911
Operating charges	1.38%	1.41%	1.44%
Direct transaction costs	0.02%	0.02%	0.01%
<b>Prices</b>			
Highest unit price (pence)	126.10	124.90	125.90
Lowest unit price (pence)	100.60	113.40	117.00

## Comparative tables (continued)

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**

There were no unit classes launched or closed during the year.

## Ongoing charge figure

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

	2020 %	2019 %	Estimated OCF from 5 May 2020 <sup>1</sup> %
<b>Class A income</b>	2.20 <sup>2</sup>	2.22	2.22
<b>Class B income</b>	1.45 <sup>2</sup>	1.47	1.46
<b>Class E income<sup>3</sup></b>	1.70 <sup>2</sup>	1.72	1.71
<b>Class I income</b>	1.38 <sup>4</sup>	1.41	1.39

The OCF includes a synthetic element of 0.52% (2019: 0.56%) to incorporate the OCF of underlying funds.

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

Although this fund is a non-UCITS, we have used this disclosure to enable comparison across our fund range.

<sup>1</sup> The estimated ongoing charge is based on the new General Administration Charge (GAC) rates to the year ended 23 November 2020.

<sup>2</sup> The GAC on Class A income, Class B income and Class E income increased from 0.14% to 0.17% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

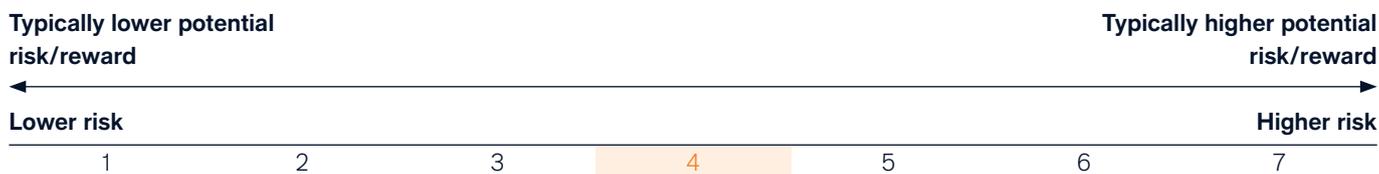
<sup>3</sup> Class E income launched on 24 June 2019. An annualised OCF rate has been disclosed in the prior year comparative.

<sup>4</sup> The GAC on Class I income 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 4 unit classes available; A income, B income, E income and I income.

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



The unit classes appear at 4 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 later 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 market events.

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

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

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

\* Class E income was launched on 24 June 2019 and as this unit class does not have a 5 year history, a synthetic history has been created using the A income unit class.

**Portfolio statement** as at 23 November 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Alternatives 3.42% (2019: 4.30%)</b>		
7,337	BH Macro	258	0.41
2,379	Crabel Gemini UCITS Fund A Accumulation	265	0.42
94,743	HgCapital Trust	289	0.45
8,251	Montlake Dunn WMA UCITS Fund	1,104	1.74
201,955	Renewables Infrastructure	257	0.40
		<u>2,173</u>	<u>3.42</u>
	<b>Asia Ex Japan Equity 4.21% (2019: 5.45%)</b>		
3,410,885	Schroder Asian Income Fund Z Income	2,676	4.21
	<b>Commodities 3.18% (2019: 2.05%)</b>		
65,448	iShares Physical Gold ETC	1,762	2.77
1,505	Merrill Lynch MLCX Commodity Alpha Fund	260	0.41
		<u>2,022</u>	<u>3.18</u>
	<b>Direct Alternatives 0.75% (2019: 0.04%)</b>		
325,403	Biopharma Credit	239	0.38
13,816	HarbourVest Global Private Equity	239	0.37
		<u>478</u>	<u>0.75</u>
	<b>Diversified Bonds 8.98% (2019: 13.31%)</b>		
50,814	MI TwentyFour Dynamic Bond Fund	5,719	8.98
	<b>Emerging Market Bonds 6.04% (2019: 5.76%)</b>		
20,226	Barings Emerging Markets Sovereign Debt Fund A Income	1,907	3.00
214,343	Finisterre Unconstrained Emerging Markets Fixed Income Fund	1,934	3.04
		<u>3,841</u>	<u>6.04</u>
	<b>Europe ex UK Equity 9.95% (2019: 11.34%)</b>		
2,437,950	BlackRock Continental European Income Fund	3,917	6.16
200,100	HICL Infrastructure	340	0.53
1,639,379	Invesco European Equity Income Fund	2,076	3.26
		<u>6,333</u>	<u>9.95</u>
	<b>Global Bonds 3.61% (2019: 0.00%)</b>		
2,286,908	AXA Global Strategic Bond Fund ZI Income	2,294	3.61
	<b>Global Emerging Market Equity 4.16% (2019: 3.43%)</b>		
36,268	Amundi MSCI EM Asia UCITS ETF	1,157	1.82
40,163	iShares Core MSCI EM IMI UCITS ETF	1,009	1.59
108,537	Janus Henderson Emerging Markets Opportunities Fund Z Accumulation <sup>1</sup>	478	0.75
		<u>2,644</u>	<u>4.16</u>
	<b>Global Equity 0.00% (2019: 1.04%)</b>		
	<b>Government Bonds 6.29% (2019: 6.00%)</b>		
276,272	iShares Core UK Gilts UCITS ETF	4,005	6.29

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>High Yield Bonds 5.97% (2019: 5.27%)</b>			
4,150,872	AXA US Short Duration High Yield Fund ZI Gross Income	3,796	5.97
<b>Investment Grade Bonds 6.80% (2019: 1.60%)</b>			
15,199	iShares USD Corporate Bond UCITS ETF	1,509	2.37
31,826	Janus Henderson Global Investment Grade Bond Fund Z1 Income <sup>1</sup>	2,814	4.43
		4,323	6.80
<b>Japan Equity 0.00% (2019: 4.78%)</b>			
<b>North America Equity 2.19% (2019: 4.14%)</b>			
27,411	Vanguard S&P 500 UCITS ETF	1,391	2.19
<b>Property 0.38% (2019: 3.16%)</b>			
171,312	GCP Student Living	245	0.38
<b>Specialist Equity 0.00% (2019: 1.09%)</b>			
<b>UK Equity 18.04% (2019: 19.98%)</b>			
1,376,822	Artemis Income Fund	2,729	4.29
1,139,854	Jupiter UK Special Situations Fund	1,849	2.91
1,586,318	LF Gresham House UK Multi Cap Income Fund F Income	1,802	2.83
75,090	Polar Capital UK Value Opportunities Fund S Accumulation	877	1.38
4,439,476	Trojan Income Fund	4,224	6.63
		11,481	18.04
<b>Derivatives 0.62% (2019: (0.03%))</b>			
<b>Futures 0.41% (2019: 0.08%)</b>			
24	CME E-mini S&P 500 Index December 2020	112	0.18
7	EUX Euro Stoxx 50 December 2020	5	0.01
(3)	ICE FTSE 100 December 2020	(5)	(0.01)
20	OSE TOPIX Index December 2020	146	0.23
		258	0.41
<b>Forward Foreign Exchange Contracts 0.21% (2019: (0.11%))<sup>2</sup></b>			
	Buy EUR 2,576,289 : Sell GBP 2,300,000 November 2020	(10)	(0.02)
	Buy EUR 298,858 : Sell GBP 267,357 December 2020	(2)	-
	Buy GBP 1,089,000 : Sell EUR 1,207,850 November 2020	15	0.02
	Buy GBP 1,884,000 : Sell USD 2,437,139 November 2020	51	0.08
	Buy GBP 2,432,369 : Sell JPY 335,755,897 November 2020	15	0.02
	Buy GBP 267,257 : Sell EUR 298,858 November 2020	2	-
	Buy GBP 280,000 : Sell JPY 39,059,888 November 2020	(1)	-
	Buy GBP 300,000 : Sell EUR 330,719 November 2020	6	0.01
	Buy GBP 5,139,388 : Sell USD 6,621,992 November 2020	158	0.25
	Buy GBP 5,475,443 : Sell USD 7,271,914 December 2020	7	0.01
	Buy GBP 673,625 : Sell EUR 738,862 November 2020	17	0.03
	Buy GBP 836,045 : Sell JPY 113,496,856 November 2020	19	0.03
	Buy GBP 870,000 : Sell USD 1,153,161 November 2020	3	-
	Buy JPY 160,769,782 : Sell GBP 1,188,000 November 2020	(31)	(0.05)
	Buy JPY 327,542,859 : Sell GBP 2,410,000 November 2020	(52)	(0.08)
	Buy JPY 335,755,897 : Sell GBP 2,432,713 December 2020	(15)	(0.02)

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> <small>(continued)</small>			
	Buy USD 2,458,022 : Sell GBP 1,900,000 November 2020	(51)	(0.08)
	Buy USD 2,960,724 : Sell GBP 2,210,000 December 2020	17	0.03
	Buy USD 482,356 : Sell GBP 370,000 November 2020	(7)	(0.01)
	Buy USD 7,271,914 : Sell GBP 5,476,185 November 2020	(7)	(0.01)
		134	0.21
	<b>Investment assets including investment liabilities</b>	<b>53,813</b>	<b>84.59</b>
	Other net assets	9,802	15.41
	<b>Total net assets</b>	<b>63,615</b>	<b>100.00</b>

<sup>1</sup> Related party to the fund

<sup>2</sup> Unquoted securities

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

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 or 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 %
<b>2020</b>		
<b>Investments</b>		
Total collective investment schemes	40,721	64.01
Total equities	12,700	19.96
Total derivatives	392	0.62
<b>Investment assets including investment liabilities</b>	<b>53,813</b>	<b>84.59</b>
Other net assets	9,802	15.41
<b>Total net assets</b>	<b>63,615</b>	<b>100.00</b>

	Market value £000	Percentage of total net assets %
<b>2019</b>		
<b>Investments</b>		
Total collective investment schemes	58,462	79.81
Total equities	9,470	12.93
Total derivatives	(19)	(0.03)
<b>Investment assets including investment liabilities</b>	<b>67,913</b>	<b>92.71</b>
Other net assets	5,336	7.29
<b>Total net assets</b>	<b>73,249</b>	<b>100.00</b>

## Statement of Authorised Fund Manager's responsibilities for the year ended 23 November 2020

The FCA's COLL requires the AFM 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 Managers Association (IMA) in May 2014, United Kingdom Generally Accepted Accounting Practice (UK GAAP) (United Kingdom Accounting Standards, comprising the Financial Reporting Standard 102 (FRS 102) 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 AFM is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the SORP for Authorised Funds issued by the 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 HIFL, 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 AFM is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and the Regulations. The AFM 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 Distribution Fund ('the Scheme')

for the year ended 23 November 2020

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds 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 AIFM 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 AIFM:

- (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  
4 February 2021

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

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Janus Henderson Multi-Manager Distribution Fund (the 'Trust'):

- give a true and fair view of the financial position of the Trust as at 23 November 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 23 November 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 Distribution 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 responsibilities set out on page 15, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the 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  
4 February 2021

## Statement of total return for the year ended 23 November 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	4		(715)		4,688
Revenue	5	2,029		2,633	
Expenses	6	(707)		(835)	
Interest payable and similar charges	7	(1)		(1)	
Net revenue before taxation		1,321		1,797	
Taxation	8	(63)		-	
Net revenue after taxation			1,258		1,797
Total return before distributions			543		6,485
Distributions	9		(1,885)		(2,546)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(1,342)</b>		<b>3,939</b>

## Statement of change in net assets attributable to unitholders

for the year ended 23 November 2020

	2020		2019	
	£000	£000	£000	£000
<b>Opening net assets attributable to unitholders</b>		<b>73,249</b>		<b>83,424</b>
Amounts receivable on issue of units	3,115		2,293	
Amounts payable on cancellation of units	(11,408)		(16,407)	
		(8,293)		(14,114)
Change in net assets attributable to unitholders from investment activities		(1,342)		3,939
<b>Unclaimed distributions</b>		1		-
<b>Closing net assets attributable to unitholders</b>		<b>63,615</b>		<b>73,249</b>

## Balance sheet as at 23 November 2020

	Note	2020 £000	2019 £000
<b>Assets:</b>			
Investments		53,994	68,159
Current assets:			
Debtors	10	246	315
Cash and bank balances	11	539	2,303
Cash equivalents	12	12,235	5,471
<b>Total assets</b>		<b>67,014</b>	<b>76,248</b>
<b>Liabilities:</b>			
Investment liabilities		181	246
Creditors:			
Amounts held at derivatives clearing houses and brokers		262	141
Bank overdrafts		-	1,865
Distribution payable		323	498
Other creditors	13	2,633	249
<b>Total liabilities</b>		<b>3,399</b>	<b>2,999</b>
<b>Net assets attributable to unitholders</b>		<b>63,615</b>	<b>73,249</b>

## 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)

4 February 2021

## 1 Accounting policies

### (a) Basis of preparation

The financial statements of Janus Henderson Multi-Manager Distribution Fund (the 'fund') have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the SORP for UK Authorised Funds issued by the IMA in May 2014, the FRS 102, the FCA's 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 (23 November 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 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.

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

Bank interest, interest on margins and revenue earned from derivatives 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.

Income distributions from Property Authorised Investment Funds (PAIF) is split into three parts being a Property Income Distribution (PID), an ordinary dividend and interest distribution. Both the PID element and interest distribution are subject to corporation tax with PID being Schedule A revenue.

Income distributions from UK Real Estate Investment Trusts (UK REIT) is split into two parts, a Property Income Distribution (PID) made up of rental revenue and a non-PID element, consisting of non-rental revenue. The PID element is subject to corporation tax as schedule A revenue, while the non-PID element is treated as franked revenue.

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.

Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue.

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 AFM 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 AFM 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 AFM 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 AFM 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 GAC. The AFM 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 AFM 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) Cash equivalents

Cash equivalents are highly liquid investments held in the base currency of the fund, which 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 government bond.

#### (i) 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.

#### Index futures contracts

The unrealised gain/(loss) on open future contracts is disclosed in the Portfolio statement. The margins paid on these contracts are included in amounts held at derivative clearing houses and brokers. 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.

#### 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.

#### (j) Dilution adjustment

The fund is priced on a single swinging price basis. The AFM 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 AFM 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 AFM 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 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.

For the purpose of calculating the distribution, interest on debt securities is computed on an effective yield basis, the same basis on which it is reflected in the financial statements.

Marginal tax relief has not been taken into account when determining the amount available for distribution.

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 (23 April, 23 July, 23 October and 23 January) to unitholders.

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 objectives 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. Derivative instruments may be used in the fund for the purposes of hedging and efficient portfolio management (EPM); the use of derivatives in this manner is not expected to increase the risk profile of the fund.

The risk management policy and process for the fund is designed to satisfy the requirements of the AIFMD; associated regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the fund is documented within HIFL Risk Management Policy and Process document, which outlines for each main risk category the controls and risk measures in place, including stress tests for assessing sensitivity to the most relevant risks. This risk framework includes setting of limits and monitoring against those limits.

In the normal course of business, the 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 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, Cognition 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 creditworthiness.

The investments of the fund are subject to normal market fluctuations and other risks inherent in investing in securities including authorised unit trusts and/or authorised companies and investment trusts in pursuance of the relevant investment objective and policy.

The fund may invest in a range of CIS including property funds, commodity funds and hedge funds. Such schemes may expose investors to increased risk due to restrictions on withdrawals, less strict regulation and use of derivatives.

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

## Notes to the financial statements (continued)

### 3 Risk (continued)

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

##### Currency risk

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

Where a proportion of the fund's assets and income are denominated in currencies other than sterling the fund's financial statements can be affected by movement in exchange rates.

The Investment Manager may seek to manage exposure to currency movements by using hedging transactions in line with the fund's investment objective, powers and limits, though this will not eliminate the fund's currency risk.

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

	Investment assets including (investment liabilities) £000	Other net assets £000	Total net assets £000
<b>2020</b>			
<b>Currency</b>			
Euro	270	53	323
Japanese yen	2,563	3	2,566
UK sterling	42,321	9,551	51,872
US dollar	8,659	195	8,854
<b>Total</b>	<b>53,813</b>	<b>9,802</b>	<b>63,615</b>

#### 2019

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

##### Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £11,743,149 (2019: nil). A 10% increase/(decrease) in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing/(decreasing) the return for the year ended 23 November 2020 and the net assets as at 23 November 2020 by £1,174,315 (2019: nil).

##### 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 in 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 AFM in pursuance of the investment objective and policy.

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

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 Financial Reporting Council (FRC) issued guidance to companies earlier in the year to ensure that they maintain sufficient capital reserves, which resulted in cancelled dividend payments. In order to assess and mitigate the risk of not receiving income accrued, procedures were put in place to monitor the effect of any cancelled dividends and to make suitable provisions when calculating the amount available for distribution.

## Notes to the financial statements (continued)

### 3 Risk (continued)

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

##### Leverage (continued)

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. HIFL as the AIFM 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.

The global exposure of the fund is calculated by using the commitment approach by which derivatives or forward transactions are converted into the market value of an equivalent position in the underlying asset.

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 even 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 and 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 are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect hedging or netting arrangements and differences may arise in the treatment of cash and cash equivalents.

There have been no breaches of the maximum levels during the year, no changes to the maximum level of leverage employed by the funds or to their right of reuse of collateral or any guarantee granted under the leveraging arrangements.

The table below sets out the current maximum limit and actual level of leverage for the fund as at the current and prior year end:

	Leverage as a percentage of net asset value	
	Gross Method	Commitment Method
	%	%
<b>Maximum level</b>	250	175
<b>Actual level as at 23 November 2020</b>	171	104
<b>Actual level as at 23 November 2019</b>	153	101

#### (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 AFM 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 banks could be exposed to credit and counterparty risk. The banks used by the fund and AFM 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 FCA's COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

## Notes to the financial statements (continued)

### 3 Risk (continued)

#### (b) Credit and counterparty risk (continued)

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.

#### (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 includes 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 AFM manages the fund's cash positions to ensure it can meet its liabilities. The AFM receives daily reports of subscriptions and redemptions enabling the AFM to raise cash from the fund's portfolio in order to meet redemption requests. In addition the AFM monitors market liquidity of all securities, with particular focus on CIS which may contain restrictions on withdrawal, 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 AFM. Where investments cannot be realised in time to meet any potential liability, the fund may borrow up to 10% of its property value 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
<b>2020</b>				
Amounts held at derivatives clearing houses and brokers	262	-	-	-
Derivative financial liabilities	-	181	-	-
Distribution payable	-	323	-	-
Other creditors	-	2,633	-	-
<b>Total</b>	<b>262</b>	<b>3,137</b>	<b>-</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2019</b>				
Amounts held at derivatives clearing houses and brokers	141	-	-	-
Bank overdrafts	1,865	-	-	-
Derivative financial liabilities	-	246	-	-
Distribution payable	-	498	-	-
Other creditors	-	249	-	-
<b>Total</b>	<b>2,006</b>	<b>993</b>	<b>-</b>	<b>-</b>

Market volatility in all major asset classes increased substantially earlier in the year 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.

## Notes to the financial statements (continued)

### 3 Risk (continued)

#### (e) Brexit risk

The United Kingdom (UK) left the European Union (EU) on 31 January 2020, a transition period was in place until 31 December 2020, during which all EU rules and laws continued to apply to the UK. On 24 December 2020 the EU and the UK reached an agreement on a new partnership, this was approved by the EU member states on 29 December 2020, and the UK parliament's approval followed on 31 December 2020. On 1 January 2021 this agreement took effect and the new rules entered into force.

The new agreement between the EU and the UK does not cover the financial services industry. The EU have agreed to establish a structured regulatory co-operation on financial services, with the aim of establishing a durable and stable relationship between autonomous jurisdictions. Both parties will, by March 2021, agree a Memorandum of Understanding establishing the framework for the co-operation.

Currency volatility resulting from this uncertainty may mean that the 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 may also make it more difficult, or more expensive, for the fund to execute prudent currency hedging policies. This uncertainty may have an adverse effect on the economy generally and on the ability of relevant funds and their investments to execute their respective strategies and to receive attractive returns, and may also result in increased costs to the relevant funds.

### 4 Net capital (losses)/gains

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Capital management fee rebates	86	100
Derivative securities*	1,178	381
Forward currency contracts*	(28)	(154)
Non-derivative securities*	(1,866)	4,368
Other currency (losses)/gains	(77)	3
Transaction costs	(8)	(10)
<b>Net capital (losses)/gains</b>	<b>(715)</b>	<b>4,688</b>
<b>*The above includes:</b>		
Realised gains	2,394	2,798
Unrealised (losses)/gains	(3,110)	1,797
	<b>(716)</b>	<b>4,595</b>

\* Where realised gains/(losses) include gains/(losses) arising in previous years, a corresponding gain/(loss) is included in unrealised gains/(losses).

### 5 Revenue

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Bank interest	1	2
Derivative revenue	2	3
Distributions from UK regulated collective investment schemes:		
Franked investment revenue	815	1,442
Interest distribution	380	400
Unfranked investment revenue	-	3
Interest on debt securities	4	-
Management fee rebates	-	2
Overseas dividends*	763	695
Stock dividends	15	-
UK dividends	23	-
UK REIT revenue - non PID	1	-
UK PAIF revenue - PID	25	86
<b>Total revenue</b>	<b>2,029</b>	<b>2,633</b>

\* includes distributions from overseas funds

## Notes to the financial statements (continued)

### 6 Expenses

	2020 £000	2019 £000
<b>Payable to the AFM, associates of the AFM and agents of either of them:</b>		
Annual management charge	627	749
GAC*	72	76
	<u>699</u>	<u>825</u>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee fees	6	7
Safe custody fees	2	3
	<u>8</u>	<u>10</u>
<b>Total expenses</b>	<u><b>707</b></u>	<u><b>835</b></u>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £11,556 (2019: £10,317).

### 7 Interest payable and similar charges

The interest payable and similar charges comprise:

	2020 £000	2019 £000
Interest payable	1	1
<b>Total interest payable and similar charges</b>	<u><b>1</b></u>	<u><b>1</b></u>

### 8 Taxation

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

The tax charge comprises:

	2020 £000	2019 £000
<b>Current tax</b>		
Corporation tax	63	-
<b>Total tax (note 8b)</b>	<u><b>63</b></u>	<u><b>-</b></u>

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

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

	2020 £000	2019 £000
Net revenue before taxation	<u>1,321</u>	<u>1,797</u>
Corporation tax at 20% (2019: 20%)	264	359
Effects of:		
Overseas dividends	(16)	(19)
Tax effect of management fee rebates in capital	17	20
UK dividends*	(167)	(288)
Unused management expenses	<u>(35)</u>	<u>(72)</u>
<b>Tax charge for the year (note 8a)</b>	<u><b>63</b></u>	<u><b>-</b></u>

\* 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.

## Notes to the financial statements (continued)

### 8 Taxation (continued)

#### 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 nil (2019: £34,869) 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.

### 9 Distributions

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Interim income	1,533	1,975
Final income	323	498
	<u>1,856</u>	<u>2,473</u>
Amounts deducted on cancellation of units	40	80
Amounts received on issue of units	(11)	(7)
<b>Total distributions</b>	<u><b>1,885</b></u>	<u><b>2,546</b></u>
Net revenue after taxation	1,258	1,797
Annual management charge borne by the capital account	627	749
<b>Total distributions</b>	<u><b>1,885</b></u>	<u><b>2,546</b></u>

Details of the distribution per unit are set out in the Distribution tables on pages 35 to 36.

### 10 Debtors

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Accrued revenue	210	286
Amounts receivable for issue of units	-	1
Income tax recoverable	11	12
Management fee rebates	16	16
Sales awaiting settlement	9	-
<b>Total debtors</b>	<u><b>246</b></u>	<u><b>315</b></u>

### 11 Cash and bank balances

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Amounts held at derivative clearing houses and brokers	538	437
Cash and bank balances	1	1,866
<b>Total cash and bank balances</b>	<u><b>539</b></u>	<u><b>2,303</b></u>

## Notes to the financial statements (continued)

### 12 Cash equivalents

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Short term investments	12,235	5,471
<b>Total cash equivalents</b>	<b>12,235</b>	<b>5,471</b>

### 13 Other creditors

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Accrued annual management charge	87	104
Accrued Trustee's fee	1	1
Accrued other expenses	12	12
Amounts payable for cancellation of units	168	121
Corporation tax payable	73	11
Purchases awaiting settlement	2,292	-
<b>Total other creditors</b>	<b>2,633</b>	<b>249</b>

### 14 Contingent liabilities and commitments

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

### 15 Related party transactions

HIFL as AFM 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 AFM are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to unitholders' and the 'Balance sheet' on pages 19 and 20 and notes 4, 5, 6, 9 and 10 on pages 27 to 29 including all issues and cancellations where the AFM acted as principal.

Transactions with the AFM are as follows:

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

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

- a) The value of purchase transactions was £3,367,722 (2019: nil) and sales transactions was £3,137,865 (2019: £2,197,663) and the balance outstanding at the year end was purchases nil (2019: nil) and sales nil (2019: nil).
- b) Revenue receivable for the year was £96,744 (2019: £186,308) and the balance outstanding at the year end was nil (2019: nil).
- c) Management fee rebates receivable for the year was nil (2019: nil) and the balance outstanding at the year end was nil (2019: nil)
- d) The aggregate value of investments held at the year end was £3,292,421 (2019: £3,162,659).

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

## Notes to the financial statements (continued)

### 16 Unitholders' funds

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

	2020	2019
	%	%
Class A	1.50	1.50
Class B <sup>1</sup>	0.75	0.75
Class E	1.00	1.00
Class I	0.75	0.75

<sup>1</sup> Class B income is closed to new business.

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 8. The distribution per unit class is given in the Distribution tables on pages 35 to 36. All unit classes have the same rights on winding up.

#### Units reconciliation as at 23 November 2020

	Class A income	Class B income	Class E income	Class I income
Opening number of units	13,463,047	3,401,634	1,676,312	40,279,598
Issues during the year	1,751,852	25,171	40,366	641,699
Cancellations during the year	(2,329,029)	(66,626)	(39,123)	(7,083,598)
Units converted during the year	(1,623,897)	-	1,601,453	17,319
<b>Closing units in issue</b>	<b>11,261,973</b>	<b>3,360,179</b>	<b>3,279,008</b>	<b>33,855,018</b>

### 17 Financial derivatives

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

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 23 November 2020 (2019: nil).

#### 2020

At 23 November 2020 the underlying exposure for the derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	218	-	218
Credit Suisse	17	-	17
Merrill Lynch	72	-	72
Morgan Stanley	3	-	3
UBS	-	263	263
	<b>310</b>	<b>263</b>	<b>573</b>

## Notes to the financial statements (continued)

### 17 Financial derivatives (continued)

2019

At 23 November 2019 the underlying exposure for the derivatives held was as follows:

Counterparty	Forward foreign	Futures	Total by
	exchange contracts		counterparty
	£000	£000	£000
BNP Paribas	84	-	84
Morgan Stanley	2	-	2
UBS	-	141	141
	<b>86</b>	<b>141</b>	<b>227</b>

### 18 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	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Level 1	12,963	5	9,610	79
Level 2	41,031	176	58,549	167
Level 3	-	-	-	-
	<b>53,994</b>	<b>181</b>	<b>68,159</b>	<b>246</b>



## Notes to the financial statements (continued)

### 19 Direct transaction costs (continued)

There were no in specie transfers during the year (2019: nil). There were corporate actions during the year of £160,387 (2019: nil).

There were direct transaction costs associated with derivatives in the year of £2,124 (2019: £1,072) 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 CIS 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 23 November 2020 was 0.04% (2019: 0.19%). The portfolio dealing spread is calculated at a 12 noon valuation point.

### 20 Events after the Balance sheet date

The duration of the COVID-19 pandemic and its effects cannot be determined with certainty, and could prevent a fund from executing advantageous decisions in a timely manner and negatively impact a fund's ability to achieve its investment objective. The COVID-19 pandemic has persisted after the fund's year end and its impact on the fund continues to be monitored by the Investment Manager. As at 2 February 2021, the Net Asset Value is £62,528,516 which is a drop of 1.7% from the balance sheet date. The fall in NAV is due to the fall in value of the underlying investments and net outflows from the fund. The movements are considered to be a non-adjusting post balance sheet event and therefore no adjustments to the financial statements were required as a result.

## Distribution tables for the year ended 23 November 2020 (in pence per unit)

### Interim dividend distribution (accounting date 23 February 2020, paid on 23 April 2020)

Group 1: units purchased prior to 24 November 2019

Group 2: units purchased on or after 24 November 2019

	Distribution per unit	Equalisation	Total distribution per unit 23/04/20	Total distribution per unit 23/04/19
<b>Class A income</b>				
Group 1	0.9711	-	0.9711	0.9424
Group 2	0.7252	0.2459	0.9711	0.9424
<b>Class B income</b>				
Group 1	0.8029	-	0.8029	0.7774
Group 2	0.1943	0.6086	0.8029	0.7774
<b>Class E income<sup>1</sup></b>				
Group 1	0.9731	-	0.9731	n/a
Group 2	0.2109	0.7622	0.9731	n/a
<b>Class I income</b>				
Group 1	0.9036	-	0.9036	0.8741
Group 2	0.2277	0.6759	0.9036	0.8741

<sup>1</sup> Class E income launched on 24 June 2019.

### Interim dividend distribution (accounting date 23 May 2020, paid on 23 July 2020)

Group 1: units purchased prior to 24 February 2020

Group 2: units purchased on or after 24 February 2020

	Distribution per unit	Equalisation	Total distribution per unit 23/07/20	Total distribution per unit 23/07/19
<b>Class A income</b>				
Group 1	0.8391	-	0.8391	0.9621
Group 2	0.3085	0.5306	0.8391	0.9621
<b>Class B income</b>				
Group 1	0.6940	-	0.6940	0.7941
Group 2	0.2794	0.4146	0.6940	0.7941
<b>Class E income<sup>1</sup></b>				
Group 1	0.8417	-	0.8417	n/a
Group 2	0.4651	0.3766	0.8417	n/a
<b>Class I income</b>				
Group 1	0.7819	-	0.7819	0.8923
Group 2	0.3143	0.4676	0.7819	0.8923

<sup>1</sup> Class E income launched on 24 June 2019.

## Distribution tables (continued)

### Interim dividend distribution (accounting date 23 August 2020, paid on 23 October 2020)

Group 1: units purchased prior to 24 May 2020  
Group 2: units purchased on or after 24 May 2020

	Distribution per unit	Equalisation	Total distribution per unit 23/10/20	Total distribution per unit 23/10/19
<b>Class A income</b>				
Group 1	1.2342	-	1.2342	1.3907
Group 2	0.8652	0.3690	1.2342	1.3907
<b>Class B income</b>				
Group 1	0.9209	-	0.9209	1.1481
Group 2	0.2765	0.6444	0.9209	1.1481
<b>Class E income</b>				
Group 1	1.2397	-	1.2397	1.3909
Group 2	0.2470	0.9927	1.2397	1.3909
<b>Class I income</b>				
Group 1	1.0249	-	1.0249	1.2827
Group 2	0.3582	0.6667	1.0249	1.2827

### Final dividend distribution (accounting date 23 November 2020, paid on 22 January 2021)

Group 1: units purchased prior to 24 August 2020  
Group 2: units purchased on or after 24 August 2020

	Distribution per unit	Equalisation	Total distribution per unit 22/01/21	Total distribution per unit 23/01/20
<b>Class A income</b>				
Group 1	0.6842	-	0.6842	0.8977
Group 2	-	0.6842	0.6842	0.8977
<b>Class B income</b>				
Group 1	0.5361	-	0.5361	0.7413
Group 2	0.2552	0.2809	0.5361	0.7413
<b>Class E income</b>				
Group 1	0.6875	-	0.6875	0.8991
Group 2	0.2925	0.3950	0.6875	0.8991
<b>Class I income</b>				
Group 1	0.6073	-	0.6073	0.8353
Group 2	0.2143	0.3930	0.6073	0.8353

## Appendix - additional information (unaudited)

This unaudited additional information section for the year ended 23 November 2020 has been prepared by and is the responsibility of HIFL, as AIFM to the fund, to meet the periodic disclosure requirements of AIFMD. This information does not form part of the audited financial statements of the fund, but does reference some sections therein and should be read in conjunction with the audited financial statements and fund Prospectus.

### Risk profile

#### Investment objective and policy

The Investment objective and policy, which outlines the investment approach for the fund subject to the limits set out in chapter 5 of the COLL applicable to Non UCITS Retail Schemes, is stated above within the AFM's report and in more detail in the Prospectus within the Appendix headed 'Fund Details'.

The fund aims to provide a sustainable level of income with the potential for capital growth over the long term.

#### Permitted instruments

The fund invests in a spread of authorised unit trusts and/or authorised companies which may be selected from those available in the whole market.

The fund may invest in funds investing outside the UK, while maintaining a core exposure to funds investing in the UK.

The fund may also invest in transferable securities including investment trusts, money market instruments, deposits, derivatives and forward transactions and unregulated CIS.

The CIS in which the fund invests may be based in the UK, any EEA State, Guernsey, Jersey, Bermuda, British Virgin Islands, Cayman Islands or the United States.

The fund may deal through securities markets established in the UK and any EEA State on which transferable securities admitted to official listing in the EEA State are dealt in or traded. In addition, up to 10 per cent in value of the fund may be invested in transferable securities which are not approved securities. The fund may also deal through securities markets and derivatives markets as indicated in the fund Prospectus within the Appendix headed 'Eligible Securities Markets'.

#### Basis of valuation

The AFM has appointed the Investment Fund Manager to perform the valuation of the assets of the fund in accordance with its responsibilities under the AIFMD Rules. As required under the AIFMD Rules, the Investment Manager has adopted a written valuation policy, which may be modified from time to time, which is consistent with the Prospectus.

The fair value of financial assets and liabilities traded in active markets (such as publicly-traded derivatives and securities) is based on quoted market prices at the close of trading on the reporting date. Listed investments are valued at fair value which is generally deemed to be the bid price, excluding any accrued interest in the case of fixed interest securities.

All investment funds are valued at cancellation price. 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 Fund Manager, 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. The UK & EMEA Fair Value Pricing Committee (FVPC) of the Investment Manager is responsible for determining or approving these fair values, which are reported to the AFM, at each board meeting.

The FVPC provides an appropriate level of supervision and oversight to ensure the effective application of fair value pricing in the fund. 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 Janus Henderson business 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.

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

### Risk profile (continued)

#### Risk Types

The investments held by the fund are subject to market fluctuations and to the risk inherent in all such investments.

The value of units, and the income from them, are not guaranteed and may fall as well as rise. Where investments are made overseas, changes in exchange rates between currencies may also cause the value of a holding to either diminish or increase. An investor who realises an investment in the fund, particularly after only a short period, may not get back the amount originally invested.

The main categories of risk to which the fund is or might reasonably be expected to be exposed include:

- a) market risk;
- b) credit and counterparty risk;
- c) liquidity risk

Whose impact on the fund is detailed in Note 3 to the financial statements covering Risk.

The fund is also subject to operational risk, being the risk of loss resulting from inadequate internal processes and failures in relation to people and systems or from external events; this includes risk resulting from the trading, settlement, safe-keeping and valuation procedures operated on behalf of the fund. The basis of valuation and accounting treatment are detailed in Note 1 to the financial statements covering Accounting policies.

#### Leverage

The fund may achieve additional leverage through the use of derivatives, forward foreign exchange contracts and/or other non-fully funded instruments or techniques. Typically this will be through the use of index futures, forward FX or contracts for difference, where cash is paid to the counterparty as margin against the current mark to market value of the derivative contract. The use of leverage may significantly increase the investment/market and counterparty risk (the risk that the fund could lose money if an entity with which it interacts becomes unwilling or unable to meet its obligations to the fund) of the fund through non-fully funded exposure to underlying markets or securities.

Details of the current maximum limit and actual level of leverage for the fund are stated in Note 3 to the financial statements covering Risk. There have been no breaches of the maximum level during the year, no changes to the maximum level of leverage employed by the fund or to its right of reuse of collateral or any guarantee granted under the leveraging arrangements.

#### Charges to capital

The AFM and the Trustee have agreed that all of the annual management charge is to be treated as a capital charge. This will increase the amount of income available for distribution to unitholders in the fund but may constrain capital growth. Such an increase in the income generated by the fund may increase the liability of a unitholder to tax on income distributions. Conversely, however, if capital growth is constrained, a unitholder's liability to tax on capital gains may be reduced on a disposal of units.

#### Derivatives

Derivative transactions may be used for the purposes of hedging for efficient portfolio management only. It is not expected that the use of derivatives will lead to a higher risk profile.

#### Exchange traded funds

The fund may invest in Exchange Traded Funds. Exchange Traded Funds represent a basket of securities that are traded on an exchange and therefore, unlike CIS, they do not necessarily trade at the net asset value of their underlying holdings. As a result, they may trade at a price that is above or below the value of the underlying portfolio.

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

### Risk profile (continued)

#### Additional risks

In addition to the above, the Prospectus includes additional general risks for the fund within the section headed 'Risk Factors' including:

Effect of initial charge or redemption charge;

Dilution provision;

Exchange rates;

Suspension of dealing in units;

Tax;

Inflation risk;

Performance risk;

Custody; and

EMIR (European Union Regulation on OTC derivatives, central counterparties and trade repositories)

For a detailed explanation of the above 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 conflicts of interest and risks with their own legal, tax and financial advisors.

#### Risk controls and limits

The risk management policy and process for the fund is designed to satisfy the requirements of the AIFMD; associated regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the fund is documented within HIFL'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.

There have been no breaches of risk limits set for the fund in the year under review and there are no such breaches anticipated.

#### Risk management systems

During the year there have been no changes in the main features of the fund's risk management systems, which have been outlined in Note 3 to the financial statements.

#### Liquidity management

There have been no changes to the arrangements for managing the liquidity of the fund during the year and none of the fund's assets are subject to special arrangements arising from their illiquid nature.

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

### Remuneration policy

The AFM, HIFL is authorised as an AIFM, and appointed as such, with effect from 22 July 2014.

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

Janus Henderson Multi-Manager Distribution 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 AIFM and the AIFs they manage. This policy applies to HIFL and Janus Henderson Multi-Manager Distribution Fund.

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

	Headcount (1)	Total Remuneration (£000s) (2,3)
<b>Janus Henderson Multi-Manager Distribution Fund</b>	2,012	120
<b>of which</b>		
Fixed Remuneration	2,012	50
Variable Remuneration	2,000	70
<b>Janus Henderson Multi-Manager Distribution Fund Remuneration Code Staff</b>	50	45
<b>of which</b>		
Senior Management (4)	25	7
Other Code Staff (5)	25	38

1. This is the actual number of employees who are fully or partly involved in the activities of Janus Henderson Multi-Manager Distribution Fund – no attempt has been made to apportion the time spent specifically in support of Janus Henderson Multi-Manager Distribution Fund as this data is not captured as part of Janus Henderson Group plc normal processes.
2. Please note that due to the employment structure and resourcing of the Janus Henderson Group plc, the staff indicated in this table may provide services to other companies in the Janus Henderson Group plc.
3. The remuneration disclosed is only in respect of the provision of services to Janus Henderson Multi-Manager Distribution 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 Distribution Fund and to other entities in the 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 Distribution Fund (for example, fees for HIFL Board members), 100% of those fees.
    - for Investment Fund Managers, pro-rated using the average AUM of Janus Henderson Multi-Manager Distribution Fund managed by the relevant Investment Fund Manager (as a proportion of the total AUM managed by that individual) as a proxy.
    - for other individuals, pro-rated using the average AUM of Janus Henderson Multi-Manager Distribution Fund (as a proportion of the aggregate average AUM of Janus Henderson Group plc) as a proxy.
4. Senior Management includes the Janus Henderson Executive Committee and other Group Board members and the Board of HIFL.
5. Other Code Staff includes all other AIFMD Code Staff not covered by the above, including Investment Fund Managers who manage AUM within Janus Henderson Multi-Manager Distribution 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](mailto:support@janushenderson.com)**

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

## Important Information

Janus Henderson Investors is the name under which 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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