Janus Henderson
INVESTORS

ANNUAL SHORT REPORT

For the year ended
30 June 2017

Henderson Buy & Maintain Credit Fund

Henderson Buy & Maintain Credit Fund

Short Report
For the year ended 30 June 2017

Investment Fund Manager

James Briggs

Investment objective and policy

To provide income and growth by investing primarily in sterling denominated investment grade corporate bonds. The fund may invest in other transferable securities (including high yield bonds), gilts, money market instruments, deposits and collective investment schemes.

Risk and reward profile

The fund currently has 1 share class in issue; Z income gross.

The risk and reward profile is as follows:

Typically Lower potential risk/reward	Typically Higher potential risk/reward
Lower Risk	Higher Risk

1	2	3	4	5	6	7

The Synthetic Risk and Reward Indicator (SRRI) is calculated based on historical volatility over a rolling 5 year[1] period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

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

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

The lowest category does not mean risk free.

The share class appears at 3 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events. Under normal market conditions the following risks may apply:

Active management risk Active management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

Counterparty risk The fund could lose money if a counterparty with which it trades becomes unwilling or unable tomeet its obligations to the fund.

Credit risk The value of a bond or money market security may fall if the financial health of the issuer weakens, or the market believes it may weaken. This risk is greater the lower the credit quality of the bond.

Derivatives risk Derivatives use exposes the fund to risks different from, and potentially greater than, the risks associated with investing directly in securities and may therefore result in additional loss, which could be significantly greater than the cost of the derivative.

Hedging risk Measures designed to reduce the impact of certain risks may not be available or may be ineffective.

Interest rate risk When interest rates rise (or fall), the prices of different securities will be affected differently. In particular, bond values generally fall when interest rates rise. This risk is generally greater the longer the maturity of a bond investment.

Liquidity risk Any security could become hard to value or to sell at a desired time and price, increasing the risk of investment losses.

[1] Class Z income gross launched 16 September 2013, as it does not have a 5 year history, a synthetic history has been created using the fund's relevant setor average.

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

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

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

Investment review

Sterling corporate bonds saw good returns over the year ending 30 June 2017. The biggest market driver was the policy response from the Bank of England (BoE) following the referendum on the UK's membership of the European Union (EU), which included a 25-basis-point cut in interest rates and £60bn of asset purchases, including £10bn of sterling corporate bonds under the Corporate Bond Purchase Scheme (CBPS). The scheme initially benefited non-financial issuers, particularly utilities, which have accounted for close to a third of the corporate bonds purchased under the CBPS. But over the year, financials saw the best returns, particularly the insurance sector.

The financial sector benefited from stronger global growth and a rise in government bond yields from the lows seen in the summer of 2016, although this negatively impacted the total returns of corporate bonds. In the UK, the government's decision to call a snap general election and the subsequent minority conservative government increased the level of political uncertainty, especially in the wake of Article 50 (marking the official start of EU exit negotiations) being triggered. While corporate bond markets remained resilient in the final few months of the year, growth in the UK slowed as uncertainty rose.

Over the year, monetary policy remained accommodative, particularly in the UK and eurozone, where new stimulus policies were implemented. However, following a 12-month pause, the US raised interest rates three times (by a total of 75 basis points) and began discussing balance sheet normalisation. The year ended with raised expectations for tighter monetary policy around the world as central banks' concerns regarding deflationary forces eased. This sent government bond yields sharply higher (and so prices fell) in late June 2017.

Fund performance benefited from our holdings in financials, which was by far the largest contributor to returns, followed by utilities, which contributed just over half as much. The strongest contributor was Scottish Widows, followed closely by HSBC; the latter benefited from an improved global economic outlook. There is also the potential for many of HSBC's outstanding sterling bonds (which are issued from their operating company) to be repurchased early due to regulatory requirements. The holding in Aviva also generated strong returns, benefiting from attractive valuations and strong and improving corporate fundamentals. Other key contributors included holdings in Standard Chartered, Rabobank, Goldman Sachs, Citigroup, Prudential and BPCE.

Outside of financials, the position in French utility EDF performed well on positive news flow in relation to its nuclear activities and the election of a pro-business government in the form of new president Emmanuel Macron. The position in Innogy (previously RWE), also performed well. The company benefited from corporate restructuring that has distanced bondholders from nuclear liabilities, positive ratings action and a ruling by the German Federal Constitutional Court that utilities are entitled to compensation following the shutdown of nuclear plants in 2011. A holding in rival German utility E.ON also performed well and has since been reduced following strong performance. Elsewhere in utilities, the fund's holdings in UK companies such as Western Power and National Grid benefited from the BoE's asset purchase programme.

Corporate issuance rose sharply over the last 12 months to reach its highest level in the UK since 2009, reflecting the policy actions of the BoE and attractive funding conditions for issuers. Appetite for new issuance has remained strong, benefiting from inflows into the asset class over the year and attractive valuations compared with the US and European corporate bond markets. As a result, the fund participated in 12 new issues over the course of the year, including deals from Vodafone, Microsoft, A2Dominion Housing Group and Severn Trent.

Two holdings were sold from the portfolio during the year. RCI Banque was sold in February, with Brown-Forman sold in June. The owner of Jack Daniels whiskey, along with a number of other alcohol-based drinks brands, recently engaged in a number of credit-negative activities, including a $1bn share repurchase programme and a $360m acquisition of BenRiach Distillery.

The environment for corporate bonds is becoming increasingly challenged as the strong performance over recent months reduces the appeal of valuations and the recent shift in central bank rhetoric increases the probability of tighter monetary policy in the months ahead. Pockets of value still remain, and the mixed economic outlook, combined with less accommodative monetary policy, should increase the level of dispersion in credit markets, presenting new opportunities.

Performance summary

	30 Jun 16 - 30 Jun 17 %	30 Jun 15 - 30 Jun 16 %	30 Jun 14 - 30 Jun 15 %	16 Jun 13*- 30 Jun 14 %
Henderson Buy & Maintain Credit Fund	6.5	8.9	6.7	6.0

Source: BNP Paribas, gross of income, at close of business, based on performance of Class Z income.
* Inception date

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

Fund facts

Accounting dates	Payment dates
31 December, 30 June	30 November, Last day of February, 31 May, 31 August

Ongoing charge figure

	2017 %	2016 %
Class Z	0.04	0.05

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.

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

Comparative tables

	Class Z income gross		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
Change in net assets per share			
Opening net asset value per share	110.99	105.72	102.80
Return before operating charges*	7.45	9.21	6.85
Operating charges	(0.05)	(0.04)	(0.05)
Return after operating charges*	7.40	9.17	6.80
Distributions on income shares	(3.92)	(3.90)	(3.88)
Closing net asset value per share	114.47	110.99	105.72
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	6.67%	8.67%	6.61%
Other information			
Closing net asset value (£000s)	32,188	30,182	27,711
Closing number of shares	28,118,794	27,194,369	26,212,654
Operating charges	0.04%	0.04%	0.05%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	120.60	111.90	114.10
Lowest share price (pence)	111.90	104.50	102.60

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

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

Share class launches and closures
There were no share classes launched or closed in the year.

Past performance is not a guide to future performance

Major holdings

as at 2017	%
Scottish Widows 7.00% 16/06/2043	1.22
GE Capital UK Funding 8.00% 14/01/2039	1.22
Wal-Mart Stores 5.25% 28/09/2035	1.19
GlaxoSmithKline Capital 5.25% 19/12/2033	1.17
High Speed Rail Finance 4.375% 01/11/2038	1.18
Wessex Water Services Finance 5.75% 14/10/2033	1.16
Citigroup 7.375% 01/09/2039	1.16
Commonwealth Bank of Australia 3.00% 04/09/2026	1.15
AT&T 5.50% 15/03/2027	1.13
HSBC Holdings 7.00% 07/04/2038	1.13

Major holdings

as at 2016	%
GE UK Funding 8% 14/01/2039	1.30
AT&T 5.5% 15/03/2027	1.24
Wal-Mart Stores 5.25% 28/09/2035	1.24
Commonwealth Bank of Australia 3% 04/09/2026	1.23
GlaxoSmithKline Capital 5.25% 19/12/2033	1.23
High Speed Rail Finance 4.375% 01/11/2038	1.19
Wessex Water Services Finance 5.75% 14/10/2033	1.19
Citigroup 7.375% 01/09/2039	1.17
Procter & Gamble 6.25% 31/01/2030	1.17
Centrica 4.375% 13/03/2029	1.16

Asset allocation

as at 2017	%
United Kingdom	53.19
United States	17.00
Germany	7.81
Australia	4.17
France	3.70
Italy	2.20
Denmark	1.39
Netherlands	1.10
Norway	1.02
Switzerland	0.95
New Zealand	0.92
Mexico	0.85
Belgium	0.75
Sweden	0.55
Japan	0.48
Derivatives	(0.04)
Other net assets	3.96
Total net assets	**100.00**

Asset allocation

as at 2016	%
United Kingdom	52.78
United States	19.13
Germany	5.95
Australia	4.41
France	3.23
Italy	2.36
Denmark	1.45
Norway	1.09
Netherlands	1.05
New Zealand	1.00
Mexico	0.89
Belgium	0.79
Switzerland	0.60
Sweden	0.58
Japan	0.52
Derivatives	(0.15)
Other net assets	4.32
Total net assets	**100.00**

Report and accounts

This document is a short report of the Henderson Buy & Maintain Credit Fund for the year ended 30 June 2016.

Copies of the annual and half yearly long form reports of this fund are available on our website www.janushenderson.com or contact client services on the telephone number provided.

Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the fund during the year it covers and the results of those activities at the end of the year.

Risk warning

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.

Issued by:
Henderson Investment Funds Limited
Registered office:
201 Bishopsgate
London
EC2M 3AE
Member of The Investment Association and authorised and regulated by the Financial Conduct Authority.
Registered in England No 2678531

Shareholder Administrator
International Financial Data Services (UK) Limited
IFDS House
St Nicholas Lane
Basildon
Essex
SS15 5FS

Depositary
National Westminster Bank Plc
135 Bishopsgate
London
EC2M 3UR

Auditor
PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Further information

Shareholder enquiries

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

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

The following line is also available:

Client Services: **0800 832 832**

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

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

Online valuations
You can value your Henderson Buy & Maintain Credit Fund at any time by logging on to **www.janushenderson.com**. Select 'Personal Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of shares.

H030320/0717