



ANNUAL REPORT & ACCOUNTS

For the year ended
31 May 2020

Janus Henderson
— INVESTORS —

Janus Henderson Investment Funds Series I

Who are Janus Henderson Investors?

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

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

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Authorised Corporate Director's (ACD) report for the year ended 31 May 2020

We are pleased to present the Annual Report and Accounts for Janus Henderson Investment Funds Series I (the 'Company') for the year ended 31 May 2020.

Authorised status

The Company is an open-ended investment company (OEIC) with variable capital incorporated in England and Wales under registered number IC000181 and authorised by the Financial Conduct Authority (FCA) with effect from 11 June 2002. It is a UCITS scheme structured as an umbrella company, comprising of eight sub-funds ('funds'), complying with chapter 5 of the Collective Investment Schemes Sourcebook (COLL). The operation of the Company is governed by the OEIC regulations, COLL, its Instrument of Incorporation and Prospectus.

The Company has an unlimited duration. Shareholders are not liable for the debts of the Company.

Segregation of assets

Each fund is treated as a separate entity and is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against that fund.

Brexit update

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

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

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

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

Value assessment

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

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

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

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

COVID-19

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

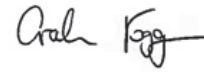
Other information

With effect from 5 May 2020 the investment objective and policy has changed for all funds.

Authorised Corporate Director's (ACD) report (continued)

Director's 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. I hereby certify the investment reviews and financial statements on behalf of the Directors of Henderson Investment Funds Limited.



G Foggin
(Director)

12 August 2020

Authorised Corporate Director's (ACD) report (continued)

Service providers

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

Global equity markets rose over the year to 31 May 2020, with the MSCI World Index increasing by 9.5% in sterling and 7.4% in US dollar terms. Stocks recovered somewhat in the final months of the year as countries started to emerge from lockdowns following widespread sell-offs in late February and March as COVID-19 spread across the world. Before that, markets had enjoyed a period of strong growth, particularly towards the end of 2019 and in early 2020, because of supportive monetary policy from major central banks and an improvement in US/China trade relations.

In the UK, the FTSE All Share Index finished the year down by 11.2% in sterling terms. Brexit dominated headlines for most of 2019, with frequent periods of uncertainty limiting gains in equities. The Conservative Party's decisive win in December's general election eased some of these worries, sparking an end-of-year rally. Stocks fell towards the end of January as concerns about COVID-19 grew, and the declines gathered pace in February and March. In response, the Bank of England and UK government unveiled huge amounts of monetary and fiscal support, and stocks rebounded, particularly in April. The gains continued in May as the UK and many other countries started to ease lockdown restrictions, boosting hopes for a global economic recovery. COVID-19 wreaked havoc on the UK economy, which shrank by 2.0% over the first quarter and by a record 5.8% in March from February, while the number of people claiming unemployment benefit surged by almost 70% in April.

European equities, as measured by the FTSE World Europe ex UK Index, increased by 1.9% in sterling and fell by 0.6% in euro terms. Markets were relatively strong in 2019, helped by looser monetary policy from global central banks, optimism around US/China trade relations and the decline in Brexit worries. However, stocks plummeted as Europe became the centre of the global pandemic in February and March. The European Central Bank announced a huge emergency bond-buying programme worth up to €750bn while countries unveiled large financial support packages, which fuelled gains in April. Shares continued to rise in May as governments relaxed lockdown curbs and the European Commission proposed a €750bn recovery fund. The eurozone's GDP contracted by 3.6% over the first quarter, according to a revised estimate released after the end of the year under review, as COVID-19-linked restrictions ravaged the region's economy. Europe's largest economy, Germany, entered recession in the first quarter.

In the US, the S&P 500 Index increased by 15.0% in sterling and 12.8% in US dollar terms. The major US indices repeatedly breached all-time highs in 2019 and early 2020 on optimism around the improvement in US/China relations and interest rate cuts from the US Federal Reserve (Fed). COVID-19-led panic on markets prompted sharp falls, particularly in March. The Fed's interest rate cuts and huge bond-buying programme, alongside the government's approval of \$3trn in economic aid, helped to restore calm in markets. Shares rose in April, despite the US becoming the epicentre of the pandemic. The gains continued in May as easing lockdown restrictions boosted economic recovery hopes, although a renewed rise in US/China tensions caused bouts of unease. The effects of COVID-19 were severe. The US economy, which had been relatively stable in 2019, contracted by an annualised 5.0% in the first quarter, while the number of people who filed new jobless claims passed 40 million in the 10 weeks to 23 May.

In Japan, the FTSE World Japan Index rose by 9.6% in sterling and 6.7% in yen terms. Stocks rose relatively strongly in 2019 after a weakening of the yen – which traditionally boosts Japan's export-dependent economy – in the autumn and winter months, the improvement in US/China trade relations and government plans for a fiscal stimulus package. Equities slumped in February and the first half of March because of fears around COVID-19. Monetary policy support from the Bank of Japan and other major central banks, along with the government's two huge stimulus packages totalling US\$2.2trn, helped shares recover some of the lost ground. The government lifted a nationwide state of emergency in May, after it was relatively successful in containing the country's COVID-19 outbreak, boosting sentiment. The pandemic took a heavy toll on the economy, which entered a technical recession in the first quarter as GDP shrank.

Asian equity markets, as measured by the MSCI AC Asia Pacific ex Japan Index, edged up by just 0.2% in sterling but fell by 1.8% in US dollar terms. Stocks tended to follow the rise and fall of US/China trade tensions in 2019. The spread of COVID-19 led to sharp losses before monetary and fiscal stimulus worldwide allowed equities to rebound. The rise in US/China hostilities and worries about new infections in May caused unease among investors. China strongly outperformed as the decline in infections allowed some parts of the economy to restart relatively quickly. However, the country's economy contracted by 6.8% year-on-year in the first quarter, prompting the government to abandon its GDP target. South Korean stocks went up, largely because of the country's relative success in containing its outbreak. Equities rose strongly in Taiwan for the same reason. Australian shares fell sharply as the spread of COVID-19 raised fears about a recession and led to a large rise in unemployment.

The MSCI Emerging Markets Index declined by 2.2% in sterling and 4.0% in US dollar terms, as the COVID-19-led sell-off in the first quarter hit developing economies particularly hard. Equities in Brazil were sharply lower after commodity price declines increased fears about the economy in the first quarter. However, commodity price rises and hopes for economic recovery fuelled strong gains in May, despite worries about increasing COVID-19 infections in the country. Shares in Argentina plummeted as the pandemic exacerbated an economic crisis and the country technically defaulted on its debt. Indian shares were down sharply after the government imposed a strict lockdown with little warning and started easing restrictions despite rising COVID-19 cases. Equities tumbled in South Africa as the pandemic compounded the country's economic problems, forcing the government to seek a loan from the International Monetary Fund for the first time.

Market review (continued)

Within fixed income, the JPM Global Government Bond Index rose by 9.1% in sterling and by 7.0% in US dollar terms. Yields in core government markets – including the US, UK, Germany and Japan – generally decreased early in the year under review because of weakening global economic growth rates, trade disputes, geopolitical risks and Brexit uncertainty (prices increased, reflecting their inverse relationship with yields). Optimism around US/China relations caused a gradual sell-off in bond markets over the fourth quarter of 2019. However, the spread of COVID-19 led to a dramatic slump in yields in the first quarter of 2020, with US benchmark 10-year Treasury yields hitting record lows in early March. Fiscal and monetary stimulus announcements around the world spurred a sharp – albeit brief – rise in March. The pandemic prompted a surge in issuance from investment-grade companies in March as they looked to bolster their finances, although the high-yield debt market initially dried up as borrowing costs leapt. In April, the Fed announced that it would buy high-yield corporate debt as part of its efforts to mitigate the effects of COVID-19, supporting the market.

Statement of Authorised Corporate Director's (ACD) responsibilities

for the year ended 31 May 2020

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

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

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

Statement of the Depositary's responsibilities and report of the Depositary to the shareholders of Janus Henderson Investment Funds Series I (the 'Company')

for the year ended 31 May 2020

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

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

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

The Depositary must ensure that:

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

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited
London
12 August 2020

Independent Auditors' report to the shareholders of Janus Henderson Investment Funds Series I

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Janus Henderson Investment Funds Series I (the 'Company'):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 May 2020 and of the net revenue and the net capital gains /(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Janus Henderson Investment Funds Series I is an Open Ended Investment Company ('OEIC') with eight sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report & Accounts (the 'Annual Report'), which comprise: the balance sheets as at 31 May 2020; the statements of total return and the statements of changes in net assets attributable to shareholders for the year then ended; the distribution tables; and the aggregated notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

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 Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub-funds' ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's (ACD) report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' report to the shareholders of Janus Henderson Investment Funds Series I (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's (ACD) responsibilities set out on page 6, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

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

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
12 August 2020

1 Accounting policies

(a) Basis of preparation

The financial statements of Janus Henderson Investment Funds Series I (the 'Company') comprise the financial statements of each of the funds. They have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (IMA) in May 2014, the Financial Reporting Standard 102 (FRS 102), the Financial Conduct Authority's (FCA) Collective Investment Schemes Sourcebook (COLL), the Company's Instrument of Incorporation and the Prospectus.

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

(b) Basis of valuation of investments

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

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

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

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

Certificates of deposit are valued using a yield curve approach. The yield curve provides a graphical illustration of the relationship between redemption yields and instrument's maturity dates, and from this an appropriate market yield can be derived for the instrument which can in turn be used to calculate its fair value.

(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 and overseas REIT revenue are disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the tax note.

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

Bank interest, deposit interest and interest from certificates of deposit are recognised on an accruals basis.

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

Dividends received from US REITs are allocated between revenue and capital for distribution purposes. The split is based on the year end tax reporting data issued by the US REIT with the revenue element being subject to UK corporation tax. Where the split of revenue and capital has not been announced at the accounting date then the income is treated as an ordinary dividend until such time as this is known.

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

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the shares underwritten in which case an appropriate proportion of the commission received is deducted from the cost of the relevant shares.

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.

Aggregated notes to the financial statements (continued)

Accounting policies (continued)

(c) Revenue recognition (continued)

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

Revenue derived from the gains/losses on hedged class forward currency contracts is allocated to both the capital and revenue of the share class based upon the prior day capital/revenue split.

Special dividends are recognised as either revenue or capital depending on the nature and circumstances of the dividends receivable.

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

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

The investment objective of Class I income of Janus Henderson Emerging Markets Opportunities Fund concentrates on the generation of income as a higher priority than capital growth. The ACD and Depositary have agreed that 100% of the AMC for the share class is to be taken to capital for the purpose of calculating the distribution, as permitted by the OEIC regulations and in accordance with the Prospectus. The distribution currently payable reflects this treatment together with any associated tax effect.

General Administration Charge

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

Performance Fee on Janus Henderson European Absolute Return Fund and Janus Henderson UK Absolute Return Fund

Janus Henderson European Absolute Return Fund and Janus Henderson UK Absolute Return Fund may pay a performance related fee. Each fund's performance fee will be 20% of the outperformance of the current day NAV relative to the hurdle, subject to the high watermark.

The current day NAV is the published NAV less the performance fee accrual. The high watermark is the NAV at the end of the previous performance period if a performance fee was payable. The hurdle is the rate of return which the fund has to exceed before a performance fee can be accrued. The hurdle is reset at midnight on the last business day of the month and the rate of return is based on the last published Bank of England base rate which is applied to the high water mark in order to calculate the hurdle level. Hedged currency share classes will use an appropriate currency equivalent cash benchmark (the Euro Base Rate (Euro Main Refinancing Rate) or the USD Base Rate (US Federal Funds Rate)).

In accordance with the Prospectus, performance fees are taken to capital for the purpose of calculating the distribution. Details of amounts payable for the year can be seen in Note 4 of the financial statements for each fund.

Allocation of revenue and expenses to multiple share classes

With the exception of the AMC, the GAC and revenue derived from the gains/losses on hedged class forward currency contracts, which are directly attributable to individual share classes, all revenue and expenses are allocated to share classes pro rata to the value of the net assets of the relevant share class on the day that the revenue or expense is incurred.

(e) Exchange rates

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

(f) Taxation

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

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(f) Taxation (continued)

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.

On 1 April 2018, India introduced a taxation regime for long-term capital gains. As a result of this, the Janus Henderson Emerging Markets Opportunities Fund introduced an accrual for incremental Indian capital gains earned since 1 April 2018 on Indian securities.

(g) Cash flow statement

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

(h) Hedged share classes

The following hedged share classes are held by the funds:

- Class I Euro Hedged accumulation and Class I USD Hedged accumulation on Janus Henderson European Absolute Return Fund;

Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in those classes and Sterling which is the base currency of the fund.

Any benefits or losses of the hedging transactions accrue to shareholders in that hedged share class only.

The ACD will review the relevant hedging positions on a regular basis and, if considered appropriate, make adjustments to correct the allocations across share classes. However, the hedge may not always be 100% effective.

The currency transactions will not cause the Euro and US Dollar hedged class shares to be leveraged. The value of the share class to be hedged will be made up of both capital and income elements and the ACD intends to hedge between 95-105% of the value of each hedged share class. Adjustments to any hedge to keep within this target range will only be made when the required adjustment is material. As such the Euro and US Dollar hedged class shares will not be completely protected from all currency fluctuations.

(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.

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.

Forward foreign currency contracts on hedged share classes

Open forward currency contracts on hedged share classes are shown in the Portfolio statement at fair value. The net gains/(losses) on forward currency contracts on hedged share classes are apportioned between Hedged income on forward currency contracts in the Revenue account and Forward currency contracts on hedged share classes in Net capital gains/(losses) on investments reflecting the income and capital elements of the hedged share classes.

Equity future contracts and Index future contracts

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

Options contracts

Options contracts are shown in the Portfolio statement at fair value and the net gains/(losses) are reflected within Derivative securities in Net capital gains/(losses) on investments. Premiums receivable or payable on options are included within Derivative contracts in Net capital gains/(losses) on investments.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(i) Treatment of derivatives (continued)

Contracts for difference

Contracts for difference (CFD) are shown in the Portfolio statement at fair value and the net gains/(losses) are reflected within Derivative securities in Net capital gains/(losses) on investments. The margins paid on these contracts are included in the Amounts held at derivative clearing houses and brokers. Dividends receivable and payable on CFDs are recognised as either revenue or capital depending on the nature and circumstances of the dividends receivable. Dividends receivable or payable that are recognised as capital are included in Derivative securities in Net capital gains/(losses) on investments on an accruals basis. Dividends receivable that are recognised as revenue are included in the Revenue account on an accruals basis. Dividends payable on CFDs that are recognised as revenue are included in Interest payable and similar charges on an accruals basis.

(j) Dilution adjustment

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

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

2 Distribution Policy

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

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

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

Stock dividends are taken to capital and are therefore not 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.

All funds will make biannual distributions (31 January and 31 July) to shareholders:

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

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

Equalisation

Income equalisation applies to all the funds.

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

3 Risk

In pursuing their investment objectives the funds hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors arising from the funds' operations. The funds may also enter into derivatives and forward transactions for the purpose of hedging and efficient portfolio management.

Janus Henderson European Absolute Return Fund and Janus Henderson UK Absolute Return Fund may also use derivatives for investment purposes.

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

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

Aggregated notes to the financial statements (continued)

3 Risk (continued)

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

- Charles River system's Compliance module for investment restrictions monitoring;
- Nasdaq Bwise operational risk database;
- RiskMetrics, UBS Delta, Style Research, 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 funds attributable to changes in market variables such as interest rates, foreign exchange rates or an issuer's credit worthiness.

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

Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets. Some of the more common risks associated with emerging markets investments include: fraudulent securities; lack of liquidity; currency fluctuations; settlement and custody risks; investment and remittance restrictions; and accounting, auditing and financial reporting requirements.

Where a fund invests in a specific country or geographical region, changes to local political and economic conditions may have a greater impact on the fund's value.

Funds investing in technology related industries may be susceptible to greater risks and market fluctuations than investment in a broader range of investments covering different economic sectors.

Smaller company shares held by a fund can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.

Funds may hold a limited number of investments. If one of these investments declines in value, this can reduce the fund's value more than if it held a larger number of investments.

The funds may use derivatives for the purposes of efficient portfolio management. Janus Henderson European Absolute Return Fund and Janus Henderson UK Absolute Return Fund may also use derivatives for investment purposes. Derivatives are linked in value to an underlying asset and any fall in the value of that asset may result in a loss greater than the original amount invested in the derivative itself. It is not intended that using derivatives for efficient portfolio management will increase the volatility of the funds. In adverse situations, however, a fund's use of derivatives may become ineffective in hedging or efficient portfolio management and a fund may suffer significant loss as a result.

The global exposure of the funds is calculated by using either the commitment approach or Value-at-Risk (VaR) approach by reference to their risk profile.

The global exposure of the funds (excluding Janus Henderson European Absolute Return Fund and Janus Henderson UK Absolute Return Fund) is calculated using the commitment approach; the commitment approach means that financial derivative instruments are converted into the market value of the equivalent position in the underlying assets(s). These funds may use derivatives for the purposes of hedging and efficient portfolio management only, it is not expected that the use of derivatives for these purposes will alter the risk profile of the funds. Such funds do not employ significant leverage.

The global exposure of Janus Henderson European Absolute Return Fund and Janus Henderson UK Absolute Return Fund and the sensitivity analysis of funds using the commitment approach is calculated using the VaR approach. VaR is a mathematical-statistical concept and is commonly used as a standard measure of risk in the financial sector. For each fund the maximum potential loss that it could suffer in normal market conditions within a given time horizon and a certain degree of confidence is estimated. In these calculations all positions in the relevant investment portfolio are taken into consideration including those undertaken for efficient portfolio management purposes. VaR is calculated using a Monte Carlo simulation approach; as a control mechanism, Monte Carlo results are compared to the parametric model for validation purposes within the daily monitoring process.

The following parameters are applied as a minimum: a one-tailed 99% confidence interval, a holding period equivalent to one month (20 business days), effective observation period (history) of risk factors of at least 1 year (250 business days), quarterly data set updates and daily calculation.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

Absolute VaR is calculated on all the positions in a fund's investment portfolio. For those funds using the VaR approach to calculate global exposure for which it is not appropriate to determine a reference portfolio absolute monthly VaR is not to exceed a regulatory maximum limit of 20%.

Please refer to the individual funds' financial statements for details of global exposure, leverage and sensitivity analysis, where relevant.

Currency risk

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

A proportion of a fund's assets and income may be denominated in currencies other than sterling (the funds' functional currency and the one in which financial statements are reported). As a result, movements in exchange rates may affect the sterling value of those items so a the funds total return and balance sheet can be significantly affected by currency fluctuations.

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

Please refer to the individual funds' financial statements for details of currency exposure.

Hedged share classes

Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in such classes and sterling which is the base currency of the funds.

Any benefits or losses of the hedging transactions accrue to shareholders in that hedged share class only. The ACD will review the relevant hedging positions on a regular basis and, if considered appropriate, make adjustments to correct the allocations across share classes.

The currency transactions will not cause the hedged class to be leveraged. The value of the share class to be hedged will be made up of both capital and income elements and the ACD intends to hedge between 95-105% of the value of each hedged share class. Adjustments to any hedge to keep within this target range will only be made when the required adjustment is material. As such the hedged class shares will not be completely protected from all currency fluctuations.

Where such hedging is undertaken it may substantially protect investors in the relevant class against a decrease in the value of sterling relative to the US Dollar or Euro but it may also preclude investors from benefiting from an increase in the value of sterling.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Some securities such as bonds are directly impacted by interest rate movements but others are indirectly affected.

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

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

Other market price risk

Other market price risk is the risk that the value of the funds' investments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. The risk arises mainly from uncertainty about future prices of financial instruments the funds might hold. It represents the potential loss the funds might suffer through holding market positions in the face of price movements. The funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies.

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 fund volatility of fund valuations. There can be an increase in a wide range of impacts on the fund from COVID-19, as with all stressed market events, which might include: a reduction in revenues, a reduction in net asset value due to market fluctuations, and financial and non-financial covenant defaults.

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

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(b) Credit and counterparty risk

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

In order to manage credit risk the funds are subject to investment limits for issuers of securities as outlined in the Prospectus. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the funds may only buy and sell investments through brokers which have been approved by the ACD as acceptable counterparties and limits are set and monitored to cover the exposure to any individual broker. Changes in brokers financial ratings are periodically reviewed by the Janus Henderson Counterparty Risk Committee along with set limits and new counterparty approval.

The fund's assets that are held with the banks could be exposed to credit and counterparty risk. The banks used by the funds and ACD are subject to regular reviews. Only counterparties that have been approved by Janus Henderson's 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 Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

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.

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

(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 funds' portfolio cannot be sold, liquidated or closed out at limited cost in an adequately short timeframe and that the ability of the funds to meet their settlement obligations is hereby compromised.

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

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

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

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

(e) Brexit Risk

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

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

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 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 Cross-holdings

As at 31 May 2020 there were no sub-fund cross holdings within the Janus Henderson Investment Funds Series I (2019: nil).

Janus Henderson China Opportunities Fund

Authorised Corporate Director's report

Investment Fund Managers

May Ling Wee

Please note with effect from 30 April 2020 Charlie Awdry is no longer a manager of this fund. May Ling Wee is now the sole fund manager.

Investment objective and policy

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

Performance target: To outperform the MSCI Zhong Hua Index by 2.5% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in a concentrated portfolio of shares (also known as equities) of companies, of any size, in any industry, in China or Hong Kong. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in this region. The fund may invest up to 50% of its assets in China A Shares.

The fund is actively managed with reference to the MSCI Zhong Hua Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the fund's performance target. The investment manager has discretion to choose investments for the fund with weightings different to the index or not in the index, but at times the fund may hold investments similar to the index.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16
	%	%	%	%	%
Class I accumulation (Net)	9.7	(12.7)	26.5	49.2	(13.9)
MSCI Zhong Hua Index	7.5	(9.6)	23.1	45.4	(20.6)
IA China/Greater China Sector	14.5	(11.8)	24.7	44.7	(20.8)
Class I accumulation (Gross)	10.6	(11.9)	27.6	50.5	(13.1)
Target (Gross)	10.2	(7.3)	26.2	49.0	(18.6)

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

Source: Morningstar

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

Class I accumulation (Gross), NAV to NAV, gross of TER and net income reinvested as at 12 noon valuation point.

Benchmark values are at close of business.

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

Benchmark Usage

Index: MSCI Zhong Hua Index

Index usage: Target

Index description: The MSCI Zhong Hua Index is a measure of the combined performance of large and medium sized companies listed on Hong Kong and Chinese stock markets. It forms the basis for the fund's performance target.

Peer group: IA China/Greater China Sector

Peer group usage: Comparator

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

The fund's ranking within the sector (as calculated by a number of data providers) provides a useful performance comparison against other funds with similar aims.

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 Corporate Director's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales	£000
Hong Kong Exchanges & Clearing	49,158	Tencent	81,680
Longfor	36,735	Alibaba ADR	73,622
Galaxy Entertainment	35,837	Ping An Insurance	72,559
New Oriental Education & Technology ADR	34,179	Hong Kong Exchanges & Clearing	57,434
Guangzhou Baiyun International Airport	29,275	Galaxy Entertainment	53,527
ASM Pacific Technology	28,319	ENN Energy	46,137
Zhengzhou Yutong Bus	26,697	Jiangsu Hengrui Medicine	40,767
LONGi Green Energy Technology	26,183	Sands China	38,400
Anhui Conch Cement	25,558	AIA	32,699
Tencent	25,174	China Shenhua Energy 'H'	32,464
Total purchases	782,311	Total sales	1,221,908

Investment review

The fund returned 10.6% based on Class I accumulation (Gross) over the year under review, compared with a return of 7.5% in the MSCI Zhong Hua Index, a return of 14.5% in the IA China/Greater China Sector peer group benchmark and 10.2% Target (Gross).

The past year was no different from the previous one, with Chinese equities buffeted by the trade wars between the US and China, against a backdrop of an economy that was slowing due to tight credit conditions. This was not helped by the Hong Kong's protest movement, which impacted both Hong Kong and Chinese businesses due to the large crowds involved and the violence at some protest events. Chinese equities were at a low in May 2019 after trade negotiations with the US broke down. They reached a new low in August and then made strong gains up to January 2020 as economic indicators picked up due to easing efforts by policy makers and an inventory restocking cycle. The signing of the US/China 'phase one' trade deal in January 2020 was also supportive for Chinese equities. The market peaked at the start of the Spring Festival in late January, as health authorities were not able to contain the spread of COVID-19 in the city of Wuhan. This resulted in a lockdown as an attempt to control the spread of the virus. The market sold off through March as the virus spread quickly to the rest of the world, with the World Health Organization finally calling it a global pandemic. The market reached a low in late March and rallied into May 2020 as China, being the first to be impacted by the virus, was the first out of its lockdown. As the economy restarted, production indicators recovered more quickly than consumption and service indicators. The service sector continues to be impacted by social distancing, which is slowing its recovery.

Sector allocation was positive while selection was neutral over the year. Our overweight holding in the consumer discretionary sector was positive, as were the underweight positions in financials and real estate. Selection was most positive in real estate, communications services and utilities. However, this was offset by selection in the consumer discretionary and information technology sectors.

At the stock level, our top contributors were consumer-facing businesses such as NetEase.com ADR, which is the second-largest gaming company after Tencent, and Zhongsheng, a leading dealer of premium automotive brands in China. Jiangsu Hengrui Medicine, a leading and innovative drug company in China, was among the key contributors to the fund.

The largest detractors from performance were Guangzhou Baiyun International Airport, CNOOC and JD.com. The airport company performed poorly due to significantly higher-than-expected running costs at its new terminal in Guangzhou. Its business was then impacted by COVID-19 when international flights were stopped and domestic flight volumes fell as consumers and businesses cancelled travel plans for fear of infection. CNOOC, China's state-owned oil and gas exploration and production company, sold off due to the oil price war between Saudi Arabia and Russia at a time when COVID-19 had sharply reduced global demand. The fund not owning JD.com also detracted, as the stock performed strongly on margin and market share gains.

With the onset of COVID-19, China/US relations have only worsened. The US viewed China as a strategic rival in the areas of technology, economic power and geopolitical influence. It has hardened its stance and now appears to view China as an enemy. What started as a trade and tariff war, has broadened to become a technology war and, potentially, a financial war in which the US is attempting to prevent Chinese companies from raising capital on its exchanges. Hong Kong's national security law is an added area of contention. Washington is challenging Hong Kong's special trade status with the US while China is trying to extend political control over the territory. COVID-19 also challenges the practice of manufacturing in the country of competitive advantage as companies are now evaluating whether supply chains should be diversified and not concentrated in China alone.

China's economy is showing signs of a recovery after emerging from the lockdown. However, we expect economic conditions to be challenging as the country's exports face much lower global demand. Many small and medium-sized enterprises in China have found it difficult to restart after the lockdown. Even where businesses have restarted, many are facing lower demand and volumes than last year. We expect China to remain on an easing path in both monetary and fiscal policy terms, with employment a focus for policy makers. The earnings outlook will continue to be challenging for many Chinese companies, we believe.

Chinese markets have performed well by staying flat in the year to date, despite multiple challenges. We are cognisant of the weak macroeconomic backdrop and, therefore, earnings outlook. We continue to look for opportunities in strong franchises as these companies will outperform their competition, by creating new avenues and channels for growth and driving cost efficiencies.

Comparative tables for the year ended 31 May 2020

	Class A accumulation		
	2020	2019	2018
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	1,330.89	1,545.70	1,220.44
Return before operating charges*	154.71	(191.44)	349.74
Operating charges	(24.62)	(23.37)	(24.48)
Return after operating charges*	130.09	(214.81)	325.26
Distributions on accumulation shares	(3.50)	(5.90)	(6.74)
Retained distributions on accumulation shares	3.50	5.90	6.74
Closing net asset value per share	1,460.98	1,330.89	1,545.70
* after direct transaction costs of:	2.35	3.85	5.64
Performance			
Return after charges	9.77%	(13.90%)	26.65%
Other information			
Closing net asset value (£000s)	100,783	135,733	206,188
Closing number of shares	6,898,289	10,198,584	13,339,483
Operating charges	1.71%	1.71%	1.72%
Direct transaction costs	0.16%	0.28%	0.40%
Prices			
Highest share price (pence)	1,590.00	1,585.31	1,598.00
Lowest share price (pence)	1,297.00	1,181.00	1,231.00

Comparative tables (continued)

Class E accumulation 24/06/19 - 31/05/20 (pence per share)

Change in net assets per share

Opening net asset value per share	1,422.82 ¹
Return before operating charges*	61.41
Operating charges	(16.38)
Return after operating charges*	45.03
Distributions on accumulation shares	(10.39)
Retained distributions on accumulation shares	10.39
Closing net asset value per share	1,467.85
* after direct transaction costs of:	2.36

Performance

Return after charges	3.16% ²
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Other information

Closing net asset value (£000s)	26,654
Closing number of shares	1,815,869
Operating charges	1.21%
Direct transaction costs	0.16%

Prices

Highest share price (pence)	1,594.00
Lowest share price (pence)	1,302.00

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

² Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A accumulation share class.

This performance will differ from the other share classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables (continued)

	Class I accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	192.58	221.75	173.60
Return before operating charges*	22.43	(27.50)	49.92
Operating charges	(1.78)	(1.67)	(1.77)
Return after operating charges*	20.65	(29.17)	48.15
Distributions on accumulation shares	(2.32)	(2.38)	(2.08)
Retained distributions on accumulation shares	2.32	2.38	2.08
Closing net asset value per share	213.23	192.58	221.75
* after direct transaction costs of:	0.34	0.55	0.81

Performance

Return after charges	10.72%	(13.15%)	27.74%
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Other information

Closing net asset value (£000s)	325,847	359,910	405,061
Closing number of shares	152,816,188	186,884,572	182,661,452
Operating charges	0.85%	0.85%	0.87%
Direct transaction costs	0.16%	0.28%	0.40%

Prices

Highest share price (pence)	231.20	227.47	228.60
Lowest share price (pence)	189.00	170.10	175.20

	Class I USD accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,438.01	1,659.49	1,301.93
Return before operating charges*	167.35	(205.74)	374.50
Operating charges	(16.69)	(15.74)	(16.94)
Return after operating charges*	150.66	(221.48)	357.56
Distributions on accumulation shares	(13.79)	(14.56)	(11.99)
Retained distributions on accumulation shares	13.79	14.56	11.99
Closing net asset value per share	1,588.67	1,438.01	1,659.49
* after direct transaction costs of:	2.54	4.15	6.16

Performance

Return after charges	10.48%	(13.35%)	27.46%
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Other information

Closing net asset value (£000s)	404,691	703,853	762,836
Closing number of shares	25,473,522	48,946,347	45,967,999
Operating charges	1.07%	1.07%	1.09%
Direct transaction costs	0.16%	0.28%	0.40%

Prices

Highest share price (USD cents)	2,247.00	2,286.34	2,408.00
Lowest share price (USD cents)	1,626.00	1,615.00	1,692.00

Comparative tables (continued)

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

Performance values are at close of business 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 share class.

Share class launches and closures

The following share class launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019

There were no share classes closed in the year.

Share class conversion

Share class conversion	Conversion date
Class A accumulation to Class E accumulation	24 June 2019

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

Ongoing charge figure

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

	2020 %	2019 %	Estimated OCF from 5 May 2020 ¹ %
Class A	1.71 ²	1.71	1.75
Class E³	1.21 ²	n/a	1.25
Class I	0.85 ⁴	0.85	0.87
Class I USD	1.07 ⁵	1.07	1.09

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

¹ The estimated ongoing charge is based on the new GAC rates to the year ended 31 May 2020.

² The GAC on Class A and Class E increased from 0.18% to 0.22% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

³ Class E accumulation launched on 24 June 2019 so there are no prior year comparatives.

⁴ The GAC on Class I increased from 0.075% to 0.09% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁵ The GAC on Class I USD increased from 0.045% to 0.06% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

Risk and reward profile

The fund currently has 4 types of share class in issue: A accumulation, E accumulation, I accumulation and I USD accumulation.

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



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

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

The value of an investment and any income from it can go up or down. When you sell your 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 rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk 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 accumulation was launched on 24 June 2019 and as it does not have a 5 year history, a synthetic history has been created using the A accumulation share class.

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 99.40% (2019: 98.86%)		
	Belgium 1.60% (2019: 0.00%)		
	Consumer Goods 1.60% (2019: 0.00%)		
	Beverages 1.60% (2019: 0.00%)		
6,064,600	Budweiser Brewing	13,733	1.60
	China 78.92% (2019: 75.01%)		
	Basic Materials 0.58% (2019: 2.62%)		
	Mining 0.58% (2019: 2.62%)		
2,095,250	Shandong Gold Mining	4,996	0.58
	Consumer Goods 14.14% (2019: 12.58%)		
	Automobiles & Parts 5.81% (2019: 4.73%)		
11,701,000	Geely Automobile	12,919	1.51
12,694,623	Zhengzhou Yutong Bus	17,142	2.00
4,771,500	Zhongsheng	19,793	2.30
		49,854	5.81
	Beverages 1.03% (2019: 4.18%)		
57,216	Kweichow Moutai	8,828	1.03
	Food Producers 0.87% (2019: 0.00%)		
1,573,278	Angel Yeast	7,492	0.87
	Household Goods & Home Construction 4.59% (2019: 3.13%)		
5,011,598	Haier Smart Home	9,353	1.09
4,508,613	Midea	30,044	3.50
		39,397	4.59
	Personal Goods 1.84% (2019: 0.54%)		
2,390,000	Hengan International	15,775	1.84
	Consumer Services 18.16% (2019: 16.79%)		
	General Retailers 15.22% (2019: 9.21%)		
533,476	Alibaba ADR	89,246	10.40
1,158,800	Meituan Dianping 'B'	17,740	2.07
242,815	New Oriental Education & Technology ADR	23,608	2.75
		130,594	15.22
	Media 0.00% (2019: 2.69%)		
	Personal Goods 1.12% (2019: 0.00%)		
8,365,000	Topsports International	9,602	1.12
	Travel & Leisure 1.82% (2019: 4.89%)		
499,704	China International Travel Service	5,673	0.66
264,973	Yum China	9,928	1.16
		15,601	1.82

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Financials 9.79% (2019: 13.61%)		
	Financial Services 0.00% (2019: 1.99%)		
	Life Insurance 3.37% (2019: 8.32%)		
3,625,500	Ping An Insurance	28,924	3.37
	Real Estate Investment & Services 6.42% (2019: 3.30%)		
8,610,000	China Resources Land	27,359	3.19
7,578,500	Longfor	27,720	3.23
		55,079	6.42
	Health Care 4.07% (2019: 2.79%)		
	Health Care Equipment & Services 1.29% (2019: 0.00%)		
2,804,559	Lepu Medical Technology Beijing	11,060	1.29
	Pharmaceuticals & Biotechnology 2.78% (2019: 2.79%)		
2,564,593	China Resources Sanjiu Medical & Pharmaceutical	7,812	0.91
582,457	Jiangsu Hengrui Medicine	5,175	0.60
1,092,028	Yunnan Baiyao	10,869	1.27
		23,856	2.78
	Industrials 11.99% (2019: 6.24%)		
	Construction & Materials 2.70% (2019: 0.00%)		
3,830,000	Anhui Conch Cement	23,182	2.70
	Electronic & Electrical Equipment 2.15% (2019: 1.77%)		
1,725,700	Sunny Optical Technology	18,423	2.15
	Industrial Engineering 4.26% (2019: 3.01%)		
9,347,870	Sany Heavy Industry	19,345	2.26
12,271,000	Weichai Power	17,185	2.00
		36,530	4.26
	Industrial Transportation 2.88% (2019: 1.46%)		
3,069,020	Guangzhou Baiyun International Airport	5,662	0.66
4,611,000	SITC International	3,513	0.41
588,635	ZTO Express (Cayman) ADR	15,521	1.81
		24,696	2.88
	Oil & Gas 2.77% (2019: 5.71%)		
	Oil & Gas Producers 2.23% (2019: 5.71%)		
21,214,000	CNOOC	19,105	2.23
	Oil Equipment, Services & Distribution 0.54% (2019: 0.00%)		
6,648,000	China Oilfield Services	4,634	0.54
	Technology 16.21% (2019: 11.84%)		
	Software & Computer Services 13.82% (2019: 11.84%)		
108,269	NetEase.com ADR	33,493	3.90
1,987,600	Tencent	85,084	9.92
		118,577	13.82

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Technology Hardware & Equipment 2.39% (2019: 0.00%)		
5,607,110	LONGi Green Energy Technology	20,511	2.39
	Telecommunications 1.21% (2019: 0.00%)		
	Mobile Telecommunications 1.21% (2019: 0.00%)		
1,846,500	China Mobile	10,415	1.21
	Utilities 0.00% (2019: 2.83%)		
	Gas, Water & Multi-utilities 0.00% (2019: 2.83%)		
	Hong Kong 18.88% (2019: 23.85%)		
	Consumer Goods 0.00% (2019: 1.39%)		
	Automobiles & Parts 0.00% (2019: 1.39%)		
	Consumer Services 5.27% (2019: 8.12%)		
	General Retailers 0.00% (2019: 1.60%)		
	Travel & Leisure 5.27% (2019: 6.52%)		
4,095,000	Galaxy Entertainment	22,307	2.60
7,312,000	Sands China	22,930	2.67
		45,237	5.27
	Financials 10.64% (2019: 10.27%)		
	Financial Services 4.31% (2019: 3.14%)		
1,311,700	Hong Kong Exchanges & Clearing	36,959	4.31
	Life Insurance 6.33% (2019: 7.13%)		
8,280,800	AIA	54,311	6.33
	Industrials 0.00% (2019: 2.99%)		
	General Industrials 0.00% (2019: 2.99%)		
	Technology 0.71% (2019: 0.00%)		
	Technology Hardware & Equipment 0.71% (2019: 0.00%)		
831,200	ASM Pacific Technology	6,111	0.71
	Telecommunications 2.26% (2019: 1.08%)		
	Fixed Line Telecommunications 2.26% (2019: 1.08%)		
16,846,000	HKT Trust & HKT	19,373	2.26
	Derivatives (0.03%) (2019: 0.00%)		
	Forward Foreign Exchange Contracts (0.03%) (2019: 0.00%)¹		
	Buy USD 13,629,442 : Sell GBP 11,098,641 June 2020	(74)	(0.01)
	Buy USD 14,183,125 : Sell GBP 11,481,281 June 2020	(9)	-
	Buy USD 35,030,245 : Sell GBP 28,546,646 June 2020	(212)	(0.02)
		(295)	(0.03)
	Investment assets including investment liabilities	852,560	99.37
	Other net assets	5,415	0.63
	Total net assets	857,975	100.00

¹ Unquoted securities

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

Statement of total return for the year ended 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		106,641		(193,621)
Revenue	3	23,872		26,525	
Expenses	4	(12,456)		(13,513)	
Interest payable and similar charges	5	-		(3)	
Net revenue before taxation		11,416		13,009	
Taxation	6	(910)		(1,188)	
Net revenue after taxation			10,506		11,821
Total return before distributions			117,147		(181,800)
Distributions	7		(10,509)		(11,958)
Change in net assets attributable to shareholders from investment activities			106,638		(193,758)

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

	2020		2019	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,199,496		1,374,085
Amounts receivable on issue of shares	237,686		347,530	
Amounts payable on cancellation of shares	(696,063)		(340,275)	
		(458,377)		7,255
Dilution adjustment		881		-
Change in net assets attributable to shareholders from investment activities		106,638		(193,758)
Retained distributions on accumulation shares		9,337		11,914
Closing net assets attributable to shareholders		857,975		1,199,496

Balance sheet as at 31 May 2020

	Note	2020 £000	2019 £000
Assets:			
Investments		852,855	1,185,854
Current assets:			
Debtors	8	27,907	4,223
Cash and bank balances	9	62,864	19,237
Total assets		943,626	1,209,314
Liabilities:			
Investment liabilities		295	13
Creditors:			
Bank overdrafts		614	621
Other creditors	10	84,742	9,184
Total liabilities		85,651	9,818
Net assets attributable to shareholders		857,975	1,199,496

Notes to the financial statements for the year ended 31 May 2020

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2020	2019
	£000	£000
Forward currency contracts	(677)	(848)
Non-derivative securities	106,525	(193,104)
Other currency gains	811	344
Transaction costs	(18)	(13)
Net capital gains/(losses)	106,641	(193,621)

3 Revenue

	2020	2019
	£000	£000
Bank interest	186	205
Overseas dividends	23,362	26,041
Stock lending revenue	324	279
Total revenue	23,872	26,525

4 Expenses

	2020	2019
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	11,334	12,321
GAC*	835	885
	<u>12,169</u>	<u>13,206</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	56	59
Safe custody fees	223	247
	<u>279</u>	<u>306</u>
Other expenses:		
Dividend collection charges	8	-
Professional fees	-	1
	<u>8</u>	<u>1</u>
Total expenses	12,456	13,513

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,912 (2019: £7,681).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2020 £000	2019 £000
Interest payable	-	3
Total interest payable and similar charges	-	3

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2020 £000	2019 £000
Current tax		
Overseas withholding tax	910	1,188
Total tax (note 6b)	910	1,188

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICs) of 20% (2019: 20%). The differences are explained below:

	2020 £000	2019 £000
Net revenue before taxation	11,416	13,009
Corporation tax at 20% (2019: 20%)	2,283	2,602
Effects of:		
Irrecoverable overseas tax	910	1,188
Overseas dividends	(4,283)	(5,160)
Unused management expenses	2,000	2,558
Tax charge for the year (note 6a)	910	1,188

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (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 £19,051,189 (2019: £17,051,066) 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.

Notes to the financial statements (continued)

7 Distributions

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

	2020	2019
	£000	£000
Interim accumulation	6,367	8,935
Final accumulation	2,970	2,979
	<u>9,337</u>	<u>11,914</u>
Amounts deducted on cancellation of shares	1,703	1,144
Amounts received on issue of shares	(531)	(1,100)
Total distributions	<u>10,509</u>	<u>11,958</u>
Net revenue after taxation	10,506	11,821
Equalisation on conversions	3	3
Revenue shortfall	-	134
Total distributions	<u>10,509</u>	<u>11,958</u>

Details of the distribution per share are set out in the Distribution tables on page 40.

8 Debtors

	2020	2019
	£000	£000
Accrued revenue	1,772	4,168
Amounts receivable for issue of shares	221	55
Currency transactions awaiting settlement	11,195	-
Sales awaiting settlement	14,719	-
Total debtors	<u>27,907</u>	<u>4,223</u>

9 Cash and bank balances

	2020	2019
	£000	£000
Cash and bank balances	62,864	19,237
Total cash and bank balances	<u>62,864</u>	<u>19,237</u>

10 Other creditors

	2020	2019
	£000	£000
Accrued annual management charge	783	1,082
Accrued Depositary's fee	5	6
Accrued other expenses	111	122
Amounts payable for cancellation of shares	72,649	7,974
Currency transactions awaiting settlement	11,194	-
Total other creditors	<u>84,742</u>	<u>9,184</u>

Notes to the financial statements (continued)

11 Contingent liabilities and commitments

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 29 and 30 and notes 4, 7, 8 and 10 on pages 31 to 33 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

13 Shareholders' funds

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

	2020	2019
	%	%
Class A	1.50	1.50
Class E ¹	1.00	n/a
Class I	0.75	0.75
Class I USD	1.00	1.00

¹ Class E accumulation launched on 24 June 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 20 to 23. The distribution per share class is given in the Distribution tables on page 40. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2020

	Class A accumulation	Class E accumulation	Class I accumulation	Class I USD accumulation
Opening number of shares	10,198,584	-	186,884,572	48,946,347
Issues during the year	330,110	18,325	16,116,121	12,892,054
Cancellations during the year	(1,547,573)	(125,490)	(51,286,310)	(36,364,879)
Shares converted during the year	(2,082,832)	1,923,034	1,101,805	-
Closing shares in issue	6,898,289	1,815,869	152,816,188	25,473,522

Notes to the financial statements (continued)

14 Financial derivatives

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

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

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

There was no collateral pledged or collateral held in respect of derivatives as at 31 May 2020 (2019: nil).

2020

The fund had no exposure to derivatives as at 31 May 2020 with a positive market value.

2019

The fund had no exposure to derivatives as at 31 May 2019 with a positive market value.

15 Stock lending

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

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

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

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Citigroup	144	161	Equity
JP Morgan	1,063	1,181	Equity
	1,207	1,342	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	381	57	324

Notes to the financial statements (continued)

15 Stock lending (continued)

2019 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	3,147	3,497	Equity
Citigroup	7,063	8,228	Equity
JP Morgan	30,636	34,042	Equity
Macquarie Bank	377	495	Equity
Morgan Stanley	1,290	1,393	Government Bond
Société Générale	41,288	56,954	Equity
	83,801	104,609	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	328	49	279

16 Risk

Currency risk

The 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.

2020 Currency	Investment assets including investment liabilities £000	Other net assets/(liabilities) £000	Total net assets £000
Chinese yuan	158,968	135	159,103
Hong Kong dollar	522,092	2,763	524,855
UK sterling	(51,127)	69,545	18,418
US dollar	222,627	(67,028)	155,599
Total	852,560	5,415	857,975

2019 Currency	Investment assets including investment liabilities £000	Other net assets/(liabilities) £000	Total net assets £000
Chinese yuan	151,702	673	152,375
Hong Kong dollar	732,337	3,190	735,527
UK sterling	(7,172)	15,665	8,493
US dollar	308,974	(5,873)	303,101
Total	1,185,841	13,655	1,199,496

Notes to the financial statements (continued)

16 Risk (continued)

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £839,557,050 (2019: £1,191,002,673). 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 31 May 2020 and the net assets as at 31 May 2020 by £83,955,705 (2019: £119,100,267).

Interest rate risk

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

Other market price risk

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

Leverage

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

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Bank overdrafts	614	-	-	-
Derivative financial liabilities	-	295	-	-
Other creditors	-	84,742	-	-
Total	614	85,037	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Bank overdrafts	621	-	-	-
Derivative financial liabilities	-	13	-	-
Other creditors	-	9,184	-	-
Total	621	9,197	-	-

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Notes to the financial statements (continued)

17 Fair value disclosure (continued)

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	852,855	-	1,185,854	-
Level 2	-	295	-	13
Level 3	-	-	-	-
	<u>852,855</u>	<u>295</u>	<u>1,185,854</u>	<u>13</u>

18 Direct transaction costs

	Purchases		Sales	
	2020 £000	2019 £000	2020 £000	2019 £000
Trades in the year				
Equities	781,247	1,270,348	1,223,640	1,236,044
Trades in the year before transaction costs	<u>781,247</u>	<u>1,270,348</u>	<u>1,223,640</u>	<u>1,236,044</u>
Transaction costs				
Commissions				
Equities	531	717	685	767
Total commissions	<u>531</u>	<u>717</u>	<u>685</u>	<u>767</u>
Taxes				
Equities	458	761	933	970
Total taxes	<u>458</u>	<u>761</u>	<u>933</u>	<u>970</u>
Other expenses				
Equities	75	129	114	153
Total other expenses	<u>75</u>	<u>129</u>	<u>114</u>	<u>153</u>
Total transaction costs	<u>1,064</u>	<u>1,607</u>	<u>1,732</u>	<u>1,890</u>
Total net trades in the year after transaction costs	<u>782,311</u>	<u>1,271,955</u>	<u>1,221,908</u>	<u>1,234,154</u>

	Purchases		Sales	
	2020 %	2019 %	2020 %	2019 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.07	0.06	0.06	0.06
Taxes				
Equities	0.06	0.06	0.08	0.08
Other expenses				
Equities	0.01	0.01	0.01	0.01
	2020	2019		
	%	%		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.10	0.12		
Taxes	0.12	0.14		
Other expenses	0.02	0.02		
Total costs	<u>0.24</u>	<u>0.28</u>		

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2019: nil). There were no corporate actions during the year (2019: £8,845).

There were no direct transaction costs associated with derivatives in the year (2019: nil).

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

The portfolio dealing spread as at 31 May 2020 was 0.15% (2019: 0.12%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

Due to COVID-19 and the resultant market volatility, we have assessed the effect on the Net Asset Value of the fund of this event. As at 10 August 2020, the fund had total net redemptions of £147,319,556 and the NAV impact was 17.2%. The Net Asset Value is £850,736,296 and it dropped by 0.8% 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 31 May 2020 (in pence per share)

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

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation	3.1835	-	3.1835	5.8955
Group 1	-	3.1835	3.1835	5.8955
Group 2				
Class E accumulation¹	6.3113	-	6.3113	n/a
Group 1	-	6.3113	6.3113	n/a
Group 2				
Class I accumulation	1.3452	-	1.3452	1.6990
Group 1	0.4164	0.9288	1.3452	1.6990
Group 2				
Class I USD accumulation²	10.7856	-	10.7856	14.1218
Group 1	2.6382	8.1474	10.7856	14.1218
Group 2				

¹ Class E accumulation launched on 24 June 2019.

² in USD cents per share

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

Group 1: shares purchased prior to 1 December 2019

Group 2: shares purchased on or after 1 December 2019

	Distribution per share	Equalisation	Total distribution per share 31/07/20	Total distribution per share 31/07/19
Class A accumulation				
Group 1	0.3156	-	0.3156	-
Group 2	0.2200	0.0956	0.3156	-
Class E accumulation¹				
Group 1	4.0751	-	4.0751	n/a
Group 2	3.8827	0.1924	4.0751	n/a
Class I accumulation				
Group 1	0.9716	-	0.9716	0.6797
Group 2	0.7728	0.1988	0.9716	0.6797
Class I USD accumulation²				
Group 1	6.7451	-	6.7451	4.4012
Group 2	6.1044	0.6407	6.7451	4.4012

¹ Class E accumulation launched on 24 June 2019.

² in USD cents per share

Janus Henderson Emerging Markets Opportunities Fund

Authorised Corporate Director's report

Investment Fund Manager

Daniel J. Graña

With effect from 1st October 2019, Daniel J. Graña took over sole management of this fund from Stephen Deane.

Investment objective and policy

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

Performance target: To outperform the MSCI Emerging Markets Index by 2% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in a concentrated portfolio of shares (also known as equities) of companies, of any size, in any industry, in emerging markets. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in emerging markets. 'Emerging markets' are countries in the MSCI Emerging Markets Index, those included in the World Bank definition of developing (low and lower middle income) economies, or which are, in the investment manager's opinion, developing.

The fund is actively managed with reference to the MSCI Emerging Markets Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the fund's performance target. The investment manager has discretion to choose investments for the fund with weightings different to the index or not in the index, but at times the fund may hold investments similar to the index.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16
	%	%	%	%	%
Class I accumulation (Net)	(9.0)	(1.5)	1.5	36.6	(3.9)
MSCI Emerging Markets Index	(2.2)	(3.2)	11.0	44.2	(13.3)
IA Global Emerging Markets Sector	(5.4)	(2.8)	7.5	42.1	(11.2)
Class I accumulation (Gross)	(8.2)	(0.6)	2.4	37.8	(3.0)
Target (Gross)	(0.2)	(1.3)	13.2	47.1	(11.6)

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

Source: Morningstar

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

Class I accumulation (Gross), NAV to NAV, gross of TER and net income reinvested as at 12 noon valuation point.

Benchmark values are at close of business.

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

Benchmark Usage

Index: MSCI Emerging Markets Index

Index usage: Target

Index description: The MSCI Emerging Markets Index is a measure of the combined performance of large and medium sized companies from emerging stock markets. It forms the basis of the fund's performance target.

Peer group: IA Global Emerging Markets Sector

Peer group usage: Comparator

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

The fund's ranking within the sector (as calculated by a number of data providers) provides a useful performance comparison against other funds with similar aims.

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 Corporate Director's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales	£000
Tencent	9,684	Uni-President Enterprises	18,896
Alibaba	8,335	Newcrest Mining	17,141
Samsung Electronics	8,299	Fomento Económico Mexicano ADR	16,466
Taiwan Semiconductor Manufacturing	7,160	Tata Consultancy Services	16,126
Ping An Insurance	5,426	Tiger Brands	11,817
Xtrackers MSCI Emerging Markets UCITS ETF 1C	5,115	Unilever	11,305
HDFC Bank	3,784	Remgro	11,174
Petroleo Brasileiro ADS	3,671	Heineken 'B'	10,372
Naspers 'N'	3,395	LG	10,271
Lukoil ADR	3,176	Cipla	9,217
Total purchases	173,043	Total sales	390,677

Investment review

The fund fell 8.2% based on Class I accumulation (Gross) over the year under review, compared with a fall of 2.2% in the MSCI Emerging Markets Index, a fall of 5.4% in the IA Global Emerging Markets Sector peer group benchmark and 0.2% Target (Gross).

Emerging market (EM) stocks modestly trailed developed markets for most of the reporting year. However, that performance was upended by the emergence of the COVID-19 pandemic, which acutely affected emerging markets closely tied to global trade.

While the virus emerged in China, its stock benchmarks held up relatively well as the country was perceived to have taken decisive action. Other countries such as India and Brazil, however, saw large equity sell-offs as authorities grappled with the virus's spread.

Most sectors lost ground, with technology an exception. The sector's products were often deployed to help consumers and businesses navigate social distancing measures.

The dramatic events of early 2020 lent credence to our belief that one is best served by viewing emerging markets through the lenses of country risk, corporate fundamentals and governance. We do not disaggregate country risk from currency risk, and our reasoning for this approach was on display during the COVID-19 outbreak. As investors shunned riskier assets, global bond markets seized up, forcing fixed income investors to hedge their holdings by shorting local currencies. This placed acute pressure on countries dependent on capital inflows to fund current account deficits as the risk of capital flight increased.

This dynamic aggravated the challenging environment brought on by the rare occurrence of simultaneous supply and demand shocks. Countries already on tenuous economic footing were most vulnerable to these threats. Brazil had only been emerging from recession when confronted by this crisis. With demand for its commodities exports – chief among them, oil – slashed, efforts to maintain economic growth were overwhelmed. Consequently, many of the top individual detractors were Brazilian entities, among them Petrobras, Banco Bradesco and IRB Brasil Resseguros.

Conversely, some EM countries were better positioned to absorb the shock. Asian countries that experienced 2003's severe acute respiratory syndrome outbreak initiated a more effective response to COVID-19. Investors perceived these countries' efforts as placing their economies on a faster track towards recovery. China, which was forced into action early and has a system of governance that allowed for draconian containment efforts, was largely viewed as nearing the end of the tunnel at the close of the reporting year. Accordingly, several Chinese companies were leading contributors.

Some of these stocks' resilience can be linked to the role they played in helping China navigate the crisis. Tencent – the top relative contributor – benefited not only from housebound people increasing their time spent gaming but also by the dominant position of its WeChat messaging platform. Another contributor, Beijing Tiantan Biological Products, was boosted by hopes that its products could be part of the solution to contain future COVID-19 outbreaks.

Similarly, another contributor, MercadoLibre, benefited from its commanding position as the regional leader in e-commerce. The company also demonstrated its operational and financial prowess by delivering a well-received earnings report.

For years, growth in emerging markets was defined by the drive toward globalisation and the benefits it bestowed on export-based economies. With the greatest incremental contribution from globalisation likely behind us, emerging economies must rely on new sources to expand GDP, we believe. Several countries with large domestic markets have achieved a level of wealth where consumption is becoming a greater contributor to growth. Complementing this – and on display during the COVID-19 pandemic – is the growing role that technology plays in economic activity. China has been a leader in e-commerce and social media engagement, but we expect future innovation will emerge from more value-added intellectual property as the country adopts cloud computing and artificial intelligence.

In the wake of the crisis, we expect to see a push for diversifying supply chains. Corporations were already revisiting their reliance on individual suppliers and countries due to last year's US/China trade war, and we expect these initiatives to accelerate. Anecdotally, in conversations with management teams, we have heard stories of companies establishing additional channels for key production inputs and end products.

We also expect the crisis to be a catalyst for wider adoption of digital platforms. Several companies that had yet to fully engage e-commerce and social media had no choice but to do so during the pandemic. We also believe that investment in digital infrastructure in finance, industry and other sectors will become national priorities. An area where we see considerable promise is digital payments – not just in China, but increasingly in Africa and the Middle East.

Still, we see near-term risks ahead. We believe that neither Indonesia nor India – with their large migrant workforces and ill-equipped public health systems – are well prepared to handle a surge in COVID-19 cases. When applying our portfolio lenses, we see other challenges. Countries with large current account deficits and foreign-denominated debt may continue to be at risk of capital flight. On the corporate level, highly leveraged companies should continue to be shunned, in our view. On governance, the nature of this crisis has led to calls for companies to commit to 'national service'. While these endeavors have their place, we worry that such initiatives can run contrary to the interest of minority shareholders.

Comparative tables for the year ended 31 May 2020

	Class A accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	199.78	202.50	200.52
Return before operating charges*	(16.77)	0.70	5.65
Operating charges	(3.44)	(3.42)	(3.67)
Return after operating charges*	(20.21)	(2.72)	1.98
Distributions on accumulation shares	(0.55)	(1.48)	(0.63)
Retained distributions on accumulation shares	0.55	1.48	0.63
Closing net asset value per share	179.57	199.78	202.50
* after direct transaction costs of:	0.20	-	0.22
Performance			
Return after charges	(10.12%)	(1.34%)	0.99%
Other information			
Closing net asset value (£000s)	35,851	62,541	84,203
Closing number of shares	19,965,358	31,304,317	41,581,136
Operating charges	1.77%	1.75%	1.76%
Direct transaction costs	0.10%	0.00%	0.10%
Prices			
Highest share price (pence)	213.50	209.10	220.60
Lowest share price (pence)	156.60	180.80	199.10
	Class C accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	627.78	629.12	615.92
Return before operating charges*	(52.70)	2.02	17.26
Operating charges	(3.98)	(3.36)	(4.06)
Return after operating charges*	(56.68)	(1.34)	13.20
Distributions on accumulation shares	-	(11.56)	(9.28)
Retained distributions on accumulation shares	-	11.56	9.28
Closing net asset value per share	571.10	627.78	629.12
* after direct transaction costs of:	0.66	-	0.67
Performance			
Return after charges	(9.03%)	(0.21%)	2.14%
Other information			
Closing net asset value (£000s)	3	23,701	23,752
Closing number of shares	547	3,775,408	3,775,408
Operating charges	0.61%	0.62%	0.63%
Direct transaction costs	0.10%	0.00%	0.10%
Prices			
Highest share price (pence)	671.80	651.10	682.70
Lowest share price (pence)	496.80	564.00	612.30

Comparative tables (continued)

	Class E accumulation 24/06/19 - 31/05/20 (pence per share)
Change in net assets per share	
Opening net asset value per share	206.39 ¹
Return before operating charges*	(23.65)
Operating charges	(2.33)
Return after operating charges*	(25.98)
Distributions on accumulation shares	(1.29)
Retained distributions on accumulation shares	1.29
Closing net asset value per share	180.41
* after direct transaction costs of:	0.20
Performance	
Return after charges	(12.59%) ²
Other information	
Closing net asset value (£000s)	7,271
Closing number of shares	4,030,127
Operating charges	1.28%
Direct transaction costs	0.10%
Prices	
Highest share price (pence)	213.50
Lowest share price (pence)	157.20

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

² Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A accumulation share class.

This performance will differ from the other share classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables (continued)

	Class I accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	150.28	151.01	148.25
Return before operating charges*	(12.66)	0.59	4.17
Operating charges	(1.37)	(1.32)	(1.41)
Return after operating charges*	(14.03)	(0.73)	2.76
Distributions on accumulation shares	(1.55)	(2.35)	(1.80)
Retained distributions on accumulation shares	1.55	2.35	1.80
Closing net asset value per share	136.25	150.28	151.01
* after direct transaction costs of:	0.15	-	0.16
Performance			
Return after charges	(9.34%)	(0.48%)	1.86%
Other information			
Closing net asset value (£000s)	37,098	154,204	315,139
Closing number of shares	27,228,590	102,612,003	208,694,609
Operating charges	0.92%	0.90%	0.91%
Direct transaction costs	0.10%	0.00%	0.10%
Prices			
Highest share price (pence)	160.80	156.20	164.00
Lowest share price (pence)	118.60	135.20	147.30
	Class I income		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	109.87	113.03	113.18
Return before operating charges*	(9.18)	0.40	3.17
Operating charges	(1.03)	(0.98)	(1.07)
Return after operating charges*	(10.21)	(0.58)	2.10
Distributions on income shares	(1.92)	(2.58)	(2.25)
Closing net asset value per share	97.74	109.87	113.03
* after direct transaction costs of:	0.11	-	0.12
Performance			
Return after charges	(9.29%)	(0.51%)	1.86%
Other information			
Closing net asset value (£000s)	1,388	68,266	76,814
Closing number of shares	1,419,756	62,133,253	67,961,225
Operating charges	0.92%	0.90%	0.91%
Direct transaction costs	0.10%	0.00%	0.10%
Prices			
Highest share price (pence)	117.50	116.90	124.00
Lowest share price (pence)	85.73	101.20	112.50

Comparative tables (continued)

	Class Z accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	379.63	378.45	368.57
Return before operating charges*	(32.28)	1.51	10.27
Operating charges	(0.41)	(0.33)	(0.39)
Return after operating charges*	(32.69)	1.18	9.88
Distributions on accumulation shares	(6.91)	(8.91)	(7.60)
Retained distributions on accumulation shares	6.91	8.91	7.60
Closing net asset value per share	346.94	379.63	378.45
* after direct transaction costs of:	0.38	-	0.40

Performance

Return after charges	(8.61%)	0.31%	2.68%
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Other information

Closing net asset value (£000s)	17,905	31,813	32,495
Closing number of shares	5,160,928	8,379,942	8,586,442
Operating charges	0.11%	0.09%	0.10%
Direct transaction costs	0.10%	0.00%	0.10%

Prices

Highest share price (pence)	407.40	392.10	409.90
Lowest share price (pence)	301.60	339.90	366.60

	Class I USD accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	94.87	95.35	89.47
Return before operating charges*	(7.86)	0.35	6.77
Operating charges	(0.87)	(0.83)	(0.89)
Return after operating charges*	(8.73)	(0.48)	5.88
Distributions on accumulation shares	(2.91)	(1.49)	(1.14)
Retained distributions on accumulation shares	2.91	1.49	1.14
Closing net asset value per share	86.14	94.87	95.35
* after direct transaction costs of:	0.10	-	0.10

Performance

Return after charges	(9.20%)	(0.50%)	-
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Other information

Closing net asset value (£000s)	1	52	104
Closing number of shares	1,000	54,925	108,850
Operating charges	0.92%	0.90%	0.91%
Direct transaction costs	0.10%	0.00%	0.10%

Prices

Highest share price (USD cents)	131.80	128.90	146.30
Lowest share price (USD cents)	86.47	111.60	119.90

Comparative tables (continued)

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

Performance values are at close of business 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 share class.

Share class launches and closures

The following share class launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019

There were no share classes closed in the year.

Share class conversion

Share class conversion	Conversion date
Class A accumulation to Class E accumulation	24 June 2019

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

Ongoing charge figure

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

	2020 %	2019 %	Estimated OCF from 5 May 2020 ¹ %
Class A	1.77 ²	1.75	1.81
Class C	0.61 ³	0.62	0.63
Class E⁴	1.28 ²	n/a	1.31
Class I	0.92 ⁵	0.90	0.93
Class Z	0.11 ⁶	0.09	0.11

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

¹ The estimated ongoing charge is based on the new GAC rates to the year ended 31 May 2020.

² The GAC on Class A and Class E increased from 0.18% to 0.22% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

³ The GAC on Class C increased from 0.045% to 0.06% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁴ Class E accumulation launched on 24 June 2019 so there are no prior year comparatives.

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

⁶ The GAC on Class Z increased from 0.02% to 0.024% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

Risk and reward profile

The fund currently has 7 types of share class in issue: A accumulation, C accumulation, E accumulation, I accumulation, I income, Z accumulation and I USD accumulation.

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



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

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

The value of an investment and any income from it can go up or down. When you sell your 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 rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk 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 I USD accumulation launched 6 November 2015, Class Z accumulation launched on 11 February 2016 and Class I income launched on 11 July 2016, as these share classes do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average. Class E accumulation launched on 24 June 2019 and as it does not have a 5 year history, a synthetic history has been created using the A accumulation share class.

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 98.08% (2019: 95.57%)		
	Argentina 1.45% (2019: 0.00%)		
	Consumer Discretionary 1.45% (2019: 0.00%)		
2,095	MercadoLibre	1,444	1.45
	Australia 0.00% (2019: 4.09%)		
	Materials 0.00% (2019: 4.09%)		
	Brazil 2.89% (2019: 3.80%)		
	Consumer Discretionary 1.50% (2019: 0.20%)		
93,889	Afya 'A'	1,495	1.50
	Consumer Staples 0.00% (2019: 1.37%)		
	Financials 0.00% (2019: 1.05%)		
	Materials 0.00% (2019: 1.18%)		
	Utilities 1.39% (2019: 0.00%)		
146,447	Companhia Paranaense de Energia Preference Shares	1,380	1.39
	British Virgin Islands 1.18% (2019: 0.00%)		
	Industrials 1.18% (2019: 0.00%)		
1,206,000	China Lesso	1,177	1.18
	Canada 1.81% (2019: 0.00%)		
	Materials 1.81% (2019: 0.00%)		
1,011,477	Ivanhoe Mines	1,799	1.81
	Chile 0.00% (2019: 7.37%)		
	Consumer Staples 0.00% (2019: 3.56%)		
	Industrials 0.00% (2019: 2.03%)		
	Utilities 0.00% (2019: 1.78%)		
	China 36.41% (2019: 5.49%)		
	Communication Services 10.88% (2019: 0.00%)		
5,260	NetEase.com ADR	1,627	1.64
214,600	Tencent	9,187	9.24
		10,814	10.88
	Consumer Discretionary 9.33% (2019: 0.56%)		
47,699	Alibaba	7,980	8.02
1,735,000	Fu Shou Yuan International	1,307	1.31
		9,287	9.33
	Consumer Staples 1.55% (2019: 3.87%)		
92,268	Wuliangye Yibin 'A'	1,544	1.55

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Energy 0.62% (2019: 0.00%)		
14,400,000	Anton Oilfield Services	616	0.62
	Financials 3.79% (2019: 0.00%)		
473,000	Ping An Insurance	3,774	3.79
	Health Care 1.23% (2019: 0.00%)		
280,764	Beijing Tiantan Biological Products	1,220	1.23
	Industrials 3.82% (2019: 0.00%)		
415,500	China Conch Venture	1,509	1.52
2,239,000	China Railway	988	0.99
968,438	Zhengzhou Yutong Bus	1,308	1.31
		<u>3,805</u>	<u>3.82</u>
	Information Technology 2.24% (2019: 0.00%)		
971,000	Kingdee International Software	1,376	1.38
72,620	21Vianet ADR	856	0.86
		<u>2,232</u>	<u>2.24</u>
	Materials 0.00% (2019: 1.06%)		
	Real Estate 2.95% (2019: 0.00%)		
1,394,000	Logan Property	1,673	1.68
379,000	Shimao Property	1,266	1.27
		<u>2,939</u>	<u>2.95</u>
	Colombia 0.88% (2019: 0.00%)		
	Energy 0.88% (2019: 0.00%)		
127,602	Géoparc	873	0.88
	Czech Republic 0.00% (2019: 0.51%)		
	Financials 0.00% (2019: 0.51%)		
	Egypt 0.96% (2019: 1.84%)		
	Financials 0.96% (2019: 1.84%)		
305,323	Commercial International Bank ADR	953	0.96
	France 0.00% (2019: 0.75%)		
	Utilities 0.00% (2019: 0.75%)		
	Hong Kong 4.10% (2019: 1.70%)		
	Consumer Discretionary 0.00% (2019: 1.13%)		
	Financials 4.10% (2019: 0.00%)		
314,200	AIA	2,061	2.07
71,800	Hong Kong Exchanges & Clearing	2,023	2.03
		<u>4,084</u>	<u>4.10</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Information Technology 0.00% (2019: 0.57%)		
	India 5.08% (2019: 17.21%)		
	Communication Services 0.00% (2019: 1.15%)		
	Financials 4.20% (2019: 3.24%)		
220,899	HDFC Bank	2,238	2.25
109,082	Housing Development Finance	1,945	1.95
		<u>4,183</u>	<u>4.20</u>
	Health Care 0.00% (2019: 3.15%)		
	Industrials 0.88% (2019: 0.00%)		
293,932	KEI Industries	<u>877</u>	<u>0.88</u>
	Information Technology 0.00% (2019: 6.96%)		
	Materials 0.00% (2019: 2.21%)		
	Utilities 0.00% (2019: 0.50%)		
	Indonesia 0.95% (2019: 0.00%)		
	Industrials 0.95% (2019: 0.00%)		
15,770,800	Wijaya Karya (Persero)	<u>943</u>	<u>0.95</u>
	Kenya 0.99% (2019: 0.00%)		
	Communication Services 0.99% (2019: 0.00%)		
4,489,545	Safaricom	<u>989</u>	<u>0.99</u>
	Mexico 0.00% (2019: 5.84%)		
	Consumer Staples 0.00% (2019: 5.84%)		
	Netherlands 0.00% (2019: 3.63%)		
	Consumer Staples 0.00% (2019: 3.63%)		
	Nigeria 0.00% (2019: 1.26%)		
	Consumer Staples 0.00% (2019: 0.27%)		
	Financials 0.00% (2019: 0.99%)		
	Philippines 1.04% (2019: 2.13%)		
	Consumer Discretionary 1.04% (2019: 0.00%)		
4,256,000	Wilcon Depot	<u>1,034</u>	<u>1.04</u>
	Consumer Staples 0.00% (2019: 1.60%)		
	Utilities 0.00% (2019: 0.53%)		
	Russian Federation 4.37% (2019: 0.00%)		
	Communication Services 1.71% (2019: 0.00%)		
52,399	Yandex	<u>1,705</u>	<u>1.71</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Consumer Staples 0.75% (2019: 0.00%)		
31,593	X5 Retail	750	0.75
	Energy 1.91% (2019: 0.00%)		
31,561	Lukoil ADR	1,895	1.91
	Saudi Arabia 1.86% (2019: 0.00%)		
	Consumer Discretionary 0.91% (2019: 0.00%)		
74,473	Leejam Sports	909	0.91
	Industrials 0.95% (2019: 0.00%)		
160,254	United International Transportation	943	0.95
	South Africa 2.99% (2019: 13.34%)		
	Consumer Discretionary 2.99% (2019: 1.56%)		
23,227	Naspers 'N'	2,971	2.99
	Consumer Staples 0.00% (2019: 5.70%)		
	Financials 0.00% (2019: 4.84%)		
	Materials 0.00% (2019: 1.24%)		
	South Korea 13.79% (2019: 5.17%)		
	Communication Services 3.08% (2019: 0.00%)		
23,488	AfreecaTV	902	0.91
14,677	Naver	2,162	2.17
		3,064	3.08
	Consumer Staples 0.00% (2019: 0.97%)		
	Financials 0.00% (2019: 1.12%)		
	Industrials 1.79% (2019: 3.08%)		
149,562	NICE Information Service	1,778	1.79
	Information Technology 7.86% (2019: 0.00%)		
12,478	Leeno Industrial	788	0.79
173,838	Samsung Electronics	5,745	5.77
24,216	SK Hynix	1,289	1.30
		7,822	7.86
	Materials 1.06% (2019: 0.00%)		
52,212	Asia Paper Manufacturing	1,059	1.06
	Switzerland 0.00% (2019: 1.04%)		
	Consumer Staples 0.00% (2019: 1.04%)		
	Taiwan 13.23% (2019: 11.43%)		
	Consumer Discretionary 0.00% (2019: 1.90%)		

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Consumer Staples 0.00% (2019: 7.91%)		
	Financials 2.08% (2019: 0.00%)		
659,000	Chailease	2,068	2.08
	Industrials 1.87% (2019: 0.00%)		
90,000	Voltronic Power Technology	1,857	1.87
	Information Technology 9.28% (2019: 1.62%)		
293,000	Accton Technology	1,902	1.91
143,000	MediaTek	1,784	1.79
707,000	Taiwan Semiconductor Manufacturing	5,553	5.58
		<u>9,239</u>	<u>9.28</u>
	Thailand 0.00% (2019: 2.62%)		
	Financials 0.00% (2019: 1.42%)		
	Health Care 0.00% (2019: 1.20%)		
	United Arab Emirates 1.56% (2019: 0.00%)		
	Information Technology 1.56% (2019: 0.00%)		
334,080	Network International	1,552	1.56
	United Kingdom 0.00% (2019: 4.90%)		
	Consumer Staples 0.00% (2019: 4.18%)		
	Energy 0.00% (2019: 0.72%)		
	United States 1.24% (2019: 1.45%)		
	Health Care 1.24% (2019: 0.00%)		
133,083	Notre Dame Intermedica	1,234	1.24
	Information Technology 0.00% (2019: 1.45%)		
	Vietnam 1.30% (2019: 0.00%)		
	Real Estate 1.30% (2019: 0.00%)		
486,730	Vinhomes	1,295	1.30
	Investment assets	97,603	98.08
	Other net assets	1,914	1.92
	Total net assets	99,517	100.00

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

The classification is based on the country of risk and a relevant industry classification standard.

Statement of total return for the year ended 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital losses	2		(11,824)		(12,046)
Revenue	3	3,742		13,753	
Expenses	4	(1,622)		(4,827)	
Interest payable and similar charges	5	(4)		-	
Net revenue before taxation		2,116		8,926	
Taxation	6	1,697		(3,257)	
Net revenue after taxation			3,813		5,669
Total return before distributions			(8,011)		(6,377)
Distributions	7		(2,102)		(8,323)
Change in net assets attributable to shareholders from investment activities			(10,113)		(14,700)

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

	2020		2019	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		340,577		532,507
Amounts receivable on issue of shares	1,627		125,561	
Amounts payable on cancellation of shares	(234,481)		(309,075)	
		(232,854)		(183,514)
Dilution adjustment		807		931
Change in net assets attributable to shareholders from investment activities		(10,113)		(14,700)
Retained distributions on accumulation shares		1,100		5,353
Closing net assets attributable to shareholders		99,517		340,577

Balance sheet as at 31 May 2020

	Note	2020 £000	2019 £000
Assets:			
Investments		97,603	325,505
Current assets:			
Debtors	8	1,067	30,124
Cash and bank balances	9	1,865	40,628
Total assets		100,535	396,257
Liabilities:			
Investment liabilities		-	16
Provisions for liabilities	10	-	1,890
Creditors:			
Bank overdrafts		63	4,092
Distributions payable		10	784
Other creditors	11	945	48,898
Total liabilities		1,018	55,680
Net assets attributable to shareholders		99,517	340,577

Notes to the financial statements for the year ended 31 May 2020

1 Accounting policies

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

2 Net capital losses

Net capital losses on investments during the year comprise:

	2020	2019
	£000	£000
Forward currency contracts	85	3
Non-derivative securities	(11,177)	(12,204)
Other currency (losses)/gains	(661)	193
Transaction costs	(71)	(38)
Net capital losses	(11,824)	(12,046)

3 Revenue

	2020	2019
	£000	£000
Bank interest	30	171
Overseas dividends	3,600	12,834
Stock lending revenue	11	25
UK dividends	101	723
Total revenue	3,742	13,753

4 Expenses

	2020	2019
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,377	4,066
GAC*	163	433
	<u>1,540</u>	<u>4,499</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	4	32
Safe custody fees	70	276
	<u>74</u>	<u>308</u>
Other expenses:		
Dividend collection charges	1	15
Professional fees	7	5
	<u>8</u>	<u>20</u>
Total expenses	1,622	4,827

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,317 (2019: £7,681).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2020 £000	2019 £000
Interest payable	4	-
Total interest payable and similar charges	4	-

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2020 £000	2019 £000
Current tax		
Capital gains tax	(1,886)	1,899
Overseas withholding tax	189	1,358
Total tax (note 6b)	(1,697)	3,257

b) Factors affecting tax charge/(credit) for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2019: 20%). The differences are explained below:

	2020 £000	2019 £000
Net revenue before taxation	2,116	8,926
Corporation tax at 20% (2019: 20%)	424	1,785
Effects of:		
Capital gains tax*	(1,886)	1,899
Irrecoverable overseas tax	189	1,358
Overseas dividends	(666)	(2,447)
Tax effect of expensed double taxation relief	(7)	(21)
UK dividends**	(20)	(145)
Unused management expenses	269	828
Tax charge for the year (note 6a)	(1,697)	3,257

* From 1 April 2018, non-resident investors will pay capital gains tax on long-term capital gains on Indian securities. For the year ended 31 May 2020 the movement in the Indian capital gains tax provision was a reduction of 1,886,064 (2019: increase of £1,889,804).

** As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (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 £6,025,307 (2019: £5,756,799) 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.

Notes to the financial statements (continued)

7 Distribution

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

	2020	2019
	£000	£000
Interim income	46	1,358
Interim accumulation	815	3,365
Final income	10	784
Final accumulation	285	1,988
	<u>1,156</u>	<u>7,495</u>
Amounts deducted on cancellation of shares	954	1,521
Amounts received on issue of shares	(8)	(693)
Total distributions	<u>2,102</u>	<u>8,323</u>
Net revenue after taxation	3,813	5,669
Annual management charge borne by the capital account	138	753
Capital gains tax	(1,886)	1,899
Equalisation on conversions	-	2
Revenue shortfall	37	-
Total distributions	<u>2,102</u>	<u>8,323</u>

Details of the distribution per share are set out in the Distribution tables on pages 68 to 69.

8 Debtors

	2020	2019
	£000	£000
Accrued revenue	197	1,073
Amounts receivable for issue of shares	27	-
Capital gains tax reclaimable	193	-
Currency transactions awaiting settlement	247	9,199
Merger debtor	5	9
Overseas withholding tax reclaimable	178	185
Sales awaiting settlement	220	19,658
Total debtors	<u>1,067</u>	<u>30,124</u>

9 Cash and bank balances

	2020	2019
	£000	£000
Cash and bank balances	1,865	40,628
Total cash and bank balances	<u>1,865</u>	<u>40,628</u>

Notes to the financial statements (continued)

10 Provisions for liabilities

	2020	2019
	£000	£000
Capital gains tax	-	1,890
Total provisions for liabilities	-	1,890

11 Other creditors

	2020	2019
	£000	£000
Accrued annual management charge	76	257
Accrued Depositary's fee	1	3
Accrued other expenses	25	79
Amounts payable for cancellation of shares	442	39,336
Currency transactions awaiting settlement	247	9,223
Purchases awaiting settlement	154	-
Total other creditors	945	48,898

12 Contingent liabilities and commitments

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

13 Related party transactions

Henderson Investment Funds Limited as ACD 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 ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 56 and 57 and notes 4, 7, 8 and 11 on pages 58 to 61 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

14 Shareholders' funds

The fund currently has 6 share classes available; Class A (Retail with front-end charges), Class C (Private), Class E (Retail), Class I (Institutional), Class Z (Institutional) and Class I USD (Institutional). The annual management charge on each share class is as follows:

	2020	2019
	%	%
Class A	1.50	1.50
Class C	0.50	0.50
Class E ¹	1.00	n/a
Class I	0.75	0.75
Class Z ²	0.00	0.00
Class I USD	0.75	0.75

¹ Class E accumulation launched on 24 June 2019.

² Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 44 to 48. The distribution per share class is given in the Distribution tables on pages 68 to 69. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

14 Shareholders' funds (continued)

Shares reconciliation as at 31 May 2020

	Class A accumulation	Class C accumulation	Class E accumulation	Class I accumulation
Opening number of shares	31,304,317	3,775,408	-	102,612,003
Issues during the year	199,846	-	57,059	201,605
Cancellations during the year	(7,190,874)	(3,774,861)	(257,651)	(75,764,036)
Shares converted during the year	(4,347,931)	-	4,230,719	179,018
Closing shares in issue	19,965,358	547	4,030,127	27,228,590

	Class I income	Class Z accumulation	Class I USD accumulation
Opening number of shares	62,133,253	8,379,942	54,925
Issues during the year	423	233,021	-
Cancellations during the year	(60,681,575)	(3,452,035)	(53,925)
Shares converted during the year	(32,345)	-	-
Closing shares in issue	1,419,756	5,160,928	1,000

15 Financial derivatives

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

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

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

There was no collateral pledged or collateral held in respect of derivatives as at 31 May 2020 (2019: nil).

The fund had no exposure to derivatives as at 31 May 2020 with a positive market value (2019: nil).

16 Stock lending

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

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

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

Notes to the financial statements (continued)

16 Stock lending (continued)

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Citigroup	277	308	Equity
JP Morgan	181	202	Equity
	458	510	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	13	2	11

2019 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	183	204	Equity
Citigroup	4,704	5,479	Equity
JP Morgan	1,113	1,237	Equity
Natixis	13,887	15,601	Equity
	19,887	22,521	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	29	4	25

Notes to the financial statements (continued)

17 Risk

Currency risk

The 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 £000	Other net assets/(liabilities) £000	Total net assets £000
2020			
Currency			
Brazilian real	2,615	39	2,654
Canadian dollar	1,799	(93)	1,706
Chinese yuan	4,072	-	4,072
Czech koruna	-	102	102
Euro	-	18	18
Hong Kong dollar	26,956	155	27,111
Indian rupee	5,060	193	5,253
Indonesian rupiah	943	-	943
Kenyan shilling	990	-	990
Korean won	13,723	-	13,723
Philippine peso	1,034	-	1,034
Polish zloty	-	23	23
Saudi riyal	1,852	-	1,852
South african rand	2,971	-	2,971
Taiwan dollar	13,163	78	13,241
UK sterling	1,552	1,078	2,630
US dollar	19,578	62	19,640
Vietnamese dong	1,295	259	1,554
Total	97,603	1,914	99,517
	Investment assets including investment liabilities £000	Other net assets/(liabilities) £000	Total net assets £000
2019			
Currency			
Australian dollar	13,934	-	13,934
Brazilian real	15,491	1,091	16,582
Chilean peso	16,467	1,414	17,881
Chinese yuan	7,507	1,197	8,704
Czech koruna	1,720	140	1,860
Euro	10,060	22	10,082
Hong Kong dollar	24,495	(945)	23,550
Indian rupee	58,650	3,876	62,526
Korean won	17,615	-	17,615
Mexican nuevo peso	4,198	-	4,198
Nigerian naira	10,113	702	10,815
Philippine peso	7,252	474	7,726
Polish zloty	-	23	23
South african rand	44,244	1,924	46,168
Taiwan dollar	31,406	3,657	35,063
Thai baht	8,912	1	8,913
UK sterling	17,907	1,059	18,966
US dollar	35,518	453	35,971
Total	325,489	15,088	340,577

Notes to the financial statements (continued)

17 Risk (continued)

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £96,887,171 (2019: £321,611,779). 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 31 May 2020 and the net assets as at 31 May 2020 by £9,688,717 (2019: £32,161,178).

Interest rate risk

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

Other market price risk

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

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Bank overdrafts	63	-	-	-
Distribution payable	-	10	-	-
Other creditors	-	945	-	-
Total	63	955	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Bank overdrafts	4,092	-	-	-
Derivative financial liabilities	-	16	-	-
Distribution payable	-	784	-	-
Other creditors	-	48,898	-	-
Provisions for liabilities	-	1,890	-	-
Total	4,092	51,588	-	-

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.

Notes to the financial statements (continued)

18 Fair value disclosure (continued)

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	97,603	-	325,505	-
Level 2	-	-	-	16
Level 3	-	-	-	-
	<u>97,603</u>	<u>-</u>	<u>325,505</u>	<u>16</u>

19 Direct transaction costs

	Purchases		Sales	
	2020 £000	2019 £000	2020 £000	2019 £000
Trades in the year				
Equities	172,832	141,533	391,435	304,777
Trades in the year before transaction costs	<u>172,832</u>	<u>141,533</u>	<u>391,435</u>	<u>304,777</u>
Transaction costs				
Commissions				
Equities	126	93	309	239
Total commissions	<u>126</u>	<u>93</u>	<u>309</u>	<u>239</u>
Taxes				
Equities	68	140	293	177
Total taxes	<u>68</u>	<u>140</u>	<u>293</u>	<u>177</u>
Other expenses				
Equities	17	11	156	135
Total other expenses	<u>17</u>	<u>11</u>	<u>156</u>	<u>135</u>
Total transaction costs	<u>211</u>	<u>244</u>	<u>758</u>	<u>551</u>
Total net trades in the year after transaction costs	<u>173,043</u>	<u>141,777</u>	<u>390,677</u>	<u>304,226</u>

	Purchases		Sales	
	2020 %	2019 %	2020 %	2019 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.07	0.07	0.08	0.08
Taxes				
Equities	0.04	0.10	0.07	0.06
Other expenses				
Equities	0.01	0.01	0.04	0.04
	<u>2020 %</u>	<u>2019 %</u>		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.27	0.07		
Taxes	0.22	0.06		
Other expenses	0.11	0.03		
Total costs	<u>0.60</u>	<u>0.16</u>		

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 £144,690 (2019: nil).

There were no direct transaction costs associated with derivatives in the year (2019: nil).

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

The portfolio dealing spread as at 31 May 2020 was 0.31% (2019: 0.41%). The portfolio dealing spread is calculated at a 12 noon valuation point.

20 Events after the Balance sheet date

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

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

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

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation	0.5477	-	0.5477	0.7672
Group 1	0.1155	0.4322	0.5477	0.7672
Group 2				
Class C accumulation	-	-	-	5.8718
Group 1	-	-	-	5.8718
Group 2				
Class E accumulation¹	0.9834	-	0.9834	n/a
Group 1	0.3094	0.6740	0.9834	n/a
Group 2				
Class I accumulation	1.0612	-	1.0612	1.2006
Group 1	0.5846	0.4766	1.0612	1.2006
Group 2				
Class I income	1.1863	-	1.1863	1.3163
Group 1	0.6222	0.5641	1.1863	1.3163
Group 2				
Class Z accumulation	4.2149	-	4.2149	4.5024
Group 1	0.1208	4.0941	4.2149	4.5024
Group 2				
Class I USD accumulation²	0.8657	-	0.8657	0.9694
Group 1	0.8657	-	0.8657	0.9694
Group 2				

¹ Class E accumulation launched on 24 June 2019.

² in USD cents per share.

Distribution tables (continued)

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

Group 1: shares purchased prior to 1 December 2019

Group 2: shares purchased on or after 1 December 2019

	Distribution per share	Equalisation	Total distribution per share 31/07/20	Total distribution per share 31/07/19
Class A accumulation				
Group 1	-	-	-	0.7080
Group 2	-	-	-	0.7080
Class C accumulation				
Group 1	-	-	-	5.6922
Group 2	-	-	-	5.6922
Class E accumulation¹				
Group 1	0.3097	-	0.3097	n/a
Group 2	0.2437	0.0660	0.3097	n/a
Class I accumulation				
Group 1	0.4873	-	0.4873	1.1521
Group 2	0.3317	0.1556	0.4873	1.1521
Class I income				
Group 1	0.7382	-	0.7382	1.2620
Group 2	0.3974	0.3408	0.7382	1.2620
Class Z accumulation				
Group 1	2.6994	-	2.6994	4.4052
Group 2	1.5841	1.1153	2.6994	4.4052
Class I USD accumulation²				
Group 1	2.7662	-	2.7662	0.9195
Group 2	2.7662	-	2.7662	0.9195

¹ Class E accumulation launched on 24 June 2019.

² in USD cents per share.

Janus Henderson European Focus Fund

Authorised Corporate Director's report

Investment Fund Managers

John Bennett and Tom O'Hara

Please note that as of 31 January 2020 Tom O'Hara also manages this fund.

Investment objective and policy

The fund aims to provide a return, from a combination of capital growth and income over the long term (5 years or more).

The fund invests in a concentrated portfolio of shares (also known as equities) of companies, of any size, in any industry, in Europe (excluding UK). Companies will have their registered office in or do most of their business (directly or through subsidiaries) in this region.

The fund is actively managed with reference to the FTSE World Europe Ex UK Index, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the fund's performance. The investment manager has discretion to choose investments for the fund with weightings different to the index or not in the index. Depending on prevailing market conditions the fund's portfolio may shift between 'high conviction' (whereby the manager will take significant risk relative to the index) and a more cautious stance. This means the performance of the fund may at times differ significantly from the index, while at other times it may be more closely aligned.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16
	%	%	%	%	%
Class I accumulation	7.2	(1.3)	0.1	34.6	(6.0)
FTSE World Europe (Ex UK) Index	1.9	1.8	0.9	35.7	(3.7)
IA Europe (Ex UK) Sector	2.9	(3.3)	2.6	33.1	(2.5)

Source: Morningstar

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

Benchmark values are at close of business.

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

Benchmark Usage

Index: FTSE World Europe (Ex UK) Index

Index usage: Comparator

Index description: The FTSE World Europe (Ex UK) Index is a measure of the combined performance of large and medium sized companies from developed and advanced emerging European stock markets excluding the UK. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group: IA Europe (Ex UK) Sector

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) provides a useful performance comparison against other funds with similar aims.

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 Corporate Director's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales	£000
Sandvik	6,605	STMicroelectronics	7,432
LafargeHolcim	6,587	Galp Energia	7,203
ASR Nederland	6,045	Ericsson 'B'	5,964
UPM-Kymmene	5,977	Siemens	5,518
Koninklijke KPN	5,477	Koninklijke KPN	4,892
Enel	5,147	Carlsberg	4,880
Bayer	4,978	Tele2 'B'	4,866
Sanofi	4,774	Roche Non-Voting Shares	4,080
CIE Financiere Richemont 'A'	4,557	CIE Financiere Richemont 'A'	3,976
Volvo 'B'	4,131	RELX	3,917
Total purchases	127,101	Total sales	151,781

Investment review

The fund returned 7.2% based on Class I accumulation over the year under review, compared with a return of 1.9% in the FTSE World Europe (Ex UK) Index and a return of 2.9% in the IA Europe (Ex UK) Sector peer group benchmark.

There were two distinct periods for markets over the year. The second half of 2019 saw markets rally as US/China trade discussions moved in the right direction, the UK general election result was perceived as market friendly and we saw further economic lead indicators suggest a steady improvement. In contrast, the first quarter of 2020 will go down as one of the worst for global equities in recorded history. The overwhelming factor was the COVID-19 global pandemic. The Euro Stoxx 50 Index sold off by 30% to begin March and extreme volatility was aggravated by forced liquidation of excess leverage. Leveraged corporates and leveraged funds, whether managed by computer or by human, found themselves in the crosshairs.

Equities have staged a quite remarkable recovery from the March COVID-19 peak and market trough. It is interesting to note that the style debate – growth versus value – has recently intensified. It usually does during one of the many short-lived rallies in value. As managers who are not wedded to any particular style, we have long maintained that sustained outperformance by value versus growth would probably require a change in inflation expectations and, in turn, a change in the shape of bond yield curves – from inversion to steepening.

The deflationary shock of the induced coma on the global economy is hardly the backdrop that encourages thoughts of inflation. And yet, since this episode began, we have urged that an open mind is necessary. The fiscal and monetary response has been jaw-dropping. Latterly, our attention has been caught by the astonishing growth in broad money supply measures. This, together with populist politicians and yet-to-come policies, encourages us to believe that a return of inflation is not the fantastical prospect it has, for so long, seemed. Thus, we have recently re-established a position in that most beleaguered of value sectors: European banks. Investors in our funds will know that we are rarely overweight this sector and, in recent times, have had no exposure. While we have no immediate desire to reach a weighting equal to that represented by benchmark indices, we feel that the risk/reward profile of maintaining zero exposure is less compelling.

Portfolio activity through the height of the market volatility was minimal, aided by our limited holdings in leveraged balance sheets as well as leisure and retail sectors. Prior to the sell-off, we added a number of utility stocks that we expected to capitalise on a plan for the European Union to reach net zero carbon emissions by 2050. This would imply approximately 75% of power generation capacity coming from wind and solar sources, compared with only 15% today. In our view, it represented a huge quasi-regulated growth opportunity for the major European renewable energy developers. We added to our holding in pulp and paper company UPM-Kymmene. We took the view that the sector would benefit from increasing displacement of plastics packaging as well as rising e-commerce. In our view, supply discipline upstream has been very good, and wood resource and logistics remain key long-term barriers to entry.

It was encouraging to be able to post strong relative returns. The biggest stock contribution came from electronics and semiconductor manufacturer STMicroelectronics, which continued to benefit from its innovative product portfolio and healthy end market trends, notwithstanding its exposure to the automotive sector. We also had good returns from ASML, the sole supplier of lithography tools to the likes of Taiwan Semiconductor Manufacturing, Samsung and Apple. The company has enjoyed a powerful market position and technological leadership, and has been exposed to very strong structural growth owing to the increasing ubiquity of semiconductors. The biggest detractor was building materials company LafargeHolcim as the stock came under pressure, partly due to a failed Philippines disposal, as well as the market labelling it a 'sinner' with regards to its environmental impact. We remained a sizeable holder as we believed the new management team to be of the highest quality. Since enacting its restructuring programme, the company has delivered strong margins and cash flow, and excellent execution through the crisis. We have engaged with it on environmental, social and governance topics and have been encouraged by its ambitious carbon targets, with success on these linked to a large amount of senior management's variable pay.

Courtesy of central banks and governments, the usual painful systemic deleveraging that follows and typically renders recoveries a slow affair has now been substantially cushioned, in our view. A liquidity surge historically precedes an economic recovery by 2-3 quarters, and we are witnessing the largest amount of money creation since the 1970s. Excluding a meaningful second wave of COVID-19 infections (and this cannot be ruled out), it seems likely to us that the current recession will be much shorter than average, with a normalisation in most company earnings possible in 2021. In addition, while the pandemic is clearly deflationary in the short term, we are reluctant to bet against this huge liquidity surge lifting inflation beyond 2021. Hence, while an increasing number of investors herd toward the highest growth (and most expensive) stocks they can find, if anything, we have recently tilted toward 'value'.

Comparative tables for the year ended 31 May 2020

		Class A accumulation	
	2020	2019	2018
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	272.71	274.84	277.52
Return before operating charges*	18.29	2.49	2.04
Operating charges	(4.88)	(4.62)	(4.72)
Return after operating charges*	13.41	(2.13)	(2.68)
Distributions on accumulation shares	(0.38)	(1.29)	(0.09)
Retained distributions on accumulation shares	0.38	1.29	0.09
Closing net asset value per share	286.12	272.71	274.84
* after direct transaction costs of:	0.15	0.25	0.59
Performance			
Return after charges	4.92%	(0.77%)	(0.97%)
Other information			
Closing net asset value (£000s)	12,512	27,857	34,724
Closing number of shares	4,373,065	10,214,978	12,634,333
Operating charges	1.70%	1.71%	1.70%
Direct transaction costs	0.05%	0.09%	0.21%
Prices			
Highest share price (pence)	311.20	291.40	287.40
Lowest share price (pence)	217.40	245.70	261.80

Class E accumulation 24/06/19 - 31/05/20 (pence per share)

Change in net assets per share	
Opening net asset value per share	288.59 ¹
Return before operating charges*	2.10
Operating charges	(3.22)
Return after operating charges*	(1.12)
Distributions on accumulation shares	(2.28)
Retained distributions on accumulation shares	2.28
Closing net asset value per share	287.47
* after direct transaction costs of:	0.15
Performance	
Return after charges	(0.39%) ²
Other information	
Closing net asset value (£000s)	14,477
Closing number of shares	5,035,961
Operating charges	1.20%
Direct transaction costs	0.05%
Prices	
Highest share price (pence)	312.10
Lowest share price (pence)	218.20

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

² Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A accumulation share class.

This performance will differ from the other share classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables for the year ended 31 May 2020

	Class I accumulation		
	2020	2019	2018
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	220.08	219.90	220.30
Return before operating charges*	14.80	2.03	1.48
Operating charges	(1.98)	(1.85)	(1.88)
Return after operating charges*	12.82	0.18	(0.40)
Distributions on accumulation shares	(2.58)	(3.02)	(2.13)
Retained distributions on accumulation shares	2.58	3.02	2.13
Closing net asset value per share	232.90	220.08	219.90
* after direct transaction costs of:	0.13	0.20	0.47
Performance			
Return after charges	5.83%	0.80%	(0.18%)
Other information			
Closing net asset value (£000s)	186,580	195,572	282,998
Closing number of shares	80,112,561	89,773,270	128,693,452
Operating charges	0.85%	0.85%	0.85%
Direct transaction costs	0.05%	0.09%	0.21%
Prices			
Highest share price (pence)	252.60	233.70	228.80
Lowest share price (pence)	176.60	197.60	209.30

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

Performance values are at close of business 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 share class.

Share class launches and closures

The following share class launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019

There were no share classes closed in the year.

Share class conversion

Share class conversion	Conversion date
Class A accumulation to Class E accumulation	24 June 2019

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

Ongoing charge figure

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

	2020 %	2019 %	Estimated OCF from 5 May 2020 ¹ %
Class A	1.70 ²	1.71	1.74
Class E³	1.20 ²	n/a	1.24
Class I	0.85 ⁴	0.85	0.86

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

¹ The estimated ongoing charge is based on the new GAC rates to the year ended 31 May 2020.

² The GAC on Class A and Class E increased from 0.18% to 0.22% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

³ Class E accumulation launched on 24 June 2019 so there are no prior year comparatives.

⁴ The GAC on Class I increased from 0.075% to 0.09% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

Risk and reward profile

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

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



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

The Synthetic Risk and Reward Indicator (SRRRI) 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 SRRRI level. The SRRRI 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 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 rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

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

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

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

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

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 96.71% (2019: 98.29%)		
	Belgium 1.92% (2019: 2.89%)		
	Basic Materials 1.92% (2019: 2.89%)		
175,284	Tessenderlo	4,093	1.92
	Denmark 5.79% (2019: 5.84%)		
	Consumer Goods 2.20% (2019: 3.54%)		
44,796	Carlsberg	4,699	2.20
	Health Care 2.60% (2019: 2.30%)		
105,170	Novo Nordisk 'B'	5,533	2.60
	Industrials 0.99% (2019: 0.00%)		
24,757	DSV Panalpina	2,123	0.99
	Finland 6.93% (2019: 7.77%)		
	Basic Materials 3.84% (2019: 1.77%)		
352,225	UPM-Kymmene	8,211	3.84
	Consumer Goods 1.20% (2019: 1.52%)		
137,221	Nokian Renkaat	2,563	1.20
	Industrials 1.89% (2019: 3.04%)		
74,507	Kone	4,036	1.89
	Oil & Gas 0.00% (2019: 1.44%)		
	France 7.40% (2019: 7.09%)		
	Consumer Goods 1.72% (2019: 2.04%)		
10,894	LVMH Moet Hennessy Louis Vuitton	3,676	1.72
	Health Care 2.08% (2019: 0.00%)		
56,179	Sanofi	4,424	2.08
	Industrials 1.59% (2019: 3.00%)		
45,587	Vinci	3,406	1.59
	Technology 2.01% (2019: 2.05%)		
216,340	STMicroelectronics	4,300	2.01
	Germany 19.10% (2019: 20.45%)		
	Consumer Goods 2.05% (2019: 2.79%)		
20,499	Adidas	4,371	2.05
	Financials 3.21% (2019: 4.30%)		
18,380	Allianz	2,704	1.27
31,261	Deutsche Boerse	4,157	1.94
		6,861	3.21

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Health Care 3.59% (2019: 2.95%)		
73,373	Bayer	4,040	1.90
39,023	Merck	3,616	1.69
		<u>7,656</u>	<u>3.59</u>
	Industrials 4.01% (2019: 6.80%)		
110,858	KION	5,003	2.34
54,409	Rheinmetall	3,559	1.67
		<u>8,562</u>	<u>4.01</u>
	Technology 6.24% (2019: 3.61%)		
214,239	Infineon Technologies	3,648	1.71
69,517	SAP	7,039	3.29
43,618	Scout24	2,655	1.24
		<u>13,342</u>	<u>6.24</u>
	Italy 2.06% (2019: 1.30%)		
	Health Care 0.00% (2019: 1.30%)		
	Utilities 2.06% (2019: 0.00%)		
708,848	Enel	4,401	2.06
	Netherlands 13.32% (2019: 9.52%)		
	Basic Materials 3.01% (2019: 2.26%)		
97,107	Akzo Nobel	6,427	3.01
	Financials 2.05% (2019: 0.00%)		
197,550	ASR Nederland	4,378	2.05
	Health Care 2.79% (2019: 2.30%)		
162,186	Koninklijke Philips	5,951	2.79
	Oil & Gas 1.29% (2019: 2.54%)		
249,712	SBM Offshore	2,758	1.29
	Technology 4.18% (2019: 2.42%)		
33,910	ASML	8,936	4.18
	Norway 1.58% (2019: 2.70%)		
	Consumer Goods 1.58% (2019: 2.70%)		
221,394	Mowi	3,372	1.58
	Portugal 1.76% (2019: 3.07%)		
	Oil & Gas 0.00% (2019: 3.07%)		
	Utilities 1.76% (2019: 0.00%)		
989,719	Energias de Portugal	3,760	1.76

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Spain 3.65% (2019: 2.90%)		
	Financials 0.00% (2019: 0.35%)		
	Health Care 2.41% (2019: 2.55%)		
203,832	Grifols	5,155	2.41
	Utilities 1.24% (2019: 0.00%)		
303,398	Iberdrola	2,645	1.24
	Sweden 13.00% (2019: 12.56%)		
	Consumer Goods 5.11% (2019: 6.18%)		
107,597	Autoliv	5,471	2.56
766,164	Dometic	5,448	2.55
		10,919	5.11
	Industrials 5.46% (2019: 0.00%)		
73,284	Atlas Copco 'A'	2,326	1.09
380,223	Sandvik	5,079	2.38
371,978	Volvo 'B'	4,252	1.99
		11,657	5.46
	Technology 0.00% (2019: 2.82%)		
	Telecommunications 2.43% (2019: 3.56%)		
479,654	Tele2 'B'	5,190	2.43
	Switzerland 19.07% (2019: 18.67%)		
	Consumer Goods 5.00% (2019: 5.26%)		
122,122	Nestlé	10,677	5.00
	Health Care 6.66% (2019: 7.24%)		
87,556	Novartis	6,120	2.87
28,930	Roche Non-Voting Shares	8,104	3.79
		14,224	6.66
	Industrials 7.41% (2019: 6.17%)		
473,129	LafargeHolcim	15,827	7.41
	United Kingdom 1.13% (2019: 3.53%)¹		
	Consumer Goods 1.13% (2019: 1.83%)		
57,712	Unilever	2,412	1.13

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Consumer Services 0.00% (2019: 1.70%)		
	Derivatives 0.00% (2019: 0.00%)		
	Forward Foreign Exchange Contracts 0.00% (2019: 0.00%)²		
	Buy EUR 144,311 : Sell GBP 130,010 June 2020 ³	-	-
	Buy EUR 54,469 : Sell GBP 48,900 June 2020 ³	-	-
	Buy GBP 32,273 : Sell EUR 36,008 June 2020 ³	-	-
		<hr/>	<hr/>
		<hr/>	<hr/>
	Investment assets	206,545	96.71
	Other net assets	7,024	3.29
	Total net assets	213,569	100.00

¹ These stocks are registered in Europe and therefore are permitted investments as the country of risk is United Kingdom.

² Unquoted securities

³ Due to rounding to nearest £1,000

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

Statement of total return for the year ended 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		9,400		(4,060)
Revenue	3	5,281		6,217	
Expenses	4	(2,077)		(2,464)	
Interest payable and similar charges	5	(20)		(47)	
Net revenue before taxation		3,184		3,706	
Taxation	6	(398)		(661)	
Net revenue after taxation			2,786		3,045
Total return before distributions			12,186		(1,015)
Distributions	7		(2,220)		(2,916)
Change in net assets attributable to shareholders from investment activities			9,966		(3,931)

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

	2020		2019	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		225,429		317,722
Amounts receivable on issue of shares	18,826		15,474	
Amounts payable on cancellation of shares	(42,869)		(106,689)	
		(24,043)		(91,215)
Dilution adjustment		15		8
Change in net assets attributable to shareholders from investment activities		9,966		(3,931)
Retained distributions on accumulation shares		2,202		2,845
Closing net assets attributable to shareholders		213,569		225,429

Balance sheet as at 31 May 2020

	Note	2020 £000	2019 £000
Assets:			
Investments		206,545	221,571
Current assets:			
Debtors	8	2,400	1,678
Cash and bank balances	9	5,608	5,257
Total assets		214,553	228,506
Liabilities:			
Investment liabilities		-	1
Creditors:			
Bank overdrafts		705	1,952
Other creditors	10	279	1,124
Total liabilities		984	3,077
Net assets attributable to shareholders		213,569	225,429

Notes to the financial statements for the year ended 31 May 2020

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2020	2019
	£000	£000
Forward currency contracts	(150)	94
Non-derivative securities	9,469	(4,310)
Other currency gains	92	165
Transaction costs	(11)	(9)
Net capital gains/(losses)	9,400	(4,060)

3 Revenue

	2020	2019
	£000	£000
Bank interest	1	1
Overseas dividends	4,719	5,986
Stock dividends	523	127
Stock lending revenue	18	41
UK dividends	20	62
Total revenue	5,281	6,217

4 Expenses

	2020	2019
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,840	2,180
GAC*	202	227
	<u>2,042</u>	<u>2,407</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	20	24
Safe custody fees	13	11
	<u>33</u>	<u>35</u>
Other expenses:		
Legal fees**	2	22
	<u>2</u>	<u>22</u>
Total expenses	2,077	2,464

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,317 (2019: £7,681).

** Included with legal fees are non-audit fees paid to the auditors of £2,395 in relation to withholding tax reclaims (2019: £7,101).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2020 £000	2019 £000
Interest payable*	20	47
Total interest payable and similar charges	20	47

* Includes negative interest on credit balances held with the broker.

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2020 £000	2019 £000
Current tax		
Overseas withholding tax	398	661
Total tax (note 6b)	398	661

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2019: 20%). The differences are explained below:

	2020 £000	2019 £000
Net revenue before taxation	3,184	3,706
Corporation tax at 20% (2019: 20%)	637	741
Effects of:		
Irrecoverable overseas tax	398	661
Overseas dividends	(884)	(1,128)
Stock dividends*	(105)	(25)
Tax effect of expensed double taxation relief	(9)	(11)
UK dividends*	(4)	(12)
Unused management expenses	365	435
Tax charge for the year (note 6a)	398	661

* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (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 £4,594,798 (2019: £4,229,673) 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.

Notes to the financial statements (continued)

7 Distributions

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

	2020	2019
	£000	£000
Final accumulation	2,202	2,845
	<u>2,202</u>	<u>2,845</u>
Amounts deducted on cancellation of shares	32	85
Amounts received on issue of shares	(14)	(14)
Total distributions	<u>2,220</u>	<u>2,916</u>
Net revenue after taxation	2,786	3,045
Stock dividends	(523)	(127)
Withholding tax on stock dividends	(43)	(2)
Total distributions	<u>2,220</u>	<u>2,916</u>

Details of the distribution per share are set out in the Distribution tables on page 92.

8 Debtors

	2020	2019
	£000	£000
Accrued revenue	60	578
Amounts receivable for issue of shares	191	-
Currency transactions awaiting settlement	-	83
Overseas withholding tax reclaimable	810	832
Sales awaiting settlement	1,339	185
Total debtors	<u>2,400</u>	<u>1,678</u>

9 Cash and bank balances

	2020	2019
	£000	£000
Cash and bank balances	5,608	5,257
Total cash and bank balances	<u>5,608</u>	<u>5,257</u>

10 Other creditors

	2020	2019
	£000	£000
Accrued annual management charge	139	165
Accrued Depositary's fee	2	2
Accrued other expenses	22	23
Amounts payable for cancellation of shares	116	851
Currency transactions awaiting settlement	-	83
Total other creditors	<u>279</u>	<u>1,124</u>

Notes to the financial statements (continued)

11 Contingent assets, liabilities and commitments

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

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

12 Related party transactions

Henderson Investment Funds Limited as ACD 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 ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 81 and 82 and notes 4, 7, 8 and 10 on pages 83 to 85 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

13 Shareholders' funds

The fund currently has 3 share classes available; Class A (Retail with front-end charges), Class E (Retail) and Class I (Institutional).

The annual management charge on each share class is as follows:

	2020	2019
	%	%
Class A	1.50	1.50
Class E ¹	1.00	n/a
Class I	0.75	0.75

¹ Class E accumulation launched on 24 June 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 73 to 74. The distribution per share class is given in the Distribution tables on page 92. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2020

	Class A accumulation	Class E accumulation	Class I accumulation
Opening number of shares	10,214,978	-	89,773,270
Issues during the year	69,218	16,917	7,853,236
Cancellations during the year	(757,527)	(66,359)	(17,598,136)
Shares converted during the year	(5,153,604)	5,085,403	84,191
Closing shares in issue	4,373,065	5,035,961	80,112,561

Notes to the financial statements (continued)

14 Financial derivatives

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

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

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

There was no collateral pledged or collateral held in respect of derivatives as at 31 May 2020 (2019: nil).

2020

The fund had no exposure to derivatives as at 31 May 2020 with a positive market value.

2019

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

Counterparty	Forward foreign exchange contracts £000
BNP Paribas	1
	<u>1</u>

15 Stock lending

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

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

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

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Morgan Stanley	1,333	1,495	Government Bond
Natixis	9,120	10,133	Equity
Société Générale	4,998	5,554	Equity
	<u>15,451</u>	<u>17,182</u>	

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

Notes to the financial statements (continued)

15 Stock lending (continued)

2019 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Deutsche Bank	7,112	7,903	Equity
Natixis	15,005	16,859	Equity
	22,117	24,762	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	48	7	41

16 Risk

Currency risk

The 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.

2020 Currency	Investment assets including investment liabilities £000	Other net assets/(liabilities) £000	Total net assets/(liabilities) £000
Danish krone	12,356	282	12,638
Euro	122,323	6,721	129,044
Norwegian krone	3,372	88	3,460
Swedish krona	27,766	-	27,766
Swiss franc	40,728	-	40,728
UK sterling	-	(88)	(88)
US dollar	-	21	21
Total	206,545	7,024	213,569

2019 Currency	Investment assets including investment liabilities £000	Other net assets/(liabilities) £000	Total net assets/(liabilities) £000
Danish krone	13,173	249	13,422
Euro	131,312	4,220	135,532
Norwegian krone	6,082	55	6,137
Swedish krona	28,310	28	28,338
Swiss franc	42,106	372	42,478
UK sterling	587	(1,073)	(486)
US dollar	-	8	8
Total	221,570	3,859	225,429

Notes to the financial statements (continued)

16 Risk (continued)

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £213,657,011 (2019: £225,914,765). 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 31 May 2020 and the net assets as at 31 May 2020 by £21,365,701 (2019: £22,591,477).

Interest rate risk

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

Other market price risk

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

Leverage

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

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Bank overdrafts	705	-	-	-
Other creditors	-	279	-	-
Total	705	279	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Bank overdrafts	1,952	-	-	-
Derivative financial liabilities	-	1	-	-
Other creditors	-	1,124	-	-
Total	1,952	1,125	-	-

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Notes to the financial statements (continued)

17 Fair value disclosure (continued)

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	206,545	-	221,570	-
Level 2	-	-	1	1
Level 3	-	-	-	-
	<u>206,545</u>	<u>-</u>	<u>221,571</u>	<u>1</u>

18 Direct transaction costs

	Purchases		Sales	
	2020 £000	2019 £000	2020 £000	2019 £000
Trades in the year				
Equities	127,018	191,739	151,835	273,931
Trades in the year before transaction costs	<u>127,018</u>	<u>191,739</u>	<u>151,835</u>	<u>273,931</u>
Transaction costs				
Commissions				
Equities	45	74	54	106
Total commissions	<u>45</u>	<u>74</u>	<u>54</u>	<u>106</u>
Taxes				
Equities	-	21	-	-
Total taxes	<u>-</u>	<u>21</u>	<u>-</u>	<u>-</u>
Other expenses				
Equities	38	44	-	-
Total other expenses	<u>38</u>	<u>44</u>	<u>-</u>	<u>-</u>
Total transaction costs	<u>83</u>	<u>139</u>	<u>54</u>	<u>106</u>
Total net trades in the year after transaction costs	<u>127,101</u>	<u>191,878</u>	<u>151,781</u>	<u>273,825</u>

	Purchases		Sales	
	2020 %	2019 %	2020 %	2019 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.04	0.04	0.04	-
Taxes				
Equities	-	0.01	-	-
Other expenses				
Equities	0.03	0.02	-	-
	<u>2020 %</u>	<u>2019 %</u>		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.04	0.07		
Taxes	-	0.01		
Other expenses	0.02	0.02		
Total costs	<u>0.06</u>	<u>0.10</u>		

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2019: nil). There were corporate actions during the year of £410,698 (2019: £1,121,696).

There were no direct transaction costs associated with derivatives in the year (2019: nil).

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

The portfolio dealing spread as at 31 May 2020 was 0.05% (2019: 0.06%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

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

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

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

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class E accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-

¹ Class E accumulation launched on 24 June 2019.

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

Group 1: shares purchased prior to 1 December 2019

Group 2: shares purchased on or after 1 December 2019

	Distribution per share	Equalisation	Total distribution per share 31/07/20	Total distribution per share 31/07/19
Class A accumulation				
Group 1	0.3795	-	0.3795	1.2928
Group 2	0.3762	0.0033	0.3795	1.2928
Class E accumulation¹				
Group 1	2.2835	-	2.2835	n/a
Group 2	2.2254	0.0581	2.2835	n/a
Class I accumulation				
Group 1	2.5843	-	2.5843	3.0215
Group 2	2.3199	0.2644	2.5843	3.0215

¹ Class E accumulation launched on 24 June 2019.

Janus Henderson European Selected Opportunities Fund

Authorised Corporate Director's report

Investment Fund Managers

John Bennett and Tom O'Hara

Please note that as of 31 January 2020 Tom O'Hara also manages this fund.

Investment objective and policy

The fund aims to provide a return, from a combination of capital growth and income over the long term (5 years or more).

The fund invests in shares (also known as equities) of companies, of any size, in any industry, in Europe (excluding UK). Companies will have their registered office in or do most of their business (directly or through subsidiaries) in this region.

The fund is actively managed with reference to the FTSE World Europe Ex UK Index, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the fund's performance. The investment manager has discretion to choose investments for the fund with weightings different to the index or not in the index. Depending on prevailing market conditions the fund's portfolio may shift between 'high conviction' (whereby the manager will take significant risk relative to the index) and a more cautious stance. This means the performance of the fund may at times differ significantly from the index, while at other times it may be more closely aligned.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16
	%	%	%	%	%
Class I accumulation	8.1	(1.2)	-	33.0	(6.1)
FTSE World Europe (Ex UK) Index	1.9	1.8	0.9	35.7	(3.7)
IA Europe (Ex UK) Sector	2.9	(3.3)	2.6	33.1	(2.5)

Source: Morningstar

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

Benchmark values are at close of business.

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

Benchmark Usage

Index: FTSE World Europe (Ex UK) Index

Index usage: Comparator

Index description: The FTSE World Europe (Ex UK) Index is a measure of the combined performance of large and medium sized companies from developed and advanced emerging European stock markets excluding the UK. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group: IA Europe (Ex UK) Sector

Peer group usage: Comparator

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

The fund's ranking within the sector (as calculated by a number of data providers) provides a useful performance comparison against other funds with similar aims.

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 Corporate Director's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales	£000
Sandvik	48,048	Galp Energia	55,198
Enel	40,825	STMicroelectronics	51,975
LafargeHolcim	40,075	Ericsson 'B'	44,942
Koninklijke KPN	39,354	Carlsberg	44,813
Bayer	39,148	Pernod Ricard	37,163
CIE Financiere Richemont 'A'	36,111	Roche Non-Voting Shares	35,836
Sanofi	35,648	Siemens	35,757
UPM-Kymmene	31,527	Koninklijke KPN	35,382
Infineon Technologies	28,473	Anheuser-Busch InBev	28,866
GlaxoSmithKline	24,548	CIE Financiere Richemont 'A'	27,941
Total purchases	790,266	Total sales	991,381

Investment review

The fund returned 8.1% based on Class I accumulation over the year under review, compared with a return of 1.9% in the FTSE World Europe (Ex UK) Index and a return of 2.9% in the IA Europe (Ex UK) Sector peer group benchmark.

There was two distinct periods for markets over the year. The second half of 2019 saw markets rally as trade discussions moved in the right direction, the UK general election result was perceived as market friendly and we saw further economic lead indicators suggest a steady improvement. In contrast, the first quarter of 2020 will go down as one of the worst for global equities in recorded history. The overwhelming factor was the COVID-19 global pandemic. The Euro Stoxx 50 Index sold off by 30% to begin March and extreme volatility was aggravated by forced liquidation of excess leverage. Leveraged corporates and leveraged funds, whether managed by computer or by human, found themselves in the crosshairs.

Equities have staged a quite remarkable recovery from the March COVID-19 peak and market trough. It is interesting to note that the style debate – growth versus value – has recently intensified. It usually does during one of the many short-lived rallies in value. As managers who are not wedded to any particular style, we have long maintained that sustained outperformance by value versus growth would probably require a change in inflation expectations and, in turn, a change in the shape of bond yield curves – from inversion to steepening.

The deflationary shock of the induced coma on the global economy is hardly the backdrop which encourages thoughts of inflation. And yet, since this episode began, we have urged that an open mind is necessary. The fiscal and monetary response has been jaw-dropping. Latterly, our attention has been caught by the astonishing growth in broad money supply measures. This, together with populist politicians and yet-to-come policies, encourages us to believe that a return of inflation is not the fantastical prospect it has, for so long, seemed. Thus, we have recently re-established a holding in that most beleaguered of value sectors: European banks. Investors in our funds will know that we are rarely overweight in this sector and, in recent times, have had no exposure whatsoever. While we have no immediate desire to reach a weighting equal to that represented by benchmark indices, we feel that the risk/reward profile of maintaining zero exposure is less compelling.

Portfolio activity through the height of the market volatility was minimal, aided by our limited exposure to leveraged balance sheets as well as leisure and retail sectors. Prior to the sell-off, we added a number of utility stocks that we expected to capitalise on a plan for the European Union to reach net zero carbon emissions by 2050. This would imply approximately 75% of power generation capacity coming from wind and solar, compared with only 15% today. In our view, it represented a huge quasi-regulated growth opportunity for the major European renewable energy developers. We added to our holding in pulp and paper company UPM-Kymmene. We took the view that the sector would benefit from increasing displacement of plastics packaging as well as rising e-commerce. In our view, supply discipline upstream is very good, and wood resource and logistics remain key long-term barriers to entry.

It was encouraging to be able to post strong relative returns. The biggest stock contribution came from electronics and semiconductor manufacturer STMicroelectronics, which continued to benefit from its innovative product portfolio and healthy end market trends, notwithstanding its exposure to the automotive sector. The next biggest contribution came from ASML, which is the sole supplier of lithography tools to the likes of Taiwan Semiconductor Manufacturing, Samsung and Apple. The company has enjoyed a powerful market position and technological leadership, and has been exposed to very strong structural growth owing to the increasing ubiquity of semiconductors. The biggest detractor was building materials company LafargeHolcim as the stock came under pressure, partly due to a failed Philippines disposal, as well as the market labelling it a 'sinner' with regards to its environmental impact. We remained a sizeable holder as we believed the new management team to be of the highest quality. Since enacting its restructuring programme, the company has delivered strong margins and cash flow, and excellent execution through the crisis. We have engaged with it on a number of environmental, social and governance topics and have been encouraged by its ambitious carbon targets, with success on these linked to a large amount of senior management's variable pay.

Courtesy of central banks and governments, the usual painful systemic deleveraging that follows and typically renders recoveries a slow affair has now been substantially cushioned, in our view. A liquidity surge historically precedes an economic recovery by 2-3 quarters, and we are witnessing the largest amount of money creation since the 1970s. Excluding a meaningful second wave of COVID-19 infections (and this cannot be ruled out), it seems likely to us that the current recession will be much shorter than average with a normalisation in most company earnings possible in 2021. In addition, while the pandemic is clearly deflationary in the short term, we are reluctant to bet against this huge liquidity surge lifting inflation beyond 2021. Hence, while an increasing number of investors herd toward the highest growth (and most expensive) stocks they can find, if anything, we have recently tilted toward value.

Comparative tables for the year ended 31 May 2020

	Class A accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,631.78	1,647.20	1,665.46
Return before operating charges*	125.25	11.94	10.14
Operating charges	(29.17)	(27.36)	(28.40)
Return after operating charges*	96.08	(15.42)	(18.26)
Distributions on accumulation shares	(3.24)	(8.00)	(5.68)
Retained distributions on accumulation shares	3.24	8.00	5.68
Closing net asset value per share	1,727.86	1,631.78	1,647.20
* after direct transaction costs of:	0.89	1.12	2.36
Performance			
Return after charges	5.89%	(0.94%)	(1.10%)
Other information			
Closing net asset value (£000s)	682,250	874,655	985,388
Closing number of shares	39,485,171	53,601,351	59,822,069
Operating charges	1.69%	1.69%	1.70%
Direct transaction costs	0.05%	0.07%	0.14%
Prices			
Highest share price (pence)	1,863.00	1,744.00	1,727.00
Lowest share price (pence)	1,325.00	1,483.00	1,567.00
	Class C accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,852.45	1,848.81	1,847.67
Return before operating charges*	142.59	13.87	11.58
Operating charges	(11.02)	(10.23)	(10.44)
Return after operating charges*	131.57	3.64	1.14
Distributions on accumulation shares	(27.54)	(30.68)	(28.34)
Retained distributions on accumulation shares	27.54	30.68	28.34
Closing net asset value per share	1,984.02	1,852.45	1,848.81
* after direct transaction costs of:	1.01	1.27	2.63
Performance			
Return after charges	7.10%	0.20%	0.06%
Other information			
Closing net asset value (£000s)	428	449	448
Closing number of shares	21,570	24,257	24,257
Operating charges	0.56%	0.56%	0.56%
Direct transaction costs	0.05%	0.07%	0.14%
Prices			
Highest share price (pence)	2,131.00	1,963.00	1,924.00
Lowest share price (pence)	1,518.00	1,676.00	1,756.00

Comparative tables (continued)

	Class E accumulation 24/06/19 - 31/05/20 (pence per share)
Change in net assets per share	
Opening net asset value per share	1,727.07 ¹
Return before operating charges*	28.12
Operating charges	(19.21)
Return after operating charges*	8.91
Distributions on accumulation shares	(12.88)
Retained distributions on accumulation shares	12.88
Closing net asset value per share	1,735.98
* after direct transaction costs of:	0.89
Performance	
Return after charges	0.52% ²
Other information	
Closing net asset value (£000s)	143,676
Closing number of shares	8,276,369
Operating charges	1.19%
Direct transaction costs	0.05%
Prices	
Highest share price (pence)	1,869.00
Lowest share price (pence)	1,330.00

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

² Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A accumulation share class.

This performance will differ from the other share classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables (continued)

Class G accumulation 11/10/19 - 31/05/20 (pence per share)

Change in net assets per share

Opening net asset value per share	100.00 ³
Return before operating charges*	0.13
Operating charges	(0.41)
Return after operating charges*	(0.28)
Distributions on accumulation shares	(1.11)
Retained distributions on accumulation shares	1.11
Closing net asset value per share	99.72
* after direct transaction costs of:	0.05

Performance

Return after charges	(0.28%)
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Other information

Closing net asset value (£000s)	41,614
Closing number of shares	41,732,471
Operating charges	0.66%
Direct transaction costs	0.05%

Prices

Highest share price (pence)	107.10
Lowest share price (pence)	76.29

³ Class G accumulation launched on 11 October 2019 and this is the first published price.

Comparative tables (continued)

Class G income 11/10/19 - 31/05/20 (pence per share)

Change in net assets per share

Opening net asset value per share	100.00 ⁴
Return before operating charges*	0.13
Operating charges	(0.41)
Return after operating charges*	(0.28)
Distributions on income shares	(1.14)
Closing net asset value per share	98.58
* after direct transaction costs of:	0.05

Performance

Return after charges	(0.28%)
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Other information

Closing net asset value (£000s)	165,987
Closing number of shares	168,376,413
Operating charges	0.66%
Direct transaction costs	0.05%

Prices

Highest share price (pence)	107.10
Lowest share price (pence)	76.29

⁴Class G income launched on 11 October 2019 and this is the first published price.

Comparative tables (continued)

	Class I accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,797.49	1,799.01	1,803.69
Return before operating charges*	138.24	13.40	10.58
Operating charges	(16.04)	(14.92)	(15.26)
Return after operating charges*	122.20	(1.52)	(4.68)
Distributions on accumulation shares	(21.21)	(24.62)	(22.44)
Retained distributions on accumulation shares	21.21	24.62	22.44
Closing net asset value per share	1,919.69	1,797.49	1,799.01
* after direct transaction costs of:	0.98	1.23	2.56
Performance			
Return after charges	6.80%	(0.08%)	(0.26%)
Other information			
Closing net asset value (£000s)	539,275	616,243	745,806
Closing number of shares	28,091,751	34,283,488	41,456,424
Operating charges	0.84%	0.84%	0.84%
Direct transaction costs	0.05%	0.07%	0.14%
Prices			
Highest share price (pence)	2,064.00	1,909.00	1,876.00
Lowest share price (pence)	1,469.00	1,628.00	1,709.00

	Class I income		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	204.76	207.78	210.95
Return before operating charges*	15.76	1.55	1.23
Operating charges	(1.83)	(1.72)	(1.78)
Return after operating charges*	13.93	(0.17)	(0.55)
Distributions on income shares	(2.41)	(2.85)	(2.62)
Closing net asset value per share	216.28	204.76	207.78
* after direct transaction costs of:	0.11	0.14	0.30
Performance			
Return after charges	6.80%	(0.08%)	(0.26%)
Other information			
Closing net asset value (£000s)	133,457	334,956	417,772
Closing number of shares	61,706,099	163,581,106	201,065,897
Operating charges	0.84%	0.84%	0.84%
Direct transaction costs	0.05%	0.07%	0.14%
Prices			
Highest share price (pence)	235.10	220.50	219.30
Lowest share price (pence)	167.40	188.00	199.90

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

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

Comparative tables (continued)

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

The following share classes launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019
Class G accumulation	11 October 2019
Class G income	11 October 2019

There were no share classes closed in the year.

Share class conversion

	Conversion date
Class A accumulation to Class E accumulation	24 June 2019

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

Ongoing charge figure

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

	2020 %	2019 %	Estimated OCF from 5 May 2020 ¹ %
Class A	1.69 ²	1.69	1.73
Class C	0.56 ³	0.56	0.57
Class E⁴	1.19 ²	n/a	1.23
Class G⁵	0.66 ³	n/a	0.67
Class I	0.84 ⁶	0.84	0.85

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

¹ The estimated ongoing charge is based on the new GAC rates to the year ended 31 May 2020.

² The GAC on Class A and Class E increased from 0.18% to 0.22% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

³ The GAC on Class C and Class G increased from 0.045% to 0.06% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁴ Class E accumulation launched on 24 June 2019 so there are no prior year comparatives.

⁵ Class G accumulation and Class G income launched on 11 October 2019 therefore prior year comparative is not applicable.

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

Risk and reward profile

The fund currently has 7 types of share class in issue: A accumulation, C accumulation, E accumulation, G accumulation, G income, I accumulation and I income.

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



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

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

The value of an investment and any income from it can go up or down. When you sell your 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 rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

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

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

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

* Class E accumulation was launched on 24 June 2019 and as it does not have a 5 year history, a synthetic history has been created using the A accumulation share class. Class G accumulation and Class G income launched on 11 October 2019, as these share classes do not have a 5 year history, a synthetic history has been created using the funds relevant sector average.

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 97.60% (2019: 96.49%)		
	Belgium 0.00% (2019: 1.45%)		
	Consumer Goods 0.00% (2019: 1.45%)		
	China 0.52% (2019: 0.00%)		
	Technology 0.52% (2019: 0.00%)		
134,462	Prosus	8,943	0.52
	Denmark 5.91% (2019: 5.75%)		
	Consumer Goods 2.21% (2019: 3.94%)		
359,813	Carlsberg	37,745	2.21
	Health Care 2.71% (2019: 1.81%)		
879,412	Novo Nordisk 'B'	46,268	2.71
	Industrials 0.99% (2019: 0.00%)		
196,897	DSV Panalpina	16,885	0.99
	Finland 6.94% (2019: 7.70%)		
	Basic Materials 3.81% (2019: 1.56%)		
2,786,255	UPM-Kymmene	64,953	3.81
	Consumer Goods 1.21% (2019: 1.46%)		
1,104,331	Nokian Renkaat	20,627	1.21
	Industrials 1.92% (2019: 3.41%)		
605,421	Kone	32,792	1.92
	Oil & Gas 0.00% (2019: 1.27%)		
	France 11.50% (2019: 14.13%)		
	Consumer Goods 3.23% (2019: 4.34%)		
103,323	L'Oréal	24,347	1.43
91,473	LVMH Moët Hennessy Louis Vuitton	30,863	1.80
		55,210	3.23
	Consumer Services 0.00% (2019: 0.99%)		
	Health Care 2.13% (2019: 1.21%)		
461,185	Sanofi	36,320	2.13
	Industrials 4.12% (2019: 5.26%)		
445,985	Legrand	24,581	1.44
210,349	Safran	16,250	0.95
391,869	Vinci	29,277	1.73
		70,108	4.12

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Technology 2.02% (2019: 2.33%)		
1,738,360	STMicroelectronics	34,550	2.02
	Germany 18.27% (2019: 20.05%)		
	Basic Materials 0.00% (2019: 0.95%)		
	Consumer Goods 2.30% (2019: 3.03%)		
184,457	Adidas	39,333	2.30
	Financials 3.48% (2019: 4.37%)		
158,990	Allianz	23,391	1.37
271,281	Deutsche Boerse	36,075	2.11
		59,466	3.48
	Health Care 3.78% (2019: 2.78%)		
628,516	Bayer	34,608	2.03
321,804	Merck	29,822	1.75
		64,430	3.78
	Industrials 3.78% (2019: 5.12%)		
843,407	KION	38,063	2.23
404,962	Rheinmetall	26,489	1.55
		64,552	3.78
	Technology 4.93% (2019: 3.80%)		
1,709,001	Infineon Technologies	29,101	1.71
542,759	SAP	54,957	3.22
		84,058	4.93
	Italy 2.20% (2019: 0.00%)		
	Utilities 2.20% (2019: 0.00%)		
6,051,439	Enel	37,573	2.20
	Netherlands 11.99% (2019: 8.82%)		
	Basic Materials 2.65% (2019: 2.41%)		
682,512	Akzo Nobel	45,171	2.65
	Consumer Goods 0.60% (2019: 0.00%)		
316,786	JDE Peet's	10,215	0.60
	Health Care 2.83% (2019: 2.20%)		
1,315,633	Koninklijke Philips	48,278	2.83
	Oil & Gas 1.30% (2019: 1.49%)		
2,009,193	SBM Offshore	22,190	1.30
	Technology 4.61% (2019: 2.72%)		
299,078	ASML	78,816	4.61

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Norway 1.52% (2019: 2.58%)		
	Consumer Goods 1.52% (2019: 2.58%)		
1,707,692	Mowi	26,012	1.52
	Portugal 1.13% (2019: 2.95%)		
	Oil & Gas 0.00% (2019: 2.95%)		
	Utilities 1.13% (2019: 0.00%)		
5,095,787	Energias de Portugal	19,357	1.13
	Spain 4.17% (2019: 2.06%)		
	Financials 0.00% (2019: 0.37%)		
	Health Care 2.41% (2019: 1.69%)		
1,631,091	Grifols	41,253	2.41
	Technology 0.52% (2019: 0.00%)		
208,284	Amadeus IT	8,796	0.52
	Utilities 1.24% (2019: 0.00%)		
2,418,310	Iberdrola	21,079	1.24
	Sweden 9.91% (2019: 7.56%)		
	Consumer Goods 2.49% (2019: 2.36%)		
835,410	Autoliv	42,474	2.49
	Industrials 7.42% (2019: 2.47%)		
887,066	Atlas Copco 'A'	28,150	1.65
2,321,161	Epiroc 'A'	20,802	1.22
3,215,602	Sandvik	42,956	2.51
3,039,069	Volvo 'B'	34,739	2.04
		126,647	7.42
	Technology 0.00% (2019: 2.73%)		
	Switzerland 21.28% (2019: 19.86%)		
	Consumer Goods 5.01% (2019: 5.42%)		
977,856	Nestlé	85,493	5.01
	Financials 0.85% (2019: 1.16%)		
55,823	Zurich Insurance	14,547	0.85
	Health Care 8.18% (2019: 7.77%)		
56,364	Lonza	22,376	1.31
716,305	Novartis	50,070	2.94
239,096	Roche Non-Voting Shares	66,975	3.93
		139,421	8.18
	Industrials 7.24% (2019: 5.51%)		
3,690,918	LafargeHolcim	123,466	7.24

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	United Kingdom 2.26% (2019: 3.58%)¹		
	Consumer Goods 1.17% (2019: 1.69%)		
477,635	Unilever	19,962	1.17
	Consumer Services 1.09% (2019: 1.89%)		
999,354	RELX	18,684	1.09
	Derivatives 0.00% (2019: 0.00%)		
	Forward Foreign Exchange Contracts 0.00% (2019: 0.00%)²		
	Buy EUR 244,976 : Sell GBP 219,929 June 2020 ³	-	-
	Buy GBP 1,121,503 : Sell EUR 1,251,328 June 2020	(4)	-
	Buy GBP 2,399,305 : Sell EUR 2,663,758 June 2020	3	-
		(1)	-
	Investment assets including investment liabilities	1,665,673	97.60
	Other net assets	41,014	2.40
	Total net assets	1,706,687	100.00

¹These stocks are registered in Europe and therefore are permitted investments as the country of risk is United Kingdom.

²Unquoted securities.

³Due to rounding to nearest £1,000.

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

Statement of total return for the year ended 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		99,401		(34,717)
Revenue	3	42,169		52,389	
Expenses	4	(21,582)		(24,401)	
Interest payable and similar charges	5	<u>(330)</u>		<u>(420)</u>	
Net revenue before taxation		20,257		27,568	
Taxation	6	<u>(3,242)</u>		<u>(6,527)</u>	
Net revenue after taxation			<u>17,015</u>		<u>21,041</u>
Total return before distributions			116,416		(13,676)
Distributions	7		(12,269)		(17,719)
Change in net assets attributable to shareholders from investment activities			<u>104,147</u>		<u>(31,395)</u>

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

	2020		2019	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,826,303		2,149,414
Amounts receivable on issue of shares	57,672		69,598	
Amounts payable on cancellation of shares	<u>(290,219)</u>		<u>(374,050)</u>	
		(232,547)		(304,452)
Dilution adjustment		10		-
Change in net assets attributable to shareholders from investment activities		104,147		(31,395)
Retained distributions on accumulation shares		8,774		12,736
Closing net assets attributable to shareholders		<u>1,706,687</u>		<u>1,826,303</u>

Balance sheet as at 31 May 2020

	Note	2020 £000	2019 £000
Assets:			
Investments		1,665,677	1,762,175
Current assets:			
Debtors	8	17,235	14,726
Cash and bank balances	9	43,921	80,984
Total assets		1,726,833	1,857,885
Liabilities:			
Investment liabilities		4	6
Creditors:			
Bank overdrafts		84	18,431
Distributions payable		3,400	4,667
Other creditors	10	16,658	8,478
Total liabilities		20,146	31,582
Net assets attributable to shareholders		1,706,687	1,826,303

Notes to the financial statements for the year ended 31 May 2020

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2020	2019
	£000	£000
Forward currency contracts	(723)	42
Non-derivative securities	99,373	(33,729)
Other currency gains/(losses)	767	(1,018)
Transaction costs	(16)	(12)
Net capital gains/(losses)	99,401	(34,717)

3 Revenue

	2020	2019
	£000	£000
Bank interest	1	119
Overseas dividends	37,056	47,923
Stock dividends	4,333	3,182
Stock lending revenue	189	304
UK dividends	590	861
Total revenue	42,169	52,389

4 Expenses

	2020	2019
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	19,138	21,708
GAC*	2,256	2,449
	<u>21,394</u>	<u>24,157</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	80	91
Safe custody fees	102	95
	<u>182</u>	<u>186</u>
Other expenses:		
Legal fees**	6	58
	<u>6</u>	<u>58</u>
Total expenses	21,582	24,401

Irrecoverable VAT is included in the above expenses where relevant.

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

** Included with legal fees are non-audit fees paid to the auditors of £5,660 in relation to withholding tax reclaims (2019: £32,641).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2020 £000	2019 £000
Interest payable	330	420
Total interest payable and similar charges	330	420

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2020 £000	2019 £000
Current tax		
Corporation tax prior year adjustment	150	-
Overseas withholding tax	3,092	6,527
Total tax (note 6b)	3,242	6,527

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2019: 20%). The differences are explained below:

	2020 £000	2019 £000
Net revenue before taxation	20,257	27,568
Corporation tax at 20% (2019: 20%)	4,051	5,514
Effects of:		
Corporation tax prior year adjustment	150	-
Expenses not deductible for tax purposes	13	-
Irrecoverable overseas tax	3,092	6,527
Overseas dividends	(7,016)	(9,074)
Stock dividends*	(866)	(636)
Tax effect of expensed double taxation relief	(59)	(77)
UK dividends*	(118)	(172)
Unused management expenses	3,995	4,445
Tax charge for the year (note 6a)	3,242	6,527

* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (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 £50,851,751 (2019: £46,856,677) 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.

Notes to the financial statements (continued)

7 Distributions

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

	2020	2019
	£000	£000
Final income	3,400	4,667
Final accumulation	8,774	12,736
	<u>12,174</u>	<u>17,403</u>
Amounts deducted on cancellation of shares	237	337
Amounts received on issue of shares	(142)	(21)
Total distributions	<u>12,269</u>	<u>17,719</u>
Net revenue after taxation	17,015	21,041
Equalisation on conversions	(167)	10
Stock dividends	(4,333)	(3,182)
Withholding tax on stock dividends	(246)	(150)
Total distributions	<u>12,269</u>	<u>17,719</u>

Details of the distribution per share are set out in the Distribution tables on pages 119 to 120.

8 Debtors

	2020	2019
	£000	£000
Accrued revenue	496	4,579
Amounts receivable for issue of shares	757	48
Currency transactions awaiting settlement	1,228	2,074
Overseas withholding tax reclaimable	5,167	4,799
Sales awaiting settlement	9,587	3,226
Total debtors	<u>17,235</u>	<u>14,726</u>

9 Cash and bank balances

	2020	2019
	£000	£000
Cash and bank balances	43,921	80,984
Total cash and bank balances	<u>43,921</u>	<u>80,984</u>

Notes to the financial statements (continued)

10 Other creditors

	2020 £000	2019 £000
Accrued annual management charge	1,454	1,753
Accrued Depositary's fee	7	8
Accrued other expenses	220	245
Amounts payable for cancellation of shares	4,434	3,599
Corporation tax payable	216	280
Currency transactions awaiting settlement	1,227	2,074
Purchases awaiting settlement	9,100	519
Total other creditors	16,658	8,478

11 Contingent assets, liabilities and commitments

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

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 108 and 109 and notes 4, 7, 8 and 10 on pages 110 to 113 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

13 Shareholders' funds

The fund currently has 5 share classes available; Class A (Retail with front-end charges), Class C (Private), Class E (Retail), Class G (Retail) and Class I (Institutional). The annual management charge on each share class is as follows:

	2020 %	2019 %
Class A	1.50	1.50
Class C	0.50	0.50
Class E ¹	1.00	n/a
Class G ²	0.60	n/a
Class I	0.75	0.75

¹ Class E accumulation launched on 24 June 2019.

² Class G accumulation and Class G income launched on 11 October 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 96 to 101. The distribution per share class is given in the Distribution tables on pages 119 to 120. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2020

	Class A accumulation	Class C accumulation	Class E accumulation	Class G accumulation
Opening number of shares	53,601,351	24,257	-	-
Issues during the year	737,402	-	9,048	1,415,672
Cancellations during the year	(5,905,157)	(2,687)	(366,861)	(11,178,729)
Shares converted during the year	(8,948,425)	-	8,634,182	51,495,528
Closing shares in issue	39,485,171	21,570	8,276,369	41,732,471

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

Shares reconciliation (continued)

	Class G income	Class I accumulation	Class I income
Opening number of shares	-	34,283,488	163,581,106
Issues during the year	7,158,794	1,747,234	2,843,096
Cancellations during the year	(18,068,160)	(5,541,763)	(23,139,083)
Shares converted during the year	179,285,779	(2,397,208)	(81,579,020)
Closing shares in issue	168,376,413	28,091,751	61,706,099

14 Financial derivatives

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

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

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

There was no collateral pledged or collateral held in respect of derivatives as at 31 May 2020 (2019: nil).

2020

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

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	3	3
	<u>3</u>	<u>3</u>

2019

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

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	3	3
	<u>3</u>	<u>3</u>

15 Stock lending

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

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

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

Notes to the financial statements (continued)

15 Stock lending (continued)

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	4,230	4,700	Equity
Citigroup	10,287	11,430	Equity
HSBC	673	748	Equity
JP Morgan	3,618	4,020	Equity
Natixis	190,057	211,175	Equity
Société Générale	68,772	76,417	Equity
	277,637	308,490	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	222	33	189

2019 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Deutsche Bank	12,156	13,507	Equity
JP Morgan	930	1,033	Equity
Merrill Lynch	57,681	64,098	Equity
Morgan Stanley	2,254	2,435	Government Bond
Natixis	194,328	218,423	Equity
	267,349	299,496	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	358	54	304

Notes to the financial statements (continued)

16 Risk

Currency risk

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

2020	Investment assets including investment liabilities £000	Other net assets/(liabilities) £000	Total net assets £000
Currency			
Danish krone	100,898	1,428	102,326
Euro	1,003,414	47,839	1,051,253
Norwegian krone	26,012	601	26,613
Swedish krona	169,121	-	169,121
Swiss franc	362,927	-	362,927
UK sterling	3,301	(8,974)	(5,673)
US dollar	-	120	120
Total	1,665,673	41,014	1,706,687

2019	Investment assets including investment liabilities £000	Other net assets/(liabilities) £000	Total net assets £000
Currency			
Danish krone	105,007	1,182	106,189
Euro	1,106,003	69,440	1,175,443
Norwegian krone	47,157	353	47,510
Swedish krona	137,636	1,681	139,317
Swiss franc	363,216	2,061	365,277
UK sterling	3,150	(10,615)	(7,465)
US dollar	-	32	32
Total	1,762,169	64,134	1,826,303

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £1,712,360,296 (2019: £1,833,768,596). 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 31 May 2020 and the net assets as at 31 May 2020 by £171,236,030 (2019: £183,376,860).

Interest rate risk

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

Other market price risk

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

Leverage

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

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Bank overdrafts	84	-	-	-
Derivative financial liabilities	-	4	-	-
Distribution payable	-	3,400	-	-
Other creditors	-	16,658	-	-
Total	84	20,062	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Bank overdrafts	18,431	-	-	-
Derivative financial liabilities	-	6	-	-
Distribution payable	-	4,667	-	-
Other creditors	-	8,478	-	-
Total	18,431	13,151	-	-

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,665,674	-	1,762,172	-
Level 2	3	4	3	6
Level 3	-	-	-	-
	1,665,677	4	1,762,175	6

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2020 £000	2019 £000	2020 £000	2019 £000
Trades in the year				
Equities	789,625	1,066,304	991,716	1,323,416
Trades in the year before transaction costs	789,625	1,066,304	991,716	1,323,416
Transaction costs				
Commissions				
Equities	259	387	335	525
Total commissions	259	387	335	525
Taxes				
Equities	122	98	-	-
Total taxes	122	98	-	-
Other expenses				
Equities	260	352	-	-
Total other expenses	260	352	-	-
Total transaction costs	641	837	335	525
Total net trades in the year after transaction costs	790,266	1,067,141	991,381	1,322,891

	Purchases		Sales	
	2020 %	2019 %	2020 %	2019 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.03	0.04	0.03	0.04
Taxes				
Equities	0.02	0.01	-	-
Other expenses				
Equities	0.03	0.03	-	-
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.03	0.05		
Taxes	0.01	-		
Other expenses	0.01	0.02		
Total costs	0.05	0.07		

There were no in specie transfers during the year (2019: nil). There were no corporate actions during the year (2019: £8,851,075).

There were no direct transaction costs associated with derivatives in the year (2019: nil).

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

The portfolio dealing spread as at 31 May 2020 was 0.04% (2019: 0.05%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

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

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

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

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class C accumulation				
Group 1	0.4991	-	0.4991	1.8891
Group 2	0.4991	-	0.4991	1.8891
Class E accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class G accumulation²				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class G income²				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I income				
Group 1	-	-	-	-
Group 2	-	-	-	-

¹ Class E accumulation launched on 24 June 2019.

² Class G accumulation and Class G income launched on 11 October 2019.

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

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

Group 1: shares purchased prior to 1 December 2019

Group 2: shares purchased on or after 1 December 2019

	Distribution per share	Equalisation	Total distribution per share 31/07/20	Total distribution per share 31/07/19
Class A accumulation				
Group 1	3.2426	-	3.2426	7.9991
Group 2	2.9300	0.3126	3.2426	7.9991
Class C accumulation				
Group 1	27.0452	-	27.0452	28.7932
Group 2	27.0452	-	27.0452	28.7932
Class E accumulation¹				
Group 1	12.8779	-	12.8779	n/a
Group 2	11.9308	0.9471	12.8779	n/a
Class G accumulation²				
Group 1	1.1066	-	1.1066	n/a
Group 2	0.7595	0.3471	1.1066	n/a
Class G income²				
Group 1	1.1356	-	1.1356	n/a
Group 2	0.9127	0.2229	1.1356	n/a
Class I accumulation				
Group 1	21.2149	-	21.2149	24.6224
Group 2	15.7303	5.4846	21.2149	24.6224
Class I income				
Group 1	2.4111	-	2.4111	2.8533
Group 2	2.0431	0.3680	2.4111	2.8533

¹ Class E accumulation launched on 24 June 2019.

² Class G accumulation and Class G income launched on 11 October 2019.

Janus Henderson UK & Irish Smaller Companies Fund

Authorised Corporate Director's report

Investment Fund Manager

Neil Hermon

Investment objective and policy

The fund aims to provide a return, from a combination of capital growth and income over the long term (5 years or more).

The fund invests at least 80% of its assets in shares (also known as equities) of smaller companies, in any industry, in the UK and Ireland. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in the UK and Ireland.

The fund is actively managed with reference to the Numis Sub-£1bn ex Investment Companies Index, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the fund's performance. The investment manager has discretion to choose investments for the fund with weightings different to the index or not in the index, but at times the fund may hold investments similar to the index.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16
	%	%	%	%	%
Class I accumulation	(7.5)	(11.3)	7.8	22.7	(5.3)
Numis Smaller Companies (Ex investment companies and companies with a market capitalisation greater than £1bn)	(12.5)	(7.7)	5.6	27.1	(1.6)
IA UK Smaller Companies Sector	(7.8)	(4.1)	12.7	27.9	2.5

Source: Morningstar

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

Benchmark values are at close of business.

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

Benchmark Usage

Index: Numis Smaller Companies (Ex investment companies and companies with a market capitalisation greater than £1bn)

Index usage: Comparator

Index description: The Numis Smaller Companies (Ex investment companies and companies with a market capitalisation greater than £1bn) Index is a measure of the combined performance of smaller companies (the bottom 10%) listed on the London Stock Exchange excluding investment companies and companies with a market capitalisation greater than £1bn. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group: IA UK Smaller Companies Sector

Peer group usage: Comparator

Peer group description: The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

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 Corporate Director's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales	£000
Balfour Beatty	1,678	Marshalls	2,016
Cineworld	992	Ibstock	1,837
Mitchells & Butlers	935	Polypipe	1,590
Gym	930	Consort Medical	1,556
Burford Capital	823	Johnson Service	1,242
Inspecs	605	Jupiter Fund Management	1,176
Ascential	604	Spirent Communications	1,168
Liontrust Asset Management	577	Tarsus	1,061
Volution	566	Smart Metering Systems	685
Future	559	Codemasters	610
Total purchases	18,108	Total sales	21,933

Investment review

The fund fell 7.5% based on Class I accumulation over the year under review, compared with a fall of 12.5% in the Numis Smaller Companies (Ex investment companies and companies with a market capitalisation greater than £1bn) index and a fall of 7.8% in the IA UK Smaller Companies Sector peer group benchmark.

UK equity markets fell over the year. Boris Johnson won the Conservative Party leadership contest and was installed as prime minister. The Conservatives resoundingly won the general election, which provided increased clarity on the UK's departure from the European Union (EU) in early 2020.

As the effect of COVID-19 took its toll on global economic activity, markets fell. In order to contain the outbreak, strict controls were enforced to limit the movement of people and, by the end of March, a large part of the global economy was shut down. To soften the impact of the virus, targeted fiscal and monetary measures were introduced.

New COVID-19 case numbers subsequently fell in Western Europe, which suggested that the peak number of infections had been reached and social distancing measures had been effective. Attention turned to the timing and reversal of some of the lockdown measures and the methods of reopening economies. Global monetary and fiscal policy remained positive and several governments provided additional support.

Contributors to performance included Team17, a computer games developer and publisher, as the shares increased 65% after it raised financial guidance and was seen as a beneficiary of lockdown measures. Avon Rubber, a defence and dairy products group, rose 65% after it reported strong interim numbers and gave a confident message about its prospects. IntegraFin, an investment platform business, increased 35% as it continued to grow organically and fund flows remained strong.

Detractors from performance included OneSavings Bank, a buy-to-let mortgage specialist. The shares fell 28% as investors fretted about the effect of COVID-19 on consumer finances and the housing market. SIG, a building materials distributor, fell 77% after it reported poor trading while its executive management team departed. We subsequently sold our position in SIG.

We increased our position in Clinigen, a pharmaceutical products and services group. The company provides vital services, which were mostly unaffected by COVID-19, and a decline in the share price provided an opportunity to add to our position at an attractive valuation. We added to our position in Mitchells & Butlers, a pub operator, after the shares fell sharply and traded at a large discount to its asset value. Although its operations were shut, it had sufficient liquidity to survive. We bought a position in Inspects, a manufacturer of optical and sunglasses frames. We took the view that the company was positioned strongly in a growing market and was well-placed to expand by acquiring smaller regional brands. We initiated a position in Johnson Service, a linen and workwear services provider, as we believed the shares had been oversold and that the price did not reflect the company's long-term prospects.

To finance these purchases, we sold our position in Lookers, a car retailer, as we expected it to struggle after vehicle demand collapsed while it faced internal issues over a Financial Conduct Authority investigation and minor fraud at one of its operations. We sold our position in Consort Medical, a medical device manufacturer, after it received an agreed bid from a Swedish competitor. We sold our position in Jupiter Fund Management, after it announced the acquisition of Merian Global Investors and suspended its special dividend.

The pandemic has dramatically changed global economic growth expectations. Lockdowns are having a profound effect and providing a massive demand shock, the likes of which we have not seen in living memory. Government actions to protect consumers and businesses will soften the blow but, ultimately, can only be short term in nature given the scale of the bailouts, we believe.

We expect the virus to pass and the global economy to start to recover. However, how pronounced the recovery will be and the timing are uncertain, we believe. There are encouraging signs that social distancing and lockdown measures are having a positive impact on infection and death rates, but a comprehensive exit strategy has yet to be articulated.

In the corporate sector, conditions are intrinsically stronger than they were during the 2008-09 financial crisis. Balance sheets are, in particular, more robust. However, the scale of economic shock means that this strength will be severely tested and key questions for investors are around companies' available liquidity, leverage, bank covenants and ability to see through the economic downturn.

In terms of valuations, the equity market is trading well below long-term averages if we apply historical earnings. We expect corporate earnings to be sharply down in 2020 while the extent of recovery in 2021 and beyond is uncertain. Additionally, dividend support is illusory as the majority of corporates suspend or cancel dividends to preserve cash and shore up their balance sheets.

The equity market declines have thrown up some fantastic buying opportunities, we believe, and some companies will emerge stronger from the downturn. However, it is important to be selective as any recovery will be uneven and franchise, market positioning and balance sheet strength will determine the winners and the losers in a post-COVID-19 world.

Comparative tables for the year ended 31 May 2020

	Class A accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	599.26	677.30	635.68
Return before operating charges*	(41.07)	(67.52)	52.73
Operating charges	(10.17)	(10.52)	(11.11)
Return after operating charges*	(51.24)	(78.04)	41.62
Distributions on accumulation shares	(1.47)	(3.12)	(4.08)
Retained distributions on accumulation shares	1.47	3.12	4.08
Closing net asset value per share	548.02	599.26	677.30
* after direct transaction costs of:	0.37	1.55	1.93
Performance			
Return after charges	(8.55%)	(11.52%)	6.55%
Other information			
Closing net asset value (£000s)	44,420	81,827	134,704
Closing number of shares	8,105,626	13,654,817	19,888,367
Operating charges	1.71%	1.70%	1.70%
Direct transaction costs	0.06%	0.25%	0.29%
Prices			
Highest share price (pence)	696.20	693.20	689.10
Lowest share price (pence)	404.70	532.20	625.00
	Class C accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	634.19	708.72	657.66
Return before operating charges*	(43.96)	(70.86)	54.94
Operating charges	(3.60)	(3.67)	(3.88)
Return after operating charges*	(47.56)	(74.53)	51.06
Distributions on accumulation shares	(7.33)	(10.70)	(11.98)
Retained distributions on accumulation shares	7.33	10.70	11.98
Closing net asset value per share	586.63	634.19	708.72
* after direct transaction costs of:	0.39	1.61	2.01
Performance			
Return after charges	(7.50%)	(10.52%)	7.76%
Other information			
Closing net asset value (£000s)	21,504	23,264	25,998
Closing number of shares	3,665,711	3,668,272	3,668,272
Operating charges	0.57%	0.57%	0.57%
Direct transaction costs	0.06%	0.25%	0.29%
Prices			
Highest share price (pence)	742.20	725.60	720.90
Lowest share price (pence)	432.20	560.50	646.90

Comparative tables (continued)

	Class E accumulation 24/06/20 - 31/05/20 (pence per share)
Change in net assets per share	
Opening net asset value per share	597.39 ¹
Return before operating charges*	(40.07)
Operating charges	(6.73)
Return after operating charges*	(46.80)
Distributions on accumulation shares	(2.90)
Retained distributions on accumulation shares	2.90
Closing net asset value per share	550.59
* after direct transaction costs of:	0.37
Performance	
Return after charges	(7.83%) ²
Other information	
Closing net asset value (£000s)	24,921
Closing number of shares	4,526,172
Operating charges	1.21%
Direct transaction costs	0.06%
Prices	
Highest share price (pence)	698.20
Lowest share price (pence)	406.20

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

² Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A accumulation share class.

This performance will differ from the other share classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables (continued)

	Class I accumulation		
	2020	2019	2018
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	586.01	656.69	611.09
Return before operating charges*	(40.51)	(65.60)	50.97
Operating charges	(4.96)	(5.08)	(5.37)
Return after operating charges*	(45.47)	(70.68)	45.60
Distributions on accumulation shares	(5.12)	(8.22)	(9.35)
Retained distributions on accumulation shares	5.12	8.22	9.35
Closing net asset value per share	540.54	586.01	656.69
* after direct transaction costs of:	0.36	1.49	1.86
Performance			
Return after charges	(7.76%)	(10.76%)	7.46%
Other information			
Closing net asset value (£000s)	15,586	18,073	21,669
Closing number of shares	2,883,393	3,084,165	3,299,794
Operating charges	0.85%	0.85%	0.85%
Direct transaction costs	0.06%	0.25%	0.29%
Prices			
Highest share price (pence)	684.60	672.30	668.00
Lowest share price (pence)	398.50	518.50	601.00

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

Performance values are at close of business 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 share class.

Share class launches and closures

The following share class launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019

There were no share classes closed in the year.

Share class conversion

Share class conversion	Conversion date
Class A accumulation to Class E accumulation	24 June 2019

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

Ongoing charge figure

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

	2020 %	2019 %	Estimated OCF from 5 May 2020¹ %
Class A	1.71 ²	1.70	1.74
Class C	0.57 ³	0.57	0.57
Class E⁴	1.21 ²	n/a	1.24
Class I	0.85 ⁵	0.85	0.86

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

¹ The estimated ongoing charge is based on the new GAC rates to the year ended 31 May 2020.

² The GAC on Class A and Class E increased from 0.18% to 0.22% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

³ The GAC on Class C increased from 0.045% to 0.06% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁴ Class E accumulation launched on 24 June 2019 so there are no prior year comparatives.

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

Risk and reward profile

The fund currently has 4 types of share class in issue: A accumulation, C accumulation, E accumulation and I accumulation.

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



The share classes appear at 4 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

The value of an investment and any income from it can go up or down. When you sell your 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 rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

The full list of the fund's risks are contained in the 'Risk 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 accumulation was launched on 24 June 2019 and as it does not have a 5 year history, a synthetic history has been created using the A accumulation share class.

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 98.15% (2019: 97.03%)		
	Ireland 0.00% (2019: 1.20%)		
	Consumer Services 0.00% (2019: 1.20%)		
	Qatar 0.00% (2019: 0.00%)		
	Industrials 0.00% (2019: 0.00%)		
640,445	Panceltica ¹	-	-
	Singapore 1.06% (2019: 0.64%)		
	Industrials 1.06% (2019: 0.64%)		
35,646	XP Power	1,123	1.06
	United Kingdom 93.76% (2019: 92.25%)		
	Basic Materials 2.20% (2019: 2.43%)		
318,982	Scapa	338	0.32
539,288	Synthomer	1,708	1.60
105,397	Zotefoams	293	0.28
		<u>2,339</u>	<u>2.20</u>
	Consumer Goods 8.06% (2019: 4.57%)		
614,717	Codemasters	1,875	1.76
447,637	Countryside Properties	1,302	1.22
247,085	Crest Nicholson	655	0.62
38,551	Frontier Developments	796	0.75
310,102	Inspecs	589	0.55
1,269,231	Mar City ¹	-	-
448,452	Team17	2,467	2.32
321,648	Watches Of Switzerland	894	0.84
		<u>8,578</u>	<u>8.06</u>
	Consumer Services 11.65% (2019: 10.39%)		
565,857	Ascential	1,548	1.45
1,118	Caplay ¹	-	-
1,344,364	Cineworld	1,135	1.07
994,384	Conviviality ¹	-	-
568,109	DFS Furniture	954	0.90
126,648	Euromoney Institutional Investor	928	0.87
114,576	Future	1,581	1.50
21,901	Go-Ahead	239	0.22
1,630,650	GoCo	1,274	1.20
388,245	Gym	700	0.66
424,888	Hollywood Bowl	767	0.72
174,079	Hyve	168	0.16
391,679	Hyve (Rights)	98	0.09
832,013	Joules	1,140	1.07
333,838	Marshall Motor	376	0.35
367,482	Mitchells & Butlers	665	0.62
126,911	Next Fifteen Communications	440	0.41
1,293,102	SafeStyle UK	387	0.36
		<u>12,400</u>	<u>11.65</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials 19.80% (2019: 18.73%)			
530,095	Brewin Dolphin	1,484	1.39
121,953	Burford Capital	540	0.51
306,793	Capital & Regional	370	0.35
506,857	CLS	1,001	0.94
76,122	Gartmore Irish Growth Fund ¹	-	-
376,779	Grainger	1,081	1.02
251,023	Helical	853	0.80
482,244	Impax Asset Management	1,833	1.72
421,228	IntegraFin	2,254	2.12
15,930	John Laing	56	0.05
2,052,844	Just	1,078	1.01
73,432	Liontrust Asset Management	900	0.85
772,766	OneSavings Bank	2,145	2.02
791,407	Paragon Banking	2,803	2.62
753,114	Regional REIT	581	0.55
119,171	Safestore	794	0.75
162,216	Savills	1,400	1.32
700,282	Sherborne Investors 'A'	245	0.23
287,495	St. Modwen Properties	967	0.91
241,027	U & I	205	0.19
206,457	Urban & Civic	478	0.45
		<u>21,068</u>	<u>19.80</u>
Health Care 5.40% (2019: 5.81%)			
164,889	Advanced Medical Solutions	411	0.39
2,253,048	Alliance Pharma	1,701	1.60
974,467	Benchmark	283	0.27
348,026	Clinigen	3,042	2.85
326,030	Spire Healthcare	310	0.29
		<u>5,747</u>	<u>5.40</u>
Industrials 35.40% (2019: 37.97%)			
1,010,290	AA	253	0.24
28,999	AB Dynamics	493	0.46
596,469	AssetCo	1,909	1.79
72,406	Avon Rubber	2,368	2.22
774,318	Balfour Beatty	1,940	1.82
133,252	Bodycote	806	0.76
770,416	Chemring	1,660	1.56
1,887,492	Coats	1,017	0.96
219,404	Forterra	428	0.40
12,538	Gooch & Housego	123	0.12
76,257	James Fisher & Sons	956	0.90
339,089	Johnson Service	401	0.38
105,000	Knights	383	0.36
1,785,000	Learning Technologies	2,342	2.20
600,000	Luceco	647	0.61

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Industrials (continued)			
212,419	Mears	363	0.34
250,863	Midwich	1,116	1.05
332,090	Morgan Advanced Materials	707	0.66
174,102	Oxford Instruments	2,176	2.04
150,589	Polypipe	651	0.61
593,259	Redde Northgate	1,130	1.06
236,088	ReStore	874	0.82
202,899	RPS	87	0.08
374,702	RWS	2,432	2.29
297,985	Sanne	2,011	1.89
2,199,355	Severfield	1,509	1.42
234,494	Smart Metering Systems	1,477	1.39
262,334	SThree	614	0.58
416,676	Tyman	791	0.74
113,192	Ultra Electronics	2,236	2.10
390,505	Vesuvius	1,438	1.35
248,442	Vitec	1,809	1.70
322,249	Volution	535	0.50
		<u>37,682</u>	<u>35.40</u>
Oil & Gas 2.96% (2019: 4.19%)			
951,591	Cairn Energy	1,192	1.12
338,822	Hunting	566	0.53
44,221,007	Max Petroleum ¹	-	-
1,282,061	Premier Oil	342	0.32
585,661	Serica Energy	693	0.65
344,827	Tekmar	362	0.34
		<u>3,155</u>	<u>2.96</u>
Technology 6.24% (2019: 6.44%)			
131,988	Aptitude Software	520	0.49
348,589	Blanco Technology	641	0.60
77,248	Computacenter	1,239	1.16
329,655	GBG	2,199	2.07
257,227	RM	550	0.52
170,827	SDL	829	0.78
1,098,972	Tribal	665	0.62
		<u>6,643</u>	<u>6.24</u>
Telecommunications 2.05% (2019: 1.72%)			
177,566	Gamma Communications	2,184	2.05
United States 3.33% (2019: 2.94%)			
Consumer Goods 1.61% (2019: 1.33%)			
898,308	TI Fluid Systems	1,719	1.61
Health Care 1.07% (2019: 0.75%)			
444,609	PureTech Health	1,136	1.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Industrials 0.65% (2019: 0.86%)		
416,246	Alpha Financial Markets Consulting	687	0.65
	Investment assets	104,461	98.15
	Other net assets	1,970	1.85
	Total net assets	106,431	100.00

¹ Suspended or delisted securities

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

The classification is based on the country of risk and a relevant industry classification standard.

Statement of total return for the year ended 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital losses	2		(10,014)		(22,776)
Revenue	3	2,054		3,141	
Expenses	4	<u>(1,476)</u>		<u>(2,046)</u>	
Net revenue before taxation		578		1,095	
Taxation	5	<u>-</u>		<u>(13)</u>	
Net revenue after taxation			<u>578</u>		<u>1,082</u>
Total return before distributions			(9,436)		(21,694)
Distributions	6		(690)		(1,083)
Change in net assets attributable to shareholders from investment activities			<u>(10,126)</u>		<u>(22,777)</u>

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

	2020		2019	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		123,164		182,371
Amounts receivable on issue of shares	3,092		449	
Amounts payable on cancellation of shares	<u>(10,376)</u>		<u>(38,031)</u>	
		(7,284)		(37,582)
Dilution adjustment		-		77
Change in net assets attributable to shareholders from investment activities		(10,126)		(22,777)
Retained distributions on accumulation shares		677		1,075
Closing net assets attributable to shareholders		<u>106,431</u>		<u>123,164</u>

Balance sheet as at 31 May 2020

	Note	2020 £000	2019 £000
Assets:			
Investments		104,461	119,505
Current assets:			
Debtors	7	540	1,226
Cash and bank balances	8	2,146	4,120
Total assets		107,147	124,851
Liabilities:			
Creditors:			
Bank overdrafts		99	-
Other creditors	9	617	1,687
Total liabilities		716	1,687
Net assets attributable to shareholders		106,431	123,164

Notes to the financial statements for the year ended 31 May 2020

1 Accounting policies

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

2 Net capital losses

Net capital losses on investments during the year comprise:

	2020	2019
	£000	£000
Non-derivative securities	(10,006)	(22,766)
Transaction costs	(8)	(10)
Net capital losses	(10,014)	(22,776)

3 Revenue

	2020	2019
	£000	£000
Bank interest	16	50
Overseas dividends	64	202
UK dividends	1,859	2,680
UK REIT revenue - PID	113	140
UK REIT revenue - non PID	-	64
Underwriting commission	2	5
Total revenue	2,054	3,141

4 Expenses

	2020	2019
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,290	1,813
GAC*	166	211
	<u>1,456</u>	<u>2,024</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	11	13
Safe custody fees	4	4
	<u>15</u>	<u>17</u>
Other expenses:		
Professional fees	5	5
	<u>5</u>	<u>5</u>
Total expenses	1,476	2,046

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,912 (2019: £7,681).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2020 £000	2019 £000
Current tax		
Overseas withholding tax	-	13
Total tax (note 5b)	<u>-</u>	<u>13</u>

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2019: 20%). The differences are explained below:

	2020 £000	2019 £000
Net revenue before taxation	<u>578</u>	<u>1,095</u>
Corporation tax at 20% (2019: 20%)	116	219
Effects of:		
Irrecoverable overseas tax	-	13
Overseas dividends	(13)	(40)
UK dividends*	(372)	(549)
Unused management expenses	269	370
Tax charge for the year (note 5a)	<u>-</u>	<u>13</u>

* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (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 £14,079,602 (2019: £13,810,511) 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.

6 Distributions

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

	2020 £000	2019 £000
Interim accumulation	557	215
Final accumulation	<u>120</u>	<u>860</u>
	677	1,075
Amounts deducted on cancellation of shares	14	9
Amounts received on issue of shares	(1)	(1)
Total distributions	<u>690</u>	<u>1,083</u>
Net revenue after taxation	578	1,082
Equalisation on conversions	1	1
Revenue shortfall	111	-
Total distributions	<u>690</u>	<u>1,083</u>

Details of the distribution per share are set out in the Distribution tables on pages 141.

Notes to the financial statements (continued)

7 Debtors

	2020 £000	2019 £000
Accrued revenue	64	368
Amounts receivable for issue of shares	4	4
Income tax recoverable	-	2
Overseas withholding tax reclaimable	120	118
Sales awaiting settlement	352	734
Total debtors	540	1,226

8 Cash and bank balances

	2020 £000	2019 £000
Cash and bank balances	2,146	4,120
Total cash and bank balances	2,146	4,120

9 Other creditors

	2020 £000	2019 £000
Accrued annual management charge	92	128
Accrued Depositary's fee	1	1
Accrued other expenses	16	17
Amounts payable for cancellation of shares	108	158
Purchases awaiting settlement	400	1,383
Total other creditors	617	1,687

10 Contingent liabilities and commitments

The outstanding commitments at the balance sheet date are as follows:

	2020 £000	2019 £000
AB Dynamics (Rights)	-	1
Hyve (Rights)	270	-
Total commitments	270	1

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

11 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 133 and 134 and notes 4, 6, 7 and 9 on pages 135 to 137 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

Notes to the financial statements (continued)

12 Shareholders' funds

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

	2020	2019
	%	%
Class A	1.50	1.50
Class C	0.50	0.50
Class E ¹	1.00	n/a
Class I	0.75	0.75

¹ Class E accumulation launched on 24 June 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 124 to 125. The distribution per share class is given in the Distribution tables on page 141. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2020

	Class A accumulation	Class C accumulation	Class E accumulation	Class I accumulation
Opening number of shares	13,654,817	3,668,272	-	3,084,165
Issues during the year	486,774	-	8,110	28,680
Cancellations during the year	(1,191,272)	(2,561)	(256,103)	(300,950)
Shares converted during the year	(4,844,693)	-	4,774,165	71,498
Closing shares in issue	8,105,626	3,665,711	4,526,172	2,883,393

13 Risk

Currency risk

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

Interest rate risk

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

Other market price risk

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

Leverage

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

Notes to the financial statements (continued)

13 Risk (continued)

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Bank overdrafts	99	-	-	-
Other creditors	-	617	-	-
Total	99	617	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Other creditors	-	1,687	-	-
Total	-	1,687	-	-

14 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	104,461	-	119,505	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	104,461	-	119,505	-

Notes to the financial statements (continued)

15 Direct transaction costs

	Purchases		Sales	
	2020 £000	2019 £000	2020 £000	2019 £000
Trades in the year				
Equities	18,044	96,327	21,943	115,873
Trades in the year before transaction costs	18,044	96,327	21,943	115,873
Transaction costs				
Commissions				
Equities	7	60	10	77
Total commissions	7	60	10	77
Taxes				
Equities	57	249	-	-
Total taxes	57	249	-	-
Other expenses				
Equities	-	55	-	1
Total other expenses	-	55	-	1
Total transaction costs	64	364	10	78
Total net trades in the year after transaction costs	18,108	96,691	21,933	115,795

	Purchases		Sales	
	2020 %	2019 %	2020 %	2019 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.04	0.06	0.05	0.07
Taxes				
Equities	0.32	0.26	-	-
Other expenses				
Equities	-	0.06	-	-
	2020 %	2019 %		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.01	0.09		
Taxes	0.05	0.17		
Other expenses	-	0.04		
Total costs	0.06	0.30		

There were no in specie transfers during the year (2019: nil). There were corporate actions during the year of £1,178,946 (2019: £9,534,773).

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

The portfolio dealing spread as at 31 May 2020 was 1.16% (2019: 0.94%). The portfolio dealing spread is calculated at a 12 noon valuation point.

16 Events after the Balance sheet date

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

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

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

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation				
Group 1	1.4740	-	1.4740	-
Group 2	0.2694	1.2046	1.4740	-
Class C accumulation				
Group 1	5.1474	-	5.1474	3.6695
Group 2	5.1474	-	5.1474	3.6695
Class E accumulation¹				
Group 1	2.7679	-	2.7679	n/a
Group 2	1.4504	1.3175	2.7679	n/a
Class I accumulation				
Group 1	3.9366	-	3.9366	2.5108
Group 2	1.6083	2.3283	3.9366	2.5108

¹ Class E accumulation launched on 24 June 2019.

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

Group 1: shares purchased prior to 1 December 2019

Group 2: shares purchased on or after 1 December 2019

	Distribution per share	Equalisation	Total distribution per share 31/07/20	Total distribution per share 31/07/19
Class A accumulation				
Group 1	-	-	-	3.1210
Group 2	-	-	-	3.1210
Class C accumulation				
Group 1	2.1847	-	2.1847	7.0277
Group 2	2.1847	-	2.1847	7.0277
Class E accumulation¹				
Group 1	0.1328	-	0.1328	n/a
Group 2	-	0.1328	0.1328	n/a
Class I accumulation				
Group 1	1.1873	-	1.1873	5.7090
Group 2	0.0722	1.1151	1.1873	5.7090

¹ Class E accumulation launched on 24 June 2019.

Janus Henderson US Growth Fund

Authorised Corporate Director's report

Investment Fund Managers

Doug Rao and Nick Schommer

Investment objective and policy

The fund aims to provide capital growth over the long term.

Performance target: To outperform the S&P 500 Index by 2.5% per annum, before the deduction of charges, over any 5 year period.

The fund invests at least 80% of its assets in a concentrated portfolio of shares (also known as equities) of companies, of any size, in any industry, in the United States. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in the United States.

The fund is actively managed with reference to the S&P 500 Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the fund's performance target. The investment manager has discretion to choose investments for the fund with weightings different to the index or not in the index, but at times the fund may hold investments similar to the index.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16
	%	%	%	%	%
Class I accumulation (Net)	19.8	14.5	11.5	26.3	(1.6)
S&P 500 Index	15.0	9.6	11.0	32.4	6.6
IA North America Sector	11.8	7.5	10.9	31.4	1.7
Class I accumulation (Gross)	20.8	15.4	12.4	27.4	(0.8)
Target (Gross)	17.9	12.3	13.7	35.8	9.3

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

Source: Morningstar

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

Class I accumulation (Gross), NAV to NAV, gross of TER and net income reinvested as at 12 noon valuation point.

Benchmark values are at close of business.

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

Benchmark Usage

Index: S&P 500 Index

Index usage: Target

Index description: The S&P 500 Index is a measure of the combined performance of 500 large companies listed on US stock markets. It forms the basis for the fund's performance target.

Peer group: IA North America Sector

Peer group usage: Comparator

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

The fund's ranking within the sector (as calculated by a number of data providers) provides a useful performance comparison against other funds with similar aims.

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 Corporate Director's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales	£000
Blackstone	11,323	Intercontinental Exchange	10,491
LVMH Moet Hennessy Louis Vuitton	9,235	Walt Disney	9,273
Facebook	8,785	Charles Schwab	8,225
Apple	7,979	PayPal	7,891
CoStar	7,153	Alphabet 'A'	7,473
Elanco Animal Health	7,065	Boeing	7,469
T-Mobile USA	6,949	Wabtec	7,229
Amazon.com	6,912	Ball	7,007
Sempra Energy	6,731	Costco Wholesale	6,421
Danaher	6,375	Alibaba ADR	6,057
Total purchases	164,471	Total sales	171,165

Investment review

The fund returned 20.8% based on Class I accumulation (Gross) over the year under review, compared with a return of 15.0% in the S&P 500 Index, a return of 11.8% in the IA North America Sector peer group benchmark and 17.9% Target (Gross).

US stocks began the year with relatively modest gains, and finished 2019 strongly after the US Federal Reserve (Fed) cut interest rates three times and the US and China made a measure of progress in their ongoing trade war. The US consumer remained on relatively strong footing, with a healthy labour market supporting consumer confidence and spending until the COVID-19 pandemic severely disrupted markets. The pandemic first induced a supply shock caused by compromised supply chains, which was followed by a global demand shock brought on by broad stay-at-home mandates. The Fed cut its benchmark federal funds rate swiftly to 0% and injected much-needed liquidity into markets. The US government quickly passed fiscal stimulus in an attempt to blunt the fallout. Towards the end of the year under review, equity markets recovered amid reopenings and easing lockdowns as countries enacted tentative steps towards normality. However, unemployment remained at extreme levels, impacting consumer spending and fostering continued uncertainty around the outlook for economic recovery.

The fund outperformed its benchmark, due in part to strong stock selection. We run a concentrated portfolio, so individual stocks played a significant role in driving our performance over the year. Underweight positions, on average, in the financials and energy sectors and an average overweight allocation to the information technology (IT) sector contributed to the relative outperformance.

Adobe was among the top relative contributors as it continued to benefit from the transition away from traditional software to so-called software as a service solutions. Adobe profited during a volatile environment as more people were forced to work from home yet continued to rely on its cloud-based software. Also, its direct-to-consumer business model, less reliant on a traditional sales force, allowed it to continue to sell its software despite widespread travel restrictions.

Amazon.com was among the top relative contributors, as almost every business line benefited from the disrupted environment caused by COVID-19. E-commerce (traditional and Whole Foods Market) benefited from increased deliveries. Consumers welcomed Amazon's extensive direct-to-consumer distribution network and Prime Video streaming in this environment. Amazon Web Services benefited from an accelerated transition to cloud-based services, driven by the need to provide workers with remote access to corporate IT applications.

Elanco Animal Health detracted from relative performance. The stock declined after the company reported lower-than-expected quarterly revenues and withdrew fiscal year guidance because of COVID-19. Elanco Animal Health has been a top participant in the expanding animal food and health market. We took the view that the firm's planned acquisition of Bayer Animal Health would help diversify its portfolio and distribution channels.

Our underweight position in Apple detracted from relative performance as the stock had strong returns during the year. Apple has continued to benefit as investors have become more confident in its interconnected ecosystem of products and services, as well as the durability of its revenue model. The company has shifted from a purely hardware-based model to one more reliant on providing both hardware and complementary services, such as Apple Music, iCloud and Apple TV+.

The biggest changes to the portfolio included selling our positions in Intercontinental Exchange, PayPal and Wabtec. We added several new stocks, including L3Harris Technologies, Blackstone and Facebook.

We are now in a recession as a result of the COVID-19 pandemic, with cautious optimism that the economy can be turned back on once the spread of the virus is contained. However, the ripple effects of the shutdown are still unknown and will likely be widespread.

While some industries may experience demand delays for their products and services, others may experience demand destruction. Small businesses, especially those associated with social engagement, like bars and restaurants, will specifically be at risk, in our view. Just as the technology sector and the housing market were among the last to recover after the dot-com bubble and global financial crisis, we believe travel and hospitality-related industries will take the longest to recover after this crisis.

Thus far, stimulus measures have been enormous and will likely continue, and the response has been much faster than in the recession associated with the financial crisis. As a result, we believe that budget deficits will increase and tax receipts on all levels of government will be lower, necessitating an extended period of very low interest rates. We believe these factors could create a supportive environment for equities once there is some confidence in where corporate cash flows stabilise.

While we cannot predict macroeconomic outlooks, nor the trajectory of COVID-19, we believe many long-term themes will not only persist but can get stronger over the coming months and years. Now more than ever, we think it is important to own companies that can benefit from these themes and that can continue to invest and grow. Against the current backdrop, we believe that our holdings continue to be well positioned. We remain focused on companies that generate significant free cash flow, with solid balance sheets and strong business models. We are confident that the companies we own have durable competitive advantages and, therefore, can gain market share at all points in the market cycle, including in recessions, by investing in their businesses as their competitors are pulling back.

Comparative tables for the year ended 31 May 2020

	Class A accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,201.52	1,017.28	964.74
Return before operating charges*	270.06	149.46	123.09
Operating charges	(22.47)	(19.22)	(16.55)
Return after operating charges*	247.59	130.24	106.54
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	1,449.11	1,201.52	1,071.28
* after direct transaction costs of:	0.16	0.11	0.37
Performance			
Return after charges	20.61%	12.16%	11.04%
Other information			
Closing net asset value (£000s)	130,876	151,998	147,417
Closing number of shares	9,031,428	12,650,468	13,760,853
Operating charges	1.69%	1.69%	1.69%
Direct transaction costs	0.01%	0.01%	0.04%
Prices			
Highest share price (pence)	1,480.00	1,237.00	1,079.00
Lowest share price (pence)	1,127.00	1,003.00	925.30
	Class C accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,097.89	968.06	861.80
Return before operating charges*	247.97	135.62	111.10
Operating charges	(6.85)	(5.79)	(4.84)
Return after operating charges*	241.12	129.83	106.26
Distributions on accumulation shares	(3.98)	(3.68)	(3.78)
Retained distributions on accumulation shares	3.98	3.68	3.78
Closing net asset value per share	1,339.01	1,097.89	968.06
* after direct transaction costs of:	0.15	0.10	0.33
Performance			
Return after charges	21.96%	13.41%	12.33%
Other information			
Closing net asset value (£000s)	26	22	19
Closing number of shares	1,953	1,953	1,953
Operating charges	0.56%	0.56%	0.55%
Direct transaction costs	0.01%	0.01%	0.04%
Prices			
Highest share price (pence)	1,363.00	1,130.00	975.00
Lowest share price (pence)	1,039.00	912.00	829.40

Comparative tables (continued)

	Class E accumulation 24/06/19 - 31/05/20 (pence per share)
Change in net assets per share	
Opening net asset value per share	1,277.73 ¹
Return before operating charges*	192.81
Operating charges	(14.87)
Return after operating charges*	177.94
Distributions on accumulation shares	-
Retained distributions on accumulation shares	-
Closing net asset value per share	1,455.67
* after direct transaction costs of:	0.16
Performance	
Return after charges	13.93% ²
Other information	
Closing net asset value (£000s)	30,701
Closing number of shares	2,109,107
Operating charges	1.19%
Direct transaction costs	0.01%
Prices	
Highest share price (pence)	1,485.00
Lowest share price (pence)	1,131.00

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

² Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A accumulation share class.

This performance will differ from the other share classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables for the year ended 31 May 2020

	Class I accumulation		
	2020	2019	2018
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	354.40	313.29	279.74
Return before operating charges*	80.03	43.92	35.95
Operating charges	(3.31)	(2.81)	(2.40)
Return after operating charges*	76.72	41.11	33.55
Distributions on accumulation shares	(0.20)	(0.24)	(0.41)
Retained distributions on accumulation shares	0.20	0.24	0.41
Closing net asset value per share	431.12	354.40	313.29
* after direct transaction costs of:	0.05	0.03	0.11
Performance			
Return after charges	21.65%	13.12%	11.99%
Other information			
Closing net asset value (£000s)	158,799	118,300	116,142
Closing number of shares	36,833,605	33,380,441	37,071,735
Operating charges	0.84%	0.84%	0.84%
Direct transaction costs	0.01%	0.01%	0.04%
Prices			
Highest share price (pence)	439.30	364.70	315.50
Lowest share price (pence)	334.70	294.70	269.00

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

Performance values are at close of business 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 share class.

Share class launches and closures

The following share class launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019

There were no share classes closed in the year.

Share class conversion

Share class conversion	Conversion date
Class A accumulation to Class E accumulation	24 June 2019

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

Ongoing charge figure

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

	2020 %	2019 %	Estimated OCF from 5 May 2020 ¹ %
Class A	1.69 ²	1.69	1.73
Class C	0.56 ³	0.56	0.56
Class E⁴	1.19 ²	n/a	1.23
Class I	0.84 ⁵	0.84	0.85

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

¹ The estimated ongoing charge based on the new GAC rates to the year ended 31 May 2020.

² The GAC on Class A and Class E increased from 0.18% to 0.22% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

³ The GAC on Class C increased from 0.045% to 0.06% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁴ Class E accumulation launched on 24 June 2019 so there are no prior year comparatives.

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

Risk and reward profile

The fund currently has 4 types of share class in issue: A accumulation, C accumulation, E accumulation and I accumulation.

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



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

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

The value of an investment and any income from it can go up or down. When you sell your 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 rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

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

The risk rating for Class A accumulation, Class C accumulation and Class E accumulation increased to 6 from 5 in the period. The rating will change depending on if the fund takes on more/less risky investments or the market conditions become more or less volatile. Class I accumulation remains at a 6 rating .

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

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

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Argentina 0.00% (2019: 1.31%)		
	Consumer Discretionary 0.00% (2019: 1.31%)		
	Internet & Catalogue Retail 0.00% (2019: 1.31%)		
	China 0.00% (2019: 0.95%)		
	Consumer Discretionary 0.00% (2019: 0.95%)		
	Internet Software & Services 0.00% (2019: 0.95%)		
	France 2.18% (2019: 0.00%)		
	Consumer Discretionary 2.18% (2019: 0.00%)		
	Textiles, Apparel & Luxury Goods 2.18% (2019: 0.00%)		
20,704	LVMH Moet Hennessy Louis Vuitton	6,985	2.18
	Netherlands 2.26% (2019: 1.90%)		
	Information Technology 2.26% (2019: 1.90%)		
	Semiconductors & Semiconductor Equipment 2.26% (2019: 1.90%)		
27,224	ASML	7,248	2.26
	United States 93.77% (2019: 92.85%)		
	Communication Services 14.00% (2019: 12.16%)		
	Diversified Telecommunication Services 6.40% (2019: 7.84%)		
11,565	Alphabet 'A'	13,391	4.19
20,913	Netflix	7,088	2.21
		20,479	6.40
	Entertainment 1.34% (2019: 4.32%)		
45,446	Walt Disney	4,306	1.34
	Interactive Media & Services 3.64% (2019: 0.00%)		
46,654	Facebook	8,468	2.64
44,595	Match	3,209	1.00
		11,677	3.64
	Wireless Telecommunication Services 2.62% (2019: 0.00%)		
103,952	T-Mobile USA	8,409	2.62
	Consumer Discretionary 11.15% (2019: 7.97%)		
	Internet & Catalogue Retail 5.65% (2019: 2.87%)		
9,188	Amazon.com	18,083	5.65
	Specialty Retail 2.77% (2019: 3.17%)		
44,185	Home Depot	8,880	2.77
	Textiles, Apparel & Luxury Goods 2.73% (2019: 1.93%)		
11,675	Lululemon Athletica	2,833	0.88
74,251	Nike 'B'	5,914	1.85
		8,747	2.73

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Consumer Staples 3.75% (2019: 3.46%)		
	Food & Staples Retailing 1.71% (2019: 3.46%)		
21,974	Costco Wholesale	5,478	1.71
	Household Products 2.04% (2019: 0.00%)		
69,921	Procter & Gamble	6,547	2.04
	Financials 5.12% (2019: 7.23%)		
	Capital Markets 2.95% (2019: 1.69%)		
205,711	Blackstone	9,451	2.95
	Commercial Banks 2.17% (2019: 1.99%)		
88,463	JPMorgan Chase	6,959	2.17
	Diversified Financial Services 0.00% (2019: 3.55%)		
	Health Care 14.77% (2019: 14.26%)		
	Health Care Equipment & Supplies 7.82% (2019: 7.22%)		
397,771	Boston Scientific	12,211	3.81
55,263	Danaher	7,435	2.32
11,558	Intuitive Surgical	5,418	1.69
		25,064	7.82
	Life Sciences Tools & Services 3.00% (2019: 4.26%)		
34,018	Thermo Fisher Scientific	9,606	3.00
	Pharmaceuticals 3.95% (2019: 2.78%)		
303,792	Elanco Animal Health	5,268	1.64
113,190	Merck	7,384	2.31
		12,652	3.95
	Industrials 5.94% (2019: 8.80%)		
	Aerospace & Defence 3.02% (2019: 5.08%)		
60,063	L3Harris Technologies	9,673	3.02
	Machinery 0.00% (2019: 2.61%)		
	Professional Services 2.06% (2019: 0.00%)		
12,432	CoStar	6,598	2.06
	Road & Rail 0.86% (2019: 1.11%)		
93,612	Uber Technologies	2,750	0.86
	Information Technology 30.10% (2019: 27.97%)		
	Computers & Peripherals 4.41% (2019: 1.58%)		
54,992	Apple	14,141	4.41
	Electronic Equipment, Instruments & Components 0.69% (2019: 0.54%)		
48,389	Cognex	2,212	0.69

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	IT Services 7.06% (2019: 9.79%)		
143,395	Visa	22,635	7.06
	Semiconductors & Semiconductor Equipment 3.96% (2019: 2.50%)		
12,986	Lam Research	2,875	0.90
45,453	Microchip Technology	3,530	1.10
65,430	Texas Instruments	6,276	1.96
		<u>12,681</u>	<u>3.96</u>
	Software 13.98% (2019: 13.56%)		
34,489	Adobe	10,760	3.36
49,080	Avalara	4,241	1.32
139,657	Microsoft	20,698	6.47
64,130	Salesforce.com	9,056	2.83
		<u>44,755</u>	<u>13.98</u>
	Materials 3.80% (2019: 8.08%)		
	Chemicals 2.18% (2019: 4.05%)		
14,588	Sherwin-Williams	7,007	2.18
	Construction Materials 1.62% (2019: 1.81%)		
59,072	Vulcan Materials	5,175	1.62
	Containers & Packaging 0.00% (2019: 2.22%)		
	Real Estate 3.19% (2019: 2.92%)		
	Equity Real Estate Investment Trust (REIT's) 3.19% (2019: 2.92%)		
49,052	American Tower	10,231	3.19
	Utilities 1.95% (2019: 0.00%)		
	Multi-Utilities 1.95% (2019: 0.00%)		
61,119	Sempra Energy	6,244	1.95
	Derivatives 0.00% (2019: 0.00%)		
	Forward Foreign Exchange Contracts 0.00% (2019: 0.00%)¹		
	Buy GBP 422,359 : Sell USD 521,858 June 2020 ²	-	-
	Buy GBP 562,988 : Sell USD 691,002 June 2020	4	-
	Buy USD 191,269 : Sell GBP 155,753 June 2020	(1)	-
		<u>3</u>	<u>-</u>
	Investment assets including investment liabilities	314,676	98.21
	Other net assets	5,726	1.79
	Total net assets	<u>320,402</u>	<u>100.00</u>

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

The classification is based on the country of risk and a relevant industry classification standard.

Statement of total return for the year ended 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital gains	2		59,375		34,897
Revenue	3	3,067		2,806	
Expenses	4	<u>(3,761)</u>		<u>(3,583)</u>	
Net expense before taxation		(694)		(777)	
Taxation	5	<u>(415)</u>		<u>(355)</u>	
Net expense after taxation			<u>(1,109)</u>		<u>(1,132)</u>
Total return before distributions			58,266		33,765
Distributions	6		(67)		(82)
Change in net assets attributable to shareholders from investment activities			<u>58,199</u>		<u>33,683</u>

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

	2020		2019	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		270,320		263,578
Amounts receivable on issue of shares	168,752		123,437	
Amounts payable on cancellation of shares	<u>(176,965)</u>		<u>(150,460)</u>	
		(8,213)		(27,023)
Dilution adjustment		28		-
Change in net assets attributable to shareholders from investment activities		58,199		33,683
Retained distributions on accumulation shares		68		82
Closing net assets attributable to shareholders		<u>320,402</u>		<u>270,320</u>

Balance sheet as at 31 May 2020

	Note	2020 £000	2019 £000
Assets:			
Investments		314,677	262,256
Current assets:			
Debtors	7	891	6,662
Cash and bank balances	8	7,961	10,352
Total assets		323,529	279,270
Liabilities:			
Investment liabilities		1	10
Creditors:			
Bank overdrafts		1,265	2,419
Other creditors	9	1,861	6,521
Total liabilities		3,127	8,950
Net assets attributable to shareholders		320,402	270,320

Notes to the financial statements for the year ended 31 May 2020

1 Accounting policies

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

2 Net capital gains

Net capital gains on investments during the year comprise:

	2020	2019
	£000	£000
Forward currency contracts	(152)	(45)
Non-derivative securities	59,112	34,638
Other currency gains	420	307
Transaction costs	(5)	(3)
Net capital gains	59,375	34,897

3 Revenue

	2020	2019
	£000	£000
Bank interest	145	189
Interest on debt securities	-	2
Overseas dividends	2,772	2,460
Overseas REIT revenue	150	155
Total revenue	3,067	2,806

4 Expenses

	2020	2019
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	3,332	3,194
GAC*	402	366
	<u>3,734</u>	<u>3,560</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	23	20
Safe custody fees	4	3
	<u>27</u>	<u>23</u>
Total expenses	3,761	3,583

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,912 (2019: £7,681).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2020 £000	2019 £000
Current tax		
Overseas withholding tax	415	355
Total tax (note 5b)	415	355

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2019: 20%). The differences are explained below:

	2020 £000	2019 £000
Net expense before taxation	(694)	(777)
Corporation tax at 20% (2019: 20%)	(139)	(155)
Effects of:		
Irrecoverable overseas tax	415	355
Overseas dividends	(554)	(492)
Tax effect of expensed double taxation relief	(5)	(5)
Unused management expenses	698	652
Tax charge for the year (note 5a)	415	355

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (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 £10,723,793 (2019: £10,026,179) 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.

Notes to the financial statements (continued)

6 Distributions

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

	2020 £000	2019 £000
Interim accumulation	56	22
Final accumulation	12	60
	<u>68</u>	<u>82</u>
Amounts deducted on cancellation of shares	10	2
Amounts received on issue of shares	(11)	(2)
Total distributions	<u>67</u>	<u>82</u>
Net expense after taxation	(1,109)	(1,132)
Equalisation on conversions	-	1
Revenue shortfall	1,176	1,213
Total distributions	<u>67</u>	<u>82</u>

Details of the distribution per share are set out in the distribution tables on page 163.

7 Debtors

	2020 £000	2019 £000
Accrued revenue	131	209
Amounts receivable for issue of shares	454	2,008
Overseas withholding tax reclaimable	12	17
Sales awaiting settlement	294	4,428
Total debtors	<u>891</u>	<u>6,662</u>

8 Cash and bank balances

	2020 £000	2019 £000
Cash and bank balances	7,961	10,352
Total cash and bank balances	<u>7,961</u>	<u>10,352</u>

9 Other creditors

	2020 £000	2019 £000
Accrued annual management charge	284	281
Accrued Depositary's fee	3	2
Accrued other expenses	41	33
Amounts payable for cancellation of shares	1,533	6,205
Total other creditors	<u>1,861</u>	<u>6,521</u>

Notes to the financial statements (continued)

10 Contingent liabilities and commitments

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

11 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 153 and 154 and notes 4, 6, 7 and 9 on pages 155 to 157 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

12 Shareholders' funds

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

	2020	2019
	%	%
Class A	1.50	1.50
Class C	0.50	0.50
Class E ¹	1.00	n/a
Class I	0.75	0.75

¹ Class E accumulation launched on 24 June 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 145 to 147. The distribution per share class is given in the Distribution tables on page 163. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2020

	Class A accumulation	Class C accumulation	Class E accumulation	Class I accumulation
Opening number of shares	12,650,468	1,953	-	33,380,441
Issues during the year	6,724,703	-	12,665	20,320,379
Cancellations during the year	(8,077,713)	-	(127,792)	(17,008,454)
Shares converted during the year	(2,266,030)	-	2,224,234	141,239
Closing shares in issue	9,031,428	1,953	2,109,107	36,833,605

13 Financial derivatives

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

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

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

There was no collateral pledged or collateral held in respect of derivatives as at 31 May 2020 (2019: nil).

2020

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

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	4	4
	<u>4</u>	<u>4</u>

2019

The fund had no exposure to derivatives as at 31 May 2019 with a positive market value.

Notes to the financial statements (continued)

14 Stock lending

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

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

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

2020

There was no stock on loan as at 31 May 2020 and no stock lending revenue received in the year to 31 May 2020.

2019

There was no stock on loan as at 31 May 2019 and no stock lending revenue received in the year to 31 May 2019.

15 Risk

Currency risk

The 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/(liabilities) £000	Total net assets/(liabilities) £000
2020			
Currency			
Euro	6,985	-	6,985
UK sterling	830	(1,407)	(577)
US dollar	306,861	7,133	313,994
Total	314,676	5,726	320,402
	Investment assets including investment liabilities £000	Other net assets/(liabilities) £000	Total net assets/(liabilities) £000
2019			
Currency			
UK sterling	2,200	(4,513)	(2,313)
US dollar	260,046	12,587	272,633
Total	262,246	8,074	270,320

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £320,979,324 (2019: £272,632,908). 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 31 May 2020 and the net assets as at 31 May 2020 by £32,097,932 (2019: £27,263,291).

Interest rate risk

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

Other market price risk

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

Leverage

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

Notes to the financial statements (continued)

15 Risk (continued)

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Bank overdrafts	1,265	-	-	-
Derivative financial liabilities	-	1	-	-
Other creditors	-	1,861	-	-
Total	1,265	1,862	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Bank overdrafts	2,419	-	-	-
Derivative financial liabilities	-	10	-	-
Other creditors	-	6,521	-	-
Total	2,419	6,531	-	-

16 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	314,673	-	262,256	-
Level 2	4	1	-	10
Level 3	-	-	-	-
	314,677	1	262,256	10

Notes to the financial statements (continued)

17 Direct transaction costs

	Purchases		Sales	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trades in the year				
Debt securities	-	-	-	1,702
Equities	164,425	127,669	171,183	145,756
Trades in the year before transaction costs	164,425	127,669	171,183	147,458
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Equities	18	12	15	12
Total commissions	18	12	15	12
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	28	-	3	2
Total other expenses	28	-	3	2
Total transaction costs	46	12	18	14
Total net trades in the year after transaction costs	164,471	127,681	171,165	147,444

	Purchases		Sales	
	2020	2019	2020	2019
	%	%	%	%
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Equities	0.01	0.01	0.01	0.01
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	0.02	-	-	-
	2020	2019		
	%	%		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.01	0.01		
Taxes	-	-		
Other expenses	0.01	-		
Total costs	0.02	0.01		

There were no in specie transfers during the year (2019: nil). There were no corporate actions during the year (2019: nil).

There were no direct transaction costs associated with derivatives in the year (2019: nil).

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

Notes to the financial statements (continued)

17 Direct transaction costs (continued)

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

The portfolio dealing spread as at 31 May 2020 was 0.04% (2019: 0.03%). The portfolio dealing spread is calculated at a 12 noon valuation point.

18 Events after the Balance sheet date

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

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

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

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class C accumulation				
Group 1	2.1699	-	2.1699	1.6686
Group 2	2.1699	-	2.1699	1.6686
Class E accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class I accumulation				
Group 1	0.1657	-	0.1657	0.0618
Group 2	0.0780	0.0877	0.1657	0.0618

¹ Class E accumulation launched on 24 June 2019.

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

Group 1: shares purchased prior to 1 December 2019

Group 2: shares purchased on or after 1 December 2019

	Distribution per share	Equalisation	Total distribution per share 31/07/20	Total distribution per share 31/07/19
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class C accumulation				
Group 1	1.8140	-	1.8140	2.0148
Group 2	1.8140	-	1.8140	2.0148
Class E accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class I accumulation				
Group 1	0.0324	-	0.0324	0.1792
Group 2	0.0095	0.0229	0.0324	0.1792

¹ Class E accumulation launched on 24 June 2019.

Janus Henderson European Absolute Return Fund

Authorised Corporate Director's report

Investment Fund Managers

John Bennett and Robert Schramm-Fruchs

Investment objective and policy

The fund aims to provide a positive (absolute) return, regardless of market conditions, over any 12 month period. A positive return is not guaranteed over this or any other time period, and particularly over the shorter term the fund may experience periods of negative returns. Consequently your capital is at risk.

Performance target: To outperform the UK Base Interest Rate, after the deduction of charges, over any 3 year period.

The fund invests in shares and makes extensive use of derivatives (complex financial instruments) to take both 'long' and 'short' positions in companies the investment manager believes will either rise in value (long positions) or fall in value (short positions) meaning that the fund may benefit from either scenario.

The fund will hold a significant proportion of its assets in cash and money market instruments as a result of holding derivatives and for when the investment manager wishes to take a defensive stance. Conversely, the fund may also employ 'leverage' (so that the fund can invest a greater amount than its actual value) when the investment manager has greater confidence in the opportunities available.

Typically, at least 80% of the exposure to the long and short positions (in aggregate) will be to companies of any size, in any industry, in Europe (including UK). Companies may be located or do most of their business in this region. The balance of the long and short exposure may be to companies outside this region.

The fund is actively managed with reference to the UK Base Interest Rate as this forms the basis of the fund's performance target and the level above which performance fees may be charged (if applicable). The investment manager has complete discretion to choose investments for the fund and is not constrained by a benchmark.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16
	%	%	%	%	%
Class I accumulation	8.5	(4.3)	-	8.1	(3.4)
UK Base Interest Rate	0.6	0.7	0.4	0.3	0.5

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

Source: Morningstar

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

Benchmark values are at close of business.

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

Benchmark Usage

Index: UK Base Interest Rate

Index usage: Target

Index description: The UK Base Interest Rate is the interest rate set by the Bank of England. It is the performance target of the fund.

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 Corporate Director's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales/maturities	£000
UK Treasury 0.00% 01/06/2020	1,997	LafargeHolcim	2,435
UK Treasury 0.00% 27/07/2020	1,158	Carlsberg	1,456
Credit Suisse 0.90% 23/03/2020	1,000	SAP	1,348
Nordea Bank 0.81% 12/03/2020	1,000	Autoliv	1,298
Mitsubishi UFJ Trust And Banking 0.79% 01/10/2019	1,000	Kone	1,175
Nordea Bank 0.75% 04/10/2019	1,000	Tele2 'B'	1,143
UK Treasury 0.00% 04/11/2019	998	Ericsson 'B'	1,132
UK Treasury 0.00% 17/02/2020	998	Landesbank Hessen-Thüringen 0.83% 25/06/2019	1,000
Volvo 'B'	832	UK Treasury 0.00% 17/02/2020	1,000
Sandvik	756	Nordea Bank 0.75% 04/10/2019	1,000
Total purchases	52,435	Total sales/maturities	71,670

Investment review

The fund returned 8.5% based on Class I accumulation over the year under review, compared with a return of 0.6% in the UK Base Interest Rate.

There were two distinct periods for markets during the reporting year. The second half of 2019 saw markets rally as trade discussions moved in the right direction, the UK general election result was perceived as market friendly and economic leading indicators suggested a steadily improving economy. In contrast, the first quarter of 2020 will go down as one of the worst for global equities in recorded history. The overwhelming factor for all of us was the COVID-19 global pandemic. The Euro Stoxx 50 Index sold off by 30% to begin March and extreme volatility was aggravated by forced liquidation of excess leverage. Leveraged corporates, leveraged funds, whether managed by computer or by human, found themselves in the crosshairs. Equities staged a quite remarkable recovery from the March COVID-19 peak and market trough.

The biggest contribution came from a long position in electronics and semiconductor manufacturer STMicroelectronics, which continued to benefit from its innovative product portfolio and healthy end market trends, notwithstanding its exposure to the automotive sector. The next three biggest contributions came from short positions, illustrating the importance of having a short book for protection in difficult markets but also its value as a source of alpha. These positions included an aerospace supplier where we had concerns around the company's cash-flow forecasts amid operational disruption and product recalls. The next biggest contributions come from a short position in the oil services industry, as the major oil companies reduced capital expenditure in traditional areas in favour of more environmentally friendly projects, and a short position in the real estate sector. We focused our attention on those areas of real estate that have a high retail exposure and have suffered because of e-commerce. Among the detractors were Nokian Renkaat (a tyre manufacturer) and Associated British Foods (which owns Primark and sugar suppliers). We failed to fully forecast the weakness in the automotive and apparel markets.

In response to the heightened volatility in markets, we lowered both gross and net market exposure over the reporting year. The main long themes remained semiconductors, pulp/paper/packaging and renewable energy, but we added a greater net exposure to short-cycle capital goods and entered into some tactical banking long positions. On the short side, we continued to focus on companies with balance sheet issues and a challenged returns outlook, although we reduced the fund's gross exposure to some crowded short positions that continued to squeeze hard. The change of view regarding banks, at least on a tactical basis for the next few quarters, will probably receive greatest scrutiny. The change was based on the monetary cycle aligning with the stock-building and business investment cycles, as the three of them combined to form a more positive outlook for medium-term inflation trends. This should steepen yield curves, in our view. An historically good leading indicator, the cyclicals versus defensives equity ratio, had already foreshadowed some of this. Our main concern regarding banks over the long term remained regulatory and government intervention (ie, to what degree banks are at risk of becoming quasi-regulated social utilities). Hence, we envisioned our involvement to be more of a temporary rental rather than based on strong multiyear fundamental conviction. In the second half of 2016 and the first quarter of 2017, we employed a similar strategy, and the supporting macroeconomic forces looked even stronger this time around.

Warning signs of a potential short-term market exhaustion can be found in the overbought relative strength index statistics of the broader market indices, but also in an unusually high percentage of S&P 500 Index stocks trading above their 50-day average. The latter has, historically, been a good indicator of positive mid-term returns but has resulted in more mixed returns over the 1-3 month time horizon, in particular when combined with an extraordinarily low put/call option ratio, as was the case at the time of writing. The S&P Fear and Greed Index hit an all-time high greed reading and the Citigroup Panic/Euphoria Model suggested a more than 70% probability of negative S&P500 Index returns for the coming 12 months. At the time of writing, the European market had retraced about 75% of its losses from the peak in February, compared with about 50% only a month before. We still expect the recession to end by autumn, but as written previously, markets in prior instances had, on average, recouped only half their peak-to-trough losses one month before the recession ended. We may be wrong by a few months on the exact timing of the exit from the recession, but the market is priced like it has happened already.

On balance, the fund will continue with current gross and net exposures until we see the market consolidate recent strong gains. To be clear, our expectation for the overall direction of travel for European indices remains upwards. However, waiting for a setback now feels prudent and a lot less consensual than a month ago in a market full of one-sided optimism.

Comparative tables for the year ended 31 May 2020

	Class A accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	155.97	163.86	163.21
Return before operating charges*	16.13	(5.15)	3.46
Operating charges	(2.84)	(2.74)	(2.81)
Operating charges - performance fees	(0.77)	-	-
Return after operating charges*	12.52	(7.89)	0.65
Distributions on accumulation shares	-	-	(0.20)
Retained distributions on accumulation shares	-	-	0.20
Closing net asset value per share	168.49	155.97	163.86
* after direct transaction costs of:	0.36	0.29	0.35
Performance			
Return after charges	8.03%	(4.82%)	0.40%
Other information			
Closing net asset value (£000s)	1,314	3,029	3,992
Closing number of shares	779,969	1,942,244	2,436,265
Operating charges	1.73%	1.71%	1.72%
Operating charges - performance fees	0.47%	0.00%	0.00%
Direct transaction costs	0.22%	0.18%	0.22%
Prices			
Highest share price (pence)	174.20	165.20	166.60
Lowest share price (pence)	155.00	153.70	159.00

Comparative tables (continued)

	Class E accumulation 24/06/19 - 31/05/20 (pence per share)
Change in net assets per share	
Opening net asset value per share	159.15 ¹
Return before operating charges*	12.76
Operating charges	(1.88)
Operating charges - performance fees	(0.79)
Return after operating charges*	10.09
Distributions on accumulation shares	-
Retained distributions on accumulation shares	-
Closing net asset value per share	169.24
* after direct transaction costs of:	0.36
Performance	
Return after charges	6.34% ²
Other information	
Closing net asset value (£000s)	1,256
Closing number of shares	741,990
Operating charges	1.23%
Operating charges - performance fees	0.52%
Direct transaction costs	0.22%
Prices	
Highest share price (pence)	174.80
Lowest share price (pence)	155.40

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

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

Comparative tables (continued)

	Class I accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	166.33	173.25	173.14
Return before operating charges*	17.21	(5.46)	1.63
Operating charges	(1.52)	(1.46)	(1.49)
Operating charges - performance fees	(1.73)	-	(0.03)
Return after operating charges*	13.96	(6.92)	0.11
Distributions on accumulation shares	(0.33)	(0.54)	(1.82)
Retained distributions on accumulation shares	0.33	0.54	1.82
Closing net asset value per share	180.29	166.33	173.25
* after direct transaction costs of:	0.39	0.31	0.37
Performance			
Return after charges	8.39%	(3.99%)	0.06%
Other information			
Closing net asset value (£000s)	22,454	40,452	58,930
Closing number of shares	12,454,231	24,320,549	34,013,900
Operating charges	0.87%	0.86%	0.87%
Operating charges - performance fees	0.99%	0.00%	0.02%
Direct transaction costs	0.22%	0.18%	0.22%
Prices			
Highest share price (pence)	186.00	174.50	174.70
Lowest share price (pence)	165.70	163.30	167.10
	Class I EUR Hedged accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	137.97	144.54	144.66
Return before operating charges*	15.81	(5.33)	1.14
Operating charges	(1.25)	(1.24)	(1.26)
Operating charges - performance fees	(1.28)	-	-
Return after operating charges*	13.28	(6.57)	(0.12)
Distributions on accumulation shares	(0.23)	-	(1.53)
Retained distributions on accumulation shares	0.23	-	1.53
Closing net asset value per share	151.25	137.97	144.54
* after direct transaction costs of:	0.32	0.26	0.32
Performance			
Return after charges (Base currency)	9.63%	(4.55%)	0.08%
Return after charges (Share class currency)	7.73%	(5.29%)	(0.78%)
Other information			
Closing net asset value (£000s)	228	318	5,427
Closing number of shares	150,967	230,260	3,754,448
Operating charges	0.87%	0.86%	0.87%
Operating charges - performance fees	0.89%	0.18%	0.22%
Direct transaction costs	0.22%	0.00%	0.00%
Prices			
Highest share price (Euro cents)	173.60	166.10	167.50
Lowest share price (Euro cents)	154.70	154.10	160.00

Comparative tables (continued)

	Class I USD Hedged accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	131.27	127.40	129.94
Return before operating charges*	19.78	5.10	(1.07)
Operating charges	(1.20)	(1.11)	(1.08)
Operating charges - performance fees	(2.87)	(0.12)	(0.39)
Return after operating charges*	15.71	3.87	(2.54)
Distributions on accumulation shares	(0.03)	(0.36)	(1.35)
Retained distributions on accumulation shares	0.03	0.36	1.35
Closing net asset value per share	146.98	131.27	127.40
* after direct transaction costs of:	0.30	0.23	0.27
Performance			
Return after charges (Base currency)	11.97%	3.04%	(1.95%)
Return after charges (Share class currency)	9.82%	(2.40%)	1.06%
Other information			
Closing net asset value (£000s)	14	319	491
Closing number of shares	9,694	243,470	385,469
Operating charges	0.87%	0.86%	0.87%
Operating charges - performance fees	2.08%	0.09%	0.31%
Direct transaction costs	0.22%	0.18%	0.22%
Prices			
Highest share price (USD cents)	186.50	171.00	170.30
Lowest share price (USD cents)	165.20	161.20	162.20

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business 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 share class.

Share class launches and closures

The following share class launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019

There were no share classes closed in the year.

Share class conversion

Share class conversion	Conversion date
Class A accumulation to Class E accumulation	24 June 2019

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

Hedged share classes

Class I EUR Hedged accumulation and Class I USD Hedged accumulation are hedged share classes. Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in those classes and Sterling which is the base currency of the fund.

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 OCF¹ %	2020 Performance fees %	2019 OCF¹ %	2019 Performance fees %	Estimated OCF from 5 May 2020² %
Class A	1.73 ³	0.47	1.71	-	1.77
Class E⁴	1.23 ³	0.52	n/a	n/a	1.27
Class I	0.87 ⁵	0.99	0.86	-	0.89
Class I EUR Hedged	0.87 ⁵	0.89	0.86	-	0.89
Class I USD Hedged	0.87 ⁵	2.08	0.86	0.09	0.89

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

¹ The OCF excludes performance fees.

² The estimated ongoing charge is based on the new GAC rates to the year ended 31 May 2020.

³ The GAC on Class A and Class E increased from 0.18% to 0.22% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁴ Class E accumulation launched on 24 June 2019 so there are no prior year comparatives.

⁵ The GAC on Class I, Class I EUR Hedged and Class I USD Hedged 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 5 types of share class in issue: A accumulation, E accumulation, I accumulation, I EUR Hedged accumulation and I USD Hedged accumulation.

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



The share classes appear at 4 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

The value of an investment and any income from it can go up or down. When you sell your 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 rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

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

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

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

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

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 40.81% (2019: 62.57%)		
	Belgium 0.86% (2019: 3.11%)		
	Consumer Staples 0.00% (2019: 1.18%)		
	Materials 0.86% (2019: 1.93%)		
9,349	Tessengerlo	218	0.86
	Denmark 7.27% (2019: 5.44%)		
	Consumer Staples 2.13% (2019: 3.94%)		
5,141	Carlsberg	539	2.13
	Health Care 2.10% (2019: 1.50%)		
10,073	Novo Nordisk 'B'	530	2.10
	Industrials 0.79% (2019: 0.00%)		
2,326	DSV Panalpina	199	0.79
	Utilities 2.25% (2019: 0.00%)		
6,052	Orsted	571	2.25
	Finland 4.57% (2019: 5.04%)		
	Consumer Discretionary 1.88% (2019: 1.59%)		
25,368	Nokian Renkaat	474	1.88
	Industrials 0.00% (2019: 1.29%)		
	Materials 2.69% (2019: 2.16%)		
29,229	UPM-Kymmene	681	2.69
	France 1.66% (2019: 0.68%)		
	Consumer Discretionary 1.66% (2019: 0.68%)		
991	Kering	419	1.66
	Germany 7.17% (2019: 17.02%)		
	Consumer Discretionary 2.39% (2019: 2.94%)		
2,833	Adidas	604	2.39
	Consumer Staples 0.00% (2019: 0.51%)		
	Financials 0.91% (2019: 1.88%)		
1,737	Deutsche Boerse	231	0.91
	Health Care 1.27% (2019: 2.02%)		
3,455	Merck	320	1.27
	Industrials 1.43% (2019: 5.78%)		
7,981	KION	360	1.43

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Information Technology 1.17% (2019: 2.82%)		
3,749	Siltronic	296	1.17
	Materials 0.00% (2019: 1.07%)		
	Ghana 0.00% (2019: 0.52%)		
	Energy 0.00% (2019: 0.52%)		
	Ireland 1.58% (2019: 0.00%)		
	Materials 1.58% (2019: 0.00%)		
15,172	Smurfit Kappa	399	1.58
	Italy 3.45% (2019: 1.22%)		
	Financials 0.94% (2019: 0.00%)		
25,206	FinecoBank	238	0.94
	Health Care 0.00% (2019: 1.22%)		
	Utilities 2.51% (2019: 0.00%)		
102,065	Enel	634	2.51
	Netherlands 1.76% (2019: 5.91%)		
	Energy 0.00% (2019: 2.03%)		
	Health Care 1.76% (2019: 1.77%)		
12,102	Koninklijke Philips	444	1.76
	Materials 0.00% (2019: 2.11%)		
	Norway 1.67% (2019: 2.54%)		
	Consumer Staples 1.67% (2019: 2.54%)		
27,678	Mowi	422	1.67
	Sweden 6.02% (2019: 10.79%)		
	Communication Services 0.00% (2019: 2.60%)		
	Consumer Discretionary 1.65% (2019: 3.83%)		
58,587	Dometic	417	1.65
	Industrials 4.37% (2019: 1.50%)		
32,547	Epiroc 'A'	292	1.15
28,357	Sandvik	379	1.50
37,985	Volvo 'B'	433	1.72
		1,104	4.37
	Information Technology 0.00% (2019: 2.86%)		
	Switzerland 4.80% (2019: 7.73%)		
	Consumer Staples 1.27% (2019: 0.00%)		
197	Barry Callebaut	320	1.27

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Health Care 1.46% (2019: 2.46%)		
1,316	Roche Non-Voting Shares	369	1.46
	Materials 2.07% (2019: 5.27%)		
15,628	LafargeHolcim	523	2.07
	United Kingdom 0.00% (2019: 2.57%)		
	Energy 0.00% (2019: 0.98%)		
	Industrials 0.00% (2019: 1.59%)		
	Bonds 12.50% (2019: 0.00%)		
	Treasury Bill 12.50% (2019: 0.00%)		
	United Kingdom 12.50% (2019: 0.00%)		
GBP 2,000,000	UK Treasury 0.00% 01/06/2020	2,000	7.92
GBP 1,158,000	UK Treasury 0.00% 27/07/2020	1,158	4.58
		<u>3,158</u>	<u>12.50</u>
	Certificates of Deposit 33.66% (2019: 28.34%)		
	Australia 1.98% (2019: 0.00%)		
GBP 500,000	Australia & New Zealand Banking 0.50% 27/07/2020	500	1.98
	Canada 5.94% (2019: 0.00%)		
GBP 500,000	Bank of Montreal 0.48% 10/06/2020	500	1.98
GBP 500,000	Bank of Nova Scotia 0.85% 09/07/2020	501	1.98
GBP 500,000	Canadian Imperial Bank of Commerce 0.84% 13/07/2020	501	1.98
		<u>1,502</u>	<u>5.94</u>
	Denmark 1.98% (2019: 0.00%)		
GBP 500,000	Den Danske Bank Aktieselskab 0.255% 26/08/2020	500	1.98
	Finland 1.98% (2019: 2.27%)		
GBP 500,000	Nordea Bank 0.30% 30/11/2020	500	1.98
	France 5.94% (2019: 3.40%)		
GBP 500,000	Crédit Agricole Corporate & Investment Bank 0.21% 01/09/2020	500	1.98
GBP 500,000	Crédit Industriel et Commercial 0.535% 11/09/2020	501	1.98
GBP 500,000	Société Générale 0.67% 31/07/2020	501	1.98
		<u>1,502</u>	<u>5.94</u>
	Germany 0.00% (2019: 4.53%)		
	Japan 1.98% (2019: 0.00%)		
GBP 500,000	Mitsubishi UFJ Trust & Banking 0.79% 15/06/2020	500	1.98
	Netherlands 3.96% (2019: 2.27%)		
GBP 500,000	ABN AMRO 0.55% 10/09/2020	500	1.98
GBP 500,000	Rabobank 0.28% 19/11/2020	500	1.98
		<u>1,000</u>	<u>3.96</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Sweden 1.98% (2019: 1.13%)		
GBP 500,000	Handelsbanken 0.74% 30/06/2020	500	1.98
	Switzerland 0.00% (2019: 1.13%)		
	United Arab Emirates 1.98% (2019: 1.13%)		
GBP 500,000	First Abu Dhabi Bank 0.45% 14/09/2020	500	1.98
	United Kingdom 5.94% (2019: 9.08%)		
GBP 500,000	Barclays Bank 0.68% 05/06/2020	500	1.98
GBP 500,000	HSBC 0.50% 18/02/2021	501	1.98
GBP 500,000	Lloyds Bank 0.74% 25/06/2020	500	1.98
		<u>1,501</u>	<u>5.94</u>
	United States 0.00% (2019: 3.40%)		
	Derivatives (1.90%) (2019: (1.30%))		
	Contracts for Difference (0.54%) (2019: (0.55%))¹		
	Equity Short Contracts for Difference (0.74%) (2019: (0.29%))¹		
(34,322)	Air France–KLM	(10)	(0.04)
(22,713)	Alfa Laval	(8)	(0.03)
(13,546)	Assa Abloy 'B'	(8)	(0.03)
(6,399)	BASF	(15)	(0.06)
(10,242)	British American Tobacco	(10)	(0.04)
(4,302)	CIE Financiere Richemont	(5)	(0.02)
(16,148)	Compass	(7)	(0.03)
(8,721)	Dialog Semiconductor	(4)	(0.01)
(25,493)	E.ON	1	0.01
(43,083)	easyJet	(56)	(0.22)
(8,799)	Hugo Boss	(8)	(0.03)
(32,458)	Imperial Brands	23	0.09
(2,170)	Kuehne + Nagel	6	0.02
(240,952)	Marks and Spencer	(7)	(0.03)
(84,877)	Pearson	(18)	(0.07)
(121,033)	Rolls-Royce	14	0.05
(22,154)	Severn Trent	1	-
(445)	Swisscom	(3)	(0.01)
(6,757)	Teamviewer	(6)	(0.02)
(56,515)	Telefonica	(11)	(0.05)
(7,059)	Vestas Wind Systems	(44)	(0.17)
(10,714)	Vopak	(10)	(0.04)
(31,131)	Wartsila	(3)	(0.01)
		<u>(188)</u>	<u>(0.74)</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Equity Long Contracts for Difference 0.40% (2019: (0.84%))¹			
5,974	Adecco	13	0.05
16,107	AMS	10	0.04
4,802	Arkema	12	0.05
16,286	Bellway	24	0.10
29,314	EDP Renováveis	18	0.07
1,214	Flutter Entertainment	(3)	(0.01)
17,420	Grifols	(22)	(0.09)
48,767	Howden Joinery	30	0.12
5,175	JDE Peet's	15	0.06
5,124	London Stock Exchange	(17)	(0.07)
1,285	L'Oréal	10	0.04
4,373	Nestlé	(4)	(0.02)
10,380	Rio Tinto	3	0.01
25,694	STMicroelectronics	(9)	(0.04)
145,458	Tesco	(9)	(0.04)
3,353	VAT	9	0.04
8,450	Wizz Air	24	0.09
		<u>104</u>	<u>0.40</u>
Index Contracts for Difference (0.20%) (2019: 0.00%)			
(76)	FTSE 250 Index	(51)	(0.20)
Futures 0.03% (2019: (0.02%))			
(46)	EUX Euro Stoxx 50 June 2020	8	0.03
Options (0.55%) (2019: 1.14%)			
(120)	Airbus Put 40 December 2020	(30)	(0.12)
(40)	Deutsche Börse Call 11700 September 2020	(114)	(0.46)
81	Deutsche Börse Put 10100 September 2020	114	0.45
(258)	Enel Put 5.2 December 2020	(16)	(0.06)
(61)	L'Oreal Put 220 September 2020	(22)	(0.09)
(242)	Nestle Put 92 September 2020	(21)	(0.08)
(394)	Royal Dutch Shell Put 12 December 2020	(33)	(0.13)
(105)	SAP Put 110 June 2020	(16)	(0.06)
		<u>(138)</u>	<u>(0.55)</u>
Forward Foreign Exchange Contracts (0.85%) (2019: (1.91%))¹			
	Buy CHF 100,702 : Sell GBP 83,801 June 2020	1	-
	Buy CHF 106,507 : Sell GBP 89,701 June 2020 ²	-	-
	Buy CHF 108,601 : Sell GBP 91,851 August 2020 ²	-	-
	Buy CHF 1,229,442 : Sell GBP 1,030,811 June 2020	5	0.02
	Buy CHF 1,349 : Sell GBP 1,119 June 2020 ²	-	-
	Buy CHF 163,859 : Sell GBP 137,298 June 2020	1	-
	Buy CHF 212,876 : Sell GBP 176,905 July 2020	3	0.01
	Buy CHF 248,359 : Sell GBP 206,244 June 2020	3	0.01
	Buy CHF 31,256 : Sell GBP 26,393 July 2020 ²	-	-
	Buy CHF 58,539 : Sell GBP 49,409 July 2020 ²	-	-
	Buy CHF 73,182 : Sell GBP 61,582 July 2020 ²	-	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts <small>(continued)</small>			
	Buy CHF 81,109 : Sell GBP 66,952 June 2020	1	0.01
	Buy EUR 105,733 : Sell GBP 94,432 July 2020	1	-
	Buy EUR 10,805 : Sell GBP 9,631 July 2020 ²	-	-
	Buy EUR 11,472 : Sell GBP 10,084 June 2020 ²	-	-
	Buy EUR 1,712,300 : Sell GBP 1,492,270 June 2020	48	0.19
	Buy EUR 180,926 : Sell GBP 157,710 June 2020	5	0.02
	Buy EUR 186,272 : Sell GBP 162,631 June 2020	5	0.02
	Buy EUR 19,552 : Sell GBP 17,087 July 2020	1	-
	Buy EUR 212,100 : Sell GBP 189,058 July 2020	2	0.01
	Buy EUR 215,602 : Sell GBP 187,448 July 2020	7	0.03
	Buy EUR 216,913 : Sell GBP 190,290 June 2020	5	0.02
	Buy EUR 22,192 : Sell GBP 19,337 July 2020	1	-
	Buy EUR 231,461 : Sell GBP 201,694 July 2020	7	0.03
	Buy EUR 247,500 : Sell GBP 217,076 July 2020	6	0.02
	Buy EUR 272,155 : Sell GBP 237,610 June 2020	7	0.03
	Buy EUR 272,204 : Sell GBP 238,731 June 2020	6	0.02
	Buy EUR 2,947,811 : Sell GBP 2,573,555 June 2020	78	0.31
	Buy EUR 29,776 : Sell GBP 25,986 June 2020	1	-
	Buy EUR 316,885 : Sell GBP 278,274 June 2020	7	0.03
	Buy EUR 35,147 : Sell GBP 31,510 July 2020 ²	-	-
	Buy EUR 362,800 : Sell GBP 321,979 July 2020	5	0.02
	Buy EUR 384,597 : Sell GBP 338,073 June 2020	8	0.03
	Buy EUR 398,861 : Sell GBP 353,568 July 2020	6	0.02
	Buy EUR 424,291 : Sell GBP 375,839 June 2020	6	0.02
	Buy EUR 425,228 : Sell GBP 374,595 June 2020	8	0.03
	Buy EUR 4,282 : Sell GBP 3,828 July 2020 ²	-	-
	Buy EUR 42,925 : Sell GBP 38,260 July 2020 ²	-	-
	Buy EUR 4,847 : Sell GBP 4,316 June 2020 ²	-	-
	Buy EUR 521,384 : Sell GBP 462,714 July 2020	7	0.03
	Buy EUR 59,160 : Sell GBP 51,733 July 2020	2	0.01
	Buy EUR 59,740 : Sell GBP 53,745 August 2020 ²	-	-
	Buy EUR 612,476 : Sell GBP 546,057 June 2020	5	0.02
	Buy EUR 62,992 : Sell GBP 54,895 June 2020	2	0.01
	Buy EUR 631,448 : Sell GBP 550,346 June 2020	18	0.07
	Buy EUR 635,300 : Sell GBP 558,228 June 2020	13	0.05
	Buy EUR 739,605 : Sell GBP 647,675 July 2020	18	0.07
	Buy EUR 76,802 : Sell GBP 68,025 June 2020	1	-
	Buy EUR 86,701 : Sell GBP 76,190 July 2020	2	0.01
	Buy EUR 9,540 : Sell GBP 8,533 July 2020 ²	-	-
	Buy GBP 100,676 : Sell SEK 1,249,884 June 2020	(7)	(0.03)
	Buy GBP 1,032,384 : Sell CHF 1,229,442 August 2020	(5)	(0.02)
	Buy GBP 104,714 : Sell PLN 545,445 July 2020	(5)	(0.02)
	Buy GBP 105,179 : Sell EUR 119,271 June 2020	(2)	(0.01)
	Buy GBP 107,097 : Sell CHF 128,545 June 2020	(1)	-
	Buy GBP 110,078 : Sell PLN 545,445 June 2020 ²	-	-
	Buy GBP 1,140,502 : Sell USD 1,403,090 August 2020	6	0.02
	Buy GBP 12,347 : Sell SEK 151,919 June 2020	(1)	-
	Buy GBP 1,300,263 : Sell SEK 16,016,378 June 2020	(76)	(0.30)
	Buy GBP 1,373,675 : Sell SEK 16,267,893 August 2020	(25)	(0.09)

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts <small>(continued)</small>			
	Buy GBP 15,799 : Sell SEK 197,381 June 2020	(1)	-
	Buy GBP 169,109 : Sell EUR 191,939 June 2020	(4)	(0.01)
	Buy GBP 172,947 : Sell USD 211,500 July 2020	2	0.01
	Buy GBP 1,959,500 : Sell EUR 2,182,158 June 2020	(4)	(0.02)
	Buy GBP 20,602 : Sell USD 25,670 July 2020 ²	-	-
	Buy GBP 21,199 : Sell SEK 249,848 August 2020 ²	-	-
	Buy GBP 2,122 : Sell SEK 26,158 June 2020 ²	-	-
	Buy GBP 22,403 : Sell SEK 275,007 July 2020	(1)	-
	Buy GBP 2,264 : Sell SEK 27,720 July 2020 ²	-	-
	Buy GBP 261,112 : Sell USD 324,600 June 2020	(1)	(0.01)
	Buy GBP 2,668,314 : Sell EUR 3,061,300 June 2020	(87)	(0.34)
	Buy GBP 270,746 : Sell SEK 3,209,228 August 2020	(5)	(0.02)
	Buy GBP 274,798 : Sell CHF 327,210 June 2020	(1)	-
	Buy GBP 277,152 : Sell EUR 310,300 July 2020	(2)	(0.01)
	Buy GBP 27,933 : Sell SEK 348,381 June 2020	(2)	(0.01)
	Buy GBP 286,170 : Sell EUR 321,032 August 2020	(3)	(0.01)
	Buy GBP 292,745 : Sell CHF 354,314 June 2020	(6)	(0.02)
	Buy GBP 296,128 : Sell EUR 340,528 July 2020	(10)	(0.04)
	Buy GBP 305,276 : Sell EUR 348,109 June 2020	(8)	(0.03)
	Buy GBP 35,580 : Sell EUR 40,827 June 2020	(1)	-
	Buy GBP 3,643 : Sell CHF 4,387 June 2020 ²	-	-
	Buy GBP 367,361 : Sell NOK 4,470,043 June 2020	(5)	(0.02)
	Buy GBP 36,958 : Sell EUR 41,869 July 2020	(1)	-
	Buy GBP 378,091 : Sell EUR 431,779 July 2020	(11)	(0.04)
	Buy GBP 395,371 : Sell EUR 454,800 July 2020	(14)	(0.06)
	Buy GBP 405,777 : Sell EUR 465,184 June 2020	(13)	(0.05)
	Buy GBP 420,185 : Sell USD 519,726 June 2020 ²	-	-
	Buy GBP 420,239 : Sell EUR 470,492 June 2020	(3)	(0.01)
	Buy GBP 421,990 : Sell USD 518,100 June 2020	3	0.01
	Buy GBP 42,942 : Sell SEK 535,782 June 2020	(3)	(0.01)
	Buy GBP 430,592 : Sell CHF 521,178 July 2020	(9)	(0.03)
	Buy GBP 449,580 : Sell EUR 515,165 June 2020	(14)	(0.06)
	Buy GBP 511,776 : Sell USD 633,900 June 2020	(1)	-
	Buy GBP 546,632 : Sell EUR 612,476 August 2020	(5)	(0.02)
	Buy GBP 57,811 : Sell EUR 66,155 July 2020	(2)	(0.01)
	Buy GBP 6,167,942 : Sell EUR 7,060,254 July 2020	(190)	(0.76)
	Buy GBP 639,746 : Sell NOK 8,226,276 July 2020	(46)	(0.18)
	Buy GBP 65,357 : Sell EUR 74,981 June 2020	(2)	(0.01)
	Buy GBP 74,549 : Sell CHF 90,173 June 2020	(1)	(0.01)
	Buy GBP 8,034 : Sell SEK 99,568 June 2020	(1)	-
	Buy GBP 804,972 : Sell EUR 909,325 June 2020	(13)	(0.05)
	Buy GBP 814,312 : Sell EUR 927,300 June 2020	(20)	(0.08)
	Buy GBP 86,026 : Sell SEK 1,075,101 June 2020	(6)	(0.02)
	Buy GBP 870,510 : Sell CHF 1,026,698 June 2020	6	0.02
	Buy GBP 87,820 : Sell EUR 98,644 June 2020	(1)	-
	Buy GBP 90,803 : Sell EUR 101,531 July 2020	(1)	-
	Buy NOK 267,652 : Sell GBP 20,693 June 2020	2	0.01
	Buy NOK 4,202,391 : Sell GBP 321,407 June 2020	27	0.11
	Buy NOK 4,470,043 : Sell GBP 367,467 August 2020	5	0.02

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts <small>(continued)</small>			
	Buy PLN 545,445 : Sell GBP 107,606 June 2020	3	0.01
	Buy PLN 545,445 : Sell GBP 110,025 August 2020 ²	-	-
	Buy SEK 16,267,893 : Sell GBP 1,373,333 June 2020	24	0.09
	Buy SEK 171,458 : Sell GBP 14,610 August 2020 ²	-	-
	Buy SEK 3,029,465 : Sell GBP 244,541 June 2020	16	0.06
	Buy SEK 39,056 : Sell GBP 3,326 July 2020 ²	-	-
	Buy SEK 403,195 : Sell GBP 32,526 June 2020	2	0.01
	Buy SEK 547,320 : Sell GBP 47,024 August 2020 ²	-	-
	Buy SEK 76,023 : Sell GBP 6,478 August 2020 ²	-	-
	Buy USD 100,100 : Sell GBP 80,279 July 2020	1	-
	Buy USD 1,092,618 : Sell GBP 879,350 July 2020	4	0.02
	Buy USD 1,403,090 : Sell GBP 1,140,794 June 2020	(6)	(0.02)
	Buy USD 14,522 : Sell GBP 11,793 June 2020 ²	-	-
	Buy USD 148,972 : Sell GBP 121,581 July 2020	(1)	-
	Buy USD 239,200 : Sell GBP 189,779 June 2020	4	0.01
	Buy USD 339,514 : Sell GBP 273,075 June 2020	2	0.01
	Buy USD 42,016 : Sell GBP 34,095 August 2020 ²	-	-
		<u>(218)</u>	<u>(0.85)</u>
Forward Foreign Exchange Contracts (Hedged share classes) 0.01% (2019: 0.04%)¹			
	Buy EUR 13,302 : Sell GBP 11,906 June 2020 ²	-	-
	Buy EUR 233,760 : Sell GBP 208,327 June 2020	2	0.01
	Buy EUR 3,060 : Sell GBP 2,754 June 2020 ²	-	-
	Buy EUR 3,560 : Sell GBP 3,172 June 2020 ²	-	-
	Buy GBP 10,018 : Sell USD 12,208 June 2020 ²	-	-
	Buy USD 195 : Sell GBP 158 June 2020 ²	-	-
	Buy USD 28,968 : Sell GBP 23,761 June 2020 ²	-	-
	Buy USD 659 : Sell GBP 541 June 2020 ²	-	-
		<u>2</u>	<u>0.01</u>
Investment assets including investment liabilities		21,494	85.07
Other net assets		<u>3,772</u>	<u>14.93</u>
Total net assets		<u>25,266</u>	<u>100.00</u>

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

Statement of total return for the year ended 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		3,216		(2,469)
Revenue	3	623		1,380	
Expenses	4	(623)		(518)	
Interest payable and similar charges	5	(295)		(666)	
Net (expense)/revenue before taxation		(295)		196	
Taxation	6	8		(90)	
Net (expense)/revenue after taxation			(287)		106
Total return before distributions			2,929		(2,363)
Distributions	7		(45)		(138)
Change in net assets attributable to shareholders from investment activities			2,884		(2,501)

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

	2020		2019	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		44,118		68,840
Amounts receivable on issue of shares	3,737		9,621	
Amounts payable on cancellation of shares	(25,519)		(31,980)	
		(21,782)		(22,359)
Dilution adjustment		4		6
Change in net assets attributable to shareholders from investment activities		2,884		(2,501)
Retained distributions on accumulation shares		42		132
Closing net assets attributable to shareholders		25,266		44,118

Balance sheet as at 31 May 2020

	Note	2020 £000	2019 £000
Assets:			
Investments		22,721	41,399
Current assets:			
Debtors	8	375	599
Cash and bank balances	9	4,524	4,878
Total assets		27,620	46,876
Liabilities:			
Investment liabilities		1,227	1,863
Creditors:			
Amounts held at derivative clearing houses and brokers		66	-
Bank overdrafts		109	280
Other creditors	10	952	615
Total liabilities		2,354	2,758
Net assets attributable to shareholders		25,266	44,118

Notes to the financial statements for the year ended 31 May 2020

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2020	2019
	£000	£000
Derivative securities	1,904	(432)
Forward currency contracts	102	(161)
Forward currency contracts on hedged share classes	(5)	39
Non-derivative securities	1,162	(1,917)
Other currency gains	64	11
Transaction costs	(11)	(9)
Net capital gains/(losses)	3,216	(2,469)

3 Revenue

	2020	2019
	£000	£000
Bank interest	25	50
Derivative revenue	219	443
Interest on debt securities	65	148
Overseas dividends	309	720
Stock lending revenue	1	7
UK dividends	4	12
Total revenue	623	1,380

4 Expenses

	2020	2019
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	269	461
Performance fee	321	2
GAC*	29	47
	<u>619</u>	<u>510</u>

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

Depositary fees	3	5
Safe custody fees	1	2
	<u>4</u>	<u>7</u>

Other expenses:

Legal fees	-	1
	<u>-</u>	<u>1</u>

Total expenses

	<u>623</u>	<u>518</u>
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Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £12,798 (2019: £12,426).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2020 £000	2019 £000
Interest payable*	107	205
Interest on margin	35	79
Dividends payable on CFD contracts	153	382
Total interest payable and similar charges	295	666

* Includes negative interest on credit balances held with the broker.

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2020 £000	2019 £000
Current tax		
Overseas withholding tax	(8)	90
Total tax (note 6b)	(8)	90

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2019: 20%). The differences are explained below:

	2020 £000	2019 £000
Net (expense)/revenue before taxation	(295)	196
Corporation tax at 20% (2019: 20%)	(59)	39
Effects of:		
Irrecoverable overseas tax	(8)	90
Overseas dividends	(61)	(144)
UK dividends*	(1)	(2)
Unused management expenses	121	107
Tax charge for the year (note 6a)	(8)	90

* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2019: nil).

d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £2,382,174 (2019: £2,260,699) 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.

Notes to the financial statements (continued)

7 Distributions

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

	2020 £000	2019 £000
Interim accumulation	3	-
Final accumulation	39	132
	<u>42</u>	<u>132</u>
Amounts deducted on cancellation of shares	3	7
Amounts received on issue of shares	-	(1)
Total distributions	<u>45</u>	<u>138</u>
Net (expense)/revenue after taxation	(287)	106
Performance fee borne by the capital account	321	2
Revenue shortfall	14	30
Withholding tax taken to capital	(3)	-
Total distributions	<u>45</u>	<u>138</u>

Details of the distribution per share are set out in the Distribution tables on page 196.

8 Debtors

	2020 £000	2019 £000
Accrued revenue	13	143
Amounts receivable for issue of shares	1	93
Amounts receivable from counterparty regarding CFD contracts	9	23
Currency transactions awaiting settlement	54	182
Overseas withholding tax reclaimable	96	88
Sales awaiting settlement	202	70
Total debtors	<u>375</u>	<u>599</u>

9 Cash and bank balances

	2020 £000	2019 £000
Amounts held at derivative clearing houses and brokers	1,263	1,571
Cash and bank balances	2,510	2,296
Deposit accounts	751	1,011
Total cash and bank balances	<u>4,524</u>	<u>4,878</u>

Notes to the financial statements (continued)

10 Other creditors

	2020	2019
	£000	£000
Accrued annual management charge	17	32
Accrued other expenses	47	13
Amounts payable for cancellation of shares	301	201
Amounts payable to counterparty regarding CFD contracts	22	20
Currency transactions awaiting settlement	54	182
Purchases awaiting settlement	511	167
Total other creditors	952	615

11 Contingent liabilities and commitments

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

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

12 Related party transactions

Henderson Investment Funds Limited as ACD 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 ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 181 and 182 and notes 4, 7, 8 and 10 on pages 184 to 186 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

13 Shareholders' funds

The fund currently has 5 share classes available; Class A (Retail with front-end charges), Class E (Retail), Class I (Institutional), Class I EUR Hedged (Institutional) and Class I USD Hedged (Institutional). The annual management charge on each share class is as follows:

	2020	2019
	%	%
Class A	1.50	1.50
Class E ¹	1.00	n/a
Class I	0.75	0.75
Class I EUR Hedged	0.75	0.75
Class I USD Hedged	0.75	0.75

¹ Class E accumulation launched on 24 June 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 167 to 170. The distribution per share class is given in the Distribution tables on page 196. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

Shares reconciliation as at 31 May 2020

	Class A accumulation	Class E accumulation	Class I accumulation
Opening number of shares	1,942,244	-	24,320,549
Issues during the year	38,664	12,377	2,050,889
Cancellations during the year	(415,511)	(18,067)	(13,952,565)
Shares converted during the year	(785,428)	747,680	35,358
Closing shares in issue	779,969	741,990	12,454,231

	Class I EUR Hedged accumulation	Class I USD Hedged accumulation
Opening number of shares	230,260	243,470
Issues during the year	8,016	16,621
Cancellations during the year	(87,309)	(250,397)
Shares converted during the year	-	-
Closing shares in issue	150,967	9,694

14 Financial derivatives

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

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

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

There was no collateral pledged or collateral held in respect of derivatives as at 31 May 2020 (2019: nil).

2020

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

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Forward foreign exchange contracts (hedged share classes) £000
BNP Paribas	-	409	-
JP Morgan	-	-	2
UBS	213	-	-
	213	409	2

Counterparty	Futures £000	Options contracts £000	Total by counterparty £000
BNP Paribas	-	-	409
JP Morgan	-	-	2
UBS	8	114	335
	8	114	746

Notes to the financial statements (continued)

14 Financial derivatives (continued)

2019

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

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Forward foreign exchange contracts (hedged share classes) £000
BNP Paribas	-	164	-
Goldman Sachs	-	-	-
Merrill Lynch	-	-	-
JP Morgan	-	-	18
UBS	169	-	-
	169	164	18

Counterparty	Options contracts £000	Total by counterparty £000
BNP Paribas	-	164
Goldman Sachs	657	657
Merrill Lynch	150	150
JP Morgan	-	18
UBS	129	298
	936	1,287

Notes to the financial statements (continued)

15 Stock lending

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

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

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

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Natixis	675	750	Equity
Société Générale	356	396	Equity
	1,031	1,146	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	1	-	1

2019 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category £000
Deutsche Bank	1,277	1,419	Equity
Natixis	1,271	1,422	Equity
	2,548	2,841	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	8	1	7

Notes to the financial statements (continued)

16 Risk

Currency risk

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

	Investment assets including investment liabilities	Other net assets	Total net assets/(liabilities)
	£000	£000	£000
2020			
Currency			
Danish krone	1,795	30	1,825
Euro	(326)	720	394
Norwegian krone	109	12	121
Swedish krona	(144)	143	(1)
Swiss franc	148	-	148
UK sterling	20,105	2,866	22,971
US dollar	(193)	1	(192)
Total	21,494	3,772	25,266

2019

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant.

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £2,295,087 (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 31 May 2020 and the net assets as at 31 May 2020 by £229,509 (2019: nil).

Interest rate risk

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

	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing assets	Total
	£000	£000	£000	£000
2020				
Danish krone	-	-	1,879	1,879
Euro	751	-	5,838	6,589
Norwegian krone	-	-	468	468
Polish zloty	-	-	3	3
Swedish krona	-	-	1,759	1,759
Swiss franc	-	-	1,262	1,262
UK sterling	6,930	8,504	215	15,649
US dollar	-	-	11	11
Total	7,681	8,504	11,435	27,620
2019				
Danish krone	38	-	2,433	2,471
Euro	272	-	16,283	16,555
Norwegian krone	-	-	1,619	1,619
Polish zloty	1	-	3	4
Swedish krona	-	-	4,828	4,828
Swiss franc	1	-	3,506	3,507
UK sterling	3,657	12,503	372	16,532
US dollar	909	-	451	1,360
Total	4,878	12,503	29,495	46,876

Notes to the financial statements (continued)

16 Risk (continued)

Interest rate risk (continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2020				
Danish krone	-	-	55	55
Euro	66	-	340	406
Swedish krona	-	-	70	70
Swiss franc	-	-	33	33
UK sterling	109	-	1,673	1,782
US dollar	-	-	8	8
Total	175	-	2,179	2,354

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2019				
Danish krone	-	-	15	15
Euro	-	-	632	632
Norwegian krone	-	-	49	49
Swedish krona	-	-	13	13
Swiss franc	-	-	30	30
UK sterling	280	-	1,586	1,866
US dollar	-	-	153	153
Total	280	-	2,478	2,758

Credit Ratings

2020	Market value £000	Percentage of total net assets %
Investments		
Investment grade (AAA - BBB)*	11,663	46.16
Total debt securities	11,663	46.16
Derivatives	(481)	(1.90)
Equities	10,312	40.81
Investment assets including investment liabilities	21,494	85.07
Other net assets	3,772	14.93
Total net assets	25,266	100.00
2019	Market value £000	Percentage of total net assets %
Investments		
Investment grade (AAA - BBB)*	12,503	28.34
Total debt securities	12,503	28.34
Derivatives	(576)	(1.30)
Equities	27,609	62.57
Investment assets including investment liabilities	39,536	89.61
Other net assets	4,582	10.39
Total net assets	44,118	100.00

* Certificates of deposit included within investment grade have been rated based on the rating of the issuer.

Notes to the financial statements (continued)

16 Risk (continued)

Sensitivity analysis

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

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2020	2.37	8.47	5.28	20.00	11.84	42.36	26.38
2019	1.32	5.04	2.33	20.00	6.58	25.19	11.65

Leverage

	Minimum	Maximum	Average
	%	%	%
	2020	133.88	485.99
2019	129.65	493.88	266.36

Liquidity risk

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

2020	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
Amounts held at derivatives clearing houses and brokers	66	-	-	-
Bank overdrafts	109	-	-	-
Derivative financial liabilities	-	879	348	-
Other creditors	-	952	-	-
Total	175	1,831	348	-
2019	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
Amounts held at derivatives clearing houses and brokers	280	-	-	-
Derivative financial liabilities	-	1,452	411	-
Other creditors	-	615	-	-
Total	280	2,067	411	-

Notes to the financial statements (continued)

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	13,596*	256	28,544	443
Level 2	9,125	971	12,855	1,420
Level 3	-	-	-	-
	<u>22,721</u>	<u>1,227</u>	<u>41,399</u>	<u>1,863</u>

* Debt securities included in the highest fair value hierarchy level, where their valuation is determined by unadjusted quoted prices from an active market, amount to £3,155,352 as at 31 May 2020 (2019: nil).

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trades in the year				
Certificates of deposit	28,001	61,349	32,000	71,350
Debt securities	5,198	-	2,048	-
Equities	19,218	36,722	37,635	42,016
Trades in the year before transaction costs	52,417	98,071	71,683	113,366
Transaction costs				
Commissions				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	8	13	13	17
Total commissions	8	13	13	17
Taxes				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	5	4	-	-
Total taxes	5	4	-	-
Other expenses				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	5	2	-	-
Total other expenses	5	2	-	-
Total transaction costs	18	19	13	17
Total net trades in the year after transaction costs	52,435	98,090	71,670	113,349

	Purchases		Sales	
	2020	2019	2020	2019
	%	%	%	%
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	0.04	0.04	0.03	0.04
Taxes				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	0.03	0.01	-	-
Other expenses				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	0.03	0.01	-	-
	2020	2019		
	%	%		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.06	0.05		
Taxes	0.01	0.01		
Other expenses	0.01	-		
Total costs	0.08	0.06		

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2019: nil). There were corporate actions during the year of £75,260 (2019: £147,773). There were commissions on CFDs and direct transaction costs associated with derivatives in the year of £47,293 (2019: £74,168) which is 0.14% of the average net asset value of the fund (2019: 0.13%).

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

The portfolio dealing spread as at 31 May 2020 was 0.06% (2019: 0.06%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

Due to COVID-19 and the resultant market volatility, we have assessed the effect on the Net Asset Value of the fund of this event. As at 10 August 2020, the fund had total net redemptions of £3,482,885 and the NAV impact was 13.8%. The Net Asset Value is £22,340,986 and it dropped by 11.6% 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 31 May 2020 (in pence per share)

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

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class E accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class I accumulation				
Group 1	0.0184	-	0.0184	-
Group 2	0.0103	0.0081	0.0184	-
Class I EUR Hedged accumulation²				
Group 1	0.0432	-	0.0432	-
Group 2	0.0432	-	0.0432	-
Class I USD Hedged accumulation³				
Group 1	0.0420	-	0.0420	-
Group 2	0.0208	0.0212	0.0420	-

¹ Class E accumulation launched on 24 June 2019.

² in Euro cents per share

³ in USD cents per share

Distribution tables (continued)

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

Group 1: shares purchased prior to 1 December 2019

Group 2: shares purchased on or after 1 December 2019

	Distribution per share	Equalisation	Total distribution per share 31/07/20	Total distribution per share 31/07/19
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class E accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class I accumulation				
Group 1	0.3115	-	0.3115	0.5410
Group 2	0.2904	0.0211	0.3115	0.5410
Class I EUR Hedged accumulation²				
Group 1	0.2126	-	0.2126	-
Group 2	-	0.2126	0.2126	-
Class I USD Hedged accumulation³				
Group 1	-	-	-	0.4539
Group 2	-	-	-	0.4539

¹ Class E accumulation launched on 24 June 2019.

² in Euro cents per share

³ in USD cents per share

Janus Henderson UK Absolute Return Fund

Authorised Corporate Director's report

Investment Fund Managers

Ben Wallace and Luke Newman

Investment objective and policy

The fund aims to provide a positive (absolute) return, regardless of market conditions, over any 12 month period. A positive return is not guaranteed over this or any other time period, and particularly over the shorter term the fund may experience periods of negative returns. Consequently your capital is at risk.

Performance target: To outperform the UK Base Interest Rate, after the deduction of charges, over any 3 year period.

The fund invests in shares and makes extensive use of derivatives (complex financial instruments) to take both 'long' and 'short' positions in companies the investment manager believes will either rise in value (long positions) or fall in value (short positions) meaning that the fund may benefit from either scenario.

The fund will hold a significant proportion of its assets in cash and money market instruments as a result of holding derivatives and for when the investment manager wishes to take a defensive stance. Conversely, the fund may also employ 'leverage' (so that the fund can invest a greater amount than its actual value) when the investment manager has greater confidence in the opportunities available.

Typically, at least 60% of the exposure to the long and short positions (in aggregate) will be to companies of any size, in any industry, in the UK. Companies may be incorporated or headquartered in the UK, deriving significant revenue from the UK, or constituents of the FTSE All Share Index. Up to 40% of the long and short exposure may be to non-UK companies.

The fund is actively managed with reference to the UK Base Interest Rate as this forms the basis of the fund's performance target and the level above which performance fees may be charged (if applicable). The investment manager has complete discretion to choose investments for the fund and is not constrained by a benchmark.

Performance summary

	31 May 19 - 31 May 20	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16
	%	%	%	%	%
Class I accumulation	4.0	(2.0)	1.5	2.9	3.9
UK Base Interest Rate	0.6	0.7	0.4	0.3	0.5

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

Source: Morningstar

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

Benchmark values are at close of business.

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

Benchmark Usage

Index: UK Base Interest Rate

Index usage: Target

Index description: The UK Base Interest Rate is the interest rate set by the Bank of England. It is the performance target of the fund.

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 Corporate Director's report (continued)

Significant portfolio changes for the year ended 31 May 2020

Largest purchases	£000	Largest sales/maturities	£000
UK Treasury 0.00% 01/06/2020	59,904	Landesbank Hessen-Thüringen 0.83% 25/06/2019	61,500
Citibank 0.78% 09/09/2019	46,500	Citibank 0.83% 07/06/2019	49,500
Oracle	40,918	Citibank 0.78% 09/09/2019	46,500
Mitsubishi UFJ Trust and Banking 0.79% 01/10/2019	36,000	Nordea Bank 0.81% 09/07/2019	44,000
Société Générale 0.77% 03/12/2019	36,000	UK Treasury 0.00% 01/06/2020	43,499
Toronto-Dominion Bank 1.15% 05/11/2019	35,007	Oracle	42,096
Mitsubishi UFJ Trust and Banking 0.81% 10/01/2020	35,000	HSBC 0.85% 01/07/2019	38,000
Nationwide Building Society 0.83% 03/04/2020	34,003	Visa	37,122
Mitsubishi UFJ Trust and Banking 0.80% 24/10/2019	34,000	Mitsubishi UFJ Trust And Banking 0.79% 01/10/2019	36,000
Toronto-Dominion Bank 0.78% 30/09/2019	34,000	Société Générale 0.77% 03/12/2019	36,000
Total purchases	3,577,944	Total sales/maturities	4,006,165

Investment review

The fund returned 4.0% based on Class I accumulation over the year under review, compared with a return of 0.6% in the UK Base Interest Rate.

Following a sharp pullback, equities continued their journey higher through the summer of 2019. UK equities – particularly those in domestically focused sectors – rallied strongly towards the end of the year as the general election gave the incumbent Conservative Party an unexpectedly strong majority. US and European indices also rose, on broadly supportive earnings, positive rhetoric around a US/China trade deal, and interest rate cuts from the US Federal Reserve (Fed). Equity markets broadly continued their trend upwards in the new year. However, markets then fell rapidly at the end of February and through March as COVID-19 became a global pandemic, travel bans were enforced, nonessential trade curtailed, and the market priced in a period of significant economic disruption. These unprecedented events saw monetary and fiscal stimulus measures introduced by governments worldwide in order to aid affected businesses and individuals, helping markets to recover strongly from their lows through April and May.

Within the long book – which, overall, produced a positive return – the core position in government outsourcer Capita was a strong contributor, as it continued to deliver on its restructuring programme under a new management team. The tactical long position in miner Newmont was also a strong performer, thanks to the gold price rally. Also within the long book, the core position in offshore wind farm operator Orsted contributed due to continued evidence that it has been executing its growth plan and expectations for increased infrastructure spending in the aftermath of COVID-19.

The main detractors within the long book included WPP, which reported a revenue drop as advertising spending moderated and the outlook for new campaign budgets was impacted by uncertainty caused, in part, by the pandemic. BP also detracted, although this was a hedge for the fund's overall net short positioning within the energy sector.

Within the short book – which also produced an overall positive return during the reporting year – a number of positions in house builders (used as hedges against our overall long position within the sector) contributed to returns as the sector suffered through the pandemic. A short position within a real estate investment trust – a sector where the fund has been net short for a number of months due to evidence of falling demand for retail and office space, declining rents and the excessive financial leverage of some operators – also contributed.

Positioning within domestically focused UK stocks was actively managed during the reporting year. An initially bullish view on UK equities earlier in 2019 was a contrarian call and reflected the relative valuation discount to other developed equity markets. However, this was neutralised before the summer period, which reflected the increased odds of a 'no deal' Brexit and to protect the fund against continued weakness in sterling. The shorter-term Tactical book was also active, as sharp moves in currency, fixed income and commodity markets all presented trading opportunities, as did placings and rights issues in the wake of COVID-19 crisis.

At the end of the reporting year, equity markets globally had recovered from their sharp lows. However, they remain volatile due to the unfolding pandemic. Gross exposure within the fund was lower than at the start of the year, which is in keeping with our usual risk management response to periods of heightened volatility. This allows greater flexibility to respond quickly to unfolding events as news flow dominates short-term market movements. The unpredictability of the progression of – and individual government's reactions to – the COVID-19 outbreak means that we will seek to marry news flow with price action to gauge both long and short opportunities, if and as they arise.

Comparative tables for the year ended 31 May 2020

	Class A accumulation		
	2020	2019	2018
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	154.66	158.39	157.08
Return before operating charges*	7.80	(1.07)	4.85
Operating charges	(2.66)	(2.64)	(3.10)
Operating charges - performance fees	-	(0.02)	(0.44)
Return after operating charges*	5.14	(3.73)	1.31
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	159.80	154.66	158.39
* after direct transaction costs of:	0.19	0.16	0.26
Performance			
Return after charges	3.32%	(2.35%)	0.83%
Other information			
Closing net asset value (£000s)	46,997	67,063	127,876
Closing number of shares	29,409,502	43,362,733	80,735,576
Operating charges	1.69%	1.69%	1.69%
Operating charges - performance fees	0.00%	0.01%	0.28%
Direct transaction costs	0.12%	0.10%	0.16%
Prices			
Highest share price (pence)	161.80	159.20	159.30
Lowest share price (pence)	154.50	152.10	155.20

Comparative tables (continued)

	Class E accumulation 24/06/19 - 31/05/20 (pence per share)
Change in net assets per share	
Opening net asset value per share	155.06 ¹
Return before operating charges*	7.24
Operating charges	(1.75)
Operating charges - performance fees	-
Return after operating charges*	5.49
Distributions on accumulation shares	-
Retained distributions on accumulation shares	-
Closing net asset value per share	160.55
* after direct transaction costs of:	0.20
Performance	
Return after charges	3.54% ²
Other information	
Closing net asset value (£000s)	904
Closing number of shares	563,016
Operating charges	1.19%
Operating charges - performance fees	0.00%
Direct transaction costs	0.12%
Prices	
Highest share price (pence)	162.20
Lowest share price (pence)	155.00

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

² Return after charges relates to the period 24/06/19 to 31/05/20 post conversion from the A accumulation share class.

This performance will differ from the other share classes as it does not include returns generated prior to class launch, whilst the other classes returns cover the entire period under review.

Comparative tables (continued)

	Class G accumulation		
	2020	2019	2018
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	99.14	100.72	100.20 ³
Return before operating charges*	5.00	(0.69)	1.03
Operating charges	(0.81)	(0.89)	(0.46)
Operating charges - performance fees	(0.25)	-	(0.05)
Return after operating charges*	3.94	(1.58)	0.52
Distributions on accumulation shares	(0.09)	(0.18)	(0.18)
Retained distributions on accumulation shares	0.09	0.18	0.18
Closing net asset value per share	103.08	99.14	100.72
* after direct transaction costs of:	0.13	0.10	0.16
Performance			
Return after charges	3.97%	(1.57%)	0.52%
Other information			
Closing net asset value (£000s)	374,487	530,145	625,874
Closing number of shares	363,293,539	534,749,279	621,388,756
Operating charges	0.80%	0.89%	0.90%
Operating charges - performance fees	0.25%	0.00%	0.11%
Direct transaction costs	0.12%	0.10%	0.16%
Prices			
Highest share price (pence)	104.00	101.30	101.30
Lowest share price (pence)	99.02	97.16	98.51

³ Class G accumulation launched on 18 December 2017 and this is the first published price.

Comparative tables (continued)

	Class I accumulation		
	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in net assets per share			
Opening net asset value per share	164.11	167.01	164.68
Return before operating charges*	8.29	(1.17)	5.16
Operating charges	(1.76)	(1.73)	(2.28)
Operating charges - performance fees	(0.25)	-	(0.55)
Return after operating charges*	6.28	(2.90)	2.33
Distributions on accumulation shares	-	-	(0.15)
Retained distributions on accumulation shares	-	-	0.15
Closing net asset value per share	170.39	164.11	167.01
* after direct transaction costs of:	0.21	0.17	0.27
Performance			
Return after charges	3.83%	(1.74%)	1.41%
Other information			
Closing net asset value (£000s)	1,024,244	1,435,125	1,809,497
Closing number of shares	601,109,150	874,477,611	1,083,479,811
Operating charges	1.05%	1.05%	1.05%
Operating charges - performance fees	0.15%	0.00%	0.33%
Direct transaction costs	0.12%	0.10%	0.16%
Prices			
Highest share price (pence)	172.10	167.90	167.90
Lowest share price (pence)	163.90	161.00	163.30

Direct transaction costs incurred on securities transactions (including derivatives) are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Performance values are at close of business 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 share class.

Share class launches and closures

The following share class launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019

There were no share classes closed in the year.

Share class conversion

Share class conversion	Conversion date
Class A accumulation to Class E accumulation	24 June 2019

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

Ongoing charge figure

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

	2020 OCF¹ %	2020 Performance fees %	2019 OCF¹ %	2019 Performance fees %	Estimated OCF from 5 May 2020² %
Class A	1.69 ³	-	1.69	0.01	1.73
Class E⁴	1.19 ³	-	n/a	n/a	1.23
Class G	0.80 ⁵	0.25	0.89 ⁶	-	0.81
Class I	1.05 ⁵	0.15	1.05	-	1.06

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

¹ The OCF excludes performance fees.

² The estimated ongoing charge is based on the new GAC rates to the year ended 31 May 2020.

³ The GAC on Class A and Class E increased from 0.18% to 0.22% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁴ Class E accumulation launched on 24 June 2019 so there are no prior year comparatives.

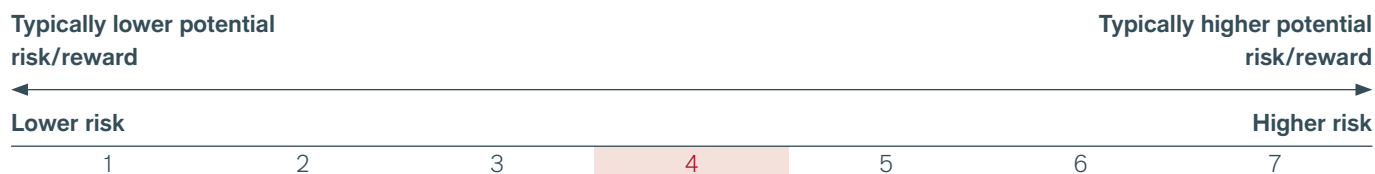
⁵ The GAC on Class G and Class I increased from 0.045% to 0.06% on 5 May 2020 and therefore the rate applied is not consistent throughout the year.

⁶ The annual management charge on Class G reduced from 0.85% to 0.75% on 12 April 2019.

Risk and reward profile

The fund currently has 4 types of share class in issue: A accumulation, E accumulation, G accumulation and I accumulation.

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



The share classes appear at 4 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in net asset value in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

The value of an investment and any income from it can go up or down. When you sell your 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 rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

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

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

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

* Class G accumulation launched 18 December 2017, as this share class does not have a 5 year history, a synthetic history has been created using the funds relevant sector average. Class E accumulation was launched on 24 June 2019 and as it does not have a 5 year history, a synthetic history has been created using the A accumulation share class

Portfolio statement as at 31 May 2020

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 23.58% (2019: 17.62%)		
	Belgium 0.20% (2019: 0.00%)		
	Consumer Staples 0.20% (2019: 0.00%)		
75,611	Anheuser-Busch InBev	2,850	0.20
	Canada 0.05% (2019: 0.00%)		
	Financials 0.05% (2019: 0.00%)		
22,559	Bank of Nova Scotia	726	0.05
	Denmark 1.98% (2019: 1.20%)		
	Health Care 0.41% (2019: 0.24%)		
111,721	Novo Nordisk 'B'	5,878	0.41
	Industrials 0.87% (2019: 0.10%)		
148,049	DSV Panalpina	12,696	0.87
	Utilities 0.70% (2019: 0.86%)		
106,655	Orsted	10,053	0.70
	Germany 1.19% (2019: 1.33%)		
	Consumer Discretionary 0.16% (2019: 0.00%)		
10,659	Adidas	2,273	0.16
	Financials 0.00% (2019: 0.23%)		
	Industrials 0.00% (2019: 0.11%)		
	Real Estate 1.03% (2019: 0.99%)		
468,439	Instone Real Estate	8,210	0.56
144,800	Vonovia	6,746	0.47
		14,956	1.03
	Ireland 0.57% (2019: 0.09%)		
	Consumer Discretionary 0.57% (2019: 0.09%)		
1,723,114	Cairn Homes	1,391	0.10
65,043	Flutter Entertainment	6,787	0.47
		8,178	0.57
	Netherlands 0.90% (2019: 0.00%)		
	Health Care 0.45% (2019: 0.00%)		
119,758	Koninklijke Philips	4,394	0.30
62,172	Qiagen	2,189	0.15
		6,583	0.45
	Materials 0.44% (2019: 0.00%)		
66,752	Akzo Nobel	4,418	0.30
19,309	Koninklijke DSM	1,999	0.14
		6,417	0.44

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Switzerland 1.10% (2019: 0.89%)		
	Consumer Staples 0.65% (2019: 0.89%)		
106,833	Nestlé	9,341	0.65
	Financials 0.30% (2019: 0.00%)		
16,733	Zurich Insurance	4,360	0.30
	Health Care 0.15% (2019: 0.00%)		
12,645	Sonova	2,240	0.15
	United Kingdom 10.44% (2019: 6.97%)		
	Consumer Staples 1.44% (2019: 1.03%)		
496,757	Unilever	20,761	1.44
	Financials 1.16% (2019: 0.88%)		
19,720,650	Sherborne Investors 'A'	6,902	0.48
2,609,653	Sherborne Investors 'B'	117	0.01
11,558,907	Triam Investors 1	9,710	0.67
		16,729	1.16
	Industrials 7.84% (2019: 5.06%)		
6,068,716	RELX	113,462	7.84
	United States 7.16% (2019: 7.14%)		
	Communication Services 0.47% (2019: 0.53%)		
2,525	Alphabet 'C'	2,914	0.20
21,437	Facebook	3,892	0.27
		6,806	0.47
	Consumer Discretionary 0.62% (2019: 0.83%)		
2,190	Amazon.com	4,310	0.30
9,178	Marriott International 'A'	657	0.05
22,438	Ralph Lauren	1,370	0.09
98,149	ServiceMaster	2,612	0.18
		8,949	0.62
	Consumer Staples 0.26% (2019: 0.24%)		
197,520	Flowers Foods	3,767	0.26
	Financials 1.81% (2019: 1.07%)		
40,851	AON	6,503	0.45
19,720	CME 'A'	2,913	0.20
30,999	S&P Global	8,140	0.56
46,703	Willis Towers Watson	7,659	0.53
22,712	WR Berkley	1,064	0.07
		26,279	1.81

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Health Care 0.30% (2019: 1.15%)		
68,342	Boston Scientific	2,098	0.15
27,586	Medtronic	2,199	0.15
		<u>4,297</u>	<u>0.30</u>
	Industrials 0.15% (2019: 0.17%)		
168,976	Univar Solutions	2,112	0.15
	Information Technology 2.25% (2019: 2.62%)		
108,693	Analog Devices	9,927	0.68
2,932	MasterCard	715	0.05
63,914	Microsoft	9,472	0.65
74,130	Oracle	3,221	0.22
59,116	Visa	9,331	0.65
		<u>32,666</u>	<u>2.25</u>
	Materials 0.69% (2019: 0.53%)		
210,075	Newmont	9,935	0.69
	Real Estate 0.06% (2019: 0.00%)		
39,708	Iron Mountain	827	0.06
	Utilities 0.55% (2019: 0.00%)		
77,527	American Water Works	7,959	0.55
	Collective Investment Schemes 4.58% (2019: 4.50%)		
66,291,575	Deutsche Global Liquidity Managed Sterling Fund Platinum Class	66,292	4.58
	Certificates of Deposit 65.14% (2019: 66.03%)		
	Australia 5.63% (2019: 1.33%)		
GBP 20,000,000	Australia & New Zealand Banking 0.45% 05/08/2020	20,012	1.38
GBP 19,250,000	Australia & New Zealand Banking 0.50% 27/07/2020	19,262	1.33
GBP 9,500,000	Commonwealth Bank of Australia 0.56% 09/12/2020	9,512	0.66
GBP 11,500,000	Commonwealth Bank of Australia 0.90% 09/11/2020	11,531	0.80
GBP 11,500,000	National Australia Bank 0.90% 16/11/2020	11,532	0.80
GBP 9,500,000	National Australia Bank 1.00% 22/09/2020	9,524	0.66
		<u>81,373</u>	<u>5.63</u>
	Canada 8.85% (2019: 1.70%)		
GBP 25,000,000	Bank of Montreal 0.48% 10/06/2020	25,004	1.73
GBP 25,000,000	Bank of Montreal 0.50% 10/06/2020	25,004	1.73
GBP 15,500,000	Bank of Nova Scotia 0.85% 09/07/2020	15,513	1.07
GBP 13,000,000	Canadian Imperial Bank of Commerce 0.80% 20/10/2020	13,028	0.90
GBP 15,500,000	Canadian Imperial Bank of Commerce 0.83% 14/07/2020	15,514	1.07
GBP 15,500,000	Canadian Imperial Bank of Commerce 0.84% 13/07/2020	15,514	1.07
GBP 12,500,000	Toronto-Dominion Bank 0.88% 05/06/2020	12,501	0.86
GBP 6,000,000	Toronto-Dominion Bank 1.60% 23/03/2021	6,056	0.42
		<u>128,134</u>	<u>8.85</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Denmark 4.50% (2019: 4.77%)			
GBP 25,000,000	Den Danske Bank Aktieselskab 0.255% 01/09/2020	25,005	1.73
GBP 25,000,000	Den Danske Bank Aktieselskab 0.255% 26/08/2020	25,006	1.73
GBP 15,000,000	DNB Bank 0.50% 11/09/2020	15,013	1.04
		<u>65,024</u>	<u>4.50</u>
Finland 3.38% (2019: 3.64%)			
GBP 12,500,000	Nordea Bank 0.30% 30/11/2020	12,499	0.86
GBP 12,500,000	Nordea Bank 0.80% 08/09/2020	12,521	0.86
GBP 12,500,000	Nordea Bank 0.86% 07/07/2020	12,510	0.86
GBP 11,500,000	Nordea Bank 0.87% 09/07/2020	11,510	0.80
		<u>49,040</u>	<u>3.38</u>
France 9.20% (2019: 5.49%)			
GBP 31,000,000	Crédit Agricole Corporate & Investment Bank 0.21% 01/09/2020	31,002	2.14
GBP 12,000,000	Crédit Industriel et Commercial 0.535% 11/09/2020	12,012	0.83
GBP 26,500,000	Crédit Industriel et Commercial 0.62% 05/08/2020	26,523	1.83
GBP 12,500,000	Crédit Industriel et Commercial 0.625% 09/11/2020	12,519	0.87
GBP 19,000,000	Société Générale 0.45% 01/09/2020	19,014	1.31
GBP 19,500,000	Société Générale 0.67% 31/07/2020	19,518	1.35
GBP 12,500,000	Société Générale 0.72% 02/11/2020	12,524	0.87
		<u>133,112</u>	<u>9.20</u>
Germany 4.53% (2019: 6.55%)			
GBP 12,500,000	DZ Bank 0.69% 28/10/2020	12,522	0.86
GBP 2,000,000	Landesbank Hessen-Thüringen 0.87% 04/09/2020	2,004	0.14
GBP 12,500,000	Landesbank Hessen-Thüringen 0.00% 04/11/2020	12,514	0.86
GBP 12,500,000	Landesbank Hessen-Thüringen 0.465% 21/12/2020	12,509	0.86
GBP 9,500,000	Landesbank Hessen-Thüringen 0.52% 26/02/2021	9,508	0.66
GBP 12,500,000	Landesbank Hessen-Thüringen 0.525% 09/11/2020	12,513	0.87
GBP 4,000,000	Landesbank Hessen-Thüringen 0.58% 27/05/2021	4,003	0.28
		<u>65,573</u>	<u>4.53</u>
Japan 2.21% (2019: 1.67%)			
GBP 10,000,000	Mitsubishi UFJ Trust & Banking 0.74% 01/06/2020	10,000	0.69
GBP 22,000,000	Mitsubishi UFJ Trust & Banking 0.79% 15/06/2020	22,007	1.52
		<u>32,007</u>	<u>2.21</u>
Netherlands 1.94% (2019: 3.15%)			
GBP 15,500,000	ABN AMRO Bank 0.55% 10/09/2020	15,516	1.08
GBP 12,500,000	Rabobank 0.28% 19/11/2020	12,499	0.86
		<u>28,015</u>	<u>1.94</u>
Singapore 2.30% (2019: 3.77%)			
GBP 7,500,000	United Overseas Bank 0.79% 17/06/2020	7,503	0.52
GBP 4,000,000	United Overseas Bank 0.82% 12/06/2020	4,001	0.28
GBP 7,750,000	United Overseas Bank 0.84% 03/06/2020	7,751	0.54
GBP 6,000,000	United Overseas Bank 0.84% 08/06/2020	6,001	0.41
GBP 8,000,000	United Overseas Bank 1.00% 07/09/2020	8,017	0.55
		<u>33,273</u>	<u>2.30</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Sweden 2.49% (2019: 6.55%)			
GBP 12,500,000	Handelsbanken 0.58% 09/11/2020	12,516	0.87
GBP 8,000,000	Handelsbanken 0.74% 30/06/2020	8,005	0.55
GBP 15,500,000	Handelsbanken 0.83% 15/07/2020	15,515	1.07
		<u>36,036</u>	<u>2.49</u>
Switzerland 2.40% (2019: 2.29%)			
GBP 7,750,000	Credit Suisse 0.88% 18/06/2020	7,753	0.53
GBP 6,000,000	UBS 0.58% 25/05/2021	6,005	0.42
GBP 6,000,000	UBS 0.63% 19/05/2021	6,008	0.42
GBP 15,000,000	UBS 1.00% 30/06/2020	15,012	1.03
		<u>34,778</u>	<u>2.40</u>
United Arab Emirates 3.81% (2019: 3.72%)			
GBP 9,000,000	First Abu Dhabi Bank 0.45% 14/09/2020	9,007	0.62
GBP 16,000,000	First Abu Dhabi Bank 0.53% 27/11/2020	16,017	1.11
GBP 10,000,000	First Abu Dhabi Bank 0.77% 30/10/2020	10,021	0.69
GBP 16,000,000	First Abu Dhabi Bank 0.88% 22/06/2020	16,008	1.11
GBP 4,000,000	First Abu Dhabi Bank 0.90% 09/06/2020	4,001	0.28
		<u>55,054</u>	<u>3.81</u>
United Kingdom 11.15% (2019: 17.02%)			
GBP 12,500,000	Barclays Bank 0.60% 09/09/2020	12,514	0.87
GBP 33,000,000	Barclays Bank 0.68% 05/06/2020	33,003	2.28
GBP 5,000,000	Barclays Bank 0.92% 30/10/2020	5,014	0.35
GBP 9,500,000	HSBC 0.50% 18/02/2021	9,507	0.66
GBP 9,500,000	HSBC 0.50% 24/02/2021	9,507	0.66
GBP 6,000,000	HSBC 0.60% 20/05/2021	6,006	0.42
GBP 12,500,000	HSBC 0.85% 08/06/2020	12,502	0.86
GBP 25,500,000	Lloyds Bank 0.74% 25/06/2020	25,512	1.76
GBP 9,000,000	Nationwide Building Society 0.90% 17/06/2020	9,004	0.62
GBP 12,500,000	Standard Chartered Bank 0.65% 05/11/2020	12,520	0.87
GBP 19,000,000	Standard Chartered Bank 0.90% 17/06/2020	19,008	1.31
GBP 7,000,000	Standard Chartered Bank 1.10% 14/10/2020	7,022	0.49
		<u>161,119</u>	<u>11.15</u>
United States 2.75% (2019: 4.38%)			
GBP 7,750,000	Citibank 0.22% 21/08/2020	7,751	0.54
GBP 32,000,000	Citibank 0.40% 07/08/2020	32,017	2.21
		<u>39,768</u>	<u>2.75</u>
Treasury Bill 1.14% (2019: 0.00%)			
United Kingdom 1.14% (2019: 0.00%)			
GBP 16,500,000	UK Treasury 0.00% 01/06/2020	16,500	1.14

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Derivatives (1.54%) (2019: (0.80%))		
	Contracts for Difference 0.22% (2019: (0.35%))¹		
	Equity Short Contracts for Difference (0.33%) (2019: 0.16%)¹		
(14,007)	Air Products & Chemicals	(31)	-
(13,151)	Allianz	(123)	(0.01)
(102,602)	Anheuser-Busch InBev	(203)	(0.01)
(248,319)	Antofagasta	(197)	(0.01)
(23,058)	Arcadis	(41)	-
(57,569)	Ashtead	(72)	-
(18,695)	AstraZeneca	13	-
(561,134)	Aviva	(31)	-
(1,270,292)	Banco Santander	(109)	(0.01)
(107,419)	Bank of Nova Scotia	(99)	(0.01)
(5,343,895)	Barclays	(562)	(0.04)
(2,745,481)	Barratt Developments	357	0.02
(91,460)	Barrick Gold	(23)	-
(16,374)	Boeing	(108)	(0.01)
(78,186)	Bovis Homes	6	-
(4,355,841)	British Land	(1,037)	(0.07)
(8,837)	Brown-Forman 'B'	12	-
(14,220)	Coca-Cola European Partners	(10)	-
(2,255,226)	Crest Nicholson	(497)	(0.03)
(145,574)	CRH	(396)	(0.03)
(96,955)	Demant	(191)	(0.01)
(14,787)	Dillard's	(42)	-
(176,565)	Exxon Mobil	(11)	-
(83,920)	Ferguson	(436)	(0.03)
(242,957)	Flowers Foods	(75)	(0.01)
(75,151)	Fortum	(121)	(0.01)
(24,133)	General Mills	(28)	-
(72,972)	GlaxoSmithKline	48	-
(580,944)	Glencore	(9)	-
(55,229)	Halma	(56)	-
(82,016)	Hanesbrands	(36)	-
(15,176)	Hanover Insurance	(115)	(0.01)
(28,896)	Hartford Financial Services	(72)	-
(21,348)	HEICO	(172)	(0.01)
(45,889)	Hennes & Mauritz	(47)	-
(79,937)	Hormel Foods	(43)	-
(626,797)	HSBC	178	0.01
(23,313)	International Business Machines	(61)	-
(85,383)	Interpublic	(33)	-
(1,228,141)	Intesa Sanpaolo	(144)	(0.01)
(39,708)	Iron Mountain	(67)	-
(15,602)	Kohl's	(5)	-
(56,582)	Koninklijke Ahold Delhaize	22	-
(26,621)	LafargeHolcim	(15)	-
(15,843,018)	Lloyds Banking	74	0.01
(48,223)	Marriott International 'A'	200	0.01
(9,078)	Mastercard 'A'	(147)	(0.01)
(17,372)	Moody's	(107)	(0.01)

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Equity Short Contracts for Difference (continued)			
(34,138)	Omnicom	(44)	-
(88,217)	Prudential	65	-
(68,226)	Publicis	44	-
(1,074,563)	Redrow	(142)	(0.01)
(5,899,711)	RELX	(767)	(0.05)
(4,589,122)	Royal Dutch Shell 'A'	2,507	0.17
(7,403)	Salesforce.com	(18)	-
(81,175)	Securitas 'B'	(63)	-
(161,965)	ServiceMaster	(608)	(0.04)
(130,337)	Skanska 'B'	(59)	-
(8,478)	Société BIC	(9)	-
(12,430)	Sodexo	40	-
(7,947)	Spirax-Sarco Engineering	(47)	-
(7,412,230)	Taylor Wimpey	504	0.03
(12,525)	Temenos	(160)	(0.01)
(32,286)	Texas Instruments	(109)	(0.01)
(11,640)	Travelers	(110)	(0.01)
(32,790)	Unibail-Rodamco-Westfield	20	-
(472,970)	Unilever	(752)	(0.05)
(15,240)	United Rentals	(111)	(0.01)
(826,889)	United Utilities	(119)	(0.01)
(16,060)	VF	5	-
(571,572)	Vodafone	(20)	-
(36,323)	Walmart	104	0.01
(165,244)	Whitbread	(26)	-
(60,159)	Whitbread (Rights)	(599)	(0.04)
(3,116)	Workday	(83)	(0.01)
		<u>(5,219)</u>	<u>(0.33)</u>
Equity Long Contracts for Difference 0.55% (2019: (0.54%))¹			
85,957	Air Liquide	406	0.03
57,655	Amundi	392	0.03
12,679	Autoliv ²	-	-
664,433	AXA	159	0.01
1,644,948	BAE Systems	(109)	(0.01)
5,146,818	Balfour Beatty	(299)	(0.02)
801,138	Beazley	527	0.04
1,293,159	Bellway	(142)	(0.01)
182,112	Berkeley	(138)	(0.01)
216,054	BHP	29	-
1,521,105	BP	(123)	(0.01)
1,226,998	BT	117	0.01
69,648	Bureau Veritas	(13)	-
10,366	Capgemini	54	-
3,366,997	Capita	(32)	-
162,987	Crédit Agricole	117	0.01
918,969	CRH	2,758	0.18
1,181,236	E.ON	415	0.03
83,790	Flutter Entertainment	244	0.02

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Equity Long Contracts for Difference (continued)			
489,744	Grainger	167	0.01
735	Hiscox ²	-	-
223,879	Iberdrola	209	0.01
619,601	Informa	146	0.01
374,957	Intermediate Capital	544	0.04
5,902	Intertek	45	-
199,232	JDE Peet's	778	0.05
1,901,746	Lancashire	789	0.05
2,494,986	Land Securities	(652)	(0.05)
4,224,982	Legal & General	(220)	(0.02)
37,161	London Stock Exchange	27	-
2,314,295	Meggitt	729	0.05
346,948	Mondi	456	0.03
80,202	Muenchener Rueckver	1,239	0.09
1,014,460	National Grid	4	-
79,552	Next	58	-
95,979	Ocado	265	0.02
221,977	Pennon	78	0.01
663,398	Persimmon	479	0.03
783,469	Phoenix	191	0.01
63,111	Prosus	(461)	(0.03)
913,161	Quilter	55	-
73,637	Reckitt Benckiser	247	0.02
171,067	Rio Tinto	1,088	0.08
30,309	Roche	(308)	(0.02)
1,536,689	Royal Bank of Scotland	(2)	-
4,864,491	Royal Dutch Shell 'B'	(1,750)	(0.12)
170,084	Sanofi	(197)	(0.01)
49,451	Schneider Electric	411	0.03
1,134,649	Severn Trent	57	-
150,114	Spectris	(233)	(0.02)
1,025,161	Standard Chartered	(339)	(0.02)
3,716,827	Tesco	(372)	(0.03)
51,662	UPM-Kymmene	48	-
39,766	Vinci	203	0.01
1,260,100	WPP	275	0.02
		<u>8,416</u>	<u>0.55</u>
Index Short Contracts for Difference (0.17%) (2019: 0.03%)¹			
(3,227)	FTSE 250 Index	<u>(2,490)</u>	<u>(0.17)</u>
Futures (1.26%) (2019: 0.06%)			
(613)	CME E-mini Russell 2000 June 2020	(6,608)	(0.46)
(192)	CME E-mini S&P 500 June 2020	(2,524)	(0.17)
1,143	EUX Euro Stoxx Bank June 2020	408	0.03
(1,643)	EUX Euro Stoxx 50 June 2020	(6,778)	(0.47)
(378)	ICE FTSE 100 June 2020	<u>(2,715)</u>	<u>(0.19)</u>
		<u>(18,217)</u>	<u>(1.26)</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts (0.33%) (2019: (0.51%))¹			
	Buy CAD 203,434 : Sell GBP 115,728 June 2020	3	-
	Buy CAD 401,577 : Sell GBP 230,393 June 2020	5	-
	Buy CAD 493,313 : Sell GBP 291,357 August 2020	(3)	-
	Buy CAD 724,000 : Sell GBP 418,583 July 2020	5	-
	Buy CHF 118,636 : Sell GBP 97,615 July 2020	2	-
	Buy CHF 11,900,151 : Sell GBP 9,977,539 June 2020	44	-
	Buy CHF 1,490,424 : Sell GBP 1,240,614 June 2020	14	-
	Buy CHF 1,691,504 : Sell GBP 1,414,202 July 2020	12	-
	Buy CHF 2,099,515 : Sell GBP 1,735,818 June 2020	32	-
	Buy CHF 223,951 : Sell GBP 186,558 June 2020	2	-
	Buy CHF 2,958,034 : Sell GBP 2,489,952 June 2020	1	-
	Buy CHF 297,047 : Sell GBP 248,154 June 2020	2	-
	Buy CHF 427,290 : Sell GBP 354,834 June 2020	5	-
	Buy CHF 528,916 : Sell GBP 447,339 August 2020	(1)	-
	Buy CHF 590,475 : Sell GBP 497,304 June 2020 ²	-	-
	Buy DKK 10,683,849 : Sell GBP 1,269,364 June 2020	20	-
	Buy DKK 1,665,050 : Sell GBP 194,763 June 2020	6	-
	Buy DKK 30,248,580 : Sell GBP 3,535,227 June 2020	117	0.01
	Buy DKK 4,973,433 : Sell GBP 579,705 July 2020	21	-
	Buy DKK 5,499,588 : Sell GBP 657,351 June 2020	7	-
	Buy DKK 7,142,358 : Sell GBP 861,682 August 2020	2	-
	Buy DKK 741,940 : Sell GBP 87,545 June 2020	2	-
	Buy DKK 9,499,130 : Sell GBP 1,111,124 June 2020	36	-
	Buy EUR 1,016,300 : Sell GBP 888,555 June 2020	26	-
	Buy EUR 1,106,000 : Sell GBP 971,918 July 2020	24	-
	Buy EUR 1,136,230 : Sell GBP 1,015,718 July 2020	7	-
	Buy EUR 117,146,175 : Sell GBP 104,442,375 June 2020	969	0.07
	Buy EUR 1,335,700 : Sell GBP 1,185,249 July 2020	17	-
	Buy EUR 1,351,200 : Sell GBP 1,203,262 June 2020	13	-
	Buy EUR 1,471,543 : Sell GBP 1,315,454 July 2020	9	-
	Buy EUR 148,298 : Sell GBP 129,671 July 2020	4	-
	Buy EUR 1,885,231 : Sell GBP 1,642,671 July 2020	55	-
	Buy EUR 1,896,278 : Sell GBP 1,654,773 June 2020	52	-
	Buy EUR 198,000 : Sell GBP 176,480 July 2020	2	-
	Buy EUR 1,993,900 : Sell GBP 1,752,873 June 2020	41	-
	Buy EUR 2,150,000 : Sell GBP 1,889,172 June 2020	45	-
	Buy EUR 220,233 : Sell GBP 193,532 June 2020	5	-
	Buy EUR 22,546 : Sell GBP 19,650 June 2020	1	-
	Buy EUR 248,354 : Sell GBP 219,977 June 2020	3	-
	Buy EUR 2,687,983 : Sell GBP 2,418,231 August 2020	3	-
	Buy EUR 307,900 : Sell GBP 271,327 June 2020	6	-
	Buy EUR 319,281 : Sell GBP 285,563 July 2020	2	-
	Buy EUR 489,800 : Sell GBP 430,217 July 2020	11	-
	Buy EUR 530,541 : Sell GBP 468,334 July 2020	9	-
	Buy EUR 6,246,232 : Sell GBP 5,444,605 June 2020	176	0.01
	Buy EUR 640,900 : Sell GBP 573,200 July 2020	4	-
	Buy EUR 660,084 : Sell GBP 573,870 July 2020	20	-
	Buy EUR 68,800 : Sell GBP 61,693 July 2020 ²	-	-
	Buy EUR 74,287 : Sell GBP 64,982 June 2020	2	-
	Buy EUR 789,861 : Sell GBP 688,274 July 2020	23	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts <small>(continued)</small>			
	Buy EUR 823,017 : Sell GBP 718,895 June 2020	22	-
	Buy EUR 941,700 : Sell GBP 841,135 July 2020	7	-
	Buy GBP 1,014,944 : Sell USD 1,240,028 July 2020	12	-
	Buy GBP 103,446 : Sell USD 128,687 June 2020	(1)	-
	Buy GBP 104,552,426 : Sell EUR 117,146,175 August 2020	(977)	(0.08)
	Buy GBP 1,068,569 : Sell EUR 1,186,200 August 2020 ²	-	-
	Buy GBP 106,866 : Sell CHF 126,512 July 2020 ²	-	-
	Buy GBP 1,078,673 : Sell USD 1,348,400 June 2020	(12)	-
	Buy GBP 1,080,831 : Sell EUR 1,230,800 June 2020	(27)	-
	Buy GBP 108,321 : Sell EUR 121,287 July 2020	(1)	-
	Buy GBP 1,098,374 : Sell USD 1,332,109 July 2020	21	-
	Buy GBP 1,169,299 : Sell USD 1,442,279 July 2020	3	-
	Buy GBP 118,460 : Sell CHF 143,236 July 2020	(2)	-
	Buy GBP 122,192 : Sell USD 149,028 July 2020	2	-
	Buy GBP 1,238,122 : Sell USD 1,530,200 July 2020	1	-
	Buy GBP 124,232,441 : Sell USD 154,909,898 July 2020	(1,046)	(0.08)
	Buy GBP 1,278,870 : Sell USD 1,562,358 August 2020	16	-
	Buy GBP 1,309,946 : Sell USD 1,600,400 July 2020	16	-
	Buy GBP 1,329,827 : Sell USD 1,638,800 August 2020	5	-
	Buy GBP 133,053 : Sell EUR 151,225 July 2020	(3)	-
	Buy GBP 1,352,596 : Sell EUR 1,526,135 June 2020	(21)	-
	Buy GBP 1,377,914 : Sell EUR 1,555,764 June 2020	(22)	-
	Buy GBP 1,395,396 : Sell CHF 1,654,501 August 2020 ²	-	-
	Buy GBP 1,407,690 : Sell USD 1,753,833 July 2020	(11)	-
	Buy GBP 1,422,908 : Sell USD 1,743,604 July 2020	13	-
	Buy GBP 1,477,787 : Sell USD 1,843,279 June 2020	(13)	-
	Buy GBP 1,478,194 : Sell USD 1,828,078 August 2020 ²	-	-
	Buy GBP 1,485,735 : Sell EUR 1,670,347 July 2020	(18)	-
	Buy GBP 14,965,745 : Sell EUR 16,755,369 June 2020	(111)	(0.01)
	Buy GBP 15,963,394 : Sell EUR 18,292,128 June 2020	(496)	(0.03)
	Buy GBP 15,999,162 : Sell DKK 136,605,451 July 2020	(503)	(0.03)
	Buy GBP 1,639,177 : Sell USD 2,039,010 June 2020	(10)	-
	Buy GBP 1,657,653 : Sell USD 2,079,778 July 2020	(24)	-
	Buy GBP 16,625,884 : Sell CHF 19,608,916 June 2020	113	0.01
	Buy GBP 1,696,230 : Sell USD 2,116,500 June 2020	(16)	-
	Buy GBP 1,745,369 : Sell USD 2,174,301 July 2020	(13)	-
	Buy GBP 185,243 : Sell CHF 221,087 June 2020	(1)	-
	Buy GBP 1,857,151 : Sell USD 2,310,113 June 2020	(11)	-
	Buy GBP 1,906,562 : Sell USD 2,405,500 July 2020	(39)	-
	Buy GBP 1,962,762 : Sell USD 2,448,200 June 2020	(17)	-
	Buy GBP 1,977,708 : Sell USD 2,450,408 June 2020	(4)	-
	Buy GBP 1,981,007 : Sell SEK 24,401,644 June 2020	(115)	(0.01)
	Buy GBP 200,694 : Sell SEK 2,365,342 August 2020	(3)	-
	Buy GBP 2,100,275 : Sell USD 2,650,071 July 2020	(43)	-
	Buy GBP 215,358 : Sell EUR 245,571 July 2020	(6)	-
	Buy GBP 218,803 : Sell USD 273,674 June 2020	(3)	-
	Buy GBP 2,193,004 : Sell EUR 2,452,100 July 2020	(15)	-
	Buy GBP 2,193,310 : Sell EUR 2,495,247 June 2020	(52)	-
	Buy GBP 2,229,328 : Sell CHF 2,709,444 July 2020	(54)	-
	Buy GBP 232,809 : Sell EUR 262,384 July 2020	(3)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts <small>(continued)</small>			
	Buy GBP 233,148 : Sell EUR 259,166 August 2020 ²	-	-
	Buy GBP 2,369,581 : Sell EUR 2,676,765 June 2020	(39)	-
	Buy GBP 245,980 : Sell SEK 3,073,185 June 2020	(18)	-
	Buy GBP 2,526,553 : Sell SEK 29,920,969 August 2020	(44)	-
	Buy GBP 253,237 : Sell EUR 291,284 July 2020	(9)	-
	Buy GBP 268,121 : Sell EUR 303,745 July 2020	(5)	-
	Buy GBP 271,409 : Sell EUR 304,500 July 2020	(3)	-
	Buy GBP 279,416 : Sell EUR 314,861 July 2020	(4)	-
	Buy GBP 28,389 : Sell DKK 239,016 June 2020 ²	-	-
	Buy GBP 291,427 : Sell CAD 493,313 June 2020	3	-
	Buy GBP 296,746 : Sell USD 361,809 July 2020	4	-
	Buy GBP 2,978,447 : Sell USD 3,649,600 July 2020	27	-
	Buy GBP 301,049 : Sell SEK 3,699,186 June 2020	(17)	-
	Buy GBP 30,839 : Sell USD 38,317 July 2020 ²	-	-
	Buy GBP 3,229,370 : Sell USD 3,977,036 June 2020	13	-
	Buy GBP 325,094 : Sell CHF 391,211 July 2020	(5)	-
	Buy GBP 332,314 : Sell CHF 403,870 July 2020	(8)	-
	Buy GBP 3,333,267 : Sell EUR 3,765,071 June 2020	(55)	-
	Buy GBP 334,863 : Sell USD 410,642 June 2020	3	-
	Buy GBP 337,578 : Sell CHF 405,579 July 2020	(4)	-
	Buy GBP 33,798,211 : Sell USD 41,569,231 June 2020	175	0.01
	Buy GBP 344,976 : Sell USD 425,142 August 2020	1	-
	Buy GBP 3,530,304 : Sell USD 4,382,903 June 2020	(15)	-
	Buy GBP 356,920 : Sell EUR 397,275 August 2020	(1)	-
	Buy GBP 36,295 : Sell USD 45,110 June 2020 ²	-	-
	Buy GBP 365,200 : Sell EUR 416,400 July 2020	(10)	-
	Buy GBP 365,968 : Sell EUR 418,402 June 2020	(11)	-
	Buy GBP 389,136 : Sell EUR 437,497 July 2020	(5)	-
	Buy GBP 3,978,743 : Sell USD 4,930,084 June 2020	(9)	-
	Buy GBP 400,245 : Sell DKK 3,433,967 July 2020	(15)	-
	Buy GBP 406,868 : Sell DKK 3,454,542 July 2020	(10)	-
	Buy GBP 417,074 : Sell EUR 474,797 June 2020	(10)	-
	Buy GBP 423,219 : Sell USD 513,300 July 2020	8	-
	Buy GBP 4,311,811 : Sell SEK 52,928,874 July 2020	(235)	(0.02)
	Buy GBP 437,112 : Sell EUR 501,603 June 2020	(14)	-
	Buy GBP 483,903 : Sell EUR 549,800 June 2020	(11)	-
	Buy GBP 489,069 : Sell DKK 4,068,195 July 2020	(2)	-
	Buy GBP 490,191 : Sell EUR 560,940 July 2020	(15)	-
	Buy GBP 49,161 : Sell CHF 58,889 June 2020 ²	-	-
	Buy GBP 494,344 : Sell EUR 563,700 June 2020	(13)	-
	Buy GBP 511,298 : Sell EUR 577,237 June 2020	(8)	-
	Buy GBP 514,280 : Sell USD 635,700 July 2020 ²	-	-
	Buy GBP 520,969 : Sell EUR 596,724 June 2020	(16)	-
	Buy GBP 52,981 : Sell EUR 59,700 July 2020	(1)	-
	Buy GBP 530,797 : Sell EUR 590,800 August 2020	(1)	-
	Buy GBP 539,739 : Sell USD 671,993 June 2020	(4)	-
	Buy GBP 563,846 : Sell EUR 641,470 June 2020	(13)	-
	Buy GBP 566,733 : Sell USD 695,200 June 2020	4	-
	Buy GBP 576,425 : Sell USD 712,453 July 2020 ²	-	-
	Buy GBP 583,531 : Sell EUR 668,000 June 2020	(18)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts <small>(continued)</small>			
	Buy GBP 587,891 : Sell EUR 674,600 June 2020	(19)	-
	Buy GBP 592,925 : Sell EUR 661,400 July 2020	(3)	-
	Buy GBP 593,335 : Sell EUR 679,400 June 2020	(18)	-
	Buy GBP 614,477 : Sell USD 761,400 June 2020	(1)	-
	Buy GBP 629,205 : Sell EUR 699,433 August 2020	(1)	-
	Buy GBP 64,222 : Sell CAD 111,699 June 2020	(1)	-
	Buy GBP 647,507 : Sell EUR 737,214 July 2020	(16)	-
	Buy GBP 658,055 : Sell DKK 5,499,588 August 2020	(7)	-
	Buy GBP 66,468,260 : Sell EUR 74,021,045 June 2020	(138)	(0.01)
	Buy GBP 671,719 : Sell USD 835,500 June 2020	(4)	-
	Buy GBP 68,660,466 : Sell EUR 78,593,532 July 2020	(2,102)	(0.16)
	Buy GBP 689,891 : Sell USD 851,374 June 2020	1	-
	Buy GBP 6,989,779 : Sell DKK 58,099,120 June 2020	(24)	-
	Buy GBP 7,123,615 : Sell CHF 8,622,255 July 2020	(144)	(0.01)
	Buy GBP 726,245 : Sell USD 898,092 July 2020 ²	-	-
	Buy GBP 731,120 : Sell CAD 1,234,359 August 2020	9	-
	Buy GBP 732,191 : Sell USD 922,900 June 2020	(14)	-
	Buy GBP 737,498 : Sell EUR 843,093 June 2020	(21)	-
	Buy GBP 754,245 : Sell EUR 862,815 June 2020	(22)	-
	Buy GBP 80,886 : Sell CHF 97,994 June 2020	(2)	-
	Buy GBP 832,501 : Sell EUR 952,061 July 2020	(25)	-
	Buy GBP 851,004 : Sell EUR 974,536 June 2020	(26)	-
	Buy GBP 852,765 : Sell USD 1,052,304 June 2020	2	-
	Buy GBP 87,108 : Sell DKK 722,047 August 2020 ²	-	-
	Buy GBP 879,889 : Sell EUR 1,006,522 June 2020	(26)	-
	Buy GBP 8,827,749 : Sell USD 10,838,309 June 2020	61	-
	Buy GBP 888,167 : Sell EUR 998,500 July 2020	(11)	-
	Buy GBP 888,288 : Sell USD 1,102,617 June 2020	(4)	-
	Buy GBP 892,632 : Sell USD 1,112,000 July 2020	(7)	-
	Buy GBP 908,101 : Sell EUR 1,044,600 July 2020	(32)	-
	Buy GBP 926,906 : Sell EUR 1,060,100 July 2020	(28)	-
	Buy GBP 93,207 : Sell CAD 157,363 August 2020	1	-
	Buy GBP 936,340 : Sell USD 1,141,939 July 2020	13	-
	Buy GBP 952,624 : Sell USD 1,182,400 June 2020	(4)	-
	Buy GBP 996,406 : Sell USD 1,227,098 June 2020	4	-
	Buy GBP 9,992,770 : Sell CHF 11,900,151 August 2020	(45)	-
	Buy GBP 999,939 : Sell EUR 1,145,400 June 2020	(31)	-
	Buy SEK 1,253,046 : Sell GBP 101,110 June 2020	7	-
	Buy SEK 29,920,969 : Sell GBP 2,525,924 June 2020	44	-
	Buy USD 1,073,100 : Sell GBP 874,404 July 2020	(7)	-
	Buy USD 1,098,573 : Sell GBP 899,263 August 2020	(11)	-
	Buy USD 1,285,400 : Sell GBP 1,042,459 June 2020	(3)	-
	Buy USD 1,404,600 : Sell GBP 1,145,343 June 2020	(9)	-
	Buy USD 1,442,972 : Sell GBP 1,164,900 June 2020	2	-
	Buy USD 1,487,921 : Sell GBP 1,190,276 June 2020	13	-
	Buy USD 1,540,100 : Sell GBP 1,262,126 July 2020	(17)	-
	Buy USD 155,039 : Sell GBP 127,169 July 2020	(2)	-
	Buy USD 1,667,820 : Sell GBP 1,366,840 July 2020	(18)	-
	Buy USD 18,873,910 : Sell GBP 15,147,393 June 2020	119	0.01
	Buy USD 1,924,400 : Sell GBP 1,533,772 July 2020	23	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts <small>(continued)</small>			
	Buy USD 19,478 : Sell GBP 15,676 July 2020 ²	-	-
	Buy USD 2,066,355 : Sell GBP 1,675,895 June 2020	(5)	-
	Buy USD 2,186,200 : Sell GBP 1,787,762 July 2020	(20)	-
	Buy USD 236,583 : Sell GBP 189,603 June 2020	2	-
	Buy USD 2,369,100 : Sell GBP 1,906,676 July 2020	9	-
	Buy USD 2,425,307 : Sell GBP 1,947,956 June 2020	14	-
	Buy USD 277,612 : Sell GBP 223,195 June 2020	1	-
	Buy USD 2,830,200 : Sell GBP 2,276,740 June 2020	12	-
	Buy USD 3,771,640 : Sell GBP 3,071,933 June 2020	(21)	-
	Buy USD 381,490 : Sell GBP 311,964 July 2020	(3)	-
	Buy USD 392,205 : Sell GBP 319,707 June 2020	(2)	-
	Buy USD 4,114,212 : Sell GBP 3,347,916 July 2020	(21)	-
	Buy USD 41,569,231 : Sell GBP 33,790,592 August 2020	(177)	(0.01)
	Buy USD 41,647,620 : Sell GBP 33,672,024 June 2020	14	-
	Buy USD 4,640,457 : Sell GBP 3,746,600 June 2020	7	-
	Buy USD 5,212,041 : Sell GBP 4,178,327 June 2020	37	-
	Buy USD 557,391 : Sell GBP 454,189 July 2020	(3)	-
	Buy USD 609,400 : Sell GBP 492,780 August 2020 ²	-	-
	Buy USD 66,644 : Sell GBP 52,878 June 2020	1	-
	Buy USD 689,799 : Sell GBP 558,063 July 2020 ²	-	-
	Buy USD 713,049 : Sell GBP 574,267 June 2020	2	-
	Buy USD 771,843 : Sell GBP 620,595 June 2020	4	-
	Buy USD 860,063 : Sell GBP 697,281 July 2020	(2)	-
	Buy USD 868,009 : Sell GBP 695,287 June 2020	7	-
	Buy USD 875,079 : Sell GBP 717,411 July 2020	(10)	-
		<u>(4,707)</u>	<u>(0.33)</u>
	Investment assets including investment liabilities	1,343,981	92.90
	Other net assets	102,651	7.10
	Total net assets	<u>1,446,632</u>	<u>100.00</u>

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

The classification is based on the country of risk and a relevant industry classification standard.

Statement of total return for the year ended 31 May 2020

		2020		2019	
	Note	£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		69,265		(45,854)
Revenue	3	42,782		49,956	
Expenses	4	(19,873)		(24,154)	
Interest payable and similar charges	5	<u>(27,766)</u>		<u>(24,624)</u>	
Net (expense)/revenue before taxation		(4,857)		1,178	
Taxation	6	<u>(457)</u>		<u>(295)</u>	
Net (expense)/revenue after taxation			<u>(5,314)</u>		<u>883</u>
Total return before distributions			63,951		(44,971)
Distributions	7		(473)		(967)
Change in net assets attributable to shareholders from investment activities			<u>63,478</u>		<u>(45,938)</u>

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

		2020		2019	
		£000	£000	£000	£000
Opening net assets attributable to shareholders			2,032,333		2,563,247
Amounts receivable on issue of shares		381,824		608,397	
Amounts payable on cancellation of shares		<u>(1,031,410)</u>		<u>(1,094,314)</u>	
			(649,586)		(485,917)
Dilution adjustment			22		-
Change in net assets attributable to shareholders from investment activities			63,478		(45,938)
Retained distributions on accumulation shares			385		941
Closing net assets attributable to shareholders			<u>1,446,632</u>		<u>2,032,333</u>

Balance sheet as at 31 May 2020

	Note	2020 £000	2019 £000
Assets:			
Investments		1,387,356	1,816,113
Current assets:			
Debtors	8	15,365	22,961
Cash and bank balances	9	171,211	286,272
Total assets		1,573,932	2,125,346
Liabilities:			
Investment liabilities		43,375	40,834
Creditors:			
Amounts held at derivative clearing houses and brokers		729	1,407
Bank overdrafts		3,793	13,415
Other creditors	10	79,403	37,357
Total liabilities		127,300	93,013
Net assets attributable to shareholders		1,446,632	2,032,333

Notes to the financial statements for the year ended 31 May 2020

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2020	2019
	£000	£000
Capital management fee rebates	51	24
Derivative securities	46,730	(65,052)
Forward currency contracts	(7,161)	(9,246)
Non-derivative securities	27,967	28,934
Other currency gains/(losses)	1,690	(504)
Transaction costs	(12)	(10)
Net capital gains/(losses)	69,265	(45,854)

3 Revenue

	2020	2019
	£000	£000
Bank interest	1,250	2,362
Derivative revenue	26,411	29,014
Interest on debt securities	8,314	12,486
Overseas dividends*	3,489	3,615
Stock dividends	503	697
Stock lending revenue	33	16
UK dividends	2,782	1,766
Total revenue	42,782	49,956

* includes distributions from overseas funds

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	16,039	22,805
Performance fee	2,850	35
GAC*	854	1,153
	<u>19,743</u>	<u>23,993</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	83	103
Safe custody fees	47	58
	<u>130</u>	<u>161</u>
Total expenses	19,873	24,154

Irrecoverable VAT is included in the above expenses where relevant.

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

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2020 £000	2019 £000
Interest payable*	6,145	7,149
Interest on margin	2,132	1,541
Dividends payable on CFD contracts	19,489	15,934
Total interest payable and similar charges	27,766	24,624

* Includes negative interest on credit balances held with the broker.

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2020 £000	2019 £000
Current tax		
Overseas withholding tax	457	295
Total tax (note 6b)	457	295

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2019: 20%). The differences are explained below:

	2020 £000	2019 £000
Net (expense)/revenue before taxation	(4,857)	1,178
Corporation tax at 20% (2019: 20%)	(971)	236
Effects of:		
Irrecoverable overseas tax	457	295
Overseas dividends	(698)	(723)
Tax effect of capital fees	10	4
UK dividends*	(557)	(353)
Unused management expenses	2,216	836
Tax charge for the year (note 6a)	457	295

* As an OEIC this item is not subject to corporation tax.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (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 £15,337,059 (2019: £13,121,521) 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.

Notes to the financial statements (continued)

7 Distributions

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

	2020	2019
	£000	£000
Interim accumulation	385	-
Final accumulation	-	941
	<u>385</u>	<u>941</u>
Amounts deducted on cancellation of shares	111	55
Amounts received on issue of shares	(23)	(29)
	<u>473</u>	<u>967</u>
Total distributions	473	967
Net (expense)/revenue after taxation	(5,314)	883
Performance fee borne by the capital account	2,850	35
Revenue shortfall	3,440	746
Stock dividends	(503)	(697)
Total distributions	473	967

Details of the distribution per share are set out in the Distribution tables on page 233.

8 Debtors

	2020	2019
	£000	£000
Accrued revenue	1,676	5,346
Amounts receivable for issue of shares	6,184	4,842
Amounts receivable from counterparty regarding CFD contracts	2,303	4,875
Currency transactions awaiting settlement	3,229	4,799
Management fee rebates	3	3
Overseas withholding tax reclaimable	323	302
Sales awaiting settlement	1,647	2,794
	<u>15,365</u>	<u>22,961</u>
Total debtors	15,365	22,961

9 Cash and bank balances

	2020	2019
	£000	£000
Amounts held at derivative clearing houses and brokers	43,984	19,706
Cash and bank balances	74,267	187,281
Deposit accounts	52,960	79,285
	<u>171,211</u>	<u>286,272</u>
Total cash and bank balances	171,211	286,272

Notes to the financial statements (continued)

10 Other creditors

	2020 £000	2019 £000
Accrued annual management charge	1,172	1,678
Accrued Depository's fee	6	8
Accrued other expenses	88	99
Accrued performance fee payable to ACD	2,850	33
Amounts payable for cancellation of shares	9,306	18,649
Amounts payable to counterparty regarding CFD contracts	1,314	2,479
Currency transactions awaiting settlement	3,228	4,795
Purchases awaiting settlement	61,439	9,616
Total other creditors	79,403	37,357

11 Contingent liabilities and commitments

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 220 and 221 and notes 4, 7, 8 and 10 on pages 222 to 225 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

13 Shareholders' funds

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

	2020 %	2019 %
Class A	1.50	1.50
Class E ¹	1.00	n/a
Class G	0.75	0.75
Class I	1.00	1.00

¹ Class E accumulation launched on 24 June 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Comparative tables on pages 201 to 204. The distribution per share class is given in the Distribution tables on page 233. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2020

	Class A accumulation	Class E accumulation	Class G accumulation	Class I accumulation
Opening number of shares	43,362,733	-	534,749,279	874,477,611
Issues during the year	4,778,280	143,753	32,404,668	204,247,710
Cancellations during the year	(18,249,572)	(138,832)	(203,743,840)	(477,615,251)
Shares converted during the year	(481,939)	558,095	(116,568)	(920)
Closing shares in issue	29,409,502	563,016	363,293,539	601,109,150

Notes to the financial statements (continued)

14 Financial derivatives

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

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

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

There was no collateral pledged or collateral held in respect of derivatives as at 31 May 2020 (2019: nil).

2020

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

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	-	2,745	-	2,745
Merrill Lynch	321	-	-	321
UBS	17,684	-	408	18,092
	18,005	2,745	408	21,158

2019

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

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	-	3,208	-	3,208
UBS	20,054	-	1,287	21,341
	20,054	3,208	1,287	24,549

15 Stock lending

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

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

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

Notes to the financial statements (continued)

15 Stock lending (continued)

2020 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Société Générale	6,569	7,299	Equity
	6,569	7,299	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	39	6	33

2019 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Citigroup	1,815	2,114	Equity
Deutsche Bank	1,545	1,716	Equity
Société Générale	7,201	9,930	Equity
	10,561	13,760	

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	19	3	16

16 Risk

Currency risk

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

Interest rate risk

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

Notes to the financial statements (continued)

16 Risk (continued)

Interest rate risk (continued)

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2020				
Canadian dollar	1	-	739	740
Danish krone	1	-	28,912	28,913
Euro	12,504	-	176,798	189,302
Swedish krona	1	-	50	51
Swiss franc	-	-	17,448	17,448
UK sterling	160,657	942,307	112,983	1,215,947
US dollar	14,547	-	106,984	121,531
Total	187,711	942,307	443,914	1,573,932
	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2019				
Canadian dollar	-	-	317	317
Danish krone	1	-	25,945	25,946
Euro	5,485	-	155,212	160,697
Swedish krona	13	-	1,058	1,071
Swiss franc	-	-	18,434	18,434
UK sterling	277,495	1,341,919	138,286	1,757,700
US dollar	3,278	-	157,903	161,181
Total	286,272	1,341,919	497,155	2,125,346
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2020				
Canadian dollar	-	-	103	103
Danish krone	-	-	192	192
Euro	408	-	9,131	9,539
Swedish krona	-	-	170	170
Swiss franc	83	-	1,881	1,964
UK sterling	3,794	-	96,289	100,083
US dollar	238	-	15,011	15,249
Total	4,523	-	122,777	127,300
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2019				
Canadian dollar	5	-	-	5
Danish krone	-	-	1,341	1,341
Euro	292	-	3,290	3,582
Swedish krona	-	-	287	287
Swiss franc	4	-	-	4
UK sterling	13,415	-	66,387	79,802
US dollar	1,106	-	6,886	7,992
Total	14,822	-	78,191	93,013

Notes to the financial statements (continued)

16 Risk (continued)

Credit ratings

	Market value £000	Percentage of total net assets %
2020		
Investments		
Investment grade (AAA - BBB)*	958,806	66.28
Total debt securities	958,806	66.28
Collective investment schemes	66,292	4.58
Derivatives	(22,217)	(1.54)
Equities	341,100	23.58
Investment assets including investment liabilities	1,343,981	92.90
Other net assets	102,651	7.10
Total net assets	1,446,632	100.00
	Market value £000	Percentage of total net assets %
2019		
Investments		
Investment grade (AAA - BBB)*	1,341,917	66.03
Total debt securities	1,341,917	66.03
Collective investment schemes	91,511	4.50
Derivatives	(16,285)	(0.80)
Equities	358,136	17.62
Investment assets including investment liabilities	1,775,279	87.35
Other net assets	257,054	12.65
Total net assets	2,032,333	100.00

* Certificates of deposit included within investment grade have been rated based on the rating of the issuer.

Sensitivity analysis

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

VaR Results	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
2020	0.84	4.02	1.50	20.00	4.20	20.09	7.49
2019	1.11	2.93	1.49	20.00	5.57	14.63	7.44
Leverage	Minimum	Maximum	Average				
	%	%	%				
2020	96.42	155.78	121.60				
2019	64.92	110.38	81.63				

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2020				
Amounts held at derivatives clearing houses and brokers	729	-	-	-
Bank overdrafts	3,793	-	-	-
Derivative financial liabilities	-	26,077	17,298	-
Other creditors	-	79,403	-	-
Total	4,522	105,480	17,298	-

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Amounts held at derivatives clearing houses and brokers	1,407	-	-	-
Bank overdrafts	13,415	-	-	-
Derivative financial liabilities	-	13,742	27,092	-
Other creditors	-	37,357	-	-
Total	14,822	51,099	27,092	-

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	358,008	18,625	359,423	141
Level 2	1,029,348	24,750	1,456,690	40,693
Level 3	-	-	-	-
	1,387,356	43,375	1,816,113	40,834

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2020 £000	2019 £000	2020 £000	2019 £000
Trades in the year				
Certificates of deposit	2,884,784	4,695,432	3,284,717	5,201,523
Debt securities	122,165	-	105,878	-
Equities	570,863	678,546	615,707	698,688
Trades in the year before transaction costs	3,577,812	5,373,978	4,006,302	5,900,211
Transaction costs				
Commissions				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	128	145	128	173
Total commissions	128	145	128	173
Taxes				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	4	-	9	8
Total other expenses	4	-	9	8
Total transaction costs	132	145	137	181
Total net trades in the year after transaction costs	3,577,944	5,374,123	4,006,165	5,900,030

	Purchases		Sales	
	2020 %	2019 %	2020 %	2019 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	0.02	0.02	0.02	0.02
Taxes				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
Other expenses				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

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

There were no specie transfers during the year (2019: nil). There were no corporate actions during the year (2019: £654,834).

There were commissions on CFDs and direct transaction costs associated with derivatives in the year of £1,836,087 (2019: £2,037,684) which is 0.11% of the average net asset value of the fund (2019: 0.09%).

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

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

The portfolio dealing spread as at 31 May 2020 was 0.29% (2019: 0.19%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

Due to COVID-19 and the resultant market volatility, we have assessed the effect on the Net Asset Value of the fund of this event. As at 10 August 2020, the Net Asset Value is £1,421,549,321 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 31 May 2020 (in pence per share)

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

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class E accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class G accumulation				
Group 1	0.0898	-	0.0898	-
Group 2	0.0555	0.0343	0.0898	-
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-

¹ Class E accumulation launched on 24 June 2019.

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

Group 1: shares purchased prior to 1 December 2019

Group 2: shares purchased on or after 1 December 2019

	Distribution per share	Equalisation	Total distribution per share 31/01/20	Total distribution per share 31/01/19
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class E accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class G accumulation				
Group 1	-	-	-	0.1760
Group 2	-	-	-	0.1760
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-

¹ Class E accumulation launched on 24 June 2019.

Appendix - additional information (unaudited)

Securities financing transactions

The funds engage in securities financing transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the funds' involvement in and exposures related to securities lending for the year ended 31 May 2020 are detailed below.

Global data

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

Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Janus Henderson China Opportunities Fund	1,207	0.14%	0.14%
Janus Henderson Emerging Markets Opportunities Fund	458	0.47%	0.46%
Janus Henderson European Absolute Return Fund	1,031	4.69%	4.08%
Janus Henderson European Focus Fund	15,451	7.48%	7.23%
Janus Henderson European Selected Opportunities Fund	277,637	16.67%	16.27%
Janus Henderson UK Absolute Return Fund	6,569	0.48%	0.45%

Concentration data

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

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
Janus Henderson China Opportunities Fund		Janus Henderson Emerging Markets Opportunities Fund	
Singapore Exchange	118	Alliant Energy	31
Jardine Matheson	118	Royal Dutch Shell	30
Keyence	117	Inditex	30
China Overseas Land & Investment	115	Koninklijke DSM	30
Ubisoft Entertain	115	Caixabank	30
Canadian Imperial Bank of Commerce	105	Ocado	27
Franco Nevada	90	Adidas	21
Prosus	52	Singapore Exchange	20
Royal Bank of Canada	39	Jardine Matheson	20
International Consolidated Airlines	38	Keyence	20
Janus Henderson European Absolute Return Fund		Janus Henderson European Focus Fund	
Électricité de France	49	Government of Japan	1,132
Intesa Sanpaolo	41	Électricité de France	673
Visa 'A'	39	Intesa Sanpaolo	559
HSBC	39	Visa 'A'	529
B&M European Value Retail	32	B&M European Value Retail	445
William Hill	31	William Hill	436
Ingenico	30	Ingenico	411
Redrow	28	Redrow	398
Bellway	27	Bellway	372
Alphabet	25	US Treasury	363

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Concentration data (continued)

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
Janus Henderson European Selected Opportunities Fund		Janus Henderson UK Absolute Return Fund	
Électricité de France	11,145	William Hill	574
Visa 'A'	11,086	Électricité de France	533
Intesa Sanpaolo	9,759	Redrow	523
Ingenico	7,510	Bellway	489
B&M European Value Retail	7,482	Man Group	393
Alphabet	7,333	SSP	388
HSBC	7,035	Intesa Sanpaolo	349
William Hill	6,237	WHSmith	349
Vinci	5,793	B&M European Value Retail	334
LVMH	5,687	Unicredit	307

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

Counterparty	Market value of securities on loan £000	Settlement basis	Counterparty	Market value of securities on loan £000	Settlement basis
Janus Henderson China Opportunities Fund			Janus Henderson Emerging Markets Opportunities Fund		
JP Morgan	1,063	Triparty	Citigroup	277	Triparty
Citigroup	144	Triparty	JP Morgan	181	Triparty
	1,207			458	
Janus Henderson European Absolute Return Fund			Janus Henderson European Focus Fund		
Natixis	675	Triparty	Natixis	9,120	Triparty
Société Générale	356	Triparty	Société Générale	4,998	Triparty
	1,031		Morgan Stanley	1,333	Triparty
				15,451	
Janus Henderson European Selected Opportunities Fund			Janus Henderson UK Absolute Return Fund		
Natixis	190,057	Triparty	Société Générale	6,569	Triparty
Société Générale	68,772	Triparty		6,569	
Citigroup	10,287	Triparty			
Bank of Nova Scotia	4,230	Triparty			
JP Morgan	3,618	Triparty			
HSBC	673	Triparty			
	277,637				

All counterparties have been included.

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data

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

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Janus Henderson China Opportunities Fund							
Citigroup	United States	Equity	Main market listing	AUD	Triparty	BNP Paribas	1
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	7
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	93
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	43
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	17
JP Morgan	United States	Equity	Main market listing	CAD	Triparty	BNP Paribas	259
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	47
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	243
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	93
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	116
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	170
JP Morgan	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	1
JP Morgan	United States	Equity	Main market listing	SGD	Triparty	BNP Paribas	118
JP Morgan	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	134
							1,342
Janus Henderson Emerging Markets Opportunities Fund							
Citigroup	United States	Equity	Main market listing	AUD	Triparty	BNP Paribas	2
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	15
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	182
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	75
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	34
JP Morgan	United States	Equity	Main market listing	CAD	Triparty	BNP Paribas	44
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	8
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	41
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	16
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	20
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	29
JP Morgan	United States	Equity	Main market listing	SGD	Triparty	BNP Paribas	20
JP Morgan	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	24
							510
Janus Henderson European Absolute Return Fund							
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	82
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	371
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	176
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	9
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	20
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	92
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	2
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	112
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	272
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	10
							1,146

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data (continued)

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Janus Henderson European Focus Fund							
Morgan Stanley	United States	Government Bond	Investment grade	JPY	Triparty	BNP Paribas	1,132
Morgan Stanley	United States	Government Bond	Investment grade	USD	Triparty	BNP Paribas	363
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,226
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	5,038
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	2,206
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	129
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	271
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	1
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	1,262
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	27
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,562
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	3,815
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	150
							17,182
Janus Henderson European Selected Opportunities Fund							
Bank of Nova Scotia	Canada	Equity	Main market listing	CAD	Triparty	BNP Paribas	1,532
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	772
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,875
Bank of Nova Scotia	Canada	Equity	Main market listing	HKD	Triparty	BNP Paribas	7
Bank of Nova Scotia	Canada	Equity	Main market listing	JPY	Triparty	BNP Paribas	163
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	351
Citigroup	United States	Equity	Main market listing	AUD	Triparty	BNP Paribas	87
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	527
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	6,634
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	2,905
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	1,277
HSBC	United Kingdom	Equity	Main market listing	CHF	Triparty	BNP Paribas	76
HSBC	United Kingdom	Equity	Main market listing	EUR	Triparty	BNP Paribas	197
HSBC	United Kingdom	Equity	Main market listing	GBP	Triparty	BNP Paribas	181
HSBC	United Kingdom	Equity	Main market listing	HKD	Triparty	BNP Paribas	174
HSBC	United Kingdom	Equity	Main market listing	USD	Triparty	BNP Paribas	120
JP Morgan	United States	Equity	Main market listing	CAD	Triparty	BNP Paribas	882
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	160
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	829
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	315
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	393
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	578
JP Morgan	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	4
JP Morgan	United States	Equity	Main market listing	SGD	Triparty	BNP Paribas	402
JP Morgan	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	457
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	25,780
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	105,015
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	45,621
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	2,685
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	5,642
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	21
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	26,411

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data (continued)

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Janus Henderson European Selected Opportunities Fund (continued)							
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	374
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	21,496
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	52,478
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	2,069
							308,490
Janus Henderson UK Absolute Return Fund							
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	34
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	2,053
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	5,014
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	198
							7,299

All collateral is held in segregated accounts.

The lending and collateral transactions are on an open basis and can be recalled on demand.

Re-use of collateral

The funds do not engage in any re-use of collateral.

Return and cost on securities lending activities

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

Fund	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000	% return retained by the securities lending agent	% return retained by the fund
Janus Henderson China Opportunities Fund	381	57	324	15%	85%
Janus Henderson Emerging Markets Opportunities Fund	13	2	11	15%	85%
Janus Henderson European Absolute Return Fund	1	-	1	15%	85%
Janus Henderson European Focus Fund	21	3	18	15%	85%
Janus Henderson European Selected Opportunities Fund	222	33	189	15%	85%
Janus Henderson UK Absolute Return Fund	39	6	33	15%	85%

Appendix - additional information (unaudited) (continued)

Remuneration policy

Following the implementation of the UCITS V in the UK from 18 March 2016, all authorised UCITS Management Companies are required to comply with the UCITS Remuneration Code. Under the Code, the Compensation Committee of Janus Henderson Group plc in its oversight of Henderson Investment Fund Limited (HIFL) must make relevant remuneration disclosures.

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

Janus Henderson Investment Funds Series I 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 consistent with risk profiles, rules or instruments of incorporation of each ACD and the funds they manage. This policy applies to HIFL and Janus Henderson Investment Funds Series I.

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)
Janus Henderson China Opportunities Fund	2,012	1,916
of which		
Fixed Remuneration	2,012	932
Variable Remuneration	2,000	984
Janus Henderson China Opportunities Fund Remuneration Code Staff	50	580
of which		
Senior Management (4)	25	122
Other Code Staff (5)	25	458
Janus Henderson Emerging Markets Opportunities Fund	2,012	1,215
of which		
Fixed Remuneration	2,012	298
Variable Remuneration	2,000	917
Janus Henderson Emerging Markets Opportunities Fund Remuneration Code Staff	50	1,025
of which		
Senior Management (4)	25	17
Other Code Staff (5)	25	1,008
Janus Henderson European Focus Fund	2,012	599
of which		
Fixed Remuneration	2,012	161
Variable Remuneration	2,000	438
Janus Henderson European Focus Fund Remuneration Code Staff	50	345
of which		
Senior Management (4)	25	24
Other Code Staff (5)	25	321
Janus Henderson European Selected Opportunities Fund	2,012	4,723
of which		
Fixed Remuneration	2,012	1,270
Variable Remuneration	2,000	3,453
Janus Henderson European Selected Opportunities Fund Remuneration Code Staff	50	2,716
of which		
Senior Management (4)	25	188
Other Code Staff (5)	25	2,528

Appendix - additional information (unaudited) (continued)

Remuneration policy (continued)

	Headcount (1)	Total Remuneration (£000s) (2,3)
Janus Henderson UK & Irish Smaller Companies Fund	2,012	230
of which		
Fixed Remuneration	2,012	92
Variable Remuneration	2,000	138
Janus Henderson UK & Irish Smaller Companies Fund Remuneration Code Staff	50	95
of which		
Senior Management (4)	25	12
Other Code Staff (5)	25	83
Janus Henderson US Growth Fund	2,012	490
of which		
Fixed Remuneration	2,012	205
Variable Remuneration	2,000	285
Janus Henderson US Growth Fund Remuneration Code Staff	50	160
of which		
Senior Management (4)	25	31
Other Code Staff (5)	25	129
Janus Henderson European Absolute Return Fund	2,012	93
of which		
Fixed Remuneration	2,012	25
Variable Remuneration	2,000	68
Janus Henderson European Absolute Return Fund Remuneration Code Staff	50	53
of which		
Senior Management (4)	25	4
Other Code Staff (5)	25	49
Janus Henderson UK Absolute Return Fund	2,012	7,239
of which		
Fixed Remuneration	2,012	1,221
Variable Remuneration	2,000	6,018
Janus Henderson UK Absolute Return Fund Remuneration Code Staff	50	5,361
of which		
Senior Management (4)	25	179
Other Code Staff (5)	25	5,182

Appendix - additional information (unaudited) (continued)

Remuneration policy (continued)

- 1 This is the actual number of employees who are fully or partly involved in the activities of Janus Henderson Investment Funds Series I
 - no attempt has been made to apportion the time spent specifically in support of Janus Henderson Investment Funds Series I as this data is not captured as part of Janus Henderson Group plc's 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 Janus Henderson Group plc.
- 3 The remuneration disclosed is only in respect of the provision of services to the funds of Janus Henderson Investment Funds Series I for the year, rather than the total remuneration for the year – for this purpose, remuneration has been apportioned between the provision of services to the funds of Janus Henderson Investment Funds Series I and to other entities in Janus Henderson Group plc, as follows:
 - in respect of performance fee incentives, 100% of any direct allocations of performance fees generated within Janus Henderson Investment Funds Series I;
 - in respect of fixed pay and annual/long term incentive bonuses:
 - where fixed pay is directly attributable to the funds of Janus Henderson Investment Funds Series I (for example, fees for Board members of the funds of Janus Henderson Investment Funds Series I), 100% of those fees;
 - for Investment Fund Managers, pro-rated using the average assets under management (AUM) of the funds of Janus Henderson Investment Funds Series I 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 the funds of Janus Henderson Investment Funds Series I (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 UCITS Code Staff not covered by the above, including Investment Fund Managers who manage AUM within the funds of Janus Henderson Investment Funds Series I.

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.

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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