



ANNUAL REPORT & ACCOUNTS

For the year ended
31 May 2019

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 360 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 2019, we had £282.7bn assets under management, more than 2,000 employees and 28 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 2019

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 2019.

Authorised status

The Company is an open ended investment company (OEIC) with variable capital authorised, under regulation 12 (Authorisation) of the OEIC regulations, by the Financial Conduct Authority (FCA) on 11 June 2002. It is a UCITS scheme structured as an umbrella company, comprising of 8 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.

Fund liabilities

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 has a well-established project underway looking at all possible Brexit impacts including distribution, regulatory permissions and licenses, HR, IT and operations. Janus Henderson Investors is seeking to minimise the potential impact on investors, and like all firms, is operating in an environment that is uncertain and subject to change. We are proud of our long history in both the UK and continental Europe, and are in a strong position to continue to serve our investors after the UK leaves the European Union.

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 review and financial statements on behalf of the Directors of Henderson Investment Funds Limited.



G Foggin
(Director)

14 August 2019

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 Telephone – 020 7818 1818 Dealing – 0845 608 8703 Enquiries – 0800 832 832	Authorised and regulated by the Financial Conduct Authority
Directors of the ACD	C Chaloner (to 28.09.18) R Chaudhuri (to 07.03.19) A Crooke (from 08.06.18) G Foggin G Fogo (from 04.02.19) S Hillenbrand (from 04.01.19) H J de Sausmarez P Shea (from 07.06.19)* F Smith (from 28.03.19)* R Thompson (from 17.01.19) P Wagstaff (to 26.09.18) *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	DST Financial Services International Limited and DST Financial Services Europe Limited	DST 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 Auditor	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

Market review for the year ended 31 May 2019

Returns are in sterling total terms unless otherwise stated.

Global equity markets rose during the 12 months to 31 May 2019 in sterling terms and were positive, albeit much more muted, in US dollar terms (MSCI World Index up 5.9% in sterling, up 0.3% in US dollars). The discrepancy reflected the strength of the dollar during the year under review. Markets suffered a dip at the end of 2018, brought lower by widespread sell-offs driven mainly by worries over aggressive trade policy from the Trump administration. However, equities rebounded in the new year, helped by accommodative central banks and the temporary thawing of relations between the US and China.

In the UK, the FTSE All-Share Index fell 3.2% in sterling terms. The index experienced a dramatic fall in the fourth quarter, along with other world markets, but pulled up in 2019. An accommodative economic environment marked by persistently low employment figures, improving first quarter growth, and – perhaps most importantly – a seven-month delay to the Brexit deadline soothed investors. EU representatives granted UK Prime Minister Theresa May an extension to 31 October to find a satisfactory exit strategy, a task that had proved insurmountable previously: May had her proposed deals rejected by Parliament numerous times. The review year ultimately ended with May's resignation, due to take effect on 7 June. Both equities and sterling suffered on the introduction of yet more uncertainty, this time regarding who will lead the Conservative Party and thereby, the government. As for monetary policy, the Bank of England elected to keep interest rates unchanged at 0.75% throughout the year, and stated in March that more clarity on Brexit was necessary before any guidance on rate rises could be given. The central bank did, however, increase its 2019 growth expectations to 1.5% from 1.2%.

European equities rose (FTSE World Europe ex UK up 1.8% in sterling, up 0.8% in euros). Downturns in the market were particularly evident in the later months of 2018 and again in May. The German economy, the largest in Europe, suffered negative growth in the third quarter and flat growth in the fourth before rebounding to positive territory in the first quarter of 2019. Italy did indeed fall into recession in 2018, but first quarter 2019 GDP expanded into positive territory with the help of the manufacturing and agriculture industries. However, in less positive news, unconfirmed reports released in May stated that the European Commission may be preparing to take disciplinary action against Italy as a result of the country's potential breach of EU debt restrictions. On a broader scale, eurozone annualised GDP growth was lacklustre at 1.2% in both the fourth quarter of 2018 and the first of 2019. As such, the European Central Bank (ECB) proceeded with caution, lowering its expectations for 2019 economic expansion to 1.1% from a previously stated 1.7%. The ECB also announced a new programme, in which it will lend inexpensively to banks (who will, therefore, be able to offer better rates to their customers) with the aim of helping to stimulate the economy, mere months after ending its bond-buying scheme.

US equities rose over the year, with the MSCI US Index up by 9.5% in sterling (up 3.7% in US dollars). Markets experienced a strong start but fell back substantially from October on ongoing worries about tensions between the US and China and tightening monetary policy. The US Federal Reserve (Fed) raised interest rates twice in the second half of 2018, a combined hike of 0.5% to 2.5%. But 2019 introduced a very different picture, one coloured by booming equity markets and a dovish Fed that kept rates on hold for the remainder of the review year and implied that it will do so throughout the calendar year. Trade relations with China, of utmost interest to investors, proved volatile: in February, President Trump announced the postponement of additional tariffs due to be enacted in early March, only to make a complete turnaround and increase tariffs on \$200 billion worth of Chinese imports from 10% to 25%. More encouragingly, first quarter 2019 annualised GDP growth was distinctly positive, beating expectations by more than a percentage point to reach 3.1%. Domestic markets rose to near all-time highs in April, having been boosted by impressive earnings results. However, US stocks subsequently slumped in May after a further deterioration in the US–China trade relationship.

In Japan the FTSE World Japan Index fell 5.4% in sterling terms and 10.5% in yen. Though Japanese indices followed their peers higher at the start of 2019, fears about softening domestic data and trade worries stemming from China kept returns muted. Japanese manufacturing figures were disappointing in 2019: May marked the third month since the year began in which the Nikkei Japan manufacturing purchasing managers' index gave a reading below 50 (anything below 50 signals a contraction). However, quarterly GDP expansion advanced by 0.5% in the final three months of 2018 from a depressed -0.6% in the third quarter, and inched up to 0.6% in the following quarter. Additionally, Japan's balance of trade recovered from a massive deficit of ¥1.42 trillion in January to a surplus of ¥332 billion in February and ¥528 billion in March. Still, the Bank of Japan (BoJ) warned of rising global challenges at its meeting in March and kept interest rates at their historically low levels. In April, the BoJ announced that it expects these levels to remain unchanged until at least the spring of 2020. It was also noted that inflation is unlikely to meet its 2% target before 2022.

Asian equity markets fell over the 12 months (MSCI AC Asia Pacific ex Japan fell 3.4% in sterling, fell 8.5% in US dollars). Chinese equities spiked in early 2019 but fell rapidly from May. These market moves coincided with the Trump administration's changing approach to tariffs on Chinese imports; February brought news of a delay to increases, but by May, the US had placed a 25% tariff on \$200 billion worth of Chinese goods. Economic expansion remained slow, with annualised GDP growth of only 6.4% in the fourth quarter of 2018 and the first quarter of 2019. However, sentiment was lifted in April when policymakers announced new stimulus measures to help boost the incomes of small business owners, including farmers. Elsewhere, the Australian market hit an 11-year high in May, helped by falling inflation brought on by lower housing and fuel prices. The re-election of the incumbent Liberal-National Party Coalition lifted both equities and the Australian dollar in the final days of the review year. Elsewhere, Singapore and Taiwan witnessed buoyant equity markets recede from early May, partially a result of escalating trade friction between the US and China.

Market review (continued)

Emerging markets declined over the year (MSCI Emerging Markets fell 3.2% in sterling, fell 8.3% in US dollar terms). Brazil was one of the strongest markets in the region, with its Bovespa index surging to an all-time high in early December, only to surpass that level in mid-March. Investor confidence was elevated by the belief that Brazil's Congress will soon approve reforms to the country's social security system. Elsewhere in Latin America, fears over stricter US trade practices took their toll on local currencies: the Mexican peso, for one, hit six-month lows towards the end of the year as the US threatened steep tariffs on the country. China received the full blow of new US taxes when it was announced that \$200 billion worth of its exports would be subject to a 25% tariff from 1 June. Elsewhere in Asia, Indian equities shook off weakness to reach record highs in May, boosted by the re-election of Prime Minister Narendra Modi. Turkey experienced a recession, but emerged from negative growth with a 1.3% expansion in GDP in the first three months of 2019.

Fixed income Government bond yields were markedly lower in the US, UK and Germany (prices move inversely to yields), with all three regions registering a notable increase in bond prices in late March. This came after the Fed signalled that it would not raise rates in 2019 and coincided with another parliamentary vote against Prime Minister May's proposed Brexit plan. In April, a Brexit extension to 31 October was granted, which helped push bond yields higher. But as the review year came to a close, general macroeconomic worries regarding falling oil prices and US/China relations sent investors clamouring for the perceived safe haven of government bonds, and prices rose. Elsewhere, corporate bond markets increased over the year, according to the IBOXX Euro Corporates All Maturities Index (up 3.1%). However, the aforementioned global concerns seemed to similarly affect this asset class; in May, investment grade bond funds experienced the largest outflows seen since December 2015.

Statement of Authorised Corporate Director's (ACD) responsibilities

for the year ended 31 May 2019

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 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;
- 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 2019

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
14 August 2019

Independent Auditors' report to the Shareholders of Janus Henderson Investment Funds Series I (the 'Company') for the year ended 31 May 2019

Report on the audit of the financial statements

Opinion

In our opinion, Janus Henderson Investment Funds Series I's financial statements:

- give a true and fair view of the financial position of the Company and each of the funds as at 31 May 2019 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company and each of the 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 (the 'Company') is an Open Ended Investment Company (OEIC) with 8 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 2019; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the 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 when:

- 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 funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the fund's business and the wider economy.

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 (the 'Company') (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 5, 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
14 August 2019

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) of UK Authorised Funds issued by the Investment Management Association (IMA) in May 2014, the Financial Reporting Standard 102 (FRS102), 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 valuation day of the accounting year (31 May 2019) in accordance with the provisions of the scheme particulars.

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.

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.

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.

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

(c) Revenue recognition

Distributions from CIS and dividends receivable from quoted equity and non equity shares are credited to revenue, when the security is quoted ex-dividend. Dividends on unquoted stocks are credited to revenue when the dividend is announced.

Overseas dividends are disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the tax note.

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

Bank interest, 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.

Overseas REIT income is disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the tax note.

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.

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.

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.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(c) Revenue recognition (continued)

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.

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. Janus Henderson European Absolute Return Fund's performance fee will be 20% of the outperformance of the current day Net Asset Value (NAV) relative to the prior day NAV subject to the high watermark. On Janus Henderson UK Absolute Return Fund the 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.

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, and 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)

Overseas dividends are disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the tax note.

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 on Janus Henderson European Absolute Return Fund

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

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.

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.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(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.

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 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 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 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 creditworthiness.

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 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 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 measured 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 Value-at-Risk ('VaR') approach. VaR is a mathematical-statistical concept and is commonly used as a standard measure of risk in the financial sector. 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.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

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.

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 applicable.

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 fund's functional currency and the one in which it reports its results). As a result, movements in exchange rates may affect the sterling value of those items so a fund's total return and balance sheet can be significantly affected by currency fluctuations. This risk may be managed by the Investment Manager using hedging transactions in line with each fund's investment objective, powers and limits, though this will not eliminate the relevant fund's currency risk.

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

Hedged Share Classes 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 foreign 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, to income and capital as relevant. 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 and may have an increased risk of default on repayment.

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

Other market price risk

Other 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. Other price 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 Authorised Corporate Director in pursuance of the investment objectives and policies.

(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 an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed by the Janus Henderson Credit Risk Committee along with set limits and new counterparty approval.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(b) Credit and counterparty risk (continued)

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 Credit 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.

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

(c) Liquidity risk

Liquidity risk is the risk that a position in the funds' portfolios 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' portfolios 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.

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

Brexit Risk

In a referendum held on 23 June 2016, the electorate of the United Kingdom resolved to leave the European Union. The result has led to political and economic uncertainty, volatility in the financial markets of the United Kingdom and more broadly across Europe. Consumer, corporate and financial confidence in these markets may decrease as the Brexit negotiations progress. The implementation process of the political, economic and legal framework between the United Kingdom and the European Union is likely to lead to continuing uncertainty and periods of increased volatility in both the United Kingdom and in wider European markets.

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 mid to long term 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

There were no cross-holdings within any of the funds of Janus Henderson Investment Funds Series I at the year end (2018: nil).

Janus Henderson China Opportunities Fund

Authorised Corporate Director's report

Investment Fund Managers

Charlie Awdry and May Ling Wee

Investment objective and policy

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from investments in Hong Kong and Chinese equity markets, by investing in companies having their registered office in Hong Kong or China and companies that do not have their registered office in Hong Kong or China but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Hong Kong or China.

The fund may also invest in American Depositary Receipts ('ADRs') investing in securities issued by companies incorporated in Hong Kong or China or in any similar listed securities of Hong Kong or Chinese companies.

The return will be a combination of capital and income returns.

The fund may also invest at the Manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Performance summary

	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16	31 May 14 - 31 May 15
	%	%	%	%	%
Class I accumulation	(12.7)	26.5	49.2	(13.9)	39.2
MSCI AC Zhong Hua Index	(9.6)	23.1	45.4	(20.6)	42.5
IA China/Greater China Equity	(11.8)	24.7	44.7	(20.8)	41.2

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.

Index: The MSCI Zhong Hua Index

Index Usage: Comparator

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 provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA China/Greater China Equity

Peer group benchmark 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.

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

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 2019

Largest purchases	£000	Largest sales	£000
Ping An Insurance	110,034	China Construction Bank	85,168
Hong Kong Exchanges & Clearing	76,994	Alibaba	57,626
Baidu ADS	75,846	Sinopec	54,458
Alibaba	57,787	Techtronic Industries	53,946
CNOOC	46,392	Industrial & Commercial Bank of China	52,722
Tencent	42,291	Hong Kong Exchanges & Clearing	46,249
Ctrip.com International ADR	40,713	Kweichow Moutai	44,075
China Resources Land	40,657	58.com ADR	37,291
Sands China	39,589	Sany Heavy Industry	37,100
Galaxy Entertainment	38,754	CNOOC	36,698
Total purchases	1,271,955	Total sales	1,234,154

Investment review

The fund fell by 12.7% over the year compared to a fall of 9.6% in the MSCI AC Zhong Hua index and a fall of 11.8% in the IA China/Greater China Equity peer group benchmark.

It was another rollercoaster year for Chinese equities. Major benchmarks fell in the second half of 2018 as the economy slowed under the government's deleveraging campaign, which focused on reforming the shadow banking sector, then took an extra knock as rising trade friction with the US impacted consumer confidence and business investment. January to April 2019 saw a strong rally from cheap valuation levels as the Chinese authorities moved to clear pro-growth policy mode, and as President Trump tweeted more positive commentary about a trade truce. However, when trade negotiations broke down without a conclusion and President Trump increased tariffs, Chinese equity markets fell precipitously in May 2019.

In attribution terms, sector allocation was negative and, unfortunately, outweighed the positive contribution from stock selection. Our underweight position in the interest rate sensitive sectors of utilities and real estate affected returns, as did our overweight positions in the energy and consumer discretionary sectors. Within financials, our underweight position detracted from returns, but stock selection was strongly positive, meaning it was one of our more successful sectors behind healthcare.

At the stock level, a number of our top contributors were consumer businesses. Shanghai listed beer company – and Carlsberg subsidiary – Chongqing Brewery and domestic liquor brand Kweichow Moutai both benefited from trading up by consumers, while sports brand Li Ning staged a strong operational recovery after some lean years and a management change. The fund also benefited from holding cyclical industrial names in the first half of 2019 including diesel engine manufacturer Weichai Power and A share listed construction equipment maker Sany Heavy Industry. A holding in stock market operator Hong Kong Exchanges & Clearing boosted the fund's returns as investors warmed to the opportunities available through its Connect trading scheme, which links mainland and Hong Kong capital markets.

By far the two largest detractors from performance were Brilliance China Automotive and Focus Media Information Technology. BMW made a deal with the central government to increase its stake in the joint venture with Brilliance China Automotive at very disadvantageous terms to us and to the provincial government shareholders. We mistakenly thought the governance risk was in the price, as the shares appeared very cheap; we have learnt our lesson. Shares in outdoor and digital advertising group Focus Media Information Technology also hurt the fund, as the economic downturn, reduced advertising budgets and increased competitive pressure led to a bigger than expected margin squeeze. We have sold our shares on a stop loss, as we believe the investment period will be prolonged.

The escalation in the trade dispute between the US and China is symptomatic of the evolution of the bilateral relationship, from constructive mutual engagement to strategic rivalry. This is a turn for the worse, and clients must realise this increasingly antagonistic view towards China is not solely driven by President Trump: both sides of the US political spectrum are developing a more hard-line view. Globally, it seems like countries are being asked to choose one side – the US or China – and so the era of anti-globalisation progresses with China having fewer friends than it thought.

On the economic side, we are seeing more targeted domestic stimulus and, as usual, the automobile sector is likely to be a key beneficiary. The currency will also be a point of focus because traditionally, in emerging markets, when other stimulus measures fail and when interest rates aren't cut, currencies weaken. This would acutely affect the Chinese banking sector, as net interest margins would contract, and explains why the exchange rate of 7.0 Chinese yuan to the US dollar is coming into focus.

For China, this negative turn in trade comes as the economic recovery's momentum is proving weak, and as the country continues with its key deleveraging programme – which now, pleasingly, includes a tougher line on zombie banks. We have seen Baoshang Bank being restructured, where corporate deposits were not fully guaranteed, which means that credit risk is being taken seriously in domestic Chinese credit markets. Over the long term, this is a very positive step. However, over the short term, it could disrupt financing channels and the interbank market – a development we are watching closely, and which makes us more confident in our zero weight position in banking shares.

Meanwhile, back in equity markets, the sell-off is bringing growth companies back to attractive growth at reasonable price levels. Therefore, we are finding opportunities to buy despite the tough macroeconomic outlook.

Comparative tables for the year ended 31 May 2019

	Class A accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,545.70	1,220.44	836.02
Return before operating charges*	(191.44)	349.74	402.83
Operating charges	(23.37)	(24.48)	(18.41)
Return after operating charges*	(214.81)	325.26	384.42
Distributions on accumulation shares	(5.90)	(6.74)	(0.01)
Retained distributions on accumulation shares	5.90	6.74	0.01
Closing net asset value per share	1,330.89	1,545.70	1,220.44
* after direct transaction costs of:	3.85	5.64	5.16
Performance			
Return after charges	(13.90%)	26.65%	45.98%
Other information			
Closing net asset value (£000s)	135,733	206,188	162,846
Closing number of shares	10,198,584	13,339,483	13,343,154
Operating charges	1.71%	1.72%	1.72%
Direct transaction costs	0.28%	0.40%	0.48%
Prices			
Highest share price (pence)	1,585.31	1,598.00	1,230.00
Lowest share price (pence)	1,181.00	1,231.00	804.90
	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	221.75	173.60	117.91
Return before operating charges*	(27.50)	49.92	57.00
Operating charges	(1.67)	(1.77)	(1.31)
Return after operating charges*	(29.17)	48.15	55.69
Distributions on accumulation shares	(2.38)	(2.08)	(0.62)
Retained distributions on accumulation shares	2.38	2.08	0.62
Closing net asset value per share	192.58	221.75	173.60
* after direct transaction costs of:	0.55	0.81	0.73
Performance			
Return after charges	(13.15%)	27.74%	47.23%
Other information			
Closing net asset value (£000s)	359,910	405,061	260,724
Closing number of shares	186,884,572	182,661,452	150,185,258
Operating charges	0.85%	0.87%	0.86%
Direct transaction costs	0.28%	0.40%	0.48%
Prices			
Highest share price (pence)	227.47	228.60	175.00
Lowest share price (pence)	170.10	175.20	113.60

Comparative tables (continued)

	Class I USD accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,659.49	1,301.93	886.14
Return before operating charges*	(205.74)	374.50	428.47
Operating charges	(15.74)	(16.94)	(12.68)
Return after operating charges*	(221.48)	357.56	415.79
Distributions on accumulation shares	(14.56)	(11.99)	(3.63)
Retained distributions on accumulation shares	14.56	11.99	3.63
Closing net asset value per share	1,438.01	1,659.49	1,301.93
* after direct transaction costs of:	4.15	6.16	5.60
Performance			
Return after charges	(13.35%)	27.46%	46.92%
Other information			
Closing net asset value (£000s)	703,853	762,836	170,632
Closing number of shares	48,946,347	45,967,999	13,106,111
Operating charges	1.07%	1.09%	1.09%
Direct transaction costs	0.28%	0.40%	0.48%
Prices			
Highest share price (USD cents)	2,286.34	2,408.00	1,685.00
Lowest share price (USD cents)	1,615.00	1,692.00	1,237.00

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 and 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

There were no share classes launched or closed in the year.

Ongoing charge figure

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

	2019 %	2018 %
Class A	1.71	1.72
Class I	0.85	0.87
Class I USD	1.07	1.09

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

Risk and reward profile

The fund currently has 3 types of share class in issue: A accumulation, I accumulation and I USD accumulation. Each share class has the same risk and reward profile which is as follows:



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

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

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

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

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

Portfolio statement as at 31 May 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 98.86% (2018: 97.60%)		
	China 75.01% (2018: 78.75%)		
	Basic Materials 2.62% (2018: 3.67%)		
	Industrial Metals & Mining 0.00% (2018: 3.67%)		
	Mining 2.62% (2018: 0.00%)		
19,340,000	China Shenhua Energy 'H'	31,469	2.62
	Consumer Goods 12.58% (2018: 13.96%)		
	Automobiles & Parts 4.73% (2018: 3.92%)		
24,706,000	Brilliance China Automotive	19,900	1.66
21,100,000	Geely Automobile	27,374	2.28
4,119,942	Huayu Automotive Systems	9,462	0.79
		<u>56,736</u>	<u>4.73</u>
	Beverages 4.18% (2018: 3.40%)		
5,818,153	Chongqing Brewery 'A' P-Note (CICC)	29,878	2.49
199,251	Kweichow Moutai	20,293	1.69
		<u>50,171</u>	<u>4.18</u>
	Food Producers 0.00% (2018: 2.12%)		
	Household Goods & Home Construction 3.13% (2018: 2.54%)		
5,012,224	Midea	28,449	2.37
4,999,961	Qingdao Haier	9,098	0.76
		<u>37,547</u>	<u>3.13</u>
	Personal Goods 0.54% (2018: 1.98%)		
4,917,000	Li Ning	6,448	0.54
	Consumer Services 16.79% (2018: 20.18%)		
	General Retailers 9.21% (2018: 16.29%)		
932,588	Alibaba	110,381	9.21
	Media 2.69% (2018: 0.00%)		
8,221,213	China South Publishing & Media	12,212	1.02
1,184,872	Huya ADR	20,089	1.67
		<u>32,301</u>	<u>2.69</u>
	Travel & Leisure 4.89% (2018: 3.89%)		
1,238,207	Ctrip.com International ADR	33,932	2.83
780,000	Yum China	24,766	2.06
		<u>58,698</u>	<u>4.89</u>
	Financials 13.61% (2018: 12.59%)		
	Banks 0.00% (2018: 10.13%)		
	Financial Services 1.99% (2018: 0.46%)		
8,616,000	China International Capital	12,380	1.03
380,612	Noah ADR	11,536	0.96
		<u>23,916</u>	<u>1.99</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Life Insurance 8.32% (2018: 0.00%)		
11,388,500	Ping An Insurance	99,742	8.32
	Real Estate Investment & Services 3.30% (2018: 2.00%)		
12,252,000	China Resources Land	39,550	3.30
	Health Care 2.79% (2018: 1.47%)		
	Pharmaceuticals & Biotechnology 2.79% (2018: 1.47%)		
4,699,476	Jiangsu Hengrui Medicine	33,429	2.79
	Industrials 6.24% (2018: 6.16%)		
	Construction & Materials 0.00% (2018: 1.97%)		
	Electronic & Electrical Equipment 1.77% (2018: 0.97%)		
7,453,412	Hangzhou Hikvision Digital Technology	21,187	1.77
	Financial Services 0.00% (2018: 1.53%)		
	Industrial Engineering 3.01% (2018: 1.10%)		
39,000,000	CRRC	26,481	2.21
7,980,000	Weichai Power	9,577	0.80
		36,058	3.01
	Industrial Transportation 1.46% (2018: 0.59%)		
18,193,022	Shenzhen Airport	17,572	1.46
	Oil & Gas 5.71% (2018: 8.48%)		
	Oil & Gas Producers 5.71% (2018: 6.28%)		
34,068,000	CNOOC	44,058	3.67
33,476,000	Kunlun Energy	24,458	2.04
		68,516	5.71
	Oil Equipment, Services & Distribution 0.00% (2018: 2.20%)		
	Technology 11.84% (2018: 12.24%)		
	Software & Computer Services 11.84% (2018: 9.18%)		
155,963	Baidu ADS	13,610	1.13
80,000	NetEase.com ADR	15,771	1.31
3,417,900	Tencent	112,683	9.40
		142,064	11.84
	Technology Hardware & Equipment 0.00% (2018: 3.06%)		
	Utilities 2.83% (2018: 0.00%)		
	Gas, Water & Multi-utilities 2.83% (2018: 0.00%)		
4,766,000	ENN Energy	34,001	2.83

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Hong Kong 23.85% (2018: 18.85%)		
	Consumer Goods 1.39% (2018: 8.94%)		
	Automobiles & Parts 1.39% (2018: 0.72%)		
17,221,000	Nexteer Automotive	16,712	1.39
	Food Producers 0.00% (2018: 1.98%)		
	Household Goods & Home Construction 0.00% (2018: 4.26%)		
	Personal Goods 0.00% (2018: 1.98%)		
	Consumer Services 8.12% (2018: 1.51%)		
	General Retailers 1.60% (2018: 1.51%)		
28,318,000	Chow Tai Fook Jewellery	19,142	1.60
	Travel & Leisure 6.52% (2018: 0.00%)		
7,598,000	Galaxy Entertainment	36,367	3.03
11,666,800	Sands China	41,852	3.49
		78,219	6.52
	Financials 10.27% (2018: 7.15%)		
	Financial Services 3.14% (2018: 0.00%)		
1,493,000	Hong Kong Exchanges & Clearing	37,649	3.14
	Life Insurance 7.13% (2018: 7.15%)		
11,466,400	AIA	85,456	7.13
	Industrials 2.99% (2018: 1.25%)		
	General Industrials 2.99% (2018: 0.00%)		
3,827,500	Swire Pacific	35,885	2.99
	Industrial Transportation 0.00% (2018: 1.25%)		
	Telecommunications 1.08% (2018: 0.00%)		
	Fixed Line Telecommunications 1.08% (2018: 0.00%)		
10,500,000	HKT Trust & HKT	13,005	1.08
	Derivatives 0.00% (2018: 0.00%)		
	Forward Foreign Exchange Contracts 0.00% (2018: 0.00%)¹		
	Buy USD 23,777 : Sell GBP 18,785 June 2019 ²	-	-
	Buy USD 9,000,000 : Sell GBP 7,153,451 June 2019	(13)	-
		(13)	-
	Investment assets including investment liabilities	1,185,841	98.86
	Other net assets	13,655	1.14
	Total net assets	1,199,496	100.00

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 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(193,621)		220,612
Revenue	3	26,525		18,598	
Expenses	4	(13,513)		(12,252)	
Interest payable and similar charges	5	(3)		(10)	
Net revenue before taxation		13,009		6,336	
Taxation	6	(1,188)		(1,310)	
Net revenue after taxation			11,821		5,026
Total return before distributions			(181,800)		225,638
Distributions	7		(11,958)		(5,639)
Change in net assets attributable to shareholders from investment activities			(193,758)		219,999

Statement of change in net assets attributable to shareholders for the year ended 31 May 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,374,085		594,202
Amounts receivable on issue of shares	347,530		772,805	
Amounts payable on cancellation of shares	(340,275)		(222,255)	
		7,255		550,550
Change in net assets attributable to shareholders from investment activities		(193,758)		219,999
Retained distributions on accumulation shares		11,914		9,334
Closing net assets attributable to shareholders		1,199,496		1,374,085

Balance sheet as at 31 May 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		1,185,854	1,341,142
Current assets:			
Debtors	8	4,223	21,167
Cash and bank balances	9	19,237	55,839
Total assets		1,209,314	1,418,148
Liabilities:			
Investment liabilities		13	17
Creditors:			
Bank overdrafts		621	3,990
Other creditors	10	9,184	40,056
Total liabilities		9,818	44,063
Net assets attributable to shareholders		1,199,496	1,374,085

Notes to the financial statements for the year ended 31 May 2019

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)/gains

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

	2019	2018
	£000	£000
Derivative securities	-	724
Forward currency contracts	(848)	775
Non-derivative securities	(193,104)	220,456
Other currency gains/(losses)	344	(1,292)
Transaction costs	(13)	(51)
Net capital (losses)/gains	(193,621)	220,612

3 Revenue

	2019	2018
	£000	£000
Bank interest	205	57
Overseas dividends	26,041	17,610
Stock lending revenue	279	113
UK dividends	-	818
Total revenue	26,525	18,598

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	12,321	11,046
GAC*	885	849
	<u>13,206</u>	<u>11,895</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	59	55
Safe custody fees	247	301
	<u>306</u>	<u>356</u>
Other expenses:		
Dividend collection charges	-	1
Professional fees	1	-
	<u>1</u>	<u>1</u>
Total expenses	13,513	12,252

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,681 (2018: £7,458).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	3	10
Total interest payable and similar charges	3	10

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	1,188	1,310
Total tax (note 6b)	1,188	1,310

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% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net revenue before taxation	13,009	6,336
Corporation tax at 20% (2018: 20%)	2,602	1,267
Effects of:		
Irrecoverable overseas tax	1,188	1,310
Overseas dividends*	(5,160)	(3,494)
UK dividends**	-	(164)
Unused management expenses	2,558	2,391
Tax charge for the year (note 6a)	1,188	1,310

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

** 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 (2018: 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 £17,051,066 (2018: £14,490,401) 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.

The movement in the potential tax asset identified in note (d) may not match the movement shown in 'Unused management expenses' in note (b) due to filing adjustments.

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:

	2019	2018
	£000	£000
Interim accumulation	8,935	8,739
Final accumulation	2,979	595
	<u>11,914</u>	<u>9,334</u>
Amounts deducted on cancellation of shares	1,144	352
Amounts received on issue of shares	(1,100)	(4,047)
Total distributions	<u>11,958</u>	<u>5,639</u>
Net revenue after taxation	11,821	5,026
Equalisation on conversions	3	4
Revenue shortfall	134	609
Total distributions	<u>11,958</u>	<u>5,639</u>

Details of the distribution per share are set out in the distribution tables on page 36.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	4,168	5,277
Amounts receivable for issue of shares	55	3,149
Currency transactions awaiting settlement	-	11,249
Sales awaiting settlement	-	1,492
Total debtors	<u>4,223</u>	<u>21,167</u>

9 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	19,237	55,839
Total cash and bank balances	<u>19,237</u>	<u>55,839</u>

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	1,082	1,156
Accrued Depositary's fee	6	6
Accrued other expenses	122	141
Amounts payable for cancellation of shares	7,974	14,540
Currency transactions awaiting settlement	-	11,243
Purchases awaiting settlement	-	12,970
Total other creditors	<u>9,184</u>	<u>40,056</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 25 and 26 and notes 4, 7, 8 and 10 on pages 27 to 29 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 (2018: nil).

13 Shareholders' funds

The fund currently has 3 share classes available; Class A (Retail with front-end charges), Class I (Institutional) and Class I USD (Institutional). The annual management charge on each share class is as follows:

	2019	2018
	%	%
Class A	1.50	1.50
Class I	0.75	0.75
Class I USD	1.00	1.00

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 18 to 19. The distribution per share class is given in the distribution tables on page 36. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2019

	Class A accumulation	Class I accumulation	Class I USD accumulation
Opening number of shares	13,339,483	182,661,452	45,967,999
Issues during the year	318,421	20,082,439	20,747,614
Cancellations during the year	(2,654,744)	(21,442,521)	(17,769,266)
Shares converted during the year	(804,576)	5,583,202	-
Closing shares in issue	10,198,584	186,884,572	48,946,347

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 2019 (2018: nil).

2019

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

2018

At 31 May 2018 the underlying exposure for the derivatives held was as follows:

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

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 income.

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)

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
	<u>3,147</u>	<u>3,497</u>	
Citigroup	7,063	8,228	Equity
	<u>7,063</u>	<u>8,228</u>	
JP Morgan	30,636	34,042	Equity
	<u>30,636</u>	<u>34,042</u>	
Macquarie Bank	377	495	Equity
	<u>377</u>	<u>495</u>	
Morgan Stanley	1,290	1,393	Government Bond
	<u>1,290</u>	<u>1,393</u>	
Société Générale	41,288	56,954	Equity
	<u>41,288</u>	<u>56,954</u>	
	<u>83,801</u>	<u>104,609</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	328	49	279

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	14,676	16,306	Equity
Citigroup	2,300	2,556	Equity
Deutsche Bank	10,637	11,936	Equity
JP Morgan	19,414	21,623	Equity
Natixis	84,231	93,591	Equity
	<u>131,258</u>	<u>146,012</u>	

Notes to the financial statements (continued)

15 Stock lending (continued)

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	133	20	113

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 £000	Other net assets/ (liabilities) £000	Total net assets £000
2019			
Currency			
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
2018			
Currency			
Chinese yuan	259,087	3,018	262,105
Hong Kong dollar	836,128	(1,203)	834,925
UK sterling	(11,062)	42,433	31,371
US dollar	256,972	(11,288)	245,684
Total	1,341,125	32,960	1,374,085

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £1,191,003,000 (2018: £1,342,714,000). A 10% increase in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £119,100,300 (2018: £134,271,400). A 10% decrease in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of decreasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £119,100,300 (2018: £134,271,400).

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
2019				
Bank overdrafts	621	-	-	-
Derivative financial liabilities	-	13	-	-
Other creditors	-	9,184	-	-
Total	621	9,197	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Bank overdrafts	3,990	-	-	-
Derivative financial liabilities	-	17	-	-
Other creditors	-	40,056	-	-
Total	3,990	40,073	-	-

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,185,854	-	1,341,141	-
Level 2	-	13	1	17
Level 3	-	-	-	-
	1,185,854	13	1,341,142	17

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Equities	1,270,348	1,636,347	1,236,044	1,101,591
Trades in the year before transaction costs	1,270,348	1,636,347	1,236,044	1,101,591
Transaction costs				
Commissions				
Equities	717	1,271	767	820
Total commissions	717	1,271	767	820
Taxes				
Equities	761	1,034	970	868
Total taxes	761	1,034	970	868
Other expenses				
Equities	129	191	153	154
Total other expenses	129	191	153	154
Total transaction costs	1,607	2,496	1,890	1,842
Total net trades in the year after transaction costs	1,271,955	1,638,843	1,234,154	1,099,749

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.06	0.08	0.06	0.07
Taxes				
Equities	0.06	0.06	0.08	0.08
Other expenses				
Equities	0.01	0.01	0.01	0.01
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.12	0.19		
Taxes	0.14	0.18		
Other expenses	0.02	0.03		
Total costs	0.28	0.40		

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £8,845 (2018: £3,120,435).

There were no direct transaction costs associated with derivatives in the year (2018: £7,127) which is 0.00% of the average net asset value of the fund (2018: 0.00%).

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

The portfolio dealing spread as at 31 May 2019 was 0.12% (2018: 0.15%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

Distribution tables for the year ended 31 May 2019 (in pence per share)

Interim dividend distribution (accounting date 30 November 2018, paid on 31 January 2019)

Group 1 : shares purchased prior to 1 June 2018

Group 2 : shares purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/01/19	Total distribution per share 31/01/18
Class A accumulation				
Group 1	5.8955	-	5.8955	6.7411
Group 2	-	5.8955	5.8955	6.7411
Class I accumulation				
Group 1	1.6990	-	1.6990	1.7864
Group 2	0.2558	1.4432	1.6990	1.7864
Class I USD accumulation¹				
Group 1	14.1218	-	14.1218	16.0490
Group 2	2.4258	11.6960	14.1218	16.0490

¹ in USD cents per share

Final dividend distribution (accounting date 31 May 2019, paid on 31 July 2019)

Group 1: shares purchased prior to 1 December 2018

Group 2: shares purchased on or after 1 December 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I accumulation				
Group 1	0.6797	-	0.6797	0.2917
Group 2	0.6687	0.0110	0.6797	0.2917
Class I USD accumulation¹				
Group 1	4.4012	-	4.4012	0.1807
Group 2	4.3967	0.0045	4.4012	0.1807

¹ in USD cents per share

Janus Henderson Emerging Markets Opportunities Fund

Authorised Corporate Director's report

Investment Fund Manager

Stephen Deane

Please note with effect from 18 April 2019, Glen Finegan is no longer a manager of this fund.

Investment objective and policy

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from emerging equity markets by investing predominantly in companies having their registered office in emerging markets and companies that do not have their registered office in emerging markets but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in emerging markets. In this context, the term 'emerging markets' means countries included in the MSCI World Emerging Markets Index and/or those included in the World Bank definition of developing economies or those countries which are, in the Investment Manager's opinion, developing countries.

The fund may also invest in American Depositary Receipts ('ADRs') investing in securities issued by companies incorporated in emerging markets or in any similar listed securities of emerging companies.

The return will be a combination of capital and income returns.

The fund may also invest at the Manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the stated investment and borrowing powers of the fund).

Performance summary

	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16	31 May 14 - 31 May 15
	%	%	%	%	%
Class I accumulation	(1.5)	1.5	36.6	(3.9)	10.3
MSCI Emerging Markets Index	(3.2)	11.0	44.2	(13.3)	10.3
IA Global Emerging Markets Equity	(2.8)	7.5	42.1	(11.2)	7.8

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.

Index: MSCI Emerging Markets Index

Index Usage: Comparator

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 provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA Global Emerging Markets Equity

Peer group benchmark 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.

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

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 2019

Largest purchases	£000	Largest sales	£000
Cipla	17,342	Banco Bradesco	13,353
Remgro	11,513	Heineken	11,339
Fomento Económico Mexicano ADR	11,405	Newcrest Mining	10,914
Tata Consultancy Services	8,204	Uni-President Enterprises	10,672
China Resources Beer	7,256	Duratex	10,471
Raia Drogasil	6,924	Tata Consultancy Services	9,776
Cognizant Technology Solutions	6,723	Housing Development Finance	8,743
Shoprite	5,439	Fomento Económico Mexicano ADR	8,577
Asustek Computer	5,345	Uni-President China	8,295
Tiger Brands	5,343	Cia Cervecerias Unidas	8,220
Total purchases	141,777	Total sales	304,226

Investment review

The fund fell by 1.5% over the year compared with a fall of 3.2% in the MSCI Emerging Markets index and a fall of 2.8% in the IA Global Emerging Markets Equity peer group benchmark.

The outperformance was predominantly related to our holdings in high quality, consumer related businesses within emerging markets. This – combined with our reduction of fully valued, economically cyclical businesses in the prior period – indicates that the fund is well positioned to navigate the vagaries of the global economy and world leaders' increasingly protectionist rhetoric.

We take a long-term approach to allocating capital – this can be illustrated by the turnover of the portfolio, which is running at an annualised level of 18%. We have reduced our holdings in more cyclical and economically sensitive areas of the market during this period. We bought a new position in Raia Drogasil, a family-owned operator of the largest national chain of drugstores in Brazil. There is still a significant opportunity for the business to grow and increase its market share, as it has only 2% of the store base. Healthcare spending should continue to rise in Brazil as the population and economy mature. Near-term financial results have been challenged by weak consumer confidence and a shift to lower priced generics which has impacted margins. This has brought the stock price to an attractive level, which we believe doesn't account for the company's ability to double its store count and improve the return on invested capital over time as the store base matures.

We sold the entire position in WEG, a Brazilian manufacturer and distributor of industrial machinery. The position was sold purely on valuation grounds, as there has been a significant cyclical improvement in both the profitability of the underlying business and the valuation of the equity. We also sold the position in China Resources Gas. This was partly on valuation grounds, as the share price had been elevated due to strong volume growth, but was also based on concerns we had over the long-term sustainability of the user connection fee. We decided to redeploy the capital into higher conviction ideas.

We view the valuations and growth expectations for many good quality Asian companies as being too high. We have to recognise that there has been a tempering of expectations, but a recent investment trip to India highlighted that the opportunity for absolute return minded investors in high quality businesses is hindered by their starting valuations. There are peripheral signs that the investment environment might become more challenging and provide an opportunity for long term investors like us. It is important to recognise that our aim is not to predict such events, but rather to be in a position to take advantage of any dislocation, should it occur.

Outside of Asia, particularly in Africa, valuations look more reasonable, if one takes a long-term view. As headwinds abate, many good quality African businesses should return to growth, and current valuations don't appear to reflect this. We have a slightly less sanguine view of the opportunity in Brazilian equities, following the rally in the local market after the election. Valuations appear fair, particularly given the inevitable social challenges that will accompany the new president's liberal economic agenda.

Finally, it is probably worth noting that, as liquidity continues to be removed from the global financial system, there are some signs of sanity returning to the allocation of capital. We noted towards the end of last year, following a trip to China, the masses of rental bikes from the likes of Ofo and Mobike scattered everywhere, literally in large piles at the side of the road. This was as a result of a number of companies competing against one another to be part of the 'sharing economy'. Recent news reports indicate cash flow problems and insufficient return on capital are forcing the founder of Ofo to consider bankruptcy. We believe that if such a shake-out occurs in areas that have put growth ahead of returns, it will remind investors of the value of businesses that have allocated capital and managed their balance sheets sensibly.

Appetite for risk and enthusiasm for the emerging market asset class have increased recently. We observe a number of fault lines opening up across the region – and globally – and that liquidity alone cannot solve these issues. Speculative sentiment also appears to be running high. The current global appetite for loss-making Chinese 'unicorns' in both local and international markets reminds us that, at times, discretion is the better part of valour.

We are mindful of our beliefs to not compromise on quality, to maintain a long-term approach and to apply a strict valuation discipline. With a long-term perspective, we remain positive about the opportunities for equity investors presented by the structural trend of rising living standards in some parts of the developing world.

Comparative tables for the year ended 31 May 2019

	Class A accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	202.50	200.52	149.52
Return before operating charges*	0.70	5.65	54.27
Operating charges	(3.42)	(3.67)	(3.27)
Return after operating charges*	(2.72)	1.98	51.00
Distributions on accumulation shares	(1.48)	(0.63)	(1.19)
Retained distributions on accumulation shares	1.48	0.63	1.19
Closing net asset value per share	199.78	202.50	200.52
* after direct transaction costs of:	-	0.22	0.30
Performance			
Return after charges	(1.34%)	0.99%	34.11%
Other information			
Closing net asset value (£000s)	62,541	84,203	92,734
Closing number of shares	31,304,317	41,581,136	46,246,993
Operating charges	1.75%	1.76%	1.76%
Direct transaction costs	0.00%	0.10%	0.16%
Prices			
Highest share price (pence)	209.10	220.60	205.30
Lowest share price (pence)	180.80	199.10	150.70
Class C accumulation			
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	629.12	615.92	454.16
Return before operating charges*	2.02	17.26	165.33
Operating charges	(3.36)	(4.06)	(3.57)
Return after operating charges*	(1.34)	13.20	161.76
Distributions on accumulation shares	(11.56)	(9.28)	(10.08)
Retained distributions on accumulation shares	11.56	9.28	10.08
Closing net asset value per share	627.78	629.12	615.92
* after direct transaction costs of:	-	0.67	0.92
Performance			
Return after charges	(0.21%)	2.14%	35.62%
Other information			
Closing net asset value (£000s)	23,701	23,752	23,254
Closing number of shares	3,775,408	3,775,408	3,775,408
Operating charges	0.62%	0.63%	0.63%
Direct transaction costs	0.00%	0.10%	0.16%
Prices			
Highest share price (pence)	651.10	682.70	629.30
Lowest share price (pence)	564.00	612.30	457.80

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	151.01	148.25	109.61
Return before operating charges*	0.59	4.17	39.90
Operating charges	(1.32)	(1.41)	(1.26)
Return after operating charges*	(0.73)	2.76	38.64
Distributions on accumulation shares	(2.35)	(1.80)	(2.05)
Retained distributions on accumulation shares	2.35	1.80	2.05
Closing net asset value per share	150.28	151.01	148.25
* after direct transaction costs of:	-	0.16	0.22
Performance			
Return after charges	(0.48%)	1.86%	35.25%
Other information			
Closing net asset value (£000s)	154,204	315,139	247,329
Closing number of shares	102,612,003	208,694,609	166,836,868
Operating charges	0.90%	0.91%	0.91%
Direct transaction costs	0.00%	0.10%	0.16%
Prices			
Highest share price (pence)	156.20	164.00	151.60
Lowest share price (pence)	135.20	147.30	110.50
	Class I income		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	113.03	113.18	100.00 ¹
Return before operating charges*	0.40	3.17	15.80
Operating charges	(0.98)	(1.07)	(1.01)
Return after operating charges*	(0.58)	2.10	14.79
Distributions on income shares	(2.58)	(2.25)	(1.61)
Closing net asset value per share	109.87	113.03	113.18
* after direct transaction costs of:	-	0.12	0.18
Performance			
Return after charges	(0.51%)	1.86%	14.79%
Other information			
Closing net asset value (£000s)	68,266	76,814	31,779
Closing number of shares	62,133,253	67,961,225	28,078,340
Operating charges	0.90%	0.91%	0.91%
Direct transaction costs	0.00%	0.10%	0.16%
Prices			
Highest share price (pence)	116.90	124.00	116.80
Lowest share price (pence)	101.20	112.50	98.40

¹ Class I income launched on 11 July 2016 and this is the first published price.

Comparative tables (continued)

	Class Z accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	378.45	368.57	270.44
Return before operating charges*	1.51	10.27	98.47
Operating charges	(0.33)	(0.39)	(0.34)
Return after operating charges*	1.18	9.88	98.13
Distributions on accumulation shares	(8.91)	(7.60)	(7.80)
Retained distributions on accumulation shares	8.91	7.60	7.80
Closing net asset value per share	379.63	378.45	368.57
* after direct transaction costs of:	-	0.40	0.55
Performance			
Return after charges	0.31%	2.68%	36.29%
Other information			
Closing net asset value (£000s)	31,813	32,495	33,494
Closing number of shares	8,379,942	8,586,442	9,087,710
Operating charges	0.09%	0.10%	0.10%
Direct transaction costs	0.00%	0.10%	0.16%
Prices			
Highest share price (pence)	392.10	409.90	376.20
Lowest share price (pence)	339.90	366.60	272.60
	Class I USD accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	95.35	89.47	69.16
Return before operating charges*	0.35	6.77	21.12
Operating charges	(0.83)	(0.89)	(0.81)
Return after operating charges*	(0.48)	5.88	20.31
Distributions on accumulation shares	(1.49)	(1.14)	(1.10)
Retained distributions on accumulation shares	1.49	1.14	1.10
Closing net asset value per share	94.87	95.35	89.47
* after direct transaction costs of:	-	0.10	0.14
Performance			
Return after charges	(0.50%)	6.57%	29.37%
Other information			
Closing net asset value (£000s)	52	104	97
Closing number of shares	54,925	108,850	108,850
Operating charges	0.90%	0.91%	0.91%
Direct transaction costs	0.00%	0.10%	0.16%
Prices			
Highest share price (USD cents)	128.90	146.30	122.60
Lowest share price (USD cents)	111.60	119.90	100.50

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 and 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

There were no share classes launched or closed in the year.

Ongoing charge figure

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

	2019 %	2018 %
Class A	1.75	1.76
Class C	0.62	0.63
Class I	0.90	0.91
Class Z	0.09	0.10

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

Risk and reward profile

The fund currently has 6 types of share class in issue: A accumulation, C accumulation, I accumulation, I income, I USD accumulation and Z accumulation.

The risk and reward profile is the same for each type of share class and is as follows:



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

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

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

The risk rating for share classes I Income, I USD accumulation and Z accumulation have reduced from 6 to 5 in the year. The rating will change depending on if the fund takes on more/less risky investments or the market conditions become more or less volatile.

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.

Portfolio statement as at 31 May 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 95.57% (2018: 93.77%)		
	Australia 4.09% (2018: 3.25%)		
	Materials 4.09% (2018: 3.25%)		
935,370	Newcrest Mining	13,934	4.09
	Brazil 3.80% (2018: 7.51%)		
	Consumer Discretionary 0.20% (2018: 0.89%)		
150,196	Mahle-Metal Leve	694	0.20
	Consumer Staples 1.37% (2018: 1.13%)		
331,349	Raia Drogasil	4,662	1.37
	Financials 1.05% (2018: 2.38%)		
541,807	Banco Bradesco	3,567	1.05
	Industrials 0.00% (2018: 0.76%)		
	Materials 1.18% (2018: 2.35%)		
1,882,835	Duratex	4,007	1.18
	Chile 7.37% (2018: 9.16%)		
	Communication Services 0.00% (2018: 0.92%)		
	Consumer Staples 3.56% (2018: 3.66%)		
405,184	Cia Cervecerias Unidas	8,618	2.53
1,551,616	Embotelladora Andina Preference 'A'	3,500	1.03
		12,118	3.56
	Industrials 2.03% (2018: 2.51%)		
3,394,695	Quiñenco	6,897	2.03
	Utilities 1.78% (2018: 2.07%)		
5,464,275	Inversiones Aguas Metropolitanas	6,071	1.78
	China 5.49% (2018: 4.77%)		
	Consumer Discretionary 0.56% (2018: 0.62%)		
807,600	Fuyao Glass Industry	1,904	0.56
	Consumer Staples 3.87% (2018: 2.45%)		
1,206,400	China Mengniu Dairy	3,485	1.02
1,588,000	China Resources Beer	5,513	1.62
2,974,000	Vinda International	4,177	1.23
		13,175	3.87
	Materials 1.06% (2018: 1.18%)		
8,208,000	Greatview Aseptic Packaging	3,621	1.06

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Utilities 0.00% (2018: 0.52%)		
	Czech Republic 0.51% (2018: 1.32%)		
	Financials 0.51% (2018: 1.32%)		
57,902	Komerčni Banka	1,720	0.51
	Egypt 1.84% (2018: 1.43%)		
	Financials 1.84% (2018: 1.43%)		
1,969,875	Commercial International Bank ADR	6,275	1.84
	France 0.75% (2018: 0.79%)		
	Utilities 0.75% (2018: 0.79%)		
273,077	Engie Brasil Energia	2,560	0.75
	Hong Kong 1.70% (2018: 1.46%)		
	Consumer Discretionary 1.13% (2018: 1.46%)		
393,500	Stella International	515	0.15
1,499,800	Yue Yuen Industrial	3,324	0.98
		3,839	1.13
	Information Technology 0.57% (2018: 0.00%)		
297,700	Vtech	1,957	0.57
	India 17.21% (2018: 13.18%)		
	Communication Services 1.15% (2018: 0.92%)		
24,938,894	Vodafone Idea	3,932	1.15
	Financials 3.24% (2018: 4.47%)		
3,193,893	Aditya Birla Capital	3,600	1.06
716,432	City Union Bank	1,724	0.51
229,829	Housing Development Finance	5,714	1.67
		11,038	3.24
	Health Care 3.15% (2018: 0.00%)		
1,689,203	Cipla	10,741	3.15
	Information Technology 6.96% (2018: 3.75%)		
853,917	Infosys	7,168	2.10
659,411	Tata Consultancy Services	16,523	4.86
		23,691	6.96
	Materials 2.21% (2018: 2.97%)		
748,714	Grasim Industries	7,532	2.21
	Utilities 0.50% (2018: 1.07%)		
2,191,840	Tata Power	1,716	0.50

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Malaysia 0.00% (2018: 0.30%)		
	Communication Services 0.00% (2018: 0.30%)		
	Mexico 5.84% (2018: 3.71%)		
	Consumer Staples 5.84% (2018: 3.59%)		
212,563	Fomento Económico Mexicano ADR	15,694	4.61
2,563,351	Grupo Herdez	4,198	1.23
		<u>19,892</u>	<u>5.84</u>
	Health Care 0.00% (2018: 0.12%)		
	Netherlands 3.63% (2018: 3.30%)		
	Consumer Staples 3.63% (2018: 3.30%)		
128,718	Heineken	10,060	2.95
18,054,007	Nigerian Breweries	2,303	0.68
		<u>12,363</u>	<u>3.63</u>
	Nigeria 1.26% (2018: 1.77%)		
	Consumer Staples 0.27% (2018: 0.40%)		
8,866,875	Guinness Nigeria	936	0.27
	Financials 0.99% (2018: 1.37%)		
48,726,680	Guaranty Trust Bank	3,344	0.99
	Philippines 2.13% (2018: 2.17%)		
	Consumer Staples 1.60% (2018: 1.59%)		
7,825,500	Century Pacific Food	1,738	0.51
1,468,350	Universal Robina	3,721	1.09
		<u>5,459</u>	<u>1.60</u>
	Utilities 0.53% (2018: 0.58%)		
5,217,200	Manila Water	1,793	0.53
	South Africa 13.34% (2018: 12.97%)		
	Consumer Discretionary 1.56% (2018: 1.22%)		
293,432	City Lodge Hotels	1,743	0.51
3,699,015	Pepkor	3,579	1.05
		<u>5,322</u>	<u>1.56</u>
	Consumer Staples 5.70% (2018: 5.43%)		
299,532	Oceana	1,166	0.34
667,565	Shoprite	6,250	1.84
1,003,961	Tiger Brands	12,030	3.52
		<u>19,446</u>	<u>5.70</u>
	Financials 4.84% (2018: 3.95%)		
1,153,914	Remgro	11,596	3.41
450,549	Standard Bank	4,879	1.43
		<u>16,475</u>	<u>4.84</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Materials 1.24% (2018: 2.37%)		
2,822,395	African Oxygen	3,338	0.98
1,550,820	Nampak	888	0.26
		<u>4,226</u>	<u>1.24</u>
	South Korea 5.17% (2018: 4.54%)		
	Consumer Staples 0.97% (2018: 1.11%)		
3,887	LG Household & Health Care	3,307	0.97
	Financials 1.12% (2018: 0.71%)		
21,089	Samsung Fire & Marine Insurance	3,808	1.12
	Industrials 3.08% (2018: 2.72%)		
215,317	LG	10,500	3.08
	Switzerland 1.04% (2018: 0.82%)		
	Consumer Staples 1.04% (2018: 0.82%)		
1,107,003	Nestlé Nigeria	3,530	1.04
	Taiwan 11.43% (2018: 12.05%)		
	Consumer Discretionary 1.90% (2018: 1.61%)		
1,500,000	Merida Industry	6,475	1.90
	Consumer Staples 7.91% (2018: 8.53%)		
8,960,000	Uni-President China	7,507	2.20
9,529,960	Uni-President Enterprises	19,422	5.71
		<u>26,929</u>	<u>7.91</u>
	Information Technology 1.62% (2018: 1.91%)		
1,014,000	Asustek Computer	5,510	1.62
	Thailand 2.62% (2018: 3.34%)		
	Financials 1.42% (2018: 1.32%)		
1,028,900	Kasikornbank	4,824	1.42
	Health Care 1.20% (2018: 1.16%)		
4,659,100	Mega Lifesciences	4,088	1.20
	Information Technology 0.00% (2018: 0.86%)		
	United Kingdom 4.90% (2018: 4.80%)		
	Consumer Staples 4.18% (2018: 3.69%)		
1,497,031	PZ Cussons	3,039	0.89
231,625	Unilever	11,204	3.29
		<u>14,243</u>	<u>4.18</u>
	Energy 0.72% (2018: 1.11%)		
1,551,391	Cairn Energy	2,454	0.72

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	United States 1.45% (2018: 1.13%)		
	Information Technology 1.45% (2018: 1.13%)		
100,334	Cognizant Technology Solutions	4,930	1.45
	Derivatives 0.00% (2018: 0.00%)		
	Forward Foreign Exchange Contracts 0.00% (2018: 0.00%)¹		
	Buy GBP 1,209,557 : Sell ZAR 22,479,756 June 2019	(16)	-
	Investment assets including investment liabilities	325,489	95.57
	Other net assets	15,088	4.43
	Total net assets	340,577	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.

Prior year comparatives percentages have changed for some countries of risk due to reclassification within these countries of risk.

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 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(12,046)		180
Revenue	3	13,753		11,812	
Expenses	4	<u>(4,827)</u>		<u>(4,966)</u>	
Net revenue before taxation		8,926		6,846	
Taxation	5	<u>(3,257)</u>		<u>(1,381)</u>	
Net revenue after taxation			<u>5,669</u>		<u>5,465</u>
Total return before distributions			(6,377)		5,645
Distributions	6		(8,323)		(5,888)
Change in net assets attributable to shareholders from investment activities			<u>(14,700)</u>		<u>(243)</u>

Statement of change in net assets attributable to shareholders for the year ended 31 May 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		532,507		428,687
Amounts receivable on issue of shares	125,561		155,837	
Amounts payable on cancellation of shares	<u>(309,075)</u>		<u>(56,676)</u>	
		(183,514)		99,161
Dilution adjustment		931		-
Change in net assets attributable to shareholders from investment activities		(14,700)		(243)
Retained distributions on accumulation shares		5,353		4,902
Closing net assets attributable to shareholders		<u>340,577</u>		<u>532,507</u>

Balance sheet as at 31 May 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		325,505	499,352
Current assets:			
Debtors	7	30,124	3,691
Cash and bank balances	8	40,628	32,325
Total assets		396,257	535,368
Liabilities:			
Investment liabilities		16	5
Provisions for liabilities	9	1,890	-
Creditors:			
Bank overdrafts		4,092	-
Distributions payable		784	783
Other creditors	10	48,898	2,073
Total liabilities		55,680	2,861
Net assets attributable to shareholders		340,577	532,507

Notes to the financial statements for the year ended 31 May 2019

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)/gains

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

	2019 £000	2018 £000
Forward currency contracts	3	(128)
Non-derivative securities	(12,204)	367
Other currency gains	193	9
Transaction costs	(38)	(68)
Net capital (losses)/gains	(12,046)	180

3 Revenue

	2019 £000	2018 £000
Bank interest	171	69
Overseas dividends	12,834	11,144
Stock lending revenue	25	28
UK dividends	723	571
Total revenue	13,753	11,812

4 Expenses

	2019 £000	2018 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	4,066	4,160
GAC*	433	449
	<u>4,499</u>	<u>4,609</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	32	33
Safe custody fees	276	312
	<u>308</u>	<u>345</u>
Other expenses:		
Dividend collection charges	15	11
Professional fees	5	1
	<u>20</u>	<u>12</u>
Total expenses	4,827	4,966

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,681 (2018: £7,458).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Capital gains tax	1,899	-
Overseas withholding tax	1,358	1,381
Total tax (note 5b)	3,257	1,381

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% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net revenue before taxation	8,926	6,846
Corporation tax at 20% (2018: 20%)	1,785	1,369
Effects of:		
Capital gains tax***	1,899	-
Irrecoverable overseas tax	1,358	1,381
Overseas dividends*	(2,447)	(2,009)
Tax effect of expensed double taxation relief	(21)	(29)
UK dividends**	(145)	(114)
Unused management expenses	828	783
Tax charge for the year (note 5a)	3,257	1,381

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

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

*** From 1 April 2018, non-resident investors will pay capital gains tax on long and short-term capital gains on Indian securities.

At 31 May 2019 the fund has accrued £1,889,804 for potential Indian capital gains tax exposure.

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 (2018: 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 £5,756,799 (2018: £4,928,401) 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:

	2019	2018
	£000	£000
Interim income	1,358	525
Interim accumulation	3,365	2,275
Final income	784	783
Final accumulation	1,988	2,627
	<u>7,495</u>	<u>6,210</u>
Amounts deducted on cancellation of shares	1,521	143
Amounts received on issue of shares	(693)	(465)
Total distributions	<u>8,323</u>	<u>5,888</u>
Net revenue after taxation	5,669	5,465
Annual management charge borne by the capital account	753	422
Capital gains tax	1,899	-
Equalisation on conversions	2	1
Total distributions	<u>8,323</u>	<u>5,888</u>

Details of the distribution per share are set out in the distribution tables on pages 63 to 64.

7 Debtors

	2019	2018
	£000	£000
Accrued revenue	1,073	752
Amounts receivable for issue of shares	-	1,933
Currency transactions awaiting settlement	9,199	137
Merger debtor	9	-
Overseas withholding tax reclaimable	185	117
Sales awaiting settlement	19,658	752
Total debtors	<u>30,124</u>	<u>3,691</u>

8 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	40,628	32,325
Total cash and bank balances	<u>40,628</u>	<u>32,325</u>

Notes to the financial statements (continued)

9 Provisions for liabilities

	2019	2018
	£000	£000
Capital gains tax accrual	1,890	-
Total cash equivalents	1,890	-

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	257	371
Accrued Depository's fee	3	4
Accrued other expenses	79	99
Amounts payable for cancellation of shares	39,336	442
Currency transactions awaiting settlement	9,223	137
Merger creditor	-	3
Purchases awaiting settlement	-	1,017
Total other creditors	48,898	2,073

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 51 and 52 and notes 4, 6, 7 and 10 on pages 53 to 56 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 (2018: nil).

13 Shareholders' funds

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

	2019	2018
	%	%
Class A	1.50	1.50
Class C	0.50	0.50
Class I	0.75	0.75
Class I USD	0.75	0.75
Class Z*	0.00	0.00

* 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 40 to 43. The distribution per share class is given in the distribution tables on pages 63 to 64. 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 2019

	Class A accumulation	Class C accumulation	Class I accumulation
Opening number of shares	41,581,136	3,775,408	208,694,609
Issues during the year	2,048,346	-	47,873,708
Cancellations during the year	(11,932,373)	-	(154,311,858)
Shares converted during the year	(392,792)	-	355,544
Closing shares in issue	31,304,317	3,775,408	102,612,003
	Class I income	Class Z accumulation	Class I USD accumulation
Opening number of shares	67,961,225	8,586,442	108,850
Issues during the year	45,927,658	500,080	-
Cancellations during the year	(51,980,158)	(706,580)	(53,925)
Shares converted during the year	224,528	-	-
Closing shares in issue	62,133,253	8,379,942	54,925

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 2019 (2018: nil).

The fund had no exposure to derivatives as at 31 May 2019 with a positive market value. (2018: nil).

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 income.

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)

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	Gross income £000	Direct and indirect expenses deducted by stock lending agent £000	Net income retained by the fund £000
BNP Paribas	Stock lending agent	29	4	25

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	4,599	5,110	Equity
Citigroup	273	303	Equity
Deutsche Bank	1,220	1,366	Equity
JP Morgan	2,343	2,604	Equity
Natixis	3,021	3,357	Equity
Société Générale	1,562	2,462	Equity
	13,018	15,202	

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	33	5	28

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 £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)

16 Risk (continued)

Currency risk (continued)

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
2018			
Currency			
Argentine peso	-	1	1
Australian dollar	17,312	-	17,312
Brazilian real	44,214	(138)	44,076
Chilean peso	34,452	41	34,493
Czech koruna	7,021	71	7,092
Euro	15,150	24	15,174
Hong Kong dollar	47,157	368	47,525
Indian rupee	70,214	880	71,094
Indonesian rupiah	1,610	-	1,610
Korean won	24,175	(225)	23,950
Mexican nuevo peso	9,033	-	9,033
Nigerian naira	9,189	-	9,189
Philippine peso	11,542	-	11,542
Polish zloty	-	23	23
South african rand	69,450	(390)	69,060
Taiwan dollar	50,168	1,182	51,350
Thai baht	17,776	-	17,776
UK sterling	25,191	31,323	56,514
US dollar	45,693	-	45,693
Total	499,347	33,160	532,507

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £321,611,000 (2018: £475,993,000). A 10% increase in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £32,161,100 (2018: £47,599,300). A 10% decrease in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of decreasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £32,161,100 (2018: £47,599,300).

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.

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.

2019	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
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	-	-

2018	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Derivative financial liabilities	-	5	-	-
Distribution payable	-	783	-	-
Other creditors	-	2,073	-	-
Total	-	2,861	-	-

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	325,505	-	499,352	-
Level 2	-	16	-	5
Level 3	-	-	-	-
	325,505	16	499,352	5

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trades in the year				
Equities	141,533	179,940	304,777	82,098
Trades in the year before transaction costs	141,533	179,940	304,777	82,098
Transaction costs				
Commissions				
Equities	93	172	239	69
Total commissions	93	172	239	69
Taxes				
Equities	140	169	177	47
Total taxes	140	169	177	47
Other expenses				
Equities	11	45	135	19
Total other expenses	11	45	135	19
Total transaction costs	244	386	551	135
Total net trades in the year after transaction costs	141,777	180,326	304,226	81,963

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.07	0.10	0.08	0.08
Taxes				
Equities	0.10	0.09	0.06	0.06
Other expenses				
Equities	0.01	0.03	0.04	0.02
	2019	2018		
	%	%		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.07	0.05		
Taxes	0.06	0.04		
Other expenses	0.03	0.01		
Total costs	0.16	0.10		

There were no in specie transfers during the year (2018: nil). There were no corporate actions during the year (2018: £229,989).

There were no direct transaction costs associated with derivatives in the year (2018: 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 2019 was 0.41% (2018: 0.50%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

Distribution tables for the year ended 31 May 2019 (in pence per share)

Interim dividend distribution (accounting date 30 November 2018, paid on 31 January 2019)

Group 1 : shares purchased prior to 1 June 2018

Group 2 : shares purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/01/19	Total distribution per share 31/01/18
Class A accumulation				
Group 1	0.7672	-	0.7672	0.2724
Group 2	0.1780	0.5892	0.7672	0.2724
Class C accumulation				
Group 1	5.8718	-	5.8718	4.4681
Group 2	5.8718	-	5.8718	4.4681
Class I accumulation				
Group 1	1.2006	-	1.2006	0.8605
Group 2	0.4238	0.7768	1.2006	0.8605
Class I income				
Group 1	1.3163	-	1.3163	1.0965
Group 2	0.4418	0.8745	1.3163	1.0965
Class Z accumulation				
Group 1	4.5024	-	4.5024	3.6818
Group 2	0.7191	3.7833	4.5024	3.6818
Class I USD accumulation¹				
Group 1	0.9694	-	0.9694	0.7353
Group 2	0.9694	-	0.9694	0.7353

¹ in USD cents per share

Distribution tables (continued)

Final dividend distribution (accounting date 31 May 2019, paid on 31 July 2019)

Group 1: shares purchased prior to 1 December 2018

Group 2: shares purchased on or after 1 December 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class A accumulation				
Group 1	0.7080	-	0.7080	0.3584
Group 2	0.3358	0.3722	0.7080	0.3584
Class C accumulation				
Group 1	5.6922	-	5.6922	4.8163
Group 2	5.6922	-	5.6922	4.8163
Class I accumulation				
Group 1	1.1521	-	1.1521	0.9389
Group 2	0.7106	0.4415	1.1521	0.9389
Class I income				
Group 1	1.2620	-	1.2620	1.1519
Group 2	0.7717	0.4903	1.2620	1.1519
Class Z accumulation				
Group 1	4.4052	-	4.4052	3.9187
Group 2	2.6461	1.7591	4.4052	3.9187
Class I USD accumulation¹				
Group 1	0.9195	-	0.9195	0.7884
Group 2	0.9195	-	0.9195	0.7884

¹ in USD cents per share

Janus Henderson European Focus Fund

Authorised Corporate Director's report

Investment Fund Manager

John Bennett

Investment objective and policy

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets (excluding the United Kingdom), by investing in a concentrated portfolio of companies having their registered office in Europe (excluding the United Kingdom) and companies that do not have their registered office in Europe (excluding the United Kingdom) but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Europe (excluding the United Kingdom).

The fund will invest in companies of any market capitalisation. The fund will invest in a portfolio of typically 30-50 holdings.

The return will be a combination of capital and income returns.

The fund may also invest at the Manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Performance summary

	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16	31 May 14 - 31 May 15
	%	%	%	%	%
Class I accumulation	(1.3)	0.1	34.6	(6.0)	12.9
FTSE World Europe Ex UK Index	1.8	0.9	35.7	(3.7)	4.7
IA Europe ex UK Equity	(3.2)	2.6	33.1	(2.5)	7.0

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.

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 is the performance target for the fund and provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA Europe ex UK Equity

Peer group benchmark 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.

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

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 2019

Largest purchases	£000	Largest sales	£000
Akzo Nobel	10,435	Smurfit Kappa	16,975
Dometic	9,186	Carlsberg	10,108
LafargeHolcim	8,149	Autoliv	9,364
Wartsila	6,890	Trelleborg 'B'	8,600
Sanofi	6,803	Nokian Renkaat	8,004
Ericsson 'B'	6,677	United Internet	7,414
Grifols	6,111	Sanofi	6,850
KION	6,090	Bankinter	6,642
Nokian Renkaat	5,865	KBC	6,584
Kone	5,615	Galp Energia	6,462
Total purchases	191,878	Total sales	273,825

Investment review

The fund fell by 1.3% over the year compared with a fall of 1.8% in the FTSE World Europe ex UK index and a fall of 3.2% in the IA Europe ex UK Equity peer group benchmark.

The year under review was characterised by synchronised global growth and ageing bull markets in equities and bonds. Perhaps this narrative was sufficient to blur certain leading indicators but, courtesy of intensifying trade wars, a rapidly weakening yuan, a bear market for Chinese equities, profit warnings in the European autos and logistics sectors and political instability in Europe, markets have been dealt a reality check. Equity markets staged a strong rebound from the lows of December 2018, after renewed monetary accommodation by central banks, as the US Federal Reserve, the European Central Bank and the People's Bank of China sought to reassure markets and/or stimulate their respective economies. This has encouraged the view that a rebound in economies and corporate earnings will follow in the second half of 2019. Pulling the other way were bond markets, which signified a persistent disinflationary environment – and so the tug of war between bonds and equities continues. As for European equities, one thing in the region's favour is that it remains deeply out of favour among investors. Consequently, if we see a repeat of last year's sell-off, the fund should be able to capitalise on opportunities.

During the year under review, we continued to rely less on sector decisions and more on stock specifics. International brewer Carlsberg was the top performer, as new management's scrutiny of costs and focus on core markets should help the company achieve margins similar to its competitors. There were also positive contributions from Swedish telecoms operator Tele2 'B' and leading Norwegian fish farmer Mowi. The former continues to make progress rationalising the group, while the latter is benefiting from continuing strong global demand for salmon. Detractors included auto sector stocks Autoliv and Nokian Renkaat, as near term risks to auto suppliers intensified. Information technology stock United Internet was also among the laggards and we disposed of the holding, reflecting our concerns about the competitive landscape changes in the German mobile market.

Key activity over the fiscal year included the introduction of Dometic, a Swedish manufacturer of equipment fitted to recreational vehicles and boats, as we expect the company to respond well to new management. Meeting with a significantly changed management team gave us confidence to establish a position in Swedish telecoms equipment company Ericsson 'B', as its restructuring continues following a wasted decade. We added Dutch coatings group Akzo Nobel, as the company has benefited from passing on price increases to offset higher raw materials costs. Fourth quarter results gave investors comfort that management's 'value over volume' strategy is bearing fruit, and the company returned cash to shareholders following the sale of its speciality chemicals business. We introduced SBM Offshore following an upbeat meeting with management, which confirmed strong pipeline opportunities. We used price weakness to open a position in German automotive, defence and electronics group Rheinmetall, where we identify strong prospects for the defence division. Other acquisitions included Grifols, a leading manufacturer of blood-plasma-derived therapies, as the underlying demand environment (volumes and pricing) remains very strong. Finally, we topped up building materials manufacturer LafargeHolcim. We believe there are more benefits to come as the market starts to appreciate the turnaround being executed by a first class management team, reshaping what was, for far too long, a sprawling, underachieving empire.

On the sell side, we exited ABN AMRO, DNB, Intesa Sanpaolo, KBC and Svenska Handelsbanken as part of a reduction of our financials holdings, and we disposed of low cost airline Ryanair on poor profits guidance. The board of Smurfit Kappa indicated that it had rejected the bid from International Paper earlier in the year on the basis of its mid-term value assessment, and we used periods of strength to dispose of the holding across our funds. An ongoing reduction of our weighting towards the industrials sector included the disposal of our holdings in IMA and Schneider Electric, and we exited our longstanding position in Fresenius.

Disposals should be seen in the context of our deliberate move to a more concentrated portfolio. This, in turn, reflects increased conviction at the stock specific level. The number of holdings ended the year at 41.

Our business is about the rate of change. Often, the greatest gains are realised when things go from bad to less bad and toward stabilisation. In our view, the 'pain trade' – maximised investor losses from a previously popular asset class as market consensus shifts – will intensify, probably in more cyclical stocks. Market volatility appears to be here to stay and, as ever, our emphasis remains on stock selection based on fundamental analysis.

Comparative tables for the year ended 31 May 2019

	Class A accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	274.84	277.52	209.76
Return before operating charges*	2.49	2.04	71.86
Operating charges	(4.62)	(4.72)	(4.10)
Return after operating charges*	(2.13)	(2.68)	67.76
Distributions on accumulation shares	(1.29)	(0.09)	(1.74)
Retained distributions on accumulation shares	1.29	0.09	1.74
Closing net asset value per share	272.71	274.84	277.52
* after direct transaction costs of:	0.25	0.59	0.57
Performance			
Return after charges	(0.77%)	(0.97%)	32.30%
Other information			
Closing net asset value (£000s)	27,857	34,724	42,290
Closing number of shares	10,214,978	12,634,333	15,238,166
Operating charges	1.71%	1.70%	1.70%
Direct transaction costs	0.09%	0.21%	0.24%
Prices			
Highest share price (pence)	291.40	287.40	279.60
Lowest share price (pence)	245.70	261.80	203.10

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	219.90	220.30	165.05
Return before operating charges*	2.03	1.48	56.87
Operating charges	(1.85)	(1.88)	(1.62)
Return after operating charges*	0.18	(0.40)	55.25
Distributions on accumulation shares	(3.02)	(2.13)	(3.00)
Retained distributions on accumulation shares	3.02	2.13	3.00
Closing net asset value per share	220.08	219.90	220.30
* after direct transaction costs of:	0.20	0.47	0.45
Performance			
Return after charges	0.08%	(0.18%)	33.47%
Other information			
Closing net asset value (£000s)	197,572	282,998	540,789
Closing number of shares	89,773,270	128,693,452	245,476,802
Operating charges	0.85%	0.85%	0.85%
Direct transaction costs	0.09%	0.21%	0.24%
Prices			
Highest share price (pence)	233.70	228.80	221.90
Lowest share price (pence)	197.60	209.30	159.90

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 and 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

There were no share classes launched or closed in the year.

Ongoing charge figure

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

	2019 %	2018 %
Class A	1.71	1.70
Class I	0.85	0.85

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

Risk and reward profile

The fund currently has 2 types of share class in issue: A accumulation and I accumulation. Each type of share class has the same risk and reward profile which is as follows:



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

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

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 rating in the year.

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

Portfolio statement as at 31 May 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 98.29% (2018: 97.18%)		
	Belgium 2.89% (2018: 3.64%)		
	Basic Materials 2.89% (2018: 2.65%)		
252,896	Tessengerlo	6,507	2.89
	Financials 0.00% (2018: 0.99%)		
	Denmark 5.84% (2018: 6.45%)		
	Consumer Goods 3.54% (2018: 4.55%)		
76,756	Carlsberg	7,982	3.54
	Health Care 2.30% (2018: 1.90%)		
138,937	Novo Nordisk 'B'	5,190	2.30
	Finland 7.77% (2018: 4.10%)		
	Basic Materials 1.77% (2018: 1.64%)		
201,423	UPM-Kymmene	3,984	1.77
	Consumer Goods 1.52% (2018: 2.46%)		
151,403	Nokian Renkaat	3,428	1.52
	Industrials 3.04% (2018: 0.00%)		
77,650	Kone	3,352	1.49
303,348	Wartsila	3,494	1.55
		6,846	3.04
	Oil & Gas 1.44% (2018: 0.00%)		
121,234	Neste	3,250	1.44
	France 7.09% (2018: 9.74%)		
	Consumer Goods 2.04% (2018: 2.89%)		
15,386	LVMH Moet Hennessy Louis Vuitton	4,603	2.04
	Industrials 3.00% (2018: 6.85%)		
32,826	Safran	3,415	1.52
42,657	Vinci	3,331	1.48
		6,746	3.00
	Technology 2.05% (2018: 0.00%)		
382,497	STMicroelectronics	4,626	2.05
	Germany 20.45% (2018: 16.94%)		
	Consumer Goods 2.79% (2018: 1.52%)		
13,210	Adidas	2,994	1.33
37,770	Knorr-Bremse	3,286	1.46
		6,280	2.79
	Financials 4.30% (2018: 4.12%)		
18,896	Allianz	3,321	1.47
58,552	Deutsche Boerse	6,402	2.83
		9,723	4.30

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Health Care 2.95% (2018: 4.41%)		
48,023	Bayer	2,245	1.00
57,489	Merck	4,395	1.95
		<u>6,640</u>	<u>2.95</u>
	Industrials 6.80% (2018: 0.00%)		
127,961	KION	5,505	2.43
58,166	Rheinmetall	4,904	2.18
55,093	Siemens	4,936	2.19
		<u>15,345</u>	<u>6.80</u>
	Technology 3.61% (2018: 6.89%)		
83,265	SAP	8,129	3.61
	Ireland 0.00% (2018: 6.80%)		
	Consumer Services 0.00% (2018: 1.70%)		
	Industrials 0.00% (2018: 5.10%)		
	Italy 1.30% (2018: 4.28%)		
	Financials 0.00% (2018: 0.99%)		
	Health Care 1.30% (2018: 1.99%)		
36,254	DiaSorin	2,934	1.30
	Industrials 0.00% (2018: 1.30%)		
	Netherlands 9.52% (2018: 6.73%)		
	Basic Materials 2.26% (2018: 0.00%)		
76,149	Akzo Nobel	5,084	2.26
	Financials 0.00% (2018: 0.96%)		
	Health Care 2.30% (2018: 2.00%)		
165,676	Koninklijke Philips	5,192	2.30
	Oil & Gas 2.54% (2018: 1.36%)		
409,873	SBM Offshore	5,737	2.54
	Technology 2.42% (2018: 2.41%)		
36,390	ASML	5,447	2.42
	Norway 2.70% (2018: 3.22%)		
	Consumer Goods 2.70% (2018: 1.95%)		
330,577	Mowi	6,082	2.70
	Financials 0.00% (2018: 1.27%)		
	Portugal 3.07% (2018: 3.86%)		
	Oil & Gas 3.07% (2018: 3.86%)		
581,781	Galp Energia	6,913	3.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Spain 2.90% (2018: 3.96%)		
	Financials 0.35% (2018: 2.69%)		
136,428	Bankinter	781	0.35
	Industrials 0.00% (2018: 1.27%)		
	Health Care 2.55% (2018: 0.00%)		
283,057	Grifols	5,749	2.55
	Sweden 12.56% (2018: 12.72%)		
	Consumer Goods 6.18% (2018: 5.15%)		
113,935	Autoliv	5,564	2.47
1,162,749	Dometic	8,361	3.71
		13,925	6.18
	Financials 0.00% (2018: 0.99%)		
	Industrials 0.00% (2018: 4.46%)		
	Technology 2.82% (2018: 0.00%)		
835,084	Ericsson 'B'	6,352	2.82
	Telecommunications 3.56% (2018: 2.12%)		
733,600	Tele2 'B'	8,033	3.56
	Switzerland 18.67% (2018: 10.06%)		
	Consumer Goods 5.26% (2018: 2.89%)		
151,094	Nestlé	11,865	5.26
	Financials 0.00% (2018: 0.98%)		
	Health Care 7.24% (2018: 3.20%)		
109,943	Novartis	7,467	3.31
42,758	Roche	8,871	3.93
		16,338	7.24
	Industrials 6.17% (2018: 2.99%)		
366,653	LafargeHolcim	13,903	6.17
	United Kingdom 3.53% (2018: 4.68%)¹		
	Consumer Goods 1.83% (2018: 1.17%)		
86,456	Unilever	4,127	1.83
	Consumer Services 1.70% (2018: 2.36%)		
208,086	RELX	3,829	1.70

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Industrials 0.00% (2018: 1.15%)		
	Derivatives 0.00% (2018: (0.05%))		
	Forward Foreign Exchange Contracts 0.00% (2018: (0.05%))²		
	Buy GBP 241,543 : Sell EUR 274,186 June 2019	(1)	-
	Buy GBP 299,585 : Sell EUR 337,888 June 2019	1	-
	Buy GBP 45,680 : Sell EUR 51,798 June 2019 ³	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
	Investment assets including investment liabilities	221,570	98.29
	Other net assets	3,859	1.71
	Total net assets	225,429	100.00

¹ These stocks are registered in Europe and are permitted investments, 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 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital losses	2		(4,060)		(4,346)
Revenue	3	6,217		12,395	
Expenses	4	(2,464)		(4,613)	
Interest payable and similar charges	5	(47)		(89)	
Net revenue before taxation		3,706		7,693	
Taxation	6	(661)		(2,594)	
Net revenue after taxation			3,045		5,099
Total return before distributions			(1,015)		753
Distributions	7		(2,916)		(4,042)
Change in net assets attributable to shareholders from investment activities			(3,931)		(3,289)

Statement of change in net assets attributable to shareholders for the year ended 31 May 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		317,722		583,079
Amounts receivable on issue of shares	15,474		50,284	
Amounts payable on cancellation of shares	(106,689)		(315,209)	
		(91,215)		(264,925)
Dilution adjustment		8		99
Change in net assets attributable to shareholders from investment activities		(3,931)		(3,289)
Retained distributions on accumulation shares		2,845		2,758
Closing net assets attributable to shareholders		225,429		317,722

Balance sheet as at 31 May 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		221,571	308,745
Current assets:			
Debtors	8	1,678	12,565
Cash and bank balances	9	5,257	77,512
Total assets		228,506	398,822
Liabilities:			
Investment liabilities		1	150
Creditors:			
Bank overdrafts		1,952	2,117
Other creditors	10	1,124	78,833
Total liabilities		3,077	81,100
Net assets attributable to shareholders		225,429	317,722

Notes to the financial statements for the year ended 31 May 2019

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:

	2019	2018
	£000	£000
Derivative securities	-	(777)
Forward currency contracts	94	(349)
Non-derivative securities	(4,310)	(4,198)
Other currency gains	165	995
Transaction costs	(9)	(17)
Net capital losses	(4,060)	(4,346)

3 Revenue

	2019	2018
	£000	£000
Bank interest	1	4
Overseas dividends	5,986	11,221
Stock dividends	127	1,095
Stock lending revenue	41	11
UK dividends	62	64
Total revenue	6,217	12,395

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	2,180	4,096
GAC*	227	422
	<u>2,407</u>	<u>4,518</u>

Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary fees	24	40
Safe custody fees	11	45
	<u>35</u>	<u>85</u>

Other expenses:

Legal fees**	22	10
	<u>22</u>	<u>10</u>

Total expenses

<u>2,464</u>	<u>4,613</u>
---------------------	---------------------

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,681 (2018: £7,458).

** Included with legal fees are non-audit fees paid to the auditors in relation to withholding tax reclaims £7,101 (2018: £2,150)

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable*	47	89
Total interest payable and similar charges	47	89

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

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	661	2,594
Total tax (note 6b)	661	2,594

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% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net revenue before taxation	3,706	7,693
Corporation tax at 20% (2018: 20%)	741	1,539
Effects of:		
Irrecoverable overseas tax	661	2,594
Overseas dividends*	(1,128)	(2,133)
Stock dividends**	(25)	(219)
Tax effect of expensed double taxation relief	(11)	(17)
UK dividends**	(12)	(13)
Unused management expenses	435	843
Tax charge for the year (note 6a)	661	2,594

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

** 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 (2018: 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 £4,229,673 (2018: £3,795,163) 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:

	2019	2018
	£000	£000
Final accumulation	2,845	2,758
	<u>2,845</u>	<u>2,758</u>
Amounts deducted on cancellation of shares	85	1,330
Amounts received on issue of shares	(14)	(46)
Total distributions	<u>2,916</u>	<u>4,042</u>
Net revenue after taxation	3,045	5,099
Stock dividends	(127)	(1,095)
Withholding tax on stock dividends	(2)	38
Total distributions	<u>2,916</u>	<u>4,042</u>

Details of the distribution per share are set out in the distribution tables on page 85.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	578	393
Amounts receivable for issue of shares	-	13
Currency transactions awaiting settlement	83	6,107
Overseas withholding tax reclaimable	832	1,006
Sales awaiting settlement	185	5,046
Total debtors	<u>1,678</u>	<u>12,565</u>

9 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	5,257	77,512
Total cash and bank balances	<u>5,257</u>	<u>77,512</u>

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	165	274
Accrued Depositary's fee	2	3
Accrued other expenses	23	44
Amounts payable for cancellation of shares	851	69,063
Currency transactions awaiting settlement	83	6,101
Purchases awaiting settlement	-	3,348
Total other creditors	<u>1,124</u>	<u>78,833</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 74 and 75 and notes 4, 7, 8 and 10 on pages 76 to 78 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 (2018: nil).

13 Shareholders' funds

The fund currently has 2 share classes available; Class A (Retail with front-end charges) and Class I (Institutional). The annual management charge on each share class is as follows:

	2019	2018
	%	%
Class A	1.50	1.50
Class I	0.75	0.75

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 page 67. The distribution per share class is given in the distribution tables on page 85. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2019

	Class A accumulation	Class I accumulation
Opening number of shares	12,634,333	128,693,452
Issues during the year	138,325	7,006,046
Cancellations during the year	(2,341,302)	(46,195,481)
Shares converted during the year	(216,378)	269,253
Closing shares in issue	10,214,978	89,773,270

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 2019 (2018: nil).

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>

2018

The fund had no exposure to derivatives as at 31 May 2018 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 income.

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.

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
	<u>22,117</u>	<u>24,762</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	48	7	41

Notes to the financial statements (continued)

15 Stock lending (continued)

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Deutsche Bank	15,069	16,911	Equity
Morgan Stanley	158	167	Government Bond
Natixis	9,698	10,776	Equity
	24,925	27,854	

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

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.

2019 Currency	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £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

2018 Currency	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
Danish krone	20,492	215	20,707
Euro	136,677	77,237	213,914
Norwegian krone	10,230	33	10,263
Swedish krona	40,386	(152)	40,234
Swiss franc	31,961	-	31,961
UK sterling	68,849	(68,246)	603
US dollar	-	40	40
Total	308,595	9,127	317,722

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 £225,915,000 (2018: £317,119,000). A 10% increase in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £22,591,500 (2018: £31,711,900). A 10% decrease in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of decreasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £22,591,500 (2018: £31,711,900).

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
2019				
Bank overdrafts	1,952	-	-	-
Derivative financial liabilities	-	1	-	-
Other creditors	-	1,124	-	-
Total	1,952	1,125	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Bank overdrafts	2,117	-	-	-
Derivative financial liabilities	-	150	-	-
Other creditors	-	78,833	-	-
Total	2,117	78,983	-	-

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	221,570	-	308,745	-
Level 2	1	1	-	150
Level 3	-	-	-	-
	<u>221,571</u>	<u>1</u>	<u>308,745</u>	<u>150</u>

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Equities	191,739	530,224	273,931	756,945
Trades in the year before transaction costs	<u>191,739</u>	<u>530,224</u>	<u>273,931</u>	<u>756,945</u>
Transaction costs				
Commissions				
Equities	74	268	106	336
Total commissions	<u>74</u>	<u>268</u>	<u>106</u>	<u>336</u>
Taxes				
Equities	21	259	-	-
Total taxes	<u>21</u>	<u>259</u>	<u>-</u>	<u>-</u>
Other expenses				
Equities	44	307	-	-
Total other expenses	<u>44</u>	<u>307</u>	<u>-</u>	<u>-</u>
Total transaction costs	<u>139</u>	<u>834</u>	<u>106</u>	<u>336</u>
Total net trades in the year after transaction costs	<u>191,878</u>	<u>531,058</u>	<u>273,825</u>	<u>756,609</u>

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.04	0.05	-	0.04
Taxes				
Equities	0.01	0.05	-	-
Other expenses				
Equities	0.02	0.06	-	-
	<u>2019 %</u>	<u>2018 %</u>		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.07	0.12		
Taxes	0.01	0.05		
Other expenses	0.02	0.06		
Total costs	<u>0.10</u>	<u>0.23</u>		

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £1,121,696 (2018: nil).

There were no direct transaction costs associated with derivatives in the year (2018: £4,233) which is 0.00% of the average net asset value of the fund (2018: 0.00%).

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

The portfolio dealing spread as at 31 May 2019 was 0.06% (2018: 0.06%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

Distribution tables for the year ended 31 May 2019 (in pence per share)

Interim dividend distribution (accounting date 30 November 2018, paid on 31 January 2019)

Group 1: shares purchased prior to 1 June 2018

Group 2: shares purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/01/19	Total distribution per share 31/01/18
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-

Final dividend distribution (accounting date 31 May 2019, paid on 31 July 2019)

Group 1 : shares purchased prior to 1 December 2018

Group 2 : shares purchased on or after 1 December 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class A accumulation				
Group 1	1.2928	-	1.2928	0.0876
Group 2	1.1923	0.1005	1.2928	0.0876
Class I accumulation				
Group 1	3.0215	-	3.0215	2.1342
Group 2	2.5989	0.4226	3.0215	2.1342

Janus Henderson European Selected Opportunities Fund

Authorised Corporate Director's report

Investment Fund Manager

John Bennett

Investment objective and policy

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets, by investing in companies having their registered office in Europe and companies that do not have their registered office in Europe but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Europe.

The fund will invest in companies of any market capitalisation.

The return will be a combination of capital and income returns.

The fund may also invest at the Manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Performance summary

	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16	31 May 14 - 31 May 15
	%	%	%	%	%
Class I accumulation	(1.2)	0.0	33.0	(6.1)	11.7
FTSE World Europe ex UK Index	1.8	0.9	35.7	(3.7)	4.7
IA Europe ex UK Equity	(3.2)	2.6	33.1	(2.5)	7.0

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.

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 is the performance target for the fund and provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA Europe ex UK Equity

Peer group benchmark 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.

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

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 2019

Largest purchases	£000	Largest sales	£000
Sanofi	48,522	Smurfit Kappa	70,515
Ericsson 'B'	46,478	Total	40,877
LafargeHolcim	44,571	Bankinter	40,643
Akzo Nobel	38,790	Volkswagen Non-Voting Preference Shares	35,252
Siemens	37,046	Trelleborg 'B'	34,856
Volkswagen Non-Voting Preference Shares	36,122	Nokian Renkaat	33,184
Nokian Renkaat	34,152	United Internet	31,564
STMicroelectronics	33,539	Michelin	31,085
Wartsila	33,371	Schneider Electric	30,120
Grifols	32,863	Royal Dutch Shell	30,011
Total purchases	1,067,141	Total sales	1,322,891

Investment review

The fund fell 1.2% over the year compared with a rise of 1.8% in the FTSE World Europe ex UK Index and a fall of 3.2% in the IA Europe ex UK Equity peer group benchmark.

The year under review was characterised by synchronised global growth and ageing bull markets in equities and bonds. Perhaps this narrative was sufficient to blur certain leading indicators but, courtesy of intensifying trade wars, a rapidly weakening yuan, a bear market for Chinese equities, profit warnings in the European autos and logistics sectors and political instability in Europe, markets have been dealt a reality check. Equity markets staged a strong rebound from the lows of December 2018, after renewed monetary accommodation by central banks, as the US Federal Reserve, the European Central Bank and the People's Bank of China sought to reassure markets and/or stimulate their respective economies. This has encouraged the view that a rebound in economies and corporate earnings will follow in the second half of 2019. Pulling the other way were bond markets, which signified a persistent disinflationary environment – and so the tug of war between bonds and equities continues. As for European equities, one thing in the region's favour is that it remains deeply out of favour among investors. Consequently, if we see a repeat of last year's sell-off, the fund should be able to capitalise on opportunities.

During the year under review, we continued to rely less on sector decisions and more on stock specifics. International brewer Carlsberg was the top performer, as new management's scrutiny of costs and focus on core markets should help the company achieve margins similar to its competitors. There was also a positive contribution from leading Norwegian fish farmer Mowi, which is benefiting from continuing strong global demand for salmon. Detractors included auto sector stocks Autoliv and Nokian Renkaat, as near term risks to auto suppliers intensified. Information technology stock United Internet was also among the laggards and we disposed of the holding, reflecting our concerns about the competitive landscape changes in the German mobile market.

Key activity over the fiscal year included the introduction of Swedish telecoms equipment company Ericsson, as a meeting with a significantly changed management team gave us confidence in its continuing restructuring following a wasted decade. We added Dutch coatings group Akzo Nobel, as the company has benefited from passing on price increases to offset higher raw materials costs. Quarter four results gave investors comfort that management's 'value over volume' strategy is bearing fruit, and the company returned cash to shareholders following the sale of its speciality chemicals business. We introduced SBM Offshore following an upbeat meeting with management, which confirmed strong pipeline opportunities. In the aerospace sector, amid strong structural growth in overall aircraft demand – specifically, in narrow body aircraft – we established a holding in Airbus. Also, we used price weakness to open a position in German automotive, defence and electronics group Rheinmetall, where we identify strong prospects for the defence division. Other acquisitions included German capital goods company Siemens, whose stock trades on an attractive valuation. Finally, we topped up building materials manufacturer LafargeHolcim. We believe there are more benefits to come as the market starts to appreciate the turnaround being executed by a first-class management team, reshaping what was, for far too long, a sprawling, underachieving empire.

On the sell side, we exited ABN AMRO, DNB, Intesa Sanpaolo, KBC and Svenska Handelsbanken as part of a reduction of our financials holdings, and we disposed of low cost airline Ryanair on poor profits guidance. The board of Smurfit Kappa indicated that it had rejected the bid from International Paper earlier in the year on the basis of its mid-term value assessment, and we used periods of strength to dispose of the holding across our funds. An ongoing reduction of our weighting towards the autos sector included the disposal of our holdings in Michelin and Continental, and we exited our longstanding positions Fresenius and Henkel.

Disposals should be seen in the context of our deliberate move to a more concentrated portfolio. This, in turn, reflects increased conviction at the stock specific level. The number of holdings ended the year at 51.

Our business is about the rate of change. Often, the greatest gains are realised when things go from bad to less bad and toward stabilisation. In our view, the 'pain trade' – maximised investor losses from a previously popular asset class as market consensus shifts – will intensify, probably in more cyclical stocks. Market volatility appears to be here to stay and, as ever, our emphasis remains on stock selection based on fundamental analysis.

Comparative tables for the year ended 31 May 2019

	Class A accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,647.20	1,665.46	1,271.93
Return before operating charges*	11.94	10.14	418.44
Operating charges	(27.36)	(28.40)	(24.91)
Return after operating charges*	(15.42)	(18.26)	393.53
Distributions on accumulation shares	(8.00)	(5.68)	(9.34)
Retained distributions on accumulation shares	8.00	5.68	9.34
Closing net asset value per share	1,631.78	1,647.20	1,665.46
* after direct transaction costs of:	1.12	2.36	2.40
Performance			
Return after charges	(0.94%)	(1.10%)	30.94%
Other information			
Closing net asset value (£000s)	874,655	985,388	1,117,124
Closing number of shares	53,601,351	59,822,069	67,075,928
Operating charges	1.69%	1.70%	1.70%
Direct transaction costs	0.07%	0.14%	0.16%
Prices			
Highest share price (pence)	1,744.00	1,727.00	1,677.00
Lowest share price (pence)	1,483.00	1,567.00	1,237.00
	Class C accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,848.81	1,847.67	1,395.54
Return before operating charges*	13.87	11.58	461.03
Operating charges	(10.23)	(10.44)	(8.90)
Return after operating charges*	3.64	1.14	452.13
Distributions on accumulation shares	(30.68)	(28.34)	(28.93)
Retained distributions on accumulation shares	30.68	28.34	28.93
Closing net asset value per share	1,852.45	1,848.81	1,847.67
* after direct transaction costs of:	1.27	2.63	2.60
Performance			
Return after charges	0.20%	0.06%	32.40%
Other information			
Closing net asset value (£000s)	449	448	398
Closing number of shares	24,257	24,257	21,570
Operating charges	0.56%	0.56%	0.56%
Direct transaction costs	0.07%	0.14%	0.16%
Prices			
Highest share price (pence)	1,963.00	1,924.00	1,860.00
Lowest share price (pence)	1,676.00	1,756.00	1,358.00

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,799.01	1,803.69	1,366.16
Return before operating charges*	13.40	10.58	450.81
Operating charges	(14.92)	(15.26)	(13.28)
Return after operating charges*	(1.52)	(4.68)	437.53
Distributions on accumulation shares	(24.62)	(22.44)	(24.27)
Retained distributions on accumulation shares	24.62	22.44	24.27
Closing net asset value per share	1,797.49	1,799.01	1,803.69
* after direct transaction costs of:	1.23	2.56	2.59
Performance			
Return after charges	(0.08%)	(0.26%)	32.03%
Other information			
Closing net asset value (£000s)	616,243	745,806	877,550
Closing number of shares	34,283,488	41,456,424	48,653,082
Operating charges	0.84%	0.84%	0.84%
Direct transaction costs	0.07%	0.14%	0.16%
Prices			
Highest share price (pence)	1,909.00	1,876.00	1,816.00
Lowest share price (pence)	1,628.00	1,709.00	1,329.00
	Class I income		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	207.78	210.95	161.96
Return before operating charges*	1.55	1.23	53.43
Operating charges	(1.72)	(1.78)	(1.56)
Return after operating charges*	(0.17)	(0.55)	51.87
Distributions on income shares	(2.85)	(2.62)	(2.88)
Closing net asset value per share	204.76	207.78	210.95
* after direct transaction costs of:	0.14	0.30	0.30
Performance			
Return after charges	(0.08%)	(0.26%)	32.03%
Other information			
Closing net asset value (£000s)	334,956	417,772	353,127
Closing number of shares	163,581,106	201,065,897	167,397,442
Operating charges	0.84%	0.84%	0.84%
Direct transaction costs	0.07%	0.14%	0.16%
Prices			
Highest share price (pence)	220.50	219.30	215.30
Lowest share price (pence)	188.00	199.90	157.70

Comparative tables (continued)

Performance values are at close of business and 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

There were no share classes launched or closed in the year.

Ongoing charge figure

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

	2019 %	2018 %
Class A	1.69	1.70
Class C	0.56	0.56
Class I	0.84	0.84

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

Risk and reward profile

The fund currently has 4 types of share class in issue: A accumulation, I accumulation, C accumulation and I income. Each type of share class has the same risk and reward profile which is as follows:



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

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

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 rating in the year.

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

Portfolio statement as at 31 May 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 96.49% (2018: 95.69%)		
	Belgium 1.45% (2018: 0.93%)		
	Consumer Goods 1.45% (2018: 0.00%)		
411,678	Anheuser-Busch InBev	26,428	1.45
	Financials 0.00% (2018: 0.93%)		
	Denmark 5.75% (2018: 6.06%)		
	Consumer Goods 3.94% (2018: 3.34%)		
691,744	Carlsberg	71,941	3.94
	Health Care 1.81% (2018: 2.21%)		
885,216	Novo Nordisk 'B'	33,066	1.81
	Oil & Gas 0.00% (2018: 0.51%)		
	Finland 7.70% (2018: 5.39%)		
	Basic Materials 1.56% (2018: 1.88%)		
1,439,131	UPM-Kymmene	28,463	1.56
	Consumer Goods 1.46% (2018: 1.70%)		
1,175,636	Nokian Renkaat	26,620	1.46
	Industrials 3.41% (2018: 1.42%)		
845,868	Kone	36,511	1.99
2,257,536	Wartsila	26,007	1.42
		62,518	3.41
	Oil & Gas 1.27% (2018: 0.00%)		
862,107	Neste	23,110	1.27
	Technology 0.00% (2018: 0.39%)		
	France 14.13% (2018: 13.63%)		
	Consumer Goods 4.34% (2018: 5.30%)		
117,706	L'Oréal	25,008	1.37
112,885	LVMH Moët Hennessy Louis Vuitton	33,774	1.85
146,963	Pernod Ricard	20,504	1.12
		79,286	4.34
	Consumer Services 0.99% (2018: 0.51%)		
848,497	Vivendi	18,094	0.99
	Health Care 1.21% (2018: 0.00%)		
346,392	Sanofi	22,124	1.21

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Industrials 5.26% (2018: 5.98%)		
221,971	Airbus	22,542	1.24
423,331	Legrand	22,509	1.23
216,147	Safran	22,483	1.23
363,242	Vinci	28,365	1.56
		<u>95,899</u>	<u>5.26</u>
	Oil & Gas 0.00% (2018: 1.84%)		
	Technology 2.33% (2018: 0.00%)		
129,668	Capgemini	11,470	0.63
2,571,762	STMicroelectronics	31,105	1.70
		<u>42,575</u>	<u>2.33</u>
	Germany 20.05% (2018: 19.44%)		
	Basic Materials 0.95% (2018: 0.91%)		
499,938	Covestro	17,305	0.95
	Consumer Goods 3.03% (2018: 3.38%)		
126,077	Adidas	28,575	1.57
306,916	Knorr-Bremse	26,701	1.46
		<u>55,276</u>	<u>3.03</u>
	Financials 4.37% (2018: 3.50%)		
172,834	Allianz	30,378	1.66
453,283	Deutsche Boerse	49,555	2.71
		<u>79,933</u>	<u>4.37</u>
	Health Care 2.78% (2018: 4.48%)		
366,608	Bayer	17,137	0.94
439,596	Merck	33,611	1.84
		<u>50,748</u>	<u>2.78</u>
	Industrials 5.12% (2018: 0.94%)		
618,007	KION	26,582	1.46
365,334	Rheinmetall	30,802	1.68
404,800	Siemens	36,269	1.98
		<u>93,653</u>	<u>5.12</u>
	Technology 3.80% (2018: 5.58%)		
711,199	SAP	69,432	3.80

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Utilities 0.00% (2018: 0.65%)		
	Ireland 0.00% (2018: 4.88%)		
	Consumer Services 0.00% (2018: 1.72%)		
	Industrials 0.00% (2018: 3.16%)		
	Italy 0.00% (2018: 1.76%)		
	Financials 0.00% (2018: 1.76%)		
	Netherlands 8.82% (2018: 8.10%)		
	Basic Materials 2.41% (2018: 1.03%)		
658,713	Akzo Nobel	43,982	2.41
	Financials 0.00% (2018: 1.49%)		
	Health Care 2.20% (2018: 1.91%)		
1,283,031	Koninklijke Philips	40,208	2.20
	Oil & Gas 1.49% (2018: 1.44%)		
1,938,535	SBM Offshore	27,131	1.49
	Technology 2.72% (2018: 2.23%)		
331,841	ASML	49,672	2.72
	Norway 2.58% (2018: 3.03%)		
	Consumer Goods 2.58% (2018: 1.76%)		
2,563,038	Mowi	47,157	2.58
	Financials 0.00% (2018: 1.27%)		
	Portugal 2.95% (2018: 3.72%)		
	Oil & Gas 2.95% (2018: 3.72%)		
4,531,998	Galp Energia	53,853	2.95
	Spain 2.06% (2018: 3.64%)		
	Financials 0.37% (2018: 2.53%)		
1,192,238	Bankinter	6,828	0.37
	Health Care 1.69% (2018: 0.00%)		
1,513,732	Grifols	30,742	1.69
	Technology 0.00% (2018: 1.11%)		
	Sweden 7.56% (2018: 8.99%)		
	Consumer Goods 2.36% (2018: 3.90%)		
880,834	Autoliv	43,016	2.36

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Financials 0.00% (2018: 2.61%)		
	Industrials 2.47% (2018: 2.48%)		
849,623	Atlas Copco 'A'	18,083	0.99
820,840	Trelleborg 'B'	8,622	0.47
1,659,542	Volvo 'B'	18,386	1.01
		<u>45,091</u>	<u>2.47</u>
	Technology 2.73% (2018: 0.00%)		
6,564,303	Ericsson 'B'	49,929	2.73
	Switzerland 19.86% (2018: 11.21%)		
	Consumer Goods 5.42% (2018: 2.98%)		
1,259,803	Nestlé	98,926	5.42
	Financials 1.16% (2018: 1.14%)		
82,903	Zurich Insurance	21,240	1.16
	Health Care 7.77% (2018: 3.73%)		
50,452	Lonza	12,273	0.67
804,291	Novartis	54,624	2.99
361,102	Roche	74,927	4.11
		<u>141,824</u>	<u>7.77</u>
	Industrials 5.51% (2018: 3.36%)		
2,655,952	LafargeHolcim	100,707	5.51
	United Kingdom 3.58% (2018: 4.91%)		
	Consumer Goods 1.69% (2018: 1.23%)		
646,690	Unilever	30,875	1.69
	Consumer Services 1.89% (2018: 2.60%)		
1,876,211	RELX	34,520	1.89
	Industrials 0.00% (2018: 1.08%)		
	Derivatives 0.00% (2018: 0.00%)		
	Forward Foreign Exchange Contracts 0.00% (2018: 0.00%)¹		
	Buy GBP 1,226,361 : Sell EUR 1,383,157 June 2019	3	-
	Buy GBP 936,142 : Sell EUR 1,062,654 June 2019	(3)	-
	Buy GBP 987,087 : Sell EUR 1,119,285 June 2019	(3)	-
		<u>(3)</u>	<u>-</u>
	Investment assets including investment liabilities	1,762,169	96.49
	Other net assets	64,134	3.51
	Total net assets	<u>1,826,303</u>	<u>100.00</u>

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 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital losses	2		(34,717)		(39,385)
Revenue	3	52,389		67,601	
Expenses	4	(24,401)		(28,568)	
Interest payable and similar charges	5	(420)		(399)	
Net revenue before taxation		27,568		38,634	
Taxation	6	(6,527)		(13,674)	
Net revenue after taxation			21,041		24,960
Total return before distributions			(13,676)		(14,425)
Distributions	7		(17,719)		(18,512)
Change in net assets attributable to shareholders from investment activities			(31,395)		(32,937)

Statement of change in net assets attributable to shareholders for the year ended 31 May 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		2,149,414		2,348,199
Amounts receivable on issue of shares	69,598		146,031	
Amounts payable on cancellation of shares	(374,050)		(324,585)	
		(304,452)		(178,554)
Change in net assets attributable to shareholders from investment activities		(31,395)		(32,937)
Retained distributions on accumulation shares		12,736		12,706
Closing net assets attributable to shareholders		1,826,303		2,149,414

Balance sheet as at 31 May 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		1,762,175	2,056,777
Current assets:			
Debtors	8	14,726	15,996
Cash and bank balances	9	80,984	108,939
Total assets		1,857,885	2,181,712
Liabilities:			
Investment liabilities		6	12
Creditors:			
Bank overdrafts		18,431	10,332
Distributions payable		4,667	5,277
Other creditors	10	8,478	16,677
Total liabilities		31,582	32,298
Net assets attributable to shareholders		1,826,303	2,149,414

Notes to the financial statements for the year ended 31 May 2019

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:

	2019	2018
	£000	£000
Derivative securities	-	(1,392)
Forward currency contracts	42	112
Non-derivative securities	(33,729)	(39,023)
Other currency (losses)/gains	(1,018)	943
Transaction costs	(12)	(25)
Net capital losses	(34,717)	(39,385)

3 Revenue

	2019	2018
	£000	£000
Bank interest	119	35
Derivative revenue	-	61
Overseas dividends	47,923	60,441
Stock dividends	3,182	6,661
Stock lending revenue	304	105
UK dividends	861	298
Total revenue	52,389	67,601

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	21,708	25,367
GAC*	2,449	2,855
	<u>24,157</u>	<u>28,222</u>

Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary fees	91	98
Safe custody fees	95	215
	<u>186</u>	<u>313</u>

Other expenses:

Legal fees**	58	27
Professional fees	-	6
	<u>58</u>	<u>33</u>

Total expenses

	<u>24,401</u>	<u>28,568</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 £10,017 (2018: £9,725).

** Included with legal fees are non-audit fees paid to the auditors of £32,641 in relation to withholding tax reclaims (2018: £19,061).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	420	399
Total interest payable and similar charges	420	399

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	6,527	13,674
Total tax (note 6b)	6,527	13,674

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% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net revenue before taxation	27,568	38,634
Corporation tax at 20% (2018: 20%)	5,514	7,727
Effects of:		
Irrecoverable overseas tax	6,527	13,674
Overseas dividends*	(9,074)	(11,365)
Stock dividends**	(636)	(1,332)
Tax effect of double taxation relief	(77)	-
UK dividends**	(172)	(60)
Unused management expenses	4,445	5,030
Tax charge for the year (note 6a)	6,527	13,674

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

**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 (2018: 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 £46,856,677 (2018: £42,302,541) 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.

The movement in the potential tax asset identified in note (d) may not match the movement shown in 'Unused management expenses' in note (b) due to filing adjustments.

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:

	2019	2018
	£000	£000
Final income	4,667	5,277
Final accumulation	12,736	12,706
	<u>17,403</u>	<u>17,983</u>
Amounts deducted on cancellation of shares	337	618
Amounts received on issue of shares	(21)	(89)
Total distributions	<u>17,719</u>	<u>18,512</u>
Net revenue after taxation	21,041	24,960
Equalisation on conversions	10	12
Stock dividends	(3,182)	(6,661)
Withholding tax on stock dividends	(150)	201
Total distributions	<u>17,719</u>	<u>18,512</u>

Details of the distribution per share are set out in the distribution tables on page 108.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	4,579	2,640
Amounts receivable for issue of shares	48	102
Currency transactions awaiting settlement	2,074	2,014
Overseas withholding tax reclaimable	4,799	6,211
Sales awaiting settlement	3,226	5,029
Total debtors	<u>14,726</u>	<u>15,996</u>

9 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	80,984	108,939
Total cash and bank balances	<u>80,984</u>	<u>108,939</u>

Notes to the financial statements (continued)

10 Other creditors

	2019 £000	2018 £000
Accrued annual management charge	1,753	2,049
Accrued Depository's fee	8	8
Accrued other expenses	245	305
Amounts payable for cancellation of shares	3,599	5,713
Corporation tax payable	280	-
Currency transactions awaiting settlement	2,074	2,019
Purchases awaiting settlement	519	6,583
Total other creditors	8,478	16,677

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 97 and 98 and notes 4, 7, 8 and 10 on pages 99 to 102 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 (2018: nil).

13 Shareholders' funds

The fund currently has 3 share classes available; Class A (Retail with front-end charges), Class C (Private) and Class I (Institutional). The annual management charge on each share class is as follows:

	2019 %	2018 %
Class A	1.50	1.50
Class C	0.50	0.50
Class I	0.75	0.75

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 88 to 90. The distribution per share class is given in the distribution tables on page 108. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2019

	Class A accumulation	Class C accumulation	Class I accumulation	Class I income
Opening number of shares	59,822,069	24,257	41,456,424	201,065,897
Issues during the year	3,342,545	-	523,500	3,367,504
Cancellations during the year	(8,571,870)	-	(8,588,037)	(40,956,992)
Shares converted during the year	(991,393)	-	891,601	104,697
Closing shares in issue	53,601,351	24,257	34,283,488	163,581,106

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 2019 (2018: nil).

2019

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

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	3	3
	3	3

2018

The fund had no exposure to derivatives as at 31 May 2018 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 income.

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.

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)

15 Stock lending (continued)

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
ABN Amro	24,808	27,568	Equity
Bank of Nova Scotia	13,407	14,896	Equity
Deutsche Bank	121,776	136,679	Equity
JP Morgan	41,554	46,282	Equity
Natixis	60,955	67,728	Equity
Société Générale	13,176	20,768	Equity
	275,676	313,921	

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	124	19	105

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.

2019 Currency	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
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

Notes to the financial statements (continued)

16 Risk (continued)

Currency risk (continued)

2018	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
Currency			
Danish krone	130,219	887	131,106
Euro	1,391,796	99,972	1,491,768
Norwegian krone	65,197	147	65,344
Swedish krona	193,052	864	193,916
Swiss franc	241,065	-	241,065
UK sterling	35,436	(9,465)	25,971
US dollar	-	244	244
Total	2,056,765	92,649	2,149,414

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £1,833,768,000 (2018: £2,123,443,000). A 10% increase in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £183,376,800 (2018: £212,344,300). A 10% decrease in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of decreasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £183,376,800 (2018: £212,344,300).

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
2019				
Bank overdrafts	18,431	-	-	-
Derivative financial liabilities	-	6	-	-
Distribution payable	-	4,667	-	-
Other creditors	-	8,478	-	-
Total	18,431	13,151	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Bank overdrafts	10,332	-	-	-
Derivative financial liabilities	-	12	-	-
Distribution payable	-	5,277	-	-
Other creditors	-	16,677	-	-
Total	10,332	21,966	-	-

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,762,172	-	2,056,777	-
Level 2	3	6	-	12
Level 3	-	-	-	-
	1,762,175	6	2,056,777	12

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Equities	1,066,304	1,642,241	1,323,416	1,774,816
Trades in the year before transaction costs	1,066,304	1,642,241	1,323,416	1,774,816
Transaction costs				
Commissions				
Equities	387	747	525	856
Total commissions	387	747	525	856
Taxes				
Equities	98	738	-	-
Total taxes	98	738	-	-
Other expenses				
Equities	352	932	-	-
Total other expenses	352	932	-	-
Total transaction costs	837	2,417	525	856
Total net trades in the year after transaction costs	1,067,141	1,644,658	1,322,891	1,773,960

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.04	0.05	0.04	0.05
Taxes				
Equities	0.01	0.04	-	-
Other expenses				
Equities	0.03	0.06	-	-
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.05	0.07		
Taxes	-	0.03		
Other expenses	0.02	0.04		
Total costs	0.07	0.14		

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £8,851,075 (2018: nil).

There were no direct transaction costs associated with derivatives in the year (2018: £29,079) which is 0.00% of the average net asset value of the fund (2018: 0.00%).

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

The portfolio dealing spread as at 31 May 2019 was 0.05% (2018: 0.04%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

Distribution tables for the year ended 31 May 2019 (in pence per share)

Interim dividend distribution (accounting date 30 November 2018, paid on 31 January 2019)

Group 1: shares purchased prior to 1 June 2018

Group 2: shares purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/01/19	Total distribution per share 31/01/18
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class C accumulation				
Group 1	1.8891	-	1.8891	1.0746
Group 2	1.8891	-	1.8891	1.0746
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I income				
Group 1	-	-	-	-
Group 2	-	-	-	-

Final dividend distribution (accounting date 31 May 2019, paid on 31 July 2019)

Group 1 : shares purchased prior to 1 December 2018

Group 2 : shares purchased on or after 1 December 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class A accumulation				
Group 1	7.9991	-	7.9991	5.6762
Group 2	7.7355	0.2636	7.9991	5.6762
Class C accumulation				
Group 1	28.7932	-	28.7932	27.2682
Group 2	28.7932	-	28.7932	27.2682
Class I accumulation				
Group 1	24.6224	-	24.6224	22.4412
Group 2	19.4338	5.1886	24.6224	22.4412
Class I income				
Group 1	2.8533	-	2.8533	2.6245
Group 2	2.0606	0.7927	2.8533	2.6245

Janus Henderson UK & Irish Smaller Companies Fund

Authorised Corporate Director's report

Investment Fund Manager

Neil Hermon

Please note that effective from 1 November 2018, the Janus Henderson UK & Irish Smaller Companies Fund has been managed by Neil Hermon. Prior to this change, the fund had been managed externally by Lombard Odier.

Investment objective and policy

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from United Kingdom and Irish smaller companies equity markets, by investing in smaller companies having their registered office in the United Kingdom and Ireland and smaller companies that do not have their registered office in the United Kingdom and Ireland but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in the United Kingdom and Ireland.

The return will be a combination of capital and income returns.

The fund may also invest at the Manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Performance summary

	31 May 18 - 31 May 19 %	31 May 17 - 31 May 18 %	31 May 16 - 31 May 17 %	31 May 15 - 31 May 16 %	31 May 14 - 31 May 15 %
Class I accumulation	(10.3)	9.0	23.4	(4.6)	2.8
Numis SC & AIM sub £1bn Ex Investment Companies	(7.7)	5.6	27.1	(1.6)	10.4
IA UK Smaller Companies Equity	(4.1)	12.7	27.9	2.5	8.3

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.

Index: Numis SC & AIM sub £1bn Ex Investment Companies

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 benchmark: IA UK Smaller Companies Equity

Peer group benchmark 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.

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

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 2019

Largest purchases	£000	Largest sales	£000
Paragon Banking	3,734	Caretech	7,272
Amigo	3,284	Eland Oil & Gas	7,039
Clinigen	2,796	Sabre Insurance	3,801
Learning Technologies	1,954	On the Beach	3,642
TI Fluid Systems	1,872	Nanoco	3,583
Ultra Electronics	1,867	PureTech Health	3,089
Spirent Communications	1,836	RhythmOne	2,975
Sanne	1,802	Amigo	2,863
Scapa	1,739	888	2,680
Oxford Instruments	1,660	Diversified Gas & Oil	2,569
Total purchases	96,691	Total sales	115,795

Investment review

The fund fell by 10.3% over the year compared with a fall of 7.7% in the Numis SC & AIM sub £1bn Ex Investment Companies Index and a fall of 4.1% in the IA UK Smaller Companies Equity peer group benchmark.

The year under review was negative for equity markets. To use a sporting metaphor, it was a 'game of two halves'. In the first half of the year, UK equity markets fell sharply as Brexit negotiations made limited progress, trade hostilities between US and China escalated, the Federal Reserve (Fed) raised interest rates and oil and commodities prices fell.

However, equity markets recovered strongly in 2019. Factors driving the market higher included optimism that there would be progress on US and Chinese trade negotiations, a rally in the oil price and the Fed softening its commentary about future interest rate increases.

Brexit negotiations failed to make conclusive progress. The EU has granted an extension to 31 October 2019 of the date the UK is due to leave the EU. But with a new leader of the Conservative party yet to be elected, and parliament unable to come to a consensus on what deal, if any, it would approve, all scenarios remain possible.

The fundamentals of the corporate sector remained robust. Companies continued to grow their dividends while balance sheets stayed strong. UK corporate earnings saw growth, helped by generally healthy economic conditions and the continued weakness of sterling increasing the value of overseas earnings for UK companies.

The FTSE All Share (total return) Index fell 3.2%. Smaller companies underperformed their larger counterparts, with the Numis Smaller Companies ex Investment Trusts Index falling 4.1%.

Positive contributors to performance included Cambian, RWS and Tarsus. Cambian, a provider of specialist care, rose 22.8% as the company was acquired by a competitor, Caretech. RWS, a translation services business, rose 75.6% as the company demonstrated strong earnings growth and as the performance of its recent acquisition, Moravia, materially improved. Tarsus, an international exhibitions business, rose 46.3% after the company was acquired by Charterhouse Private Equity.

Negative contributors to performance included Sportech, an international betting technology business, which fell 32.4% after the company warned that profits would be below expectations due to delayed sales contracts. Just Group, an enhanced annuity provider, fell 66.9% as the company raised equity capital after the regulator tightened capital requirements on its asset base. 888 Holdings, a gaming company, fell 56.1% as the regulatory environment in the gaming industry tightened and profits fell below expectations.

In terms of activity, we added new positions in Cairn Energy, the oil and gas exploration and production company; Alpha Financial Markets Consulting, the consultancy practice supplying services to the asset management industry; Learning Technologies, the e-learning and technologies business; Midwich, the value added distributor of audio visual equipment; and TI Fluid Systems, the automotive components supplier.

To balance these purchases we sold 888 Holdings, the gaming business; Arrow Global, the purchaser of distressed debt assets; Hotel Chocolat, the confectionary retailer; Sound Energy, the oil and gas explorer; McColls Retail, the convenience store retailer; and Thomas Cook, the travel agency.

The UK economy is demonstrating anaemic growth. Brexit deliberations stumble on, with intermittent progress. There is clearly a range of outcomes but what deal, if any, the UK will end up with is, at this point, unclear. Complicating factors include the weak position of the minority Conservative government, and that fact that Theresa May resigned as prime minister. The battle to replace her, along with the summer parliamentary recess, will account for a significant proportion of the time before we are due to leave the EU. This political uncertainty is likely to weigh on consumer and business confidence, and delay investment and purchasing decisions, further dampening economic growth.

Outside the UK, economic conditions are robust, but slowing. Europe, in particular, is showing signs of an economic slowdown. Escalating trade tensions are an additional negative factor – after what seemed to be good progress between the US and China, relations between the two countries have deteriorated recently. The rise in US interest rates in 2018 flagged to investors that loose global monetary conditions were reversing. Commentary from the Fed has changed recently, but the expectation is that there will be cuts to US rates in 2019.

In the corporate sector, conditions are stronger than they were during the financial crisis of 2008–9. Balance sheets are more robust and dividends are growing. In addition, a large proportion of UK corporate earnings comes from overseas, even among smaller companies, and should be boosted by the relative weakness of sterling.

In terms of valuations, the equity market is now trading below long term averages. Mergers and acquisitions (M&A) remains a supportive feature for the smaller companies area. If corporate confidence does not deteriorate, M&A activity should increase, especially as little or no return can currently be generated from cash and the cost of debt is historically low. We have seen interest in UK corporates from abroad and from private equity and, given the relatively low valuation of UK equities and the weak currency, we expect this trend to continue. However, a return to a more vibrant M&A market depends on a Brexit resolution, and on clarity around the UK's trading position with Europe and the rest of the world.

Comparative tables for the year ended 31 May 2019

	Class A accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	677.30	635.68	520.22
Return before operating charges*	(67.52)	52.73	124.93
Operating charges	(10.52)	(11.11)	(9.47)
Return after operating charges*	(78.04)	41.62	115.46
Distributions on accumulation shares	(3.12)	(4.08)	-
Retained distributions on accumulation shares	3.12	4.08	-
Closing net asset value per share	599.26	677.30	635.68
* after direct transaction costs of:	1.55	1.93	2.02
Performance			
Return after charges	(11.52%)	6.55%	22.19%
Other information			
Closing net asset value (£000s)	81,827	134,704	134,545
Closing number of shares	13,654,817	19,888,367	21,165,556
Operating charges	1.70%	1.70%	1.71%
Direct transaction costs	0.25%	0.29%	0.37%
Prices			
Highest share price (pence)	693.20	689.10	637.30
Lowest share price (pence)	532.20	625.00	462.60
	Class C accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	708.72	657.66	532.14
Return before operating charges*	(70.86)	54.94	128.77
Operating charges	(3.67)	(3.88)	(3.25)
Return after operating charges*	(74.53)	51.06	125.52
Distributions on accumulation shares	(10.70)	(11.98)	(5.48)
Retained distributions on accumulation shares	10.70	11.98	5.48
Closing net asset value per share	634.19	708.72	657.66
* after direct transaction costs of:	1.61	2.01	2.08
Performance			
Return after charges	(10.52%)	7.76%	23.59%
Other information			
Closing net asset value (£000s)	23,264	25,998	24,125
Closing number of shares	3,668,272	3,668,272	3,668,272
Operating charges	0.57%	0.57%	0.57%
Direct transaction costs	0.25%	0.29%	0.37%
Prices			
Highest share price (pence)	725.60	720.90	659.40
Lowest share price (pence)	560.50	646.90	473.80

Comparative tables (continued)

	Class I accumulation		
	2019	2018	2017
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	656.69	611.09	495.84
Return before operating charges*	(65.60)	50.97	119.75
Operating charges	(5.08)	(5.37)	(4.50)
Return after operating charges*	(70.68)	45.60	115.25
Distributions on accumulation shares	(8.22)	(9.35)	(3.60)
Retained distributions on accumulation shares	8.22	9.35	3.60
Closing net asset value per share	586.01	656.69	611.09
* after direct transaction costs of:	1.49	1.86	1.93
Performance			
Return after charges	(10.76%)	7.46%	23.24%
Other information			
Closing net asset value (£000s)	18,073	21,669	20,098
Closing number of shares	3,084,165	3,299,794	3,288,883
Operating charges	0.85%	0.85%	0.85%
Direct transaction costs	0.25%	0.29%	0.37%
Prices			
Highest share price (pence)	672.30	668.00	612.70
Lowest share price (pence)	518.50	601.00	441.30

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 and 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

There were no share classes launched or closed in the year.

Ongoing charge figure

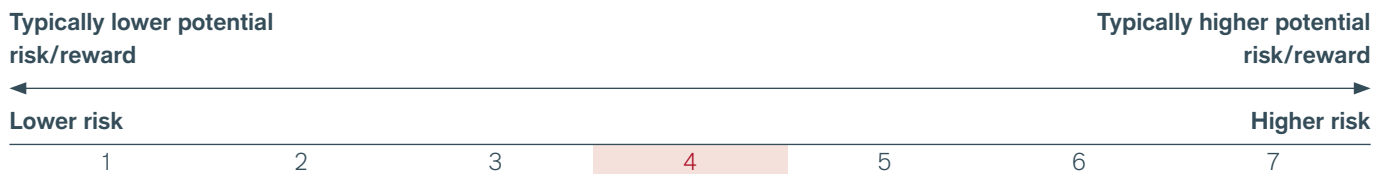
The annualised ongoing charge figure (OCF) of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the fund during the year, except for expenses that are explicitly excluded by regulation.

	2019 %	2018 %
Class A	1.70	1.70
Class C	0.57	0.57
Class I	0.85	0.85

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

Risk and reward profile

The fund currently has 3 types of share class in issue: A accumulation, C accumulation and I accumulation. The risk and reward profile for all share classes is as follows:



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

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

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

The risk rating for share class I accumulation has reduced from 6 to 4 in the year. The rating will change depending on if the fund takes on more/less risky investments or the market conditions become more or less volatile.

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

* Class I accumulation launched 26 September 2014, as this share class does not have a 5 years history, a synthetic history has been created using the fund's relevant sector average.

Portfolio statement as at 31 May 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 97.03% (2018: 93.73%)		
	Australia 0.00% (2018: 0.22%)		
	Technology 0.00% (2018: 0.22%)		
	British Virgin Islands 0.00% (2018: 1.30%)		
	Industrials 0.00% (2018: 1.30%)		
	Canada 0.00% (2018: 0.58%)		
	Basic Materials 0.00% (2018: 0.58%)		
	China 0.00% (2018: 0.11%)		
	Health Care 0.00% (2018: 0.11%)		
	Ireland 1.20% (2018: 0.00%)		
	Consumer Services 1.20% (2018: 0.00%)		
339,932	Tarsus	1,472	1.20
	Industrials 0.00% (2018: 0.00%)		
	Netherlands 0.00% (2018: 0.17%)		
	Oil & Gas 0.00% (2018: 0.17%)		
	Qatar 0.00% (2018: 0.00%)		
	Industrials 0.00% (2018: 0.00%)		
640,445	Panceltica ¹	-	-
	Singapore 0.64% (2018: 0.00%)		
	Industrials 0.64% (2018: 0.00%)		
33,797	XP Power	784	0.64
	United Arab Emirates 0.00% (2018: 0.47%)		
	Oil & Gas 0.00% (2018: 0.47%)		
	United Kingdom 92.25% (2018: 87.92%)		
	Basic Materials 2.43% (2018: 1.33%)		
482,435	Scapa	1,418	1.15
427,431	Synthomer	1,569	1.28
		<u>2,987</u>	<u>2.43</u>
	Consumer Goods 4.57% (2018: 3.60%)		
830,000	Codemasters	1,793	1.45
446,823	Countryside Properties	1,352	1.10
170,746	Crest Nicholson	626	0.51
1,269,231	Mar City ¹	-	-
437,099	Team17	1,058	0.86
260,126	Watches Of Switzerland	801	0.65
		<u>5,630</u>	<u>4.57</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Services 10.39% (2018: 17.67%)			
336,981	Ascential	1,293	1.05
1,118	Caplay ¹	-	-
994,384	Conviviality ¹	-	-
35,723	DCD Media	100	0.08
375,328	DFS Furniture	906	0.74
117,909	Euromoney Institutional Investor	1,528	1.24
66,093	Future	738	0.60
1,630,650	Gocompare.com	1,366	1.11
407,300	Hollywood Bowl	937	0.76
1,095,694	ITE	859	0.70
703,626	Joules	1,900	1.54
875,587	Lookers	752	0.61
333,838	Marshall Motor	544	0.44
126,911	Next Fifteen Communications	731	0.59
849,517	SafeStyle UK	632	0.51
1,792,544	Sportech	516	0.42
		<u>12,802</u>	<u>10.39</u>
Financials 18.73% (2018: 12.51%)			
61,817	AJ Bell	258	0.21
527,095	Brewin Dolphin	1,598	1.29
1,991,370	Capital & Regional	371	0.30
361,400	CLS	808	0.66
76,122	Gartmore Irish Growth Fund ¹	-	-
505,287	Grainger	1,269	1.03
251,023	Helical	910	0.74
482,244	Impax Asset Management	1,338	1.09
410,196	IntegraFin	1,596	1.30
343,487	Jupiter Fund Management	1,264	1.03
2,052,844	Just	982	0.80
206,457	McKay Securities	491	0.40
765,936	OneSavings Bank	3,080	2.49
804,499	Paragon Banking	3,499	2.83
753,114	Regional REIT	822	0.67
178,279	Safestore	1,131	0.92
113,938	Savills	965	0.78
287,495	St. Modwen Properties	1,251	1.02
490,946	U & I	762	0.62
206,457	Urban & Civic	673	0.55
		<u>23,068</u>	<u>18.73</u>
Health Care 5.81% (2018: 11.02%)			
8,726,452	Alizyme ¹	-	-
2,253,048	Alliance Pharma	1,764	1.43
317,544	Clinigen	3,202	2.59
122,611	Consort Medical	1,128	0.92
77,605	Oxford BioMedica	577	0.47
400,000	Spire Healthcare	489	0.40
		<u>7,160</u>	<u>5.81</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Industrials 37.97% (2018: 25.74%)			
965,985	AA	526	0.43
4,322	AB Dynamics	106	0.09
49	AB Dynamics (Rights) ²	-	-
596,469	AssetCo	1,760	1.43
77,186	Avon Rubber	1,023	0.83
81,739	Bodycote	636	0.52
770,416	Chemring	1,248	1.01
2,666,238	Coats	2,072	1.68
270,000	Costain	851	0.69
361,841	Forterra	1,051	0.85
696,154	Ibstock	1,657	1.35
76,257	James Fisher & Sons	1,489	1.21
124,924	John Menzies	585	0.48
738,611	Johnson Service	1,182	0.96
1,782,319	Learning Technologies	1,531	1.24
629,623	Luceco	743	0.60
247,038	Marshalls	1,595	1.29
335,010	Mears	854	0.69
233,115	Midwich	1,431	1.16
332,090	Morgan Advanced Materials	821	0.67
593,259	Northgate	1,925	1.56
174,102	Oxford Instruments	2,044	1.66
540,017	Polypipe	2,309	1.87
236,088	ReStore	909	0.74
240,609	RPS	432	0.35
407,141	RWS	2,524	2.05
317,209	Sanne	2,189	1.78
2,199,355	Severfield	1,584	1.29
1,225,182	SIG	1,588	1.29
1,596,740	Silverdell ¹	-	-
358,298	Smart Metering Systems	1,770	1.44
262,334	SThree	797	0.65
387,670	Tyman	919	0.75
113,192	Ultra Electronics	1,754	1.42
265,130	Vesuvius	1,324	1.08
248,442	Vitec	2,820	2.28
715,024	WYG	386	0.31
396,216	Xaar	333	0.27
		<u>46,768</u>	<u>37.97</u>
Oil & Gas 4.19% (2018: 6.98%)			
837,850	Cairn Energy	1,325	1.08
323,031	Hunting	1,642	1.33
44,221,007	Max Petroleum ¹	-	-
1,548,275	Premier Oil	1,219	0.99
423,245	Serica Energy	554	0.45
333,959	Tekmar	417	0.34
		<u>5,157</u>	<u>4.19</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Technology 6.44% (2018: 9.07%)		
87,801	Aptitude Software	402	0.33
27,752	Blue Prism	505	0.41
90,010	Computacenter	1,126	0.91
329,655	GBG	2,048	1.67
166,261	Iomart	594	0.48
225,196	Osirium Technologies	169	0.14
251,909	RM	608	0.49
170,827	SDL	936	0.76
478,201	Spirent Communications	750	0.61
1,098,972	Tribal	794	0.64
		<u>7,932</u>	<u>6.44</u>
	Telecommunications 1.72% (2018: 0.00%)		
177,566	Gamma Communications	<u>2,122</u>	<u>1.72</u>
	Utilities 0.00% (2018: 0.00%)		
	United States 2.94% (2018: 2.96%)		
	Consumer Goods 1.33% (2018: 0.00%)		
898,308	TI Fluid Systems	<u>1,643</u>	<u>1.33</u>
	Health Care 0.75% (2018: 1.83%)		
444,609	PureTech Health	<u>925</u>	<u>0.75</u>
	Industrials 0.86% (2018: 0.00%)		
462,626	Alpha Financial Markets Consulting	<u>1,055</u>	<u>0.86</u>
	Oil & Gas 0.00% (2018: 1.13%)		
	Technology 0.00% (2018: 0.00%)		
	Investment assets	<u>119,505</u>	<u>97.03</u>
	Other net assets	<u>3,659</u>	<u>2.97</u>
	Total net assets	<u>123,164</u>	<u>100.00</u>

¹ Suspended or delisted 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.

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

Statement of total return for the year ended 31 May 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(22,776)		10,281
Revenue	3	3,141		4,188	
Expenses	4	<u>(2,046)</u>		<u>(2,575)</u>	
Net revenue before taxation		1,095		1,613	
Taxation	5	<u>(13)</u>		<u>(25)</u>	
Net revenue after taxation			<u>1,082</u>		<u>1,588</u>
Total return before distributions			(21,694)		11,869
Distributions	6		(1,083)		(1,591)
Change in net assets attributable to shareholders from investment activities			<u>(22,777)</u>		<u>10,278</u>

Statement of change in net assets attributable to shareholders for the year ended 31 May 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		182,371		178,768
Amounts receivable on issue of shares	449		851	
Amounts payable on cancellation of shares	<u>(38,031)</u>		<u>(9,099)</u>	
		(37,582)		(8,248)
Dilution adjustment		77		-
Change in net assets attributable to shareholders from investment activities		(22,777)		10,278
Retained distributions on accumulation shares		1,075		1,573
Closing net assets attributable to shareholders		<u>123,164</u>		<u>182,371</u>

Balance sheet as at 31 May 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		119,505	170,929
Current assets:			
Debtors	7	1,226	4,438
Cash and bank balances	8	4,120	9,425
Total assets		124,851	184,792
Liabilities:			
Creditors:			
Other creditors	9	1,687	2,421
Total liabilities		1,687	2,421
Net assets attributable to shareholders		123,164	182,371

Notes to the financial statements for the year ended 31 May 2019

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)/gains

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

	2019 £000	2018 £000
Non-derivative securities	(22,766)	10,298
Transaction costs	(10)	(17)
Net capital (losses)/gains	(22,776)	10,281

3 Revenue

	2019 £000	2018 £000
Bank interest	50	26
Overseas dividends	202	256
UK dividends	2,680	3,637
UK REIT revenue - PID	140	172
UK REIT revenue - non PID	64	97
Underwriting commission	5	-
Total revenue	3,141	4,188

4 Expenses

	2019 £000	2018 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,813	2,287
GAC*	211	267
	<u>2,024</u>	<u>2,554</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	13	16
Safe custody fees	4	5
	<u>17</u>	<u>21</u>
Other expenses:		
Professional fees	5	-
	<u>5</u>	<u>-</u>
Total expenses	2,046	2,575

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,681 (2018: £7,458).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	13	25
Total tax (note 5b)	13	25

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% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net revenue before taxation	1,095	1,613
Corporation tax at 20% (2018: 20%)	219	323
Effects of:		
Irrecoverable overseas tax	13	25
Overseas dividends*	(40)	(51)
UK dividends**	(549)	(747)
Unused management expenses	370	475
Tax charge for the year (note 5a)	13	25

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

**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 (2018: 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 £13,810,511 (2018: £13,440,225) 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:

	2019 £000	2018 £000
Interim accumulation	215	988
Final accumulation	860	585
	1,075	1,573
Amounts deducted on cancellation of shares	9	20
Amounts received on issue of shares	(1)	(2)
Total distributions	1,083	1,591
Net revenue after taxation	1,082	1,588
Equalisation on conversions	1	3
Total distributions	1,083	1,591

Details of the distribution per share are set out in the distribution tables on page 128.

Notes to the financial statements (continued)

7 Debtors

	2019	2018
	£000	£000
Accrued revenue	368	439
Amounts receivable for issue of shares	4	12
Income tax recoverable	2	-
Overseas withholding tax reclaimable	118	117
Sales awaiting settlement	734	3,870
Total debtors	1,226	4,438

8 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	4,120	9,425
Total cash and bank balances	4,120	9,425

9 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	128	198
Accrued Depositary's fee	1	1
Accrued other expenses	17	26
Amounts payable for cancellation of shares	158	92
Purchases awaiting settlement	1,383	2,104
Total other creditors	1,687	2,421

10 Contingent liabilities and commitments

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

	2019	2018
	£000	£000
AB Dynamics (Rights)	1	-
Total commitments	1	-

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 120 and 121 and notes 4, 6, 7 and 9 on pages 122 to 124 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 (2018: nil).

Notes to the financial statements (continued)

12 Shareholders' funds

The fund currently has 3 share classes available; Class A (Retail with front-end charges), Class C (Private) and Class I (Institutional). The annual management charge on each share class is as follows:

	2019	2018
	%	%
Class A	1.50	1.50
Class C	0.50	0.50
Class I	0.75	0.75

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 112 to 113. The distribution per share class is given in the distribution tables on page 128. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2019

	Class A accumulation	Class C accumulation	Class I accumulation
Opening number of shares	19,888,367	3,668,272	3,299,794
Issues during the year	46,160	-	27,961
Cancellations during the year	(6,194,758)	-	(330,711)
Shares converted during the year	(84,952)	-	87,121
Closing shares in issue	13,654,817	3,668,272	3,084,165

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.

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
2019				
Other creditors	-	1,687	-	-
Total	-	1,687	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Other creditors	-	2,421	-	-
Total	-	2,421	-	-

Notes to the financial statements (continued)

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	119,505	-	170,929	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<u>119,505</u>	<u>-</u>	<u>170,929</u>	<u>-</u>

Notes to the financial statements (continued)

15 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Equities	96,327	96,182	115,873	92,197
Trades in the year before transaction costs	96,327	96,182	115,873	92,197
Transaction costs				
Commissions				
Equities	60	120	77	120
Total commissions	60	120	77	120
Taxes				
Equities	249	196	-	-
Total taxes	249	196	-	-
Other expenses				
Equities	55	92	1	1
Total other expenses	55	92	1	1
Total transaction costs	364	408	78	121
Total net trades in the year after transaction costs	96,691	96,590	115,795	92,076

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.06	0.12	0.07	0.13
Taxes				
Equities	0.26	0.20	-	-
Other expenses				
Equities	0.06	0.10	-	-
	2019 %	2018 %		

Total transaction costs expressed as a percentage of net asset value

Commissions	0.09	0.13
Taxes	0.17	0.11
Other expenses	0.04	0.05
Total costs	0.30	0.29

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £9,534,773 (2018: £12,088,095).

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 2019 was 0.94% (2018: 1.33%). The portfolio dealing spread is calculated at a 12 noon valuation point.

16 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

Distribution tables for the year ended 31 May 2019 (in pence per share)

Interim dividend distribution (accounting date 30 November 2018, paid on 31 January 2019)

Group 1: units purchased prior to 1 June 2018

Group 2: units purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/01/19	Total distribution per share 31/01/18
Class A accumulation				
Group 1	-	-	-	2.7780
Group 2	-	-	-	2.7780
Class C accumulation				
Group 1	3.6695	-	3.6695	6.6972
Group 2	3.6695	-	3.6695	6.6972
Class I accumulation				
Group 1	2.5108	-	2.5108	5.3455
Group 2	1.5513	0.9595	2.5108	5.3455

Final dividend distribution (accounting date 31 May 2019, paid on 31 July 2019)

Group 1 : shares purchased prior to 1 December 2018

Group 2 : shares purchased on or after 1 December 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class A accumulation				
Group 1	3.1210	-	3.1210	1.3000
Group 2	2.6732	0.4478	3.1210	1.3000
Class C accumulation				
Group 1	7.0277	-	7.0277	5.2824
Group 2	7.0277	-	7.0277	5.2824
Class I accumulation				
Group 1	5.7090	-	5.7090	4.0028
Group 2	3.4586	2.2504	5.7090	4.0028

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 achieve a long-term return, in excess of the long-term return that is typically achieved from US equity markets, primarily by investing in companies incorporated in the US or having their registered office in the US, or companies that are not incorporated in the US, or do not have their registered office in the US but either (i) carry out a predominant proportion of their business activity in the US, or (ii) are holding companies which predominantly own companies with registered offices in the US.

The fund is expected to invest in large capitalisation companies.

The return is expected to be mainly growth of capital.

The fund may invest up to 15% in cash or cash-equivalents from time to time. This is unlikely to exceed 15%. In the event that the Manager is anticipating exceptional redemption requests or in exceptional circumstances the level may exceed this amount.

The fund may also invest at the Manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Performance summary

	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16	31 May 14 - 31 May 15
	%	%	%	%	%
Class I accumulation	14.5	11.5	26.3	(1.6)	21.2
S&P 500 Total Return Index	9.6	11.0	32.4	6.6	22.9
IA North America Equity	7.5	10.9	31.4	1.7	21.7

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.

Index: S&P 500 Total Return Index

Index Usage: Comparator

Index description: The S&P 500 Index is a measure of the combined performance of 500 large companies listed on US stock markets. It provides a useful comparison against which the Fund's performance can be assessed over time.

Peer group benchmark: IA North America Equity

Peer group benchmark 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.

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

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 2019

Largest purchases	£000	Largest sales	£000
Apple	11,361	Amazon.com	10,064
Walt Disney	9,898	Citigroup	7,374
Wabtec	8,081	Union Pacific	7,314
Home Depot	7,811	Starbucks	7,099
Nvidia	7,022	Celgene	6,312
Harris	7,012	Nike 'B'	5,989
PayPal	6,545	Facebook	5,770
Netflix	6,008	Apple	5,333
Ball	5,166	Aptiv	5,236
Merck	4,082	Booking	5,055
Total purchases	127,681	Total sales	147,444

Investment review

The fund returned 14.5% over the year compared with a return of 9.6% in the S&P 500 Total Return Index and a return of 7.5% in the IA North America Equity peer group benchmark.

US stocks delivered gains early in the year, driven by solid corporate earnings and increased mergers and acquisition activity. Stocks then sold off toward the end of 2018 as fears of slowing global economic growth, rising trade tensions between the US and China, and continued increases in the fed funds rate drove stocks lower in the fourth quarter. US equities staged a rebound to start 2019 after the Federal Reserve (Fed) indicated it would take a cautious approach to raising rates. Stocks were volatile again in May as trade tensions between China and the US escalated.

The portfolio outperformed its benchmark, due largely to strong stock selection. We run a concentrated portfolio, so individual stocks played a large role in driving our performance over the year.

Microsoft was our top contributor on an absolute basis. In short, robust growth for its cloud business, and expectations that 2019 will be another strong year for the business, helped drive the stock. We continue to like the company, and we believe its Azure platform, which is the second-largest cloud provider of technology infrastructure, positions the company for growth as businesses seek more cost-effective, cloud-based IT solutions.

American Tower REIT was a top contributor. Real estate investment trusts (REITs) and other defensive stocks generally performed better than the broader market during the fourth quarter, and again in May, but strong operating performance in the company's US portfolio has also played a role in the stock's appreciation. We like the growth opportunity for American Tower – the company owns and operates wireless and broadcast communications towers, and demand for its critical infrastructure should grow as the population uses ever more data and we transition to 5G. Further, companies such as American Tower enjoy significant incremental returns, which should give them a high degree of accretion as data demand grows.

Nvidia was our largest detractor. The stock declined after the company reported earnings below consensus expectations. We sold the stock to pursue higher-conviction growth opportunities for the portfolio.

Allergan was another detractor. The pharmaceutical company went back on its plans to divest two units, which disappointed investors and decreased confidence in the company's management team. News that the company would have to pull its textured breast implants off European markets also weighed on the stock, despite this being a very small product niche. We are monitoring the stock, due to the company's operational issues.

Our biggest changes to the portfolio included selling our positions in Citigroup, Booking Holdings and Starbucks. We also added several new stocks including Walt Disney Productions, Home Depot and PayPal.

We believe US equity valuations are reasonable, given a backdrop of moderate domestic economic growth and more dovish Fed policy. However, international economic growth and trade conflict still pose risks to markets. Companies will need to demonstrate consistent earnings growth to drive further stock price appreciation.

We think that our portfolio is well suited for such an environment. Many of our holdings underpin some of the most powerful secular growth themes in today's economy: the shift from traditional brick and mortar shopping to online spending, the switch of enterprise software from on-premises to the cloud, a proliferation of connected devices in the home and business, the shift in autos from the combustible engine to electronic vehicles and a growing global middle class, to name a few. We've mentioned these themes in prior quarters, and while they are well known, they are still early in their development. We remain confident in our companies' ability to grow earnings as these themes progress, and welcome backdrops in which earnings growth determines stock performance.

Comparative tables for the year ended 31 May 2019

	Class A accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,071.28	964.74	774.89
Return before operating charges*	149.46	123.09	205.26
Operating charges	(19.22)	(16.55)	(15.41)
Return after operating charges*	130.24	106.54	189.85
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	1,201.52	1,071.28	964.74
* after direct transaction costs of:	0.11	0.37	0.21
Performance			
Return after charges	12.16%	11.04%	24.50%
Other information			
Closing net asset value (£000s)	151,998	147,417	138,529
Closing number of shares	12,650,468	13,760,853	14,359,306
Operating charges	1.69%	1.69%	1.70%
Direct transaction costs	0.01%	0.04%	0.02%
Prices			
Highest share price (pence)	1,237.00	1,079.00	1,001.00
Lowest share price (pence)	1,003.00	925.30	754.80
	Class C accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	968.06	861.80	684.68
Return before operating charges*	135.62	111.10	181.58
Operating charges	(5.79)	(4.84)	(4.46)
Return after operating charges*	129.83	106.26	177.12
Distributions on accumulation shares	(3.68)	(3.78)	(5.59)
Retained distributions on accumulation shares	3.68	3.78	5.59
Closing net asset value per share	1,097.89	968.06	861.80
* after direct transaction costs of:	0.10	0.33	0.19
Performance			
Return after charges	13.41%	12.33%	26.69%
Other information			
Closing net asset value (£000s)	22	19	17
Closing number of shares	1,953	1,953	1,953
Operating charges	0.56%	0.55%	0.56%
Direct transaction costs	0.01%	0.04%	0.02%
Prices			
Highest share price (pence)	1,130.00	975.00	891.90
Lowest share price (pence)	912.00	829.40	667.50

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	313.29	279.74	222.81
Return before operating charges*	43.92	35.95	60.25
Operating charges	(2.81)	(2.40)	(2.19)
Return after operating charges*	41.11	33.55	58.06
Distributions on accumulation shares	(0.24)	(0.41)	(1.13)
Retained distributions on accumulation shares	0.24	0.41	1.13
Closing net asset value per share	354.40	313.29	279.74
* after direct transaction costs of:	0.03	0.11	0.06
Performance			
Return after charges	13.12%	11.99%	26.06%
Other information			
Closing net asset value (£000s)	118,300	116,142	127,304
Closing number of shares	33,380,441	37,071,735	45,508,064
Operating charges	0.84%	0.84%	0.84%
Direct transaction costs	0.01%	0.04%	0.02%
Prices			
Highest share price (pence)	364.70	315.50	289.60
Lowest share price (pence)	294.70	269.00	217.20

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 and 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

There were no share classes launched or closed in the year.

Ongoing charge figure

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

	2019 %	2018 %
Class A	1.69	1.69
Class C	0.56	0.55
Class I	0.84	0.84

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

Risk and reward profile

The fund currently has 3 types of share class in issue: A accumulation, C accumulation and I accumulation. Each type of share class has the same risk and reward profile which is as follows:



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

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

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 rating during the year.

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

Portfolio statement as at 31 May 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 97.01% (2018: 93.22%) Argentina 1.31% (2018: 0.00%) Consumer Discretionary 1.31% (2018: 0.00%) Internet & Catalogue Retail 1.31% (2018: 0.00%)		
7,806	MercadoLibre	3,530	1.31
	China 0.95% (2018: 2.12%) Consumer Discretionary 0.95% (2018: 2.12%) Internet Software & Services 0.95% (2018: 2.12%)		
21,745	Alibaba	2,574	0.95
	Netherlands 1.90% (2018: 2.50%) Information Technology 1.90% (2018: 2.50%) Semiconductors & Semiconductor Equipment 1.90% (2018: 2.50%)		
34,483	ASML	5,142	1.90
	United States 92.85% (2018: 88.60%) Communication Services 12.16% (2018: 8.97%) Diversified Telecommunication Services 7.84% (2018: 5.55%)		
16,888	Alphabet 'A'	14,824	5.48
23,446	Netflix	6,385	2.36
		21,209	7.84
	Entertainment 4.32% (2018: 1.25%)		
111,405	Walt Disney	11,671	4.32
	Interactive Media & Services 0.00% (2018: 2.17%)		
	Consumer Discretionary 7.97% (2018: 14.98%) Auto Components 0.00% (2018: 2.11%)		
	Hotels Restaurants & Leisure 0.00% (2018: 2.21%)		
	Internet & Catalogue Retail 2.87% (2018: 7.41%)		
5,515	Amazon.com	7,765	2.87
	Specialty Retail 3.17% (2018: 0.00%)		
56,833	Home Depot	8,556	3.17
	Textiles, Apparel & Luxury Goods 1.93% (2018: 3.25%)		
85,266	Nike 'B'	5,219	1.93
	Consumer Staples 3.46% (2018: 2.78%) Food & Staples Retailing 3.46% (2018: 2.78%)		
49,177	Costco Wholesale	9,344	3.46
	Financials 7.23% (2018: 13.13%) Capital Markets 1.69% (2018: 3.77%)		
138,691	Charles Schwab	4,578	1.69

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Commercial Banks 1.99% (2018: 5.43%)		
64,074	JPMorgan Chase	5,385	1.99
	Diversified Financial Services 3.55% (2018: 2.98%)		
147,131	Intercontinental Exchange	9,593	3.55
	Thrifts & Mortgage Finance 0.00% (2018: 0.95%)		
	Health Care 14.26% (2018: 13.08%)		
	Biotechnology 0.00% (2018: 1.56%)		
	Health Care Equipment & Supplies 7.22% (2018: 4.41%)		
63,177	Abbott Laboratories	3,817	1.41
239,143	Boston Scientific	7,288	2.70
25,864	Edwards Lifesciences	3,501	1.30
13,246	Intuitive Surgical	4,884	1.81
		19,490	7.22
	Health Care Providers & Services 0.00% (2018: 1.88%)		
	Life Sciences Tools & Services 4.26% (2018: 3.23%)		
54,402	Thermo Fisher Scientific	11,526	4.26
	Pharmaceuticals 2.78% (2018: 2.00%)		
28,355	Allergan	2,742	1.01
76,025	Merck	4,778	1.77
		7,520	2.78
	Industrials 8.80% (2018: 3.95%)		
	Aerospace & Defence 5.08% (2018: 1.96%)		
20,325	Boeing	5,509	2.04
55,343	Harris	8,218	3.04
		13,727	5.08
	Machinery 2.61% (2018: 0.00%)		
142,815	Wabtec	7,065	2.61
	Road & Rail 1.11% (2018: 1.99%)		
93,771	Uber Technologies	3,004	1.11
	Information Technology 27.97% (2018: 25.83%)		
	Computers & Peripherals 1.58% (2018: 0.00%)		
30,811	Apple	4,278	1.58
	Electronic Equipment, Instruments & Components 0.54% (2018: 1.82%)		
45,243	Cognex	1,457	0.54

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	IT Services 9.79% (2018: 4.52%)		
143,489	PagSeguro Digital 'A'	3,643	1.35
97,387	PayPal	8,479	3.14
112,128	Visa	14,352	5.30
		<u>26,474</u>	<u>9.79</u>
	Semiconductors & Semiconductor Equipment 2.50% (2018: 4.47%)		
81,682	Texas Instruments	6,759	2.50
	Software 13.56% (2018: 15.02%)		
31,264	Adobe	6,718	2.49
29,903	Intuit	5,807	2.15
156,547	Microsoft	15,349	5.67
73,157	Salesforce.com	8,788	3.25
		<u>36,662</u>	<u>13.56</u>
	Materials 8.08% (2018: 3.57%)		
	Chemicals 4.05% (2018: 3.57%)		
30,920	Air Products & Chemicals	4,995	1.85
17,844	Sherwin-Williams	5,938	2.20
		<u>10,933</u>	<u>4.05</u>
	Construction Materials 1.81% (2018: 0.00%)		
49,500	Vulcan Materials	4,905	1.81
	Containers & Packaging 2.22% (2018: 0.00%)		
123,157	Ball	5,997	2.22
	Real Estate 2.92% (2018: 2.31%)		
	Equity Real Estate Investment Trust (REIT's) 2.92% (2018: 2.31%)		
47,651	American Tower	7,893	2.92
	Bonds 0.00% (2018: 0.64%)		
	United States 0.00% (2018: 0.64%)		
	Fixed Rate Bond 0.00% (2018: 0.64%)		
	Derivatives 0.00% (2018: (0.01%))		
	Forward Foreign Exchange Contracts 0.00% (2018: (0.01%))¹		
	Buy GBP 295,719 : Sell USD 374,386 June 2019	(1)	-
	Buy GBP 3,911,479 : Sell USD 4,937,026 June 2019	(5)	-
	Buy USD 2,526,194 : Sell GBP 2,007,889 June 2019	(4)	-
		<u>(10)</u>	<u>-</u>
	Investment assets including investment liabilities	262,246	97.01
	Other net assets	8,074	2.99
	Total net assets	<u>270,320</u>	<u>100.00</u>

¹ Unquoted securities

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

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

Statement of total return for the year ended 31 May 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains	2		34,897		27,158
Revenue	3	2,806		2,781	
Expenses	4	<u>(3,583)</u>		<u>(3,126)</u>	
Net expense before taxation		(777)		(345)	
Taxation	5	<u>(355)</u>		<u>(406)</u>	
Net expense after taxation			<u>(1,132)</u>		<u>(751)</u>
Total return before distributions			33,765		26,407
Distributions	6		(82)		(163)
Change in net assets attributable to shareholders from investment activities			<u>33,683</u>		<u>26,244</u>

Statement of change in net assets attributable to shareholders for the year ended 31 May 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		263,578		265,850
Amounts receivable on issue of shares	123,437		67,389	
Amounts payable on cancellation of shares	<u>(150,460)</u>		<u>(96,063)</u>	
		(27,023)		(28,674)
Dilution adjustment		-		1
Change in net assets attributable to shareholders from investment activities		33,683		26,244
Retained distributions on accumulation shares		82		157
Closing net assets attributable to shareholders		<u>270,320</u>		<u>263,578</u>

Balance sheet as at 31 May 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		262,256	247,386
Current assets:			
Debtors	7	6,662	15,250
Cash and bank balances	8	10,352	8,865
Total assets		279,270	271,501
Liabilities:			
Investment liabilities		10	19
Creditors:			
Bank overdrafts		2,419	789
Other creditors	9	6,521	7,115
Total liabilities		8,950	7,923
Net assets attributable to shareholders		270,320	263,578

Notes to the financial statements for the year ended 31 May 2019

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:

	2019	2018
	£000	£000
Forward currency contracts	(45)	266
Non-derivative securities	34,638	26,997
Other currency gains/(losses)	307	(100)
Transaction costs	(3)	(5)
Net capital gains	34,897	27,158

3 Revenue

	2019	2018
	£000	£000
Bank interest	189	80
Interest on debt securities	2	2
Overseas dividends	2,460	2,594
Overseas REIT revenue	155	55
Other income	-	50
Total revenue	2,806	2,781

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	3,194	2,780
GAC*	366	316
	<u>3,560</u>	<u>3,096</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	20	18
Safe custody fees	3	12
	<u>23</u>	<u>30</u>
Total expenses	3,583	3,126

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,681 (2018: £7,458).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	355	406
Total tax (note 5b)	355	406

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% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net expense before taxation	(777)	(345)
Corporation tax at 20% (2018: 20%)	(155)	(69)
Effects of:		
Irrecoverable overseas tax	355	406
Overseas dividends*	(492)	(519)
Tax effect of expensed double taxation relief	(5)	(1)
Unused management expenses	652	589
Tax charge for the year (note 5a)	355	406

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

** 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 (2018: 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 £10,026,179 (2018: £9,372,408) 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.

The movement in the potential tax asset identified in note (d) may not match the movement shown in 'Unused management expenses' in note (b) due to filing adjustments.

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:

	2019	2018
	£000	£000
Interim accumulation	22	118
Final accumulation	60	39
	<u>82</u>	<u>157</u>
Amounts deducted on cancellation of shares	2	8
Amounts received on issue of shares	(2)	(2)
Total distributions	<u>82</u>	<u>163</u>
Net expense after taxation	(1,132)	(751)
Equalisation on conversions	1	2
Revenue shortfall	1,213	912
Total distributions	<u>82</u>	<u>163</u>

Details of the distribution per share are set out in the distribution tables on page 148.

7 Debtors

	2019	2018
	£000	£000
Accrued revenue	209	176
Amounts receivable for issue of shares	2,008	15,061
Overseas withholding tax reclaimable	17	13
Sales awaiting settlement	4,428	-
Total debtors	<u>6,662</u>	<u>15,250</u>

8 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	10,352	8,865
Total cash and bank balances	<u>10,352</u>	<u>8,865</u>

9 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	281	242
Accrued Depositary's fee	2	2
Accrued other expenses	33	30
Amounts payable for cancellation of shares	6,205	415
Purchases awaiting settlement	-	6,426
Total other creditors	<u>6,521</u>	<u>7,115</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 138 and 139 and notes 4, 6, 7 and 9 on pages 140 to 142 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 (2018: nil).

12 Shareholders' funds

The fund currently has 3 share classes available; Class A (Retail with front-end charges), Class C (Private) and Class I (Institutional). The annual management charge on each share class is as follows:

	2019	2018
	%	%
Class A	1.50	1.50
Class C	0.50	0.50
Class I	0.75	0.75

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 131 to 132. The distribution per share class is given in the distribution tables on page 148. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2019

	Class A accumulation	Class C accumulation	Class I accumulation
Opening number of shares	13,760,853	1,953	37,071,735
Issues during the year	8,495,973	-	8,347,690
Cancellations during the year	(9,455,360)	-	(12,552,081)
Shares converted during the year	(150,998)	-	513,097
Closing shares in issue	12,650,468	1,953	33,380,441

13 Financial derivatives

The fund may use financial derivatives for the purposes of 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 2019 (2018: nil).

2019

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

2018

The fund had no exposure to derivatives as at 31 May 2018 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 income.

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.

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.

2018

There was no stock on loan as at 31 May 2018 and no stock lending revenue received in the year to 31 May 2018.

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
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

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets/ (liabilities) £000
2018			
Currency			
UK sterling	(14,771)	14,384	(387)
US dollar	262,138	1,827	263,965
Total	247,367	16,211	263,578

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £272,633,000 (2018: £263,965,000). A 10% increase in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £27,263,300 (2018: £26,396,500). A 10% decrease in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of decreasing the return for the year ended 31 May 2019 and the net assets as at 31 May 2019 by £27,263,300 (2018: £26,396,500).

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
2019				
Bank overdrafts	2,419	-	-	-
Derivative financial liabilities	-	10	-	-
Other creditors	-	6,521	-	-
Total	2,419	6,531	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Bank overdrafts	789	-	-	-
Derivative financial liabilities	-	19	-	-
Other creditors	-	7,115	-	-
Total	789	7,134	-	-

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	262,256	-	245,693	-
Level 2	-	10	1,693	19
Level 3	-	-	-	-
	262,256	10	247,386	19

Notes to the financial statements (continued)

17 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Debt securities	-	1,827	1,702	-
Equities	127,669	176,085	145,756	209,919
Trades in the year before transaction costs	127,669	177,912	147,458	209,919
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Equities	12	36	12	50
Total commissions	12	36	12	50
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	-	-	2	5
Total other expenses	-	-	2	5
Total transaction costs	12	36	14	55
Total net trades in the year after transaction costs	127,681	177,948	147,444	209,864

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Equities	0.01	0.02	0.01	0.02
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.01	0.04		
Taxes	-	-		
Other expenses	-	-		
Total costs	0.01	0.04		

There were no in specie transfers during the year (2018: nil). There were no corporate actions during the year (2018: nil).

There were no direct transaction costs associated with derivatives in the year (2018: 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 2019 was 0.03% (2018: 0.02%). The portfolio dealing spread is calculated at a 12 noon valuation point.

18 Events after the Balance sheet date

There were no material post Balance sheet events which require disclosure within these financial statements.

Distribution tables for the year ended 31 May 2019 (in pence per share)

Interim dividend distribution (accounting date 30 November 2018, paid on 31 January 2019)

Group 1: shares purchased prior to 1 June 2018

Group 2: shares purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/01/19	Total distribution per share 31/01/18
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class C accumulation				
Group 1	1.6686	-	1.6686	2.1694
Group 2	1.6686	-	1.6686	2.1694
Class I accumulation				
Group 1	0.0618	-	0.0618	0.3009
Group 2	0.0616	0.0002	0.0618	0.3009

Final dividend distribution (accounting date 31 May 2019, paid on 31 July 2019)

Group 1 : shares purchased prior to 1 December 2018

Group 2 : shares purchased on or after 1 December 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class C accumulation				
Group 1	2.0148	-	2.0148	1.6107
Group 2	2.0148	-	2.0148	1.6107
Class I accumulation				
Group 1	0.1792	-	0.1792	0.1054
Group 2	0.1489	0.0303	0.1792	0.1054

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 achieve a positive absolute return over the long-term regardless of market conditions. The fund aims to typically deliver absolute (more than zero) returns over a rolling 12 month period. An absolute return performance is not guaranteed over this specific, or any other, time period and consequently capital is in fact at risk. The fund will take, long and short positions primarily in equities or equity related derivative contracts of: companies having their registered office in Europe (including United Kingdom); and companies that do not have their registered office in Europe (including United Kingdom) but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Europe (including United Kingdom), although all or a substantial proportion of the physical assets of the fund may at any time consist of cash, near cash, deposits and/or money market instruments. The fund will invest in companies of any market capitalisation.

Long positions may be held through a combination of direct investment and/or derivative instruments. Short positions will be held through derivative positions, primarily equity swaps and futures.

The use of derivatives forms an important part of the investment strategy.

The fund may also invest at the Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

Performance summary

	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16	31 May 14 - 31 May 15
	%	%	%	%	%
Class I accumulation	(4.3)	0.0	8.1	(3.4)	6.0
UK Base Interest Rate	0.7	0.4	0.3	0.5	0.5

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

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

Index: UK Base Interest Rate

Index Usage: Target & Comparator

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 and it provides a useful comparison against which the fund's performance can be assessed over time.

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 2019

Largest purchases	£000	Largest sales/maturities	£000
Lloyds Bank 0.79% 23/10/2018	2,600	Smurfit Kappa	2,965
Toronto-Dominion Bank 0.78% 10/12/2018	2,000	Lloyds Bank 0.79% 23/10/2018	2,600
LafargeHolcim	1,698	Toronto-Dominion Bank 0.78% 10/12/2018	2,000
International Paper	1,360	Carlsberg	1,863
UPM-Kymmene	1,319	LafargeHolcim	1,576
Autoliv	1,279	Bayer	1,390
Ericsson 'B'	1,258	Autoliv	1,386
Volkswagen Non-Voting Preference Shares	1,169	International Paper	1,348
Knorr-Bremse	1,077	Nokian Renkaat	1,305
Kone	1,034	United Internet	1,182
Total purchases	98,090	Total sales/maturities	113,349

Investment review

The fund fell by 4.3% over the year compared with a return of 0.7% in the UK Base Interest Rate.

The year under review was characterised by synchronised global growth and ageing bull markets in equities and bonds. Perhaps this narrative was sufficient to blur certain leading indicators but, courtesy of intensifying trade wars, a rapidly weakening yuan, a bear market for Chinese equities, profit warnings in the European autos and logistics sectors and political instability in Europe, markets have been dealt a reality check. Equity markets staged a strong rebound from the lows of December 2018, after renewed monetary accommodation by central banks, as the US Federal Reserve, the European Central Bank and the People's Bank of China sought to reassure markets and/or stimulate their respective economies. This has encouraged the view that a rebound in economies and corporate earnings will follow in the second half of 2019. Pulling the other way were bond markets, which signified a persistent disinflationary environment – and so the tug of war between bonds and equities continues. As for European equities, one thing in the region's favour is that it remains deeply out of favour among investors. Consequently, if we see a repeat of last year's sell-off, the fund should be able to capitalise on opportunities.

On the long side, consumer staples was a positive contributor, while performance was held back by our industrial and materials sector allocations. At a stock level, there was a positive impact from Veoneer, the spin-off of Autoliv's electronics segment into an independent publicly traded company, and we took profits on the holding. Autoliv, however, lagged, as did Nokian Renkaat as near term risks to auto suppliers intensified. International brewer Carlsberg was among the largest contributors, as the new management's scrutiny of costs and focus on core markets should help the company achieve margins similar to its competitors. There was also a positive contribution from leading Norwegian fish farmer Mowi, which is benefiting from continuing strong global demand for salmon. Information technology stock United Internet detracted from performance and we disposed of the holding, reflecting our concerns about the competitive landscape changes in the German mobile market. In the short book, our positions in information technology added to returns, as a number of our semiconductor holdings companies posted profit warnings for quarter three, following several quarter two misses. The fund benefited from the index options hedging strategy implemented over the summer – it offered the expected degree of protection as the fund's net exposure automatically declined the more markets fell. The strategy's primary aim is to enhance our ability to allocate capital during market drawdowns, while maintaining at least the same level of protection as through futures, at a similar annual cost, but with a potentially greater benefit from rebound rallies.

Key activity over the fiscal year included the introduction of Swedish telecoms equipment company Ericsson, as a meeting with a significantly changed management team gave us confidence in its continuing restructuring following a wasted decade. We added Dutch coatings group Akzo Nobel, as the company has benefited from passing on price increases to offset higher raw materials costs. Fourth quarter results gave investors comfort that management's 'value over volume' strategy is bearing fruit, and the company returned cash to shareholders following the sale of its speciality chemicals business. We introduced SBM Offshore following an upbeat meeting with management, which confirmed strong pipeline opportunities. Other acquisitions included German capital goods company Siemens, whose stock trades on an attractive valuation. We reversed course on our short Infineon Technologies holding, as we believe that semiconductor stocks are regularly among the earliest to anticipate deterioration or green shoots, and that the company will benefit from the strength of structural growth stories. Finally, we topped up our largest holding, building materials manufacturer LafargeHolcim. We believe there are more benefits to come as the market starts to appreciate the turnaround being executed by a first class management team, reshaping what was, for far too long, a sprawling, underachieving empire.

On the sell side, we exited ABN AMRO, DNB, Generali and KBC as part of a reduction of our financials exposure, and we disposed of Ryanair on poor profits guidance. The board of Smurfit Kappa indicated that it had rejected the bid from International Paper earlier in the year on the basis of its mid-term value assessment, and we used periods of strength to dispose of the holding across our funds. In the healthcare sector, we sold Bayer following a US court ruling against the company in its glyphosate-based weedkiller case.

Disposals should be seen in the context of our deliberate move to a more concentrated portfolio. This, in turn, reflects increased conviction at the stock specific level. We have also reduced the short book, which continues to be concentrated in the cyclicals space, specifically the consumer discretionary and industrials sectors, combined with selected communication services and materials names.

In terms of overall positioning, at the end of the fiscal year our delta-adjusted exposures stood at approximately 41% net and 189% gross, respectively.

Our business is about the rate of change. Often, the greatest gains are realised when things go from bad to less bad and towards stabilisation. In our view, the 'pain trade' – maximised investor losses from a previously popular asset class as market consensus shifts – will intensify, probably in certain cyclical stocks. We continue to overlay our bottom-up stock picks with the options hedging strategy, in order to be prepared if setbacks or external shocks hit.

Comparative tables for the year ended 31 May 2019

	Class A accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	163.86	163.21	154.02
Return before operating charges*	(5.15)	3.46	13.14
Operating charges	(2.74)	(2.81)	(2.67)
Operating charges - performance fees	-	-	(1.28)
Return after operating charges*	(7.89)	0.65	9.19
Distributions on accumulation shares	-	(0.20)	(0.23)
Retained distributions on accumulation shares	-	0.20	0.23
Closing net asset value per share	155.97	163.86	163.21
* after direct transaction costs of:	0.29	0.35	0.40

Performance

Return after charges	(4.82%)	0.40%	5.97%
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Other information

Closing net asset value (£000s)	3,029	3,992	4,987
Closing number of shares	1,942,244	2,436,265	3,055,375
Operating charges	1.71%	1.72%	1.72%
Operating charges - performance fees	0.00%	0.00%	0.82%
Direct transaction costs	0.18%	0.22%	0.26%

Prices

Highest share price (pence)	165.20	166.60	166.10
Lowest share price (pence)	153.70	159.00	149.30

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	173.25	173.14	160.61
Return before operating charges*	(5.46)	1.63	16.05
Operating charges	(1.46)	(1.49)	(1.40)
Operating charges - performance fees	-	(0.03)	(2.12)
Return after operating charges*	(6.92)	0.11	12.53
Distributions on accumulation shares	(0.54)	(1.82)	(1.84)
Retained distributions on accumulation shares	0.54	1.82	1.84
Closing net asset value per share	166.33	173.25	173.14
* after direct transaction costs of:	0.31	0.37	0.42

Performance

Return after charges	(3.99%)	0.06%	7.80%
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Other information

Closing net asset value (£000s)	40,452	58,930	75,076
Closing number of shares	24,320,549	34,013,900	43,361,717
Operating charges	0.86%	0.87%	0.86%
Operating charges - performance fees	0.00%	0.02%	1.30%
Direct transaction costs	0.18%	0.22%	0.26%

Prices

Highest share price (pence)	174.50	174.70	174.20
Lowest share price (pence)	163.30	167.10	156.20

Comparative tables (continued)

	Class I EUR Hedged accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	144.54	144.66	118.41
Return before operating charges*	(5.33)	1.14	28.76
Operating charges	(1.24)	(1.26)	(1.16)
Operating charges - performance fees	-	-	(1.35)
Return after operating charges*	(6.57)	(0.12)	26.25
Distributions on accumulation shares	-	(1.53)	(1.55)
Retained distributions on accumulation shares	-	1.53	1.55
Closing net asset value per share	137.97	144.54	144.66
* after direct transaction costs of:	0.26	0.32	0.35
Performance			
Return after charges	(4.55%)	0.08%	22.17%
Other information			
Closing net asset value (£000s)	318	5,427	4,459
Closing number of shares	230,260	3,754,448	3,082,437
Operating charges	0.86%	0.87%	0.87%
Operating charges - performance fees	0.00%	0.00%	1.01%
Direct transaction costs	0.18%	0.22%	0.26%
Prices			
Highest share price (EUR cents)	166.10	167.50	167.10
Lowest share price (EUR cents)	154.10	160.00	150.10
	Class I USD Hedged accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	127.40	129.94	106.23
Return before operating charges*	5.10	(1.07)	26.27
Operating charges	(1.11)	(1.08)	(1.07)
Operating charges - performance fees	(0.12)	(0.39)	(1.49)
Return after operating charges*	3.87	(2.54)	23.71
Distributions on accumulation shares	(0.36)	(1.35)	(1.33)
Retained distributions on accumulation shares	0.36	1.35	1.33
Closing net asset value per share	131.27	127.40	129.94
* after direct transaction costs of:	0.23	0.27	0.32
Performance			
Return after charges	3.04%	(1.95%)	22.32%
Other information			
Closing net asset value (£000s)	319	491	388
Closing number of shares	243,470	385,469	298,818
Operating charges	0.86%	0.87%	0.87%
Operating charges - performance fees	0.09%	0.31%	1.21%
Direct transaction costs	0.18%	0.22%	0.26%
Prices			
Highest share price (USD cents)	171.00	170.30	168.70
Lowest share price (USD cents)	161.20	162.20	150.90

Comparative tables (continued)

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 and 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

There were no share classes launched or closed in the year.

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.

	2019 OCF*	2019 Performance fees	2018 OCF*	2018 Performance fees
Class A	1.71	-	1.72	-
Class I	0.86	-	0.87	0.02
Class I EUR Hedged	0.86	-	0.87	-
Class I USD Hedged	0.86	0.09	0.87	0.31

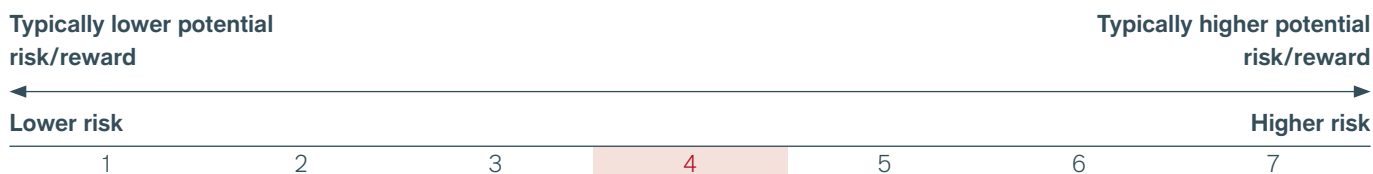
The OCF is calculated in accordance with guidelines issued by the European Securities and Markets Authority (ESMA).

* The OCF excludes performance fees.

Risk and reward profile

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

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



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

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

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 rating in the year.

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

Portfolio statement as at 31 May 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 62.57% (2018: 50.74%)		
	Belgium 3.11% (2018: 0.55%)		
	Consumer Staples 1.18% (2018: 0.00%)		
8,091	Anheuser-Busch InBev	519	1.18
	Financials 0.00% (2018: 0.55%)		
	Materials 1.93% (2018: 0.00%)		
33,118	Tessenderlo	852	1.93
	Denmark 5.44% (2018: 5.82%)		
	Consumer Staples 3.94% (2018: 3.91%)		
16,714	Carlsberg	1,738	3.94
	Health Care 1.50% (2018: 1.41%)		
17,673	Novo Nordisk 'B'	660	1.50
	Industrials 0.00% (2018: 0.50%)		
	Finland 5.04% (2018: 3.81%)		
	Consumer Discretionary 1.59% (2018: 2.05%)		
31,045	Nokian Renkaat	703	1.59
	Financials 0.00% (2018: 0.95%)		
	Industrials 1.29% (2018: 0.00%)		
13,186	Kone	569	1.29
	Materials 2.16% (2018: 0.81%)		
48,150	UPM-Kymmene	952	2.16
	France 0.68% (2018: 0.00%)		
	Consumer Discretionary 0.68% (2018: 0.00%)		
14,399	Valeo	301	0.68
	Germany 17.02% (2018: 13.46%)		
	Communication Services 0.00% (2018: 1.87%)		
	Consumer Discretionary 2.94% (2018: 0.87%)		
2,131	Adidas	483	1.09
9,363	Knorr-Bremse	815	1.85
		1,298	2.94
	Consumer Staples 0.51% (2018: 0.50%)		
3,101	Henkel	225	0.51
	Financials 1.88% (2018: 1.58%)		
7,587	Deutsche Boerse	829	1.88

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Health Care 2.02% (2018: 3.72%)		
11,667	Merck	892	2.02
	Industrials 5.78% (2018: 1.14%)		
16,363	Duerr	438	0.99
10,149	KION	437	0.99
8,747	Rheinmetall	737	1.67
10,511	Siemens	942	2.13
		2,554	5.78
	Information Technology 2.82% (2018: 1.61%)		
12,738	SAP	1,244	2.82
	Materials 1.07% (2018: 0.69%)		
13,660	Covestro	473	1.07
	Utilities 0.00% (2018: 1.48%)		
	Ghana 0.52% (2018: 0.00%)		
	Energy 0.52% (2018: 0.00%)		
46,612	Kosmos Energy	228	0.52
	Ireland 0.00% (2018: 3.89%)		
	Materials 0.00% (2018: 3.89%)		
	Italy 1.22% (2018: 0.00%)		
	Health Care 1.22% (2018: 0.00%)		
6,634	DiaSorin	537	1.22
	Netherlands 5.91% (2018: 5.42%)		
	Energy 2.03% (2018: 0.00%)		
63,854	SBM Offshore	894	2.03
	Financials 0.00% (2018: 1.08%)		
	Health Care 1.77% (2018: 1.07%)		
24,958	Koninklijke Philips	782	1.77
	Industrials 0.00% (2018: 1.23%)		
	Information Technology 0.00% (2018: 1.03%)		
	Materials 2.11% (2018: 1.01%)		
13,955	Akzo Nobel	932	2.11
	Norway 2.54% (2018: 2.58%)		
	Consumer Staples 2.54% (2018: 1.39%)		
60,856	Mowi	1,120	2.54

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Financials 0.00% (2018: 1.19%)		
	Sweden 10.79% (2018: 7.91%)		
	Communication Services 2.60% (2018: 1.24%)		
104,806	Tele2 'B'	1,148	2.60
	Consumer Discretionary 3.83% (2018: 3.80%)		
22,289	Autoliv	1,089	2.46
83,914	Dometic	604	1.37
		<u>1,693</u>	<u>3.83</u>
	Financials 0.00% (2018: 1.00%)		
	Industrials 1.50% (2018: 1.87%)		
36,561	Sandvik	445	1.01
20,462	Trelleborg 'B'	215	0.49
		<u>660</u>	<u>1.50</u>
	Information Technology 2.86% (2018: 0.00%)		
165,701	Ericsson 'B'	1,260	2.86
	Switzerland 7.73% (2018: 4.89%)		
	Financials 0.00% (2018: 0.75%)		
	Health Care 2.46% (2018: 0.93%)		
5,227	Roche	1,085	2.46
	Materials 5.27% (2018: 3.21%)		
61,368	LafargeHolcim	2,326	5.27
	United Kingdom 2.57% (2018: 2.41%)		
	Energy 0.98% (2018: 0.89%)		
48,982	Subsea 7	432	0.98
	Industrials 1.59% (2018: 0.91%)		
38,212	RELX	703	1.59
	Information Technology 0.00% (2018: 0.61%)		
	Certificates of Deposit 28.34% (2018: 32.70%)		
	Canada 0.00% (2018: 4.37%)		
	Denmark 0.00% (2018: 2.91%)		
	Finland 2.27% (2018: 1.45%)		
GBP 1,000,000	Nordea Bank 0.81% 09/07/2019	1,000	2.27
	France 3.40% (2018: 1.45%)		
GBP 1,000,000	Crédit Agricole Corporate & Investment Bank 0.85% 03/09/2019	1,000	2.27
GBP 500,000	Société Générale 0.90% 31/07/2019	500	1.13
		<u>1,500</u>	<u>3.40</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Germany 4.53% (2018: 1.45%)			
GBP 1,000,000	DZ Bank 0.81% 07/08/2019	1,001	2.26
GBP 1,000,000	Landesbank Hessen-Thüringen 0.83% 25/06/2019	1,000	2.27
		<u>2,001</u>	<u>4.53</u>
Japan 0.00% (2018: 4.35%)			
Netherlands 2.27% (2018: 5.12%)			
GBP 1,000,000	ABN AMRO 0.83% 03/09/2019	<u>1,000</u>	<u>2.27</u>
Singapore 0.00% (2018: 1.45%)			
Sweden 1.13% (2018: 2.90%)			
GBP 500,000	Handelsbanken 0.93% 07/11/2019	<u>500</u>	<u>1.13</u>
Switzerland 1.13% (2018: 0.00%)			
GBP 500,000	Credit Suisse 1.07% 17/06/2019	<u>500</u>	<u>1.13</u>
United Arab Emirates 1.13% (2018: 1.45%)			
GBP 500,000	First Abu Dhabi Bank 1.03% 08/07/2019	<u>500</u>	<u>1.13</u>
United Kingdom 9.08% (2018: 2.90%)			
GBP 1,000,000	HSBC 0.85% 01/07/2019	1,001	2.28
GBP 1,000,000	Lloyds Bank 0.93% 13/06/2019	1,001	2.27
GBP 500,000	Nationwide Building Society 1.02% 04/07/2019	500	1.13
GBP 1,000,000	Santander UK 0.82% 07/06/2019	1,000	2.27
GBP 500,000	Santander UK 0.93% 07/11/2019	<u>500</u>	<u>1.13</u>
		<u>4,002</u>	<u>9.08</u>
United States 3.40% (2018: 2.90%)			
GBP 500,000	Citibank 0.80% 02/08/2019	500	1.13
GBP 1,000,000	Citibank 0.83% 07/06/2019	<u>1,000</u>	<u>2.27</u>
		<u>1,500</u>	<u>3.40</u>
Derivatives (1.30%) (2018: (0.96%))			
Contracts for Difference (0.55%) (2018: (0.61%))¹			
Equity Short Contracts for Difference 0.29% (2018: 0.79%)¹			
(16,536)	Accor	19	0.04
(25,702)	Air France-KLM	9	0.02
(17,797)	Deutsche EuroShop	11	0.02
(151,392)	DS Smith	4	0.01
(15,512)	Enagás	12	0.03
(85,954)	E.ON	(1)	-
(43,937)	Epiroc 'A'	(3)	(0.01)
(787)	Eurofins Scientific	1	-
(9,314)	Hugo Boss	22	0.05
(90,933)	Marks and Spencer	37	0.08
(18,186)	Marks and Spencer Nil Paid Rights	(7)	(0.02)
(35,610)	Rolls-Royce	29	0.07
(1,786,076)	Rolls-Royce Preference shares	(2)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Equity Short Contracts for Difference¹ (continued)			
(3,951)	Sodexo	(6)	(0.01)
(1,733)	Swisscom	11	0.03
(95,834)	Telefonica ²	-	-
(6,760)	Vestas Wind Systems	(7)	(0.02)
		<u>129</u>	<u>0.29</u>
Equity Long Contracts for Difference (0.84%) (2018: (1.45%))¹			
29,663	Associated British Foods	(17)	(0.04)
22,129	Bankinter	(5)	(0.01)
52,863	Close Brothers	(58)	(0.13)
62,292	CNH Industrial	(9)	(0.02)
40,512	EDP Renováveis	9	0.02
11,927	Erste Group Bank	(9)	(0.02)
107,231	Galp Energia	(77)	(0.17)
37,614	Grifols	(22)	(0.05)
100,226	Howden Joinery	(10)	(0.02)
37,701	Infineon Technologies	(30)	(0.07)
179,187	Legal & General	(28)	(0.06)
6,245	Legrand	(4)	(0.01)
13,870	London Stock Exchange	5	0.01
24,774	Neste	(34)	(0.08)
32,684	Prudential	(20)	(0.05)
60,176	STMicroelectronics	(29)	(0.07)
302,868	TI Fluid Systems	(6)	(0.01)
4,489	VAT	(13)	(0.03)
35,114	Vivendi	(14)	(0.03)
		<u>(371)</u>	<u>(0.84)</u>
Index Contracts for Difference 0.00% (2018: (0.05%))			
Futures (0.02%) (2018: (0.04%))			
(46)	EUX Euro Stoxx 50 June 2019	(8)	(0.02)
Options 1.14% (2018: 0.00%)			
(90)	Daimler Put 40 December 2019	(13)	(0.03)
46	Deutsche Börse Put 11200 June 2019	10	0.02
(375)	Deutsche Börse Put 11300 June 2019	(109)	(0.25)
275	Deutsche Börse Put 11800 June 2019	272	0.63
364	Euro Stoxx Banks Index Call 100 December 2019	23	0.05
(364)	Euro Stoxx Banks Index Put 75 December 2019	(43)	(0.10)
34	Euro Stoxx 50 Index Put 3100 June 2019	3	0.01
(540)	Euro Stoxx 50 Index Put 3150 June 2019	(77)	(0.17)
436	Euro Stoxx 50 Index Put 3350 June 2019	359	0.82
11	FTSE 100 Index Put 6650 June 2019	1	-
(104)	FTSE 100 Index Put 6850 June 2019	(21)	(0.05)
104	FTSE 100 Index Put 7200 June 2019	118	0.27
(9)	NASDAQ 100 Index Put 6800 June 2019	(82)	(0.19)
(9)	NASDAQ 100 Index Put 7000 June 2019	(71)	(0.16)
9	NASDAQ 100 Index Put 7100 June 2019	150	0.34

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Options (continued)		
(687)	Nestlé Put 90 June 2019	(4)	(0.01)
(458)	Symrise Put 76 June 2019	(2)	(0.01)
(452)	UBS Put 11 September 2019	(13)	(0.03)
		501	1.14
	Forward Foreign Exchange Contracts (1.91%) (2018: (0.29%))¹		
	Buy CHF 10,559 : Sell GBP 8,034 July 2019 ²	-	-
	Buy CHF 10,639 : Sell GBP 8,102 June 2019 ²	-	-
	Buy CHF 10,816 : Sell GBP 8,290 July 2019 ²	-	-
	Buy CHF 12,645 : Sell GBP 9,612 June 2019 ²	-	-
	Buy CHF 1,544 : Sell GBP 1,173 June 2019 ²	-	-
	Buy CHF 16,146 : Sell GBP 12,270 June 2019 ²	-	-
	Buy CHF 1,737 : Sell GBP 1,332 June 2019 ²	-	-
	Buy CHF 355,753 : Sell GBP 268,196 June 2019	13	0.03
	Buy CHF 3,599 : Sell GBP 2,735 June 2019 ²	-	-
	Buy CHF 5,928 : Sell GBP 4,477 June 2019 ²	-	-
	Buy CHF 60,698 : Sell GBP 46,523 July 2019	1	-
	Buy CHF 71,130 : Sell GBP 54,048 June 2019	2	-
	Buy CHF 77,674 : Sell GBP 60,313 July 2019	1	-
	Buy CHF 81,640 : Sell GBP 62,123 June 2019	2	0.01
	Buy CHF 8,440 : Sell GBP 6,451 June 2019 ²	-	-
	Buy CHF 8,493 : Sell GBP 6,463 June 2019 ²	-	-
	Buy CHF 8,712 : Sell GBP 6,638 June 2019 ²	-	-
	Buy CHF 8,939 : Sell GBP 6,889 June 2019 ²	-	-
	Buy EUR 103,519 : Sell GBP 89,538 June 2019	2	-
	Buy EUR 10,423 : Sell GBP 9,150 July 2019 ²	-	-
	Buy EUR 109,758 : Sell GBP 94,344 June 2019	3	0.01
	Buy EUR 11,981 : Sell GBP 10,251 June 2019 ²	-	-
	Buy EUR 140,568 : Sell GBP 123,073 July 2019	1	-
	Buy EUR 142,588 : Sell GBP 126,054 July 2019 ²	-	-
	Buy EUR 148,399 : Sell GBP 128,346 June 2019	3	0.01
	Buy EUR 159,337 : Sell GBP 137,881 June 2019	3	0.01
	Buy EUR 15,986 : Sell GBP 14,108 July 2019 ²	-	-
	Buy EUR 18,205 : Sell GBP 15,777 July 2019 ²	-	-
	Buy EUR 190,738 : Sell GBP 167,501 July 2019	1	-
	Buy EUR 19,645 : Sell GBP 17,145 July 2019 ²	-	-
	Buy EUR 20,145 : Sell GBP 17,449 June 2019 ²	-	-
	Buy EUR 208,848 : Sell GBP 180,454 June 2019	4	0.01
	Buy EUR 21,478 : Sell GBP 18,602 June 2019 ²	-	-
	Buy EUR 242,515 : Sell GBP 209,945 June 2019	5	0.01
	Buy EUR 25,670 : Sell GBP 22,193 July 2019	1	-
	Buy EUR 30,127 : Sell GBP 26,091 June 2019	1	-
	Buy EUR 302,933 : Sell GBP 265,210 July 2019	3	0.01
	Buy EUR 38,800 : Sell GBP 33,330 June 2019	1	-
	Buy EUR 3,907 : Sell GBP 3,376 June 2019 ²	-	-
	Buy EUR 394,486 : Sell GBP 339,829 June 2019	9	0.02
	Buy EUR 42,801 : Sell GBP 37,069 June 2019	1	-
	Buy EUR 438,932 : Sell GBP 380,652 June 2019	8	0.02
	Buy EUR 44,100 : Sell GBP 39,001 July 2019 ²	-	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ (continued)			
	Buy EUR 44,764 : Sell GBP 38,560 June 2019	1	-
	Buy EUR 593,822 : Sell GBP 516,810 July 2019	9	0.02
	Buy EUR 61,156 : Sell GBP 52,315 June 2019	2	-
	Buy EUR 73,831 : Sell GBP 64,052 June 2019	1	-
	Buy EUR 75,972 : Sell GBP 65,799 June 2019	1	-
	Buy EUR 81,629 : Sell GBP 71,651 July 2019	1	-
	Buy EUR 8,405 : Sell GBP 7,266 June 2019 ²	-	-
	Buy EUR 9,127 : Sell GBP 7,857 June 2019 ²	-	-
	Buy GBP 103,749 : Sell SEK 1,298,476 July 2019	(5)	(0.01)
	Buy GBP 1,048 : Sell NOK 11,732 July 2019 ²	-	-
	Buy GBP 10,542 : Sell SEK 130,526 June 2019 ²	-	-
	Buy GBP 108,244 : Sell EUR 125,992 July 2019	(3)	(0.01)
	Buy GBP 110,698 : Sell SEK 1,359,641 July 2019	(3)	(0.01)
	Buy GBP 11,474 : Sell EUR 13,231 June 2019 ²	-	-
	Buy GBP 116,099 : Sell EUR 131,500 July 2019 ²	-	-
	Buy GBP 124,972 : Sell EUR 141,775 July 2019	(1)	-
	Buy GBP 127,050 : Sell CHF 166,257 June 2019	(4)	(0.01)
	Buy GBP 12,772 : Sell CHF 16,572 June 2019 ²	-	-
	Buy GBP 1,322,850 : Sell CHF 1,718,746 June 2019	(34)	(0.08)
	Buy GBP 13,255 : Sell NOK 148,217 July 2019 ²	-	-
	Buy GBP 135,968 : Sell EUR 156,905 July 2019	(3)	(0.01)
	Buy GBP 137,121 : Sell EUR 158,842 June 2019	(3)	(0.01)
	Buy GBP 143,430 : Sell EUR 162,189 July 2019 ²	-	-
	Buy GBP 1,434,555 : Sell CHF 1,907,997 July 2019	(72)	(0.17)
	Buy GBP 14,612 : Sell EUR 16,516 July 2019 ²	-	-
	Buy GBP 152,483 : Sell USD 199,576 June 2019	(6)	(0.01)
	Buy GBP 155,800 : Sell EUR 180,998 June 2019	(4)	(0.01)
	Buy GBP 15,592 : Sell SEK 189,015 July 2019 ²	-	-
	Buy GBP 158,888 : Sell EUR 179,978 July 2019 ²	-	-
	Buy GBP 160,225 : Sell SEK 2,005,165 June 2019	(7)	(0.02)
	Buy GBP 16,282 : Sell EUR 18,775 June 2019 ²	-	-
	Buy GBP 16,295 : Sell SEK 197,615 June 2019 ²	-	-
	Buy GBP 1,672,540 : Sell SEK 20,275,081 June 2019	(18)	(0.04)
	Buy GBP 17,359 : Sell CHF 22,055 July 2019 ²	-	-
	Buy GBP 180,921 : Sell EUR 209,583 June 2019	(4)	(0.01)
	Buy GBP 20,232 : Sell NOK 224,188 June 2019 ²	-	-
	Buy GBP 206,382 : Sell CHF 273,667 June 2019	(10)	(0.02)
	Buy GBP 21,809 : Sell SEK 270,083 July 2019	(1)	-
	Buy GBP 22,087 : Sell SEK 268,295 June 2019 ²	-	-
	Buy GBP 23,041 : Sell NOK 258,419 June 2019 ²	-	-
	Buy GBP 23,353 : Sell SEK 284,702 July 2019 ²	-	-
	Buy GBP 235,335 : Sell EUR 273,926 July 2019	(7)	(0.02)
	Buy GBP 237,494 : Sell USD 299,700 July 2019 ²	-	-
	Buy GBP 24,432 : Sell SEK 302,507 June 2019	(1)	-
	Buy GBP 250,122 : Sell EUR 288,853 June 2019	(5)	(0.01)
	Buy GBP 2,617,161 : Sell SEK 32,701,867 July 2019	(111)	(0.25)
	Buy GBP 28,412 : Sell CHF 36,863 June 2019	(1)	-
	Buy GBP 28,960 : Sell EUR 32,989 July 2019 ²	-	-
	Buy GBP 292,972 : Sell EUR 331,674 July 2019	(1)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ (continued)			
	Buy GBP 29,506 : Sell EUR 33,939 July 2019	(1)	-
	Buy GBP 2,975 : Sell EUR 3,457 June 2019 ²	-	-
	Buy GBP 305,603 : Sell USD 398,800 July 2019	(10)	(0.02)
	Buy GBP 30,570 : Sell EUR 35,373 June 2019	(1)	-
	Buy GBP 305,748 : Sell EUR 355,175 June 2019	(8)	(0.02)
	Buy GBP 31,292 : Sell CHF 40,727 June 2019	(1)	-
	Buy GBP 335,857 : Sell EUR 388,371 June 2019	(8)	(0.02)
	Buy GBP 33,624 : Sell EUR 38,380 July 2019 ²	-	-
	Buy GBP 33,668 : Sell NOK 379,712 June 2019	(1)	-
	Buy GBP 34,179 : Sell EUR 39,703 June 2019	(1)	-
	Buy GBP 36,109 : Sell CHF 47,496 June 2019	(1)	-
	Buy GBP 3,626 : Sell PLN 17,682 July 2019 ²	-	-
	Buy GBP 363,192 : Sell EUR 420,271 June 2019	(9)	(0.02)
	Buy GBP 364,037 : Sell EUR 414,565 July 2019	(3)	(0.01)
	Buy GBP 37,070 : Sell NOK 409,287 July 2019 ²	-	-
	Buy GBP 37,186 : Sell CHF 48,746 June 2019	(1)	-
	Buy GBP 37,642 : Sell DKK 318,761 June 2019 ²	-	-
	Buy GBP 379,919 : Sell EUR 442,225 June 2019	(11)	(0.03)
	Buy GBP 38,059 : Sell PLN 190,991 July 2019	(1)	-
	Buy GBP 39,396 : Sell SEK 483,199 June 2019	(1)	-
	Buy GBP 39,841 : Sell CHF 52,832 June 2019	(2)	-
	Buy GBP 40,948 : Sell EUR 47,863 June 2019	(1)	-
	Buy GBP 412,688 : Sell USD 534,700 July 2019	(11)	(0.02)
	Buy GBP 41,920 : Sell CHF 54,845 June 2019	(1)	-
	Buy GBP 42,178 : Sell CHF 56,104 July 2019	(2)	-
	Buy GBP 43,261 : Sell EUR 50,100 July 2019	(1)	-
	Buy GBP 43,674 : Sell CHF 56,839 June 2019	(1)	-
	Buy GBP 437,352 : Sell SEK 5,358,808 July 2019	(10)	(0.02)
	Buy GBP 44,332 : Sell CHF 57,635 July 2019	(1)	-
	Buy GBP 461,213 : Sell CHF 592,283 July 2019	(7)	(0.02)
	Buy GBP 468,968 : Sell NOK 5,349,876 July 2019	(16)	(0.04)
	Buy GBP 48,025 : Sell SEK 594,640 June 2019	(2)	-
	Buy GBP 5,142,164 : Sell EUR 5,974,399 June 2019	(141)	(0.32)
	Buy GBP 52,302 : Sell CHF 68,244 July 2019	(2)	-
	Buy GBP 538,428 : Sell USD 703,800 July 2019	(19)	(0.04)
	Buy GBP 54,039 : Sell EUR 62,500 July 2019	(1)	-
	Buy GBP 61,406 : Sell EUR 70,915 June 2019	(1)	-
	Buy GBP 62,584 : Sell EUR 71,715 July 2019	(1)	-
	Buy GBP 64,276 : Sell SEK 798,451 June 2019	(2)	(0.01)
	Buy GBP 6,551 : Sell SEK 78,912 June 2019 ²	-	-
	Buy GBP 68,984 : Sell EUR 77,967 July 2019 ²	-	-
	Buy GBP 69,413 : Sell EUR 80,420 June 2019	(2)	-
	Buy GBP 707,367 : Sell NOK 7,947,819 June 2019	(13)	(0.03)
	Buy GBP 75,425 : Sell CHF 99,257 June 2019	(3)	(0.01)
	Buy GBP 77,480 : Sell EUR 87,901 July 2019 ²	-	-
	Buy GBP 79,466 : Sell CHF 101,433 July 2019	(1)	-
	Buy GBP 8,185,678 : Sell EUR 9,554,694 July 2019	(272)	(0.61)
	Buy GBP 832,013 : Sell NOK 9,497,786 July 2019	(28)	(0.06)
	Buy GBP 83,327 : Sell SEK 1,040,632 July 2019	(4)	(0.01)

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ (continued)			
	Buy GBP 83,939 : Sell SEK 1,031,276 June 2019	(2)	-
	Buy GBP 848,653 : Sell USD 1,113,930 June 2019	(35)	(0.08)
	Buy GBP 86,431 : Sell USD 113,121 June 2019	(3)	(0.01)
	Buy GBP 926,793 : Sell EUR 1,076,669 June 2019	(25)	(0.06)
	Buy GBP 94,421 : Sell EUR 107,863 July 2019	(1)	-
	Buy GBP 949,863 : Sell USD 1,243,489 June 2019	(36)	(0.08)
	Buy GBP 96,295 : Sell EUR 108,782 July 2019 ²	-	-
	Buy GBP 97,438 : Sell EUR 110,420 July 2019 ²	-	-
	Buy NOK 1,121,545 : Sell GBP 99,765 June 2019	2	-
	Buy NOK 113,254 : Sell GBP 10,220 July 2019 ²	-	-
	Buy NOK 1,235,552 : Sell GBP 111,531 June 2019 ²	-	-
	Buy NOK 231,948 : Sell GBP 20,428 July 2019	1	-
	Buy NOK 329,057 : Sell GBP 29,506 June 2019 ²	-	-
	Buy NOK 3,799,042 : Sell GBP 336,105 June 2019	8	0.02
	Buy NOK 78,821 : Sell GBP 6,906 July 2019 ²	-	-
	Buy PLN 191,721 : Sell GBP 38,544 June 2019	1	-
	Buy PLN 315,340 : Sell GBP 62,841 June 2019	2	0.01
	Buy PLN 38,384 : Sell GBP 7,733 June 2019 ²	-	-
	Buy SEK 1,139,720 : Sell GBP 94,118 June 2019	1	-
	Buy SEK 119,589 : Sell GBP 9,893 July 2019 ²	-	-
	Buy SEK 173,503 : Sell GBP 14,121 July 2019 ²	-	-
	Buy SEK 210,156 : Sell GBP 17,390 June 2019 ²	-	-
	Buy SEK 213,936 : Sell GBP 17,706 June 2019 ²	-	-
	Buy SEK 225,742 : Sell GBP 18,230 July 2019	1	-
	Buy SEK 242,043 : Sell GBP 20,114 June 2019 ²	-	-
	Buy SEK 263,286 : Sell GBP 21,379 July 2019	1	-
	Buy SEK 285,493 : Sell GBP 23,672 June 2019 ²	-	-
	Buy SEK 308,500 : Sell GBP 25,434 July 2019 ²	-	-
	Buy SEK 344,963 : Sell GBP 28,273 July 2019	1	-
	Buy SEK 363,878 : Sell GBP 30,039 July 2019 ²	-	-
	Buy SEK 372,535 : Sell GBP 30,559 July 2019	1	-
	Buy SEK 443,652 : Sell GBP 36,524 June 2019 ²	-	-
	Buy SEK 499,876 : Sell GBP 41,036 June 2019	1	-
	Buy SEK 51,984 : Sell GBP 4,213 July 2019 ²	-	-
	Buy SEK 543,536 : Sell GBP 44,873 June 2019 ²	-	-
	Buy SEK 550,695 : Sell GBP 45,476 June 2019 ²	-	-
	Buy SEK 623,790 : Sell GBP 51,513 June 2019	1	-
	Buy SEK 631,426 : Sell GBP 52,236 July 2019 ²	-	-
	Buy SEK 876,027 : Sell GBP 72,074 June 2019	1	-
	Buy SEK 916,765 : Sell GBP 75,996 June 2019 ²	-	-
	Buy USD 1,059,014 : Sell GBP 816,253 June 2019	24	0.05
	Buy USD 11,915 : Sell GBP 9,101 July 2019 ²	-	-
	Buy USD 8,263 : Sell GBP 6,324 June 2019 ²	-	-
	Buy USD 901,800 : Sell GBP 706,298 July 2019	8	0.02
	Buy USD 985,786 : Sell GBP 750,098 July 2019	30	0.07
		<u>(845)</u>	<u>(1.91)</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts (Hedged share classes)			
0.04% (2018: (0.02%))¹			
	Buy EUR 154 : Sell GBP 133 June 2019 ²	-	-
	Buy EUR 364,906 : Sell GBP 315,797 June 2019	7	0.02
	Buy GBP 4,013 : Sell EUR 4,554 June 2019 ²	-	-
	Buy GBP 4,023 : Sell USD 5,095 June 2019 ²	-	-
	Buy USD 2,969 : Sell GBP 2,275 June 2019 ²	-	-
	Buy USD 406,933 : Sell GBP 311,862 June 2019	11	0.02
		<u>18</u>	<u>0.04</u>
	Investment assets including investment liabilities	39,536	89.61
	Other net assets	4,582	10.39
	Total net assets	44,118	100.00

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.

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

Statement of total return for the year ended 31 May 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital losses	2		(2,469)		(1,050)
Revenue	3	1,380		2,221	
Expenses	4	(518)		(688)	
Interest payable and similar charges	5	(666)		(661)	
Net revenue before taxation		196		872	
Taxation	6	(90)		(173)	
Net revenue after taxation			106		699
Total return before distributions			(2,363)		(351)
Distributions	7		(138)		(714)
Change in net assets attributable to shareholders from investment activities			(2,501)		(1,065)

Statement of change in net assets attributable to shareholders for the year ended 31 May 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		68,840		84,910
Amounts receivable on issue of shares	9,621		39,437	
Amounts payable on cancellation of shares	(31,980)		(55,143)	
		(22,359)		(15,706)
Dilution adjustment		6		15
Change in net assets attributable to shareholders from investment activities		(2,501)		(1,065)
Retained distributions on accumulation shares		132		686
Closing net assets attributable to shareholders		44,118		68,840

Balance sheet as at 31 May 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		41,399	58,347
Current assets:			
Debtors	8	599	2,198
Cash and bank balances	9	4,878	12,002
Total assets		46,876	72,547
Liabilities:			
Investment liabilities		1,863	1,570
Creditors:			
Amounts held at derivative clearing houses and brokers		-	264
Bank overdrafts		280	-
Other creditors	10	615	1,873
Total liabilities		2,758	3,707
Net assets attributable to shareholders		44,118	68,840

Notes to the financial statements for the year ended 31 May 2019

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:

	2019	2018
	£000	£000
Derivative securities	(432)	(136)
Forward currency contracts	(161)	322
Forward currency contracts on hedged share classes	39	(33)
Non-derivative securities	(1,917)	(1,137)
Other currency gains/(losses)	11	(47)
Transaction costs	(9)	(19)
Net capital losses	(2,469)	(1,050)

3 Revenue

	2019	2018
	£000	£000
Bank interest	50	19
Derivative revenue	443	619
Interest on debt securities	148	122
Overseas dividends	720	1,457
Stock lending revenue	7	2
UK dividends	12	2
Total revenue	1,380	2,221

Notes to the financial statements (continued)

4 Expenses

	2019 £000	2018 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	461	599
Performance fee	2	15
GAC*	47	61
	<u>510</u>	<u>675</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	5	7
Safe custody fees	2	4
	<u>7</u>	<u>11</u>
Other expenses:		
Legal fees**	1	2
	<u>1</u>	<u>2</u>
Total expenses	<u>518</u>	<u>688</u>

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £12,426 (2018: £12,064).

** Included with legal fees are non-audit fees paid to the auditors of £281 in relation to withholding tax reclaims (2018: £503).

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable*	205	215
Interest on margin	79	37
Dividends payable on contracts for difference	382	409
	<u>666</u>	<u>661</u>

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

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	90	173
	<u>90</u>	<u>173</u>

Notes to the financial statements (continued)

6 Taxation (continued)

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% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net revenue before taxation	196	872
Corporation tax at 20% (2018: 20%)	39	174
Effects of:		
Irrecoverable overseas tax	90	173
Overseas dividends*	(144)	(291)
UK dividends**	(2)	-
Unused management expenses	107	117
Tax charge for the year (note 6a)	90	173

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

**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 (2018: 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 £2,260,699 (2018: £2,153,455) 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.

7 Distributions

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

	2019 £000	2018 £000
Final accumulation	132	686
	132	686
Amounts deducted on cancellation of shares	7	59
Amounts received on issue of shares	(1)	(31)
Total distributions	138	714
Net revenue after taxation	106	699
Performance fee borne by the capital account	2	15
Revenue shortfall	30	-
Total distributions	138	714

Details of the distribution per share are set out in the distribution tables on page 181.

Notes to the financial statements (continued)

8 Debtors

	2019 £000	2018 £000
Accrued revenue	143	87
Amounts receivable for issue of shares	93	220
Amounts receivable from counterparty regarding CFD contracts	23	84
Currency transactions awaiting settlement	182	947
Overseas withholding tax reclaimable	88	97
Sales awaiting settlement	70	763
Total debtors	599	2,198

9 Cash and bank balances

	2019 £000	2018 £000
Amounts held at derivative clearing houses and brokers	1,571	2,904
Cash and bank balances	2,296	7,093
Deposit accounts	1,011	2,005
Total cash and bank balances	4,878	12,002

10 Other creditors

	2019 £000	2018 £000
Accrued annual management charge	32	46
Accrued Depositary's fee	-	1
Accrued other expenses	13	20
Amounts payable for cancellation of shares	201	204
Amounts payable to counterparty regarding CFD contracts	20	24
Currency transactions awaiting settlement	182	946
Performance fee accrual	-	14
Purchases awaiting settlement	167	618
Total other creditors	615	1,873

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 (FI I 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 166 and 167 and notes 4, 7, 8 and 10 on pages 169 to 171 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 (2018: nil).

Notes to the financial statements (continued)

13 Shareholders' funds

The fund currently has 4 share classes available; Class A (Retail with front-end charges), 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:

	2019	2018
	%	%
Class A	1.50	1.50
Class I	0.75	0.75
Class I EUR Hedged	0.75	0.75
Class I USD Hedged	0.75	0.75

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 151 to 152. The distribution per share class is given in the distribution tables on page 181. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2019

	Class A accumulation	Class I accumulation	Class I EUR Hedged accumulation	Class I USD Hedged accumulation
Opening number of shares	2,436,265	34,013,900	3,754,448	385,469
Issues during the year	186,163	5,219,745	275,995	37,970
Cancellations during the year	(581,334)	(15,006,057)	(3,800,183)	(179,969)
Shares converted during the year	(98,850)	92,961	-	-
Closing shares in issue	1,942,244	24,320,549	230,260	243,470

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 2019 (2018: nil).

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

2018

At 31 May 2018 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	-	6	-
JP Morgan	-	-	12
UBS	646	-	-
	646	6	12

Counterparty	Futures contracts £000	Total by counterparty £000
BNP Paribas	-	6
JP Morgan	-	12
UBS	254	900
	254	918

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 income.

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.

2019 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Deutsche Bank	1,277	1,419	Equity
Natixis	1,271	1,422	Equity
	2,548	2,841	

Recipient	Relationship	Gross income £000	Direct and indirect expenses deducted by stock lending agent £000	Net income retained by the fund £000
BNP Paribas	Stock lending agent	8	1	7

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category £000
Deutsche Bank	2,641	2,980	Equity
	2,641	2,980	

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	2	-	2

16 Risk

Currency risk

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) as at 31 May 2019, is considered insignificant.

Notes to the financial statements (continued)

16 Risk (continued)

Currency risk (continued)

2018

The exposure to currency risk as at 31 May 2018 was considered significant. The following table details the net exposure of the principal foreign currencies the fund is exposed to including any instruments used to hedge foreign currencies.

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets £000
Currency			
Danish krone	4,009	29	4,038
Euro	4,620	1,241	5,861
Norwegian krone	242	4	246
Swedish krona	(709)	180	(529)
Swiss franc	(205)	1	(204)
UK sterling	48,671	10,475	59,146
US dollar	149	133	282
Total	56,777	12,063	68,840

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 £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
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

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2018				
Danish krone	-	-	4,038	4,038
Euro	1,252	-	20,318	21,570
Norwegian krone	-	-	2,397	2,397
Swedish krona	384	-	1,205	1,589
Swiss franc	1	-	5,684	5,685
UK sterling	10,207	22,506	4,362	37,075
US dollar	158	-	35	193
Total	12,002	22,506	38,039	72,547

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
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
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2018				
Euro	136	-	950	1,086
Norwegian krone	-	-	198	198
Swedish krona	99	-	606	705
Swiss franc	-	-	80	80
UK sterling	-	-	1,567	1,567
US dollar	29	-	42	71
Total	264	-	3,443	3,707

Notes to the financial statements (continued)

16 Risk (continued)

Credit Ratings

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
2018	Market value £000	Percentage of total net assets %
Investments		
Investment grade (AAA - BBB)*	22,506	32.70
Total debt securities	22,506	32.70
Derivatives	(652)	(0.96)
Equities	34,923	50.74
Investment assets including investment liabilities	56,777	82.48
Other net assets	12,063	17.52
Total net assets	68,840	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
	%	%	%		%	%	%
2019	1.32	5.04	2.33	20.00	6.58	25.19	11.65
2018	1.82	9.02	5.09	20.00	9.11	45.12	25.45

Leverage

	Minimum	Maximum	Average
	%	%	%
2019	129.65	493.88	266.36
2018	72.35	279.82	143.80

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
2019				
Bank overdrafts	280	-	-	-
Derivative financial liabilities	-	1,452	411	-
Other creditors	-	615	-	-
Total	280	2,067	411	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Amounts held at derivatives clearing houses and brokers	264	-	-	-
Derivative financial liabilities	-	512	1,058	-
Other creditors	-	1,873	-	-
Total	264	2,385	1,058	-

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	28,544	443	35,176	278
Level 2	12,855	1,420	23,171	1,292
Level 3	-	-	-	-
	41,399	1,863	58,347	1,570

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Certificate of deposit	61,349	101,701	71,350	114,700
Equities	36,722	62,284	42,016	68,166
Trades in the year before transaction costs	98,071	163,985	113,366	182,866
Transaction costs				
Commissions				
Certificate of deposit	-	-	-	-
Equities	13	27	17	28
Total commissions	13	27	17	28
Taxes				
Certificate of deposit	-	-	-	-
Equities	4	37	-	-
Total taxes	4	37	-	-
Other expenses				
Certificate of deposit	-	-	-	-
Equities	2	-	-	-
Total other expenses	2	-	-	-
Total transaction costs	19	64	17	28
Total net trades in the year after transaction costs	98,090	164,049	113,349	182,838

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Certificate of deposit	-	-	-	-
Equities	0.04	0.04	0.04	0.04
Taxes				
Certificate of deposit	-	-	-	-
Equities	0.01	0.06	-	-
Other expenses				
Certificate of deposit	-	-	-	-
Equities	0.01	-	-	-
Total costs	0.06	0.12		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.05	0.07		
Taxes	0.01	0.05		
Other expenses	-	-		
Total costs	0.06	0.12		

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £147,773 (2018: nil).

There were commissions on CFDs and direct transaction costs associated with derivatives in the year of £74,168 (2018: £84,451) which is 0.13% of the average net asset value of the fund (2018: 0.11%).

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 2019 is 0.06% (2018: 0.05%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

With effect from 7 August 2019 the fund's objective will change to the following:

The fund aims to achieve a positive absolute return in excess of the UK base interest rate, after charges (but before the deduction of any performance fees) over the long-term regardless of market conditions. The fund aims to typically deliver absolute (more than zero) returns over a rolling 12 month period. An absolute return performance is not guaranteed over this specific, or any other, time period and consequently capital is in fact at risk.

Distribution tables for the year ended 31 May 2019 (in pence per share)

Interim dividend distribution (accounting date 30 November 2018, paid on 31 January 2019)

Group 1: shares purchased prior to 1 June 2018

Group 2: shares purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/01/19	Total distribution per share 31/01/18
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I EUR Hedged accumulation¹				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I USD Hedged accumulation²				
Group 1	-	-	-	-
Group 2	-	-	-	-

¹ in Euro cents per share

² in USD cents per share

Final dividend distribution (accounting date 31 May 2019, paid on 31 July 2019)

Group 1 : shares purchased prior to 1 December 2018

Group 2 : shares purchased on or after 1 December 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class A accumulation				
Group 1	-	-	-	0.2001
Group 2	-	-	-	0.2001
Class I accumulation				
Group 1	0.5410	-	0.5410	1.8173
Group 2	0.4922	0.0488	0.5410	1.8173
Class I EUR Hedged accumulation¹				
Group 1	-	-	-	1.7458
Group 2	-	-	-	1.7458
Class I USD Hedged accumulation²				
Group 1	0.4539	-	0.4539	1.7936
Group 2	0.4539	-	0.4539	1.7936

¹ in Euro cents per share

² 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 achieve a positive absolute return over the long-term regardless of market conditions. The fund aims to typically deliver absolute (more than zero) returns over a rolling 12 month period. An absolute return performance is not guaranteed over this specific, or any other, time period and consequently capital is in fact at risk. The fund will typically invest at least 60% of its total assets by taking long or short positions in equities or equity related derivative contracts of: companies having their registered office in the UK; and companies that do not have their registered office in the UK but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in the UK, (iii) are a constituent in the FTSE All-Share Index. In addition, in seeking to implement the fund's investment objective, manage market exposure and ensure that the fund remains sufficiently liquid to cover obligations arising from derivative positions: a substantial proportion of the fund's assets may at any time consist of cash, near cash, deposits and/or money market instruments.

The fund will invest in companies of any market capitalisation.

Long positions may be held through a combination of direct investment and/or derivative instruments. Short positions will be held through derivative positions, primarily equity swaps and futures.

The use of derivatives forms an important part of the investment strategy.

The fund may also invest at the Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

Performance summary

	31 May 18 - 31 May 19	31 May 17 - 31 May 18	31 May 16 - 31 May 17	31 May 15 - 31 May 16	31 May 14 - 31 May 15
	%	%	%	%	%
Class I accumulation	(2.0)	1.5	2.9	3.9	8.5
UK Base Interest Rate	0.7	0.4	0.3	0.5	0.5

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

Index: UK Base Interest Rate

Index Usage: Target & Comparator

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 and it provides a useful comparison against which the fund's performance can be assessed over time.

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

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 2019

Largest purchases	£000	Largest sales/maturities	£000
KBC Bank 0.78% 23/11/2018	70,000	KBC Bank 0.78% 23/11/2018	70,000
Sumitomo Mitsui Banking 0.76% 02/10/2018	66,500	Sumitomo Mitsui Banking 0.76% 02/10/2018	66,500
Sumitomo Mitsui Banking 0.545% 27/07/2018	64,500	Sumitomo Mitsui Banking 0.545% 27/07/2018	64,500
Alphabet 'C'	61,918	Sumitomo Mitsui Banking 0.53% 21/06/2018	64,500
Landesbank Hessen-Thüringen 0.83% 25/06/2019	61,500	Bank Of Montreal 0.90% 27/03/2019	60,000
Bank Of Montreal 0.90% 27/03/2019	60,000	Den Danske Bank Aktieselskab 0.79% 04/12/2018	60,000
Den Danske Bank Aktieselskab 0.79% 04/12/2018	60,000	Citibank 0.79% 03/01/2019	58,501
Citibank 0.79% 03/01/2019	58,500	Citibank 0.74% 05/10/2018	58,500
Citibank 0.74% 05/10/2018	58,500	Citibank 0.65% 02/08/2018	58,002
Nationwide Building Society 0.70% 08/10/2018	49,500	Crédit Agricole Corporate and Investment Bank 0.62% 03/08/2018	57,000
Total purchases	5,374,123	Total sales/maturities	5,900,030

Investment review

The fund fell by 2.0% over the year compared with a return of 0.7% in the UK Base Interest Rate.

Following their sharp sell-off in quarter one of 2018, equities generally recovered through the summer. However, trade war related headlines provided elevated levels of volatility, with President Trump imposing tariffs on Chinese imports and threatening further measures. Markets turned again in the final quarter of 2018 on concerns about excessive valuations and interest rate rises.

The new year saw a bounce back, with global equity markets posting their best January since 1987, as investors sought to capitalise on oversold markets. Meanwhile, a more dovish tone from the US Federal Reserve helped stocks regain some of their lost ground. Against a backdrop of positive sentiment from US–China trade talks and improved macroeconomic data – particularly in Europe and China – February, March and April saw equities continue their bullish run, with most developed markets recording double digit returns. However, markets turned again in May, losing a sizeable portion of their year-to-date gains, with trade war headlines once again giving investors cause for concern, along with the run-up to a leadership election in the Conservative Party.

Investor sentiment towards the UK equity market was very cautious during the entire reporting period, on concerns about the direction of Brexit negotiations, leadership uncertainty and the outlook for sterling.

The long position in engineering company Rolls Royce was the strongest single stock contributor, based on investor confidence that the company's order book can deliver cash flow growth ahead of target and market expectations, and an improvement in the alignment of interests between management and shareholders. Growth concerns and a lower yield curve saw demand increase for long duration names with predictable compounding growth characteristics in the continental European equity market, with strong performance from the long positions in German residential property company Vonovia and Swiss healthcare company Roche. Finally, the long position in Microsoft performed well, as the success of its Azure cloud computing service continued to have a positive impact on the shares.

Detractors in the long book included retailer Tesco, which saw group operating profits grow but missed analysts' expectations. The position was subsequently reduced. The long position in Balfour Beatty also detracted, due to negative investor sentiment towards the outsourcing sector. Finally, the long position in Sherborne Investors detracted from overall fund returns, due to an ongoing issue with Barclays, which forms a large weighting in the activist investor's vehicle.

Within the short book, a number of short positions in housebuilders – used as hedges against our overall long position within the sector – detracted from returns. We remain confident in our thesis of holding long positions in non-London-centric builders, who are exposed to low average selling prices and supported by government-backed initiatives, while hedging these with short holdings in housebuilders reliant on a faltering prime market.

Fund activity in the long-term Core book reflected a continuation in the manager's bullish view on UK equities, following many periods in recent years when the fund has had a net short positioning in UK domestics. The shorter-term Tactical book was also active over the period, with moves in currency, fixed income and commodity markets all presenting trading opportunities.

The European election in May – confirming a polarisation of political views – on top of a Conservative Party leadership election resulted in a period of heightened uncertainty. The fund tempered some of its long domestic holdings in advance of October's Brexit deadline and the start of a new European Commission in the same month. The UK still offers extreme value compared with other developed markets, and the fund will seek to selectively add to long holdings as opportunities present themselves.

Comparative tables for the year ended 31 May 2019

	Class A accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	158.39	157.08	153.51
Return before operating charges*	(1.07)	4.85	7.00
Operating charges	(2.64)	(3.10)	(2.60)
Operating charges - performance fees	(0.02)	(0.44)	(0.83)
Return after operating charges*	(3.73)	1.31	3.57
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	154.66	158.39	157.08
* after direct transaction costs of:	0.16	0.26	0.39
Performance			
Return after charges	(2.35%)	0.83%	2.33%
Other information			
Closing net asset value (£000s)	67,063	127,876	97,659
Closing number of shares	43,362,733	80,735,576	62,172,192
Operating charges	1.69%	1.69%	1.69%
Operating charges - performance fees	0.01%	0.28%	0.54%
Direct transaction costs	0.10%	0.16%	0.26%
Prices			
Highest share price (pence)	159.20	159.30	157.20
Lowest share price (pence)	152.10	155.20	149.60

Comparative tables (continued)

	Class G accumulation	
	2019	2018
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	100.72	100.20 ¹
Return before operating charges*	(0.69)	1.03
Operating charges	(0.89)	(0.46)
Operating charges - performance fees	-	(0.05)
Return after operating charges*	(1.58)	0.52
Distributions on accumulation shares	(0.18)	(0.18)
Retained distributions on accumulation shares	0.18	0.18
Closing net asset value per share	99.14	100.72
* after direct transaction costs of:	0.10	0.16
Performance		
Return after charges	(1.57%)	0.52%
Other information		
Closing net asset value (£000s)	530,145	625,874
Closing number of shares	534,749,279	621,388,756
Operating charges	0.89%	0.90%
Operating charges - performance fees	0.00%	0.11%
Direct transaction costs	0.10%	0.16%
Prices		
Highest share price (pence)	101.30	101.30
Lowest share price (pence)	97.16	98.51

¹ Class G accumulation launched on 18 December 2017 and this is the first published price.

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	167.01	164.68	160.08
Return before operating charges*	(1.17)	5.16	7.50
Operating charges	(1.73)	(2.28)	(1.71)
Operating charges - performance fees	-	(0.55)	(1.19)
Return after operating charges*	(2.90)	2.33	4.60
Distributions on accumulation shares	-	(0.15)	(0.20)
Retained distributions on accumulation shares	-	0.15	0.20
Closing net asset value per share	164.11	167.01	164.68
* after direct transaction costs of:	0.17	0.27	0.41
Performance			
Return after charges	(1.74%)	1.41%	2.87%
Other information			
Closing net asset value (£000s)	1,435,125	1,809,497	2,070,961
Closing number of shares	874,477,611	1,083,479,811	1,257,575,579
Operating charges	1.05%	1.05%	1.06%
Operating charges - performance fees	0.00%	0.33%	0.74%
Direct transaction costs	0.10%	0.16%	0.26%
Prices			
Highest share price (pence)	167.90	167.90	164.80
Lowest share price (pence)	161.00	163.30	156.00

Performance values are at close of business and 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

There were no share classes launched or closed in the year.

Ongoing charge figure

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

	2019 OCF*	2019 Performance fees	2018 OCF*	2018 Performance fees	Projected OCF from 12 April 2019^{*3}
	%	%	%	%	%
Class A	1.69	0.01	1.69	0.28	1.69
Class G¹	0.89 ²	-	0.90	0.11	0.80 ³
Class I	1.05	-	1.05	0.33	1.05

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

* The OCF excludes performance fees.

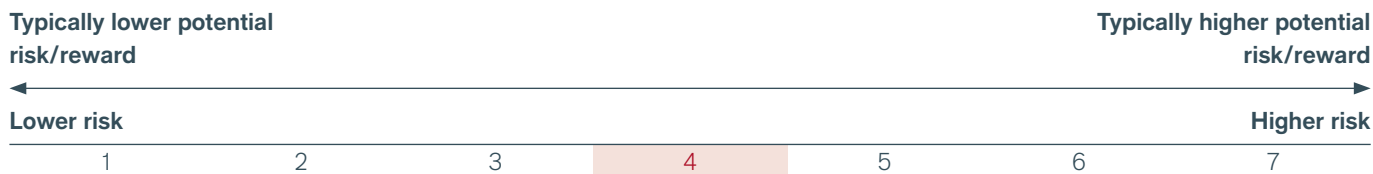
¹ Class G accumulation launched on 18 December 2017

² The annual management charge on Class G reduced from 0.85% to 0.75% on 12 April 2019.

³ The projected ongoing charge based on the annual fee rates from 12 April 2019.

Risk and reward profile

The fund currently has 3 types of share class in issue: A accumulation, G accumulation and I accumulation. Each type of share class has the same risk and reward profile which is as follows:



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

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

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 rating 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.

Portfolio statement as at 31 May 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 17.62% (2018: 13.62%)		
	Austria 0.00% (2018: 0.04%)		
	Information Technology 0.00% (2018: 0.04%)		
	Denmark 1.20% (2018: 0.00%)		
	Health Care 0.24% (2018: 0.00%)		
127,917	Novo Nordisk 'B'	4,778	0.24
	Industrials 0.10% (2018: 0.00%)		
30,086	DSV	2,123	0.10
	Utilities 0.86% (2018: 0.00%)		
277,612	Orsted	17,460	0.86
	Germany 1.33% (2018: 1.24%)		
	Financials 0.23% (2018: 0.00%)		
24,121	Munchener Ruckvers	4,613	0.23
	Industrials 0.11% (2018: 0.00%)		
58,233	Brenntag	2,141	0.11
	Real Estate 0.99% (2018: 1.24%)		
501,847	Instone Real Estate	9,739	0.48
255,418	Vonovia	10,612	0.51
		20,351	0.99
	Ireland 0.09% (2018: 0.12%)		
	Consumer Discretionary 0.09% (2018: 0.12%)		
1,723,114	Cairn Homes	1,874	0.09
	Netherlands 0.00% (2018: 0.74%)		
	Health Care 0.00% (2018: 0.74%)		
	Switzerland 0.89% (2018: 0.13%)		
	Consumer Staples 0.89% (2018: 0.00%)		
229,314	Nestlé	18,007	0.89
	Industrials 0.00% (2018: 0.13%)		
	United Kingdom 6.97% (2018: 5.83%)		
	Consumer Discretionary 0.00% (2018: 0.16%)		
	Consumer Staples 1.03% (2018: 0.43%)		
368,323	Unilever	17,584	0.87
1,070,304	Watches Of Switzerland	3,297	0.16
		20,881	1.03

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Financials 0.88% (2018: 0.63%)		
15,833,746	Sherborne Investors 'A'	8,154	0.40
2,609,653	Sherborne Investors 'B'	222	0.01
9,619,532	Triam Investors 1	9,572	0.47
		<u>17,948</u>	<u>0.88</u>
	Industrials 5.06% (2018: 4.37%)		
5,592,414	RELX	<u>102,894</u>	<u>5.06</u>
	Information Technology 0.00% (2018: 0.24%)		
	United States 7.14% (2018: 5.52%)		
	Communication Services 0.53% (2018: 0.13%)		
7,435	Alphabet 'C'	6,510	0.32
29,619	Facebook	4,169	0.21
		<u>10,679</u>	<u>0.53</u>
	Consumer Discretionary 0.83% (2018: 1.42%)		
41,098	Bright Horizons Family Solutions	4,469	0.22
92,004	Ralph Lauren	7,672	0.38
37,682	Target	2,405	0.12
15,200	Tesla	2,235	0.11
		<u>16,781</u>	<u>0.83</u>
	Consumer Staples 0.24% (2018: 0.33%)		
86,098	Hormel Foods	2,697	0.13
27,350	Post	2,280	0.11
		<u>4,977</u>	<u>0.24</u>
	Energy 0.00% (2018: 0.07%)		
	Financials 1.07% (2018: 0.40%)		
426,733	Bank of America	9,002	0.44
93,677	Citigroup	4,618	0.23
5,553	CME 'A'	846	0.04
152,802	Morgan Stanley	4,932	0.24
13,933	S&P Global	2,364	0.12
		<u>21,762</u>	<u>1.07</u>
	Health Care 1.15% (2018: 0.00%)		
515,447	Boston Scientific	15,708	0.76
62,442	Medtronic	4,586	0.23
21,674	Stryker	3,150	0.16
		<u>23,444</u>	<u>1.15</u>
	Industrials 0.17% (2018: 0.40%)		
35,430	HEICO	<u>3,418</u>	<u>0.17</u>
	Information Technology 2.62% (2018: 2.47%)		
12,395	International Business Machines	1,249	0.06
8,225	Intuit	1,597	0.08

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Information Technology (continued)			
109,327	Microsoft	10,719	0.53
125,467	Oracle	5,035	0.25
55,718	Texas Instruments	4,611	0.23
234,126	Visa	29,966	1.47
		<u>53,177</u>	<u>2.62</u>
Materials 0.53% (2018: 0.30%)			
412,311	Newmont Goldcorp	<u>10,828</u>	<u>0.53</u>
Collective Investment Schemes 4.50% (2018: 4.10%)			
91,510,938	Deutsche Global Liquidity Managed Sterling Fund Platinum Class	<u>91,511</u>	<u>4.50</u>
Certificates of Deposit 66.03% (2018: 74.26%)			
Australia 1.33% (2018: 1.72%)			
GBP 11,000,000	National Australia Bank 0.87% 27/06/2019	11,002	0.54
GBP 16,000,000	National Australia Bank 1.00% 07/06/2019	<u>16,001</u>	<u>0.79</u>
		<u>27,003</u>	<u>1.33</u>
Belgium 0.00% (2018: 0.90%)			
Canada 1.70% (2018: 11.05%)			
GBP 10,000,000	National Bank of Canada 1.05% 17/06/2019	10,002	0.49
GBP 8,500,000	Toronto-Dominion Bank 0.98% 05/07/2019	8,502	0.42
GBP 16,000,000	Toronto-Dominion Bank 1.00% 07/06/2019	<u>16,001</u>	<u>0.79</u>
		<u>34,505</u>	<u>1.70</u>
Denmark 4.77% (2018: 4.53%)			
GBP 23,000,000	Den Danske Bank Aktieselskab 0.86% 12/07/2019	23,005	1.13
GBP 30,000,000	Den Danske Bank Aktieselskab 0.87% 05/07/2019	30,006	1.47
GBP 26,000,000	DNB Bank 0.80% 12/08/2019	26,004	1.28
GBP 18,000,000	DNB Bank 1.05% 08/07/2019	<u>18,007</u>	<u>0.89</u>
		<u>97,022</u>	<u>4.77</u>
Finland 3.64% (2018: 3.43%)			
GBP 44,000,000	Nordea Bank 0.81% 09/07/2019	44,006	2.16
GBP 30,000,000	Nordea Bank 0.82% 17/09/2019	<u>30,007</u>	<u>1.48</u>
		<u>74,013</u>	<u>3.64</u>
France 5.49% (2018: 6.40%)			
GBP 28,000,000	Crédit Agricole Corporate & Investment Bank 0.80% 30/08/2019	28,005	1.38
GBP 35,500,000	Crédit Agricole Corporate & Investment Bank 0.85% 03/09/2019	35,511	1.74
GBP 16,000,000	Crédit Industriel et Commercial 1.10% 11/06/2019	16,002	0.79
GBP 32,000,000	Société Générale 0.90% 31/07/2019	<u>32,010</u>	<u>1.58</u>
		<u>111,528</u>	<u>5.49</u>
Germany 6.55% (2018: 2.91%)			
GBP 32,500,000	DZ Bank 0.80% 27/08/2019	32,506	1.60
GBP 28,500,000	DZ Bank 0.81% 07/08/2019	28,505	1.40
GBP 10,500,000	DZ Bank 0.90% 07/06/2019	10,501	0.52

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Germany (continued)			
GBP 61,500,000	Landesbank Hessen-Thüringen 0.83% 25/06/2019	61,507	3.03
		<u>133,019</u>	<u>6.55</u>
Japan 1.67% (2018: 6.17%)			
GBP 24,000,000	Mitsubishi UFJ Trust and Banking 0.90% 22/07/2019	24,007	1.18
GBP 10,000,000	MUFG Bank 0.85% 22/07/2019	10,002	0.49
		<u>34,009</u>	<u>1.67</u>
Netherlands 3.15% (2018: 9.98%)			
GBP 29,500,000	ABN AMRO 0.83% 03/09/2019	29,508	1.45
GBP 18,500,000	ING Bank 0.94% 30/09/2019	18,511	0.91
GBP 16,000,000	Rabobank 1.00% 06/06/2019	16,001	0.79
		<u>64,020</u>	<u>3.15</u>
Singapore 3.77% (2018: 3.71%)			
GBP 5,000,000	United Overseas Bank 0.88% 18/07/2019	5,001	0.25
GBP 6,500,000	United Overseas Bank 0.90% 27/09/2019	6,503	0.32
GBP 8,500,000	United Overseas Bank 0.93% 05/08/2019	8,503	0.42
GBP 8,500,000	United Overseas Bank 0.93% 06/08/2019	8,504	0.42
GBP 8,500,000	United Overseas Bank 0.93% 07/08/2019	8,504	0.41
GBP 4,000,000	United Overseas Bank 0.97% 15/07/2019	4,001	0.20
GBP 6,000,000	United Overseas Bank 0.97% 16/07/2019	6,002	0.30
GBP 8,500,000	United Overseas Bank 0.98% 07/06/2019	8,501	0.42
GBP 8,000,000	United Overseas Bank 0.98% 11/07/2019	8,003	0.39
GBP 8,500,000	United Overseas Bank 1.00% 27/06/2019	8,502	0.42
GBP 4,500,000	United Overseas Bank 1.01% 03/07/2019	4,501	0.22
		<u>76,525</u>	<u>3.77</u>
Sweden 6.55% (2018: 5.37%)			
GBP 25,500,000	Handelsbanken 0.83% 17/07/2019	25,504	1.25
GBP 16,000,000	Handelsbanken 0.93% 07/11/2019	16,010	0.79
GBP 19,000,000	Handelsbanken 1.00% 12/08/2019	19,010	0.94
GBP 14,000,000	Handelsbanken 1.01% 05/08/2019	14,008	0.69
GBP 22,000,000	SEB 0.85% 11/09/2019	22,006	1.08
GBP 18,000,000	SEB 0.86% 29/11/2019	18,005	0.89
GBP 18,500,000	SEB 0.90% 07/10/2019	18,509	0.91
		<u>133,052</u>	<u>6.55</u>
Switzerland 2.29% (2018: 1.78%)			
GBP 13,000,000	Credit Suisse 1.07% 17/06/2019	13,003	0.64
GBP 17,000,000	UBS 1.06% 21/06/2019	17,004	0.84
GBP 16,500,000	UBS 1.07% 11/07/2019	16,507	0.81
		<u>46,514</u>	<u>2.29</u>
United Arab Emirates 3.72% (2018: 3.63%)			
GBP 10,500,000	First Abu Dhabi Bank 1.00% 22/07/2019	10,505	0.52
GBP 17,500,000	First Abu Dhabi Bank 1.03% 08/07/2019	17,506	0.86
GBP 18,500,000	First Abu Dhabi Bank 1.03% 31/10/2019	18,518	0.91
GBP 11,000,000	First Abu Dhabi Bank 1.04% 04/09/2019	11,009	0.54

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
United Arab Emirates (continued)			
GBP 18,000,000	First Abu Dhabi Bank 1.085% 17/06/2019	18,004	0.89
		<u>75,542</u>	<u>3.72</u>
United Kingdom 17.02% (2018: 9.93%)			
GBP 22,000,000	Barclays 0.90% 09/09/2019	22,010	1.08
GBP 11,000,000	Barclays 1.03% 30/09/2019	11,010	0.54
GBP 38,000,000	HSBC 0.85% 01/07/2019	38,006	1.86
GBP 11,000,000	HSBC 0.91% 07/08/2019	11,004	0.54
GBP 10,000,000	HSBC 0.95% 20/09/2019	10,006	0.49
GBP 33,000,000	Lloyds Bank 0.93% 13/06/2019	33,003	1.61
GBP 11,000,000	Lloyds Bank 0.95% 28/06/2019	11,002	0.54
GBP 10,500,000	Lloyds Bank 1.04% 30/08/2019	10,538	0.52
GBP 10,500,000	Nationwide Building Society 0.89% 01/08/2019	10,503	0.52
GBP 31,000,000	Nationwide Building Society 0.90% 01/08/2019	31,010	1.52
GBP 14,000,000	Nationwide Building Society 0.98% 15/07/2019	14,005	0.69
GBP 18,000,000	Nationwide Building Society 1.02% 04/07/2019	18,006	0.89
GBP 26,000,000	Santander UK 0.89% 01/08/2019	26,008	1.28
GBP 18,000,000	Santander UK 0.93% 07/11/2019	18,011	0.89
GBP 15,000,000	Santander UK 0.96% 01/10/2019	15,010	0.74
GBP 16,000,000	Santander UK 1.04% 06/06/2019	16,001	0.79
GBP 10,000,000	Standard Chartered Bank 0.92% 08/08/2019	10,004	0.49
GBP 5,000,000	Standard Chartered Bank 0.97% 22/08/2019	5,003	0.25
GBP 18,000,000	Standard Chartered Bank 1.00% 05/06/2019	18,001	0.89
GBP 18,000,000	Standard Chartered Bank 1.02% 14/08/2019	18,011	0.89
		<u>346,152</u>	<u>17.02</u>
United States 4.38% (2018: 2.75%)			
GBP 10,500,000	Bank of America 1.04% 06/08/2019	10,506	0.52
GBP 29,000,000	Citibank 0.80% 02/08/2019	29,005	1.43
GBP 49,500,000	Citibank 0.83% 07/06/2019	49,502	2.43
		<u>89,013</u>	<u>4.38</u>
Derivatives (0.80%) (2018: (0.77%))			
Contracts for Difference (0.35%) (2018: (0.45%))¹			
Equity Short Contracts for Difference 0.16% (2018: 0.19%)¹			
(446,045)	ABB	167	0.01
(98,401)	Allianz	255	0.01
(415)	Amazon.com	16	-
(94,070)	Antofagasta	51	-
(9,312)	Arista Networks	(5)	-
(37,168)	AstraZeneca	7	-
(561,657)	BAE Systems	69	-
(216,052)	Bank of Nova Scotia	306	0.02
(5,600,963)	Barclays	340	0.02
(3,679,594)	Barratt Developments	1,458	0.07
(327,373)	Berkeley	546	0.03
(41,465)	Best Buy	146	0.01
(15,096)	Boeing	(51)	-
(142,425)	British American Tobacco	12	-
(3,937,168)	British Land	1,073	0.05

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Equity Short Contracts for Difference¹ (continued)			
(135,200)	Bunzl	(9)	-
(40,599)	Burlington Stores	3	-
(45,045)	Chevron	260	0.01
(93,114)	Compass	(48)	-
(3,697,181)	Crest Nicholson	(155)	(0.01)
(107,238)	CRH (Irish Listing)	4	-
(98,720)	Deutsche Post	172	0.01
(30,692)	Dillard's	(12)	-
(133,789)	Elis	(12)	-
(82,195)	Enagás	73	-
(193,686)	Exxon Mobil	810	0.04
(155,581)	Ferguson	485	0.02
(289,079)	Flowers Foods	(234)	(0.01)
(1,576,095)	Glencore	355	0.02
(44,064)	Goldman Sachs	513	0.03
(94,818)	Halma	(72)	-
(40,692)	Hanesbrands	(6)	-
(100,906)	HEICO	(1,510)	(0.07)
(233,251)	Hormel Foods	19	-
(710,065)	HSBC	64	-
(737,795)	ING	65	-
(12,803)	Intercontinental Exchange	(4)	-
(37,538)	International Business Machines	132	0.01
(3,079,118)	Intesa Sanpaolo	(30)	-
(175,948)	Iron Mountain	147	0.01
(1,088,713)	J Sainsbury	59	-
(54,198)	JPMorgan Chase	230	0.01
(1,050,922)	Marks and Spencer	436	0.02
(210,184)	Marks and Spencer Nil Paid Rights	(79)	-
(41,098)	Marriott International 'A'	259	0.01
(4,360,797)	Marston's	(281)	(0.01)
(11,442)	Martin Marietta Materials	18	-
(66,685)	Mastercard 'A'	(70)	-
(16,113)	Moody's	57	-
(34,735)	NMC Health	103	0.01
(22,747)	Nvidia	378	0.02
(87,098)	Pearson	9	-
(39,174)	Philip Morris International	222	0.01
(54,812)	Post	19	-
(10,742)	PVH	1	-
(2,277,670)	Redrow	616	0.03
(5,459,022)	RELX	(5,516)	(0.28)
(2,843,050)	Rentokil Initial	190	0.01
(55,502)	Ross Stores	(30)	-
(1,074,268)	Royal Dutch Shell 'A'	191	0.01
(26,559)	Salesforce.com	37	-
(101,443)	Scottish & Southern Energy	16	-
(266,870)	Securitas 'B'	117	0.01
(52,950)	Skanska 'B'	17	-
(128,397)	SKF	93	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Equity Short Contracts for Difference¹ (continued)			
(21,879)	Société BIC	96	-
(255,762)	Société Générale	31	-
(18,766)	Sodexo	(62)	-
(100,062)	SPIE	71	-
(19,281)	Stanley Black & Decker	131	0.01
(1,119,133)	Svenska Handelsbanken 'A'	702	0.03
(55,690)	Target	(387)	(0.02)
(33,253)	Tesla	816	0.04
(53,461)	Texas Instruments	119	0.01
(12,641)	Unibail-Rodamco-Westfield	88	-
(290,293)	Unilever	(479)	(0.02)
(2,011,932)	United Utilities	(379)	(0.02)
(6,441)	Veoneer SDR	20	-
(8,138)	VF	(2)	-
(4,099)	WW Grainger	(15)	-
		<u>3,242</u>	<u>0.16</u>
Equity Long Contracts for Difference (0.54%) (2018: (0.63%))¹			
45,016	Aéroports de Paris	(119)	(0.01)
101,901	Air Liquide	(193)	(0.01)
190,330	Airbus	(111)	(0.01)
179,016	Amundi	(45)	-
29,513	Anglo American	(17)	-
205,383	Ashtead	(244)	(0.01)
32,392	Autoliv	(287)	(0.01)
2,715,490	Aviva	(81)	-
784,228	AXA	(153)	(0.01)
14,428,811	Balfour Beatty	(260)	(0.01)
1,098,721	BBA Aviation	(113)	(0.01)
188,668	Beazley	52	-
2,031,168	Bellway	(4,023)	(0.21)
82,029	BHP	59	-
163,954	BNP Paribas	(453)	(0.02)
4,925,689	BP	(64)	-
1,466,064	Brewin Dolphin	(23)	-
2,136,624	BT	(247)	(0.01)
258,609	Capgemini	(823)	(0.04)
22,477,533	Capita	(764)	(0.04)
2,160,755	Cobham	(290)	(0.01)
464,536	Costain	(23)	-
524,625	Crédit Agricole	(21)	-
1,002,422	CRH (UK Listing)	371	0.02
192,916	Danone	(34)	-
1,705,923	Grainger	(68)	-
100,013	Hiscox	47	-
211,602	Imperial Brands	(11)	-
1,993,495	Informa	421	0.02
11,813	Intercontinental Hotels ²	-	-
1,774,539	Intermediate Capital	2,927	0.14
48,999	Intertek	73	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Equity Long Contracts for Difference¹ (continued)			
659,105	Lancashire	319	0.02
2,394,752	Land Securities	(1,372)	(0.07)
19,179,881	Legal & General	(2,119)	(0.10)
58,537	London Stock Exchange	121	0.01
8,023,697	Meggitt	(2,992)	(0.15)
47,144	Micro Focus international	80	-
257,950	Mondi	(46)	-
139,422	National Grid	(74)	-
16,382	Next	26	-
57,428	Paddy Power Betfair	(147)	(0.01)
25,037	Pernod Ricard	92	-
503,418	Persimmon	(472)	(0.02)
1,048,914	Phoenix	26	-
65,471	Rio Tinto	29	-
82,520	Roche	212	0.01
3,311,662	Rolls-Royce	(1,252)	(0.06)
313,314,054	Rolls-Royce Preference shares	313	0.02
1,023,022	Royal Dutch Shell 'B'	35	-
162,785	Schneider Electric	109	0.01
897,565	Severn Trent	574	0.03
288,073	Spectris	(159)	(0.01)
757,981	Standard Chartered	94	-
22,873	Total	(26)	-
123,184	Vesuvius	(65)	-
143,642	Vinci	374	0.02
393,323	Vivendi	(174)	(0.01)
454,866	Whitbread	459	0.02
1,076,221	WM Morrison Supermarkets	(160)	(0.01)
964,616	WPP	(119)	(0.01)
		<u>(10,831)</u>	<u>(0.54)</u>
Index Contracts for Difference 0.03% (2018: (0.01%))¹			
(3,521)	FTSE 250 Index	<u>551</u>	<u>0.03</u>
Futures 0.06% (2018: (0.20%))			
(487)	CME E-mini S&P 500 Index June 2019	994	0.06
(2,049)	EUX Euro Stoxx 50 June 2019	293	0.01
(465)	ICE FTSE 100 Index June 2019	(141)	(0.01)
		<u>1,146</u>	<u>0.06</u>
Forward Foreign Exchange Contracts (0.51%) (2018: (0.12%))¹			
	Buy CAD 211,650 : Sell GBP 121,175 June 2019	3	-
	Buy CAD 29,579 : Sell GBP 17,229 July 2019 ²	-	-
	Buy CAD 395,337 : Sell GBP 224,250 July 2019	8	-
	Buy CAD 6,182 : Sell GBP 3,522 June 2019 ²	-	-
	Buy CHF 1,245,670 : Sell GBP 935,808 July 2019	49	-
	Buy DKK 1,238,350 : Sell GBP 143,680 June 2019	3	-
	Buy DKK 129,021 : Sell GBP 14,989 June 2019 ²	-	-
	Buy DKK 1,607,580 : Sell GBP 186,252 June 2019	4	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ (continued)			
	Buy DKK 16,534,159 : Sell GBP 1,921,806 June 2019	37	-
	Buy DKK 3,075,808 : Sell GBP 360,919 July 2019	4	-
	Buy DKK 53,720,719 : Sell GBP 6,197,361 June 2019	166	0.01
	Buy DKK 84,054 : Sell GBP 9,677 July 2019 ²	-	-
	Buy EUR 1,045,400 : Sell GBP 903,922 July 2019	22	-
	Buy EUR 1,064,600 : Sell GBP 925,573 July 2019	17	-
	Buy EUR 1,119,800 : Sell GBP 990,321 July 2019	1	-
	Buy EUR 1,139,825 : Sell GBP 973,186 June 2019	35	-
	Buy EUR 1,149,109 : Sell GBP 1,016,802 July 2019 ²	-	-
	Buy EUR 1,191,660 : Sell GBP 1,030,234 June 2019	24	-
	Buy EUR 1,235,980 : Sell GBP 1,067,300 July 2019	27	-
	Buy EUR 1,481,695 : Sell GBP 1,293,047 July 2019	19	-
	Buy EUR 1,488,406 : Sell GBP 1,293,979 July 2019	24	-
	Buy EUR 1,539,054 : Sell GBP 1,324,757 June 2019	36	-
	Buy EUR 2,314,920 : Sell GBP 2,004,499 June 2019	43	-
	Buy EUR 2,421,500 : Sell GBP 2,084,556 June 2019	57	-
	Buy EUR 2,503,185 : Sell GBP 2,166,877 July 2019	49	-
	Buy EUR 2,792,294 : Sell GBP 2,419,794 July 2019	52	-
	Buy EUR 2,996,142 : Sell GBP 2,580,902 June 2019	69	-
	Buy EUR 3,123,913 : Sell GBP 2,709,211 June 2019	54	-
	Buy EUR 353,219 : Sell GBP 305,490 June 2019	7	-
	Buy EUR 545,309 : Sell GBP 472,562 July 2019	10	-
	Buy EUR 5,750,317 : Sell GBP 4,975,998 June 2019	110	0.01
	Buy EUR 629,106 : Sell GBP 555,720 July 2019	1	-
	Buy GBP 1,015,360 : Sell USD 1,335,494 June 2019	(44)	-
	Buy GBP 105,936 : Sell DKK 918,400 June 2019	(3)	-
	Buy GBP 106,234,767 : Sell USD 139,569,003 July 2019	(4,277)	(0.22)
	Buy GBP 10,649,455 : Sell DKK 92,775,098 July 2019	(352)	(0.02)
	Buy GBP 1,072,650 : Sell USD 1,375,949 July 2019	(17)	-
	Buy GBP 109,748 : Sell CHF 144,234 June 2019	(4)	-
	Buy GBP 1,099,513 : Sell EUR 1,252,500 July 2019	(9)	-
	Buy GBP 1,111,582 : Sell SEK 13,406,506 June 2019	(6)	-
	Buy GBP 1,120,603 : Sell USD 1,463,083 July 2019	(38)	-
	Buy GBP 1,121,198 : Sell CHF 1,423,305 July 2019	(3)	-
	Buy GBP 11,623 : Sell CHF 15,236 June 2019 ²	-	-
	Buy GBP 1,264,453 : Sell USD 1,649,585 June 2019	(44)	-
	Buy GBP 1,332,286 : Sell USD 1,744,413 July 2019	(49)	-
	Buy GBP 1,339,525 : Sell DKK 11,325,883 July 2019	(3)	-
	Buy GBP 13,674,918 : Sell USD 17,540,224 July 2019	(213)	(0.01)
	Buy GBP 1,373,526 : Sell SEK 16,650,337 June 2019	(15)	-
	Buy GBP 1,375,300 : Sell USD 1,786,205 June 2019	(41)	-
	Buy GBP 1,380,308 : Sell USD 1,813,651 June 2019	(58)	-
	Buy GBP 1,384,663 : Sell DKK 12,004,451 June 2019	(37)	-
	Buy GBP 1,454,922 : Sell USD 1,857,589 July 2019	(16)	-
	Buy GBP 1,455,502 : Sell DKK 12,453,360 July 2019	(21)	-
	Buy GBP 148,077 : Sell USD 194,285 June 2019	(6)	-
	Buy GBP 1,498,180 : Sell USD 1,903,765 July 2019	(9)	-
	Buy GBP 1,547,101 : Sell USD 1,967,907 July 2019	(11)	-
	Buy GBP 1,553,810 : Sell DKK 13,396,014 July 2019	(35)	-
	Buy GBP 1,565,755 : Sell DKK 13,509,159 June 2019	(34)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ (continued)			
	Buy GBP 1,648,671 : Sell CHF 2,168,060 June 2019	(62)	-
	Buy GBP 1,660,537 : Sell USD 2,180,288 June 2019	(68)	-
	Buy GBP 1,717,449 : Sell EUR 1,983,856 June 2019	(37)	-
	Buy GBP 174,528 : Sell CHF 232,148 July 2019	(9)	-
	Buy GBP 186,540 : Sell EUR 216,693 June 2019	(5)	-
	Buy GBP 1,896,123 : Sell USD 2,491,716 June 2019	(80)	-
	Buy GBP 2,060,773 : Sell DKK 17,759,480 June 2019	(43)	-
	Buy GBP 2,116,000 : Sell USD 2,712,051 July 2019	(31)	-
	Buy GBP 2,164,053 : Sell USD 2,844,787 June 2019	(92)	-
	Buy GBP 2,170,716 : Sell CHF 2,795,831 July 2019	(39)	-
	Buy GBP 2,180,138 : Sell SEK 27,241,190 July 2019	(93)	-
	Buy GBP 22,186,926 : Sell USD 29,045,457 June 2019	(845)	(0.04)
	Buy GBP 2,387,394 : Sell USD 3,133,300 June 2019	(97)	-
	Buy GBP 241,071 : Sell CHF 319,657 June 2019	(11)	-
	Buy GBP 242,857 : Sell SEK 3,006,938 June 2019	(8)	-
	Buy GBP 2,468,501 : Sell USD 3,117,293 July 2019 ²	-	-
	Buy GBP 2,544,652 : Sell USD 3,229,203 July 2019	(12)	-
	Buy GBP 256,034 : Sell CAD 446,012 June 2019	(6)	-
	Buy GBP 263,751 : Sell EUR 304,800 June 2019	(6)	-
	Buy GBP 28,038 : Sell SEK 350,092 July 2019	(1)	-
	Buy GBP 288,812 : Sell EUR 335,500 June 2019	(8)	-
	Buy GBP 2,924,945 : Sell USD 3,829,551 July 2019	(107)	(0.01)
	Buy GBP 293,108 : Sell USD 385,552 June 2019	(13)	-
	Buy GBP 295,383 : Sell USD 385,989 June 2019	(11)	-
	Buy GBP 2,956,220 : Sell CHF 3,840,945 June 2019	(75)	-
	Buy GBP 3,162,860 : Sell USD 4,102,751 June 2019	(91)	-
	Buy GBP 3,414,634 : Sell USD 4,309,027 July 2019	3	-
	Buy GBP 354,769 : Sell EUR 404,000 July 2019	(3)	-
	Buy GBP 359,400 : Sell USD 463,700 July 2019	(8)	-
	Buy GBP 363,002 : Sell EUR 418,900 July 2019	(8)	-
	Buy GBP 373,492 : Sell USD 474,000 July 2019	(2)	-
	Buy GBP 390,919 : Sell DKK 3,311,380 July 2019	(2)	-
	Buy GBP 393,392 : Sell EUR 453,905 June 2019	(8)	-
	Buy GBP 406,998 : Sell EUR 461,200 July 2019	(1)	-
	Buy GBP 4,100,679 : Sell DKK 35,398,546 June 2019	(92)	-
	Buy GBP 410,097 : Sell EUR 472,500 June 2019	(8)	-
	Buy GBP 4,103,741 : Sell DKK 35,444,383 June 2019	(94)	-
	Buy GBP 417,878 : Sell EUR 477,300 July 2019	(5)	-
	Buy GBP 419,400 : Sell USD 547,300 July 2019	(14)	-
	Buy GBP 431,402 : Sell EUR 498,100 June 2019	(9)	-
	Buy GBP 438,379 : Sell EUR 505,200 June 2019	(8)	-
	Buy GBP 442,203 : Sell USD 578,775 June 2019	(17)	-
	Buy GBP 4,427,661 : Sell USD 5,740,656 June 2019	(125)	(0.01)
	Buy GBP 4,447,452 : Sell CHF 5,830,273 June 2019	(154)	(0.01)
	Buy GBP 4,748 : Sell SEK 57,193 June 2019 ²	-	-
	Buy GBP 476,417 : Sell EUR 554,275 June 2019	(14)	-
	Buy GBP 4,814,139 : Sell USD 6,302,700 June 2019	(184)	(0.01)
	Buy GBP 484,771 : Sell EUR 564,254 July 2019	(15)	-
	Buy GBP 485,867 : Sell EUR 548,800 July 2019 ²	-	-
	Buy GBP 493,980 : Sell DKK 4,257,259 June 2019	(10)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ (continued)			
	Buy GBP 503,305 : Sell USD 658,900 June 2019	(19)	-
	Buy GBP 51,128 : Sell USD 66,923 June 2019	(2)	-
	Buy GBP 519,341 : Sell USD 676,895 June 2019	(17)	-
	Buy GBP 5,242,372 : Sell USD 6,837,091 July 2019	(171)	(0.01)
	Buy GBP 5,502,563 : Sell EUR 6,280,895 July 2019	(58)	-
	Buy GBP 555,506 : Sell CHF 715,444 July 2019	(10)	-
	Buy GBP 568,151 : Sell EUR 661,000 June 2019	(16)	-
	Buy GBP 6,170 : Sell SEK 75,801 June 2019 ²	-	-
	Buy GBP 635,033 : Sell USD 824,800 June 2019	(19)	-
	Buy GBP 64,645 : Sell USD 81,830 July 2019 ²	-	-
	Buy GBP 649,720 : Sell USD 819,823 July 2019	1	-
	Buy GBP 649,882 : Sell EUR 744,700 July 2019	(9)	-
	Buy GBP 658,703 : Sell USD 841,200 July 2019	(7)	-
	Buy GBP 6,736,395 : Sell CHF 8,863,145 June 2019	(258)	(0.01)
	Buy GBP 683,565 : Sell EUR 791,151 June 2019	(16)	-
	Buy GBP 686,302 : Sell SEK 8,336,799 June 2019	(9)	-
	Buy GBP 68,964,985 : Sell EUR 80,499,052 July 2019	(2,299)	(0.12)
	Buy GBP 717,254 : Sell EUR 812,400 July 2019	(2)	-
	Buy GBP 747,547 : Sell USD 980,824 June 2019	(30)	-
	Buy GBP 756,108 : Sell CHF 1,007,774 June 2019	(39)	-
	Buy GBP 76,323 : Sell CHF 99,329 June 2019	(2)	-
	Buy GBP 771,010 : Sell DKK 6,557,127 July 2019	(7)	-
	Buy GBP 771,515 : Sell USD 1,008,973 June 2019	(29)	-
	Buy GBP 7,925,772 : Sell USD 10,225,314 July 2019	(171)	(0.01)
	Buy GBP 79,647 : Sell CAD 138,645 June 2019	(2)	-
	Buy GBP 83,478,347 : Sell EUR 96,988,911 June 2019	(2,302)	(0.12)
	Buy GBP 8,885,177 : Sell USD 11,344,518 July 2019	(97)	-
	Buy GBP 88,936 : Sell CHF 115,388 June 2019	(2)	-
	Buy GBP 902,279 : Sell DKK 7,870,026 June 2019	(30)	-
	Buy GBP 985,580 : Sell EUR 1,113,996 July 2019	(1)	-
	Buy SEK 3,042,892 : Sell GBP 247,083 July 2019	7	-
	Buy SEK 398,620 : Sell GBP 32,977 July 2019 ²	-	-
	Buy USD 112,580 : Sell GBP 87,018 June 2019	2	-
	Buy USD 1,168,381 : Sell GBP 894,281 June 2019	32	-
	Buy USD 1,362,401 : Sell GBP 1,053,066 June 2019	27	-
	Buy USD 1,377,500 : Sell GBP 1,056,193 July 2019	35	-
	Buy USD 1,863,400 : Sell GBP 1,438,253 July 2019	37	-
	Buy USD 2,145,684 : Sell GBP 1,656,363 June 2019	45	-
	Buy USD 2,444,336 : Sell GBP 1,871,264 June 2019	67	-
	Buy USD 2,485,730 : Sell GBP 1,939,655 July 2019	29	-
	Buy USD 25,878,946 : Sell GBP 19,812,575 June 2019	709	0.03
	Buy USD 2,591,668 : Sell GBP 1,987,140 June 2019	68	-
	Buy USD 2,648,977 : Sell GBP 2,087,366 July 2019	10	-
	Buy USD 3,027,574 : Sell GBP 2,336,992 July 2019	60	-
	Buy USD 3,535 : Sell GBP 2,783 July 2019 ²	-	-
	Buy USD 35,831 : Sell GBP 28,198 July 2019 ²	-	-
	Buy USD 412,972 : Sell GBP 315,463 June 2019	12	-
	Buy USD 480,200 : Sell GBP 367,618 June 2019	13	-
	Buy USD 5,073 : Sell GBP 3,910 June 2019 ²	-	-
	Buy USD 568,194 : Sell GBP 434,060 June 2019	17	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ (continued)			
	Buy USD 570,062 : Sell GBP 436,880 July 2019	14	-
	Buy USD 591,313 : Sell GBP 456,006 June 2019	13	-
	Buy USD 6,608,198 : Sell GBP 5,156,063 July 2019	76	-
	Buy USD 699,000 : Sell GBP 534,777 July 2019	19	-
	Buy USD 7,083,786 : Sell GBP 5,427,145 June 2019	190	0.01
	Buy USD 7,386,054 : Sell GBP 5,619,674 June 2019	237	0.01
	Buy USD 7,418 : Sell GBP 5,659 June 2019 ²	-	-
	Buy USD 788,600 : Sell GBP 619,853 July 2019	5	-
	Buy USD 800,200 : Sell GBP 634,134 July 2019	(1)	-
	Buy USD 8,799,786 : Sell GBP 6,704,875 June 2019	273	0.01
	Buy USD 9,187,101 : Sell GBP 7,009,363 June 2019	276	0.01
		<u>(10,393)</u>	<u>(0.51)</u>
	Investment assets including investment liabilities	1,775,279	87.35
	Other net assets	257,054	12.65
	Total net assets	<u>2,032,333</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.

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

Statement of total return for the year ended 31 May 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(45,854)		40,355
Revenue	3	49,956		53,808	
Expenses	4	(24,154)		(34,294)	
Interest payable and similar charges	5	<u>(24,624)</u>		<u>(24,243)</u>	
Net revenue/(expense) before taxation		1,178		(4,729)	
Taxation	6	<u>(295)</u>		<u>(826)</u>	
Net revenue/(expense) after taxation			<u>883</u>		<u>(5,555)</u>
Total return before distributions			(44,971)		34,800
Distributions	7		(967)		(2,825)
Change in net assets attributable to shareholders from investment activities			<u>(45,938)</u>		<u>31,975</u>

Statement of change in net assets attributable to shareholders for the year ended 31 May 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		2,563,247		2,168,620
Amounts receivable on issue of shares	608,397		1,167,611	
Amounts payable on cancellation of shares	<u>(1,094,314)</u>		<u>(807,941)</u>	
		(485,917)		359,670
Change in net assets attributable to shareholders from investment activities		(45,938)		31,975
Retained distributions on accumulation shares		941		2,982
Closing net assets attributable to shareholders		<u>2,032,333</u>		<u>2,563,247</u>

Balance sheet as at 31 May 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		1,816,113	2,381,187
Current assets:			
Debtors	8	22,961	37,435
Cash and bank balances	9	286,272	276,592
Total assets		2,125,346	2,695,214
Liabilities:			
Investment liabilities		40,834	43,241
Creditors:			
Amounts held at derivative clearing houses and brokers		1,407	1,082
Bank overdrafts		13,415	8,111
Other creditors	10	37,357	79,533
Total liabilities		93,013	131,967
Net assets attributable to shareholders		2,032,333	2,563,247

Notes to the financial statements for the year ended 31 May 2019

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)/gains

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

	2019	2018
	£000	£000
Capital management fee rebates	24	19
Derivative securities	(65,052)	8,701
Forward currency contracts	(9,246)	1,651
Non-derivative securities	28,934	30,043
Other currency losses	(504)	(47)
Transaction costs	(10)	(12)
Net capital (losses)/gains	(45,854)	40,355

3 Revenue

	2019	2018
	£000	£000
Bank interest	2,362	793
Derivative revenue	29,014	37,389
Interest on debt securities	12,486	7,635
Overseas dividends*	3,615	7,477
Stock dividends	697	309
Stock lending revenue	16	52
UK dividends	1,766	153
Total revenue	49,956	53,808

* 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	22,805	25,125
Performance fee	35	7,710
GAC*	1,153	1,277
	<u>23,993</u>	<u>34,112</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	103	104
Safe custody fees	58	78
	<u>161</u>	<u>182</u>
Total expenses	24,154	34,294

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,017 (2018: £9,725).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable*	7,149	6,335
Interest on margin	1,541	2,075
Dividends payable on CFD contracts	15,934	15,833
Total interest payable and similar charges	24,624	24,243

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

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	295	826
Total tax (note 6b)	295	826

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% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net revenue/(expense) before taxation	1,178	(4,729)
Corporation tax at 20% (2018: 20%)	236	(946)
Effects of:		
Irrecoverable overseas tax	295	826
Overseas dividends*	(723)	(1,495)
Tax effect of capital fees	4	4
UK dividends**	(353)	(31)
Unused management expenses	836	2,468
Tax charge for the year (note 6a)	295	826

* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

** 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 (2018: 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 £13,121,521 (2018: £12,285,789) 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:

	2019	2018
	£000	£000
Interim accumulation	-	1,075
Final accumulation	941	1,907
	<u>941</u>	<u>2,982</u>
Amounts deducted on cancellation of shares	55	150
Amounts received on issue of shares	(29)	(307)
Total distributions	967	2,825
Net revenue/(expense) after taxation	883	(5,555)
Equalisation on conversions	-	419
Performance fee borne by the capital account	35	7,710
Revenue shortfall	746	560
Stock dividends	(697)	(309)
Total distributions	967	2,825

Details of the distribution per share are set out in the distribution tables on page 214.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	5,346	3,724
Amounts receivable for issue of shares	4,842	8,052
Amounts receivable from counterparty regarding CFD contracts	4,875	8,543
Currency transactions awaiting settlement	4,799	7,631
Management fee rebates	3	-
Overseas withholding tax reclaimable	302	727
Sales awaiting settlement	2,794	8,758
Total debtors	22,961	37,435

9 Cash and bank balances

	2019	2018
	£000	£000
Amounts held at derivative clearing houses and brokers	19,706	25,915
Cash and bank balances	187,281	160,442
Deposit accounts	79,285	90,235
Total cash and bank balances	286,272	276,592

Notes to the financial statements (continued)

10 Other creditors

	2019 £000	2018 £000
Accrued annual management charge	1,678	2,228
Accrued Depositary's fee	8	9
Accrued other expenses	99	545
Accrued performance fee payable to ACD	33	3,306
Amounts payable for cancellation of shares	18,649	38,683
Amounts payable to counterparty regarding CFD contracts	2,479	1,046
Currency transactions awaiting settlement	4,795	7,631
Purchases awaiting settlement	9,616	26,085
Total other creditors	37,357	79,533

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 201 and 202 and notes 4, 7, 8 and 10 on pages 203 to 206 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 (2018: nil).

13 Shareholders' funds

The fund currently has 3 share classes available; Class A (Retail with front-end charges), Class G and Class I (Institutional). The annual management charge on each share class is as follows:

	2019 %	2018 %
Class A	1.50	1.50
Class G ¹	0.75	0.85
Class I	1.00	1.00

¹ Class G launched on 18 December 2017.

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 184 to 186. The distribution per share class is given in the distribution tables on page 214. All share classes have the same rights on winding up.

Shares reconciliation as at 31 May 2019

	Class A accumulation	Class G accumulation	Class I accumulation
Opening number of shares	80,735,576	621,388,756	1,083,479,811
Issues during the year	9,091,840	80,518,916	310,788,304
Cancellations during the year	(48,692,784)	(166,852,939)	(517,869,841)
Shares converted during the year	2,228,101	(305,454)	(1,920,663)
Closing shares in issue	43,362,733	534,749,279	874,477,611

Notes to the financial statements (continued)

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 2019 (2018: nil).

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	Futures £000	Total by counterparty £000
BNP Paribas	-	3,208	-	3,208
UBS	20,054	-	1,287	21,341
	<u>20,054</u>	<u>3,208</u>	<u>1,287</u>	<u>24,549</u>

2018

At 31 May 2018 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	-	46	-	46
UBS	22,403	-	1,083	23,486
	<u>22,403</u>	<u>46</u>	<u>1,083</u>	<u>23,532</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 income.

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)

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	Gross income £000	Direct and indirect expenses deducted by stock lending agent £000	Net income retained by the fund £000
BNP Paribas	Stock lending agent	19	3	16

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Deutsche Bank	1,394	1,562	Equity
JP Morgan	549	610	Equity
Natixis	64,727	71,919	Equity
	66,670	74,091	

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	61	9	52

16 Risk Currency risk

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

Notes to the financial statements (continued)

16 Risk (continued)

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 £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 assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2018				
Danish krone	68	-	86	154
Euro	4,815	-	186,606	191,421
Swedish krona	17	-	1,111	1,128
Swiss franc	202	-	4,641	4,843
UK sterling	268,430	1,903,575	171,269	2,343,274
US dollar	3,060	-	151,334	154,394
Total	276,592	1,903,575	515,047	2,695,214
	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
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2018				
Danish krone	-	-	200	200
Euro	612	-	13,531	14,143
Swedish krona	-	-	165	165
Swiss franc	-	-	1,776	1,776
UK sterling	8,111	-	94,918	103,029
US dollar	470	-	12,184	12,654
Total	9,193	-	122,774	131,967

Notes to the financial statements (continued)

16 Risk (continued)

Credit ratings

	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
	Market value £000	Percentage of total net assets %
2018		
Investments		
Investment grade (AAA - BBB)*	1,903,575	74.26
Total debt securities	1,903,575	74.26
Collective investment schemes	105,013	4.10
Derivatives	(19,709)	(0.77)
Equities	349,067	13.62
Investment assets including investment liabilities	2,337,946	91.21
Other net assets	225,301	8.79
Total net assets	2,563,247	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
	%	%	%	%	%	%	%
2019	1.11	2.93	1.49	20.00	5.57	14.63	7.44
2018	1.71	3.97	2.60	20.00	8.56	19.85	13.02
Leverage	Minimum	Maximum	Average				
	%	%	%				
2019	64.92	110.38	81.63				
2018	68.71	114.89	86.56				

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
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	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Amounts held at derivatives clearing houses and brokers	1,082	-	-	-
Bank overdrafts	8,111	-	-	-
Derivative financial liabilities	-	9,268	33,973	-
Other creditors	-	79,533	-	-
Total	9,193	88,801	33,973	-

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	359,423	141	350,150	6,253
Level 2	1,456,690	40,693	2,031,037	36,988
Level 3	-	-	-	-
	1,816,113	40,834	2,381,187	43,241

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Certificates of deposit	4,695,432	6,055,626	5,201,523	5,742,708
Equities	678,546	696,340	698,688	702,259
Trades in the year before transaction costs	5,373,978	6,751,966	5,900,211	6,444,967
Transaction costs				
Commissions				
Certificates of deposit	-	-	-	-
Equities	145	335	173	335
Total commissions	145	335	173	335
Taxes				
Certificates of deposit	-	-	-	-
Equities	-	13	-	-
Total taxes	-	13	-	-
Other expenses				
Certificates of deposit	-	-	-	-
Equities	-	20	8	10
Total other expenses	-	20	8	10
Total transaction costs	145	368	181	345
Total net trades in the year after transaction costs	5,374,123	6,752,334	5,900,030	6,444,622

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Certificates of deposit	-	-	-	-
Equities	0.02	0.05	0.02	0.05
Taxes				
Certificates of deposit	-	-	-	-
Equities	-	-	-	-
Other expenses				
Certificates of deposit	-	-	-	-
Equities	-	-	-	-
	2019 %	2018 %		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.01	0.03		
Taxes	-	-		
Other expenses	-	-		
Total costs	0.01	0.03		

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £654,834 (2018: £9,534,501).

There were commissions on CFDs and direct transaction costs associated with derivatives in the year of £2,037,684 (2018: £3,615,686) which is 0.09% of the average net asset value of the fund (2018: 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 2019 was 0.19% (2018: 0.10%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

With effect from 7 August 2019 the fund's objective will change to the following:

The fund aims to achieve a positive absolute return in excess of the UK base interest rate, after charges (but before the deduction of any performance fees) over the long-term regardless of market conditions. The fund aims to typically deliver absolute (more than zero) returns over a rolling 12 month period. An absolute return performance is not guaranteed over this specific, or any other, time period and consequently capital is in fact at risk.

Distribution tables for the year ended 31 May 2019 (in pence per share)

Interim dividend distribution (accounting date 30 November 2018, paid on 31 January 2019)

Group 1: shares purchased prior to 1 June 2018

Group 2: shares purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/01/19	Total distribution per share 31/01/18
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class G accumulation¹				
Group 1	-	-	-	n/a
Group 2	-	-	-	n/a
Class I accumulation				
Group 1	-	-	-	0.0736
Group 2	-	-	-	0.0736

¹ Class G accumulation launched on 18 December 2017.

Final dividend distribution (accounting date 31 May 2019, paid on 31 July 2019)

Group 1 : shares purchased prior to 1 December 2018

Group 2 : shares purchased on or after 1 December 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class A accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class G accumulation¹				
Group 1	0.1760	-	0.1760	0.1794
Group 2	0.1556	0.0204	0.1760	0.1794
Class I accumulation				
Group 1	-	-	-	0.0731
Group 2	-	-	-	0.0731

¹ Class G accumulation launched on 18 December 2017.

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 2019 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 2019:

Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Janus Henderson China Opportunities Fund	83,801	7.07%	6.99%
Janus Henderson Emerging Markets Opportunities Fund	19,887	6.11%	5.84%
Janus Henderson European Focus Fund	22,117	9.98%	9.81%
Janus Henderson European Select Opportunities Fund	267,349	15.17%	14.64%
Janus Henderson European Absolute Return Fund	2,548	6.35%	5.78%
Janus Henderson UK Absolute Return Fund	10,561	0.59%	0.52%

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 2019:

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	
Energias de Portugal	5,881	Eiffage	1,100
Vodafone	5,492	HSBC	932
RPC	4,291	Ipsen	908
RSA Insurance	3,515	Banco Santander Central Hispano	548
Intesa Sanpaolo	3,404	Paddy Power Betfair	548
China Railway	3,404	Humana	513
CRRC Corporation	3,404	KBC Bankverzekerings	408
BHP Group	2,829	Innogy	399
Dongfeng Motor	2,391	Coca-Cola HBC	390
Guangdong Investment	2,150	Ferrovial	389
Janus Henderson European Focus Fund		Janus Henderson European Select Opportunities Fund	
HSBC	1,007	HSBC	13,041
Intesa Sanpaolo	790	Vivendi Universal	10,666
Unicredit	790	Barclays Bank	10,658
Assicurazioni Generali	790	British American Tobacco	10,108
Enel	777	Renault	9,538
CNOOC	773	Humana	7,175
Storebrand	761	Aroundtown Property	6,410
Humana	554	Energias de Portugal	5,814
DNA Ojy	472	KBC Bankverzekerings	5,713
KBC Bankverzekerings	441	Coca-Cola HBC	5,453

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 Absolute Return Fund		Janus Henderson UK Absolute Return Fund	
Intesa Sanpaolo	142	Vodafone	958
Unicredit	142	RPC	748
Assicurazioni Generali	142	RSA Insurance	613
Enel	139	BHP Group	493
CNOOC	139	Visa 'A'	355
Storebrand	137	Ipsen	350
HSBC	85	Eiffage	350
DNA Ojy	85	Persimmon	327
Aker Solutions Holdings	53	Royal Bank of Scotland	309
China Pacific Insurance	51	GlaxoSmithKline	306

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 2019:

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		
Société Générale	41,288	Triparty	Natixis	13,887	Triparty
JP Morgan	30,636	Triparty	Citigroup	4,704	Triparty
Citigroup	7,063	Triparty	JP Morgan	1,113	Triparty
Bank of Nova Scotia	3,147	Triparty	Bank of Nova Scotia	183	Triparty
Morgan Stanley	1,290	Triparty		19,887	
Macquarie Bank	377	Bilateral			
	83,801				
Janus Henderson European Focus Fund			Janus Henderson European Select Opportunities Fund		
Natixis	15,005	Triparty	Natixis	194,328	Triparty
Deutsche Bank	7,112	Triparty	Merrill Lynch	57,681	Triparty
	22,117		Deutsche Bank	12,156	Triparty
			Morgan Stanley	2,254	Triparty
			JP Morgan	930	Triparty
				267,349	
Janus Henderson European Absolute Return Fund			Janus Henderson UK Absolute Return Fund		
Deutsche Bank	1,277	Triparty	Société Générale	7,201	Triparty
Natixis	1,271	Triparty	Citigroup	1,815	Triparty
	2,548		Deutsche Bank	1,545	Triparty
				10,561	

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 2019:

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Janus Henderson China Opportunities Fund							
Bank of Nova Scotia	Canada	Equity	Main market listing	AUD	Triparty	BNP Paribas	314
Bank of Nova Scotia	Canada	Equity	Main market listing	CAD	Triparty	BNP Paribas	464
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	320
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	2,149
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	250
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	2
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	6,399
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,258
Citigroup	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	32
Citigroup	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	417
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	120
JP Morgan	United States	Equity	Main market listing	CAD	Triparty	BNP Paribas	234
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	655
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	13,586
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	18,262
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	1,305
Macquarie Bank	United Kingdom	Equity	Main market listing	USD	Non Cash	BNP Paribas	495
Morgan Stanley	United States	Government Bond	Investment grade	JPY	Triparty	BNP Paribas	1,393
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,216
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,254
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	49,991
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	2,455
Société Générale	France	Equity	Main market listing	USD	Triparty	BNP Paribas	2,038
							104,609

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 Emerging Markets Opportunities Fund							
Bank of Nova Scotia	Canada	Equity	Main market listing	AUD	Triparty	BNP Paribas	18
Bank of Nova Scotia	Canada	Equity	Main market listing	CAD	Triparty	BNP Paribas	27
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	19
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	125
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	15
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	2
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	4,261
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	838
Citigroup	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	21
Citigroup	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	278
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	79
JP Morgan	United States	Equity	Main market listing	CAD	Triparty	BNP Paribas	8
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	24
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	494
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	664
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	47
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	701
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	7,412
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	4,050
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	1,584
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	327
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	63
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	1,464
							22,521
Janus Henderson European Focus Fund							
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	145
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	4,474
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	187
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	1,809
Deutsche Bank	Germany	Equity	Main market listing	NOK	Triparty	BNP Paribas	1,288
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	758
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	8,009
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	4,376
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	1,712
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	353
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	68
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	1,583
							24,762

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 Select Opportunities Fund							
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	248
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	7,647
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	319
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	3,092
Deutsche Bank	Germany	Equity	Main market listing	NOK	Triparty	BNP Paribas	2,201
JP Morgan	United States	Equity	Main market listing	CAD	Triparty	BNP Paribas	7
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	20
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	412
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	554
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	40
Merrill Lynch	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	6,071
Merrill Lynch	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	41,262
Merrill Lynch	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	16,765
Morgan Stanley	United States	Government Bond	Investment grade	JPY	Triparty	BNP Paribas	2,435
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	9,836
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	103,746
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	56,684
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	22,173
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	4,575
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	885
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	20,524
							299,496
Janus Henderson European Absolute Return Fund							
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	26
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	803
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	34
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	325
Deutsche Bank	Germany	Equity	Main market listing	NOK	Triparty	BNP Paribas	231
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	63
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	677
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	370
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	145
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	29
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	6
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	132
							2,841

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 UK Absolute Return Fund							
Citigroup	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	1
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,644
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	324
Citigroup	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	8
Citigroup	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	107
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	30
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	31
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	972
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	40
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	393
Deutsche Bank	Germany	Equity	Main market listing	NOK	Triparty	BNP Paribas	280
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	209
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	219
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	8,719
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	428
Société Générale	France	Equity	Main market listing	USD	Triparty	BNP Paribas	355
							13,760

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 2019:

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 of the securities lending agent	% return of the fund
Janus Henderson China Opportunities Fund	328	49	279	15%	85%
Janus Henderson Emerging Markets Opportunities Fund	29	4	25	15%	85%
Janus Henderson European Focus Fund	48	7	41	15%	85%
Janus Henderson European Select Opportunities Fund	358	54	304	15%	85%
Janus Henderson European Absolute Return Fund	8	1	7	15%	85%
Janus Henderson UK Absolute Return Fund	19	3	16	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 2018.

	Headcount (1)	Total Remuneration (£000s) (2,3)
Janus Henderson China Opportunities Fund	1,942	2,277
of which		
Fixed Remuneration	1,942	900
Variable Remuneration	1,931	1,377
Carried Interest	n/a	
Janus Henderson China Opportunities Fund Remuneration Code Staff	123	1,401
of which		
Senior Management (4)	32	191
Other Code Staff (5)	91	1,210
Janus Henderson Emerging Markets Opportunities Fund	1,942	1,081
of which		
Fixed Remuneration	1,942	354
Variable Remuneration	1,931	727
Carried Interest	n/a	
Janus Henderson Emerging Markets Opportunities Fund Remuneration Code Staff	123	737
of which		
Senior Management (4)	32	75
Other Code Staff (5)	91	662
Janus Henderson European Focus Fund	1,942	631
of which		
Fixed Remuneration	1,942	166
Variable Remuneration	1,931	465
Carried Interest	n/a	
Janus Henderson European Focus Fund Remuneration Code Staff	123	454
of which		
Senior Management (4)	32	40
Other Code Staff (5)	91	414
Janus Henderson European Selected Opportunities Fund	1,942	4,631
of which		
Fixed Remuneration	1,942	1,231
Variable Remuneration	1,931	3,400
Carried Interest	n/a	

Appendix - additional information (unaudited) (continued)

Remuneration policy (continued)

	Headcount (1)	Total Remuneration (£000s) (2,3)
Janus Henderson European Selected Opportunities Fund Remuneration Code Staff	123	3,318
of which		
Senior Management (4)	32	297
Other Code Staff (5)	91	3,021
Janus Henderson UK & Irish Smaller Companies Fund	1,942	342
of which		
Fixed Remuneration	1,942	101
Variable Remuneration	1,931	241
Carried Interest	n/a	
Janus Henderson UK & Irish Smaller Companies Fund Remuneration Code Staff	123	244
of which		
Senior Management (4)	32	21
Other Code Staff (5)	91	223
Janus Henderson US Growth Fund	1,942	396
of which		
Fixed Remuneration	1,942	169
Variable Remuneration	1,931	227
Carried Interest	n/a	
Janus Henderson US Growth Fund Remuneration Code Staff	123	211
of which		
Senior Management (4)	32	41
Other Code Staff (5)	91	170
Janus Henderson European Absolute Return Fund	1,942	149
of which		
Fixed Remuneration	1,942	37
Variable Remuneration	1,931	112
Carried Interest	n/a	
Janus Henderson European Absolute Return Fund Remuneration Code Staff	123	110
of which		
Senior Management (4)	32	9
Other Code Staff (5)	91	101
Janus Henderson UK Absolute Return Fund	1,942	10,058
of which		
Fixed Remuneration	1,942	1,496
Variable Remuneration	1,931	8,562
Carried Interest	n/a	
Janus Henderson UK Absolute Return Fund Remuneration Code Staff	123	8,560
of which		
Senior Management (4)	32	360
Other Code Staff (5)	91	8,200

- 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.

Appendix - additional information (unaudited) (continued)

Remuneration policy (continued)

- 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 an 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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