



ANNUAL REPORT & ACCOUNTS

For the year ended
31 July 2019

Janus Henderson
— INVESTORS —

Janus Henderson Investment Funds Series II

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 July 2019

We are pleased to present the Annual Report and Accounts for Janus Henderson Investment Funds Series II (the 'Company') for the year ended 31 July 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 30 August 2002. It is a UCITS scheme complying with chapter 5 of the Collective Investment Scheme Sourcebook (COLL). It is an umbrella company, comprising one sub-fund ('fund') being Janus Henderson Cautious Managed Fund. 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.

Brexit update

Janus Henderson Investors has a well-established project underway looking at all possible Brexit impacts including distribution, regulatory permissions and licences, Human Resources, Information Technology 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.

Other information

The A Class and M Class shares converted into the new E Class and EM Class which have a lower management fee, on 24 June 2019 for eligible shareholders. Class E and Class EM shares are available for direct investment from individual investors only where no bundled commission payments for financial advice are made. The conversion of shares from A class and M class to E class and EM class took place in order to benefit investors who do not use a financial adviser.

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)

8 November 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 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 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 Auditors	PricewaterhouseCoopers LLP	141 Bothwell Street Glasgow G2 7EQ	Institute of Chartered Accountants in England and Wales
Legal Adviser	Eversheds Sutherland (International) LLP	One Wood Street London EC2V 7WS	The Law Society

Statement of Authorised Corporate Director's (ACD) responsibilities for the year ended 31 July 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 its sub-fund, and its revenue/expenditure for the year. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared by Henderson Investment Funds Limited, comply with the above requirements;
- make best judgements and estimates that are reasonable;
- 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 Depositary's responsibilities and report of the Depositary to the shareholders of Janus Henderson Investment Funds Series II (the 'Company')

for the year ended 31 July 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
8 November 2019

Independent Auditors' report to the shareholders of Janus Henderson Investment Funds Series II (the 'Company') for the year ended 31 July 2019

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 July 2019 and of the net revenue and the net capital losses on the scheme property of the Company and its sub-fund 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 II (the 'Company') is an Open Ended Investment Company (OEIC) with a single sub-fund. The financial statements of the Company comprise the financial statements of its sub-fund. We have audited the financial statements, included within the Annual Report & Accounts (the 'Annual Report'), which comprise: the Balance sheet as at 31 July 2019; the Statement of total return, and the Statement 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 Director's 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 its sub-fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or its sub-fund's 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 II (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 3, 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 its sub-fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or its 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
8 November 2019

1 Accounting policies

(a) Basis of preparation

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

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

(b) Basis of valuation of investments

The valuation of listed investments has been at fair value, which is generally deemed to be bid market price, excluding any accrued interest in the case of debt securities, at close of business market price on the last working day of the accounting year (31 July 2019) in accordance with the provisions of the scheme particulars.

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

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

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 is recognised on an accruals basis.

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.

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

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

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 the 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.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(d) Treatment of expenses (including ACD expenses) (continued)

The investment objective of the fund is to provide a combination of income and capital growth. The ACD and Depositary have agreed that 100% of the AMC for this fund 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 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 the 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.

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.

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.

(g) Cash flow statement

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

(h) Hedged share classes

The following hedged share classes are held by the fund:

- Class A EUR (hedged) accumulation
- Class I EUR (hedged) accumulation
- Class I USD (hedged) accumulation

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 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.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(i) Treatment of derivatives (continued)

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.

(j) Dilution adjustment

The fund is 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 fund is to distribute/accumulate all available revenue, after the deduction of expenses properly chargeable against revenue, subject to any of the AMC 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.

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

Stock dividends are 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.

The fund makes distributions on a monthly basis for the EM and M classes and on a quarterly basis (31 December, 31 March, 30 June and 30 September) for all other share classes.

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 fund.

Equalisation

Income equalisation applies to the fund.

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 its investment objective the fund holds a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors arising from the fund's operations. The fund may also enter into derivatives, stock lending and forward transactions for the purpose of efficient portfolio management.

The risk management policy and process for the fund 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 fund is 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.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

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

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

- Charles River system's Compliance module for investment restrictions monitoring;
- Nasdaq BWISE operational risk database;
- RiskMetrics, UBS Delta, Style Research, Cognity and Barra for market risk measurement; and
- Bloomberg for market data and price checking.

These are supplemented by an in-house developed system, the Janus Henderson Derivatives Risk and Compliance database.

(a) Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in the fund attributable to changes in market variables such as interest rates, foreign exchange rates or an issuer's creditworthiness. The investments of the fund are subject to normal market fluctuations and other risks inherent in investing in securities in pursuance of the investment objective and policies.

Funds investing outside the UK are exposed to and can hold investments in currencies other than pounds sterling (the fund base currency), so fluctuations in exchange rates may cause the value of the investments to rise or fall. The fund may hold fixed interest securities which are the debts of governments and companies, generally in the form of bonds. These bonds are particularly affected by changes in interest rates, inflation and the decline in creditworthiness of an issuer, which may in turn affect the bond's value.

The fund may use derivatives for hedging purposes and efficient portfolio management. 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 alter the risk profile or increase the volatility of the fund. In adverse situations, however, the fund's use of derivatives may become ineffective in hedging or efficient portfolio management and the fund may suffer significant loss as a result.

The global exposure of the 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 asset(s).

Sensitivity analysis

The sensitivity of the fund to market risk 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. The maximum potential loss that the fund 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 investment portfolio are taken into consideration including those undertaken for efficient portfolio management purposes. VaR is calculated using a Monte Carlo simulation approach; 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.

Please refer to the individual fund's accounts for details of leverage and sensitivity analysis.

Currency risk

Currency risk is the risk that the value of the fund's investments will fluctuate as a result of changes in foreign currency exchange rates. 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 the fund's investment objective, powers and limits, though this will not eliminate the fund's currency risk.

Please refer to the individual fund's accounts for details of currency exposure.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

Hedged share classes

Class A EUR (hedged) accumulation, Class I EUR (hedged) accumulation and Class I USD (hedged) accumulation are hedged share classes. These hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the share class currency and the base currency of the fund.

Hedging transactions may be entered into whether the Euro or US dollar (as appropriate) is declining or increasing in value relative to Sterling and so 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.

The performance of a hedged share class may differ from other share classes of the fund because the return on unhedged share classes is based on both the performance of the fund's investments and the performance of the portfolio currency relative to Sterling whereas the return on a hedged share class should only be based on the performance of the fund's investments. However, there is no guarantee that the hedging strategy applied in hedged share classes will entirely eliminate the adverse effects of changes in exchange rates between the base currency and the share class currency.

Where undertaken, the effect of hedging is reflected in the net asset value and therefore in the performance of the relevant hedged share class. The costs and benefits of the hedging transactions accrue to shareholders in that hedged share class only. However, the hedge may not always be 100% effective. The Investment Manager will review the relevant hedging positions on a regular basis and, if required, make appropriate adjustments.

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 fund's accounts for details of interest rate risk exposure.

Other market price risk

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

(b) Credit and counterparty risk

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

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

The fund's assets that are held with banks could be exposed to credit and counterparty risk. The banks used by the fund and ACD are subject to regular reviews. Only counterparties that have been approved by Janus Henderson's Credit Risk Forum are used for derivative transactions, as detailed in note 13; further details of stock lending activity and associated collateral are included in note 14.

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 fund's accounts for details of credit and counterparty risk exposure.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(c) Liquidity risk

Liquidity risk is the risk that a position in the fund's portfolio cannot be sold, liquidated or closed out at limited cost in an adequately short timeframe and that the ability of the fund to meet its settlement obligations is thereby compromised.

The fund is generally able to realise cash quickly to meet its liabilities. The main liquidity requirements of the fund 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 fund's cash position to ensure it can meet its liabilities. The ACD receives daily reports of subscriptions and redemptions enabling the ACD to raise cash from the fund's portfolio in order to meet redemption requests. In addition the ACD monitors market liquidity of all securities, with particular focus on collective investment schemes which may contain restrictions on withdrawals, seeking to ensure the fund maintains sufficient liquidity to meet known and potential redemption activity. The fund's cash balances are monitored daily by the ACD. When investments cannot be realised in time to meet any potential liability, the fund may borrow up to 10% of its value to ensure settlement.

A maturity analysis of the fund's financial liabilities is disclosed in the fund's accounts.

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 the fund and its investments to execute its respective strategies and to receive attractive returns, which may also result in increased costs to the fund.

Janus Henderson Cautious Managed Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Stephen Payne and Philip Payne

Please note with effect from 31 March 2019 Chris Burvill, John Patullo and Jenna Barnard no longer manage this fund and Philip Payne became co-manager.

Investment objective and policy

To provide a combination of income and long-term capital growth. Investment will be in a diversified portfolio of equities, bonds and other related investments. At all times the investment in equities will be limited to a maximum of 60% of the value of the fund's portfolio.

The fund may also invest at the ACD'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 stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Performance summary

	31 Jul 18 - 31 Jul 19	31 Jul 17 - 31 Jul 18	31 Jul 16 - 31 Jul 17	31 Jul 15 - 31 Jul 16	31 Jul 14 - 31 Jul 15
	%	%	%	%	%
Class I accumulation	(0.3)	3.6	7.6	2.4	4.1
IA Mixed Investment 20-60% Shares	4.0	3.1	8.3	5.5	5.0

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.

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

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.

Significant portfolio changes for the year ended 31 July 2019

Largest purchases	£000	Largest sales	£000
Reckitt Benckiser	22,958	Rio Tinto	36,020
US Treasury 2.375% 29/02/2024	19,753	UK Treasury 0.125% Index-Linked 22/03/2024	35,695
US Treasury 3.625% 15/02/2021	16,401	BP	24,061
Domino's Pizza	13,934	AstraZeneca	23,671
IG	12,662	BT	23,076
Roche	12,370	Lloyds Banking	22,836
Fresnillo	12,322	Barclays	20,540
British American Tobacco	11,583	UK Treasury 1.875% Index-Linked 22/11/2022	20,388
Carnival	11,094	Prudential	20,205
Melrose Industries	9,931	Shire	18,899
Total purchases	534,956	Total sales	847,518

Investment review

The fund fell 0.3% based on Class I accumulation over the year under review compared to a rise of 4.0% in the IA Mixed Investment 20-60% Shares peer group benchmark.

Brexit-induced sterling weakness and a sustained period of negative sentiment towards the UK continued to weigh on relative performance against stronger overseas markets. Sterling lost more than 6% of its value versus the US dollar – mostly following the end of February 2019, which marked a clear change in sentiment on the risks of a 'no deal' Brexit. Prime Minister Theresa May failed to get her proposed interim deal with the EU through Parliament, which ultimately led to her resignation. Despite these headwinds, the fund continued to deliver a consistent and increasing level of income for investors, with lower volatility than a pure equity fund.

Our avoidance of more expensive consumer staples was detrimental, as valuations on these stocks continued to climb ever higher. At a stock level, tobacco firm Imperial Brands and airline easyJet saw sharp share price falls, despite stable fundamentals and eye-catchingly attractive (in our opinion) valuations. Shares in defence contractor Babcock International de-rated (underwent a reassessment by the market) due to an exceptional charge of £120m related to the restructuring of its oil & gas business, and higher costs associated with the decommissioning of the UK's Magnox nuclear reactors.

More positively, the gold allocation, a defensive hedge, was a strong positive contributor towards the end of the review year, with miner Barrick Gold performing well. Some 'growth compounders' in the portfolio did well over the year, such as Smith & Nephew and Sage. The fund's balanced structure also provided some protection in a highly volatile December, with holdings in sterling bonds and cash adding some stability against a falling equity market.

In terms of major changes to the portfolio, we began to rebalance our exposure to equities and bonds in September and October 2018, reflecting the balance of opportunities and potential risks that we see in the marketplace, and in anticipation of further market volatility. The equity portfolio is not an outright bet on value, but it is biased in that direction versus the broader market and the peer group, balanced between 'sensibly valued' growth compounders and value stocks. We are avoiding growth stocks on inflated valuations that seem to be discounting uninterrupted high growth rates for years to come (a rare achievement in the real world).

We trimmed the positions in Barclays, Lloyds Banking and Prudential and sold out of Direct Line Insurance (reducing exposure to financials) and took profits from miner Rio Tinto. The shares spiked due to iron ore supply shortfalls after the Brazil dam disaster. Elsewhere, we cut our losses on both Kingfisher and WPP Finance as results continued to disappoint, undermining what appear to be attractive valuations. We added two new holdings in the pharmaceuticals sector via Roche and Sanofi, taking modest overseas positions to diversify exposure in what is a (perceived) defensive sector. We bought into William Hill, a bookmaker, on valuation grounds; the company's growth opportunity in the US is not fully appreciated, in our view. We also built a holding in Reckitt Benckiser, a global personal and household goods business.

We steadily added to our bond weighting during the year, deploying some of the fund's available cash into attractively priced new issues in what we saw as lower risk names. The duration of the portfolio also increased slightly over the year, as global growth has weakened and central banks have pivoted monetary policy to a more accommodative stance. Following the fall in real yields in 2019, we took some profits on our UK index-linked positions while increasing exposure to corporate bonds. New bond purchases included holdings in Berkshire Hathaway Finance, Manchester Airport, Diageo Finance, Co-Operative, Fidelity National Information Services and Orsted. We also invested in US Treasuries, where the yields on offer are much higher relative to UK government bonds.

The global economic backdrop has weakened over the past year, and central banks have pivoted back to easing monetary policy, with the European Central Bank following the example set by the US Federal Reserve. Equity market prospects seem to lie with the positive aspects of monetary policy support and lower discount rates, care of lower bond yields. However, within equity markets we have already seen a flight to safety, with many cyclical stocks already pricing in the risks of a sharp economic slowdown (earnings-per-share forecasts are down in most regions and sectors). In the UK, the coronation of a new Conservative prime minister determined to end paralysis over Brexit is unlikely to change what looks like entrenched uncertainty over the short term. The Bank of England downgraded its growth forecast for 2019 and 2020 following the end of the review year.

While it may seem counterintuitive, we are excited by the value on offer within the polarised UK equity market for those investors taking a long-term view. The elastic relationship between 'growth' and 'value' has become notably stretched, reaching multi-year extremes. 'Value' seems to have become a dirty word, with the market purely focused on short-term momentum and current news flow. The market is now reminiscent of the very end of the 1990s, when investors completely disregarded valuation and fundamental analysis in favour of market trends. Experience tells us that the inflated valuations ascribed to growth stocks are dangerous, so we are very selective in this area, while value could recover sharply if bond yields begin to rise from their current rock-bottom (even negative) levels.

Comparative tables for the year ended 31 July 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	271.36	263.36	246.72
Return before operating charges*	1.23	11.82	20.34
Operating charges	(3.78)	(3.82)	(3.70)
Return after operating charges*	(2.55)	8.00	16.64
Distributions on accumulation shares	(9.75)	(9.09)	(8.05)
Retained distributions on accumulation shares	9.75	9.09	8.05
Closing net asset value per share	268.81	271.36	263.36
* after direct transaction costs of:	0.25	0.29	0.25

Performance

Return after charges	(0.94%)	3.04%	6.74%
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Other information

Closing net asset value (£000s)	422,392	524,019	588,020
Closing number of shares	157,131,976	193,106,443	223,273,523
Operating charges	1.44%	1.44%	1.44%
Direct transaction costs	0.10%	0.11%	0.10%

Prices

Highest share price (pence)	271.80	273.73	268.20
Lowest share price (pence)	248.20	254.40	244.60

	Class A 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	153.48	154.13	149.00
Return before operating charges*	0.57	6.82	12.15
Operating charges	(2.12)	(2.21)	(2.21)
Return after operating charges*	(1.55)	4.61	9.94
Distributions on income shares	(5.44)	(5.26)	(4.81)
Closing net asset value per share	146.49	153.48	154.13
* after direct transaction costs of:	0.14	0.17	0.15

Performance

Return after charges	(1.01%)	2.99%	6.67%
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Other information

Closing net asset value (£000s)	55,384	148,762	161,759
Closing number of shares	37,807,956	96,928,365	104,946,141
Operating charges	1.44%	1.44%	1.44%
Direct transaction costs	0.10%	0.11%	0.10%

Prices

Highest share price (pence)	153.70	156.70	158.00
Lowest share price (pence)	139.10	146.60	147.70

Comparative tables (continued)

	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	744.61	717.66	667.56
Return before operating charges*	2.27	30.94	54.01
Operating charges	(4.04)	(3.99)	(3.91)
Return after operating charges*	(1.77)	26.95	50.10
Distributions on accumulation shares	(26.70)	(25.10)	(22.25)
Retained distributions on accumulation shares	26.70	25.10	22.25
Closing net asset value per share	742.84	744.61	717.66
* after direct transaction costs of:	0.69	0.80	0.69
Performance			
Return after charges	(0.24%)	3.76%	7.50%
Other information			
Closing net asset value (£000s)	33,866	37,267	41,689
Closing number of shares	4,558,939	5,004,889	5,809,058
Operating charges	0.56%	0.55%	0.56%
Direct transaction costs	0.10%	0.11%	0.10%
Prices			
Highest share price (pence)	749.30	750.18	729.90
Lowest share price (pence)	683.10	696.50	661.90

Class E accumulation 24/06/19 - 31/07/19 (pence per share)

Change in net assets per share	
Opening net asset value per share	264.90 ¹
Return before operating charges*	4.25
Operating charges	(0.27)
Return after operating charges*	3.98
Distributions on accumulation shares	(2.73)
Retained distributions on accumulation shares	2.73
Closing net asset value per share	268.88
* after direct transaction costs of:	0.26
Performance	
Return after charges	1.50%
Other information	
Closing net asset value (£000s)	12,376
Closing number of shares	4,602,866
Operating charges	0.94%
Direct transaction costs	0.10%
Prices	
Highest share price (pence)	271.20
Lowest share price (pence)	264.70

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

Comparative tables (continued)

	Class E income 24/06/19 - 31/07/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	145.87 ²
Return before operating charges*	2.34
Operating charges	(0.15)
Return after operating charges*	2.19
Distributions on income shares	(1.50)
Closing net asset value per share	146.56
* after direct transaction costs of:	0.14

Performance

Return after charges	1.50%
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Other information

Closing net asset value (£000s)	14,790
Closing number of shares	10,091,059
Operating charges	0.94%
Direct transaction costs	0.10%

Prices

Highest share price (pence)	149.40
Lowest share price (pence)	145.80

² Class E income launched on 24 June 2019 and this is the first published price.

	Class EM accumulation 24/06/19 - 31/07/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	140.08 ³
Return before operating charges*	2.25
Operating charges	(0.14)
Return after operating charges*	2.11
Distributions on accumulation shares	(1.95)
Retained distributions on accumulation shares	1.95
Closing net asset value per share	142.19
* after direct transaction costs of:	0.14

Performance

Return after charges	1.51%
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Other information

Closing net asset value (£000s)	25
Closing number of shares	17,475
Operating charges	0.94%
Direct transaction costs	0.10%

Prices

Highest share price (pence)	143.40
Lowest share price (pence)	140.00

³ Class EM accumulation launched on 24 June 2019 and this is the first published price.

Comparative tables (continued)

	Class EM income 24/06/19 - 31/07/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	110.27 ⁴
Return before operating charges*	1.78
Operating charges	(0.11)
Return after operating charges*	1.67
Distributions on income shares	(1.09)
Closing net asset value per share	110.85
* after direct transaction costs of:	0.11
Performance	
Return after charges	1.51%
Other information	
Closing net asset value (£000s)	1,385
Closing number of shares	1,249,918
Operating charges	0.94%
Direct transaction costs	0.10%
Prices	
Highest share price (pence)	112.60
Lowest share price (pence)	110.20

⁴ Class EM income launched on 24 June 2019 and this is the first published price.

	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	244.42	235.86	219.66
Return before operating charges*	0.79	10.25	17.83
Operating charges	(1.68)	(1.69)	(1.63)
Return after operating charges*	(0.89)	8.56	16.20
Distributions on accumulation shares	(8.75)	(8.23)	(7.26)
Retained distributions on accumulation shares	8.75	8.23	7.26
Closing net asset value per share	243.53	244.42	235.86
* after direct transaction costs of:	0.23	0.26	0.23
Performance			
Return after charges	(0.36%)	3.63%	7.38%
Other information			
Closing net asset value (£000s)	738,964	988,640	1,061,685
Closing number of shares	303,439,620	404,488,155	450,137,267
Operating charges	0.71%	0.71%	0.71%
Direct transaction costs	0.10%	0.11%	0.10%
Prices			
Highest share price (pence)	245.60	246.30	239.90
Lowest share price (pence)	224.10	228.70	217.80

Comparative tables (continued)

	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	125.68	125.52	120.67
Return before operating charges*	0.32	5.37	9.67
Operating charges	(0.86)	(0.89)	(0.88)
Return after operating charges*	(0.54)	4.48	8.79
Distributions on income shares	(4.44)	(4.32)	(3.94)
Closing net asset value per share	120.70	125.68	125.52
* after direct transaction costs of:	0.11	0.14	0.12

Performance

Return after charges	(0.43%)	3.57%	7.28%
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Other information

Closing net asset value (£000s)	189,455	330,367	363,866
Closing number of shares	156,967,037	262,862,605	289,879,421
Operating charges	0.71%	0.71%	0.71%
Direct transaction costs	0.10%	0.11%	0.10%

Prices

Highest share price (pence)	125.90	128.00	128.50
Lowest share price (pence)	114.20	119.90	119.70

	Class M 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	143.77	139.79	131.21
Return before operating charges*	0.69	6.36	10.89
Operating charges	(2.34)	(2.38)	(2.31)
Return after operating charges*	(1.65)	3.98	8.58
Distributions on accumulation shares	(5.16)	(4.45)	(4.07)
Retained distributions on accumulation shares	5.16	4.45	4.07
Closing net asset value per share	142.12	143.77	139.79
* after direct transaction costs of:	0.13	0.15	0.14

Performance

Return after charges	(1.15%)	2.85%	6.54%
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Other information

Closing net asset value (£000s)	1,272	1,707	2,486
Closing number of shares	894,849	1,187,199	1,778,753
Operating charges	1.69%	1.69%	1.69%
Direct transaction costs	0.10%	0.11%	0.10%

Prices

Highest share price (pence)	144.00	145.06	142.40
Lowest share price (pence)	131.40	134.90	130.10

Comparative tables (continued)

	Class M 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	116.29	117.09	113.51
Return before operating charges*	0.46	5.20	12.01
Operating charges	(1.87)	(1.96)	(1.97)
Return after operating charges*	(1.41)	3.24	10.04
Distributions on income shares	(4.11)	(4.04)	(6.46)
Closing net asset value per share	110.77	116.29	117.09
* after direct transaction costs of:	0.11	0.13	0.12

Performance

Return after charges	(1.21%)	2.77%	8.85%
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Other information

Closing net asset value (£000s)	7,113	10,260	11,420
Closing number of shares	6,421,795	8,822,588	9,753,605
Operating charges	1.69%	1.69%	1.69%
Direct transaction costs	0.10%	0.11%	0.10%

Prices

Highest share price (pence)	116.50	118.70	120.30
Lowest share price (pence)	105.20	111.00	112.30

	Class A 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	967.15	950.55	846.93
Return before operating charges*	9.42	30.26	116.58
Operating charges	(13.22)	(13.66)	(12.96)
Return after operating charges*	(3.80)	16.60	103.62
Distributions on accumulation shares	(35.31)	(32.47)	(28.26)
Retained distributions on accumulation shares	35.31	32.47	28.26
Closing net asset value per share	963.35	967.15	950.55
* after direct transaction costs of:	0.88	1.04	0.89

Performance

Return after charges (Base currency)	(0.39%)	1.75%	12.23%
Return after charges (Share class currency)	(2.29%)	2.01%	5.70%

Other information

Closing net asset value (£000s)	7	38	2
Closing number of shares	712	3,926	258
Operating charges	1.44%	1.44%	1.44%
Direct transaction costs	0.10%	0.11%	0.10%

Prices

Highest share price (Euro cents)	1,085.00	1,095.86	1,084.00
Lowest share price (Euro cents)	986.20	1,020.00	996.80

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	987.59	965.19	854.86
Return before operating charges*	8.60	29.25	116.84
Operating charges	(6.68)	(6.85)	(6.51)
Return after operating charges*	1.92	22.40	110.33
Distributions on accumulation shares	(34.64)	(32.94)	(28.95)
Retained distributions on accumulation shares	34.64	32.94	28.95
Closing net asset value per share	989.51	987.59	965.19
* after direct transaction costs of:	0.90	1.06	0.91
Performance			
Return after charges (Base currency)	0.19%	2.32%	12.91%
Return after charges (Share class currency)	(1.71%)	2.59%	6.33%
Other information			
Closing net asset value (£000s)	461	514	156
Closing number of shares	46,534	52,086	16,169
Operating charges	0.71%	0.71%	0.71%
Direct transaction costs	0.10%	0.11%	0.10%
Prices			
Highest share price (Euro cents)	1,109.00	1,117.77	1,099.00
Lowest share price (Euro cents)	1,010.00	1,040.00	1,006.00
	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	930.28	881.62	810.26
Return before operating charges*	85.78	54.89	77.69
Operating charges	(6.58)	(6.23)	(6.33)
Return after operating charges*	79.20	48.66	71.36
Distributions on accumulation shares	(34.47)	(30.23)	(28.00)
Retained distributions on accumulation shares	34.47	30.23	28.00
Closing net asset value per share	1,009.48	930.28	881.62
* after direct transaction costs of:	0.88	0.96	0.88
Performance			
Return after charges (Base currency)	8.51%	5.52%	8.81%
Return after charges (Share class currency)	1.29%	4.99%	8.04%
Other information			
Closing net asset value (£000s)	12,493	9,966	6,788
Closing number of shares	1,237,600	1,071,254	769,947
Operating charges	0.71%	0.71%	0.71%
Direct transaction costs	0.10%	0.11%	0.10%
Prices			
Highest share price (USD cents)	1,246.80	1,225.86	1,180.34
Lowest share price (USD cents)	1,125.81	1,136.21	1,066.53

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

Comparative tables (continued)

Operating charges

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

Share class launches and closures

The following share classes launched in the year:

Share class	Launch date
Class E accumulation	24 June 2019
Class E income	24 June 2019
Class EM accumulation	24 June 2019
Class EM income	24 June 2019

There were no share classes closed in the year.

Hedged share classes

Class A EUR (hedged) accumulation, 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 %	2018 %	Projected OCF from 24 June 2019¹
Class A	1.44	1.44	n/a
Class C	0.56	0.55	n/a
Class E²	0.94	n/a	0.94
Class EM³	0.94	n/a	0.94
Class I	0.71	0.71	n/a
Class M	1.69	1.69	n/a

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

¹ The projected ongoing charge based on the annual fee rates from 24 June 2019.

² Class E launched on 24 June 2019.

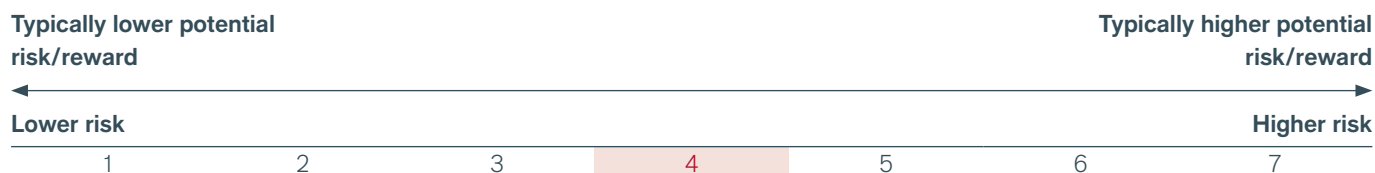
³ Class EM launched on 24 June 2019.

Risk and reward profile

The fund currently has 14 types of share class in issue:

A accumulation, A income, C accumulation, E accumulation, E income, EM accumulation, EM income, I accumulation, I income, M accumulation, M income, A EUR (hedged) accumulation, I EUR (hedged) accumulation and I USD (hedged) accumulation.

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



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

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

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

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

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

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

There has been no change to the risk ratings in the year for the remaining share classes.

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

* Class A EUR (hedged) accumulation and I EUR (hedged) accumulation launched on 4 March 2015, Class I USD (hedged) accumulation launched on 11 August 2014, Class E accumulation, E income, EM accumulation and EM income launched on 24 June 2019 and 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 July 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 51.72% (2018: 57.10%)		
	Canada 0.69% (2018: 0.00%)		
	Basic Materials 0.69% (2018: 0.00%)		
775,036	Barrick Gold	10,330	0.69
	France 0.52% (2018: 0.00%)		
	Health Care 0.52% (2018: 0.00%)		
112,151	Sanofi	7,693	0.52
	Germany 0.20% (2018: 0.00%)		
	Consumer Goods 0.20% (2018: 0.00%)		
35,000	Henkel	2,972	0.20
	Ireland 0.49% (2018: 0.83%)		
	Consumer Goods 0.00% (2018: 0.43%)		
	Consumer Services 0.49% (2018: 0.40%)		
831,932	Ryanair	7,347	0.49
	Japan 0.68% (2018: 0.00%)		
	Health Care 0.68% (2018: 0.00%)		
371,529	Takeda Pharmaceutical	10,158	0.68
	Mexico 0.40% (2018: 0.00%)		
	Basic Materials 0.40% (2018: 0.00%)		
1,001,477	Fresnillo	6,019	0.40
	Netherlands 3.65% (2018: 3.41%)		
	Oil & Gas 3.65% (2018: 3.41%)		
2,091,453	Royal Dutch Shell 'B'	54,430	3.65
	Switzerland 1.47% (2018: 0.26%)		
	Basic Materials 0.59% (2018: 0.26%)		
3,274,990	Glencore	8,726	0.59
	Health Care 0.88% (2018: 0.00%)		
60,000	Roche	13,199	0.88
	United Kingdom 42.31% (2018: 50.26%)		
	Basic Materials 2.36% (2018: 4.88%)		
438,871	Johnson Matthey	14,109	0.95
2,575,000	Synthomer	7,797	0.52
651,497	Victrix	13,291	0.89
		35,197	2.36
	Consumer Goods 8.07% (2018: 5.34%)		
451,517	Associated British Foods	10,927	0.73
140,000	Bellway	4,158	0.28
1,335,240	British American Tobacco	39,416	2.64
250,000	Cranswick	6,655	0.45
1,280,625	Imperial Brands	26,829	1.80

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Goods (continued)			
300,000	Persimmon	6,027	0.40
375,936	Reckitt Benckiser	23,955	1.61
534,983	Superdry	2,318	0.16
		<u>120,285</u>	<u>8.07</u>
Consumer Services 5.87% (2018: 7.91%)			
2,587,301	Cineworld	6,600	0.44
5,832,289	Dixons Carphone	6,973	0.47
3,223,084	Domino's Pizza	7,974	0.54
1,228,981	easyJet	11,847	0.80
775,000	Euromoney Institutional Investor	10,695	0.72
1,000,000	International Consolidated Airlines	4,244	0.28
1,028,675	RELX	20,095	1.34
6,117,349	Tesco	13,660	0.92
3,500,000	William Hill	5,339	0.36
		<u>87,427</u>	<u>5.87</u>
Financials 10.00% (2018: 13.85%)			
1,397,608	Aviva	5,676	0.38
9,127,528	Barclays	14,064	0.95
273,427	Close Brothers	3,639	0.24
1,468,366	HICL Infrastructure	2,417	0.16
3,556,953	HSBC	23,358	1.58
2,142,139	IG	12,249	0.82
2,676,523	John Laing	10,326	0.69
3,449,463	Juridica ¹	-	-
14,504,939	Just	6,841	0.46
1,034,993	Lancashire	7,178	0.48
805,048	Land Securities	6,410	0.43
22,930,729	Lloyds Banking	12,229	0.82
1,185,979	MAN	2,030	0.14
77,250	Nationwide Building Society CDDS	11,844	0.79
2,264,055	OneSavings Bank	8,228	0.55
1,224,125	Provident Financial	5,336	0.36
1,000,822	Prudential	16,994	1.15
		<u>148,819</u>	<u>10.00</u>
Health Care 4.71% (2018: 5.38%)			
584,124	Clinigen	5,888	0.40
2,986,345	GlaxoSmithKline	50,846	3.40
727,028	Smith & Nephew	13,515	0.91
		<u>70,249</u>	<u>4.71</u>
Industrials 5.35% (2018: 5.43%)			
2,778,698	Babcock International	13,238	0.89
3,877,760	BAE Systems	21,273	1.44
9,000,355	Capita	10,490	0.70
1,128,157	Howden Joinery	6,261	0.42
4,808,562	Melrose Industries	8,990	0.60
4,305,855	SIG	5,671	0.38

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Industrials (continued)		
357,934	Smiths	5,877	0.39
400,560	Ultra Electronics	7,863	0.53
		<u>79,663</u>	<u>5.35</u>
	Oil & Gas 1.82% (2018: 2.35%)		
4,963,439	BP	27,085	1.82
	Technology 0.46% (2018: 0.66%)		
957,112	Sage	6,891	0.46
	Telecommunications 1.31% (2018: 3.09%)		
3,991,641	BT	7,711	0.52
7,905,934	Vodafone	11,865	0.79
		<u>19,576</u>	<u>1.31</u>
	Utilities 2.36% (2018: 1.37%)		
2,135,038	National Grid	18,026	1.21
1,053,171	Pennon	7,553	0.51
869,968	SSE	9,574	0.64
		<u>35,153</u>	<u>2.36</u>
	United States 1.31% (2018: 2.34%)		
	Consumer Goods 0.38% (2018: 0.31%)		
2,909,562	TI Fluid Systems	5,714	0.38
	Consumer Services 0.69% (2018: 0.21%)		
273,271	Carnival	10,120	0.69
	Health Care 0.24% (2018: 1.82%)		
100,000	Bristol-Myers Squibb	3,625	0.24
	Bonds 44.63% (2018: 32.52%)		
	Belgium 0.20% (2018: 0.00%)		
	Zero / Discount Rate Bond 0.20% (2018: 0.00%)		
GBP 2,900,000	Anheuser-Busch InBev 2.85% 25/05/2037	3,037	0.20
	Denmark 0.43% (2018: 0.00%)		
	Fixed Rate Bond 0.43% (2018: 0.00%)		
GBP 2,130,000	Orsted 2.125% 17/05/2027	2,240	0.15
GBP 3,920,000	Orsted 2.50% 16/05/2033	4,212	0.28
		<u>6,452</u>	<u>0.43</u>
	France 1.65% (2018: 0.26%)		
	Fixed Rate Bond 1.28% (2018: 0.00%)		
GBP 4,600,000	Électricité de France 6.125% 02/06/2034	6,752	0.46
GBP 4,000,000	Orange 3.25% 15/01/2032	4,496	0.30
GBP 3,900,000	Total Capital International 1.66% 22/07/2026	4,014	0.27
GBP 1,100,000	Vinci 2.25% 15/03/2027	1,163	0.08
GBP 2,300,000	Vinci 2.75% 15/09/2034	2,550	0.17
		<u>18,975</u>	<u>1.28</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Variable Rate Bond 0.37% (2018: 0.26%)		
GBP 5,100,000	Électricité de France 6.00% Perpetual	5,563	0.37
	Germany 1.22% (2018: 0.39%)		
	Fixed Rate Bond 1.22% (2018: 0.00%)		
GBP 7,450,000	Aroundtown 3.625% 10/04/2031	7,725	0.52
GBP 3,000,000	Aroundtown 4.75% Perpetual	3,019	0.20
GBP 2,900,000	innogy Finance 6.25% 03/06/2030	4,057	0.27
EUR 3,500,000	Unitymedia Hessen 3.75% 15/01/2027	3,384	0.23
		18,185	1.22
	Variable Rate Bond 0.00% (2018: 0.39%)		
	Iceland 0.00% (2018: 0.00%)		
	Asset Backed 0.00% (2018: 0.00%)		
GBP 475,000	Kaupthing Singer & Friedlander 7.50% 13/11/2019 ¹	-	-
	Ireland 0.05% (2018: 0.03%)		
	Fixed Rate Bond 0.05% (2018: 0.03%)		
GBP 2,300,000	Lambay Capital Securities 6.25% Perpetual ²	29	-
EUR 1,825,000	Waterford Wedgewood 9.875% Perpetual ¹	-	-
USD 766,000	WPP Finance 4.75% 21/11/2021	654	0.05
		683	0.05
	Italy 0.16% (2018: 0.00%)		
	Fixed Rate Bond 0.16% (2018: 0.00%)		
GBP 550,000	Enel Finance International 5.75% 14/09/2040	790	0.05
GBP 1,100,000	Enel Finance International 5.75% 22/06/2037	1,537	0.11
GBP 910,000	Parmalat Capital Finance 9.375% Perpetual ¹	-	-
		2,327	0.16
	Luxembourg 0.14% (2018: 0.00%)		
	Asset Backed 0.00% (2018: 0.00%)		
EUR 1,089,681	Hellas Telecommunications III 8.50% 15/10/2013 ¹	-	-
	Fixed Rate Bond 0.14% (2018: 0.00%)		
GBP 2,000,000	B&M European Value Retail 4.125% 01/02/2022	2,027	0.14
	Spain 0.26% (2018: 0.00%)		
	Fixed Rate Bond 0.26% (2018: 0.00%)		
GBP 3,700,000	Abertis Infraestructuras 3.375% 27/11/2026	3,913	0.26
	Switzerland 0.15% (2018: 0.00%)		
	Fixed Rate Bond 0.15% (2018: 0.00%)		
GBP 2,200,000	Glencore Finance 3.125% 26/03/2026	2,266	0.15
	United Kingdom 20.71% (2018: 21.81%)		
	Asset Backed 0.46% (2018: 0.70%)		
GBP 2,549,000	Legal & General 10.00% 23/07/2041	2,961	0.20
GBP 2,958,309	Tesco Property Finance 6.0517% 13/10/2039	3,907	0.26
		6,868	0.46

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Fixed Rate Bond 14.54% (2018: 11.70%)		
GBP 880,000	Accent Capital 2.625% 18/07/2049	894	0.06
GBP 2,200,000	Anglo American Capital 3.375% 11/03/2029	2,316	0.16
GBP 5,600,000	Annington Funding 2.646% 12/07/2025	5,809	0.39
GBP 1,800,000	Annington Funding 3.184% 12/07/2029	1,916	0.13
GBP 2,000,000	Babcock International 1.875% 05/10/2026	1,924	0.13
GBP 4,836,000	Barclays Bank 10% 21/05/2021	5,539	0.37
GBP 4,510,000	Barclays 3.00% 08/05/2026	4,579	0.31
GBP 2,000,000	Barclays 3.25% 17/01/2033	1,962	0.13
USD 2,990,000	BAT International Finance 3.25% 07/06/2022	2,482	0.17
GBP 6,000,000	BAT International Finance 7.25% 12/03/2024	7,480	0.50
GBP 4,260,000	BP Capital Markets 1.827% 08/09/2025	4,407	0.30
GBP 12,500,000	Cattles 6.875% Perpetual ¹	-	-
GBP 1,264,000	Centrica 4.375% 13/03/2029	1,489	0.10
GBP 5,450,000	Co-Operative 5.125% 17/05/2024	5,728	0.38
GBP 1,095,000	CPUK Finance 4.25% 28/08/2022	1,107	0.07
GBP 3,500,000	Daily Mail & General Trust 6.375% 21/06/2027	4,109	0.28
GBP 4,800,000	Diageo Finance 1.75% 12/10/2026	4,975	0.33
GBP 6,444,000	Friends Life 8.25% 21/04/2022	7,609	0.51
GBP 2,045,000	Friends Life 12.00% 21/05/2021	2,432	0.16
GBP 2,000,000	GKN 6.75% 28/10/2019	2,024	0.14
GBP 4,138,000	Hammerson 6.00% 23/02/2026	4,778	0.32
GBP 1,000,000	Heathrow Funding 6.00% 20/03/2020	1,030	0.07
GBP 3,200,000	Heathrow Funding 7.125% 14/02/2024	3,930	0.26
GBP 4,300,000	HSBC 2.175% 27/06/2023	4,379	0.29
GBP 3,000,000	HSBC 3.00% 29/05/2030	3,139	0.21
GBP 4,300,000	HSBC 6.00% 29/03/2040	5,757	0.39
GBP 2,000,000	Imperial Brands Finance 5.50% 28/09/2026	2,420	0.16
GBP 3,500,000	Just 9.00% 26/10/2026	3,958	0.27
GBP 3,000,000	Ladbrokes 5.125% 08/09/2023	3,165	0.21
GBP 2,441,000	Legal & General 5.50% 27/06/2064	2,708	0.18
GBP 5,440,000	Manchester Airport 2.875% 30/09/2044	5,695	0.38
GBP 700,000	Marks & Spencer 3.25% 10/07/2027	701	0.05
GBP 2,800,000	Motability Operations 1.75% 03/07/2029	2,831	0.19
GBP 4,530,000	Motability Operations 2.375% 03/07/2039	4,593	0.31
GBP 1,876,000	National Westminster Bank 11.50% Perpetual	3,091	0.21
GBP 1,300,000	Next 3.00% 26/08/2025	1,352	0.09
GBP 5,000,000	Next 3.625% 18/05/2028	5,299	0.36
GBP 1,830,000	Prudential 3.875% 20/07/2049	1,849	0.12
GBP 2,500,000	Prudential 5.00% 20/07/2055	2,700	0.18
GBP 2,000,000	Royal Bank of Scotland 3.125% 28/03/2027	2,052	0.14
GBP 1,500,000	Scottish Widows 5.50% 16/06/2023	1,675	0.11
GBP 6,500,000	Tesco 2.50% 02/05/2025	6,693	0.45
GBP 36,250,000	UK Treasury 3.75% 07/09/2019	36,364	2.43
GBP 16,010,000	UK Treasury 3.75% 07/09/2020	16,581	1.11
GBP 4,350,000	Unilever 1.50% 22/07/2026	4,439	0.30
GBP 3,860,000	United Utilities Water Finance 2.00% 03/07/2033	3,917	0.26
GBP 1,200,000	Virgin Media 6.25% 28/03/2029	1,268	0.09
GBP 5,000,000	Western Power Distribution West Midlands 5.75% 16/04/2032	6,978	0.47

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
GBP 3,520,000	Westfield Stratford City 1.642% 04/08/2026	3,572	0.24
GBP 961,000	WM Morrison Supermarkets 3.50% 27/07/2026	1,065	0.07
		<u>216,760</u>	<u>14.54</u>
Index Linked Bond 2.30% (2018: 5.88%)			
GBP 2,070,000	British Telecommunications 3.50% Index-Linked 25/04/2025	4,510	0.30
GBP 2,600,000	Heathrow Funding 3.334% Index-Linked 09/12/2039	6,627	0.44
GBP 13,987,000	UK Treasury 1.875% Index-Linked 22/11/2022	23,084	1.56
		<u>34,221</u>	<u>2.30</u>
Stepped Rate Bond 0.00% (2018: 0.59%)			
Variable Rate Bond 3.41% (2018: 2.94%)			
GBP 9,000,000	Aviva 6.125% Perpetual	9,727	0.66
GBP 110,000	Aviva 6.875% 20/05/2058	146	0.01
GBP 3,986,000	British Insurance 6.625% 09/12/2030	4,053	0.27
GBP 4,869,000	BUPA Finance 6.125% Perpetual	5,083	0.34
USD 6,000,000	Catlin Insurance FRN Perpetual	4,900	0.33
GBP 1,930,000	HSBC 3.00% 22/07/2028	2,048	0.14
GBP 3,199,000	National Express 6.625% 17/06/2020	3,348	0.22
GBP 2,100,000	National Grid Finance 5.625% 18/06/2073	2,297	0.15
GBP 1,300,000	Prudential 5.70% 19/12/2063	1,482	0.10
GBP 6,430,000	RL Finance Bonds 6.125% 30/11/2043	7,224	0.48
GBP 2,235,000	SSE 3.875% Perpetual	2,260	0.15
GBP 8,074,000	Standard Chartered Bank 5.375% Perpetual	8,240	0.56
		<u>50,808</u>	<u>3.41</u>
United States 19.66% (2018: 10.03%)			
Asset Backed 0.31% (2018: 0.47%)			
GBP 192,104	Lehman Brothers 7.875% 08/05/2018 ¹	4	-
GBP 5,000,000	SLM Student Loan Trust 5.15% 15/12/2039	4,685	0.31
		<u>4,689</u>	<u>0.31</u>
Fixed Rate Bond 6.86% (2018: 1.27%)			
GBP 4,000,000	AT&T 2.90% 04/12/2026	4,256	0.29
GBP 3,940,000	AT&T 4.875% 01/06/2044	5,000	0.34
GBP 2,850,000	Bank of America 6.125% 15/09/2021	3,150	0.21
GBP 4,800,000	Berkshire Hathaway Finance 2.375% 19/06/2039	5,029	0.34
USD 5,432,000	Bristol-Myers Squibb 3.40% 26/07/2029	4,637	0.31
GBP 3,320,000	Fidelity National Information Services 2.602% 21/05/2025	3,493	0.23
GBP 4,500,000	Fidelity National Information Services 3.36% 21/05/2031	4,949	0.33
GBP 1,790,000	Fiserv 2.25% 01/07/2025	1,844	0.12
GBP 1,260,000	Fiserv 3.00% 01/07/2031	1,339	0.09
GBP 1,300,000	GE Capital UK Funding 6.25% 05/05/2038	1,758	0.12
USD 5,000,000	Iron Mountain 6.00% 15/08/2023	4,163	0.28
GBP 5,664,000	Juneau Investment 5.90% 22/02/2021	5,895	0.40
GBP 4,000,000	Kraft Heinz Foods 4.125% 01/07/2027	4,445	0.30
GBP 3,000,000	Time Warner Cable 5.75% 02/06/2031	3,708	0.25

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
USD 26,000,000	US Treasury 2.375% 29/02/2024	21,726	1.45
USD 20,684,400	US Treasury 3.625% 15/02/2021	17,309	1.16
GBP 4,800,000	Verizon Communications 2.50% 08/04/2031	5,041	0.34
GBP 4,240,000	Wells Fargo 2.50% 02/05/2029	4,449	0.30
		102,191	6.86
Index Linked Bond 12.49% (2018: 8.29%)			
USD 64,771,000	US Treasury 0.125% Index-Linked 15/07/2024	56,866	3.82
USD 101,478,100	US Treasury 0.625% Index-Linked 15/01/2024	92,323	6.20
USD 29,861,000	US Treasury 2.375% Index-Linked 15/01/2025	36,867	2.47
		186,056	12.49
Derivatives (0.65%) (2018: (0.09%))			
Forward Foreign Exchange Contracts (0.67%) (2018: (0.10%))³			
	Buy CAD 1,239,382 : Sell GBP 726,919 August 2019	44	-
	Buy CAD 182,133 : Sell GBP 111,396 September 2019	2	-
	Buy CAD 197,634 : Sell GBP 120,621 September 2019	2	-
	Buy CAD 210,333 : Sell GBP 126,231 August 2019	5	-
	Buy CAD 210,333 : Sell GBP 126,577 August 2019	4	-
	Buy CAD 2,415,749 : Sell GBP 1,466,925 September 2019	34	-
	Buy CAD 244,136 : Sell GBP 148,960 September 2019	3	-
	Buy CAD 255,762 : Sell GBP 157,548 September 2019	1	-
	Buy CAD 258,544 : Sell GBP 153,202 August 2019	8	-
	Buy CAD 3,183,601 : Sell GBP 1,862,970 August 2019	116	0.01
	Buy CAD 331,163 : Sell GBP 198,410 August 2019	7	-
	Buy CAD 3,787,880 : Sell GBP 2,254,047 August 2019	101	0.01
	Buy CAD 5,110,088 : Sell GBP 3,029,896 August 2019	147	0.01
	Buy CHF 140,000 : Sell GBP 113,477 August 2019	2	-
	Buy CHF 172,500 : Sell GBP 139,883 August 2019	2	-
	Buy CHF 177,500 : Sell GBP 143,139 August 2019	3	-
	Buy CHF 189,000 : Sell GBP 157,130 September 2019	(1)	-
	Buy CHF 275,000 : Sell GBP 222,722 August 2019	4	-
	Buy CHF 330,000 : Sell GBP 269,599 August 2019	3	-
	Buy CHF 401,250 : Sell GBP 325,493 August 2019	6	-
	Buy EUR 133,650 : Sell GBP 120,214 September 2019	1	-
	Buy EUR 1,412,689 : Sell GBP 1,262,356 August 2019	23	-
	Buy EUR 223,807 : Sell GBP 199,766 August 2019	4	-
	Buy EUR 283,500 : Sell GBP 255,800 September 2019	2	-
	Buy EUR 296,465 : Sell GBP 267,214 September 2019	3	-
	Buy EUR 351,681 : Sell GBP 316,796 September 2019	3	-
	Buy EUR 426,473 : Sell GBP 391,574 September 2019	(3)	-
	Buy EUR 499,075 : Sell GBP 450,628 September 2019	4	-
	Buy EUR 529,803 : Sell GBP 475,708 August 2019	6	-
	Buy EUR 65,625 : Sell GBP 59,424 September 2019 ⁴	-	-
	Buy EUR 66,500 : Sell GBP 59,699 September 2019	1	-
	Buy GBP 10,151,268 : Sell CAD 16,855,006 September 2019	(318)	(0.02)
	Buy GBP 10,301,737 : Sell EUR 11,546,334 August 2019	(201)	(0.01)
	Buy GBP 10,538,853 : Sell CHF 13,203,750 August 2019	(358)	(0.02)
	Buy GBP 119,753 : Sell CAD 197,435 September 2019	(3)	-
	Buy GBP 120,419 : Sell CHF 151,250 August 2019	(4)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts <small>(continued)</small>			
	Buy GBP 122,915 : Sell JPY 16,533,040 September 2019	(2)	-
	Buy GBP 130,156 : Sell CAD 219,007 August 2019	(6)	-
	Buy GBP 132,620 : Sell CAD 217,010 September 2019	(2)	-
	Buy GBP 135,590 : Sell CHF 166,250 August 2019	(2)	-
	Buy GBP 142,062,677 : Sell USD 180,363,954 September 2019	(4,944)	(0.34)
	Buy GBP 144,277 : Sell JPY 19,876,801 August 2019	(5)	-
	Buy GBP 166,705 : Sell CHF 210,000 August 2019	(7)	-
	Buy GBP 176,389 : Sell CHF 220,000 August 2019	(5)	-
	Buy GBP 1,792,886 : Sell USD 2,225,000 September 2019	(21)	-
	Buy GBP 181,753 : Sell JPY 24,892,444 August 2019	(6)	-
	Buy GBP 188,838 : Sell CAD 317,738 August 2019	(9)	-
	Buy GBP 196,190 : Sell CAD 321,640 September 2019	(4)	-
	Buy GBP 197,534 : Sell CHF 248,750 August 2019	(8)	-
	Buy GBP 199,164 : Sell EUR 223,621 August 2019	(4)	-
	Buy GBP 20,237 : Sell USD 25,152 August 2019 ⁴	-	-
	Buy GBP 208,675 : Sell JPY 28,607,732 August 2019	(7)	-
	Buy GBP 209,258 : Sell CHF 257,500 August 2019	(3)	-
	Buy GBP 210,367 : Sell CAD 355,887 August 2019	(11)	-
	Buy GBP 214,931 : Sell JPY 29,165,026 September 2019	(5)	-
	Buy GBP 2,168,063 : Sell CHF 2,650,314 September 2019	(22)	-
	Buy GBP 216,947 : Sell CHF 270,000 August 2019	(6)	-
	Buy GBP 223,590 : Sell JPY 30,836,906 August 2019	(8)	-
	Buy GBP 223,648 : Sell JPY 30,836,908 August 2019	(8)	-
	Buy GBP 225,611 : Sell EUR 249,879 September 2019	(2)	-
	Buy GBP 228,769 : Sell EUR 256,292 September 2019	(5)	-
	Buy GBP 232,160 : Sell CHF 283,936 September 2019	(3)	-
	Buy GBP 243,696 : Sell CAD 410,639 August 2019	(12)	-
	Buy GBP 264,683 : Sell CAD 434,020 September 2019	(5)	-
	Buy GBP 2,788,373 : Sell USD 3,549,543 August 2019	(109)	(0.01)
	Buy GBP 2,796,134 : Sell EUR 3,104,301 September 2019	(30)	-
	Buy GBP 28,141 : Sell USD 34,234 August 2019 ⁴	-	-
	Buy GBP 305,587 : Sell CAD 499,898 September 2019	(5)	-
	Buy GBP 310,728 : Sell CAD 525,617 August 2019	(16)	-
	Buy GBP 315,979 : Sell EUR 351,633 September 2019	(4)	-
	Buy GBP 338,123 : Sell JPY 46,255,361 August 2019	(10)	-
	Buy GBP 355,742 : Sell EUR 400,245 August 2019	(8)	-
	Buy GBP 358,239 : Sell CAD 608,950 August 2019	(20)	-
	Buy GBP 361,225 : Sell CAD 589,027 September 2019	(5)	-
	Buy GBP 3,701,298 : Sell USD 4,646,254 September 2019	(86)	(0.01)
	Buy GBP 386,400 : Sell EUR 429,915 September 2019	(5)	-
	Buy GBP 393,710 : Sell EUR 436,992 September 2019	(4)	-
	Buy GBP 441,346 : Sell CAD 742,880 August 2019	(21)	-
	Buy GBP 49,270 : Sell USD 60,691 August 2019 ⁴	-	-
	Buy GBP 4,940,098 : Sell JPY 675,904,133 September 2019	(149)	(0.01)
	Buy GBP 507,698 : Sell CAD 851,342 August 2019	(22)	-
	Buy GBP 5,281,153 : Sell JPY 720,673,378 August 2019	(141)	(0.01)
	Buy GBP 6,179,653 : Sell CAD 10,520,129 August 2019	(360)	(0.02)
	Buy GBP 629,879 : Sell EUR 707,589 August 2019	(14)	-
	Buy GBP 791,498 : Sell CAD 1,348,447 August 2019	(47)	-
	Buy GBP 8,898,893 : Sell EUR 9,922,118 September 2019	(135)	(0.01)

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts (continued)			
	Buy GBP 98,419,009 : Sell USD 124,958,905 August 2019	(3,571)	(0.24)
	Buy GBP 9,868 : Sell USD 12,008 August 2019 ⁴	-	-
	Buy JPY 13,746,572 : Sell GBP 99,948 August 2019	3	-
	Buy JPY 14,861,160 : Sell GBP 110,699 September 2019	1	-
	Buy JPY 18,019,157 : Sell GBP 132,092 August 2019	3	-
	Buy JPY 18,947,979 : Sell GBP 141,277 September 2019	1	-
	Buy JPY 20,619,860 : Sell GBP 156,221 September 2019	(1)	-
	Buy JPY 22,105,976 : Sell GBP 163,300 August 2019	3	-
	Buy JPY 26,378,559 : Sell GBP 192,870 August 2019	6	-
	Buy JPY 30,093,849 : Sell GBP 221,382 September 2019	5	-
	Buy JPY 32,508,788 : Sell GBP 242,430 September 2019	2	-
	Buy JPY 33,066,080 : Sell GBP 245,562 September 2019	3	-
	Buy JPY 36,967,135 : Sell GBP 270,795 August 2019	7	-
	Buy USD 1,044,333 : Sell GBP 820,458 August 2019	32	-
	Buy USD 1,465 : Sell GBP 1,171 September 2019 ⁴	-	-
	Buy USD 149,677 : Sell GBP 119,477 September 2019	3	-
	Buy USD 2,100,167 : Sell GBP 1,676,841 September 2019	35	-
	Buy USD 2,109 : Sell GBP 1,684 September 2019 ⁴	-	-
	Buy USD 3,422,558 : Sell GBP 2,725,370 September 2019	64	-
	Buy USD 48,588 : Sell GBP 38,086 August 2019	2	-
	Buy USD 48,855 : Sell GBP 38,576 August 2019	1	-
	Buy USD 5,009,529 : Sell GBP 4,083,399 September 2019 ⁴	-	-
	Buy USD 872,456 : Sell GBP 700,709 September 2019	10	-
		<u>(10,051)</u>	<u>(0.67)</u>
Forward Foreign Exchange Contracts (Hedged share classes)			
0.02% (2018: 0.01%)³			
	Buy EUR 2,900 : Sell GBP 2,610 August 2019 ⁴	-	-
	Buy EUR 43 : Sell GBP 39 August 2019 ⁴	-	-
	Buy EUR 502,210 : Sell GBP 452,000 August 2019	5	-
	Buy EUR 5,475 : Sell GBP 4,976 August 2019 ⁴	-	-
	Buy EUR 7,484 : Sell GBP 6,736 August 2019 ⁴	-	-
	Buy EUR 80 : Sell GBP 73 August 2019 ⁴	-	-
	Buy GBP 90,345 : Sell USD 112,965 August 2019	(2)	-
	Buy USD 12,014 : Sell GBP 9,868 August 2019 ⁴	-	-
	Buy USD 15,046,412 : Sell GBP 11,985,210 August 2019	296	0.02
	Buy USD 163,218 : Sell GBP 133,121 August 2019 ⁴	-	-
	Buy USD 16,704 : Sell GBP 13,333 August 2019 ⁴	-	-
	Buy USD 18,701 : Sell GBP 14,997 August 2019 ⁴	-	-
	Buy USD 21,405 : Sell GBP 17,217 August 2019 ⁴	-	-
	Buy USD 23,669 : Sell GBP 19,058 August 2019 ⁴	-	-
	Buy USD 25,168 : Sell GBP 20,237 August 2019 ⁴	-	-
	Buy USD 34,248 : Sell GBP 28,141 August 2019 ⁴	-	-
	Buy USD 3,767 : Sell GBP 3,000 August 2019 ⁴	-	-
	Buy USD 38,885 : Sell GBP 31,136 August 2019	1	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts (Hedged share classes) (continued)			
	Buy USD 60,728 : Sell GBP 49,270 August 2019 ⁴	-	-
	Buy USD 88,505 : Sell GBP 70,498 August 2019	2	-
		<u>302</u>	<u>0.02</u>
	Investment assets including investment liabilities	1,425,950	95.70
	Other net assets	64,033	4.30
	Total net assets	1,489,983	100.00

¹ Defaulted

² Manually priced securities

³ Unquoted securities

⁴ 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 July 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(72,917)		14,474
Revenue	3	65,025		77,798	
Expenses	4	<u>(15,949)</u>		<u>(20,463)</u>	
Net revenue before taxation		49,076		57,335	
Taxation	5	<u>(1,215)</u>		<u>(1,183)</u>	
Net revenue after taxation			<u>47,861</u>		<u>56,152</u>
Total return before distributions			(25,056)		70,626
Distributions	6		(61,825)		(74,089)
Change in net assets attributable to shareholders from investment activities			<u>(86,881)</u>		<u>(3,463)</u>

Statement of change in net assets attributable to shareholders

for the year ended 31 July 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		2,051,540		2,237,871
Amounts receivable on issue of shares	29,794		27,118	
Amounts payable on cancellation of shares	<u>(551,949)</u>		<u>(265,308)</u>	
		(522,155)		(238,190)
Change in net assets attributable to shareholders from investment activities		(86,881)		(3,463)
Retained distributions on accumulation shares		47,475		55,319
Unclaimed distributions		4		3
Closing net assets attributable to shareholders		<u>1,489,983</u>		<u>2,051,540</u>

Balance sheet as at 31 July 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		1,436,725	1,838,603
Current assets:			
Debtors	7	24,851	12,859
Cash and bank balances	8	56,233	217,116
Total assets		1,517,809	2,068,578
Liabilities:			
Investment liabilities		10,775	1,943
Creditors:			
Distributions payable		2,707	4,098
Other creditors	9	14,344	10,997
Total liabilities		27,826	17,038
Net assets attributable to shareholders		1,489,983	2,051,540

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

1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the trust's 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
Forward currency contracts	(22,393)	(1,868)
Forward currency contracts on hedged share classes	174	224
Non-derivative securities	(51,404)	16,072
Other currency gains	721	70
Transaction costs	(15)	(24)
Net capital (losses)/gains	(72,917)	14,474

3 Revenue

	2019	2018
	£000	£000
Bank interest	931	583
Hedged income on forward currency contracts	4	-
Interest on debt securities	22,231	26,920
Overseas dividends	2,880	3,862
Stock lending revenue	495	474
UK dividends	37,899	44,822
UK REIT revenue - PID	580	964
UK REIT revenue - non PID	-	96
Underwriting commission	5	77
Total revenue	65,025	77,798

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	13,968	17,938
GAC*	1,841	2,360
	<u>15,809</u>	<u>20,298</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	83	96
Safe custody fees	57	69
	<u>140</u>	<u>165</u>
Total expenses	15,949	20,463

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £12,799 (2018: £12,426).

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		
UK corporation tax	1,369	1,224
Overseas withholding tax	20	-
Adjustment in respect of prior periods	(174)	-
	<u>1,215</u>	<u>1,224</u>
Deferred tax (note 5c)	-	(41)
Total tax (note 5b)	<u>1,215</u>	<u>1,183</u>

b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2018: 20%). The differences are explained below:

	2019 £000	2018 £000
Net revenue before taxation	<u>49,076</u>	<u>57,335</u>
Corporation tax at 20% (2018: 20%)	9,815	11,467
Effects of:		
Adjustment in respect of prior periods	(174)	-
Indexation tax adjustments	(290)	(528)
Irrecoverable overseas tax	20	-
Overseas dividends	(576)	(772)
UK dividends*	(7,580)	(8,984)
Tax charge for the year (note 5a)	<u>1,215</u>	<u>1,183</u>

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

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

c) Deferred tax

	2019 £000	2018 £000
Provision at start of year	-	41
Deferred tax credit for year (note 5a)	-	(41)
Provision at end of year	<u>-</u>	<u>-</u>

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges 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	8,506	13,443
Interim accumulation	35,096	42,299
Final income	2,707	4,098
Final accumulation	12,379	13,020
	<u>58,688</u>	<u>72,860</u>
Amounts deducted on cancellation of shares	3,341	1,386
Amounts received on issue of shares	(204)	(157)
Total distributions	<u>61,825</u>	<u>74,089</u>
Net revenue after taxation	47,861	56,152
Annual management charge borne by the capital account	13,968	17,938
Equalisation on conversions	(4)	(1)
Total distributions	<u>61,825</u>	<u>74,089</u>

Details of the distribution per share are set out in the Distribution tables on pages 49 to 57.

7 Debtors

	2019	2018
	£000	£000
Accrued revenue	9,573	11,047
Amounts receivable for issue of shares	114	39
Currency transactions awaiting settlement	5,908	-
Income tax recoverable	21	-
Overseas withholding tax reclaimable	32	-
Sales awaiting settlement	9,203	1,773
Total debtors	<u>24,851</u>	<u>12,859</u>

8 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	56,233	217,116
Total cash and bank balances	<u>56,233</u>	<u>217,116</u>

9 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	1,062	1,462
Accrued Depository's fee	7	9
Accrued other expenses	152	222
Amounts payable for cancellation of shares	4,720	4,870
Corporation tax payable	698	763
Currency transactions awaiting settlement	5,888	-
Purchases awaiting settlement	1,817	3,671
Total other creditors	<u>14,344</u>	<u>10,997</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 34 and 35 and notes 4, 6, 7 and 9 on pages 36 to 38 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 9 share classes available; Class A (Retail with front-end charges), Class A EUR (Retail with front-end charges), Class C (Private), Class E (Retail with front-end charges), Class EM (Retail clean), Class I (Institutional), Class I EUR (Institutional), Class I USD (Institutional USD) and Class M (Retail non standard). The annual management charge on each share class is as follows:

	2019 %	2018 %
Class A	1.25	1.25
Class C	0.50	0.50
Class E ¹	0.75	n/a
Class EM ²	0.75	n/a
Class I	0.625	0.625
Class M	1.50	1.50

¹ Class E launched on 24 June 2019.

² Class EM launched on 24 June 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 14 to 21. The distribution per share class is given in the Distribution tables on pages 49 to 57. All share classes have the same rights on winding up.

Shares reconciliation as at 31 July 2019

	Class A accumulation	Class A income	Class C accumulation	Class E accumulation
Opening number of shares	193,106,443	96,928,365	5,004,889	-
Issues during the year	7,757,398	2,632,781	191,513	3,930
Cancellations during the year	(35,966,939)	(16,552,445)	(637,463)	(40,058)
Shares converted during the year	(7,764,926)	(45,200,745)	-	4,638,994
Closing shares in issue	157,131,976	37,807,956	4,558,939	4,602,866
	Class E income	Class EM accumulation	Class EM income	Class I accumulation
Opening number of shares	-	-	-	404,488,155
Issues during the year	7,133	17,475	1,366,732	(90,684)
Cancellations during the year	(115,892)	-	(116,814)	(125,273,055)
Shares converted during the year	10,199,818	-	-	24,315,204
Closing shares in issue	10,091,059	17,475	1,249,918	303,439,620

Notes to the financial statements (continued)

12 Shareholders' funds (continued)

Shares reconciliation as at 31 July 2019 (continued)

	Class I income	Class M accumulation	Class M income	Class A EUR (hedged) accumulation
Opening number of shares	262,862,605	1,187,199	8,822,588	3,926
Issues during the year	(440,192)	(12,505)	83,645	-
Cancellations during the year	(107,210,719)	(392,421)	(918,080)	(3,214)
Shares converted during the year	1,755,343	112,576	(1,566,358)	-
Closing shares in issue	156,967,037	894,849	6,421,795	712
	Class I EUR (hedged) accumulation	Class I USD (hedged) accumulation		
Opening number of shares	52,086	1,071,254		
Issues during the year	-	343,886		
Cancellations during the year	(5,552)	(177,540)		
Shares converted during the year	-	-		
Closing shares in issue	46,534	1,237,600		

13 Financial derivatives

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

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 July 2019 (2018: nil).

2019

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

Counterparty	Forward foreign exchange contracts £000	Forward foreign exchange contracts (hedged share classes) £000	Total by counterparty £000
BNP Paribas	722	-	722
JP Morgan	-	304	304
	722	304	1,026

Notes to the financial statements (continued)

13 Financial derivatives (continued)

2018

At 31 July 2018 the underlying exposure for each category of derivatives was as follows:

Counterparty	Forward foreign exchange contracts	Forward foreign exchange contracts (hedged share classes) £000	Total by counterparty £000
BNP Paribas	5	-	5
JP Morgan	-	124	124
	<u>5</u>	<u>124</u>	<u>129</u>

14 Stock lending

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

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

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

2019

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
ABN Amro	6,888	7,653	Equity
Bank of Nova Scotia	66,836	74,263	Equity
Barclays	20,416	20,958	Government Bond
BNP Paribas	1,747	1,858	Corporate Bond
Credit Suisse	119	130	Corporate Bond
Deutsche Bank	10,752	12,003	Equity
ING Bank	8,499	9,445	Equity
JP Morgan	764	810	Corporate Bond
JP Morgan	836	930	Equity
JP Morgan	4,789	5,074	Government Bond
	<u>6,389</u>	<u>6,814</u>	
Morgan Stanley	1,539	1,593	Government Bond
Natixis	179,957	203,490	Equity
Société Générale	14,623	16,248	Equity
Total	<u>317,765</u>	<u>354,455</u>	

Notes to the financial statements (continued)

14 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	582	87	495

2018

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	32,368	35,966	Equity
Barclays	28,589	30,490	Government bond
BNP Paribas	1,440	1,537	Corporate bond
BNP Paribas	20	21	Government bond
	<u>1,460</u>	<u>1,558</u>	
Citigroup	8,949	11,171	Equity
Credit Suisse	2,226	2,399	Corporate bond
Deutsche Bank	22,731	27,653	Equity
HSBC	5,385	6,048	Equity
ING Bank	5	6	Equity
JP Morgan	7,939	8,484	Corporate bond
JP Morgan	5,916	6,747	Equity
JP Morgan	13,255	13,978	Government bond
	<u>27,110</u>	<u>29,209</u>	
Morgan Stanley	1,540	1,656	Government bond
Natixis	263,994	293,327	Equity
Société Générale	25,763	28,625	Equity
	<u>420,120</u>	<u>468,108</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	558	84	474

Notes to the financial statements (continued)

15 Risk

Currency risk

The fund's net 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.

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	-	-	10,803	10,803
Euro	-	3,384	18,070	21,454
Japanese yen	-	-	10,195	10,195
Swiss franc	-	-	13,219	13,219
UK sterling	118,842	357,101	731,601	1,207,544
US dollar	4,900	237,027	12,667	254,594
Total	123,742	597,512	796,555	1,517,809
	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2018				
Euro	-	15,129	8,610	23,739
UK sterling	338,453	343,215	1,175,251	1,856,919
US dollar	8,260	179,281	379	187,920
Total	346,713	537,625	1,184,240	2,068,578
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2019				
Canadian dollar	-	-	-	-
Euro	-	-	3	3
Japanese yen	-	-	1	1
Swiss franc	-	-	1	1
UK sterling	-	-	21,913	21,913
US dollar	-	-	5,908	5,908
Total	-	-	27,826	27,826
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2018				
UK sterling	-	-	17,038	17,038
Total	-	-	17,038	17,038

Notes to the financial statements

15 Risk (continued)

Credit Ratings

2019	Market value £000	Percentage of total net assets %
Investments		
Investment grade (AAA - BBB)	605,625	40.64
Below investment grade (BB and below)	40,821	2.74
Unrated	18,575	1.25
Total debt securities	665,021	44.63
Derivatives	(9,749)	(0.65)
Equities	770,678	51.72
Investment assets including investment liabilities	1,425,950	95.70
Other net assets	64,033	4.30
Total net assets	1,489,983	100.00

2018	Market value £000	Percentage of total net assets %
Investments		
Investment grade (AAA - BBB)	558,273	27.21
Below investment grade (BB and below)	84,156	4.10
Unrated	24,795	1.21
Total debt securities	667,224	32.52
Derivatives	(1,814)	(0.09)
Equities	1,171,250	57.10
Investment assets including investment liabilities	1,836,660	89.53
Other net assets	214,880	10.47
Total net assets	2,051,540	100.00

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.

Sensitivity analysis

The actual VaR results, limits and utilisation of limits are summarised in the table below:

VaR Results	Actual absolute VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
2019	2.96	4.37	3.78	20.00	14.78	21.83	18.92
2018	2.92	4.27	3.51	20.00	14.60	21.35	17.54

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				
Derivative financial liabilities	-	10,775	-	-
Distribution payable	-	2,707	-	-
Other creditors	-	14,344	-	-
Total	-	27,826	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Derivative financial liabilities	-	1,943	-	-
Distribution payable	-	4,098	-	-
Other creditors	-	10,997	-	-
Total	-	17,038	-	-

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.

Notes to the financial statements (continued)

16 Fair value disclosure (continued)

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,059,953*	-	1,492,050*	-
Level 2	376,743	10,775	346,495	1,943
Level 3	29	-	58	-
	1,436,725	10,775	1,838,603	1,943

* Debt securities included in the highest fair value hierarchy level, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £301,119,041 as at 31 July 2019 (2018: £332,529,170).

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Investment Manager, at its discretion, may permit some other method of valuation to be used if they consider that it better reflects value and is in accordance with good accounting practice. The Janus Henderson UK & EMEA Fair Value Pricing Committee (FVPC) of the Investment Manager is responsible for determining or approving unquoted prices. Where deemed necessary, the FVPC will seek ratification of decisions from the Janus Henderson Investment Performance and Risk Committee. The FVPC meets on a monthly basis and consists of representatives from various parts of the Investment manager who act as an independent party, segregated from the fund management function, to review and approve fair value pricing decisions and pricing models on a regular basis. The asset included within level 3 is a defaulted bond which has been valued by the FVPC at their best estimate of fair value. The Lambay Capital Securities 6.25% Perpetual holding has been valued using broker quotes.

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	251,295	83,607	268,769	86,871
Equities	282,306	454,223	579,013	476,773
Trades in the year before transaction costs	533,601	537,830	847,782	563,644
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Equities	117	252	263	235
Total commissions	117	252	263	235
Taxes				
Debt securities	-	-	-	-
Equities	1,213	1,871	-	-
Total taxes	1,213	1,871	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	25	-	1	-
Total other expenses	25	-	1	-
Total transaction costs	1,355	2,123	264	235
Total net trades in the year after transaction costs	534,956	539,953	847,518	563,409

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Equities	0.04	0.06	0.05	0.05
Taxes				
Debt securities	-	-	-	-
Equities	0.43	0.41	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	0.01	-	-	-
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.02	0.02		
Taxes	0.08	0.09		
Other expenses	-	-		
Total costs	0.10	0.11		

Notes to the financial statements (continued)

17 Direct transaction costs (continued)

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £40,446,099 (2018: £22,127,270).

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.

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 July 2019 is 0.24% (2018: 0.20%). 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 July 2019 (in pence per share)

Interim dividend distribution (accounting date 31 August 2018, paid on 28 September 2018)

Group 1: shares purchased prior to 1 August 2018

Group 2: shares purchased on or after 1 August 2018

	Distribution per share	Equalisation	Total distribution per share 28/09/18	Total distribution per share 29/09/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 30 September 2018, paid on 31 October 2018)

Group 1: shares purchased prior to 1 September 2018

Group 2: shares purchased on or after 1 September 2018

	Distribution per share	Equalisation	Total distribution per share 31/10/18	Total distribution per share 31/10/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

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

Group 1: shares purchased prior to 1 October 2018

Group 2: shares purchased on or after 1 October 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Distribution tables (continued)

Interim dividend distribution (accounting date 31 October 2018, paid on 31 December 2018)

Group 1: shares purchased prior to 1 October 2018

Group 2: shares purchased on or after 1 October 2018

	Distribution per share	Equalisation	Total distribution per share 31/12/18	Total distribution per share 29/12/17
Class A accumulation				
Group 1	2.4250	-	2.4250	2.5100
Group 2	0.9973	1.4277	2.4250	2.5100
Class A income				
Group 1	1.3697	-	1.3697	1.4690
Group 2	0.3178	1.0519	1.3697	1.4690
Class C accumulation				
Group 1	6.7455	-	6.7455	6.7683
Group 2	0.4442	6.3013	6.7455	6.7683
Class I accumulation				
Group 1	2.2093	-	2.2093	2.2247
Group 2	0.8684	1.3409	2.2093	2.2247
Class I income				
Group 1	1.1373	-	1.1373	1.1840
Group 2	0.4587	0.6786	1.1373	1.1840
Class A EUR (hedged) accumulation¹				
Group 1	9.6597	-	9.6597	10.0911
Group 2	9.6597	-	9.6597	10.0911
Class I EUR (hedged) accumulation¹				
Group 1	9.9794	-	9.9794	10.2039
Group 2	9.9794	-	9.9794	10.2039
Class I USD (hedged) accumulation²				
Group 1	11.0446	-	11.0446	10.9986
Group 2	3.3824	7.6622	11.0446	10.9986

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

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

Group 1: shares purchased prior to 1 November 2018

Group 2: shares purchased on or after 1 November 2018

	Distribution per share	Equalisation	Total distribution per share 31/12/18	Total distribution per share 29/12/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 31 December 2018, paid on 31 January 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 31/01/19	Total distribution per share 31/01/18
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 31 January 2019, paid on 28 February 2019)

Group 1: shares purchased prior to 1 January 2019

Group 2: shares purchased on or after 1 January 2019

	Distribution per share	Equalisation	Total distribution per share 28/02/19	Total distribution per share 28/02/18
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	0.0171	0.2829	0.3000	0.3000

Distribution tables (continued)

Interim dividend distribution (accounting date 31 January 2019, paid on 29 March 2019)

Group 1: shares purchased prior to 1 January 2019

Group 2: shares purchased on or after 1 January 2019

	Distribution per share	Equalisation	Total distribution per share 29/03/19	Total distribution per share 29/03/18
Class A accumulation				
Group 1	1.8171	-	1.8171	1.5721
Group 2	0.7137	1.1034	1.8171	1.5721
Class A income				
Group 1	1.0180	-	1.0180	0.9114
Group 2	0.2352	0.7828	1.0180	0.9114
Class C accumulation				
Group 1	5.1997	-	5.1997	4.2185
Group 2	3.7588	1.4409	5.1997	4.2185
Class I accumulation				
Group 1	1.6950	-	1.6950	1.3867
Group 2	0.7550	0.9400	1.6950	1.3867
Class I income				
Group 1	0.8657	-	0.8657	0.7311
Group 2	0.3052	0.5605	0.8657	0.7311
Class A EUR (hedged) accumulation¹				
Group 1	7.1604	-	7.1604	6.3472
Group 2	7.1604	-	7.1604	6.3472
Class I EUR (hedged) accumulation¹				
Group 1	7.5844	-	7.5844	6.3117
Group 2	7.5844	-	7.5844	6.3117
Class I USD (hedged) accumulation²				
Group 1	8.4240	-	8.4240	6.9497
Group 2	3.4115	5.0125	8.4240	6.9497

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

Interim dividend distribution (accounting date 28 February 2019, paid on 29 March 2019)

Group 1: shares purchased prior to 1 February 2019
Group 2: shares purchased on or after 1 February 2019

	Distribution per share	Equalisation	Total distribution per share 29/03/19	Total distribution per share 29/03/18
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 31 March 2019, paid on 30 April 2019)

Group 1: shares purchased prior to 1 March 2019
Group 2: shares purchased on or after 1 March 2019

	Distribution per share	Equalisation	Total distribution per share 30/04/19	Total distribution per share 30/04/18
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 30 April 2019, paid on 31 May 2019)

Group 1: shares purchased prior to 1 April 2019
Group 2: shares purchased on or after 1 April 2019

	Distribution per share	Equalisation	Total distribution per share 31/05/19	Total distribution per share 31/05/18
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Distribution tables (continued)

Interim dividend distribution (accounting date 30 April 2019, paid on 28 June 2019)

Group 1: shares purchased prior to 1 April 2019

Group 2: shares purchased on or after 1 April 2019

	Distribution per share	Equalisation	Total distribution per share 28/06/19	Total distribution per share 29/06/18
Class A accumulation				
Group 1	2.7258	-	2.7258	2.8484
Group 2	1.3471	1.3787	2.7258	2.8484
Class A income				
Group 1	1.5165	-	1.5165	1.6415
Group 2	0.6749	0.8416	1.5165	1.6415
Class C accumulation				
Group 1	7.3397	-	7.3397	7.7270
Group 2	1.8237	5.5160	7.3397	7.7270
Class I accumulation				
Group 1	2.4137	-	2.4137	2.5367
Group 2	1.2936	1.1201	2.4137	2.5367
Class I income				
Group 1	1.2177	-	1.2177	1.3296
Group 2	0.5597	0.6580	1.2177	1.3296
Class A EUR (hedged) accumulation¹				
Group 1	12.1551	-	12.1551	11.4629
Group 2	12.1551	-	12.1551	11.4629
Class I EUR (hedged) accumulation¹				
Group 1	10.8297	-	10.8297	11.5239
Group 2	10.8297	-	10.8297	11.5239
Class I USD (hedged) accumulation²				
Group 1	12.2561	-	12.2561	12.6039
Group 2	5.3976	6.8585	12.2561	12.6039

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

Interim dividend distribution (accounting date 31 May 2019, paid on 28 June 2019)

Group 1: shares purchased prior to 1 May 2019

Group 2: shares purchased on or after 1 May 2019

	Distribution per share	Equalisation	Total distribution per share 28/06/19	Total distribution per share 29/06/18
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 30 June 2019, paid on 31 July 2019)

Group 1: shares purchased prior to 1 June 2019

Group 2: shares purchased on or after 1 June 2019

	Distribution per share	Equalisation	Total distribution per share 31/07/19	Total distribution per share 31/07/18
Class EM accumulation¹				
Group 1	0.3165	-	0.3165	n/a
Group 2	-	0.3165	0.3165	n/a
Class EM income¹				
Group 1	0.3000	-	0.3000	n/a
Group 2	-	0.3000	0.3000	n/a
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

¹ EM accumulation and EM income share classes launched on 24 June 2019.

Distribution tables (continued)

Final dividend distribution (accounting date 31 July 2019, paid on 30 August 2019)

Group 1 : shares purchased prior to 1 July 2019

Group 2 : shares purchased on or after 1 July 2019

	Distribution per share	Equalisation	Total distribution per share 30/08/19	Total distribution per share 31/08/18
Class EM accumulation¹				
Group 1	1.6331	-	1.6331	n/a
Group 2	0.3367	1.2964	1.6331	n/a
Class EM income¹				
Group 1	0.7876	-	0.7876	n/a
Group 2	0.0430	0.7446	0.7876	n/a
Class M accumulation				
Group 1	1.6794	-	1.6794	0.9705
Group 2	0.2864	1.3930	1.6794	0.9705
Class M income				
Group 1	0.8128	-	0.8128	0.7365
Group 2	0.0664	0.7464	0.8128	0.7365

¹ EM accumulation and EM income share classes launched on 24 June 2019.

Distribution tables (continued)

Final dividend distribution (accounting date 31 July 2019, paid on 30 September 2019)

Group 1 : shares purchased prior to 1 July 2019

Group 2 : shares purchased on or after 1 July 2019

	Distribution per share	Equalisation	Total distribution per share 30/09/19	Total distribution per share 28/09/18
Class A accumulation				
Group 1	2.7856	-	2.7856	2.1604
Group 2	0.9115	1.8741	2.7856	2.1604
Class A income				
Group 1	1.5340	-	1.5340	1.2347
Group 2	0.5998	0.9342	1.5340	1.2347
Class C accumulation				
Group 1	7.4170	-	7.4170	6.3883
Group 2	7.3954	0.0216	7.4170	6.3883
Class E accumulation¹				
Group 1	2.7251	-	2.7251	n/a
Group 2	0.7496	1.9755	2.7251	n/a
Class E income¹				
Group 1	1.5008	-	1.5008	n/a
Group 2	0.4077	1.0931	1.5008	n/a
Class I accumulation				
Group 1	2.4368	-	2.4368	2.0835
Group 2	1.1236	1.3132	2.4368	2.0835
Class I income				
Group 1	1.2188	-	1.2188	1.0791
Group 2	0.4698	0.7490	1.2188	1.0791
Class A EUR (hedged) accumulation²				
Group 1	11.0500	-	11.0500	8.9675
Group 2	11.0500	-	11.0500	8.9675
Class I EUR (hedged) accumulation²				
Group 1	10.8449	-	10.8449	9.3587
Group 2	10.8449	-	10.8449	9.3587
Class I USD (hedged) accumulation³				
Group 1	12.2645	-	12.2645	10.3740
Group 2	4.1971	8.0674	12.2645	10.3740

¹ Class E accumulation and Class E income launched on 24 June 2019.

² in Euro cents per share

³ in USD cents per share

Appendix - additional information (unaudited)

Securities financing transactions

The fund engages 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 fund's involvement in and exposures related to securities lending for the year ended 31 July 2019 are detailed below.

Global data

The table lists the amount of securities on loan as a proportion of total lendable assets and the fund's assets under management (AUM) as at 31 July 2019:

Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Janus Henderson Cautious Managed Fund	317,765	22.13%	21.33%

Concentration data

The following table lists the ten largest collateral issuers by value of collateral received (across all SFTs) for the fund as at 31 July 2019:

Issuer	Market value of collateral received £000
UK Treasury	22,099
Banco Santander Central Hispano	19,996
Amazon.com	15,345
Check	8,720
Zalando	7,413
Rio Tinto	7,291
Inmarsat Ventures	7,229
Aurizon Holdings	6,518
Facebook 'A'	5,976
Aena	5,554

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Concentration data (continued)

The following table details the top ten counterparties of each type of SFTs (based on gross volume of outstanding transactions), for the fund as at 31 July 2019:

Counterparty	Market value of securities on loan £000	Settlement basis
Natixis	179,957	Triparty
Bank of Nova Scotia	66,836	Triparty
Barclays	20,416	Triparty
Société Générale	14,623	Triparty
Deutsche Bank	10,752	Triparty
ING Bank	8,499	Triparty
ABN Amro	6,888	Triparty
JP Morgan	6,389	Triparty
BNP Paribas	1,747	Triparty
Morgan Stanley	1,539	Triparty
Credit Suisse	119	Triparty
	317,765	

All counterparties have been included.

Aggregate transaction data

The following tables provide an analysis of the collateral received by the fund in respect of each type of SFTs as at 31 July 2019:

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
ABN Amro	Netherlands	Equity	Main market listing	CHF	Triparty	BNP Paribas	39
ABN Amro	Netherlands	Equity	Main market listing	EUR	Triparty	BNP Paribas	6,853
ABN Amro	Netherlands	Equity	Main market listing	GBP	Triparty	BNP Paribas	165
ABN Amro	Netherlands	Equity	Main market listing	USD	Triparty	BNP Paribas	596
Bank of Nova Scotia	Canada	Equity	Main market listing	AUD	Triparty	BNP Paribas	6,665
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	7,413
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	52,422
Bank of Nova Scotia	Canada	Equity	Main market listing	HKD	Triparty	BNP Paribas	338
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	7,425
Barclays	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	20,958
BNP Paribas	France	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	1,858
Credit Suisse	Switzerland	Corporate Bond	Investment grade	USD	Triparty	BNP Paribas	130
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,606
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	7,511
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,085
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	884
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	697
Deutsche Bank	Germany	Equity	Main market listing	NOK	Triparty	BNP Paribas	220

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
ING Bank	Netherlands	Equity	Main market listing	CAD	Triparty	BNP Paribas	1,846
ING Bank	Netherlands	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,935
ING Bank	Netherlands	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,835
ING Bank	Netherlands	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,135
ING Bank	Netherlands	Equity	Main market listing	JPY	Triparty	BNP Paribas	2,694
JP Morgan	United States	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	796
JP Morgan	United States	Corporate Bond	Investment grade	JPY	Triparty	BNP Paribas	14
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	181
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	749
JP Morgan	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	4,131
JP Morgan	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	112
JP Morgan	United States	Government Bond	Investment grade	NOK	Triparty	BNP Paribas	2
JP Morgan	United States	Government Bond	Investment grade	SEK	Triparty	BNP Paribas	556
JP Morgan	United States	Government Bond	Investment grade	USD	Triparty	BNP Paribas	273
Morgan Stanley	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	564
Morgan Stanley	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	1,029
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	15,052
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	117,596
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	14,153
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	13,030
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	7,638
Natixis	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	176
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	35,845
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,031
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	2,452
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	9,648
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	2,845
Société Générale	France	Equity	Main market listing	SEK	Triparty	BNP Paribas	272
							354,455

All collateral is held in segregated accounts.

The lending and collateral transactions are on an open basis and can be recalled on demand.

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Re-use of collateral

The fund does not engage in any re-use of collateral.

Return and cost on securities lending activities

The following table details the fund's return and costs for each type of SFTs for the year ended 31 July 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 Cautious Managed Fund	582	87	495	15%	85%

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 Funds 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 fund 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 Cautious Managed Fund is managed by HIFL, which is a subsidiary of Janus Henderson Group plc.

The Compensation Committee of Janus Henderson Group plc has established a Remuneration Policy, one of the guiding principles of which is to ensure that the remuneration of its employees is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with risk profiles, rules or instruments of incorporation of each ACD and the funds they manage. This policy applies to HIFL and Janus Henderson Cautious Managed Fund.

Further information with respect to Janus Henderson Group plc's Remuneration Policy is available in Janus Henderson Group plc's annual report as at 31 December 2018.

	Headcount (1)	Total Remuneration (£000s) (2,3)
Janus Henderson Cautious Managed Fund	1,949	2,074
of which		
Fixed Remuneration	1,949	1,043
Variable Remuneration	1,936	1,031
Janus Henderson Cautious Managed Fund Remuneration Code Staff	121	935
of which		
Senior Management (4)	34	254
Other Code Staff (5)	87	681

1. This is the actual number of employees who are fully or partly involved in the activities of Janus Henderson Investment Funds Series II – no attempt has been made to apportion the time spent specifically in support of the fund within Janus Henderson Investment Funds Series II 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 Janus Henderson Investment Funds Series II 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 Janus Henderson Investment Funds Series II and to other entities in Janus Henderson Group plc, as follows:
 - in respect of fixed pay and annual/long term incentive bonuses:
 - where fixed pay is directly attributable to the fund of Janus Henderson Investment Funds Series II (for example, fees for Board members of the fund of Janus Henderson Investment Funds Series II), 100% of those fees;
 - for Investment Fund Managers, pro-rated using the average assets under management (AUM) of Janus Henderson Investment Funds Series II 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 fund of Janus Henderson Investment Funds Series II (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 fund of Janus Henderson Investment Funds Series II.

Further information

Shareholder enquiries

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

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

The following line is also available:

Client Services: **0800 832 832**

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

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

Important Information

Janus Henderson Investors is the name under which investment products and services are provided by Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no.2606646), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier).

We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

Unless otherwise stated, all data is sourced by Janus Henderson Investors.

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