



ANNUAL REPORT & ACCOUNTS

For the year ended
30 June 2019

Janus Henderson
— INVESTORS —

Janus Henderson UK & Europe Funds

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 30 June 2019

We are pleased to present the Annual Report and Accounts for Janus Henderson UK & Europe Funds (the 'Company') for the year ended 30 June 2019.

Authorised status

The Company is an open-ended investment company (OEIC) with variable capital incorporated in England and Wales under registered number IC70 and authorised by the Financial Conduct Authority (FCA) with effect from 21 June 2000. It is a UCITS scheme structured as an umbrella company, comprising of twelve sub-funds ('funds') complying with chapter 5 of the Collective Investment Schemes Sourcebook (COLL). The operation of the company is governed by the OEIC regulations, COLL, its Instrument of Incorporation and Prospectus.

Fund liabilities

The assets of each fund will be treated as separate from those of every other fund and will be invested in accordance with the investment objective and investment policy applicable to that fund. 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 Janus Henderson Absolute Return Fixed Income Fund launched on 25 February 2019.

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 October 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

Overview

Global equity markets rose over the year to 30 June 2019 (MSCI World Index +10.9% in total return sterling terms and +6.3% in US dollar terms). Geopolitics, volatile stock markets and trade tensions drove headlines and influenced investor sentiment.

UK

In the UK, the FTSE All-Share Index rose (+0.6% in sterling). The UK's exit from the EU dominated headlines: the original 29 March deadline was delayed not once but twice, with an eventual 31 October exit date settled upon. UK Prime Minister Theresa May repeatedly failed to glean parliamentary support for her withdrawal proposals, and on 7 June, she formally resigned her post. This served to introduce a new breed of uncertainty, this time regarding who will lead the Conservative Party, and by extension, the country. But accommodative monetary policy and encouraging economic data helped to keep domestic markets above water: the Bank of England raised rates to 0.75% in August but grew more dovish as the period wore on, and GDP expansion in the first quarter of 2019 beat consensus estimates at 1.8% (year on year).

Europe

European equities were up (FTSE World Europe ex UK Index +7.9% in sterling and +6.0% in euros) despite myriad complications: global trade tensions, slowing economic growth, a fracas over Italian budget plans and Brexit. The German economy, the largest in Europe, experienced negative quarterly growth in the third quarter of 2018, and Italy suffered a short-lived recession. There were fireworks between the EU and the Italian government over the latter's budget, though the situation was defused when Italy proposed reduced spending plans. Markets plummeted along with most of their global peers in December but were brought higher by the end of the review year. Eurozone GDP improved in the first half, increasing to 0.4% in the first quarter of 2019 from 0.2% in the preceding three months. European elections yielded a largely market-friendly result, with populist parties garnering less support than had been feared. In June, the European Central Bank edged its forecasts for European inflation and growth higher, though it reminded the public that risks from Brexit uncertainty and potential trade wars were still at play.

US

US equities advanced (S&P 500 Index +14.5% in sterling, +10.4% in dollars). Equities experienced dramatic highs and lows during the year under review. In August, the S&P 500 broke the record for its longest-ever bull market run. However, October saw US equities dive and December witnessed the weakest returns for that month since 1931. By the end of the year, however, equities had regained the levels recorded in the summer. Trade relations with China were vitriolic. In February, President Trump announced the postponement of additional tariffs due to be enacted in early March, only to make a complete turnaround and increase tariffs on \$200 billion worth of Chinese imports (from 10% to 25%) in May. The US Federal Reserve raised interest rates twice during the period to finish the year at a target range of 2.25–2.50%. The central bank kept rates steady throughout the first half of 2019 and in June changed the phrasing of its official statement to exclude the word 'patient'; this led to growing speculation that rates could be lowered later in the year.

Japan

Japanese equities fell (Topix Index -2.1% in sterling, -8.2% in yen). Fears about softening domestic data and trade worries stemming from China meant that returns lagged behind those of other developed markets. In early October, the Nikkei index hit its highest level in 27 years, but Japanese equities plummeted with their peers in December; global trade tensions and a strengthening yen dragged markets down. 2019 brought disappointing economic data: exports declined for six months straight, and June marked the fourth month since the year began in which the Nikkei Japan manufacturing purchasing managers' index gave a reading below 50 (anything below 50 signals a contraction). At its June meeting, the Bank of Japan kept rates unchanged at 0.1% but warned both business owners and householders that risks from overseas economies should not be disregarded. More positively, GDP growth in the first quarter was decidedly stronger at 2.2% (annualised).

Asia

Asian equities were up in the year (MSCI AC Asia Pacific ex Japan Index +4.9% in sterling, +1.1% in US dollars). The trade dispute between China and the US was foremost in investors' minds, given that many countries in the region are heavily dependent on US and Chinese trade. Like most of their global peers, Asian indices fell sharply in May, when the US increased the size and scope of its tariffs on Chinese goods. But optimism returned in June ahead of the G20 summit in Osaka, allowing markets to resume their upward course, and many nations ended the review year in the green. An exception was South Korea, which saw stocks plummet in the second quarter due to trade war concerns (South Korea has high exposure to global trade) and the lowest quarterly GDP growth rate since the final quarter of 2008. Similarly, growth in China continued to decelerate, but sentiment was lifted in April when policymakers announced new stimulus measures to help boost the incomes of small business owners, including farmers.

Emerging markets

Emerging markets were also up (MSCI Emerging Markets Index +5.4% in sterling, +1.6% in US dollars). Trade friction between the US and China was a major influence on emerging markets, as was the relative strength of the US dollar. Central banks were active in the year: Chinese policymakers introduced stimulus measures and the Reserve Bank of India raised interest rates to 6.5% in August 2018 only to lower them three times in the first half of 2019 in an effort to combat flailing inflation. Russia also increased then decreased its base rate in the year. The country boasted one of the strongest markets in the region during the year under review (MSCI Russia +33.2% in sterling terms). A strong oil price helped the Russian index to hit successive all-time highs in the second quarter of 2019. Elsewhere, Latin American markets performed well in aggregate, although this was largely due to the strength of the Brazilian index, which was boosted by optimism about pension reforms. Returns from Mexico were constrained by the unexpected threat of US tariffs, although this dissipated in June when the two countries reached a deal to stem illegal migration into the US.

Market review (continued)

Fixed income

Within fixed income, core government bond markets were up. Yields fell in the US, UK and Germany amid a lack of clarity on Brexit proceedings, sell offs in global equity markets and trade war worries (JP Morgan Global Government Bond Index +9.9% sterling terms). Germany and the UK saw yields decline from October as investors began buying government bonds as an antidote to plummeting global equities. Investors in US Treasuries followed suit in November. May and June saw another marked fall that coincided with the US imposing steeper tariffs on China and the resignation of the UK's prime minister. Despite pronounced outflows towards the end of the year, corporate bonds performed well (Barclays Global Aggregate Corporate Bond Index +8.9% in sterling, +5.0% in US dollars).

Commodities

The price of Brent Crude fell over the year, swinging from highs of near USD\$75 per barrel in the autumn to lows near USD\$44 per barrel at the end of 2018. Prices began to climb in 2019 before falling again on global fears (such as worries regarding US relations with China, as the two are the world's top consumers of energy). But oil spiked in June as rumours of a US conflict with Iran, which could curtail Middle Eastern production, hit headlines. Gold, on the other hand, boomed. Dovish central banks and aggressive trade rhetoric from the Trump administration pushed the precious metal particularly high from May. Copper was notably volatile, and fell dramatically from April on concerns that continuing trade tensions would have adverse effects on already sluggish global manufacturing data.

Statement of Authorised Corporate Director's (ACD) responsibilities for the year ended 30 June 2019

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

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

for the year ended 30 June 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 October 2019

Independent Auditors' report to the shareholders of Janus Henderson UK & Europe Funds (the 'Company') for the year ended 30 June 2019

Report on the audit of the financial statements

Opinion

In our opinion, Janus Henderson UK & Europe Funds (the 'Company') financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 30 June 2019 and of the net revenue and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the 18 weeks period (the 'period') then ended for Janus Henderson Absolute Return Fixed Income Fund, and for the year then ended for all other sub-funds as listed in the Contents page; 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 UK & Europe Funds is an Open Ended Investment Company (OEIC) with 12 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the Financial Statements, included within the Annual Report & Accounts (the 'Annual Report'), which comprise: the Balance sheets as at 30 June 2019; the Statements of total return, the Statements of changes in net assets attributable to shareholders for the period then ended for Janus Henderson Absolute Return Fixed Income Fund and the year then ended for all other sub-funds; the Distribution tables; Aggregated notes to the Financial Statements; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or any of the sub-funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the fund's business and the wider economy.

Reporting on other information

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

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

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's (ACD) Report for the financial period for Janus Henderson Absolute Return Fixed Income Fund and financial year for all other sub-funds for which the Financial Statements are prepared is consistent with the Financial Statements.

Independent Auditors' report to the shareholders of Janus Henderson UK & Europe Funds (the 'Company') (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's (ACD) responsibilities set out on page 5, the Authorised Corporate Director is responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Opinion on matter required by the Collective Investment Schemes Sourcebook

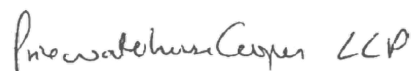
In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes Sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
8 October 2019

1 Accounting policies

(a) Basis of preparation

The financial statements of Janus Henderson UK & Europe Funds (the 'Company') comprise the financial statements of each of the funds. They have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Management Association (IMA) in May 2014, the Financial Reporting Standard 102 (FRS102), the Financial Conduct Authority's (FCA) Collective Investment Schemes Sourcebook (COLL) 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 on the last valuation day of the accounting year (28 June 2019) in accordance with the provisions of the scheme particulars.

Secured loans are valued by the Authorised Corporate Director (ACD) taking into account latest dealing prices, broker quotes and valuations from reliable sources.

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

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

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

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

(c) Revenue recognition

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

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

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

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

Accumulation of revenue relating to accumulation units or shares held in underlying funds is recognised as revenue and included in the amount available for distribution. Equalisation received and accrued from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

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

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

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 are 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.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(c) Revenue recognition (continued)

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. The revenue forms part of any distribution.

Any annual management charge rebates from underlying funds, including offshore, are recognised on an accruals basis when the entitlement arises in accordance with the treatment of the annual management charge on the underlying CIS.

If any revenue receivable at the Balance sheet date is not considered recoverable, a provision is made for the relevant amount.

(d) Treatment of expenses (including ACD expenses)

All expenses (other than those detailed below and those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

Annual Management Charge (AMC)

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

The investment objective of Janus Henderson Preference & Bond Fund, Janus Henderson Strategic Bond Fund and Janus Henderson UK Equity Income & Growth Fund concentrates on the generation of income as a higher priority than capital growth. The ACD and Depositary have agreed that 100% of the AMC for these funds are to be taken to capital for the purpose of calculating the distribution, as permitted by the OEIC regulations and in accordance with the Prospectus. The distribution currently payable reflects this treatment together with any associated tax effect.

General Administration Charge

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

Allocation of revenue and expenses to multiple share classes

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

(e) Exchange rates

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

(f) Taxation

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

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

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(h) Hedged share classes

The following hedged share classes are held by the funds:

- Class A EUR (hedged) accumulation and Class A USD (hedged) accumulation on Janus Henderson UK Equity Income & Growth Fund.

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

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

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

(i) Treatment of derivatives

Derivative transactions are accounted for on a trade date basis. Where such transactions are used to protect or enhance revenue and the circumstances support it, the revenue and expenses derived there from are included in Revenue in the Statement of total return on an accruals basis. Where such transactions are used to protect or enhance capital and the circumstances support it, the gains and losses derived there from are included in net capital gains/(losses) in the Statement of total return.

Forward foreign currency contracts

Open forward currency contracts are shown in the Portfolio statement at fair value and the net gains/(losses) are reflected in Forward currency contracts in net capital gains/(losses) on investments.

Forward foreign currency contracts on hedged share classes

Open forward currency contracts on hedged share classes are shown in the Portfolio statement at fair value. The net gains/(losses) on forward currency contracts on hedged unit 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.

Futures contracts

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

Credit default swaps

Open credit default swaps (CDS) are shown in the Portfolio statement at fair value and the net capital gains/(losses) are reflected within Derivative securities in net capital gains/(losses) on investments. Premiums receivable or payable on CDSs are included in the Revenue account on an accruals basis.

Credit default index swaps

Open credit default index swaps (CDX) are shown in the Portfolio statement at fair value and the net capital gains/(losses) are reflected within Derivative securities in net capital gains/(losses) on investments. Premiums receivable or payable on CDX are included in the Revenue account on an accruals basis.

Interest rate swaps

Open interest rate swaps (IRS) are shown in the Portfolio statement at fair value and the net capital gains/(losses) are reflected within Derivative securities in net capital gains/(losses) on investments. Interest receivable or payable on IRS is included in the Revenue account on an accruals basis.

Inflation index swaps

Open inflation index swaps (IIS) are shown in the Portfolio statement at fair value and the net gains/(losses) are reflected within Derivative securities in net capital gains/(losses) on investments. Premiums receivable or payable on inflation index swaps is included in the Revenue account on an accruals basis.

Options contracts

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

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(i) Treatment of derivatives (continued)

Swaptions contracts

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

(j) Dilution adjustment

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

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

2 Distribution Policy

The distribution policy of the funds is to distribute/accumulate all available revenue, after the deduction of expenses properly chargeable against revenue, subject to any expense which may currently be transferred to capital. Janus Henderson UK Smaller Companies Fund, Janus Henderson European Smaller Companies and Janus Henderson UK Equity Income & Growth Fund pay dividend distributions; all other funds pay interest 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 with the exception of Janus Henderson Absolute Return Fixed Income Fund, Janus Henderson Preference & Bond and Janus Henderson Strategic Bond which are computed on a coupon basis, unless the effective yield calculation is higher than that calculated on a coupon basis.

For the purposes of calculating the distribution on Janus Henderson Index Linked Bond Fund, revenue is computed on an effective yield basis utilising the exemption set out in the Financial Conduct Authority's COLL 6.8.3 (for funds whose policy is to invest predominantly in index linked securities) to treat capital indexation as non-distributable.

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 following funds make annual distributions (31 August) to shareholders:

- Janus Henderson UK Smaller Companies Fund
- Janus Henderson European Smaller Companies Fund

The following funds make quarterly distributions (30 November, last day of February, 31 May and 31 August) to shareholders:

- Janus Henderson Absolute Return Fixed Income Fund
- Janus Henderson All Stocks Credit Fund
- Janus Henderson Index Linked Bond Fund
- Janus Henderson Institutional Long Dated Credit Fund
- Janus Henderson Institutional Long Dated Gilt Fund
- Janus Henderson Institutional Short Duration Bond Fund
- Janus Henderson Institutional UK Gilt Fund
- Janus Henderson Institutional Preference & Bond Fund
- Janus Henderson Strategic Bond Fund
- Janus Henderson UK Equity Income & Growth Fund

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

Aggregated notes to the financial statements (continued)

2 Distribution Policy (continued)

Equalisation

Income equalisation currently applies to all funds except Janus Henderson European Smaller Companies Fund and Janus Henderson UK Smaller Companies 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 their investment objectives the funds hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors arising from the funds' operations. Derivative instruments may be used in all funds for the purposes of hedging and, in the bond funds may also be used for meeting the investment objectives of the funds, including risk reduction and implementation of investment policies.

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

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

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

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

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

(a) Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in the funds attributable to changes in market variables such as interest rates, foreign exchange rates or an issuer's credit worthiness.

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

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

Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

The funds may use derivatives instruments for hedging purposes. This should not lead to an increase in risk to a fund. In adverse situations, however a fund's use of derivatives may become ineffective in hedging or efficient portfolio management and a fund may suffer significant loss as a result. Derivatives, when used to implement an investment policy, may increase the volatility of a fund's share price although it is not intended that their use will otherwise cause its existing risk profile to change.

Fund's investing in secured loans are subject to risks such as lack of liquidity and custody risks.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

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

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

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

For those funds using the VaR approach to calculate global exposure and for which it is not appropriate to determine a reference portfolio absolute monthly VaR is not to exceed a regulatory maximum limit of 20%. For funds which have a suitable reference portfolio, the regulatory limit is that the VaR of the total portfolio's positions shall not be greater than twice the VaR of the portfolio's reference portfolio.

The level of leverage arising from the use of derivative instruments is disclosed in the individual funds' accounts as a percentage of the relevant fund's total Net Asset Value. The calculation is based on the sum of notional exposures of financial derivative instruments in the investment portfolio including those held for risk reduction purposes. Please note this level of leverage is explicitly not an investment limit for the fund and will vary over time under differing market conditions to ensure that each fund meet its investment objective.

Please refer to the individual funds' accounts for details of global exposure, leverage and sensitivity analysis, where applicable.

Currency risk

Currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates. A proportion of a fund's assets and income may be denominated in currencies other than sterling (the fund's functional currency and the one in which it reports its results). As a result, movements in exchange rates may affect the sterling value of those items so a fund's total return and balance sheet can be significantly affected by currency fluctuations. This risk may be managed by the Investment Manager using hedging transactions in line with each fund's investment objective, powers and limits, though this will not eliminate the relevant fund's currency risk.

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

Hedged Share Classes

Hedged share classes exist in the Janus Henderson UK Equity Income & Growth Fund. These hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in those foreign classes and Sterling which is the base currency of the funds.

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 currency of the relevant share class. Where undertaken, the effect of hedging is reflected in the net asset value and therefore, in the performance of the relevant hedged share class.

Interest rate risk

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

The funds invest in debt securities including secured loans and sub-investment grade bonds. The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. As regards security, there is the possibility of the invalidation of an investment as a fraudulent conveyance under relevant creditors' rights laws. Where sub-participations are used to gain exposure there is the additional credit and bankruptcy risk of the direct participant and its failure to account for monies received. A fund does not generally have the right to force compliance by the obliger with the terms of the applicable debt agreements nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a sub-participation. Secured loans will be registered in the name of the fund who will therefore be the legal owner and benefit from the indemnities and covenants under the loan documentation. The associated risk of the loans not being held in the name of the custodian are failure to acquire proper title and improper disposal. The Investment Manager has no control over the activities of any company which has entered into a secured loan invested in by the funds.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

Interest rate risk (continued)

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 issuer. 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.

From time to time Janus Henderson Absolute Return Fixed Income Fund, Janus Henderson All Stocks Credit Fund, Janus Henderson Institutional Long Dated Credit Fund, Janus Henderson Preference & Bond Fund and Janus Henderson Strategic Bond Fund may hold sub-investment grade bonds. Such bonds have a lower credit rating than investment grade bonds and carry a higher degree of risk.

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

Other market price risk

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

(b) Credit and counterparty risk

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

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

The fund's assets that are held with the banks could be exposed to credit and counterparty risk. The banks used by the funds and ACD are subject to regular reviews. Only counterparties that have been approved by Janus Henderson's Credit Risk Forum are used for derivative transactions. The continuing credit worthiness of counterparties is monitored on a daily basis.

Adherence to investment guidelines and to investment and borrowing powers set out in the instrument of Incorporation, the Prospectus and in the Financial Conduct Authority Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

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

(c) Liquidity risk

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

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

Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading.

Some funds invest in secured loans for which there may be a lack of liquidity, whereby the accumulation and disposal of holdings may be more expensive, time-consuming and generally more difficult than in more developed markets.

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

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

Aggregated notes to the financial statements (continued)

3 Risk (continued)

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 relevant funds and their investments to execute their respective strategies and to receive attractive returns, and may also result in increased costs to the relevant funds.

4 Cross holdings

There are no cross-holdings within any of the funds of the Janus Henderson UK & Europe Funds at the year end (2018: nil).

Janus Henderson Absolute Return Fixed Income Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Nick Maroutsos, Dan Siluk, Jason England, Tim Winstone

Investment objective and policy

The fund aims to generate a positive return (more than zero), after the deduction of costs and charges, over a rolling 12 month period. An absolute return performance is not guaranteed over this specific, or any other, time period and consequently capital is in fact at risk.

In normal market conditions, the fund will invest, directly or via the use of eligible derivatives, at least 80% of its Net Asset Value in fixed income and variable rate securities (including Asset Backed and Mortgage Backed Securities), currencies, money market instruments, cash and near cash located anywhere in the world (including emerging markets) and across the credit spectrum. The fund will not invest more than 15% of its Net Asset Value in sub-investment grade fixed income securities and will not invest in fixed income securities that are rated lower than B- or B3, or if unrated, those deemed to be of a comparable quality by the Investment Manager. The fund may also invest in other transferable securities and collective investment schemes. The fund is not constrained by any index or benchmark.

The fund may use derivatives to achieve its investment objective and for the purpose of efficient portfolio management (which aims to reduce risk, reduce cost or generate additional capital or income with a level of risk consistent with the fund's risk profile).

Eligible derivatives may include (but are not limited to) futures, options, swaps and forward currency exchange contracts. These may be exchange traded or over the counter (OTC) transactions.

Performance summary

	Since launch 25 Feb 19*	30 Jun 19 %
Class I accumulation		1.2
ICE Bank of America ML 3 month Sterling Government Bill Index		0.3

The fund launched on 25 February 2019.

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.

* Inception date

Index: ICE Bank of America ML 3 month Sterling Government Bill Index

Index Usage: Comparator

Index description: The Bank of America Merrill Lynch 3-Month Sterling Government Bill Index is an unmanaged index that is comprised of a single UK Gilt issue with approximately three months to final maturity. It provides a useful comparison against which the fund's performance can be assessed over time.

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

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

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

Significant portfolio changes for the period 25 February 2019 to 30 June 2019

Largest purchases	£000	Largest sales	£000
Liberty Funding FRN 10/06/2051	272	Bank of America 3.124% 20/01/2023	229
Merrill Lynch 5.5% 22/11/2021	230	Citigroup 3.142% 24/01/2023	191
National Australia Bank FRN 12/01/2021	229	Bank of Communication Hong Kong FRN 04/12/2020	157
Commonwealth Bank of Australia FRN 04/06/2024	229	Comcast 5.15% 01/03/2020	102
Bank of America 3.124% 20/01/2023	228	Daimler Finance 3.65% 22/02/2024	101
Sydney Airport Finance 3.625% 28/04/2026	224	Liberty Funding FRN 10/04/2049	7
Australia and New Zealand Banking 4.875% 12/01/2021	197	Pepper Residential Securities Trust FRN 12/08/2058	2
Macquarie 3.189% 28/11/2023	195		
Citigroup 3.142% 24/01/2023	190		
Citigroup 2.75% 24/01/2024	190		
Total purchases	9,941	Total sales	789

All sales are included.

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

Investment review

The fund returned 1.2% based on Class I accumulation over the period since launch compared with a return of 0.3% in the ICE Bank of America ML 3 Month Sterling Government Bill Index.

The period began amidst the market assessing a shift in monetary policy by the Federal Reserve (Fed). As economic data had cooled over the course of the autumn of 2018, investors reacted negatively to continued hawkish rhetoric through December. The late year selloff in risk assets ultimately nudged the Fed to pivot toward a more accommodative stance. Other major central banks followed on this dovish path, as evidenced by the Reserve Banks of Australia and New Zealand cutting rates in 2019, and the growing possibility of fresh stimulus by the European Central Bank. As the period covered in this investment review commenced, sentiment toward riskier asset classes had improved considerably.

All the while, trade tensions and geopolitical risks remained in the spotlight. Economic data continued to exhibit a weakening trend. Brexit and the US/China trade war continued to muddle along with no clear path to a resolution. These geopolitical risks, combined with little global inflationary pressure and central bank rhetoric moving towards a more dovish stance, allowed risk markets to perform well in 2019. As a result, corporate credit and emerging markets bounced back strongly in the second half of the review period due to renewed risk appetite as falling interest rates pushed more bond yields into negative territory, particularly in Europe. By the end of the period, around 25% of the Global Aggregate Index had a yield at or below zero, amounting to more than \$12 trillion.

The portfolio is invested in a core of shorter maturity global investment grade bonds alongside a smaller number of derivatives-based strategies seeking to add incremental return and mitigate risk.

Coupon income from underlying bond holdings was the main contributor to returns, with long interest rate positions in Australia and the US adding to performance. Bond yields continued to fall amid expectations for a future series of global central bank rate cuts. Corporate bond spreads were broadly unchanged over the four months, with a rally in April and June offsetting weaker performance in May. As a result, the portfolio benefited from the carry from a portfolio of high quality credits globally, with a focus on issuers in the US, Asia ex-Japan and Australia. Within the alpha strategies, positions seeking to benefit from a steepening of the US yield curve added value. Interest rate hedges seeking to mitigate interest rate volatility detracted at the margin.

We continue to expect interest rates to remain low and corporate profitability to remain strong. As a result, we expect to maintain both Australian and US duration around the 0.5-year level for a total portfolio duration of circa one year, and continue to hold a positive view on investment grade credit, particularly in Australia. Favoured sectors remain banking and infrastructure, such as airports and toll roads. We feel these areas offer attractive yields and solid cash flows, and are typically monopolistic businesses with a high level of regulation and quality underlying collateral of systemic importance. We also favour systemically important, highly rated Asian issuers such as government-related energy companies, telecommunications and banking entities and the US 'too-big-to-fail' banks, whose bonds are supported by a robust regulatory environment focused on less risk-taking and greater capital requirements.

Stresses in the eurozone have increased, particularly with the emergence of an Italian coalition government focused on decreasing taxes and increasing spending. We expect European growth and inflation to continue to underperform expectations in 2019 amid structural rigidities in labour and product markets, particularly in peripheral regions. Low-to-negative bond yields already reflect this scenario.

Comparative tables for the period 25 February 2019 to 30 June 2019

	Class G accumulation 27/06/19 - 30/06/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	100.00 ¹
Return before operating charges*	(0.04)
Operating charges	-
Return after operating charges*	(0.04)
Distributions on accumulation shares	(0.04)
Retained distributions on accumulations shares	0.04
Closing net asset value per share	99.96
* after direct transaction costs of:	-

Performance

Return after charges	(0.04%)
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Other information

Closing net asset value (£000s)	1
Closing number of shares	500
Operating charges	0.43%
Direct transaction costs	0.00%

Prices

Highest share price (pence)	100.03
Lowest share price (pence)	100.00

¹ G accumulation share class launched on 27 June 2019 and this is the first published price.

	Class G income 27/06/19 - 30/06/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	100.00 ²
Return before operating charges*	(0.04)
Operating charges	-
Return after operating charges*	(0.04)
Distributions on income shares	(0.04)
Closing net asset value per share	99.92
* after direct transaction costs of:	-

Performance

Return after charges	(0.04%)
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Other information

Closing net asset value (£000s)	1
Closing number of shares	500
Operating charges	0.43%
Direct transaction costs	0.00%

Prices

Highest share price (pence)	100.03
Lowest share price (pence)	100.00

² G income share class launched on 27 June 2019 and this is the first published price.

Comparative tables (continued)

	Class I accumulation 25/02/19 - 30/06/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	100.00 ³
Return before operating charges*	1.34
Operating charges	(0.19)
Return after operating charges*	1.15
Distributions on accumulation shares	(0.77)
Retained distributions on accumulation shares	0.77
Closing net asset value per share	101.15
* after direct transaction costs of:	-

Performance

Return after charges	1.15%
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Other information

Closing net asset value (£000s)	2,529
Closing number of shares	2,500,499
Operating charges	0.56%
Direct transaction costs	0.00%

Prices

Highest share price (pence)	101.25
Lowest share price (pence)	99.96

³ The fund launched on 25 February 2019 and this is the first published price.

	Class I income 25/02/19 - 30/06/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	100.00 ⁴
Return before operating charges*	1.34
Operating charges	(0.19)
Return after operating charges*	1.15
Distributions on income shares	(0.77)
Closing net asset value per share	100.38
* after direct transaction costs of:	-

Performance

Return after charges	1.15%
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Other information

Closing net asset value (£000s)	2,510
Closing number of shares	2,500,499
Operating charges	0.56%
Direct transaction costs	0.00%

Prices

Highest share price (pence)	101.11
Lowest share price (pence)	99.96

⁴ The fund launched on 25 February 2019 and this is the first published price.

Comparative tables (continued)

	Class Z accumulation 25/02/19 - 30/06/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	100.00 ⁵
Return before operating charges*	1.34
Operating charges	(0.02)
Return after operating charges*	1.32
Distributions on accumulation shares	(0.94)
Retained distributions on accumulation shares	0.94
Closing net asset value per share	101.32
* after direct transaction costs of:	-
Performance	
Return after charges	1.32%
Other information	
Closing net asset value (£000s)	2,533
Closing number of shares	2,500,499
Operating charges	0.06%
Direct transaction costs	0.00%
Prices	
Highest share price (pence)	101.41
Lowest share price (pence)	99.97

⁵ The fund launched on 25 February 2019 and this is the first published price.

	Class Z income 25/02/19 - 30/06/19 (pence per share)
Change in net assets per share	
Opening net asset value per share	100.00 ⁶
Return before operating charges*	1.34
Operating charges	(0.02)
Return after operating charges*	1.32
Distributions on income shares	(0.94)
Closing net asset value per share	100.38
* after direct transaction costs of:	-
Performance	
Return after charges	1.32%
Other information	
Closing net asset value (£000s)	2,510
Closing number of shares	2,500,499
Operating charges	0.06%
Direct transaction costs	0.00%
Prices	
Highest share price (pence)	101.23
Lowest share price (pence)	99.97

⁶ The fund launched on 25 February 2019 and this is the first published price.

Comparative tables (continued)

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

Operating charges

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

Share class launches and closures

The fund launched on 25 February 2019.

The following share classes launched in the period:

Share class	Launch date
Class G accumulation	27 June 2019
Class G income	27 June 2019
Class I accumulation	25 February 2019
Class I income	25 February 2019
Class Z accumulation	25 February 2019
Class Z income	25 February 2019

There were no share classes closed in the period.

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 period, except for expenses that are explicitly excluded by regulation.

	2019 %	Projected OCF from 25 February 2019 ¹ %
Class G²	0.43	0.43 ³
Class I⁴	0.56	0.56
Class Z⁴	0.06	0.06

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

¹The projected ongoing charge based on the annual fee rates from 25 February 2019.

²G share class launched on 27 June 2019.

³The projected ongoing charge based on the annual fee rates from 27 June 2019.

⁴The fund launched on 25 February 2019.

Risk and reward profile

The fund currently has 6 types of share class in issue; G accumulation, G income, I accumulation, I income, Z accumulation and Z income.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

The share classes appear at 2 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

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

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

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

* Class I accumulation, I income, Z accumulation and Z income launched on 25 February 2016, Class G accumulation and G income launched on 27 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 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Bonds 94.11%		
	Australia 27.93%		
	Fixed Rate Bond 9.65%		
AUD 100,000	AGL Energy 5.00% 05/11/2021	58	0.58
USD 250,000	Australia and New Zealand Banking 4.875% 12/01/2021	204	2.02
AUD 100,000	Australian Gas Networks (Vic 3) 4.50% 17/12/2021	59	0.58
AUD 100,000	Brisbane Airport 6.00% 21/10/2020	58	0.58
AUD 150,000	ConnectEast Finance 3.40% 25/03/2026	86	0.86
USD 100,000	Incitec Pivot 6.00% 10/12/2019	80	0.79
USD 100,000	Suncorp-Metway 2.375% 09/11/2020	79	0.78
USD 300,000	Sydney Airport Finance 3.625% 28/04/2026	242	2.39
USD 130,000	Telstra 4.80% 12/10/2021	107	1.07
		<u>973</u>	<u>9.65</u>
	Floating Rate Note 16.23%		
AUD 200,000	Ausgrid Finance FRN 30/10/2024	110	1.09
AUD 100,000	Australia and New Zealand Banking FRN 08/02/2022	56	0.55
AUD 180,000	Bank of Queensland FRN 18/05/2021	101	1.00
AUD 240,000	Bendigo and Adelaide Bank FRN 18/08/2020	133	1.32
USD 300,000	Commonwealth Bank of Australia FRN 04/06/2024	237	2.35
AUD 100,000	ETSA Utilities Finance FRN 13/12/2023	55	0.54
AUD 100,000	Liberty Financial FRN 07/03/2022	56	0.55
AUD 203,496	Liberty Funding FRN 10/04/2049	112	1.11
AUD 500,000	Liberty Funding FRN 10/06/2051	275	2.74
USD 300,000	National Australia Bank FRN 12/01/2021	236	2.34
AUD 200,000	National Australia Bank FRN 17/05/2029	111	1.10
AUD 171,577	Pepper Residential Securities Trust FRN 12/08/2058	95	0.94
AUD 110,000	Vicinity Centres FRN 27/06/2025	60	0.60
		<u>1,637</u>	<u>16.23</u>
	Variable Rate Bond 2.05%		
USD 260,000	Macquarie 3.189% 28/11/2023	207	2.05
	Canada 5.14%		
	Fixed Rate Bond 2.08%		
USD 130,000	Bank of Montreal 2.90% 26/03/2022	104	1.03
USD 130,000	Toronto-Dominion Bank 3.25% 11/03/2024	105	1.05
		<u>209</u>	<u>2.08</u>
	Floating Rate Note 3.06%		
USD 130,000	Canadian Imperial Bank of Commerce FRN 16/06/2020	103	1.02
USD 130,000	Royal Bank of Canada FRN 01/02/2022	103	1.02
USD 130,000	Toronto-Dominion Bank FRN 19/07/2020	103	1.02
		<u>309</u>	<u>3.06</u>
	Cayman Islands 1.60%		
	Fixed Rate Bond 1.60%		
USD 200,000	CK Hutchison International (19) 3.25% 11/04/2024	161	1.60

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	China 5.52%		
	Floating Rate Note 5.52%		
AUD 200,000	Bank of China FRN 02/03/2020	111	1.10
USD 200,000	Bank of China FRN 07/06/2023	157	1.56
USD 200,000	ICBCIL Finance FRN 15/05/2023	157	1.55
AUD 240,000	Industrial and Commercial Bank of China FRN 29/03/2022	132	1.31
		<u>557</u>	<u>5.52</u>
	Germany 3.29%		
	Fixed Rate Bond 1.73%		
GBP 100,000	Daimler International Finance 2.00% 04/09/2023	101	1.01
AUD 130,000	Volkswagen Financial Services 3.10% 17/04/2023	73	0.72
		<u>174</u>	<u>1.73</u>
	Floating Rate Note 1.56%		
USD 200,000	Volkswagen of America FRN 13/11/2020	158	1.56
	Japan 2.07%		
	Fixed Rate Bond 0.81%		
USD 100,000	Sumitomo Mitsui Banking 3.95% 12/01/2022	82	0.81
	Floating Rate Note 1.26%		
USD 130,000	Mizuho Financial FRN 28/02/2022	102	1.02
USD 30,000	Sumitomo Mitsui Financial FRN 19/10/2021	24	0.24
		<u>126</u>	<u>1.26</u>
	Singapore 2.58%		
	Floating Rate Note 1.02%		
USD 130,000	DBS FRN 25/07/2022	103	1.02
	Variable Rate Bond 1.56%		
USD 200,000	United Overseas Bank 3.75% 19/09/2024	157	1.56
	South Korea 6.13%		
	Fixed Rate Bond 2.61%		
USD 183,000	Hyundai Capital Services 3.00% 29/08/2022	144	1.42
USD 150,000	Korea Hydro & Nuclear Power 3.00% 19/09/2022	120	1.19
		<u>264</u>	<u>2.61</u>
	Floating Rate Note 3.52%		
USD 200,000	Export-Import Bank of Korea FRN 01/06/2021	157	1.56
USD 200,000	Korea National Oil FRN 16/07/2020	158	1.58
AUD 70,000	Shinhan Bank FRN 17/03/2021	39	0.38
		<u>354</u>	<u>3.52</u>
	Sweden 1.01%		
	Fixed Rate Bond 1.01%		
USD 130,000	Nordea Bank 2.125% 29/05/2020	102	1.01

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Switzerland 0.33%		
	Fixed Rate Bond 0.33%		
USD 41,000	Glencore Funding 4.125% 12/03/2024	33	0.33
	United Kingdom 5.55%		
	Fixed Rate Bond 2.63%		
USD 200,000	Lloyds Banking 3.90% 12/03/2024	164	1.62
GBP 100,000	Sky 2.875% 24/11/2020	102	1.01
		<u>266</u>	<u>2.63</u>
	Floating Rate Note 1.33%		
USD 170,000	HSBC FRN 18/05/2024	134	1.33
	Variable Rate Bond 1.59%		
USD 200,000	Barclays 3.932% 07/05/2025	160	1.59
	United States 32.96%		
	Fixed Rate Bond 20.86%		
USD 130,000	Amazon.com 2.40% 22/02/2023	103	1.02
USD 100,000	Bristol-Myers Squibb 2.60% 16/05/2022	80	0.79
USD 100,000	Broadcom Cayman Finance 2.375% 15/01/2020	78	0.78
GBP 185,000	Citigroup 2.75% 24/01/2024	192	1.90
USD 130,000	Constellation Brands 3.20% 15/02/2023	104	1.04
USD 130,000	CVS Health 2.125% 01/06/2021	101	1.01
USD 130,000	eBay 2.15% 05/06/2020	102	1.01
USD 130,000	Goldman Sachs 2.75% 15/09/2020	103	1.02
USD 130,000	IBM 2.25% 19/02/2021	102	1.01
USD 130,000	JPMorgan Chase 3.20% 25/01/2023	105	1.04
USD 50,000	Mars 2.70% 01/04/2025	40	0.40
GBP 210,000	Merrill Lynch 5.5% 22/11/2021	230	2.26
USD 75,000	Molson Coors Brewing 2.10% 15/07/2021	59	0.58
USD 130,000	Morgan Stanley 3.125% 23/01/2023	104	1.04
USD 130,000	Sherwin-Williams 2.25% 15/05/2020	102	1.01
USD 130,000	Simon Property 2.75% 01/06/2023	104	1.03
USD 130,000	Toyota Motor Credit 2.80% 13/07/2022	104	1.03
USD 92,000	United Technologies 3.35% 16/08/2021	74	0.73
USD 130,000	Verizon Communications 3.45% 15/03/2021	104	1.04
GBP 100,000	Wells Fargo 5.25% 01/08/2023	113	1.12
		<u>2,104</u>	<u>20.86</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Floating Rate Note 10.51%			
USD 130,000	American Express FRN 01/08/2022	102	1.02
USD 165,000	American Honda Finance FRN 05/11/2021	130	1.28
USD 130,000	Capital One Financial FRN 30/01/2023	102	1.01
USD 130,000	Caterpillar Financial Services FRN 06/06/2022	103	1.02
USD 130,000	General Motors Financial FRN 05/01/2023	101	1.00
AUD 120,000	McDonald's FRN 08/03/2024	66	0.66
USD 100,000	Morgan Stanley FRN 10/06/2020	79	0.78
USD 130,000	Nissan Motor Acceptance FRN 13/07/2022	102	1.01
USD 148,000	Walmart FRN 23/06/2021	117	1.16
USD 200,000	Wells Fargo FRN 26/07/2021	158	1.57
		1,060	10.51
Variable Rate Bond 1.59%			
USD 200,000	JPMorgan Chase 3.207% 01/04/2023	160	1.59
Derivatives (0.10%)			
Futures (0.17%)			
(6)	CBT US 10 Year Note September 2019	(13)	(0.13)
(5)	CBT US 5 Year Note September 2019	(7)	(0.07)
23	SFE Australia 3 Year Bond September 2019	3	0.03
		(17)	(0.17)
Options 0.11%¹			
357,230	FXO Call 0.85 February 2020	7	0.07
357,230	FXO Put 0.85 February 2020	4	0.04
		11	0.11
Swaps (0.04%)¹			
Interest Rate Swaps (0.04%)¹			
500,000	IRS 1.2492% LIBOR 6 Month 0.00% Receive Floating 0.00% GBP	(8)	(0.08)
2,965,000	IRS 2.221% LIBOR 3 Month 0.00% Receive Fixed 0.00% USD	28	0.27
621,000	IRS 2.497% LIBOR 3 Month 0.00% Receive Floating 0.00% USD	(24)	(0.23)
		(4)	(0.04)
Forward Foreign Exchange Contracts 0.00%¹			
:	Buy GBP 1,751,635 : Sell AUD 3,200,000 September 2019	(11)	(0.11)
	Buy GBP 38,186 : Sell AUD 70,000 September 2019 ²	-	-
	Buy GBP 39,098 : Sell USD 50,000 September 2019 ²	-	-
	Buy GBP 39,283 : Sell USD 50,000 September 2019 ²	-	-
	Buy GBP 59,790 : Sell AUD 110,000 September 2019	(1)	(0.01)
	Buy GBP 7,022,947 : Sell USD 8,950,000 September 2019	12	0.12
		-	-
Investment assets including investment liabilities		9,480	94.01
Other net assets		604	5.99
Total net assets		10,084	100.00

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

Statement of total return for the period 25 February 2019 to 30 June 2019

		25/02/19 - 30/06/19	
	Note	£000	£000
Income			
Net capital gains	2		43
Revenue	3	91	
Expenses	4	<u>(11)</u>	
Net revenue before taxation		80	
Taxation	5	<u>-</u>	
Net revenue after taxation			<u>80</u>
Total return before distributions			123
Distributions	6		(85)
Change in net assets attributable to shareholders from investment activities			<u>38</u>

Statement of change in net assets attributable to shareholders

for the period 25 February 2019 to 30 June 2019

		25/02/19 - 30/06/19	
		£000	£000
Opening net assets attributable to shareholders¹			-
Amounts receivable on issue of shares		<u>10,003</u>	10,003
Change in net assets attributable to shareholders from investment activities			38
Retained distributions on accumulation shares			43
Closing net assets attributable to shareholders			<u>10,084</u>

¹ The fund launched on 25 February 2019

Balance sheet as at 30 June 2019

	Note	30/06/19 £000
Assets:		
Investments		9,544
Current assets:		
Debtors	7	71
Cash and bank balances	8	601
Total assets		10,216
Liabilities:		
Investment liabilities		64
Creditors:		
Amounts held at derivative clearing houses and brokers		7
Bank overdrafts		24
Distributions payable		34
Other creditors	9	3
Total liabilities		132
Net assets attributable to shareholders		10,084

Notes to the financial statements for the period 25 February 2019 to 30 June 2019

1 Accounting policies

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

2 Net capital gains

Net capital gains on investments during the period comprise:

	25/02/19 - 30/06/19 £000
Derivative securities	(16)
Forward currency contracts	(328)
Non-derivative securities	343
Other currency gains	44
Net capital gains	43

3 Revenue

	25/02/19 - 30/06/19 £000
Bank interest	3
Interest on debt securities	88
Total revenue	91

4 Expenses

	25/02/19 - 30/06/19 £000
Payable to the ACD, associates of the ACD and agents of either of them:	
Annual management charge	8
GAC*	2
	<u>10</u>
Other expenses:	
Professional fees	1
	<u>1</u>
Total expenses	11

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,316.

Notes to the financial statements (continued)

5 Taxation

a) Analysis of charge in the period

There is no tax charge for the current period.

b) Factors affecting tax charge for period

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

	25/02/19 - 30/06/19 £000
Net revenue before taxation	80
Corporation tax at 20%	16
Effects of:	
Revenue being paid as interest distributions	(16)
Tax charge for the period (note 5a)	-

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date.

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current period end.

6 Distributions

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

	25/02/19 - 30/06/19 £000
Interim income	8
Interim accumulation	8
Final income	34
Final accumulation	35
Total distributions	85
Net revenue after taxation	80
Effective yield coupon based adjustment	5
Total distributions	85

Details of the distribution per share are set out in the distribution tables on page 39.

7 Debtors

	30/06/19 £000
Accrued revenue	70
Amounts receivable for issue of shares	1
Total debtors	71

Notes to the financial statements (continued)

8 Cash and bank balances

	30/06/19 £000
Amounts held at derivative clearing houses and brokers	107
Cash and bank balances	494
Total cash and bank balances	601

9 Other creditors

	30/06/19 £000
Accrued annual management charge	2
Accrued other expenses	1
Total other creditors	3

10 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current period 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 30 and 31 and notes 4, 7 and 9 on pages 32 to 34 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

Harewood Nominees Limited, as a material shareholder, is a related party holding shares comprising 99.97% of the total net assets of the fund as at the period end.

12 Shareholders' funds

The fund currently has 3 share classes available; Class G (Institutional), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2019 %
Class G ¹	0.40
Class I ²	0.45
Class Z ³	0.00

¹ G accumulation and G income share classes launched on 27 June 2019.

² I accumulation, I income, Z accumulation and Z income share classes launched on 25 February 2019.

³ Charges for managing Z class shares are levied outside the fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 20 to 23. The distribution per share class is given in the distribution tables on page 39. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

Shares reconciliation as at 30 June 2019

	Class G accumulation	Class G income	Class I accumulation	Class I income
Opening number of shares	-	-	-	-
Issues during the period	500	500	2,500,500	2,500,500
Cancellations during the period	-	-	(1)	(1)
Closing shares in issue	500	500	2,500,499	2,500,499

	Class Z accumulation	Class Z income
Opening number of shares	-	-
Issues during the period	2,500,500	2,500,500
Cancellations during the period	(1)	(1)
Closing shares in issue	2,500,499	2,500,499

13 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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 30 June 2019.

2019

At 30 June 2019 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest Rate Swaps £000
Citigroup	12	-	28
UBS	-	3	-
	12	3	28

Counterparty	Options £000	Total by counterparty £000
Citigroup	11	51
UBS	-	3
	11	54

Notes to the financial statements (continued)

14 Risk

Currency risk

The fund's net exposure to currency risk is considered insignificant.

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 period end is set out in the following table:

2019	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	1,557	334	10	1,901
UK sterling	318	738	30	1,086
US dollar	3,874	3,296	59	7,229
Total	5,749	4,368	99	10,216
2019	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	3	-	-	3
UK sterling	31	-	50	81
US dollar	28	-	20	48
Total	62	-	70	132

Credit Ratings

2019	Market value £000	Percentage of total net assets %
Investments		
Investment grade (AAA - BBB)	9,116	90.41
Unrated	374	3.70
Total debt securities	9,490	94.11
Derivatives	(10)	(0.10)
Investment assets including investment liabilities	9,480	94.01
Other net assets	604	5.99
Total net assets	10,084	100.00

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in period			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019		0.15	0.39	0.27	20.00	0.76	1.97	1.34
Leverage								
		Minimum %	Maximum %	Average %				
2019		48.87	246.77	126.81				

Notes to the financial statements (continued)

14 Risk (continued)

Liquidity risk

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

2019	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Amounts held at derivatives clearing houses and brokers	7	-	-	-
Bank overdrafts	24	-	-	-
Derivative financial liabilities	-	32	8	24
Distribution payable	-	34	-	-
Other creditors	-	3	-	-
Total	31	69	8	24

15 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	30/06/19	
	Assets £000	Liabilities £000
Level 1	3	20
Level 2	9,541	44
Level 3	-	-
	9,544	64

Notes to the financial statements (continued)

16 Direct transaction costs

	Purchases 25/02/19 - 30/06/19 £000	Sales 25/02/19 - 30/06/19 £000
Trades in the period		
Debt securities	9,941	789
Trades in the period before transaction costs	9,941	789
Transaction costs		
Commissions		
Debt securities	-	-
Total commissions	-	-
Taxes		
Debt securities	-	-
Total taxes	-	-
Other expenses		
Debt securities	-	-
Total other expenses	-	-
Total transaction costs	-	-
Total net trades in the period after transaction costs	9,941	789

	Purchases 25/02/19 - 30/06/19 %	Sales 25/02/19 - 30/06/19 %
Total transaction costs expressed as a percentage of asset type cost		
Commissions		
Debt securities	-	-
Taxes		
Debt securities	-	-
Other expenses		
Debt securities	-	-
		25/02/19 - 30/06/19 %

Total transaction costs expressed as a percentage of net asset value

Commissions	-
Taxes	-
Other expenses	-
Total costs	-

There were no in specie transfers during the period. There were no corporate actions during the period.

There were direct transaction costs associated with derivatives in the period of £101 which is 0.00% of the average net asset value of the fund.

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 30 June 2019 was 0.16%. The portfolio dealing spread is calculated at a 12 noon valuation point.

17 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 period 25 February 2019 to 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 2019)

Group 1: shares purchased prior to 25 February 2019

Group 2: shares purchased on or after 25 February 2019

	Distribution per share	Equalisation	Total distribution per share 31/05/19
Class I accumulation			
Group 1	0.1393	-	0.1393
Group 2	0.1393	-	0.1393
Class I income			
Group 1	0.1393	-	0.1393
Group 2	0.1393	-	0.1393
Class Z accumulation			
Group 1	0.1848	-	0.1848
Group 2	0.1848	-	0.1848
Class Z income			
Group 1	0.1847	-	0.1847
Group 2	0.1847	-	0.1847

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19
Class G accumulation¹			
Group 1	0.0440	-	0.0440
Group 2	0.0440	-	0.0440
Class G income¹			
Group 1	0.0440	-	0.0440
Group 2	0.0440	-	0.0440
Class I accumulation			
Group 1	0.6283	-	0.6283
Group 2	0.6283	-	0.6283
Class I income			
Group 1	0.6274	-	0.6274
Group 2	0.6274	-	0.6274
Class Z accumulation			
Group 1	0.7551	-	0.7551
Group 2	0.7551	-	0.7551
Class Z income			
Group 1	0.7538	-	0.7538
Group 2	0.7538	-	0.7538

¹ G accumulation and G income share classes launched on 27 June 2019.

Janus Henderson All Stocks Credit fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Philip Payne and Hartej Singh

Investment objective and policy

To provide a return by investing primarily in sterling denominated investment grade corporate bonds. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	5.9	0.8	6.1	7.0	5.2
Markit iBoxx GBP Non-Gilts all maturities Index	5.9	0.6	5.3	9.0	6.5
IA Sterling Corporate Bond Sector	5.6	0.7	6.3	6.0	4.2

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

Index: Markit iBoxx GBP Non-Gilts all maturities Index

Index Usage: Comparator

Index description: The Markit iBoxx GBP Non-Gilts all maturities Index is a measure of the combined performance of investment grade corporate bonds issued in pounds sterling. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA Sterling Corporate Bond Sector

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 30 June 2019

Largest purchases	£000	Largest sales/maturities	£000
UK Treasury 1.50% 22/07/2047	14,246	UK Treasury 4.50% 07/09/2034	17,154
UK Treasury 4.50% 07/09/2034	12,001	UK Treasury 1.50% 22/07/2047	15,379
UK Treasury 1.00% 22/04/2024	9,108	UK Treasury 1.00% 22/04/2024	9,178
UK Treasury 4.75% 07/12/2038	7,568	UK Treasury 0.50% 22/07/2022	8,828
Aroundtown 3.25% 18/07/2027	7,396	Arqiva Broadcast Finance 9.50% 31/03/2020	8,703
KFW 5.5% 18/06/2025	7,337	UK Treasury 1.75% 07/09/2037	7,120
CYBG 4.00% 25/09/2026	7,270	Air France-KLM 3.75% 12/10/2022	6,254
Informa 3.125% 05/07/2026	5,899	Network Rail Infrastructure Finance 4.375% 09/12/2030	6,252
Goldman Sachs 3.125% 25/07/2029	5,739	UK Treasury 4.25% 07/09/2039	6,155
Unilever 1.50% 22/07/2026	5,408	BAT International Finance 4.00% 04/09/2026	6,053
Total purchases	484,545	Total sales/maturities	521,448

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

Investment review

The fund returned 5.9% based on Class I accumulation over the year under review, compared with a return of 5.9% in the Markit iBoxx GBP Non-Gilts all maturities Index and a return of 5.6% in IA Sterling Corporate Bond Sector peer group benchmark.

Sterling investment grade bonds delivered strong total returns over the year under review. Performance was driven by positive excess credit returns (versus governments) with credit spreads (the extra yield demanded over an equivalent government bond) tightening marginally over the year. Movements in UK government bond markets also added to performance, as yields declined significantly across the curve.

The year was one of two halves. The second half of 2018 delivered negative total and excess credit returns, with credit spreads widening significantly in November and December. Sterling investment grade corporate bonds suffered as volatility increased and global market sentiment deteriorated on the back of elevated geopolitical and macroeconomic apprehensions. In particular, concerns over Brexit, Italy and the US/China trade dispute dominated investors' attention and caused risk aversion to rise.

In contrast, the first half of 2019 delivered positive total and excess credit returns, which outweighed the negative performance seen in the first half of the period under review. Credit spreads tightened on the back of dovish central bank rhetoric from the US Federal Reserve (Fed) and the European Central Bank (ECB), which was taken positively by markets. These movements occurred despite economic data continuing to exhibit a weakening trend.

Higher rated names generally outperformed lower rated sterling investment grade bonds on a total return basis over the year.

Strong positive performance came from security selection, particularly within the real estate, insurance and retail sectors. On a single name basis, favourable performance came from the fund's overweight to sterling-denominated bonds in Prudential, as the company compensated bondholders for changes to the structure of the business as it looks to demerge M&G Prudential, its UK and Europe business, from Prudential. Positive performance also came from Tesco; credit spreads tightened on the back of Fitch and Moody's upgrading the issuer back to investment grade.

The decision to increase exposure to the telecommunications and utilities sectors also benefited the fund, as evidenced by good performance from Orange, AT&T and EDF.

Recently, we have become more positive on sterling investment grade credit. Valuations in the asset class remain attractive relative to euro- and US dollar- denominated credit, and corporate fundamentals also continue to be in relatively robust condition, with low default rates versus historical standards.

However, we are concerned that global growth may slow down further. Macroeconomic headwinds exist, including ongoing US/China trade discussions, a lack of clarity on Brexit and Italian political uncertainty. We believe the dovish tilt seen in June from the Fed and ECB should help to support the investment grade market and cause positive technical conditions in the near term, which could lead to moderate credit spread tightening from here.

Comparative tables for the year ended 30 June 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	156.09	155.53	147.89
Return before operating charges*	10.05	1.99	9.63
Operating charges	(1.42)	(1.43)	(1.63)
Return after operating charges*	8.63	0.56	8.00
Distributions on accumulation shares	(3.51)	(3.75)	(3.66)
Retained distributions on accumulation shares [^]	3.51	3.75	3.30
Closing net asset value per share	164.72	156.09	155.53
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	5.53%	0.36%	5.41%
Other information			
Closing net asset value (£000s)	2,055	2,158	2,879
Closing number of shares	1,247,546	1,382,628	1,850,983
Operating charges	0.90%	0.91%	1.06%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	165.60	159.60	159.30
Lowest share price (pence)	154.30	154.60	148.90

[^]Retained distributions prior to 6 April 2017 are net of 20% income tax.

	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	131.00	133.69	129.86
Return before operating charges*	8.33	1.72	8.12
Operating charges	(1.19)	(1.22)	(1.42)
Return after operating charges*	7.14	0.50	6.70
Distributions on income shares	(2.92)	(3.19)	(2.87)
Closing net asset value per share	135.22	131.00	133.69
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	5.45%	0.37%	5.16%
Other information			
Closing net asset value (£000s)	2,742	2,846	5,884
Closing number of shares	2,027,679	2,172,612	4,400,881
Operating charges	0.90%	0.91%	1.06%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	136.60	137.20	139.90
Lowest share price (pence)	128.70	131.30	130.20

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	256.86	255.01	241.33
Return before operating charges*	16.59	3.24	15.79
Operating charges	(1.38)	(1.39)	(1.36)
Return after operating charges*	15.21	1.85	14.43
Distributions on accumulation shares	(6.75)	(7.11)	(7.29)
Retained distributions on accumulation shares [^]	6.75	7.11	6.54
Closing net asset value per share	272.07	256.86	255.01
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	5.92%	0.73%	5.98%
Other information			
Closing net asset value (£000s)	452,047	435,345	14,934
Closing number of shares	166,152,762	169,487,530	5,856,229
Operating charges	0.53%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	273.50	262.00	260.20
Lowest share price (pence)	254.30	254.00	243.60

[^]Retained distributions prior to 6 April 2017 are net of 20% income tax.

	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	132.26	134.98	131.09
Return before operating charges*	8.47	1.73	8.14
Operating charges	(0.70)	(0.73)	(0.73)
Return after operating charges*	7.77	1.00	7.41
Distributions on income shares	(3.05)	(3.72)	(3.52)
Closing net asset value per share	136.98	132.26	134.98
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	5.87%	0.74%	5.65%
Other information			
Closing net asset value (£000s)	13,999	179,376	13,885
Closing number of shares	10,219,411	135,628,630	10,286,999
Operating charges	0.53%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	138.50	138.60	141.30
Lowest share price (pence)	130.00	132.60	131.50

Comparative tables (continued)

	Class Z accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	237.68	234.80	220.44
Return before operating charges*	15.42	2.98	14.45
Operating charges	(0.07)	(0.10)	(0.09)
Return after operating charges*	15.35	2.88	14.36
Distributions on accumulation shares	(7.49)	(7.75)	(7.86)
Retained distributions on accumulation shares	7.49	7.75	7.86
Closing net asset value per share	253.03	237.68	234.80
* after direct transaction costs of:	-	-	-

Performance

Return after charges	6.46%	1.23%	6.51%
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Other information

Closing net asset value (£000s)	476,462	524,790	569,826
Closing number of shares	188,301,944	220,797,397	242,688,820
Operating charges	0.03%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	254.30	241.90	239.50
Lowest share price (pence)	235.80	234.60	223.30

	Class A income gross	
	2018 (pence per share)	2017 (pence per share)
Change in net assets per share		
Opening net asset value per share	134.07	130.20
Return before operating charges*	1.07	8.51
Operating charges	(0.31)	(1.43)
Return after operating charges*	0.76	7.08
Distributions on income shares	(0.83)	(3.21)
Final cancellation price	(134.00) ¹	-
Closing net asset value per share	-	134.07
* after direct transaction costs of:	-	-

Performance

Return after charges	0.57%	5.44%
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Other information

Closing net asset value (£000s)	-	64
Closing number of shares	-	47,922
Operating charges	0.91%	1.06%
Direct transaction costs	0.00%	0.00%

Prices

Highest share price (pence)	137.60 ²	140.40
Lowest share price (pence)	134.00 ²	130.60

¹ Class A income gross closed on 2 October 2017 and this is the final cancellation price.

² to 2 October 2017

Comparative tables (continued)

	Class I accumulation gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	285.43	269.33
Return before operating charges*	2.27	17.62
Operating charges	(0.40)	(1.52)
Return after operating charges*	1.87	16.10
Distributions on accumulation shares	(2.03)	(8.17)
Retained distributions on accumulation shares	2.03	8.17
Final cancellation price	(287.30) ³	-
Closing net asset value per share	-	285.43
* after direct transaction costs of:	-	-
Performance		
Return after charges	0.66%	5.98%
Other information		
Closing net asset value (£000s)	-	485,487
Closing number of shares	-	170,087,074
Operating charges	0.54%	0.54%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	293.10 ⁴	291.10
Lowest share price (pence)	285.20 ⁴	272.40

³ Class I accumulation gross closed on 2 October 2017 and this is the final cancellation price.

⁴ to 2 October 2017

Comparative tables (continued)

	Class I income gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	136.35	132.43
Return before operating charges*	1.11	8.65
Operating charges	(0.19)	(0.75)
Return after operating charges*	0.92	7.90
Distributions on income shares	(0.97)	(3.98)
Final cancellation price	(136.30) ⁵	-
Closing net asset value per share	-	136.35
* after direct transaction costs of:	-	-
Performance		
Return after charges	0.67%	5.97%
Other information		
Closing net asset value (£000s)	-	175,443
Closing number of shares	-	128,669,409
Operating charges	0.54%	0.54%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	140.00 ⁶	142.90
Lowest share price (pence)	136.30 ⁶	132.90

⁵ Class I income gross closed on 2 October 2017 and this is the final cancellation price.

⁶ to 2 October 2017

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

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

	2019 %	2018 %
Class A	0.90	0.91
Class I	0.53	0.54
Class Z	0.03	0.04

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

Risk and reward profile

The fund currently has 5 types of share class in issue; A accumulation, A income, I accumulation, I income and Z accumulation.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

The share classes appear at 3 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Bonds 97.58% (2018: 97.17%)		
	Australia 0.43% (2018: 0.40%)		
	Fixed Rate Bond 0.28% (2018: 0.25%)		
GBP 1,954,000	BHP Billiton Finance 4.30% 25/09/2042	2,594	0.28
	Variable Rate Bond 0.15% (2018: 0.15%)		
GBP 1,275,000	BHP Billiton Finance VAR 22/10/2077	1,446	0.15
	Austria 0.00% (2018: 0.29%)		
	Fixed Rate Bond 0.00% (2018: 0.29%)		
	Belgium 0.85% (2018: 0.78%)		
	Zero / Discount Rate Bond 0.85% (2018: 0.78%)		
GBP 5,308,000	Anheuser-Busch InBev 1.75% 07/03/2025	5,316	0.56
GBP 2,744,000	Anheuser-Busch InBev 2.85% 25/05/2037	2,709	0.29
		8,025	0.85
	Canada 0.27% (2018: 0.26%)		
	Fixed Rate Bond 0.27% (2018: 0.26%)		
GBP 2,549,000	Liberty Living Finance 2.625% 28/11/2024	2,580	0.27
	Czech Republic 0.40% (2018: 0.28%)		
	Fixed Rate Bond 0.40% (2018: 0.28%)		
EUR 1,699,000	CPI Property 4.375% Perpetual	1,499	0.16
USD 2,800,000	CPI Property 4.75% 08/03/2023	2,274	0.24
		3,773	0.40
	Denmark 0.51% (2018: 0.00%)		
	Fixed Rate Bond 0.51% (2018: 0.00%)		
GBP 1,650,000	Orsted 2.125% 17/05/2027	1,698	0.18
GBP 3,040,000	Orsted 2.50% 16/05/2033	3,148	0.33
		4,846	0.51
	France 7.83% (2018: 6.00%)		
	Fixed Rate Bond 6.31% (2018: 4.09%)		
GBP 4,500,000	Banque Fédérative du Crédit Mutuel 1.375% 20/12/2021	4,497	0.47
GBP 3,400,000	Banque Fédérative du Crédit Mutuel 1.875% 13/12/2022	3,446	0.36
GBP 3,200,000	BPCE 2.125% 16/12/2022	3,279	0.35
GBP 6,000,000	Dexia Credit Local 1.125% 15/06/2022	6,006	0.63
GBP 2,450,000	Électricité de France 5.125% 22/09/2050	3,482	0.37
GBP 4,700,000	Électricité de France 5.50% 17/10/2041	6,744	0.72
GBP 900,000	Électricité de France 5.50% 27/03/2037	1,242	0.13
GBP 2,000,000	Électricité de France 6.00% 23/01/2114	3,120	0.33
GBP 900,000	Électricité de France 6.125% 02/06/2034	1,287	0.14
GBP 1,572,000	LVMH 1.00% 14/06/2022	1,569	0.17
GBP 5,200,000	Orange 3.25% 15/01/2032	5,661	0.60
GBP 1,911,000	Orange 5.25% 12/05/2025	2,318	0.24
GBP 4,700,000	Total Capital International 1.66% 22/07/2026	4,750	0.50
GBP 3,585,000	Total Capital International 1.75% 07/07/2025	3,652	0.39
GBP 1,150,000	Veolia Environnement 6.125% 29/10/2037	1,746	0.18

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
GBP 1,300,000	Vinci 2.25% 15/03/2027	1,345	0.14
GBP 2,600,000	Vinci 2.75% 15/09/2034	2,762	0.29
USD 3,407,000	Vinci 3.75% 10/04/2029	2,877	0.30
		59,783	6.31
Variable Rate Bond 1.52% (2018: 1.91%)			
GBP 2,029,000	AXA 5.625% 16/01/2054	2,360	0.25
GBP 3,333,000	AXA 6.772% Perpetual	3,372	0.36
EUR 2,400,000	Électricité de France 4.125% Perpetual	2,298	0.24
GBP 2,400,000	Électricité de France 6.00% Perpetual	2,571	0.27
GBP 1,450,000	Orange 5.75% Perpetual	1,603	0.17
GBP 1,980,000	Orange 5.875% Perpetual	2,167	0.23
		14,371	1.52
Germany 8.03% (2018: 5.71%)			
Fixed Rate Bond 7.75% (2018: 4.69%)			
GBP 4,056,000	Aroundtown 3.25% 18/07/2027	4,076	0.43
GBP 2,850,000	Aroundtown 3.625% 10/04/2031	2,860	0.30
GBP 3,500,000	Aroundtown 4.75% Perpetual	3,465	0.37
USD 2,520,000	Aroundtown 5.375% 21/03/2029	2,149	0.23
GBP 4,670,000	Deutsche Bahn Finance 1.875% 13/02/2026	4,786	0.51
GBP 4,332,000	Deutsche Telekom International Finance 6.50% 08/04/2022	4,932	0.52
GBP 1,450,000	E.ON International Finance 5.875% 30/10/2037	2,069	0.22
GBP 2,300,000	E.ON International Finance 6.00% 30/10/2019	2,336	0.25
GBP 1,850,000	E.ON International Finance 6.75% 27/01/2039	2,913	0.31
GBP 5,700,000	FMS Wertmanagement 0.875% 14/02/2022	5,694	0.59
GBP 2,500,000	innogy Finance 5.50% 06/07/2022	2,801	0.30
GBP 2,300,000	innogy Finance 6.125% 06/07/2039	3,411	0.36
GBP 3,149,000	innogy Finance 6.25% 03/06/2030	4,291	0.45
GBP 2,230,000	KFW 1.375% 01/02/2021	2,249	0.24
GBP 1,699,000	KFW 5.00% 09/06/2036	2,604	0.27
GBP 4,970,000	KFW 5.5% 18/06/2025	6,240	0.65
GBP 4,400,000	KFW 5.75% 07/06/2032	6,693	0.70
EUR 3,716,000	Unitymedia Hessen 3.75% 15/01/2027	3,519	0.37
GBP 3,400,000	Volkswagen Financial Services 2.75% 10/07/2023	3,475	0.37
GBP 2,900,000	Volkswagen Financial Services 1.875% 07/09/2021	2,912	0.31
		73,475	7.75
Variable Rate Bond 0.28% (2018: 1.02%)			
GBP 2,300,000	Munich Reinsurance 6.625% 26/05/2042	2,606	0.28

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Ireland 0.00% (2018: 0.65%) Fixed Rate Bond 0.00% (2018: 0.65%)		
	Israel 0.00% (2018: 0.11%) Fixed Rate Bond 0.00% (2018: 0.11%)		
	Italy 0.96% (2018: 1.40%) Fixed Rate Bond 0.36% (2018: 0.80%)		
GBP 2,014,000	Enel Finance International 5.625% 14/08/2024	2,362	0.25
GBP 781,000	Enel Finance International 5.75% 14/09/2040	1,062	0.11
		<u>3,424</u>	<u>0.36</u>
	Variable Rate Bond 0.60% (2018: 0.60%)		
GBP 655,000	Enel 6.625% 15/09/2076	714	0.08
GBP 4,672,000	Enel 7.75% 10/09/2075	4,989	0.52
		<u>5,703</u>	<u>0.60</u>
	Japan 0.56% (2018: 0.00%) Fixed Rate Bond 0.56% (2018: 0.00%)		
GBP 1,400,000	JT International Financial Services 2.75% 28/09/2033	1,437	0.15
EUR 3,764,000	Takeda Pharmaceutical 3.00% 21/11/2030	3,891	0.41
		<u>5,328</u>	<u>0.56</u>
	Luxembourg 0.74% (2018: 0.65%) Fixed Rate Bond 0.74% (2018: 0.65%)		
EUR 3,600,000	Dream Global Funding 1.75% 28/06/2026	3,252	0.34
GBP 3,505,600	European Investment Bank 4.25% 07/12/2021	3,789	0.40
		<u>7,041</u>	<u>0.74</u>
	Netherlands 1.41% (2018: 1.87%) Fixed Rate Bond 1.41% (2018: 1.87%)		
GBP 5,100,000	ABN AMRO Bank 1.00% 30/06/2020	5,094	0.54
EUR 3,060,000	Koninklijke Ahold Delhaize 0.25% 26/06/2025	2,726	0.29
GBP 4,778,000	Rabobank Nederland 4.625% 23/05/2029	5,527	0.58
		<u>13,347</u>	<u>1.41</u>
	Norway 0.18% (2018: 0.00%) Fixed Rate Bond 0.18% (2018: 0.00%)		
USD 2,160,000	Aker BP 4.75% 15/06/2024	1,749	0.18
	Romania 0.14% (2018: 0.31%) Fixed Rate Bond 0.14% (2018: 0.31%)		
EUR 1,383,000	Globalworth Real Estate Investments 3.00% 29/03/2025	1,310	0.14
	Spain 0.76% (2018: 0.32%) Fixed Rate Bond 0.76% (2018: 0.32%)		
GBP 4,000,000	Abertis Infraestructuras 3.375% 27/11/2026	4,086	0.43
GBP 2,500,000	Iberdrola Finanzas 7.375% 29/01/2024	3,130	0.33
		<u>7,216</u>	<u>0.76</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Supranational 3.17% (2018: 3.23%)		
	Fixed Rate Bond 3.17% (2018: 3.23%)		
GBP 4,251,000	European Investment Bank 3.875% 08/06/2037	5,764	0.61
GBP 2,475,000	European Investment Bank 4.50% 07/03/2044	3,862	0.41
GBP 1,366,000	European Investment Bank 5.00% 15/04/2039	2,148	0.23
GBP 3,170,000	European Investment Bank 5.625% 07/06/2032	4,727	0.50
GBP 7,536,000	European Investment Bank 6.00% 07/12/2028	10,726	1.12
GBP 1,861,000	International Bank for Reconstruction & Development 5.75% 07/06/2032	2,832	0.30
		<u>30,059</u>	<u>3.17</u>
	Sweden 0.13% (2018: 1.23%)		
	Fixed Rate Bond 0.13% (2018: 1.23%)		
GBP 1,275,000	Scania 1.875% 28/06/2022	1,273	0.13
	Switzerland 1.36% (2018: 2.03%)		
	Fixed Rate Bond 0.91% (2018: 1.59%)		
GBP 2,400,000	Glencore Finance 3.125% 26/03/2026	2,432	0.26
USD 1,827,000	Syngenta Finance 4.892% 24/04/2025	1,498	0.16
USD 1,134,000	Syngenta Finance 5.182% 24/04/2028	927	0.10
GBP 3,738,000	UBS 1.25% 10/12/2020	3,740	0.39
		<u>8,597</u>	<u>0.91</u>
	Variable Rate Bond 0.45% (2018: 0.44%)		
GBP 3,820,000	Zurich Finance UK 6.625% Perpetual	4,290	0.45
	United Kingdom 53.83% (2018: 58.07%)		
	Asset Backed 2.77% (2018: 1.88%)		
GBP 463,443	Canary Wharf Finance 6.455% 22/10/2033	581	0.06
GBP 3,260,025	Connect Plus M25 Issuer 2.607% 31/03/2039	3,497	0.37
GBP 1,615,739	Juturna 5.0636% 10/08/2033	2,018	0.21
GBP 3,507,316	Longstone Finance 4.791% 19/04/2036	4,046	0.43
GBP 2,057,000	Metropolitan Funding 4.125% 05/04/2048	2,373	0.25
GBP 1,938,973	TC Dudgeon OFTO 3.158% 12/11/2038	2,094	0.22
GBP 1,208,112	Telereal Securitisation 5.3887% 10/12/2033	1,457	0.15
GBP 2,551,239	Tesco Property Finance 5.744% 13/04/2040	3,330	0.35
GBP 1,372,765	Tesco Property Finance 6.0517% 13/10/2039	1,805	0.19
GBP 3,939,454	White City Property Finance 5.1202% 17/04/2035	5,015	0.54
		<u>26,216</u>	<u>2.77</u>
	Fixed Rate Bond 47.80% (2018: 51.62%)		
GBP 2,819,000	AA Bond 2.875% 31/01/2022	2,682	0.28
GBP 1,293,000	AA Bond 4.248% 31/07/2020	1,312	0.14
GBP 3,333,000	Affordable Housing Finance 2.893% 11/08/2043	4,016	0.42
GBP 2,464,000	Anglian Water Services Financing 2.75% 26/10/2029	2,631	0.28
GBP 2,220,000	Anglo American Capital 3.375% 11/03/2029	2,290	0.24
GBP 4,319,000	Annington Funding 2.646% 12/07/2025	4,360	0.46
GBP 1,028,000	Annington Funding 3.685% 12/07/2034	1,087	0.11
GBP 2,996,000	Arqiva Financing 4.04% 30/06/2020	3,059	0.32
GBP 2,549,000	Assura Financing 3.00% 19/07/2028	2,709	0.29
GBP 4,889,000	A2Dominion Housing 3.50% 15/11/2028	5,130	0.54

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Fixed Rate Bond (continued)		
GBP 5,182,000	Barclays 2.375% 06/10/2023	5,180	0.55
GBP 2,590,000	Barclays 3.00% 08/05/2026	2,615	0.28
GBP 3,600,000	Barclays 3.25% 17/01/2033	3,506	0.37
GBP 1,281,000	Barclays 9.50% 07/08/2021	1,477	0.16
GBP 5,364,000	BAT International Finance 1.75% 05/07/2021	5,388	0.57
GBP 1,054,000	BAT International Finance 4.00% 04/09/2026	1,149	0.12
GBP 4,877,000	BAT International Finance 6.375% 12/12/2019	4,984	0.53
GBP 4,587,000	Bazalgette Finance 2.375% 29/11/2027	4,766	0.50
GBP 2,659,000	Blend Funding 3.459% 21/09/2047	2,965	0.31
GBP 3,500,000	BNP Paribas 3.375% 23/01/2026	3,709	0.39
GBP 2,930,000	BP Capital Markets 1.827% 08/09/2025	2,977	0.31
GBP 4,069,000	British Telecommunications 3.125% 21/11/2031	4,269	0.45
GBP 3,530,000	Broadgate Financing 4.821% 05/07/2033	4,680	0.49
GBP 1,373,000	Bromford 3.125% 03/05/2048	1,489	0.16
GBP 4,248,000	Bunzl Finance 2.25% 11/06/2025	4,273	0.45
GBP 4,390,000	BUPA Finance 5.00% 08/12/2026	4,964	0.52
GBP 2,540,000	BUPA Finance 5.00% 25/04/2023	2,785	0.29
GBP 2,133,000	Cadent Finance 1.125% 22/09/2021	2,128	0.22
GBP 1,700,000	Cadent Finance 2.625% 22/09/2038	1,688	0.18
GBP 1,869,000	Centrica 4.375% 13/03/2029	2,166	0.23
GBP 1,817,000	Centrica 7.00% 19/09/2033	2,680	0.28
GBP 2,200,000	Clarion Funding 2.625% 18/01/2029	2,296	0.24
GBP 4,370,000	Co-Operative 5.125% 17/05/2024	4,555	0.48
GBP 2,000,000	Coventry Building Society 1.875% 24/10/2023	2,029	0.21
GBP 3,921,000	Coventry Building Society 5.875% 28/09/2022	4,458	0.47
GBP 2,195,000	CPUK Finance 4.25% 28/08/2022	2,197	0.23
GBP 1,655,000	CYBG 4.00% 25/09/2026	1,663	0.18
GBP 6,054,056	Delamare Finance 5.5457% 19/02/2029	7,000	0.74
GBP 2,960,000	Diageo Finance 1.75% 12/10/2026	3,005	0.32
GBP 1,300,000	Direct Line Insurance 4.75% Perpetual	1,109	0.12
GBP 1,614,000	Dwr Cymru Financing 2.50% 31/03/2036	1,710	0.18
GBP 2,546,000	Dwr Cymru Financing 6.015% 31/03/2028	3,436	0.36
GBP 4,389,000	Eastern Power Networks 4.75% 30/09/2021	4,727	0.50
GBP 1,105,000	Eastern Power Networks 6.25% 12/11/2036	1,661	0.18
GBP 5,182,000	Experian Finance 2.125% 27/09/2024	5,295	0.56
GBP 2,598,000	Experian Finance 3.50% 15/10/2021	2,713	0.29
GBP 948,000	FirstGroup 8.75% 08/04/2021	1,051	0.11
GBP 900,000	Futures Treasury 3.375% 08/02/2044	999	0.11
GBP 1,045,000	Gatwick Funding 5.25% 23/01/2024	1,200	0.13
GBP 935,000	GKN 5.375% 19/09/2022	1,018	0.11
GBP 1,834,000	GlaxoSmithKline Capital 4.25% 18/12/2045	2,403	0.25
GBP 2,251,000	GlaxoSmithKline Capital 5.25% 10/04/2042	3,282	0.35
GBP 4,604,000	GlaxoSmithKline Capital 5.25% 19/12/2033	6,345	0.67
GBP 2,789,000	Heathrow Funding 2.75% Perpetual	2,731	0.29
GBP 3,311,000	Heathrow Funding 6.00% 20/03/2020	3,420	0.36
GBP 5,737,000	Heathrow Funding 6.75% 03/12/2026	7,626	0.80
GBP 3,432,000	Heathrow Funding 7.125% 14/02/2024	4,155	0.44
GBP 3,143,000	HSBC 2.175% 27/06/2023	3,171	0.33
GBP 2,010,000	HSBC 3.00% 29/05/2030	2,064	0.22

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Fixed Rate Bond (continued)		
GBP 4,682,000	HSBC 4.75% 24/03/2046	5,652	0.60
GBP 1,815,000	Imperial Brands Finance 5.50% 28/09/2026	2,147	0.23
GBP 1,911,000	Imperial Brands Finance 9.00% 17/02/2022	2,264	0.24
GBP 5,012,000	Informa 3.125% 05/07/2026	5,200	0.55
GBP 1,105,000	Karbon Homes 3.375% 15/11/2047	1,246	0.13
GBP 892,000	Land Securities Capital Markets 2.375% 29/03/2027	926	0.10
GBP 600,000	Land Securities Capital Markets 2.625% 22/09/2037	614	0.06
GBP 3,802,000	Land Securities Capital Markets 2.75% 22/09/2057	3,926	0.41
GBP 5,984,000	LCR Finance 4.50% 07/12/2028	7,739	0.82
GBP 380,000	Legal & General 5.375% 27/10/2045	421	0.04
GBP 1,699,000	Lloyds Bank 4.875% 30/03/2027	2,114	0.22
GBP 2,345,000	Lloyds Bank 5.125% 07/03/2025	2,826	0.30
GBP 5,067,000	Lloyds Bank 6.00% 08/02/2029	7,024	0.74
GBP 1,988,000	Lloyds Bank 6.50% 17/09/2040	3,230	0.34
GBP 1,605,000	Lloyds Bank 9.625% 06/04/2023	2,040	0.22
GBP 4,332,000	London & Quadrant Housing 2.25% 20/07/2029	4,311	0.46
GBP 1,250,000	London Power Networks 2.625% 01/03/2029	1,305	0.14
GBP 3,105,000	Longstone Finance 4.896% 19/04/2036	3,609	0.38
GBP 3,170,000	Manchester Airport 2.875% 30/09/2044	3,183	0.34
GBP 4,090,000	Motability Operations 2.375% 03/07/2039	3,992	0.42
GBP 3,706,000	Motability Operations 3.625% 10/03/2036	4,369	0.46
GBP 1,800,000	National Grid Electricity Transmission 2.75% 06/02/2035	1,928	0.20
GBP 3,030,000	National Westminster Bank 6.50% 07/09/2021	3,328	0.35
EUR 2,753,000	Nationwide Building Society 2.00% 25/07/2029	2,468	0.26
GBP 4,205,000	Network Rail Infrastructure Finance 3.00% 07/09/2023	4,567	0.48
GBP 3,752,000	Network Rail Infrastructure Finance 4.375% 09/12/2030	4,987	0.53
GBP 2,520,000	Next 3.00% 26/08/2025	2,579	0.27
GBP 3,738,000	NIE Finance 2.50% 27/10/2025	3,865	0.41
GBP 1,090,000	Northern Electric Finance 2.75% 24/05/2049	1,132	0.12
GBP 407,000	Northern Gas Networks Finance 4.875% 15/11/2035 'B'	537	0.06
GBP 2,600,000	Notting Hill Genesis 2.875% 31/01/2029	2,695	0.28
GBP 1,147,000	Optivo Finance 3.283% 22/03/2048	1,235	0.13
GBP 2,039,000	Orbit Capital 3.375% 14/06/2048	2,195	0.23
GBP 1,276,000	Orbit Capital 3.50% 24/03/2045	1,395	0.15
GBP 2,888,000	Pennon 2.875% Perpetual	2,898	0.31
GBP 1,600,000	Pension Insurance 5.625% 20/09/2030	1,625	0.17
GBP 4,337,000	Phoenix 4.125% 20/07/2022	4,508	0.48
GBP 4,171,000	Places for People Treasury 2.875% 17/08/2026	4,206	0.44
GBP 3,529,000	Prudential 5.00% 20/07/2055	3,758	0.40
GBP 984,000	Prudential 5.625% 20/10/2051	1,082	0.11
GBP 765,000	Prudential 6.125% 19/12/2031	1,030	0.11
GBP 1,699,000	Quilter 4.478% 28/02/2028	1,730	0.18
GBP 3,532,000	RAC Bond 4.565% 06/05/2023	3,513	0.37
GBP 1,325,000	RAC Bond 4.87% 06/05/2026	1,293	0.14
GBP 3,257,000	Royal Bank of Scotland 2.875% 19/09/2026	3,292	0.35
GBP 3,313,000	Santander UK 1.625% 10/05/2021	3,331	0.35
GBP 8,743,000	Santander UK 1.875% 17/02/2020	8,783	0.93
GBP 3,620,000	Santander UK 5.125% 14/04/2021	3,875	0.41
GBP 3,718,000	Santander UK 5.75% 02/03/2026	4,760	0.50

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
GBP 7,079,000	Scottish Widows 5.50% 16/06/2023	7,912	0.84
GBP 2,379,000	Severn Trent Utilities Finance 3.625% 16/01/2026	2,622	0.28
GBP 620,000	Severn Trent Water Utilities 4.875% 24/01/2042	845	0.09
GBP 2,150,000	South Eastern Power Networks 5.625% 30/09/2030	2,855	0.30
GBP 800,000	Southern Electric Power 5.5% 07/06/2032	1,061	0.11
GBP 2,314,000	Southern Gas Network 3.10% 15/09/2036	2,489	0.26
GBP 2,151,000	SP Manweb 4.875% 20/09/2027	2,626	0.28
GBP 4,250,000	Tesco 2.50% 02/05/2025	4,346	0.46
GBP 1,614,000	Thames Water Utilities Finance 2.625% 24/01/2032	1,607	0.17
GBP 3,650,000	Thames Water Utilities Finance 4.00% 19/06/2025	4,023	0.42
GBP 450,000	Thames Water Utilities Finance 4.625% 04/06/2046	574	0.06
GBP 3,615,000	THFC Funding No.3 5.20% 11/10/2043	5,081	0.54
GBP 3,069,000	Transport for London 3.875% 23/07/2042	3,898	0.41
GBP 595,000	Transport for London 4.00% 07/04/2064	871	0.09
GBP 5,012,000	Tritax Big Box REIT 2.625% 14/12/2026	5,064	0.53
GBP 680,000	Tritax Big Box REIT 3.125% 14/12/2031	700	0.07
GBP 13,316,072	UK Treasury 1.50% 22/07/2047	13,376	1.41
GBP 2,318,550	UK Treasury 1.75% 07/09/2037	2,466	0.26
GBP 2,527,120	UK Treasury 4.25% 07/12/2040	3,854	0.41
GBP 925,000	UK Treasury 4.25% 07/12/2049	1,557	0.16
GBP 4,284,489	UK Treasury 4.50% 07/12/2042	6,894	0.73
GBP 5,480,785	UK Treasury 4.75% 07/12/2038	8,677	0.92
GBP 5,450,000	Unilever 1.50% 22/07/2026	5,454	0.58
GBP 3,986,000	Unite USAF 3.374% 30/06/2023	4,245	0.45
GBP 1,614,000	Unite 3.50% 15/10/2028	1,689	0.18
GBP 1,400,000	United Utilities Water Finance 2.625% 12/02/2031	1,491	0.16
GBP 2,124,000	Vodafone 3.00% 12/08/2056	1,877	0.20
GBP 3,414,000	Vodafone 4.875% 03/10/2078	3,484	0.37
GBP 999,000	Wales & West Utilities Finance 3.00% 03/08/2038	1,083	0.11
GBP 778,000	Wellcome Trust Finance 4.00% 09/05/2059	1,210	0.13
GBP 3,039,000	Wessex Water Services Finance 4.00% 24/09/2021	3,221	0.34
GBP 3,902,000	Western Power Distribution East Midlands 5.25% 17/01/2023	4,405	0.47
GBP 1,100,000	Western Power Distribution South West 5.75% 23/03/2040	1,608	0.17
GBP 982,000	WM Morrison Supermarkets 3.50% 27/07/2026	1,069	0.11
GBP 1,290,000	Yorkshire Water Finance 2.75% 18/04/2041	1,337	0.14
		452,737	47.80
Stepped Rate Bond 0.00% (2018: 0.02%)			
Variable Rate Bond 3.26% (2018: 4.55%)			
GBP 660,000	Aviva 5.9021% 27/07/2020	680	0.07
GBP 3,870,000	Aviva 6.125% Perpetual	4,182	0.44
GBP 2,764,000	Aviva 6.625% 03/06/2041	3,003	0.32
GBP 941,000	Aviva 6.875% 20/05/2058	1,209	0.13
GBP 2,959,000	CYBG 5.00% 09/02/2026	2,959	0.31
GBP 1,810,000	HSBC 3.00% 22/07/2028	1,886	0.20
GBP 2,719,000	HSBC 5.375% 04/11/2030	3,146	0.33
GBP 5,768,000	HSBC 5.844% Perpetual	7,456	0.79
GBP 1,000,000	Lloyds Bank VAR Perpetual	1,725	0.18

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Variable Rate Bond (continued)			
GBP 829,000	National Grid Finance 5.625% 18/06/2073	897	0.09
GBP 2,634,000	Prudential 5.70% 19/12/2063	3,011	0.32
GBP 725,000	SSE 3.875% Perpetual	734	0.08
		30,888	3.26
United States 16.02% (2018: 13.58%)			
Asset Backed 0.00% (2018: 0.00%)			
GBP 702,468	Lehman Brothers 7.875% 08/05/2018 ¹	18	-
Fixed Rate Bond 16.02% (2018: 13.58%)			
GBP 2,114,000	Apple 3.60% 31/07/2042	2,632	0.28
GBP 4,693,000	AT&T 2.90% 04/12/2026	4,879	0.52
GBP 718,000	AT&T 4.25% 01/06/2043	796	0.08
GBP 3,211,000	AT&T 4.375% 14/09/2029	3,686	0.39
GBP 3,238,000	AT&T 4.875% 01/06/2044	3,907	0.41
GBP 1,450,000	AT&T 7.00% 30/04/2040	2,188	0.23
GBP 7,480,000	Bank of America 2.30% 25/07/2025	7,675	0.81
GBP 4,235,000	Bank of America 5.50% 04/12/2019	4,315	0.46
GBP 3,400,000	Bank of America 6.125% 15/09/2021	3,752	0.40
GBP 1,400,000	Bank of America 7.00% 31/07/2028	1,969	0.21
GBP 1,914,000	Becton Dickinson 3.02% 24/05/2025	1,991	0.21
GBP 3,500,000	Berkshire Hathaway Finance 2.375% 19/06/2039	3,562	0.38
GBP 1,810,000	Berkshire Hathaway Finance 2.625% 19/06/2059	1,910	0.20
USD 4,256,000	Bristol-Myers Squibb 3.40% 26/07/2029	3,501	0.37
GBP 3,300,000	Citigroup 2.75% 24/01/2024	3,427	0.36
GBP 2,621,000	Citigroup 5.15% 21/05/2026	3,156	0.33
GBP 1,487,000	Citigroup 5.875% 01/07/2024	1,744	0.18
GBP 1,045,000	Citigroup 6.80% 25/06/2038	1,687	0.18
GBP 717,000	Citigroup 7.375% 01/09/2039	1,235	0.13
GBP 3,495,000	Digital Stout 4.75% 13/10/2023	3,887	0.41
GBP 2,680,000	Fidelity National Information Services 2.602% 21/05/2025	2,754	0.29
GBP 4,970,000	Fidelity National Information Services 3.36% 21/05/2031	5,247	0.55
GBP 2,240,000	Fiserv 2.25% 01/07/2025	2,250	0.24
GBP 1,580,000	Fiserv 3.00% 01/07/2031	1,601	0.17
GBP 3,912,000	GE Capital UK Funding 5.875% 18/01/2033	4,825	0.51
GBP 1,722,000	General Electric Capital 5.25% 07/12/2028	2,007	0.21
GBP 1,020,000	General Electric Capital 5.375% 18/12/2040	1,228	0.13
GBP 3,427,000	Goldman Sachs 3.125% 25/07/2029	3,615	0.38
GBP 1,950,000	Johnson & Johnson 5.50% 06/11/2024	2,374	0.25
GBP 2,691,000	JPMorgan Chase 1.875% 10/02/2020	2,705	0.29
USD 1,894,000	Mars 3.60% 01/04/2034	1,584	0.17
USD 2,211,000	Mars 3.95% 01/04/2049	1,869	0.20
GBP 3,983,000	McKesson 3.125% 17/02/2029	4,123	0.44
EUR 1,840,000	Medtronic Global 0.25% 02/07/2025	1,640	0.17
EUR 1,310,000	Medtronic Global 1.00% 02/07/2031	1,174	0.12
GBP 1,275,000	Morgan Stanley 2.625% 09/03/2027	1,318	0.14
GBP 2,760,000	New York Life Global Funding 1.625% 15/12/2023	2,796	0.30
GBP 3,228,000	New York Life Global Funding 1.75% 15/12/2022	3,283	0.35
GBP 1,666,000	Procter & Gamble 1.375% 03/05/2025	1,676	0.18

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Fixed Rate Bond (continued)		
GBP 584,000	Time Warner Cable 5.25% 15/07/2042	667	0.07
GBP 3,018,000	Time Warner Cable 5.75% 02/06/2031	3,650	0.39
GBP 3,500,000	Verizon Communications 3.125% 02/11/2035	3,740	0.39
GBP 3,398,000	Verizon Communications 3.375% 27/10/2036	3,727	0.39
GBP 5,708,000	Walmart 5.625% 27/03/2034	8,370	0.88
GBP 5,946,000	Walmart 5.75% 19/12/2030	8,464	0.89
GBP 3,750,000	Wells Fargo 2.50% 02/05/2029	3,847	0.41
GBP 8,200,000	Wells Fargo 5.25% 01/08/2023	9,258	0.97
		<u>151,691</u>	<u>16.02</u>
	Derivatives (0.04%) (2018: (0.07%))		
	Futures (0.04%) (2018: 0.02%)		
(119)	CBT US 10 Year Note September 2019	(214)	(0.03)
(20)	CBT US 5 Year Note September 2019	(24)	-
(157)	EUX Euro-Bobl September 2019	(48)	(0.01)
(31)	EUX Euro-Bund 50 September 2019	(34)	-
		<u>(320)</u>	<u>(0.04)</u>
	Swaps (0.02%) (2018: (0.04%))²		
	Credit Default Swaps (0.02%) (2018: (0.04%))²		
6,500,000	CDS 1.00% 20/06/2024 Airbus Pay EUR	(204)	(0.02)
	Forward Foreign Exchange Contracts 0.02% (2018: (0.05%))²		
	Buy GBP 116,155 : Sell EUR 130,668 July 2019	(1)	-
	Buy GBP 136,673 : Sell EUR 152,172 July 2019 ³	-	-
	Buy GBP 14,383,964 : Sell EUR 16,108,451 July 2019	(40)	-
	Buy GBP 14,868 : Sell EUR 16,611 July 2019 ³	-	-
	Buy GBP 1,717,187 : Sell USD 2,160,000 July 2019	22	-
	Buy GBP 17,787,349 : Sell USD 22,410,274 July 2019	200	0.02
	Buy GBP 2,703,076 : Sell EUR 3,037,723 July 2019	(17)	-
	Buy GBP 2,817,521 : Sell EUR 3,137,554 July 2019	8	-
	Buy GBP 3,195,251 : Sell EUR 3,566,988 July 2019	1	-
	Buy GBP 51,326 : Sell USD 65,300 July 2019 ³	-	-
	Buy USD 1,306,820 : Sell GBP 1,029,548 July 2019	(4)	-
		<u>169</u>	<u>0.02</u>
	Investment assets including investment liabilities	924,031	97.54
	Other net assets	23,274	2.46
	Total net assets	947,305	100.00

¹ Defaulted

² Unquoted securities

³ Due to rounding to nearest £1,000

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		25,870		(25,417)
Revenue	3	31,738		41,194	
Expenses	4	(2,944)		(3,902)	
Interest payable and similar charges	5	(1)		(1)	
Net revenue before taxation		28,793		37,291	
Taxation	6	-		-	
Net revenue after taxation			<u>28,793</u>		<u>37,291</u>
Total return before distributions			54,663		11,874
Distributions	7		(28,793)		(37,293)
Change in net assets attributable to shareholders from investment activities			<u>25,870</u>		<u>(25,419)</u>

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,144,515		1,268,402
Amounts receivable on issue of shares	69,579		15,421	
Amounts payable on inspecie transfer*	(160,216)		-	
Amounts payable on cancellation of shares	<u>(158,645)</u>		<u>(145,737)</u>	
		(249,282)		(130,316)
Dilution adjustment		390		284
Change in net assets attributable to shareholders from investment activities		25,870		(25,419)
Retained distributions on accumulation shares		25,812		31,564
Closing net assets attributable to shareholders		<u>947,305</u>		<u>1,144,515</u>

* In specie redemption

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		924,617	1,112,718
Current assets:			
Debtors	8	20,412	19,313
Cash and bank balances	9	25,263	30,564
Total assets		970,292	1,162,595
Liabilities:			
Investment liabilities		586	1,422
Creditors:			
Amounts held at derivative clearing houses and brokers		-	514
Bank overdrafts		8,586	7,887
Distributions payable		96	1,223
Other creditors	10	13,719	7,034
Total liabilities		22,987	18,080
Net assets attributable to shareholders		947,305	1,144,515

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2019	2018
	£000	£000
Derivative securities	(1,421)	(1,828)
Forward currency contracts	(457)	(159)
Non-derivative securities	27,859	(23,389)
Other currency losses	(101)	(24)
Transaction costs	(10)	(17)
Net capital gains/(losses)	25,870	(25,417)

3 Revenue

	2019	2018
	£000	£000
Bank interest	159	66
Derivative revenue	(207)	(133)
Interest on debt securities	31,670	41,158
Interest on margin	2	-
Stock lending revenue	114	103
Total revenue	31,738	41,194

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	2,602	3,438
GAC*	238	295
	<u>2,840</u>	<u>3,733</u>
Payable to the Depository, associates of the Depository and agents of either of them:		
Depository fees	63	70
Safe custody fees	41	99
	<u>104</u>	<u>169</u>
Total expenses	2,944	3,902

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £10,316 (2018: £10,017).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	1	1
Total interest payable and similar charges	<u>1</u>	<u>1</u>

6 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2018: nil).

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>28,793</u>	<u>37,291</u>
Corporation tax at 20% (2018: 20%)	5,759	7,458
Effects of:		
Revenue being paid as interest distributions	(5,759)	(7,458)
Tax charge for the year (note 6a)	<u>-</u>	<u>-</u>

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

Notes to the financial statements (continued)

7 Distributions

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

	2019	2018
	£000	£000
Interim income	1,429	4,040
Interim accumulation	19,797	24,480
Final income	96	1,223
Final accumulation	6,015	7,084
	<u>27,337</u>	<u>36,827</u>
Amounts deducted on cancellation of shares	1,674	545
Amounts received on issue of shares	(218)	(79)
Total distributions	<u>28,793</u>	<u>37,293</u>
Net revenue after taxation	28,793	37,291
Equalisation on conversions	-	2
Total distributions	<u>28,793</u>	<u>37,293</u>

Details of the distribution per share are set out in the distribution tables on pages 72 to 74.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	12,631	16,627
Amounts receivable for issue of shares	56	16
Currency transactions awaiting settlement	2,807	-
Sales awaiting settlement	4,918	2,670
Total debtors	<u>20,412</u>	<u>19,313</u>

9 Cash and bank balances

	2019	2018
	£000	£000
Amounts held at derivative clearing houses and brokers	770	4,507
Cash and bank balances	24,303	26,057
Cash pledged as collateral	190	-
Total cash and bank balances	<u>25,263</u>	<u>30,564</u>

Notes to the financial statements (continued)

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	195	268
Accrued Depositary's fee	10	6
Accrued other expenses	28	55
Amounts payable for cancellation of shares	47	757
Derivative revenue payable	1	4
Currency transactions awaiting settlement	2,816	-
Purchases awaiting settlement	10,622	5,944
Total other creditors	13,719	7,034

11 Contingent liabilities and commitments

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 58 and 59 and notes 4, 7, 8 and 10 on pages 60 to 63 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

There were no material shareholders at the year end (2018: nil).

13 Shareholders' funds

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

	2019	2018
	%	%
Class A	0.75	0.75
Class I	0.50	0.50
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 42 to 46. The distribution per share class is given in the distribution tables on pages 72 to 74. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

Shares reconciliation as at 30 June 2019

	Class A accumulation	Class A income	Class I accumulation	Class I income
Opening number of shares	1,382,628	2,172,612	169,487,530	135,628,630
Issues during the year	68,363	62,847	13,393,974	2,028,908
Cancellations during the year	(184,406)	(146,310)	(16,740,280)	(127,498,793)
Shares converted during the year	(19,039)	(61,470)	11,538	60,666
Closing shares in issue	1,247,546	2,027,679	166,152,762	10,219,411

	Class Z accumulation
Opening number of shares	220,797,397
Issues during the year	12,943,954
Cancellations during the year	(45,439,407)
Shares converted during the year	-
Closing shares in issue	188,301,944

14 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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.

At 30 June 2019 there was cash collateral pledged in respect of derivatives of £190,000 (2018: nil) and there was no collateral held in respect of derivatives (2018: nil).

2019

At 30 June 2019 the underlying exposure for the derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	231	231
	231	231

2018

At 30 June 2018 the underlying exposure for each category of derivatives was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	45	-	45
UBS	-	515	515
	45	515	560

Notes to the financial statements (continued)

15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with BNP Paribas acting as the stock lending agent for the purposes of efficient portfolio management and 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
Barclays	22,578	23,728	Government Bond
BNP Paribas	979	1,031	Corporate Bond
BNP Paribas	1,020	1,075	Government Bond
	<u>1,999</u>	<u>2,106</u>	
Credit Suisse	642	682	Corporate Bond
Goldman Sachs	173	216	Government Bond
JP Morgan	7,759	8,415	Corporate Bond
JP Morgan	33,550	35,944	Government Bond
	<u>41,309</u>	<u>44,359</u>	
NatWest	229	242	Government Bond
	<u>66,930</u>	<u>71,333</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	134	20	114

Notes to the financial statements (continued)

15 Stock lending (continued)

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Barclays	1,343	1,414	Corporate Bond
Barclays	57,924	60,454	Government Bond
	<u>59,267</u>	<u>61,868</u>	
Credit Suisse	1,638	1,787	Government Bond
Goldman Sachs	2,425	2,659	Government Bond
JP Morgan	27,204	28,719	Corporate Bond
JP Morgan	1,547	1,725	Equity
JP Morgan	21,421	22,613	Government Bond
	<u>50,172</u>	<u>53,057</u>	
Lloyds Bank	2,706	2,811	Government Bond
Royal Bank of Scotland	4,879	5,139	Government Bond
	<u>121,087</u>	<u>127,321</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	121	18	103

16 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.

Notes to the financial statements (continued)

16 Risk (continued)

Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing assets	Total
	£000	£000	£000	£000
2019				
Euro	2,693	21,478	3,062	27,233
UK sterling	93,283	813,391	17,428	924,102
US dollar	375	18,429	153	18,957
Total	96,351	853,298	20,643	970,292
	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing assets	Total
	£000	£000	£000	£000
2018				
Euro	12,713	45,961	738	59,412
UK sterling	116,878	947,478	18,903	1,083,259
US dollar	159	19,532	233	19,924
Total	129,750	1,012,971	19,874	1,162,595
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing liabilities	Total
	£000	£000	£000	£000
2019				
Euro	-	204	2,891	3,095
UK sterling	8,586	-	11,064	19,650
US dollar	-	-	242	242
Total	8,586	204	14,197	22,987
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing liabilities	Total
	£000	£000	£000	£000
2018				
Euro	-	407	269	676
UK sterling	8,401	-	8,939	17,340
US dollar	-	-	64	64
Total	8,401	407	9,272	18,080

Notes to the financial statements (continued)

16 Risk (continued)

Credit Ratings

	Market value £000	Percentage of total net assets %
2019		
Investments		
Investment grade (AAA - BBB)	860,841	90.87
Below investment grade (BB and below)	40,661	4.29
Unrated	22,884	2.42
Total debt securities	924,386	97.58
Derivatives	(355)	(0.04)
Investment assets including investment liabilities	924,031	97.54
Other net assets	23,274	2.46
Total net assets	947,305	100.00
	Market value £000	Percentage of total net assets %
2018		
Investments		
Investment grade (AAA - BBB)	977,824	85.43
Below investment grade (BB and below)	102,901	8.99
Unrated	31,433	2.75
Total debt securities	1,112,158	97.17
Derivatives	(862)	(0.07)
Investment assets including investment liabilities	1,111,296	97.10
Other net assets	33,219	2.90
Total net assets	1,144,515	100.00

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in year			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019	Relative VaR*	97.09	109.92	102.49	200	48.55	54.96	51.24
2018	Relative VaR*	98.74	109.78	103.40	200	49.37	54.89	51.70

* Reference portfolio: iBoxx GBP Non-Gilts All Maturities TR Index

Leverage

	Minimum %	Maximum %	Average %
2019	4.93	30.42	13.80
2018	4.13	31.01	14.53

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Bank overdrafts	8,586	-	-	-
Derivative financial liabilities	-	382	204	-
Distribution payable	-	96	-	-
Other creditors	-	13,719	-	-
Total	8,586	14,197	204	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Amounts held at derivatives clearing houses and brokers	514	-	-	-
Bank overdrafts	7,887	-	-	-
Derivative financial liabilities	-	1,015	407	-
Distribution payable	-	1,223	-	-
Other creditors	-	7,034	-	-
Total	8,401	9,272	407	-

Notes to the financial statements (continued)

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	49,208*	320	109,757*	328
Level 2	875,409	266	1,002,961	1,094
Level 3	-	-	-	-
	924,617	586	1,112,718	1,422

* Debt securities have been included in level 1, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £49,207,504 as at 30 June 2019 (2018: £109,242,197).

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Debt securities	484,545	666,071	521,448	717,160
Trades in the year before transaction costs	484,545	666,071	521,448	717,160
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	-	-	-	-
Total net trades in the year after transaction costs	484,545	666,071	521,448	717,160

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
	2019	2018		
	%	%		
Total transaction costs expressed as a percentage of net asset value				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
Total costs	<u>-</u>	<u>-</u>		

There were in specie transfers during the year of £151,158,119 (2018: nil). There were corporate actions during the year of £23,756,033 (2018: £24,236,688).

There were direct transaction costs associated with derivatives in the year of £4,846 (2018: £4,379) which is 0.00% of the average net asset value of the fund (2018: 0.00%).

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

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 30 June 2019 was 0.58% (2018: 0.65%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

The fund launched two new share classes, E accumulation and E income, on 8 July 2019.

Distribution tables for the year ended 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 30 September 2018, paid on 30 November 2018)

Group 1: shares purchased prior to 1 July 2018

Group 2: shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class A accumulation				
Group 1	0.9184	-	0.9184	0.9583
Group 2	0.3323	0.5861	0.9184	0.9583
Class A income				
Group 1	0.7703	-	0.7703	0.8238
Group 2	0.4479	0.3224	0.7703	0.8238
Class I accumulation				
Group 1	1.7508	-	1.7508	1.8110
Group 2	1.0970	0.6538	1.7508	1.8110
Class I income				
Group 1	0.9015	-	0.9015	0.9586
Group 2	0.6064	0.2951	0.9015	0.9586
Class Z accumulation				
Group 1	1.9185	-	1.9185	1.9678
Group 2	1.6452	0.2733	1.9185	1.9678
Class A income gross¹				
Group 1	n/a	n/a	n/a	0.8265
Group 2	n/a	n/a	n/a	0.8265
Class I accumulation gross¹				
Group 1	n/a	n/a	n/a	2.0272
Group 2	n/a	n/a	n/a	2.0272
Class I income gross¹				
Group 1	n/a	n/a	n/a	0.9684
Group 2	n/a	n/a	n/a	0.9684

¹ Class A income gross, Class I accumulation gross and Class I income gross closed on 2 October 2017.

Distribution tables (continued)

Interim interest distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class A accumulation				
Group 1	0.8983	-	0.8983	0.9639
Group 2	0.3433	0.5550	0.8983	0.9639
Class A income				
Group 1	0.7493	-	0.7493	0.8235
Group 2	0.3117	0.4376	0.7493	0.8235
Class I accumulation				
Group 1	1.7205	-	1.7205	1.8242
Group 2	0.7001	1.0204	1.7205	1.8242
Class I income				
Group 1	0.4837	-	0.4837	0.9587
Group 2	-	0.4837	0.4837	0.9587
Class Z accumulation				
Group 1	1.9164	-	1.9164	1.9829
Group 2	1.0482	0.8682	1.9164	1.9829

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 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 31/05/19	Total distribution per share 31/05/18
Class A accumulation				
Group 1	0.8840	-	0.8840	0.9249
Group 2	0.3258	0.5582	0.8840	0.9249
Class A income				
Group 1	0.7336	-	0.7336	0.7854
Group 2	0.2880	0.4456	0.7336	0.7854
Class I accumulation				
Group 1	1.6947	-	1.6947	1.7548
Group 2	0.5730	1.1217	1.6947	1.7548
Class I income				
Group 1	0.8639	-	0.8639	0.9159
Group 2	0.0760	0.7879	0.8639	0.9159
Class Z accumulation				
Group 1	1.8718	-	1.8718	1.9144
Group 2	1.2940	0.5778	1.8718	1.9144

Distribution tables (continued)

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class A accumulation				
Group 1	0.8136	-	0.8136	0.9004
Group 2	0.6892	0.1244	0.8136	0.9004
Class A income				
Group 1	0.6711	-	0.6711	0.7605
Group 2	0.3461	0.3250	0.6711	0.7605
Class I accumulation				
Group 1	1.5887	-	1.5887	1.7167
Group 2	0.4164	1.1723	1.5887	1.7167
Class I income				
Group 1	0.8041	-	0.8041	0.8898
Group 2	0.2042	0.5999	0.8041	0.8898
Class Z accumulation				
Group 1	1.7871	-	1.7871	1.8850
Group 2	0.4659	1.3212	1.7871	1.8850

Janus Henderson European Smaller Companies Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Ollie Beckett and Rory Stokes

Investment objective and policy

To aim to provide capital growth by investing primarily in European Smaller Companies, excluding the United Kingdom.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	2.1	8.7	51.4	10.3	4.8
EMIX Smaller European Companies Ex UK Index	0.6	6.9	35.8	14.2	(0.3)
IA European Smaller Companies Sector	(3.3)	9.9	32.6	8.3	6.9

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

Index: The EMIX Smaller European Companies Ex UK Index

Index Usage: Comparator

Index description: The EMIX Smaller European Companies (Ex UK) Index is a measure of the combined performance of over one thousand small and medium sized companies from developed European stock markets. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA European Smaller Companies Sector

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 30 June 2019

Largest purchases	£000	Largest sales	£000
Karnov	3,877	Dialog Semiconductor	5,479
Zooplus	3,846	Nemetschek	3,919
Nilfisk	3,659	Valmet	3,416
BE Semiconductor Industries	3,521	Nilfisk	3,036
Portucel Soporcel	3,407	Ahlsell	2,963
Odfjell Drilling	2,706	Gaztransport et Technigaz	2,890
doBank	2,357	Fluidra	2,876
Wacker Neuson	2,336	Basler	2,874
Aareal Bank	2,267	Alimak	2,762
Recticel	2,220	SLM Solutions	2,680
Total purchases	80,090	Total sales	118,081

Investment review

The fund returned 2.1% based on Class I accumulation over the year under review, compared with a return of 0.6% in the EMIX Smaller European Companies Ex UK Index and a fall of 3.3% in the IA European Smaller Companies Sector peer group benchmark.

The financial year under review started in a volatile fashion for most asset classes. This was largely caused by the same issues that concerned investors throughout 2018: namely, Italian politics, the trade war between the US and China, Brexit, and the shift away from monetary stimulus. In addition, the market had to contend with a sharply falling oil price after the announcement of rising crude stockpiles in the US. January and February then saw equity markets record strong returns following the news of looser fiscal conditions in the US, Europe and China, as well as signs that trade talks appeared to be moving towards a positive outcome. The market then gave back some ground from April as fears mounted around flattening yield curves (and what it means for the long-term profitability of banks) and an economy that showed little enthusiasm.

A combination of individual stocks from a variety of sectors drove performance in the year. The biggest contributor was Barco; the market is increasingly recognising the upgrade cycle that is underway in light-emitting diode (LED) projectors, in which Barco is a leader. Elsewhere, it was generally those companies perceived as high quality that worked well. Interroll (warehouse logistics technology), GTT (linings to transport liquid natural gas, or LNG) and SOITEC are all holdings that fit in that category. The latter also rallied through a combination of early signs that the semiconductor cycle is turning positive (with inventories at much lower levels than a year ago), and that its silicon on insulator product is increasingly in vogue.

Negative contributors included Lehto, which we had bought for its factory-built residential property division. However, the stock has not performed as we hoped, and with the company still facing problem projects in its renovation division and a stretched balance sheet, we sold the position. Another of the detractors was Criteo ADS, which was hit by the news that Google Chrome is adding privacy settings to its web browser that will prevent the tracking of cookies (a key part of Criteo's advertising business). Einhell Germany Preference Shares fell following poor sales of its battery-operated lawn mowers. Low liquidity in the shares exacerbated the fall, so we took the opportunity to add a little to the holding.

New purchases have tended to be a blend of quality companies that trade on a reasonable valuation and more mature companies that trade too cheaply, in our view. Karnov is a good example of a high quality business that we have added; it boasts a leading position in mission critical information in the areas of legal, tax and accounting, and environmental, health and safety. It is a strong business with attractive cash flow characteristics, high returns and a margin improvement story. A less expensive share we added was Trigano, which manufactures recreational vehicles. The company's turnaround has been impressive since 2009, with Trigano now representing around 33% of the European market. We suspect the near term could remain difficult for the stock due to a demand lull ahead of a new product release, but the shares are very attractively valued indeed. We believe it is worth beginning to build a position.

We also added Flex, which is trading below its book value due to weakness in the sector over the last few years. We are increasingly confident in the medium to long-term growth prospects for LNG and LNG infrastructure. In terms of other changes, we added Zooplus, a large online pet food retailer, to the portfolio. The valuation looked attractive, as we believe the market is focusing too much on short-term profitability. We like the long-term prospects for the company, as it has a strong balance sheet, is cash generative and is self-funding strong revenue growth. We bought back into pulp and paper company Navigator as threats of heavy US tariffs (that have since dramatically reduced) provided a good re-entry point. We sold Dialog Semiconductor, as it looks to be of fair value following the disposal of a division to Apple. We also took profits in Spectrum (oil services), Nemetschek (construction software) and Thule (roof boxes). We sold SLM Solutions. While we like the company's 3D printing technology, we have grown weary of a disappointing sales pipeline.

Headline economic data remains weak in Europe, with manufacturing indicators such as purchasing managers' indices still pointing towards a contraction for industrial earnings. Despite this, we continue to take a more positive view than the consensus, which is increasingly positioned for a further deterioration and recession. Such negative positioning itself is a bullish sign. But we also take encouragement from the fact that improving real money growth could indicate a recovery from the third quarter: that the semiconductor cycle appears to be turning after 18 months of negative growth: that central banks have moved notably more dovish: and the simple arithmetic of lapping easier hurdles for year-on-year growth as we go through the second half of 2019. That being said, the 'Japanification' (low growth and inflation) of Europe goes on, with growth and bond yields likely to remain low for some time. Using the Japanese market of the last 20 years as a case study, we are encouraged that those areas to perform best were small cap, value and yield. We remain positioned for low but positive global economic growth.

Comparative tables for the year ended 30 June 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	2,318.97	2,147.73	1,450.34
Return before operating charges*	67.80	210.64	727.96
Operating charges	(37.70)	(39.40)	(30.57)
Return after operating charges*	30.10	171.24	697.39
Distributions on accumulation shares	(10.58)	-	(3.76)
Retained distributions on accumulation shares	10.58	-	3.76
Closing net asset value per share	2,349.07	2,318.97	2,147.73
* after direct transaction costs of:	0.55	2.29	2.35
Performance			
Return after charges	1.30%	7.97%	48.08%
Other information			
Closing net asset value (£000s)	59,310	66,677	64,078
Closing number of shares	2,524,819	2,875,294	2,983,528
Operating charges	1.70%	1.71%	1.71%
Direct transaction costs	0.02%	0.10%	0.13%
Prices			
Highest share price (pence)	2,428.00	2,426.00	2,207.00
Lowest share price (pence)	1,960.00	2,140.00	1,441.00
	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	2,602.41	2,389.36	1,599.77
Return before operating charges*	77.45	235.25	806.96
Operating charges	(21.01)	(22.20)	(17.37)
Return after operating charges*	56.44	213.05	789.59
Distributions on accumulation shares	(34.58)	(19.97)	(17.26)
Retained distributions on accumulation shares	34.58	19.97	17.26
Closing net asset value per share	2,658.85	2,602.41	2,389.36
* after direct transaction costs of:	0.62	2.57	2.65
Performance			
Return after charges	2.17%	8.92%	49.36%
Other information			
Closing net asset value (£000s)	149,038	183,994	74,533
Closing number of shares	5,605,367	7,070,143	3,119,374
Operating charges	0.84%	0.86%	0.86%
Direct transaction costs	0.02%	0.10%	0.13%
Prices			
Highest share price (pence)	2,727.00	2,713.00	2,454.00
Lowest share price (pence)	2,209.00	2,381.00	1,590.00

Comparative tables (continued)

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

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

	2019 %	2018 %
Class A	1.70	1.71
Class I	0.84	0.86

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

Risk and reward profile

The fund currently has 2 types of share class in issue; A accumulation and I accumulation.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 97.72% (2018: 97.01%)		
	Austria 0.77% (2018: 1.46%)		
	Basic Materials 0.77% (2018: 1.46%)		
18,216	Lenzing	1,596	0.77
	Belgium 6.17% (2018: 5.02%)		
	Basic Materials 1.16% (2018: 0.00%)		
340,659	Recticel	2,417	1.16
	Financials 0.18% (2018: 0.00%)		
7,072	Immobel	370	0.18
	Health Care 0.37% (2018: 0.53%)		
47,823	Fagron	762	0.37
	Industrials 4.46% (2018: 4.49%)		
1,041,983	Agfa Gevaert	3,179	1.53
27,095	Barco	4,484	2.14
22,157	CFE	1,648	0.79
		9,311	4.46
	Cyprus 0.54% (2018: 0.00%)		
	Industrials 0.54% (2018: 0.00%)		
120,439	Flex	1,117	0.54
	Denmark 3.11% (2018: 3.38%)		
	Consumer Goods 0.89% (2018: 0.92%)		
129,268	TCM	1,852	0.89
	Industrials 0.94% (2018: 1.14%)		
55,346	FLSmidth	1,964	0.94
	Technology 1.28% (2018: 1.32%)		
390,123	Better Collective	2,656	1.28
	Estonia 0.00% (2018: 0.52%)		
	Consumer Services 0.00% (2018: 0.52%)		
	Finland 4.65% (2018: 6.86%)		
	Consumer Goods 1.59% (2018: 2.23%)		
508,414	Altia	3,312	1.59
	Consumer Services 0.00% (2018: 0.20%)		
	Health Care 0.70% (2018: 0.52%)		
313,247	Silmaasema	1,452	0.70
	Industrials 2.36% (2018: 3.91%)		
682,032	Outotec	2,825	1.35
107,354	Valmet	2,106	1.01
		4,931	2.36

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	France 13.53% (2018: 10.23%)		
	Consumer Goods 2.47% (2018: 1.08%)		
67,668	Kaufman & Broad	2,030	0.97
44,148	Maisons du Monde	826	0.40
32,081	Trigano	2,298	1.10
		<u>5,154</u>	<u>2.47</u>
	Consumer Services 1.60% (2018: 0.60%)		
959,410	Karnov	3,331	1.60
	Health Care 1.86% (2018: 1.48%)		
74,970	Vétoquinol	3,877	1.86
	Industrials 1.68% (2018: 2.67%)		
17,550	Exel Industries	746	0.36
91,359	Mersen	2,747	1.32
		<u>3,493</u>	<u>1.68</u>
	Oil & Gas 1.96% (2018: 0.00%)		
51,696	Gaztransport et Technigaz	4,077	1.96
	Technology 3.96% (2018: 4.40%)		
101,010	Criteo ADS	1,364	0.65
37,144	Devoteam	3,483	1.67
39,727	Soitec	3,421	1.64
		<u>8,268</u>	<u>3.96</u>
	Germany 12.99% (2018: 15.48%)		
	Basic Materials 0.60% (2018: 0.00%)		
39,968	Nabaltec	1,245	0.60
	Consumer Goods 4.56% (2018: 3.73%)		
25,017	Akasol	922	0.44
42,594	Einhell Germany Preference Shares	2,653	1.27
76,963	Helma Eigenheimbau	2,720	1.31
29,735	Zooplus	3,192	1.54
		<u>9,487</u>	<u>4.56</u>
	Consumer Services 1.64% (2018: 1.74%)		
43,943	CEWE Stiftung	3,425	1.64
	Financials 0.78% (2018: 1.51%)		
78,779	Aareal Bank	1,635	0.78
	Health Care 1.71% (2018: 1.37%)		
131,735	Dermapharm	3,571	1.71
	Industrials 1.27% (2018: 3.31%)		
121,782	SUESS MicroTec	1,036	0.50
82,001	Wacker Neuson	1,619	0.77
		<u>2,655</u>	<u>1.27</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Technology 2.43% (2018: 3.82%)		
666,401	AlzChem	1,240	0.60
58,619	Mensch und Maschine Software	1,857	0.89
136,774	USU Software	1,939	0.94
		<u>5,036</u>	<u>2.43</u>
	Ireland 1.11% (2018: 2.30%)		
	Consumer Goods 0.71% (2018: 0.83%)		
322,093	Origin Enterprises	1,484	0.71
	Consumer Services 0.40% (2018: 1.47%)		
198,490	Dalata Hotel	836	0.40
	Italy 7.91% (2018: 7.76%)		
	Consumer Goods 0.00% (2018: 0.48%)		
	Financials 6.59% (2018: 6.40%)		
784,959	Anima	2,097	1.01
761,001	Banca Farmafactoring	3,333	1.60
251,182	doBank	2,486	1.19
347,957	FinecoBank	3,052	1.46
197,399	Gruppo MutuiOnline	2,766	1.33
		<u>13,734</u>	<u>6.59</u>
	Industrials 1.32% (2018: 0.88%)		
289,417	Carel Industries	2,740	1.32
	Luxembourg 1.74% (2018: 2.37%)		
	Consumer Services 1.74% (2018: 1.25%)		
287,629	B&S	3,634	1.74
	Industrials 0.00% (2018: 1.12%)		
	Malta 1.28% (2018: 1.08%)		
	Consumer Services 1.28% (2018: 1.08%)		
722,031	Aspire Global	2,663	1.28
	Netherlands 7.64% (2018: 8.22%)		
	Financials 3.20% (2018: 2.86%)		
241,321	Intertrust	3,920	1.87
154,828	Van Lanschot Kempen	2,762	1.33
		<u>6,682</u>	<u>3.20</u>
	Industrials 1.78% (2018: 2.88%)		
197,809	Brunel International	2,279	1.10
84,727	Kendrion	1,427	0.68
		<u>3,706</u>	<u>1.78</u>
	Oil & Gas 0.49% (2018: 1.18%)		
149,459	Fugro	1,011	0.49

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Technology 2.17% (2018: 1.30%)		
122,251	BE Semiconductor Industries	2,477	1.19
171,699	ICT	2,043	0.98
		<u>4,520</u>	<u>2.17</u>
	Norway 5.04% (2018: 5.13%)		
	Consumer Services 1.05% (2018: 1.00%)		
676,503	Bygghemma Group First	2,194	1.05
	Financials 0.99% (2018: 1.12%)		
265,357	Sparebank 1	2,071	0.99
	Industrials 0.42% (2018: 0.88%)		
379,685	Wallenius Wilhelmsen	881	0.42
	Oil & Gas 1.24% (2018: 1.23%)		
1,085,864	Odfjell Drilling	2,580	1.24
	Technology 1.34% (2018: 0.90%)		
882,922	Data Respons	2,637	1.28
47,058	Data Respons New Shares	131	0.06
		<u>2,768</u>	<u>1.34</u>
	Portugal 1.21% (2018: 0.00%)		
	Basic Materials 1.21% (2018: 0.00%)		
842,609	Portucel Soporcel	2,529	1.21
	Spain 5.28% (2018: 3.82%)		
	Consumer Services 0.61% (2018: 0.00%)		
995,194	Promotora de Informaciones	1,281	0.61
	Financials 0.76% (2018: 0.00%)		
85,075	AEDAS Homes	1,591	0.76
	Health Care 1.90% (2018: 0.99%)		
222,768	Laboratorios Farmacéuticos Rovi	3,957	1.90
	Industrials 2.01% (2018: 2.83%)		
320,149	Applus Services	3,423	1.65
73,698	Fluidra	758	0.36
		<u>4,181</u>	<u>2.01</u>
	Sweden 12.36% (2018: 12.71%)		
	Basic Materials 2.66% (2018: 1.96%)		
430,318	Ahlstrom-Munksjö	5,545	2.66
	Consumer Goods 1.31% (2018: 2.07%)		
173,979	MIPS	2,732	1.31

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Consumer Services 4.69% (2018: 4.30%)		
552,637	AcadeMedia	2,434	1.17
270,583	Dustin	1,945	0.93
909,911	Europris	2,212	1.06
474,581	Kindred	3,174	1.53
		<u>9,765</u>	<u>4.69</u>
	Financials 1.12% (2018: 0.81%)		
128,783	JM	2,324	1.12
	Health Care 1.15% (2018: 1.10%)		
454,977	Ambea	2,393	1.15
	Industrials 1.43% (2018: 2.47%)		
511,106	Balco	2,987	1.43
	Switzerland 11.81% (2018: 9.26%)		
	Consumer Goods 1.80% (2018: 0.00%)		
1,634	Forbo	2,268	1.08
30,880	VARTA	1,492	0.72
		<u>3,760</u>	<u>1.80</u>
	Consumer Services 1.73% (2018: 1.56%)		
43,862	Zur Rose	3,605	1.73
	Financials 0.86% (2018: 0.00%)		
53,737	Swissquote Holding	1,800	0.86
	Health Care 3.15% (2018: 2.23%)		
785,737	Handicare	2,488	1.19
26,405	Medacta	1,873	0.90
8,050	Siegfried	2,206	1.06
		<u>6,567</u>	<u>3.15</u>
	Industrials 4.27% (2018: 5.47%)		
2,506	Interroll	4,947	2.38
43,319	Klingelnberg	1,180	0.57
1,680,285	Meyer Burger Technology	708	0.34
211,500	OC Oerlikon	2,031	0.98
		<u>8,866</u>	<u>4.27</u>
	United Kingdom 0.58% (2018: 1.41%)¹		
	Industrials 0.58% (2018: 1.41%)		
150,218	Grafton	1,211	0.58

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Derivatives 0.00% (2018: 0.00%)		
	Forward Foreign Exchange Contracts 0.00% (2018: 0.00%)²		
	Buy EUR 10,535 : Sell GBP 9,422 July 2019 ³	-	-
	Buy EUR 29,963 : Sell GBP 26,869 July 2019 ³	-	-
	Buy GBP 27,851 : Sell EUR 31,082 July 2019 ³	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
	Investment assets	203,592	97.72
	Other net assets	4,756	2.28
	Total net assets	208,348	100.00

¹ These stocks are incorporated and domiciled in Europe and are permitted investments, the country of risk is United Kingdom.

² Unquoted securities

³ Due to rounding to nearest £1,000

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(1,050)		11,475
Revenue	3	4,904		4,046	
Expenses	4	(2,348)		(2,371)	
Interest payable and similar charges	5	(17)		(29)	
Net revenue before taxation		2,539		1,646	
Taxation	6	(334)		(360)	
Net revenue after taxation			2,205		1,286
Total return before distributions			1,155		12,761
Distributions	7		(2,205)		(1,412)
Change in net assets attributable to shareholders from investment activities			(1,050)		11,349

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		250,671		138,611
Amounts receivable on issue of shares	15,629		124,258	
Amounts payable on cancellation of shares	(59,148)		(24,993)	
		(43,519)		99,265
Dilution adjustment		41		34
Change in net assets attributable to shareholders from investment activities		(1,050)		11,349
Retained distributions on accumulation shares		2,205		1,412
Closing net assets attributable to shareholders		208,348		250,671

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		203,592	243,189
Current assets:			
Debtors	8	1,048	3,815
Cash and bank balances	9	6,649	10,702
Total assets		211,289	257,706
Liabilities:			
Investment liabilities		-	1
Creditors:			
Bank overdrafts		1,875	1,194
Other creditors	10	1,066	5,840
Total liabilities		2,941	7,035
Net assets attributable to shareholders		208,348	250,671

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital (losses)/gains

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

	2019	2018
	£000	£000
Forward currency contracts	107	(149)
Non-derivative securities	(1,221)	11,511
Other currency gains	74	142
Transaction costs	(10)	(29)
Net capital (losses)/gains	(1,050)	11,475

3 Revenue

	2019	2018
	£000	£000
Bank interest	-	3
Overseas dividends	4,904	4,043
Total revenue	4,904	4,046

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	2,094	2,100
GAC*	227	231
	<u>2,321</u>	<u>2,331</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	20	19
Safe custody fees	7	21
	<u>27</u>	<u>40</u>
Total expenses	<u>2,348</u>	<u>2,371</u>

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,912 (2018: £7,681).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019	2018
	£000	£000
Interest payable	17	29
Total interest payable and similar charges	17	29

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019	2018
	£000	£000
Current tax		
Overseas withholding tax	334	360
Total tax (note 6b)	334	360

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	2018
	£000	£000
Net revenue before taxation	2,539	1,646
Corporation tax at 20% (2018: 20%)	508	329
Effects of:		
Irrecoverable overseas tax	334	360
Overseas dividends	(943)	(763)
Tax effect of expensed double taxation relief	(6)	-
Unused management expenses	441	434
Tax charge for the year (note 6a)	334	360

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £2,571,530 (2018: £2,130,909) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

Notes to the financial statements (continued)

7 Distributions

	2019	2018
	£000	£000
Final accumulation	2,205	1,412
Total distributions	2,205	1,412
Net revenue after taxation	2,205	1,286
Revenue shortfall	-	126
Total distributions	2,205	1,412

Details of the distribution per share are set out in the distribution table on page 97.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	39	102
Amounts receivable for issue of shares	74	329
Currency transactions awaiting settlement	141	994
Overseas withholding tax reclaimable	337	244
Sales awaiting settlement	457	2,146
Total debtors	1,048	3,815

9 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	6,649	10,702
Total cash and bank balances	6,649	10,702

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	162	200
Accrued Depositary's fee	3	2
Accrued other expenses	22	36
Amounts payable for cancellation of shares	210	2,003
Currency transactions awaiting settlement	141	995
Purchases awaiting settlement	528	2,604
Total other creditors	1,066	5,840

11 Contingent assets, liabilities and commitments

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

Notes to the financial statements (continued)

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 87 and 88 and notes 4, 8 and 10 on pages 89 to 91 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

There were no material shareholders at the year end (2018: nil).

13 Shareholders' funds

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

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 77 to 78. The distribution per share class is given in the distribution table on page 97. All share classes have the same rights on winding up.

Shares reconciliation as at 30 June 2019

	Class A accumulation	Class I accumulation
Opening number of shares	2,875,294	7,070,143
Issues during the year	63,527	566,145
Cancellations during the year	(366,785)	(2,072,787)
Shares converted during the year	(47,217)	41,866
Closing shares in issue	2,524,819	5,605,367

14 Financial derivatives

The fund may use financial derivatives for the purposes of 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 30 June 2019 (2018: nil).

2019

The fund had no exposure to derivatives as at 30 June 2019 with a positive market value.

2018

At 30 June 2018 the underlying exposure for derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000
BNP Paribas	2
	2

Notes to the financial statements (continued)

15 Risk

Currency risk

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

2019	Investment assets	Other net assets/ (liabilities)	Total net assets
Currency	£000	£000	£000
Danish krone	3,816	28	3,844
Euro	133,642	4,954	138,596
Norwegian krone	11,628	93	11,721
Polish zloty	-	4	4
Swedish krona	31,322	-	31,322
Swiss franc	20,618	-	20,618
UK sterling	1,202	(323)	879
US dollar	1,364	-	1,364
Total	203,592	4,756	208,348

2018	Investment assets including investment liabilities	Other net assets/ (liabilities)	Total net assets
Currency	£000	£000	£000
Danish krone	5,180	10	5,190
Euro	156,817	9,373	166,190
Norwegian krone	12,724	29	12,753
Polish zloty	-	4	4
Swedish krona	38,648	-	38,648
Swiss franc	20,488	-	20,488
UK sterling	5,466	(1,933)	3,533
US dollar	3,865	-	3,865
Total	243,188	7,483	250,671

Sensitivity analysis

The net foreign currency assets held by the fund at the year end were £207,469,039 (2018: £247,138,945). A 10% increase in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of increasing the return for the year ended 30 June 2019 and the net assets as at 30 June 2019 by £20,746,900 (2018: £24,713,800). A 10% decrease in the foreign exchange rates applied to the fund's net foreign currency assets would have the effect of decreasing the return for the year ended 30 June 2019 and the net assets as at 30 June 2019 by £20,746,904 (2018: £24,713,894).

Interest rate risk

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

Other market price risk

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

Leverage

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

Notes to the financial statements (continued)

15 Risk (continued)

Liquidity risk

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

2019	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Bank overdrafts	1,875	-	-	-
Other creditors	-	1,066	-	-
Total	1,875	1,066	-	-

2018	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Bank overdrafts	1,194	-	-	-
Derivative financial liabilities	-	1	-	-
Other creditors	-	5,840	-	-
Total	1,194	5,841	-	-

16 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	200,939	-	239,541	-
Level 2	2,653	-	3,648	1
Level 3	-	-	-	-
	203,592	-	243,189	1

Notes to the financial statements (continued)

17 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Equities	80,043	214,533	118,129	116,639
Trades in the year before transaction costs	80,043	214,533	118,129	116,639
Transaction costs				
Commissions				
Equities	22	96	40	58
Total commissions	22	96	40	58
Taxes				
Equities	-	54	-	-
Total taxes	-	54	-	-
Other expenses				
Equities	25	34	8	1
Total other expenses	25	34	8	1
Total transaction costs	47	184	48	59
Total net trades in the year after transaction costs	80,090	214,717	118,081	116,580

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.03	0.04	0.03	0.05
Taxes				
Equities	-	0.03	-	-
Other expenses				
Equities	0.03	0.02	0.01	-
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.03	0.07		
Taxes	-	0.03		
Other expenses	0.02	0.02		
Total costs	0.05	0.12		

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £389,974 (2018: £292,599).

There were no direct transaction costs associated with derivatives in the year (2018: nil).

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

The portfolio dealing spread as at 30 June 2019 was 0.49% (2018: 0.37%). The portfolio dealing spread is calculated at a 12 noon valuation point.

Notes to the financial statements (continued)

18 Events after the Balance sheet date

The fund launched a new share class, E accumulation, on 8 July 2019.

Distribution table for the year ended 30 June 2019 (in pence per share)

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

Group 1: shares purchased prior to 1 July 2018

Group 2: shares purchased on or after 1 July 2018

	Distribution per share	Total distribution per share 30/08/19	Total distribution per share 31/08/18
Class A accumulation			
Group 1	10.5765	10.5765	-
Group 2	10.5765	10.5765	-
Class I accumulation			
Group 1	34.5794	34.5794	19.9682
Group 2	34.5794	34.5794	19.9682

Janus Henderson Index Linked Bond Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Andrew Mulliner and Bethany Payne

Investment objective and policy

To provide a return by investing primarily in United Kingdom Government issued index linked securities. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	8.9	1.2	8.0	15.1	13.6
FTSE Actuaries UK Index Linked (Over 5 years) Index	9.1	2.0	7.1	17.0	15.8
IA UK Index Linked Gilts	9.0	1.9	6.7	15.2	12.8

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

Index: FTSE Actuaries UK Index Linked (Over 5 years) Index

Index Usage: Comparator

Index description: The FTSE Actuaries UK Index Linked (Over 5 years) Index is a measure of the combined performance of index-linked bonds issued by the British government with greater than 5 years to maturity. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA UK Index Linked Gilts

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 30 June 2019

Largest purchases	£000	Largest sales	£000
UK Treasury 0.125% Index-Linked 10/08/2028	6,985	UK Treasury 2.50% Index-Linked 17/07/2024	7,462
UK Treasury 0.125% Index-Linked 10/08/2048	3,811	UK Treasury 0.125% Index-Linked 22/03/2024	5,585
US Treasury Inflation Index-Linked 0.75% 15/07/2028	3,695	UK Treasury 1.25% Index-Linked 22/11/2027	4,435
UK Treasury 0.75% Index-Linked 22/11/2047	3,640	UK Treasury 0.75% Index-Linked 22/11/2047	3,996
UK Treasury 0.625% Index-Linked 22/11/2042	3,606	US Treasury Inflation Index-Linked 0.75% 15/07/2028	3,871
UK Treasury 0.125% Index-Linked 22/03/2029	2,927	UK Treasury 0.125% Index-Linked 22/03/2029	3,759
UK Treasury 0.125% Index-Linked 22/03/2046	2,670	UK Treasury 0.625% Index-Linked 22/11/2042	3,591
UK Treasury 0.125% Index-Linked 10/08/2041	1,306	UK Treasury 0.125% Index-Linked 10/08/2048	3,163
UK Treasury 0.125% Index-Linked 22/11/2056	1,260	UK Treasury 0.125% Index-Linked 22/11/2065	2,192
Japan (Government of) 0.80% 20/03/2058	1,256	UK Treasury 0.125% Index-Linked 22/11/2056	1,905
Total purchases	34,409	Total sales	56,197

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

Investment review

The fund returned 8.9% based on Class I accumulation over the year under review, compared with a return of 9.1% in the FTSE Actuaries UK Index Linked (Over 5 years) Index and a return of 9.0% in IA UK Index Linked Gilts peer group benchmark.

The second half of 2018 saw weakness in most asset classes as investors worried about the prospects of continued interest rate hikes by the US Federal Reserve (Fed). The Fed duly delivered a series of three interest hikes, the final being in December. This led to poor performance from credit, particularly in the fourth quarter, prompting a rally in government bonds. However, as global growth, inflation expectations and equity markets headed downward, the Fed began to backtrack. Other major central banks followed on this dovish path, as evidenced by the Reserve Banks of Australia and New Zealand cutting rates, and the growing possibility of fresh stimulus by the European Central Bank.

All the while, trade tensions and geopolitical risks remained in the spotlight, and economic data continued to exhibit a weakening trend. Thus, a feeling of 'bad news is good news' arose with the expectation that renewed central bank support could extend the cycle. As a result, corporate credit and emerging markets bounced back strongly in 2019 due to renewed risk appetite as falling interest rates pushed more bond yields into negative territory, particularly in Europe. Economic data was mixed; generally weaker manufacturing data was seen globally, while the services sector remained fairly resilient.

In the UK, political tensions remained elevated as negotiations to leave the European Union continued. While the Bank of England kept interest rates on hold, policymakers were relatively hawkish for most of the year; however, we believe the uncertainty of Brexit, signs of a weaker UK economy and the shift to a more accommodative stance from the other major central banks makes an interest rate hike unlikely. UK government bonds performed well particularly in 2019 as a result, with index-linked gilts no exception — real (inflation-adjusted) yields briefly hit new lows in March.

Government bond markets performed well over the year. On a relative basis, the fund's performance was slightly behind that of the benchmark, mainly due to underperformance in the latter half of 2018. In response to the weaker global economic environment and move towards greater easing by major central banks, we continued to increase exposure to 'safe haven' government bond markets in 2019, which was a primary driver of returns.

The choppy environment for government bond markets in the second half of 2018 (in which yields rose in the third quarter but subsequently rallied in November and December) led to underperformance from tactical strategies. The fund was positioned for yields to fall in Canada, Australia and New Zealand relative to other markets, such as Japan. Canadian yields continued to rise against our expectations when GDP and retail sales data proved better than expected despite signs of a slowing economy and sluggish consumer credit. We exited this position in October. The pick-up in market volatility from that month led to choppier market conditions and a flight to quality. Positions in Australia and New Zealand rates performed well in December; however, against this our negative view on Japan (we expected yields to rise and a steeper yield curve) detracted.

Given the weaker global economic environment and moves towards greater easing by the major central banks, we continued to increase exposure to 'safe haven' government bond markets in 2019. Alongside the US, this allocation was focused in areas such as Australia, New Zealand, Sweden and Canada, which all performed well in 2019. We expected steeper yield curves (when shorter maturity rates outperform relative to longer maturity rates) and this position worked well in the US, as shorter maturity debt benefited from expectations that the Fed would start to cut interest rates.

Within emerging markets, a position in Mexico was a standout contributor over the quarter; five-year yields fell by around 50 basis points. We expect rates to be cut from restrictive levels as inflation slows and pressure from Fed tightening abates.

Within UK inflation markets, a position expecting UK inflation to fall detracted, as Brexit concerns kept sterling under pressure.

Currency strategies detracted from performance over the year. For most of 2018, the fund was positioned for a weaker US dollar against other developed market currencies, and for the appreciation of the Colombian peso on expectations of higher rates and resilient oil prices. These were closed at a loss, as the US dollar outperformed in the fourth quarter as the Fed continued to out-hike other central banks. At the start of 2019, we increased our position in the Norwegian krone (held against a basket of the euro, Swedish krona and Canadian dollar) on expectations of rate hikes from the Norges Bank relative to other developed markets, which performed well. Later in the first quarter, exposure to emerging market currencies was increased, including to Latin America. We closed a position expecting the Brazilian real to rise versus the Mexican peso, as our confidence that pension reform would progress quickly in Brazil was reduced.

Looking ahead, we expect slower growth globally but particularly in the US. We think growth could slow towards and then below its longer run trend rate of 2%. Markets are currently pricing in cuts with a high degree of certainty; therefore, the amount and speed of potential interest rates cuts will be important for market direction. With regards to the European and Chinese economies, we see the chance of a rebound in the near term given the very weak end to 2018 and the ongoing Chinese stimulus programme. However, from a medium term perspective, we still believe global economic data will generally disappoint as the accumulated impact of tighter monetary policy and increased trade tariffs continues to feed through into weaker corporate earnings. We expect central banks to maintain an easing bias and continue to favour countries and yield curves where there is positive yield and scope to cut rates.

Comparative tables for the year ended 30 June 2019

	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	454.05	450.27	424.16
Return before operating charges*	41.66	7.89	30.26
Operating charges	(4.21)	(4.11)	(4.15)
Return after operating charges*	37.45	3.78	26.11
Distributions on income shares	-	-	-
Closing net asset value per share	491.50	454.05	450.27
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	8.25%	0.84%	6.16%
Other information			
Closing net asset value (£000s)	11,723	13,050	13,769
Closing number of shares	2,385,140	2,874,205	3,057,838
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	505.20	475.30	488.90
Lowest share price (pence)	438.40	434.30	418.20
	Class D 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	347.01	342.02	319.96
Return before operating charges*	31.96	5.99	23.05
Operating charges	(1.03)	(1.00)	(0.99)
Return after operating charges*	30.93	4.99	22.06
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	377.94	347.01	342.02
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	8.91%	1.46%	6.89%
Other information			
Closing net asset value (£000s)	31	29	31
Closing number of shares	8,097	8,250	8,950
Operating charges	0.29%	0.29%	0.29%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	388.30	361.50	370.90
Lowest share price (pence)	335.50	330.20	315.70

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	542.61	536.15	502.78
Return before operating charges*	49.91	9.37	36.30
Operating charges	(2.99)	(2.91)	(2.93)
Return after operating charges*	46.92	6.46	33.37
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	589.53	542.61	536.15
* after direct transaction costs of:	-	-	-

Performance

Return after charges	8.65%	1.20%	6.64%
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Other information

Closing net asset value (£000s)	105,691	108,056	21,211
Closing number of shares	17,927,981	19,914,073	3,956,259
Operating charges	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	605.80	566.30	581.70
Lowest share price (pence)	524.30	517.50	496.10

	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	470.78	465.17	436.23
Return before operating charges*	43.31	8.13	31.48
Operating charges	(2.60)	(2.52)	(2.54)
Return after operating charges*	40.71	5.61	28.94
Distributions on income shares	-	-	-
Closing net asset value per share	511.49	470.78	465.17
* after direct transaction costs of:	-	-	-

Performance

Return after charges	8.65%	1.21%	6.63%
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Other information

Closing net asset value (£000s)	39,217	43,329	62,656
Closing number of shares	7,667,298	9,203,548	13,469,458
Operating charges	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	525.60	491.40	504.70
Lowest share price (pence)	454.90	449.00	430.40

Comparative tables (continued)

	Class Z accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	318.26	312.90	292.00
Return before operating charges*	29.37	5.49	21.03
Operating charges	(0.13)	(0.13)	(0.13)
Return after operating charges*	29.24	5.36	20.90
Distributions on accumulation shares	-	(0.09)	-
Retained distributions on accumulation shares	-	0.09	-
Closing net asset value per share	347.50	318.26	312.90
* after direct transaction costs of:	-	-	-

Performance

Return after charges	9.19%	1.71%	7.16%
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Other information

Closing net asset value (£000s)	16,317	14,005	15,408
Closing number of shares	4,695,514	4,400,659	4,924,252
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	357.00	330.80	339.10
Lowest share price (pence)	307.90	302.10	288.20

	Class A income gross	
	2018 (pence per share)	2017 (pence per share)
Change in net assets per share		
Opening net asset value per share	456.10	429.01
Return before operating charges*	(2.08)	30.84
Operating charges	(1.32)	(3.75)
Return after operating charges*	(3.40)	27.09
Distributions on income shares	-	-
Final cancellation price	(452.70) ¹	-
Closing net asset value per share	-	456.10
* after direct transaction costs of:	-	-

Performance

Return after charges	(0.75%)	6.31%
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Other information

Closing net asset value (£000s)	-	3,401
Closing number of shares	-	745,709
Operating charges	0.81%	0.81%
Direct transaction costs	0.00%	0.00%

Prices

Highest share price (pence)	481.50 ²	495.10
Lowest share price (pence)	440.20 ²	423.10

¹ Class A income gross closed on 2 October 2017 and this is the final cancellation price.

² to 2 October 2017

Comparative tables (continued)

	Class I accumulation gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	548.07	514.03
Return before operating charges*	(2.63)	37.02
Operating charges	(1.04)	(2.98)
Return after operating charges*	(3.67)	34.04
Distributions on accumulation shares	-	-
Retained distributions on accumulation shares	-	-
Final cancellation price	(544.40) ³	-
Closing net asset value per share	-	548.07
* after direct transaction costs of:	-	-
Performance		
Return after charges	(0.67%)	6.62%
Other information		
Closing net asset value (£000s)	-	95,410
Closing number of shares	-	17,408,180
Operating charges	0.54%	0.54%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	578.90 ⁴	594.60
Lowest share price (pence)	529.00 ⁴	507.20

³ Class I accumulation gross closed on 2 October 2017 and this is the final cancellation price.

⁴ to 2 October 2017

Comparative tables (continued)

	Class I income gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	466.97	437.96
Return before operating charges*	(2.28)	31.56
Operating charges	(0.89)	(2.55)
Return after operating charges*	(3.17)	29.01
Distributions on income shares	-	-
Final cancellation price	(463.80) ⁵	-
Closing net asset value per share	-	466.97
* after direct transaction costs of:	-	-
Performance		
Return after charges	(0.68%)	6.62%
Other information		
Closing net asset value (£000s)	-	10,463
Closing number of shares	-	2,240,706
Operating charges	0.54%	0.54%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	493.30 ⁶	506.60
Lowest share price (pence)	450.70 ⁶	432.10

⁵ Class I income gross closed on 2 October 2017 and this is the final cancellation price.

⁶ to 2 October 2017

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

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

	2019 %	2018 %
Class A	0.91	0.91
Class A gross¹	n/a	0.81
Class D	0.29	0.29
Class I	0.54	0.54
Class Z	0.04	0.04

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

¹ Class A income gross closed on 2 October 2017.

Risk and reward profile

The fund currently has 5 types of share class in issue; A income, D accumulation, I accumulation, I income and Z accumulation.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Bonds 98.25% (2018: 99.43%)		
	Japan 0.83% (2018: 0.00%)		
	Fixed Rate Bond 0.83% (2018: 0.00%)		
JPY 172,750,000	Japan (Government of) 0.80% 20/03/2058	1,430	0.83
	United Kingdom 97.42% (2018: 99.43%)		
	Index Linked Bond 97.42% (2018: 99.43%)		
GBP 5,472,768	UK Treasury 0.125% Index-Linked 10/08/2028	7,135	4.12
GBP 880,241	UK Treasury 0.125% Index-Linked 10/08/2041	1,440	0.83
GBP 2,082,552	UK Treasury 0.125% Index-Linked 10/08/2048	3,836	2.22
GBP 3,058,852	UK Treasury 0.125% Index-Linked 22/03/2026	4,073	2.35
GBP 3,834,165	UK Treasury 0.125% Index-Linked 22/03/2029	5,927	3.43
GBP 3,665,322	UK Treasury 0.125% Index-Linked 22/03/2044	7,134	4.12
GBP 3,422,339	UK Treasury 0.125% Index-Linked 22/03/2046	6,448	3.73
GBP 3,074,785	UK Treasury 0.125% Index-Linked 22/03/2058	7,084	4.10
GBP 3,250,624	UK Treasury 0.125% Index-Linked 22/03/2068	9,315	5.39
GBP 2,752,032	UK Treasury 0.125% Index-Linked 22/11/2036	4,517	2.61
GBP 1,319,293	UK Treasury 0.125% Index-Linked 22/11/2056	2,888	1.67
GBP 1,966,399	UK Treasury 0.125% Index-Linked 22/11/2065	5,123	2.96
GBP 3,315,402	UK Treasury 0.25% Index-Linked 22/03/2052	7,595	4.39
GBP 3,329,098	UK Treasury 0.375% Index-Linked 22/03/2062	9,550	5.52
GBP 3,249,266	UK Treasury 0.50% Index-Linked 22/03/2050	8,611	4.98
GBP 3,774,946	UK Treasury 0.625% Index-Linked 22/03/2040	8,466	4.89
GBP 3,803,838	UK Treasury 0.625% Index-Linked 22/11/2042	9,143	5.29
GBP 3,937,816	UK Treasury 0.75% Index-Linked 22/03/2034	7,413	4.29
GBP 3,422,587	UK Treasury 0.75% Index-Linked 22/11/2047	9,367	5.42
GBP 3,420,495	UK Treasury 1.125% Index-Linked 22/11/2037	8,465	4.89
GBP 2,347,378	UK Treasury 1.25% Index-Linked 22/11/2027	4,713	2.72
GBP 3,565,915	UK Treasury 1.25% Index-Linked 22/11/2032	7,382	4.27
GBP 2,806,120	UK Treasury 1.25% Index-Linked 22/11/2055	10,781	6.23
GBP 2,425,518	UK Treasury 2.00% Index-Linked 26/01/2035	7,008	4.05
GBP 1,338,122	UK Treasury 4.125% Index-Linked 22/07/2030	5,097	2.95
		168,511	97.42
	Collective Investment Schemes 0.76% (2018: 0.00%)		
1,321,008	Deutsche Global Liquidity Managed Platinum Sterling Fund	1,321	0.76
	Derivatives 0.50% (2018: (0.13%))		
	Futures 0.07% (2018: (0.02%))		
19	CBT US Ultra Bond September 2019	86	0.05
(37)	EUX Euro-Bund 50 September 2019	(57)	(0.03)
60	MSE Canada 10 Year Bond September 2019	49	0.03
(5)	OSE Japan 10 Year Bond September 2019	(17)	(0.01)
141	SFE Australia 10 Year Bond September 2019	55	0.03
		116	0.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Options 0.00% (2018: 0.03%)			
Swaptions 0.00% (2018: (0.01%))			
Swaps 0.43% (2018: (0.11%))¹			
Inflation Index Swaps (0.19%) (2018: 0.00%)¹			
6,400,000	IIS 3.48% September 2023 0.00% Receive Fixed 0.00% GBP	(163)	(0.09)
5,500,000	IIS 3.5238% February 2029 0.00% Receive Fixed 0.00% GBP	(95)	(0.06)
6,400,000	IIS 3.6225% December 2023 0.00% Receive Fixed 0.00% GBP	(62)	(0.04)
		<u>(320)</u>	<u>(0.19)</u>
Interest Rate Swaps 0.62% (2018: (0.11%))¹			
19,100,000	IRS 0.112% EURIBOR 6 Month 0.00% Receive Floating 0.00% EUR	(295)	(0.17)
109,289,391	IRS 0.40% STIBOR 3 Month 0.00% Receive Fixed 0.00% SEK	145	0.08
9,700,000	IRS 0.6408% EURIBOR 6 Month 0.00% Receive Fixed 0.00% EUR	417	0.25
90,500,000	IRS 1.8025% LIBOR 3 Month 0.00% Receive Fixed 0.00% USD	144	0.08
19,400,000	IRS 2.0663% LIBOR 3 Month 0.00% Receive Floating 0.00% USD	(164)	(0.09)
22,200,000	IRS 2.8825% NZD-BBR 3 Month 0.00% Receive Fixed 0.00% NZD	403	0.23
98,600,000	IRS 7.871% TIIE 3 Month 0.00% Receive Fixed 0.00% MXN	101	0.06
198,400,000	IRS 8.2225% TIIE 28 Day 0.00% Receive Fixed 0.00% MXN	315	0.18
		<u>1,066</u>	<u>0.62</u>
Forward Foreign Exchange Contracts 0.00% (2018: (0.02%))¹			
	Buy AUD 189,600 : Sell GBP 103,240 July 2019	1	-
	Buy CAD 1,946 : Sell GBP 1,157 July 2019 ²	-	-
	Buy CAD 19,630 : Sell GBP 11,622 July 2019 ²	-	-
	Buy CAD 21,445 : Sell GBP 12,770 July 2019 ²	-	-
	Buy CAD 28,634 : Sell GBP 17,003 July 2019 ²	-	-
	Buy CAD 295,219 : Sell GBP 174,726 July 2019	3	-
	Buy CAD 6,303 : Sell GBP 3,749 July 2019 ²	-	-
	Buy EUR 69,200 : Sell GBP 61,946 July 2019 ²	-	-
	Buy GBP 1,019 : Sell SEK 12,010 July 2019 ²	-	-
	Buy GBP 11,017 : Sell NZD 21,098 July 2019 ²	-	-
	Buy GBP 1,166 : Sell MXN 28,476 July 2019 ²	-	-
	Buy GBP 11,866 : Sell SEK 141,146 July 2019 ²	-	-
	Buy GBP 1,413,220 : Sell JPY 192,724,132 July 2019	7	-
	Buy GBP 14,706 : Sell JPY 2,009,000 July 2019 ²	-	-
	Buy GBP 16,076 : Sell MXN 395,296 July 2019 ²	-	-
	Buy GBP 186,378 : Sell EUR 208,722 July 2019	(1)	-
	Buy GBP 21,729 : Sell USD 27,699 July 2019 ²	-	-
	Buy GBP 2,305 : Sell SEK 27,190 July 2019 ²	-	-
	Buy GBP 23,960 : Sell USD 30,421 July 2019 ²	-	-
	Buy GBP 272,717 : Sell USD 343,596 July 2019	3	-
	Buy GBP 2,936 : Sell SEK 35,095 July 2019 ²	-	-
	Buy GBP 34,351 : Sell USD 43,160 July 2019 ²	-	-
	Buy GBP 35,222 : Sell NZD 66,783 July 2019 ²	-	-
	Buy GBP 356,330 : Sell MXN 8,725,986 July 2019	1	-
	Buy GBP 36,105 : Sell USD 45,419 July 2019 ²	-	-
	Buy GBP 36,357 : Sell EUR 40,900 July 2019 ²	-	-
	Buy GBP 41,275 : Sell USD 52,489 July 2019 ²	-	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ <small>(continued)</small>			
	Buy GBP 469,325 : Sell USD 600,000 September 2019 ²	-	-
	Buy GBP 47,191 : Sell USD 59,713 July 2019 ²	-	-
	Buy GBP 5,025 : Sell SEK 59,989 July 2019 ²	-	-
	Buy GBP 6,573 : Sell SEK 77,572 July 2019 ²	-	-
	Buy GBP 70,843 : Sell AUD 129,700 July 2019	(1)	-
	Buy GBP 7,607 : Sell CAD 12,778 July 2019 ²	-	-
	Buy GBP 9,851 : Sell MXN 237,540 July 2019 ²	-	-
	Buy IDR 31,681,650,000 : Sell USD 2,190,077 September 2019	24	0.01
	Buy JPY 224,370,300 : Sell AUD 2,986,503 September 2019	(5)	-
	Buy MXN 1,106,927 : Sell GBP 45,598 July 2019	(1)	-
	Buy MXN 119,805 : Sell GBP 4,908 July 2019 ²	-	-
	Buy MXN 240,610 : Sell GBP 9,775 July 2019 ²	-	-
	Buy MXN 326,531 : Sell GBP 13,429 July 2019 ²	-	-
	Buy MXN 357,109 : Sell GBP 14,525 July 2019 ²	-	-
	Buy MXN 384,481 : Sell GBP 15,773 July 2019 ²	-	-
	Buy NZD 16,838 : Sell GBP 8,687 July 2019 ²	-	-
	Buy NZD 37,302 : Sell GBP 19,296 July 2019 ²	-	-
	Buy NZD 46,818 : Sell GBP 24,191 July 2019	1	-
	Buy NZD 5,004 : Sell GBP 2,635 July 2019 ²	-	-
	Buy NZD 51,310 : Sell GBP 26,539 July 2019	1	-
	Buy NZD 63,131 : Sell GBP 32,632 July 2019	1	-
	Buy SEK 2,556,587 : Sell GBP 214,223 July 2019	2	-
	Buy SEK 353,469 : Sell GBP 29,405 July 2019	1	-
	Buy SEK 88,836 : Sell GBP 7,574 July 2019 ²	-	-
	Buy USD 2,200,000 : Sell TWD 69,173,060 September 2019	(32)	(0.01)
	Buy USD 30,460 : Sell GBP 23,902 July 2019 ²	-	-
	Buy USD 73,305 : Sell GBP 57,620 July 2019 ²	-	-
		5	-
	Investment assets including investment liabilities	172,129	99.51
	Other net assets	850	0.49
	Total net assets	172,979	100.00

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		10,193		(2,052)
Revenue	3	4,718		5,915	
Expenses	4	(884)		(1,000)	
Net revenue before taxation		3,834		4,915	
Taxation	5	-		-	
Net revenue after taxation			3,834		4,915
Total return before distributions			14,027		2,863
Distributions	6		-		(5)
Change in net assets attributable to shareholders from investment activities			14,027		2,858

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		178,469		222,349
Amounts receivable on issue of shares	9,256		14,056	
Amounts payable on cancellation of shares	(28,779)		(60,818)	
		(19,523)		(46,762)
Dilution adjustment		6		20
Change in net assets attributable to shareholders from investment activities		14,027		2,858
Retained distributions on accumulation shares		-		4
Closing net assets attributable to shareholders		172,979		178,469

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		173,022	177,728
Current assets:			
Debtors	7	1,007	431
Cash and bank balances	8	1,368	2,119
Total assets		175,397	180,278
Liabilities:			
Investment liabilities		893	505
Creditors:			
Amounts held at derivative clearing houses and brokers		998	57
Bank overdrafts		197	997
Other creditors	9	330	250
Total liabilities		2,418	1,809
Net assets attributable to shareholders		172,979	178,469

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2019 £000	2018 £000
Derivative securities	255	(702)
Forward currency contracts	(832)	(220)
Non-derivative securities	10,783	(1,097)
Other currency losses	(3)	(14)
Transaction costs	(10)	(19)
Net capital gains/(losses)	10,193	(2,052)

3 Revenue

	2019 £000	2018 £000
Bank interest	7	3
Derivative revenue	427	408
Interest on debt securities	4,279	5,504
Interest on margin	2	-
Stock lending revenue	3	-
Total revenue	4,718	5,915

4 Expenses

	2019 £000	2018 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	811	916
GAC*	53	60
	<u>864</u>	<u>976</u>

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

Depositary fees	15	17
Safe custody fees	4	7
	<u>19</u>	<u>24</u>

Other expenses:

Professional fees	1	-
	<u>1</u>	<u>-</u>

Total expenses

	<u>884</u>	<u>1,000</u>
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Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,316 (2018: £10,017).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2018: nil).

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	2018
	£000	£000
Net revenue before taxation	3,834	4,915
Corporation tax at 20% (2018: 20%)	767	983
Effects of:		
Relief for indexation movements on index-linked gilts	(931)	(1,161)
Unused management expenses	164	178
Tax charge for the year (note 5a)	-	-

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £2,677,999 (2018: £2,513,850) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

6 Distributions

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

	2019	2018
	£000	£000
Interim accumulation	-	4
	-	4
Amounts deducted on cancellation of shares	-	1
Total distributions	-	5
Net revenue after taxation	3,834	4,915
Adjustment for capital indexation	(4,651)	(5,805)
Revenue shortfall	817	895
Total distributions	-	5

Details of the distribution per share are set out in the distribution tables on pages 123 to 124.

Notes to the financial statements (continued)

7 Debtors

	2019 £000	2018 £000
Accrued revenue	577	270
Amounts receivable for issue of shares	388	126
Currency transactions awaiting settlement	42	35
Total debtors	1,007	431

8 Cash and bank balances

	2019 £000	2018 £000
Amounts held at derivative clearing houses and brokers	1,170	855
Cash and bank balances	198	1,044
Cash pledged as collateral	-	220
Total cash and bank balances	1,368	2,119

9 Other creditors

	2019 £000	2018 £000
Accrued annual management charge	68	71
Accrued Depositary's fee	2	2
Accrued other expenses	7	9
Amounts payable for cancellation of shares	187	119
Derivative revenue payable	24	14
Currency transactions awaiting settlement	42	35
Total other creditors	330	250

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 110 and 111 and notes 4, 6, 7 and 9 on pages 112 to 114 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

HSBC Global Custody Nominee (UK) Limited, as a material shareholder, is a related party holding shares comprising 54.54% of the total net assets of the fund as at the year end (2018: 46.98%).

Notes to the financial statements (continued)

12 Shareholders' funds

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

	2019	2018
	%	%
Class A	0.75	0.75
Class D	0.25	0.25
Class I	0.50	0.50
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 100 to 104. The distribution per share class is given in the distribution tables on pages 123 to 124. All share classes have the same rights on winding up.

Shares reconciliation as at 30 June 2019

	Class A income	Class D accumulation	Class I accumulation	Class I income
Opening number of shares	2,874,205	8,250	19,914,073	9,203,548
Issues during the year	172,028	-	1,050,670	118,644
Cancellations during the year	(460,381)	(153)	(3,037,763)	(1,846,796)
Shares converted during the year	(200,712)	-	1,001	191,902
Closing shares in issue	2,385,140	8,097	17,927,981	7,667,298
	Class Z accumulation			
Opening number of shares	4,400,659			
Issues during the year	656,801			
Cancellations during the year	(361,946)			
Shares converted during the year	-			
Closing shares in issue	4,695,514			

Notes to the financial statements (continued)

13 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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 cash collateral pledged in respect of derivatives as at 30 June 2019 (2018: £220,000). There was £273,568 of bonds held as collateral in respect of derivatives as at 30 June 2019 (2018: nil).

2019

At 30 June 2019 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Interest Rate Swaps £000	Total by counterparty £000
BNP Paribas	-	21	-	21
Barclays	-	-	417	417
Citigroup	-	-	145	145
Goldman Sachs	-	-	101	101
JP Morgan	-	24	547	571
Morgan Stanley	-	-	315	315
UBS	190	-	-	190
	190	45	1,525	1,760

2018

At 30 June 2018 the underlying exposure for each category of derivatives was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Interest Rate Swaps £000
Barclays	-	-	-
Citigroup	-	-	143
Goldman Sachs	-	-	41
JP Morgan	-	7	-
UBS	15	-	-
	15	7	184

Notes to the financial statements (continued)

13 Financial derivatives (continued)

2018 (continued)

Counterparty	Options	Swaptions £000	Total by counterparty £000
Barclays	41	-	41
Citigroup	-	20	163
Goldman Sachs	-	-	41
JP Morgan	11	-	18
UBS	-	-	15
	52	20	278

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 for the purposes of efficient portfolio management and 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

The fund had no stock on loan as at 30 June 2019.

Recipient	Relationship	Total gross amount of stock lending revenue	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	4	1	3

2018

There was no stock on loan as at 30 June 2018 and no stock lending revenue received in the year to 30 June 2018.

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.

Notes to the financial statements (continued)

15 Risk (continued)

Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

2019	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	237	-	56	293
Canadian dollar	103	-	52	155
Euro	626	-	6	632
Indonesian rupiah	-	-	23	23
Japanese yen	40	1,430	3	1,473
Mexican peso	431	-	-	431
New Zealand dollar	403	-	37	440
Swedish krona	145	-	23	168
UK sterling	169,155	-	2,278	171,433
US dollar	263	-	86	349
Total	171,403	1,430	2,564	175,397
2018	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	98	-	15	113
Canadian dollar	-	-	32	32
Euro	165	-	17	182
Japanese yen	73	-	-	73
UK sterling	179,227	-	441	179,668
US dollar	190	-	20	210
Total	179,753	-	525	180,278
2019	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	55	-	-	55
Canadian dollar	48	-	-	48
Euro	423	-	80	503
Japanese yen	-	-	22	22
Mexican peso	102	-	4	106
New Zealand dollar	413	-	-	413
Swedish krona	162	-	-	162
UK sterling	516	-	308	824
US dollar	253	-	32	285
Total	1,972	-	446	2,418

Notes to the financial statements (continued)

15 Risk (continued)

Interest rate risk (continued)

2018	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	15	-	35	50
Canadian dollar	41	-	-	41
Czech koruna	-	-	14	14
Euro	22	-	44	66
Japanese yen	107	-	10	117
Norwegian krone	-	-	19	19
Polish zloty	-	-	4	4
UK sterling	1,082	-	223	1,305
US dollar	165	-	28	193
Total	1,432	-	377	1,809

Credit Ratings

	Market value £000	Percentage of total net assets %
2019		
Investments		
Investment grade (AAA - BBB)	169,941	98.25
Total debt securities	169,941	98.25
Collective investment schemes	1,321	0.76
Derivatives	867	0.50
Investment assets including investment liabilities	172,129	99.51
Other net assets	850	0.49
Total net assets	172,979	100.00
2018		
Investments		
Investment grade (AAA - BBB)	177,450	99.43
Total debt securities	177,450	99.43
Derivatives	(227)	(0.13)
Investment assets including investment liabilities	177,223	99.30
Other net assets	1,246	0.70
Total net assets	178,469	100.00

Notes to the financial statements (continued)

15 Risk (continued)

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in year			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019	Relative VaR*	96.64	104.57	100.09	200.00	48.32	52.29	50.04
2018	Relative VaR*	97.74	103.14	99.65	200.00	48.87	51.57	49.83

* Reference portfolio: FTSE Actuaries UK Index Linked (Over 5 years) Index

Leverage

	Minimum %	Maximum %	Average %
2019	113.29	241.99	178.67
2018	77.18	222.39	155.43

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Amounts held at derivatives clearing houses and brokers	998	-	-	-
Bank overdrafts	197	-	-	-
Derivative financial liabilities	-	114	520	259
Other creditors	-	330	-	-
Total	1,195	444	520	259
2018				
Amounts held at derivatives clearing houses and brokers	57	-	-	-
Bank overdrafts	997	-	-	-
Derivative financial liabilities	-	127	167	211
Other creditors	-	250	-	-
Total	1,054	377	167	211

Notes to the financial statements (continued)

16 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	170,131*	74	177,465*	52
Level 2	2,891	819	263	453
Level 3	-	-	-	-
	173,022	893	177,728	505

* Debt securities have been included in level 1, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £169,941,220 as 30 June 2019 (2018: £177,450,147).

17 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Debt securities	34,409	24,812	56,197	69,515
Trades in the year before transaction costs	34,409	24,812	56,197	69,515
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	-	-	-	-
Total net trades in the year after transaction costs	34,409	24,812	56,197	69,515

Notes to the financial statements (continued)

17 Direct transaction costs (continued)

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
	2019 %	2018 %		
Total transaction costs expressed as a percentage of net asset value				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
Total costs	<u>-</u>	<u>-</u>		

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

There were direct transaction costs associated with derivatives in the year of £7,421 (2018: £3,289) which is 0.00% of the average net asset value of the fund (2018: 0.00%).

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

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 30 June 2019 was 0.00% (2018: 0.00%). The portfolio dealing spread is calculated at a 12 noon valuation point.

18 Events after the Balance sheet date

The fund launched a new share class, E income, on 8 July 2019.

Distribution tables for the year ended 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 30 September 2018, paid on 30 November 2018)

Group 1: shares purchased prior to 1 July 2018

Group 2: shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class A income				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class D accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I income				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class Z accumulation				
Group 1	-	-	-	0.0023
Group 2	-	-	-	0.0023

Interim interest distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class A income				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class D accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I income				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class Z accumulation				
Group 1	-	-	-	0.0675
Group 2	-	-	-	0.0675

Distribution tables (continued)

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 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 31/05/19	Total distribution per share 31/05/18
Class A income				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class D accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I income				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class Z accumulation				
Group 1	-	-	-	0.0152
Group 2	-	-	-	0.0152

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class A income				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class D accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class I income				
Group 1	-	-	-	-
Group 2	-	-	-	-
Class Z accumulation				
Group 1	0.0011	-	0.0011	-
Group 2	-	0.0011	0.0011	-

Janus Henderson Institutional Long Dated Credit Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Philip Payne and James Briggs

Investment objective and policy

To provide a return by investing primarily in long dated sterling denominated investment grade corporate bonds. In line with the scheme's benchmark index the term corporate bond will include debt instruments issued by any entity other than a Government or local authority. The fund may also invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	9.4	0.5	8.1	12.9	7.8
Markit iBoxx GBP Non-Gilts +15 years Index	9.6	0.1	7.3	15.4	8.9
IA Sterling Corporate Bond Sector	5.6	0.7	6.3	6.0	4.2

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

Index: The Markit iBoxx GBP Non-Gilts +15 years Index

Index Usage: Comparator

Index description: The Markit iBoxx GBP Non-Gilts +15 years Index is a measure of the combined performance of investment grade corporate bonds issued in pounds sterling with greater than 15 years to maturity. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA Sterling Corporate Bond Sector

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 30 June 2019

Largest purchases	£000	Largest sales/maturities	£000
UK Treasury 4.25% 07/12/2040	9,432	UK Treasury 1.50% 22/07/2047	13,200
UK Treasury 1.50% 22/07/2047	8,111	UK Treasury 4.25% 07/12/2040	10,254
UK Treasury 4.75% 07/12/2038	4,296	Network Rail Infrastructure Finance 4.75% 29/11/2035	8,048
UK Treasury 1.75% 07/09/2037	3,694	UK Treasury 4.75% 07/12/2038	7,629
UK Treasury 4.50% 07/12/2042	3,154	UK Treasury 1.75% 07/09/2037	7,575
UK Treasury 4.25% 07/12/2049	3,059	UK Treasury 4.50% 07/12/2042	5,232
Goldman Sachs 3.125% 25/07/2029	2,527	UK Treasury 4.25% 07/12/2049	4,779
UK Treasury 4.50% 07/09/2034	2,367	Électricité de France 5.50% 17/10/2041	2,749
UK Treasury 1.625% 22/10/2071	2,323	Scottish Widows 7.00% 16/06/2043	2,713
Metropolitan Funding 4.125% 05/04/2048	2,192	Walmart 5.625% 27/03/2034	2,653
Total purchases	115,138	Total sales/maturities	155,511

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

Investment review

The fund returned 9.4% based on Class I accumulation over the year under review, compared with a return of 9.6% in Markit iBoxx GBP Non-Gilts +15 years Index and a return of 5.6% in IA Sterling Corporate Bond Sector peer group benchmark.

Sterling investment grade bonds delivered strong total returns over the year under review. Performance was driven by positive excess credit returns (versus governments), with credit spreads (the extra yield demanded over an equivalent government bond) tightening marginally. Movements in UK government bond markets also added to performance, as yields declined significantly across the curve.

The year was one of two halves. The second half of 2018 delivered negative total and excess credit returns, with credit spreads widening significantly in November and December. Sterling investment grade corporate bonds suffered as volatility increased and global market sentiment deteriorated on the back of elevated geopolitical and macroeconomic apprehensions. In particular, concerns over Brexit, Italy and the US/China trade dispute dominated investors' attention and caused risk aversion to rise.

In contrast, the first half of 2019 delivered positive total and excess credit returns, which outweighed the negative performance seen in the first half of the period under review. Credit spreads tightened on the back of dovish central bank rhetoric from the US Federal Reserve (Fed) and the European Central Bank (ECB), which was taken positively by markets. These movements occurred despite economic data continuing to exhibit a weakening trend.

Higher rated names generally outperformed lower rated sterling investment grade bonds on a total return basis over the year.

Positive performance was attributable to security selection, particularly within the insurance and retail sectors. Strong performance came from the fund's overweight to sterling-denominated bonds in Prudential, as the company compensated bondholders for changes to the structure of the business as it looks to demerge M&G Prudential, its UK and Europe business, from Prudential. Positive performance also came from Tesco; credit spreads tightened on the back of Fitch and Moody's upgrading the issuer back to investment grade.

At the asset allocation level, negative relative performance came from the fund's underweight risk position to high quality longer dated bonds, as investor appetite for this part of the market remained very strong. Additional negative performance came from security selection within banks, with underweights to Wells Fargo and Standard Chartered detracting. The latter saw its bonds perform well after receiving permission to buy back some of its outstanding capital.

Recently, we have become more positive on sterling-denominated investment grade credit. Valuations in the asset class remain attractive relative to euro- and US dollar-denominated credit, and corporate fundamentals also continue to be in relatively robust condition, with low default rates versus historical standards.

However, we are concerned that global growth may slow down further into the year. Macroeconomic headwinds exist, including ongoing US/China trade discussions, a lack of clarity on Brexit and Italian political uncertainty. We believe the dovish tilt seen in June from the Fed and ECB should help to support the investment grade market and cause positive technical conditions in the near term, which could lead to moderate credit spread tightening from here.

Comparative tables for the year ended 30 June 2019

	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	191.92	196.93	188.40
Return before operating charges*	18.72	1.86	15.04
Operating charges	(1.74)	(1.80)	(2.10)
Return after operating charges*	16.98	0.06	12.94
Distributions on income shares	(4.85)	(5.07)	(4.41)
Closing net asset value per share	204.05	191.92	196.93
* after direct transaction costs of:	-	-	-

Performance

Return after charges	8.85%	0.03%	6.87%
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Other information

Closing net asset value (£000s)	3,536	3,962	6,295
Closing number of shares	1,732,941	2,064,220	3,196,884
Operating charges	0.90%	0.91%	1.05%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	207.80	205.60	217.40
Lowest share price (pence)	182.40	191.10	187.70

	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	373.88	372.45	347.03
Return before operating charges*	37.17	3.47	28.55
Operating charges	(2.06)	(2.04)	(2.02)
Return after operating charges*	35.11	1.43	26.53
Distributions on accumulation shares	(10.97)	(11.10)	(10.99)
Retained distributions on accumulation shares [^]	10.97	11.10	9.88
Closing net asset value per share	408.99	373.88	372.45
* after direct transaction costs of:	-	-	-

Performance

Return after charges	9.39%	0.38%	7.64%
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Other information

Closing net asset value (£000s)	215,493	224,582	1,980
Closing number of shares	52,689,673	60,067,768	531,722
Operating charges	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	414.20	389.20	400.70
Lowest share price (pence)	358.20	367.20	348.00

[^]Retained distribution prior 6 April 2017 are net of 20% income tax.

Comparative tables (continued)

	Class I income		
	2019	2018	2017
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	196.84	201.94	193.22
Return before operating charges*	19.21	1.94	15.28
Operating charges	(1.06)	(1.09)	(1.11)
Return after operating charges*	18.15	0.85	14.17
Distributions on income shares	(5.59)	(5.95)	(5.45)
Closing net asset value per share	209.40	196.84	201.94
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	9.22%	0.42%	7.33%
Other information			
Closing net asset value (£000s)	17,456	181,546	44,517
Closing number of shares	8,336,220	92,228,126	22,044,059
Operating charges	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	213.40	211.00	223.10
Lowest share price (pence)	187.20	196.10	192.70
	Class Z accumulation		
	2019	2018	2017
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	234.49	232.55	214.84
Return before operating charges*	23.62	2.01	17.78
Operating charges	(0.10)	(0.07)	(0.07)
Return after operating charges*	23.52	1.94	17.71
Distributions on accumulation shares	(8.28)	(8.11)	(8.03)
Retained distributions on accumulation shares	8.28	8.11	8.03
Closing net asset value per share	258.01	234.49	232.55
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	10.03%	0.83%	8.24%
Other information			
Closing net asset value (£000s)	1	-	2
Closing number of shares	206	206	1,000
Operating charges	0.04%	0.03%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	261.30	243.30	248.70
Lowest share price (pence)	225.20	230.00	216.60

Comparative tables (continued)

	Class A income gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	198.62	189.96
Return before operating charges*	1.55	15.72
Operating charges	(0.46)	(2.11)
Return after operating charges*	1.09	13.61
Distributions on income shares	(1.31)	(4.95)
Final cancellation price	(198.40) ¹	-
Closing net asset value per share	-	198.62
* after direct transaction costs of:	-	-
Performance		
Return after charges	0.55%	7.16%
Other information		
Closing net asset value (£000s)	-	78
Closing number of shares	-	39,093
Operating charges	0.91%	1.05%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	207.40 ²	219.60
Lowest share price (pence)	197.80 ²	189.50

¹ Class A income gross closed on 2 October 2017 and this is the final cancellation price.

² to 2 October 2017

Comparative tables (continued)

	Class I accumulation gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	414.11	384.52
Return before operating charges*	3.28	31.81
Operating charges	(0.59)	(2.22)
Return after operating charges*	2.69	29.59
Distributions on accumulation shares	(3.11)	(12.25)
Retained distributions on accumulation shares	3.11	12.25
Final cancellation price	(416.80) ³	-
Closing net asset value per share	-	414.11
* after direct transaction costs of:	-	-
Performance		
Return after charges	0.65%	7.70%
Other information		
Closing net asset value (£000s)	-	273,249
Closing number of shares	-	65,985,256
Operating charges	0.54%	0.54%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	432.80 ⁴	444.70
Lowest share price (pence)	412.40 ⁴	386.70

³ Class I accumulation gross closed on 2 October 2017 and this is the final cancellation price.

⁴ to 2 October 2017

Comparative tables (continued)

	Class I income gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	197.57	188.96
Return before operating charges*	1.60	15.64
Operating charges	(0.28)	(1.08)
Return after operating charges*	1.32	14.56
Distributions on income shares	(1.49)	(5.95)
Final cancellation price	(197.40) ⁵	-
Closing net asset value per share	-	197.57
* after direct transaction costs of:	-	-
Performance		
Return after charges	0.67%	7.71%
Other information		
Closing net asset value (£000s)	-	146,282
Closing number of shares	-	74,039,951
Operating charges	0.54%	0.54%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	206.50 ⁶	218.50
Lowest share price (pence)	196.70 ⁶	188.70

⁵ Class I income gross closed on 2 October 2017 and this is the final cancellation price.

⁶ to 2 October 2017

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

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

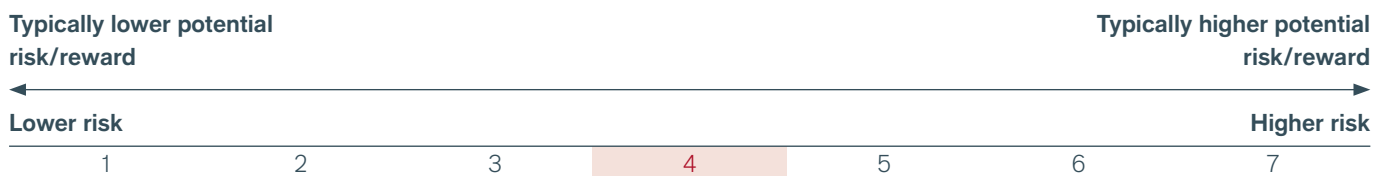
	2019 %	2018 %
Class A	0.90	0.91
Class I	0.54	0.54
Class Z	0.04	0.03

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

Risk and reward profile

The fund currently has 4 types of share class in issue; A income, I accumulation, I income and Z accumulation.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Bonds 98.60% (2018: 98.00%)		
	Australia 1.29% (2018: 1.33%)		
	Fixed Rate Bond 1.29% (2018: 1.33%)		
GBP 2,300,000	BHP Billiton Finance 4.30% 25/09/2042	3,054	1.29
	Belgium 0.90% (2018: 0.79%)		
	Zero / Discount Rate Bond 0.90% (2018: 0.79%)		
GBP 2,157,000	Anheuser-Busch InBev 2.85% 25/05/2037	2,129	0.90
	Denmark 0.50% (2018: 0.00%)		
	Fixed Rate Bond 0.50% (2018: 0.00%)		
GBP 1,150,000	Orsted 2.50% 16/05/2033	1,191	0.50
	France 10.88% (2018: 9.15%)		
	Fixed Rate Bond 10.88% (2018: 8.55%)		
GBP 2,500,000	Électricité de France 5.125% 22/09/2050	3,554	1.50
GBP 2,200,000	Électricité de France 5.50% 17/10/2041	3,156	1.33
GBP 1,300,000	Électricité de France 5.50% 27/03/2037	1,794	0.76
GBP 2,500,000	Électricité de France 6.00% 23/01/2114	3,901	1.65
GBP 650,000	France Telecom 5.375% 22/11/2050	972	0.41
GBP 358,000	France Telecom 5.625% 23/01/2034	492	0.21
GBP 1,800,000	GDF Suez 5.00% 01/10/2060	2,874	1.22
GBP 600,000	Orange 3.25% 15/01/2032	653	0.28
GBP 646,000	Reseau Ferre de France 4.83% 25/03/2060	1,098	0.46
GBP 1,133,000	Reseau Ferre de France 5.00% 11/03/2052	1,859	0.79
GBP 892,000	Reseau Ferre de France 5.25% 31/01/2035	1,287	0.54
GBP 1,850,000	Veolia Environnement 6.125% 29/10/2037	2,809	1.19
GBP 1,200,000	Vinci 2.75% 15/09/2034	1,275	0.54
		<u>25,724</u>	<u>10.88</u>
	Variable Rate Bond 0.00% (2018: 0.60%)		
	Germany 4.22% (2018: 4.15%)		
	Fixed Rate Bond 4.22% (2018: 4.15%)		
GBP 200,000	Aroundtown 3.00% 16/10/2029	194	0.08
GBP 765,000	Aroundtown 3.625% 10/04/2031	768	0.32
GBP 1,400,000	E.ON International Finance 5.875% 30/10/2037	1,998	0.84
GBP 1,150,000	E.ON International Finance 6.75% 27/01/2039	1,811	0.77
GBP 2,200,000	innogy Finance 6.125% 06/07/2039	3,262	1.39
GBP 686,000	KFW 5.00% 09/06/2036	1,051	0.44
GBP 700,000	Siemens 3.75% 10/09/2042	900	0.38
		<u>9,984</u>	<u>4.22</u>
	Italy 1.54% (2018: 1.78%)		
	Fixed Rate Bond 1.54% (2018: 1.78%)		
GBP 1,713,000	Enel Finance International 5.75% 14/09/2040	2,328	0.99
GBP 986,000	Enel Finance International 5.75% 22/06/2037	1,311	0.55
		<u>3,639</u>	<u>1.54</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Mexico 0.35% (2018: 0.52%)		
	Fixed Rate Bond 0.35% (2018: 0.52%)		
GBP 795,000	United Mexican States 5.625% 19/03/2114	821	0.35
	Netherlands 0.38% (2018: 0.41%)		
	Fixed Rate Bond 0.38% (2018: 0.41%)		
GBP 500,000	Rabobank Nederland 5.375% 03/08/2060	888	0.38
	Norway 0.35% (2018: 0.00%)		
	Fixed Rate Bond 0.35% (2018: 0.00%)		
GBP 617,000	Statoil 4.25% 10/04/2041	837	0.35
	Supranational 4.20% (2018: 4.00%)		
	Fixed Rate Bond 4.20% (2018: 4.00%)		
GBP 1,788,000	European Investment Bank 3.875% 08/06/2037	2,424	1.03
GBP 1,800,000	European Investment Bank 4.50% 07/03/2044	2,809	1.19
GBP 1,280,000	European Investment Bank 4.625% 12/10/2054	2,276	0.96
GBP 1,541,000	European Investment Bank 5.00% 15/04/2039	2,424	1.02
		9,933	4.20
	Sweden 0.59% (2018: 0.21%)		
	Fixed Rate Bond 0.59% (2018: 0.21%)		
GBP 829,000	Vattenfall 6.875% 15/04/2039	1,394	0.59
	Switzerland 0.00% (2018: 0.13%)		
	Fixed Rate Bond 0.00% (2018: 0.13%)		
	United Kingdom 56.85% (2018: 62.15%)		
	Asset Backed 2.09% (2018: 1.56%)		
GBP 617,000	Housing & Care 21 3.288% 08/11/2049	667	0.28
GBP 1,300,000	Metropolitan Funding 4.125% 05/04/2048	1,499	0.63
GBP 1,124,563	Tesco Property Finance 5.4111% 13/07/2044	1,431	0.61
GBP 716,749	Tesco Property Finance 5.744% 13/04/2040	936	0.40
GBP 314,698	Tesco Property Finance 6.0517% 13/10/2039	414	0.17
		4,947	2.09
	Fixed Rate Bond 51.53% (2018: 57.78%)		
GBP 735,000	Affinity Sutton Capital Markets 5.981% 17/09/2038	1,103	0.47
GBP 2,957,000	Affordable Housing Finance 2.893% 11/08/2043	3,564	1.52
GBP 1,356,000	Affordable Housing Finance 3.80% 20/05/2042	1,851	0.78
GBP 1,300,000	Annington Funding 3.685% 12/07/2034	1,374	0.58
GBP 1,171,000	Annington Funding 3.935% 12/07/2047	1,252	0.53
GBP 1,171,000	BAA Funding 4.625% 31/10/2046	1,557	0.66
GBP 925,000	BAA Funding 5.875% 13/05/2041	1,387	0.59
GBP 1,048,000	BAT International Finance 2.25% 09/09/2052	742	0.31
GBP 1,541,000	BAT International Finance 6.00% 24/11/2034	1,990	0.84
GBP 1,400,000	BG Energy Capital 5.00% 04/11/2036	1,998	0.84
GBP 1,332,000	Blend Funding 3.459% 21/09/2047	1,485	0.63
GBP 1,788,000	British Telecommunications 3.625% 21/11/2047	1,879	0.79
GBP 700,000	Broadgate Financing 4.821% 05/07/2033	928	0.39
GBP 918,000	Bromford 3.125% 03/05/2048	995	0.42

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Fixed Rate Bond (continued)		
GBP 2,672,000	Cadent Finance 2.625% 22/09/2038	2,626	1.11
GBP 309,000	Catalyst Housing 3.125% 31/10/2047	326	0.14
GBP 800,000	Centrica 4.25% 12/09/2044	927	0.39
GBP 617,000	Clarion Housing 3.125% 19/04/2048	654	0.28
GBP 743,931	Delamare Finance 5.5457% 19/02/2029	860	0.36
GBP 470,000	Direct Line Insurance 4.75% Perpetual	401	0.17
GBP 1,233,000	Dwr Cymru Financing 2.50% 31/03/2036	1,306	0.55
GBP 400,000	Dwr Cymru Financing 4.473% 31/03/2057	605	0.26
GBP 1,356,000	Eastern Power Networks 6.25% 12/11/2036	2,039	0.86
GBP 432,000	Futures Treasury 3.375% 08/02/2044	480	0.20
GBP 1,000,000	Gatwick Funding 2.875% 05/07/2049	980	0.41
GBP 1,048,000	Gatwick Funding 3.125% 28/09/2039	1,085	0.46
GBP 802,000	Gatwick Funding 5.75% 23/01/2037	1,120	0.47
GBP 1,926,000	GlaxoSmithKline Capital 4.25% 18/12/2045	2,523	1.07
GBP 1,911,000	GlaxoSmithKline Capital 5.25% 10/04/2042	2,786	1.18
GBP 1,544,000	GlaxoSmithKline Capital 6.375% 09/03/2039	2,465	1.04
GBP 525,117	Harbour Funding 5.28% 31/03/2044	696	0.29
GBP 1,849,000	Heathrow Funding 2.75% Perpetual	1,811	0.77
GBP 2,431,000	HSBC 4.75% 24/03/2046	2,935	1.24
GBP 1,048,000	HSBC 6.00% 29/03/2040	1,374	0.58
GBP 550,000	HSBC 7.00% 07/04/2038	789	0.33
GBP 555,000	Incommunities Treasury 3.25% 21/03/2049	602	0.25
GBP 432,000	Karbon Homes 3.375% 15/11/2047	487	0.21
GBP 1,788,000	Land Securities Capital Markets 2.75% 22/09/2057	1,847	0.78
GBP 1,603,000	LCR Finance 4.50% 07/12/2038	2,373	1.00
GBP 1,063,000	LCR Finance 5.10% 07/03/2051	1,922	0.81
GBP 1,750,000	Lloyds Bank 6.50% 17/09/2040	2,843	1.20
GBP 900,000	London & Quadrant Housing 2.75% 20/07/2057	827	0.35
GBP 678,000	London & Quadrant Housing 3.75% Perpetual	762	0.32
GBP 940,000	Longstone Finance 4.896% 19/04/2036	1,093	0.46
GBP 931,000	Manchester Airport Group Funding 4.75% 31/03/2034	1,181	0.50
GBP 1,280,000	Manchester Airport Group Funding 2.875% 30/09/2044	1,285	0.54
GBP 1,810,000	Motability Operations 2.375% 03/07/2039	1,767	0.75
GBP 1,900,000	Motability Operations 3.625% 10/03/2036	2,240	0.95
GBP 617,000	National Grid Electricity Transmission 2.75% 06/02/2035	661	0.28
GBP 617,000	National Grid Gas Finance 2.75% 22/09/2046	600	0.25
GBP 400,000	Northern Electric Finance 2.75% 24/05/2049	416	0.18
GBP 762,000	Northern Gas Networks Finance 4.875% 15/11/2035 'B'	1,006	0.43
GBP 386,000	Northern Gas Networks Finance 5.625% 23/03/2040	563	0.24
GBP 1,233,000	Notting Hill Housing Trust 3.25% 12/10/2048	1,249	0.53
GBP 863,000	Optivo Finance 3.283% 22/03/2048	929	0.39
GBP 740,000	Orbit Capital 3.375% 14/06/2048	796	0.34
GBP 1,300,000	Orbit Capital 3.50% 24/03/2045	1,422	0.60
GBP 802,000	Peabody Capital No.2 3.25% 14/09/2048	847	0.36
GBP 438,000	Peabody Capital No.2 4.625% 12/12/2053	595	0.25
GBP 1,849,000	Prudential 5.00% 20/07/2055	1,969	0.83
GBP 340,000	Prudential 6.25% 20/10/2068	386	0.16
GBP 1,837,000	Sanctuary Capital 5.00% 26/04/2047	2,632	1.11
GBP 1,078,000	Scottish Widows 7.00% 16/06/2043	1,418	0.60
GBP 272,000	Severn Trent Water Utilities 4.875% 24/01/2042	371	0.16

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
GBP 845,000	Southern Electric Power 4.625% 20/02/2037	1,060	0.45
GBP 1,233,000	Southern Gas Network 3.10% 15/09/2036	1,326	0.56
GBP 658,000	Sovereign Housing Capital 4.768% 01/06/2043	896	0.38
GBP 400,000	Thames Water Utilities Finance 4.375% 03/07/2034	476	0.20
GBP 986,000	Thames Water Utilities Finance 4.625% 04/06/2046	1,258	0.53
GBP 1,479,000	Thames Water Utilities Finance 5.50% 11/02/2041	2,053	0.87
GBP 1,486,000	THFC Funding No.2 6.35% 08/07/2039	2,288	0.97
GBP 2,342,000	THFC Funding No.3 5.20% 11/10/2043	3,292	1.40
GBP 493,000	Transport for London 3.625% 15/05/2045	610	0.26
GBP 1,356,000	Transport for London 3.875% 23/07/2042	1,722	0.73
GBP 678,000	Transport for London 4.00% 07/04/2064	992	0.42
GBP 925,000	Tritax Big Box REIT 3.125% 14/12/2031	952	0.40
GBP 1,268,275	UK Treasury 1.50% 22/07/2047	1,274	0.54
GBP 1,509,192	UK Treasury 1.625% 22/10/2071	1,657	0.70
GBP 663,962	UK Treasury 1.75% 07/09/2037	706	0.30
GBP 330,000	United Utilities Water 5.00% 28/02/2035	449	0.19
GBP 1,233,000	University of Cambridge 2.35% 27/06/2078	1,312	0.55
GBP 993,000	University of Cambridge 3.75% 17/10/2052	1,397	0.59
GBP 493,000	University of Liverpool 3.375% 25/06/2055	620	0.26
GBP 493,000	University of Manchester 4.25% 04/07/2053	725	0.31
GBP 802,000	University of Southampton 2.25% 11/04/2057	749	0.32
GBP 1,972,000	Vodafone 3.00% 12/08/2056	1,742	0.74
GBP 678,000	Vodafone 3.375% Perpetual	648	0.27
GBP 493,000	Wales & West Utilities Finance 3.00% 03/08/2038	534	0.23
GBP 1,171,000	Wellcome Trust Finance 4.00% 09/05/2059	1,821	0.77
GBP 925,000	Wellcome Trust Finance 4.625% 25/07/2036	1,325	0.56
GBP 250,000	Western Power Distribution South Wales 5.75% 23/03/2040	365	0.15
GBP 800,000	Western Power Distribution South West 5.75% 23/03/2040	1,170	0.49
GBP 590,000	Yorkshire Water Finance 2.75% 18/04/2041	611	0.26
GBP 550,000	Yorkshire Water Finance 5.50% 28/05/2037	805	0.34
GBP 650,000	Yorkshire Water Finance 6.375% 19/08/2039	1,055	0.45
		121,872	51.53
Stepped Rate Bond 0.24% (2018: 0.02%)			
GBP 370,000	Western Power Distribution East Midlands 6.25% 10/12/2040	574	0.24
Variable Rate Bond 2.99% (2018: 2.79%)			
GBP 1,171,000	Aviva 6.875% 20/05/2058	1,505	0.64
GBP 686,000	HBOS Sterling Finance 7.881% Perpetual	1,018	0.43
GBP 1,876,000	HSBC 5.844% Perpetual	2,424	1.03
GBP 1,849,000	Prudential 5.70% 19/12/2063	2,114	0.89
		7,061	2.99
United States 16.55% (2018: 13.38%)			
Fixed Rate Bond 16.55% (2018: 13.38%)			
GBP 1,295,000	Apple 3.60% 31/07/2042	1,612	0.68
GBP 1,726,000	AT&T 4.25% 01/06/2043	1,914	0.81
GBP 2,312,000	AT&T 4.875% 01/06/2044	2,790	1.18
GBP 2,000,000	AT&T 7.00% 30/04/2040	3,018	1.28
GBP 1,600,000	Berkshire Hathaway Finance 2.375% 19/06/2039	1,628	0.69

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
GBP 1,800,000	Berkshire Hathaway Finance 2.625% 19/06/2059	1,900	0.80
USD 961,000	Bristol-Myers Squibb 4.25% 26/10/2049	835	0.35
GBP 1,329,000	Citigroup 6.80% 25/06/2038	2,145	0.91
GBP 1,231,000	Citigroup 7.375% 01/09/2039	2,120	0.90
GBP 1,000,000	Fidelity National Information Services 3.36% 21/05/2031	1,056	0.45
GBP 410,000	Fiserv 3.00% 01/07/2031	416	0.18
GBP 493,000	GE Capital UK Funding 6.25% 05/05/2038	647	0.27
GBP 1,202,000	GE Capital UK Funding 8.00% 14/01/2039	1,814	0.77
GBP 432,000	General Electric Capital 4.875% 18/09/2037	455	0.19
GBP 940,000	General Electric Capital 5.375% 18/12/2040	1,132	0.48
GBP 432,000	Goldman Sachs 6.875% 18/01/2038	632	0.27
USD 572,000	Mars 3.95% 01/04/2049	484	0.20
USD 835,000	Mars 4.125% 01/04/2054	707	0.30
GBP 2,765,000	Pfizer 2.735% 15/06/2043	2,941	1.24
GBP 1,226,000	Time Warner Cable 5.25% 15/07/2042	1,399	0.59
GBP 1,233,000	Verizon Communications 3.125% 02/11/2035	1,318	0.56
GBP 2,096,000	Verizon Communications 3.375% 27/10/2036	2,299	0.97
GBP 648,000	Walmart 4.875% 19/01/2039	933	0.39
GBP 725,000	Walmart 5.25% 28/09/2035	1,056	0.45
GBP 2,300,000	Walmart 5.625% 27/03/2034	3,372	1.42
GBP 432,000	Welltower REIT 4.50% 01/12/2034	508	0.22
		<u>39,131</u>	<u>16.55</u>
Derivatives (0.04%) (2018: (0.02%))			
Futures (0.01%) (2018: 0.02%)			
(8)	CBT US Ultra Bond September 2019	<u>(31)</u>	<u>(0.01)</u>
Swaps (0.04%) (2018: (0.04%))¹			
Credit Default Swaps (0.04%) (2018: (0.04%))¹			
2,500,000	CDS 1.00% 20/06/2024 Airbus Pay EUR	<u>(79)</u>	<u>(0.04)</u>
Forward Foreign Exchange Contracts 0.01% (2018: 0.00%)¹			
	Buy EUR 3,631 : Sell GBP 3,232 July 2019 ²	-	-
	Buy GBP 10,061 : Sell USD 12,800 July 2019 ²	-	-
	Buy GBP 1,808,031 : Sell USD 2,277,938 July 2019	21	0.01
	Buy GBP 254,426 : Sell USD 325,020 July 2019	(1)	-
	Buy GBP 5,719 : Sell EUR 6,389 July 2019 ²	-	-
	Buy GBP 653 : Sell EUR 731 July 2019 ²	-	-
	Buy GBP 9,845 : Sell USD 12,500 July 2019 ²	-	-
	Buy USD 10,300 : Sell GBP 8,082 July 2019 ²	-	-
		<u>20</u>	<u>0.01</u>
Investment assets including investment liabilities		233,089	98.56
Other net assets		<u>3,397</u>	<u>1.44</u>
Total net assets		236,486	100.00

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		19,302		(11,648)
Revenue	3	12,420		16,025	
Expenses	4	(1,948)		(2,501)	
Interest payable and similar charges	5	(1)		-	
Net revenue before taxation		10,471		13,524	
Taxation	6	-		-	
Net revenue after taxation			10,471		13,524
Total return before distributions			29,773		1,876
Distributions	7		(10,471)		(13,524)
Change in net assets attributable to shareholders from investment activities			19,302		(11,648)

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		410,090		472,403
Amounts receivable on issue of shares	6,058		10,983	
Amounts payable on inspecie transfer*	(147,340)		-	
Amounts payable on cancellation of shares	(58,113)		(69,462)	
		(199,395)		(58,479)
Dilution adjustment		228		196
Change in net assets attributable to shareholders from investment activities		19,302		(11,648)
Retained distributions on accumulation shares		6,261		7,618
Closing net assets attributable to shareholders		236,486		410,090

* In specie redemption

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		233,200	401,962
Current assets:			
Debtors	8	6,781	6,031
Cash and bank balances	9	5,631	7,279
Total assets		245,612	415,272
Liabilities:			
Investment liabilities		111	171
Creditors:			
Amounts held at derivative clearing houses and brokers		-	108
Bank overdrafts		3,922	2,499
Distributions payable		126	1,356
Other creditors	10	4,967	1,048
Total liabilities		9,126	5,182
Net assets attributable to shareholders		236,486	410,090

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2019	2018
	£000	£000
Derivative securities	95	(320)
Forward currency contracts	(106)	150
Non-derivative securities	19,347	(11,475)
Other currency (losses)/gains	(27)	7
Transaction costs	(7)	(10)
Net capital gains/(losses)	19,302	(11,648)

3 Revenue

	2019	2018
	£000	£000
Bank interest	14	10
Derivative revenue	(51)	(27)
Interest on debt securities	12,386	15,977
Interest on margin	-	1
Stock lending revenue	71	64
Total revenue	12,420	16,025

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,815	2,315
GAC*	87	111
	<u>1,902</u>	<u>2,426</u>
Payable to the Depository, associates of the Depository and agents of either of them:		
Depository fees	30	37
Safe custody fees	16	38
	<u>46</u>	<u>75</u>
Total expenses	1,948	2,501

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,316 (2018: £10,017).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	1	-
Total interest payable and similar charges	1	-

6 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2018: nil).

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	10,471	13,524
Corporation tax at 20% (2018: 20%)	2,094	2,705
Effects of:		
Revenue being paid as interest distributions	(2,094)	(2,705)
Tax charge for the year (note 6a)	-	-

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

7 Distributions

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

	2019 £000	2018 £000
Interim income	3,745	4,313
Interim accumulation	4,842	5,985
Final income	126	1,356
Final accumulation	1,419	1,633
	10,132	13,287
Amounts deducted on cancellation of shares	365	270
Amounts received on issue of shares	(26)	(33)
Total distributions	10,471	13,524

Details of the distribution per share are set out in the distribution tables on pages 152 to 154.

Notes to the financial statements (continued)

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	3,167	6,018
Amounts receivable for issue of shares	199	13
Sales awaiting settlement	3,415	-
Total debtors	6,781	6,031

9 Cash and bank balances

	2019	2018
	£000	£000
Amounts held at derivative clearing houses and brokers	61	1,135
Cash and bank balances	5,570	6,144
Total cash and bank balances	5,631	7,279

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	98	177
Accrued Depositary's fee	3	3
Accrued other expenses	9	22
Amounts payable for cancellation of shares	92	186
Derivative revenue payable	1	1
Purchases awaiting settlement	4,764	659
Total other creditors	4,967	1,048

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 139 and 140 and notes 4, 7, 8 and 10 on pages 141 to 143 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

HSBC Global Custody Nominee (UK) Limited, as a material shareholder, is a related party holding shares comprising 56.82% of the total net assets of the fund as at the year end (2018: 36.65%).

Notes to the financial statements (continued)

13 Shareholders' funds

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

	2019	2018
	%	%
Class A	0.75	0.75
Class I	0.50	0.50
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 127 to 131. The distribution per share class is given in the distribution tables on pages 152 to 154. All share classes have the same rights on winding up.

Shares reconciliation as at 30 June 2019

	Class A income	Class I accumulation	Class I income	Class Z accumulation
Opening number of shares	2,064,220	60,067,768	92,228,126	206
Issues during the year	68,123	551,743	1,894,512	-
Cancellations during the year	(369,514)	(7,929,838)	(85,815,546)	-
Shares converted during the year	(29,888)	-	29,128	-
Closing shares in issue	1,732,941	52,689,673	8,336,220	206

14 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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 30 June 2019 (2018: nil).

2019

At 30 June 2019 the underlying exposure for derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	21	21
	21	21

2018

At 30 June 2018 the underlying exposure for derivatives held was as follows:

Counterparty	Futures £000	Total by counterparty £000
UBS	108	108
	108	108

Notes to the financial statements (continued)

15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with BNP Paribas acting as the stock lending agent for the purposes of efficient portfolio management and 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
Barclays	20,930	21,996	Government Bond
BNP Paribas	1,132	1,192	Corporate Bond
BNP Paribas	1,181	1,244	Government Bond
	<u>2,313</u>	<u>2,436</u>	
Credit Suisse	298	317	Corporate Bond
JP Morgan	4,318	4,683	Corporate Bond
JP Morgan	18,671	20,003	Government Bond
	<u>22,988</u>	<u>24,686</u>	
Total	<u>46,529</u>	<u>49,435</u>	
		Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
Recipient	Relationship	Total gross amount of stock lending revenue £000	
BNP Paribas	Stock lending agent	84	71

Notes to the financial statements (continued)

15 Stock lending (continued)

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Barclays	785	827	Corporate Bond
Barclays	33,868	35,347	Government Bond
	<u>34,653</u>	<u>36,174</u>	
BNP Paribas	3,412	4,188	Corporate Bond
BNP Paribas	8	10	Certificate of deposit
	<u>3,420</u>	<u>4,198</u>	
Goldman Sachs	1,565	1,716	Government Bonds
JP Morgan	17,535	18,512	Corporate Bond
JP Morgan	1,834	2,046	Equity
JP Morgan	13,807	14,576	Government Bonds
	<u>33,176</u>	<u>35,134</u>	
RBS	3,038	3,200	Government Bond
	<u>75,852</u>	<u>80,422</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	75	11	64

16 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.

Notes to the financial statements (continued)

16 Risk (continued)

Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing assets	Total
	£000	£000	£000	£000
2019				
Euro	-	-	-	-
UK sterling	12,631	224,093	6,787	243,511
US dollar	61	2,025	15	2,101
Total	12,692	226,118	6,802	245,612
	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing assets	Total
	£000	£000	£000	£000
2018				
Euro	699	815	12	1,526
UK sterling	20,455	385,927	6,103	412,485
US dollar	-	1,237	24	1,261
Total	21,154	387,979	6,139	415,272
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing liabilities	Total
	£000	£000	£000	£000
2019				
Euro	-	79	1	80
UK sterling	3,922	-	5,093	9,015
US dollar	-	-	31	31
Total	3,922	79	5,125	9,126
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing liabilities	Total
	£000	£000	£000	£000
2018				
Euro	-	144	676	820
UK sterling	2,607	-	1,755	4,362
Total	2,607	144	2,431	5,182

Notes to the financial statements (continued)

16 Risk (continued)

Credit Ratings

	Market value £000	Percentage of total net assets %
2019		
Investments		
Investment grade (AAA - BBB)	216,290	91.46
Below investment grade (BB and below)	5,060	2.14
Unrated	11,829	5.00
Total debt securities	233,179	98.60
Derivatives	(90)	(0.04)
Investment assets including investment liabilities	233,089	98.56
Other net assets	3,397	1.44
Total net assets	236,486	100.00
2018		
Investments		
Investment grade (AAA - BBB)	372,071	90.73
Below investment grade (BB and below)	8,823	2.15
Unrated	20,960	5.11
Total debt securities	401,854	97.99
Derivatives	(63)	(0.02)
Investment assets including investment liabilities	401,791	97.98
Other net assets	8,299	2.02
Total net assets	410,090	100.00

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in year			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019	Relative VaR*	96.66	103.41	100.58	200	48.33	51.71	50.29
2018	Relative VaR*	98.29	103.22	100.67	200	49.15	51.61	50.34

* Reference portfolio: Markit iBoxx GBP Non-Gilts +15 years Index

Leverage

	Minimum %	Maximum %	Average %
2019	1.08	7.46	3.48
2018	3.01	15.84	7.43

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Bank overdrafts	3,922	-	-	-
Derivative financial liabilities	-	32	79	-
Distribution payable	-	126	-	-
Other creditors	-	4,967	-	-
Total	3,922	5,125	79	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Amounts held at derivatives clearing houses and brokers	108	-	-	-
Bank overdrafts	2,499	-	-	-
Derivative financial liabilities	-	27	144	-
Distribution payable	-	1,356	-	-
Other creditors	-	1,048	-	-
Total	2,607	2,431	144	-

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	15,955*	31	42,331*	17
Level 2	217,245	80	359,631	154
Level 3	-	-	-	-
	233,200	111	401,962	171

* Debt securities have been included in the level 1, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £15,955,474 as at 30 June 2019 (2018: £42,223,094).

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Debt securities	115,138	190,884	155,511	222,801
Trades in the year before transaction costs	115,138	190,884	155,511	222,801
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	-	-	-	-
Total net trades in the year after transaction costs	115,138	190,884	155,511	222,801

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
	2019 %	2018 %		

Total transaction costs expressed as a percentage of net asset value

Commissions	-	-
Taxes	-	-
Other expenses	-	-
Total costs	-	-

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were in specie transfers during the year of £144,643,879 (2018: nil). There were corporate actions during the year of £1,588,743 (2018: £24,590,855).

There were direct transaction costs associated with derivatives in the year of £545 (2018: £1,091) which is 0.00% of the average net asset value of the fund (2018: 0.00%).

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

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 30 June 2019 was 1.13% (2018: 1.13%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

The fund launched a new share class, E income, on 8 July 2019.

Distribution tables for the year ended 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 30 September 2018, paid on 30 November 2018)

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class A income				
Group 1	1.2414	-	1.2414	1.2936
Group 2	0.4491	0.7923	1.2414	1.2936
Class I accumulation				
Group 1	2.7676	-	2.7676	2.8014
Group 2	1.2588	1.5088	2.7676	2.8014
Class I income				
Group 1	1.4584	-	1.4584	1.5190
Group 2	0.6462	0.8122	1.4584	1.5190
Class Z accumulation				
Group 1	2.1819	-	2.1819	2.0700
Group 2	2.1819	-	2.1819	2.0700
Class A income gross¹				
Group 1	n/a	n/a	n/a	1.3060
Group 2	n/a	n/a	n/a	1.3060
Class I accumulation gross¹				
Group 1	n/a	n/a	n/a	3.1140
Group 2	n/a	n/a	n/a	3.1140
Class I income gross¹				
Group 1	n/a	n/a	n/a	1.4857
Group 2	n/a	n/a	n/a	1.4857

¹ Class A income gross, Class I accumulation gross and Class I income gross closed on 2 October 2017.

Distribution tables (continued)

Interim interest distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class A income				
Group 1	1.2525	-	1.2525	1.3038
Group 2	0.4280	0.8245	1.2525	1.3038
Class I accumulation				
Group 1	2.7944	-	2.7944	2.8360
Group 2	1.0697	1.7247	2.7944	2.8360
Class I income				
Group 1	1.4606	-	1.4606	1.5262
Group 2	0.7774	0.6832	1.4606	1.5262
Class Z accumulation				
Group 1	2.0599	-	2.0559	2.1262
Group 2	2.0559	-	2.0559	2.1262

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 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 31/05/19	Total distribution per share 31/05/18
Class A income				
Group 1	1.1967	-	1.1967	1.2478
Group 2	0.4844	0.7123	1.1967	1.2478
Class I accumulation				
Group 1	2.7129	-	2.7129	2.7405
Group 2	0.8821	1.8308	2.7129	2.7405
Class I income				
Group 1	1.4073	-	1.4073	1.4640
Group 2	0.6719	0.7354	1.4073	1.4640
Class Z accumulation				
Group 1	2.0074	-	2.0074	2.0219
Group 2	2.0074	-	2.0074	2.0219

Distribution tables (continued)

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class A income				
Group 1	1.1602	-	1.1602	1.2286
Group 2	0.3030	0.8572	1.1602	1.2286
Class I accumulation				
Group 1	2.6935	-	2.6935	2.7193
Group 2	0.6988	1.9947	2.6935	2.7193
Class I income				
Group 1	1.2668	-	1.2668	1.4424
Group 2	0.4655	0.8013	1.2668	1.4424
Class Z accumulation				
Group 1	2.0361	-	2.0361	1.8898
Group 2	2.0361	-	2.0361	1.8898

Janus Henderson Institutional Long Dated Gilt Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Andrew Mulliner and Bethany Payne

Investment objective and policy

To aim to provide a return by investing primarily in long dated United Kingdom Government securities. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	6.6	3.6	(1.1)	21.1	13.7
FTSE Gilts Over 15 Years	7.2	4.2	(1.8)	24.1	16.3
IA UK Gilts	5.0	2.1	(0.8)	13.6	8.5

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

Index: The FTSE Gilts Over 15 Years Index

Index Usage: Comparator

Index description: The FTSE Gilts Over 15 Years Index is a measure of the combined performance of bonds issued by the British government with more than 15 years to maturity. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA UK Gilts

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 30 June 2019

Largest purchases	£000	Largest sales	£000
UK Treasury 1.50% 22/07/2047	1,913	UK Treasury 4.50% 07/09/2034	2,937
UK Treasury 3.75% 22/07/2052	1,823	UK Treasury 3.75% 22/07/2052	2,100
UK Treasury 4.25% 07/12/2046	1,378	UK Treasury 1.50% 22/07/2047	1,896
UK Treasury 1.75% 07/09/2037	1,271	UK Treasury 4.25% 07/12/2046	1,728
UK Treasury 2.50% 22/07/2065	1,165	UK Treasury 4.50% 07/12/2042	1,669
UK Treasury 4.50% 07/12/2042	1,145	UK Treasury 2.50% 22/07/2065	1,369
UK Treasury 1.75% 22/01/2020	1,074	UK Treasury 3.50% 22/07/2068	1,292
UK Treasury 3.25% 22/01/2044	996	UK Treasury 3.25% 22/01/2044	1,071
UK Treasury 4.25% 07/03/2036	989	UK Treasury 4.25% 07/12/2040	986
UK Treasury 3.50% 22/07/2068	913	UK Treasury 4.00% 22/01/2060	950
Total purchases	18,574	Total sales	21,296

Investment review

The fund returned 6.6% based on Class I accumulation over the year under review, compared with a return of 7.2% in the FTSE Gilts Over 15 Years Index and a return of 5.0% in IA UK Gilts peer group benchmark.

The second half of 2018 saw weakness in most asset classes as investors worried about the prospects of continued interest rate hikes by the US Federal Reserve (Fed). The Fed duly delivered a series of three interest hikes, the final being in December. This led to poor performance from credit, particularly in the fourth quarter, prompting a rally in government bonds. However, as global growth, inflation expectations and equity markets headed downward, the Fed began to backtrack. Other major central banks followed on this dovish path, as evidenced by the Reserve Banks of Australia and New Zealand cutting rates, and the growing possibility of fresh stimulus by the European Central Bank.

All the while, trade tensions and geopolitical risks remained in the spotlight, and economic data continued to exhibit a weakening trend. Thus, a feeling of 'bad news is good news' arose with the expectation that renewed central bank support could extend the cycle. As a result, corporate credit and emerging markets bounced back strongly in 2019 due to renewed risk appetite as falling interest rates pushed more bond yields into negative territory, particularly in Europe. Economic data was mixed; generally weaker manufacturing data was seen globally, while the services sector remained fairly resilient.

In the UK, political tensions remained elevated as negotiations to leave the European Union continued. While the Bank of England kept interest rates on hold, policymakers were relatively hawkish for most of the year; however, we believe the uncertainty of Brexit, signs of a weaker UK economy and the shift to a more accommodative stance from the other major central banks makes an interest rate hike unlikely. UK government bonds performed well particularly in 2019 as a result, with index-linked gilts no exception — real (inflation-adjusted) yields briefly hit new lows in March.

Government bond markets performed well over the year. On a relative basis, the fund's performance was slightly behind that of the benchmark, mainly due to underperformance in the latter half of 2018. In response to the weaker global economic environment and move towards greater easing by major central banks, we continued to increase exposure to 'safe haven' government bond markets in 2019, which was a primary driver of returns.

The choppy environment for government bond markets in the second half of 2018 (in which yields rose in the third quarter but subsequently rallied in November and December) led to underperformance from tactical strategies. The fund was positioned for yields to fall in Canada, Australia and New Zealand relative to other markets, such as Japan. Canadian yields continued to rise against our expectations when GDP and retail sales data proved better than expected despite signs of a slowing economy and sluggish consumer credit. We exited this position in October. The pick-up in market volatility from that month led to choppier market conditions and a flight to quality. Positions in Australia and New Zealand rates performed well in December; however, against this our negative view on Japan (we expected yields to rise and a steeper yield curve) detracted.

Given the weaker global economic environment and moves towards greater easing by the major central banks, we continued to increase exposure to 'safe haven' government bond markets in 2019. Alongside the US, this allocation was focused in areas such as Australia, New Zealand, Sweden and Canada, which all performed well in 2019. We expected steeper yield curves (when shorter maturity rates outperform relative to longer maturity rates) and this position worked well in the US, as shorter maturity debt benefited from expectations that the Fed would start to cut interest rates.

Within emerging markets, a position in Mexico was a standout contributor over the quarter; five-year yields fell by around 50 basis points. We expect rates to be cut from restrictive levels as inflation slows and pressure from Fed tightening abates.

Within UK inflation markets, a position expecting UK inflation to fall detracted, as Brexit concerns kept sterling under pressure.

Currency strategies detracted from performance over the year. For most of 2018, the fund was positioned for a weaker US dollar against other developed market currencies, and for the appreciation of the Colombian peso on expectations of higher rates and resilient oil prices. These were closed at a loss, as the US dollar outperformed in the fourth quarter as the Fed continued to out-hike other central banks. At the start of 2019, we increased our position in the Norwegian krone (held against a basket of the euro, Swedish krona and Canadian dollar) on expectations of rate hikes from the Norges Bank relative to other developed markets.

Comparative tables for the year ended 30 June 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	220.49	214.10	220.09
Return before operating charges*	16.00	8.38	(3.73)
Operating charges	(2.05)	(1.99)	(2.02)
Return after operating charges*	13.95	6.39	(5.75)
Distributions on accumulation shares	(2.70)	(2.77)	(2.55)
Retained distributions on accumulation shares [^]	2.70	2.77	2.31
Closing net asset value per share	234.44	220.49	214.10
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	6.33%	2.98%	(2.61%)
Other information			
Closing net asset value (£000s)	1,185	867	845
Closing number of shares	505,301	393,126	394,635
Operating charges	0.93%	0.92%	0.92%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	237.40	224.10	241.30
Lowest share price (pence)	205.60	206.70	203.70

[^]Retained distribution prior 6 April 2017 are net of 20% income tax.

	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	198.74	195.44	203.04
Return before operating charges*	14.31	7.63	(3.62)
Operating charges	(1.84)	(1.81)	(1.86)
Return after operating charges*	12.47	5.82	(5.48)
Distributions on income shares	(2.43)	(2.52)	(2.12)
Closing net asset value per share	208.78	198.74	195.44
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	6.27%	2.98%	(2.70%)
Other information			
Closing net asset value (£000s)	8,298	8,216	10,682
Closing number of shares	3,974,667	4,134,156	5,465,468
Operating charges	0.93%	0.92%	0.92%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	212.10	204.50	222.60
Lowest share price (pence)	184.70	187.50	187.60

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	326.97	316.32	324.13
Return before operating charges*	23.79	12.41	(5.54)
Operating charges	(1.83)	(1.76)	(1.78)
Return after operating charges*	21.96	10.65	(7.32)
Distributions on accumulation shares	(5.19)	(5.28)	(4.96)
Retained distributions on accumulation shares [^]	5.19	5.28	4.47
Closing net asset value per share	348.93	326.97	316.32
* after direct transaction costs of:	-	0.01	-
Performance			
Return after charges	6.72%	3.37%	(2.26%)
Other information			
Closing net asset value (£000s)	13,958	19,470	14,494
Closing number of shares	4,000,306	5,954,904	4,582,010
Operating charges	0.56%	0.55%	0.55%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	353.30	331.30	355.50
Lowest share price (pence)	305.10	306.10	300.50

[^]Retained distribution prior 6 April 2017 are net of 20% income tax.

	Class Z accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	237.52	228.64	232.76
Return before operating charges*	17.37	9.00	(4.00)
Operating charges	(0.14)	(0.12)	(0.12)
Return after operating charges*	17.23	8.88	(4.12)
Distributions on accumulation shares	(4.99)	(4.99)	(4.74)
Retained distributions on accumulation shares	4.99	4.99	4.74
Closing net asset value per share	254.75	237.52	228.64
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	7.25%	3.88%	(1.77%)
Other information			
Closing net asset value (£000s)	17,439	13,279	12,355
Closing number of shares	6,845,475	5,590,541	5,403,725
Operating charges	0.06%	0.05%	0.05%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	257.90	240.20	255.70
Lowest share price (pence)	222.00	221.90	216.60

Comparative tables (continued)

	Class I accumulation gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	342.52	350.39
Return before operating charges*	(1.04)	(5.90)
Operating charges	(0.48)	(1.97)
Return after operating charges*	(1.52)	(7.87)
Distributions on accumulation shares	(1.36)	(5.35)
Retained distributions on accumulation shares	1.36	5.35
Final cancellation price	(341.00) ¹	-
Closing net asset value per share	-	342.52
* after direct transaction costs of:	0.01	-
Performance		
Return after charges	(0.44%)	(2.25%)
Other information		
Closing net asset value (£000s)	-	6,533
Closing number of shares	-	1,907,427
Operating charges	0.55%	0.55%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	358.70 ²	384.60
Lowest share price (pence)	336.90 ²	325.30

¹ Class I accumulation gross closed on 2 October 2017 and this is the final cancellation price.

² to October 2017

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

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

	2019 %	2018 %
Class A	0.93	0.92
Class I	0.56	0.55
Class Z	0.06	0.05

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

Risk and reward profile

The fund currently has 4 types of share class in issue; A accumulation, A income, I accumulation and Z accumulation.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Bonds 97.44% (2018: 98.02%)		
	Japan 1.50% (2018: 0.00%)		
	Fixed Rate Bond 1.50% (2018: 0.00%)		
JPY 74,050,000	Japan (Government of) 0.80% 20/03/2058	613	1.50
	United Kingdom 95.94% (2018: 98.02%)		
	Fixed Rate Bond 95.94% (2018: 98.02%)		
GBP 1,659,246	UK Treasury 1.50% 22/07/2047	1,667	4.08
GBP 688,545	UK Treasury 1.625% 22/10/2054	725	1.77
GBP 703,272	UK Treasury 1.625% 22/10/2071	772	1.89
GBP 1,834,761	UK Treasury 1.75% 07/09/2037	1,951	4.77
GBP 920,703	UK Treasury 1.75% 22/01/2020	980	2.40
GBP 1,151,060	UK Treasury 1.75% 22/07/2057	1,267	3.10
GBP 1,131,630	UK Treasury 2.50% 22/07/2065	1,561	3.82
GBP 1,800,747	UK Treasury 3.25% 22/01/2044	2,459	6.01
GBP 1,645,830	UK Treasury 3.50% 22/01/2045	2,353	5.75
GBP 1,103,566	UK Treasury 3.50% 22/07/2068	1,931	4.72
GBP 1,381,021	UK Treasury 3.75% 22/07/2052	2,220	5.43
GBP 1,317,334	UK Treasury 4.00% 22/01/2060	2,377	5.82
GBP 2,172,441	UK Treasury 4.25% 07/03/2036	3,147	7.70
GBP 1,290,751	UK Treasury 4.25% 07/09/2039	1,943	4.75
GBP 1,374,350	UK Treasury 4.25% 07/12/2040	2,096	5.13
GBP 1,337,884	UK Treasury 4.25% 07/12/2046	2,172	5.31
GBP 1,116,398	UK Treasury 4.25% 07/12/2049	1,879	4.60
GBP 1,501,487	UK Treasury 4.25% 07/12/2055	2,708	6.63
GBP 1,494,163	UK Treasury 4.50% 07/12/2042	2,404	5.88
GBP 1,648,115	UK Treasury 4.75% 07/12/2038	2,609	6.38
		<u>39,221</u>	<u>95.94</u>
	Collective Investment Schemes 1.18% (2018: 0.00%)		
482,200	Deutsche Global Liquidity Managed Platinum Sterling Fund	482	1.18
	Derivatives 0.48% (2018: (0.12%))		
	Futures 0.07% (2018: (0.01%))		
4	CBT US Ultra Bond September 2019	18	0.04
(8)	EUX Euro-Bund 50 September 2019	(12)	(0.03)
8	ICE Long Gilt September 2019	8	0.02
13	MSE Canada 10 Year Bond September 2019	11	0.03
(2)	OSE Japan 10 Year Bond September 2019	(7)	(0.02)
32	SFE Australia 10 Year Bond September 2019	12	0.03
		<u>30</u>	<u>0.07</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Options 0.00% (2018: 0.03%)			
Swaptions 0.00% (2018: (0.01%))			
Swaps 0.41% (2018: (0.11%))¹			
Inflation Index Swaps (0.16%) (2018: 0.00%)¹			
1,250,000	IIS 3.48% September 2023 - Receive Fixed - GBP	(32)	(0.08)
1,190,000	IIS 3.5238% February 2029 - Receive Fixed - GBP	(21)	(0.05)
1,250,000	IIS 3.6225% December 2023 - Receive Fixed - GBP	(12)	(0.03)
		<u>(65)</u>	<u>(0.16)</u>
Interest Rate Swaps 0.57% (2018: (0.11%))¹			
4,060,000	IRS 0.112% EURIBOR 6 month - Receive Floating - EUR	(63)	(0.15)
24,795,030	IRS 0.40% STIBOR 3 month - Receive Fixed - SEK	33	0.08
2,060,000	IRS 0.6408% EURIBOR 6 month - Receive Fixed - EUR	89	0.21
20,430,000	IRS 1.8025% LIBOR 3 month - Receive Fixed - USD	33	0.08
4,380,000	IRS 2.0663% LIBOR 3 month - Receive Floating - USD	(37)	(0.09)
4,870,000	IRS 2.8825% NZD-BBR 3 month - Receive Fixed - NZD	88	0.22
21,150,000	IRS 7.871% TIIE 3 month - Receive Fixed - MXN	22	0.05
42,530,000	IRS 8.2225% TIIE 28 day - Receive Fixed - MXN	67	0.17
		<u>232</u>	<u>0.57</u>
Forward Foreign Exchange Contracts 0.00% (2018: (0.02%))¹			
	Buy AUD 37,300 : Sell GBP 20,377 July 2019 ²	-	-
	Buy CAD 4,516 : Sell GBP 2,689 July 2019 ²	-	-
	Buy CAD 4,544 : Sell GBP 2,690 July 2019 ²	-	-
	Buy CAD 6,030 : Sell GBP 3,580 July 2019 ²	-	-
	Buy EUR 15,100 : Sell GBP 13,517 July 2019 ²	-	-
	Buy GBP 1,140 : Sell SEK 13,610 July 2019 ²	-	-
	Buy GBP 125,166 : Sell USD 160,000 September 2019 ²	-	-
	Buy GBP 1,491 : Sell SEK 17,599 July 2019 ²	-	-
	Buy GBP 15,012 : Sell CAD 25,352 July 2019 ²	-	-
	Buy GBP 1,602 : Sell CAD 2,691 July 2019 ²	-	-
	Buy GBP 2,110 : Sell MXN 50,890 July 2019 ²	-	-
	Buy GBP 2,417 : Sell NZD 4,628 July 2019 ²	-	-
	Buy GBP 25,353 : Sell AUD 46,417 July 2019 ²	-	-
	Buy GBP 26,683 : Sell NZD 51,483 July 2019 ²	-	-
	Buy GBP 2,692 : Sell SEK 32,023 July 2019 ²	-	-
	Buy GBP 27,234 : Sell USD 34,460 July 2019 ²	-	-
	Buy GBP 30,137 : Sell USD 37,970 July 2019 ²	-	-
	Buy GBP 3,448 : Sell MXN 84,792 July 2019 ²	-	-
	Buy GBP 5,882 : Sell JPY 803,600 July 2019 ²	-	-
	Buy GBP 594,281 : Sell JPY 81,043,520 July 2019	3	0.01
	Buy GBP 68,528 : Sell EUR 76,744 July 2019 ²	-	-
	Buy GBP 7,727 : Sell NZD 14,650 July 2019 ²	-	-
	Buy IDR 7,054,780,000 : Sell USD 487,680 September 2019	5	0.01
	Buy JPY 48,609,240 : Sell AUD 647,907 September 2019	(1)	-
	Buy MXN 25,699 : Sell GBP 1,053 July 2019 ²	-	-
	Buy MXN 327,952 : Sell GBP 13,509 July 2019 ²	-	-
	Buy MXN 51,612 : Sell GBP 2,097 July 2019 ²	-	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ <small>(continued)</small>			
	Buy MXN 70,042 : Sell GBP 2,881 July 2019 ²	-	-
	Buy MXN 76,601 : Sell GBP 3,116 July 2019 ²	-	-
	Buy MXN 82,472 : Sell GBP 3,383 July 2019 ²	-	-
	Buy NZD 11,256 : Sell GBP 5,822 July 2019 ²	-	-
	Buy NZD 13,849 : Sell GBP 7,159 July 2019 ²	-	-
	Buy NZD 14,501 : Sell GBP 7,492 July 2019 ²	-	-
	Buy NZD 3,694 : Sell GBP 1,906 July 2019 ²	-	-
	Buy NZD 8,183 : Sell GBP 4,233 July 2019 ²	-	-
	Buy SEK 20,155 : Sell GBP 1,718 July 2019 ²	-	-
	Buy SEK 294,210 : Sell GBP 24,653 July 2019 ²	-	-
	Buy SEK 80,193 : Sell GBP 6,671 July 2019 ²	-	-
	Buy USD 490,000 : Sell TWD 15,406,727 September 2019	(7)	(0.02)
		-	-
	Investment assets including investment liabilities	40,513	99.10
	Other net assets	367	0.90
	Total net assets	40,880	100.00

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains	2		1,688		677
Revenue	3	792		952	
Expenses	4	<u>(160)</u>		<u>(208)</u>	
Net revenue before taxation		632		744	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>632</u>		<u>744</u>
Total return before distributions			2,320		1,421
Distributions	6		(632)		(744)
Change in net assets attributable to shareholders from investment activities			<u>1,688</u>		<u>677</u>

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		41,832		44,909
Amounts receivable on issue of shares	11,885		9,540	
Amounts payable on cancellation of shares	<u>(15,058)</u>		<u>(13,912)</u>	
		(3,173)		(4,372)
Dilution adjustment		2		-
Change in net assets attributable to shareholders from investment activities		1,688		677
Retained distributions on accumulation shares		531		618
Closing net assets attributable to shareholders		<u>40,880</u>		<u>41,832</u>

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		40,705	41,074
Current assets:			
Debtors	7	375	502
Cash and bank balances	8	362	759
Total assets		41,442	42,335
Liabilities:			
Investment liabilities		192	120
Creditors:			
Amounts held at derivative clearing houses and brokers		226	20
Bank overdrafts		43	90
Distributions payable		25	25
Other creditors	9	76	248
Total liabilities		562	503
Net assets attributable to shareholders		40,880	41,832

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital gains

Net capital gains on investments during the year comprise:

	2019	2018
	£000	£000
Derivative securities	89	(138)
Forward currency contracts	(168)	(44)
Non-derivative securities	1,777	871
Other currency losses	(1)	(3)
Transaction costs	(9)	(9)
Net capital gains	1,688	677

3 Revenue

	2019	2018
	£000	£000
Bank interest	2	-
Derivative revenue	89	87
Interest on debt securities	699	859
Stock lending revenue	2	6
Total revenue	792	952

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	137	181
GAC*	18	21
	<u>155</u>	<u>202</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	3	4
Safe custody fees	1	2
	<u>4</u>	<u>6</u>
Other expenses:		
Professional fees	1	-
	<u>1</u>	<u>-</u>
Total expenses	160	208

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,316 (2018: £10,017).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2018: nil).

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	2018
	£000	£000
Net revenue before taxation	632	744
Corporation tax at 20% (2018: 20%)	126	149
Effects of:		
Revenue being paid as interest distributions	(126)	(149)
Tax charge for the year (note 5a)	-	-

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

6 Distributions

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

	2019	2018
	£000	£000
Interim income	67	86
Interim accumulation	382	469
Final income	25	25
Final accumulation	149	149
	<u>623</u>	<u>729</u>
Amounts deducted on cancellation of shares	40	33
Amounts received on issue of shares	(31)	(18)
Total distributions	<u>632</u>	<u>744</u>

Details of the distribution per share are set out in the distribution tables on pages 178 to 179.

Notes to the financial statements (continued)

7 Debtors

	2019	2018
	£000	£000
Accrued revenue	321	275
Amounts receivable for issue of shares	45	20
Currency transactions awaiting settlement	9	-
Sales awaiting settlement	-	207
Total debtors	375	502

8 Cash and bank balances

	2019	2018
	£000	£000
Amounts held at derivative clearing houses and brokers	319	277
Cash and bank balances	43	482
Total cash and bank balances	362	759

9 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	12	14
Accrued other expenses	4	5
Amounts payable for cancellation of shares	46	226
Derivative revenue payable	5	3
Currency transactions awaiting settlement	9	-
Total other creditors	76	248

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 165 and 166 and notes 4, 6, 7 and 9 on pages 167 to 169 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

There were no material shareholders at the year end (2018: nil).

Notes to the financial statements (continued)

12 Shareholders' funds

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

	2019	2018
	%	%
Class A	0.75	0.75
Class I	0.50	0.50
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 157 to 159. The distribution per share class is given in the distribution tables on pages 178 to 179. All share classes have the same rights on winding up.

Shares reconciliation as at 30 June 2019

	Class A accumulation	Class A income	Class I accumulation
Opening number of shares	393,126	4,134,156	5,954,904
Issues during the year	135,130	1,517,500	1,658,064
Cancellations during the year	(22,955)	(1,676,989)	(3,612,662)
Closing shares in issue	505,301	3,974,667	4,000,306
			Class Z accumulation
Opening number of shares			5,590,541
Issues during the year			1,306,038
Cancellations during the year			(51,104)
Shares converted during the year			-
Closing shares in issue			6,845,475

Notes to the financial statements (continued)

13 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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 30 June 2019 (2018: nil).

2019

At 30 June 2019 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
Barclays	-	-	89	89
BNP Paribas	-	3	-	3
Citigroup	-	-	33	33
Goldman Sachs	-	-	22	22
JP Morgan	-	5	121	126
Morgan Stanley	-	-	67	67
UBS	49	-	-	49
	49	8	332	389

2018

At 30 June 2018 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Interest rate swaps £000
Barclays	-	-	-
Citigroup	-	-	34
Goldman Sachs	-	-	9
JP Morgan	-	1	-
UBS	10	-	-
	10	1	43

Notes to the financial statements (continued)

13 Financial derivatives (continued)

2018 (continued)

Counterparty	Options £000	Swaptions £000	Total by counterparty £000
Barclays	9	-	9
Citigroup	-	5	39
Goldman Sachs	-	-	9
JP Morgan	3	-	4
UBS	-	-	10
	12	5	71

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 for the purposes of efficient portfolio management and 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

The fund had no stock on loan as at 30 June 2019.

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

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Citigroup	3,561	3,957	Equity
	3,561	3,957	

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	7	1	6

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.

Notes to the financial statements (continued)

15 Risk (continued)

Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

2019	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	57	-	13	70
Canadian dollar	23	-	11	34
Euro	149	-	1	150
Indonesian rupiah	-	-	5	5
Japanese yen	16	613	1	630
Mexican peso	92	-	-	92
New Zealand dollar	89	-	9	98
Swedish krona	33	-	4	37
UK sterling	159	39,221	855	40,235
US dollar	73	-	18	91
Total	691	39,834	917	41,442

2018	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	24	-	4	28
Canadian dollar	-	-	7	7
Euro	58	-	4	62
Japanese yen	14	-	-	14
UK sterling	646	41,003	510	42,159
US dollar	60	-	5	65
Total	802	41,003	530	42,335

2019	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	12	-	-	12
Canadian dollar	10	-	-	10
Euro	89	-	18	107
Japanese yen	-	-	8	8
Mexican peso	22	-	1	23
New Zealand dollar	91	-	-	91
Swedish krona	37	-	-	37
UK sterling	113	-	99	212
US dollar	55	-	7	62
Total	429	-	133	562

Notes to the financial statements (continued)

15 Risk (continued)

Interest rate risk (continued)

2018	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	4	-	-	4
Canadian dollar	9	-	-	9
Czech koruna	-	-	3	3
Euro	6	-	11	17
Japanese yen	25	-	2	27
Norwegian krone	-	-	4	4
Polish zloty	-	-	1	1
UK sterling	116	-	275	391
US dollar	40	-	7	47
Total	200	-	303	503

Credit Ratings

	Market value £000	Percentage of total net assets %
2019		
Investments		
Investment grade (AAA - BBB)	39,834	97.44
Total debt securities	39,834	97.44
Collective investment schemes	482	1.18
Derivatives	197	0.48
Investment assets including investment liabilities	40,513	99.10
Other net assets	367	0.90
Total net assets	40,880	100.00
2018		
Investments		
Investment grade (AAA - BBB)	41,003	98.02
Total debt securities	41,003	98.02
Derivatives	(49)	(0.12)
Investment assets including investment liabilities	40,954	97.90
Other net assets	878	2.10
Total net assets	41,832	100.00

Notes to the financial statements (continued)

15 Risk (continued)

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in year			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019	Relative VaR*	96.77	105.79	100.22	200.00	48.39	52.90	50.11
2018	Relative VaR*	98.29	102.77	100.31	200.00	49.15	51.39	50.15

Leverage

	Minimum %	Maximum %	Average %
2019	110.34	234.45	173.73
2018	67.24	214.23	144.53

* Reference portfolio: FTSE Gilts Over 15 Years

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Amounts held at derivatives clearing houses and brokers	226	-	-	-
Bank overdrafts	43	-	-	-
Derivative financial liabilities	-	27	107	58
Distribution payable	-	25	-	-
Other creditors	-	76	-	-
Total	269	128	107	58
2018				
Amounts held at derivatives clearing houses and brokers	20	-	-	-
Bank overdrafts	90	-	-	-
Derivative financial liabilities	-	30	40	50
Distribution payable	-	25	-	-
Other creditors	-	248	-	-
Total	110	303	40	50

Notes to the financial statements (continued)

16 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	39,884*	19	41,013*	13
Level 2	821	173	61	107
Level 3	-	-	-	-
	<u>40,705</u>	<u>192</u>	<u>41,074</u>	<u>120</u>

* 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 £39,833,952 as at 30 June 2019 (2018 :£41,003,182).

17 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Debt securities	18,574	8,995	21,296	13,079
Trades in the year before transaction costs	<u>18,574</u>	<u>8,995</u>	<u>21,296</u>	<u>13,079</u>
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	-	-	-	-
Total net trades in the year after transaction costs	<u>18,574</u>	<u>8,995</u>	<u>21,296</u>	<u>13,079</u>

Notes to the financial statements (continued)

17 Direct transaction costs (continued)

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
	2019	2018		
	%	%		
Total transaction costs expressed as a percentage of net asset value				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
Total costs	<u>-</u>	<u>-</u>		

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

There were direct transaction costs associated with derivatives in the year of £1,727 (2018: £797) which is 0.00% of the average net asset value of the fund (2018: 0.00%).

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

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 30 June 2019 was 0.01% (2018: 0.00%). The portfolio dealing spread is calculated at a 12 noon valuation point.

18 Events after the Balance sheet date

The fund launched two new share classes, E accumulation and E income, on 8 July 2019.

Distribution tables for the year ended 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 30 September 2018, paid on 30 November 2018)

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class A accumulation				
Group 1	0.6199	-	0.6199	0.6497
Group 2	0.2220	0.3979	0.6199	0.6497
Class A income				
Group 1	0.5603	-	0.5603	0.5931
Group 2	0.2066	0.3537	0.5603	0.5931
Class I accumulation				
Group 1	1.1985	-	1.1985	1.2571
Group 2	0.3381	0.8604	1.1985	1.2571
Class Z accumulation				
Group 1	1.1839	-	1.1839	1.2003
Group 2	0.7248	0.4591	1.1839	1.2003
Class I accumulation gross¹				
Group 1	n/a	n/a	n/a	1.3617
Group 2	n/a	n/a	n/a	1.3617

¹ Class I accumulation gross closed on 2 October 2017.

Interim interest distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class A accumulation				
Group 1	0.6610	-	0.6610	0.7335
Group 2	0.3790	0.2820	0.6610	0.7335
Class A income				
Group 1	0.5935	-	0.5935	0.6675
Group 2	0.2007	0.3928	0.5935	0.6675
Class I accumulation				
Group 1	1.2735	-	1.2735	1.3795
Group 2	0.6042	0.6693	1.2735	1.3795
Class Z accumulation				
Group 1	1.2137	-	1.2137	1.2893
Group 2	0.4768	0.7369	1.2137	1.2893

Distribution tables (continued)

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 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 31/05/19	Total distribution per share 31/05/18
Class A accumulation				
Group 1	0.7067	-	0.7067	0.7146
Group 2	0.1084	0.5983	0.7067	0.7146
Class A income				
Group 1	0.6326	-	0.6326	0.6482
Group 2	0.2267	0.4059	0.6326	0.6482
Class I accumulation				
Group 1	1.3470	-	1.3470	1.3459
Group 2	0.5076	0.8394	1.3470	1.3459
Class Z accumulation				
Group 1	1.2770	-	1.2770	1.2616
Group 2	0.3606	0.9164	1.2770	1.2616

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class A accumulation				
Group 1	0.7145	-	0.7145	0.6761
Group 2	0.2148	0.4997	0.7145	0.6761
Class A income				
Group 1	0.6387	-	0.6387	0.6120
Group 2	0.2648	0.3739	0.6387	0.6120
Class I accumulation				
Group 1	1.3725	-	1.3725	1.2986
Group 2	0.5376	0.8349	1.3725	1.2986
Class Z accumulation				
Group 1	1.3113	-	1.3113	1.2340
Group 2	0.4162	0.8951	1.3113	1.2340

Janus Henderson Institutional Short Duration Bond Fund

Authorised Corporate Director's (ACD) report

Investment Fund Manager

Edward Panek

Investment objective and policy

The fund aims to generate capital and income returns through investment in a diversified portfolio of short duration fixed income and variable rate securities. The fund may invest in Cash, Certificates of Deposit (CDs), Time Deposits, Commercial Paper, Floating Rate Notes, Fixed Rate Corporate Bonds, Covered Bonds, Asset Backed Securities (ABS including residential mortgage backed securities (RMBS)), government issued or guaranteed securities and securities issued by supranational or public international bodies. The fund may also invest in derivatives for the hedging of credit, currency and interest rate risk.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	24 Nov 15* - 30 Jun 16
	%	%	%	%
Class Z accumulation	1.1	0.6	1.0	0.6
3-month GBP LIBOR	0.8	0.5	0.4	0.4

* The fund launched 24 November 2015.

Source: BNP Paribas, Class Z accumulation, gross of fees and gross income reinvested as at a close of business valuation point. Benchmark values are at close of business.

Index: The 3-month GBP LIBOR

Index Usage: Comparator

Index description: The 3-month GBP LIBOR is the interest rate at which a selection of banks in London will lend pounds sterling to one another for three months. It provides a useful comparison against which the fund's performance can be assessed over time.

Class Z accumulation is disclosed as it is the only 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 30 June 2019

Largest purchases	£000	Largest sales/maturities	£000
Cars Alliance Auto Loans Germany FRN 18/08/2031	21,654	Dolphin Master Issuer FRN 28/09/2099 2013-2 A	23,255
Storm FRN 22/06/2054	20,082	Crédit Agricole Corporate and Investment Bank 0.62% 03/08/2018	20,001
Crédit Agricole 0.91% 18/03/2019	20,000	Crédit Agricole 0.91% 18/03/2019	20,000
Crédit Agricole Corporate & Investment Bank 0.81% 02/09/2019	20,000	Laser ABS FRN 25/09/2030 2017-1 A	18,325
Landesbank Hessen Thüringen 1.05% 27/09/2019	20,000	First Abu Dhabi Bank 0.84% 08/11/2018	18,000
Turbo Finance FRN 20/02/2026	19,568	ING Bank 0.85% 31/10/2018	18,000
Credit Suisse 1.12% 14/10/2019	15,000	ABN Amro Bank FRN 30/11/2018	17,000
Société Générale 1.16% 17/02/2020	15,000	Standard Chartered Bank 0.63% 06/08/2018	15,001
Standard Chartered Bank 0.92% 12/04/2019	15,000	Rabobank Nederland 0.88% 02/10/2018	15,000
ING Bank 1.04% 28/02/2020	15,000	Standard Chartered Bank 0.92% 12/04/2019	15,000
Total purchases	992,137	Total sales/maturities	1,041,733

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

Investment review

The fund returned 1.1% based on Class Z accumulation over the year under review, compared with a return of 0.8% in the 3-month GBP LIBOR Index.

Fixed income markets delivered a strong positive total return over the year under review. Credit spreads (the extra yield demanded over an equivalent government bond) broadly tightened over the year, with government bond markets also adding to performance. Government bond yields declined significantly (prices rose) across the curve, and by the end of the review year the quantity of negative yielding assets was near record levels.

The year was one of two halves. The second half of 2018 saw negative performance for risk assets, with credit spreads widening significantly in November and December. Investment grade corporate bonds suffered as volatility increased and global market sentiment deteriorated on elevated geopolitical tension and macroeconomic concerns. In particular, the US/China trade dispute, Brexit uncertainty and Italian budget worries dominated investors' attention.

In contrast, the latter part of the year under review delivered strong positive total and excess credit returns. Despite bouts of market weakness, credit spreads compressed, driven by a constructive market tone as the US Federal Reserve and European Central Bank became more dovish and expectations grew that the US and China would agree a trade deal.

Positive contributions came from all three of the principal asset classes – money market instruments, corporate bonds and asset-backed securities (ABS). This was despite the considerable volatility that characterised the first half of the year and subsequent bouts of volatility in the second half. The fund's broad diversification in terms of money markets, ABS and corporate bonds helped to insulate the fund from some of these market moves.

Within ABS, the strongest performance came from our exposure to UK prime residential mortgage-backed securities (RMBS), UK autos and credit cards. In credit markets, it was our exposure to financials that drove performance, with strong contributions from consumer sectors and utilities.

While the fund maintains its cautious stance, we have avoided the lowest yielding asset classes (such as covered bonds and Treasury bills) and our focus on spread product (taxable bonds that are not Treasury securities) has allowed us to take advantage of some of the spread widening in late 2018 in reinvesting cash.

We continued to take advantage of some of the dislocation in currency markets. The cross-currency basis swap between euros and sterling remained attractive over the year, and we therefore continued to invest in euros when the opportunity arose. We traded between US dollars and sterling on a more tactical basis.

During the year, the fund made use of currency forwards and interest rate swaps. These instruments were used to hedge both currency and interest rate risk.

Following the strong rally so far this year, particularly in corporate credit, we have re-evaluated our exposures within the fund and have recently reduced our exposure to longer duration corporate bonds. Given strong liquidity in secondary markets for corporate credit, the fund crystallised profits made since the start of the year. The cash was reinvested into money market instruments focused on the three- to six-month part of the curve, which we believe offers the most attractive yields versus the benchmark. In ABS, we added to existing positions in RMBS, autos and the consumer ABS sector.

Comparative table for the year ended 30 June 2019

	Class Z accumulation		
	2019	2018	2017
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	102.18	101.57	100.60
Return before operating charges*	1.13	0.65	1.01
Operating charges	(0.03)	(0.04)	(0.04)
Return after operating charges*	1.10	0.61	0.97
Distributions on accumulation shares	(0.83)	(0.54)	(0.61)
Retained distributions on accumulation shares	0.83	0.54	0.61
Closing net asset value per share	103.28	102.18	101.57
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	1.08%	0.60%	0.96%
Other information			
Closing net asset value (£000s)	1,084,257	1,166,635	1,442,096
Closing number of shares	1,049,790,246	1,141,656,451	1,419,821,418
Operating charges	0.03%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	103.30	102.24	101.62
Lowest share price (pence)	102.22	101.60	100.63

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

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

	2019 %	2018 %
Class Z	0.03	0.04

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

Risk and reward profile

The fund currently has one type of share class in issue; Z accumulation.

The risk and reward profile is as follows:



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

The share class appears at 3 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

The risk rating has increased from 2 to 3 in the year. The rating will change depending on if the fund takes on more/less risky investments or the market conditions become more or less volatile.

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

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

* Class Z accumulation was launched on 24 November 2015 and as it does not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Bonds 61.81% (2018: 65.97%) Australia 5.22% (2018: 2.01%) Asset Backed 0.43% (2018: 0.56%)		
AUD 8,479,519	Driver Australia Five Trust FRN 21/07/2026	4,668	0.43
	Fixed Rate Bond 1.56% (2018: 1.45%)		
GBP 17,000,000	National Australia Bank 0.875% 26/06/2020	16,959	1.56
	Floating Rate Note 3.23% (2018: 0.00%)		
GBP 12,000,000	Commonwealth Bank of Australia FRN 12/07/2021	12,012	1.11
GBP 8,000,000	Westpac Banking FRN 03/04/2020	7,999	0.74
GBP 15,000,000	Westpac Banking FRN 10/01/2020	15,000	1.38
		35,011	3.23
	Austria 0.73% (2018: 0.00%) Floating Rate Note 0.73% (2018: 0.00%)		
EUR 8,867,927	Fact FRN 20/11/2025	7,962	0.73
	Belgium 0.77% (2018: 0.46%) Asset Backed 0.50% (2018: 0.46%)		
EUR 6,000,000	BL FRN 25/03/2034	5,387	0.50
	Floating Rate Note 0.27% (2018: 0.00%)		
EUR 3,300,000	Euroclear Bank FRN 10/07/2020	2,959	0.27
	Denmark 0.00% (2018: 1.03%) Floating Rate Note 0.00% (2018: 1.03%)		
	Finland 0.00% (2018: 0.79%) Floating Rate Note 0.00% (2018: 0.79%)		
	France 3.90% (2018: 4.75%) Asset Backed 0.42% (2018: 1.93%)		
EUR 5,033,885	FCT Ginkgo FRN 18/05/2043	4,511	0.42
	Fixed Rate Bond 1.74% (2018: 1.66%)		
GBP 5,500,000	Banque Fédérative du Crédit Mutuel 0.875% 08/06/2020	5,484	0.51
GBP 12,963,000	Natixis 5.875% 24/02/2020	13,364	1.23
		18,848	1.74
	Floating Rate Note 1.74% (2018: 1.16%)		
GBP 6,000,000	Banque Fédérative du Crédit Mutuel FRN 16/01/2020	6,000	0.55
EUR 14,400,000	Purple Master Credit Cards FRN 25/10/2030	12,933	1.19
		18,933	1.74
	Germany 9.42% (2018: 9.32%) Asset Backed 1.53% (2018: 5.08%)		
EUR 1,879,097	Bavarian Sky FRN 31/10/2023 GER5 A	1,682	0.16
EUR 3,266,675	Cars Alliance FRN 18/05/2027 2016-G1V A	2,928	0.27
EUR 707,056	E-Carat FRN 18/10/2024 2016-1 A	633	0.06

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Asset Backed (continued)		
EUR 2,446,691	Globaldrive Auto Receivables FRN 20/01/2024 2016-A A	2,190	0.20
EUR 4,705,905	Red & Black Auto Germany FRN 15/09/2025	4,221	0.39
EUR 5,479,759	Silver Arrow FRN 15/07/2025	4,913	0.45
		<u>16,567</u>	<u>1.53</u>
	Fixed Rate Bond 2.58% (2018: 2.08%)		
EUR 4,880,000	BMW Finance 0.125% 15/04/2020	4,378	0.40
GBP 7,000,000	Daimler 1.00% 20/12/2019	6,998	0.65
GBP 5,000,000	Daimler 1.5% 13/01/2022	5,012	0.46
USD 15,000,000	Siemens 1.70% 15/09/2021	11,634	1.07
		<u>28,022</u>	<u>2.58</u>
	Floating Rate Note 5.31% (2018: 2.16%)		
EUR 4,000,000	BASF FRN 15/11/2019	3,583	0.33
EUR 5,000,000	BMW Finance FRN 15/01/2021	4,485	0.41
EUR 24,000,000	Cars Alliance Auto Loans Germany FRN 18/08/2031	21,619	1.99
EUR 15,300,000	PBD Germany Auto FRN 19/09/2031	13,748	1.27
EUR 8,815,171	SC Germany Auto FRN 13/12/2027	7,921	0.73
EUR 6,953,354	VCL Multi-Compartment FRN 21/01/2025	6,241	0.58
		<u>57,597</u>	<u>5.31</u>
	Japan 1.01% (2018: 0.00%)		
	Floating Rate Note 1.01% (2018: 0.00%)		
GBP 11,000,000	Sumitomo Mitsui Banking FRN 07/09/2020	11,000	1.01
	Netherlands 3.92% (2018: 8.41%)		
	Asset Backed 0.80% (2018: 5.03%)		
EUR 9,707,750	Matsuba FRN 27/08/2021	8,707	0.80
	Fixed Rate Bond 1.29% (2018: 1.92%)		
GBP 14,000,000	ABN AMRO Bank 1.00% 30/06/2020	13,984	1.29
	Floating Rate Note 1.83% (2018: 1.46%)		
EUR 22,022,205	Storm FRN 22/06/2054	19,806	1.83
	Norway 0.49% (2018: 0.46%)		
	Asset Backed 0.49% (2018: 0.46%)		
NOK 58,000,000	Nordax Nordic FRN 15/12/2040 6A	5,348	0.49
	Singapore 0.92% (2018: 0.86%)		
	Floating Rate Note 0.92% (2018: 0.86%)		
GBP 10,000,000	DBS Bank FRN 25/05/2020	10,008	0.92
	Spain 1.22% (2018: 0.80%)		
	Asset Backed 1.22% (2018: 0.80%)		
EUR 14,723,687	Asset-Backed European Securitisation Transaction Thirteen Fondo de Titulización FRN 23/08/2030	13,191	1.22

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Sweden 0.00% (2018: 1.03%)		
	Floating Rate Note 0.00% (2018: 1.03%)		
	Switzerland 1.65% (2018: 0.00%)		
	Floating Rate Note 1.65% (2018: 0.00%)		
EUR 10,000,000	UBS FRN 05/09/2019	8,952	0.83
EUR 10,000,000	UBS FRN 10/01/2020	8,966	0.82
		<u>17,918</u>	<u>1.65</u>
	United Kingdom 28.49% (2018: 30.52%)		
	Asset Backed 18.31% (2018: 19.69%)		
GBP 7,561,406	Charter Mortgage Funding FRN 12/06/2055 2018-1 A	7,516	0.69
GBP 3,314,669	Duncan Funding FRN 17/04/2063 2016-1X A1B	3,320	0.31
GBP 11,598,863	Duncan Funding FRN 17/12/2062 2015-1 A1	11,626	1.07
GBP 11,294,618	E-Carat FRN 18/03/2024	11,294	1.04
GBP 3,032,362	E-Carat FRN 18/11/2024	3,032	0.28
GBP 9,122,887	Elvet Mortgages FRN 22/10/2058	9,122	0.84
GBP 18,493,891	Friary No.4 FRN 21/01/2050	18,413	1.70
GBP 577,207	Gosforth Funding FRN 15/02/2058 2016-1X A1B	577	0.05
GBP 1,082,386	Gosforth Funding FRN 24/07/2058 2016-2X A1	1,084	0.10
GBP 21,500,000	Gracechurch Card FRN 15/07/2021	21,485	1.99
GBP 10,714,286	Holmes Master Issuer FRN 15/10/2054 2017-1	10,709	0.99
GBP 10,395,000	Lanark Master Issuer FRN 22/12/2054	10,403	0.96
GBP 9,943,750	Lanark Master Issuer FRN 22/12/2069	9,926	0.92
GBP 14,409,835	Laser ABS FRN 25/09/2030 2017-1 A	14,417	1.33
GBP 218,478	Orbita Funding FRN 14/07/2023	219	0.02
GBP 12,383,081	Orbita Funding FRN 16/10/2024	12,389	1.14
GBP 5,000,000	PCL Funding FRN 15/06/2023	4,976	0.46
GBP 9,425,000	PCL Funding II FRN 15/06/2022	9,428	0.87
USD 4,200,000	Penarth Master Issuer FRN 18/03/2022	3,298	0.30
GBP 5,000,000	Penarth Master Issuer FRN 18/05/2022	5,001	0.46
GBP 13,100,000	Permanent Master Issuer FRN 15/07/2058	13,067	1.21
GBP 8,300,000	Permanent Master Issuer FRN 15/07/2058 2016-1 1A1	8,299	0.77
USD 3,763,000	Silverstone Master Issuer FRN 21/01/2070 1X 1A	2,958	0.27
USD 5,270,000	Silverstone Master Issuer FRN 21/01/2070 1X 2A2	4,145	0.38
GBP 1,687,423	Turbo Finance FRN 20/02/2023 6A	1,688	0.16
		<u>198,392</u>	<u>18.31</u>
	Fixed Rate Bond 5.97% (2018: 8.11%)		
GBP 15,700,000	Coventry Building Society 1.00% 05/05/2020	15,661	1.45
GBP 12,000,000	Coventry Building Society 6.00% 16/10/2019	12,173	1.12
EUR 10,000,000	GlaxoSmithKline 0.00% 12/09/2020	8,960	0.83
GBP 2,016,000	Northern Electric Finance 8.875% 16/10/2020	2,207	0.20
GBP 9,000,000	Northern Powergrid Yorkshire 9.25% 17/01/2020	9,378	0.86
GBP 10,000,000	Santander UK 1.625% 10/05/2021	10,053	0.93
GBP 6,266,000	Santander UK 1.875% 17/02/2020	6,295	0.58
		<u>64,727</u>	<u>5.97</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Floating Rate Note 4.21% (2018: 2.72%)		
GBP 8,595,000	Brass FRN 16/10/2059	8,591	0.79
EUR 6,500,000	HSBC FRN 09/03/2020	5,832	0.54
GBP 6,000,000	HSBC FRN 09/03/2020	5,993	0.55
GBP 11,000,000	Royal Bank of Scotland FRN 15/05/2020	11,014	1.02
GBP 14,179,478	Turbo Finance FRN 20/02/2026	14,196	1.31
		<u>45,626</u>	<u>4.21</u>
	United States 4.07% (2018: 5.53%)		
	Fixed Rate Bond 3.26% (2018: 2.32%)		
EUR 8,500,000	Berkshire Hathaway 0.50% 13/03/2020	7,640	0.70
USD 10,000,000	Citibank 3.05% 01/05/2020	7,900	0.73
EUR 7,000,000	Metropolitan Life Global Funding I 2.375% 30/09/2019	6,302	0.58
EUR 6,110,000	PACCAR Financial Europe 0.125% 19/05/2020	5,485	0.51
USD 10,000,000	3M 2.75% 01/03/2022	7,986	0.74
		<u>35,313</u>	<u>3.26</u>
	Floating Rate Note 0.81% (2018: 3.21%)		
USD 11,000,000	Wells Fargo FRN 04/03/2021	8,775	0.81
	Certificates of Deposit 33.74% (2018: 27.89%)		
	Australia 0.00% (2018: 0.86%)		
	Canada 1.39% (2018: 3.26%)		
GBP 15,000,000	Bank of Montreal 1.20% 06/12/2019	15,028	1.39
	Denmark 0.92% (2018: 1.29%)		
GBP 10,000,000	DNB Bank 1.05% 08/07/2019	10,001	0.92
	Finland 1.38% (2018: 1.14%)		
GBP 15,000,000	Nordea Bank 0.89% 07/01/2020	15,007	1.38
	France 5.08% (2018: 5.22%)		
GBP 20,000,000	Crédit Agricole Corporate & Investment Bank 0.81% 02/09/2019	20,004	1.85
GBP 10,000,000	Société Générale 0.96% 31/01/2020	10,009	0.92
GBP 10,000,000	Société Générale 0.97% 01/07/2020	10,008	0.92
GBP 15,000,000	Société Générale 1.16% 17/02/2020	15,032	1.39
		<u>55,053</u>	<u>5.08</u>
	Germany 1.85% (2018: 0.86%)		
GBP 20,000,000	Landesbank Hessen Thüringen 1.05% 27/09/2019	20,016	1.85
	Netherlands 3.23% (2018: 4.97%)		
GBP 15,000,000	ING Bank 1.04% 28/02/2020	15,021	1.39
GBP 10,000,000	ING Bank 1.08% 11/05/2020	10,018	0.92
GBP 10,000,000	Rabobank Nederland 1.18% 17/01/2020	10,021	0.92
		<u>35,060</u>	<u>3.23</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Singapore 2.77% (2018: 1.72%)			
GBP 10,000,000	United Overseas Bank 0.80% 28/11/2019	10,002	0.93
GBP 10,000,000	United Overseas Bank 0.97% 15/07/2019	10,001	0.92
GBP 10,000,000	United Overseas Bank 1.01% 01/07/2019	10,000	0.92
		30,003	2.77
Sweden 2.77% (2018: 0.99%)			
GBP 15,000,000	Handelsbanken 0.90% 02/12/2019	15,009	1.38
GBP 15,000,000	Handelsbanken 0.93% 07/11/2019	15,009	1.39
		30,018	2.77
Switzerland 2.31% (2018: 2.14%)			
GBP 15,000,000	Credit Suisse 1.12% 14/10/2019	15,016	1.39
GBP 10,000,000	Credit Suisse 1.26% 23/12/2019	10,022	0.92
		25,038	2.31
United Arab Emirates 2.82% (2018: 2.40%)			
GBP 10,000,000	First Abu Dhabi Bank 0.95% 17/12/2019	10,008	0.92
GBP 10,000,000	First Abu Dhabi Bank 1.00% 10/10/2019	10,008	0.92
GBP 10,500,000	First Abu Dhabi Bank 1.03% 31/10/2019	10,510	0.98
		30,526	2.82
United Kingdom 9.22% (2018: 3.04%)			
GBP 10,000,000	Barclays 0.90% 09/09/2019	10,004	0.92
GBP 10,000,000	Barclays 1.03% 30/09/2019	10,008	0.92
GBP 15,000,000	HSBC 0.95% 20/09/2019	15,009	1.39
GBP 10,000,000	Nationwide Building Society 0.90% 01/08/2019	10,002	0.92
GBP 10,000,000	Nationwide Building Society 1.10% 08/07/2019	10,001	0.92
GBP 10,000,000	Santander UK 0.93% 07/11/2019	10,007	0.92
GBP 10,000,000	Santander UK 0.96% 01/10/2019	10,006	0.92
GBP 15,000,000	Standard Chartered Bank 0.97% 22/08/2019	15,006	1.39
GBP 10,000,000	Standard Chartered Bank 1.02% 14/08/2019	10,004	0.92
		100,047	9.22
Derivatives (0.09%) (2018: (0.22%))			
Swaps (0.07%) (2018: 0.00%)¹			
Interest Rate Swaps (0.07%) (2018: 0.00%)¹			
8,500,000	IRS 0.2155% EURIBOR 3 month 0.00% Receive Floating 0.00% EUR	(10)	-
6,110,000	IRS 0.269% EURIBOR 3 month 0.00% Receive Floating 0.00% EUR	(6)	-
7,000,000	IRS 0.278% EURIBOR 3 month 0.00% Receive Floating 0.00% EUR	(1)	-
4,880,000	IRS 0.2844% EURIBOR 3 month 0.00% Receive Floating 0.00% EUR	(3)	-
10,000,000	IRS 0.366% EURIBOR 3 month 0.00% Receive Floating 0.00% EUR	(8)	-
7,000,000	IRS 0.48% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	10	-
5,500,000	IRS 0.50% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	15	-
7,800,000	IRS 0.53% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	18	-
9,000,000	IRS 0.5475% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	12	-
6,000,000	IRS 0.754% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	6	-
7,000,000	IRS 0.911% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(3)	-
5,000,000	IRS 1.025% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(4)	-
12,963,000	IRS 1.07% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(24)	-
7,900,000	IRS 1.10% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(11)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
17,000,000	IRS 1.121% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(57)	(0.01)
7,000,000	IRS 1.1225% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(24)	-
14,000,000	IRS 1.1225% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(47)	-
10,000,000	IRS 1.1367% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(69)	(0.01)
5,000,000	IRS 1.1377% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(47)	-
2,016,000	IRS 1.161% LIBOR 3 month 0.00% Receive Floating 0.00% GBP	(10)	-
10,000,000	IRS 2.601% LIBOR 3 month 0.00% Receive Floating 0.00% USD	(174)	(0.02)
10,000,000	IRS 2.7122% LIBOR 3 month 0.00% Receive Floating 0.00% USD	(44)	-
15,000,000	IRS 2.981% LIBOR 3 month 0.00% Receive Floating 0.00% USD	(308)	(0.03)
		<u>(789)</u>	<u>(0.07)</u>
Forward Foreign Exchange Contracts (0.02%) (2018: (0.22%))¹			
	Buy AUD 209,485 : Sell GBP 115,320 July 2019 ²	-	-
	Buy AUD 243,298 : Sell GBP 133,229 July 2019	1	-
	Buy EUR 1,841,893 : Sell GBP 1,654,356 July 2019	(5)	-
	Buy EUR 2,058 : Sell GBP 1,843 July 2019 ²	-	-
	Buy EUR 2,849,735 : Sell GBP 2,552,257 July 2019	(1)	-
	Buy EUR 304,222 : Sell GBP 272,330 July 2019 ²	-	-
	Buy EUR 727,112 : Sell GBP 646,381 July 2019	5	-
	Buy EUR 8,861,649 : Sell GBP 7,954,021 July 2019	(19)	-
	Buy EUR 975,338 : Sell GBP 868,064 July 2019	5	-
	Buy GBP 220,150,861 : Sell EUR 246,544,645 July 2019	(613)	(0.05)
	Buy GBP 23,492 : Sell USD 29,827 July 2019 ²	-	-
	Buy GBP 4,172,653 : Sell USD 5,308,200 July 2019	7	-
	Buy GBP 42,292,080 : Sell USD 53,283,773 July 2019	473	0.04
	Buy GBP 4,865,405 : Sell AUD 8,907,569 July 2019	(44)	-
	Buy GBP 5,294,669 : Sell NOK 58,081,090 July 2019	(56)	(0.01)
	Buy GBP 53,958 : Sell USD 68,649 July 2019 ²	-	-
	Buy GBP 809,123 : Sell USD 1,017,848 July 2019	10	-
	Buy NOK 114,840 : Sell GBP 10,537 July 2019 ²	-	-
	Buy USD 29,730 : Sell GBP 23,662 July 2019 ²	-	-
	Buy USD 46,534 : Sell GBP 36,658 July 2019 ²	-	-
	Buy USD 9,543 : Sell GBP 7,505 July 2019 ²	-	-
		<u>(237)</u>	<u>(0.02)</u>
	Investment assets including investment liabilities	1,034,990	95.46
	Other net assets	49,267	4.54
	Total net assets	1,084,257	100.00

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains	2		2,825		964
Revenue	3	9,472		7,445	
Expenses	4	(384)		(457)	
Interest payable and similar charges	5	(6)		(6)	
Net revenue before taxation		9,082		6,982	
Taxation	6	-		-	
Net revenue after taxation			9,082		6,982
Total return before distributions			11,907		7,946
Distributions	7		(9,081)		(6,983)
Change in net assets attributable to shareholders from investment activities			2,826		963

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,166,635		1,442,096
Amounts receivable on issue of shares	-		33,621	
Amounts payable on cancellation of shares	(94,195)		(316,801)	
		(94,195)		(283,180)
Dilution adjustment		16		70
Change in net assets attributable to shareholders from investment activities		2,826		963
Retained distributions on accumulation shares		8,975		6,686
Closing net assets attributable to shareholders		1,084,257		1,166,635

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		1,036,578	1,095,338
Current assets:			
Debtors	8	13,189	4,099
Cash and bank balances	9	46,166	73,111
Total assets		1,095,933	1,172,548
Liabilities:			
Investment liabilities		1,588	2,928
Creditors:			
Bank overdrafts		-	502
Other creditors	10	10,089	2,483
Total liabilities		11,676	5,913
Net assets attributable to shareholders		1,084,257	1,166,635

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital gains

Net capital gains on investments during the year comprise:

	2019	2018
	£000	£000
Derivative securities	(797)	897
Forward currency contracts	955	(19)
Non-derivative securities	2,820	(180)
Other currency (losses)/gains	(151)	278
Transaction costs	(2)	(12)
Net capital gains	2,825	964

3 Revenue

	2019	2018
	£000	£000
Bank interest	362	184
Derivative revenue	(215)	(545)
Interest on debt securities	9,322	7,806
Interest on margin	3	-
Total revenue	9,472	7,445

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
GAC*	258	301
	<u>258</u>	<u>301</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	67	72
Safe custody fees	59	84
	<u>126</u>	<u>156</u>
Total expenses	384	457

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,316 (2018: £10,017).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	6	6
Total interest payable and similar charges	6	6

6 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2018: nil).

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	9,082	6,982
Corporation tax at 20% (2018: 20%)	1,816	1,396
Effects of: Revenue being paid as interest distributions	(1,816)	(1,396)
Tax charge for the year (note 6a)	-	-

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

7 Distributions

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

	2019 £000	2018 £000
Interim accumulation	6,704	4,897
Final accumulation	2,271	1,789
	8,975	6,686
Amounts deducted on cancellation of shares	106	337
Amounts received on issue of shares	-	(40)
Total distributions	9,081	6,983
Net revenue after taxation	9,082	6,982
Undistributed revenue brought forward	-	1
Undistributed revenue carried forward	(1)	-
Total distributions	9,081	6,983

Details of the distribution per share are set out in the distribution tables on page 202.

Notes to the financial statements (continued)

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	3,164	4,013
Sales awaiting settlement	10,025	86
Total debtors	13,189	4,099

9 Cash and bank balances

	2019	2018
	£000	£000
Amounts held at derivative clearing houses and brokers	1,566	1,002
Cash and bank balances	44,600	72,109
Total cash and bank balances	46,166	73,111

10 Other creditors

	2019	2018
	£000	£000
Accrued Depositary's fee	11	5
Accrued other expenses	31	46
Amounts payable for cancellation of shares	-	2,350
Derivative revenue payable	46	82
Purchases awaiting settlement	10,000	-
Total other creditors	10,088	2,483

11 Contingent liabilities and commitments

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 191 and 192 and notes 4, 7 and 10 on pages 193 to 195 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

HSBC Global Custody Nominee (UK) Limited, as a material shareholder, is a related party holding shares comprising 100.00% of the total net assets of the fund as at the year end (2018: 99.65%).

13 Shareholders' funds

The fund currently has 1 share class available; Class Z (Institutional). The annual management charge on each share class is as follows:

	2019	2018
	%	%
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 182. The distribution per share class is given in the distribution tables on page 202. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

Shares reconciliation as at 30 June 2019

	Class Z accumulation
Opening number of shares	1,141,656,451
Cancellations during the year	(91,866,205)
Closing shares in issue	<u>1,049,790,246</u>

14 Financial derivatives

The fund may use financial derivatives for hedging and meeting the investment objectives including risk reduction and implementation of investment policies.

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 30 June 2019 (2018: nil).

2019

At 30 June 2019 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	501	-	501
JP Morgan	-	22	22
Morgan Stanley	-	39	39
	<u>501</u>	<u>61</u>	<u>562</u>

2018

At 30 June 2018 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Interest rate swaps £000	Total by counterparty £000
BNP Paribas	122	-	122
Citigroup	-	271	271
	<u>122</u>	<u>271</u>	<u>393</u>

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.

Notes to the financial statements (continued)

15 Risk (continued)

Interest rate risk

The fund's exposure to interest rate risk is considered significant. The interest rate risk profile of the fund's financial assets and financial liabilities at the year end is set out in the following table:

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2019				
Australian dollar	4,668	-	3	4,671
Euro	173,950	32,766	136	206,852
Norwegian krone	5,348	-	4	5,352
UK sterling	334,906	483,364	13,311	831,581
US dollar	19,720	27,521	236	47,477
Total	538,592	543,651	13,690	1,095,933
	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2018				
Australian dollar	6,700	-	5	6,705
Euro	208,831	44,836	440	254,107
Norwegian krone	5,391	-	4	5,395
UK sterling	408,452	485,030	3,771	897,253
US dollar	9,087	-	1	9,088
Total	638,461	529,866	4,221	1,172,548
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2019				
Euro	28	-	32	60
UK sterling	295	-	10,790	11,085
US dollar	526	-	5	531
Total	849	-	10,827	11,676
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2018				
Euro	8	-	7	15
UK sterling	754	-	5,144	5,898
Total	762	-	5,151	5,913

Notes to the financial statements (continued)

15 Risk (continued)

Credit Ratings

	Market value £000	Percentage of total net assets %
2019		
Investments		
Investment grade (AAA - BBB)*	959,116	88.46
Unrated	76,900	7.09
Total debt securities	1,036,016	95.55
Derivatives	(1,026)	(0.09)
Investment assets including investment liabilities	1,034,990	95.46
Other net assets	49,267	4.54
Total net assets	1,084,257	100.00
	Market value £000	Percentage of total net assets %
2018		
Investments		
Investment grade (AAA - BBB)*	1,035,340	88.75
Unrated	59,605	5.11
Total debt securities	1,094,945	93.86
Derivatives	(2,535)	(0.22)
Investment assets including investment liabilities	1,092,410	93.64
Other net assets	74,225	6.36
Total net assets	1,166,635	100.00

* Certificates of deposit included within investment grade have been rated based on the rating of the issuer.

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in year			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019	Absolute VaR	0.23	1.13	0.45	20.00	1.16	5.64	2.25
2018	Absolute VaR	0.84	1.75	1.32	20.00	4.22	8.77	6.58

Leverage

	Minimum %	Maximum %	Average %
2019	40.57	103.13	61.92
2018	43.17	177.58	84.84

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	-	972	616	-
Other creditors	-	10,088	-	-
Total	-	11,060	616	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Bank overdrafts	502	-	-	-
Distribution payable	-	2,691	237	-
Other creditors	-	2,483	-	-
Total	502	5,174	237	-

16 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	1,036,578	1,588	1,095,338	2,928
Level 3	-	-	-	-
	1,036,578	1,588	1,095,338	2,928

Notes to the financial statements (continued)

17 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Certificates of deposit	582,230	703,785	542,330	764,972
Debt securities	409,907	459,880	499,403	640,107
Trades in the year before transaction costs	992,137	1,163,665	1,041,733	1,405,079
Transaction costs				
Commissions				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	-	-	-	-
Total net trades in the year after transaction costs	992,137	1,163,665	1,041,733	1,405,079

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Taxes				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
Other expenses				
Certificates of deposit	-	-	-	-
Debt securities	-	-	-	-
	2019 %	2018 %		

Total transaction costs expressed as a percentage of net asset value

Commissions	-	-
Taxes	-	-
Other expenses	-	-
Total costs	-	-

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 £9,659,840 (2018: £10,695,500).

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 30 June 2019 was 0.08% (2018: 0.10%). 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 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 30 September 2018, paid on 30 November 2018)

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class Z accumulation				
Group 1	0.1982	-	0.1982	0.1243
Group 2	0.0746	0.1236	0.1982	0.1243

Interim interest distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class Z accumulation				
Group 1	0.1996	-	0.1996	0.1384
Group 2	0.1996	-	0.1996	0.1384

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 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 31/05/19	Total distribution per share 31/05/18
Class Z accumulation				
Group 1	0.2167	-	0.2167	0.1186
Group 2	0.2167	-	0.2167	0.1186

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class Z accumulation				
Group 1	0.2163	-	0.2163	0.1567
Group 2	0.2163	-	0.2163	0.1567

Janus Henderson Institutional UK Gilt Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Andrew Mulliner and Bethany Payne

Investment objective and policy

To provide a return by investing primarily in United Kingdom Government securities. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	4.5	1.2	(0.6)	11.4	6.8
FTSE Actuaries All Stocks Gilt Index	4.9	1.9	(0.9)	13.5	8.9
IA UK Gilts	5.0	2.1	(0.8)	13.6	8.5

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

Index: The FTSE Actuaries All Stocks Gilt Index

Index Usage: Comparator

Index description: The FTSE Actuaries All Stocks Gilt Index is a measure of the combined performance of conventional bonds issued by the British government. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA UK Gilts

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 30 June 2019

Largest purchases	£000	Largest sales	£000
UK Treasury 4.25% 07/12/2027	15,476	UK Treasury 4.50% 07/03/2019	16,883
UK Treasury 4.00% 07/03/2022	13,373	UK Treasury 3.75% 07/09/2021	13,170
UK Treasury 1.625% 22/10/2028	12,713	UK Treasury 3.75% 07/09/2019	12,567
UK Treasury 3.75% 07/09/2021	11,910	UK Treasury 4.00% 07/03/2022	12,496
UK Treasury 4.50% 07/12/2042	8,810	UK Treasury 4.25% 07/12/2027	11,741
UK Treasury 1.50% 22/07/2026	7,159	UK Treasury 4.50% 07/12/2042	10,203
UK Treasury 1.50% 22/01/2021	6,982	UK Treasury 4.50% 07/09/2034	9,930
Netherlands (Kingdom of) 0.75% 15/07/2027	6,254	UK Treasury 3.75% 22/07/2052	7,723
UK Treasury 3.75% 22/07/2052	5,742	UK Treasury 1.50% 22/01/2021	7,615
UK Treasury 4.25% 07/06/2032	5,281	UK Treasury 1.75% 22/07/2019	7,523
Total purchases	154,300	Total sales	186,116

Investment review

The fund returned 4.5% based on Class I accumulation, over the year under review compared with a return of 4.9% in the FTSE Actuaries All Stocks Gilt Index and a return of 5.0% in IA UK Gilts peer group benchmark.

The second half of 2018 saw weakness in most asset classes as investors worried about the prospects of continued interest rate hikes by the US Federal Reserve (Fed). The Fed duly delivered a series of three interest hikes, the final being in December. This led to poor performance from credit, particularly in the fourth quarter, prompting a rally in government bonds. However, as global growth, inflation expectations and equity markets headed downward, the Fed began to backtrack. Other major central banks followed on this dovish path, as evidenced by the Reserve Banks of Australia and New Zealand cutting rates, and the growing possibility of fresh stimulus by the European Central Bank.

All the while, trade tensions and geopolitical risks remained in the spotlight, and economic data continued to exhibit a weakening trend. Thus, a feeling of 'bad news is good news' arose with the expectation that renewed central bank support could extend the cycle. As a result, corporate credit and emerging markets bounced back strongly in 2019 due to renewed risk appetite as falling interest rates pushed more bond yields into negative territory, particularly in Europe. Economic data was mixed; generally weaker manufacturing data was seen globally, while the services sector remained fairly resilient.

In the UK, political tensions remained elevated as negotiations to leave the European Union continued. While the Bank of England kept interest rates on hold, policymakers were relatively hawkish for most of the year; however, we believe the uncertainty of Brexit, signs of a weaker UK economy and the shift to a more accommodative stance from the other major central banks makes an interest rate hike unlikely. UK government bonds performed well particularly in 2019 as a result, with index-linked gilts no exception — real (inflation-adjusted) yields briefly hit new lows in March.

Government bond markets performed well over the year. On a relative basis, the fund's performance was slightly behind that of the benchmark, mainly due to underperformance in the latter half of 2018. In response to the weaker global economic environment and move towards greater easing by major central banks, we continued to increase exposure to 'safe haven' government bond markets in 2019, which was a primary driver of returns.

The choppy environment for government bond markets in the second half of 2018 (in which yields rose in the third quarter but subsequently rallied in November and December) led to underperformance from tactical strategies. The fund was positioned for yields to fall in Canada, Australia and New Zealand relative to other markets, such as Japan. Canadian yields continued to rise against our expectations when GDP and retail sales data proved better than expected despite signs of a slowing economy and sluggish consumer credit. We exited this position in October. The pick-up in market volatility from that month led to choppier market conditions and a flight to quality. Positions in Australia and New Zealand rates performed well in December; however, against this our negative view on Japan (we expected yields to rise and a steeper yield curve) detracted.

Given the weaker global economic environment and moves towards greater easing by the major central banks, we continued to increase exposure to 'safe haven' government bond markets in 2019. Alongside the US, this allocation was focused in areas such as Australia, New Zealand, Sweden and Canada, which all performed well in 2019. We expected steeper yield curves (when shorter maturity rates outperform relative to longer maturity rates) and this position worked well in the US, as shorter maturity debt benefited from expectations that the Fed would start to cut interest rates.

Within emerging markets, a position in Mexico was a standout contributor over the quarter; five-year yields fell by around 50 basis points. We expect rates to be cut from restrictive levels as inflation slows and pressure from Fed tightening abates.

Within UK inflation markets, a position expecting UK inflation to fall detracted, as Brexit concerns kept sterling under pressure.

Currency strategies detracted from performance over the year. For most of 2018, the fund was positioned for a weaker US dollar against other developed market currencies, and for the appreciation of the Colombian peso on expectations of higher rates and resilient oil prices. These were closed at a loss, as the US dollar outperformed in the fourth quarter as the Fed continued to out-hike other central banks. At the start of 2019, we increased our position in the Norwegian krone (held against a basket of the euro, Swedish krona and Canadian dollar) on expectations of rate hikes from the Norges Bank relative to other developed markets, which performed well. Later in the first quarter, exposure to emerging market currencies was increased, including to Latin America. We closed a position expecting the Brazilian real to rise versus the Mexican peso, as our confidence that pension reform would progress quickly in Brazil was reduced.

Looking ahead, we expect slower growth globally but particularly in the US. We think growth could slow towards and then below its longer run trend rate of 2%. Markets are currently pricing in cuts with a high degree of certainty; therefore, the amount and speed of potential interest rates cuts will be important for market direction. With regards to the European and Chinese economies, we see the chance of a rebound in the near term given the very weak end to 2018 and the ongoing Chinese stimulus programme. However, from a medium term perspective, we still believe global economic data will generally disappoint as the accumulated impact of tighter monetary policy and increased trade tariffs continues to feed through into weaker corporate earnings. We expect central banks to maintain an easing bias and continue to favour countries and yield curves where there is positive yield and scope to cut rates.

Comparative tables for the year ended 30 June 2019

	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	207.10	207.45	212.62
Return before operating charges*	10.45	3.30	(1.81)
Operating charges	(1.88)	(1.88)	(1.92)
Return after operating charges*	8.57	1.42	(3.73)
Distributions on income shares	(1.84)	(1.77)	(1.44)
Closing net asset value per share	213.83	207.10	207.45
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	4.14%	0.68%	(1.75%)
Other information			
Closing net asset value (£000s)	1,024	827	948
Closing number of shares	479,035	399,420	456,962
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	215.80	212.70	222.80
Lowest share price (pence)	198.80	201.00	203.00
	Class D 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	150.70	148.74	150.36
Return before operating charges*	7.68	2.39	(1.18)
Operating charges	(0.44)	(0.43)	(0.44)
Return after operating charges*	7.24	1.96	(1.62)
Distributions on accumulation shares	(2.29)	(2.20)	(2.08)
Retained distributions on accumulation shares	2.29	2.20	2.08
Closing net asset value per share	157.94	150.70	148.74
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	4.80%	1.32%	(1.08%)
Other information			
Closing net asset value (£000s)	13,112	10,852	9,995
Closing number of shares	8,301,968	7,201,569	6,719,765
Operating charges	0.29%	0.29%	0.29%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	159.00	152.70	157.80
Lowest share price (pence)	145.20	145.30	144.30

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	331.26	327.82	332.63
Return before operating charges*	16.87	5.21	(2.63)
Operating charges	(1.79)	(1.77)	(1.79)
Return after operating charges*	15.08	3.44	(4.42)
Distributions on accumulation shares	(4.21)	(4.02)	(3.76)
Retained distributions on accumulation shares [^]	4.21	4.02	3.37
Closing net asset value per share	346.34	331.26	327.82
* after direct transaction costs of:	-	0.01	-
Performance			
Return after charges	4.55%	1.05%	(1.33%)
Other information			
Closing net asset value (£000s)	6,620	30,828	5,548
Closing number of shares	1,911,355	9,306,308	1,692,406
Operating charges	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	348.70	336.30	348.70
Lowest share price (pence)	318.90	319.80	318.40

[^]Retained distributions prior to 6 April 2017 are net of 20% income tax.

	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	205.42	205.78	210.93
Return before operating charges*	10.36	3.26	(1.89)
Operating charges	(1.11)	(1.11)	(1.13)
Return after operating charges*	9.25	2.15	(3.02)
Distributions on income shares	(2.58)	(2.51)	(2.13)
Closing net asset value per share	212.09	205.42	205.78
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	4.50%	1.04%	(1.43%)
Other information			
Closing net asset value (£000s)	2,101	2,498	2,881
Closing number of shares	990,497	1,216,043	1,400,192
Operating charges	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	214.20	211.10	221.10
Lowest share price (pence)	197.20	199.50	201.40

Comparative tables (continued)

	Class Z accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	218.21	214.85	216.65
Return before operating charges*	11.16	3.45	(1.71)
Operating charges	(0.09)	(0.09)	(0.09)
Return after operating charges*	11.07	3.36	(1.80)
Distributions on accumulation shares	(3.86)	(3.72)	(3.54)
Retained distributions on accumulation shares	3.86	3.72	3.54
Closing net asset value per share	229.28	218.21	214.85
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	5.07%	1.56%	(0.83%)
Other information			
Closing net asset value (£000s)	252,474	259,000	274,408
Closing number of shares	110,118,005	118,691,356	127,719,944
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	230.80	220.60	227.50
Lowest share price (pence)	210.40	210.30	208.20
		Class I accumulation gross	
		2018	2017
		(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share		354.02	358.77
Return before operating charges*		(1.32)	(2.82)
Operating charges		(0.50)	(1.93)
Return after operating charges*		(1.82)	(4.75)
Distributions on accumulation shares		(0.98)	(4.06)
Retained distributions on accumulation shares		0.98	4.06
Final cancellation price		(352.20) ¹	-
Closing net asset value per share		-	354.02
* after direct transaction costs of:		0.01	-
Performance			
Return after charges		(0.51%)	(1.32%)
Other information			
Closing net asset value (£000s)		-	25,501
Closing number of shares		-	7,203,015
Operating charges		0.54%	0.54%
Direct transaction costs		0.00%	0.00%
Prices			
Highest share price (pence)		363.20 ²	376.40
Lowest share price (pence)		349.90 ²	344.00

¹ Class I accumulation gross closed 2 October 2017 and this is the final cancellation price.

² to 2 October 2017.

Comparative tables (continued)

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

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

	2019 %	2018 %
Class A	0.91	0.91
Class D	0.29	0.29
Class I	0.54	0.54
Class Z	0.04	0.04

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

Risk and reward profile

The fund currently has 5 types of share class in issue; A income, D accumulation, I accumulation, I income and Z accumulation.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Bonds 96.61% (2018: 96.01%)		
	Japan 1.64% (2018: 0.00%)		
	Fixed Rate Bond 1.64% (2018: 0.00%)		
JPY 546,950,000	Japan (Government of) 0.80% 20/03/2058	4,528	1.64
	United Kingdom 94.97% (2018: 96.01%)		
	Fixed Rate Bond 94.97% (2018: 96.01%)		
GBP 6,128,196	UK Treasury 0.50% 22/07/2022	6,115	2.22
GBP 5,934,148	UK Treasury 0.75% 22/07/2023	5,966	2.17
GBP 1,643,253	UK Treasury 1.00% 22/04/2024	1,671	0.61
GBP 2,526,786	UK Treasury 1.25% 22/07/2027	2,624	0.95
GBP 6,877,010	UK Treasury 1.50% 22/01/2021	6,971	2.53
GBP 3,890,156	UK Treasury 1.50% 22/07/2026	4,106	1.49
GBP 5,006,134	UK Treasury 1.50% 22/07/2047	5,029	1.83
GBP 7,921,148	UK Treasury 1.625% 22/10/2028	8,477	3.08
GBP 545,885	UK Treasury 1.625% 22/10/2054	575	0.21
GBP 1,688,900	UK Treasury 1.625% 22/10/2071	1,855	0.67
GBP 5,532,232	UK Treasury 1.75% 07/09/2022	5,737	2.08
GBP 1,676,938	UK Treasury 1.75% 07/09/2037	1,784	0.65
GBP 1,702,868	UK Treasury 1.75% 22/01/2020	1,812	0.66
GBP 4,280,186	UK Treasury 1.75% 22/07/2057	4,710	1.71
GBP 4,755,664	UK Treasury 2.00% 07/09/2025	5,145	1.87
GBP 7,151,018	UK Treasury 2.00% 22/07/2020	7,249	2.63
GBP 5,809,401	UK Treasury 2.25% 07/09/2023	6,204	2.25
GBP 3,924,357	UK Treasury 2.50% 22/07/2065	5,413	1.97
GBP 4,378,160	UK Treasury 2.75% 07/09/2024	4,850	1.76
GBP 4,501,098	UK Treasury 3.25% 22/01/2044	6,146	2.23
GBP 5,556,743	UK Treasury 3.50% 22/01/2045	7,943	2.88
GBP 3,425,903	UK Treasury 3.50% 22/07/2068	5,994	2.18
GBP 5,130,355	UK Treasury 3.75% 07/09/2020	5,315	1.93
GBP 5,295,737	UK Treasury 3.75% 07/09/2021	5,659	2.06
GBP 3,646,275	UK Treasury 3.75% 22/07/2052	5,860	2.13
GBP 8,985,366	UK Treasury 4.00% 07/03/2022	9,808	3.56
GBP 4,056,276	UK Treasury 4.00% 22/01/2060	7,320	2.66
GBP 8,696,355	UK Treasury 4.25% 07/03/2036	12,597	4.59
GBP 10,565,329	UK Treasury 4.25% 07/06/2032	14,606	5.31
GBP 4,376,373	UK Treasury 4.25% 07/09/2039	6,589	2.39
GBP 3,046,312	UK Treasury 4.25% 07/12/2027	3,922	1.42
GBP 4,022,984	UK Treasury 4.25% 07/12/2040	6,135	2.23
GBP 5,397,311	UK Treasury 4.25% 07/12/2046	8,764	3.18
GBP 3,003,631	UK Treasury 4.25% 07/12/2049	5,055	1.84
GBP 6,077,785	UK Treasury 4.25% 07/12/2055	10,963	3.98
GBP 4,952,248	UK Treasury 4.50% 07/12/2042	7,969	2.89
GBP 6,792,538	UK Treasury 4.75% 07/03/2020	6,980	2.54
GBP 8,466,217	UK Treasury 4.75% 07/12/2030	11,957	4.34
GBP 5,200,015	UK Treasury 4.75% 07/12/2038	8,232	2.99
GBP 7,400,774	UK Treasury 5.00% 07/03/2025	9,196	3.34
GBP 4,087,622	UK Treasury 6.00% 07/12/2028	6,016	2.18
GBP 1,890,530	UK Treasury 8.00% 07/06/2021	2,160	0.78
		261,479	94.97

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Collective Investment Schemes 1.88% (2018: 0.09%)			
5,182,598	Deutsche Global Liquidity Managed Platinum Sterling Fund	5,183	1.88
Derivatives 0.49% (2018: (0.12%))			
Futures 0.06% (2018: (0.02%))			
30	CBT US Ultra Bond September 2019	137	0.05
(60)	EUX Euro-Bund 50 September 2019	(93)	(0.03)
99	MSE Canada 10 Year Bond September 2019	80	0.03
(17)	OSE Japan 10 Year Bond September 2019	(58)	(0.02)
223	SFE Australia 10 Year Bond September 2019	87	0.03
		<u>153</u>	<u>0.06</u>
Options 0.00% (2018: 0.03%)			
Swaptions 0.00% (2018: (0.01%))			
Swaps 0.43% (2018: (0.10%))¹			
Inflation Index Swaps (0.18%) (2018: 0.00%)¹			
10,100,000	IIS 3.48% September 2023 0.00% Receive Fixed 0.00% GBP	(258)	(0.08)
8,800,000	IIS 3.5238% February 2029 0.00% Receive Fixed 0.00% GBP	(153)	(0.06)
10,100,000	IIS 3.6225% December 2023 0.00% Receive Fixed 0.00% GBP	(97)	(0.04)
		<u>(508)</u>	<u>(0.18)</u>
Interest Rate Swaps 0.61% (2018: (0.10%))¹			
30,200,000	IRS 0.112% EURIBOR 6 Month 0.00% Receive Floating 0.00% EUR	(467)	(0.17)
174,160,871	IRS 0.40% STIBOR 3 Month 0.00% Receive Fixed 0.00% SEK	231	0.08
15,300,000	IRS 0.6408% EURIBOR 6 Month 0.00% Receive Fixed 0.00% EUR	660	0.24
143,400,000	IRS 1.8025% LIBOR 3 Month 0.00% Receive Fixed 0.00% USD	228	0.08
30,800,000	IRS 2.0663% LIBOR 3 Month 0.00% Receive Floating 0.00% USD	(260)	(0.09)
35,000,000	IRS 2.8825% NZD-BBR 3 Month 0.00% Receive Fixed 0.00% NZD	635	0.23
157,100,000	IRS 7.871% TIIE 3 Month 0.00% Receive Fixed 0.00% MXN	161	0.06
315,800,000	IRS 8.2225% TIIE 28 Day 0.00% Receive Fixed 0.00% MXN	501	0.18
		<u>1,689</u>	<u>0.61</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts 0.00% (2018: (0.02%))¹			
	Buy AUD 183,281 : Sell GBP 100,028 July 2019	1	-
	Buy AUD 300,500 : Sell GBP 163,626 July 2019	2	-
	Buy CAD 3,302 : Sell GBP 1,962 July 2019 ²	-	-
	Buy CAD 33,297 : Sell GBP 19,714 July 2019 ²	-	-
	Buy CAD 48,571 : Sell GBP 28,841 July 2019 ²	-	-
	Buy CAD 564,355 : Sell GBP 334,015 July 2019	5	-
	Buy CAD 83,443 : Sell GBP 49,622 July 2019	1	-
	Buy EUR 137,107 : Sell GBP 122,734 July 2019 ²	-	-
	Buy EUR 26,765 : Sell GBP 24,040 July 2019 ²	-	-
	Buy GBP 10,474 : Sell SEK 123,617 July 2019 ²	-	-
	Buy GBP 12,903 : Sell CAD 21,675 July 2019 ²	-	-
	Buy GBP 1,321 : Sell NZD 2,542 July 2019 ²	-	-
	Buy GBP 1,625 : Sell SEK 19,140 July 2019 ²	-	-
	Buy GBP 16,722 : Sell USD 21,011 July 2019 ²	-	-
	Buy GBP 16,887 : Sell MXN 407,209 July 2019 ²	-	-
	Buy GBP 17,368 : Sell NZD 33,263 July 2019 ²	-	-
	Buy GBP 1,858 : Sell MXN 45,370 July 2019 ²	-	-
	Buy GBP 18,909 : Sell SEK 224,927 July 2019 ²	-	-
	Buy GBP 21,660 : Sell CAD 36,375 July 2019 ²	-	-
	Buy GBP 245,072 : Sell EUR 274,454 July 2019	(1)	-
	Buy GBP 25,615 : Sell MXN 629,827 July 2019 ²	-	-
	Buy GBP 278,140 : Sell USD 350,429 July 2019	3	-
	Buy GBP 34,521 : Sell USD 43,900 July 2019 ²	-	-
	Buy GBP 3,673 : Sell SEK 43,329 July 2019 ²	-	-
	Buy GBP 38,323 : Sell USD 48,657 July 2019 ²	-	-
	Buy GBP 4,423,980 : Sell JPY 603,308,532 July 2019	20	0.01
	Buy GBP 4,678 : Sell SEK 55,927 July 2019 ²	-	-
	Buy GBP 50,001 : Sell JPY 6,830,600 July 2019 ²	-	-
	Buy GBP 554,265 : Sell CAD 932,677 July 2019	(6)	-
	Buy GBP 55,530 : Sell NZD 105,288 July 2019 ²	-	-
	Buy GBP 565,879 : Sell MXN 13,857,546 July 2019	2	-
	Buy GBP 56,756 : Sell USD 71,397 July 2019	1	-
	Buy GBP 570,474 : Sell AUD 1,046,352 July 2019	(6)	-
	Buy GBP 58,848 : Sell EUR 66,200 July 2019 ²	-	-
	Buy GBP 625,831 : Sell USD 800,000 September 2019 ²	-	-
	Buy GBP 76,185 : Sell USD 96,401 July 2019	1	-
	Buy GBP 7,783 : Sell USD 9,922 July 2019 ²	-	-
	Buy GBP 8,007 : Sell SEK 95,597 July 2019 ²	-	-
	Buy GBP 9,735 : Sell USD 12,407 July 2019 ²	-	-
	Buy IDR 50,386,750,000 : Sell USD 3,483,116 September 2019	36	0.01
	Buy JPY 373,826,400 : Sell AUD 4,982,224 September 2019	(11)	-
	Buy MXN 1,728,922 : Sell GBP 71,220 July 2019	(1)	-
	Buy MXN 190,886 : Sell GBP 7,820 July 2019 ²	-	-
	Buy MXN 28,735 : Sell GBP 1,183 July 2019 ²	-	-
	Buy MXN 383,365 : Sell GBP 15,575 July 2019 ²	-	-
	Buy MXN 520,264 : Sell GBP 21,397 July 2019 ²	-	-
	Buy MXN 568,984 : Sell GBP 23,143 July 2019 ²	-	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts¹ <small>(continued)</small>			
	Buy MXN 612,596 : Sell GBP 25,131 July 2019 ²	-	-
	Buy NZD 26,547 : Sell GBP 13,696 July 2019 ²	-	-
	Buy NZD 58,809 : Sell GBP 30,421 July 2019	1	-
	Buy NZD 73,812 : Sell GBP 38,138 July 2019	1	-
	Buy NZD 7,890 : Sell GBP 4,155 July 2019 ²	-	-
	Buy NZD 80,895 : Sell GBP 41,841 July 2019	1	-
	Buy NZD 99,531 : Sell GBP 51,448 July 2019	1	-
	Buy SEK 141,567 : Sell GBP 12,070 July 2019 ²	-	-
	Buy SEK 4,178,293 : Sell GBP 350,109 July 2019	4	-
	Buy SEK 563,280 : Sell GBP 46,859 July 2019	1	-
	Buy USD 108,302 : Sell GBP 85,128 July 2019 ²	-	-
	Buy USD 3,500,000 : Sell TWD 110,048,050 September 2019	(53)	(0.02)
		<u>3</u>	<u>-</u>
	Investment assets including investment liabilities	272,527	98.98
	Other net assets	<u>2,804</u>	<u>1.02</u>
	Total net assets	275,331	100.00

¹ Unquoted securities

² Due to rounding to nearest £1,000

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		8,484		(592)
Revenue	3	4,988		5,507	
Expenses	4	(186)		(319)	
Interest payable and similar charges	5	(1)		-	
Net revenue before taxation		4,801		5,188	
Taxation	6	-		-	
Net revenue after taxation			4,801		5,188
Total return before distributions			13,285		4,596
Distributions	7		(4,801)		(5,188)
Change in net assets attributable to shareholders from investment activities			8,484		(592)

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		304,005		319,281
Amounts receivable on issue of shares	15,055		25,106	
Amounts payable on cancellation of shares	(56,905)		(44,843)	
		(41,850)		(19,737)
Dilution adjustment		12		-
Change in net assets attributable to shareholders from investment activities		8,484		(592)
Retained distributions on accumulation shares		4,680		5,053
Closing net assets attributable to shareholders		275,331		304,005

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		273,991	292,492
Current assets:			
Debtors	8	2,529	2,469
Cash and bank balances	9	3,135	11,198
Total assets		279,655	306,159
Liabilities:			
Investment liabilities		1,464	719
Creditors:			
Amounts held at derivative clearing houses and brokers		1,577	98
Bank overdrafts		1,118	823
Distributions payable		9	9
Other creditors	10	156	505
Total liabilities		4,324	2,154
Net assets attributable to shareholders		275,331	304,005

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2019	2018
	£000	£000
Derivative securities	345	(1,064)
Forward currency contracts	(975)	(360)
Non-derivative securities	9,144	873
Other currency losses	(18)	(20)
Transaction costs	(12)	(21)
Net capital gains/(losses)	8,484	(592)

3 Revenue

	2019	2018
	£000	£000
Bank interest	30	6
Derivative revenue	705	592
Interest on debt securities	4,143	4,860
Interest on margin	4	-
Overseas dividends*	3	1
Stock lending revenue	103	48
Total revenue	4,988	5,507

* includes distributions from overseas funds

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	91	207
GAC*	64	73
	<u>155</u>	<u>280</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	24	28
Safe custody fees	6	11
	<u>30</u>	<u>39</u>
Other expenses:		
Professional fees	1	-
	<u>1</u>	<u>-</u>
Total expenses	186	319

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,316 (2018: £10,017).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	1	-
Total interest payable and similar charges	1	-

6 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2018: nil).

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	4,801	5,188
Corporation tax at 20% (2018: 20%)	960	1,038
Effects of:		
Relief for indexation movements on index-linked gilts	(3)	-
Revenue being paid as interest distributions	(957)	(1,038)
Tax charge for the year (note 6a)	-	-

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

7 Distributions

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

	2019 £000	2018 £000
Interim income	27	30
Interim accumulation	3,450	3,826
Final income	9	9
Final accumulation	1,230	1,227
	4,716	5,092
Amounts deducted on cancellation of shares	129	140
Amounts received on issue of shares	(44)	(44)
Total distributions	4,801	5,188

Details of the distribution per share are set out in the distribution tables on pages 229 to 231.

Notes to the financial statements (continued)

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	2,275	2,185
Amounts receivable for issue of shares	188	284
Currency transactions awaiting settlement	66	-
Total debtors	2,529	2,469

9 Cash and bank balances

	2019	2018
	£000	£000
Amounts held at derivative clearing houses and brokers	2,013	1,396
Cash and bank balances	1,122	9,572
Cash pledged as collateral	-	230
Total cash and bank balances	3,135	11,198

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	7	17
Accrued Depositary's fee	4	3
Accrued other expenses	9	13
Amounts payable for cancellation of shares	32	472
Derivative revenue payable	38	-
Currency transactions awaiting settlement	66	-
Total other creditors	156	505

11 Contingent liabilities and commitments

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 215 and 216 and notes 4, 7, 8 and 10 on pages 217 to 219 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

HSBC Global Custody Nominee (UK) Ltd, as a material shareholder, is a related party holding shares comprising 75.49% of the total net assets of the fund as at the year end (2018: 70.62%).

Notes to the financial statements (continued)

13 Shareholders' funds

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

	2019	2018
	%	%
Class A	0.75	0.75
Class D	0.25	0.25
Class I	0.50	0.50
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 205 to 208. The distribution per share class is given in the distribution tables on pages 229 to 231. All share classes have the same rights on winding up.

Shares reconciliation as at 30 June 2019

	Class A income	Class D accumulation	Class I accumulation	Class I income
Opening number of shares	399,420	7,201,569	9,306,308	1,216,043
Issues during the year	167,991	602,352	1,063,668	105,845
Cancellations during the year	(88,376)	(305,615)	(8,458,621)	(331,391)
Shares converted during the year	-	803,662	-	-
Closing shares in issue	479,035	8,301,968	1,911,355	990,497

	Class Z accumulation
Opening number of shares	118,691,356
Issues during the year	4,615,807
Cancellations during the year	(12,634,725)
Shares converted during the year	(554,433)
Closing shares in issue	110,118,005

14 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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.

At 30 June 2019 there was £307,129 of bonds held as collateral in respect of derivatives (2018: nil) and there was no cash pledged as collateral (2018: £230,000).

Notes to the financial statements (continued)

14 Financial derivatives (continued)

2019

At 30 June 2019 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000	Total by counterparty £000
Barclays	45	-	660	705
Citigroup	-	-	231	231
Goldman Sachs	-	-	161	161
JP Morgan	36	-	863	899
Morgan Stanley	-	-	501	501
UBS	-	304	-	304
	81	304	2,416	2,801

2018

At 30 June 2018 the underlying exposure for each category of derivatives was as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Interest rate swaps £000
Barclays	-	-	-
BNP Paribas	1	-	-
Citigroup	-	-	127
Goldman Sachs	-	-	69
JP Morgan	10	-	-
UBS	-	26	-
	11	26	196

Counterparty	Options £000	Swaptions £000	Total by counterparty £000
Barclays	72	-	72
BNP Paribas	-	-	1
Citigroup	-	34	161
Goldman Sachs	-	-	69
JP Morgan	18	-	28
UBS	-	-	26
	90	34	357

Notes to the financial statements (continued)

15 Stock lending

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

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

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

2019 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Barclays	9,087	9,549	Government Bond
JP Morgan	2,363	2,563	Corporate Bond
JP Morgan	10,218	10,948	Government Bond
	<u>12,581</u>	<u>13,511</u>	
Morgan Stanley	6,809	7,127	Government Bond
Natixis	67,005	74,496	Equity
	<u>95,482</u>	<u>104,683</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	121	18	103

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Barclays	1,352	1,423	Corporate Bond
Barclays	58,313	60,860	Government Bond
	<u>59,665</u>	<u>62,283</u>	
Deutsche Bank	1,991	2,212	Equity
JP Morgan	2,708	2,859	Corporate Bond
JP Morgan	2,132	2,251	Government Bond
	<u>4,840</u>	<u>5,110</u>	
Natixis	58,611	65,761	Equity
	<u>125,107</u>	<u>135,366</u>	

Notes to the financial statements (continued)

15 Stock lending (continued)

Recipient	Relationship	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	Net stock lending revenue retained by the fund £000
BNP Paribas	Stock lending agent	56	8	48

16 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:

2019	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	375	-	90	465
Canadian dollar	170	-	87	257
Euro	957	-	10	967
Indonesian rupee	-	-	37	37
Japanese yen	137	4,528	9	4,674
Mexican peso	685	-	-	685
New Zealand dollar	635	-	59	694
Swedish krona	231	-	36	267
UK sterling	1,981	261,479	7,636	271,096
US dollar	376	-	137	513
Total	5,547	266,007	8,101	279,655
2018	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	134	-	26	160
Canadian dollar	-	-	55	55
Euro	246	-	28	274
Japanese yen	128	-	-	128
UK sterling	10,558	291,864	2,758	305,180
US dollar	328	-	34	362
Total	11,394	291,864	2,901	306,159

Notes to the financial statements (continued)

16 Risk (continued)

Interest rate risk (continued)

2019	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	86	-	-	86
Canadian dollar	80	-	-	80
Euro	668	-	129	797
Japanese yen	-	-	69	69
Mexican peso	161	-	6	167
New Zealand dollar	651	-	-	651
Swedish krona	258	-	-	258
UK sterling	1,626	-	140	1,766
US dollar	397	-	53	450
Total	3,927	-	397	4,324

2018	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	26	-	-	26
Canadian dollar	71	-	-	71
Czech koruna	-	-	22	22
Euro	39	-	75	114
Japanese yen	182	-	19	201
Norwegian krone	-	-	32	32
Polish zloty	-	-	9	9
UK sterling	822	-	525	1,347
US dollar	287	-	45	332
Total	1,427	-	727	2,154

Credit Ratings

2019	Market value £000	Percentage of total net assets %
Investments		
Investment grade (AAA - BBB)	266,007	96.61
Total debt securities	266,007	96.61
Collective investment schemes	5,183	1.88
Derivatives	1,337	0.49
Investment assets including investment liabilities	272,527	98.98
Other net assets	2,804	1.02
Total net assets	275,331	100.00

Notes to the financial statements (continued)

16 Risk (continued)

Credit Ratings (continued)

	Market value £000	Percentage of total net assets %
2018		
Investments		
Investment grade (AAA - BBB)	291,864	96.01
Total debt securities	291,864	96.01
Collective investment schemes	271	0.09
Derivatives	(362)	(0.12)
Investment assets including investment liabilities	291,773	95.98
Other net assets	12,232	4.02
Total net assets	304,005	100.00

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in year			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019	Relative VaR*	93.61	108.20	100.00	200	46.81	54.10	50.00
2018	Relative VaR*	95.83	106.37	100.61	200	47.92	53.19	50.31

* Reference portfolio: FTSE Actuaries All Stocks Gilt Index

Leverage

	Minimum %	Maximum %	Average %
2019	117.86	246.32	183.93
2018	71.31	214.63	142.76

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

2019	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Amounts held at derivatives clearing houses and brokers	1,577	-	-	-
Bank overdrafts	1,118	-	-	-
Derivative financial liabilities	-	229	822	413
Distribution payable	-	9	-	-
Other creditors	-	156	-	-
Total	2,695	394	822	413

2018	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Amounts held at derivatives clearing houses and brokers	98	-	-	-
Bank overdrafts	823	-	-	-
Derivative financial liabilities	-	213	287	219
Distribution payable	-	9	-	-
Other creditors	-	505	-	-
Total	921	727	287	219

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Notes to the financial statements (continued)

17 Fair value disclosure (continued)

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	266,311*	151	291,890*	89
Level 2	7,680	1,313	602	630
Level 3	-	-	-	-
	<u>273,991</u>	<u>1,464</u>	<u>292,492</u>	<u>719</u>

* Debt securities have been included in level 1, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £226,007,136 as at 30 June 2019 (2018: £291,863,655).

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Debt securities	154,300	119,858	186,116	135,523
Trades in the year before transaction costs	<u>154,300</u>	<u>119,858</u>	<u>186,116</u>	<u>135,523</u>
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	-	-	-	-
Total net trades in the year after transaction costs	<u>154,300</u>	<u>119,858</u>	<u>186,116</u>	<u>135,523</u>

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

	2019	2018
	%	%
Total transaction costs expressed as a percentage of net asset value		
Commissions	-	-
Taxes	-	-
Other expenses	-	-
Total costs	<u>-</u>	<u>-</u>

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

There were direct transaction costs associated with derivatives in the year of £12,224 (2018: £5,566) which is 0.00% of the average net asset value of the fund (2018: 0.00%).

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

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 30 June 2019 was 0.01% (2018: 0.00%). The portfolio dealing spread is calculated at a 12 noon valuation point.

18 Events after the Balance sheet date

The Janus Henderson Institutional UK Gilt Fund suffered large redemptions between 65-70% of its Net Asset Value due to a large institutional client deciding to reallocate monies into other strategies. This was a strategic decision by the client. There is still sufficient AUM on the fund for it to be deemed viable and there are no plans to close the fund.

The fund also launched a new share class, E income, on 8 July 2019.

Distribution tables for the year ended 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 30 September 2018, paid on 30 November 2018)

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class A income				
Group 1	0.4036	-	0.4036	0.3819
Group 2	-	0.4036	0.4036	0.3819
Class D accumulation				
Group 1	0.5286	-	0.5286	0.5070
Group 2	0.1093	0.4193	0.5286	0.5070
Class I accumulation				
Group 1	0.9770	-	0.9770	0.9093
Group 2	0.1760	0.8010	0.9770	0.9093
Class I income				
Group 1	0.5901	-	0.5901	0.5708
Group 2	0.1250	0.4651	0.5901	0.5708
Class Z accumulation				
Group 1	0.9015	-	0.9015	0.8687
Group 2	0.3440	0.5575	0.9015	0.8687
Class I accumulation gross¹				
Group 1	n/a	n/a	n/a	0.9819
Group 2	n/a	n/a	n/a	0.9819

¹ Class I accumulation gross closed on 2 October 2017.

Distribution tables (continued)

Interim interest distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class A income				
Group 1	0.4286	-	0.4286	0.4916
Group 2	-	0.4286	0.4286	0.4916
Class D accumulation				
Group 1	0.5476	-	0.5476	0.5854
Group 2	0.1169	0.4307	0.5476	0.5854
Class I accumulation				
Group 1	1.0016	-	1.0016	1.0830
Group 2	-	1.0016	1.0016	1.0830
Class I income				
Group 1	0.6139	-	0.6139	0.6779
Group 2	0.1338	0.4801	0.6139	0.6779
Class Z accumulation				
Group 1	0.9284	-	0.9284	0.9817
Group 2	0.0928	0.8356	0.9284	0.9817

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 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 31/05/19	Total distribution per share 31/05/18
Class A income				
Group 1	0.4836	-	0.4836	0.4634
Group 2	-	0.4836	0.4836	0.4634
Class D accumulation				
Group 1	0.5845	-	0.5845	0.5609
Group 2	0.1006	0.4839	0.5845	0.5609
Class I accumulation				
Group 1	1.0692	-	1.0692	1.0325
Group 2	0.3352	0.7340	1.0692	1.0325
Class I income				
Group 1	0.6655	-	0.6655	0.6442
Group 2	0.0496	0.6159	0.6655	0.6442
Class Z accumulation				
Group 1	0.9829	-	0.9829	0.9439
Group 2	0.1702	0.8127	0.9829	0.9439

Distribution tables (continued)

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class A income				
Group 1	0.5269	-	0.5269	0.4336
Group 2	0.3308	0.1961	0.5269	0.4336
Class D accumulation				
Group 1	0.6265	-	0.6265	0.5453
Group 2	0.1851	0.4414	0.6265	0.5453
Class I accumulation				
Group 1	1.1618	-	1.1618	0.9921
Group 2	0.4828	0.6790	1.1618	0.9921
Class I income				
Group 1	0.7119	-	0.7119	0.6172
Group 2	-	0.7119	0.7119	0.6172
Class Z accumulation				
Group 1	1.0494	-	1.0494	0.9228
Group 2	0.6059	0.4435	1.0494	0.9228

Janus Henderson Preference & Bond Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Jenna Barnard, John Pattullo and Rebecca Young

Investment objective and policy

To provide a return by investing primarily in preference shares, Government securities, corporate bonds, Eurobonds and other bonds. Where the fund invests in currencies other than sterling, the fund will always be hedged at least 80% to sterling in aggregate. The fund may invest in other transferable securities, money market instruments and forward transactions, deposits and units in collective investment schemes. The fund may use financial instruments, known as derivatives, to achieve the fund's investment objective and for the purpose of efficient portfolio management (or other equivalent description) which aims to reduce risk, reduce cost or generate additional capital or income with a level of risk consistent with that of the risk profile of the fund.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	8.3	0.0	9.0	3.3	2.8
IA Sterling Strategic Bond Sector	5.1	0.4	6.5	2.9	2.3

Source: Morningstar, Class I accumulation, NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point. The fund is not running against specific benchmark, for internal risk monitoring, the IA Sterling Strategic Bond Sector is used.

Peer group benchmark: IA Sterling Strategic Bond Sector

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 30 June 2019

Largest purchases	£000	Largest sales/maturities	£000
Australia (Commonwealth of) 3.75% 21/04/2037	24,024	UK Treasury 0.75% 22/07/2023	32,275
Australia (Commonwealth of) 2.75% 21/11/2028	17,209	Australia (Commonwealth of) 3.75% 21/04/2037	24,165
Germany (Federal Republic of) 3.25% 04/07/2042	15,633	UK Treasury 1.25% 22/07/2018	20,000
Walmart 3.70% 26/06/2028	11,369	Canada (Government of) 1.00% 01/06/2027	16,968
Orange 3.25% 15/01/2032	10,880	Germany (Federal Republic of) 3.25% 04/07/2042	16,410
IHS Markit 4.75% 15/02/2025	7,995	US Treasury 2.75% 15/11/2023	15,716
US Treasury Index Linked 1% 15/02/2049	7,667	Wachovia Capital Trust III 5.56975% Perpetual	12,635
Anheuser-Busch InBev 4.75% 23/01/2029	7,595	UBS 6.875% Perpetual	12,622
Charter Communications Operating Capital 4.908% 23/07/2025	7,566	Zurich Finance UK 6.625% Perpetual	11,601
Elanco Animal Health 4.90% 28/08/2028	7,521	HCA 5.50% 15/06/2047	8,476
Total purchases	333,741	Total sales/maturities	397,454

Investment review

The fund returned 8.3% based on Class I accumulation over the year under review, compared with a return of 5.1% in IA Sterling Strategic Bond Sector peer group benchmark.

The year under review proved a seminal period for the majority of bond investors and central bankers. It revealed that the road to rising inflation and interest rate 'normalisation' was not the one that they had hoped for, nor the one their economic models (e.g. the Philips Curve) told them to expect. We have termed this 'the point of realisation'. Indeed, the structural factors which have, for many years, served to weigh down growth and inflation proved too strong, and at the first sign of a cyclical deceleration, central banks across the developed seemed to flip into rate-cutting mode. Even in the most 'normal' economy, the US, we have learnt some profound truths about the outlook for interest rates and hence, bond yields. This continues to filter through in the performance of every asset class in the developed world. Firstly, interest rates peaked at 2.4% this cycle versus 5.25% in the last cycle. Inflation has structurally undershot its target for 10 years. Quantitative easing (monetary stimulus) could not be reversed in full. If this is true in the US, it seems there is little hope for interest rates going up in the rest of the developed world.

Fund performance was strong both on an absolute and a relative basis. The fund benefited from active duration management and strong returns across both investment grade and high yield credit. Firstly, the aggregate duration (sensitivity to interest rate movements) of the fund was run at a high level through most of the year under review. We disagreed with the consensus view that higher interest rates and higher bond yields should be expected in the second half of 2018 and positioned accordingly, with high sensitivity to bond yields. This proved the correct decision, as we reached an inflection point in this business cycle's interest rate policy, particularly in the US. We also positioned to take advantage of continued interest rate divergence across the developed world. A notable contributor to performance included our exposure to Australian government bonds, as the Reserve Bank of Australia was forced to cut interest rates twice in the summer of 2019 following weak employment and inflation data. In terms of the underlying credit portfolio, some of the strongest returns were generated from our holdings in 'rising star' credits, with both HCA (US hospitals) and Tesco receiving an upgrade from high yield to investment grade during the year.

Given our duration view, we held a preference for adding longer dated investment grade (higher quality) corporate bonds to the portfolio. This included core names such as Verizon (US wireless) and Comcast (US cable), both of which are businesses pursuing a credit-friendly agenda and actively repairing their balance sheets. We also initiated a position in Arqiva (UK towers and communication infrastructure), a company that has a high level of revenue visibility given the contractual nature of the business. Elsewhere, we continued to trim our financials exposure.

Derivatives (financial instruments for which the price is derived from one or more underlying asset) continued to be utilised in order to quickly and cheaply reposition the fund. In aggregate, this provided a boost to fund performance driven by interest rate (government bond) futures.

At the time of writing (in July 2019), it is clear that the much-hoped-for sharp recovery in global growth is unlikely. Firstly, the Chinese stimulus narrative was overhyped (or just plain wrong) in early 2019 and China/Asia data remains concerningly weak. To reiterate our view of this downturn, it is an industrial/manufacturing downturn that started in Asia and as a result has had a severe impact on Europe (exposure to Asia is high for European exporters). Thus, this is the first serious non-US sourced downturn since 1998. This is a prolonged downturn and is starting to seep into services sectors and some employment markets (such as Germany and Australia, and possibly even the US). Should there be any material shift to labour market weakness, then we would expect central banks to act quickly and aggressively with monetary policy stimulus. This is what happened to the Reserve Bank of Australia in June 2019 and may serve as a pertinent case study should similar shifts be seen in other parts of the developed world. Against this backdrop, we continue to sympathise with a longer duration positioning although we retain a flexible mindset. We will focus on lending to predominately large cap, non-cyclical businesses with sustainable cash flows in order to generate a consistent quarterly income stream for our investors. Given where we are in the economic cycle, this is more challenging and may involve a degree of capital volatility.

Comparative tables for the year ended 30 June 2019

	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	51.21	53.72	51.92
Return before operating charges*	4.49	0.54	4.92
Operating charges	(0.72)	(0.76)	(0.76)
Return after operating charges*	3.77	(0.22)	4.16
Distributions on income shares	(2.08)	(2.29)	(2.36)
Closing net asset value per share	52.90	51.21	53.72
* after direct transaction costs of:	-	-	-

Performance

Return after charges	7.36%	(0.41%)	8.01%
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Other information

Closing net asset value (£000s)	127,269	131,832	142,653
Closing number of shares	240,576,818	257,427,871	265,532,975
Operating charges	1.40%	1.41%	1.41%
Direct transaction costs	0.00%	0.01%	0.01%

Prices

Highest share price (pence)	53.54	54.67	54.79
Lowest share price (pence)	50.12	51.84	52.30

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	142.37	142.06	130.42
Return before operating charges*	12.85	1.31	13.31
Operating charges	(1.01)	(1.00)	(0.95)
Return after operating charges*	11.84	0.31	12.36
Distributions on accumulation shares	(6.00)	(6.26)	(6.87)
Retained distributions on accumulation shares [^]	6.00	6.26	6.15
Closing net asset value per share	154.21	142.37	142.06
* after direct transaction costs of:	-	0.01	0.01

Performance

Return after charges	8.32%	0.22%	9.48%
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Other information

Closing net asset value (£000s)	76,509	64,091	55,619
Closing number of shares	49,613,814	45,018,319	39,153,094
Operating charges	0.69%	0.69%	0.69%
Direct transaction costs	0.00%	0.01%	0.01%

Prices

Highest share price (pence)	154.50	146.50	143.30
Lowest share price (pence)	141.70	142.40	131.40

[^]Retained distributions prior to 6 April 2017 are net of 20% income tax.

Comparative tables (continued)

	Class I income		
	2019	2018	2017
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	55.55	57.90	55.58
Return before operating charges*	4.90	0.56	5.30
Operating charges	(0.39)	(0.40)	(0.40)
Return after operating charges*	4.51	0.16	4.90
Distributions on income shares	(2.30)	(2.51)	(2.58)
Closing net asset value per share	57.76	55.55	57.90
* after direct transaction costs of:	-	-	-
Performance			
Return after charges	8.12%	0.28%	8.82%
Other information			
Closing net asset value (£000s)	559,457	585,139	359,628
Closing number of shares	968,626,637	1,053,392,355	621,170,663
Operating charges	0.69%	0.69%	0.69%
Direct transaction costs	0.00%	0.01%	0.01%
Prices			
Highest share price (pence)	58.46	59.00	59.05
Lowest share price (pence)	54.54	56.22	56.00
	Class Z accumulation		
	2019	2018	2017
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	216.75	214.87	196.01
Return before operating charges*	19.63	1.97	20.04
Operating charges	(0.07)	(0.09)	(0.08)
Return after operating charges*	19.56	1.88	19.96
Distributions on accumulation shares	(9.28)	(9.61)	(10.47)
Retained distributions on accumulation shares [^]	9.28	9.61	9.37
Closing net asset value per share	236.31	216.75	214.87
* after direct transaction costs of:	-	0.02	0.01
Performance			
Return after charges	9.02%	0.87%	10.18%
Other information			
Closing net asset value (£000s)	20,860	20,032	20,987
Closing number of shares	8,827,435	9,242,240	9,766,960
Operating charges	0.03%	0.04%	0.04%
Direct transaction costs	0.00%	0.01%	0.01%
Prices			
Highest share price (pence)	236.80	222.40	216.70
Lowest share price (pence)	216.30	215.40	197.50

[^]Retained distributions prior to 6 April 2017 are net of 20% income tax.

Comparative tables (continued)

	Class A income gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	54.39	52.56
Return before operating charges*	1.06	5.30
Operating charges	(0.20)	(0.77)
Return after operating charges*	0.86	4.53
Distributions on income shares	(0.60)	(2.70)
Final cancellation price	(54.65) ¹	-
Closing net asset value per share	-	54.39
* after direct transaction costs of:	-	-
Performance		
Return after charges	1.58%	8.62%
Other information		
Closing net asset value (£000s)	-	1,993
Closing number of shares	-	3,665,145
Operating charges	1.41%	1.41%
Direct transaction costs	0.01%	0.01%
Prices		
Highest share price (pence)	55.35 ²	55.55
Lowest share price (pence)	54.46 ²	52.95

¹ Class A income gross closed on 2 October 2017 and this is the final cancellation price.

² to 2 October 2017

Comparative tables (continued)

	Class I income gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	58.73	56.38
Return before operating charges*	1.15	5.69
Operating charges	(0.11)	(0.40)
Return after operating charges*	1.04	5.29
Distributions on income shares	(0.66)	(2.94)
Final cancellation price	(59.11) ³	-
Closing net asset value per share	-	58.73
* after direct transaction costs of:	-	-
Performance		
Return after charges	1.77%	9.38%
Other information		
Closing net asset value (£000s)	-	168,064
Closing number of shares	-	286,159,637
Operating charges	0.69%	0.69%
Direct transaction costs	0.01%	0.01%
Prices		
Highest share price (pence)	59.85 ⁴	59.91
Lowest share price (pence)	58.83 ⁴	56.81

³ Class I income gross closed on 2 October 2017 and this is the final cancellation price.

⁴ to 2 October 2017

Comparative tables (continued)

	Class Z accumulation gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	253.10	229.51
Return before operating charges*	4.93	23.69
Operating charges	(0.03)	(0.10)
Return after operating charges*	4.90	23.59
Distributions on accumulation shares	(2.86)	(12.70)
Retained distributions on accumulation shares	2.86	12.70
Final cancellation price	(258.00) ⁵	-
Closing net asset value per share	-	253.10
* after direct transaction costs of:	0.02	0.02
Performance		
Return after charges	1.94%	10.28%
Other information		
Closing net asset value (£000s)	-	213
Closing number of shares	-	84,375
Operating charges	0.04%	0.04%
Direct transaction costs	0.01%	0.01%
Prices		
Highest share price (pence)	258.20 ⁶	255.10
Lowest share price (pence)	253.60 ⁶	231.30

⁵ Class Z accumulation gross closed on 2 October 2017 and this is the final cancellation price.

⁶ to 2 October 2017

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

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

	2019 %	2018 %
Class A	1.40	1.41
Class I	0.69	0.69
Class Z	0.03	0.04

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

Risk and reward profile

The fund currently has 4 types of share class in issue; A income, I accumulation, I income and Z accumulation.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

The share classes appear at 3 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 1.84% (2018: 1.82%)		
	United Kingdom 1.84% (2018: 1.82%)		
	Consumer Goods 0.00% (2018: 0.00%)		
310,000	Whitnash 6.50% Preference ¹	-	-
550,000	Whitnash 9.00% Preference ¹	-	-
		<hr/>	<hr/>
		-	-
	Financials 1.84% (2018: 1.82%)		
95,700	Nationwide Building Society CDDS	14,393	1.84
		<hr/>	<hr/>
	Bonds 92.42% (2018: 93.66%)		
	Australia 8.90% (2018: 5.68%)		
	Fixed Rate Bond 8.90% (2018: 5.68%)		
AUD 20,000,000	Australia (Commonwealth of) 2.75% 21/04/2024	11,923	1.52
AUD 30,600,000	Australia (Commonwealth of) 2.75% 21/11/2028	18,998	2.42
AUD 43,000,000	Australia (Commonwealth of) 3.25% 21/04/2025	26,577	3.39
AUD 16,800,000	Australia (Commonwealth of) 3.75% 21/04/2037	12,271	1.57
		<hr/>	<hr/>
		69,769	8.90
		<hr/>	<hr/>
	Belgium 1.10% (2018: 1.37%)		
	Fixed Rate Bond 1.10% (2018: 1.37%)		
USD 9,640,000	Anheuser-Busch InBev 4.75% 23/01/2029	8,599	1.10
		<hr/>	<hr/>
	Canada 1.36% (2018: 2.94%)		
	Fixed Rate Bond 1.36% (2018: 2.94%)		
USD 4,585,000	Cott 5.50% 01/04/2025	3,670	0.47
GBP 2,960,000	Entertainment One 4.625% 15/07/2026	3,043	0.39
USD 4,950,000	1011778 BC 4.25% 15/05/2024	3,933	0.50
		<hr/>	<hr/>
		10,646	1.36
		<hr/>	<hr/>
	France 1.94% (2018: 0.90%)		
	Fixed Rate Bond 1.94% (2018: 0.51%)		
USD 5,500,000	Orange 1.625% 03/11/2019	4,308	0.55
GBP 10,000,000	Orange 3.25% 15/01/2032	10,886	1.39
		<hr/>	<hr/>
		15,194	1.94
		<hr/>	<hr/>
	Variable Rate Bond 0.00% (2018: 0.39%)		
	Germany 0.58% (2018: 0.88%)		
	Fixed Rate Bond 0.58% (2018: 0.88%)		
USD 5,800,000	Deutsche Telekom International Finance 1.95% 19/09/2021	4,510	0.58
		<hr/>	<hr/>
	Ireland 0.73% (2018: 1.20%)		
	Fixed Rate Bond 0.73% (2018: 1.20%)		
USD 6,115,000	Ardagh Packaging Finance 6.00% 15/02/2025	4,979	0.63
USD 930,000	Ardagh Packaging Finance 7.25% 15/05/2024	770	0.10
		<hr/>	<hr/>
		5,749	0.73
		<hr/>	<hr/>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Luxembourg 0.00% (2018: 1.30%)		
	Fixed Rate Bond 0.00% (2018: 1.01%)		
	Secured Loans 0.00% (2018: 0.29%)²		
	Netherlands 1.05% (2018: 2.22%)		
	Fixed Rate Bond 1.05% (2018: 1.29%)		
USD 5,000,000	Heineken 3.50% 29/01/2028	4,082	0.52
EUR 4,280,000	InterXion 4.75% 15/06/2025	4,160	0.53
		<u>8,242</u>	<u>1.05</u>
	Secured Loans 0.00% (2018: 0.93%)²		
	Switzerland 0.00% (2018: 3.35%)		
	Variable Rate Bond 0.00% (2018: 3.35%)		
	United Kingdom 25.66% (2018: 38.57%)		
	Asset Backed 0.91% (2018: 0.87%)		
GBP 4,330,000	Canary Wharf Finance II FRN 22/10/2037	3,740	0.47
GBP 9,969,144	DECO Series FRN 27/01/2036 ³	-	-
GBP 2,615,165	Tesco Property Finance 5.744% 13/04/2040	3,414	0.44
		<u>7,154</u>	<u>0.91</u>
	Fixed Rate Bond 15.47% (2018: 25.70%)		
GBP 3,850,000	Arqiva Broadcast Finance 6.75% 30/09/2023	4,127	0.53
USD 11,898,000	Bacardi 4.45% 15/05/2025	9,938	1.27
GBP 6,900,000	Barclays VAR Perpetual	7,179	0.92
GBP 7,000,000	Cattles 6.875% Perpetual ³	-	-
GBP 2,160,000	Co-Operative 5.125% 17/05/2024	2,251	0.29
GBP 5,500,000	CPUK Finance 4.25% 28/08/2022	5,505	0.70
GBP 1,100,000	CPUK Finance 4.875% 28/08/2025	1,100	0.14
GBP 1,140,000	Friends Life 8.25% 21/04/2022	1,346	0.17
GBP 4,856,000	Friends Life 12.00% 21/05/2021	5,799	0.74
GBP 6,300,000	Heathrow Funding 6.00% 20/03/2020	6,507	0.83
GBP 5,250,000	HSBC 5.375% 22/08/2033	6,542	0.83
USD 4,000,000	Nationwide Building Society 4.00% 14/09/2026	3,143	0.40
GBP 4,750,000	Phoenix 4.125% 20/07/2022	4,937	0.63
GBP 11,700,000	Phoenix 6.625% 18/12/2025	12,885	1.63
USD 2,920,000	Prudential 4.875% Perpetual	2,252	0.29
GBP 800,000	Prudential 6.125% 19/12/2031	1,077	0.14
USD 6,617,000	RELX Capital 4.00% 18/03/2029	5,503	0.70
USD 604,000	Royal Bank of Scotland 7.648% Perpetual	618	0.08
GBP 6,000,000	Scottish Widows 5.50% 16/06/2023	6,706	0.86
GBP 2,260,000	Scottish Widows 7.00% 16/06/2043	2,972	0.38
GBP 3,650,000	Tesco 5.20% 05/03/2057	4,689	0.60
GBP 5,200,000	Tesco 5.50% 13/01/2033	6,528	0.83
GBP 3,450,000	Tesco 6.125% 24/02/2022	3,844	0.49
GBP 2,200,000	Virgin Media 5.00% 15/04/2027	2,264	0.29
GBP 5,715,000	Virgin Media 6.25% 28/03/2029	6,032	0.77

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
AUD 1,950,000	Vodafone 3.25% 13/12/2022	1,117	0.14
GBP 5,364,000	WM Morrison Supermarkets 4.75% 04/07/2029	6,414	0.82
		<u>121,275</u>	<u>15.47</u>
Secured Loans 0.63% (2018: 1.24%)²			
GBP 3,469,954	Froneri International FRN 31/01/2025	3,450	0.44
GBP 1,550,000	ZPG FRN 23/07/2025 B1	1,521	0.19
		<u>4,971</u>	<u>0.63</u>
Stepped Rate Bond 2.35% (2018: 3.07%)			
GBP 12,182,000	Co-Operative Bank 7.50% 08/07/2026	13,602	1.73
GBP 4,900,000	Royal Bank of Scotland 5.625% Perpetual	4,863	0.62
		<u>18,465</u>	<u>2.35</u>
Variable Rate Bond 6.30% (2018: 7.69%)			
GBP 9,000,000	Aviva 6.125% Perpetual	9,726	1.24
USD 7,540,000	Barclays 6.278% Perpetual	6,235	0.80
GBP 9,447,000	BUPA Finance 6.125% Perpetual	9,886	1.26
USD 1,000,000	HBOS Capital Funding 6.85% Perpetual	799	0.10
GBP 9,008,000	HBOS Sterling Finance 7.881% Perpetual	13,364	1.70
USD 5,558,000	Lloyds Banking 6.657% Perpetual	4,607	0.59
GBP 3,510,000	National Westminster Bank 7.125% Perpetual	3,866	0.49
USD 901,000	RBS Capital Trust II FRN Perpetual	903	0.12
		<u>49,386</u>	<u>6.30</u>
United States 51.10% (2018: 35.25%)			
Asset Backed 0.00% (2018: 0.01%)			
GBP 1,138,482	Lehman Brothers 7.875% 08/05/2018 ³	28	-
Fixed Rate Bond 49.90% (2018: 30.94%)			
USD 4,800,000	Abbott Laboratories 3.75% 30/11/2026	4,078	0.52
USD 887,000	Adobe 3.25% 01/02/2025	727	0.09
USD 5,000,000	Alphabet 1.998% 15/08/2026	3,826	0.49
USD 12,268,000	Amazon.com 3.15% 22/08/2027	10,132	1.29
USD 5,100,000	American Tower 3.375% 15/10/2026	4,076	0.52
USD 5,160,000	American Tower 3.60% 15/01/2028	4,127	0.53
USD 6,650,000	Apple 3.35% 09/02/2027	5,487	0.70
USD 5,904,000	Aramark 4.75% 01/06/2026	4,720	0.60
USD 705,000	Aramark 5.00% 01/04/2025	562	0.07
USD 2,114,000	Aramark 5.125% 15/01/2024	1,707	0.22
USD 5,550,000	AT&T 3.60% 17/02/2023	4,526	0.58
USD 873,000	Ball 5.25% 01/07/2025	743	0.09
USD 5,910,000	Becton Dickinson 3.70% 06/06/2027	4,849	0.62
USD 1,861,000	Berry Global 5.125% 15/07/2023	1,495	0.19
USD 5,590,000	Berry Global 5.50% 15/05/2022	4,442	0.57
USD 2,306,000	Booking 3.55% 15/03/2028	1,889	0.24
USD 7,988,000	Booking 3.60% 01/06/2026	6,618	0.84
USD 7,346,000	Boston Scientific 4.00% 01/03/2029	6,244	0.80
USD 774,000	Boyd Gaming 6.375% 01/04/2026	643	0.08
USD 810,000	Boyd Gaming 6.875% 15/05/2023	657	0.08

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Fixed Rate Bond (continued)		
USD 7,984,000	Catalent Pharma Solutions 4.875% 15/01/2026	6,360	0.81
USD 3,324,000	CCO 5.00% 01/02/2028	2,667	0.34
USD 2,300,000	CCO 5.875% 01/05/2027	1,907	0.24
USD 9,600,000	Charter Communications Operating Capital 4.908% 23/07/2025	8,189	1.04
USD 4,800,000	Cintas Corporation No.2 3.70% 01/04/2027	4,016	0.51
USD 2,851,000	Comcast 3.95% 15/10/2025	2,417	0.31
USD 6,725,000	Comcast 4.15% 15/10/2028	5,824	0.74
USD 4,470,000	Constellation Brands 3.70% 06/12/2026	3,677	0.47
USD 2,296,000	Constellation Brands 4.75% 15/11/2024	1,986	0.25
USD 12,082,000	Crown Americas 4.75% 01/02/2026	9,754	1.24
USD 5,500,000	Crown Castle International 3.40% 15/02/2021	4,381	0.56
USD 9,910,000	Crown Castle International 3.65% 01/09/2027	8,019	1.02
USD 6,529,000	CyrusOne 5.375% 15/03/2027	5,399	0.69
USD 9,770,000	Diamond 1 & 2 Finance 6.02% 15/06/2026	8,469	1.08
USD 4,886,000	Diamond 1 & 2 Finance 7.125% 15/06/2024	4,053	0.52
USD 2,710,000	Digital Realty Trust 4.75% 01/10/2025	2,334	0.30
USD 2,419,000	Elanco Animal Health 4.272% 28/08/2023	1,995	0.25
USD 9,652,000	Elanco Animal Health 4.90% 28/08/2028	8,470	1.08
USD 3,344,000	EMC 3.375% 01/06/2023	2,614	0.33
EUR 5,300,000	Equinix 2.875% 01/10/2025	4,938	0.63
USD 4,500,000	Equinix 5.375% 01/04/2023	3,607	0.46
GBP 1,110,000	Fidelity National Information Services 2.602% 21/05/2025	1,140	0.15
USD 2,290,000	First Data 5.75% 15/01/2024	1,850	0.24
GBP 1,760,000	Fiserv 3.00% 01/07/2031	1,784	0.23
USD 5,360,000	HCA 4.50% 15/02/2027	4,493	0.57
USD 1,671,000	HCA 5.00% 15/03/2024	1,430	0.18
USD 9,740,000	HCA 5.25% 15/06/2026	8,473	1.08
USD 2,538,000	Hilton Worldwide Finance 4.875% 01/04/2027	2,061	0.26
USD 1,180,000	HSBC 5.875% 01/11/2034	1,166	0.15
USD 9,870,000	IHS Markit 4.75% 15/02/2025	8,318	1.06
USD 3,330,000	IHS Markit 5.00% 01/11/2022	2,772	0.35
USD 4,730,000	Infor US 6.50% 15/05/2022	3,782	0.48
USD 5,231,000	IQVIA 5.00% 15/05/2027	4,244	0.54
USD 3,500,000	IQVIA 5.00% 15/10/2026	2,839	0.36
USD 712,000	Iron Mountain US 5.375% 01/06/2026	562	0.07
USD 5,660,000	Lamb Weston 4.625% 01/11/2024	4,608	0.59
USD 4,115,000	Lamb Weston 4.875% 01/11/2026	3,363	0.43
USD 5,600,000	Lions Gate Capital 5.875% 01/11/2024	4,510	0.58
EUR 4,400,000	Mastercard 2.10% 01/12/2027	4,517	0.58
USD 4,790,000	Mastercard 3.50% 26/02/2028	4,055	0.52
USD 2,825,000	Match 5.00% 15/12/2027	2,325	0.30
USD 4,950,000	Match 5.625% 15/02/2029	4,103	0.52
USD 4,750,000	McCormick 3.40% 15/08/2027	3,815	0.49
USD 5,500,000	McDonald's 2.75% 09/12/2020	4,348	0.55
GBP 6,000,000	McDonald's 2.95% 15/03/2034	6,330	0.81
USD 9,590,000	Microsoft 3.30% 06/02/2027	8,007	1.02
USD 4,950,000	Post 5.50% 01/03/2025	4,016	0.51
USD 4,000,000	Quintiles Transnational 4.875% 15/05/2023	3,225	0.41
USD 7,580,000	Reynolds 7.00% 15/07/2024	6,158	0.79
USD 8,883,000	salesforce.com 3.70% 11/04/2028	7,525	0.96

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
USD 1,960,000	Service Corporation International 5.125% 01/06/2029	1,621	0.21
USD 6,446,000	Service International 4.625% 15/12/2027	5,172	0.66
USD 4,855,000	Silgan 4.75% 15/03/2025	3,843	0.49
USD 3,341,000	Sirius XM Radio 4.625% 15/07/2024	2,686	0.34
USD 4,650,000	Sirius XM Radio 5.375% 15/04/2025	3,768	0.48
USD 4,000,000	Sirius XM Radio 6.00% 15/07/2024	3,230	0.41
USD 4,413,000	Sysco 3.55% 15/03/2025	3,634	0.46
USD 902,000	The Walt Disney Company 1.85% 30/07/2026	687	0.09
USD 10,709,000	T-Mobile USA 4.50% 01/02/2026	8,614	1.10
USD 3,019,000	T-Mobile USA 4.75% 01/02/2028	2,441	0.31
USD 4,008,000	Total System Services 4.00% 01/06/2023	3,288	0.42
USD 4,559,000	TransDigm 6.25% 15/03/2026	3,770	0.48
USD 14,000,000	US Treasury 2.75% 15/11/2023	11,462	1.46
USD 4,950,000	Verisk Analytics 4.00% 15/06/2025	4,153	0.53
USD 5,484,000	Verizon Communications 4.016% 03/12/2029	4,665	0.60
USD 3,800,000	Verizon Communications 4.50% 10/08/2033	3,364	0.43
AUD 12,020,000	Verizon Communications 4.50% 17/08/2027	7,440	0.95
USD 9,590,000	Visa 2.75% 15/09/2027	7,685	0.98
USD 2,522,000	VMware 3.90% 21/08/2027	2,010	0.26
USD 14,590,000	Walmart 3.70% 26/06/2028	12,509	1.60
AUD 3,500,000	Wells Fargo 4.00% 27/04/2027	2,122	0.27
USD 4,950,000	WMG Acquisition 5.50% 15/04/2026	4,015	0.51
USD 817,000	Zoetis 3.90% 20/08/2028	684	0.09
		391,306	49.90
Secured Loans 1.20% (2018: 2.71%)²			
USD 5,050,000	First Data FRN 26/04/2024	3,964	0.50
USD 4,469,219	McAfee FRN 30/09/2024 B	3,504	0.45
EUR 2,161,665	McAfee FRN 30/09/2024 B1	1,935	0.25
USD 19,266	SS&C Technologies FRN 16/04/2025 B3	15	-
USD 12,948	SS&C Technologies FRN 16/04/2025 B4	10	-
		9,428	1.20
Variable Rate Bond 0.00% (2018: 1.59%)			
Derivatives (1.12%) (2018: (0.19%))			
Futures 0.08% (2018: 0.10%)			
241	CBT US 10 Year Note September 2019	70	0.01
1,137	CBT US 5 Year Note September 2019	170	0.02
120	EUX Euro-Bund 50 September 2019	194	0.02
51	EUX Euro-Buxl 30 Year Bond 50 September 2019	233	0.03
403	ICE Long Gilt September 2019	(12)	-
		655	0.08

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Swaps 0.00% (2018: (0.03%))²		
	Credit Default Swaps 0.00% (2018: (0.03%))²		
	Forward Foreign Exchange Contracts (1.20%) (2018: (0.26%))²		
	Buy AUD 13,849,732 : Sell GBP 7,567,653 July 2019	67	0.01
	Buy AUD 174,600 : Sell GBP 95,540 August 2019	1	-
	Buy AUD 1,941,250 : Sell GBP 1,052,376 July 2019	18	-
	Buy AUD 30,336,620 : Sell GBP 16,682,628 August 2019	32	-
	Buy AUD 31,688 : Sell GBP 17,261 September 2019 ⁴	-	-
	Buy AUD 420,750 : Sell GBP 228,292 August 2019	4	-
	Buy AUD 525,896 : Sell GBP 288,136 August 2019	2	-
	Buy EUR 106,700 : Sell GBP 94,634 August 2019	1	-
	Buy EUR 110,000 : Sell GBP 97,307 August 2019	1	-
	Buy EUR 1,207,620 : Sell GBP 1,079,961 September 2019	4	-
	Buy EUR 16,013 : Sell GBP 14,326 September 2019 ⁴	-	-
	Buy EUR 24,032 : Sell GBP 20,710 July 2019	1	-
	Buy EUR 466,368 : Sell GBP 415,392 September 2019	3	-
	Buy GBP 10,542,934 : Sell EUR 12,185,161 July 2019	(366)	(0.05)
	Buy GBP 116,422,747 : Sell USD 148,434,121 September 2019	204	0.03
	Buy GBP 134,146,764 : Sell USD 174,365,659 August 2019	(2,529)	(0.32)
	Buy GBP 1,415,433 : Sell AUD 2,599,471 July 2019	(18)	-
	Buy GBP 14,908,606 : Sell USD 18,799,128 September 2019	190	0.02
	Buy GBP 1,510,212 : Sell USD 1,960,000 August 2019	(26)	-
	Buy GBP 170,071,331 : Sell USD 223,306,027 July 2019	(5,252)	(0.66)
	Buy GBP 2,021,176 : Sell USD 2,576,875 September 2019	4	-
	Buy GBP 211,975 : Sell EUR 237,900 August 2019	(1)	-
	Buy GBP 2,617,595 : Sell USD 3,341,000 September 2019	2	-
	Buy GBP 265,380 : Sell USD 334,645 September 2019	3	-
	Buy GBP 266,118 : Sell AUD 489,300 August 2019	(3)	-
	Buy GBP 28,078,727 : Sell AUD 51,492,336 July 2019	(307)	(0.04)
	Buy GBP 309,203 : Sell USD 394,500 August 2019 ⁴	-	-
	Buy GBP 310,518 : Sell USD 395,400 August 2019	1	-
	Buy GBP 31,557,174 : Sell AUD 57,684,673 September 2019	(214)	(0.03)
	Buy GBP 328,689 : Sell EUR 374,900 August 2019	(7)	-
	Buy GBP 36,433,491 : Sell AUD 68,011,183 August 2019	(1,040)	(0.13)
	Buy GBP 3,758,878 : Sell USD 4,733,901 September 2019	52	0.01
	Buy GBP 3,936,514 : Sell EUR 4,400,793 September 2019	(12)	-
	Buy GBP 3,973,211 : Sell USD 5,162,886 July 2019	(80)	(0.01)
	Buy GBP 4,009,677 : Sell USD 5,231,000 July 2019	(97)	(0.01)
	Buy GBP 4,080,293 : Sell USD 5,138,941 September 2019	57	0.01
	Buy GBP 4,126,452 : Sell USD 5,270,713 September 2019 ⁴	-	-
	Buy GBP 4,216,513 : Sell AUD 7,762,515 July 2019	(63)	(0.01)
	Buy GBP 4,222,482 : Sell USD 5,385,536 August 2019	1	-
	Buy GBP 4,487,110 : Sell USD 5,686,582 August 2019	30	-
	Buy GBP 526,717 : Sell USD 688,000 July 2019	(13)	-
	Buy GBP 6,016,561 : Sell EUR 6,901,332 August 2019	(169)	(0.02)
	Buy GBP 633,830 : Sell USD 828,400 July 2019	(17)	-
	Buy GBP 7,647,394 : Sell USD 9,999,977 July 2019	(204)	(0.03)
	Buy GBP 80,125 : Sell USD 102,375 September 2019 ⁴	-	-
	Buy GBP 8,431,556 : Sell USD 10,675,372 September 2019	73	0.01
	Buy JPY 1,068,866,008 : Sell USD 9,800,000 July 2019	109	0.01

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts² <small>(continued)</small>			
	Buy JPY 2,026,932,240 : Sell AUD 26,800,000 August 2019	29	-
	Buy USD 11,362,968 : Sell GBP 8,932,086 August 2019	(25)	-
	Buy USD 121,101 : Sell GBP 91,907 July 2019	3	-
	Buy USD 15,786,393 : Sell GBP 12,364,809 September 2019	(5)	-
	Buy USD 184,998 : Sell GBP 145,370 August 2019 ⁴	-	-
	Buy USD 18,857 : Sell GBP 14,809 August 2019 ⁴	-	-
	Buy USD 18,876 : Sell GBP 14,532 July 2019 ⁴	-	-
	Buy USD 192,030 : Sell GBP 150,007 August 2019	1	-
	Buy USD 19,751,739 : Sell GBP 15,574,837 September 2019	(110)	(0.01)
	Buy USD 263,024 : Sell GBP 207,702 September 2019	(2)	-
	Buy USD 264,731 : Sell GBP 206,921 August 2019	1	-
	Buy USD 269,915 : Sell GBP 212,129 September 2019	(1)	-
	Buy USD 272,251 : Sell GBP 213,955 August 2019	(1)	-
	Buy USD 28,969 : Sell GBP 22,136 July 2019	1	-
	Buy USD 294,136 : Sell GBP 223,446 July 2019	7	-
	Buy USD 36,425 : Sell GBP 28,624 September 2019 ⁴	-	-
	Buy USD 3,795,672 : Sell GBP 2,904,972 July 2019	75	0.01
	Buy USD 439,729 : Sell GBP 344,176 August 2019	1	-
	Buy USD 44,688 : Sell GBP 34,121 July 2019	1	-
	Buy USD 4,491,311 : Sell GBP 3,427,226 July 2019	99	0.01
	Buy USD 468,800 : Sell GBP 367,682 September 2019	(1)	-
	Buy USD 505,262 : Sell GBP 385,508 July 2019	11	-
	Buy USD 507,101 : Sell GBP 391,273 July 2019	7	-
	Buy USD 512,949 : Sell GBP 404,448 September 2019	(3)	-
	Buy USD 539,587 : Sell GBP 425,599 August 2019	(3)	-
	Buy USD 589,370 : Sell GBP 448,390 July 2019	14	-
	Buy USD 610,156 : Sell GBP 482,557 August 2019	(4)	-
	Buy USD 6,589 : Sell GBP 5,009 July 2019 ⁴	-	-
	Buy USD 702,600 : Sell GBP 555,200 August 2019	(4)	-
	Buy USD 974,786 : Sell GBP 761,816 August 2019	2	-
	Buy USD 9,800,000 : Sell JPY 1,054,532,920 July 2019	(4)	-
		<u>(9,469)</u>	<u>(1.20)</u>
	Investment assets including investment liabilities	730,301	93.14
	Other net assets	53,794	6.86
	Total net assets	784,095	100.00

¹ Suspended or delisted securities

² Unquoted securities

³ Defaulted

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 comparatives percentages have changed for some sectors due to reclassification within these sectors.

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		34,671		(27,079)
Revenue	3	30,983		33,300	
Expenses	4	(5,969)		(6,258)	
Interest payable and similar charges	5	<u>(23)</u>		<u>(7)</u>	
Net revenue before taxation		24,991		27,035	
Taxation	6	<u>(90)</u>		<u>(68)</u>	
Net revenue after taxation			<u>24,901</u>		<u>26,967</u>
Total return before distributions			59,572		(112)
Distributions	7		(31,191)		(33,984)
Change in net assets attributable to shareholders from investment activities			<u>28,381</u>		<u>(34,096)</u>

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		801,094		749,157
Amounts receivable on issue of shares	61,273		108,784	
Amounts payable on cancellation of shares	<u>(110,410)</u>		<u>(26,365)</u>	
		(49,137)		82,419
Dilution adjustment		51		-
Change in net assets attributable to shareholders from investment activities		28,381		(34,096)
Retained distributions on accumulation shares		3,695		3,599
Unclaimed distributions		11		15
Closing net assets attributable to shareholders		<u>784,095</u>		<u>801,094</u>

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		740,894	766,176
Current assets:			
Debtors	8	14,155	20,143
Cash and bank balances	9	74,131	49,346
Total assets		829,180	835,665
Liabilities:			
Investment liabilities		10,593	2,796
Creditors:			
Amounts held at derivative clearing houses and brokers		667	979
Bank overdrafts		19,464	6,196
Distributions payable		6,816	7,749
Other creditors	10	7,545	16,851
Total liabilities		45,085	34,571
Net assets attributable to shareholders		784,095	801,094

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2019	2018
	£000	£000
Derivative securities	6,562	1,211
Forward currency contracts	(23,606)	(218)
Non-derivative securities	52,232	(27,514)
Other currency losses	(506)	(544)
Transaction costs	(11)	(14)
Net capital gains/(losses)	34,671	(27,079)

3 Revenue

	2019	2018
	£000	£000
Bank interest	334	130
Derivative revenue	292	37
Interest on debt securities	29,299	32,120
Interest on margin	17	-
Stock lending revenue	60	32
UK dividends	981	981
Total revenue	30,983	33,300

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	5,259	5,490
GAC*	641	668
	<u>5,900</u>	<u>6,158</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	46	51
Safe custody fees	23	49
	<u>69</u>	<u>100</u>
Total expenses	5,969	6,258

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £12,799 (2018: £10,017).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	23	7
Total interest payable and similar charges	23	7

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	90	68
Total tax (note 6b)	90	68

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	24,991	27,035
Corporation tax at 20% (2018: 20%)	4,998	5,407
Effects of:		
Irrecoverable overseas tax	90	68
Revenue being paid as interest distributions	(4,802)	(5,211)
UK dividends*	(196)	(196)
Tax charge for the year (note 6a)	90	68

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

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

Notes to the financial statements (continued)

7 Distributions

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

	2019	2018
	£000	£000
Interim income	20,569	23,039
Interim accumulation	2,732	2,695
Final income	6,816	7,749
Final accumulation	963	905
	<u>31,080</u>	<u>34,388</u>
Amounts deducted on cancellation of shares	417	107
Amounts received on issue of shares	(306)	(511)
Total distributions	<u>31,191</u>	<u>33,984</u>
Net revenue after taxation	24,901	26,967
Annual management charge borne by the capital account	5,259	5,490
Effective yield coupon based adjustment	1,031	1,527
Total distributions	<u>31,191</u>	<u>33,984</u>

Details of the distribution per share are set out in the distribution tables on pages 261 to 263.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	9,563	11,084
Amounts receivable for issue of shares	1,963	919
Currency transactions awaiting settlement	2,625	910
Overseas withholding tax reclaimable	4	4
Sales awaiting settlement	-	7,226
Total debtors	<u>14,155</u>	<u>20,143</u>

9 Cash and bank balances

	2019	2018
	£000	£000
Amounts held at derivative clearing houses and brokers	2,542	3,811
Cash and bank balances	71,589	45,245
Cash pledged as collateral	-	290
Total cash and bank balances	<u>74,131</u>	<u>49,346</u>

Notes to the financial statements (continued)

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	444	464
Accrued Depository's fee	10	5
Accrued other expenses	61	75
Amounts payable for cancellation of shares	29	311
Currency transactions awaiting settlement	2,626	910
Derivative revenue payable	-	3
Purchases awaiting settlement	4,375	15,083
Total other creditors	7,545	16,851

11 Contingent liabilities and commitments

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 248 and 249 and notes 4, 7, 8 and 10 on pages 250 to 253 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

There were no material shareholders at the year end (2018: nil).

13 Shareholders' funds

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

	2019	2018
	%	%
Class A	1.25	1.25
Class I	0.60	0.60
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 234 to 238. The distribution per share class is given in the distribution tables on pages 261 to 263. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

Shares reconciliation as at 30 June 2019

	Class A income	Class I accumulation	Class I income	Class Z accumulation
Opening number of shares	257,427,871	45,018,319	1,053,392,355	9,242,240
Issues during the year	8,145,145	9,283,627	73,554,417	922,893
Cancellations during the year	(23,829,368)	(4,776,213)	(158,578,488)	(1,482,952)
Shares converted during the year	(1,166,830)	88,081	258,353	145,254
Closing shares in issue	240,576,818	49,613,814	968,626,637	8,827,435

14 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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 cash collateral pledged in respect of derivatives as at 30 June 2019 (2018: £290,000). There was no collateral held in respect of derivatives as at 30 June 2019 (2018: nil).

2019

At 30 June 2019 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Total by counterparty £000
Barclays	-	109	109
BNP Paribas	-	974	974
UBS	667	29	696
	667	1,112	1,779

2018

At 30 June 2018 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	-	241	241
JP Morgan	-	68	68
UBS	967	-	967
	967	309	1,276

Notes to the financial statements (continued)

15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with BNP Paribas acting as the stock lending agent for the purposes of efficient portfolio management and 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 £000
Barclays	457	480	Government Bond
Société Générale	9,245	10,272	Equity
	<u>9,702</u>	<u>10,752</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	71	11	60

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Barclays	119	126	Corporate Bond
Barclays	5,148	5,373	Government Bond
	<u>5,267</u>	<u>5,499</u>	
BNP Paribas	165	203	Corporate Bond
Goldman Sachs	291	319	Government Bond
JP Morgan	1,912	2,018	Corporate Bond
JP Morgan	1,182	1,316	Equity
JP Morgan	1,505	1,589	Government Bond
	<u>4,599</u>	<u>4,923</u>	
Natixis	40,872	45,857	Equity
	<u>51,194</u>	<u>56,801</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	38	6	32

Notes to the financial statements (continued)

16 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	Fixed rate financial assets	Non-interest bearing assets	Total
	£000	£000	£000	£000
2019				
Australian dollar	-	80,448	570	81,018
Euro	6,166	13,615	526	20,307
Japanese yen	-	-	138	138
UK sterling	124,205	129,071	21,469	274,745
US dollar	26,009	419,339	7,624	452,972
Total	156,380	642,473	30,327	829,180
	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing assets	Total
	£000	£000	£000	£000
2018				
Australian dollar	1,841	51,085	1,272	54,198
Canadian dollar	379	16,708	15	17,102
Euro	6,504	22,805	4,284	33,593
UK sterling	150,846	181,620	10,895	343,361
US dollar	74,623	307,836	4,952	387,411
Total	234,193	580,054	21,418	835,665
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing liabilities	Total
	£000	£000	£000	£000
2019				
Euro	427	-	-	427
UK sterling	19,463	-	22,168	41,631
US dollar	240	-	2,787	3,027
Total	20,130	-	24,955	45,085
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing liabilities	Total
	£000	£000	£000	£000
2018				
Australian dollar	959	-	4,480	5,439
Canadian dollar	13	-	133	146
Euro	-	-	704	704
UK sterling	6,203	-	19,924	26,127
US dollar	-	211	1,944	2,155
Total	7,175	211	27,185	34,571

Notes to the financial statements (continued)

16 Risk (continued)

Credit Ratings

	Market value £000	Percentage of total net assets %
2019		
Investments		
Investment grade (AAA - BBB)	447,940	57.12
Below investment grade (BB and below)	266,558	34.00
Unrated	10,224	1.30
Total debt securities	724,722	92.42
Derivatives	(8,814)	(1.12)
Equities	14,393	1.84
Investment assets including investment liabilities	730,301	93.14
Other net assets	53,794	6.86
Total net assets	784,095	100.00

	Market value £000	Percentage of total net assets %
2018		
Investments		
Investment grade (AAA - BBB)	422,657	52.76
Below investment grade (BB and below)	320,922	40.06
Unrated	21,321	2.66
Total debt securities	764,900	95.48
Derivatives	(1,520)	(0.19)
Investment assets including investment liabilities	763,380	95.29
Other net assets	37,714	4.71
Total net assets	801,094	100.00

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in year			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019	Absolute VaR	1.10	2.17	1.60	20.00	5.52	10.83	8.00
2018	Absolute VaR	1.34	2.89	2.05	20.00	6.70	14.45	10.27

Leverage

	Minimum %	Maximum %	Average %
2019	76.73	231.37	123.89
2018	49.12	219.86	100.59

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

2019	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Amounts held at derivatives clearing houses and brokers	667	-	-	-
Bank overdrafts	19,464	-	-	-
Derivative financial liabilities	-	10,593	-	-
Distribution payable	-	6,816	-	-
Other creditors	-	7,545	-	-
Total	20,131	24,954	-	-

2018	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Amounts held at derivatives clearing houses and brokers	979	-	-	-
Bank overdrafts	6,196	-	-	-
Derivative financial liabilities	-	2,796	-	-
Distribution payable	-	7,749	-	-
Other creditors	-	16,851	-	-
Total	7,175	27,396	-	-

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Notes to the financial statements (continued)

17 Fair value disclosure (continued)

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	12,130*	12	95,027*	146
Level 2	728,764	10,581	671,149	2,650
Level 3	-	-	-	-
	<u>740,894</u>	<u>10,593</u>	<u>766,176</u>	<u>2,796</u>

* 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 £11,462,589 as at 30 June 2019 (2018: £94,061,572).

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Debt securities	333,741	592,387	397,454	481,079
Equities	-	-	-	232
Trades in the year before transaction costs	<u>333,741</u>	<u>592,387</u>	<u>397,454</u>	<u>481,311</u>
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	15	-	15
Equities	-	-	-	-
Total other expenses	-	15	-	15
Total transaction costs	-	15	-	15
Total net trades in the year after transaction costs	<u>333,741</u>	<u>592,402</u>	<u>397,454</u>	<u>481,296</u>

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Equities	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	-	-	-	-
	2019	2018		
	%	%		
Total transaction costs expressed as a percentage of net asset value				
Commissions	-	-		
Taxes	-	-		
Other expenses	-	-		
Total costs	<u>-</u>	<u>-</u>		

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £7,021,853 (2018: £1,338,560).

There were direct transaction costs associated with derivatives in the year of £34,174 (2018: £35,073) which is 0.00% of the average net asset value of the fund (2018: 0.01%).

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 30 June 2019 was 0.51% (2018: 0.51%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

The fund launched a new share class, E income on 8 July 2019.

Distribution tables for the year ended 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 30 September 2018, paid on 30 November 2018)

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class A income				
Group 1	0.5324	-	0.5324	0.5904
Group 2	0.2632	0.2692	0.5234	0.5904
Class I accumulation				
Group 1	1.5048	-	1.5048	1.5862
Group 2	0.6370	0.8678	1.5048	1.5862
Class I income				
Group 1	0.5870	-	0.5870	0.6465
Group 2	0.2905	0.2965	0.5870	0.6465
Class Z accumulation				
Group 1	2.2310	-	2.3210	2.4288
Group 2	0.9753	1.3457	2.3210	2.4288
Class A income gross*				
Group 1	n/a	n/a	n/a	0.5978
Group 2	n/a	n/a	n/a	0.5978
Class I income gross*				
Group 1	n/a	n/a	n/a	0.6659
Group 2	n/a	n/a	n/a	0.6659
Class Z accumulation gross*				
Group 1	n/a	n/a	n/a	2.8605
Group 2	n/a	n/a	n/a	2.8605

¹ Class A income gross, Class I income gross and Class Z accumulation gross closed on 2 October 2017.

Distribution tables (continued)

Interim interest distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class A income				
Group 1	0.5287	-	0.5287	0.6090
Group 2	0.1945	0.3342	0.5287	0.6090
Class I accumulation				
Group 1	1.5128	-	1.5128	1.6560
Group 2	0.9080	0.6048	1.5128	1.6560
Class I income				
Group 1	0.5840	-	0.5840	0.6675
Group 2	0.3390	0.2450	0.5840	0.6675
Class Z accumulation				
Group 1	2.3375	-	2.3375	2.5403
Group 2	1.0193	1.3182	2.3375	2.5403

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 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 31/05/19	Total distribution per share 31/05/18
Class A income				
Group 1	0.5039	-	0.5039	0.5396
Group 2	0.2674	0.2365	0.5039	0.5396
Class I accumulation				
Group 1	1.4608	-	1.4608	1.4894
Group 2	0.9775	0.4833	1.4608	1.4894
Class I income				
Group 1	0.5575	-	0.5575	0.5936
Group 2	0.2733	0.2842	0.5575	0.5936
Class Z accumulation				
Group 1	2.2622	-	2.2622	2.2916
Group 2	1.4160	0.8462	2.2622	2.2916

Distribution tables (continued)

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class A income				
Group 1	0.5183	-	0.5183	0.5465
Group 2	0.2871	0.2312	0.5183	0.5465
Class I accumulation				
Group 1	1.5212	-	1.5212	1.5269
Group 2	0.8545	0.6667	1.5212	1.5269
Class I income				
Group 1	0.5749	-	0.5749	0.6021
Group 2	0.3284	0.2465	0.5749	0.6021
Class Z accumulation				
Group 1	2.3587	-	2.3587	2.3488
Group 2	1.4534	0.9053	2.3587	2.3488

Janus Henderson Strategic Bond Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Jenna Barnard and John Pattullo

Investment objective and policy

To provide a return by investing in higher yielding assets including high yield bonds, investment grade bonds, government bonds, preference shares and other bonds. The fund may also invest in equities. The fund will take strategic asset allocation decisions between countries, asset classes, sectors and credit ratings. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	7.5	0.0	6.5	3.1	2.9
IA Sterling Strategic Bond Sector	5.1	0.4	6.5	2.9	2.3

Source: Morningstar, Class I accumulation, NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point. The fund is not running against a specific benchmark, for internal risk monitoring, the IA Sterling Strategic Bond Sector is used.

Peer group benchmark: IA Sterling Strategic Bond Sector

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 30 June 2019

Largest purchases	£000	Largest sales/maturities	£000
Canada (Government of) 2.00% 01/06/2028	87,621	Australia (Commonwealth of) 1.75% 21/11/2020	105,417
Australia (Commonwealth of) 2.75% 21/11/2028	86,270	Australia (Commonwealth of) 3.75% 21/04/2037	86,327
Australia (Commonwealth of) 2.25% 21/05/2028	62,167	Canada (Government of) 1.00% 01/06/2027	84,839
Australia (Commonwealth of) 3.00% 21/03/2047	43,904	UK Treasury 0.75% 22/07/2023	84,683
Germany (Federal Republic of) 3.25% 04/07/2042	42,990	Australia (Commonwealth of) 3.00% 21/03/2047	68,241
Alphabet 1.998% 15/08/2026	34,814	US Treasury 1.75% 30/11/2019	47,300
Amazon.com 3.15% 22/08/2027	33,089	Canada (Government of) 2.75% 01/12/2048	45,649
Mastercard 2.10% 01/12/2027	31,464	Germany (Federal Republic of) 3.25% 04/07/2042	45,108
Orange 2.00% 15/01/2029	24,247	Canada (Government of) 0.75% 01/05/2019	40,715
US Treasury Index Linked 1% 15/02/2049	23,260	Wachovia Capital Trust III 5.56975% Perpetual	32,173
Total purchases	1,330,160	Total sales/maturities	1,151,842

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

Investment review

The fund returned 7.5% based on Class I accumulation over the year under review, compared with a return of 5.1% in IA Sterling Strategic Bond Sector peer group benchmark.

The year under review was a seminal period for the majority of bond investors and central bankers. It revealed that the road to rising inflation and interest rate 'normalisation' was not the one that they had hoped for, nor which their economic models (e.g. the Phillips Curve) told them to expect. We have termed this 'the point of realisation'. Indeed, the structural factors which have, for many years, served to weigh down growth and inflation proved too strong, and at the first sign of a cyclical deceleration, central banks across the developed world seemed to flip into rate-cutting mode. Even in the most 'normal' economy, the US, we have learnt some profound truths about the outlook for interest rates and hence, bond yields. This continues to filter through in the performance of every asset class in the developed world. Firstly, interest rates peaked at 2.4% this cycle versus 5.25% in the last cycle. Inflation has structurally undershot its target for 10 years. Quantitative easing (QE; monetary stimulus) could not be reversed in full. If this is true in the US, it seems there is little hope for interest rates going up in the rest of the developed world.

Fund performance was strong both on an absolute and a relative basis. The key determinant of this return was duration management. Firstly, the aggregate duration (sensitivity to interest rate movements) of the fund was run at a high level through most of the year under review. We disagreed with the consensus view that higher interest rates and higher bond yields should be expected in the second half of 2018 and positioned accordingly, with high sensitivity to bond yields. This proved the correct decision, as we reached an inflection point in this business cycle's interest rate policy, particularly in the US. We also positioned to take advantage of continued interest rate divergence across the developed world. Of particular note was the exposure to Australian government bonds, which proved a strong driver of performance; the Reserve Bank of Australia was forced to cut interest rates twice in the summer of 2019 following weak employment and inflation data.

Related to this duration view was our preference for longer dated investment grade (higher quality) corporate bonds in the portfolio. Locking in long dated income streams seemed a preferable choice to moving down the credit spectrum to shorter dated, lower quality high yield bonds. Many of our purchases were focused in this area — in US dollar investment grade bonds in late 2018 and increasingly in euro-denominated bonds in 2019. This latter position was partly based on the expectation that the European Central Bank (ECB) would reinstate its purchases of such bonds as part of a new QE scheme. Over the course of the year, all bond markets performed strongly, including high yield and financial bonds. The latter markets exhibited considerable drawdown in late 2018, but we avoided the worst of this via our asset allocations described above.

Derivatives (financial instruments for which the price is derived from one or more underlying asset) continued to be utilised in order to quickly and cheaply reposition the fund. In aggregate, this provided a strong boost to fund performance driven by interest rate (government bond) futures, which made up the majority of activity. Other derivatives were utilised predominantly for hedging the portfolio against a sell-off in risk assets and provided a small negative contribution to performance. However, these were more than offset by gains derived from duration management.

At the time of writing (in July 2019), it is clear that the much-hoped-for recovery in global growth is unlikely. Firstly, the Chinese stimulus narrative was overhyped (or just plain wrong) in early 2019 and Chinese/Asian data remains concerningly weak. We believe the economic data released in the second quarter proves our view that this is likely to be a prolonged slump. Secondly, US manufacturing has been dragged down with the rest of the world. Again, consensus got this wrong. Finally, central banks have 'surprised' the majority of investors with their talk of rate cuts and more QE. Australia has cut rates twice this quarter, the ECB has hinted at cuts and more QE, and the Fed is also talking of cuts.

To reiterate our view of this downturn, we believe it is an industrial/manufacturing downturn that started in Asia and as a result has had a severe impact on Europe (exposure to Asia is high for European exporters). Thus, this is the first serious non-US sourced downturn since 1998. Of the major economies, the US will likely be the most insulated from this downturn, but it won't be immune. We've now seen 13 consecutive quarters of declining global manufacturing data. This looks to be a prolonged downturn that could start to seep into services sectors and some employment markets (such as Germany, Australia and even the US).

Comparative tables for the year ended 30 June 2019

	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	120.95	125.98	123.96
Return before operating charges*	9.77	1.06	8.74
Operating charges	(1.70)	(1.75)	(1.77)
Return after operating charges*	8.07	(0.69)	6.97
Distributions on income shares	(3.77)	(4.34)	(4.95)
Closing net asset value per share	125.25	120.95	125.98
* after direct transaction costs of:	0.01	0.01	0.01

Performance

Return after charges	6.67%	(0.55%)	5.62%
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Other information

Closing net asset value (£000s)	119,620	128,296	141,182
Closing number of shares	95,504,454	106,071,549	112,064,232
Operating charges	1.40%	1.40%	1.40%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest share price (pence)	126.40	127.90	130.00
Lowest share price (pence)	118.70	121.80	124.10

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	326.62	326.20	306.46
Return before operating charges*	26.98	2.68	23.38
Operating charges	(2.26)	(2.27)	(2.20)
Return after operating charges*	24.72	0.41	21.18
Distributions on accumulation shares	(10.56)	(11.65)	(14.11)
Retained distributions on accumulation shares [^]	10.56	11.65	12.67
Closing net asset value per share	351.34	326.62	326.20
* after direct transaction costs of:	0.02	0.02	0.02

Performance

Return after charges	7.57%	0.13%	6.91%
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Other information

Closing net asset value (£000s)	975,018	807,770	447,750
Closing number of shares	277,514,358	247,312,803	137,263,784
Operating charges	0.68%	0.69%	0.69%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest share price (pence)	352.10	333.40	329.00
Lowest share price (pence)	323.90	326.00	309.00

[^]Retained distributions prior to 6 April 2017 are net of 20% income tax.

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	131.58	136.16	133.11
Return before operating charges*	10.67	1.16	9.41
Operating charges	(0.90)	(0.94)	(0.94)
Return after operating charges*	9.77	0.22	8.47
Distributions on income shares	(4.20)	(4.80)	(5.42)
Closing net asset value per share	137.15	131.58	136.16
* after direct transaction costs of:	0.01	0.01	0.01

Performance

Return after charges	7.43%	0.16%	6.36%
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Other information

Closing net asset value (£000s)	1,294,506	1,186,020	750,378
Closing number of shares	943,875,930	901,363,675	551,106,085
Operating charges	0.68%	0.69%	0.69%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest share price (pence)	138.50	138.40	139.70
Lowest share price (pence)	129.40	132.50	133.60

	Class Z accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	354.91	352.16	328.74
Return before operating charges*	29.47	2.89	25.12
Operating charges	(0.11)	(0.14)	(0.14)
Return after operating charges*	29.36	2.75	24.98
Distributions on accumulation shares	(11.70)	(12.82)	(15.35)
Retained distributions on accumulation shares [^]	11.70	12.82	13.79
Closing net asset value per share	384.27	354.91	352.16
* after direct transaction costs of:	0.02	0.02	0.02

Performance

Return after charges	8.27%	0.78%	7.60%
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Other information

Closing net asset value (£000s)	11,749	11,158	11,496
Closing number of shares	3,057,563	3,143,862	3,264,424
Operating charges	0.03%	0.04%	0.04%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest share price (pence)	385.10	361.00	355.10
Lowest share price (pence)	352.60	352.60	331.50

[^]Retained distributions prior to 6 April 2017 are net of 20% income tax.

Comparative tables (continued)

	Class A income gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	127.55	125.50
Return before operating charges*	1.87	9.49
Operating charges	(0.46)	(1.80)
Return after operating charges*	1.41	7.69
Distributions on income shares	(1.16)	(5.64)
Final cancellation price	(127.80) ¹	-
Closing net asset value per share	-	127.55
* after direct transaction costs of:	0.01	0.01
Performance		
Return after charges	1.11%	6.13%
Other information		
Closing net asset value (£000s)	-	6,808
Closing number of shares	-	5,337,006
Operating charges	1.40%	1.40%
Direct transaction costs	0.01%	0.01%
Prices		
Highest share price (pence)	129.50 ²	131.80
Lowest share price (pence)	127.60 ²	125.70

¹ Class A income gross closed on 2 October 2017 and this is the final cancellation price.

² to 2 October 2017

Comparative tables (continued)

	Class I accumulation gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	380.71	355.92
Return before operating charges*	5.48	27.35
Operating charges	(0.69)	(2.56)
Return after operating charges*	4.79	24.79
Distributions on accumulation shares	(3.53)	(16.57)
Retained distributions on accumulation shares	3.53	16.57
Final cancellation price	(385.50) ³	-
Closing net asset value per share	-	380.71
* after direct transaction costs of:	0.03	0.02
Performance		
Return after charges	1.26%	6.97%
Other information		
Closing net asset value (£000s)	-	102,527
Closing number of shares	-	26,930,600
Operating charges	0.69%	0.69%
Direct transaction costs	0.01%	0.01%
Prices		
Highest share price (pence)	387.00 ⁴	383.80
Lowest share price (pence)	381.00 ⁴	358.90

³ Class I accumulation gross closed on 2 October 2017 and this is the final cancellation price.

⁴ to 2 October 2017

Comparative tables (continued)

	Class I income gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	101.98	99.69
Return before operating charges*	1.46	7.55
Operating charges	(0.19)	(0.70)
Return after operating charges*	1.27	6.85
Distributions on income shares	(0.95)	(4.56)
Final cancellation price	(102.30) ⁵	-
Closing net asset value per share	-	101.98
* after direct transaction costs of:	0.01	0.01
Performance		
Return after charges	1.25%	6.87%
Other information		
Closing net asset value (£000s)	-	355,803
Closing number of shares	-	348,888,869
Operating charges	0.69%	0.69%
Direct transaction costs	0.01%	0.01%
Prices		
Highest share price (pence)	103.70 ⁶	104.80
Lowest share price (pence)	102.10 ⁶	100.20

⁵ Class I income gross closed on 2 October 2017 and this is the final cancellation price.

⁶ to 2 October 2017

Comparative tables (continued)

	Class Z accumulation gross	
	2018	2017
	(pence per share)	(pence per share)
Change in net assets per share		
Opening net asset value per share	387.88	360.31
Return before operating charges*	5.66	27.72
Operating charges	(0.04)	(0.15)
Return after operating charges*	5.62	27.57
Distributions on accumulation shares	(3.65)	(17.25)
Retained distributions on accumulation shares	3.65	17.25
Final cancellation price	(393.50) ⁷	-
Closing net asset value per share	-	387.88
* after direct transaction costs of:	0.03	0.02
Performance		
Return after charges	1.45%	7.65%
Other information		
Closing net asset value (£000s)	-	196
Closing number of shares	-	50,610
Operating charges	0.04%	0.04%
Direct transaction costs	0.01%	0.01%
Prices		
Highest share price (pence)	394.70 ⁸	391.00
Lowest share price (pence)	388.20 ⁸	363.30

⁷ Class Z accumulation gross closed on 2 October 2017 and this is the final cancellation price.

⁸ to 2 October 2017

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

	2019 %	2018 %
Class A	1.40	1.40
Class I	0.68	0.69
Class Z	0.03	0.04

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

Risk and reward profile

The fund currently has 4 types of share class in issue; A income, I accumulation, I income and Z accumulation.

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

The share classes appear at 3 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 0.82% (2018: 0.93%)		
	United Kingdom 0.82% (2018: 0.93%)		
	Financials 0.82% (2018: 0.93%)		
14,000	Lloyds Banking 9.25% Non-Cumulative Preference	20	-
130,350	Nationwide Building Society CDDS	19,604	0.82
		<u>19,624</u>	<u>0.82</u>
	Bonds 95.70% (2018: 90.70%)		
	Australia 10.46% (2018: 12.37%)		
	Fixed Rate Bond 10.46% (2018: 12.37%)		
AUD 37,600,000	Australia (Commonwealth of) 1.75% 21/11/2020	20,946	0.87
AUD 114,200,000	Australia (Commonwealth of) 2.25% 21/05/2028	67,972	2.83
AUD 49,491,000	Australia (Commonwealth of) 2.75% 21/04/2024	29,504	1.23
AUD 153,400,000	Australia (Commonwealth of) 2.75% 21/11/2028	95,235	3.97
AUD 51,200,000	Australia (Commonwealth of) 3.75% 21/04/2037	37,399	1.56
		<u>251,056</u>	<u>10.46</u>
	Belgium 1.41% (2018: 0.61%)		
	Fixed Rate Bond 1.41% (2018: 0.61%)		
CAD 26,000,000	Anheuser-Busch InBev 2.60% 15/05/2024	15,667	0.65
EUR 10,220,000	Anheuser-Busch InBev 2.75% 17/03/2036	10,596	0.44
AUD 10,070,000	FBG Finance 3.25% 06/09/2022	5,758	0.24
AUD 3,090,000	FBG Finance 3.75% 06/09/2024	1,828	0.08
		<u>33,849</u>	<u>1.41</u>
	Canada 8.26% (2018: 11.73%)		
	Fixed Rate Bond 8.26% (2018: 11.73%)		
CAD 68,500,000	Canada (Government of) 0.50% 01/03/2022	40,184	1.67
CAD 87,500,000	Canada (Government of) 1.75% 01/03/2023	53,239	2.22
CAD 150,000,000	Canada (Government of) 2.00% 01/06/2028	94,283	3.93
USD 6,368,000	Cott 5.50% 01/04/2025	5,097	0.21
GBP 5,380,000	Entertainment One 4.625% 15/07/2026	5,531	0.23
		<u>198,334</u>	<u>8.26</u>
	Denmark 0.00% (2018: 0.28%)		
	Secured Loans 0.00% (2018: 0.28%)		
	France 2.79% (2018: 0.79%)		
	Fixed Rate Bond 2.79% (2018: 0.09%)		
EUR 24,800,000	Air Liquide Finance 0.625% 20/06/2030	22,367	0.93
EUR 3,600,000	Danone 1.208% 03/11/2028	3,447	0.14
EUR 26,400,000	Orange 2.00% 15/01/2029	26,418	1.11
GBP 10,000,000	Orange 3.25% 15/01/2032	10,886	0.45
EUR 1,020,000	Sodexo 0.75% 14/04/2027	929	0.04
GBP 2,900,000	Sodexo 1.75% 26/06/2028	2,912	0.12
		<u>66,959</u>	<u>2.79</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Secured Loans 0.00% (2018: 0.46%)		
	Variable Rate Bond 0.00% (2018: 0.24%)		
	Germany 2.05% (2018: 0.92%)		
	Asset Backed 0.00% (2018: 0.00%)		
EUR 1,231,147	Talisman Finance FRN 22/10/2016 ¹	-	-
	Fixed Rate Bond 2.05% (2018: 0.92%)		
EUR 18,085,000	Deutsche Bahn Finance 1.625% 16/08/2033	17,839	0.74
USD 11,400,000	Deutsche Telekom International Finance 2.225% 17/01/2020	8,934	0.37
EUR 10,500,000	Germany (Federal Republic of) 1.25% 15/08/2048	11,989	0.50
EUR 11,360,000	Symrise 1.25% 29/11/2025	10,471	0.44
		<u>49,233</u>	<u>2.05</u>
	Ireland 0.29% (2018: 1.34%)		
	Fixed Rate Bond 0.29% (2018: 1.34%)		
USD 4,255,000	Ardagh Packaging Finance 6.00% 15/02/2025	3,464	0.14
USD 4,210,000	Ardagh Packaging Finance 7.25% 15/05/2024	3,486	0.15
		<u>6,950</u>	<u>0.29</u>
	Luxembourg 0.22% (2018: 0.20%)		
	Secured Loans 0.22% (2018: 0.20%)²		
EUR 6,000,000	SIG Combibloc FRN 22/09/2025	5,389	0.22
	Netherlands 0.97% (2018: 1.76%)		
	Fixed Rate Bond 0.97% (2018: 1.04%)		
EUR 12,350,000	Heineken 1.50% 03/10/2029	11,830	0.48
USD 12,220,000	Heineken 3.50% 29/01/2028	9,976	0.42
EUR 1,610,000	InterXion 4.75% 15/06/2025	1,565	0.07
		<u>23,371</u>	<u>0.97</u>
	Secured Loans 0.00% (2018: 0.72%)		
	Spain 0.67% (2018: 0.00%)		
	Fixed Rate Bond 0.67% (2018: 0.00%)		
EUR 16,700,000	Amadeus IT 1.50% 18/09/2026	16,016	0.67
	Supranational 0.76% (2018: 0.16%)		
	Fixed Rate Bond 0.76% (2018: 0.16%)		
AUD 30,230,000	European Investment Bank 3.10% 17/08/2026	18,255	0.76
	Switzerland 1.24% (2018: 0.81%)		
	Fixed Rate Bond 1.24% (2018: 0.00%)		
EUR 10,700,000	Argentum Givaudan Finance 2.00% 17/09/2030	10,654	0.44
EUR 13,350,000	Novartis Finance 1.375% 14/08/2030	12,889	0.54
EUR 6,220,000	Novartis Finance 1.70% 14/08/2038	6,225	0.26
		<u>29,768</u>	<u>1.24</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Variable Rate Bond 0.00% (2018: 0.81%)			
United Kingdom 15.52% (2018: 26.27%)			
Asset Backed 0.33% (2018: 0.34%)			
GBP 1,550,000	Canary Wharf Finance II FRN 22/10/2037	1,339	0.06
GBP 1,993,829	DECO Series FRN 27/01/2036 ¹	-	-
GBP 5,036,615	Tesco Property Finance 5.744% 13/04/2040	6,574	0.27
		7,913	0.33
Fixed Rate Bond 9.72% (2018: 18.48%)			
GBP 5,700,000	Arqiva Broadcast Finance 6.75% 30/09/2023	6,110	0.25
USD 18,309,000	Bacardi 4.45% 15/05/2025	15,293	0.64
GBP 1,000,000	Cattles 6.875% Perpetual ¹	-	-
GBP 10,810,000	Co-Operative 5.125% 17/05/2024	11,267	0.47
GBP 13,100,000	CPUK Finance 4.25% 28/08/2022	13,112	0.55
GBP 2,500,000	CPUK Finance 4.875% 28/08/2025	2,501	0.10
GBP 3,840,000	Friends Life 8.25% 21/04/2022	4,534	0.19
GBP 4,136,000	Friends Life 12.00% 21/05/2021	4,939	0.21
GBP 3,560,000	Heathrow Funding 6.00% 20/03/2020	3,677	0.15
AUD 16,240,000	Lloyds Banking 4.25% 22/11/2027	9,652	0.40
GBP 20,500,000	Phoenix 4.125% 20/07/2022	21,307	0.89
GBP 9,100,000	Phoenix 6.625% 18/12/2025	10,022	0.42
USD 7,390,000	Prudential 4.875% Perpetual	5,699	0.24
GBP 608,000	Prudential 6.125% 19/12/2031	819	0.03
EUR 1,400,000	RELX Finance 1.50% 13/05/2027	1,333	0.06
USD 2,917,000	Royal Bank of Scotland 7.648% Perpetual	2,985	0.12
GBP 5,000,000	Scottish Widows 5.50% 16/06/2023	5,589	0.23
GBP 2,515,000	Scottish Widows 7.00% 16/06/2043	3,307	0.14
GBP 2,900,000	Tesco 2.50% 02/05/2025	2,966	0.12
GBP 2,550,000	Tesco 5.20% 05/03/2057	3,276	0.14
GBP 10,400,000	Tesco 5.50% 13/01/2033	13,055	0.54
GBP 11,500,000	Tesco 6.125% 24/02/2022	12,813	0.53
USD 4,866,000	Tesco 6.15% 15/11/2037	4,426	0.18
GBP 21,000,000	UK Treasury 1.625% 22/10/2028	22,473	0.94
EUR 21,000,000	Unilever 1.50% 11/06/2039	19,672	0.82
GBP 10,240,000	Unilever 1.50% 22/07/2026	10,248	0.43
GBP 10,211,000	Virgin Media 6.25% 28/03/2029	10,778	0.45
AUD 4,900,000	Vodafone 3.25% 13/12/2022	2,806	0.12
GBP 7,953,000	WM Morrison Supermarkets 3.50% 27/07/2026	8,655	0.36
		233,314	9.72
Secured Loans 0.37% (2018: 0.79%)²			
GBP 8,986,743	Froneri International FRN 31/01/2025	8,933	0.37
Stepped Rate Bond 1.42% (2018: 2.05%)			
GBP 13,125,000	Co-Operative Bank 6.875% 08/07/2020	13,768	0.57
GBP 14,819,000	Co-Operative Bank 7.50% 08/07/2026	16,546	0.69
GBP 3,800,000	Royal Bank of Scotland 5.625% Perpetual	3,772	0.16
		34,086	1.42

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Variable Rate Bond 3.68% (2018: 4.61%)			
GBP 5,000,000	Aviva 6.125% Perpetual	5,404	0.23
USD 29,680,000	Barclays 6.278% Perpetual	24,545	1.02
GBP 14,289,000	BUPA Finance 6.125% Perpetual	14,952	0.62
GBP 17,002,000	HBOS Sterling Finance 7.881% Perpetual	25,222	1.04
USD 10,152,000	Lloyds Banking 6.657% Perpetual	8,415	0.35
GBP 5,190,000	National Westminster Bank 7.125% Perpetual	5,717	0.24
USD 4,204,000	RBS Capital Trust II FRN Perpetual	4,212	0.18
		88,467	3.68
United States 51.06% (2018: 33.46%)			
Asset Backed 0.00% (2018: 0.00%)			
GBP 872,029	Lehman Brothers 7.875% 08/05/2018 ¹	22	-
Fixed Rate Bond 50.50% (2018: 30.71%)			
EUR 13,290,000	Abbott Ireland Financing 1.50% 27/09/2026	12,752	0.53
USD 11,549,000	Adobe 3.25% 01/02/2025	9,463	0.39
USD 71,446,000	Alphabet 1.998% 15/08/2026	54,666	2.28
USD 61,080,000	Amazon.com 3.15% 22/08/2027	50,448	2.10
USD 14,240,000	American Tower 3.60% 15/01/2028	11,390	0.47
EUR 13,350,000	Apple 1.375% 24/05/2029	12,996	0.54
AUD 24,500,000	Apple 2.65% 10/06/2020	13,649	0.57
USD 3,545,000	Apple 3.35% 09/02/2027	2,925	0.12
AUD 15,650,000	Apple 3.70% 28/08/2022	9,178	0.38
USD 18,237,000	Aramark 4.75% 01/06/2026	14,580	0.61
USD 7,445,000	Aramark 5.125% 15/01/2024	6,011	0.25
USD 14,000,000	AT&T 2.45% 30/06/2020	10,996	0.46
CAD 16,500,000	Bank of America 3.407% 20/09/2025	10,298	0.43
AUD 7,850,000	Bank of America 4.25% 05/03/2020	4,402	0.18
USD 17,360,000	Becton Dickinson 3.70% 06/06/2027	14,243	0.59
USD 4,237,000	Berry Global 5.125% 15/07/2023	3,403	0.14
USD 12,847,000	Berry Global 6.00% 15/10/2022	10,296	0.43
USD 6,530,000	Booking 3.60% 01/06/2026	5,410	0.23
USD 18,640,000	Boston Scientific 3.45% 01/03/2024	15,287	0.64
USD 2,890,000	Boston Scientific 4.00% 01/03/2029	2,456	0.10
USD 6,851,000	Boyd Gaming 6.375% 01/04/2026	5,695	0.24
USD 8,949,000	Bristol-Myers Squibb 3.20% 15/06/2026	7,306	0.30
USD 13,573,000	Catalent Pharma Solutions 4.875% 15/01/2026	10,811	0.45
USD 11,739,000	CCO 5.375% 01/06/2029	9,523	0.40
USD 6,995,000	CCO 5.875% 01/05/2027	5,798	0.24
USD 7,030,000	Cintas Corporation No.2 2.90% 01/04/2022	5,618	0.23
USD 7,030,000	Cintas Corporation No.2 3.70% 01/04/2027	5,881	0.24
EUR 20,880,000	Coca-Cola 1.25% 08/03/2031	19,914	0.83
EUR 4,800,000	Coca-Cola 1.625% 09/03/2035	4,755	0.20
USD 7,949,000	Comcast 3.375% 15/08/2025	6,532	0.27
USD 14,076,000	Comcast 3.95% 15/10/2025	11,932	0.50
USD 19,443,000	Comcast 4.15% 15/10/2028	16,838	0.70
USD 9,200,000	Constellation Brands 3.50% 09/05/2027	7,418	0.31
USD 5,979,000	Constellation Brands 4.75% 15/11/2024	5,171	0.22
USD 3,724,000	Crown Castle International 3.20% 01/09/2024	2,988	0.12
USD 14,394,000	Crown Castle International 3.65% 01/09/2027	11,647	0.49

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Fixed Rate Bond <small>(continued)</small>		
USD 8,590,000	Crown Castle International 3.80% 15/02/2028	7,010	0.29
USD 38,825,000	Diamond 1 & 2 Finance 5.45% 15/06/2023	32,879	1.37
USD 7,080,000	Digital Realty Trust 4.75% 01/10/2025	6,097	0.25
USD 13,650,000	Elanco Animal Health 4.90% 28/08/2028	11,978	0.50
USD 21,316,000	Eli Lilly 3.375% 15/03/2029	17,859	0.74
EUR 8,200,000	Equinix 2.875% 01/10/2025	7,640	0.32
USD 10,100,000	Equinix 5.375% 01/04/2023	8,095	0.34
USD 1,500,000	Equinix 5.75% 01/01/2025	1,227	0.05
USD 14,510,000	Estée Lauder 3.15% 15/03/2027	11,807	0.49
USD 5,215,000	First Data 5.75% 15/01/2024	4,213	0.18
EUR 9,480,000	Fiserv 1.625% 01/07/2030	8,673	0.36
USD 8,393,000	Fiserv 3.50% 01/07/2029	6,779	0.28
USD 5,215,000	HCA 4.125% 15/06/2029	4,212	0.18
USD 3,433,000	HCA 5.00% 15/03/2024	2,939	0.12
USD 11,810,000	HCA 5.25% 15/06/2026	10,274	0.43
USD 2,467,000	HCA 5.875% 01/02/2029	2,125	0.09
USD 2,667,000	HCA 6.50% 15/02/2020	2,144	0.09
USD 5,660,000	IHS Markit 5.00% 01/11/2022	4,712	0.20
USD 15,340,000	Iron Mountain 6.00% 15/08/2023	12,385	0.52
EUR 15,600,000	Johnson & Johnson 1.15% 20/11/2028	15,090	0.63
USD 8,470,000	Johnson & Johnson 2.45% 01/03/2026	6,692	0.28
USD 11,230,000	Johnson & Johnson 2.90% 15/01/2028	9,073	0.38
AUD 5,070,000	JPMorgan Chase 4.50% 30/01/2026	3,144	0.13
USD 13,810,000	Lamb Weston 4.875% 01/11/2026	11,285	0.47
USD 14,749,000	Lions Gate Capital 5.875% 01/11/2024	11,878	0.49
USD 11,643,000	Mars 2.70% 01/04/2025	9,334	0.39
USD 20,643,000	Mars 3.20% 01/04/2030	16,853	0.70
EUR 32,490,000	Mastercard 2.10% 01/12/2027	33,357	1.39
EUR 18,700,000	McDonald's 2.625% 11/06/2029	19,507	0.81
CAD 17,820,000	McDonald's 3.125% 04/03/2025	11,084	0.46
AUD 28,850,000	McDonald's 3.45% 08/09/2026	16,836	0.70
EUR 10,000,000	Microsoft 3.125% 06/12/2028	11,224	0.47
USD 41,920,000	Microsoft 3.30% 06/02/2027	34,999	1.46
USD 6,450,000	Microsoft 3.45% 08/08/2036	5,363	0.22
EUR 13,330,000	PepsiCo 1.125% 18/03/2031	12,605	0.53
EUR 7,400,000	Priceline 1.80% 03/03/2027	7,155	0.30
EUR 9,930,000	Procter & Gamble 1.20% 30/10/2028	9,559	0.40
EUR 18,160,000	Procter & Gamble 1.875% 30/10/2038	18,935	0.79
USD 10,000,000	Quintiles Transnational 4.875% 15/05/2023	8,064	0.34
USD 34,921,000	salesforce.com 3.70% 11/04/2028	29,582	1.23
USD 5,936,000	Service Corporation International 5.125% 01/06/2029	4,909	0.20
USD 16,068,000	Service International 4.625% 15/12/2027	12,893	0.54
USD 5,510,000	Silgan 4.75% 15/03/2025	4,362	0.18
USD 12,045,000	Sirius XM Radio 5.375% 15/04/2025	9,760	0.41
USD 10,000,000	Sirius XM Radio 6.00% 15/07/2024	8,075	0.34
USD 11,500,000	Sysco 3.55% 15/03/2025	9,470	0.39
USD 21,338,000	The Walt Disney Company 1.85% 30/07/2026	16,248	0.68
CAD 22,378,000	The Walt Disney Company 2.758% 07/10/2024	13,817	0.58
USD 2,534,000	T-Mobile USA 4.50% 01/02/2026	2,038	0.08
USD 3,997,000	T-Mobile USA 4.75% 01/02/2028	3,231	0.13

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
USD 8,550,000	T-Mobile USA 6.00% 01/03/2023	6,869	0.29
USD 10,020,000	T-Mobile USA 6.50% 15/01/2026	8,511	0.35
USD 87,000,000	US Treasury 2.75% 15/11/2023	71,233	2.97
EUR 23,500,000	Verizon Communications 2.875% 15/01/2038	24,960	1.04
USD 10,000,000	Verizon Communications 3.125% 16/03/2022	8,052	0.34
AUD 10,580,000	Verizon Communications 3.50% 17/02/2023	6,132	0.26
USD 13,683,000	Verizon Communications 4.016% 03/12/2029	11,641	0.48
AUD 9,000,000	Verizon Communications 4.50% 17/08/2027	5,571	0.23
USD 39,000,000	Visa 2.75% 15/09/2027	31,253	1.30
USD 23,670,000	Visa 3.15% 14/12/2025	19,511	0.81
USD 6,119,000	VMware 3.90% 21/08/2027	4,877	0.20
EUR 18,000,000	Walmart 2.55% 08/04/2026	18,618	0.78
USD 13,610,000	Walmart 3.70% 26/06/2028	11,670	0.49
USD 14,000,000	Wells Fargo 3.00% 22/01/2021	11,100	0.46
AUD 10,000,000	Wells Fargo 4.00% 27/04/2027	6,063	0.25
EUR 2,240,000	WMG Acquisition 3.625% 15/10/2026	2,111	0.09
USD 2,398,000	Zoetis 3.90% 20/08/2028	2,008	0.08
		1,212,326	50.50
Secured Loans 0.56% (2018: 1.21%)²			
USD 10,930,156	McAfee FRN 30/09/2024 B	8,571	0.36
EUR 5,305,905	McAfee FRN 30/09/2024 B1	4,750	0.20
USD 49,083	SS&C Technologies FRN 16/04/2025 B3	38	-
USD 32,986	SS&C Technologies FRN 16/04/2025 B4	26	-
		13,385	0.56
Variable Rate Bond 0.00% (2018: 1.54%)			
Derivatives (1.82%) (2018: (0.20%))			
Futures 0.08% (2018: 0.10%)			
735	CBT US 10 Year Note September 2019	214	0.01
3,477	CBT US 5 Year Note September 2019	519	0.02
(3,126)	EUX Euro Stoxx 50 September 2019	(31)	-
367	EUX Euro-Bund 50 September 2019	594	0.02
154	EUX Euro-Buxl 30 Year Bond 50 September 2019	703	0.03
1,227	ICE Long Gilt September 2019	(37)	-
		1,962	0.08
Swaps (0.07%) (2018: (0.16%))²			
Credit Default Swaps (0.07%) (2018: (0.16%))²			
7,725,000	CDS 1.00% 20/06/2023 Commonwealth Bank Pay USD	(162)	(0.01)
7,725,000	CDS 1.00% 20/06/2023 Commonwealth Bank Pay USD	(162)	(0.01)
15,450,000	CDS 1.00% 20/06/2023 National Australia Bank Pay USD	(313)	(0.01)
7,725,000	CDS 1.00% 20/06/2023 Westpac Banking Pay USD	(160)	(0.01)
7,725,000	CDS 1.00% 20/06/2023 Westpac Banking Pay USD	(160)	(0.01)
10,750,000	CDS 1.00% 20/12/2020 Host Hotels Pay USD	(109)	-
10,750,000	CDS 1.00% 20/12/2020 Host Hotels Pay USD	(109)	-
9,000,000	CDS 1.00% 20/12/2021 Renault Pay EUR	(113)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Credit Default Swaps² (continued)		
26,200,000	CDS 1.00% 20/12/2023 Arrow Electronics Pay USD	(259)	(0.01)
13,100,000	CDS 1.00% 20/12/2023 Avnet Pay USD	(127)	(0.01)
		<u>(1,674)</u>	<u>(0.07)</u>
	Forward Foreign Exchange Contracts (1.83%) (2018: (0.14%))²		
	Buy AUD 116,182,800 : Sell GBP 63,890,916 August 2019	123	0.01
	Buy AUD 124,899,935 : Sell GBP 68,246,762 July 2019	606	0.03
	Buy AUD 1,587,499 : Sell GBP 869,785 August 2019	5	-
	Buy AUD 324,625 : Sell GBP 176,982 September 2019	2	-
	Buy AUD 3,965,501 : Sell GBP 2,149,748 July 2019	36	-
	Buy AUD 4,016,463 : Sell GBP 2,179,265 August 2019	34	-
	Buy AUD 41,863,840 : Sell GBP 22,874,034 July 2019	204	0.01
	Buy AUD 51,638 : Sell GBP 28,232 September 2019 ³	-	-
	Buy AUD 526,800 : Sell GBP 288,262 August 2019	2	-
	Buy AUD 79,625 : Sell GBP 43,374 September 2019 ³	-	-
	Buy CAD 1,740,625 : Sell GBP 1,018,355 August 2019	27	-
	Buy CAD 21,596,517 : Sell GBP 12,635,602 August 2019	332	0.01
	Buy CAD 31,689 : Sell GBP 18,030 July 2019	1	-
	Buy CAD 338,000 : Sell GBP 196,702 August 2019	6	-
	Buy EUR 10,621,435 : Sell GBP 9,188,871 July 2019	320	0.01
	Buy EUR 17,557 : Sell GBP 15,612 August 2019 ³	-	-
	Buy EUR 183,563 : Sell GBP 162,509 August 2019	2	-
	Buy EUR 308,900 : Sell GBP 276,123 August 2019	1	-
	Buy EUR 346,500 : Sell GBP 307,931 August 2019	3	-
	Buy EUR 371,000 : Sell GBP 328,753 August 2019	4	-
	Buy EUR 374,900 : Sell GBP 328,939 August 2019	7	-
	Buy EUR 376,500 : Sell GBP 338,838 September 2019	(1)	-
	Buy EUR 391,070 : Sell GBP 350,937 September 2019 ³	-	-
	Buy EUR 417,900 : Sell GBP 359,133 July 2019	15	-
	Buy EUR 450,000 : Sell GBP 403,611 September 2019 ³	-	-
	Buy EUR 455,900 : Sell GBP 394,775 July 2019	13	-
	Buy EUR 459,000 : Sell GBP 397,956 July 2019	13	-
	Buy EUR 473,300 : Sell GBP 409,345 July 2019	14	-
	Buy EUR 474,700 : Sell GBP 410,015 July 2019	15	-
	Buy EUR 490,875 : Sell GBP 437,712 September 2019	3	-
	Buy EUR 585,900 : Sell GBP 518,863 August 2019	6	-
	Buy EUR 58,989 : Sell GBP 51,041 July 2019	2	-
	Buy EUR 668,200 : Sell GBP 596,819 September 2019	3	-
	Buy EUR 736,100 : Sell GBP 658,466 September 2019	2	-
	Buy EUR 795,366 : Sell GBP 708,429 September 2019	5	-
	Buy GBP 1,041,326 : Sell USD 1,368,663 July 2019	(33)	-
	Buy GBP 1,048,373 : Sell USD 1,334,015 September 2019	4	-
	Buy GBP 10,961,166 : Sell EUR 12,274,512 September 2019	(52)	-
	Buy GBP 11,628,151 : Sell USD 15,109,899 July 2019	(235)	(0.01)
	Buy GBP 1,186,706 : Sell USD 1,515,800 September 2019 ³	-	-
	Buy GBP 11,986,031 : Sell USD 15,193,949 August 2019	76	-
	Buy GBP 12,124,877 : Sell EUR 13,515,213 September 2019	(1)	-
	Buy GBP 12,215,527 : Sell EUR 14,100,679 July 2019	(408)	(0.02)
	Buy GBP 12,613,053 : Sell EUR 14,165,762 August 2019	(84)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts² (continued)			
	Buy GBP 12,967,787 : Sell EUR 14,494,012 September 2019	(37)	-
	Buy GBP 13,292,350 : Sell EUR 15,363,952 July 2019	(462)	(0.02)
	Buy GBP 13,323,332 : Sell EUR 14,917,953 September 2019	(61)	-
	Buy GBP 13,764,671 : Sell AUD 25,347,434 August 2019	(201)	(0.01)
	Buy GBP 13,885,667 : Sell USD 17,664,693 September 2019	55	-
	Buy GBP 144,363,429 : Sell AUD 269,486,325 August 2019	(4,117)	(0.17)
	Buy GBP 151,557,869 : Sell AUD 277,935,279 July 2019	(1,658)	(0.07)
	Buy GBP 15,609,015 : Sell AUD 28,735,880 July 2019	(232)	(0.01)
	Buy GBP 1,567,748 : Sell USD 2,047,800 July 2019	(40)	-
	Buy GBP 16,164,644 : Sell EUR 18,682,984 July 2019	(561)	(0.02)
	Buy GBP 17,211,991 : Sell EUR 20,030,693 July 2019	(720)	(0.03)
	Buy GBP 173,307,486 : Sell AUD 316,795,977 September 2019	(1,173)	(0.05)
	Buy GBP 1,765,067 : Sell USD 2,306,900 July 2019	(46)	-
	Buy GBP 186,989 : Sell USD 244,100 July 2019	(5)	-
	Buy GBP 1,874,666 : Sell AUD 3,442,863 July 2019	(23)	-
	Buy GBP 2,023,528 : Sell EUR 2,330,183 July 2019	(63)	-
	Buy GBP 20,627 : Sell EUR 23,000 September 2019 ³	-	-
	Buy GBP 2,065,335 : Sell AUD 3,792,954 July 2019	(26)	-
	Buy GBP 2,152,839 : Sell EUR 2,406,438 September 2019	(6)	-
	Buy GBP 217,177 : Sell USD 273,828 September 2019	3	-
	Buy GBP 230,807 : Sell EUR 257,997 September 2019	(1)	-
	Buy GBP 23,200,013 : Sell USD 30,337,081 July 2019	(618)	(0.03)
	Buy GBP 23,635,137 : Sell USD 30,669,375 July 2019	(444)	(0.02)
	Buy GBP 237,383,443 : Sell USD 302,653,936 September 2019	416	0.02
	Buy GBP 2,393,192 : Sell EUR 2,799,749 July 2019	(113)	-
	Buy GBP 2,477 : Sell JPY 346,010 August 2019 ³	-	-
	Buy GBP 250,261 : Sell EUR 288,000 July 2019	(8)	-
	Buy GBP 262,398 : Sell EUR 304,500 July 2019	(10)	-
	Buy GBP 263,288 : Sell EUR 299,500 August 2019	(5)	-
	Buy GBP 27,213,905 : Sell EUR 31,414,468 July 2019	(909)	(0.04)
	Buy GBP 3,067,336 : Sell CAD 5,347,526 July 2019	(147)	(0.01)
	Buy GBP 329,121 : Sell EUR 371,100 August 2019	(4)	-
	Buy GBP 335,981 : Sell EUR 374,300 September 2019 ³	-	-
	Buy GBP 33,844,722 : Sell USD 44,306,602 July 2019	(941)	(0.04)
	Buy GBP 3,391,609 : Sell EUR 3,808,087 September 2019	(25)	-
	Buy GBP 340,980 : Sell EUR 396,430 July 2019	(14)	-
	Buy GBP 344,683,648 : Sell USD 452,574,433 July 2019	(10,641)	(0.43)
	Buy GBP 348,092,726 : Sell USD 452,455,323 August 2019	(6,559)	(0.27)
	Buy GBP 3,563,922 : Sell EUR 3,997,390 September 2019	(23)	-
	Buy GBP 4,053,860 : Sell USD 5,188,769 August 2019	(13)	-
	Buy GBP 426,239 : Sell USD 544,600 September 2019 ³	-	-
	Buy GBP 4,573,786 : Sell USD 5,936,000 August 2019	(79)	-
	Buy GBP 461,760 : Sell EUR 513,500 September 2019	1	-
	Buy GBP 4,714,760 : Sell EUR 5,515,862 July 2019	(223)	(0.01)
	Buy GBP 525,485 : Sell EUR 589,300 September 2019	(3)	-
	Buy GBP 5,436,612 : Sell EUR 6,308,308 July 2019	(211)	(0.01)
	Buy GBP 571,107 : Sell EUR 651,400 August 2019	(13)	-
	Buy GBP 578,851 : Sell USD 729,934 September 2019	7	-
	Buy GBP 60,639,309 : Sell CAD 102,294,298 September 2019	(741)	(0.03)

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts² (continued)			
	Buy GBP 607,407 : Sell USD 773,200 August 2019	1	-
	Buy GBP 63,772,677 : Sell EUR 71,288,386 September 2019	(189)	(0.01)
	Buy GBP 6,646,713 : Sell USD 8,378,900 September 2019	86	-
	Buy GBP 6,834,844 : Sell USD 8,924,659 July 2019	(172)	(0.01)
	Buy GBP 69,151,786 : Sell CAD 120,476,983 July 2019	(3,259)	(0.14)
	Buy GBP 7,960,953 : Sell EUR 9,190,582 July 2019	(267)	(0.01)
	Buy GBP 803,194 : Sell AUD 1,476,800 August 2019	(10)	-
	Buy GBP 80,433,153 : Sell EUR 92,961,879 July 2019	(2,788)	(0.12)
	Buy GBP 811,306 : Sell AUD 1,513,313 July 2019	(23)	-
	Buy GBP 8,274,392 : Sell USD 10,807,076 July 2019	(210)	(0.01)
	Buy GBP 8,457,726 : Sell EUR 9,424,258 September 2019	2	-
	Buy GBP 853,423 : Sell EUR 956,200 September 2019	(5)	-
	Buy GBP 8,718,630 : Sell CAD 15,200,363 July 2019	(417)	(0.02)
	Buy GBP 885,298 : Sell USD 1,127,300 August 2019	2	-
	Buy GBP 9,211,664 : Sell EUR 10,314,672 September 2019	(43)	-
	Buy GBP 93,074,176 : Sell EUR 106,761,279 August 2019	(2,620)	(0.11)
	Buy GBP 946,499 : Sell USD 1,207,600 August 2019 ³	-	-
	Buy GBP 95,579,389 : Sell CAD 166,926,901 August 2019	(4,653)	(0.19)
	Buy GBP 9,972,634 : Sell EUR 11,266,166 August 2019	(126)	(0.01)
	Buy JPY 3,271,719,000 : Sell USD 30,000,000 July 2019	330	0.01
	Buy JPY 346,010 : Sell GBP 2,483 August 2019 ³	-	-
	Buy JPY 5,702,486,920 : Sell AUD 75,400,000 August 2019	81	-
	Buy USD 1,025,739 : Sell GBP 779,225 July 2019	26	-
	Buy USD 1,206,600 : Sell GBP 945,025 September 2019 ³	-	-
	Buy USD 1,345,243 : Sell GBP 1,051,336 August 2019	3	-
	Buy USD 1,356,100 : Sell GBP 1,071,601 August 2019	(9)	-
	Buy USD 1,428,421 : Sell GBP 1,089,865 July 2019	32	-
	Buy USD 1,475,186 : Sell GBP 1,163,553 August 2019	(7)	-
	Buy USD 1,475,900 : Sell GBP 1,163,557 August 2019	(7)	-
	Buy USD 168,722 : Sell GBP 128,363 July 2019	4	-
	Buy USD 20,639,191 : Sell GBP 15,749,338 July 2019	455	0.02
	Buy USD 2,364,555 : Sell GBP 1,854,532 September 2019	(3)	-
	Buy USD 25,964,314 : Sell GBP 20,336,740 September 2019	(8)	-
	Buy USD 28,208 : Sell GBP 22,398 September 2019 ³	-	-
	Buy USD 30,000,000 : Sell JPY 3,228,383,100 July 2019	(14)	-
	Buy USD 3,053 : Sell GBP 2,396 September 2019 ³	-	-
	Buy USD 337,909 : Sell GBP 265,526 August 2019	(1)	-
	Buy USD 34,386,203 : Sell GBP 27,029,956 August 2019	(77)	-
	Buy USD 358,148 : Sell GBP 271,810 July 2019	9	-
	Buy USD 407,375 : Sell GBP 318,416 August 2019	1	-
	Buy USD 4,382 : Sell GBP 3,331 July 2019 ³	-	-
	Buy USD 518,100 : Sell GBP 407,143 September 2019	(1)	-
	Buy USD 550,669 : Sell GBP 431,008 August 2019	1	-
	Buy USD 598,075 : Sell GBP 461,467 July 2019	8	-
	Buy USD 59,846 : Sell GBP 45,731 July 2019	1	-
	Buy USD 611,100 : Sell GBP 479,490 September 2019	(1)	-
	Buy USD 61,295,159 : Sell GBP 48,476,867 August 2019	(431)	(0.02)
	Buy USD 620,800 : Sell GBP 478,184 August 2019	8	-
	Buy USD 629,500 : Sell GBP 493,774 August 2019 ³	-	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Forward Foreign Exchange Contracts² <small>(continued)</small>		
	Buy USD 716,721 : Sell GBP 563,252 August 2019	(1)	-
	Buy USD 772,860 : Sell GBP 609,382 September 2019	(4)	-
	Buy USD 800,900 : Sell GBP 632,449 September 2019	(5)	-
	Buy USD 860,160 : Sell GBP 671,926 August 2019	2	-
	Buy USD 959,000 : Sell GBP 750,601 September 2019 ³	-	-
		<u>(43,921)</u>	<u>(1.83)</u>
	Investment assets including investment liabilities	2,273,617	94.70
	Other net assets	127,276	5.30
	Total net assets	<u>2,400,893</u>	<u>100.00</u>

¹ Defaulted

² Unquoted securities

³ Due to rounding to nearest £1,000

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

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		109,202		(55,661)
Revenue	3	70,137		68,741	
Expenses	4	(15,689)		(14,431)	
Interest payable and similar charges	5	(42)		(19)	
Net revenue before taxation		54,406		54,291	
Taxation	6	(316)		(27)	
Net revenue after taxation			<u>54,090</u>		<u>54,264</u>
Total return before distributions			163,292		(1,397)
Distributions	7		(69,243)		(69,687)
Change in net assets attributable to shareholders from investment activities			<u>94,049</u>		<u>(71,084)</u>

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		2,133,244		1,816,140
Amounts receivable on issue of shares	296,231		427,835	
Amounts payable on cancellation of shares	(150,165)		(64,598)	
		146,066		363,237
Change in net assets attributable to shareholders from investment activities		94,049		(71,084)
Retained distributions on accumulation shares		27,529		24,947
Unclaimed distributions		5		4
Closing net assets attributable to shareholders		<u>2,400,893</u>		<u>2,133,244</u>

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		2,322,700	1,957,486
Current assets:			
Debtors	8	47,853	68,757
Cash and bank balances	9	212,914	167,605
Total assets		2,583,467	2,193,848
Liabilities:			
Investment liabilities		49,083	6,957
Creditors:			
Amounts held at derivative clearing houses and brokers		2,087	2,632
Bank overdrafts		67,397	13,395
Distributions payable		10,365	11,401
Other creditors	10	53,642	26,219
Total liabilities		182,574	60,604
Net assets attributable to shareholders		2,400,893	2,133,244

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital gains/(losses)

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

	2019	2018
	£000	£000
Derivative securities	15,256	3,695
Forward currency contracts	(76,142)	9,301
Non-derivative securities	170,776	(70,669)
Other currency (losses)/gains	(675)	2,030
Transaction costs	(13)	(18)
Net capital gains/(losses)	109,202	(55,661)

3 Revenue

	2019	2018
	£000	£000
Bank interest	891	347
Derivative revenue	(559)	(733)
Interest on debt securities	68,202	67,702
Interest on margin	37	5
Stock lending revenue	229	82
UK dividends	1,337	1,338
Total revenue	70,137	68,741

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	13,807	12,652
GAC*	1,709	1,562
	<u>15,516</u>	<u>14,214</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	82	79
Safe custody fees	91	138
	<u>173</u>	<u>217</u>
Total expenses	15,689	14,431

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £12,799 (2018: £12,624).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	42	19
Total interest payable and similar charges	42	19

6 Taxation

a) Analysis of charge in the year

The tax charge comprises

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	316	27
Total tax (note 6b)	316	27

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	54,406	54,291
Corporation tax at 20% (2018: 20%)	10,881	10,858
Effects of:		
Irrecoverable overseas tax	316	27
Revenue being paid as interest distributions	(10,551)	(10,591)
Tax effect of expensed double taxation relief	(63)	-
UK dividends*	(267)	(267)
Tax charge for the year (note 6a)	316	27

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

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

There were no factors that may affect future tax charges at the current or prior year end.

Notes to the financial statements (continued)

7 Distributions

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

	2019	2018
	£000	£000
Interim income	31,842	34,890
Interim accumulation	20,334	17,891
Final income	10,365	11,401
Final accumulation	7,195	7,056
	<u>69,736</u>	<u>71,238</u>
Amounts deducted on cancellation of shares	490	257
Amounts received on issue of shares	(983)	(1,808)
Total distributions	<u>69,243</u>	<u>69,687</u>
Net revenue after taxation	54,090	54,264
Annual management charge borne by the capital account	13,807	12,652
Effective yield coupon based adjustment	1,347	2,771
Income carried forward	(1)	-
Total distributions	<u>69,243</u>	<u>69,687</u>

Details of the distribution per share are set out in the distribution tables on pages 298 to 300.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	21,211	21,433
Amounts receivable for issue of shares	6,106	2,428
Currency transactions awaiting settlement	20,526	2,595
Overseas withholding tax reclaimable	10	10
Sales awaiting settlement	-	42,291
Total debtors	<u>47,853</u>	<u>68,757</u>

9 Cash and bank balances

	2019	2018
	£000	£000
Amounts held at derivative clearing houses and brokers	8,013	8,826
Cash and bank balances	203,321	155,579
Cash pledged as collateral	1,580	3,200
Total cash and bank balances	<u>212,914</u>	<u>167,605</u>

Notes to the financial statements (continued)

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	1,233	1,119
Accrued Depositary's fee	17	8
Accrued other expenses	172	184
Amounts payable for cancellation of shares	1,667	660
Derivative revenue payable	26	35
Currency transactions awaiting settlement	20,528	2,595
Purchases awaiting settlement	29,999	21,618
Total other creditors	53,642	26,219

11 Contingent liabilities and commitments

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 284 and 285 and notes 4, 7, 8 and 10 on pages 286 to 289 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

There were no material shareholders at the year end (2018: nil).

13 Shareholders' funds

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

	2019	2018
	%	%
Class A	1.25	1.25
Class I	0.60	0.60
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 266 to 271. The distribution per share class is given in the distribution tables on pages 298 to 300. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

Shares reconciliation as at 30 June 2019

	Class A income	Class I accumulation	Class I income	Class Z accumulation
Opening number of shares	106,071,549	247,312,803	901,363,675	3,143,862
Issues during the year	5,875,316	49,132,455	91,589,664	533,040
Cancellations during the year	(15,696,532)	(18,675,735)	(50,401,264)	(620,351)
Shares converted during the year	(745,879)	(255,165)	1,323,855	1,012
Closing shares in issue	95,504,454	277,514,358	943,875,930	3,057,563

14 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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 cash collateral pledged in respect of derivatives as at 30 June 2019 of £1,580,000 (2018: £3,200,000). There was collateral held in respect of derivatives as at 30 June 2019 of £1,307,777 (2018: nil).

2019

At 30 June 2019 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	-	3,009	3,009
Credit Suisse	-	330	330
UBS	2,030	81	2,111
	2,030	3,420	5,450

2018

At 30 June 2018 the underlying exposure for each category of derivatives was as follows:

Counterparty	Futures £000	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	-	105	105
JP Morgan	-	174	174
UBS	2,482	-	2,482
	2,482	279	2,761

Notes to the financial statements (continued)

15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with BNP Paribas acting as the stock lending agent for the purposes of efficient portfolio management and 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	
Barclays	2,614	2,748	Government Bond	
Deutsche Bank	2,061	2,290	Equity	
Goldman Sachs	209	260	Government Bond	
JP Morgan	2,116	2,294	Corporate Bond	
JP Morgan	9,147	9,800	Government Bond	
	<u>11,263</u>	<u>12,094</u>		
Morgan Stanley	17,904	18,742	Government Bond	
Natixis	560	622	Equity	
Société Générale	208,501	231,668	Equity	
	<u>243,112</u>	<u>268,424</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	269	40	229

Notes to the financial statements (continued)

15 Stock lending (continued)

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
BNP Paribas	161	198	Corporate Bond
Deutsche Bank	8	8	Equity
Goldman Sachs	1,427	1,565	Government Bond
JP Morgan	7,090	7,485	Corporate Bond
JP Morgan	8,202	9,194	Equity
JP Morgan	5,582	5,893	Government Bond
	<u>20,874</u>	<u>22,572</u>	
Natixis	100,844	113,147	Equity
	<u>123,314</u>	<u>137,490</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	96	14	82

16 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:

2019	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	-	354,331	2,721	357,052
Canadian dollar	-	238,571	1,222	239,793
Euro	21,853	424,091	25,269	471,213
UK sterling	277,033	198,713	33,360	509,106
Japanese yen	-	-	411	411
US dollar	55,872	940,076	9,944	1,005,892
Total	<u>354,758</u>	<u>2,155,782</u>	<u>72,927</u>	<u>2,583,467</u>

Notes to the financial statements (continued)

16 Risk (continued)

Interest rate risk (continued)

2018	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
Australian dollar	4,351	316,794	4,069	325,214
Canadian dollar	1,005	268,195	762	269,962
Euro	46,364	12,847	28,957	88,168
UK sterling	278,445	321,854	26,869	627,168
US dollar	144,514	727,940	10,882	883,336
Total	474,679	1,647,630	71,539	2,193,848

2019	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Euro	1,297	113	20,560	21,970
UK sterling	67,453	1	80,790	148,244
US dollar	734	1,560	10,066	12,360
Total	69,484	1,674	111,416	182,574

2018	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
Australian dollar	2,467	-	11,838	14,305
Canadian dollar	34	-	351	385
Euro	-	1,198	11,878	13,076
UK sterling	13,526	-	16,494	30,020
US dollar	-	2,101	717	2,818
Total	16,027	3,299	41,278	60,604

Credit Ratings

2019	Market value £000	Percentage of total net assets %
Investments		
Investment grade (AAA - BBB)	1,848,763	77.00
Below investment grade (BB and below)	429,715	17.90
Unrated	19,148	0.80
Total debt securities	2,297,626	95.70
Derivatives	(43,633)	(1.82)
Equities	19,624	0.82
Investment assets including investment liabilities	2,273,617	94.70
Other net assets	127,276	5.30
Total net assets	2,400,893	100.00

Notes to the financial statements (continued)

16 Risk (continued)

Credit Ratings (continued)

	Market value £000	Percentage of total net assets %
2018		
Investments		
Investment grade (AAA - BBB)	1,356,635	63.59
Below investment grade (BB and below)	561,157	26.31
Unrated	36,912	1.73
Total debt securities	1,954,704	91.63
Derivatives	(4,196)	(0.20)
Equities	21	-
Investment assets including investment liabilities	1,950,529	91.43
Other net assets	182,715	8.57
Total net assets	2,133,244	100.00

Sensitivity analysis

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

VaR Results	Global Exposure Calculation Basis	Actual VaR in year			VaR limit	Utilisation of VaR limit		
		Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2019	Absolute VaR	1.28	2.31	1.81	20.00	6.38	11.54	9.05
2018	Absolute VaR	1.04	2.37	1.74	20.00	5.21	11.83	8.68

Leverage

	Minimum %	Maximum %	Average %
2019	100.87	300.60	146.81
2018	60.83	248.62	130.80

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Amounts held at derivatives clearing houses and brokers	2,087	-	-	-
Bank overdrafts	67,397	-	-	-
Derivative financial liabilities	-	47,409	1,674	-
Distribution payable	-	10,365	-	-
Other creditors	-	53,642	-	-
Total	69,484	111,416	1,674	-

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk (continued)

2018	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
Amounts held at derivatives clearing houses and brokers	2,632	-	-	-
Bank overdrafts	13,395	-	-	-
Derivative financial liabilities	-	3,658	3,299	-
Distribution payable	-	11,401	-	-
Other creditors	-	26,219	-	-
Total	16,027	41,278	3,299	-

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	295,430*	68	444,723*	384
Level 2	2,027,270	49,015	1,512,763	6,573
Level 3	-	-	-	-
	2,322,700	49,083	1,957,486	6,957

* Debt securities have been included in level 1, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £293,400,184 as at 30 June 2019 (2018: £442,241,340).

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Debt securities	1,330,160	2,230,616	1,151,842	1,696,560
Equities	-	-	-	525
Trades in the year before transaction costs	1,330,160	2,230,616	1,151,842	1,697,085
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	19	-	37
Equities	-	-	-	-
Total other expenses	-	19	-	37
Total transaction costs	-	19	-	37
Total net trades in the year after transaction costs	1,330,160	2,230,635	1,151,842	1,697,048

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

	2019 %	2018 %
Total transaction costs expressed as a percentage of net asset value		
Commissions	-	-
Taxes	-	-
Other expenses	-	-
Total costs	-	-

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £11,595,566 (2018: £20,173,792).

There were direct transaction costs associated with derivatives in the year of £123,469 (2018: £95,892) which is 0.01% of the average net asset value of the fund (2018: 0.01%).

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 30 June 2019 was 0.38% (2018: 0.37%). The portfolio dealing spread is calculated at a 12 noon valuation point.

19 Events after the Balance sheet date

The fund launched a new share class, E income, on 8 July 2019.

Distribution tables for the year ended 30 June 2019 (in pence per share)

Interim interest distribution (accounting date 30 September 2018, paid on 30 November 2018)

Group 1: shares purchased prior to 1 July 2018

Group 2: shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class A income				
Group 1	0.9826	-	0.9826	1.1463
Group 2	0.4386	0.5440	0.9826	1.1463
Class I accumulation				
Group 1	2.7070	-	2.7070	3.0243
Group 2	1.5641	1.1429	2.7070	3.0243
Class I income				
Group 1	1.0906	-	1.0906	1.2624
Group 2	0.5813	0.5093	1.0906	1.2624
Class Z accumulation				
Group 1	2.9902	-	2.9902	3.3135
Group 2	1.6129	1.3773	2.9902	3.3135
Class A income gross¹				
Group 1	n/a	n/a	n/a	1.1605
Group 2	n/a	n/a	n/a	1.1605
Class I accumulation gross¹				
Group 1	n/a	n/a	n/a	3.5296
Group 2	n/a	n/a	n/a	3.5296
Class I income gross¹				
Group 1	n/a	n/a	n/a	0.9455
Group 2	n/a	n/a	n/a	0.9455
Class Z accumulation gross¹				
Group 1	n/a	n/a	n/a	3.6487
Group 2	n/a	n/a	n/a	3.6487

¹ Class A income gross, Class I accumulation gross, Class I income gross and Class Z accumulation gross closed on 2 October 2017.

Distribution tables (continued)

Interim interest distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class A income				
Group 1	0.9888	-	0.9888	1.1552
Group 2	0.4508	0.5380	0.9888	1.1552
Class I accumulation				
Group 1	2.7525	-	2.7525	3.0812
Group 2	1.3944	1.3581	2.7525	3.0812
Class I income				
Group 1	1.0998	-	1.0998	1.2744
Group 2	0.5654	0.5344	1.0998	1.2744
Class Z accumulation				
Group 1	3.0448	-	3.0448	3.3822
Group 2	1.4440	1.6008	3.0448	3.3822

Interim interest distribution (accounting date 31 March 2019, paid on 31 May 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 31/05/19	Total distribution per share 31/05/18
Class A income				
Group 1	0.9012	-	0.9012	1.0121
Group 2	0.4626	0.4386	0.9012	1.0121
Class I accumulation				
Group 1	2.5382	-	2.5382	2.7342
Group 2	1.0956	1.4426	2.5382	2.7342
Class I income				
Group 1	1.0056	-	1.0056	1.1204
Group 2	0.5777	0.4279	1.0056	1.1204
Class Z accumulation				
Group 1	2.8161	-	2.8161	3.0106
Group 2	1.1357	1.6804	2.8161	3.0106

Distribution tables (continued)

Final interest distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class A income				
Group 1	0.9002	-	0.9002	1.0311
Group 2	0.4349	0.4653	0.9002	1.0311
Class I accumulation				
Group 1	2.5613	-	2.5613	2.8136
Group 2	1.6581	0.9032	2.5613	2.8136
Class I income				
Group 1	1.0070	-	1.0070	1.1435
Group 2	0.4977	0.5093	1.0070	1.1435
Class Z accumulation				
Group 1	2.8468	-	2.8468	3.1141
Group 2	1.8579	0.9889	2.8468	3.1141

Janus Henderson UK Equity Income & Growth Fund

Authorised Corporate Director's (ACD) report

Investment Fund Managers

James Henderson and Laura Foll

Investment objective and policy

The fund aims to provide dividend income with prospects for both income and capital growth over the medium to long term by investing primarily in United Kingdom companies. The fund may invest in fixed interest and convertible securities as well as ordinary shares. The fund may invest in other transferable securities, money market instruments, deposits and units in collective investment schemes. Derivatives and forward transactions may be used for the purposes of efficient portfolio management only.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I income	(8.0)	3.3	23.2	(8.2)	5.3
FTSE All-Share Index	0.6	9.0	18.1	2.2	2.6
IA UK Equity Income Sector	(2.5)	6.2	19.4	(1.7)	7.0

Source: Morningstar, Class I income, NAV to NAV, net of fees and net income reinvested as at 12 noon valuation point. Benchmark values are at close of business.

Index: The FTSE All-Share Index

Index Usage: Comparator

Index description: The FTSE All Share Index is a measure of the combined performance of a large number of the companies listed on the London Stock Exchange and includes large, medium and smaller companies. It provides a useful comparison against which the fund's performance can be assessed over time.

Peer group benchmark: IA UK Equity Income Sector

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 income 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 30 June 2019

Largest purchases	£000	Largest sales	£000
Phoenix	3,735	BP	7,933
Royal Bank of Scotland	3,264	Phoenix	7,254
GlaxoSmithKline	1,940	Macfarlane	4,101
Severn Trent	1,472	Croda International	3,562
Greene King	1,222	Chesnara	3,376
Hammerson REIT	1,001	Senior	3,123
Taylor Wimpey	896	Carador Income Fund 'C'	3,071
Standard Life Aberdeen	803	A & J Mucklow REIT	2,995
Fastjet	781	Pearson	2,714
Centrica	683	Johnson Service	1,806
Total purchases	18,344	Total sales	59,993

Investment review

The fund fell 8.0% based upon Class I income over the year under review, compared with a return of 0.6% in the FTSE All-Share Index and a fall of 2.5% in IA UK Equity Income Sector peer group benchmark.

Among the notable movers during the year was sterling, which fell versus the US dollar and the euro as a result of uncertainty around Brexit and the possibility of a general election in the UK. Small and medium sized companies are on average more domestic in their exposure and accordingly, they tend to underperform larger, more international companies when sterling is weak. In the year under review, the FTSE 100 rose 1.5% on a total return basis while the FTSE 250 fell 3.8%, the FTSE Small Cap fell 2.0% and the AIM All-Share fell 13.9%. The fund has always been exposed to a broad spectrum of different sized companies, the reason being that over the long run we think small and medium sized companies will outperform larger ones, as they have the capacity to grow sales and earnings faster (by virtue of being smaller and at an earlier stage in their life cycle). Over the long term, the best performers in the fund have come from the small and medium sized company arena, but over this one-year time horizon the 'multi-cap' exposure detracted from performance.

At the stock level, the best contributor during the year was iEnergizer, which is an outsourcing services company based in India (but listed in London). It provides a range of outsourcing services to predominantly US companies, including customer support and credit collections. The reason the shares have performed so well recently (over the one-year period, the total return was 271%) is that after a number of years of paying no dividend to shareholders, the company underwent a debt refinancing that allowed them to announce a return to the dividend list. The company has also performed well, successfully growing its list of customers and expanding its range of services. However, the position had become over 3% of the portfolio and so we recently began reducing the position for balance reasons.

The largest individual detractor during the year was investment banking and equity research provider Numis. The backdrop for its investment banking business was tough during the year, as initial public offering activity was low due to a volatile market, particularly in the fourth quarter of 2018. We reduced the position a small amount due to this challenging backdrop but believe our reasons for the holding over the long term remains; Numis has very high-calibre equity research analysts and that leaves the company well placed to win corporate brokering. It also has a strong net cash balance sheet that leaves it well placed to withstand difficult end markets.

Among the largest purchases made during the year was a new position in Royal Bank of Scotland (RBS). Problematic legacy issues (including payment protection insurance) have now largely been resolved, and RBS has re-focused on its core domestic banking activities. The reason for the purchase is that we think the strength of the balance sheet — and therefore scope to return capital to shareholders via dividends — is underappreciated. The largest sales included reductions in the positions of BP and Phoenix. We held on to both positions, which had performed well, but for portfolio balance reasons reduced the holdings. More recently, the position in A&J Mucklow REIT was sold as a result of a takeover offer by LondonMetric.

It has been a frustrating year for performance. The difference in valuation levels between 'growth' and 'value' stocks in the UK market has reached extreme levels versus historic averages. This can be illustrated by looking at the top and bottom performers in the FTSE 100 calendar year to date. The top five performing stocks are JD Sports, Aveva, Ocado, Spirax-Sarco and Halma, none of which pay a material dividend to shareholders and all of which trade on high valuation levels (versus their own history and versus the broader market). In contrast, the bottom five performers are Centrica (the owner of British Gas), Tui, Sainsbury's, IAG (the owner of British Airways) and Imperial Brands, all of which started the year at a relatively low valuation and have since de-rated further. It is this long-term trend of 'growth' performing well while 'value' lags that is detracting from performance, as the investment style is valuation-driven and the need to provide an income for shareholders naturally precludes us from holding a high portion of the portfolio in shares that pay little or no dividend.

We continue to see excellent value opportunities in portions of the UK market, but it is difficult to pinpoint exactly what the catalyst for a re-rating will be. It will likely need more confidence in the UK and global economy. In the meantime, it is encouraging to see alternative buyers of assets emerging, for example LondonMetric taking over A&J Mucklow REIT.

Comparative tables for the year ended 30 June 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	764.83	745.04	619.09
Return before operating charges*	(54.20)	32.51	137.95
Operating charges	(12.00)	(12.72)	(12.00)
Return after operating charges*	(66.20)	19.79	125.95
Distributions on accumulation shares	(30.35)	(26.86)	(26.35)
Retained distributions on accumulation shares	30.35	26.86	26.35
Closing net asset value per share	698.63	764.83	745.04
* after direct transaction costs of:	0.23	0.28	0.44
Performance			
Return after charges	(8.66%)	2.66%	20.34%
Other information			
Closing net asset value (£000s)	499	611	455
Closing number of shares	71,392	79,918	61,023
Operating charges	1.70%	1.69%	1.70%
Direct transaction costs	0.03%	0.04%	0.06%
Prices			
Highest share price (pence)	771.50	785.90	768.80
Lowest share price (pence)	644.90	715.80	602.90
	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	636.06	642.29	553.56
Return before operating charges*	(45.30)	27.47	122.59
Operating charges	(9.85)	(10.84)	(10.61)
Return after operating charges*	(55.15)	16.63	111.98
Distributions on income shares	(24.84)	(22.86)	(23.25)
Closing net asset value per share	556.07	636.06	642.29
* after direct transaction costs of:	0.18	0.24	0.39
Performance			
Return after charges	(8.67%)	2.59%	20.23%
Other information			
Closing net asset value (£000s)	44,915	56,176	65,784
Closing number of shares	8,077,260	8,831,845	10,242,208
Operating charges	1.70%	1.69%	1.70%
Direct transaction costs	0.03%	0.04%	0.06%
Prices			
Highest share price (pence)	641.60	664.10	672.00
Lowest share price (pence)	531.00	603.00	539.10

Comparative tables (continued)

	Class C 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	179.98	181.75	156.64
Return before operating charges*	(12.82)	7.77	34.70
Operating charges	(2.78)	(3.07)	(3.01)
Return after operating charges*	(15.60)	4.70	31.69
Distributions on income shares	(7.03)	(6.47)	(6.58)
Closing net asset value per share	157.35	179.98	181.75
* after direct transaction costs of:	0.05	0.07	0.11
Performance			
Return after charges	(8.67%)	2.59%	20.23%
Other information			
Closing net asset value (£000s)	112,933	134,198	140,562
Closing number of shares	71,771,287	74,561,211	77,339,115
Operating charges	1.70%	1.69%	1.70%
Direct transaction costs	0.03%	0.04%	0.06%
Prices			
Highest share price (pence)	181.60	187.90	190.10
Lowest share price (pence)	150.30	170.60	152.60

	Class G accumulation 2019 (pence per share)
Change in net assets per share	
Opening net asset value per share	100.00 ¹
Return before operating charges*	1.73
Operating charges	(0.26)
Return after operating charges*	1.47
Distributions on accumulation shares	(2.32)
Retained distributions on accumulation shares	2.32
Closing net asset value per share	101.47
* after direct transaction costs of:	0.03
Performance	
Return after charges	1.47%
Other information	
Closing net asset value (£000s)	1
Closing number of shares	542
Operating charges	0.71%
Direct transaction costs	0.03%
Prices	
Highest share price (pence)	103.50
Lowest share price (pence)	97.68

¹ Class G accumulation launched on 14 February 2019 and this is the first published price

Comparative tables (continued)

	Class I accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,418.06	1,369.70	1,128.37
Return before operating charges*	(100.58)	59.87	252.11
Operating charges	(11.06)	(11.51)	(10.78)
Return after operating charges*	(111.64)	48.36	241.33
Distributions on accumulation shares	(57.90)	(51.08)	(49.63)
Retained distributions on accumulation shares	57.90	51.08	49.63
Closing net asset value per share	1,306.42	1,418.06	1,369.70
* after direct transaction costs of:	0.42	0.51	0.80
Performance			
Return after charges	(7.87%)	3.53%	21.39%
Other information			
Closing net asset value (£000s)	26,502	38,334	63,987
Closing number of shares	2,028,561	2,703,243	4,671,634
Operating charges	0.84%	0.83%	0.84%
Direct transaction costs	0.03%	0.04%	0.06%
Prices			
Highest share price (pence)	1,431.00	1,456.00	1,412.00
Lowest share price (pence)	1,201.00	1,324.00	1,099.00
	Class I income		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	720.13	721.71	617.37
Return before operating charges*	(51.33)	30.97	136.98
Operating charges	(5.54)	(6.00)	(5.86)
Return after operating charges*	(56.87)	24.97	131.12
Distributions on income shares	(28.94)	(26.55)	(26.78)
Closing net asset value per share	634.32	720.13	721.71
* after direct transaction costs of:	0.21	0.27	0.43
Performance			
Return after charges	(7.90%)	3.46%	21.24%
Other information			
Closing net asset value (£000s)	64,663	94,388	129,082
Closing number of shares	10,194,024	13,107,161	17,885,611
Operating charges	0.84%	0.83%	0.84%
Direct transaction costs	0.03%	0.04%	0.06%
Prices			
Highest share price (pence)	726.60	749.20	754.60
Lowest share price (pence)	603.60	681.50	601.30

Comparative tables (continued)

	Class Z accumulation		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	230.44	220.84	180.54
Return before operating charges*	(16.36)	9.71	40.42
Operating charges	(0.13)	(0.11)	(0.12)
Return after operating charges*	(16.49)	9.60	40.30
Distributions on accumulation shares	(9.51)	(8.32)	(8.03)
Retained distributions on accumulation shares	9.51	8.32	8.03
Closing net asset value per share	213.95	230.44	220.84
* after direct transaction costs of:	0.07	0.08	0.13
Performance			
Return after charges	(7.16%)	4.35%	22.32%
Other information			
Closing net asset value (£000s)	19,312	21,807	22,996
Closing number of shares	9,026,198	9,463,157	10,412,825
Operating charges	0.06%	0.05%	0.06%
Direct transaction costs	0.03%	0.04%	0.06%
Prices			
Highest share price (pence)	232.60	236.40	227.60
Lowest share price (pence)	195.90	214.80	175.90
	Class Z 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	224.60	223.41	189.67
Return before operating charges*	(16.02)	9.62	42.20
Operating charges	(0.12)	(0.11)	(0.13)
Return after operating charges*	(16.14)	9.51	42.07
Distributions on income shares	(9.12)	(8.32)	(8.33)
Closing net asset value per share	199.34	224.60	223.41
* after direct transaction costs of:	0.07	0.08	0.13
Performance			
Return after charges	(7.19%)	4.26%	22.18%
Other information			
Closing net asset value (£000s)	1,986	2,310	2,691
Closing number of shares	996,105	1,028,457	1,204,581
Operating charges	0.06%	0.05%	0.06%
Direct transaction costs	0.03%	0.04%	0.06%
Prices			
Highest share price (pence)	226.70	233.40	233.50
Lowest share price (pence)	189.00	212.20	184.80

Comparative tables (continued)

	Class A accumulation (EUR hedged)		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,075.69	1,051.55	834.32
Return before operating charges*	(78.38)	42.19	233.90
Operating charges	(17.14)	(18.05)	(16.67)
Return after operating charges*	(95.52)	24.14	217.23
Distributions on accumulation shares	(41.50)	(37.87)	(36.93)
Retained distributions on accumulation shares	41.50	37.87	36.93
Closing net asset value per share	980.17	1,075.69	1,051.55
* after direct transaction costs of:	0.32	0.40	0.61

Performance

Return after charges	(8.88%)	2.30%	26.04%
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Other information

Closing net asset value (£000s)	6	130	81
Closing number of shares	650	12,051	7,699
Operating charges	1.70%	1.69%	1.70%
Direct transaction costs	0.03%	0.04%	0.06%

Prices

Highest share price (Euro cents)	1,227.00	1,251.00	1,237.00
Lowest share price (Euro cents)	1,018.00	1,141.00	977.60

	Class A accumulation (USD hedged)		
	2019 (pence per share)	2018 (pence per share)	2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	963.07	941.31	755.44
Return before operating charges*	(18.16)	37.36	201.47
Operating charges	(16.43)	(15.60)	(15.60)
Return after operating charges*	(34.59)	21.76	185.87
Distributions on accumulation shares	(34.38)	(33.10)	(33.49)
Retained distributions on accumulation shares	34.38	33.10	33.49
Closing net asset value per share	928.48	963.07	941.31
* after direct transaction costs of:	0.31	0.34	0.57

Performance

Return after charges	(3.59%)	2.31%	24.60%
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Other information

Closing net asset value (£000s)	2	258	211
Closing number of shares	250	26,811	22,413
Operating charges	1.70%	1.69%	1.70%
Direct transaction costs	0.03%	0.04%	0.06%

Prices

Highest share price (USD cents)	1,283.00	1,304.00	1,260.00
Lowest share price (USD cents)	1,081.00	1,186.00	983.80

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 class launched in the year:

Share class	Launch date
Class G accumulation	14 February 2019

There were no share classes closed in the year.

Hedged share classes

Class A accumulation (EUR hedged) and Class A accumulation (USD hedged) 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 14 February 2019 ¹ %
Class A	1.70	1.69	1.70
Class C	1.70	1.69	1.70
Class G²	0.71	n/a	0.74
Class I	0.84	0.83	0.84
Class Z	0.06	0.05	0.06
Class A accumulation (EUR hedged)	1.70	1.69	1.70
Class A accumulation (USD hedged)	1.70	1.69	1.70

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 14 February 2019.

² Class G launched on 14 February 2019.

Risk and reward profile

The fund currently has 10 types of share class in issue; A accumulation, A income, C income, G accumulation, I accumulation, I income, Z accumulation, Z income, A accumulation (EUR hedged) and A accumulation (USD hedged).

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

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

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

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

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

* Class A accumulation gross was launched 22 April 2014 and Class G accumulation was launched 14 February 2019 and as these do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 99.50% (2018: 100.35%)		
	Ireland 0.29% (2018: 1.18%)		
	Financials 0.29% (2018: 1.18%)		
235,070	Malin	787	0.29
	Netherlands 7.40% (2018: 6.51%)		
	Oil & Gas 7.40% (2018: 6.51%)		
475,000	Royal Dutch Shell 'A'	12,220	4.51
302,808	Royal Dutch Shell 'B'	7,815	2.89
		<u>20,035</u>	<u>7.40</u>
	Singapore 0.47% (2018: 0.80%)		
	Oil & Gas 0.00% (2018: 0.80%)		
	Utilities 0.47% (2018: 0.00%)		
8,407,349	Atlantis Resources	1,261	0.47
	United Kingdom 90.58% (2018: 90.89%)		
	Basic Materials 2.20% (2018: 3.18%)		
2,077,062	Carclo	408	0.15
108,549	Croda International	5,558	2.05
		<u>5,966</u>	<u>2.20</u>
	Consumer Goods 1.67% (2018: 1.66%)		
1,037,193	Finsbury Food	685	0.25
600,000	Headlam	2,879	1.07
600,000	Taylor Wimpey	947	0.35
		<u>4,511</u>	<u>1.67</u>
	Consumer Services 7.55% (2018: 7.37%)		
1,418,202	Conviviality ¹	-	-
85,356,657	Fastjet	1,323	0.49
3,931,657	FastJet (Warrants) ²	-	-
884,194	Findel	2,228	0.82
600,000	Greene King	3,708	1.37
1,294,601	Halfords	2,908	1.07
2,581,634	Marston's	3,013	1.11
500,000	Mirriad Advertising	110	0.04
2,390,000	Shoe Zone	4,206	1.56
1,312,500	Ten Entertainment	2,953	1.09
		<u>20,449</u>	<u>7.55</u>
	Financials 38.58% (2018: 36.93%)		
3,591,500	ACHP ²	-	-
213,196	Allied Minds	156	0.06
500,000	Aviva	2,083	0.77
2,216,947	Chesnara	7,327	2.71
32,905,500	Cluff Natural Resources	543	0.20
1,763,199	Direct Line Insurance	5,850	2.16
717,217	EPE Special Opportunities	1,377	0.51
350,000	Hammerson REIT	970	0.36

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials (continued)			
599,044	Henderson Alternative Strategies Trust	1,713	0.63
348,335	Hiscox	5,894	2.18
2,281,683	HSBC	14,987	5.52
460,075	H&T	1,500	0.55
203,500,000	Hume Capital Securities ¹	-	-
1,557,401	International Personal Finance	1,869	0.69
1,924,976	Numis	5,207	1.92
1,739,500	Palace Capital	5,132	1.89
4,281,093	Park	2,868	1.06
1,216,415	Phoenix	8,624	3.18
513,123	Provident Financial	2,117	0.78
511,949	Prudential	8,785	3.24
3,632,300	Redde	3,828	1.41
1,225,000	Royal Bank of Scotland	2,693	0.99
1,186,120	Sabre Insurance	3,238	1.20
2,000,000	Sanditon Investment Trust	1,620	0.60
801,661	St. Modwen Properties	3,511	1.30
1,250,000	Standard Chartered	8,928	3.30
1,256,250	Standard Life Aberdeen	3,701	1.37
		<u>104,521</u>	<u>38.58</u>
Health Care 3.20% (2018: 2.92%)			
7,500,000	Abaco Capital ¹	-	-
425,000	GlaxoSmithKline	6,701	2.48
300,000	Oxford Pharmascience ¹	-	-
16,525,245	Tissue Regenix	661	0.24
1,369,828	4D Pharma	1,294	0.48
		<u>8,656</u>	<u>3.20</u>
Industrials 27.70% (2018: 27.61%)			
270,000	Avon Rubber	3,683	1.36
698,076	Babcock International	3,199	1.18
800,000	BAE Systems	3,963	1.46
1,803,531	Balfour Beatty	4,365	1.61
1,900,965	Carillion ¹	-	-
1,308,805	Castings	5,523	2.04
2,522,275	Epwin	1,776	0.66
625,000	Flowtech Fluidpower	848	0.31
327,425	Hill & Smith	3,834	1.42
3,928,000	iEnergizer	9,269	3.43
194,266	IMI	2,016	0.74
1,095,395	Interserve ¹	-	-
2,619,000	Johnson Service	3,902	1.44
5,660,743	Low & Bonar	340	0.13
736,411	Meggitt	3,859	1.42
2,000,000	Modern Water	60	0.02
1,650,000	Morgan Advanced Materials	4,587	1.69
3,503,153	Renewi	1,012	0.37
9,345,274	Renold	3,318	1.23

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Industrials (continued)		
755,035	Rolls-Royce	6,345	2.34
53,607,485	Rolls-Royce 'C'	54	0.02
1,200,000	Royal Mail	2,543	0.94
2,900,000	Senior	6,258	2.31
1,850,000	TT Electronics	4,274	1.58
		<u>75,028</u>	<u>27.70</u>
	Oil & Gas 4.27% (2018: 6.02%)		
1,514,254	BP	8,306	3.07
8,000,000	Ilika	2,320	0.86
180,000	Indus Gas	481	0.18
11,426,955	Velocys	446	0.16
		<u>11,553</u>	<u>4.27</u>
	Telecommunications 1.44% (2018: 2.01%)		
3,013,235	Vodafone	3,897	1.44
	Utilities 3.97% (2018: 3.19%)		
2,707,616	Aggregated Micro Power	1,760	0.65
2,350,000	Centrica	2,063	0.76
400,000	National Grid	3,343	1.23
175,000	Severn Trent	3,584	1.33
		<u>10,750</u>	<u>3.97</u>
	United States 0.76% (2018: 0.97%)		
	Industrials 0.76% (2018: 0.97%)		
736,980	Somero Enterprises	2,064	0.76
	Derivatives 0.00% (2018: 0.00%)		
	Forward Foreign Exchange Contracts (Hedged share classes) 0.00% (2018: 0.00%)³		
	Buy EUR 323 : Sell GBP 288 July 2019 ⁴	-	-
	Buy EUR 6,794 : Sell GBP 6,073 July 2019 ⁴	-	-
	Buy USD 104 : Sell GBP 82 July 2019 ⁴	-	-
	Buy USD 2,854 : Sell GBP 2,263 July 2019 ⁴	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	Investment assets	269,478	99.50
	Other net assets	1,341	0.50
	Total net assets	270,819	100.00

Geographical classifications are based on a country risk.

¹ Suspended or delisted securities

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 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(37,849)		2,339
Revenue	3	13,402		14,375	
Expenses	4	(3,779)		(4,730)	
Interest payable and similar charges	5	(2)		(3)	
Net revenue before taxation		9,621		9,642	
Taxation	6	(92)		(106)	
Net revenue after taxation			<u>9,529</u>		<u>9,536</u>
Total return before distributions			(28,320)		11,875
Distributions	7		(12,879)		(13,728)
Change in net assets attributable to shareholders from investment activities			<u>(41,199)</u>		<u>(1,853)</u>

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		348,212		425,849
Amounts receivable on issue of shares	7,127		14,009	
Amounts payable on cancellation of shares	(45,542)		(92,390)	
		(38,415)		(78,381)
Change in net assets attributable to shareholders from investment activities		(41,199)		(1,853)
Retained distributions on accumulation shares		2,187		2,568
Unclaimed distributions		34		29
Closing net assets attributable to shareholders		<u>270,819</u>		<u>348,212</u>

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		269,478	349,445
Current assets:			
Debtors	8	1,679	1,768
Cash and bank balances	9	5,373	3,216
Total assets		276,530	354,429
Liabilities:			
Creditors:			
Distributions payable		3,689	3,752
Other creditors	10	2,022	2,465
Total liabilities		5,711	6,217
Net assets attributable to shareholders		270,819	348,212

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital (losses)/gains

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

	2019	2018
	£000	£000
Forward currency contracts	(41)	1
Forward currency contracts on hedged share classes	(2)	1
Non-derivative securities	(37,806)	2,350
Other currency gains	11	-
Transaction costs	(11)	(13)
Net capital (losses)/gains	(37,849)	2,339

3 Revenue

	2019	2018
	£000	£000
Bank interest	9	5
Overseas dividends	1,615	2,779
Stock lending revenue	78	143
UK dividends	11,585	11,250
UK REIT revenue - PID	78	157
Underwriting commission	37	41
Total revenue	13,402	14,375

4 Expenses

	2019	2018
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	3,350	4,192
GAC*	396	490
	<u>3,746</u>	<u>4,682</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	26	32
Safe custody fees	7	14
	<u>33</u>	<u>46</u>
Other expenses:		
Legal fees	-	2
	<u>-</u>	<u>2</u>
Total expenses	3,779	4,730

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £10,316 (2018: £10,017).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	2	3
Total interest payable and similar charges	2	3

6 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2019 £000	2018 £000
Current tax		
Overseas withholding tax	92	106
Total tax (note 6b)	92	106

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	9,621	9,642
Corporation tax at 20% (2018: 20%)	1,924	1,928
Effects of:		
Irrecoverable overseas tax	92	106
Overseas dividends	(323)	(555)
UK dividends*	(2,317)	(2,250)
Unused management expenses	716	877
Tax charge for the year (note 6a)	92	106

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

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £23,097,728 (2018: £22,381,888) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

Notes to the financial statements (continued)

7 Distributions

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

	2019	2018
	£000	£000
Interim income	6,806	7,182
Interim accumulation	1,430	1,769
Final income	3,689	3,752
Final accumulation	757	799
	<u>12,682</u>	<u>13,502</u>
Amounts deducted on cancellation of shares	248	295
Amounts received on issue of shares	(51)	(69)
Total distributions	<u>12,879</u>	<u>13,728</u>
Net revenue after taxation	9,529	9,536
Annual management charge borne by the capital account	3,350	4,192
Total distributions	<u>12,879</u>	<u>13,728</u>

Details of the distribution per share are set out in the distribution tables on pages 326 to 329.

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	1,370	1,357
Amounts receivable for issue of shares	218	45
Income tax receivable	3	-
Overseas withholding tax reclaimable	88	134
Sales awaiting settlement	-	232
Total debtors	<u>1,679</u>	<u>1,768</u>

9 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	5,373	3,216
Total cash and bank balances	<u>5,373</u>	<u>3,216</u>

Notes to the financial statements (continued)

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	256	328
Accrued Depository's fee	4	3
Accrued other expenses	33	47
Amounts payable for cancellation of shares	439	611
Purchases awaiting settlement	1,290	1,476
Total other creditors	2,022	2,465

11 Contingent liabilities and commitments

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

	2019	2018
	£000	£000
Phoenix (Rights)	-	3,735
Total commitments	-	3,735

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 314 and 315 and notes 4, 7, 8 and 10 on pages 316 to 319 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

There were no material shareholders at the year end (2018: nil).

13 Shareholders' funds

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

	2019	2018
	%	%
Class A	1.50	1.50
Class C	1.50	1.50
Class G ¹	0.675	n/a
Class I	0.75	0.75
Class Z ²	0.00	0.00

¹ Class G accumulation launched on 14 February 2019.

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 303 to 308. The distribution per share class is given in the distribution tables on pages 326 to 329. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

Shares reconciliation as at 30 June 2019

	Class A accumulation	Class A income	Class C income	Class G accumulation
Opening number of shares	79,918	8,831,845	74,561,211	-
Issues during the year	6,189	132,570	2,676,454	626
Cancellations during the year	(14,715)	(831,082)	(5,418,717)	(84)
Shares converted during the year	-	(56,073)	(47,661)	-
Closing shares in issue	71,392	8,077,260	71,771,287	542

	Class I accumulation	Class I income	Class Z accumulation	Class Z income
Opening number of shares	2,703,243	13,107,161	9,463,157	1,028,457
Issues during the year	35,456	114,004	183,130	104,517
Cancellations during the year	(705,920)	(3,096,533)	(620,089)	(136,869)
Shares converted during the year	(4,218)	69,392	-	-
Closing shares in issue	2,028,561	10,194,024	9,026,198	996,105

	Class A accumulation (EUR hedged)	Class A accumulation (USD hedged)
Opening number of shares	12,051	26,811
Issues during the year	8,647	-
Cancellations during the year	(20,048)	(26,561)
Shares converted during the year	-	-
Closing shares in issue	650	250

14 Financial derivatives

The fund may use financial derivatives for efficient portfolio management and meeting the investment objectives including risk reduction and implementation of investment policies.

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 30 June 2019 (2018: nil).

2019

The fund had no exposure to derivatives as at 30 June 2019 with a positive market value.

2018

At 30 June 2018 the underlying exposure for the derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	2	2
	2	2

Notes to the financial statements (continued)

15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with BNP Paribas acting as the stock lending agent for the purposes of efficient portfolio management and 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	12,374	13,818	Equity	
Bank of Nova Scotia	2,932	3,258	Equity	
Citigroup	52	59	Equity	
Credit Suisse	761	884	Equity	
Deutsche Bank	2,420	2,690	Equity	
JP Morgan	99	110	Equity	
Merrill Lynch	49	54	Government Bond	
Natixis	17,636	19,604	Equity	
Société Générale	3	3	Equity	
	36,326	40,480		
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	92	14	78

Notes to the financial statements (continued)

15 Stock lending (continued)

2018 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
ABN Amro	11,649	12,943	Equity
Bank of Nova Scotia	2,853	3,175	Equity
Citigroup	623	692	Equity
Deutsche Bank	5,623	6,248	Equity
HSBC	1	1	Equity
JP Morgan	1,969	2,198	Equity
Merrill Lynch	4,978	5,241	Government Bond
Morgan Stanley	2,082	2,242	Government Bond
Natixis	2,442	2,739	Equity
Société Générale	2,033	5,599	Equity
	34,253	41,078	

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	168	25	143

16 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 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.

Other market price risk

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

Leverage

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

Notes to the financial statements (continued)

16 Risk (continued)

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Distribution payable	-	3,689	-	-
Other creditors	-	2,022	-	-
Total	-	5,711	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Distribution payable	-	3,752	-	-
Other creditors	-	2,465	-	-
Total	-	6,217	-	-

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	269,478	-	349,443	-
Level 2	-	-	2	-
Level 3	-	-	-	-
	269,478	-	349,445	-

Notes to the financial statements (continued)

18 Direct transactions costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Equities	18,275	22,885	60,019	103,138
Trades in the year before transaction costs	18,275	22,885	60,019	103,138
Transaction costs				
Commissions				
Equities	6	9	26	50
Total commissions	6	9	26	50
Taxes				
Equities	63	83	-	-
Total taxes	63	83	-	-
Other expenses				
Equities	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	69	92	26	50
Total net trades in the year after transaction costs	18,344	22,977	59,993	103,088

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.03	0.04	0.04	0.05
Taxes				
Equities	0.34	0.36	-	-
Other expenses				
Equities	-	-	-	-
	2019 %	2018 %		

Total transaction costs expressed as a percentage of net asset value

Commissions	0.01	0.02
Taxes	0.02	0.02
Other expenses	-	-
Total costs	0.03	0.04

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £390,885 (2018: £1,888,026).

There were no direct transaction costs associated with derivatives in the year (2018: nil).

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

The portfolio dealing spread as at 30 June 2019 was 0.99% (2018: 0.96%). The portfolio dealing spread is calculated at a 12 noon valuation point.

Notes to the financial statements (continued)

19 Events after the Balance sheet date

The fund launched two new share classes, E accumulation and E income, on 8 July 2019.

Distribution tables for the year ended 30 June 2019 (in pence per share)

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

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 30/11/18	Total distribution per share 30/11/17
Class A accumulation				
Group 1	7.2936	-	7.2936	6.4141
Group 2	3.8322	3.4614	7.2936	6.4141
Class A income				
Group 1	6.0663	-	6.0663	5.5290
Group 2	2.2099	3.8564	6.0663	5.5290
Class C income				
Group 1	1.7164	-	1.7164	1.5645
Group 2	0.4846	1.2318	1.7164	1.5645
Class I accumulation				
Group 1	13.9089	-	13.9089	12.1669
Group 2	7.4304	6.4785	13.9089	12.1669
Class I income				
Group 1	7.0632	-	7.0632	6.4108
Group 2	4.4605	2.6027	7.0632	6.4108
Class Z accumulation				
Group 1	2.2759	-	2.2759	1.9796
Group 2	0.9284	1.3475	2.2759	1.9796
Class Z income				
Group 1	2.2206	-	2.2206	2.0035
Group 2	0.6996	1.5210	2.2206	2.0035
Class A accumulation (EUR hedged)¹				
Group 1	11.6237	-	11.6237	10.2866
Group 2	3.4625	8.1612	11.6237	10.2866
Class A accumulation (USD hedged)²				
Group 1	5.0075	-	5.0075	10.6106
Group 2	5.0075	-	5.0075	10.6106

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

Interim dividend distribution (accounting date 31 December 2018, paid on 28 February 2019)

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 28/02/19	Total distribution per share 28/02/18
Class A accumulation				
Group 1	5.8228	-	5.8228	5.0090
Group 2	2.0219	3.8009	5.8228	5.0090
Class A income				
Group 1	4.7957	-	4.7957	4.2828
Group 2	1.5036	3.2921	4.7957	4.2828
Class C income				
Group 1	1.3568	-	1.3568	1.2117
Group 2	0.3827	0.9741	1.3568	1.2117
Class I accumulation				
Group 1	11.1594	-	11.1594	9.6028
Group 2	4.6259	6.5335	11.1594	9.6028
Class I income				
Group 1	5.6142	-	5.6142	5.0156
Group 2	2.5755	3.0387	5.6142	5.0156
Class Z accumulation				
Group 1	1.8335	-	1.8335	1.5645
Group 2	0.8337	0.9998	1.8335	1.5645
Class Z income				
Group 1	1.7712	-	1.7712	1.5734
Group 2	0.5377	1.2335	1.7712	1.5734
Class A accumulation (EUR hedged)¹				
Group 1	9.2368	-	9.2368	7.9976
Group 2	2.9894	6.2474	9.2368	7.9976
Class A accumulation (USD hedged)²				
Group 1	9.9137	-	9.9137	8.3448
Group 2	9.9137	-	9.9137	8.3448

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

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

Group 1: shares purchased prior to 1 January 2019

Group 2: shares purchased prior to 1 January 2019

	Distribution per share	Equalisation	Total distribution per share 31/05/19	Total distribution per share 31/05/18
Class A accumulation				
Group 1	5.9871	-	5.9871	5.6376
Group 2	2.4125	3.5746	5.9871	5.6376
Class A income				
Group 1	4.8848	-	4.8848	4.7887
Group 2	2.8910	1.9938	4.8848	4.7887
Class C income				
Group 1	1.3824	-	1.3824	1.3549
Group 2	0.7086	0.6738	1.3824	1.3549
Class G accumulation¹				
Group 1	0.7345	-	0.7345	n/a
Group 2	0.7345	-	0.7345	n/a
Class I accumulation				
Group 1	11.4914	-	11.4914	10.7826
Group 2	6.8882	4.6032	11.4914	10.7826
Class I income				
Group 1	5.7240	-	5.7240	5.5933
Group 2	3.3289	2.3951	5.7240	5.5933
Class Z accumulation				
Group 1	1.8950	-	1.8950	1.7582
Group 2	1.8848	0.0102	1.8950	1.7582
Class Z income				
Group 1	1.8092	-	1.8092	1.7571
Group 2	1.8012	0.0080	1.8092	1.7571
Class A accumulation (EUR hedged)²				
Group 1	9.3918	-	9.3918	9.0337
Group 2	7.7368	1.6550	9.3918	9.0337
Class A accumulation (USD hedged)³				
Group 1	10.1325	-	10.1325	9.3644
Group 2	10.1325	-	10.1325	9.3644

¹ Class G accumulation launched 14 February 2019.

² in Euro cents per share

³ in USD cents per share

Distribution tables (continued)

Final dividend distribution (accounting date 30 June 2019, paid on 30 August 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 30/08/19	Total distribution per share 31/08/18
Class A accumulation				
Group 1	11.2446	-	11.2446	9.8023
Group 2	6.8748	4.3698	11.2446	9.8023
Class A income				
Group 1	9.0978	-	9.0978	8.2603
Group 2	2.2801	6.8177	9.0978	8.2603
Class C income				
Group 1	2.5742	-	2.5742	2.3372
Group 2	0.4066	2.1676	2.5742	2.3372
Class G accumulation¹				
Group 1	1.5863	-	1.5863	n/a
Group 2	1.5863	-	1.5863	n/a
Class I accumulation				
Group 1	21.3416	-	21.3416	18.5241
Group 2	9.0383	12.3033	21.3416	18.5241
Class I income				
Group 1	10.5342	-	10.5342	9.5316
Group 2	3.1230	7.4112	10.5342	9.5316
Class Z accumulation				
Group 1	3.5029	-	3.5029	3.0211
Group 2	3.5029	-	3.5029	3.0211
Class Z income				
Group 1	3.3217	-	3.3217	2.9862
Group 2	3.3217	-	3.3217	2.9862
Class A accumulation (EUR hedged)²				
Group 1	17.4787	-	17.4787	15.5859
Group 2	11.6637	5.8150	17.4787	15.5859
Class A accumulation (USD hedged)³				
Group 1	19.0701	-	19.0701	16.2902
Group 2	19.0701	-	19.0701	16.2902

¹ Class G accumulation launched 14 February 2019.

² in Euro cents per share

³ in USD cents per share

Janus Henderson UK Smaller Companies Fund

Authorised Corporate Director's (ACD) report

Investment Fund Manager

Neil Hermon

Investment objective and policy

To aim to provide capital growth by investing primarily in United Kingdom smaller companies.

Performance summary

	30 Jun 18 - 30 Jun 19	30 Jun 17 - 30 Jun 18	30 Jun 16 - 30 Jun 17	30 Jun 15 - 30 Jun 16	30 Jun 14 - 30 Jun 15
	%	%	%	%	%
Class I accumulation	(4.8)	17.1	37.7	(8.9)	19.5
Numis Smaller Companies (Ex Investment Trusts) Index	(5.4)	7.6	29.1	(6.6)	10.4
IA UK Smaller Companies Equity	(6.2)	16.9	36.6	(5.7)	9.7

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

Index: Numis Smaller Companies (Ex Investment Trusts) Index

Index Usage: Comparator

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

Peer group benchmark: IA UK Smaller Companies Equity

Peer group benchmark usage: Comparator

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

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

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

Significant portfolio changes for the year ended 30 June 2019

Largest purchases	£000	Largest sales	£000
Spectris	2,084	Melrose Industries	2,922
Vitec	2,013	Spectris	1,989
Savills	1,446	Accesso	1,491
Just	1,356	NCC	1,333
Premier Oil	1,068	Faroe Petroleum	1,327
Watches Of Switzerland	1,038	Equiniti	1,218
TI Fluid Systems	913	Playtech	1,152
Learning Technologies	910	Victoria	1,106
Bellway	863	GVC	922
Serica Energy	836	Ricardo	900
Total purchases	46,476	Total sales	24,672

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

Investment review

The fund fell 4.8% based on Class I accumulation over the year under review, compared with a fall of 5.4% in Numis Smaller Companies (Ex Investment Trusts) Index and a fall of 6.2% in the IA UK Smaller Companies Equity peer group benchmark.

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

However, equity markets recovered strongly in 2019. Factors driving the market higher included optimism that there would be progress on US and Chinese trade negotiations, a rally in the oil price and the Fed softening its commentary around future interest rate increases. Brexit negotiations failed to make conclusive progress. At the time of writing, the EU has granted an extension to 31 October 2019 of the date the UK is to leave the EU. However, with a new leader of the Conservative party yet to be elected, and parliament unable to come to a consensus on what deal, if any, it would approve, all scenarios remain possible.

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

Positive contributors to performance included Intermediate Capital (an alternative credit lender and asset manager), which rose 29.7% as the company reported extremely strong numbers highlighting profit progression, excellent momentum in asset gathering and a large jump in the dividend. RWS (a language translation business) rose 53.7% after the company announced positive results detailing strong growth and a positive start to its financial year. Aveva (computer design software) rose 52.8% as the benefits of the merger with the Schneider software business started to deliver synergy benefits, and the underlying business saw accelerated organic growth as end markets recovered.

Negative contributors included Scapa (an industrial tapes and healthcare group), which fell 57.1% as the company warned that a major customer was cancelling a major long-term contract. The company is currently disputing the legality of this contract. Victoria (a pan-European floor coverings manufacturer) was another major detractor. The company has bought, rationalised and integrated a number of UK carpet manufacturers, and has more recently expanded into the ceramic market in Europe, through acquisitions in Italy and Spain. This expansion, combined with a slowdown in trading, saw debt expand to uncomfortable levels, which, combined with negative commentary from short sellers, meant the shares underperformed. Recognising these concerns, we sold our position in Victoria.

We initiated a position in Vitec, a photographic and broadcast services group. We believe the company's long term prospects are strong. The company is well capitalised and is adding value through selective accretive acquisitions.

After a successful period of ownership, we sold GVC, a gaming and gambling group. We questioned its ability to re-rate, as structural and regulatory pressures weighed on the company's UK retail business. We also sold our position in Playtech, following its profit warning. We sold our entire position in Alfa Financial Software, a leasing software provider, as we believe the valuation did not properly reflect the risks around pipeline conversion. We also sold our position in Ricardo, an engineering consultancy business, as the company's growth plans look difficult to achieve, considering the challenged backdrop for the automotive sector. We sold our position in Ted Baker, a clothing retailer, as growth is slowing due to difficult market conditions. We also sold our entire position in Accesso, as we believe the valuation fully reflected the growth opportunities available.

In the second half of the year, we took a position in Savills, a provider of property consulting and transactional advice. We believe its long term prospects are strong, as the group is well positioned and the shares are attractively valued. We increased our position in TI Fluid Systems, a provider of fuel carrying systems and fuel tanks for automobiles. Although market conditions are tough, with auto production under some pressure globally, revenue and margins are proving very robust and the shares trade on a highly discounted valuation. We bought a new position in Watches of Switzerland, a luxury watch retailer with leading market share in the UK and US. Our investment thesis is based on the fact that the company provides access to one of the best brands globally (Rolex, which accounts for 50% of sales) and has a fast growth roll-out story as the company seeks to expand and take share in the growing US market. We took a position in AB Dynamics, a provider of advanced testing and measurement products for the automotive industry. Increased regulation, emissions testing and investment in autonomous vehicles are driving strong demand for AB Dynamics products.

We sold our position in Faroe Petroleum, a North Sea oil explorer and producer, after it received an improved takeover offer from DNO. We also sold our position in Victoria, the European floor coverings group, as we are concerned about deteriorating trading conditions and financial leverage is too high. We sold our position in Equiniti, a provider of administration and corporate services. We lost confidence in management's guidance over the integration of their US acquisition and because of concerns about the repeatability of high margin revenues from corporate action work. We sold our position in Elementis, a speciality chemicals group, as trading conditions remain tough and we are concerned by the quality of recent acquisitions. Additionally, the group has taken on significant debt to fund acquisitions, which we feel has left the balance sheet over-levered. We sold our position in XPS Pensions Group, as we were concerned that revenue growth was running behind market expectations and costs were rising faster than expected. These fears were realised as the company warned on profits in July, after our sale.

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

The UK economy is showing anaemic growth. Brexit deliberations stumble on, with intermittent progress. There is clearly a range of outcomes but what deal, if any, the UK will end up with is unclear. The weak position of the minority Conservative government is an extra complication. Theresa May has resigned as prime minister, but the battle to replace her, combined with the summer parliamentary recess, will account for a significant proportion of the time before the UK is due to leave the EU. This political uncertainty is likely to weigh on consumer and business confidence, while causing delays to investment and purchasing decisions, further dampening economic growth.

Outside the UK, economic conditions are robust, but slowing. Europe, in particular, is showing signs of economic slowdown. Escalating trade tensions are providing additional negative commentary and, after what seemed to be good progress between the US and China, recent rhetoric and actions have seen an increase in the volatility of relations between the two countries. The rise in US interest rates in 2018 suggested to investors that loose global monetary conditions were reversing. However, commentary from the Fed has softened recently, and the expectation is that there will be cuts to US rates in 2019.

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

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

Comparative tables for the year ended 30 June 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	834.01	718.31	533.13
Return before operating charges*	(34.01)	128.99	196.04
Operating charges	(13.14)	(13.29)	(10.86)
Return after operating charges*	(47.15)	115.70	185.18
Distributions on accumulation shares	(7.14)	(5.26)	(4.98)
Retained distributions on accumulation shares	7.14	5.26	4.98
Closing net asset value per share	786.86	834.01	718.31
* after direct transaction costs of:	0.87	0.75	0.67
Performance			
Return after charges	(5.65%)	16.11%	34.73%
Other information			
Closing net asset value (£000s)	55,933	63,227	58,115
Closing number of shares	7,108,397	7,581,071	8,090,545
Operating charges	1.70%	1.70%	1.70%
Direct transaction costs	0.11%	0.10%	0.10%
Prices			
Highest share price (pence)	842.20	856.10	739.10
Lowest share price (pence)	677.10	715.40	505.70
	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	977.37	834.60	614.18
Return before operating charges*	(39.69)	150.54	226.69
Operating charges	(7.63)	(7.77)	(6.27)
Return after operating charges*	(47.32)	142.77	220.42
Distributions on accumulation shares	(15.00)	(13.08)	(12.80)
Retained distributions on accumulation shares	15.00	13.08	12.80
Closing net asset value per share	930.05	977.37	834.60
* after direct transaction costs of:	1.02	0.88	0.78
Performance			
Return after charges	(4.84%)	17.11%	35.89%
Other information			
Closing net asset value (£000s)	101,704	82,331	61,245
Closing number of shares	10,935,313	8,423,740	7,338,149
Operating charges	0.84%	0.85%	0.85%
Direct transaction costs	0.11%	0.10%	0.10%
Prices			
Highest share price (pence)	988.30	1,003.00	858.20
Lowest share price (pence)	796.90	831.30	582.70

Comparative tables (continued)

	Class Z accumulation		
	2019	2018	2017
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	674.80	571.76	417.50
Return before operating charges*	(27.26)	103.42	154.61
Operating charges	(0.38)	(0.38)	(0.35)
Return after operating charges*	(27.64)	103.04	154.26
Distributions on accumulation shares	(16.10)	(13.85)	(11.89)
Retained distributions on accumulation shares	16.10	13.85	11.89
Closing net asset value per share	647.16	674.80	571.76
* after direct transaction costs of:	0.71	0.61	0.53
Performance			
Return after charges	(4.10%)	18.02%	36.95%
Other information			
Closing net asset value (£000s)	26,064	26,664	22,675
Closing number of shares	4,027,517	3,951,443	3,965,863
Operating charges	0.06%	0.06%	0.07%
Direct transaction costs	0.11%	0.10%	0.10%
Prices			
Highest share price (pence)	683.20	692.20	587.60
Lowest share price (pence)	552.30	569.50	396.20

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

Operating charges

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

Share class launches and closures

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

Ongoing charge figure

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

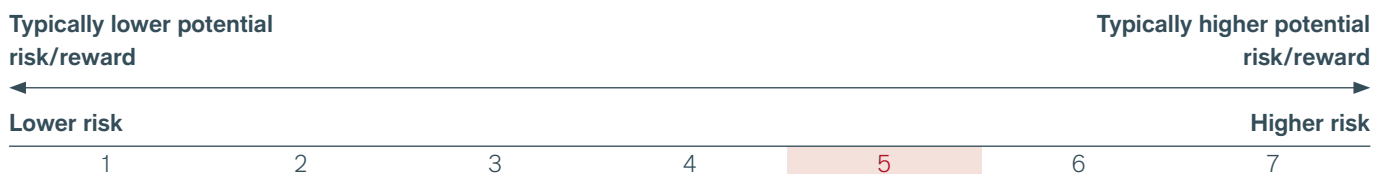
	2019 %	2018 %
Class A	1.70	1.70
Class I	0.84	0.85
Class Z	0.06	0.06

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

Risk and reward profile

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

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



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

The value of an investment and any income from it can go up or down. When you sell your shares they may be worth less than you paid for them.

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

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

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

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

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

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

Portfolio statement as at 30 June 2019

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 96.99% (2018: 97.24%)		
	Ireland 0.68% (2018: 0.70%)		
	Consumer Services 0.68% (2018: 0.70%)		
290,000	Tarsus	1,244	0.68
	Singapore 0.61% (2018: 0.59%)		
	Industrials 0.61% (2018: 0.59%)		
51,000	XP Power	1,127	0.61
	United Kingdom 93.54% (2018: 93.86%)		
	Basic Materials 3.71% (2018: 5.05%)		
710,000	Scapa	1,316	0.72
630,000	Synthomer	2,352	1.28
145,000	Victrix	3,139	1.71
		<u>6,807</u>	<u>3.71</u>
	Consumer Goods 6.85% (2018: 7.16%)		
182,000	Bellway	5,068	2.76
741,030	Codemasters	1,645	0.90
610,000	Countryside Properties	1,820	0.99
315,000	Crest Nicholson	1,125	0.61
642,365	Team17	1,863	1.01
384,346	Watches Of Switzerland	1,057	0.58
		<u>12,578</u>	<u>6.85</u>
	Consumer Services 10.58% (2018: 11.34%)		
525,000	Ascential	1,870	1.02
1,565,000	Cineworld	3,965	2.15
540,000	DFS Furniture	1,372	0.75
177,000	Euromoney Institutional Investor	2,304	1.25
115,000	Future	1,114	0.61
1,520,000	Gocompare.com	1,421	0.77
298,745	Gym	732	0.40
580,000	Hollywood Bowl	1,299	0.71
1,700,000	ITE	1,216	0.66
300,000	Joules	762	0.41
1,400,000	Lookers	713	0.39
470,000	Marshall Motor	696	0.38
185,000	Next Fifteen Communications	1,177	0.64
1,225,000	SafeStyle UK	802	0.44
		<u>19,443</u>	<u>10.58</u>
	Financials 22.65% (2018: 20.27%)		
59,040	AJ Bell	237	0.13
591,127	Brewin Dolphin	1,808	0.98
171,611	Burford Capital	2,660	1.45
3,700,000	Capital & Regional	537	0.29
715,000	CLS	1,534	0.83
720,000	Grainger	1,768	0.96
350,000	Helical	1,290	0.70

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials (continued)			
680,000	Impax Asset Management	1,836	1.00
610,000	IntegraFin	2,318	1.26
445,000	Intermediate Capital	6,144	3.36
1,040,000	John Laing	4,096	2.24
530,000	Jupiter Fund Management	2,239	1.22
2,817,592	Just	1,586	0.86
665,000	OneSavings Bank	2,411	1.31
770,000	Paragon Banking	3,379	1.84
170,000	Safestore	1,043	0.57
170,000	Savills	1,525	0.83
950,000	Sherborne Investors 'A'	485	0.26
580,000	St. Modwen Properties	2,540	1.38
117,000	Unite	1,140	0.62
310,000	Urban & Civic	1,026	0.56
		<u>41,602</u>	<u>22.65</u>
Health Care 5.91% (2018: 5.96%)			
1,225,000	Alliance Pharma	833	0.45
450,000	Clinigen	4,531	2.48
197,000	Consort Medical	1,675	0.91
120,000	Dechra Pharmaceuticals	3,295	1.79
432,073	Spire Healthcare	517	0.28
		<u>10,851</u>	<u>5.91</u>
Industrials 30.34% (2018: 30.67%)			
1,510,000	AA	728	0.40
27,102	AB Dynamics	686	0.37
110,000	Avon Rubber	1,500	0.82
1,000,000	Balfour Beatty	2,420	1.32
150,000	Bodycote	1,240	0.67
157,228	Charles Taylor	352	0.19
2,650,000	Coats	2,172	1.18
205,000	Costain	357	0.19
515,000	Eurocell	1,082	0.59
230,000	Howden Joinery	1,166	0.63
950,000	Ibstock	2,309	1.26
5,195	James Fisher & Sons	100	0.05
2,675,000	Learning Technologies	2,584	1.41
884,215	Luceco	948	0.52
325,000	Midwich	1,859	1.01
520,000	Northgate	1,807	0.98
237,500	Oxford Instruments	3,064	1.67
280,000	Polypipe	1,244	0.68
87,255	Renishaw	3,715	2.02
330,000	ReStore	1,304	0.71
500,000	Rotork	1,583	0.86
585,000	RWS	3,790	2.05
450,000	Sanne	3,164	1.72
825,000	Severfield	568	0.31

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Industrials (continued)			
1,835,000	SIG	2,380	1.30
190,000	Smart Metering Systems	1,009	0.55
72,248	Spectris	2,079	1.13
385,000	SThree	1,097	0.60
1,267,857	Thruvision	368	0.20
515,000	Tyman	1,246	0.68
168,000	Ultra Electronics	2,772	1.51
455,000	Vesuvius	2,493	1.36
160,000	Vitec	1,824	0.99
870,000	WYG	470	0.26
325,000	Xaar	267	0.15
		<u>55,747</u>	<u>30.34</u>
Oil & Gas 4.02% (2018: 4.16%)			
1,228,636	Cairn Energy	2,126	1.16
376,661	Hunting	1,923	1.05
2,400,000	Premier Oil	1,846	1.00
629,767	Serica Energy	800	0.44
490,000	Tekmar	688	0.37
		<u>7,383</u>	<u>4.02</u>
Technology 8.04% (2018: 8.34%)			
188,902	Aptitude Software	843	0.46
82,000	Aveva	3,313	1.80
34,500	Blue Prism	477	0.26
136,634	Computacenter	1,820	0.99
470,000	GBG	2,599	1.41
375,000	Regeneris	469	0.26
345,000	RM	825	0.45
235,000	SDL	1,199	0.65
230,000	Softcat	2,234	1.22
1,387,650	Tribal	999	0.54
		<u>14,778</u>	<u>8.04</u>
Telecommunications 1.44% (2018: 0.91%)			
230,000	Gamma Communications	2,645	1.44
United States 2.16% (2018: 2.09%)			
Consumer Goods 1.40% (2018: 1.19%)			
1,306,205	TI Fluid Systems	2,571	1.40
Industrials 0.76% (2018: 0.90%)			
625,000	Alpha Financial Markets Consulting	1,400	0.76
Investment assets		178,176	96.99
Other net assets		5,525	3.01
Total net assets		183,701	100.00

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

Statement of total return for the year ended 30 June 2019

	Note	2019		2018	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(10,781)		22,155
Revenue	3	4,516		3,683	
Expenses	4	(1,720)		(1,633)	
Interest payable and similar charges	5	-		(2)	
Net revenue before taxation		2,796		2,048	
Taxation	6	-		-	
Net revenue after taxation			2,796		2,048
Total return before distributions			(7,985)		24,203
Distributions	7		(2,796)		(2,048)
Change in net assets attributable to shareholders from investment activities			(10,781)		22,155

Statement of change in net assets attributable to shareholders for the year ended 30 June 2019

	2019		2018	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		172,222		142,035
Amounts receivable on issue of shares	30,808		19,833	
Amounts payable on cancellation of shares	(11,344)		(13,849)	
		19,464		5,984
Change in net assets attributable to shareholders from investment activities		(10,781)		22,155
Retained distributions on accumulation shares		2,796		2,048
Closing net assets attributable to shareholders		183,701		172,222

Balance sheet as at 30 June 2019

	Note	2019 £000	2018 £000
Assets:			
Investments		178,176	167,470
Current assets:			
Debtors	8	1,229	1,777
Cash and bank balances	9	4,685	4,606
Total assets		184,090	173,853
Liabilities:			
Creditors:			
Other creditors	10	389	1,631
Total liabilities		389	1,631
Net assets attributable to shareholders		183,701	172,222

Notes to the financial statements for the year ended 30 June 2019

1 Accounting policies

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

2 Net capital (losses)/gains

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

	2019 £000	2018 £000
Non-derivative securities	(10,773)	22,163
Transaction costs	(8)	(8)
Net capital (losses)/gains	(10,781)	22,155

3 Revenue

	2019 £000	2018 £000
Bank interest	37	5
Overseas dividends	162	242
UK dividends	4,197	3,286
UK REIT revenue - PID	94	113
UK REIT revenue - non PID	11	10
Underwriting commission	15	27
Total revenue	4,516	3,683

4 Expenses

	2019 £000	2018 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,520	1,440
GAC*	181	173
	<u>1,701</u>	<u>1,613</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	15	14
Safe custody fees	4	6
	<u>19</u>	<u>20</u>
Total expenses	1,720	1,633

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through the GAC, is £7,912 (2018: £7,681).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2019 £000	2018 £000
Interest payable	-	2
Total interest payable and similar charges	-	2

6 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2018: nil).

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	2,796	2,048
Corporation tax at 20% (2018: 20%)	559	410
Effects of:		
Overseas dividends	(32)	(49)
UK dividends*	(842)	(659)
Unused management expenses	315	298
Tax charge for the year (note 6a)	-	-

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

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

c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2018: nil).

d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £6,770,141 (2018: £6,455,268) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

7 Distributions

	2019 £000	2018 £000
Final accumulation	2,796	2,048
Total distributions	2,796	2,048

Details of the distribution per share are set out in the distribution table on page 348.

Notes to the financial statements (continued)

8 Debtors

	2019	2018
	£000	£000
Accrued revenue	1,015	443
Amounts receivable for issue of shares	203	1,102
Income tax recoverable	7	3
Overseas withholding tax reclaimable	4	4
Sales awaiting settlement	-	225
Total debtors	1,229	1,777

9 Cash and bank balances

	2019	2018
	£000	£000
Cash and bank balances	4,685	4,606
Total cash and bank balances	4,685	4,606

10 Other creditors

	2019	2018
	£000	£000
Accrued annual management charge	131	130
Accrued Depositary's fee	3	1
Accrued other expenses	17	36
Amounts payable for cancellation of shares	148	229
Purchases awaiting settlement	90	1,235
Total other creditors	389	1,631

11 Contingent liabilities and commitments

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

	2019	2018
	£000	£000
ITE (Rights)	-	536
Total commitments	-	536

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

12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party in respect of their dealings with the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 340 and 341 and notes 4, 8 and 10 on pages 342 to 344 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

There were no material shareholders at the year end (2018: nil).

Notes to the financial statements (continued)

13 Shareholders' funds

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

	2019	2018
	%	%
Class A	1.50	1.50
Class I	0.75	0.75
Class Z*	0.00	0.00

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

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative tables on pages 333 to 334. The distribution per share class is given in the distribution table on page 348. All share classes have the same rights on winding up.

Shares reconciliation as at 30 June 2019

	Class A accumulation	Class I accumulation	Class Z accumulation
Opening number of shares	7,581,071	8,423,740	3,951,443
Issues during the year	67,494	3,066,053	387,612
Cancellations during the year	(487,679)	(599,020)	(311,538)
Shares converted during the year	(52,489)	44,540	-
Closing shares in issue	7,108,397	10,935,313	4,027,517

14 Risk

Currency risk

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

Interest rate risk

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

Other price risk

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

Leverage

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

Liquidity risk

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2019				
Other creditors	-	389	-	-
Total	-	389	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Other creditors	-	1,631	-	-
Total	-	1,631	-	-

Notes to the financial statements (continued)

15 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	178,176	-	167,470	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<u>178,176</u>	<u>-</u>	<u>167,470</u>	<u>-</u>

16 Direct transaction costs

	Purchases		Sales	
	2019 £000	2018 £000	2019 £000	2018 £000
Trades in the year				
Equities	46,296	42,886	24,683	35,800
Trades in the year before transaction costs	<u>46,296</u>	<u>42,886</u>	<u>24,683</u>	<u>35,800</u>
Transaction costs				
Commissions				
Equities	20	16	11	21
Total commissions	<u>20</u>	<u>16</u>	<u>11</u>	<u>21</u>
Taxes				
Equities	160	113	-	-
Total taxes	<u>160</u>	<u>113</u>	<u>-</u>	<u>-</u>
Other expenses				
Equities	-	-	-	-
Total other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transaction costs	<u>180</u>	<u>129</u>	<u>11</u>	<u>21</u>
Total net trades in the year after transaction costs	<u>46,476</u>	<u>43,015</u>	<u>24,672</u>	<u>35,779</u>

Notes to the financial statements (continued)

16 Direct transaction costs (continued)

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.04	0.04	0.04	0.06
Taxes				
Equities	0.35	0.26	-	-
Other expenses				
Equities	-	-	-	-
	2019 %	2018 %		
Total transaction costs expressed as a percentage of net asset value				
Commissions	0.02	0.03		
Taxes	0.09	0.07		
Other expenses	-	-		
Total costs	0.11	0.10		

There were no in specie transfers during the year (2018: nil). There were corporate actions during the year of £73,875 (2018: £5,370,583).

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

The portfolio dealing spread as at 30 June 2019 was 0.61% (2018: 0.64%). The portfolio dealing spread is calculated at a 12 noon valuation point.

17 Events after the Balance sheet date

The fund launched a new share class, E accumulation, on 8 July 2019.

Distribution table for the year ended 30 June 2019 (in pence per share)

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

Group 1: shares purchased prior to 1 July 2018

Group 2: shares purchased on or after 1 July 2018

	Distribution per share	Total distribution per share 30/08/19	Total distribution per share 31/08/18
Class A accumulation			
Group 1	7.1360	7.1360	5.2587
Group 2	7.1360	7.1360	5.2587
Class I accumulation			
Group 1	15.0037	15.0037	13.0846
Group 2	15.0037	15.0037	13.0846
Class Z accumulation			
Group 1	16.0963	16.0963	13.8472
Group 2	16.0963	16.0963	13.8472

Appendix - additional information (unaudited)

Securities financing transactions

The funds engage in securities financing transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the funds' involvement in and exposures related to securities lending for the year ended 30 June 2019 are detailed below.

Global data

The table lists the amount of securities on loan as a proportion of total lendable assets and the funds' assets under management (AUM) as at 30 June 2019:

Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Janus Henderson All Stocks Credit Fund	66,930	7.24%	7.07%
Janus Henderson Institutional Long Dated Credit Fund	46,529	19.95%	19.68%
Janus Henderson Institutional UK Gilt Fund	95,482	35.21%	34.68%
Janus Henderson Preference & Bond Fund	9,702	1.31%	1.24%
Janus Henderson Strategic Bond Fund	243,112	10.49%	10.13%
Janus Henderson UK Equity Income & Growth Fund	36,326	13.48%	13.41%

Concentration data

The following table lists the ten largest collateral issuers by value of collateral received (across all SFTs) for each fund as at 30 June 2019:

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
Janus Henderson All Stocks Credit Fund		Janus Henderson Institutional Long Dated Credit Fund	
UK Treasury	40,859	UK Treasury	31,409
Kingdom of Sweden	14,221	Kingdom of Sweden	7,914
KFW	6,905	KFW	3,843
Government of France	4,771	Government of France	2,655
US Treasury	1,075	US Treasury	1,244
European Investment Bank	1,058	KFW	922
KFW	797	European Investment Bank	526
European Financial Stability Facility	481	European Financial Stability Facility	338
RATP	267	RATP	194
International Bank for Reconstruction and Development	253	International Bank for Reconstruction and Development	141

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Concentration data (continued)

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
Janus Henderson Institutional UK Gilt Fund		Janus Henderson Preference & Bond Fund	
UK Treasury	16,260	Panasonic	750
Banco Santander Central Hispano	7,437	Standard Life Aberdeen	648
Government of France	7,022	Coca-Cola HBC	648
Shin-Etsu Chemical	4,839	Barratt Developments	598
Toyota Motor	4,533	Toyota Motor	576
Kingdom of Sweden	4,331	UK Treasury	480
Adidas	3,461	Inmarsat Ventures	459
BASF	2,467	RSA Insurance	424
Facebook 'A'	2,157	GVC Holdings	393
Telefonica	2,137	KDDI Corporation	338
Janus Henderson Strategic Bond Fund		Janus Henderson UK Equity Income & Growth Fund	
Panasonic	16,815	Banco Santander Central Hispano	1,963
Government of France	15,944	Royal Dutch Shell	1,456
Standard Life Aberdeen	14,625	ASML	1,383
Coca-Cola HBC	14,620	EADS	1,296
Barratt Developments	13,482	Shin-Etsu Chemical	1,274
Toyota Motor	13,027	Kering	1,273
UK Treasury	11,718	ING	1,240
Inmarsat Ventures	10,365	Toyota Motor	1,193
RSA Insurance	9,558	Total	1,085
GVC Holdings	8,869	Cap Gemini	1,085

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 each fund as at 30 June 2019:

Counterparty	Market value of securities on loan £000	Settlement basis	Counterparty	Market value of securities on loan £000	Settlement basis
Janus Henderson All Stocks Credit Fund			Janus Henderson Institutional Long Dated Credit Fund		
JP Morgan	41,309	Triparty	JP Morgan	22,988	Triparty
Barclays	22,578	Triparty	Barclays	20,930	Triparty
BNP Paribas	1,999	Triparty	BNP Paribas	2,313	Triparty
Credit Suisse	642	Triparty	Credit Suisse	298	Triparty
NatWest	229	Triparty		46,529	
Goldman Sachs	173	Triparty			
	66,930				
Janus Henderson Institutional UK Gilt Fund			Janus Henderson Preference & Bond Fund		
Natixis	67,005	Triparty	Société Générale	9,245	Triparty
JP Morgan	12,581	Triparty	Barclays	457	Triparty
Barclays	9,087	Triparty		9,702	
Morgan Stanley	6,809	Triparty			
	95,482				
Janus Henderson Strategic Bond Fund			Janus Henderson UK Equity Income & Growth Fund		
Société Générale	208,501	Triparty	Natixis	17,636	Triparty
Morgan Stanley	17,904	Triparty	ABN Amro	12,374	Triparty
JP Morgan	11,263	Triparty	Bank of Nova Scotia	2,932	Triparty
Barclays	2,614	Triparty	Deutsche Bank	2,420	Triparty
Deutsche Bank	2,061	Triparty	Credit Suisse	761	Triparty
Natixis	560	Triparty	JP Morgan	99	Triparty
Goldman Sachs	209	Triparty	Citigroup	52	Triparty
	243,112		Merrill Lynch	49	Triparty
			Société Générale	3	Triparty
				36,326	

All counterparties have been included.

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data

The following tables provide an analysis of the collateral received by each fund in respect of each type of SFTs as at 30 June 2019:

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Janus Henderson All Stocks Credit Fund							
Barclays	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	23,728
BNP Paribas	France	Corporate Bond	Investment grade	BRL	Triparty	BNP Paribas	797
BNP Paribas	France	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	192
BNP Paribas	France	Corporate Bond	Investment grade	USD	Triparty	BNP Paribas	42
BNP Paribas	France	Government Bond	Investment grade	USD	Triparty	BNP Paribas	1,075
Credit Suisse	Switzerland	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	682
Goldman Sachs	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	216
JP Morgan	United States	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	7,523
JP Morgan	United States	Corporate Bond	Investment grade	GBP	Triparty	BNP Paribas	222
JP Morgan	United States	Corporate Bond	Investment grade	USD	Triparty	BNP Paribas	670
JP Morgan	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	4,771
JP Morgan	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	16,915
JP Morgan	United States	Government Bond	Investment grade	NOK	Triparty	BNP Paribas	37
JP Morgan	United States	Government Bond	Investment grade	SEK	Triparty	BNP Paribas	14,221
NatWest	United Kingdom	Government Bond	Investment grade	JPY	Triparty	BNP Paribas	242
							71,333
Janus Henderson Institutional Long Dated Credit Fund							
Barclays	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	21,996
BNP Paribas	France	Corporate Bond	Investment grade	BRL	Triparty	BNP Paribas	922
BNP Paribas	France	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	222
BNP Paribas	France	Corporate Bond	Investment grade	USD	Triparty	BNP Paribas	48
BNP Paribas	France	Government Bond	Investment grade	USD	Triparty	BNP Paribas	1,244
Credit Suisse	Switzerland	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	317
JP Morgan	United States	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	4,187
JP Morgan	United States	Corporate Bond	Investment grade	GBP	Triparty	BNP Paribas	123
JP Morgan	United States	Corporate Bond	Investment grade	USD	Triparty	BNP Paribas	373
JP Morgan	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	2,655
JP Morgan	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	9,414
JP Morgan	United States	Government Bond	Investment grade	NOK	Triparty	BNP Paribas	20
JP Morgan	United States	Government Bond	Investment grade	SEK	Triparty	BNP Paribas	7,914
							49,435

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data (continued)

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Janus Henderson Institutional UK Gilt Fund							
Barclays	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	9,549
JP Morgan	United States	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	2,291
JP Morgan	United States	Corporate Bond	Investment grade	GBP	Triparty	BNP Paribas	68
JP Morgan	United States	Corporate Bond	Investment grade	USD	Triparty	BNP Paribas	204
JP Morgan	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	1,453
JP Morgan	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	5,152
JP Morgan	United States	Government Bond	Investment grade	NOK	Triparty	BNP Paribas	11
JP Morgan	United States	Government Bond	Investment grade	SEK	Triparty	BNP Paribas	4,332
Morgan Stanley	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	5,569
Morgan Stanley	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	1,558
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	3,267
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	44,905
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	6,810
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	5,312
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	10,700
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	3,502
							104,683
Janus Henderson Preference & Bond Fund							
Barclays	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	480
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	72
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	897
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	7,150
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	2,002
Société Générale	France	Equity	Main market listing	USD	Triparty	BNP Paribas	151
							10,752

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data (continued)

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Janus Henderson Strategic Bond Fund							
Barclays	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	2,748
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	424
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,407
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	70
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	125
Deutsche Bank	Germany	Equity	Main market listing	NOK	Triparty	BNP Paribas	161
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	103
Goldman Sachs	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	260
JP Morgan	United States	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	2,051
JP Morgan	United States	Corporate Bond	Investment grade	GBP	Triparty	BNP Paribas	60
JP Morgan	United States	Corporate Bond	Investment grade	USD	Triparty	BNP Paribas	183
JP Morgan	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	1,301
JP Morgan	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	4,612
JP Morgan	United States	Government Bond	Investment grade	NOK	Triparty	BNP Paribas	10
JP Morgan	United States	Government Bond	Investment grade	SEK	Triparty	BNP Paribas	3,877
Morgan Stanley	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	14,644
Morgan Stanley	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	4,098
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	27
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	376
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	57
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	44
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	89
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	29
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,685
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	20,253
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	161,265
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	45,046
Société Générale	France	Equity	Main market listing	USD	Triparty	BNP Paribas	3,419
							268,424

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data (continued)

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Janus Henderson UK Equity Income & Growth Fund							
ABN Amro	Netherlands	Equity	Main market listing	CHF	Triparty	BNP Paribas	44
ABN Amro	Netherlands	Equity	Main market listing	EUR	Triparty	BNP Paribas	11,393
ABN Amro	Netherlands	Equity	Main market listing	GBP	Triparty	BNP Paribas	648
ABN Amro	Netherlands	Equity	Main market listing	USD	Triparty	BNP Paribas	1,733
Bank of Nova Scotia	Canada	Equity	Main market listing	AUD	Triparty	BNP Paribas	249
Bank of Nova Scotia	Canada	Equity	Main market listing	CAD	Triparty	BNP Paribas	697
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	273
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,597
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	442
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	52
Citigroup	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	7
Credit Suisse	Switzerland	Equity	Main market listing	CHF	Triparty	BNP Paribas	287
Credit Suisse	Switzerland	Equity	Main market listing	DKK	Triparty	BNP Paribas	23
Credit Suisse	Switzerland	Equity	Main market listing	EUR	Triparty	BNP Paribas	317
Credit Suisse	Switzerland	Equity	Main market listing	GBP	Triparty	BNP Paribas	13
Credit Suisse	Switzerland	Equity	Main market listing	HKD	Triparty	BNP Paribas	234
Credit Suisse	Switzerland	Equity	Main market listing	JPY	Triparty	BNP Paribas	4
Credit Suisse	Switzerland	Equity	Main market listing	NOK	Triparty	BNP Paribas	6
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	497
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	1,653
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	83
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	147
Deutsche Bank	Germany	Equity	Main market listing	NOK	Triparty	BNP Paribas	189
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	121
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	19
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	41
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	6
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	44
Merrill Lynch	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	53
Merrill Lynch	United States	Government Bond	Investment grade	JPY	Triparty	BNP Paribas	1
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	858
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	11,818
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,792
Natixis	France	Equity	Main market listing	HKD	Triparty	BNP Paribas	1,398
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	2,816
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	922
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	2
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	1
							40,480

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 funds do not engage in any re-use of collateral.

Return and cost on securities lending activities

The following table details the funds' return and costs for each type of SFTs for the year ended 30 June 2019:

	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 All Stocks Credit Fund	134	20	114	15%	85%
Janus Henderson Index Linked Bond Fund	4	1	3	15%	85%
Janus Henderson Institutional Long Dated Credit Fund	84	13	71	15%	85%
Janus Henderson Institutional Long Dated Gilt Fund	2	-	2	15%	85%
Janus Henderson Institutional UK Gilt Fund	121	18	103	15%	85%
Janus Henderson Preference & Bond Fund	71	11	60	15%	85%
Janus Henderson Strategic Bond Fund	269	40	229	15%	85%
Janus Henderson UK Equity Income & Growth Fund	92	14	78	15%	85%

Appendix - additional information (unaudited) (continued)

Remuneration policy

Following the implementation of the UCITS V in the UK from 18 March 2016, all authorised UCITS Management Companies are required to comply with the UCITS Remuneration Code. Under the Code, the Compensation Committee of Janus Henderson Group plc in its oversight of Henderson Investment 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 funds it manages). The Janus Henderson Group plc Compensation Committee approves the list of UCITS Code Staff annually. In addition, identified UCITS Code Staff are notified of their status and the associated implications annually.

Janus Henderson UK & Europe Funds is managed by HIFL, which is a subsidiary of Janus Henderson Group plc.

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

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 Absolute Return Fixed Income Fund	1,949	6
of which		
Fixed Remuneration	1,936	3
Variable Remuneration	1,936	3
Janus Henderson Absolute Return Fixed Income Fund Remuneration Code Staff	121	3
of which		
Senior Management (4)	34	1
Other Code Staff (5)	87	2
Janus Henderson All Stocks Credit Fund	1,949	880
of which		
Fixed Remuneration	1,936	438
Variable Remuneration	1,936	438
Janus Henderson All Stocks Credit Fund Remuneration Code Staff	122	396
of which		
Senior Management (4)	34	108
Other Code Staff (5)	88	288
Janus Henderson European Smaller Companies Fund	1,949	442
of which		
Fixed Remuneration	1,936	290
Variable Remuneration	1,936	290
Janus Henderson European Smaller Companies Fund Remuneration Code Staff	121	297
of which		
Senior Management (4)	34	33
Other Code Staff (5)	87	264
Janus Henderson Index Linked Bond Fund	1,949	191
of which		
Fixed Remuneration	1,936	95
Variable Remuneration	1,936	95
Janus Henderson Index Linked Bond Fund Remuneration Code Staff	121	90
of which		
Senior Management (4)	34	23
Other Code Staff (5)	87	67
Janus Henderson Institutional Long Dated Credit Fund	1,949	330
of which		
Fixed Remuneration	1,936	164
Variable Remuneration	1,936	164

Appendix - additional information (unaudited) (continued)

Remuneration policy (continued)

	Headcount (1)	Total Remuneration (£000s) (2,3)
Janus Henderson Institutional Long Dated Credit Fund Remuneration Code Staff	122	149
of which		
Senior Management (4)	34	40
Other Code Staff (5)	88	109
Janus Henderson Institutional Long Dated Gilt Fund	1,949	44
of which		
Fixed Remuneration	1,936	22
Variable Remuneration	1,936	22
Janus Henderson Institutional Long Dated Gilt Fund Remuneration Code Staff	121	21
of which		
Senior Management (4)	34	5
Other Code Staff (5)	87	16
Janus Henderson Institutional Short Duration Bond Fund	1,949	1,419
of which		
Fixed Remuneration	1,936	784
Variable Remuneration	1,936	784
Janus Henderson Institutional Short Duration Bond Fund Remuneration Code Staff	121	855
of which		
Senior Management (4)	34	126
Other Code Staff (5)	87	729
Janus Henderson Institutional UK Gilt Fund	1,949	276
of which		
Fixed Remuneration	1,936	138
Variable Remuneration	1,936	138
Janus Henderson Institutional UK Gilt Fund Remuneration Code Staff	121	130
of which		
Senior Management (4)	34	33
Other Code Staff (5)	87	97
Janus Henderson Preference & Bond Fund	1,949	1,210
of which		
Fixed Remuneration	1,936	711
Variable Remuneration	1,936	711
Janus Henderson Preference & Bond Fund Remuneration Code Staff	121	689
of which		
Senior Management (4)	34	117
Other Code Staff (5)	87	572
Janus Henderson Strategic Bond Fund	1,949	3,530
of which		
Fixed Remuneration	1,936	2,075
Variable Remuneration	1,936	2,075
Janus Henderson Strategic Bond Fund Remuneration Code Staff	121	2,010
of which		
Senior Management (4)	34	341
Other Code Staff (5)	87	1,669
Janus Henderson UK Equity Income & Growth Fund	1,949	469
of which		
Fixed Remuneration	1,936	260
Variable Remuneration	1,936	260
Janus Henderson UK Equity Income & Growth Fund Remuneration Code Staff	121	275
of which		
Senior Management (4)	34	43
Other Code Staff (5)	87	232

Appendix - additional information (unaudited) (continued)

Remuneration policy (continued)

	Headcount (1)	Total Remuneration (£000s) (2,3)
Janus Henderson UK Smaller Companies Fund	1,949	398
of which		
Fixed Remuneration	1,936	277
Variable Remuneration	1,936	277
Janus Henderson UK Smaller Companies Fund Remuneration Code Staff	121	284
of which		
Senior Management (4)	34	25
Other Code Staff (5)	87	259

1. This is the actual number of employees who are fully or partly involved in the activities of Janus Henderson UK & Europe Funds – no attempt has been made to apportion the time spent specifically in support of each fund within Janus Henderson UK & Europe Funds 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 Janus Henderson Group plc, the staff indicated in this table may provide services to other companies in Janus Henderson Group plc.
3. The remuneration disclosed is only in respect of the provision of services to Janus Henderson UK & Europe Funds for the year, rather than the total remuneration for the year – for this purpose, remuneration has been apportioned between the provision of services to Janus Henderson UK & Europe Funds 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 each of the funds of Janus Henderson UK & Europe Funds (for example, fees for Board members of the funds of Janus Henderson UK & Europe Funds), 100% of those fees;
 - for Investment Fund Managers, pro-rated using the average assets under management (AUM) of Janus Henderson UK & Europe Funds 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 each of the funds of Janus Henderson UK & Europe Funds (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 each of the funds of Janus Henderson UK & Europe Funds.

Further information

Shareholder enquiries

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

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

The following line is also available:

Client Services: **0800 832 832**

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

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

Important Information

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

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

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