



ANNUAL SHORT REPORT

For the year ended
30 June 2017

Janus Henderson
— INVESTORS —

Henderson UK Equity Income & Growth Fund

Henderson UK Equity Income & Growth Fund

Short Report

For the year ended 30 June 2017

Investment Fund Managers

James Henderson and Laura Foll

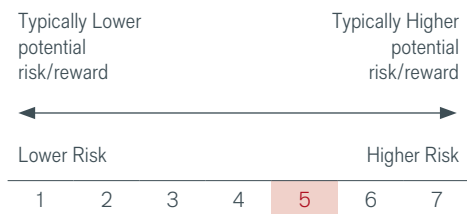
Investment objective and policy

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.

Risk and reward profile

The fund currently has 9 types of share class in issue; A accumulation, A income, C income, 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 period¹, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

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

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

The 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. Under normal market conditions the following risks may apply:

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

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

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

Equities risk Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result.

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

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

Smaller companies risk Shares of small and mid-size companies can be more volatile than shares of larger companies. Market conditions, such as a decrease in market liquidity, may mean that it is not easy to value or to sell a share at a desired time and price, increasing the risk of investment losses.

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

There have been no changes to the risk rating in the year.

¹ Class A accumulation gross was launched 22 April 2014 and both Class A accumulation (EUR hedged, USD hedged) launched 18 November 2013, as these do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

The SRR1 conforms to the ESMA guidelines for the calculation of the SRR1.

Investment review

During the year to 30 June 2017 the fund rose 22.2% on a total return basis relative to an 18.1% rise in the FTSE All-Share index. The fund's distribution per share rose modestly.

It was a strong period for UK equity markets, despite a number of political headwinds, including the period immediately following the referendum to leave the European Union (EU) and the general election in June 2017. Overall, this has served as a reminder that the UK equity market is highly global in its exposure, and in a period of good global economic growth UK equities continued to perform well (and in many cases benefited from the translational impact of lower sterling).

The UK economy remained resilient in the second half of 2016, with the consumer continuing to spend despite steadily rising inflation and muted wage growth. In the first half of 2017, however, the economy slowed. With the savings ratio at an already low level, the UK consumer is becoming more cautious. This can be seen in headline data such as consumer confidence figures, and even at the stock level. DFS, for example, which we own a small position in, reported a fall in sofa sales following the election that resulted in the company lowering earnings forecasts.

Performance during the year was driven by smaller and medium-sized company exposure as the FTSE 250, FTSE Small Cap and FTSE AIM All-Share indexes outperformed their large-cap peers in the FTSE 100.

At the stock level, the largest contributors included Hill & Smith, Somero Enterprises and XP Power. A common theme among these outperformers was the industrials sector, which had a strong year as a result of better-than-expected organic growth deriving largely from outside the US in countries such as China. Our insurance holdings, including Chesnara, Hiscox and Phoenix Group, also performed well.

The largest detractors during the year tended to be companies with early-stage technologies where

the market is unwilling to pay for any 'blue sky' (or best-case) scenarios. This included Hvivo, which conducts novel clinical trials for pharmaceutical and biotechnology companies, and Ilika, which develops solid state battery technology.

On the whole, we have been cautious with new purchases, as the market has performed well, which has left certain areas of the market on quite high valuations. Where we have made new purchases has tended to be in companies with attractive dividend yields and good scope to grow. This included purchasing new holdings in Aviva and Standard Life, and adding to our existing holding in Direct Line.

The largest sales included a reduction in our mining sector holdings – we sold positions in Glencore and Rio Tinto. Both shares had re-rated substantially (undergone a reassessment by the market) in a short period of time, and we felt that analyst forecasts were looking increasingly optimistic.

A period in which wage growth lags retail price increases, such as the UK is currently experiencing, will always be a difficult one for an economy, as it creates a real operating headwind (or obstacle) for domestically orientated businesses. The valuation put on these companies by investors has fallen; stocks such as Marston's have experienced poor share price performance as a result. The challenging background means companies need a distinct competitive offering to trade successfully, and that the weaker companies will be found out. The companies in the portfolio are expected to cope with the challenging conditions. The fund has a diverse spread of companies of all sizes serving a wide range of end customers. The diversity reduces the risk of being invested in equities.

The fund has a large weighting in industrial stocks. The stocks in this sector are serving a wide variety of customers by product and geography. UK exporters are benefiting from the fall in sterling, as it is reducing the manufacturing costs of producing in the UK and therefore making them more competitive in international markets.

The fall in sterling has so far been the most tangible effect of the UK's vote to leave the EU. In the future, if tariffs do come in, the companies in the portfolio have well-developed plans that might include moving production destined for Europe to a Continental European plant. The companies held in the fund have astute management teams that will react to the circumstances that arise.

Performance summary

	30 Jun 16- 30 Jun 17 %	30 Jun 15- 30 Jun 16 %	30 Jun 14- 30 Jun 15 %	30 Jun 13- 30 Jun 14 %	30 Jun 12- 30 Jun 13 %
Henderson UK Equity Income & Growth Fund	22.2	(9.0)	4.4	21.5	30.5
FTSE All-Share Index	18.1	2.2	2.6	13.1	17.9

Source: Morningstar, bid to bid and net of fees, as at 12 noon valuation point, based on performance of Class A income. Benchmark values are as at close of business.

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

Fund facts

Accounting dates

31 December, 30 June

Payment dates

30 November, Last day of February, 31 May, 31 August

Ongoing charge figure

	2017 %	2016 %
Class A	1.70	1.70
Class C	1.70	1.70
Class I	0.84	0.84
Class Z	0.06	0.06
Class A accumulation (EUR hedged)	1.70	1.70
Class A accumulation (USD hedged)	1.70	1.70

The annualised ongoing charge figure (OCF) of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months.

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

Comparative tables for the year ended 30 June 2017

	Class A accumulation			Class I accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
Change in net assets per share						
Opening net asset value per share	619.09	669.38	644.73	1,128.37	1,209.51	1,145.54
Return before operating charges*	137.95	(39.38)	35.70	252.11	(71.34)	73.84
Operating charges	(12.00)	(10.91)	(11.05)	(10.78)	(9.80)	(9.87)
Return after operating charges*	125.95	(50.29)	24.65	241.33	(81.14)	63.97
Distributions on accumulation shares	(26.35)	(24.65)	(21.90)	(49.63)	(46.11)	(40.64)
Retained distributions on accumulation shares	26.35	24.65	21.90	49.63	46.11	40.64
Closing net asset value per share	745.04	619.09	669.38	1,369.70	1,128.37	1,209.51
* after direct transaction costs of:	0.44	0.42	0.37	0.80	0.76	0.66
Performance						
Return after charges	20.34%	(7.51%)	3.82%	21.39%	(6.71%)	5.58%
Other information						
Closing net asset value (£000s)	455	453	307	63,987	71,427	83,188
Closing number of shares	61,023	73,114	45,886	4,671,634	6,330,103	6,877,789
Operating charges	1.70%	1.70%	1.69%	0.84%	0.84%	0.84%
Direct transaction costs	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Prices						
Highest share price (pence)	768.80	683.50	699.70	1,412.00	1,236.00	1,263.00
Lowest share price (pence)	602.90	573.50	582.10	1,099.00	1,042.00	1,045.00

Comparative tables (continued)

	Class A income			Class C income		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
Change in net assets per share						
Opening net asset value per share	553.56	622.42	620.10	156.64	176.12	175.47
Return before operating charges*	122.59	(36.10)	33.54	34.70	(10.23)	9.49
Operating charges	(10.61)	(10.08)	(10.43)	(3.01)	(2.84)	(2.96)
Return after operating charges*	111.98	(46.18)	23.11	31.69	(13.07)	6.53
Distributions on income shares	(23.25)	(22.68)	(20.79)	(6.58)	(6.41)	(5.88)
Closing net asset value per share	642.29	553.56	622.42	181.75	156.64	176.12
* after direct transaction costs of:	0.39	0.39	0.35	0.11	0.11	0.10
Performance						
Return after charges	20.23%	(7.42%)	3.73%	20.23%	(7.42%)	3.72%
Other information						
Closing net asset value (£000s)	65,784	64,410	107,935	140,562	126,327	147,661
Closing number of shares	10,242,208	11,635,594	17,340,987	77,339,115	80,647,230	83,838,835
Operating charges	1.70%	1.70%	1.69%	1.70%	1.70%	1.69%
Direct transaction costs	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Prices						
Highest share price (pence)	672.00	635.60	658.50	190.10	179.90	186.30
Lowest share price (pence)	539.10	525.00	555.40	152.60	148.60	157.10

Comparative tables (continued)

	Class I income			Class Z income		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
Change in net assets per share						
Opening net asset value per share	617.37	688.96	683.03	189.67	210.07	206.21
Return before operating charges*	136.98	(40.18)	35.33	42.20	(12.29)	11.23
Operating charges	(5.86)	(5.52)	(5.74)	(0.13)	(0.12)	(0.12)
Return after operating charges*	131.12	(45.70)	29.59	42.07	(12.41)	11.11
Distributions on income shares	(26.78)	(25.89)	(23.66)	(8.33)	(7.99)	(7.25)
Closing net asset value per share	721.71	617.37	688.96	223.41	189.67	210.07
* after direct transaction costs of:	0.43	0.43	0.38	0.13	0.13	0.11
Performance						
Return after charges	21.24%	(6.63%)	4.33%	22.18%	(5.91%)	5.39%
Other information						
Closing net asset value (£000s)	129,082	140,619	208,079	2,691	2,341	3,804
Closing number of shares	17,885,611	22,776,895	30,202,205	1,204,581	1,234,216	1,810,795
Operating charges	0.84%	0.84%	0.84%	0.06%	0.06%	0.06%
Direct transaction costs	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Prices						
Highest share price (pence)	754.60	704.20	728.50	233.50	214.90	222.00
Lowest share price (pence)	601.30	583.90	611.50	184.80	178.90	185.50

Comparative tables (continued)

	Class Z accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
Change in net assets per share			
Opening net asset value per share	180.54	192.02	181.97
Return before operating charges*	40.42	(11.37)	10.16
Operating charges	(0.12)	(0.11)	(0.11)
Return after operating charges*	40.30	(11.48)	10.05
Distributions on accumulation shares	(8.03)	(7.40)	(6.48)
Retained distributions on accumulation shares	8.03	7.40	6.48
Closing net asset value per share	220.84	180.54	192.02
* after direct transaction costs of:	0.13	0.12	0.10
Performance			
Return after charges	22.32%	(5.98%)	5.52%
Other information			
Closing net asset value (£000s)	22,996	20,986	24,691
Closing number of shares	10,412,825	11,624,119	12,858,172
Operating charges	0.06%	0.06%	0.06%
Direct transaction costs	0.06%	0.06%	0.06%
Prices			
Highest share price (pence)	227.60	196.40	200.40
Lowest share price (pence)	175.90	166.20	165.10

Comparative tables (continued)

	Class A accumulation (USD hedged)		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
Change in net assets per share			
Opening net asset value per share	755.44	688.51	612.12
Return before operating charges*	201.47	78.73	87.73
Operating charges	(15.60)	(11.80)	(11.34)
Return after operating charges*	185.87	66.93	76.39
Distributions on accumulation shares	(33.49)	(28.17)	(23.75)
Retained distributions on accumulation shares	33.49	28.17	23.75
Closing net asset value per share	941.31	755.44	688.51
* after direct transaction costs of:	0.57	0.45	0.38
Performance			
Return after charges	24.60%	9.72%	12.48%
Other information			
Closing net asset value (£000s)	211	247	613
Closing number of shares	22,413	32,750	89,006
Operating charges	1.70%	1.70%	1.69%
Direct transaction costs	0.06%	0.06%	0.06%
Prices			
Highest share price (USD cents)	1,260.00	1,106.00	1,132.00
Lowest share price (USD cents)	983.80	927.20	944.20

Comparative tables (continued)

	Class A accumulation (EUR hedged)		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
Change in net assets per share			
Opening net asset value per share	834.32	767.10	838.59
Return before operating charges*	233.90	80.34	(58.01)
Operating charges	(16.67)	(13.12)	(13.48)
Return after operating charges*	217.23	67.22	(71.49)
Distributions on accumulation shares	(36.93)	(31.50)	(26.18)
Retained distributions on accumulation shares	36.93	31.50	26.18
Closing net asset value per share	1,051.55	834.32	767.10
* after direct transaction costs of:	0.61	0.50	0.45

Performance

Return after charges	26.04%	8.76%	(8.53%)
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Other information

Closing net asset value (£000s)	81	63	291
Closing number of shares	7,699	7,542	37,957
Operating charges	1.70%	1.70%	1.69%
Direct transaction costs	0.06%	0.06%	0.06%

Prices

Highest share price (EUR cents)	1,237.00	1,105.00	1,133.00
Lowest share price (EUR cents)	977.60	926.90	945.00

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

Operating charges

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

Share class launches and closures

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

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 share in those classes and Sterling which is the base currency of the fund.

Past performance is not a guide to future performance

Major holdings

as at 2017	%
Phoenix Holdings	4.03
HSBC Holdings	3.80
Hiscox Insurance	3.51
BP	3.09
Senior	3.06
Chesnara	2.85
Royal Dutch Shell 'A'	2.62
GKN	2.36
Standard Chartered	2.28
Prudential	2.12

Asset allocation

as at 2017	%
Financials	39.13
Industrials	28.80
Oil & Gas	10.01
Consumer Services	7.08
Consumer Goods	4.68
Basic Materials	4.67
Health Care	2.90
Telecommunications	2.02
Utilities	1.48
Other net liabilities	(0.77)
Total net assets	100.00

Major holdings

as at 2016	%
BP	4.07
Hiscox Insurance	3.41
Senior	2.66
Phoenix Holdings	2.62
Rio Tinto	2.54
HSBC Holdings	2.45
AstraZeneca	2.40
Royal Dutch Shell 'A'	2.40
GKN	2.34
Hill & Smith Holdings	2.21

Asset allocation

as at 2016	%
Financials	33.13
Industrials	27.41
Oil & Gas	10.30
Basic Materials	8.51
Consumer Services	7.62
Consumer Goods	5.55
Health Care	4.85
Telecommunications	2.43
Utilities	1.18
Other net liabilities	(0.98)
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson UK Equity Income & Growth Fund for the year ended 30 June 2017.

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

Other information

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

Issued by:

Henderson Investment Funds Limited
Registered office:
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Member of The Investment Association and authorised and regulated by the Financial Conduct Authority.
Registered in England No 2678531

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SS15 5FS

Risk warning

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

Depository

National Westminster Bank Plc
135 Bishopsgate
London
EC2M 3UR

Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Further information

Shareholder enquiries

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

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

The following line is also available:

Client Services: **0800 832 832**

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

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

Online valuations

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

Important Information

Janus Henderson Investors is the name under which Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored.

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