



ANNUAL SHORT REPORT

For the year ended
31 May 2017

Janus Henderson
— INVESTORS —

Henderson Multi-Manager Diversified Fund

Henderson Multi-Manager Diversified Fund

Short Report

For the year ended 31 May 2017

Investment Fund Manager

Henderson Multi-Asset Team

Investment objective and policy

To achieve long term total return (capital growth with income) through a diverse portfolio of both UK and overseas investments.

The fund will maintain a low level of exposure to equities. The fund will invest in units/shares of collective investment schemes, transferable securities, money market instruments, deposits, cash and near cash. Derivatives and forward foreign exchange contracts may be used to achieve the investment objective and for the purposes of Efficient Portfolio Management.

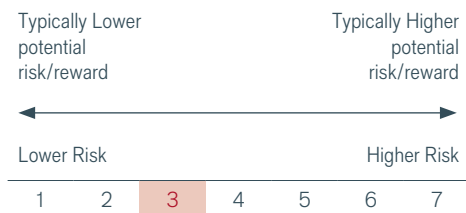
Other information

Henderson Group plc and Janus Capital Group merged on 30 May 2017 to form Janus Henderson Group plc.

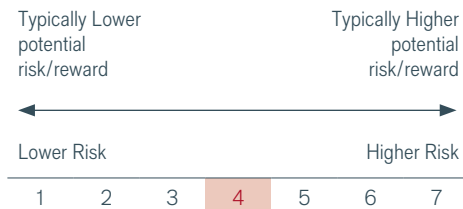
Risk and reward profile

The fund currently has 6 types of unit class in issue; A (accumulation & income), B accumulation, I (accumulation & income) and I Euro accumulation.

For A (accumulation & income), B accumulation and I (accumulation & income), the risk and reward profile is as follows:



For I Euro accumulation the risk and reward profile is as follows:



The Synthetic Risk and Reward Indicator (SRRl) 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 SRRl level. The SRRl 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 units 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 and 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. 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.

Exchange rate risk Changes in currency exchange rates may cause the value of your investment and any income from it to rise or fall.

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

Leverage risk Leverage arises from entering into contracts or derivatives whose terms have the effect of magnifying an outcome, meaning profits and losses from investment can be greater.

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

Collective investment scheme risk The fund may invest in other types of collective investment schemes which can involve different risks to investing directly in the underlying assets. Such schemes may increase risk due to investment in risky assets such as property or commodities, restrictions on withdrawals, less strict regulation and use of derivatives. The value of your investment may fall as a result.

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 for all unit classes.

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

Investment review

Global equity markets rose strongly during the year under review (the MSCI World index rose 32.0% in sterling terms and 17.1% in US dollar terms), despite a number of significant changes brought on by political events around the world.

In the UK, the FTSE All-Share index rose by 24.5% in sterling terms. When the European Union (EU) referendum result was announced, UK equities dipped sharply, but the decline was short lived.

However, sterling plummeted and remained weak against both the US dollar and the euro. The Bank of England (BoE) moved to ease both the economy and investors' minds, and, in August, cut the benchmark interest rate to 0.25%. Economic data was mixed, with gross domestic product (GDP) slipping from 0.7% in the fourth quarter of 2016 to 0.2% in the first three months of 2017, but inflation moved steadily higher (reaching 2.7% by the end of the year). In the final days of March, the government triggered Article 50, marking the official commencement of Brexit. In April, Prime Minister Theresa May's gamble to strengthen her parliamentary majority ahead of the Brexit negotiations failed to pay off, as the UK awoke to a hung parliament on 9 June.

European equities moved higher during the 12 months (the FTSE World Europe ex UK rose 35.8% in sterling terms and 19.3% in euro terms). Political news dominated in Europe as well. Italy voted against Prime Minister Matteo Renzi's calls for constitutional reforms, paving the way for a more eurosceptic party to rise to power. However, more euro- and eurozone-friendly results in other countries comforted markets. Still, given the uncertainty, the European Central Bank (ECB) extended the end date of its bond buying programme to December 2017 (albeit at a lower monthly purchase rate of €60bn). Europe recorded some generally positive data over the 12 months: unemployment decreased steadily and inflation gathered pace at the turn of the year. In March, the eurozone beat expectations and recorded an all-time high trade surplus of €30.9bn. The region ended the 12 months on a high note, when the election of Emmanuel Macron as French president lifted investor sentiment and boosted the euro.

US equities were also strong over the year, with the S&P 500 index rising 32.4% in sterling terms (and 33.6% in dollars). By the third quarter, GDP growth had reached 3.5%. November's presidential election result in favour of Donald Trump pushed the stock market higher. Equity markets were supported by the pro-growth rhetoric of the new administration. Inflation increased, and both economic data and the US dollar were markedly strong in the winter months. As such, the US Federal Reserve saw fit to raise interest rates by 25 basis points at both its December and March meetings, and maintained its guidance for three rate hikes in 2017. However, data began to slump somewhat as 2017 wore on: the dollar lost ground against its developed market counterparts, annualised inflation for April slipped and missed expectations, and the first quarter GDP growth rate was the slowest seen in a year.

Japanese equities, as measured by the TOPIX index, rose by 31.3% in sterling terms. The Bank of Japan (BoJ) extended its stimulus package and a sharper focus on maintaining the 10-year government bond yield at zero was initiated in September. Inflation levels and the strength of the yen were much in focus during a generally healthy 12 months for Japanese equities. In April, the BoJ raised its 2017 growth forecast and the International Monetary Fund followed suit, upwardly revising its estimate for 2017 GDP expansion to 1.2%. Asian equity markets advanced strongly over the 12 months (MSCI AC Asia Pacific ex Japan rose 44.8% in sterling terms). In China, 2017 brought encouraging data: in January, exports increased by 7.9% year on year and inflation hit its highest level since 2014, at 2.5%. However, the latter backtracked markedly in February and March. First quarter GDP expansion increased to an annualised 6.9%. Emerging market equities also rose over the year, buoyed by a strong US dollar and political uncertainty in the UK and Europe that sent investors searching for opportunities in other regions.

Within fixed income, core government bond markets (eg those of the US, UK, Germany and Japan) found favour with cautious investors, following the UK's decision to leave the EU. The JPM Global Government Bond index rose 11.9% (but fell 0.7% in dollar terms). Gilt yields slid following the Brexit vote (prices move inversely to yields) and some short dated gilts briefly turned negative in August upon the announcement of the BoE's stimulus package, which included the purchase of £10bn worth of corporate bonds. 10-year US Treasury yields moved notably higher following the election of Donald Trump, as investors grew more confident about riskier equity investments. Elsewhere, corporate debt started 2017 with record high issuance in the first days of the year. The asset class benefited from inclusion in both the BoE's and ECB's bond buying programmes.

The fund returned 8.5% over the year, underperforming the IMA Mixed Investment 0-35% Shares sector, which returned 10.5%.

Positive absolute performance was delivered across a broad and diversified range of investments throughout the portfolios. Within equities, the strongest contributions over the year were received from underlying positions in the CF Morant Wright Nippon Yield Fund (up 36.7%), the Invesco Perpetual European Equity Income Fund (up 39%), the Jupiter UK Special Situations Fund (up 29.7%) and JPM Emerging Markets Income Fund (up 39.6%). Within fixed income, holdings in the PIMCO

GIS Income Fund and PFS TwentyFour Dynamic Bond Fund were up 22.4% and 9.8%, respectively. Meanwhile, the closed end holding in the Henderson Strategic Alternatives Trust performed strongly, delivering a total return of 26.2%. It was also a good year for the position in ETFS Physical Gold, which was up over 17%. Holdings that detracted from the overall relative performance of the fund during the year included the BlackRock Emerging Markets Flexible Dynamic Bond Fund and the Montlake Dunn WMA UCITS Fund.

In terms of key changes to the overall asset allocation of the portfolio and trading activity, the fund maintained its marginal overweight position in equities versus the sector average. However, the underweight position in fixed interest versus the sector average was significantly reduced over the year. We added to government bonds, specifically using futures positions in the US 10-year Treasury bonds and the Long Gilt index. We also added a new position in the AXA US Short Duration High Yield Fund and, towards the end of the year, introduced the BlackRock Emerging Markets Flexible Dynamic Bond Fund. This was mainly funded from cash and by closing out the remaining positions in property, specifically Empiric Student Property, taking profits for the fund after a strong run of performance for the closed end investment. Elsewhere, as the year progressed, we became more positive about the outlook for European ex UK equities, as political risks across the region abated; we subsequently shifted the allocation from an underweight to overweight position versus the sector average, using Euro Stoxx 50 index futures to achieve this.

We continue to be more positive than many on the outlook for the US economy, which we believe is experiencing a temporary soft patch. Elsewhere, we maintain our view that the economic cycle is advancing across the developed economies, and that we are likely to continue to see a retreat from extraordinary monetary policy as a result. In this environment, we continue to prefer risk assets, with equities our ultimate preference. However, we are cautioned by the mid cycle dampening of volatility (meaning a weaker fluctuation in prices), which may begin to prompt complacency in some asset classes. We feel most concerned about credit spreads (the extra yield over an equivalent government security) as they continue to challenge all-time highs.

Performance summary

	31 May 16 - 31 May 17 %	31 May 15 - 31 May 16 %	31 May 14 - 31 May 15 %	31 May 13 - 31 May 14 %	31 May 12 - 31 May 13 %
Henderson Multi-Manager Diversified Fund	8.5	(2.4)	4.6	3.0	17.5
IA Mixed Investment 0-35% Shares Sector	10.5	(1.1)	5.9	2.1	10.5

Source: Morningstar, bid to bid and net of fees as at 12 noon valuation point, based on performance of Class A accumulation.

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

30 November, 31 May

Payment date

31 October, 31 January, 30 April, 31 July

Ongoing charge figure

	2017 %	2016 %
Class A	1.92	1.89
Class B*	1.18	1.14
Class I	1.23	1.20
Class I Euro	1.23	1.20

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 OCF includes a synthetic element of 0.50% (2016: 0.47%) to incorporate the OCF of underlying funds.

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

* Class B accumulation units are no longer available for new investment.

Comparative tables for the year ended 31 May 2017

	Class A accumulation			Class B accumulation		
	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)
Change in net assets per unit						
Opening net asset value per unit	78.46	80.45	76.67	155.30	158.24	149.72
Return before operating charges*	8.29	(0.52)	5.21	16.27	(1.19)	10.20
Operating charges	(1.57)	(1.47)	(1.43)	(1.89)	(1.75)	(1.68)
Return after operating charges*	6.72	(1.99)	3.78	14.38	(2.94)	8.52
Distributions on accumulation units	(2.46)	(2.36)	(1.90)	(4.88)	(4.64)	(3.83)
Retained distributions on accumulation units	2.46	2.36	1.90	4.88	4.64	3.83
Closing net asset value per unit	85.18	78.46	80.45	169.68	155.30	158.24
* after direct transaction costs of:	0.02	0.02	0.05	0.04	0.04	0.09
Performance						
Return after charges	8.56%	(2.47%)	4.93%	9.26%	(1.86%)	5.69%
Other information						
Closing net asset value (£000s)	24,633	25,941	35,627	3,944	4,228	4,340
Closing number of units	28,920,345	33,062,085	44,282,583	2,324,607	2,722,692	2,742,610
Operating charges	1.92%	1.89%	1.84%	1.18%	1.14%	1.10%
Direct transaction costs	0.02%	0.03%	0.06%	0.02%	0.03%	0.06%
Prices						
Highest unit price (pence)	85.08	80.50	81.32	169.50	158.30	159.80
Lowest unit price (pence)	77.82	74.70	75.93	154.20	147.70	148.70

Comparative tables (continued)

	Class I accumulation		
	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	103.75	105.94	100.35
Return before operating charges*	10.74	(0.96)	6.78
Operating charges	(1.33)	(1.23)	(1.19)
Return after operating charges*	9.41	(2.19)	5.59
Distributions on accumulation units	(3.09)	(2.92)	(2.46)
Retained distributions on accumulation units	3.09	2.92	2.46
Closing net asset value per unit	113.16	103.75	105.94
* after direct transaction costs of:	0.03	0.03	0.06
Performance			
Return after charges	9.07%	(2.07%)	5.57%
Other information			
Closing net asset value (£000s)	18,840	24,035	17,688
Closing number of units	16,648,571	23,164,986	16,696,396
Operating charges	1.23%	1.20%	1.15%
Direct transaction costs	0.02%	0.03%	0.06%
Prices			
Highest unit price (pence)	113.00	106.00	107.00
Lowest unit price (pence)	103.00	98.78	99.60

Comparative tables (continued)

	Class I Euro accumulation		
	2017	2016	2015
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	84.90	86.69	82.00
Return before operating charges*	8.89	(0.79)	5.68
Operating charges	(1.07)	(1.00)	(0.99)
Return after operating charges*	7.82	(1.79)	4.69
Distributions on accumulation units	(4.41)	(2.37)	(1.99)
Retained distributions on accumulation units	4.41	2.37	1.99
Closing net asset value per unit	92.72	84.90	86.69
* after direct transaction costs of:	0.02	0.02	0.05
Performance			
Return after charges	9.21%	(2.06%)	5.72%
Other information			
Closing net asset value (£000s)	-	158	47
Closing number of units	255	186,606	54,353
Operating charges	1.23%	1.20%	1.15%
Direct transaction costs	0.02%	0.03%	0.06%
Prices			
Highest unit price (EUR cents)	110.90	122.60	122.00
Lowest unit price (EUR cents)	99.19	103.70	100.90

Comparative tables (continued)

	Class A income			Class I income		
	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)
Change in net assets per unit						
Opening net asset value per unit	108.21	114.40	111.69	109.55	115.09	111.66
Return before operating charges*	11.15	(0.98)	7.47	11.22	(1.07)	7.44
Operating charges	(2.14)	(2.07)	(2.07)	(1.39)	(1.33)	(1.30)
Return after operating charges*	9.01	(3.05)	5.40	9.83	(2.40)	6.14
Distributions on income units	(3.20)	(3.14)	(2.69)	(3.23)	(3.14)	(2.71)
Closing net asset value per unit	114.02	108.21	114.40	116.15	109.55	115.09
* after direct transaction costs of:	0.03	0.03	0.07	0.03	0.03	0.07
Performance						
Return after charges	8.33%	(2.67%)	4.83%	8.97%	(2.09%)	5.50%
Other information						
Closing net asset value (£000s)	801	756	1,007	23,291	25,439	24,360
Closing number of units	702,376	698,701	880,041	20,052,073	23,220,874	21,165,797
Operating charges	1.92%	1.89%	1.84%	1.23%	1.20%	1.15%
Direct transaction costs	0.02%	0.03%	0.06%	0.02%	0.03%	0.06%
Prices						
Highest unit price (pence)	114.60	114.50	116.50	116.70	115.20	117.10
Lowest unit price (pence)	107.40	104.70	109.60	108.70	105.80	110.00

Performance values are at close of business and may not match those detailed 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 unit class.

Past performance is not a guide to future performance.

Major holdings

as at 2017	%
Deutsche Global Liquidity Managed Sterling Platinum Income	12.86
Henderson Horizon Total Return Bond Fund+	8.21
PIMCO Global Investors Series Income Fund	6.39
PFS TwentyFour Dynamic Bond	4.61
AXA US Short Duration High Yield Bond Fund	4.42
Jupiter UK Special Situations	4.28
RWC Enhanced Income Fund	3.74
iShares II USD TIPS ETF	3.61
MontLake Dunn WMA Institutional UCITS Fund	3.27
ETFS Physical Gold	3.13

+ Related party to the fund

Asset allocation

as at 2017	%
Diversified Bonds	19.21
Alternatives	14.08
Cash	12.86
UK Equity	11.06
High Yield Bonds	6.88
Government Bonds	6.44
Europe ex UK Equity	6.00
Global Equity	5.02
Asia Ex Japan Equity	3.66
Commodities	3.13
Investment Grade Bonds	3.03
Japan Equity	2.93
Global Emerging Market Equity	2.23
North America Equity	1.85
Private Equity	0.37
Derivatives	(0.17)
Other net assets	1.42
Total net assets	100.00

Major holdings

as at 2016	%
Henderson Horizon Total Return Bond Fund+	6.91
Deutsche Global Liquidity Managed Sterling Platinum Income	5.80
BlackRock Continental European Income Fund	5.28
PIMCO Global Investors Series Income Fund	4.80
Majedie UK Income Fund	4.48
Kames Capital High Yield Bond Fund B Income	4.04
PFS TwentyFour Dynamic Bond	3.87
RWC Enhanced Income Fund	3.76
CF Morant Wright Nippon Yield	3.68
Invesco Perpetual European Equity Income	3.55

Asset allocation

as at 2016	%
Diversified Bonds	15.58
Alternatives	12.56
UK Equity	11.73
High Yield Bonds	9.28
Government Bonds	8.88
Europe ex UK Equity	8.83
Cash	5.80
Global Equity	5.68
Property	3.79
Japan Equity	3.68
Commodities	3.40
Asia Ex Japan Equity	3.26
Global Emerging Market Equity	2.58
Investment Grade Bonds	2.02
Specialist Equity	1.11
Private Equity	0.41
Derivatives	0.32
Other net assets	1.09
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Multi-Manager Diversified Fund for the year ended 31 May 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:
201 Bishopsgate
London
EC2M 3AE
Member of The Investment Association and authorised and regulated by the Financial Conduct Authority.
Registered in England No 2678531

Unitholder Administrator

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IFDS House
St Nicholas Lane
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Essex
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.

Trustee

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135 Bishopsgate
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EC2M 3UR

Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Further information

Unitholder 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 units 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 Multi-Manager Diversified Fund at any time by logging on to www.janushenderson.com. Select 'UK Private Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of units.

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.

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