



# ANNUAL REPORT & ACCOUNTS

For the year ended  
31 October 2018

Janus Henderson  
— INVESTORS —

**Janus Henderson Strategic Investment Funds**  
(formerly Henderson Strategic Investment Funds)



# Who are Janus Henderson Investors?

**Janus Henderson Investors exists to help clients achieve their long-term financial goals.**

Formed in 2017 from the merger between Janus Capital Group and Henderson Group, we are committed to adding value through active management. For us, active is more than our investment approach – it is the way we translate ideas into action, how we communicate our views and the partnerships we build in order to create the best outcomes for clients.

We are proud to offer a highly diversified range of products, harnessing the intellectual capital of some of the industry's most innovative and formative thinkers. Our expertise encompasses the major asset classes, we have investment teams situated around the world and we serve intermediary, institutional and individual investors globally. As at 30 September 2018, we had approximately US\$378bn in assets under management, more than 2,000 employees and offices in 28 cities 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.

At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. We call this ethos *Knowledge.Shared*. *Knowledge.Shared* is reflected both in how our investment teams interact and in our commitment to empowering clients in their decision-making. In our view, knowledge is powerful when it is shared.

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## Authorised Corporate Director's (ACD) report for the year ended 31 October 2018

We are pleased to present the Annual Report and Accounts for the Janus Henderson Strategic Investment Funds (formerly Henderson Strategic Investment Funds) (the 'Company') for the year ended 31 October 2018.

### Authorised status

The Company is an open ended investment company (OEIC) with variable capital incorporated in England and Wales under registered number IC000312 and authorised by the Financial Conduct Authority with effect from 1 April 2004. The Company has been certified by the FCA as complying with the conditions necessary for it to enjoy the rights conferred by the EC Directive on Undertakings for Collective Investment in Transferable Securities (UCITS). The Company has an unlimited duration. It is an umbrella company, comprising 5 sub-funds ('funds').

### Fund liabilities

Each fund is treated as a separate entity, and is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that fund.

Shareholders are not liable for the debts of the Company.

### Other information

On 15 December 2017, the Company changed its name from Henderson Strategic Investment Funds to Janus Henderson Strategic Investment Funds. The following funds also changed their names:

- Henderson Credit Alpha Fund to Janus Henderson Credit Alpha Fund
- Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund to Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund,
- Henderson Institutional European Index Opportunities Fund to Janus Henderson Institutional European Index Opportunities Fund,
- Henderson Institutional Japan Index Opportunities Fund to Janus Henderson Institutional Japan Index Opportunities Fund, and
- Henderson Institutional North American Index Opportunities Fund to Janus Henderson Institutional North American Index Opportunities Fund.

## Director's statement

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



R Chaudhuri  
(Director)

4 February 2019

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

### Service providers

	Name	Address	Regulator
<b>Authorised Corporate Director</b>	<b>Henderson Investment Funds Limited</b> Member of the Investment Association  The ultimate holding company is Janus Henderson Group plc	Registered Office: 201 Bishopsgate London EC2M 3AE Registered in England No 2678531. Telephone – 020 7818 1818 Dealing – 0845 608 8703 Enquiries – 0800 832 832	Authorised and regulated by the Financial Conduct Authority
<b>Directors of the ACD</b>	C Chaloner (to 28.09.18) R Chaudhuri A Crooke (from 08.06.18) G Foggin S Hillenbrand (from 04.01.19) H J de Sausmarez G Kitchen (to 31.03.18) R Thompson (from 17.01.19) P Wagstaff (to 26.09.18)		
<b>Investment Manager</b>	<b>Henderson Global Investors Limited</b> The ultimate holding company is Janus Henderson Group plc	201 Bishopsgate London EC2M 3AE	Authorised and regulated by the Financial Conduct Authority
<b>Shareholder Administrator</b>	<b>DST Financial Services International Limited and DST Financial Services Europe Limited</b>	DST House St Nicholas Lane Basildon Essex SS15 5FS	Authorised and regulated by the Financial Conduct Authority
<b>Depository</b>	<b>NatWest Trustee and Depository Services Limited</b> The ultimate holding company is the Royal Bank of Scotland Group plc	250 Bishopsgate London EC2M 4AA	Authorised and regulated by the Prudential Regulation Authority and regulated by the Financial Conduct Authority
<b>Independent Auditor</b>	<b>PricewaterhouseCoopers LLP</b>	141 Bothwell Street Glasgow G2 7EQ	Institute of Chartered Accountants in England and Wales
<b>Legal Adviser</b>	<b>Eversheds Sutherland (International) LLP</b>	One Wood Street London EC2V 7WS	The Law Society

Global equity markets rose over the year to 31 October 2018 (FTSE World Index +4.7% in sterling, +1.9% in local currency terms). However, all regions apart from the US were weak. In October, concerns over further US Federal Reserve (Fed) monetary tightening, trade tensions and slowing global growth caused the worst global sell-off since 2012, but corporate earnings helped markets rebound in the final few days of the review year.

In the UK, the FTSE All-Share Index fell 1.5%. The FTSE 100 reached a record high in May as the US dollar rose and oil prices strengthened, but hit a seven-month low in October on weak earnings results and macroeconomic concerns. Ongoing negotiations regarding the UK's exit (Brexit) from the European Union (EU) were chaotic and the likelihood of a 'no-deal' Brexit increased. The gross domestic product (GDP) annual growth rate dropped to a near six-year low of 1.1% in the first quarter of 2018, climbing modestly to 1.2% in the second quarter. Rising inflation was a key reason influencing the Bank of England's (BoE) 0.25% interest rate rise in November, which brought the benchmark rate to 0.5% and marked the first rate increase in a decade. The BoE raised the rate to 0.75% in August – the highest level since 2009. Inflation slowed throughout most of the review year but reached an unexpected six-month high in August, driven mainly by higher transport prices, before slowing in September.

European equities were also weak over the year (FTSE World Europe ex UK -5.6% in sterling, -6.4% in euros). A volatile political backdrop in Italy led European stocks lower over the summer. Towards the end of the review year, the Italian government clashed with the EU over its budget deficit target. Elsewhere, concerns that instability in Turkey would seep into major European markets depressed equities in August. Although the EU neared a trade agreement with the US in July, negotiations faltered in October. The GDP annual growth rate fell over the year, hitting 1.7% in the third quarter of 2018, below expectations. The European Central Bank (ECB) kept interest rates unchanged and restated in September that its bond buying programme (used to stimulate the economy) will end in December. Inflation picked up in the latter half of the review year, nearing a six-year high in October.

US markets were strong (S&P 500 +11.6% in sterling, +7.3% in dollars), despite ongoing trade tensions with China. All major indices reached record highs during the year and the S&P 500 Index entered its longest ever bull run. However, periods of significant market volatility sparked global sell-offs in February and October, the latter driven by a technology sell-off that led the S&P 500 Index to its worst monthly performance in seven years. However, stocks rallied at the end of October on robust corporate earnings results. The GDP annual growth rate neared a four-year high of 4.2% in the second quarter of 2018, driven by consumer spending. Although the GDP annual growth rate slowed to 3.5% in the third quarter, it beat expectations. Inflation rose above a six-year high in June on rising oil prices but slowed in August and reached a seven-month low in September as fuel prices declined sharply. The Fed raised interest rates four times over the review year and signalled in September that additional hikes were likely.

Japanese equities were weak over the year (Topix Index -0.4% in sterling, -4.8% in yen). The bellwether Nikkei index hit a 26-year high in September but tumbled in October amid the global technology sell-off, as well as disappointing second quarter earnings results. US President Donald Trump opposed re-joining the Trans-Pacific Partnership in April and did not exempt Japan from steel tariffs. However, in September, the US increased pressure on Japan to enter trade talks, causing exports to fall for the first time in almost two years. Japan's economy shrank by an annualised 0.6% in the first quarter of 2018 – the first contraction since 2015 and worse than predicted. The rate significantly rebounded in the second quarter, revised higher from 1.9% to 3.0% – the fastest growth pace in over two years. The Bank of Japan (BoJ) kept interest rates unchanged but reduced the amount of its monthly bond purchases throughout 2018. In October, policy makers lowered their inflation forecast for both 2018 and 2019 – a move that reconfirmed that the BoJ is unlikely to reduce its stimulus measures in the near term.

In Asia, the FTSE World Asia Pacific ex Japan Index fell by 5.4% in sterling (-8.9% in dollars). South Korean equities were weak during the summer on trade concerns, before falling below a one and a half year low in October amid the broader global sell-off. The GDP annual growth rate fell to a nine-year low of 2.0% in the third quarter of 2018, below expectations, as construction activity tumbled. Although Australian equities surpassed 10-year highs during summer, the market weakened towards the end of the review year for numerous reasons, including regulatory pressure on bank stocks and mounting trade-related concerns. Equities in Taiwan fell towards their worst monthly performance in over 10 years in October as the sell-off in China and more general geopolitical tensions spooked investors, while Apple components manufacturers suffered amid the global technology sell-off. The country's annual GDP rate for the third quarter fell to a one-year low as private consumption slowed and government spending decreased, among other factors.

Emerging markets fell over the year (MSCI Emerging Markets -8.7% in sterling, -12.2% in dollars). The US-China trade dispute brought Chinese equities towards a four-year low in the final few months of the review year and also weakened Chinese annual GDP growth, which hit a nine-year low of 6.5% in the third quarter. Equities in India hit a record high in August but fell alongside global markets in October; rupee weakness and rising crude oil prices led foreign institutional investors to sell out of stocks at the highest rate in two years. Meanwhile, the annual GDP growth rate rose over the year, reaching a two-year high of 8.2% in the second quarter of 2018. Brazilian equities tumbled in June as the real fell to a two-year low on fuel price cuts and uncertainty over the October election. However, equities rallied in the run-up to and immediate aftermath of the election, as President-elect Jair Bolsonaro's economic plans were popular among investors. The annual GDP rate fell to a one-year low of 1.0% in the second quarter of 2018, below expectations. Inflation increased to a one and a half year high in September, above expectations, driven by rising oil and food prices.

## Market review (continued)

Within fixed income, core government bond markets (US, UK, Germany and Japan) saw prices fall over the year (yields, which move inversely to prices, rose). The JPM Global Government Bond Index increased 1.7% in sterling but fell by 2.1% in dollars. The yield on 10-year US Treasuries rose in early 2018 on strong employment data and the prospect of 'normalised' monetary policy, while subsequent expectations of Fed rate rises and trade tensions kept the yield high later in the year. UK 10-year gilt yields rose in early 2018 but fell in May amid Italian political volatility. In September, surprisingly strong UK inflation data and expectations of future rate hikes by the BoE pushed 10-year gilt yields up to their highest level since early 2016. However, stalled Brexit negotiations brought yields lower just days after. German 10-year bund yields crashed in May during the Italian political crisis but ECB President Mario Draghi's disclosure of a "vigorous" pickup in underlying eurozone inflation sent German 10-year bund yields to a four-month high in September. Although corporate bond issuance reached a record high in late 2017, sales fell towards the end of the review year amid higher borrowing costs and ongoing trade tensions, and the equity sell-off in October spread into the sector too.



## Statement of Authorised Corporate Director's (ACD) responsibilities

for the year ended 31 October 2018

The Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view, 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), of the financial affairs of the Company and of its revenue/expenditure for the year. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice for Authorised Open Ended Investment Companies 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 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 OEIC 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 Strategic Investment Funds (the 'Company')

for the year ended 31 October 2018

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 are 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 Fund Manager ('the AFM') 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 AFM:

- (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  
4 February 2019

# **Independent Auditors' report to the shareholders of Janus Henderson Strategic Investment Funds (the 'Company')** for the year ended 31 October 2018

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Janus Henderson Strategic Investment Funds' financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31st October 2018 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 year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Janus Henderson Strategic Investment Funds (the 'Company') is an Open Ended Investment Company (OEIC) with 5 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 31st October 2018; the statement of total return and the statement of change in net assets attributable to shareholders for the year then ended; the distribution tables; aggregated notes to the financial statements and the notes to the financial statements.

### **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.

### **Reporting on other information**

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

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

### **Authorised Corporate Director's Report**

In our opinion, the information given in the Authorised Corporate Director's (ACD) report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **Independent Auditors' report to the shareholders of Janus Henderson Strategic Investment 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](http://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

4 February 2019

## **1 Accounting policies**

### **(a) Basis of preparation**

The financial statements of Janus Henderson Strategic Investment Funds (formerly Henderson Strategic Investment 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 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (IMA) in May 2014 (the 'SORP'), the Financial Reporting Standard 102 ('FRS 102'), the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL') and the Company's Instrument of Incorporation. The financial statements have been prepared on a going concern basis.

### **(b) Basis of valuation of investments**

The valuation of listed investments has been at fair value, which is generally deemed to be bid market price, excluding any accrued interest in the case of debt securities, at close of business on the last valuation day of the accounting year (31 October 2018) in accordance with the provisions of the scheme particulars.

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

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

The ACD has appointed the EMEA Pricing Committee whose function is to review and approve fair value pricing decisions on a regular basis and report to the Board of Directors on suspended, defaulted, delisted, unquoted or manually priced securities, taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

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

### **(c) Revenue recognition**

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

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

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

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

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

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

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

Dividends received from US REITs are allocated between revenue and capital for distribution purposes. The split is based on the year end tax reporting data issued by the US REIT with the revenue element being subject to UK corporation tax. Where the split of revenue and capital has not been announced at the accounting date then the income is treated as an ordinary dividend until such time as this is known.

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

Management fee rebates relating to off shore funds held are recognised as revenue when the underlying fund's objective is capital growth, or applied to capital when the underlying funds are deemed to be income-generating, unless treatment of the management fee is specified in the underlying fund's prospectus.

Stock lending revenue is accounted for on an accruals basis, net of bank and agent fees.

Revenue derived from the gains/losses on hedged class forward currency contracts is allocated to both the capital and revenue of the share class based upon the prior day capital/revenue split.

Special dividends are recognised as either revenue or capital depending on the nature and circumstances of the dividends receivable.

Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. The revenue forms part of any distribution.

## Aggregated notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### (c) Revenue recognition (continued)

Where an Index Future or a Bond Future is deemed to be tracking the total return, including dividend/coupon yield, on an underlying instrument, a future bifurcation adjustment is manually calculated and transferred from capital to revenue.

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

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

All expenses (other than those 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.

#### General Administration Charge

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

#### 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.

#### Performance fees on Janus Henderson Credit Alpha Fund

There is a performance related management fee, payable in arrears for each three month quarter of the Janus Henderson Credit Alpha Fund's accounting period. The performance related management fee is applicable to all of the fund's share classes apart from Class I and Class Z. The performance fee will only be charged when, over a three month period, the fund outperforms the Benchmark and the High water mark and, when payable, the fee will equal 20% of the appreciation in value of shares over the benchmark return for those shares over the relevant quarter. The High watermark is the Net Asset Value at the end of the previous performance period if a performance fee was payable. The benchmark is the published share price on the last business day of the previous quarter multiplied by the return available had the amount of the published share price been invested at 3 month GBP LIBOR until the last dealing day of the current quarter.

#### (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 on Janus Henderson Credit Alpha Fund

Class A Euro (hedged) accumulation, Class G Euro (hedged) accumulation, Class Y Euro (hedged) accumulation, Class A USD (hedged) accumulation, Class G USD (hedged) accumulation and Class Y USD (hedged) accumulation of Janus Henderson Credit Alpha Fund are hedged share classes. Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in those classes and Sterling which is the base currency of the fund.

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.

#### Contracts for Difference

Contracts for difference (CFD) are shown in the Portfolio statement at fair value and the net gains/(losses) are reflected within Derivative securities in Net capital gains/(losses) on investments. The margins paid on these contracts are included in the Amounts held at derivative clearing houses and brokers. Dividends receivable and payable on CFDs are recognised as either revenue or capital depending on the nature and circumstances of the dividends receivable. Dividends receivable or payable that are recognised as capital are included in Derivative securities in Net capital gains/(losses) on investments on an accruals basis. Dividends receivable that are recognised as revenue are included in the Revenue account on an accruals basis. Dividends payable on CFDs that are recognised as revenue are included in Interest payable and similar charges on an accruals basis.

#### 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. For futures, 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 index swaps

Open credit default swaps index (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.

#### 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.

#### Total return swaps

Open total return swaps (TRS) are shown in the portfolio statement at fair value. 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 index or other appropriate source.

## 1 Accounting policies (continued)

### (j) Dilution adjustment

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

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

## 2 Distribution Policy

The distribution policy of the funds is to 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 Credit Alpha Fund makes interest distributions, all other funds make dividend distributions.

Revenue attributed to accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

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 policy for each fund is to make annual distributions (31 December) and interim (30 June) distributions to shareholders.

### Equalisation

Income equalisation applies to all funds.

Equalisation applies only to shares purchased during the distributions period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

## 3 Risk

In pursuing their investment objectives the funds hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the funds' operations. The funds may also enter into derivative transactions for the purposes of efficient portfolio management (EPM) and meeting the funds' investment objectives.

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

In the normal course of business, the funds' activities expose them to various types of risk which are associated with the financial instruments and markets in which they invest. These financial risks: market risk (comprising currency risk, interest rate risk and other market price risk), credit and counterparty risk and liquidity risk and the approach to the management of these risks, are set out below and remain unchanged from the previous accounting year. For a detailed explanation of these and further risks involved in investing in the 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 development, the Janus Henderson Derivatives Risk and Compliance database.



## Aggregated notes to the financial statements (continued)

### 3 Risk (continued)

#### (a) Market risk

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

The investments of the funds are subject to normal market fluctuations and other risks inherent in investing in securities, collective investment schemes, money market instruments, cash and deposits and derivatives in pursuance of the investment objectives and policies as set out in the Prospectus. Whilst equity investments carry potential for attractive returns over the longer term, the volatility of these returns can also be relatively high.

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 the purpose of efficient portfolio management and meeting the funds' objectives, in line with the risk profile of a fund. While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The funds may engage various strategies in view of reducing certain of its risks and for attempting to enhance returns. These strategies may include the use of derivatives instruments such as forward transactions, options, warrants, swaps and/or futures. Such strategies carry a risk of underperformance and may be unsuccessful, incurring losses for the funds due to market conditions.

The global exposure of the funds is calculated by using the Value-at-Risk ("VaR") approach by reference to risk profiles. VaR is a mathematical-statistical concept and is commonly used as a standard measure of risk in the financial sector. The VaR approach is used, in general, for funds using derivative instruments or techniques within their investment strategies to generate additional leverage or market risk exposure.

For such funds, the maximum potential loss that a fund could suffer in normal market conditions within a given time horizon and a certain degree of confidence is estimated. In these calculations all positions in the relevant portfolio are taken into consideration including those undertaken for efficient portfolio management purposes. For the purpose of calculating global exposure by VaR either a relative VaR approach or absolute VaR approach can be used; the selection of relative or absolute VaR methodology is determined by the availability of a reference portfolio appropriate for the fund in meeting its investment objective.

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 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. The total portfolio's positions shall not be greater than twice the VaR of the portfolio's reference portfolio. If the sub-fund is unable or for which it is not appropriate to determine a reference portfolio (e.g. absolute return type funds) an absolute VaR is calculated on all of the portfolio's positions which is not to exceed a regulatory maximum limit of 20%.

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 and leverage.

#### Currency risk

Hedged share classes allow the ACD to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the reference currency of such share classes and the base currency of each fund.

Hedged share classes exist in the Credit Alpha Fund. These hedged share classes allow the Investment Fund Manager to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the base currency and the portfolio currency of each fund. 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 funds' 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 funds' 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 portfolio currency.

Where undertaken, the effect of hedging is reflected in the net asset value and therefore, in the performance of the relevant hedged share class. Please refer to the individual funds' accounts for details of currency risk exposure.

### 3 Risk (continued)

#### Interest rate risk

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

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of the capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issue. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit rating (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds, and may have an increased risk of default on repayment.

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

#### Other 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. The 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 ACD in pursuance of the investment objectives and policies as set out in the Prospectus.

#### (b) Credit and counterparty risk

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

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

The fund's assets that are held with banks could be exposed to credit and counterparty risk. The banks used by the fund and ACD are subject to regular reviews. Only counterparties that have been approved by Janus Henderson's Credit Risk Committee are used for derivative and stock lending transactions, as detailed in the notes to individual funds' accounts.

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 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.

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.

#### 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 may also make it more difficult, or more expensive, for the fund to execute prudent currency hedging policies.

This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of relevant funds and their investments to execute their respective strategies and to receive attractive returns, and may also result in increased costs to the relevant funds.

### 4 Cross-holdings

There were no cross-holdings within any of the funds of Janus Henderson Strategic Investment Funds at the year end (2017: nil).

# Janus Henderson Credit Alpha Fund (formerly Henderson Credit Alpha Fund)

## Authorised Corporate Director's (ACD) report for the year ended 31 October 2018

### Investment Fund Managers

Thomas Ross and Thomas Hanson

### Investment objective and policy

The fund aims to generate positive returns.

The fund aims to typically deliver absolute (more than zero) returns over a rolling 12 month period. An absolute return performance is not guaranteed over this specific, or any other, time period and consequently capital is in fact at risk.

The fund will seek to achieve its investment objective by taking directional, relative value, structural and tactical positions in corporate bonds, asset backed securities, preference shares, equities, secured loans, credit default swaps, as well as other permitted derivative instruments.

The fund may also invest the property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

### Performance summary

	31 Oct 17 - 31 Oct 18	31 Oct 16 - 31 Oct 17	31 Oct 15 - 31 Oct 16	31 Oct 14 - 31 Oct 15	31 Oct 13 - 31 Oct 14
	%	%	%	%	%
<b>Janus Henderson Credit Alpha Fund</b>	0.9	(3.0)	(2.2)	0.7	0.8
<b>3M GBP LIBOR</b>	0.6	0.3	0.6	0.6	0.5

Source: Morningstar, NAV to NAV and net of fees at 12 noon valuation point, based on performance of Class I accumulation. Benchmark values are 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.

## Significant portfolio changes for the year ended 31 October 2018

Largest purchases	£000	Largest sales/maturities	£000
UBS 0.65% 05/12/2017	8,001	Janus Henderson Institutional Cash Fund Class I Accumulation <sup>1</sup>	15,741
National Bank of Abu Dhabi 0.50% 10/01/2018	5,000	UBS 0.65% 05/12/2017	8,000
Crédit Agricole 0.56% 06/03/2018	5,000	Mercury BondCo 7.125% 30/05/2021	7,449
Citibank 0.48% 01/02/2018	5,000	ATF Netherlands 3.75% Perpetual	6,726
Sumitomo Mitsui Banking 0.52% 08/01/2018	5,000	Grand City Properties 3.75% Perpetual	6,563
Australia & New Zealand Banking 0.00% 10/04/2018	4,989	AA Bond 2.875% 31/01/2022	5,844
Telecom Italia Finance 7.75% 24/01/2033	4,579	Harman Finance International 2.00% 27/05/2022	5,318
Svenska Handelsbanken 0.45% 15/03/2018	4,000	National Bank of Abu Dhabi 0.23% 03/11/2017	5,000
ING Bank 0.51% CD 15/01/18-03/04/18 MTM	3,000	Crédit Agricole 0.34% 06/11/2017	5,000
Rabobank Nederland 0.54% 18/07/2018	3,000	Australia & New Zealand Banking 0.00% 10/04/2018	5,000
<b>Total purchases</b>	<b>206,674</b>	<b>Total sales/maturities</b>	<b>455,337</b>

<sup>1</sup> Related party to the fund

### Investment review

Despite lacklustre total returns from many fixed income markets, performance was positive over the year under review, with the fund returning 0.9% (based on class I accumulation). The cash benchmark (3-month sterling Libor) returned 0.6%.

The year under review began on a positive note for most risk assets. This was despite the European Central Bank's (ECB) announcement of a reduction in its monthly asset purchases and rate rises from both the US Federal Reserve (Fed) and the Bank of England (BoE). There was also some progress on the UK's exit from the European Union (Brexit) and a market-friendly set of tax reforms passed into law in the US. As we moved through the year, political risks continued to grow, such as the formation of a populist government in Italy, on-going Brexit gyrations in the UK and President Donald Trump's trade rhetoric, which stoked tensions worldwide. Amid these political developments and growing fears around inflation, government bond yields in the US rose (prices move inversely to yields). Higher than expected US earnings data escalated market volatility (sharper fluctuations in prices), and US and European equity bourses declined. The spike in volatility, in combination with the US's eventual imposition of trade tariffs on China, caused bond markets to weaken. Volatility in core fixed income markets subsequently moderated. However, central banks remained active, with the Fed and BoE raising interest rates.

Corporate bond markets were relatively strong, outperforming their government equivalents. European credit markets outperformed the US, with high yield broadly outperforming investment grade. Emerging markets remained volatile, though the large falls in emerging market currencies were largely confined to those with weaker fundamentals.

Performance was driven by a combination of our holdings in financials, activity in the new issues market and positioning within the euro high yield market.

In financials, performance benefited from holdings in subordinated financials, including subordinated bonds from Italian payments processor ICBPI; a lower tier 2 position in UK bank CYBG; and new issues from Vivat and Portuguese bank Caixa Geral de Depositos. Elsewhere in financials, our allocation to real estate was also positive as positions in Globalworth Real Estate Investments and Aroundtown (hybrid bonds) performed well.

In non-financials, one of the strongest contributors was our holding in energy company EnQuest. The bonds benefited as the issuer's 'Kraken' oil field saw production ramp up, oil moved above US\$70/barrel for the first time since 2014 and the market moved to price in the cash coupon paid in October.

Performance from our US positions was relatively muted. However, a new issue from US telecommunications company AT&T and a position in US high yield pharmaceuticals issuer Endo Finance Issuers both performed well, with the latter benefiting after the FDA published a proposal that would make it harder for competitors to make generic versions of the company's branded drugs.

Short positions were mixed over the year. We opportunistically increased our iTraxx Crossover hedge (used to hedge our overweight to European high yield) at a number of points throughout the year in response to rising volatility, which proved supportive for performance. A short risk credit default swap (CDS) position in a debt collector was also beneficial for returns given growing negative sentiment towards the sector, augmented by a bearish Financial Times article on debt collectors that was released in June. Partially offsetting these, a CDS short position in a UK gaming firm fell following news that a competitor was in advanced talks to acquire the company and that a likely negative government review of fixed odd betting terminals would be pushed back (we subsequently closed both positions).

A long position in UK retailer Shop Direct Funding also detracted as the issuer published weaker than expected results and announced details of a recent shareholder loan (at a time when provisions for PPI claims are being increased). As a result, we exited the position on growing governance concerns.

European and US corporates continue to be in relatively robust fundamental condition, with default rates and corporate leverage relatively low versus history. We remain cautious given the multiple macroeconomic risks that exist, including emerging market idiosyncrasies, the threat of a global trade war and a potential slowdown in global economic growth. With regards to Europe specifically, we remain wary of weakness related to Italian political noise, the ECB reducing its purchases and Brexit.

As ever, we remain focused on using bottom up stock selection and an understanding of idiosyncratic risk, which we continue to believe is of vital importance in driving returns in the current environment.

## Comparative tables for the year ended 31 October 2018

	Class A accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	51.94	53.81	55.27
Return before operating charges*	1.15	(1.00)	(0.54)
Operating charges	(0.74)	(0.87)	(0.90)
Operating charges - performance fees	-	-	-
Return after operating charges*	0.41	(1.87)	(1.44)
Distributions on accumulation shares	(0.18)	-	(0.10)
Retained distributions on accumulation shares^	0.18	-	0.08
Closing net asset value per share	52.35	51.94	53.81
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.79%	(3.48%)	(2.61%)
<b>Other information</b>			
Closing net asset value (£000s)	601	1,492	2,070
Closing number of shares	1,148,610	2,872,175	3,847,161
Operating charges	1.42%	1.66%	1.66%
Operating charges - performance fees	0.00%	0.00%	0.00%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	52.72	54.10	55.53
Lowest share price (pence)	51.80	51.87	53.38

^Retained distributions prior to 6 April 2017 and net of 20% income tax.

	Class G accumulation	
	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	49.30	50.43
Return before operating charges*	(1.07)	(0.74)
Operating charges	(0.32)	(0.36)
Operating charges - performance fees	-	-
Return after operating charges*	(1.39)	(1.10)
Distributions on accumulation shares	-	(0.18)
Retained distributions on accumulation shares^	-	0.15
Final cancellation price	(47.91) <sup>1</sup>	-
Closing net asset value per share	-	19.30
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	(2.82%)	(2.18%)
<b>Other information</b>		
Closing net asset value (£000s)	-	1
Closing number of shares	-	3,000
Operating charges	0.73%	0.73%
Operating charges - performance fees	0.00%	0.00%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	49.49 <sup>2</sup>	50.66
Lowest share price (pence)	47.78 <sup>2</sup>	48.75

^Retained distributions prior to 6 April 2017 and net of 20% income tax.

<sup>1</sup> Class G accumulation closed on 29 September 2017 and this is the final cancellation price.

<sup>2</sup> to 29 September 2017

## Comparative tables (continued)

	Class I accumulation (formerly Class I gross accumulation)		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	146.96	151.45	154.62
Return before operating charges*	3.27	(2.91)	(1.56)
Operating charges	(1.58)	(1.58)	(1.61)
Operating charges - performance fees	-	-	-
Return after operating charges*	1.69	(4.49)	(3.17)
Distributions on accumulation shares	(1.03)	-	(0.73)
Retained distributions on accumulation shares	1.03	-	0.73
Closing net asset value per share	148.65	146.96	151.45
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	1.15%	(2.96%)	(2.05%)
<b>Other information</b>			
Closing net asset value (£000s)	5,840	60,870	95,529
Closing number of shares	3,928,667	41,418,781	63,078,099
Operating charges	1.07%	1.06%	1.06%
Operating charges - performance fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	149.70	152.20	155.40
Lowest share price (pence)	146.60	146.70	149.70
	Class I accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	143.84	147.72	151.47
Return before operating charges*	0.37	(2.34)	(2.04)
Operating charges	(0.01)	(1.54)	(1.58)
Operating charges - performance fees	-	-	-
Return after operating charges*	0.36	(3.88)	(3.62)
Distributions on accumulation shares	-	-	(0.62)
Retained distributions on accumulation shares^	-	-	(0.49)
Final cancellation price	(144.20) <sup>3</sup>	-	-
Closing net asset value per share	-	143.84	147.72
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.25%	(2.63%)	(2.39%)
<b>Other information</b>			
Closing net asset value (£000s)	-	32	69
Closing number of shares	-	22,514	46,579
Operating charges	1.07%	1.06%	1.06%
Operating charges - performance fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	144.20 <sup>4</sup>	148.90	152.20
Lowest share price (pence)	144.20 <sup>4</sup>	143.60	146.80

<sup>^</sup> Retained distributions prior to 6 April 2017 and net of 20% income tax.

<sup>3</sup> Class I accumulation closed on 1 November 2017 and this is the final cancellation price.

<sup>4</sup> to 1 November 2017

## Comparative tables (continued)

	Class Y accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	107.19	110.56	112.88
Return before operating charges*	2.40	(2.21)	(1.03)
Operating charges	(0.89)	(1.16)	(1.18)
Operating charges - performance fees	-	-	-
Return after operating charges*	1.51	(3.37)	(2.21)
Distributions on accumulation shares	(1.03)	-	(0.52)
Retained distributions on accumulation shares^	1.03	-	0.41
Closing net asset value per share	108.70	107.19	110.56
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	1.41%	(3.05%)	(1.96%)
<b>Other information</b>			
Closing net asset value (£000s)	516	956	4,206
Closing number of shares	474,877	891,734	3,803,912
Operating charges	0.82%	1.06%	1.06%
Operating charges - performance fees	0.00%	0.00%	0.00%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	109.40	111.00	113.40
Lowest share price (pence)	106.90	107.00	109.20

^Retained distributions prior to 6 April 2017 and net of 20% income tax.

	Class Z accumulation (formerly Class Z gross accumulation)		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	163.45	166.70	168.49
Return before operating charges*	3.64	(3.18)	(1.72)
Operating charges	(0.08)	(0.07)	(0.07)
Operating charges - performance fees	-	-	-
Return after operating charges*	3.56	(3.25)	(1.79)
Distributions on accumulation shares	(2.85)	(0.34)	(2.23)
Retained distributions on accumulation shares	2.85	0.34	2.23
Closing net asset value per share	167.01	163.45	166.70
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	2.18%	(1.95%)	(1.06%)
<b>Other information</b>			
Closing net asset value (£000s)	23,388	232,450	304,572
Closing number of shares	14,003,553	142,218,849	182,704,478
Operating charges	0.05%	0.04%	0.04%
Operating charges - performance fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	168.00	167.70	169.60
Lowest share price (pence)	163.10	162.30	163.70



## Comparative tables (continued)

	Class Z accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	108.37	106.67	112.05
Return before operating charges*	0.33	1.74	(5.13)
Operating charges	-	(0.04)	(0.04)
Operating charges - performance fees	-	-	-
Return after operating charges*	0.33	1.70	(5.17)
Distributions on accumulation shares	-	(0.23)	(1.07)
Retained distributions on accumulation shares^	-	0.23	0.86
Final cancellation price	(108.70) <sup>5</sup>	-	-
Closing net asset value per share	-	108.37	106.67
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.30%	1.59%	(4.61%)
<b>Other information</b>			
Closing net asset value (£000s)	-	102	152
Closing number of shares	-	93,729	142,480
Operating charges	0.05%	0.04%	0.04%
Operating charges - performance fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	108.70 <sup>6</sup>	111.20	112.60
Lowest share price (pence)	108.70 <sup>6</sup>	107.60	108.70

<sup>4</sup> Retained distributions prior to 6 April 2017 and net of 20% income tax.

<sup>5</sup> Class Z accumulation closed on 1 November 2017 and this is the final cancellation price.

<sup>6</sup> to 1 November 2017

	Class G gross accumulation	
	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	49.69	50.60
Return before operating charges*	(1.12)	(0.55)
Operating charges	(0.22)	(0.36)
Operating charges - performance fees	-	-
Return after operating charges*	(1.34)	(0.91)
Distributions on accumulation shares	-	(0.31)
Retained distributions on accumulation shares	-	0.31
Final cancellation price	(48.35) <sup>7</sup>	-
Closing net asset value per share	-	49.69
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	(2.70%)	(1.80%)
<b>Other information</b>		
Closing net asset value (£000s)	-	2
Closing number of shares	-	5 000
Operating charges	0.73%	0.73%
Operating charges - performance fees	0.00%	0.00%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (pence)	49.95 <sup>8</sup>	50.83
Lowest share price (pence)	48.23 <sup>8</sup>	49.01

<sup>7</sup> Class G gross accumulation closed on 14 June 2017 and this is the final cancellation price.

<sup>8</sup> to 14 June 2017



## Comparative tables (continued)

	Class Y gross accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	103.80	106.97	109.22
Return before operating charges*	0.31	(2.04)	(1.11)
Operating charges	(0.01)	(1.13)	(1.14)
Operating charges - performance fees	-	-	-
Return after operating charges*	0.30	(3.17)	(2.25)
Distributions on accumulation shares	-	-	(0.51)
Retained distributions on accumulation shares	-	-	0.51
Final cancellation price	(104.10) <sup>9</sup>	-	-
Closing net asset value per share	-	103.80	106.97
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.29%	(2.96%)	(2.06%)
<b>Other information</b>			
Closing net asset value (£000s)	-	519	8,617
Closing number of shares	-	500,249	8,055,683
Operating charges	0.82%	1.06%	1.06%
Operating charges - performance fees	0.00%	0.00%	0.00%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	104.10 <sup>10</sup>	107.50	109.70
Lowest share price (pence)	104.10 <sup>10</sup>	103.60	105.70

<sup>9</sup> Class Y gross accumulation closed on 1 November 2017 and this is the final cancellation price.

<sup>10</sup> to 1 November 2017

	Class A Euro (hedged) accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	429.38	459.04	379.15
Return before operating charges*	9.24	(22.44)	86.59
Operating charges	(6.15)	(7.22)	(6.70)
Operating charges - performance fees	-	-	-
Return after operating charges*	3.09	(29.66)	79.89
Distributions on accumulation shares	(1.51)	-	(0.72)
Retained distributions on accumulation shares	1.51	-	0.72
Closing net asset value per share	432.47	429.38	459.04
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	0.72%	(6.46%)	21.07%
<b>Other information</b>			
Closing net asset value (£000s)	2,217	9,929	36,500
Closing number of shares	512,614	2,312,466	7,951,286
Operating charges	1.42%	1.66%	1.66%
Operating charges - performance fees	0.00%	0.00%	0.00%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (Euro cents)	493.62	514.03	532.74
Lowest share price (Euro cents)	484.71	488.92	508.99

## Comparative tables (continued)

	Class G Euro (hedged) accumulation	
	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	438.22	358.60
Return before operating charges*	(20.04)	82.47
Operating charges	(2.79)	(2.85)
Operating charges - performance fees	-	-
Return after operating charges*	(22.83)	79.62
Distributions on accumulation shares	-	(2.55)
Retained distributions on accumulation shares	-	2.55
Final cancellation price	(415.39) <sup>11</sup>	-
Closing net asset value per share	-	438.22
* after direct transaction costs of:	-	-
<b>Performance</b>		
Return after charges	(5.21%)	22.20%
<b>Other information</b>		
Closing net asset value (£000s)	-	2
Closing number of shares	-	500
Operating charges	0.73%	0.73%
Operating charges - performance fees	0.00%	0.00%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price (Euro cents)	490.47 <sup>12</sup>	503.71
Lowest share price (Euro cents)	470.86 <sup>12</sup>	484.40

<sup>11</sup> Class G Euro (hedged) accumulation closed on 29 September 2017 and this is the final cancellation price.

<sup>12</sup> to 29 September 2017

	Class Y Euro (hedged) accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	889.73	946.49	777.22
Return before operating charges*	18.88	(47.22)	178.00
Operating charges	(7.37)	(9.54)	(8.73)
Operating charges - performance fees	-	-	-
Return after operating charges*	11.51	(56.76)	169.27
Distributions on accumulation shares	(8.52)	-	(3.88)
Retained distributions on accumulation shares	8.52	-	3.88
Closing net asset value per share	901.24	889.73	946.49
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	1.29%	(6.00%)	21.78%
<b>Other information</b>			
Closing net asset value (£000s)	130	1,003	17,533
Closing number of shares	14,421	112,686	1,852,421
Operating charges	0.82%	1.06%	1.06%
Operating charges - performance fees	0.00%	0.00%	0.00%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (Euro cents)	1,024.67	1,059.55	1,091.86
Lowest share price (Euro cents)	1,008.41	1,012.83	1,047.19

## Comparative tables (continued)

	Class A USD (hedged) accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	381.88	426.31	345.50
Return before operating charges*	29.79	(37.69)	86.90
Operating charges	(5.43)	(6.74)	(6.09)
Operating charges - performance fees	-	-	-
Return after operating charges*	24.36	(44.33)	80.81
Distributions on accumulation shares	(1.39)	-	(0.62)
Retained distributions on accumulation shares	1.39	-	0.62
Closing net asset value per share	406.24	381.88	426.31
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	6.38%	(10.42%)	23.39%
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### Other information

Closing net asset value (£000s)	3,446	3,612	8,755
Closing number of shares	848,332	945,886	2,053,647
Operating charges	1.42%	1.66%	1.66%
Operating charges - performance fees	0.00%	0.00%	0.00%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (USD cents)	521.95	523.28	536.12
Lowest share price (USD cents)	505.91	504.96	515.36

	Class G USD (hedged) accumulation	
	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	405.63	325.60
Return before operating charges*	(40.68)	82.62
Operating charges	(2.58)	(2.59)
Operating charges - performance fees	-	-
Return after operating charges*	(43.26)	80.03
Distributions on accumulation shares	-	(2.28)
Retained distributions on accumulation shares	-	2.28
Final cancellation price	(362.37) <sup>13</sup>	-
Closing net asset value per share	-	405.63
* after direct transaction costs of:	-	-

### Performance

Return after charges	(10.66%)	24.58%
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### Other information

Closing net asset value (£000s)	-	2
Closing number of shares	-	500
Operating charges	0.73%	0.73%
Operating charges - performance fees	0.00%	0.00%
Direct transaction costs	0.00%	0.00%

### Prices

Highest share price (USD cents)	498.30 <sup>14</sup>	505.69
Lowest share price (USD cents)	482.45 <sup>14</sup>	487.32

<sup>13</sup> Class G USD (hedged) accumulation closed on 29 September 2017 and this is the final cancellation price.

<sup>14</sup> to 29 September 2017

## Comparative tables (continued)

	Class Y USD (hedged) accumulation		
	2018	2017	2016
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	771.92	857.41	690.92
Return before operating charges*	60.69	(76.60)	174.26
Operating charges	(6.36)	(8.89)	(7.77)
Operating charges - performance fees	-	-	-
Return after operating charges*	54.33	(85.49)	166.49
Distributions on accumulation shares	(7.57)	-	(3.41)
Retained distributions on accumulation shares	7.57	-	3.41
Closing net asset value per share	826.25	771.92	857.41
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	7.04%	(9.97%)	24.10%
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### Other information

Closing net asset value (£000s)	306	286	8,490
Closing number of shares	37,030	37,030	990,168
Operating charges	0.82%	1.06%	1.06%
Operating charges - performance fees	0.00%	0.00%	0.00%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (USD cents)	1,061.45	1,052.57	1,072.03
Lowest share price (USD cents)	1,023.16	1,017.98	1,032.51

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 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 in the year.

The following share classes closed in the year:

Share class	Closure date
Class I accumulation	1 November 2017
Class Y gross accumulation	1 November 2017
Class Z accumulation	1 November 2017

The following share classes changed name in the year:

Share class	Date of change
Class I accumulation (formerly Class I gross accumulation)	1 November 2017
Class Z accumulation (formerly Class Z gross accumulation)	1 November 2017

As there is no longer any difference between gross and net share classes, investors in Class I accumulation, Class Y gross accumulation and Class Z accumulation have been combined into Class I accumulation (formerly Class I gross accumulation), Class Y accumulation and Class Z accumulation (formerly Class Z gross accumulation) respectively. This removes the administration cost of running two separate share classes that are otherwise identical.

### Hedged share classes

Class A Euro (hedged) accumulation, Class G Euro (hedged) accumulation, Class Y Euro (hedged) accumulation, Class A USD (hedged) accumulation, Class G USD (hedged) accumulation and Class Y USD (hedged) accumulation are hedged share classes. Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in those classes and Sterling which is the base currency of the fund.

## Ongoing charge figure

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

	OCF* 2018 %	Performance fees 2018 %	OCF* 2017 %	Performance fees 2017 %
<b>Class A</b>	1.42 <sup>4</sup>	-	1.66	-
<b>Class G<sup>1,2</sup></b>	n/a	n/a	0.73	-
<b>Class I<sup>3</sup></b>	1.07	n/a	1.06	n/a
<b>Class Y<sup>3</sup></b>	0.82 <sup>5</sup>	-	1.06	-
<b>Class Z<sup>3</sup></b>	0.05	n/a	0.04	n/a
<b>Class A Euro (hedged)</b>	1.42 <sup>4</sup>	-	1.66	-
<b>Class G Euro (hedged)<sup>1</sup></b>	n/a	n/a	0.73	-
<b>Class Y Euro (hedged)</b>	0.82 <sup>5</sup>	-	1.06	-
<b>Class A USD (hedged)</b>	1.42 <sup>4</sup>	-	1.66	-
<b>Class G USD (hedged)<sup>1</sup></b>	n/a	n/a	0.73	-
<b>Class Y USD (hedged)</b>	0.82 <sup>5</sup>	-	1.06	-

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

\* OCF excludes performance fees.

<sup>1</sup> Class G accumulation, Class G Euro (hedged) accumulation and Class G USD (hedged) accumulation closed on 29 September 2017.

<sup>2</sup> Class G gross accumulation closed on 14 June 2017.

<sup>3</sup> Class I accumulation, Class Y gross accumulation and Class Z accumulation closed on 1 November 2017.

<sup>4</sup> The annual management charge on Class A reduced from 1.50% to 1.25% on 1 November 2017.

<sup>5</sup> The annual management charge on Class Y reduced from 1.00% to 0.75% on 1 November 2017.

# Risk and reward profile

The fund currently has 8 types of share class in issue; A accumulation, I accumulation (formerly I gross accumulation), Y accumulation, Z accumulation (formerly Z gross accumulation), A Euro (hedged), Y Euro (hedged), A USD (hedged) and Y USD (hedged). Each type of share class has the same risk and reward profile which is as follows:



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

The value of an investment 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 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.

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

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 European Securities and Markets Authority (ESMA) guidelines for the calculation of the SRRI.

## Portfolio statement as at 31 October 2018

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Certificates of Deposit 37.05% (2017: 26.26%)</b>		
	<b>Belgium 2.74% (2017: 0.00%)</b>		
GBP 1,000,000	KBC Bank 0.78% 23/11/2018	1,000	2.74
	<b>Canada 5.49% (2017: 0.00%)</b>		
GBP 2,000,000	Toronto-Dominion Bank 0.78% 10/12/2018	2,000	5.49
	<b>Denmark 2.74% (2017: 3.21%)</b>		
GBP 1,000,000	DnB 0.80% 17/12/2018	1,000	2.74
	<b>Finland 2.74% (2017: 1.53%)</b>		
GBP 1,000,000	Nordea Bank 0.83% 28/01/2019	1,000	2.74
	<b>France 0.00% (2017: 2.25%)</b>		
	<b>Germany 2.74% (2017: 3.21%)</b>		
GBP 1,000,000	DZ Bank 0.73% 03/12/2018	1,000	2.74
	<b>Japan 2.74% (2017: 6.42%)</b>		
GBP 1,000,000	Mitsubishi UFJ Bank 0.76% 30/11/2018	1,000	2.74
	<b>Netherlands 5.50% (2017: 3.86%)</b>		
GBP 1,000,000	ABN AMRO Bank 0.78% 13/11/2018	1,000	2.75
GBP 1,000,000	Rabobank Nederland 0.84% 04/02/2019	1,000	2.75
		2,000	5.50
	<b>Singapore 0.00% (2017: 0.96%)</b>		
	<b>Sweden 8.24% (2017: 0.00%)</b>		
GBP 1,000,000	Skandinaviska Enskilda Banken 0.68% 19/11/2018	1,000	2.74
GBP 1,000,000	Svenska Handelsbanken 0.75% 08/01/2019	1,000	2.75
GBP 1,000,000	Svenska Handelsbanken 0.77% 21/01/2019	1,001	2.75
		3,001	8.24
	<b>United Arab Emirates 0.00% (2017: 1.61%)</b>		
	<b>United States 4.12% (2017: 3.21%)</b>		
GBP 1,500,000	Citibank 0.79% 03/01/2019	1,500	4.12
	<b>Bonds 55.43% (2017: 62.03%)</b>		
	<b>Australia 0.79% (2017: 0.00%)</b>		
	<b>Fixed Rate Bond 0.79% (2017: 0.00%)</b>		
USD 400,000	Xero Investments 2.375% 04/10/2023	286	0.79
	<b>Belgium 1.82% (2017: 1.57%)</b>		
	<b>Zero / Discount Rate Bond 1.82% (2017: 1.57%)</b>		
GBP 710,000	Anheuser-Busch InBev 2.25% 24/05/2029	664	1.82

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Cayman Islands 0.00% (2017: 0.71%)</b>		
	<b>Fixed Rate Bond 0.00% (2017: 0.71%)</b>		
	<b>Czech Republic 1.57% (2017: 1.12%)</b>		
	<b>Fixed Rate Bond 1.57% (2017: 1.12%)</b>		
EUR 270,000	CPI Property 2.125% 04/10/2024	236	0.65
EUR 400,000	CPI Property 4.375% Perpetual	337	0.92
		<u>573</u>	<u>1.57</u>
	<b>Denmark 1.28% (2017: 1.23%)</b>		
	<b>Fixed Rate Bond 1.28% (2017: 1.23%)</b>		
EUR 500,000	Nykredit Realkredit 4.00% 03/06/2036	<u>466</u>	<u>1.28</u>
	<b>France 2.89% (2017: 3.66%)</b>		
	<b>Fixed Rate Bond 2.89% (2017: 2.36%)</b>		
EUR 100,000	CMA CGM 7.75% 15/01/2021	88	0.24
EUR 100,000	Credit Agricole Assurances 4.75% 27/09/2048	95	0.26
EUR 300,000	Electricité de France 4.00% Perpetual	268	0.74
EUR 400,000	Eutelsat 2.00% 02/10/2025	345	0.94
EUR 300,000	Unibail-Rodamco 2.125% Perpetual	258	0.71
		<u>1,054</u>	<u>2.89</u>
	<b>Variable Rate Bond 0.00% (2017: 1.30%)</b>		
	<b>Germany 9.21% (2017: 10.70%)</b>		
	<b>Fixed Rate Bond 7.76% (2017: 5.03%)</b>		
EUR 400,000	ADLER Real Estate 2.125% 06/02/2024	343	0.94
EUR 250,000	Blackstone 1.40% 06/07/2022	223	0.61
EUR 700,000	DEMIRE Deutsche Mittelstand Real Estate 2.875% 15/07/2022	631	1.73
USD 843,000	Dresdner Funding Trust 8.151% 30/06/2031	818	2.25
EUR 500,000	Unitymedia Hessen 3.75% 15/01/2027	466	1.28
EUR 400,000	Volkswagen International Finance 3.375% Perpetual	345	0.95
		<u>2,826</u>	<u>7.76</u>
	<b>Variable Rate Bond 1.45% (2017: 5.67%)</b>		
EUR 600,000	ATF Netherlands 3.75% Perpetual	<u>530</u>	<u>1.45</u>
	<b>Italy 5.30% (2017: 6.97%)</b>		
	<b>Fixed Rate Bond 4.12% (2017: 3.60%)</b>		
USD 954,000	Leonardo US Holdings 6.25% 15/01/2040	735	2.01
EUR 300,000	Rossini 6.75% 30/10/2025	271	0.74
EUR 440,000	Telecom Italia Finance 7.75% 24/01/2033	498	1.37
		<u>1,504</u>	<u>4.12</u>
	<b>Variable Rate Bond 1.18% (2017: 3.37%)</b>		
GBP 400,000	Enel 7.75% 10/09/2075	<u>428</u>	<u>1.18</u>
	<b>Japan 0.71% (2017: 0.40%)</b>		
	<b>Fixed Rate Bond 0.71% (2017: 0.40%)</b>		
EUR 300,000	SoftBank 5.00% 15/04/2028	<u>260</u>	<u>0.71</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Luxembourg 1.97% (2017: 1.91%)</b>		
	<b>Fixed Rate Bond 1.97% (2017: 1.91%)</b>		
USD 500,000	Altice 7.75% 15/05/2022	365	1.00
EUR 400,000	LSF10 Wolverine Investments 5.00% 15/03/2024	352	0.97
		<u>717</u>	<u>1.97</u>
	<b>Mexico 1.02% (2017: 0.92%)</b>		
	<b>Fixed Rate Bond 1.02% (2017: 0.92%)</b>		
USD 490,000	Petroleos Mexicanos 6.50% 13/03/2027	<u>371</u>	<u>1.02</u>
	<b>Netherlands 1.98% (2017: 2.45%)</b>		
	<b>Fixed Rate Bond 1.98% (2017: 2.45%)</b>		
EUR 200,000	Atrium European Real Estate 3.00% 11/09/2025	179	0.49
EUR 400,000	Interxion 4.75% 15/06/2025	370	1.01
EUR 200,000	Starfruit Finco 6.50% 01/10/2026	173	0.48
		<u>722</u>	<u>1.98</u>
	<b>Philippines 0.82% (2017: 0.75%)</b>		
	<b>Fixed Rate Bond 0.82% (2017: 0.75%)</b>		
USD 400,000	San Miguel 4.875% 26/04/2023	<u>299</u>	<u>0.82</u>
	<b>Portugal 1.52% (2017: 0.00%)</b>		
	<b>Fixed Rate Bond 1.52% (2017: 0.00%)</b>		
EUR 400,000	Caixa Geral de Depósitos 5.75% 28/06/2028	365	1.01
EUR 80,000	Novo Banco 3.50% 02/01/2043	59	0.16
EUR 175,000	Novo Banco 3.50% 23/01/2043	129	0.35
		<u>553</u>	<u>1.52</u>
	<b>Romania 2.46% (2017: 0.98%)</b>		
	<b>Fixed Rate Bond 2.46% (2017: 0.98%)</b>		
EUR 400,000	Globalworth Real Estate Investments 3.00% 29/03/2025	354	0.97
EUR 600,000	Globalworth Real Estate 2.875% 20/06/2022	544	1.49
		<u>898</u>	<u>2.46</u>
	<b>Spain 2.93% (2017: 2.49%)</b>		
	<b>Fixed Rate Bond 2.93% (2017: 1.49%)</b>		
EUR 300,000	Cellnex Telecom 1.50% 16/01/2026	271	0.74
EUR 300,000	Codere Finance 2 Luxembourg 6.75% 01/11/2021	250	0.69
EUR 600,000	Lecta 6.5% 01/08/2023	547	1.50
		<u>1,068</u>	<u>2.93</u>
	<b>Variable Rate Bond 0.00% (2017: 1.00%)</b>		
	<b>Sweden 3.79% (2017: 1.61%)</b>		
	<b>Fixed Rate Bond 3.79% (2017: 1.61%)</b>		
EUR 400,000	Akelius Residential 3.875% 05/10/2078	351	0.96
EUR 400,000	Fastighets AB Balder 3.00% 07/03/2078	340	0.93
USD 500,000	Perstop 11.00% 30/09/2021	422	1.16
EUR 300,000	Verisure Midholding 5.75% 01/12/2023	268	0.74
		<u>1,381</u>	<u>3.79</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Switzerland 0.00% (2017: 0.17%)</b>		
	<b>Fixed Rate Bond 0.00% (2017: 0.17%)</b>		
	<b>United Kingdom 11.51% (2017: 15.09%)</b>		
	<b>Fixed Rate Bond 9.29% (2017: 12.96%)</b>		
GBP 300,000	AA Bond 5.50% 31/07/2022	270	0.74
GBP 400,000	Amigo Luxembourg 7.625% 15/01/2024	404	1.11
GBP 100,000	Ardonagh Midco 3 8.375% 15/07/2023	93	0.26
GBP 200,000	Aston Martin Capital 5.75% 15/04/2022	199	0.55
GBP 200,000	CPUK Finance 4.25% 28/08/2022	201	0.55
GBP 500,000	CYBG 4.00% 25/09/2026	494	1.36
GBP 200,000	Pinnacle Bidco 6.375% 15/02/2025	204	0.56
EUR 300,000	Playtech 3.75% 12/10/2023	261	0.72
GBP 300,000	Provident Financial 7.00% 04/06/2023	304	0.83
USD 799,000	Royal Bank of Scotland 7.648% Perpetual	781	2.13
EUR 200,000	Tesco Corporate Treasury Services 1.375% 24/10/2023	176	0.48
		<u>3,387</u>	<u>9.29</u>
	<b>Variable Rate Bond 2.22% (2017: 2.13%)</b>		
USD 822,665	EnQuest 7.00% 15/04/2022	583	1.60
GBP 200,000	Prudential 5.70% 19/12/2063	226	0.62
		<u>809</u>	<u>2.22</u>
	<b>United States 3.86% (2017: 9.30%)</b>		
	<b>Fixed Rate Bond 3.86% (2017: 9.30%)</b>		
USD 290,000	Elanco Animal Health 4.90% 28/08/2028	224	0.62
USD 550,000	Endo Finance Issuers 6.00% 01/02/2025	360	0.99
EUR 200,000	Garrett Borrowing 5.125% 15/10/2026	164	0.45
GBP 400,000	Jewel UK 8.50% 15/04/2023	396	1.08
EUR 300,000	LKQ European 3.625% 01/04/2026	261	0.72
		<u>1,405</u>	<u>3.86</u>
	<b>Collective Investment Schemes 7.05% (2017: 8.77%)</b>		
943	Deutsche Global Liquidity Managed Platinum Sterling Fund	1	-
2,194,637	Janus Henderson Institutional Cash Fund Institutional Acc <sup>1</sup>	2,569	7.05
		<u>2,570</u>	<u>7.05</u>
	<b>Derivatives (3.59%) (2017: (1.80%))</b>		
	<b>Futures 0.07% (2017: 0.22%)</b>		
(7)	CBT US Long Bond December 2018	31	0.08
(13)	CBT US 10 Year Note December 2018	14	0.04
(11)	EUX Euro-Bobl December 2018	(1)	0.00
(13)	EUX Euro-Bund December 2018	(11)	(0.03)
(6)	ICE Long Gilt December 2018	(7)	(0.02)
		<u>26</u>	<u>0.07</u>
	<b>Swaps (2.85%) (2017: (2.33%))<sup>2</sup></b>		
	<b>Credit Default Index Swaps (2.48%) (2017: (2.81%))<sup>2</sup></b>		
11,000,000	CDX 1.00% 20/12/2023 iTraxx-Crossover Pay EUR	(902)	(2.48)

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Credit Default Swaps (0.37%) (2017: (0.06%))<sup>2</sup></b>			
900,000	CDS 1.00% 20/12/2023 Airbus Pay EUR	(25)	(0.07)
200,000	CDS 5.00% 20/12/2023 Novafives Pay EUR	(1)	0.00
350,000	CDS 5.00% 20/12/2023 Novafives Pay EUR	(1)	0.00
550,000	CDS 5.00% 20/12/2023 REXEL Pay EUR	(79)	(0.22)
400,000	CDS 5.00% 20/12/2023 Wind Tre SpA Pay EUR	(28)	(0.08)
		<u>(134)</u>	<u>(0.37)</u>
<b>Total Return Swaps 0.00% (2017: 0.54%)<sup>2</sup></b>			
<b>Forward Foreign Exchange Contracts (1.14%) (2017: 0.38%)<sup>2</sup></b>			
	Buy EUR 104,331 : Sell GBP 92,927 November 2018 <sup>3</sup>	-	-
	Buy EUR 13,084,594 : Sell GBP 11,611,056 November 2018	3	0.01
	Buy EUR 199,632 : Sell GBP 177,492 November 2018 <sup>3</sup>	-	-
	Buy EUR 23,006 : Sell GBP 20,329 November 2018 <sup>3</sup>	-	-
	Buy EUR 280,110 : Sell GBP 247,170 November 2018	1	-
	Buy EUR 354,758 : Sell GBP 311,846 November 2018	3	0.01
	Buy EUR 390,215 : Sell GBP 346,343 November 2018 <sup>3</sup>	-	-
	Buy EUR 41,184 : Sell GBP 36,580 November 2018 <sup>3</sup>	-	-
	Buy EUR 47,082 : Sell GBP 41,551 November 2018 <sup>3</sup>	-	-
	Buy EUR 56,192 : Sell GBP 50,028 November 2018 <sup>3</sup>	-	-
	Buy EUR 90,393 : Sell GBP 79,880 November 2018 <sup>3</sup>	-	-
	Buy GBP 10,141,751 : Sell USD 13,336,220 November 2018	(285)	(0.77)
	Buy GBP 102,768 : Sell EUR 115,444 November 2018 <sup>3</sup>	-	-
	Buy GBP 11,602,764 : Sell EUR 13,084,594 November 2018 <sup>3</sup>	-	-
	Buy GBP 132,557 : Sell USD 172,233 November 2018	(2)	(0.01)
	Buy GBP 14,663 : Sell EUR 16,661 November 2018 <sup>3</sup>	-	-
	Buy GBP 23,288,738 : Sell EUR 26,385,340 November 2018	(130)	(0.36)
	Buy GBP 2,406,573 : Sell USD 3,074,999 November 2018 <sup>3</sup>	-	-
	Buy GBP 29,401 : Sell USD 37,700 November 2018 <sup>3</sup>	-	-
	Buy GBP 35,830 : Sell EUR 40,300 November 2018 <sup>3</sup>	-	-
	Buy GBP 40,499 : Sell EUR 46,071 November 2018 <sup>3</sup>	-	-
	Buy GBP 437,677 : Sell EUR 497,440 November 2018	(4)	(0.01)
	Buy GBP 44,096 : Sell EUR 49,862 November 2018 <sup>3</sup>	-	-
	Buy GBP 529,359 : Sell EUR 600,000 November 2018	(3)	(0.01)
	Buy GBP 56,282 : Sell EUR 63,738 November 2018 <sup>3</sup>	-	-
	Buy GBP 68,115 : Sell EUR 76,241 November 2018 <sup>3</sup>	-	-
	Buy GBP 88,515 : Sell EUR 100,000 November 2018 <sup>3</sup>	-	-
	Buy USD 3,074,999 : Sell GBP 2,404,578 November 2018	(1)	-
	Buy USD 57,803 : Sell GBP 44,490 November 2018	1	-
		<u>(417)</u>	<u>(1.14)</u>
<b>Forward Foreign Exchange Contracts (Hedged share classes) 0.33% (2017: (0.07%))<sup>2</sup></b>			
	Buy EUR 3,399,100 : Sell GBP 3,000,852 November 2018	15	0.04
	Buy EUR 497,703 : Sell GBP 439,391 November 2018	2	0.01
	Buy GBP 105,803 : Sell EUR 120,070 November 2018	(1)	-
	Buy GBP 142,299 : Sell EUR 160,815 November 2018 <sup>3</sup>	-	-
	Buy GBP 305,886 : Sell EUR 346,069 November 2018	(1)	-
	Buy GBP 32,243 : Sell EUR 36,724 November 2018 <sup>3</sup>	-	-
	Buy GBP 330,250 : Sell EUR 375,278 November 2018	(3)	(0.01)
	Buy GBP 36,580 : Sell EUR 41,172 November 2018 <sup>3</sup>	-	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> (continued)			
	Buy GBP 3,984 : Sell EUR 4,513 November 2018 <sup>3</sup>	-	-
	Buy GBP 43,234 : Sell EUR 48,972 November 2018 <sup>3</sup>	-	-
	Buy GBP 92,927 : Sell EUR 104,296 November 2018 <sup>3</sup>	-	-
	Buy USD 392,359 : Sell GBP 298,092 November 2018	9	0.02
	Buy USD 4,420,486 : Sell GBP 3,358,440 November 2018	99	0.27
	Buy USD 641 : Sell GBP 487 November 2018 <sup>3</sup>	-	-
	Buy USD 7,261 : Sell GBP 5,517 November 2018 <sup>3</sup>	-	-
		<u>120</u>	<u>0.33</u>
	<b>Investment assets including investment liabilities</b>	<b>34,965</b>	<b>95.94</b>
	Other net assets	<u>1,479</u>	<u>4.06</u>
	<b>Total net assets</b>	<b>36,444</b>	<b>100.00</b>

<sup>1</sup> Related party to the fund

<sup>2</sup> Unquoted securities

<sup>3</sup> Due to rounding to nearest £1,000

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

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

## Statement of total return for the year ended 31 October 2018

		2018		2017	
	Note	£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		773		(12,094)
Revenue	3	2,120		953	
Expenses	4	(360)		(1,497)	
Interest payable and similar charges	5	(2)		(1)	
Net revenue/(expense) before taxation		1,758		(545)	
Taxation	6	(1)		-	
Net revenue/(expense) after taxation			1,757		(545)
Total return before distributions			2,530		(12,639)
Distributions	7		(1,757)		(561)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>773</b>		<b>(13,200)</b>

## Statement of change in net assets attributable to shareholders for the year ended 31 October 2018

	2018		2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>311,251</b>		<b>486,500</b>
Amounts receivable on issue of shares	5,582		14,430	
Amounts payable on cancellation of shares	(282,728)		(177,230)	
		(277,146)		(162,800)
Dilution adjustment		762		191
Change in net assets attributable to shareholders from investment activities		773		(13,200)
Retained distributions on accumulation shares		804		560
<b>Closing net assets attributable to shareholders</b>		<b>36,444</b>		<b>311,251</b>

## Balance sheet as at 31 October 2018

	Note	2018 £000	2017 £000
<b>Assets:</b>			
Investments		36,450	309,483
Current assets:			
Debtors	8	24,365	4,380
Cash and bank balances	9	18,670	22,935
<b>Total assets</b>		<b>79,485</b>	<b>336,798</b>
<b>Liabilities:</b>			
Investment liabilities		1,485	12,993
Creditors:			
Amounts held at derivative clearing houses and brokers		51	748
Bank overdrafts		549	73
Other creditors	10	40,956	11,733
<b>Total liabilities</b>		<b>43,041</b>	<b>25,547</b>
<b>Net assets attributable to shareholders</b>		<b>36,444</b>	<b>311,251</b>

## Notes to the financial statements for the year ended 31 October 2018

### 1 Accounting policies

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

### 2 Net capital gains/(losses)

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

	2018 £000	2017 £000
Capital management fee rebates	1	3
Derivative securities	1,901	(8,202)
Forward currency contracts	324	6,306
Forward currency contracts on hedged share classes	216	(2,952)
Non-derivative securities	(914)	(7,476)
Other currency (losses)/gains	(741)	235
Transaction costs	(14)	(8)
<b>Net capital gains/(losses)</b>	<b>773</b>	<b>(12,094)</b>

### 3 Revenue

	2018 £000	2017 £000
Bank interest	59	89
Deposit interest	-	6
Derivative revenue	(1,858)	(8,742)
Distributions from overseas funds	18	-
Distributions from UK regulated collective investment schemes:		
Interest distribution	31	85
Interest on debt securities	3,848	9,482
Revenue on hedged share classes	2	1
Stock lending revenue	20	32
<b>Total revenue</b>	<b>2,120</b>	<b>953</b>

## Notes to the financial statements (continued)

### 4 Expenses

	2018 £000	2017 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	295	1,304
GAC*	44	140
	<u>339</u>	<u>1,444</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	10	35
Safe custody fees	8	18
	<u>18</u>	<u>53</u>
<b>Other expenses:</b>		
Professional fees	3	-
	<u>3</u>	<u>-</u>
<b>Total expenses</b>	<u><b>360</b></u>	<u><b>1,497</b></u>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £12,426 (2017: £12,064).

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2018 £000	2017 £000
Interest payable	2	1
<b>Total interest payable and similar charges</b>	<u><b>2</b></u>	<u><b>1</b></u>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2018 £000	2017 £000
<b>Current tax</b>		
Overseas withholding tax	1	-
<b>Total tax (note 6b)</b>	<u><b>1</b></u>	<u><b>-</b></u>



## Notes to the financial statements (continued)

### 6 Taxation (continued)

#### b) Factors affecting tax charge for year

The tax assessed for each year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2017: 20%). The differences are explained below:

	2018 £000	2017 £000
Net revenue/(expense) before taxation	1,758	(545)
Corporation tax at 20% (2017: 20%)	352	(109)
Effects of:		
Irrecoverable overseas tax	1	-
Revenue being paid as interest distributions	(352)	-
Tax effect of capitalised management fee rebates	-	1
Unused management expenses	-	108
<b>Tax charge for the year (note 6a)</b>	<b>1</b>	<b>-</b>

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 (2017: nil).

#### d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is no potential deferred tax asset (2017: £108,427) in relation to surplus management expenses.

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

### 7 Distributions

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

	2018 £000	2017 £000
Interim accumulation	537	528
Final accumulation	267	32
	804	560
Amounts deducted on cancellation of shares	964	1
Amounts received on issue of shares	(11)	-
<b>Total distributions</b>	<b>1,757</b>	<b>561</b>
Net revenue/(expense) after taxation	1,757	(545)
Revenue shortfall	-	1,105
Tax effect of capitalised management fee rebates	-	1
<b>Total distributions</b>	<b>1,757</b>	<b>561</b>

Details of the distribution per share are set out in the distribution tables on pages 48 to 50.

## Notes to the financial statements (continued)

### 8 Debtors

	2018 £000	2017 £000
Accrued revenue	299	2,788
Amounts receivable for issue of shares	-	870
Currency transactions awaiting settlement	367	-
Lehman's compensation	-	239
Sales awaiting settlement	23,699	483
<b>Total debtors</b>	<b>24,365</b>	<b>4,380</b>

### 9 Cash and bank balances

	2018 £000	2017 £000
Amounts held at derivative clearing houses and brokers	3,025	1,183
Cash and bank balances	3,695	13,282
Cash pledged as collateral	200	8,470
Deposit accounts	11,750	-
<b>Total cash and bank balances</b>	<b>18,670</b>	<b>22,935</b>

### 10 Other creditors

	2018 £000	2017 £000
Accrued annual management charge	14	72
Accrued Depositary's fee	1	3
Accrued other expenses	13	11
Amounts payable for cancellation of shares	39,321	204
Derivative interest payable	64	673
Currency transactions awaiting settlement	367	-
Purchases awaiting settlement	1,176	10,770
<b>Total other creditors</b>	<b>40,956</b>	<b>11,733</b>

### 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 because it provides key management personnel services to 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 33 and 34 and notes 4, 7, 8 and 10 on pages 36 to 38 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

The ultimate controlling party of Henderson Investment Funds Limited is Janus Henderson Group plc. The transactions associated with Janus Henderson Group plc, its subsidiaries and other funds managed by Henderson Investment Funds Limited are as follows:

- a) The aggregate value of purchases and sales transactions was £15,741,158 (2017: nil) and the balance outstanding at the year end was nil (2017: nil).
- b) Revenue receivable for the year was £31,020 (2017: £85,485) and the balance outstanding at the year end was nil (2017: nil).
- c) The aggregate value of investments held at the year end was £2,568,603 (2017: £18,278,163).

Harewood Nominees Limited, as a material shareholder, is a related party holding shares comprising 63.88% of the total net assets of the fund as at the year end (2017: 74.64%).

## Notes to the financial statements (continued)

### 13 Shareholders' funds

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

	2018 %	2017 %
Class A	1.25	1.50
Class I	1.00	1.00
Class Y	0.75	1.00
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 17 to 24. The distribution per share class is given in the distribution tables on pages 48 to 50. All share classes have the same rights on winding up.

#### Shares reconciliation as at 31 October 2018

	Class A accumulation	Class I accumulation (formerly Class I gross accumulation)	Class I accumulation	Class Y accumulation
Opening number of shares	2,872,175	41,418,781	22,514	891,734
Issues during the year	63,528	272	-	21,150
Cancellations during the year	(1,787,093)	(37,512,071)	-	(921,968)
Shares converted during the year	-	21,685	(22,514)	483,961
<b>Closing shares in issue</b>	<b>1,148,610</b>	<b>3,928,667</b>	<b>-</b>	<b>474,877</b>
	Class Z accumulation (formerly Class Z gross accumulation)	Class Z accumulation	Class Y gross accumulation	Class A Euro (hedged) accumulation
Opening number of shares	142,218,849	93,729	500,249	2,312,466
Issues during the year	-	-	-	1,224,457
Cancellations during the year	(128,277,151)	-	-	(3,024,309)
Shares converted during the year	61,855	(93,729)	(500,249)	-
<b>Closing shares in issue</b>	<b>14,003,553</b>	<b>-</b>	<b>-</b>	<b>512,614</b>
	Class Y Euro (hedged) accumulation	Class A USD (hedged) accumulation	Class Y USD (hedged) accumulation	
Opening number of shares	112,686	945,886	37,030	
Issues during the year	25,408	-	-	
Cancellations during the year	(123,673)	(97,554)	-	
<b>Closing shares in issue</b>	<b>14,421</b>	<b>848,332</b>	<b>37,030</b>	

## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund may use financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, 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 of £200,000 pledged as collateral as at 31 October 2018 (2017: £8,470,000). There was no collateral held in respect of derivatives as at 31 October 2018 (2017: bonds with a market value of £561,781 were held).

#### 2018

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

Counterparty	Forward foreign exchange contracts £000	Forward foreign exchange contracts (hedged) share classes £000	Futures £000	Total by counterparty contracts £000
BNP Paribas	8	-	-	8
JP Morgan	-	125	-	125
UBS	-	-	45	45
	<b>8</b>	<b>125</b>	<b>45</b>	<b>178</b>

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives were as follows:

Counterparty	Credit default swaps £000	Forward foreign exchange contracts £000	Forward foreign exchange contracts (hedged) share classes £000
BNP Paribas	-	1,415	-
Credit Suisse	404	-	-
JP Morgan	3,133	10	8
UBS	-	-	-
	<b>3,537</b>	<b>1,425</b>	<b>8</b>

Counterparty	Futures £000	Total return swaps £000	Total by counterparty contracts £000
BNP Paribas	-	-	1,415
Credit Suisse	-	-	404
JP Morgan	-	1,675	4,826
UBS	748	-	748
	<b>748</b>	<b>1,675</b>	<b>7,393</b>

## 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 income.

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

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

#### 2018

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Credit Suisse	1,842	1,954	Corporate Bond
	<u>1,842</u>	<u>1,954</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	24	4	20

#### 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
JP Morgan	5,644	5,942	Corporate Bond
JP Morgan	4,226	4,717	Equity
JP Morgan	211	223	Government Bond
	<u>10,081</u>	<u>10,882</u>	
Morgan Stanley	794	845	Government Bond
	<u>10,875</u>	<u>11,727</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	38	6	32

## Notes to the financial statements (continued)

### 16 Risk

#### Currency risk

The exposure to currency risk at the current year end is considered significant. The following table details the net exposure of the principle foreign currencies the fund is exposed to including any instruments used to hedge foreign currencies. The exposure to currency risk in the prior year was not considered significant, however 2017 figures have been included for comparative purposes.

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2018</b>			
<b>Currency</b>			
Euro	(11,040)	13,492	2,452
UK sterling	47,493	(17,312)	30,181
US dollar	(1,488)	5,299	3,811
<b>Total</b>	<b>34,965</b>	<b>1,479</b>	<b>36,444</b>
	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Euro	11,444	(180)	11,264
UK sterling	280,614	14,562	295,176
US dollar	4,432	379	4,811
<b>Total</b>	<b>296,490</b>	<b>14,761</b>	<b>311,251</b>

#### 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
<b>2018</b>				
Euro	2,653	10,545	13,136	26,334
UK sterling	17,112	16,729	8,570	42,411
US dollar	672	4,661	5,407	10,740
<b>Total</b>	<b>20,437</b>	<b>31,935</b>	<b>27,113</b>	<b>79,485</b>
	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
<b>2017</b>				
Euro	34,359	70,719	1,351	106,429
UK sterling	26,971	114,069	31,333	172,373
US dollar	5,213	51,607	1,176	57,996
<b>Total</b>	<b>66,543</b>	<b>236,395</b>	<b>33,860</b>	<b>336,798</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Interest rate risk (continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2018</b>				
Euro	7	1,035	1,619	2,661
UK sterling	549	-	39,786	40,335
US dollar	44	-	1	45
<b>Total</b>	<b>600</b>	<b>1,035</b>	<b>41,406</b>	<b>43,041</b>

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
<b>2017</b>				
Euro	-	12,169	3,792	15,961
UK sterling	291	-	5,456	5,747
US dollar	530	292	3,017	3,839
<b>Total</b>	<b>821</b>	<b>12,461</b>	<b>12,265</b>	<b>25,547</b>

#### Credit Ratings

	Market value £000	Percentage of net assets %
<b>2018</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)*	17,947	49.25
Below investment grade (BB and below)	12,540	34.41
Unrated	3,215	8.82
<b>Total debt securities</b>	<b>33,702</b>	<b>92.48</b>
Collective investment schemes	2,570	7.05
Derivatives	(1,307)	(3.59)
<b>Investment assets including investment liabilities</b>	<b>34,965</b>	<b>95.94</b>
Other net assets	1,479	4.06
<b>Total net assets</b>	<b>36,444</b>	<b>100.00</b>

	Market value £000	Percentage of net assets %
<b>2017</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)*	131,262	42.17
Below investment grade (BB and below)	131,307	42.19
Unrated	12,223	3.93
<b>Total debt securities</b>	<b>274,792</b>	<b>88.29</b>
Collective investment schemes	27,298	8.77
Derivatives	(5,600)	(1.80)
<b>Investment assets including investment liabilities</b>	<b>296,490</b>	<b>95.26</b>
Other net assets	14,761	4.74
<b>Total net assets</b>	<b>311,251</b>	<b>100.00</b>

\* Certificates of deposits included within investment grade have been rated based on the rating of the issuer.

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Sensitivity analysis

##### Global exposure

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

#### VaR Results

	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2018	0.81	2.44	1.21	20.00	4.04	12.18	6.04
2017	0.60	1.85	1.25	20.00	3.02	9.24	6.24

Global exposure calculation basis: Absolute VaR.

#### Leverage

	Minimum	Maximum	Average
	%	%	%
2018	90.73	276.32	150.75
2017	120.78	258.17	172.92

#### 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
2018				
Amounts held at derivatives clearing houses and brokers	51	-	-	-
Bank overdrafts	549	-	-	-
Derivative financial liabilities	-	449	-	1,036
Other creditors	-	40,956	-	-
<b>Total</b>	<b>600</b>	<b>41,405</b>	<b>-</b>	<b>1,036</b>
2017				
Amounts held at derivatives clearing houses and brokers	748	-	-	-
Bank overdrafts	73	-	-	-
Derivative financial liabilities	-	602	3,123	9,268
Other creditors	-	11,733	-	-
<b>Total</b>	<b>821</b>	<b>12,335</b>	<b>3,123</b>	<b>9,268</b>



## 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

	2018		2017	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	45	19	748	55
Level 2	36,405	1,466	308,735	12,938
Level 3	-	-	-	-
	<u>36,450</u>	<u>1,485</u>	<u>309,483</u>	<u>12,993</u>

## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Trades in the year</b>				
Certificates of deposit	104,489	357,520	172,750	466,256
Collective investment schemes	-	-	15,741	-
Debt securities	102,185	342,970	266,846	346,420
Equities	-	-	-	144
<b>Trades in the year before transaction costs</b>	<b>206,674</b>	<b>700,490</b>	<b>455,337</b>	<b>812,820</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total commissions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxes</b>				
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	3
Equities	-	-	-	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Total transaction costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Total net trades in the year after transaction costs</b>	<b>206,674</b>	<b>700,490</b>	<b>455,337</b>	<b>812,817</b>

	Purchases		Sales	
	2018	2017	2018	2017
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Taxes</b>				
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Other expenses</b>				
Certificates of deposit	-	-	-	-
Collective investment schemes	-	-	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

	2018 %	2017 %
<b>Total transaction costs expressed as a percentage of net asset value</b>		
Commissions	-	-
Taxes	-	-
Other expenses	-	-
<b>Total costs</b>	<b>-</b>	<b>-</b>

There were no in specie transfers during the year (2017: nil). There were corporate actions during the year of £4,724,539 (2017: £13,925,728).

There were direct transaction costs associated with derivatives in the year of £2,439 (2017: £6,575) which is 0.00% of the average net asset value of the fund (2017: 0.00%).

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

The costs of acquiring and disposing of units/shares in other collective investment schemes are included within the expense ratio which is an intrinsic part of the NAV price per unit/share of the underlying fund.

Direct transaction costs related to bonds are not separately identifiable as with other financial instruments as the costs form part of the dealing spread and therefore are inherent within the purchase and sale prices of the trade.

The portfolio dealing spread as at 31 October 2018 was 0.69% (2017: 0.49%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

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

## Distribution tables for the year ended 31 October 2018 (in pence per share)

### Interim interest distribution (accounting date 30 April 2018, paid on 29 June 2018)

Group 1: shares purchased prior to 1 November 2017

Group 2: shares purchased on or after 1 November 2017

	Distribution per share	Equalisation	Total distribution per share 29/06/18	Total distribution per share 30/06/17
<b>Class A accumulation</b>				
Group 1	0.0472	-	0.0472	-
Group 2	-	0.0472	0.0472	-
<b>Class G accumulation<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-
<b>Class I accumulation (formerly Class I gross accumulation)</b>				
Group 1	0.3916	-	0.3916	-
Group 2	0.2738	0.1178	0.3916	-
<b>Class I accumulation<sup>2</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-
<b>Class Y accumulation</b>				
Group 1	0.4192	-	0.4192	-
Group 2	0.3203	0.0989	0.4192	-
<b>Class Z accumulation (formerly Class Z gross accumulation)</b>				
Group 1	1.2708	-	1.2708	0.3132
Group 2	1.2708	-	1.2708	0.3132
<b>Class Z accumulation<sup>2</sup></b>				
Group 1	n/a	n/a	n/a	0.2018
Group 2	n/a	n/a	n/a	0.2018
<b>Class G gross accumulation<sup>3</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-
<b>Class Y gross accumulation<sup>2</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-
<b>Class A Euro (hedged) accumulation<sup>4</sup></b>				
Group 1	0.4533	-	0.4533	-
Group 2	-	0.4533	0.4533	-
<b>Class G Euro (hedged) accumulation<sup>1,4</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-

## Distribution tables (continued)

### Interim interest distribution (accounting date 30 April 2018, paid on 29 June 2018) (continued)

Group 1: shares purchased prior to 1 November 2017

Group 2: shares purchased on or after 1 November 2017

	Distribution per share	Equalisation	Total distribution per share 29/06/18	Total distribution per share 30/06/17
<b>Class Y Euro (hedged) accumulation<sup>4</sup></b>				
Group 1	4.0390	-	4.0390	-
Group 2	1.4636	2.5754	4.0390	-
<b>Class A USD (hedged) accumulation<sup>5</sup></b>				
Group 1	0.4920	-	0.4920	-
Group 2	0.4920	-	0.4920	-
<b>Class G USD (hedged) accumulation<sup>1,5</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-
<b>Class Y USD (hedged) accumulation<sup>5</sup></b>				
Group 1	4.1343	-	4.1343	-
Group 2	4.1343	-	4.1343	-

<sup>1</sup> Class G accumulation, Class G Euro (hedged) accumulation and Class G USD (hedged) accumulation closed on 29 September 2017.

<sup>2</sup> Class I accumulation, Class Y gross accumulation and Class Z accumulation closed on 1 November 2017.

<sup>3</sup> Class G gross accumulation closed on 14 June 2017.

<sup>4</sup> in Euro cents per share

<sup>5</sup> in USD cents per share

### Final interest distribution (accounting date 31 October 2018, paid on 31 December 2018)

Group 1 : shares purchased prior to 1 May 2018

Group 2 : shares purchased on or after 1 May 2018

	Distribution per share	Equalisation	Total distribution per share 31/12/18	Total distribution per share 29/12/17
<b>Class A accumulation</b>				
Group 1	0.1356	-	0.1356	-
Group 2	-	0.1356	0.1356	-
<b>Class I accumulation (formerly Class I gross accumulation)</b>				
Group 1	0.6433	-	0.6433	-
Group 2	-	0.6433	0.6433	-
<b>Class I accumulation<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-
<b>Class Y accumulation</b>				
Group 1	0.6131	-	0.6131	-
Group 2	0.4434	0.1697	0.6131	-

## Distribution tables (continued)

### Final interest distribution (accounting date 31 October 2018, paid on 31 December 2018) (continued)

Group 1 : shares purchased prior to 1 May 2018

Group 2 : shares purchased on or after 1 May 2018

	Distribution per share	Equalisation	Total distribution per share 31/12/18	Total distribution per share 29/12/17
<b>Class Z accumulation (formerly Class Z gross accumulation)</b>				
Group 1	1.5765	-	1.5765	0.0226
Group 2	1.5765	-	1.5765	0.0226
<b>Class Z accumulation<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	0.0272
Group 2	n/a	n/a	n/a	0.0272
<b>Class Y gross accumulation<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	-
Group 2	n/a	n/a	n/a	-
<b>Class A Euro (hedged) accumulation<sup>2</sup></b>				
Group 1	1.2551	-	1.2551	-
Group 2	-	1.2551	1.2551	-
<b>Class Y Euro (hedged) accumulation<sup>2</sup></b>				
Group 1	5.6083	-	5.6083	-
Group 2	5.6083	-	5.6083	-
<b>Class A USD (hedged) accumulation<sup>3</sup></b>				
Group 1	1.3243	-	1.3243	-
Group 2	1.3243	-	1.3243	-
<b>Class Y USD (hedged) accumulation<sup>3</sup></b>				
Group 1	5.8421	-	5.8421	-
Group 2	5.8421	-	5.8421	-

<sup>1</sup> Class I accumulation, Class Y gross accumulation and Class Z accumulation closed on 1 November 2017.

<sup>2</sup> in Euro cents per share

<sup>3</sup> in USD cents per share

# Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund

(formerly Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund)

**Authorised Corporate Director's (ACD) report** for the year ended 31 October 2018

## Investment Fund Managers

Janus Henderson Multi Strategy Equities Team

## Investment objective and policy

The fund aims to deliver a return in excess of the FTSE customised Developed Asia Pacific ex Japan Index, the 'reference index', (or such other index as may from time to time replace it) before management fees, while carefully controlling deviation from the reference index.

The fund will invest primarily in shares of Asia Pacific ex Japan companies included in the reference index. The fund's holdings are principally selected to replicate the components of the reference index. The index will not be identically replicated and this can lead to differences in performance. There are no restrictions on the size of the companies in which the fund may invest.

In addition to seeking to reflect the index, the fund manager will make use of investment strategies aimed at enhancing returns. These seek to generate returns based on differences in the prices of securities issued by, or associated with, companies that form part of the reference index. They can include, but are not limited to, liquidity strategies (investing in 'blocks of stock' at discounted prices), and relative value strategies (taking advantage of differences between the prices of securities related to the same company).

Further details explaining the investment strategies are available on the fund's pages on our website ([www.janushenderson.com](http://www.janushenderson.com))

The fund may invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used by the fund for investment purposes, in achieving the enhancements to the index return and for the purposes of efficient portfolio management.

## Performance summary

	31 Oct 17 - 31 Oct 18 %	31 Oct 16 - 31 Oct 17 %	31 Oct 15 - 31 Oct 16 %	31 Oct 14 - 31 Oct 15 %	31 Oct 13 - 31 Oct 14 %
<b>Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>	(6.5)	15.5	40.3	(8.9)	1.6
<b>FTSE Custom All World Dev Asia Pacific ex Japan Index*</b>	(6.6)	15.2	39.7	(8.8)	1.6

Source: BNP, Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of class Z accumulation.

\* Customised net dividends reinvested (Market Capitalisation weighted index of Australia, New Zealand, Hong Kong, Singapore, Taiwan and South Korea).

Benchmark values are 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.

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

### Significant portfolio changes for the year ended 31 October 2018

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
Taiwan Semiconductor Manufacturing	1,358	Samsung Electronics	2,599
Samsung Electronics	1,298	Taiwan Semiconductor Manufacturing	2,193
Commonwealth Bank of Australia	781	AIA	1,220
AIA	676	Commonwealth Bank of Australia	1,195
Westpac Banking	590	Westpac Banking	893
BHP	500	Australia & New Zealand Banking	845
Transurban	495	BHP	790
Australia & New Zealand Banking	418	National Australia Bank	596
National Australia Bank	390	CSL	595
Woodside Petroleum	357	DBS Holdings	516
<b>Total purchases</b>	<b>26,462</b>	<b>Total sales</b>	<b>41,020</b>



### Investment review

Over the year to 31 October 2018, the fund returned -6.5% (based on class Z accumulation).

Recurring concerns about an impending trade war between China and the US were an overreaching theme over the year, and consequently both markets and aggregate economic data deteriorated in the year ending 31 October 2018. Chinese inflation fluctuated in the year, spiking at 2.9% year-on-year growth in February, up from 1.5% in January, only to drop in the following months; it slowly increased from May, aided by higher food prices. GDP expansion slowed to an annual rate of 6.7% in the second quarter after three quarters at 6.8%, and the figure subsequently sank lower, hitting 6.5% in the third quarter, the lowest rate of growth for over nine years. As was feared given aggressive political rhetoric, stocks slipped into bear-market territory in June, with the Shanghai Composite Index registering a 20% drop from its January highs. In July, the trade war began in earnest when the US imposed high tariffs on Chinese imports; China retaliated with a 25% tax on American goods. The downward slide in markets continued, with the Shanghai Composite hitting fresh four-year lows in October. Chinese authorities tried to combat the slowdown with a rash of easing measures, including four cuts to reserve requirement ratios and an announcement that an additional 750 billion yuan would be injected into the economy for the purpose of lending.

Elsewhere in Asia, South Korea's KOSPI Index experienced a strong start to 2018, hitting record highs in January. However, this was to reverse sharply as the year went on; the index registered sharp dips in February, July and October as foreign investors sold out of the country on trade concerns. GDP growth in the country was lacklustre; the economy contracted quarter over quarter in the three months to 31 December 2017. Though it rebounded into positive territory with the help of strong manufacturing figures, it failed to recover fully and missed expectations in the third quarter, growing at +0.6% on a quarterly basis. Fears of an economic downturn abounded, but Korean authorities kept incumbent monetary policy in place. Australian equities were up and down in the year, bouncing in April on tax-cut initiatives from the government and again in late summer given favourable economic data, including an uptick in employment figures. However, harsh weather took its toll as the year under review came to a close, with a lasting drought severely hampering the farming industry.

Elsewhere, Taiwanese stocks dropped precipitously in late September and early October of 2018 following a rather steady run for most of the period. The TAIEX was brought lower by poor earnings results combined with geopolitical fears. However, broader economic data was encouraging, with GDP and employment inching up from drops earlier in 2018. Hong Kong's stockmarket followed a downward curve as well, as far-reaching fears about the US-China trade war led investors to tread cautiously.

## Comparative tables for the year ended 31 October 2018

	Class I accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	304.09	265.42	190.67
Return before operating charges*	(20.50)	41.02	76.53
Operating charges	(2.55)	(2.35)	(1.78)
Return after operating charges*	(23.05)	38.67	74.75
Distributions on accumulation shares	(7.68)	(7.47)	(6.82)
Retained distributions on accumulation shares	7.68	7.47	6.82
Closing net asset value per share	281.04	304.09	265.42
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(7.58%)	14.57%	39.20%
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### Other information

Closing net asset value (£000s)	9,788	13,107	12,362
Closing number of shares	3,482,731	4,310,248	4,657,365
Operating charges	0.84%	0.83%	0.83%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	315.16	307.38	269.22
Lowest share price (pence)	274.36	251.04	178.19

	Class Y accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	303.45	264.81	190.26
Return before operating charges*	(20.45)	40.99	76.33
Operating charges	(2.55)	(2.35)	(1.78)
Return after operating charges*	(23.00)	38.64	74.55
Distributions on accumulation shares	(7.66)	(7.45)	(6.78)
Retained distributions on accumulation shares	7.66	7.45	6.78
Closing net asset value per share	280.45	303.45	264.81
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(7.58%)	14.59%	39.18%
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### Other information

Closing net asset value (£000s)	19,626	24,916	25,211
Closing number of shares	6,997,929	8,211,085	9,520,438
Operating charges	0.84%	0.83%	0.83%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	314.49	306.74	268.64
Lowest share price (pence)	273.78	250.50	177.80

## Comparative tables (continued)

	Class Z accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	457.87	396.46	283.05
Return before operating charges*	(30.81)	61.75	113.67
Operating charges	(0.41)	(0.34)	(0.26)
Return after operating charges*	(31.22)	61.41	113.41
Distributions on accumulation shares	(15.04)	(14.06)	(12.08)
Retained distributions on accumulation shares	15.04	14.06	12.08
Closing net asset value per share	426.65	457.87	396.46
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(6.82%)	15.49%	40.07%
<b>Other information</b>			
Closing net asset value (£000s)	91,097	112,495	107,735
Closing number of shares	21,351,759	24,568,898	27,174,158
Operating charges	0.09%	0.08%	0.08%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	477.62	463.08	402.62
Lowest share price (pence)	416.44	375.74	265.02

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 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.

## 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.

	<b>2018</b> %	<b>2017</b> %
<b>Class I</b>	0.84	0.83
<b>Class Y</b>	0.84	0.83
<b>Class Z</b>	0.09	0.08

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; I accumulation, Y accumulation and Z accumulation. Each type of share class has the same risk and reward profile which is as follows:



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

The value of an investment 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 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 the risk ratings in the year.

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.

## Portfolio statement as at 31 October 2018

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Equities 99.20% (2017: 98.68%)</b>			
<b>Australia 32.05% (2017: 30.58%)</b>			
<b>Basic Materials 4.66% (2017: 3.88%)</b>			
127,995	Alumina	180	0.15
173,796	BHP	3,104	2.57
31,103	Bluescope Steel	245	0.20
56,420	Evolution Mining	92	0.08
93,604	Fortescue Metals	208	0.17
164,700	Gunns <sup>1</sup>	-	-
25,171	Iluka Resources	112	0.09
77,704	Incitec Pivot	167	0.14
42,561	Newcrest Mining	483	0.40
13,791	Nufarm	43	0.04
23,187	Orica	215	0.18
16,930	Oz Minerals	84	0.07
7,975	Sims Metal Management	50	0.04
266,082	South32	531	0.44
39,524	Whitehaven Coal	105	0.09
		<u>5,619</u>	<u>4.66</u>
<b>Consumer Goods 0.41% (2017: 0.38%)</b>			
29,771	Coca-Cola Amatil	161	0.13
40,998	Treasury Wine Estates	339	0.28
		<u>500</u>	<u>0.41</u>
<b>Consumer Services 3.50% (2017: 3.02%)</b>			
36,180	Aristocrat Leisure	530	0.44
17,806	Crown	122	0.10
17,254	Domain Holdings	24	0.02
3,501	Domino's Pizza	102	0.08
172,546	Fairfax Media	61	0.05
2,508	Flight Centre	64	0.05
31,859	Harvey Norman	56	0.05
56,060	Metcash	82	0.07
27,122	Qantas Airways	81	0.07
4,493	Seven Group Holdings	44	0.04
47,197	Star Entertainment	122	0.10
96,332	Tabcorp Holdings	246	0.20
60,720	Wesfarmers	1,556	1.30
71,919	Woolworths	1,124	0.93
		<u>4,214</u>	<u>3.50</u>
<b>Financials 14.41% (2017: 15.55%)</b>			
23	AET&D Holdings <sup>1</sup>	-	-
156,360	AMP	214	0.18
153,571	Australia & New Zealand Banking	2,206	1.83
10,869	Australia Stock Exchange	353	0.29
24,172	Bank of Queensland	129	0.11
25,308	Bendigo & Adelaide	143	0.12
35,707	Challenger Financial Service	203	0.17
93,719	Commonwealth Bank of Australia	3,554	2.95
55,535	Dexus Property REIT	313	0.26

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials (continued)</b>			
97,857	Goodman	557	0.46
84,988	GPT REIT	240	0.20
124,944	Insurance Australia	473	0.39
20,385	IOOF Holdings	77	0.06
31,083	Lend Lease	300	0.25
16,412	Macquarie REIT	1,064	0.88
7,251	Magellan Financial	104	0.09
126,344	Medibank	194	0.16
214,433	Mirvac	257	0.21
146,883	National Australia Bank	2,043	1.70
3,625	Perpetual	69	0.06
11,154	Platinum Asset Management	30	0.03
73,253	QBE Insurance	455	0.38
30,740	SCA Property Stapled Security	43	0.04
265,604	Scentre	579	0.48
115,490	Stockland Trust REIT	230	0.19
70,016	Suncorp	539	0.45
156,149	Vicinity Centre	230	0.19
185,232	Westpac Banking	2,753	2.28
		<u>17,352</u>	<u>14.41</u>
<b>Health Care 2.90% (2017: 2.24%)</b>			
7,577	Ansell	97	0.08
2,773	Cochlear	271	0.22
24,399	CSL	2,534	2.11
108,703	Healthscope	126	0.10
5,653	Ramsay Health Care	175	0.15
23,527	Sonic Healthcare	294	0.24
		<u>3,497</u>	<u>2.90</u>
<b>Industrials 3.01% (2017: 2.85%)</b>			
24,127	Adelaide Brighton	74	0.06
30,618	ALS	138	0.11
67,662	Amcor	497	0.41
33,080	Atlas Arteria	122	0.10
113,712	Aurizon Holdings	259	0.22
61,154	Boral	188	0.16
81,030	Brambles	473	0.39
29,037	Computershare	316	0.26
27,654	CSR (AUD)	54	0.04
24,442	Downer EDI	93	0.08
13,697	Dulux	56	0.05
53,139	Orora	98	0.08
17,116	Seek	169	0.14
55,304	Sydney Airport	196	0.16
142,878	Transurban	894	0.75
		<u>3,627</u>	<u>3.01</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Oil &amp; Gas 1.96% (2017: 1.42%)</b>			
58,619	APA	307	0.25
14,435	Caltex Australia	225	0.19
76,290	Oil Search	322	0.27
96,094	Santos	351	0.29
50,435	Woodside Petroleum	974	0.80
23,595	Worleyparsons	189	0.16
		<u>2,368</u>	<u>1.96</u>
<b>Technology 0.06% (2017: 0.00%)</b>			
3,343	Xero	<u>73</u>	<u>0.06</u>
<b>Telecommunications 0.45% (2017: 0.45%)</b>			
235,097	Telstra	400	0.34
16,132	TPG Telecom	64	0.05
39,372	Vocus	74	0.06
		<u>538</u>	<u>0.45</u>
<b>Utilities 0.69% (2017: 0.79%)</b>			
37,032	AGL Energy	368	0.31
96,247	AusNet Services	89	0.07
94,422	Origin Energy	377	0.31
		<u>834</u>	<u>0.69</u>
<b>China 1.22% (2017: 1.40%)</b>			
<b>Basic Materials 0.04% (2017: 0.03%)</b>			
300,000	Shougang Fushan Resources	<u>47</u>	<u>0.04</u>
<b>Consumer Goods 0.58% (2017: 0.56%)</b>			
143,000	China Mengniu Dairy	329	0.27
40,000	Minth	101	0.08
100,000	Tingyi (Cayman Islands)	116	0.10
272,000	Want Want China Holdings	152	0.13
		<u>698</u>	<u>0.58</u>
<b>Consumer Services 0.14% (2017: 0.13%)</b>			
132,000	China Travel International	28	0.02
32,800	MGM China	36	0.03
129,500	Sun Art Retail	111	0.09
		<u>175</u>	<u>0.14</u>
<b>Financials 0.09% (2017: 0.12%)</b>			
166,000	Guotai Junan International	23	0.02
166,211	Haitong International Securities	42	0.04
290,400	Shui On Land	46	0.03
		<u>111</u>	<u>0.09</u>
<b>Industrials 0.22% (2017: 0.43%)</b>			
32,000	AAC Technologies Holdings	191	0.16
12,400	BOC Aviation	69	0.06
		<u>260</u>	<u>0.22</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Oil &amp; Gas 0.04% (2017: 0.03%)</b>		
207,216	Xinyi Solar	50	0.04
	<b>Technology 0.11% (2017: 0.10%)</b>		
202,900	Semiconductor Manufacturing	131	0.11
	<b>France 0.03% (2017: 0.02%)</b>		
	<b>Consumer Services 0.03% (2017: 0.02%)</b>		
22,500	L'Occitane International	33	0.03
	<b>Hong Kong 15.88% (2017: 15.72%)</b>		
	<b>Basic Materials 0.00% (2017: 0.03%)</b>		
	<b>Consumer Goods 0.81% (2017: 0.99%)</b>		
155,050	First Pacific	54	0.05
280,400	Li & Fung	43	0.04
49,000	Nexteer Automotive	54	0.04
72,600	Samsonite International	163	0.14
61,000	Techtronic Industries	223	0.18
450,000	WH	245	0.19
120,000	Xinyi Glass Holdings	93	0.08
48,500	Yue Yuen Industrials	104	0.09
		979	0.81
	<b>Consumer Services 1.51% (2017: 1.78%)</b>		
32,000	Café de Coral	54	0.04
58,000	Cathay Pacific Airways	58	0.05
56,800	Chow Tai Fook Jewellery	39	0.03
18,100	Dairy Farm International	128	0.11
117,000	Galaxy Entertainment	494	0.40
5,619	Great Eagle	20	0.02
45,000	Melco International Development	60	0.05
73,943	MTR	280	0.23
131,200	Sands China	404	0.34
39,666	Shangri-La Asia	42	0.04
76,000	SJM Holdings	48	0.04
27,000	Television Broadcasts	45	0.04
91,200	Wynn Macau	147	0.12
		1,819	1.51
	<b>Financials 9.47% (2017: 8.98%)</b>		
643,400	AIA	3,813	3.17
76,583	Bank of East Asia	194	0.16
188,000	BOC Hong Kong Holdings	549	0.46
167,000	Champion REIT	88	0.07
138,440	CK Asset	703	0.58
3,200	Dah Sing Financial	13	0.01
47,000	Hang Lung	90	0.07
128,000	Hang Lung Properties	181	0.15
38,000	Hang Seng Bank	696	0.58
72,794	Henderson Land Development	265	0.22
66,456	Hong Kong Exchanges & Clearing	1,379	1.15

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials (continued)</b>			
59,900	Hongkong Land Holdings	277	0.23
33,000	Hopewell Highway Infrastructure	80	0.07
28,162	Hysan Development	103	0.09
40,539	Kerry Properties	100	0.08
113,686	Link REIT	789	0.65
291,809	New World Development	289	0.24
169,461	Sino Land	207	0.17
79,189	Sun Hung Kai Properties	806	0.67
62,300	Swire Properties	166	0.14
67,721	Wharf Holdings	132	0.11
67,721	Wharf Real Estate Investment	327	0.27
39,000	Wheelock	163	0.13
		<u>11,410</u>	<u>9.47</u>
<b>Industrials 2.08% (2017: 2.16%)</b>			
143,440	CK Hutchison Holdings	1,131	0.93
421,500	Hutchinson Port	79	0.07
11,100	Jardine Matheson	501	0.41
10,500	Jardine Strategic	273	0.23
25,750	Johnson Electric Holdings	45	0.04
33,519	Kerry Logistics Network	41	0.03
76,607	NWS Holdings	119	0.10
255,000	Swire Pacific 'B'	321	0.27
		<u>2,510</u>	<u>2.08</u>
<b>Oil &amp; Gas 0.03% (2017: 0.02%)</b>			
234,000	Brightoil Petroleum Holdings	<u>35</u>	<u>0.03</u>
<b>Technology 0.16% (2017: 0.18%)</b>			
15,700	ASM Pacific Technology	106	0.09
9,500	Vtech	87	0.07
		<u>193</u>	<u>0.16</u>
<b>Telecommunications 0.09% (2017: 0.07%)</b>			
254,000	PCCW	<u>109</u>	<u>0.09</u>
<b>Utilities 1.73% (2017: 1.51%)</b>			
34,000	CK Infrastructure	194	0.16
89,500	CLP Holdings	785	0.65
470,746	Hong Kong & China Gas	703	0.58
70,500	Power Assets	368	0.31
66,952	Towngas China	38	0.03
		<u>2,088</u>	<u>1.73</u>
<b>Ireland 0.22% (2017: 0.21%)</b>			
<b>Industrials 0.22% (2017: 0.21%)</b>			
26,135	James Hardie Industries	<u>270</u>	<u>0.22</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Italy 0.08% (2017: 0.06%)</b>		
	<b>Consumer Goods 0.08% (2017: 0.06%)</b>		
33,300	Prada	92	0.08
	<b>Malaysia 0.14% (2017: 0.00%)</b>		
	<b>Consumer Services 0.14% (2017: 0.00%)</b>		
344,600	Genting International	170	0.14
	<b>New Zealand 1.25% (2017: 1.02%)</b>		
	<b>Consumer Services 0.07% (2017: 0.13%)</b>		
26,103	Air New Zealand	37	0.03
22,960	Sky City Entertainment	44	0.04
		81	0.07
	<b>Financials 0.05% (2017: 0.04%)</b>		
89,201	Kiwi Property	60	0.05
	<b>Health Care 0.46% (2017: 0.23%)</b>		
39,065	a2 Milk	205	0.17
29,393	Fisher & Paykel Healthcare	204	0.17
22,789	Ryman Healthcare	140	0.12
		549	0.46
	<b>Industrials 0.27% (2017: 0.22%)</b>		
50,645	Auckland International Airport	180	0.15
48,386	Fletcher Building	147	0.12
		327	0.27
	<b>Technology 0.00% (2017: 0.07%)</b>		
	<b>Telecommunications 0.18% (2017: 0.14%)</b>		
108,307	Spark New Zealand	218	0.18
	<b>Utilities 0.22% (2017: 0.19%)</b>		
42,980	Contact Energy	122	0.10
18,288	Mercury NZ	31	0.03
69,950	Meridian Energy	112	0.09
		265	0.22
	<b>Russian Federation 0.00% (2017: 0.03%)</b>		
	<b>Basic Materials 0.00% (2017: 0.03%)</b>		
	<b>Singapore 5.70% (2017: 5.86%)</b>		
	<b>Consumer Goods 0.20% (2017: 0.24%)</b>		
432,700	Golden Agri-Resources	61	0.05
100,900	Wilmar International	180	0.15
		241	0.20

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services 0.43% (2017: 0.54%)</b>			
97,800	Comfortdelgro	124	0.10
5,288	Jardine Cycle & Carriage	90	0.08
32,100	Singapore Airlines	172	0.14
85,200	Singapore Press	127	0.11
		<u>513</u>	<u>0.43</u>
<b>Financials 3.77% (2017: 3.77%)</b>			
125,600	Ascendas REIT	179	0.15
120,055	CapitaCommercial Trust REIT	117	0.10
159,000	CapitaLand Mall Trust REIT	190	0.16
148,500	CapitaLand REIT	264	0.22
24,100	City Developments	108	0.09
95,835	DBS Holdings	1,270	1.05
176,967	Oversea-Chinese Banking	1,073	0.89
43,200	Singapore Exchange	167	0.14
108,700	Suntec REIT	109	0.09
71,121	United Overseas Bank	979	0.81
25,148	UOL	86	0.07
		<u>4,542</u>	<u>3.77</u>
<b>Industrials 0.38% (2017: 0.32%)</b>			
40,100	SATS	112	0.09
93,000	Singapore Post	54	0.04
80,400	Singapore Technologies Engineering	161	0.14
14,900	Venture	129	0.11
		<u>456</u>	<u>0.38</u>
<b>Oil &amp; Gas 0.24% (2017: 0.33%)</b>			
68,700	Keppel	241	0.20
59,000	Sembcorp Marine	53	0.04
		<u>294</u>	<u>0.24</u>
<b>Telecommunications 0.64% (2017: 0.66%)</b>			
400,000	Singapore Telecommunications	714	0.60
48,250	Starhub	51	0.04
		<u>765</u>	<u>0.64</u>
<b>Utilities 0.04% (2017: 0.00%)</b>			
33,900	Sembcorp Industries	54	0.04
<b>South Korea 22.29% (2017: 24.32%)</b>			
<b>Basic Materials 1.61% (2017: 1.74%)</b>			
4,027	Hanwha Chemical	45	0.04
100	Hyosung Chemical	9	0.01
3,622	Hyundai Steel	104	0.09
582	Korea Zinc	151	0.13
1,312	Kumho Petro Chemical	77	0.06
2,433	LG Chem	578	0.48
572	LG Chem Preference Shares	78	0.07

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Basic Materials (continued)</b>			
767	Lotte Chemical	138	0.11
1,366	LOTTE Fine Chemical	38	0.03
1,064	OCI	62	0.05
3,726	Posco	660	0.54
		<u>1,940</u>	<u>1.61</u>
<b>Consumer Goods 10.18% (2017: 12.08%)</b>			
1,641	Amorepacific	172	0.14
1,826	Amorepacific	78	0.06
792	Amorepacific Preference Shares	48	0.04
841	Cheil Jedang	63	0.05
394	CJ Cheiljedang	88	0.07
3,286	Coway	158	0.13
2,308	Dongsuh	29	0.02
3,803	Hankook Tire	108	0.09
759	Hanssem	25	0.02
140	Hyosung Advance Materials	10	0.01
136	Hyosung TNC	16	0.01
3,463	Hyundai Mobis	452	0.37
7,494	Hyundai Motor	546	0.45
568	Hyundai Motor Preference Shares	26	0.02
1,656	Hyundai Motor Preference 2nd Shares	81	0.07
1,263	Hyundai Wia	26	0.02
12,379	Kia Motors	241	0.20
5,869	KT&G	409	0.34
5,723	LG Electronics	248	0.21
148	LG Household & Health Care Preference Shares	70	0.06
459	LG Household & Healthcare	328	0.27
28	Lotte Chilsung Beverage	26	0.02
2,932	Lotte Corporation	96	0.08
2,210	Mando	46	0.04
866	NCsoft	255	0.21
831	Netmarble Games	64	0.05
1,073	NHN Entertainment	34	0.03
134	Nong Shim	20	0.02
1,092	Orion	71	0.06
108	Ottogi	49	0.04
251,958	Samsung Electronics	7,327	6.09
43,822	Samsung Electronics Preference Shares	1,061	0.89
		<u>12,271</u>	<u>10.18</u>
<b>Consumer Services 0.69% (2017: 0.62%)</b>			
528	BGF Retail	61	0.05
5,295	Cheil Worldwide	82	0.07
538	CJ ENM	84	0.07
1,118	E-Mart	158	0.13
1,581	GS Retail	39	0.03
1,926	Hotel Shilla	94	0.08
798	Hyundai Department Store	47	0.04
4,871	Kangwon Land	96	0.08

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services (continued)</b>			
1,121	Korean Airlines	21	0.02
506	Lotte Shopping	67	0.06
441	Shinsegae	78	0.06
		<u>827</u>	<u>0.69</u>
<b>Financials 2.97% (2017: 3.09%)</b>			
20,535	BS Financial	107	0.09
1,766	DB Insurance	87	0.07
7,954	DGB Financial	51	0.04
16,585	Hana Financial	436	0.36
12,240	Hanwha Life Insurance	38	0.03
1,977	Hyundai Marine & Fire Insurance	57	0.05
12,021	Industrial Bank of Korea	122	0.10
20,652	KB Financial	672	0.56
1,966	Korea Investment Holdings	80	0.07
22,502	Mirae Asset Daewoo	99	0.08
3,531	NH Investment & Securities	29	0.02
2,380	Samsung Card	55	0.05
1,913	Samsung Fire & Marine	365	0.30
3,735	Samsung Life Insurance	236	0.20
4,563	Samsung Securities	84	0.07
25,878	Shinhan Financial	757	0.62
28,774	Woori Bank	310	0.26
		<u>3,585</u>	<u>2.97</u>
<b>Health Care 1.06% (2017: 0.75%)</b>			
4,396	Celltrion	656	0.55
2,580	Celltrion Healthcare	113	0.09
366	Hanmi Pharmaceutical	98	0.08
781	Hanmi Science	36	0.03
755	Samsung BioLogics	201	0.17
2,901	SillaJen	137	0.11
310	Yuhan	36	0.03
		<u>1,277</u>	<u>1.06</u>
<b>Industrials 2.32% (2017: 2.39%)</b>			
650	CJ Logistics	71	0.06
1,143	Daelim Industrial	60	0.05
15,750	Daewoo Engineering & Construction	49	0.04
169	Doosan	14	0.01
10,320	Doosan Infracore	55	0.05
3,303	GS Engineering & Construction	95	0.08
1,537	Hanwha	30	0.02
1,837	Hanwha Aerospace	36	0.03
2,165	HDC Hyundai Development	65	0.05
434	Hyosung	15	0.01
293	Hyosung Heavy Industries	9	0.01
320	Hyundai Construction Equipment	16	0.01
1,550	Hyundai Development	18	0.01
3,362	Hyundai Engineering & Construction	106	0.09
938	Hyundai Glovis	73	0.06

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials (continued)</b>		
2,255	Hyundai Heavy Industries	192	0.16
765	Hyundai Mipo Dockyard	49	0.04
522	Hyundai Robotics	128	0.11
247	KCC	42	0.03
1,873	KEPCO Plant Service & Engineering	35	0.03
3,209	Korea Aerospace Industries	64	0.05
4,938	LG	225	0.19
1,013	LS	35	0.03
1,070	Posco Daewoo	13	0.01
4,301	Samsung C&T	319	0.27
3,056	Samsung Electro Mechanics	248	0.21
7,538	Samsung Engineering	94	0.08
15,901	Samsung Heavy Industries	76	0.06
2,803	Samsung SDI	452	0.37
11,660	SK Networks	34	0.03
1,205	S1	80	0.07
		<u>2,798</u>	<u>2.32</u>
	<b>Oil &amp; Gas 0.64% (2017: 0.58%)</b>		
3,660	Doosan Heavy Industries	27	0.02
3,265	GS Holdings	109	0.09
3,114	SK Innovation	456	0.38
2,174	S-Oil	184	0.15
		<u>776</u>	<u>0.64</u>
	<b>Technology 2.30% (2017: 2.54%)</b>		
2,848	Kakao	179	0.15
12,054	LG Display	136	0.11
7,245	Naver	567	0.47
1,643	Samsung	217	0.18
1,812	SK C&C	325	0.27
28,800	SK Hynix	1,348	1.12
		<u>2,772</u>	<u>2.30</u>
	<b>Telecommunications 0.26% (2017: 0.23%)</b>		
8,502	LG Uplus	94	0.08
1,187	SK Telecom	218	0.18
		<u>312</u>	<u>0.26</u>
	<b>Utilities 0.26% (2017: 0.30%)</b>		
14,769	Korea Electric Power	274	0.23
955	Korea Gas	34	0.03
		<u>308</u>	<u>0.26</u>
	<b>Spain 0.10% (2017: 0.13%)</b>		
	<b>Industrials 0.10% (2017: 0.13%)</b>		
4,808	CIMIC	124	0.10

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Taiwan 19.34% (2017: 18.51%)</b>			
<b>Basic Materials 1.90% (2017: 1.57%)</b>			
610,688	China Steel	373	0.31
57,298	Eternal Materials	33	0.03
34,910	Feng Hsin Iron And Steel	52	0.04
180,430	Formosa Chemicals & Fibre	509	0.42
254,593	Formosa Plastics	644	0.53
321,593	Nan Ya Plastic	624	0.52
55,000	Taiwan Fertilizer	58	0.05
		<u>2,293</u>	<u>1.90</u>
<b>Consumer Goods 1.42% (2017: 1.50%)</b>			
111,477	Cheng Shin Rubber Industry	122	0.10
10,650	Eclat Textile	99	0.08
165,269	Far Eastern New Century	130	0.11
9,640	Feng Tay Enterprise	45	0.04
57,000	Formosa Taffeta	49	0.04
16,721	Giant Manufacturing	50	0.04
6,000	Largan Precision	507	0.41
115,571	Pou Chen	90	0.08
91,000	Teco Electric & Machinery	41	0.03
62,348	Uni-President China	47	0.04
265,760	Uni-President Enterprises	501	0.42
69,846	Yulon Motor	32	0.03
		<u>1,713</u>	<u>1.42</u>
<b>Consumer Services 0.29% (2017: 0.37%)</b>			
136,661	China Airlines	32	0.03
119,926	EVA Airways	43	0.04
30,996	President Chain Store	272	0.22
		<u>347</u>	<u>0.29</u>
<b>Financials 3.52% (2017: 2.85%)</b>			
408,932	Cathay Financial REIT	505	0.42
63,000	Chailease	141	0.12
330,628	Chang Hwa Commercial Bank	146	0.12
840,963	China Development Financial	211	0.18
98,187	China Life Insurance	73	0.06
1,046,418	CTBC Financial	542	0.44
501,686	E.Sun Financial	258	0.21
589,113	First Financial	291	0.24
424,295	Fubon Financial Holdings	519	0.43
485,862	Hua Nan Financial	214	0.18
631,398	Mega Financial	417	0.35
380,725	Shin Kong Financial	97	0.08
546,023	Sinopac	144	0.12
472,167	Taishin Financial	164	0.14
166,039	Taiwan Business Bank	43	0.04
493,451	Taiwan Cooperative Financial	217	0.18
676,439	Yuanta Financial Holdings	256	0.21
		<u>4,238</u>	<u>3.52</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Health Care 0.02% (2017: 0.02%)</b>		
8,000	OBI Pharma	24	0.02
	<b>Industrials 2.55% (2017: 2.88%)</b>		
97,872	Asia Cement	81	0.07
38,225	Catcher Technology	301	0.25
117,146	Delta Electronic	384	0.32
199,395	Evergreen Marine	57	0.05
66,444	Foxconn Technology	110	0.09
652,036	Hon Hai Precision Industries	1,296	1.09
116,722	Lite On Technology	105	0.09
226,419	Taiwan Cement	198	0.16
89,763	Taiwan Glass Industry	30	0.02
161,000	Taiwan High Speed Rail	125	0.10
18,495	Taiwan Secom	41	0.03
37,293	Unimicron Technology	14	0.01
200,000	Walsin Lihwa	77	0.06
26,000	Walsin Technology	86	0.07
21,000	Yageo	168	0.14
		3,073	2.55
	<b>Oil &amp; Gas 0.21% (2017: 0.14%)</b>		
82,304	Formosa Petrochemical	253	0.21
	<b>Technology 8.64% (2017: 8.50%)</b>		
131,229	Acer	72	0.06
26,578	Advantech	143	0.12
168,237	ASE Technology	266	0.22
39,001	Asustek Computer	225	0.19
377,034	AU Optronics	116	0.10
31,204	Chicony Electronics	49	0.04
233,802	Compal Electronics	101	0.08
75,000	Epistar	53	0.04
153,000	FIH Mobile	11	0.01
14,000	GlobalWafers	87	0.07
57,842	HTC	49	0.04
490,796	Innolux	116	0.10
165,245	Inventec	104	0.09
79,846	Mediatek	457	0.38
46,426	Nanya Technology	60	0.05
31,473	Novatek Microelectronics	108	0.09
91,747	Pegatron	129	0.11
158,687	Quanta Computers	193	0.16
29,440	Realtek Semiconductor	92	0.08
57,716	Synnex Technology	49	0.04
1,283,954	Taiwan Semiconductor Manufacturing	7,568	6.28
18,000	Transcend Information	29	0.02
568,938	United Microelectronic	169	0.14
62,000	Vanguard International Semiconductor	89	0.07
145,090	Wistron	69	0.06
		10,404	8.64

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Telecommunications 0.79% (2017: 0.68%)</b>		
206,031	Chunghwa Telecom	568	0.47
71,432	Far Eastone Telecommunications	133	0.11
92,356	Taiwan Mobile	257	0.21
		<u>958</u>	<u>0.79</u>
	<b>United Kingdom 0.76% (2017: 0.70%)</b>		
	<b>Basic Materials 0.76% (2017: 0.70%)</b>		
21,772	Rio Tinto (Australian Listing)	<u>914</u>	<u>0.76</u>
	<b>Financials 0.00% (2017: 0.00%)</b>		
	<b>United States 0.14% (2017: 0.12%)</b>		
	<b>Consumer Goods 0.04% (2017: 0.03%)</b>		
5,930	Hanon Systems	<u>44</u>	<u>0.04</u>
	<b>Financials 0.10% (2017: 0.09%)</b>		
3,139	REA	<u>124</u>	<u>0.10</u>
	<b>Derivatives (0.04%) (2017: 0.04%)</b>		
	<b>Futures (0.04%) (2017: 0.04%)</b>		
2	HKG Hang Seng Index November 2018	(4)	-
5	KFE KOSPI 200 Index December 2018	(21)	(0.02)
4	SFE SPI 200 Index December 2018	(19)	(0.02)
2	SGX MSCI Singapore Index November 2018 <sup>1</sup>	-	-
9	SGX MSCI Taiwan Index November 2018	2	-
		<u>(42)</u>	<u>(0.04)</u>
	<b>Contracts for Difference 0.00% (2017: 0.00%)<sup>2</sup></b>		
	<b>Cross Currency Contracts for Difference 0.04% (2017: 0.00%)</b>		
27,750	BHP Billiton	<u>49</u>	<u>0.04</u>
	<b>Equity Contracts for Difference (0.04%) (2017: 0.00%)<sup>2</sup></b>		
(24,155)	BHP Billiton	(54)	(0.04)
(7,500)	Swire Pacific	<u>2</u>	<u>0.00</u>
		<u>(52)</u>	<u>(0.04)</u>
	<b>Forward Foreign Exchange Contracts 0.00% (2017: 0.00%)<sup>2</sup></b>		
	Buy AUD 268,750 : Sell USD 194,132 November 2018	(3)	-
	Buy AUD 53,876 : Sell GBP 30,000 November 2018 <sup>1</sup>	-	-
	Buy KRW 361,562,500 : Sell USD 325,000 November 2018	(7)	-
	Buy KRW 729,774,500 : Sell USD 650,000 November 2018	(9)	-
	Buy SGD 233,750 : Sell USD 169,270 November 2018 <sup>1</sup>	-	-
	Buy SGD 52,931 : Sell GBP 30,000 November 2018 <sup>1</sup>	-	-
	Buy SGD 66,750 : Sell USD 48,458 November 2018 <sup>1</sup>	-	-
	Buy TWD 11,490,375 : Sell USD 375,000 November 2018	(2)	-
	Buy TWD 8,371,000 : Sell USD 275,000 November 2018	(3)	-
	Buy USD 100,000 : Sell TWD 3,061,000 November 2018	1	-
	Buy USD 125,000 : Sell KRW 139,825,000 November 2018	2	-

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Forward Foreign Exchange Contracts</b> <small>(continued)</small>			
	Buy USD 150,000 : Sell KRW 169,470,000 November 2018	1	-
	Buy USD 170,000 : Sell KRW 188,572,500 November 2018	4	-
	Buy USD 195,559 : Sell AUD 268,750 November 2018	4	-
	Buy USD 220,525 : Sell SGD 300,500 November 2018	3	-
	Buy USD 300,000 : Sell TWD 9,147,000 November 2018	3	-
	Buy USD 325,000 : Sell KRW 362,456,250 November 2018	6	-
		-	-
		-	-
	<b>Investment assets including investment liabilities</b>	<b>119,497</b>	<b>99.16</b>
	Other net assets	1,014	0.84
	<b>Total net assets</b>	<b>120,511</b>	<b>100.00</b>

<sup>1</sup> Due to rounding to nearest £1,000

<sup>2</sup> Unquoted securities

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

## Statement of total return for the year ended 31 October 2018

		2018		2017	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(13,952)		15,558
Revenue	3	4,893		5,129	
Expenses	4	(372)		(428)	
Interest payable and similar charges	5	(22)		(2)	
Net revenue before taxation		4,499		4,699	
Taxation	6	(229)		(209)	
Net revenue after taxation			4,270		4,490
Total return before distributions			(9,682)		20,048
Distributions	7		(4,270)		(4,490)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(13,952)</b>		<b>15,558</b>

## Statement of change in net assets attributable to shareholders for the year ended 31 October 2018

		2018		2017	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			<b>150,518</b>		<b>145,308</b>
Amounts receivable on issue of shares		22,423		21,812	
Amounts payable on cancellation of shares		(42,814)		(36,764)	
			(20,391)		(14,952)
Dilution adjustment			218		190
Change in net assets attributable to shareholders from investment activities			(13,952)		15,558
Retained distributions on accumulation shares			4,118		4,414
<b>Closing net assets attributable to shareholders</b>			<b>120,511</b>		<b>150,518</b>

## Balance sheet as at 31 October 2018

	Note	2018 £000	2017 £000
<b>Assets:</b>			
Investments		119,619	148,600
Current assets:			
Debtors	8	199	56
Cash and bank balances	9	2,243	4,551
<b>Total assets</b>		<b>122,061</b>	<b>153,207</b>
<b>Liabilities:</b>			
Investment liabilities		122	10
Creditors:			
Amounts held at derivative clearing houses and brokers		2	59
Bank overdrafts		1,272	2,430
Other creditors	10	154	190
<b>Total liabilities</b>		<b>1,550</b>	<b>2,689</b>
<b>Net assets attributable to shareholders</b>		<b>120,511</b>	<b>150,518</b>

## Notes to the financial statements for the year ended 31 October 2018

### 1 Accounting policies

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

### 2 Net capital (losses)/gains

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

	2018 £000	2017 £000
Derivative securities	(36)	386
Forward currency contracts	(678)	(153)
Non-derivative securities	(13,718)	15,413
Other currency gains/(losses)	506	(68)
Transaction costs	(26)	(20)
<b>Net capital (losses)/gains</b>	<b>(13,952)</b>	<b>15,558</b>

### 3 Revenue

	2018 £000	2017 £000
Bank interest	11	8
Derivative revenue	21	-
Interest on margin	2	-
Overseas dividends	4,584	4,577
Overseas REIT revenue	70	301
Stock dividends	193	232
Stock lending revenue	12	11
<b>Total revenue</b>	<b>4,893</b>	<b>5,129</b>

### 4 Expenses

	2018 £000	2017 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	268	285
GAC*	28	31
	<b>296</b>	<b>316</b>

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

Depositary fees	10	11
Safe custody fees	56	57
	<b>66</b>	<b>68</b>

#### Other expenses:

Professional fees	10	44
	<b>10</b>	<b>44</b>

#### Total expenses

	<b>372</b>	<b>428</b>
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Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £10,017 (2017: £7,458).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2018 £000	2017 £000
Interest payable	2	1
Dividends payable on CFD contracts	20	1
<b>Total interest payable and similar charges</b>	<b>22</b>	<b>2</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2018 £000	2017 £000
<b>Current tax</b>		
Overseas withholding tax	229	209
<b>Total tax (note 6b)</b>	<b>229</b>	<b>209</b>

#### 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% (2017: 20%). The differences are explained below:

	2018 £000	2017 £000
Net revenue before taxation	4,499	4,699
Corporation tax at 20% (2017: 20%)	900	940
Effects of:		
Expensed double tax relief	(2)	(5)
Irrecoverable overseas tax	229	209
Overseas dividends*	(910)	(915)
Stock dividends**	(39)	(46)
Unused management expenses	51	26
<b>Tax charge for the year (note 6a)</b>	<b>229</b>	<b>209</b>

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

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

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

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2017: 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 £75,650 (2017: £24,987) 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:

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Interim accumulation	1,556	1,791
Final accumulation	2,562	2,623
	<u>4,118</u>	<u>4,414</u>
Amounts deducted on cancellation of shares	271	296
Amounts received on issue of shares	(119)	(220)
<b>Total distributions</b>	<u><b>4,270</b></u>	<u><b>4,490</b></u>

Details of the distribution per share are set out in the distribution tables on page 84.

### 8 Debtors

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Accrued revenue	103	49
Amounts receivable for issue of shares	96	-
Overseas withholding tax reclaimable	-	2
Sales awaiting settlement	-	5
<b>Total debtors</b>	<u><b>199</b></u>	<u><b>56</b></u>

### 9 Cash and bank balances

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Amounts held at derivative clearing houses and brokers	349	359
Cash and bank balances	1,894	4,192
<b>Total cash and bank balances</b>	<u><b>2,243</b></u>	<u><b>4,551</b></u>

### 10 Other creditors

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Accrued annual management charge	19	24
Accrued Depositary's fee	1	1
Accrued other expenses	49	9
Amounts payable for cancellation of shares	38	114
Purchases awaiting settlement	47	42
<b>Total other creditors</b>	<u><b>154</b></u>	<u><b>190</b></u>



## Notes to the financial statements (continued)

### 11 Contingent liabilities and commitments

The fund has filed a claim with HM Revenue & Customs ('HMRC') (on the basis of the principles set out in the Franked Investment Income Group Litigation Order (FII GLO)) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim has been filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods. A successful outcome may result in a refund of corporation tax. A contingent asset has not been recognised as the amount receivable is not certain.

There were no contingent liabilities 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 because it provides key management personnel services to 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 72 and 73 and notes 4, 7, 8 and 10 on pages 74 to 76 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 75.22% of the total net assets of the fund as at the year end (2017: 74.21%).

### 13 Shareholders' funds

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

	2018	2017
	%	%
Class I	0.75	0.75
Class Y	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 54 to 55. The distribution per share class is given in the distribution tables on page 84. All share classes have the same rights on winding up.

#### Shares reconciliation as at 31 October 2018

	Class I accumulation	Class Y accumulation	Class Z accumulation
Opening number of shares	4,310,248	8,211,085	24,568,898
Issues during the year	-	10,868	4,801,435
Cancellations during the year	(827,517)	(1,224,024)	(8,018,574)
<b>Closing shares in issue</b>	<b>3,482,731</b>	<b>6,997,929</b>	<b>21,351,759</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund may use financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, 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 31 October 2018 (2017: nil).

#### 2018

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

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
Citigroup	-	8	-	8
Credit Suisse	51	-	-	51
Goldman Sachs	-	13	-	13
UBS	-	3	2	5
	<b>51</b>	<b>24</b>	<b>2</b>	<b>77</b>

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives were as follows:

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
Credit Suisse	12	-	-	12
UBS	-	9	42	51
	<b>12</b>	<b>9</b>	<b>42</b>	<b>63</b>

### 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 income.

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

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

## Notes to the financial statements (continued)

### 15 Stock lending (continued) 2018

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Deutsche Bank	163	182	Equity
Goldman Sachs	60	69	Government Bond
HSBC	191	213	Equity
Merrill Lynch	59	66	Equity
Société Générale	344	382	Equity
	<b>817</b>	<b>912</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	14	2	12

### 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Deutsche Bank	200	222	Equity
HSBC Bank	952	1,064	Equity
JP Morgan	184	205	Equity
Merrill Lynch	1,232	1,370	Equity
	<b>2,568</b>	<b>2,861</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	13	2	11

## Notes to the financial statements (continued)

### 16 Risk

#### Currency risk

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

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2018</b>			
<b>Currency</b>			
Australian dollar	40,059	299	40,358
Euro	-	2	2
Hong Kong dollar	19,537	208	19,745
Korean won	27,049	135	27,184
New Zealand dollar	1,500	11	1,511
Singapore dollar	7,066	(30)	7,036
Taiwan dollar	23,438	61	23,499
UK sterling	(60)	45	(15)
US dollar	908	283	1,191
<b>Total</b>	<b>119,497</b>	<b>1,014</b>	<b>120,511</b>
	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Australian dollar	47,766	574	48,340
Euro	-	1	1
Hong Kong dollar	24,450	423	24,873
Korean won	37,152	89	37,241
New Zealand dollar	1,530	-	1,530
Singapore dollar	8,816	117	8,933
Taiwan dollar	27,780	384	28,164
UK sterling	-	(27)	(27)
US dollar	1,096	367	1,463
<b>Total</b>	<b>148,590</b>	<b>1,928</b>	<b>150,518</b>

#### Interest rate risk

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

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Sensitivity analysis

##### Global exposure

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

#### VaR Results

	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
2018	94.14	105.39	100.14	200.00	47.07	52.70	50.07
2017	96.23	103.20	100.02	200.00	48.12	51.60	50.01

Global exposure calculation basis: Relative VaR

Reference portfolio: FTSE Custom All World Dev Asia Pacific ex Japan Index

#### Leverage

	Minimum	Maximum	Average
	%	%	%
2018	2.98	41.31	7.79
2017	1.31	14.53	6.08

#### 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	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2018				
Amounts held at derivatives clearing houses and brokers	2	-	-	-
Bank overdrafts	1,272	-	-	-
Derivative financial liabilities	-	68	54	-
Other creditors	-	154	-	-
<b>Total</b>	<b>1,274</b>	<b>222</b>	<b>54</b>	<b>-</b>
2017				
Amounts held at derivatives clearing houses and brokers	59	-	-	-
Bank overdrafts	2,430	-	-	-
Derivative financial liabilities	-	4	6	-
Other creditors	-	190	-	-
<b>Total</b>	<b>2,489</b>	<b>194</b>	<b>6</b>	<b>-</b>

## 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

	2018		2017	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	119,544	44	148,579	-
Level 2	75	78	21	10
Level 3	-	-	-	-
	<u>119,619</u>	<u>122</u>	<u>148,600</u>	<u>10</u>

### 18 Direct transaction costs

	Purchases		Sales	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Trades in the year</b>				
Debt securities	714	90	723	90
Equities	25,725	24,393	40,369	33,762
<b>Trades in the year before transaction costs</b>	<u>26,439</u>	<u>24,483</u>	<u>41,092</u>	<u>33,852</u>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	17	14	13	10
<b>Total commissions</b>	<u>17</u>	<u>14</u>	<u>13</u>	<u>10</u>
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	5	4	40	30
<b>Total taxes</b>	<u>5</u>	<u>4</u>	<u>40</u>	<u>30</u>
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	1	1	19	19
<b>Total other expenses</b>	<u>1</u>	<u>1</u>	<u>19</u>	<u>19</u>
<b>Total transaction costs</b>	<u>23</u>	<u>19</u>	<u>72</u>	<u>59</u>
<b>Total net trades in the year after transaction costs</b>	<u>26,462</u>	<u>24,502</u>	<u>41,020</u>	<u>33,793</u>

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

	Purchases		Sales	
	2018	2017	2018	2017
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	0.07	0.06	0.03	0.03
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	0.02	0.02	0.10	0.09
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	0.05	0.06
	<b>2018</b>	<b>2017</b>		
	%	%		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	0.02	0.02		
Taxes	0.03	0.02		
Other expenses	0.01	0.01		
<b>Total costs</b>	<b>0.06</b>	<b>0.05</b>		

There were no in specie transfers during the year (2017: nil). There were corporate actions during the year of £867,175 (2017: £540,453).

There were direct transaction costs associated with derivatives in the year of £9,549 (2017: £10,297) which is 0.01% of the average net asset value of the fund (2017: 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 31 October 2018 was 0.59% (2017: 0.34%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

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

## Distribution tables for the year ended 31 October 2018 (in pence per share)

### Interim dividend distribution (accounting date 30 April 2018, paid on 29 June 2018)

Group 1: shares purchased prior to 1 November 2017

Group 2: shares purchased on or after 1 November 2017

	Distribution per share	Equalisation	Total distribution per share 29/06/18	Total distribution per share 30/06/17
<b>Class I accumulation</b>				
Group 1	2.6553	-	2.6553	2.8893
Group 2	2.6553	-	2.6553	2.8893
<b>Class Y accumulation</b>				
Group 1	2.6511	-	2.6511	2.8801
Group 2	0.9941	1.6570	2.6511	2.8801
<b>Class Z accumulation</b>				
Group 1	5.5016	-	5.5016	5.7148
Group 2	3.0274	2.4742	5.5016	5.7148

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

Group 1 : shares purchased prior to 1 May 2018

Group 2 : shares purchased on or after 1 May 2018

	Distribution per share	Equalisation	Total distribution per share 31/12/18	Total distribution per share 29/12/17
<b>Class I accumulation</b>				
Group 1	5.0266	-	5.0266	4.5800
Group 2	5.0266	-	5.0266	4.5800
<b>Class Y accumulation</b>				
Group 1	5.0135	-	5.0135	4.5746
Group 2	5.0135	-	5.0135	4.5746
<b>Class Z accumulation</b>				
Group 1	9.5374	-	9.5374	8.3439
Group 2	4.8277	4.7097	9.5374	8.3439



# Janus Henderson Institutional European Index Opportunities Fund (formerly Henderson Institutional European Index Opportunities Fund)

**Authorised Corporate Director's (ACD) report** for the year ended 31 October 2018

## Investment Fund Managers

Janus Henderson Multi Strategy Equities Team

## Investment objective and policy

The fund aims to deliver a return in excess of the FTSE customised Developed Europe ex UK Index, the 'reference index', (or such other index as may from time to time replace it) before management fees, while carefully controlling deviation from the reference index.

The fund will invest primarily in shares of European companies included in the reference index. The fund's holdings are principally selected to replicate the components of the reference index. The index will not be identically replicated and this can lead to differences in performance. There are no restrictions on the size of the companies in which the fund may invest.

In addition to seeking to reflect the index, the fund manager will make use of investment strategies aimed at enhancing returns. These seek to generate returns based on differences in the prices of securities issued by, or associated with, companies that form part of the reference index. They can include, but are not limited to, liquidity strategies (investing in 'blocks of stock' at discounted prices), and relative value strategies (taking advantage of differences between the prices of securities related to the same company).

Further details explaining the investment strategies are available on the fund's pages on our website ([www.janushenderson.com](http://www.janushenderson.com))

The fund may invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used by the fund for investment purposes, in achieving the enhancements to the index return and for the purposes of efficient portfolio management.

## Performance summary

	31 Oct 17 - 31 Oct 18 %	31 Oct 16 - 31 Oct 17 %	31 Oct 15 - 31 Oct 16 %	31 Oct 14 - 31 Oct 15 %	31 Oct 13 - 31 Oct 14 %
<b>Janus Henderson Institutional European Index Opportunities Fund</b>	(5.6)	20.4	20.3	6.1	(0.5)
<b>FTSE Custom World Dev Europe ex UK Index*</b>	(5.8)	19.2	18.9	5.2	(1.2)

Source: BNP, Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of class Z accumulation.

\* Customised net dividends reinvested (Market Capitalisation weighted index of Austria, Belgium/Luxembourg, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and Switzerland).

Benchmark values are 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.

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

### Significant portfolio changes for the year ended 31 October 2018

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
Unicredit	3,119	Unicredit	3,088
Sampo	1,875	Novartis	2,465
SAP	1,818	Nestlé	2,347
Total	1,458	Sampo	1,861
Covestro	1,278	Covestro	1,858
Gemalto	1,266	SAP	1,544
ASML Holdings	1,187	RELX	1,466
Swatch (Bearer Shares)	1,090	Wirecard	1,381
AMS 0% 05/03/2025	1,075	Atlas Copco 'B' (Post split)	1,277
Cellnex Telecom 1.50% 16/01/2026	1,062	Total	1,270
<b>Total purchases</b>	<b>74,033</b>	<b>Total sales</b>	<b>92,422</b>

### Investment review

Over the year to 31 October 2018, the fund returned -5.6% against the benchmark return of -5.8% (based on class Z accumulation).

European equities lost ground over the year as bourses sold off sharply at the end of January and during October on concerns over rising interest rates in the US and peaking global growth indicators. Following January's sell-off, markets recovered from March into August on generally robust company earnings results and US economic strength, overcoming concerns over the possible fallout from heightened trade and political tensions. However, equity markets fell sharply again in October, with cautious outlooks from company earnings calls triggering concerns over margin pressures due to potential slowing growth and rising costs.

The Fundamental strategy delivered a positive return over the year, with both over and underweights adding value. The underweight in Finnish pharmaceutical company Orion 'B' was positive after the company resumed its de-rating (stock reassessment by the market) following a profit warning. The overweight in Novo Nordisk 'B' early in the review year benefited from firm pricing and positive outcomes for some of its pipeline. Swedish manufacturer of safety systems for autos Autoliv also added value as margins and growth both surprised to the upside. However, the position in Bayer suffered after losing a litigation case related to whether its herbicide product, Roundup (glyphosate), causes cancer. While there is significant uncertainty surrounding any causal effect of glyphosate leading to cancer, the potential payout for Bayer could be substantial, and with an appeal likely to be 6–12 months away, the stock sold off sharply.

Within the Relative Value strategy, the capital structure sub-strategy was positive, while positions in convertibles were broadly flat. Within the former, both the narrowing of KBC Ancora's discount to its net asset value and the widening of Swedish investment company Industrivarden discount to its Nordic-listed assets contributed positively. This was partially offset by a widening in the spread between the ordinary and preference shares in Grifols. Within convertibles, the position in Scandinavian airline SAS's bonds recovered from initial weakness, while the mandatory bond holding in German healthcare company Bayer suffered from the aforementioned litigation.

The Liquidity strategy was modestly positive despite muted deal activity. Belgian materials technology company Umicore issued €900m of stock to help fund growth in cathode materials. The shares priced at €39.80, a 2.7% discount to the prevailing price. Bayer's acquisition of Monsanto continued to progress, which meant further reduction in its Covestro holdings to help fund the takeover. Bayer disposed of €1.6m of Covestro stock at a 2.5% discount to the last price and, once again, the shares reacted positively to a further reduction in the overhang. The most notable negative contribution came from a position in Sanlam, which was raising capital post recent merger and acquisition activity. The shares priced at a 5% discount, but underperformed their market hedge following the placing. Additionally, the deterioration in market conditions during October meant that recent positions in German speciality chemicals company Evonik and Swiss equipment manufacturer Sulzer underperformed their hedges.

The Event Driven strategy was positive over the year. Within the merger arbitrage sub-strategy, a host of positions saw their deal spreads narrow as various conditions were met and approvals granted. Most notable was the merger between Luxottica and Essilor, which cleared its final hurdle following approval from the Turkish regulator, establishing EssilorLuxottica as the world's largest eyewear company. The largest contributor came from the long-standing position in Swedish Orphan Biovitrum, a bio-pharmaceutical company, which benefited as US peer Bioverativ was acquired by Sanofi for a 90% premium. This, alongside some positive approvals for new products, saw the shares rise strongly. Other positive contributions came from Swiss telecommunications operator Sunrise Communications, as cost cutting initiatives boost profit margins and hopes of consolidation surfaced, while Dutch-based fertiliser OCI also benefited from strong sales volumes and improving cash flows.

As most of the capital is invested to track the index, a majority of the fund's return will be driven by market movements. With respect to the active strategies, the elevated market volatility (sharper fluctuations in prices), relative to the last few years, should present opportunities for our investment strategies – especially the Fundamental strategy, which is based on value. Uncertain market environments have historically also been beneficial for the Liquidity strategy as competitive capital is withdrawn. However, this could delay opportunities within the Event Driven strategy as merger activity is reduced, while Relative Value spreads are likely to widen, providing a near-term headwind for the strategy but opening up investment opportunities.

## Comparative tables for the year ended 31 October 2018

	Class I accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	175.29	146.80	122.71
Return before operating charges*	(9.35)	29.86	25.11
Operating charges	(1.36)	(1.27)	(1.02)
Return after operating charges*	(10.71)	28.49	24.09
Distributions on accumulation shares	(3.85)	(2.97)	(3.25)
Retained distributions on accumulation shares	3.85	2.97	3.25
Closing net asset value per share	164.58	175.29	146.80
* after direct transaction costs of:	-	0.01	-

### Performance

Return after charges	(6.11%)	19.41%	19.63%
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### Other information

Closing net asset value (£000s)	7,284	11,739	11,041
Closing number of shares	4,425,724	6,697,152	7,520,677
Operating charges	0.79%	0.79%	0.80%
Direct transaction costs	0.00%	0.01%	0.00%

### Prices

Highest share price (pence)	180.88	177.65	148.48
Lowest share price (pence)	159.05	135.83	110.48

	Class Y accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	241.15	201.96	168.82
Return before operating charges*	(12.83)	40.94	34.55
Operating charges	(1.87)	(1.75)	(1.41)
Return after operating charges*	(14.70)	39.19	33.14
Distributions on accumulation shares	(5.32)	(4.08)	(4.47)
Retained distributions on accumulation shares	5.32	4.08	4.47
Closing net asset value per share	226.45	241.15	201.96
* after direct transaction costs of:	-	0.02	-

### Performance

Return after charges	(6.10%)	19.40%	19.63%
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### Other information

Closing net asset value (£000s)	40,965	50,995	51,569
Closing number of shares	18,090,514	21,146,190	25,534,280
Operating charges	0.79%	0.79%	0.80%
Direct transaction costs	0.00%	0.01%	0.00%

### Prices

Highest share price (pence)	248.86	244.41	204.28
Lowest share price (pence)	218.84	186.86	151.99

## Comparative tables (continued)

	Class Z accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	255.20	212.21	176.33
Return before operating charges*	(14.29)	43.08	35.95
Operating charges	(0.10)	(0.09)	(0.07)
Return after operating charges*	(14.39)	42.99	35.88
Distributions on accumulation shares	(6.84)	(5.97)	(5.79)
Retained distributions on accumulation shares	6.84	5.97	5.79
Closing net asset value per share	240.81	255.20	212.21
* after direct transaction costs of:	-	0.02	-
<b>Performance</b>			
Return after charges	(5.64%)	20.26%	20.35%
<b>Other information</b>			
Closing net asset value (£000s)	351,894	391,478	371,655
Closing number of shares	146,130,491	153,401,005	175,136,923
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.01%	0.00%
<b>Prices</b>			
Highest share price (pence)	264.36	258.56	214.57
Lowest share price (pence)	232.70	196.47	159.01

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 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.

## 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.

	<b>2018</b> %	<b>2017</b> %
<b>Class I</b>	0.79	0.79
<b>Class Y</b>	0.79	0.79
<b>Class Z</b>	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 3 types of share classes in issue; I accumulation, Y accumulation and Z accumulation. Each type of share 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 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 lowest category does not mean risk free.

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 the risk ratings in the year.

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 European Securities and Markets Authority guidelines for the calculation of the SRRI.

## Portfolio statement as at 31 October 2018

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 86.48% (2017: 86.42%)</b>		
	<b>Austria 0.69% (2017: 0.73%)</b>		
	<b>Basic Materials 0.07% (2017: 0.09%)</b>		
10,213	Voestalpine	285	0.07
	<b>Financials 0.35% (2017: 0.37%)</b>		
4,351	BAWAG	148	0.04
25,829	Erste Bank	823	0.21
12,096	Raiffeisen Bank	258	0.06
24,435	Uniqa Insurance	178	0.04
		1,407	0.35
	<b>Industrials 0.06% (2017: 0.07%)</b>		
5,480	Andritz	223	0.06
	<b>Oil &amp; Gas 0.14% (2017: 0.13%)</b>		
12,780	OMV	553	0.14
	<b>Technology 0.05% (2017: 0.07%)</b>		
6,782	AMS	207	0.05
	<b>Telecommunications 0.02% (2017: 0.00%)</b>		
12,275	Telekom Austria	71	0.02
	<b>Belgium 2.19% (2017: 2.64%)</b>		
	<b>Basic Materials 0.29% (2017: 0.28%)</b>		
6,276	Solvay	560	0.14
16,268	Umicore	600	0.15
		1,160	0.29
	<b>Consumer Goods 0.89% (2017: 1.34%)</b>		
62,118	Anheuser-Busch InBev	3,588	0.89
64,992	Anheuser-Busch InBev WPR <sup>1</sup>	-	-
		3,588	0.89
	<b>Consumer Services 0.05% (2017: 0.08%)</b>		
2,415	Colruyt	110	0.03
2,327	Telenet	88	0.02
		198	0.05
	<b>Financials 0.68% (2017: 0.64%)</b>		
1,908	Ackermans & van Haaren	235	0.06
14,698	Ageas	576	0.14
6,939	Groupe Bruxelles Lambert	506	0.13
20,897	KBC Ancora	757	0.19
9,109	KBC Bankverzekerings	492	0.12
984	Sofina	147	0.04
		2,713	0.68
	<b>Health Care 0.18% (2017: 0.17%)</b>		
11,099	UCB	728	0.18



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials 0.04% (2017: 0.06%)</b>		
11,873	Bpost	141	0.04
	<b>Telecommunications 0.06% (2017: 0.07%)</b>		
12,477	Proximus	249	0.06
	<b>Canada 0.03% (2017: 0.00%)</b>		
	<b>Industrials 0.03% (2017: 0.00%)</b>		
14,411	SIG Combibloc	125	0.03
	<b>China 0.04% (2017: 0.04%)</b>		
	<b>Consumer Goods 0.04% (2017: 0.04%)</b>		
30,070	Pirelli	173	0.04
	<b>Denmark 3.84% (2017: 4.30%)</b>		
	<b>Consumer Goods 0.43% (2017: 0.48%)</b>		
7,639	Carlsberg	661	0.17
15,098	Pandora	739	0.18
26,449	Scandinavian Tobacco	313	0.08
		1,713	0.43
	<b>Financials 0.31% (2017: 0.49%)</b>		
55,438	Danske Bank	828	0.20
7,118	Jyske Bank	227	0.06
10,380	Tryg	196	0.05
		1,251	0.31
	<b>Health Care 2.15% (2017: 2.01%)</b>		
15,195	Ambu 'B'	248	0.06
11,846	Bavarian Nordic	215	0.05
6,970	Chr. Hansen	552	0.14
10,693	Coloplast	781	0.20
4,302	Genmab	461	0.12
12,686	GN Store Nord	422	0.11
5,124	Lundbeck	187	0.05
150,240	Novo Nordisk 'B'	5,070	1.26
16,761	Novozymes	648	0.16
		8,584	2.15
	<b>Industrials 0.60% (2017: 0.70%)</b>		
1,217	A.P. Moller-Maersk 'A'	1,130	0.28
13,231	DSV	833	0.21
14,104	ISS	362	0.09
327	Rockwool International 'B'	87	0.02
		2,412	0.60
	<b>Oil &amp; Gas 0.17% (2017: 0.28%)</b>		
14,009	Vestas Wind Systems	686	0.17

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Telecommunications 0.00% (2017: 0.08%)</b>		
	<b>Utilities 0.18% (2017: 0.26%)</b>		
14,319	Orsted	711	0.18
	<b>Finland 2.40% (2017: 2.10%)</b>		
	<b>Basic Materials 0.40% (2017: 0.36%)</b>		
39,026	Stora Enso	460	0.11
44,510	UPM-Kymmene	1,123	0.29
		1,583	0.40
	<b>Consumer Goods 0.01% (2017: 0.01%)</b>		
377	Amer Sports	11	-
868	Nokian Renkaat	22	0.01
		33	0.01
	<b>Consumer Services 0.08% (2017: 0.06%)</b>		
6,681	Kesko	305	0.08
	<b>Financials 0.36% (2017: 0.35%)</b>		
40,541	Sampo	1,460	0.36
	<b>Health Care 0.04% (2017: 0.01%)</b>		
5,624	Orion 'B'	151	0.04
	<b>Industrials 0.52% (2017: 0.55%)</b>		
8,652	Huhtamaki	190	0.05
29,933	Kone	1,137	0.28
11,286	Metso	278	0.07
35,691	Wartsila	477	0.12
		2,082	0.52
	<b>Oil &amp; Gas 0.18% (2017: 0.11%)</b>		
11,416	Neste Oil	735	0.18
	<b>Technology 0.56% (2017: 0.43%)</b>		
505,484	Nokia	2,248	0.56
	<b>Telecommunications 0.10% (2017: 0.09%)</b>		
12,863	Elisa	401	0.10
	<b>Utilities 0.15% (2017: 0.13%)</b>		
35,777	Fortum	591	0.15
	<b>France 23.22% (2017: 22.64%)</b>		
	<b>Basic Materials 1.07% (2017: 0.94%)</b>		
1,764	Air Liquide	167	0.04
383	Air Liquide ('L') (Prime de Fidélité 2020)	36	0.01
36,855	Air Liquide (Prime de Fidélité)	3,495	0.87
5,263	Arkema	432	0.11
3,270	Imerys	158	0.04
		4,288	1.07

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods 4.88% (2017: 4.67%)</b>			
2,972	BIC	223	0.06
47,724	Danone	2,647	0.66
6,544	Faurecia	249	0.06
2,659	Hermes International	1,190	0.30
56	L'Oréal	10	-
20,529	L'Oréal (Prime de Fidélité)	3,620	0.90
432	L'Oréal (Prime de Fidélité 2020)	76	0.02
20,431	LVMH Moet Hennessy	4,868	1.23
14,936	Michelin	1,202	0.30
16,354	Pernod-Ricard	1,952	0.49
45,261	Peugeot	844	0.21
5,177	Plastic Omnium	113	0.03
2,258	Remy Cointreau	210	0.05
17,862	Renault	1,047	0.26
2,907	SEB	326	0.08
5,687	Ubisoft	400	0.10
21,054	Valeo	533	0.13
		<u>19,510</u>	<u>4.88</u>
<b>Consumer Services 1.81% (2017: 1.64%)</b>			
17,255	Accor	618	0.15
42,278	Carrefour	642	0.16
5,546	Casino Guichard Perrachon	192	0.05
18,087	Eutelsat Communications	287	0.07
7,641	JC Decaux International	197	0.05
5,954	Kering	2,078	0.52
12,484	Lagardère	268	0.07
16,885	Publicis	767	0.19
6,397	Sodexo (Prime de Fidélité)	511	0.13
2,240	Sodexo (Prime de Fidélité 2023)	179	0.04
80,220	Vivendi	1,518	0.38
		<u>7,257</u>	<u>1.81</u>
<b>Financials 3.10% (2017: 4.08%)</b>			
4,845	Amundi	226	0.06
150,944	AXA	2,963	0.74
89,529	BNP Paribas	3,662	0.92
6,352	CNP Assurances	111	0.03
4,037	Covivio	318	0.08
89,711	Credit Agricole	901	0.23
3,360	Eurazeo	192	0.05
3,149	Gecina	362	0.09
2,507	Icade	166	0.04
20,045	Klepierre	533	0.13
82,514	Natixis Banques Populaire	377	0.09
15,478	SCOR	561	0.14
65,922	Société Générale	1,898	0.47
1,350	Wendel Investissement	137	0.03
		<u>12,407</u>	<u>3.10</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Health Care 2.42% (2017: 2.20%)</b>			
3,570	BioMérieux	213	0.05
15,593	Essilor Luxottica	1,670	0.42
2,828	Ipsen	307	0.08
4,515	Orpea	435	0.11
98,517	Sanofi	6,887	1.72
1,561	Sartorius Stedim Biotech	152	0.04
		<u>9,664</u>	<u>2.42</u>
<b>Industrials 5.07% (2017: 4.70%)</b>			
2,644	Aéroports de Paris	432	0.11
48,817	Airbus	4,227	1.06
15,065	Alstom	516	0.13
95,983	Bolloré	318	0.08
527	Bolloré (Non-Voting)	2	-
19,032	Bouygues	544	0.14
23,216	Bureau Veritas	411	0.10
42,783	Compagnie de St Gobain	1,260	0.31
273	Dassault Aviation	355	0.09
16,976	Edenred	505	0.13
7,123	Eiffage	546	0.14
29,495	Elis	466	0.12
40,350	Getlink	398	0.10
20,218	Legrand	1,033	0.26
26,324	Rexel	263	0.07
26,986	Safran	2,726	0.68
40,402	Schneider Electric	2,291	0.57
3,799	Teleperformance	490	0.12
8,852	Thales	887	0.22
36,907	Vinci	2,580	0.64
		<u>20,250</u>	<u>5.07</u>
<b>Oil &amp; Gas 2.46% (2017: 2.04%)</b>			
213,389	Total	<u>9,826</u>	<u>2.46</u>
<b>Technology 1.01% (2017: 1.04%)</b>			
8,435	Atos Origin	566	0.14
12,866	Capgemini	1,231	0.31
11,111	Dassault Systèmes	1,092	0.27
2,254	Iliad	204	0.05
5,712	Ingenico	317	0.08
54,051	STMicroelectronics	643	0.16
		<u>4,053</u>	<u>1.01</u>
<b>Telecommunications 0.54% (2017: 0.51%)</b>			
177,911	Orange	<u>2,180</u>	<u>0.54</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Utilities 0.86% (2017: 0.82%)</b>			
17,435	EDF	227	0.06
5,144	EDF (Prime de Fidélité 2019)	67	0.02
13,076	EDF (Prime de Fidélité 2020)	170	0.04
1,158	Électricité de France	15	-
15,601	Engie (Prime de Fidélité 2020)	163	0.04
14,349	Engie	150	0.04
131,508	Engie (Prime de Fidélité Majoré)	1,372	0.33
6,564	Rubis	266	0.07
26,768	Suez Environnement	303	0.08
46,017	Veolia Environnement	718	0.18
		<u>3,451</u>	<u>0.86</u>
<b>Germany 5.87% (2017: 6.60%)</b>			
<b>Basic Materials 0.77% (2017: 1.19%)</b>			
8,049	BASF	486	0.12
11,144	Brenntag	457	0.11
3,215	Covestro	163	0.04
16,668	Evonik	404	0.10
4,212	Fuchs Petrolub	143	0.04
6,435	Fuchs Petrolub Non-Voting Preference Shares	234	0.06
9,744	K & S	142	0.04
6,113	Lanxess	297	0.07
8,899	Symrise	586	0.15
2,432	Wacker Chemie	170	0.04
		<u>3,082</u>	<u>0.77</u>
<b>Consumer Goods 1.16% (2017: 1.71%)</b>			
2,764	Adidas	511	0.13
932	Beiersdorf	76	0.02
1,708	BMW	116	0.03
5,876	BMW Non-Voting Preference Shares	347	0.09
664	Continental	86	0.02
5,902	DaimlerChrysler	275	0.07
4,034	Hella	148	0.04
12,438	Henkel	952	0.23
6,528	Hugo Boss	365	0.09
5,675	Knorr-Bremse	403	0.10
12,952	Porsche Automobil Holdings	647	0.16
564	Puma	226	0.06
6,949	Suedzucker	84	0.02
2,111	Volkswagen	273	0.07
875	Volkswagen Non-Voting Preference	116	0.03
		<u>4,625</u>	<u>1.16</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services 0.36% (2017: 0.28%)</b>			
2,197	Axel Springer	114	0.03
11,285	Ceconomy	45	0.01
10,596	Delivery Hero	336	0.09
3,012	Fielmann	147	0.04
11,285	Metro	133	0.03
18,021	ProSiebenSat.1 Media	327	0.08
10,671	Zalando	324	0.08
		<u>1,426</u>	<u>0.36</u>
<b>Financials 1.17% (2017: 0.97%)</b>			
5,558	Allianz	910	0.22
61,125	Aroundtown Property	398	0.10
92,334	Commerzbank	686	0.17
25,664	Deutsche Bank	197	0.05
2,598	Deutsche Boerse	258	0.06
30,810	Deutsche Wohnen	1,107	0.27
2,814	GRENKE	212	0.05
1,103	Hannover Rueckversicherungs	116	0.03
4,231	LEG Immobilien	362	0.09
631	Munchener Ruckvers	107	0.03
6,565	Rocket Internet	149	0.04
6,621	Vonovia	237	0.06
		<u>4,739</u>	<u>1.17</u>
<b>Health Care 0.33% (2017: 0.18%)</b>			
762	Bayer	46	0.01
3,080	Carl Zeiss Meditec	198	0.05
3,640	Fresenius	182	0.05
2,008	Fresenius Medical Care	123	0.03
4,720	Merck	396	0.10
11,300	Siemens Healthineers	366	0.09
		<u>1,311</u>	<u>0.33</u>
<b>Industrials 1.09% (2017: 1.33%)</b>			
21,660	Deutsche Post	536	0.13
2,676	Fraport	162	0.04
15,392	GEA	367	0.09
3,026	HeidelbergCement	162	0.04
1,586	Hochtief	186	0.05
7,655	Kion	351	0.09
1,277	Man	104	0.03
4,080	MTU Aero Engines	681	0.17
5,934	Osram	188	0.05
524	Rational	238	0.06
3,701	Rheinmetall	251	0.06
1,896	Sartorius	215	0.05
7,795	Siemens	705	0.18
4,816	thyssenkrupp	79	0.02
804	Wirecard	118	0.03
		<u>4,343</u>	<u>1.09</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Technology 0.47% (2017: 0.47%)</b>		
7,442	Infineon Technologies	117	0.03
11,406	SAP	959	0.24
14,625	Scout24	475	0.12
10,485	United Internet	339	0.08
		<u>1,890</u>	<u>0.47</u>
	<b>Telecommunications 0.20% (2017: 0.21%)</b>		
36,429	Deutsche Telekom	469	0.12
3,997	Drillisch	139	0.03
64,914	Telefonica Deutschland	201	0.05
		<u>809</u>	<u>0.20</u>
	<b>Utilities 0.32% (2017: 0.26%)</b>		
20,090	E.ON	153	0.04
12,648	Innogy	437	0.11
16,908	RWE	259	0.06
19,086	Uniper	433	0.11
		<u>1,282</u>	<u>0.32</u>
	<b>Greece 0.00% (2017: 0.00%)</b>		
	<b>Financials 0.00% (2017: 0.00%)</b>		
	<b>Ireland 0.22% (2017: 0.24%)</b>		
	<b>Consumer Goods 0.06% (2017: 0.07%)</b>		
14,775	Glanbia	204	0.05
652	Kerry	52	0.01
		<u>256</u>	<u>0.06</u>
	<b>Financials 0.15% (2017: 0.17%)</b>		
60,550	Allied Irish Banks	232	0.06
68,439	Bank of Ireland	377	0.09
108,059	Irish Bank Resolution	-	-
		<u>609</u>	<u>0.15</u>
	<b>Industrials 0.01% (2017: 0.00%)</b>		
1,002	Kingspan	34	0.01
	<b>Italy 4.70% (2017: 5.16%)</b>		
	<b>Consumer Goods 0.59% (2017: 0.51%)</b>		
40,215	Davide Campari	242	0.06
11,186	Ferrari	1,027	0.26
13,926	Luxottica	685	0.17
14,755	Moncler	401	0.10
		<u>2,355</u>	<u>0.59</u>
	<b>Financials 1.80% (2017: 2.17%)</b>		
126,667	Assicurazioni Generali	1,603	0.40
29,836	Banca Mediolanum	135	0.03
115,394	Banco BPM	170	0.04
42,487	FinecoBank	348	0.09

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials (continued)</b>		
1,184,143	Intesa Sanpaolo	2,052	0.52
53,869	Mediobanca	370	0.09
83,807	Poste Italiane	471	0.12
173,596	UniCredit	1,741	0.44
55,610	Unione di Banche Italiane	133	0.03
96,881	UnipolSai Assicurazioni	166	0.04
		<u>7,189</u>	<u>1.80</u>
	<b>Health Care 0.04% (2017: 0.08%)</b>		
5,983	Recordati	<u>159</u>	<u>0.04</u>
	<b>Industrials 0.38% (2017: 0.49%)</b>		
49,849	Atlantia	783	0.20
41,847	Enav	148	0.04
34,169	Leonardo	290	0.07
19,644	Prysmian	299	0.07
		<u>1,520</u>	<u>0.38</u>
	<b>Oil &amp; Gas 0.78% (2017: 0.62%)</b>		
202,932	ENI	2,826	0.70
70,421	Saipem	302	0.08
		<u>3,128</u>	<u>0.78</u>
	<b>Telecommunications 0.15% (2017: 0.22%)</b>		
752,556	Telecom Italia	347	0.09
605,377	Telecom Italia di Risp	239	0.06
		<u>586</u>	<u>0.15</u>
	<b>Utilities 0.96% (2017: 1.07%)</b>		
132,567	A2A	167	0.04
626,044	Enel	2,407	0.60
50,130	Italgas	202	0.05
160,725	Snam Rete Gas	520	0.13
137,561	Terna	557	0.14
		<u>3,853</u>	<u>0.96</u>
	<b>Luxembourg 0.60% (2017: 0.54%)</b>		
	<b>Basic Materials 0.33% (2017: 0.32%)</b>		
47,059	ArcelorMittal	919	0.22
36,360	Tenaris	424	0.11
		<u>1,343</u>	<u>0.33</u>
	<b>Consumer Services 0.18% (2017: 0.13%)</b>		
4,576	RTL	229	0.06
28,730	SES	483	0.12
		<u>712</u>	<u>0.18</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Health Care 0.09% (2017: 0.09%)</b>		
906	Eurofins Scientific	358	0.09
	<b>Netherlands 6.59% (2017: 5.72%)</b>		
	<b>Basic Materials 0.72% (2017: 0.64%)</b>		
21,563	Akzo Nobel	1,419	0.35
13,258	Koninklijke DSM	910	0.23
24,877	OCI	554	0.14
		<u>2,883</u>	<u>0.72</u>
	<b>Consumer Goods 0.49% (2017: 0.45%)</b>		
27,886	Heineken	1,967	0.49
	<b>Consumer Services 0.67% (2017: 0.58%)</b>		
91,274	Koninklijke Ahold Delhaize	1,637	0.41
23,218	Wolters Kluwer	1,031	0.26
		<u>2,668</u>	<u>0.67</u>
	<b>Financials 1.89% (2017: 1.75%)</b>		
35,545	ABN AMRO	684	0.17
174,848	Aegon	841	0.21
8,649	ASR Nederland	307	0.08
9,649	Exor	428	0.11
309,309	ING	2,875	0.71
23,587	NN	795	0.20
11,650	Unibail-Rodamco-Westfield Stapled	1,655	0.41
		<u>7,585</u>	<u>1.89</u>
	<b>Health Care 0.82% (2017: 0.78%)</b>		
90,581	Koninklijke Philips	2,644	0.66
21,850	Qiagen	624	0.16
		<u>3,268</u>	<u>0.82</u>
	<b>Industrials 0.30% (2017: 0.25%)</b>		
7,213	Aalberts Industries	207	0.05
8,319	Boskalis Westminster	188	0.05
10,983	Randstad	435	0.11
7,000	Signify	135	0.03
6,700	Vopak	237	0.06
		<u>1,202</u>	<u>0.30</u>
	<b>Technology 1.55% (2017: 0.91%)</b>		
33,806	ASML Holdings	4,524	1.13
37,512	Gemalto	1,673	0.42
		<u>6,197</u>	<u>1.55</u>
	<b>Telecommunications 0.15% (2017: 0.36%)</b>		
80,476	Altice 'A'	150	0.04
212,851	Koninklijke KPN	441	0.11
		<u>591</u>	<u>0.15</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Norway 1.74% (2017: 1.70%)</b>		
	<b>Basic Materials 0.23% (2017: 0.28%)</b>		
99,401	Norsk Hydro	405	0.10
15,208	Yara International	513	0.13
		<u>918</u>	<u>0.23</u>
	<b>Consumer Goods 0.27% (2017: 0.22%)</b>		
33,972	Marine Harvest	646	0.16
66,396	Orkla 'A'	449	0.11
		<u>1,095</u>	<u>0.27</u>
	<b>Consumer Services 0.10% (2017: 0.06%)</b>		
4,820	Schibsted	131	0.03
10,375	Schibsted 'B'	258	0.07
		<u>389</u>	<u>0.10</u>
	<b>Financials 0.41% (2017: 0.42%)</b>		
86,340	DNB	1,225	0.31
14,831	Gjensidige Forsikring	180	0.04
34,956	Storebrand	228	0.06
		<u>1,633</u>	<u>0.41</u>
	<b>Health Care 0.06% (2017: 0.07%)</b>		
9,356	William Demant	242	0.06
	<b>Industrials 0.00% (2017: 0.07%)</b>		
	<b>Oil &amp; Gas 0.46% (2017: 0.38%)</b>		
7,517	Aker BP	194	0.05
81,640	Equinor	1,666	0.41
		<u>1,860</u>	<u>0.46</u>
	<b>Telecommunications 0.21% (2017: 0.20%)</b>		
58,369	Telenor	841	0.21
	<b>Poland 0.73% (2017: 0.00%)</b>		
	<b>Basic Materials 0.04% (2017: 0.00%)</b>		
8,800	KGHM Polska Miedz	156	0.04
	<b>Consumer Goods 0.08% (2017: 0.00%)</b>		
5,636	CD Projekt	182	0.05
80	LPP	128	0.03
		<u>310</u>	<u>0.08</u>
	<b>Consumer Services 0.05% (2017: 0.00%)</b>		
40,055	Cyfrowy Polsat	181	0.05

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials 0.35% (2017: 0.00%)</b>		
13,678	Bank Pekao	290	0.07
71,909	Powszechna Kasa Oszczednosci Bank Polski	587	0.14
48,222	Powszechny Zaklad Ubezpieczen	385	0.09
2,622	Santander Bank Polska	181	0.05
		<u>1,443</u>	<u>0.35</u>
	<b>Oil &amp; Gas 0.21% (2017: 0.00%)</b>		
9,409	Grupa Lotos	133	0.03
158,614	PGNiG	201	0.05
26,351	PKN Orlen	496	0.13
		<u>830</u>	<u>0.21</u>
	<b>Portugal 0.34% (2017: 0.33%)</b>		
	<b>Consumer Services 0.06% (2017: 0.07%)</b>		
23,489	Jeronimo Martins	226	0.06
	<b>Financials 0.00% (2017: 0.00%)</b>		
336,000	Banco Espírito Santo <sup>1</sup>	-	-
	<b>Oil &amp; Gas 0.13% (2017: 0.14%)</b>		
39,138	Galp Energia	534	0.13
	<b>Utilities 0.15% (2017: 0.12%)</b>		
16,992	EDP Renovaveis	119	0.03
170,104	Energias de Portugal	467	0.12
		<u>586</u>	<u>0.15</u>
	<b>Spain 6.54% (2017: 7.37%)</b>		
	<b>Basic Materials 0.04% (2017: 0.04%)</b>		
17,436	Acerinox	153	0.04
	<b>Consumer Services 0.50% (2017: 0.63%)</b>		
88,173	Inditex	1,948	0.48
11,405	Mediaset Espanamunicacion	61	0.02
		<u>2,009</u>	<u>0.50</u>
	<b>Financials 2.47% (2017: 3.16%)</b>		
530,297	Banco Bilbao Vizcaya Argentaria	2,297	0.57
493,847	Banco de Sabadell	509	0.13
355,050	Banco Popular Espanol <sup>1</sup>	-	-
1,284,895	Banco Santander (rights)	39	0.01
1,284,895	Banco Santander	4,778	1.19
101,564	Bankia	250	0.06
56,580	Bankinter	363	0.09
301,069	CaixaBank	956	0.24
24,711	Inmobiliaria Colonial	194	0.05
114,773	Mapfre	269	0.07
24,547	Merlin Properties Socimi	241	0.06
		<u>9,896</u>	<u>2.47</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Health Care 0.27% (2017: 0.24%)</b>			
48,900	Grifols ADR	781	0.19
19,461	Grifols 'B' Preference Shares	313	0.08
		<u>1,094</u>	<u>0.27</u>
<b>Industrials 0.51% (2017: 1.10%)</b>			
3,000	Acciona	198	0.05
20,449	ACS Actividades	601	0.14
4,742	Aena	593	0.15
34,967	Ferrovial	549	0.14
22,056	Zardoya Otis	118	0.03
		<u>2,059</u>	<u>0.51</u>
<b>Oil &amp; Gas 0.42% (2017: 0.35%)</b>			
24,016	Gamesa	208	0.05
104,106	Repsol	1,461	0.37
		<u>1,669</u>	<u>0.42</u>
<b>Technology 0.52% (2017: 0.00%)</b>			
33,028	Amadeus IT Holdings	2,085	0.52
<b>Telecommunications 0.68% (2017: 0.71%)</b>			
13,268	Cellnex Telecom	259	0.06
381,744	Telefónica	2,450	0.62
		<u>2,709</u>	<u>0.68</u>
<b>Utilities 1.13% (2017: 1.14%)</b>			
20,276	Enagas	421	0.11
28,650	Endesa	469	0.12
477,436	Iberdrola	2,648	0.66
22,856	Naturgy Energy	440	0.11
32,822	Red Electrica	533	0.13
		<u>4,511</u>	<u>1.13</u>
<b>Sweden 6.21% (2017: 6.52%)</b>			
<b>Basic Materials 0.20% (2017: 0.22%)</b>			
20,664	Boliden (Post split)	370	0.09
56,719	Svenska Cellulosa 'B'	420	0.11
		<u>790</u>	<u>0.20</u>
<b>Consumer Goods 0.55% (2017: 0.63%)</b>			
3,248	Autoliv	211	0.05
17,298	Electrolux Series 'B'	283	0.07
49,376	Essity Aktiebolag	880	0.22
29,873	Husqvarna 'B'	176	0.04
14,669	Swedish Match	585	0.15
3,248	Veoneer SDR	85	0.02
		<u>2,220</u>	<u>0.55</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services 0.29% (2017: 0.45%)</b>			
66,317	Hennes & Mauritz 'B'	917	0.23
8,289	ICA Gruppen	228	0.06
		<u>1,145</u>	<u>0.29</u>
<b>Financials 2.04% (2017: 2.03%)</b>			
7,264	Fastighets Balder 'B'	143	0.04
14,472	Industrivarden	235	0.06
22,777	Industrivarden 'A'	381	0.10
10,822	Investor 'A'	369	0.09
34,799	Investor 'B'	1,179	0.29
22,909	Kinnevik 'B'	498	0.12
8,584	Lundbergs 'B'	208	0.05
251,330	Nordea Bank	1,709	0.42
118,004	Skandinaviska Enskilda Banken 'A'	955	0.24
120,038	Svenska Handelsbanken 'A'	1,021	0.26
86,353	Swedbank	1,522	0.37
		<u>8,220</u>	<u>2.04</u>
<b>Health Care 0.16% (2017: 0.12%)</b>			
29,212	Elekta 'B'	290	0.07
20,992	Swedish Orphan Biovitrum	337	0.09
		<u>627</u>	<u>0.16</u>
<b>Industrials 2.03% (2017: 2.30%)</b>			
28,230	Alfa Laval	565	0.14
72,489	Assa Abloy 'B'	1,127	0.28
55,236	Atlas Copco 'A'	1,066	0.27
27,684	Atlas Copco 'B' (Post split)	495	0.12
6,164	Epiroc 'A'	42	0.01
92,015	Epiroc 'B'	594	0.15
24,419	Nibe Industrier 'B'	199	0.05
4,421	Saab	135	0.03
93,837	Sandvik	1,164	0.29
32,518	Securitas 'B'	436	0.11
19,259	Skanska	238	0.06
31,402	SKF 'B'	394	0.10
19,044	Trelleborg 'B'	269	0.07
118,488	Volvo 'B'	1,387	0.35
		<u>8,111</u>	<u>2.03</u>
<b>Oil &amp; Gas 0.10% (2017: 0.06%)</b>			
16,214	Lundin	388	0.10
<b>Technology 0.59% (2017: 0.44%)</b>			
232,514	Ericsson 'B'	1,583	0.40
19,940	Hexagon	767	0.19
		<u>2,350</u>	<u>0.59</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Telecommunications 0.25% (2017: 0.27%)</b>			
34,832	Tele2 'B'	310	0.08
192,338	Telia	679	0.17
		<u>989</u>	<u>0.25</u>
<b>Switzerland 18.84% (2017: 17.92%)</b>			
<b>Basic Materials 0.48% (2017: 0.48%)</b>			
13,704	Clariant	231	0.06
342	EMS-Chemie	148	0.04
812	Givaudan	1,541	0.38
		<u>1,920</u>	<u>0.48</u>
<b>Consumer Goods 5.27% (2017: 5.05%)</b>			
205	Barry Callebaut	314	0.08
50,509	CIE Financiere Richemont 'A'	2,896	0.72
7	Lindt & Spruengli	436	0.11
68	Lindt & Spruengli Participation Certificates	368	0.09
244,085	Nestlé	16,157	4.04
3,490	Swatch (Bearer Shares)	925	0.23
		<u>21,096</u>	<u>5.27</u>
<b>Consumer Services 0.10% (2017: 0.14%)</b>			
2,896	DKSH Holdings	153	0.04
2,734	Dufry	241	0.06
		<u>394</u>	<u>0.10</u>
<b>Financials 3.52% (2017: 3.44%)</b>			
3,919	Baloise Holdings	440	0.11
401	Banque Cantonale Vaudoise	235	0.06
210,275	Credit Suisse	2,163	0.54
715	Helvetia	343	0.09
18,327	Julius Baer	656	0.16
2,438	Pargesa	140	0.04
1,129	Partners	630	0.16
2,769	PSP Swiss Property	209	0.05
2,890	Swiss Life	854	0.21
6,065	Swiss Prime Site	386	0.10
23,431	Swiss Reinsurance	1,658	0.41
316,071	UBS	3,464	0.87
11,873	Zurich Insurance	2,889	0.72
		<u>14,067</u>	<u>3.52</u>
<b>Health Care 6.75% (2017: 5.86%)</b>			
6,159	Lonza	1,517	0.38
183,719	Novartis	12,608	3.15
2,025	Roche	386	0.10
58,059	Roche Participation Certificates	11,070	2.77
4,495	Sonova	575	0.14
888	Straumann	475	0.12
3,330	Vifor Pharma	377	0.09
		<u>27,008</u>	<u>6.75</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials 2.27% (2017: 2.55%)</b>		
140,298	ABB	2,215	0.56
20,289	Adecco	779	0.19
1,681	Flughafen Zurich 'A'	260	0.07
2,741	Geberit	841	0.21
312	Georg Fischer	228	0.06
3,391	Kuehne Nagel	370	0.09
41,452	LafargeHolcim	1,504	0.38
13,507	OC Oerlikon	126	0.03
1,077	Schindler	175	0.04
3,334	Schindler Participation Certificates	550	0.14
478	SGS	890	0.22
11,340	Sika	1,139	0.28
		<u>9,077</u>	<u>2.27</u>
	<b>Technology 0.21% (2017: 0.19%)</b>		
12,548	Logitech International	363	0.09
4,554	Temenos	491	0.12
		<u>854</u>	<u>0.21</u>
	<b>Telecommunications 0.24% (2017: 0.21%)</b>		
3,248	Sunrise Communications	224	0.06
2,088	Swisscom	749	0.18
		<u>973</u>	<u>0.24</u>
	<b>United Kingdom 1.51% (2017: 1.71%)</b>		
	<b>Consumer Goods 1.28% (2017: 1.28%)</b>		
95,249	Fiat Chrysler Automobiles	1,136	0.28
95,125	Unilever	4,008	1.00
		<u>5,144</u>	<u>1.28</u>
	<b>Consumer Services 0.00% (2017: 0.25%)</b>		
	<b>Industrials 0.18% (2017: 0.18%)</b>		
86,513	CNH Industrial	705	0.18
	<b>Oil &amp; Gas 0.05% (2017: 0.00%)</b>		
20,975	Subsea 7	208	0.05
	<b>United States 0.18% (2017: 0.16%)</b>		
	<b>Oil &amp; Gas 0.18% (2017: 0.16%)</b>		
34,800	TechnipFMC	726	0.18
	<b>Bonds 1.22% (2017: 1.57%)</b>		
	<b>Germany 0.87% (2017: 1.20%)</b>		
	<b>Fixed Rate Bond 0.87% (2017: 1.20%)</b>		
EUR 4,700,000	Bayer Capital 5.625% 22/11/2019	3,481	0.87

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Sweden 0.35% (2017: 0.37%)</b>		
	<b>Fixed Rate Bond 0.35% (2017: 0.37%)</b>		
SEK 16,000,000	SAS 3.625% 01/04/2019	1,397	0.35
	<b>Derivatives (0.71%) (2017: 0.72%)</b>		
	<b>Contracts for Difference 0.05% (2017: 0.03%)<sup>3</sup></b>		
	<b>Cross Currency Contracts for Difference (0.01%) (2017: 0.01%)<sup>3</sup></b>		
30,897	Unilever	(35)	(0.01)
	<b>Equity Contracts for Difference 0.06% (2017: 0.02%)<sup>3</sup></b>		
(5,987)	Air Liquide	26	0.01
5,424	Amundi	(52)	(0.01)
3,526	Arkema	(44)	(0.01)
(36,552)	Bayer	143	0.03
(4,183)	Capgemini	14	-
(12,949)	Deutsche Lufthansa	22	0.01
1,230	Elis	2	-
(19,868)	Engie	16	-
(12,894)	Essilor Luxottica	27	0.01
(8,192)	Grifols	(9)	-
(1,913)	Henkel	7	-
11,511	Kerry 'A'	(29)	(0.01)
12,077	Kingspan	(28)	(0.01)
(19,188)	Linde	4	-
(1,967)	L'Oreal	4	-
27,969	Luxottica	101	0.03
6,516	Plastic Omnium	13	-
641	Renault	(4)	-
(11,295)	RWE	14	-
12,149	Ryanair	1	-
1,000	Sanofi-Aventis	2	-
(159,575)	SAS	(6)	-
(1,525)	SEB	27	0.01
1,293	Société Générale	(5)	-
(1,424)	Sodexo Alliance	(3)	-
		243	0.06
	<b>Futures (0.75%) (2017: 0.68%)</b>		
9	EOE Amsterdam Index November 2018	1	-
45	EOP CAC40 Index (10x) November 2018	4	-
237	EUX DAX Index December 2018	(3,379)	(0.84)
(319)	EUX Euro Stoxx 50 December 2018	382	0.10
(11)	EUX Euro-Schatz December 2018 <sup>2</sup>	-	-
(5)	EUX Swiss Market Index December 2018	(6)	-
10	MFM IBEX 35 Index November 2018	4	-
8	MIL FTSE MIB Index December 2018	(51)	(0.01)
44	SSE OMXS30 Index November 2018	5	-
		(3,040)	(0.75)



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Swaps (0.01%) (2017: (0.01%))<sup>3</sup></b>		
	<b>Credit Default Swaps (0.01%) (2017: (0.01%))<sup>3</sup></b>		
1,800,000	CDS 5% 20/03/2019 Scandinavian Pay EUR	(26)	(0.01)
	<b>Forward Foreign Exchange Contracts 0.00% (2017: 0.02%)<sup>3</sup></b>		
	Buy CHF 119,750 : Sell EUR 105,224 November 2018 <sup>2</sup>	-	-
	Buy CHF 175,000 : Sell EUR 153,341 November 2018 <sup>2</sup>	-	-
	Buy CHF 191,750 : Sell EUR 168,357 November 2018 <sup>2</sup>	-	-
	Buy CHF 193,750 : Sell EUR 169,698 November 2018 <sup>2</sup>	-	-
	Buy EUR 1,615,464 : Sell DKK 12,043,750 November 2018	1	-
	Buy EUR 169,978 : Sell CHF 193,750 November 2018 <sup>2</sup>	-	-
	Buy EUR 2,493,113 : Sell CHF 2,831,750 November 2018	7	-
	Buy EUR 268,802 : Sell NOK 2,563,750 November 2018 <sup>2</sup>	-	-
	Buy EUR 3,056,030 : Sell SEK 31,593,000 November 2018	4	-
	Buy EUR 420,956 : Sell GBP 375,000 November 2018	(2)	-
	Buy SEK 1,904,250 : Sell EUR 182,265 November 2018	1	-
	Buy SEK 2,265,500 : Sell EUR 216,994 November 2018	2	-
	Buy SEK 2,433,500 : Sell EUR 234,364 November 2018	1	-
	Buy SEK 3,048,000 : Sell EUR 293,556 November 2018	1	-
		15	-
	<b>Investment assets including investment liabilities</b>	<b>348,099</b>	<b>86.99</b>
	Other net assets	52,044	13.01
	<b>Total net assets</b>	<b>400,143</b>	<b>100.00</b>

<sup>1</sup> Suspended or delisted securities

<sup>2</sup> Due to rounding to nearest £1,000

<sup>3</sup> Unquoted securities

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

## Statement of total return for the year ended 31 October 2018

		2018		2017	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(36,101)		69,215
Revenue	3	14,734		12,310	
Expenses	4	(596)		(633)	
Interest payable and similar charges	5	(445)		(356)	
Net revenue before taxation		13,693		11,321	
Taxation	6	(1,958)		(502)	
Net revenue after taxation			11,735		10,819
Total return before distributions			(24,366)		80,034
Distributions	7		(11,735)		(10,819)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(36,101)</b>		<b>69,215</b>

## Statement of change in net assets attributable to shareholders for the year ended 31 October 2018

	2018		2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>454,212</b>		<b>434,265</b>
Amounts receivable on issue of shares	40,568		58,668	
Amounts payable on cancellation of shares	(70,110)		(118,592)	
		(29,542)		(59,924)
Dilution adjustment		84		156
Change in net assets attributable to shareholders from investment activities		(36,101)		69,215
Retained distributions on accumulation shares		11,490		10,500
<b>Closing net assets attributable to shareholders</b>		<b>400,143</b>		<b>454,212</b>

## Balance sheet as at 31 October 2018

	Note	2018 £000	2017 £000
<b>Assets:</b>			
Investments		351,778	403,603
Current assets:			
Debtors	8	1,972	2,442
Cash and bank balances	9	53,954	56,788
<b>Total assets</b>		<b>407,704</b>	<b>462,833</b>
<b>Liabilities:</b>			
Investment liabilities		3,679	673
Creditors:			
Amounts held at derivative clearing houses and brokers		398	3,698
Bank overdrafts		2,497	2,905
Other creditors	10	987	1,345
<b>Total liabilities</b>		<b>7,561</b>	<b>8,621</b>
<b>Net assets attributable to shareholders</b>		<b>400,143</b>	<b>454,212</b>

## Notes to the financial statements for the year ended 31 October 2018

### 1 Accounting policies

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

### 2 Net capital (losses)/gains

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

	2018 £000	2017 £000
Derivative securities	(8,502)	11,727
Forward currency contracts	222	12
Non-derivative securities	(28,267)	57,416
Other currency gains	464	94
Transaction costs	(18)	(34)
<b>Net capital (losses)/gains</b>	<b>(36,101)</b>	<b>69,215</b>

### 3 Revenue

	2018 £000	2017 £000
Bank interest	6	53*
Derivative revenue	1,892	18
Interest on margins	36	20*
Interest on debt securities	284	413
Overseas dividends	11,536	10,487
Stock dividends	870	1,258
Stock lending revenue	86	61
UK dividends	24	-
<b>Total revenue</b>	<b>14,734</b>	<b>12,310</b>

\* Prior year Bank interest reclassified between Bank interest and Interest on margins

### 4 Expenses

	2018 £000	2017 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	437	468
GAC*	89	88
	<b>526</b>	<b>556</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	35	37
Safe custody fees	34	35
	<b>69</b>	<b>72</b>
<b>Other expenses:</b>		
Dividend collection charges	1	-
Professional fees	-	5
	<b>1</b>	<b>5</b>
<b>Total expenses</b>	<b>596</b>	<b>633</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £10,017 (2017: £9,725).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2018 £000	2017 £000
Interest payable	307	297
Dividends payable on CFD contracts	138	59
<b>Total interest payable and similar charges</b>	<b>445</b>	<b>356</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2018 £000	2017 £000
<b>Current tax</b>		
Corporation tax	192	-
Double tax relief	(6)	-
Overseas withholding tax	1,772	502
<b>Total tax (note 6b)</b>	<b>1,958</b>	<b>502</b>

#### 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% (2017: 20%). The differences are explained below:

	2018 £000	2017 £000
Net revenue before taxation	13,693	11,321
Corporation tax at 20% (2017: 20%)	2,739	2,264
Effects of:		
Double tax relief	(6)	-
Irrecoverable overseas tax	1,772	502
Overseas dividends*	(2,295)	(2,083)
Stock dividends*	(174)	(252)
UK dividends**	(5)	-
Excess management expenses	(73)	71
<b>Tax charge for the year (note 6a)</b>	<b>1,958</b>	<b>502</b>

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

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

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

#### c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2017: nil).

#### d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is no potential deferred tax asset (2017: £72,873) in relation to surplus management expenses.

#### Withholding tax reclaims

The fund has filed withholding tax reclaims in respect of withholding tax applied on Swiss dividends during the years 2016 to 2017. No amounts have been received during the year in relation to these claims (2017: £0) and no interest on reclaims has been received (2017: £0).

## 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:

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Interim accumulation	6,013	5,038
Final accumulation	5,477	5,462
	<u>11,490</u>	<u>10,500</u>
Amounts deducted on cancellation of shares	373	699
Amounts received on issue of shares	(128)	(380)
<b>Total distributions</b>	<u><b>11,735</b></u>	<u><b>10,819</b></u>

### 8 Debtors

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Accrued revenue	133	255
Amounts receivable for issue of shares	400	-
Corporation tax recoverable	-	15
Overseas withholding tax reclaimable	1,044	1,823
Sales awaiting settlement	395	349
<b>Total debtors</b>	<u><b>1,972</b></u>	<u><b>2,442</b></u>

### 9 Cash and bank balances

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Amounts held at derivative clearing houses and brokers	11,580	5,955
Cash and bank balances	42,374	50,833
<b>Total cash and bank balances</b>	<u><b>53,954</b></u>	<u><b>56,788</b></u>

### 10 Other creditors

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Accrued annual management charge	31	40
Accrued Depositary's fee	3	3
Accrued other expenses	36	37
Amounts payable for cancellation of shares	165	360
Corporation tax payable	693	527
Derivative interest payable	15	9
Purchases awaiting settlement	44	369
<b>Total other creditors</b>	<u><b>987</b></u>	<u><b>1,345</b></u>

## Notes to the financial statements (continued)

### 11 Contingent liabilities and commitments

The fund has filed a claim with HM Revenue & Customs ('HMRC') (on the basis of the principles set out in the Franked Investment Income Group Litigation Order (FII GLO)) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim has been filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods. A successful outcome may result in a refund of corporation tax. A contingent asset has not been recognised as the amount receivable is not virtually certain.

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

### 12 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party because it provides key management personnel services to 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, 7, 8 and 10 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) Ltd, as a material shareholder, is a related party holding shares comprising 79.62% of the total net assets of the fund as at the year end (2017: 78.07%).

### 13 Shareholders' funds

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

	2018 %	2017 %
Class I	0.75	0.75
Class Y	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 88 to 89. The distribution per share class is given in the distribution tables on page 123. All share classes have the same rights on winding up.

#### Shares reconciliation as at 31 October 2018

	Class I accumulation	Class Y accumulation	Class Z accumulation
Opening number of shares	6,697,152	21,146,190	153,401,005
Issues during the year	46,323	21,493	16,032,098
Cancellations during the year	(2,317,751)	(3,077,169)	(23,302,612)
<b>Closing shares in issue</b>	<b>4,425,724</b>	<b>18,090,514</b>	<b>146,130,491</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund may use financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, 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 31 October 2018 (2017: nil).

#### 2018

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

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
Citigroup	-	2	-	2
Credit Suisse	423	-	-	423
JPM Chase	-	13	-	13
UBS	-	2	396	398
	<b>423</b>	<b>17</b>	<b>396</b>	<b>836</b>

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives held was as follows:

Counterparty	Cross currency contracts for difference £000	Contracts for difference £000	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	-	-	34	-	34
Citigroup	-	-	17	-	17
Credit Suisse	25	221	-	-	246
JPM Chase	-	-	83	-	83
UBS	-	-	-	3,586	3,586
	<b>25</b>	<b>221</b>	<b>134</b>	<b>3,586</b>	<b>3,966</b>



## 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 income.

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

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

#### 2018

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	446	495	Equity
Citigroup	466	518	Equity
Credit Suisse	17,255	19,881	Equity
Deutsche Bank	7,848	8,854	Equity
HSBC	710	792	Equity
JP Morgan	10,190	11,322	Equity
Morgan Stanley	1,065	1,121	Government Bond
Natixis	5,396	5,996	Equity
Société Générale	3,312	3,680	Equity
	<b>46,688</b>	<b>52,659</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	101	15	86

## Notes to the financial statements (continued)

### 15 Stock lending (continued)

2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
ABN Amro	389	409	Equity
Citigroup	243	270	Equity
Deutsche Bank	10,343	11,636	Equity
HSBC	2,649	2,961	Equity
ING Bank	1,318	1,470	Equity
JP Morgan	6,964	7,777	Equity
Merrill Lynch	1,365	1,518	Equity
Natixis	5,616	6,240	Equity
Société Générale	2,077	2,308	Equity
	<b>30,964</b>	<b>34,589</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	72	11	61

### 16 Risk

#### Currency risk

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

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2018</b>			
<b>Currency</b>			
Danish krone	14,165	267	14,432
Euro	225,660	49,692	275,352
Norwegian krone	6,706	78	6,784
Polish zloty	2,920	49	2,969
Swedish krona	24,355	574	24,929
Swiss franc	73,887	1,597	75,484
South African rand	-	6	6
Turkish lira	-	18	18
UK sterling	(375)	(249)	(624)
US dollar	781	12	793
<b>Total</b>	<b>348,099</b>	<b>52,044</b>	<b>400,143</b>

## Notes to the financial statements (continued)

### 16 Risk (continued)

#### Currency risk (continued)

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2017</b>			
Currency			
Danish krone	17,771	123	17,894
Euro	269,488	49,071	318,559
Norwegian krone	6,805	(270)	6,535
South African rand	-	5	5
Swedish krona	28,729	571	29,300
Swiss franc	79,264	1,857	81,121
Turkish lira	-	25	25
UK sterling	197	(303)	(106)
US dollar	676	203	879
<b>Total</b>	<b>402,930</b>	<b>51,282</b>	<b>454,212</b>

#### Interest rate risk

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

#### Sensitivity analysis

##### Global exposure

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

#### VaR Results

	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
<b>2018</b>	97.94	103.35	100.33	200.00	48.97	51.68	50.16
<b>2017</b>	96.89	106.29	99.93	200.00	48.45	53.15	49.96

Global exposure calculation basis: Relative VaR

Reference portfolio: FTSE Custom World Dev Europe ex UK Index

#### Leverage

	Minimum	Maximum	Average
	%	%	%
<b>2018</b>	22.68	34.35	24.78
<b>2017</b>	22.79	37.14	26.01

## 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
<b>2018</b>				
Amounts held at derivatives clearing houses and brokers	398	-	-	-
Bank overdrafts	2,497	-	-	-
Derivative financial liabilities	-	3,464	215	-
Other creditors	-	987	-	-
<b>Total</b>	<b>2,895</b>	<b>4,451</b>	<b>215</b>	<b>-</b>

### 16 Risk (continued)

#### Liquidity risk (continued)

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2017</b>				
Amounts held at derivatives clearing houses and brokers	3,698	-	-	-
Bank overdrafts	2,905	-	-	-
Derivative financial liabilities	-	529	144	-
Other creditors	-	1,345	-	-
<b>Total</b>	<b>6,603</b>	<b>1,874</b>	<b>144</b>	<b>-</b>

### 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

	<b>2018</b>		<b>2017</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	346,460	3,435	396,102	492
Level 2	5,318	244	7,501	181
Level 3	-	-	-	-
	<b>351,778</b>	<b>3,679</b>	<b>403,603</b>	<b>673</b>

## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	3,487	13,729	4,131	14,946
Equities	70,499	106,319	88,311	148,841
<b>Trades in the year before transaction costs</b>	<b>73,986</b>	<b>120,048</b>	<b>92,442</b>	<b>163,787</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	20	46	20	51
<b>Total commissions</b>	<b>20</b>	<b>46</b>	<b>20</b>	<b>51</b>
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	2	8	-	-
<b>Total taxes</b>	<b>2</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	25	37	-	-
<b>Total other expenses</b>	<b>25</b>	<b>37</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>47</b>	<b>91</b>	<b>20</b>	<b>51</b>
<b>Total net trades in the year after transaction costs</b>	<b>74,033</b>	<b>120,139</b>	<b>92,422</b>	<b>163,736</b>

	Purchases		Sales	
	2018	2017	2018	2017
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	0.03	0.04	0.02	0.04
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	0.04	0.03	-	-
	<b>2018</b>	<b>2017</b>		
	<b>%</b>	<b>%</b>		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	0.01	0.02		
Taxes	-	-		
Other expenses	0.01	0.01		
<b>Total costs</b>	<b>0.02</b>	<b>0.03</b>		

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

There were no in specie transfers during the year (2017: nil). There were corporate actions during the year of £2,965,176 (2017: £8,226,627).

There were direct transaction costs associated with derivatives in the year of £19,856 (2017: £43,615) which is 0.00% of the average net asset value of the fund (2017: 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 31 October 2018 was 0.06% (2017: 0.06%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

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

## Distribution tables for the year ended 31 October 2018 (in pence per share)

### Interim dividend distribution (accounting date 30 April 2018, paid on 29 June 2018)

Group 1: shares purchased prior to 1 November 2017

Group 2: shares purchased on or after 1 November 2017

	Distribution per share	Equalisation	Total distribution per share 29/06/18	Total distribution per share 30/06/17
<b>Class I accumulation</b>				
Group 1	2.0551	-	2.0551	1.3925
Group 2	1.9464	0.1087	2.0551	1.3925
<b>Class Y accumulation</b>				
Group 1	2.8448	-	2.8448	1.9156
Group 2	2.7697	0.0751	2.8448	1.9156
<b>Class Z accumulation</b>				
Group 1	3.4522	-	3.4522	2.7810
Group 2	2.8876	0.5646	3.4522	2.7810

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

Group 1 : shares purchased prior to 1 May 2018

Group 2 : shares purchased on or after 1 May 2018

	Distribution per share	Equalisation	Total distribution per share 31/12/18	Total distribution per share 29/12/17
<b>Class I accumulation</b>				
Group 1	1.7911	-	1.7911	1.5771
Group 2	0.3488	1.4423	1.7911	1.5771
<b>Class Y accumulation</b>				
Group 1	2.4706	-	2.4706	2.1693
Group 2	2.4706	-	2.4706	2.1693
<b>Class Z accumulation</b>				
Group 1	3.3883	-	3.3883	3.1928
Group 2	0.8802	2.5081	3.3883	3.1928

# Janus Henderson Institutional Japan Index Opportunities Fund (formerly Henderson Institutional Japan Index Opportunities Fund)

**Authorised Corporate Director's (ACD) report** for the year ended 31 October 2018

## Investment Fund Managers

Janus Henderson Multi Strategy Equities Team

## Investment objective and policy

The fund aims to deliver a return in excess of the FTSE customised Japan Index, the 'reference index', (or such other index as may from time to time replace it) before management fees, while carefully controlling deviation from the reference index.

The fund will invest primarily in shares of Japanese companies included in the reference index. The fund's holdings are principally selected to replicate the components of the reference index. The index will not be identically replicated and this can lead to differences in performance. There are no restrictions on the size of the companies in which the fund may invest.

In addition to seeking to reflect the index, the fund manager will make use of investment strategies aimed at enhancing returns. These seek to generate returns based on differences in the prices of securities issued by, or associated with, companies that form part of the reference index. They can include, but are not limited to, liquidity strategies (investing in 'blocks of stock' at discounted prices), and relative value strategies (taking advantage of differences between the prices of securities related to the same company).

Further details explaining the investment strategies are available on the fund's pages on our website ([www.janushenderson.com](http://www.janushenderson.com)).

The fund may invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used by the fund for investment purposes, in achieving the enhancements to the index return and for the purposes of efficient portfolio management.

## Performance summary

	31 Oct 17 - 31 Oct 18	31 Oct 16 - 31 Oct 17	31 Oct 15 - 31 Oct 16	31 Oct 14 - 31 Oct 15	31 Oct 13 - 31 Oct 14
	%	%	%	%	%
<b>Janus Henderson Institutional Japan Index Opportunities Fund</b>	(0.1)	9.2	31.5	14.5	(0.1)
<b>FTSE Custom All World Dev Japan Index*</b>	0.0	9.0	31.1	14.4	0.0

Source: BNP, Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of class Z accumulation.

\* Customised net dividends reinvested in Japan.

Benchmark values are 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.



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

### Significant portfolio changes for the year ended 31 October 2018

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
Toyota Motor	545	Toyota Motor	1,462
Yahoo! Japan	385	Mitsubishi UFJ Financial	788
Mitsubishi UFJ Financial	367	Sony	619
Toshiba	357	Honda Motor	537
Kyushu Electric Power	348	SoftBank	501
Yakult Honsha	279	Sumitomo Mitsui Financial	498
Sumitomo Mitsui Financial	274	Keyence	436
Sony	265	Kyushu Electric Power	424
Honda Motor	264	KDDI	392
Yaskawa Electric	252	Nintendo	385
<b>Total purchases</b>	<b>16,381</b>	<b>Total sales</b>	<b>31,432</b>

### Investment review

Over the year to 31 October 2018, the fund returned -0.1% (based on class Z accumulation).

The Japanese equity market started the calendar year on strong footing, with the Nikkei index reaching a 26-year high in January. Domestic political stability, including the re-election of Prime Minister Shinzo Abe, aided sentiment. However, business confidence peaked in late 2017. Additionally, GDP growth stalled in the quarter ended 31 March before recovering over the following three months, while May saw the lowest unemployment figure in 26 years. The second half of the period proved more challenging for the country; inflation stalled over the summer on a lack of growth in food prices, and a trade deficit was recorded in July and again in August. GDP growth retreated again, falling to -0.3% over the quarter, in the three months to 30 September. As a result, the Bank of Japan persisted with its accommodative monetary policy; interest rates were unchanged throughout the year, and short- and long-term rates were kept extremely low.

Despite the somewhat lacklustre data, the Nikkei index enjoyed another rally to exceed its January levels, reaching a 27-year high in early October. Major index constituents such as Toyota and SoftBank contributed to the gains, as did a weaker yen. However, as the month progressed, equities slipped, affected, as many Asian markets were, by geopolitical tensions stemming from the potential US-China trade war and the accompanying aggressive rhetoric.

## Comparative tables for the year ended 31 October 2018

	Class A accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	202.41	186.71	144.22
Return before operating charges*	(0.35)	17.02	44.83
Operating charges	(1.45)	(1.32)	(2.34)
Return after operating charges*	(1.80)	15.70	42.49
Distributions on accumulation shares	(2.56)	(2.08)	(0.86)
Retained distributions on accumulation shares	2.56	2.08	0.86
Closing net asset value per share	200.61	202.41	186.71
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(0.89%)	8.41%	29.46%
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### Other information

Closing net asset value (£000s)	8,184	8,973	9,718
Closing number of shares	4,079,551	4,433,113	5,204,951
Operating charges	0.70%	0.70%	1.54%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	217.85	205.00	187.27
Lowest share price (pence)	192.80	173.52	124.71

	Class C accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	234.08	215.69	165.00
Return before operating charges*	(0.34)	19.62	51.69
Operating charges	(1.36)	(1.23)	(1.00)
Return after operating charges*	(1.70)	18.39	50.69
Distributions on accumulation shares	(3.28)	(2.63)	(2.75)
Retained distributions on accumulation shares	3.28	2.63	2.75
Closing net asset value per share	232.38	234.08	215.69
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(0.73%)	8.53%	30.72%
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### Other information

Closing net asset value (£000s)	85	88	1,602
Closing number of shares	36,612	37,605	742,762
Operating charges	0.57%	0.57%	0.57%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	252.32	237.15	216.33
Lowest share price (pence)	223.14	200.48	143.14

## Comparative tables (continued)

	Class I accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	175.28	161.10	123.42
Return before operating charges*	(0.32)	14.74	38.61
Operating charges	(0.61)	(0.56)	(0.93)
Return after operating charges*	(0.93)	14.18	37.68
Distributions on accumulation shares	(2.87)	(2.40)	(1.89)
Retained distributions on accumulation shares	2.87	2.40	1.89
Closing net asset value per share	174.35	175.28	161.10
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(0.53%)	8.80%	30.53%
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### Other information

Closing net asset value (£000s)	19,020	23,449	22,293
Closing number of shares	10,909,130	13,377,919	13,837,597
Operating charges	0.34%	0.34%	0.71%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	189.27	177.52	161.58
Lowest share price (pence)	167.20	149.77	107.00

	Class Y accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	174.63	161.23	123.61
Return before operating charges*	(0.30)	14.69	38.66
Operating charges	(1.41)	(1.29)	(1.04)
Return after operating charges*	(1.71)	13.40	37.62
Distributions on accumulation shares	(2.03)	(1.64)	(1.76)
Retained distributions on accumulation shares	2.03	1.64	1.76
Closing net asset value per share	172.92	174.63	161.23
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	(0.98%)	8.31%	30.43%
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### Other information

Closing net asset value (£000s)	24,924	29,198	28,208
Closing number of shares	14,413,872	16,719,736	17,495,904
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	187.79	176.87	161.70
Lowest share price (pence)	166.28	149.82	107.17

## Comparative tables (continued)

	Class Z accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	253.49	232.28	176.76
Return before operating charges*	(0.50)	21.30	55.60
Operating charges	(0.10)	(0.09)	(0.08)
Return after operating charges*	(0.60)	21.21	55.52
Distributions on accumulation shares	(4.93)	(4.17)	(3.95)
Retained distributions on accumulation shares	4.93	4.17	3.95
Closing net asset value per share	252.89	253.49	232.28
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	(0.24%)	9.13%	31.41%
<b>Other information</b>			
Closing net asset value (£000s)	118,177	128,928	133,670
Closing number of shares	46,730,337	50,861,908	57,547,271
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price (pence)	274.48	256.71	232.97
Lowest share price (pence)	242.08	216.01	153.57

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 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.

## 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.

	<b>2018</b> %	<b>2017</b> %
<b>Class A</b>	0.70	0.70
<b>Class C</b>	0.57	0.57
<b>Class I</b>	0.34	0.34
<b>Class Y</b>	0.79	0.79
<b>Class Z</b>	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 accumulation, C accumulation, I accumulation, Y accumulation and Z accumulation. Each type of share class has the same risk and reward profile which is as follows:



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

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

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

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

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 European Securities and Markets Authority (ESMA) guidelines for the calculation of the SRRI.

## Portfolio statement as at 31 October 2018

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 98.38% (2017: 97.64%)</b>		
	<b>Japan 98.14% (2017: 97.43%)</b>		
	<b>Basic Materials 5.87% (2017: 6.64%)</b>		
9,000	Air Water	114	0.07
76,500	Asahi Kasei	719	0.42
16,500	Daicel Chemical Industries	137	0.08
1,500	Daido Steel	48	0.03
4,800	Denka	122	0.07
4,200	DIC	97	0.06
3,160	Dowa Holdings	72	0.04
8,500	Hitachi Chemical	105	0.06
6,800	Hitachi Metals	63	0.04
31,525	JFE Holdings	465	0.27
13,300	JSR	155	0.09
3,000	Kaneka	98	0.06
13,900	Kansai Paint	161	0.09
13,800	Kobe Steel	87	0.05
15,300	Kuraray	165	0.10
4,300	Maruichi Steel Tube	97	0.06
75,000	Mitsubishi Chemicals	458	0.27
11,000	Mitsubishi Gas Chemical	145	0.09
8,600	Mitsui Chemicals	151	0.09
3,600	Mitsui Mining & Smelting	80	0.05
9,700	Nagase & Company	119	0.07
9,000	Nippon Kayaku	84	0.05
9,900	Nippon Paint	242	0.14
8,300	Nippon Paper	118	0.07
2,600	Nippon Shokubai	131	0.08
47,374	Nippon Steel & Sumitomo Metal	685	0.40
7,600	Nissan Chemical	281	0.16
8,400	Nitto Denko	411	0.24
4,500	NOF	100	0.06
56,000	Oji Paper	312	0.18
24,200	Shin-Etsu Chemical	1,587	0.92
7,700	Showa Denko	263	0.15
2,000	Sumitomo Bakelite	57	0.03
91,000	Sumitomo Chemical	356	0.21
14,000	Sumitomo Metal Mining	346	0.20
3,500	Taiyo Nippon Sanso	44	0.03
11,000	Teijin	149	0.09
12,900	Tokai Carbon	158	0.09
4,500	Tokuyama	79	0.05
94,600	Toray Industries	526	0.31
17,300	Tosoh	179	0.11
7,400	Ube Industries	127	0.07
2,100	Yamato Kogyo	43	0.03
8,000	Zeon	61	0.04
		<u>9,997</u>	<u>5.87</u>



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Goods 23.32% (2017: 23.65%)</b>		
1,100	ABC-Mart	50	0.03
11,300	Aisin Seiki	347	0.20
32,800	Ajinomoto	415	0.24
1,300	Ariake Japan	90	0.05
23,200	Asahi Breweries	798	0.47
13,000	ASICS	148	0.09
12,600	Bandai Namco	350	0.21
35,600	Bridgestone	1,077	0.63
5,600	Calbee	145	0.09
9,600	Casio Computer	114	0.07
19,400	Citizen	87	0.05
8,925	Coca Cola Bottlers Japan	183	0.11
2,600	Daiichikoshō	94	0.05
40,200	Daiwa House Industries	949	0.56
27,300	Denso	956	0.56
4,500	Ezaki Glico	175	0.10
2,100	Fancl	73	0.04
3,000	Fuji Oil	68	0.04
7,000	Fujitsu General	82	0.05
6,000	GS Yuasa	96	0.06
39,400	GungHo Online Entertainment	55	0.03
102,500	Honda Motor	2,301	1.35
4,800	House Foods	108	0.06
3,900	ITO EN	130	0.08
10,400	Itoham Yonekyu	51	0.03
71,900	Japan Tobacco	1,448	0.85
12,500	Jtekt	122	0.07
5,200	Kagome	108	0.06
29,000	KAO	1,513	0.89
8,800	Kewpie	159	0.09
10,000	Kikkoman	430	0.25
47,800	Kirin Brewery	894	0.52
6,800	Koito Manufacturing	253	0.15
8,100	Kokuyo	100	0.06
5,700	Konami	170	0.10
1,500	Kose	175	0.10
18,000	Lion	264	0.16
13,100	Makita	354	0.21
34,100	Mazda	289	0.17
3,300	Megmilk Snow Brand	60	0.04
8,720	Meiji	453	0.27
44,500	Mitsubishi Motors	219	0.13
2,900	Morinaga	91	0.05
3,900	Morinaga Milk Industry	81	0.05
11,500	NGK Spark Plug	183	0.11
6,000	NH Foods	162	0.09
14,600	NHK Spring	98	0.06
9,000	Nichirei	170	0.10
2,900	Nifco	52	0.03
22,000	Nikon	300	0.18
6,500	Nintendo	1,583	0.93

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods</b> (continued)			
71,000	Nissan Motor	505	0.30
14,590	Nisshin Seifun	228	0.13
9,000	Nisshinbo Industries	78	0.05
3,400	Nissin Food Products	171	0.10
5,600	NOK	63	0.04
25,900	NSK	201	0.12
2,100	Paltac	84	0.05
123,917	Panasonic	1,073	0.63
6,900	Pigeon	229	0.13
2,200	Pilot	95	0.06
6,000	Pola Orbis	125	0.07
1,500	Rinnai	86	0.05
4,200	Sanrio	66	0.04
5,000	Sapporo Breweries	73	0.04
10,800	Sega Sammy	109	0.06
19,800	Sekisui Chemical	243	0.14
35,100	Sekisui House	404	0.24
8,600	Sharp	103	0.06
4,300	Shimano	460	0.27
23,200	Shiseido	1,147	0.67
74,422	Sony	3,164	1.86
7,100	Stanley Electric	164	0.10
34,300	Subaru	726	0.43
44,600	Sumitomo Electric Industries	477	0.28
6,000	Sumitomo Forestry	70	0.04
9,500	Sumitomo Rubber	107	0.06
5,900	Suntory Beverage & Food	188	0.11
23,900	Suzuki	935	0.55
7,300	Takara	80	0.05
6,300	Tokai Rika	89	0.05
4,500	Toyo Suisan Kaisha	121	0.07
5,400	Toyo Tire & Rubber	71	0.04
6,400	Toyobo	71	0.04
6,200	Toyoda Gosei	105	0.06
4,700	Toyota Boshoku	61	0.04
8,400	Toyota Industries	323	0.19
149,940	Toyota Motor	6,871	4.03
1,800	TS Tech	41	0.02
24,600	Uni-Charm	524	0.31
4,500	Wacoal	97	0.06
7,800	Yakult Honsha	432	0.25
8,900	Yamaha	307	0.18
15,700	Yamaha Motor	292	0.17
9,000	Yamazaki Baking	127	0.07
4,100	Yokohama Rubber	62	0.04
		<u>39,721</u>	<u>23.32</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Services 11.06% (2017: 9.95%)</b>		
41,800	Aeon	750	0.44
1,400	Ain	86	0.05
8,000	All Nippon Airways	210	0.12
3,800	Aoyama Trading	90	0.05
5,100	Autobacs Seven	64	0.04
4,800	Benesse	105	0.06
6,500	Bic Camera	67	0.04
10,900	Central Japan Railway	1,631	0.97
300	Cosmos Pharmaceutical	48	0.03
17,000	Dai Nippon Printing	299	0.18
9,200	Dena	120	0.07
13,700	Dentsu	496	0.29
7,500	Don Quijote	351	0.21
22,400	East Japan Railway	1,532	0.90
3,445	Familymart	313	0.18
3,000	Fast Retailing	1,185	0.70
16,400	Hakuhodo	214	0.13
11,500	Hankyu	296	0.17
3,900	Heiwa	70	0.04
3,200	H.I.S.	76	0.04
4,000	H2O Retailing	49	0.03
25,340	Isetan Mitsukoshi Holdings	232	0.14
2,300	Izumi	98	0.06
17,800	J Front Retailing	183	0.11
8,300	Japan Airlines	231	0.14
6,000	Kakaku.com	85	0.05
7,000	Keihan Electric Railway	207	0.12
17,500	Keikyu	203	0.12
7,600	Keio	323	0.19
7,100	Keisei Electric Railway	171	0.10
9,400	Kintetsu	282	0.17
10,400	KS Holdings	103	0.06
9,900	Kyushu Railway	237	0.14
2,000	Lawson	99	0.06
13,500	Marui	227	0.13
4,400	Matsumotokiyoshi	124	0.07
21,800	M3	275	0.16
12,000	Nagoya Railroad	227	0.13
7,400	Nankai Electric Railway	142	0.08
5,200	Nishi-Nippon Railroad	101	0.06
4,700	Nitori Holdings	480	0.28
17,700	Odakyu Electric Railway	293	0.17
10,600	Oriental Land	779	0.46
6,500	Park24	134	0.08
49,200	Rakuten	260	0.15
4,900	Resorttrust	59	0.03
1,500	Ryohin Keikaku	310	0.18
3,000	Sankyo	89	0.05
14,700	Seibu Holdings	208	0.12
46,347	Seven & I Holdings	1,570	0.92
2,400	Shimachu	49	0.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services</b> (continued)			
1,500	Shimamura	98	0.06
900	Shochiku	69	0.04
7,800	Skylark	95	0.06
3,000	Sotetsu	72	0.04
2,600	Sugi Holdings	93	0.05
4,800	Sundrug	136	0.08
8,500	Takashimaya	105	0.06
11,300	Tobu Railway	245	0.14
5,900	Toho (Film)	151	0.09
25,800	Tokyu	333	0.20
2,500	Tsuruha	204	0.12
15,000	USS	212	0.12
1,700	Welcia	68	0.04
11,500	West Japan Railway	604	0.35
37,400	Yamada Denki	137	0.08
2,000	Yaoko	85	0.05
5,400	Zensho	82	0.05
11,700	ZOZO	220	0.13
		<hr/> 18,842	<hr/> 11.06
<b>Financials 14.94% (2017: 15.05%)</b>			
35,700	Acom	103	0.06
7,100	Aeon Financial Service	109	0.06
9,460	Aeon Mall	137	0.08
30,900	Aiful	64	0.04
7,000	Aozora Bank	189	0.11
4,200	Awa Bank	89	0.05
4,600	Bank of Kyoto	162	0.10
39,200	Chiba Bank	194	0.11
7,400	Chugoka Bank	52	0.03
65,800	Concordia Financial	236	0.14
6,300	Credit Saison	78	0.05
64,600	Dai-ichi Life Insurance	956	0.56
3,300	Daishi Hokuetsu Financial	93	0.05
4,000	Daito Trust Construction	413	0.24
94,000	Daiwa Securities	421	0.25
7,000	Fukuoka Financial	135	0.08
16,900	Gunma Bank	60	0.04
15,900	Hachijuni Bank	53	0.03
22,500	Hiroshima Bank	109	0.06
10,200	Hokuhoku Financial	99	0.06
20,200	Hulic	145	0.09
8,700	Iida Holdings	124	0.07
24,000	Iyo Bank	112	0.07
1,600	Jafco	48	0.03
33,400	Japan Exchange	469	0.27
79,800	Japan Post	740	0.43
24,700	Japan Post Bank	225	0.13
5,100	Japan Post Insurance	95	0.06
9,600	Kansai Mirai Financial	58	0.03
12,000	Keiyo Bank	69	0.04

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Financials (continued)</b>			
21,390	Kyushu Financial	74	0.04
14,800	Leopalace21	48	0.03
73,300	Mebuki Financial Group	175	0.10
67,500	Mitsubishi Estate	845	0.50
752,670	Mitsubishi UFJ Financial	3,574	2.11
16,100	Mitsubishi UFJ Lease & Finance	65	0.04
56,200	Mitsui Fudosan	991	0.58
1,511,120	Mizuho Financial	2,032	1.19
31,033	MS & AD Insurance	733	0.43
8,000	Nihon M&A Centre	150	0.09
6,600	Nishi-Nippon Financial	49	0.03
210,300	Nomura Holdings	798	0.47
4,100	Nomura Real Estate Holdings	60	0.04
35,000	North Pacific Bank	82	0.05
6,500	NTT Urban Development	76	0.04
2,200	Open House	68	0.04
30,900	Orient	38	0.02
71,700	Orix	915	0.54
6,000	Relo	111	0.07
134,100	Resona	553	0.32
15,000	San-In Godo Bank	89	0.05
14,540	SBI Holdings	298	0.18
45,400	Seven Bank	111	0.07
4,800	Shiga Bank	87	0.05
6,400	Shinsei Bank	76	0.04
27,000	Shizuoka Bank	185	0.11
21,275	Sompo Japan Nipponkoa	690	0.40
10,100	Sony Financial	184	0.11
77,686	Sumitomo Mitsui Financial	2,377	1.40
22,696	Sumitomo Mitsui Trust Holdings	707	0.41
25,000	Sumitomo Realty & Development	673	0.39
12,500	Suruga Bank	46	0.03
34,956	T&D Holdings	440	0.26
11,500	Tokai Tokyo Financial Holdings	46	0.03
38,600	Tokio Marine Holdings	1,429	0.84
3,300	Tokyo Century	138	0.08
17,000	Tokyo Tatemono	143	0.08
43,400	Tokyu Fudosan Holdings	191	0.11
9,000	Yamaguchi Financial	74	0.04
3,900	Zenkoku Hosho	110	0.06
5,000	77th Bank	81	0.05
		<hr/> 25,449	<hr/> 14.94
<b>Health Care 7.60% (2017: 6.48%)</b>			
7,800	Alfresa Holdings	163	0.10
5,100	Asahi Intecc	163	0.10
118,400	Astellas Pharmaceutical	1,433	0.84
12,900	Chugai Pharmaceutical	592	0.35
35,900	Daiichi Sankyo	1,073	0.63
15,700	Eisai	1,024	0.60
4,100	Hisamitsu Pharmaceutical	181	0.11

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Health Care (continued)</b>		
2,500	Kaken Pharmaceutical	98	0.06
4,000	Kissei Pharmaceutical	90	0.05
4,200	Kobayashi Pharmaceuticals	215	0.13
2,100	Kyorin	36	0.02
16,000	Kyowa Hakko Kirin	243	0.14
8,800	Medipal	148	0.09
2,200	Miraca	42	0.02
16,600	Mitsubishi Tanabe Pharmaceutical	192	0.11
1,100	Mochida Pharmaceutical	68	0.04
5,100	Nihon Kohden	119	0.07
2,400	Nippon Shinyaku	108	0.06
4,400	Nipro	44	0.03
15,900	Olympus Optical	415	0.24
25,400	Ono Pharmaceutical	453	0.27
23,300	Otsuka	873	0.51
5,600	PeptiDream	144	0.08
4,400	Rohtop Pharmaceutical	109	0.06
25,800	Santen Pharmaceutical	300	0.18
2,500	Sawai Pharmaceutical	99	0.06
17,500	Shionogi	878	0.52
11,200	Sumitomo Dainippon Pharma	183	0.11
5,920	Suzuken	234	0.14
11,600	Sysmex	637	0.37
2,900	Taisho Pharmaceutical	242	0.14
45,500	Takeda Pharmaceutical	1,438	0.84
18,500	Terumo	780	0.46
4,600	Topcon	52	0.03
3,100	Tsumura	76	0.04
		<u>12,945</u>	<u>7.60</u>
	<b>Industrials 22.13% (2017: 22.85%)</b>		
12,000	AGC	308	0.18
3,000	Aica Kogyo	70	0.04
13,400	Alps Electric	249	0.15
21,000	Amada	155	0.09
5,200	Azbil	76	0.04
10,000	Chiyoda	39	0.02
4,100	Comsys	89	0.05
6,800	Daifuku	229	0.13
15,600	Daikin Industries	1,417	0.83
1,600	Disco	199	0.12
9,000	DMG Mori	102	0.06
4,500	Ebara	103	0.06
11,800	Fanuc	1,613	0.96
1,900	FP	76	0.04
5,800	Fuji Electric	139	0.08
22,000	Fujikura	74	0.04
1,000	Fukuyama Transporting	30	0.02
5,200	Furukawa Electric	110	0.06
5,000	Glory	91	0.05
2,000	GMO Payment Gateway	76	0.04

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials (continued)</b>		
5,900	Hamamatsu Photonics	155	0.09
13,300	Haseko	132	0.08
21,000	Hino Motors	158	0.09
2,042	Hirose Electric	152	0.09
56,000	Hitachi	1,344	0.79
7,400	Hitachi Construction Machine	154	0.09
2,300	Horiba	84	0.05
3,500	Hoshizaki Electric	221	0.13
21,900	Hoya	973	0.57
9,800	Ibiden	95	0.06
6,100	Ishikawajima Harima Heavy Industries	174	0.10
32,200	Isuzu Motors	331	0.19
84,800	Itochu	1,231	0.72
3,000	Japan Airport Terminal	90	0.05
3,000	Japan Aviation Electronics	31	0.02
5,600	Japan Steel Works	93	0.05
12,000	JGC	182	0.11
31,500	Kajima	318	0.19
7,000	Kamigumi	113	0.07
10,600	Kawasaki Heavy Industries	197	0.12
5,700	Kawasaki Kisen Kai	60	0.03
5,238	Keyence	2,003	1.19
5,000	Kinden	63	0.04
53,000	Komatsu	1,082	0.63
62,300	Kubota	769	0.45
4,600	Kurita Water Industries	89	0.05
19,200	Kyocera	816	0.48
7,700	Kyowa Exeo	162	0.10
2,000	Kyudenko	57	0.03
4,900	Lintec	91	0.05
16,100	Lixil	199	0.12
4,200	Mabuchi Motor	117	0.07
7,000	Maeda	62	0.04
5,000	Maeda Road Construction	71	0.04
86,700	Marubeni	551	0.32
26,400	Minebea	316	0.19
16,600	Misumi	261	0.15
77,900	Mitsubishi	1,716	1.02
115,000	Mitsubishi Electric	1,142	0.67
17,400	Mitsubishi Heavy Industries	481	0.28
6,000	Mitsubishi Logistics	107	0.06
7,000	Mitsubishi Materials	152	0.09
104,500	Mitsui	1,366	0.80
5,800	Mitsui O.S.K. Lines	111	0.06
6,000	Miura	115	0.07
11,100	Murata Manufacturing	1,320	0.77
8,700	Nabtesco	150	0.09
16,200	NGK Insulators	178	0.10
14,200	Nidec	1,425	0.84
3,500	Nippon Electric Glass	69	0.04
5,000	Nippon Express	247	0.15

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials (continued)</b>		
7,400	Nippon Yusen	94	0.05
24,000	NTN	69	0.04
38,000	Obayashi	262	0.15
1,000	Okuma	39	0.02
12,100	Omron	384	0.23
6,000	OSG	97	0.06
25,300	Penta-Ocean Construction	118	0.07
8,000	Persol	119	0.07
69,300	Recruit Holdings	1,457	0.85
5,000	Rengo	34	0.02
2,800	SANKYU	103	0.06
8,500	Sanwa Holdings	78	0.05
10,800	Secom	692	0.41
13,000	Seino	141	0.08
5,100	SG Holdings	101	0.06
2,700	Shima Seiki Manufacturing	57	0.03
14,400	Shimadzu	285	0.17
33,000	Shimizu	209	0.12
3,200	SMC	802	0.47
4,900	Sohgo Security Services	170	0.10
57,700	Sojitz	152	0.09
68,700	Sumitomo	816	0.48
6,200	Sumitomo Heavy Industries	153	0.09
3,500	Sumitomo Osaka Cement	102	0.06
3,800	Tadano	32	0.02
6,800	Taiheiyo Cement	157	0.09
13,400	Taisei	449	0.26
4,300	Taiyo Yuden	68	0.04
7,700	TDK	520	0.31
8,500	THK	147	0.09
10,000	Toda	53	0.03
19,500	Toppan Printing	216	0.13
34,500	Toshiba	807	0.47
9,200	Toto	258	0.15
11,600	Toyo Seikan	186	0.11
12,900	Toyota Tsusho	364	0.21
2,900	ULVAC	74	0.04
4,800	Ushio	45	0.03
20,400	Yamato Holdings	437	0.26
16,100	Yaskawa Electric	363	0.21
11,800	Yokogawa Electric	181	0.11
		<hr/> 37,712	<hr/> 22.13
	<b>Oil &amp; Gas 1.24% (2017: 0.89%)</b>		
4,200	Cosmo Energy	122	0.07
8,400	Idemitsu Kosan	300	0.18
57,000	Inpex	513	0.30
2,300	Japan Petroleum Exploration	38	0.02
185,850	JXTG	990	0.58
10,400	Showa Shell Sekiyu	157	0.09
		<hr/> 2,120	<hr/> 1.24



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Technology 5.18% (2017: 5.31%)</b>			
8,100	Advantest	117	0.07
15,800	Brother Industries	227	0.13
62,600	Canon	1,398	0.82
4,000	Canon Marketing Japan	59	0.03
3,200	Capcom	52	0.03
5,200	Cyber Agent	173	0.10
21,300	Fujifilm	722	0.42
12,400	Fujitsu	589	0.35
3,600	Hitachi High-Technologies	106	0.06
4,100	Itochu Techno Solutions	61	0.04
5,400	Koei Tecmo	67	0.04
30,200	Konica Minolta	235	0.14
15,200	NEC Electronics	341	0.20
4,700	Nihon Unisys	81	0.05
7,271	Nomura Research Institute	252	0.15
37,500	NTT Data	378	0.22
3,900	Obic	278	0.16
2,200	Oracle	117	0.07
6,600	Otsuka	171	0.10
44,700	Renesas Electronics	185	0.11
43,700	Ricoh	342	0.20
5,400	Rohm	297	0.17
1,900	SCREEN	81	0.05
2,000	SCSK	66	0.04
17,100	Seiko Epson	216	0.13
5,300	Square Enix	148	0.09
15,200	Sumco	161	0.09
2,500	TechnoPro	102	0.06
4,000	TIS	140	0.08
9,300	Tokyo Electron	1,010	0.59
6,800	Trend Micro	307	0.18
143,000	Yahoo Japan	351	0.21
		<u>8,830</u>	<u>5.18</u>
<b>Telecommunications 4.82% (2017: 4.89%)</b>			
1,300	Hikari Tsushin	177	0.10
106,800	KDDI	2,083	1.22
40,300	NTT	1,327	0.78
75,300	NTT Docomo	1,484	0.87
50,000	SoftBank	3,137	1.85
		<u>8,208</u>	<u>4.82</u>
<b>Utilities 1.98% (2017: 1.72%)</b>			
39,659	Chubu Electric Power	447	0.26
14,600	Chugoku Electric Power	147	0.09
11,020	Electric Power Development 'C'	235	0.14
9,000	Hokkaido Electric Power	41	0.02
12,100	Hokuriku Electric Power	88	0.05
43,038	Kansai Electric Power	516	0.30
11,000	Kyushu Electric Power	100	0.06
2,000	Nippon Gas	47	0.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Utilities (continued)</b>		
20,800	Osaka Gas	299	0.18
11,100	Shikoku Electric Power	109	0.06
5,600	Toho Gas	151	0.09
30,500	Tohoku Electric Power	302	0.18
92,800	Tokyo Electric Power	371	0.22
27,100	Tokyo Gas	523	0.30
		<u>3,376</u>	<u>1.98</u>
	<b>South Korea 0.15% (2017: 0.16%)</b>		
	<b>Consumer Goods 0.11% (2017: 0.12%)</b>		
21,800	Nexon	194	0.11
	<b>Technology 0.04% (2017: 0.04%)</b>		
2,700	LINE	67	0.04
	<b>United States 0.09% (2017: 0.05%)</b>		
	<b>Industrials 0.09% (2017: 0.05%)</b>		
9,200	Monotaro	159	0.09
	<b>Bonds 0.22% (2017: 0.18%)</b>		
	<b>Japan 0.22% (2017: 0.18%)</b>		
	<b>Zero / Discount Rate Bond 0.22% (2017: 0.18%)</b>		
JPY 50,000,000	Kyushu Electric Power 0% 31/03/2022	369	0.22
	<b>Derivatives (0.11%) (2017: 0.15%)</b>		
	<b>Contracts for Difference 0.01% (2017: 0.06%)<sup>1</sup></b>		
	<b>Cross Currency Contracts for Difference 0.01% (2017: 0.06%)<sup>1</sup></b>		
6,019	Renault	9	0.01
	<b>Forward Foreign Exchange Contracts 0.00% (2017: 0.00%)</b>		
	Buy JPY 11,507,692 : Sell GBP 80,000 November 2018	-	-
	<b>Futures (0.12%) (2017: 0.09%)</b>		
21	OSE TOPIX Index December 2018	(188)	(0.12)
(1)	SGX 10 Year Mini JGB December 2018 <sup>2</sup>	-	-
		<u>(188)</u>	<u>(0.12)</u>
	<b>Investment assets including investment liabilities</b>	<b>167,810</b>	<b>98.49</b>
	Other net assets	2,580	1.51
	<b>Total net assets</b>	<b>170,390</b>	<b>100.00</b>

<sup>1</sup> Unquoted securities

<sup>2</sup> Due to rounding to nearest £1,000

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

## Statement of total return for the year ended 31 October 2018

		2018		2017	
	Note	£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(3,750)		13,308
Revenue	3	3,956		3,764	
Expenses	4	(401)		(424)	
Interest payable and similar charges	5	(4)		(7)	
Net revenue before taxation		3,551		3,333	
Taxation	6	(392)		(374)	
Net revenue after taxation			3,159		2,959
Total return before distributions			(591)		16,267
Distributions	7		(3,159)		(2,959)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(3,750)</b>		<b>13,308</b>

## Statement of change in net assets attributable to shareholders for the year ended 31 October 2018

	2018		2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>190,636</b>		<b>195,491</b>
Amounts receivable on issue of shares	14,852		22,126	
Amounts payable on cancellation of shares	(34,530)		(43,305)	
		(19,678)		(21,179)
Dilution adjustment		56		81
Change in net assets attributable to shareholders from investment activities		(3,750)		13,308
Retained distributions on accumulation shares		3,126		2,935
<b>Closing net assets attributable to shareholders</b>		<b>170,390</b>		<b>190,636</b>

## Balance sheet as at 31 October 2018

	Note	2018 £000	2017 £000
<b>Assets:</b>			
Investments		167,998	186,760
Current assets:			
Debtors	8	1,603	1,370
Cash and bank balances	9	1,175	2,952
<b>Total assets</b>		<b>170,776</b>	<b>191,082</b>
<b>Liabilities:</b>			
Investment liabilities		188	-
Creditors:			
Amounts held at derivative clearing houses and brokers		-	166
Bank overdrafts		75	-
Other creditors	10	123	280
<b>Total liabilities</b>		<b>386</b>	<b>446</b>
<b>Net assets attributable to shareholders</b>		<b>170,390</b>	<b>190,636</b>

## Notes to the financial statements for the year ended 31 October 2018

### 1 Accounting policies

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

### 2 Net capital (losses)/gains

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

	2018 £000	2017 £000
Derivative securities	(490)	662
Forward currency contracts	(150)	(4)
Non-derivative securities	(3,324)	12,913
Other currency gains/(losses)	225	(254)
Transaction costs	(11)	(9)
<b>Net capital (losses)/gains</b>	<b>(3,750)</b>	<b>13,308</b>

### 3 Revenue

	2018 £000	2017 £000
Bank interest	1	-
Derivative revenue	16	14
Overseas dividends	3,920	3,737
Overseas REIT revenue	-	1
Stock lending revenue	19	12
<b>Total revenue</b>	<b>3,956</b>	<b>3,764</b>

### 4 Expenses

	2018 £000	2017 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	322	338
GAC*	51	53
	<u>373</u>	<u>391</u>

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

Depositary fees	14	15
Safe custody fees	14	16
	<u>28</u>	<u>31</u>

#### Other expenses:

Professional fees	-	2
	<u>-</u>	<u>2</u>

<b>Total expenses</b>	<b>401</b>	<b>424</b>
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Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £10,017 (2017: £7,458).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2018 £000	2017 £000
Interest payable	4	6
Dividends payable on CFD contracts	-	1
<b>Total interest payable and similar charges</b>	<b>4</b>	<b>7</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2018 £000	2017 £000
<b>Current tax</b>		
Overseas withholding tax	392	374
<b>Total tax (note 6b)</b>	<b>392</b>	<b>374</b>

#### 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% (2017: 20%). The differences are explained below:

	2018 £000	2017 £000
Net revenue before taxation	3,551	3,333
Corporation tax at 20% (2017: 20%)	710	667
Effects of:		
Irrecoverable overseas tax	392	374
Overseas dividends*	(784)	(748)
Unused management expenses	74	81
<b>Tax charge for the year (note 6a)</b>	<b>392</b>	<b>374</b>

\* Certain overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009. 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 (2017: 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 £764,239 (2017: £690,364) 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:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Interim accumulation	1,563	1,568
Final accumulation	1,563	1,367
	<u>3,126</u>	<u>2,935</u>
Amounts deducted on cancellation of shares	49	92
Amounts received on issue of shares	(16)	(68)
<b>Total distributions</b>	<u><b>3,159</b></u>	<u><b>2,959</b></u>

### 8 Debtors

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Accrued revenue	1,407	1,337
Amounts receivable for issue of shares	182	24
Corporation tax recoverable	2	2
Overseas withholding tax reclaimable	6	7
Sales awaiting settlement	6	-
<b>Total debtors</b>	<u><b>1,603</b></u>	<u><b>1,370</b></u>

### 9 Cash and bank balances

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Amounts held at derivative clearing houses and brokers	534	202
Cash and bank balances	641	2,750
<b>Total cash and bank balances</b>	<u><b>1,175</b></u>	<u><b>2,952</b></u>

### 10 Other creditors

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Accrued annual management charge	25	28
Accrued Depositary's fee	1	2
Accrued other expenses	20	7
Amounts payable for cancellation of shares	70	158
Purchases awaiting settlement	7	85
<b>Total other creditors</b>	<u><b>123</b></u>	<u><b>280</b></u>

## Notes to the financial statements (continued)

### 11 Contingent liabilities and commitments

The fund has filed a claim with HM Revenue & Customs ('HMRC') (on the basis of the principles set out in the Franked Investment Income Group Litigation Order (FII GLO)) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim has been filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods. A successful outcome may result in a refund of corporation tax. A contingent asset has not been recognised as the amount receivable is not certain.

There were no contingent liabilities 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 because it provides key management personnel services to 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 143 and 144 and notes 4, 7, 8 and 10 on pages 145 to 147 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 68.56% of the total net assets of the fund as at the year end (2017: 66.80%).

### 13 Shareholders' funds

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

	2018 %	2017 %
Class A	0.50	0.50
Class C	0.50	0.50
Class I	0.30	0.30
Class Y	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 127 to 129. The distribution per share class is given in the distribution tables on page 155. All share classes have the same rights on winding up.

#### Shares reconciliation as at 31 October 2018

	Class A accumulation	Class C accumulation	Class I accumulation	Class Y accumulation	Class Z accumulation
Opening number of shares	4,433,113	37,605	13,377,919	16,719,736	
Issues during the year	17,933	-	801,797	23,215	
Cancellations during the year	(366,421)	(993)	(3,276,433)	(2,329,079)	
Shares converted during the year	(5,074)	-	5,847	-	
<b>Closing shares in issue</b>	<b>4,079,551</b>	<b>36,612</b>	<b>10,909,130</b>	<b>14,413,872</b>	
Opening number of shares					50,861,908
Issues during the year					5,008,342
Cancellations during the year					(9,139,913)
Shares converted during the year					-
<b>Closing shares in issue</b>					<b>46,730,337</b>



## Notes to the financial statements (continued)

### 14 Financial derivatives

The fund may use financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, 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 31 October 2018 (2017: nil).

#### 2018

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

Counterparty	Contracts for difference £000	Total by counterparty £000
Credit Suisse	9	9
	<u>9</u>	<u>9</u>

#### 2017

At 31 October 2017 the underlying exposure for each category of derivatives were as follows:

Counterparty	Contracts for difference £000	Futures £000	Total by counterparty £000
Credit Suisse	121	-	121
UBS	-	165	165
	<u>121</u>	<u>165</u>	<u>286</u>

### 15 Stock lending

The fund and the Investment Manager have entered into a stock lending programme with BNP Paribas acting as the stock lending agent for the purposes of efficient portfolio management and in order to generate additional income.

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

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

## Notes to the financial statements (continued)

### 15 Stock lending (continued) 2018

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	118	132	Equity
Barclays	58	60	Government Bond
Citigroup	1,140	1,267	Equity
HSBC	694	771	Equity
JP Morgan	198	220	Equity
Merrill Lynch	790	884	Equity
Natixis	60	66	Equity
	<b>3,058</b>	<b>3,400</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	22	3	19

### 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Citigroup	1,564	1,741	Equity
Societe Generale	42	48	Equity
	<b>1,606</b>	<b>1,789</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	14	2	12

## Notes to the financial statements (continued)

### 16 Risk

#### Currency risk

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

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets £000
<b>2018</b>			
<b>Currency</b>			
Japanese yen	167,890	2,473	170,363
UK sterling	(80)	107	27
<b>Total</b>	<b>167,810</b>	<b>2,580</b>	<b>170,390</b>
	Investment assets £000	Other net assets/ (liabilities) £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Japanese yen	186,760	3,926	190,686
UK sterling	-	(51)	(51)
US dollar	-	1	1
<b>Total</b>	<b>186,760</b>	<b>3,876</b>	<b>190,636</b>

#### Interest rate risk

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

#### Sensitivity analysis

##### Global exposure

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

##### VaR Results

	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
<b>2018</b>	93.49	102.36	99.46	200.00	46.75	51.18	49.73
<b>2017</b>	97.42	102.13	99.77	200.00	48.71	51.07	49.88

Global exposure calculation basis: Relative VaR

Reference portfolio: FTSE Custom All World Dev Japan Index

##### Leverage

	Minimum	Maximum	Average
	%	%	%
<b>2018</b>	0.58	3.48	1.84
<b>2017</b>	0.32	5.42	1.85

## 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
<b>2018</b>				
Bank overdrafts	75	-	-	-
Derivative financial liabilities	-	188	-	-
Other creditors	-	123	-	-
<b>Total</b>	<b>75</b>	<b>311</b>	<b>-</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2017</b>				
Amounts held at derivatives clearing houses and brokers	166	-	-	-
Other creditors	-	280	-	-
<b>Total</b>	<b>166</b>	<b>280</b>	<b>-</b>	<b>-</b>

### 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

	<b>2018</b>		<b>2017</b>	
	<b>Assets £000</b>	<b>Liabilities £000</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
Level 1	167,620	188	186,289	-
Level 2	378	-	471	-
Level 3	-	-	-	-
	<b>167,998</b>	<b>188</b>	<b>186,760</b>	<b>-</b>

## Notes to the financial statements (continued)

### 18 Direct transaction costs

	Purchases		Sales	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Trades in the year</b>				
Debt securities	483	504	418	146
Equities	15,893	18,395	31,024	38,330
<b>Trades in the year before transaction costs</b>	<b>16,376</b>	<b>18,899</b>	<b>31,442</b>	<b>38,476</b>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	5	5	10	11
<b>Total commissions</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>11</b>
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total transaction costs</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>11</b>
<b>Total net trades in the year after transaction costs</b>	<b>16,381</b>	<b>18,904</b>	<b>31,432</b>	<b>38,465</b>
	Purchases		Sales	
	2018	2017	2018	2017
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Equities	0.03	0.03	0.03	0.03
<b>Taxes</b>				
Equities	-	-	-	-
<b>Other expenses</b>				
Equities	-	-	-	-
	2018	2017		
	%	%		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	0.01	0.01		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>0.01</b>	<b>0.01</b>		

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

There were no in specie transfers during the year (2017: nil). There were corporate actions during the year of £44,243 (2017: £124,144).

There were direct transaction costs associated with derivatives in the year of £5,266 (2017: £7,667) which is 0.00% of the average net asset value of the fund (2017: 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 31 October 2018 was 0.17% (2017: 0.16%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

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

## Distribution tables for the year ended 31 October 2018 (in pence per share)

### Interim dividend distribution (accounting date 30 April 2018, paid on 29 June 2018)

Group 1: shares purchased prior to 1 November 2017

Group 2: shares purchased on or after 1 November 2017

	Distribution per share	Equalisation	Total distribution per share 29/06/18	Total distribution per share 30/06/17
<b>Class A accumulation</b>				
Group 1	1.2219	-	1.2219	1.0902
Group 2	0.9452	0.2767	1.2219	1.0902
<b>Class C accumulation</b>				
Group 1	1.5732	-	1.5732	1.3752
Group 2	1.5732	-	1.5732	1.3752
<b>Class I accumulation</b>				
Group 1	1.3795	-	1.3795	1.2407
Group 2	1.2593	0.1202	1.3795	1.2407
<b>Class Y accumulation</b>				
Group 1	0.9709	-	0.9709	0.8729
Group 2	0.9709	-	0.9709	0.8729
<b>Class Z accumulation</b>				
Group 1	2.3793	-	2.3793	2.1248
Group 2	2.0356	0.3437	2.3793	2.1248

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

Group 1 : shares purchased prior to 1 May 2018

Group 2 : shares purchased on or after 1 May 2018

	Distribution per share	Equalisation	Total distribution per share 31/12/18	Total distribution per share 29/12/17
<b>Class A accumulation</b>				
Group 1	1.3334	-	1.3334	0.9883
Group 2	1.1321	0.2013	1.3334	0.9883
<b>Class C accumulation</b>				
Group 1	1.7102	-	1.7102	1.2512
Group 2	1.7102	-	1.7102	1.2512
<b>Class I accumulation</b>				
Group 1	1.4873	-	1.4873	1.1614
Group 2	1.3628	0.1245	1.4873	1.1614
<b>Class Y accumulation</b>				
Group 1	1.0579	-	1.0579	0.7629
Group 2	1.0579	-	1.0579	0.7629
<b>Class Z accumulation</b>				
Group 1	2.5538	-	2.5538	2.0447
Group 2	1.8001	0.7537	2.5538	2.0447

# Janus Henderson Institutional North American Index Opportunities Fund (formerly Henderson Institutional North American Index Opportunities Fund)

## Authorised Corporate Director's (ACD) report for the year ended 31 October 2018

### Investment Fund Managers

Janus Henderson Multi Strategy Equities Team

### Investment objective and policy

The fund aims to deliver a return in excess of the FTSE customised North America Index, the "reference index", (or such other index as may from time to time replace it) before management fees, while carefully controlling deviation from the reference index.

The fund will invest primarily in shares of North American companies included in the reference index. The fund's holdings are principally selected to replicate the components of the reference index. The index will not be identically replicated and this can lead to differences in performance. There are no restrictions on the size of the companies in which the fund may invest.

In addition to seeking to reflect the index, the fund manager will make use of investment strategies aimed at enhancing returns. These seek to generate returns based on differences in the prices of securities issued by, or associated with, companies that form part of the reference index. They can include, but are not limited to, liquidity strategies (investing in 'blocks of stock' at discounted prices), and relative value strategies (taking advantage of differences between the prices of securities related to the same company).

Further details explaining the investment strategies are available on the fund's pages on our website ([www.janushenderson.com](http://www.janushenderson.com))

The fund may invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used by the fund for investment purposes, in achieving the enhancements to the index return and for the purposes of efficient portfolio management.

### Performance summary

	31 Oct 17 - 31 Oct 18 %	31 Oct 16 - 31 Oct 17 %	31 Oct 15 - 31 Oct 16 %	31 Oct 14 - 31 Oct 15 %	31 Oct 13 - 31 Oct 14 %
<b>Janus Henderson Institutional North American Index Opportunities Fund</b>	10.6	13.2	32.0	6.9	16.3
<b>FTSE Custom All World Dev North America Index*</b>	10.5	13.2	31.9	6.8	16.3

Source: BNP, Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of class Z accumulation.

\* Customised net dividends reinvested (Market Capitalisation weighted index of United States of America and Canada).  
Benchmark values are 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.



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

### Significant portfolio changes for the year ended 31 October 2018

<b>Largest purchases</b>	<b>£000</b>	<b>Largest sales</b>	<b>£000</b>
Cadence Bancorp	1,618	Apple	3,442
IQVIA	1,574	JPMorgan Chase	1,679
Sabre	1,549	Cadence Bancorp	1,639
Splunk 1.125% 15/09/2025	1,386	Sabre	1,562
Twitter 0.25% 15/06/2024	1,342	Microsoft	1,556
Norwegian Cruise Line	1,269	IQVIA	1,549
Monsanto	1,197	Splunk 1.125% 15/09/2025	1,329
Splunk 0.5% 15/09/2023	1,039	Norwegian Cruise Line	1,257
At Home	964	Splunk 0.5% 15/09/2023	1,032
Black Knight	926	PepsiCo	986
<b>Total purchases</b>	<b>88,815</b>	<b>Total sales</b>	<b>121,906</b>

### Investment review

Over the year to 31 October 2018, the fund returned 10.6% (based on class Z accumulation).

US equities hit record highs at the end of 2017 and early 2018 on robust earnings results, rising oil prices and optimism over tax reforms. However, stocks tumbled in February and sparked a global sell-off as expectation-beating US employment data fuelled fears of a more aggressive policy from the US Federal Reserve (Fed). In March, President Donald Trump announced economic sanctions against China, and tensions between the world's two largest economies increased throughout the rest of the review year as each nation ramped up tariffs against the other. The US also entered trade negotiations with its other major peers, including Canada, Mexico, Japan and the European Union. Meanwhile, there were signs of thawed relations between the US and North Korea as the two leaders agreed to meet. Although President Trump cancelled the planned May meeting, talks went ahead in June. All major US indices reached fresh record highs during the third quarter of 2018 and the S&P 500 Index entered its longest-ever, bull-market run, owing to strong corporate earnings and recent tax cuts. However, equities tumbled in October as investors again grew concerned over rising interest rates, which sparked another sell-off around the world. Weakness in the technology sector led the S&P 500 to its worst monthly performance in seven years but stocks rebounded somewhat at the end of the month. The US economy expanded at an annual rate of 4.2% in the second quarter of 2018 – the highest rate in almost four years – driven by consumer spending. Although the rate slowed to 3.5% in the third quarter, it beat expectations. Inflation surpassed a six-year high in June on rising oil prices but fell to a seven-month low in September as fuel prices declined sharply. The Fed raised interest rates four times over the review year and signaled in September that additional hikes were likely. Consumer sentiment was notably strong throughout 2018, reaching levels not seen since 2004 as the stock market sell-offs, rising inflation and interest rate hikes had a limited effect on consumers' confidence.

## Comparative tables for the year ended 31 October 2018

	Class A accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	1,355.59	1,204.06	923.27
Return before operating charges*	143.81	160.60	296.34
Operating charges	(10.00)	(9.07)	(15.55)
Return after operating charges*	133.81	151.53	280.79
Distributions on accumulation shares	(16.06)	(14.78)	(7.65)
Retained distributions on accumulation shares	16.06	14.78	7.65
Closing net asset value per share	1,489.40	1,355.59	1,204.06
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	9.87%	12.58%	30.41%
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### Other information

Closing net asset value (£000s)	23,591	22,751	23,244
Closing number of shares	1,583,896	1,678,282	1,930,481
Operating charges	0.70%	0.70%	1.53%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	1,585.26	1,365.04	1,219.19
Lowest share price (pence)	1,273.98	1,155.67	855.61

	Class I accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	1,524.22	1,350.06	1,028.47
Return before operating charges*	162.12	179.11	329.71
Operating charges	(5.45)	(4.95)	(8.12)
Return after operating charges*	156.67	174.16	321.59
Distributions on accumulation shares	(22.81)	(20.63)	(15.89)
Retained distributions on accumulation shares	22.81	20.63	15.89
Closing net asset value per share	1,680.89	1,524.22	1,350.06
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	10.28%	12.90%	31.27%
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### Other information

Closing net asset value (£000s)	34,778	49,168	42,371
Closing number of shares	2,069,030	3,225,790	3,138,404
Operating charges	0.34%	0.34%	0.70%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	1,788.97	1,535.90	1,366.81
Lowest share price (pence)	1,435.60	1,295.85	955.07

## Comparative tables (continued)

	Class Y accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	284.25	252.68	192.61
Return before operating charges*	30.17	33.69	61.76
Operating charges	(2.37)	(2.12)	(1.69)
Return after operating charges*	27.80	31.57	60.07
Distributions on accumulation shares	(3.15)	(2.88)	(2.82)
Retained distributions on accumulation shares	3.15	2.88	2.82
Closing net asset value per share	312.05	284.25	252.68
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	9.78%	12.49%	31.19%
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### Other information

Closing net asset value (£000s)	73	68	61
Closing number of shares	23,302	24,131	24,131
Operating charges	0.79%	0.78%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	332.13	286.22	255.86
Lowest share price (pence)	267.01	242.52	178.86

	Class Z accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	421.87	372.77	282.41
Return before operating charges*	44.82	49.26	90.49
Operating charges	(0.18)	(0.16)	(0.13)
Return after operating charges*	44.64	49.10	90.36
Distributions on accumulation shares	(7.29)	(6.66)	(6.10)
Retained distributions on accumulation shares	7.29	6.66	6.10
Closing net asset value per share	466.51	421.87	372.77
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	10.58%	13.17%	32.00%
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### Other information

Closing net asset value (£000s)	407,370	392,020	393,389
Closing number of shares	87,322,289	92,924,083	105,529,912
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price (pence)	496.62	425.35	377.29
Lowest share price (pence)	398.04	357.76	262.70

## 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 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.

## 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.

	<b>2018</b> %	<b>2017</b> %
<b>Class A</b>	0.70	0.70
<b>Class I</b>	0.34	0.34
<b>Class Y</b>	0.79	0.78
<b>Class Z</b>	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 4 types of share class in issue; A accumulation, I accumulation, Y accumulation and Z accumulation. Each type of share class has the same risk and reward profile which is as follows:



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

The value of an investment 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 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 the risk ratings in the year.

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 European Securities and Markets Authority (ESMA) guidelines for the calculation of the SRRI.

## Portfolio statement as at 31 October 2018

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Equities 97.16% (2017: 98.21%)</b>		
	<b>Argentina 0.06% (2017: 0.04%)</b>		
	<b>Consumer Services 0.06% (2017: 0.04%)</b>		
1,026	MercadoLibre	261	0.06
	<b>Brazil 0.00% (2017: 0.00%)</b>		
	<b>Industrials 0.00% (2017: 0.00%)</b>		
669	StoneCo	15	-
	<b>Canada 4.63% (2017: 5.22%)</b>		
	<b>Basic Materials 0.40% (2017: 0.38%)</b>		
6,929	Agnico Eagle Mines	192	0.04
26,814	Barrick Gold	263	0.06
5,016	Franco Nevada	245	0.05
16,530	Goldcorp	117	0.03
15,451	Nutrien	641	0.14
12,767	Teck Resources 'B'	207	0.04
14,844	Wheaton Precious Metals	189	0.04
		1,854	0.40
	<b>Consumer Goods 0.10% (2017: 0.11%)</b>		
6,632	Magna 'A'	256	0.06
8,300	Saputo	198	0.04
		454	0.10
	<b>Consumer Services 0.33% (2017: 0.39%)</b>		
8,924	Alimentation Couche-Tard 'B'	334	0.07
1,816	Canadian Tire 'A'	160	0.03
6,147	Dollarama	133	0.03
5,888	Loblaws	230	0.05
5,871	Metro 'A'	144	0.03
3,783	Restaurant Brands	160	0.03
12,026	Shaw Communications 'B'	176	0.04
5,999	Thomson Reuters	218	0.05
		1,555	0.33
	<b>Financials 1.99% (2017: 2.32%)</b>		
15,239	Bank of Montreal	893	0.19
29,438	Bank of Nova Scotia	1,239	0.27
18,377	Brookfield Asset Management 'A'	587	0.13
9,315	Canadian Imperial Bank of Commerce	630	0.14
8,167	CI Financial	94	0.02
695	Fairfax Financial	264	0.06
4,496	Great-West Lifeco	81	0.02
2,052	Intact Financial	125	0.03
36,816	Manulife Financial	454	0.10
7,793	National Bank of Canada	278	0.06
6,713	Power Corporation of Canada	108	0.02
7,770	Power Financial	131	0.03
10,913	RioCan REIT	156	0.03



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials (continued)</b>		
32,919	Royal Bank of Canada	1,880	0.39
15,980	Sun Life Financial	459	0.10
44,236	Toronto-Dominion Bank	1,921	0.40
		<u>9,300</u>	<u>1.99</u>
	<b>Health Care 0.04% (2017: 0.00%)</b>		
10,249	Bausch Health	<u>183</u>	<u>0.04</u>
	<b>Industrials 0.49% (2017: 0.44%)</b>		
16,148	Canadian National Railways	1,080	0.23
3,854	Canadian Pacific Railway	619	0.13
1,961	Shopify 'A'	212	0.05
6,349	Waste Connections	<u>376</u>	<u>0.08</u>
		<u>2,287</u>	<u>0.49</u>
	<b>Oil &amp; Gas 0.89% (2017: 1.05%)</b>		
25,585	Canadian Natural Resources	546	0.12
33,105	Cenovus Energy	219	0.05
21,947	Enbridge	535	0.11
19,796	Enbridge (US Listing)	482	0.10
28,225	Encana	226	0.05
12,105	Husky Energy	133	0.03
6,106	Imperial Oil	149	0.03
10,813	Inter Pipeline	137	0.03
38,577	Suncor Energy	1,016	0.23
5,807	Tourmaline Oil	66	0.01
21,111	TransCanada	<u>624</u>	<u>0.13</u>
		<u>4,133</u>	<u>0.89</u>
	<b>Technology 0.14% (2017: 0.14%)</b>		
21,668	Blackberry	156	0.03
6,255	CGI 'A'	302	0.07
332	Constellation Software	<u>176</u>	<u>0.04</u>
		<u>634</u>	<u>0.14</u>
	<b>Telecommunications 0.15% (2017: 0.18%)</b>		
5,127	BCE	156	0.03
9,312	Rogers Communications 'B'	373	0.08
6,087	Telus	<u>163</u>	<u>0.04</u>
		<u>692</u>	<u>0.15</u>
	<b>Utilities 0.10% (2017: 0.13%)</b>		
7,932	Fortis	205	0.04
10,779	Pembina Pipeline	<u>273</u>	<u>0.06</u>
		<u>478</u>	<u>0.10</u>
	<b>Israel 0.04% (2017: 0.04%)</b>		
	<b>Technology 0.04% (2017: 0.04%)</b>		
2,096	Check Point Software	<u>182</u>	<u>0.04</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Netherlands 0.16% (2017: 0.22%)</b>		
	<b>Industrials 0.05% (2017: 0.05%)</b>		
5,485	AerCap	215	0.05
	<b>Technology 0.11% (2017: 0.17%)</b>		
8,880	NXP Semiconductors	521	0.11
	<b>Russian Federation 0.04% (2017: 0.05%)</b>		
	<b>Technology 0.04% (2017: 0.05%)</b>		
8,295	Yandex	196	0.04
	<b>Sweden 0.03% (2017: 0.03%)</b>		
	<b>Consumer Goods 0.03% (2017: 0.03%)</b>		
1,348	Autoliv	88	0.02
1,348	Veoneer	35	0.01
		123	0.03
	<b>United Kingdom 0.53% (2017: 0.21%)</b>		
	<b>Basic Materials 0.37% (2017: 0.00%)</b>		
13,298	Linde	1,716	0.37
	<b>Consumer Goods 0.04% (2017: 0.04%)</b>		
5,671	Coca-Cola European Partners	202	0.04
	<b>Consumer Services 0.09% (2017: 0.10%)</b>		
8,902	Liberty Global 'A'	179	0.04
12,370	Liberty Global 'C'	242	0.05
		421	0.09
	<b>Financials 0.02% (2017: 0.07%)</b>		
5,010	Janus Henderson <sup>1</sup>	96	0.02
	<b>Industrials 0.01% (2017: 0.00%)</b>		
2,905	nVent Electric	56	0.01
	<b>United States 91.67% (2017: 92.30%)</b>		
	<b>Basic Materials 1.68% (2017: 2.19%)</b>		
4,516	Air Products & Chemicals	546	0.12
2,292	Albemarle	178	0.04
4,670	Alcoa Upstream	128	0.03
1,128	Ashland Global	65	0.01
2,248	Avery Dennison	160	0.03
2,718	Celanese 'A'	206	0.04
7,035	CF Industries	264	0.06
52,919	DowDuPont	2,232	0.48
3,430	Eastman Chemical	210	0.05
6,072	Ecolab	728	0.16
2,793	FMC	171	0.04
33,478	Freeport-McMoRan C & G 'B'	305	0.07
1,704	International Flavors & Fragrances	193	0.04
11,057	International Paper	392	0.08
8,097	Lyondellbasell Industries 'A'	566	0.12

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Basic Materials</b> (continued)		
9,736	Mosaic	236	0.05
11,648	Newmont Mining	282	0.06
8,712	Nucor	403	0.09
4,701	PPG Industries	387	0.08
5,236	Steel Dynamics	162	0.03
		<hr/> 7,814	<hr/> 1.68
	<b>Consumer Goods 7.62% (2017: 8.74%)</b>		
17,671	Activision Blizzard	955	0.20
2,670	Adient	64	0.01
44,991	Altria	2,290	0.49
6,888	Aptiv	414	0.09
14,589	Archer Daniels Midland	539	0.12
1,954	BorgWarner	60	0.01
8,819	Brown-Forman	320	0.07
1,217	Bunge	59	0.01
3,063	Campbell Soup	90	0.02
6,690	Church & Dwight	310	0.07
2,083	Clorox	242	0.05
86,319	Coca-Cola	3,234	0.70
18,580	Colgate-Palmolive	866	0.19
6,873	Conagra Brands	191	0.04
2,867	Constellation Brands 'A'	447	0.10
12,453	Coty 'A'	103	0.02
8,291	D.R. Horton	233	0.05
6,921	Electronic Arts	493	0.11
4,241	Estée Lauder 'A'	456	0.10
96,751	Ford Motor	722	0.16
1,740	Garrett Motion	21	-
14,240	General Mills	488	0.10
32,658	General Motors	935	0.20
10,718	Gentex	177	0.04
2,498	Genuine Parts	191	0.04
9,890	Goodyear Tire & Rubber	163	0.03
13,072	Hanesbrands	176	0.04
3,132	Harley-Davidson	94	0.02
1,862	Hasbro	134	0.03
5,740	Herbalife Nutrition	239	0.05
3,356	Hershey	281	0.06
8,208	Hormel Foods	280	0.06
1,799	Ingredion	142	0.03
6,378	Jefferies Financial	107	0.02
6,054	Kellogg	310	0.07
4,058	Keurig Dr Pepper	83	0.02
8,764	Kimberly-Clark	715	0.15
15,581	Kraft Heinz	670	0.14
4,925	Lamb Weston	301	0.06
1,439	Lear	150	0.03
6,100	Lennar 'A'	205	0.04
3,815	LKQ	81	0.02
1,883	Lululemon Athletica	207	0.04

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Goods (continued)</b>			
11,866	Mattel	126	0.03
2,114	McCormick Non-Voting Shares	238	0.05
2,236	Michael Kors Holdings	97	0.02
1,190	Mohawk Industries	116	0.02
4,020	Molson Coors Brewing 'B'	201	0.04
33,626	Mondelez International	1,105	0.24
10,148	Monster Beverage	420	0.09
10,357	Newell Rubbermaid	129	0.03
28,992	Nike 'B'	1,703	0.37
87	NVR	152	0.03
31,663	PepsiCo	2,785	0.61
37,183	Philip Morris International	2,561	0.55
2,191	Polaris Industries	153	0.03
2,388	Polo Ralph Lauren 'A'	242	0.05
58,109	Procter & Gamble	4,033	0.88
6,418	Pulte	123	0.03
1,794	PVH	170	0.04
2,739	Smucker (JM)	232	0.05
949	Snap-on	114	0.02
3,712	Stanley Black & Decker	338	0.07
2,665	Take-Two Interactive Software	269	0.06
5,843	Tapestry	193	0.04
3,161	Tesla Motors	834	0.18
5,838	Toll Brothers	154	0.03
4,647	Tyson Foods 'A'	218	0.05
7,496	VF	486	0.10
710	Whirlpool	61	0.01
		<hr/> 35,491	<hr/> 7.62
<b>Consumer Services 12.37% (2017: 11.40%)</b>			
549	Advance Auto Parts	69	0.01
9,429	Amazon.com	11,792	2.54
6,012	American Airlines	165	0.04
4,989	AmerisourceBergen 'A'	344	0.07
6,204	Aramark	174	0.04
811	AutoZone	466	0.10
4,032	Best Buy	221	0.05
8,077	Block (H & R)	168	0.04
1,133	Booking Holdings	1,663	0.36
9,187	Cardinal Health	364	0.08
2,255	CarMax	120	0.03
7,624	Carnival	334	0.07
5,865	CBS 'B'	263	0.06
4,197	Charter Communications 'A'	1,052	0.23
586	Chipotle Mexican Grill 'A'	211	0.05
102,609	Comcast 'A' Special	3,063	0.66
3,907	Copart	150	0.03
9,956	Costco Wholesale	1,781	0.38
21,769	CVS Health	1,233	0.26
1,995	Darden Restaurants	166	0.04
4,070	Delta Air Lines	174	0.04

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Consumer Services</b> <small>(continued)</small>		
17,070	Discovery Communications 'C'	391	0.08
7,839	DISH Network 'A'	189	0.04
6,087	Dollar General	530	0.11
5,948	Dollar Tree	392	0.08
1,226	Domino's Pizza	258	0.06
22,341	eBay	508	0.11
2,337	Expedia	229	0.05
3,007	Foot Locker	111	0.02
7,835	Gap	167	0.04
6,573	Hilton Worldwide	366	0.08
26,518	Home Depot	3,648	0.78
4,891	Interpublic	89	0.02
5,655	Kohls	335	0.07
15,750	Kroger	367	0.08
6,945	L Brands	176	0.04
8,482	Las Vegas Sands	339	0.07
3,430	Liberty Sirius 'C'	111	0.02
19,048	Lowe's	1,419	0.30
10,556	Macy's	283	0.06
6,475	Marriott International 'A'	592	0.13
18,933	McDonald's	2,622	0.56
4,122	McKesson	402	0.09
13,780	MGM Resorts International	288	0.06
10,033	Netflix	2,370	0.51
15,279	News 'A'	158	0.03
9,726	Nielsen	198	0.04
4,185	Nordstrom	215	0.05
4,617	Norwegian Cruise Line	159	0.03
5,950	Omnicom	346	0.07
1,733	O'Reilly Automotive	435	0.09
6,717	Qurate Retail	115	0.02
7,293	Ross Stores	565	0.12
3,557	Royal Caribbean Cruises	292	0.06
52,454	Sirius XM Holdings	247	0.05
5,581	Southwest Airlines	214	0.05
29,896	Starbucks	1,363	0.29
10,606	Sysco	592	0.13
11,071	Target	724	0.16
35,966	The Walt Disney Company	3,232	0.69
2,615	Tiffany	228	0.05
15,501	TJX	1,333	0.29
1,701	Tractor Supply	122	0.03
4,422	Tripadvisor	180	0.04
12,697	Twenty-First Century Fox	452	0.10
25,697	Twenty-First Century Fox 'B'	908	0.19
674	ULTA Beauty	145	0.03
775	Vail Resorts	152	0.03
6,853	Viacom 'B'	171	0.04
19,477	Walgreens	1,216	0.26
33,520	Walmart Stores	2,630	0.56
3,140	Wyndham Hotels & Resorts	121	0.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Consumer Services</b> <small>(continued)</small>			
3,140	Wyndham Worldwide	88	0.02
1,839	Wynn Resorts	145	0.03
6,251	Yum! Brands	442	0.09
9,449	Yum China	267	0.06
		<hr/> 57,610	<hr/> 12.37
<b>Financials 17.26% (2017: 18.15%)</b>			
582	Affiliated Managers	52	0.01
21,194	Aflac	714	0.15
16,878	AGNC Investment	236	0.05
2,366	Alexandria Real Estate Equities REIT	226	0.05
302	Alleghany	142	0.03
8,910	Allstate	667	0.14
13,565	Ally Financial	270	0.06
15,242	American Express	1,225	0.26
17,903	American International	578	0.12
10,309	American Tower	1,257	0.27
2,850	Ameriprise Financial	284	0.06
38,044	Annaly Capital Management REIT	293	0.06
6,275	AON	767	0.16
13,494	Arch Capital	300	0.06
3,327	Arthur J Gallagher	193	0.04
3,718	AvalonBay Communities	510	0.11
4,068	Axis Capital Holdings	178	0.04
217,210	Bank of America	4,676	1.01
18,897	Bank of New York Mellon	700	0.15
19,474	BB & T	749	0.16
10	Berkshire Hathaway 'A'	2,408	0.52
30,855	Berkshire Hathaway 'B'	4,953	1.07
2,980	BlackRock	960	0.21
2,999	Boston Properties	284	0.06
2,093	Brighthouse Financial	65	0.01
4,577	Brookfield Property Partners REIT	69	0.01
12,783	Capital One Financial	893	0.19
2,820	CBOE	249	0.05
5,269	CBRE 'A'	166	0.04
27,184	Charles Schwab	984	0.21
11,686	Chubb	1,142	0.25
5,677	Cincinnati Financial	349	0.07
3,181	CIT	118	0.03
56,396	Citigroup	2,889	0.62
13,712	Citizens Financial	401	0.09
6,993	CME 'A'	1,003	0.22
2,829	Comerica	181	0.04
10,107	Crown Castle	860	0.18
2,996	CyrusOne	125	0.03
5,185	Digital Realty Trust REIT	419	0.09
9,538	Discover Financial Services	520	0.11
5,154	Duke Realty REIT	111	0.02
2,026	Equifax	161	0.03
1,506	Equinix	446	0.10

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials</b> (continued)		
6,866	Equity Residential REIT	349	0.07
2,095	Essex Property Trust	411	0.09
5,009	E*TRADE Financial	194	0.04
627	Everest Reinsurance	107	0.02
4,254	Extra Space Storage	300	0.06
2,315	Federal Realty Investment Trust REIT	225	0.05
4,398	First Republic Bank	313	0.07
9,987	FNF	262	0.06
11,976	Franklin Resources	286	0.06
7,707	Goldman Sachs	1,360	0.29
10,727	Hartford Financial Services	381	0.08
15,943	Health Care Properties	344	0.07
13,059	Host Hotels & Resort	195	0.04
32,469	Huntington Bancshares	364	0.08
9,728	IHS Markit	400	0.09
12,645	Intercontinental Exchange	763	0.16
6,304	Invesco	107	0.02
8,257	Iron Mountain	198	0.04
76,289	JPMorgan Chase	6,511	1.41
31,696	KeyCorp	450	0.10
9,352	Kimco Realty	118	0.03
4,061	Liberty Broadband C	264	0.06
6,149	Lincoln National	290	0.06
3,863	Loews	141	0.03
4,132	M & T Bank	535	0.11
2,193	Macerich	89	0.02
335	Markel	286	0.06
10,119	Marsh & McLennan	671	0.14
21,728	MasterCard	3,361	0.72
23,032	MetLife	742	0.16
2,942	Mid-America Apartment Communities	225	0.05
4,634	Moody's	528	0.11
29,944	Morgan Stanley	1,070	0.23
1,728	MSCI	203	0.04
2,525	NASDAQ	171	0.04
22,883	New York Community Bancorp	172	0.04
3,390	Northern Trust	250	0.05
2,569	People's United Financial	31	0.01
9,998	PNC Financial Services	1,005	0.22
6,078	Price (T. Rowe) Associates	461	0.10
4,645	Principal Financial	171	0.04
11,659	Progressive	636	0.14
14,628	Prologis	738	0.16
9,912	Prudential Financial	728	0.16
3,346	Public Storage	538	0.12
2,987	Raymond James Financial	179	0.04
6,003	Realty Income	283	0.06
3,834	Regency Centers	190	0.04
33,514	Regions Financial	445	0.10
3,581	SBA Communications	454	0.10
2,145	SEI Investments	90	0.02

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Financials (continued)</b>		
7,875	Simon Property	1,131	0.24
2,140	SL Green Realty	153	0.03
6,316	S&P Global	901	0.19
8,683	State Street	467	0.10
8,630	SunTrust Banks	423	0.09
1,017	SVB Financial	189	0.04
21,567	Synchrony Financial	487	0.10
6,057	TD Ameritrade Holdings	245	0.05
6,218	The Travelers Companies	609	0.13
2,264	Torchmark	150	0.03
9,706	United Dominion Realty Trust	298	0.06
3,394	Unum	96	0.02
33,749	US Bancorp	1,380	0.30
5,406	Ventas	245	0.05
29,968	Vereit	172	0.04
41,096	Visa	4,431	0.95
4,093	Vornado Realty Trust	218	0.05
6,700	Voya Financial	229	0.05
102,631	Wells Fargo	4,276	0.92
9,819	Welltower	508	0.11
10,578	Western Union	149	0.03
15,398	Weyerhaeuser	321	0.07
3,332	Willis Towers Watson	373	0.08
326	WR Berkley	19	-
4,725	Zions Bancorp	174	0.04
18,839	5th Third Bancorp	398	0.09
		<u>80,400</u>	<u>17.26</u>
	<b>Health Care 12.58% (2017: 12.03%)</b>		
39,094	Abbott Laboratories	2,109	0.45
33,551	AbbVie	2,044	0.44
988	Abiomed	265	0.06
8,104	Aetna	1,258	0.27
4,336	Alexion Pharmaceuticals	380	0.08
1,836	Align Technology	318	0.07
4,094	Alkermes	131	0.03
8,446	Allergan	1,045	0.22
2,081	Alnylam Pharmaceuticals	131	0.03
14,713	Amgen	2,219	0.48
6,453	Anthem	1,392	0.30
10,035	Baxter International	491	0.11
5,703	Becton Dickinson	1,028	0.22
4,866	Biogen Idec	1,158	0.25
5,135	BioMarin Pharmaceutical	370	0.08
33,481	Boston Scientific	947	0.20
37,401	Bristol-Myers Squibb	1,479	0.32
14,834	Celgene	831	0.18
3,459	Centene	353	0.08
5,781	CIGNA	967	0.21
1,090	Cooper	220	0.05
2,003	DaVita HealthCare Partners	106	0.02



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Health Care (continued)</b>		
5,781	Dentsply Sirona	157	0.03
4,705	Edwards Lifesciences	543	0.12
21,669	Eli Lilly	1,838	0.39
12,133	Express Scripts Holdings	920	0.20
30,055	Gilead Sciences	1,603	0.34
6,921	HCA Holdings	723	0.16
3,058	Henry Schein	199	0.04
8,695	Hologic	265	0.06
2,963	Humana	743	0.16
2,329	IDEXX Laboratories	386	0.08
2,990	Illumina	728	0.16
4,727	Incyte	240	0.05
6,633	Innovive Pharmaceuticals <sup>2</sup>	-	-
2,859	Intuitive Surgical	1,166	0.25
3,920	IQVIA	377	0.08
1,789	Jazz Pharmaceuticals	222	0.05
61,205	Johnson & Johnson	6,709	1.44
3,007	Laboratory Corporation of America	378	0.08
30,663	Medtronic	2,155	0.46
63,931	Merck	3,682	0.79
10,578	Mylan	259	0.06
203,005	NovaDel Pharmaceutical <sup>3</sup>	-	-
3,478	Perrigo	191	0.04
131,060	Pfizer	4,416	0.95
1,714	Quest Diagnostics	126	0.03
1,606	Regeneron Pharmaceuticals	426	0.09
2,994	ResMed	248	0.05
8,856	Stryker	1,124	0.24
1,075	Teleflex	202	0.04
1	TG Therapeutics <sup>4</sup>	-	-
8,909	Thermo Fisher Scientific	1,628	0.35
22,782	United Health	4,659	1.00
3,142	Universal Health Services	299	0.06
2,049	Varian Medical Systems	191	0.04
5,295	Vertex Pharmaceuticals	702	0.15
2,259	Waters	335	0.07
1,153	WellCare Health Plans	249	0.05
4,334	Zimmer Holdings	385	0.08
12,598	Zoetis	889	0.19
		<u>58,605</u>	<u>12.58</u>
	<b>Industrials 10.75% (2017: 11.21%)</b>		
15,593	Accenture	1,923	0.41
1,270	Acuity Brands	125	0.03
6,267	Agilent Technologies	318	0.07
1,582	Allegion	106	0.02
512	Alliance Data Systems	83	0.02
4,037	Ametek	212	0.05
5,529	Amphenol 'A'	387	0.08
14,012	Arconic	223	0.05
9,825	Auto Data Processing	1,108	0.24

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials (continued)</b>		
5,743	Avnet	180	0.04
8,196	Ball	287	0.06
12,111	Boeing	3,365	0.71
1,323	Broadridge Financial Solutions	121	0.03
13,039	Caterpillar	1,238	0.27
2,388	CH Robinson Worldwide	166	0.04
1,721	Cintas	245	0.05
847	CoStar	239	0.05
20,105	CSX	1,083	0.23
4,126	Cummins	441	0.09
13,648	Danaher	1,061	0.23
6,569	Deere	696	0.15
3,847	Dover	249	0.05
9,038	Eaton	507	0.11
13,132	Emerson Electric	698	0.15
3,333	Expeditors International of Washington	175	0.04
4,664	Fastenal	188	0.04
6,129	FedEx	1,057	0.23
6,518	Fidelity National Information	531	0.11
10,622	Fiserv	658	0.14
2,504	Fleetcor Technologies	392	0.08
16,359	Flex	101	0.02
6,228	Flowserve	224	0.05
2,618	Fluor	90	0.02
8,285	Fortive	481	0.10
5,775	Fortune Brands Home & Security	203	0.04
15,486	Gardner Denver	328	0.07
5,662	General Dynamics	765	0.16
211,426	General Electric Capital	1,668	0.36
3,209	Global Payments	287	0.06
843	Grainger (WW)	187	0.04
17,403	Honeywell International	1,970	0.42
1,066	Huntington Ingalls Industries	182	0.04
7,300	Illinois Tool Works	729	0.16
6,730	Ingersoll-Rand	505	0.11
8,160	Jabil Circuit	158	0.03
1,921	Jacobs Engineering	113	0.02
978	JB Hunt Transport Services	85	0.02
18,036	Johnson Controls	451	0.10
2,969	Kansas City Southern Industries	237	0.05
6,517	Keysight	291	0.06
5,781	Lockheed Martin	1,329	0.29
2,346	L3 Technologies	348	0.07
1,292	Manpowergroup	77	0.02
2,071	Martin Marietta Materials	278	0.06
5,016	Masco	118	0.03
6,397	MDU Resources	125	0.03
746	Mettler-Toledo International	319	0.07
7,205	Norfolk Southern	946	0.20
4,256	Northrop Grumman	872	0.19
1,461	Old Dominion Freight Line	149	0.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Industrials (continued)</b>		
9,138	PACCAR	409	0.09
2,387	Packaging Corporation of America	171	0.04
2,781	Parker Hannifin	330	0.07
5,248	Paychex	269	0.06
28,224	PayPal	1,860	0.40
2,905	Pentair	91	0.02
6,930	Raytheon	949	0.20
5,646	Republic Services	321	0.07
2,900	Resideo Technologies	48	0.01
5,503	Robert Half International	261	0.06
2,736	Rockwell Automation	353	0.08
4,499	Rockwell Collins	451	0.10
2,111	Roper Technologies	467	0.10
7,015	Sealed Air	178	0.04
5,505	Sensata Technologies	202	0.04
2,226	Sherwin-Williams	685	0.15
3,180	Stericycle	124	0.03
7,080	TE Connectivity	418	0.09
4,748	Textron	199	0.04
4,884	Total System Services	348	0.07
955	Transdigm	247	0.05
3,842	TransUnion	198	0.04
4,355	Trimble Navigation	127	0.03
17,450	Union Pacific	1,996	0.43
14,967	United Parcel Service	1,248	0.27
962	United Rentals	90	0.02
17,058	United Technologies	1,658	0.36
3,621	Verisk Analytics 'A'	339	0.07
2,997	Vulcan Materials	237	0.05
2,391	Wabtec	153	0.03
11,623	Waste Management	814	0.17
4,935	Westrock	166	0.04
6,967	Worldpay	501	0.11
3,886	Xerox	85	0.02
2,830	XPO Logistics	198	0.04
2,944	Xylem	151	0.03
13,830	3M	2,059	0.44
		<u>50,079</u>	<u>10.75</u>
	<b>Oil &amp; Gas 5.22% (2017: 5.38%)</b>		
9,897	Anadarko Petroleum	412	0.09
11,651	Apache	345	0.07
1,923	Apergy	59	0.01
12,686	Baker Hughes 'A'	265	0.06
11,722	Cabot Oil & Gas	222	0.05
3,053	Cheniere Energy	144	0.03
45,402	Chevron	3,966	0.86
1,671	Cimarex Energy	104	0.02
3,714	Concho Resources	404	0.09
26,618	ConocoPhillips	1,455	0.32
1,622	Core Laboratories	108	0.02

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Oil &amp; Gas (continued)</b>		
11,714	Devon Energy	297	0.06
2,343	Diamondback Energy	206	0.04
13,322	EOG Resources	1,098	0.24
5,944	EQT	158	0.03
100,279	Exxon Mobil	6,252	1.35
21,379	Halliburton	580	0.12
3,692	Helmerich & Payne	180	0.04
4,988	Hess	224	0.05
1,902	Hollyfrontier	100	0.02
45,658	Kinder Morgan Delaware	608	0.13
15,923	Marathon Oil	237	0.05
16,546	Marathon Petroleum	912	0.20
8,404	Murphy Oil	209	0.04
7,028	National Oilwell Varco	202	0.04
5,474	Newfield Exploration	87	0.02
13,654	Noble Energy	265	0.06
18,567	Occidental Petroleum	975	0.21
7,712	ONEOK	396	0.08
9,280	Phillips 66	746	0.16
4,460	Pioneer Natural Resources	514	0.11
31,199	Schlumberger	1,253	0.27
4,939	Targa Resources	200	0.04
10,006	Valero Energy	714	0.15
23,063	Williams	439	0.09
		<u>24,336</u>	<u>5.22</u>
	<b>Technology 20.12% (2017: 19.17%)</b>		
12,010	Adobe Systems	2,310	0.50
20,232	Advanced Micro Devices	288	0.06
2,914	Akamai Technologies	165	0.04
6,922	Alphabet 'A'	5,908	1.27
7,033	Alphabet 'C'	5,922	1.27
4,566	Amdocs	226	0.05
9,589	Analog Devices	628	0.13
2,867	Ansys	335	0.07
111,163	Apple	19,033	4.10
24,291	Applied Materials	625	0.13
1,249	Arista Networks	225	0.05
4,007	Autodesk	405	0.09
10,337	Broadcom	1,807	0.39
4,475	CA	155	0.03
6,621	Cadence Design Systems	231	0.05
4,528	CDK Global	203	0.04
3,627	CDW	255	0.05
8,211	Cerner	368	0.08
111,406	Cisco Systems	3,988	0.86
3,996	Citrix Systems	320	0.07
12,823	Cognizant Technology Solutions	693	0.15
13,079	Corning	327	0.07
6,539	Dell Technologies	462	0.10
6,046	DXC Technology	345	0.07

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Technology</b> (continued)		
54,934	Facebook	6,527	1.41
586	F5 Networks	80	0.02
3,310	Garmin	171	0.04
2,092	Gartner	241	0.05
3,013	GoDaddy 'A'	173	0.04
2,036	Harris	237	0.05
39,622	Hewlett Packard Enterprise	473	0.10
35,471	HP	670	0.14
2,590	IAC/InterActiveCorp	398	0.09
109,016	Intel	3,999	0.86
22,473	International Business Machines	2,030	0.44
5,198	Intuit	858	0.18
10,104	Juniper Networks	231	0.05
2,821	KLA-Tencor	202	0.04
4,377	Lam Research	486	0.10
8,174	Marvell Technology	105	0.02
4,845	Maxim Integrated Products	190	0.04
3,636	Microchip Technology	187	0.04
26,098	Micron Technology	770	0.17
176,090	Microsoft	14,718	3.17
4,966	Motorola Solutions	476	0.10
7,158	NetApp	440	0.09
13,566	Nuance Communications	185	0.04
13,059	Nvidia	2,155	0.46
67,411	Oracle	2,576	0.55
1,300	Palo Alto Networks	186	0.04
3,023	Perspecta	58	0.01
2,154	PTC	139	0.03
4,297	Qorvo	247	0.05
34,495	Qualcomm	1,697	0.36
4,964	Red Hat	667	0.14
15,550	Salesforce.com	1,670	0.36
4,918	Seagate Technology	155	0.03
4,521	ServiceNow	640	0.14
5,663	Skyworks Solutions	385	0.08
3,869	Splunk	302	0.06
6,260	Square 'A'	360	0.08
3,748	SS&C Technologies	150	0.03
15,586	Symantec	221	0.05
1,473	Synopsys	103	0.02
22,438	Texas Instruments	1,630	0.35
4,044	Twitter	110	0.02
1,912	VeriSign	213	0.05
1,690	VMWare 'A'	187	0.04
5,706	Western Digital	192	0.04
3,127	Workday 'A'	325	0.07
4,175	Xilinx	279	0.06
		<u>93,718</u>	<u>20.12</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Telecommunications 1.23% (2017: 1.05%)</b>			
31,782	AT&T	763	0.16
24,311	Century Link	393	0.08
5,335	T-Mobile USA	286	0.06
96,353	Verizon Communications	4,303	0.93
		<u>5,745</u>	<u>1.23</u>
<b>Utilities 2.84% (2017: 2.98%)</b>			
15,898	AES	181	0.04
8,298	Alliant Energy	279	0.06
7,233	Ameren	366	0.08
12,559	American Electric Power	721	0.15
3,325	American Water Works	231	0.05
7,090	CenterPoint Energy	150	0.03
8,933	CMS Energy	346	0.07
8,500	Consolidated Edison	505	0.11
15,413	Dominion Energy	862	0.18
3,605	DTE Energy	317	0.07
15,016	Duke Energy	971	0.21
6,195	Edison International	336	0.07
3,273	Entergy	215	0.05
6,271	Evergy	275	0.06
6,946	Eversource Energy	344	0.07
24,146	Exelon	827	0.18
12,762	First Energy	372	0.08
10,399	NextEra Energy Resources	1,403	0.31
10,411	NiSource	206	0.04
9,463	NRG Energy	268	0.06
10,393	PG&E	381	0.08
4,079	Pinnacle West Capital	263	0.06
19,712	PPL	469	0.10
10,501	Public Service Enterprise	439	0.09
4,538	Scana	142	0.03
5,457	Sempra Energy	470	0.10
24,770	Southern	873	0.19
9,486	Vistra Energy	168	0.04
8,428	WEC Energy	451	0.10
9,913	Xcel Energy	380	0.08
		<u>13,211</u>	<u>2.84</u>
<b>Bonds 0.60% (2017: 0.00%)</b>			
<b>United States 0.60% (2017: 0.00%)</b>			
<b>Fixed Rate Bond 0.60% (2017: 0.00%)</b>			
USD 385,000	Cleveland-Cliffs 1.50% 15/01/2025	430	0.09
USD 634,000	FTI Consulting 2.00% 15/08/2023	471	0.10
USD 910,000	Pure Storage 0.125% 15/04/2023	727	0.17
USD 903,000	Twitter 0.25% 15/06/2024	663	0.14
USD 565,000	Zendesk 0.25% 15/03/2023	484	0.10
		<u>2,775</u>	<u>0.60</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Derivatives 0.47% (2017: (0.05%))</b>			
<b>Contracts for Difference (0.05%) (2017: (0.05%))<sup>5</sup></b>			
<b>Equity Contracts for Difference (0.05%) (2017: (0.05%))<sup>5</sup></b>			
139,956	AT&T	(221)	(0.05)
(39,864)	Cleveland-Cliffs	(67)	(0.01)
(3,180)	FTI Consulting	17	-
(21,820)	Pure Storage 'A'	41	0.01
(6,255)	Zendesk	(10)	-
		<u>(240)</u>	<u>(0.05)</u>
<b>Futures 0.00% (2017: 0.01%)</b>			
(13)	CBT US 2 Year Note December 2018	5	-
(8)	CBT US 5 Year Note December 2018	2	-
137	CME S&P 500 E-mini December 2018	18	-
5	MSE S&P/TSX 60 Index December 2018	(16)	-
		<u>9</u>	<u>-</u>
<b>Options 0.52% (2017: 0.00%)</b>			
1	S&P 500 Index Call 1650 March 2019	83	0.02
1	S&P 500 Index Call 1675 December 2018	81	0.02
1	S&P 500 Index Call 1675 June 2019	81	0.02
1	S&P 500 Index Call 1750 September 2019	76	0.02
2	S&P 500 Index Call 1925 March 2019	124	0.02
1	S&P 500 Index Call 1950 December 2018	59	0.01
1	S&P 500 Index Call 1950 June 2019	61	0.01
1	S&P 500 Index Call 2025 September 2019	57	0.01
3	S&P 500 Index Call 2200 March 2019	125	0.02
2	S&P 500 Index Call 2225 June 2019	83	0.02
2	S&P 500 Index Call 2250 December 2018	73	0.02
2	S&P 500 Index Call 2325 September 2019	73	0.02
4	S&P 500 Index Call 2475 March 2019	91	0.02
4	S&P 500 Index Call 2500 June 2019	95	0.02
4	S&P 500 Index Call 2525 December 2018	66	0.01
3	S&P 500 Index Call 2625 September 2019	57	0.01
6	S&P 500 Index Call 2750 March 2019	45	0.01
5	S&P 500 Index Call 2775 June 2019	47	0.01
7	S&P 500 Index Call 2800 December 2018	17	-
5	S&P 500 Index Call 2900 September 2019	35	0.01
35	S&P 500 Index Put 1650 March 2019	8	-
42	S&P 500 Index Put 1675 December 2018	3	-
33	S&P 500 Index Put 1675 June 2019	20	-
32	S&P 500 Index Put 1750 September 2019	38	0.01
25	S&P 500 Index Put 1925 March 2019	15	-
30	S&P 500 Index Put 1950 December 2018	5	-
23	S&P 500 Index Put 1950 June 2019	33	0.01
23	S&P 500 Index Put 2025 September 2019	58	0.01
18	S&P 500 Index Put 2200 March 2019	28	0.01
17	S&P 500 Index Put 2225 June 2019	53	0.01
21	S&P 500 Index Put 2250 December 2018	10	-
16	S&P 500 Index Put 2325 September 2019	86	0.02
12	S&P 500 Index Put 2475 March 2019	47	0.01

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Options</b> (continued)		
12	S&P 500 Index Put 2500 June 2019	78	0.02
14	S&P 500 Index Put 2525 December 2018	27	0.01
11	S&P 500 Index Put 2625 September 2019	118	0.03
7	S&P 500 Index Put 2750 March 2019	70	0.02
7	S&P 500 Index Put 2775 June 2019	92	0.02
8	S&P 500 Index Put 2800 December 2018	75	0.02
7	S&P 500 Index Put 2900 September 2019	137	0.02
		<u>2,430</u>	<u>0.52</u>
	<b>Forward Foreign Exchange Contracts 0.00% (2017: (0.01%))<sup>5</sup></b>		
	Buy CAD 256,250 : Sell USD 199,854 November 2018	(4)	-
	Buy CAD 257,250 : Sell USD 197,783 November 2018	(1)	-
	Buy CAD 306,500 : Sell USD 234,971 November 2018	(1)	-
	Buy USD 382,221 : Sell GBP 300,000 November 2018	(1)	-
	Buy USD 628,590 : Sell CAD 820,000 November 2018	3	-
		<u>(4)</u>	<u>-</u>
	<b>Investment assets including investment liabilities</b>	<b>457,553</b>	<b>98.23</b>
	Other net assets	8,259	1.77
	<b>Total net assets</b>	<b>465,812</b>	<b>100.00</b>

- <sup>1</sup> Related party to the fund
- <sup>2</sup> Manually procured securities
- <sup>3</sup> Suspended or delisted securities
- <sup>4</sup> Due to rounding to nearest £1,000
- <sup>5</sup> Unquoted Securities

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

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



## Statement of total return for the year ended 31 October 2018

		2018		2017	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		38,095		50,734
Revenue	3	9,061		9,313	
Expenses	4	(437)		(442)	
Interest payable and similar charges	5	(88)		(55)	
Net revenue before taxation		8,536		8,816	
Taxation	6	(1,177)		(1,278)	
Net revenue after taxation			7,359		7,538
Total return before distributions			45,454		58,272
Distributions	7		(7,359)		(7,539)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>38,095</b>		<b>50,733</b>

## Statement of change in net assets attributable to shareholders for the year ended 31 October 2018

	2018		2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>464,007</b>		<b>459,065</b>
Amounts receivable on issue of shares	39,866		71,946	
Amounts payable on cancellation of shares	(83,387)		(125,228)	
		(43,521)		(53,282)
Dilution adjustment		40		92
Change in net assets attributable to shareholders from investment activities		38,095		50,733
Retained distributions on accumulation shares		7,191		7,399
<b>Closing net assets attributable to shareholders</b>		<b>465,812</b>		<b>464,007</b>

## Balance sheet as at 31 October 2018

	Note	2018 £000	2017 £000
<b>Assets:</b>			
Investments		457,874	455,710
Current assets:			
Debtors	8	1,038	3,145
Cash and bank balances	9	11,110	9,355
<b>Total assets</b>		<b>470,022</b>	<b>468,210</b>
<b>Liabilities:</b>			
Investment liabilities		321	248
Creditors:			
Amounts held at derivative clearing houses and brokers		25	36
Bank overdrafts		2,780	2,865
Other creditors	10	1,084	1,054
<b>Total liabilities</b>		<b>4,210</b>	<b>4,203</b>
<b>Net assets attributable to shareholders</b>		<b>465,812</b>	<b>464,007</b>

## Notes to the financial statements for the year ended 31 October 2018

### 1 Accounting policies

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

### 2 Net capital gains

Net capital gains on investments during the year comprise:

	2018 £000	2017 £000
Derivative securities	321	379
Forward currency contracts	(444)	(543)
Non-derivative securities	37,701	50,984
Other currency gains/(losses)	534	(70)
Transaction costs	(17)	(16)
<b>Net capital gains</b>	<b>38,095</b>	<b>50,734</b>

### 3 Revenue

	2018 £000	2017 £000
Bank interest	72	49
Derivative revenue	201	38
Interest on debt securities	10	(3)
Interest on margin	32	-
Overseas dividends	8,191	8,786
Overseas REIT revenue	490	368
Stock dividends	11	24
Stock lending revenue	32	30
UK dividends	22	21
<b>Total revenue</b>	<b>9,061</b>	<b>9,313</b>

### 4 Expenses

	2018 £000	2017 £000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
Annual management charge	246	253
GAC*	130	131
	<u>376</u>	<u>384</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	31	31
Safe custody fees	30	25
	<u>61</u>	<u>56</u>
<b>Other expenses:</b>		
Professional fees	-	2
	<u>-</u>	<u>2</u>
<b>Total expenses</b>	<b>437</b>	<b>442</b>

Irrecoverable VAT is included in the above expenses where relevant.

\* The current audit fee, which is levied through the GAC, is £10,017 (2017: £9,725).

## Notes to the financial statements (continued)

### 5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2018 £000	2017 £000
Interest payable	88	55
<b>Total interest payable and similar charges</b>	<b>88</b>	<b>55</b>

### 6 Taxation

#### a) Analysis of charge in the year

The tax charge comprises:

	2018 £000	2017 £000
<b>Current tax</b>		
UK corporation tax	54	-
Double tax relief	(54)	-
Overseas withholding tax	1,177	1,285
Adjustment in respect of prior periods	-	(6)
<b>Total current tax charge for the year</b>	<b>1,177</b>	<b>1,279</b>
Deferred tax (note 6c)	-	(1)
<b>Total tax (note 6b)</b>	<b>1,177</b>	<b>1,278</b>

#### 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% (2017: 20%). The differences are explained below:

	2018 £000	2017 £000
Net revenue before taxation	8,536	8,816
Corporation tax at 20% (2017: 20%)	1,707	1,763
Effects of:		
Corporation tax prior year adjustment	-	(6)
Deferred tax	-	(1)
Irrecoverable overseas tax	1,177	1,285
Overseas dividends*	(1,639)	(1,757)
Double tax relief	(54)	(15)
Movement in taxable income accruals	-	1
Stock dividends**	(2)	(4)
UK dividends**	(5)	(4)
Utilised excess management expenses	(7)	16
<b>Tax charge for the year (note 6a)</b>	<b>1,177</b>	<b>1,278</b>

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

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

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

## Notes to the financial statements (continued)

### 6 Taxation (continued)

#### c) Deferred tax

	2018 £000	2017 £000
Provision at start of year	-	1
Deferred tax credit for year (note 6a)	-	(1)
	-	-

#### d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is no potential deferred tax asset (2017: £13,083) in relation to surplus management expenses.

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

### 7 Distributions

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

	2018 £000	2017 £000
Interim accumulation	3,482	3,883
Final accumulation	3,709	3,516
	7,191	7,399
Amounts deducted on cancellation of shares	323	564
Amounts received on issue of shares	(155)	(424)
<b>Total distributions</b>	<b>7,359</b>	<b>7,539</b>
Net revenue after taxation	7,359	7,538
Equalisation on conversions	-	1
<b>Total distributions</b>	<b>7,359</b>	<b>7,539</b>

Details of the distribution per share are set out in the distribution tables on page 193.

### 8 Debtors

	2018 £000	2017 £000
Accrued revenue	375	379
Amounts receivable for issue of shares	592	2,149
Overseas withholding tax reclaimable	4	6
Sales awaiting settlement	10	543
Corporation tax recoverable	57	68
<b>Total debtors</b>	<b>1,038</b>	<b>3,145</b>

## Notes to the financial statements (continued)

### 9 Cash and bank balances

	2018 £000	2017 £000
Amounts held at derivative clearing houses and brokers	2,956	1,761
Cash and bank balances	8,154	7,594
<b>Total cash and bank balances</b>	<b>11,110</b>	<b>9,355</b>

### 10 Other creditors

	2018 £000	2017 £000
Accrued annual management charge	19	22
Accrued Depositary's fee	3	3
Accrued other expenses	39	16
Amounts payable for cancellation of shares	704	490
Purchases awaiting settlement	319	523
<b>Total other creditors</b>	<b>1,084</b>	<b>1,054</b>

### 11 Contingent assets, liabilities and commitments

The fund has filed a claim with HM Revenue & Customs ('HMRC') (on the basis of the principles set out in the Franked Investment Income Group Litigation Order (FII GLO)) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim has been filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods. A successful outcome may result in a refund of corporation tax. A contingent asset has not been recognised as the amount receivable is not certain.

There were no contingent liabilities 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 because it provides key management personnel services to 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 181 and 182 and notes 4, 7, 8 and 10 on pages 183 to 186 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

The ultimate controlling party of Henderson Investment Funds Limited is Janus Henderson Group plc. The transactions associated with Janus Henderson Group plc, its subsidiaries and other funds managed by Henderson Investment Funds Limited are as follows:

- a) The aggregate value of purchases and sales transactions was nil (2017: £117,108) and the balance outstanding at the year end was nil (2017: nil).
- b) Revenue receivable for the year was £5,057 (2017: £1,224) and the balance outstanding at the year end was nil (2017: nil).
- c) The aggregate value of investments held at the year end was £96,220 (2017: £131,027).

HSBC Global Custody Nominees (UK) Limited, as a material shareholder, is a related party holding shares comprising 88.17% of the total net assets of the fund as at the year end (2017: 85.44%).

## Notes to the financial statements (continued)

### 13 Shareholders' funds

The fund currently has 4 share classes available; Class Y (Retail with exit charges), 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:

	2018 %	2017 %
Class A	0.50	0.50
Class I	0.30	0.30
Class Y	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 159 to 161. The distribution per share class is given in the distribution tables on page 193. All share classes have the same rights on winding up.

#### Shares reconciliation as at 31 October 2018

	Class A accumulation	Class I accumulation	Class Y accumulation	Class Z accumulation
Opening number of shares	1,678,282	3,225,790	24,131	92,924,083
Issues during the year	111,807	347,737	-	7,174,536
Cancellations during the year	(197,367)	(1,512,335)	(829)	(12,776,330)
Shares converted during the year	(8,826)	7,838	-	-
<b>Closing shares in issue</b>	<b>1,583,896</b>	<b>2,069,030</b>	<b>23,302</b>	<b>87,322,289</b>

### 14 Financial derivatives

The fund has used financial derivatives for the purposes of hedging and meeting the investment objectives of the fund, 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 31 October 2018 (2017: nil).

#### 2018

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

Counterparty	Contracts for difference £000	Forward foreign exchange contracts £000	Futures £000
Credit Suisse	58	-	-
UBS	-	-	25
Morgan Stanley	-	3	-
	<b>58</b>	<b>3</b>	<b>25</b>
		Options £000	Total by counterparty £000
Credit Suisse		-	58
UBS		2,430	2,455
Morgan Stanley		-	3
		<b>2,430</b>	<b>2,516</b>

## Notes to the financial statements (continued)

### 14 Financial derivatives (continued)

2017

At 31 October 2017 the underlying exposure for each category of derivatives were as follows:

Counterparty	Futures £000
UBS	35
	<b>35</b>

### 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 income.

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

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

2018

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Bank of Nova Scotia	4,928	5,481	Equity
Deutsche Bank	804	905	Equity
Merrill Lynch	3,241	3,627	Equity
Natixis	107	119	Equity
	<b>9,080</b>	<b>10,132</b>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	38	6	32

2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral category
Citigroup	175	198	Equity
Deutsche Bank	8,063	9,070	Equity
JP Morgan	7,171	8,010	Equity
Merrill Lynch	2,775	3,084	Equity
Natixis	3,191	3,545	Equity
	<b>21,375</b>	<b>23,907</b>	



## Notes to the financial statements (continued)

### 15 Stock lending (continued)

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	35	5	30

### 16 Risk

#### Currency risk

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

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets £000
<b>2018</b>			
<b>Currency</b>			
Canadian dollar	20,860	522	21,382
UK sterling	(300)	529	229
US dollar	436,993	7,208	444,201
<b>Total</b>	<b>457,553</b>	<b>8,259</b>	<b>465,812</b>

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets £000
<b>2017</b>			
<b>Currency</b>			
Canadian dollar	23,734	403	24,137
Euro	-	1	1
UK sterling	(1,950)	2,092	142
US dollar	433,678	6,049	439,727
<b>Total</b>	<b>455,462</b>	<b>8,545</b>	<b>464,007</b>

#### Interest rate risk

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

#### Sensitivity analysis

##### Global exposure

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

##### VaR Results

	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
<b>2018</b>	98.61	99.92	101.00	200.00	49.31	49.96	50.50
<b>2017</b>	98.83	101.31	100.08	200.00	49.42	50.66	50.04

Global exposure calculation basis: Relative VaR

Reference portfolio: FTSE Custom All World Dev North American Index

##### Leverage

	Minimum %	Maximum %	Average %
<b>2018</b>	2.62	26.29	16.03
<b>2017</b>	2.33	6.38	3.96

## 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
<b>2018</b>				
Amounts held at derivatives clearing houses and brokers	25	-	-	-
Bank overdrafts	2,780	-	-	-
Derivative financial liabilities	-	23	298	-
Other creditors	-	1,084	-	-
<b>Total</b>	<b>2,805</b>	<b>1,107</b>	<b>298</b>	<b>-</b>
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
<b>2017</b>				
Amounts held at derivatives clearing houses and brokers	36	-	-	-
Bank overdrafts	2,865	-	-	-
Derivative financial liabilities	-	32	216	-
Other creditors	-	1,054	-	-
<b>Total</b>	<b>2,901</b>	<b>1,086</b>	<b>216</b>	<b>-</b>

### 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

	2018		2017	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	455,038	16	455,710	4
Level 2	2,836	305	-	244
Level 3	-	-	-	-
	<u>457,874</u>	<u>321</u>	<u>455,710</u>	<u>248</u>

### 18 Direct transaction costs

	Purchases		Sales	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Trades in the year</b>				
Debt securities	9,578	1,944	7,135	4,420
Equities	79,229	113,049	114,794	157,797
<b>Trades in the year before transaction costs</b>	<u>88,807</u>	<u>114,993</u>	<u>121,929</u>	<u>162,217</u>
<b>Transaction costs</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	8	21	21	62
<b>Total commissions</b>	<u>8</u>	<u>21</u>	<u>21</u>	<u>62</u>
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Total taxes</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	2	3
<b>Total other expenses</b>	<u>-</u>	<u>-</u>	<u>2</u>	<u>3</u>
<b>Total transaction costs</b>	<u>8</u>	<u>21</u>	<u>23</u>	<u>65</u>
<b>Total net trades in the year after transaction costs</b>	<u>88,815</u>	<u>115,014</u>	<u>121,906</u>	<u>162,152</u>

## Notes to the financial statements (continued)

### 18 Direct transaction costs (continued)

	Purchases		Sales	
	2018	2017	2018	2017
	%	%	%	%
<b>Total transaction costs expressed as a percentage of asset type cost</b>				
<b>Commissions</b>				
Debt securities	-	-	-	-
Equities	0.01	0.02	0.02	0.04
<b>Taxes</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
<b>Other expenses</b>				
Debt securities	-	-	-	-
Equities	-	-	-	-
	<b>2018</b>	<b>2017</b>		
	%	%		
<b>Total transaction costs expressed as a percentage of net asset value</b>				
Commissions	0.01	0.02		
Taxes	-	-		
Other expenses	-	-		
<b>Total costs</b>	<b>0.01</b>	<b>0.02</b>		

There were no inspecie transfers during the year (2017: nil). There were corporate actions during the year of £5,235,581 (2017: £2,963,482).

There were direct transaction costs associated with derivatives in the year of £8,261 (2017: £5,782) which is 0.00% of the average net asset value of the fund (2017: 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 31 October 2018 was 0.04% (2017: 0.03%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

### 19 Events after the Balance sheet date

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

## Distribution tables for the year ended 31 October 2018 (in pence per share)

### Interim dividend distribution (accounting date 30 April 2018, paid on 29 June 2018)

Group 1: shares purchased prior to 1 November 2017

Group 2: shares purchased on or after 1 November 2017

	Distribution per share	Equalisation	Total distribution per share 29/06/18	Total distribution per share 30/06/17
<b>Class A accumulation</b>				
Group 1	6.8295	-	6.8295	7.5029
Group 2	3.1130	3.7165	6.8295	7.5029
<b>Class I accumulation</b>				
Group 1	10.4073	-	10.4073	10.4448
Group 2	5.6047	4.8026	10.4073	10.4448
<b>Class Y accumulation</b>				
Group 1	1.3048	-	1.3048	1.4765
Group 2	1.3048	-	1.3048	1.4765
<b>Class Z accumulation</b>				
Group 1	3.5027	-	3.5027	3.3627
Group 2	1.8188	1.6839	3.5027	3.3627

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

Group 1 : shares purchased prior to 1 May 2018

Group 2 : shares purchased on or after 1 May 2018

	Distribution per share	Equalisation	Total distribution per share 31/12/18	Total distribution per share 29/12/17
<b>Class A accumulation</b>				
Group 1	9.2310	-	9.2310	7.2768
Group 2	2.2512	6.9798	9.2310	7.2768
<b>Class I accumulation</b>				
Group 1	12.4028	-	12.4028	10.1837
Group 2	3.4940	8.9088	12.4028	10.1837
<b>Class Y accumulation</b>				
Group 1	1.8433	-	1.8433	1.4082
Group 2	1.8433	-	1.8433	1.4082
<b>Class Z accumulation</b>				
Group 1	3.7852	-	3.7852	3.2987
Group 2	1.7762	2.0090	3.7852	3.2987

## Appendix - additional information (unaudited)

### Securities financing transactions

The funds engage in securities financing transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the funds' involvement in and exposures related to securities lending for the year ended 31 October 2018 are detailed below.

### Global data

The table lists the amount of securities on loan as a proportion of total lendable assets and the funds' assets under management (AUM) as at 31 October 2018:

Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Janus Henderson Credit Alpha Fund	1,842	5.08%	5.05%
Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund	817	0.68%	0.68%
Janus Henderson Institutional European Index Opportunities Fund	46,688	13.30%	11.67%
Janus Henderson Institutional Japan Index Opportunities Fund	3,058	1.82%	1.79%
Janus Henderson Institutional North American Index Opportunities Fund	9,080	1.99%	1.95%

### Concentration data

The following table lists the ten largest collateral issuers by value of collateral received (across all SFTs) for each fund as at 31 October 2018:

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
<b>Janus Henderson Credit Alpha Fund</b>		<b>Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>	
European Financial Stability Facility	1,954	UK Treasury	69
		Intesa Sanpaolo	40
		Shire	40
		Mitsubishi UFJ Financial	36
		Total	34
		Vinci	32
		Danone	30
		Georg Fischer	26
		Enel	25
		Royal Dutch Shell	21
<b>Janus Henderson Institutional European Index Opportunities Fund</b>		<b>Janus Henderson Institutional Japan Index Opportunities Fund</b>	
Energias de Portugal	3,008	Georg Fischer	345
Microsoft	1,987	Enel	224
Intesa Sanpaolo	1,708	Royal Dutch Shell	202
Jardine Lloyd Thompson	1,690	Cembra Money Bank	201
Enel	1,429	Shire	154
Banco Comercial Portugues	1,403	Banco Santander Central Hispano	140
Société Générale	1,280	Deutsche Pfandbriefbank	127
Government of Japan	1,121	Ocado	125
Facebook 'A'	1,113	Unicredit	123
Agricultural Bank of China 'H'	1,055	Total	121

## Appendix - additional information (unaudited) (continued)

### Securities financing transactions (continued)

#### Concentration data (continued)

Issuer	Market value of collateral received £000
<b>Janus Henderson Institutional North American Index Opportunities Fund</b>	
Georg Fischer	1,414
Cembra Money Bank	839
Canadian Imperial Bank of Commerce	548
Galenica Santé	415
Barclays Bank	360
Waste Connections	354
Royal Bank of Canada	352
Shire	340
Imperial Brands	277
BAE Systems	263

The following table details the top ten counterparties of each type of SFTs (based on gross volume of outstanding transactions), for each fund as at 31 October 2018:

Counterparty	Market value of securities on loan £000	Settlement basis	Counterparty	Market value of securities on loan £000	Settlement basis
<b>Janus Henderson Credit Alpha Fund</b>			<b>Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>		
Credit Suisse	1,842	Triparty	Société Générale	344	Triparty
	<b>1,842</b>		HSBC	191	
			Deutsche Bank	163	
			Goldman Sachs	60	
			Merrill Lynch	59	
				<b>817</b>	
<b>Janus Henderson Institutional European Index Opportunities Fund</b>			<b>Janus Henderson Institutional Japan Index Opportunities Fund</b>		
Credit Suisse	17,255	Triparty	Citigroup	1,140	Triparty
JP Morgan	10,190	Triparty	Merrill Lynch	790	Triparty
Deutsche Bank	7,848	Triparty	HSBC	694	Triparty
Natixis	5,396	Triparty	JP Morgan	198	Triparty
Société Générale	3,312	Triparty	Bank of Nova Scotia	118	Triparty
Morgan Stanley	1,065	Triparty	Natixis	60	Triparty
HSBC	710	Triparty	Barclays	58	Triparty
Citigroup	466	Triparty		<b>3,058</b>	
Bank of Nova Scotia	446	Triparty			
	<b>46,688</b>				

## Appendix - additional information (unaudited) (continued)

### Securities financing transactions (continued)

#### Concentration data (continued)

Counterparty	Market value of securities on loan £000	Settlement basis
<b>Janus Henderson Institutional North American Index Opportunities Fund</b>		
Bank of Nova Scotia	4,928	Triparty
Merrill Lynch	3,241	Triparty
Deutsche Bank	804	Triparty
Natixis	107	Triparty
	<b>9,080</b>	

All counterparties have been included.

#### Aggregate transaction data

The following tables provide an analysis of the collateral received by each fund in respect of each type of SFTs as at 31 October 2018:

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
<b>Janus Henderson Credit Alpha Fund</b>							
Credit Suisse	Switzerland	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	1,954
							<b>1,954</b>
<b>Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>							
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	13
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	106
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	6
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	8
Deutsche Bank	Germany	Equity	Main market listing	SEK	Triparty	BNP Paribas	2
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	47
Goldman Sachs	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	69
HSBC	United Kingdom	Equity	Main market listing	EUR	Triparty	BNP Paribas	164
HSBC	United Kingdom	Equity	Main market listing	GBP	Triparty	BNP Paribas	30
HSBC	United Kingdom	Equity	Main market listing	USD	Triparty	BNP Paribas	19
Merrill Lynch	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	54
Merrill Lynch	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	4
Merrill Lynch	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	8
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	4
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	95
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	150
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	72
Société Générale	France	Equity	Main market listing	USD	Triparty	BNP Paribas	61
							<b>912</b>



## 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
<b>Janus Henderson Institutional European Index Opportunities Fund</b>							
Bank of Nova Scotia	Canada	Equity	Main market listing	CAD	Triparty	BNP Paribas	210
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	16
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	223
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	46
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	276
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	162
Citigroup	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	44
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	36
Credit Suisse	Switzerland	Equity	Main market listing	AUD	Triparty	BNP Paribas	976
Credit Suisse	Switzerland	Equity	Main market listing	CHF	Triparty	BNP Paribas	1,248
Credit Suisse	Switzerland	Equity	Main market listing	EUR	Triparty	BNP Paribas	7,893
Credit Suisse	Switzerland	Equity	Main market listing	GBP	Triparty	BNP Paribas	2,241
Credit Suisse	Switzerland	Equity	Main market listing	HKD	Triparty	BNP Paribas	732
Credit Suisse	Switzerland	Equity	Main market listing	JPY	Triparty	BNP Paribas	410
Credit Suisse	Switzerland	Equity	Main market listing	NOK	Triparty	BNP Paribas	1
Credit Suisse	Switzerland	Equity	Main market listing	SEK	Triparty	BNP Paribas	406
Credit Suisse	Switzerland	Equity	Main market listing	SGD	Triparty	BNP Paribas	761
Credit Suisse	Switzerland	Equity	Main market listing	USD	Triparty	BNP Paribas	5,213
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	627
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	5,133
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	272
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	402
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	6
Deutsche Bank	Germany	Equity	Main market listing	SEK	Triparty	BNP Paribas	124
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	2,290
HSBC	United Kingdom	Equity	Main market listing	EUR	Triparty	BNP Paribas	607
HSBC	United Kingdom	Equity	Main market listing	GBP	Triparty	BNP Paribas	113
HSBC	United Kingdom	Equity	Main market listing	USD	Triparty	BNP Paribas	72
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	585
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	4,084
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	367
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	6,286
Morgan Stanley	United States	Government Bond	Investment grade	JPY	Triparty	BNP Paribas	1,121
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	90
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	3,811
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	479
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	319
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	1,297
Société Générale	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	34
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	902
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,451
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	696
Société Générale	France	Equity	Main market listing	USD	Triparty	BNP Paribas	597
							<b>52,659</b>

## 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
<b>Janus Henderson Institutional Japan Index Opportunities Fund</b>							
Bank of Nova Scotia	Canada	Equity	Main market listing	CAD	Triparty	BNP Paribas	56
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	5
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	59
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	12
Barclays	United Kingdom	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	4
Barclays	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	56
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	675
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	395
Citigroup	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	108
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	89
HSBC	United Kingdom	Equity	Main market listing	EUR	Triparty	BNP Paribas	594
HSBC	United Kingdom	Equity	Main market listing	GBP	Triparty	BNP Paribas	109
HSBC	United Kingdom	Equity	Main market listing	USD	Triparty	BNP Paribas	68
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	11
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	80
JP Morgan	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	7
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	122
Merrill Lynch	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	717
Merrill Lynch	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	58
Merrill Lynch	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	109
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	1
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	40
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	5
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	3
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	17
							<b>3,400</b>
<b>Janus Henderson Institutional North American Index Opportunities Fund</b>							
Bank of Nova Scotia	Canada	Equity	Main market listing	CAD	Triparty	BNP Paribas	2,325
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	182
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	2,466
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	508
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	64
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	525
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	28
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	41
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	1
Deutsche Bank	Germany	Equity	Main market listing	SEK	Triparty	BNP Paribas	12
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	234
Merrill Lynch	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	2,943
Merrill Lynch	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	237
Merrill Lynch	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	447
Natixis	France	Equity	Main market listing	CHF	Triparty	BNP Paribas	1
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	78
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	9
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	6
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	25
							<b>10,132</b>

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 31 October 2018:

Fund	Total gross amount of securities 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 Credit Alpha Fund	24	4	20	15%	85%
Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund	14	2	12	15%	85%
Janus Henderson Institutional European Index Opportunities Fund	101	15	86	15%	85%
Janus Henderson Institutional Japan Index Opportunities Fund	22	3	19	15%	85%
Janus Henderson Institutional North American Index Opportunities Fund	38	6	32	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 in the first full performance year following the implementation date.

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 Strategic Investment 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 AFM and the funds they manage. This policy applies to HIFL and Janus Henderson Strategic Investment 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 2017.

	Headcount (1)	Total Remuneration (£000s) (2,3)
<b>Janus Henderson Credit Alpha Fund</b>	1,943	189
<b>of which</b>		
Fixed Remuneration	1,943	110
Variable Remuneration	1,933	79
Carried Interest	n/a	-
<b>Janus Henderson Credit Alpha Fund Remuneration Code Staff</b>	175	158
<b>of which</b>		
Senior Management (4)	27	26
Other Code Staff (5)	148	132
<b>Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund</b>	1,943	187
<b>of which</b>		
Fixed Remuneration	1,943	99
Variable Remuneration	1,933	88
Carried Interest	n/a	-
<b>Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund Remuneration Code Staff</b>	175	162
<b>of which</b>		
Senior Management (4)	27	20
Other Code Staff (5)	148	142
<b>Janus Henderson Institutional European Index Opportunities Fund</b>	1,943	591
<b>of which</b>		
Fixed Remuneration	1,943	314
Variable Remuneration	1,933	277
Carried Interest	n/a	-
<b>Janus Henderson Institutional European Index Opportunities Fund Remuneration Code Staff</b>	175	512
<b>of which</b>		
Senior Management (4)	27	66
Other Code Staff (5)	148	446
<b>Janus Henderson Institutional Japan Index Opportunities Fund</b>	1,943	242
<b>of which</b>		
Fixed Remuneration	1,943	129
Variable Remuneration	1,933	113
Carried Interest	n/a	-

## Appendix - additional information (unaudited) (continued)

### Remuneration policy (continued)

	Headcount (1)	Total Remuneration (£000s) (2,3)
<b>Janus Henderson Institutional Japan Index Opportunities Fund</b>	175	209
<b>Remuneration Code Staff</b>		
<b>of which</b>		
Senior Management (4)	27	27
Other Code Staff (5)	148	182
<b>Janus Henderson Institutional North American Index Opportunities Fund</b>	1,943	613
<b>of which</b>		
Fixed Remuneration	1,943	324
Variable Remuneration	1,933	289
Carried Interest	n/a	-
<b>Janus Henderson Institutional North American Index Opportunities Fund</b>	175	532
<b>Remuneration Code Staff</b>		
<b>of which</b>		
Senior Management (4)	27	68
Other Code Staff (5)	148	464

- The is the actual number of employees who are fully or partly involved in the activities of Janus Henderson Strategic Investment Funds – no attempt has been made to apportion the time spent specifically in support of each fund within the Henderson Strategic Investment Funds as this data is not captured as part of Janus Henderson Group plc's normal processes.
- 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.
- The remuneration disclosed is only in respect of the provision of services to each of the funds of Janus Henderson Strategic Investment 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 each of the funds of Janus Henderson Strategic Investment 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 Strategic Investment Funds (for example, fees for HIFL), 100% of those fees;
    - for Investment Fund Managers, pro-rated using the average assets under management (AUM) of each of the funds of Janus Henderson Strategic Investment Funds managed by the relevant Investment Fund Managers (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 Strategic Investment Funds (as a proportion of the aggregate average AUM of Janus Henderson Group plc) as a proxy.
- Senior Management includes the Henderson Executive Committee and other Group Board members and the Board of HIFL.
- 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 Strategic Investment 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](mailto:support@janushenderson.com)**

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

## Important Information

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