



ANNUAL REPORT & ACCOUNTS

For the year ended
31 October 2016

Henderson Strategic Investment Funds

Who are Henderson Global Investors?

Henderson is an independent global asset manager, specialising in active investment. Named after its first client and founded in 1934, Henderson is a client-focused global business with over 1,000 employees worldwide and assets under management (AUM) of £100.9bn* (30 September 2016). Its core areas of investment expertise are European equities, global equities, global fixed income, multi-asset and alternatives.

Whilst the global headquarters are based in London, Henderson offers clients access to all major markets around the globe. Henderson has offices located in Chicago, Boston, Milwaukee, Philadelphia, Edinburgh, Paris, Madrid, Zurich, Luxembourg, Amsterdam, Frankfurt, Milan, Singapore, Beijing, Hong Kong, Tokyo, Melbourne and Sydney. The main Asia/Pacific operations are conducted out of Sydney and Singapore and the US operations out of Chicago. Equity investment professionals are also located in London, Edinburgh, Singapore, Sydney, Melbourne and Milwaukee, and additional fixed income investment professionals are located in Philadelphia and Melbourne. Distribution is conducted out of the majority of offices world-wide.

With investment expertise across a broad range of asset classes, Henderson's investment managers have unique perspectives and operate unconstrained by a house view. Underpinning the fund management process is a comprehensive risk-control framework ensuring that investment views are translated into portfolios managed in line with investors' risk and return requirements.

Corporate strategy

Henderson's five-year strategy focuses on growth and globalisation by delivering excellent performance and service to an increasingly diverse client base. The company aims to deliver a sustained period of organic growth, attracting net new money from clients at a higher rate than that of its industry peers. Henderson will supplement this organic growth with value accretive acquisitions. By 2018, Henderson will have established a truly global footprint, infrastructure and mind-set.

Accelerating our growth potential

In October 2016, Henderson announced an intention to merge with US investment house, Janus Capital. The combined group, Janus Henderson Global Investors plc, will be a leading global active asset manager with AUM of more than US\$320bn and a combined market capitalisation of approximately US\$6bn.

The pooled strengths of Janus and Henderson in the US and European markets will create a truly global asset manager with a diverse range of products, world class client service, depth and breadth in global distribution, and expanded geographic footprint.

The merger is currently expected to close in the second quarter of 2017, subject to requisite shareholder and regulatory approvals.

What do we do?

At Henderson Global Investors we do one thing and we do it really well – investment management. As a company, we are totally focused on this core activity and it underpins everything we do.

We do this by providing a range of investment products and services including:

- Open ended funds – offshore funds, unit trusts, OEICs
- Investment trusts
- Individual Savings Accounts
- Pension fund management
- Management of portfolios for UK and international institutional clients

Please remember that past performance is not a guide to future performance. The value of an investment and the income 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.

* Source: Henderson Global Investors

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Authorised Corporate Director's (ACD) report

We are pleased to present the Annual Report and Accounts for the Henderson Strategic Investment Funds for the year ended 31 October 2016.

Authorised status

Henderson Strategic Investment Funds is an open ended investment company (OEIC) with variable capital authorised, under regulation 12 (Authorisation) of the OEIC regulations, by the Financial Conduct Authority on 1 April 2004. The company is a UCITS scheme structured as an umbrella company, comprising five sub-funds ("funds"), the first of which was launched on 1 July 2005. Each fund is operated as a distinct fund with its own portfolio of investments.

The investment objective and policy, investment activities, portfolio statement and risk and reward profile for each fund are given in the relevant section of each fund's report. These all form part of the Authorised Corporate Director's Report. Shareholders are not liable for the debts of the company. All funds belong to the category of securities scheme.

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.

Remuneration

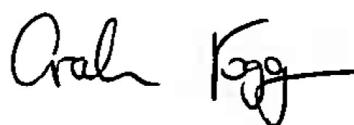
Following the implementation of the UCITS V in the UK from 18 March 2016, all authorised UCITS Management Companies are required to comply with the UCITS Remuneration Code in respect of the first full performance year following that date. Henderson Strategic Investment Funds' financial year end is 31 October and it is therefore anticipated that the UCITS remuneration policy and associated financial disclosures will be made within these Annual Reports from 31 October 2017 being the first relevant performance period for these purposes. Prior to this date Henderson Strategic Investment Funds would be part way through its first performance period and the information available would not be relevant or provide a proper basis for comparison.

Other information

Henderson US Equity Long/Short Fund closed on 13 April 2016 and termination accounts as at 30 October 2016 have been prepared separately. This fund was included in the 2015 financial statements but not in 2016.

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.



G Foggin
(Director)

12 January 2017

Authorised Corporate Director's (ACD) report

Service providers

	Name	Address	Regulator
Authorised Corporate Director (ACD)	Henderson Investment Funds Limited Member of the Investment Association The ultimate holding company is 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
Investment Manager	Henderson Global Investors Limited The ultimate holding company is Henderson Group plc	201 Bishopsgate London EC2M 3AE	Authorised and regulated by the Financial Conduct Authority
Directors of the ACD	L. Cairney (to 15.02.16) M. Skinner G. Foggin (from 29.06.16) P. Wagstaff G. Kitchen C. Chaloner H. J. de Sausmarez		
Shareholder Administrator	International Financial Data Services (UK) Limited	IFDS House St Nicholas Lane Basildon Essex SS15 5FS	Authorised by the Financial Conduct Authority
Depository	National Westminster Bank plc The ultimate holding company is the Royal Bank of Scotland Group plc	135 Bishopsgate London EC2M 3UR	Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Independent Auditor	PricewaterhouseCoopers LLP	141 Bothwell Street Glasgow G2 7EQ	Institute of Chartered Accountants in England and Wales
Legal Adviser	Eversheds LLP	One Wood Street London EC2V 7WS	The Law Society

Overview

Global equity markets rose significantly over the 12 months to 31 October (FTSE World index +29.7%), even as markets faced worries of an economic slowdown in China, tightening monetary policy in the US and the UK electorate's vote to leave the European Union (EU). Meanwhile, central bank policy was largely accommodative. The early months of 2016 were particularly harsh on equities, but most stock markets staged a recovery, as did the oil price, which was supported by OPEC's (Organization of the Petroleum Exporting Countries) pledge to cut production late in the year.

UK

In the UK, the FTSE All-Share index rose, returning 12.2%. Early 2016 saw investors focus on June's EU referendum. UK equities dipped sharply upon the result announcement, but overall the FTSE All-Share ended June with a positive return. The appointment of new prime minister Theresa May boosted equities in July. In early August, the Bank of England (BoE) cut interest rates to 0.25% in an effort to stimulate economic growth. Post-Brexit-vote UK economic data was not as dire as had been feared, with unemployment remaining at a low 4.9% from May and GDP growth of 0.6% in the 3rd quarter. But in late September, the BoE signalled towards further monetary stimulus as early as November. Nevertheless Brexit concerns caused sterling weakness over the period, with the currency falling to a 30-year low against the US dollar following the Brexit vote.

Europe

European equities were up during the year (FTSE World Europe ex UK +19.7%, -4.4% in euros). In December, the European Central Bank (ECB) introduced a "recalibration" of its stimulus programme, extending it to at least March 2017. The ECB's deposit interest rate was also lowered, to -0.40%. By the end of April, the eurozone slipped back into deflation. This reversed in June, however, and consumer prices climbed for the remainder of the year. Stronger consumer spending was seen as unemployment declined and energy prices remained low. The ECB kept policy unchanged as the 12 months came to a close. ECB President Mario Draghi explained that low interest rates were necessary to allow the economy "to firm up", and that "an abrupt end" to quantitative easing is "unlikely".

US

US markets rose in the 12 months under review (S&P 500 +32.2%, +4.5% in US dollars). In response to encouraging data on job creation and unemployment, the US Federal Reserve enacted a much-anticipated interest rate rise in December 2015, to a target range of 0.25–0.50%. Overall, economic growth was slow in the first half of the year. Industrial production was down, driven by weakness in the energy and mining sectors. More positively, unemployment continued to fall, averaging around 5% over the year. The Fed grew increasingly dovish – in March, the bank announced that its estimate of four 2016 rate hikes had been reduced to two, and by 31 October, no such hikes had materialised. But the continuing US recovery was in evidence as third-quarter GDP beat expectations to double the growth of the previous quarter (coming in at 2.9% in Q3 versus 1.4% for Q2). At the time of writing this report in early November, businessman Donald Trump was elected as the 45th US President. Surprisingly, markets took the shock result in their stride as they digested what a Trump presidency could mean for investors.

Japan

Japanese equities were up by 32.8% (Topix Index -8.6% in yen). Disappointing economic data and a surging yen fueled fears about the health of Japan's export industry. In January, Bank of Japan policymakers surprised investors by announcing a negative benchmark interest rate for commercial bank deposits. By spring, inflation had fallen below zero for the first time since May 2013, and fell further from there (ending the year at -0.5%). Late in the year, the central bank extended its stimulus package in the form of ¥2.7trn worth of exchange-traded fund purchases, though this disappointed investors, who had hoped for further rate cuts. August brought an additional \$45bn stimulus package, and a sharper focus on controlling the yield curve was initiated in September.

Asia

In Asia, the FTSE World Asia Pacific ex Japan Index rose by 39.8% in sterling terms over the year. The slowdown of the Chinese economy became more apparent when steep domestic market falls in January sent reverberations around the globe. The Chinese central bank announced further cuts to the reserve-requirement ratio (RRR) and in March lowered the forecast growth rate for 2016. In August, the Chinese economy showed signs of stabilising, and profits in the industrial sector rose at the quickest pace in three years. GDP growth held steady at 6.7% in the third quarter, and inflation increased to 1.9% on higher food prices.

Elsewhere, the central bank of Indonesia also reduced its RRR and benchmark interest rate, on the assumption that the US would refrain from tightening monetary policy. The Central Bank of Malaysia unexpectedly slashed rates by 25 basis points in July, and the Reserve Bank of Australia cut to a record low of 1.5% in August. India was boosted by a favourable monsoon season that attracted foreign investment. But the September inflation rate of 4.3% was the lowest rate in a year due to an ease in food price rises.

Market review (continued)

Emerging markets

Emerging markets rose over the year (MSCI Emerging Markets +38.7% in sterling, +9.7% in dollar terms), buoyed by higher oil prices, a strong US dollar, and uncertainty in the UK and Europe that sent investors searching for opportunity elsewhere. The impeachment of Brazilian President Dilma Rousseff proved positive, as her replacement, Michel Temer, was viewed as favourable for markets. By July, Indian, Indonesian, South Korean and Taiwanese stock markets all reached 2016 highs. India cut rates aggressively in the year; the benchmark rate was pushed to 6.25% by early October. Russia's economic outlook was reported to be markedly improved, and indeed, inflation fell at an exaggerated pace over the months to October. Oil-exporting nations were helped by an increase in oil prices after steep falls early in the year, thanks in part to an output agreement between the member states of OPEC.

Fixed income

Within fixed income, core government bond markets (eg US, UK, Germany) saw prices rise (yields move inversely to prices, and so declined), with the JPM Global Government Bond Index returning +33.9% in sterling terms (+5.9% in US dollars). Many government bonds found favour in the UK's decision to leave the EU. Corporate debt gleaned headlines in Europe on the ECB's announcement that the asset class would be included in its bond-buying programme. Short-dated UK gilts briefly turned negative in August upon the announcement of the BoE's stimulus package, which included the purchase of £10bn worth of corporate bonds. Ten-year US Treasury yields fell after Brexit, then rose later the year. German bond yields, meanwhile, reached some of their lowest-ever levels. October brought the successful debut of Saudi Arabian sovereign bonds, which the country issued as part of an effort to push economic dependence away from oil.

Returns are in sterling total returns unless otherwise stated.

Statement of ACD's Responsibilities

for the year ended 31 October 2016

The Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the ACD to prepare the financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company and of its income/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 Funds issued by the Investment Management Association (IMA) in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, Prospectus and the Regulations. The ACD is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Depositary's responsibilities and report of the Depositary to the shareholders of Henderson Strategic Investment Funds (the "Company")

for the year ended 31 October 2016

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 (this requirement on the Depositary applied from 18 March 2016) 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 carried out in accordance with the Regulations;
- The value of shares of the Company are 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.

National Westminster Bank Plc
London
12 January 2017

Independent Auditors' Report to the Shareholders of Henderson Strategic Investment Funds (the "Company") for the year ended 31 October 2016

Report on the financial statements

Our opinion

In our opinion, Henderson Strategic Investment Funds' financial statements, (the "financial statements of the Company"):

- give a true and fair view of the financial position of the Company and each of the funds as at 31 October 2016 and of the net revenue and the net capital gains of the scheme property of the Company and each of the funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

What we have audited

Henderson Strategic Investment Funds (the "Company") is an umbrella fund with a number of sub-funds. The financial statements of the Company, included within the Henderson Strategic Investment Funds' Annual Report and Accounts (the "Annual Report") comprise the financial statements of each of the funds, which are prepared by Henderson Investment Funds Limited (the "Authorised Corporate Director"), and comprise for each of the funds:

- the balance sheet as at 31 October 2016;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to shareholders for the year then ended;
- the summary of significant accounting policies and notes applicable to the financial statements of all funds and notes to the financial statements of individual funds, which include other explanatory information; and
- the distribution tables.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In applying the financial reporting framework, the Authorised Corporate Director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on matters prescribed 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; and
- the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Propriety of accounting records and information and explanations received

Under the Collective Investment Schemes sourcebook we are 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 and returns.

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Shareholders of Henderson Strategic Investment Funds (the "Company") (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Authorised Corporate Director

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 5, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's and each of the Company's funds' circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and
- the overall presentation of the financial statements. We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

12 January 2017

Notes:

- a) The maintenance and integrity of the Henderson Global Investors website is the responsibility of the Authorised Corporate Director; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

1 Accounting policies

(a) Basis of preparation

The financial statements of 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 ("FRS102"), 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.

In applying United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), and as a result of preparing the financial statements in compliance with FRS 102 for the first time, changes in the presentation of the financial statements have been made and additional disclosures have been included. These changes and additions have no impact on the net asset value, net revenue or distributions in either the current or prior year.

A prior year adjustment has been made to the accounts of Henderson Credit Alpha Fund to comply with FRS102. Income tax payable on distributions which was included within Other creditors in the prior year has been included within Distributions payable in the Balance sheet. The financial impact and details of the restatement are presented within the Balance sheet and the Other creditors note of the fund's financial statements.

A prior year adjustment has been made to the accounts of Henderson European Enhanced Equity Fund to comply with FRS102. Dividends payable on contracts for difference which was included within Derivative revenue in the prior year has been included within Interest payable and similar charges in the Statement of total return. The financial impact and details of the restatement are presented within the Statement of total return and the Interest payable and similar charges note of the fund's financial statements.

Prior year adjustments have been made to the accounts of Henderson Credit Alpha fund, Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund, Henderson Institutional European Enhanced Equity Fund and Henderson Institutional North American Enhanced Equity Fund to reclassify overdraft balances incorrectly included with Cash and bank balances in assets to Amounts held at derivative clearing houses & brokers in liabilities. The financial impact and details of the restatement are presented within the Balance sheet and the Cash and bank balances note of the funds' financial statements.

(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 2016) 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 by the Authorised Corporate Director ("ACD") 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.

Suspended, defaulted, delisted, unquoted or manually priced securities are valued by the Authorised Corporate Director ("ACD") 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, net of attributable tax credits, when the security is quoted ex-dividend. Dividends on unquoted stocks are credited to revenue when the dividend is announced.

Prior to 6 April 2016, UK dividend revenue is disclosed net of any tax related tax credit. From 6 April 2016 UK dividend revenue is disclosed gross.

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.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(c) Revenue recognition (continued)

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.

Income distributions from Real Estate Investment Trusts (UK REITs) are 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.

Interest on margin and revenue earned on derivatives are accounted for on an accruals basis.

Management fee rebates received from management companies are recognised when the entitlement arises, and are recognised as either income or capital in accordance with the treatment of the management fee charged on the underlying CIS.

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.

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

(d) Treatment of expenses (including ACD expenses)

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

Annual Management Charge (“AMC”)

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company 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 annual management charge, Depositary, professional fees, dividend collection charges, performance fees 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.

For further details please refer to the Prospectus.

Allocation of revenue and expenses to multiple share classes

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

Performance fees on Henderson Credit Alpha Fund

This is a performance related management fee, payable in arrears for each three month quarter of the fund's accounting period. 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.

For further details please refer to the Prospectus.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(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.

Until 5 April 2016, UK dividend revenue is disclosed net of any related tax credit. From 6 April 2016 UK dividend revenue is disclosed gross.

Overseas dividends continue to be 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 FRS102.7.1A.

(h) Hedged share classes in Henderson Credit Alpha Fund

Class A Euro (hedged) accumulation shares and Class A USD (hedged) accumulation shares 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.

Any benefits or losses of the hedging transactions should accrue to shareholders in that hedged share class only. Any unrealised gains or losses resulting from the hedged share class may be allocated across all share classes. The ACD will review the relevant hedging positions on a regular basis and, if considered appropriate, make adjustments to correct the allocations across share classes.

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

In pursuing its investment objectives, the funds may hold a number of financial instruments.

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

Forward foreign currency contracts

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

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.

Aggregated notes to the financial statements (continued)

1 Accounting policies (continued)

(i) Treatment of derivatives (continued)

Credit default swaps

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

Credit default index swaps

Open credit default 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 are 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.

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 on CFD are included in the Revenue account on an accruals basis. Dividends payable on CFD are included in Interest payable and similar charges on an accruals basis.

(j) Dilution adjustment

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

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

2 Distribution Policy

The distribution policy of the funds is to accumulate all available revenue, after the deduction of expenses properly chargeable against revenue, subject to any of the AMC or other expense which may currently be transferred to capital. 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.

Marginal tax relief has been included when determining the amount available for distribution.

Gains and losses on investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

When the revenue from investments exceeds the expenses, a distribution will be made. Should expenses exceed revenue there will be no distribution and the shortfall will be transferred from capital at the year end.

The policy of each fund is to make annual distributions (31 October) and interim (30 April) distributions to shareholders.

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

Dividend distributions paid to shareholders after 6 April 2016 are paid gross as the government has abolished the dividend tax credit.

Aggregated notes to the financial statements (continued)

2 Distribution Policy (continued)

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 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;
- ArcLogics operational risk database;
- RiskMetrics, UBS Delta, Style Research, FinAnalytica and Barra Aegis for market risk measurement; and
- Bloomberg for market data and price checking.

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

(a) Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in the funds attributable to changes in market variables such as interest rates, foreign exchange rates or an issuer's 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 their risk of underperformance, may be unsuccessful and incur losses for the funds, due to market conditions.

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

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 match (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. While the ACD may attempt to hedge currency risks, there can be no guarantee that it will be successful in doing so and it may result in mismatches between the currency position of the relevant sub-fund and the relevant hedged share class. As there is no segregation of liabilities between share classes, there is a remote risk that under certain circumstances, currency hedging transactions in which might affect the Net Asset Value of other share classes of the same fund.

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

Aggregated notes to the financial statements (continued)

3 Risk (continued)

(a) Market 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 Authorised Corporate Director 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 fact that the counterparty to a transaction may default on its obligations prior to the settlement of the transaction's cashflow.

In order to manage credit risk the 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 Henderson Credit Risk Committee along with set limits and new counterparty approval.

The fund's assets that are held with banks are also 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 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.

4 Cross holdings

There are no cross holdings within any of the funds of Henderson Strategic Investment Funds at the current or prior year end.

Henderson Credit Alpha Fund

Authorised Corporate Director's report

Investment Fund Managers

Stephen Thariyan and Thomas Ross

Please note that as of 31 December 2015, Chris Bullock no longer managed this fund.

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 15 - 31 Oct 16	31 Oct 14 - 31 Oct 15	31 Oct 13 - 31 Oct 14	31 Oct 12 - 31 Oct 13	31 Oct 11 - 31 Oct 12
	%	%	%	%	%
Henderson Credit Alpha Fund	(2.2)	0.7	0.8	4.8	5.6
3M Libor	0.6	0.6	0.5	0.5	1.1

Source: Morningstar, bid to bid, net of fees as at valuation point 12 noon, based on performance of class I gross accumulation.

Benchmark value are as at close of business.

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

Significant portfolio changes for the year ended 31 October 2016

Largest purchases	£000	Largest sales/maturities	£000
Bank of Tokyo Mitsubishi UFJ 0.51% 21/01/2016	15,000	Frontier Communications 11.00% 15/09/2025	16,935
Anheuser-Busch InBev 2.75% 17/03/2036	12,665	NN 4.5% FRN Perpetual	16,172
Delta Lloyds FRN Perpetual	11,399	Bank of Tokyo Mitsubishi UFJ 0.51% 21/01/2016	15,000
Oracle 2.4% 15/09/2023	10,963	Atrium European Real Estate 3.625% 17/10/2022	14,240
Lecta 6.5% 01/08/2023	10,135	Inmobiliaria Colonial 2.728% 05/06/2023	12,129
Citibank 0.56% 01/04/2016	10,000	GDF Suez 5.95% 16/03/2111	12,106
Commonwealth Bank of Australia 0.51% 25/01/2016	10,000	United Mexican States 5.625% 19/03/2114	12,026
Credit Industriel et Commercial 0.675% 05/07/2016	10,000	Delta Lloyds FRN Perpetual	11,800
Rabobank Nederland 0.51% 14/11/2016	10,000	Oracle 2.4% 15/09/2023	11,465
Sumitomo Mitsui Banking Corporation 0.62% 07/06/2016	10,000	Vonovia Finance 4.625% VAR 08/04/2074	11,291
Total purchases	990,224	Total sales/maturities	1,227,748

Authorised Corporate Director's report (continued)

Investment review

The fund's performance was disappointing over year of review, with the fund declining 2.2% net of fees. The cash benchmark (3-month GBP Libor) returned 0.6%.

The weakness was primarily driven by poor performance from specific bond issues and our broader positioning early in the year. We unsuccessfully opposed the market rally at the start of the year and subsequently moved to a more neutral position ahead of the risk reversal in January. We then increased our negative views using credit default swaps in order to benefit from the underperformance of investment grade companies. However, this meant that the fund did not benefit as strongly from the subsequent rebound in credit markets, while also suffering due to the commodity-inspired weakness in high yield, where we were overweight. As the year progressed, performance improved, with positive contributions driven more by idiosyncratic risk factors (asset-specific risk).

Holdings in the financial sector were mixed over the year. In the insurance sector, contributions came from Dutch insurer NN group and UK insurer Phoenix, while European insurer Delta Lloyd detracted, with the sector proving volatile (meaning there were sharper fluctuations in price) due to regulatory worries and Brexit concerns in the UK. Positions in subordinated bank bonds were beneficial as RBS posted strong positive returns. However, UK building societies, including our position in Nationwide, detracted.

Thematic strategies saw a negative return over the year. Detractors included positions that were vulnerable to the weakness in emerging markets and commodities. Partially offsetting the weakness, a long position in Italian defence contractor Leonardo-Finmeccanica benefited as the issuer published good results and was put on positive watch by credit ratings agency Fitch for a possible upgrade to investment grade.

Tactical strategies made a small contribution to performance over the year, despite the underperformance of our long position in Spanish construction firm Isolux, which suffered as investors reduced their holdings following losses at competitor Abengoa. Positions related to the energy sector also declined in line with the weakness in oil, impacting issuers Santos and Kinder Morgan, which were subsequently sold. Holdings in longer maturity bonds issued by Mexico and French utility GDF also declined, and were also sold.

Partially offsetting the weakness, our activity in the new issues market continued to benefit returns, with new deals from drinks company AB InBev and real estate investment trust Grand City Properties performing well. A position in LUX/GEO was also positive, after the issuer published good results and started to consider refinancing existing debt, given the call price set at 102.

Corporate bond markets remain well supported for now. However, the recent sell-off in government bonds has given us reason to be cautious. We are cognisant of a busy end to the year in terms of macroeconomic and political event risk, with the fallout from the US presidential election, Italian referendum, potential US rate rise and ongoing Brexit developments all capable of substantially derailing market sentiment over the next couple of months. In addition, we are looking out for any shift away from monetary policy towards fiscal policy, given a large enough move would likely lead to higher inflation, higher rates and potentially outflows from bond markets.

As a result, the fund is currently positioned to be relatively neutral, and we continue to focus on using idiosyncratic risk to drive returns.

Comparative tables for the year ended 31 October 2016

Class A accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	55.27	55.62	55.48
Return before operating charges*	(0.54)	0.74	1.30
Operating charges	(0.90)	(0.93)	(0.93)
Operating charges - Performance Fees	-	(0.08)	(0.19)
Return after operating charges*	(1.44)	(0.27)	0.18
Distributions on accumulation shares^	(0.10)	(0.39)	(0.16)
Retained distributions on accumulation shares	0.08	0.31	0.12
Closing net asset value per share	53.81	55.27	55.62
* after direct transaction costs of:	0.00	0.00	0.00

Performance

Return after charges	(2.61%)	(0.63%)	0.25%
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Other information

Closing net asset value (£000s)	2,070	3,933	12,777
Closing number of shares	3,847,161	7,116,594	22,971,673
Operating charges	1.66%	1.66%	1.65%
Operating charges - Performance Fees	0.00%	0.15%	0.33%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	55.53	56.94	56.48
Lowest share price (pence)	53.38	54.95	55.25

Class G Accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	50.43	50.38	50.01 ¹
Return before operating charges*	(0.74)	0.72	0.86
Operating charges	(0.36)	(0.37)	(0.37)
Operating charges - Performance Fees	-	(0.15)	(0.01)
Return after operating charges*	(1.10)	0.20	0.48
Distributions on accumulation shares^	(0.18)	(0.75)	(0.57)
Retained distributions on accumulation shares	0.15	0.60	0.46
Closing net asset value per share	49.30	50.43	50.38
* after direct transaction costs of:	0.00	0.00	0.00

Performance

Return after charges	(2.18%)	0.10%	0.74%
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Other information

Closing net asset value (£000s)	1	1	634
Closing number of shares	3,000	3,000	1,259,455
Operating charges	0.73%	0.74%	0.73%
Operating charges - Performance Fees	0.00%	0.30%	0.01%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	50.66	51.78	50.99
Lowest share price (pence)	48.75	50.13	49.98

¹ Class G accumulation launched on 5 November 2013 and this is the first published price.

Comparative tables (continued)

Class I accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	151.47	151.54	150.07
Return before operating charges*	(2.04)	1.99	3.44
Operating charges	(1.58)	(1.62)	(1.61)
Operating charges - Performance Fees	-	-	-
Return after operating charges*	(3.62)	0.37	1.83
Distributions on accumulation shares^	(0.62)	(2.18)	(1.82)
Retained distributions on accumulation shares	0.49	1.74	1.46
Closing net asset value per share	147.72	151.47	151.54
* after direct transaction costs of:	0.00	0.00	0.00

Performance

Return after charges	(2.39%)	(0.05%)	0.98%
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Other information

Closing net asset value (£000s)	69	172	3,613
Closing number of shares	46,579	113,584	2,383,871
Operating charges	1.06%	1.06%	1.06%
Operating charges - Performance Fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	152.20	155.80	153.60
Lowest share price (pence)	146.80	150.60	150.30

Class Y accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	112.88	113.17	112.41
Return before operating charges*	(1.03)	1.51	2.54
Operating charges	(1.18)	(1.21)	(1.21)
Operating charges - Performance Fees	-	(0.32)	(0.38)
Return after operating charges*	(2.21)	(0.02)	0.95
Distributions on accumulation shares^	(0.52)	(1.34)	(0.93)
Retained distributions on accumulation shares	0.41	1.07	0.74
Closing net asset value per share	110.56	112.88	113.17
* after direct transaction costs of:	0.00	0.00	0.00

Performance

Return after charges	(1.96%)	(0.26%)	0.68%
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Other information

Closing net asset value (£000s)	4,206	21,029	141,786
Closing number of shares	3,803,912	18,630,156	125,287,071
Operating charges	1.06%	1.06%	1.06%
Operating charges - Performance Fees	0.00%	0.28%	0.33%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	113.40	116.00	114.70
Lowest share price (pence)	109.20	112.20	112.40

Comparative tables (continued)

	Class Z accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	112.05	111.18	109.23
Return before operating charges*	(5.13)	1.48	2.48
Operating charges	(0.04)	(0.05)	(0.04)
Operating charges - Performance Fees	-	-	-
Return after operating charges*	(5.17)	1.43	2.44
Distributions on accumulation shares [^]	(1.07)	(2.78)	(2.44)
Retained distributions on accumulation shares	0.86	2.22	1.95
Closing net asset value per share	106.67	112.05	111.18
* after direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges	(4.61%)	0.78%	1.79%
Other information			
Closing net asset value (£000s)	152	7,996	9,694
Closing number of shares	142,480	7,136,182	8,718,530
Operating charges	0.04%	0.04%	0.04%
Operating charges - Performance Fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	112.60	114.80	112.30
Lowest share price (pence)	108.70	110.90	109.40
	Class G gross accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	50.60	50.44	50.01 ²
Return before operating charges*	(0.55)	0.80	0.83
Operating charges	(0.36)	(0.38)	(0.37)
Operating charges - Performance Fees	(0.00)	(0.26)	(0.03)
Return after operating charges*	(0.91)	0.16	0.43
Distributions on accumulation shares [^]	(0.31)	(0.75)	(0.56)
Retained distributions on accumulation shares	0.31	0.75	0.56
Closing net asset value per share	49.69	50.60	50.44
* after direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges	(1.80%)	0.32%	0.86%
Other information			
Closing net asset value (£000s)	2	2	137
Closing number of shares	5,000	5,000	271,470
Operating charges	0.73%	0.74%	0.73%
Operating charges - Performance Fees	0.00%	0.51%	0.05%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	50.83	51.88	51.00
Lowest share price (pence)	49.01	50.25	49.99

² Class G gross accumulation launched on 5 November 2013 and this is the first published price.

Comparative tables (continued)

	Class I gross accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	154.62	154.21	152.38
Return before operating charges*	(1.56)	2.07	3.47
Operating charges	(1.61)	(1.66)	(1.64)
Operating charges - Performance Fees	-	-	-
Return after operating charges*	(3.17)	0.41	1.83
Distributions on accumulation shares	(0.73)	(2.29)	(1.81)
Retained distributions on accumulation shares	0.73	2.29	1.81
Closing net asset value per share	151.45	154.62	154.21
* after direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges	(2.05%)	0.27%	1.20%
Other information			
Closing net asset value (£000s)	95,529	156,488	157,668
Closing number of shares	63,078,099	101,206,936	102,242,168
Operating charges	1.06%	1.06%	1.06%
Operating charges - Performance Fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	155.40	158.90	156.20
Lowest share price (pence)	149.70	153.60	152.60
	Class Y gross accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	109.22	109.25	108.33
Return before operating charges*	(1.11)	1.45	2.44
Operating charges	(1.14)	(1.17)	(1.16)
Operating charges - Performance Fees	-	(0.31)	(0.36)
Return after operating charges*	(2.25)	(0.03)	0.92
Distributions on accumulation shares	(0.51)	(1.30)	(0.90)
Retained distributions on accumulation shares	0.51	1.30	0.90
Closing net asset value per share	106.97	109.22	109.25
* after direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges	(2.06%)	(0.03%)	0.85%
Other information			
Closing net asset value (£000s)	8,617	45,911	93,815
Closing number of shares	8,055,683	42,034,916	85,870,737
Operating charges	1.06%	1.06%	1.06%
Operating charges - Performance Fees	0.00%	0.28%	0.33%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	109.70	112.10	110.60
Lowest share price (pence)	105.70	108.50	108.50

Comparative tables (continued)

	Class Z gross accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	168.49	166.34	162.70
Return before operating charges*	(1.72)	2.22	3.71
Operating charges	(0.07)	(0.07)	(0.07)
Operating charges - Performance Fees	-	-	-
Return after operating charges*	(1.79)	2.15	3.64
Distributions on accumulation shares	(2.23)	(4.21)	(3.64)
Retained distributions on accumulation shares	2.23	4.21	3.64
Closing net asset value per share	166.70	168.49	166.34
* after direct transaction costs of:	0.00	0.00	0.01
Performance			
Return after charges	(1.06%)	1.29%	2.24%
Other information			
Closing net asset value (£000s)	304,572	299,255	189,645
Closing number of shares	182,704,478	177,607,798	114,011,223
Operating charges	0.04%	0.04%	0.04%
Operating charges - Performance Fees	n/a	n/a	n/a
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	169.30	172.30	167.80
Lowest share price (pence)	163.70	166.00	163.00
	Class A Euro (hedged) accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	379.15	419.70	453.79
Return before operating charges*	86.59	(33.86)	(25.59)
Operating charges	(6.70)	(6.57)	(7.27)
Operating charges - Performance Fees	-	(0.12)	(1.23)
Return after operating charges*	79.89	(40.55)	(34.09)
Distributions on accumulation shares	(0.72)	(3.25)	(1.22)
Retained distributions on accumulation shares	0.72	3.25	1.22
Closing net asset value per share	459.04	379.15	419.70
* after direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges	21.07%	(9.66%)	(7.51%)
Other information			
Closing net asset value (£000s)	36,500	81,762	95,214
Closing number of shares	7,951,286	21,564,198	22,686,297
Operating charges	1.66%	1.66%	1.65%
Operating charges - Performance Fees	0.00%	0.03%	0.28%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (Euro cents)	532.74	548.09	545.18
Lowest share price (Euro cents)	508.99	527.33	532.68

Comparative tables (continued)

	Class G Euro (hedged) accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	358.60	393.80	502.51 ³
Return before operating charges*	82.47	(31.61)	(103.12)
Operating charges	(2.85)	(2.77)	(3.02)
Operating charges - Performance Fees	-	(0.82)	(2.57)
Return after operating charges*	79.62	(35.20)	(108.71)
Distributions on accumulation shares	(2.55)	(6.01)	(3.51)
Retained distributions on accumulation shares	2.55	6.01	3.51
Closing net asset value per share	438.22	358.60	393.80
* after direct transaction costs of:	0.00	0.00	0.01

Performance

Return after charges	22.20%	(8.94%)	(21.63%)
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Other information

Closing net asset value (£000s)	2	2	2
Closing number of shares	500	500	500
Operating charges	0.73%	0.74%	0.73%
Operating charges - Performance Fees	0.00%	0.22%	0.62%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (Euro cents)	503.71	515.82	509.51
Lowest share price (Euro cents)	484.40	498.26	499.70

³ Class G Euro (hedged) accumulation launched on 5 November 2013 and this is the first published price.

	Class Y Euro (hedged) accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	777.22	856.18	920.85
Return before operating charges*	178.00	(69.07)	(51.94)
Operating charges	(8.73)	(8.66)	(9.50)
Operating charges - Performance Fees	-	(1.23)	(3.23)
Return after operating charges*	169.27	(78.96)	(64.67)
Distributions on accumulation shares	(3.88)	(10.56)	(7.09)
Retained distributions on accumulation shares	3.88	10.56	7.09
Closing net asset value per share	946.49	777.22	856.18
* after direct transaction costs of:	0.00	0.00	0.03

Performance

Return after charges	21.78%	(9.22%)	(7.02%)
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Other information

Closing net asset value (£000s)	17,533	73,108	175,360
Closing number of shares	1,852,421	9,406,354	20,481,626
Operating charges	1.06%	1.06%	1.06%
Operating charges - Performance Fees	0.00%	0.15%	0.36%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (Euro cents)	1,091.86	1,120.04	1,109.06
Lowest share price (Euro cents)	1,047.19	1,080.24	1,086.37

Comparative tables (continued)

	Class A USD (hedged) accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	345.50	336.00	334.61
Return before operating charges*	86.90	15.63	7.71
Operating charges	(6.09)	(5.85)	(5.40)
Operating charges - Performance Fees	-	(0.28)	(0.92)
Return after operating charges*	80.81	9.50	1.39
Distributions on accumulation shares	(0.62)	(2.79)	(1.00)
Retained distributions on accumulation shares	0.62	2.79	1.00
Closing net asset value per share	426.31	345.50	336.00
* after direct transaction costs of:	0.00	0.00	0.01
Performance			
Return after charges	23.39%	2.83%	0.42%
Other information			
Closing net asset value (£000s)	8,755	28,435	41,409
Closing number of shares	2,053,647	8,230,145	12,324,305
Operating charges	1.66%	1.66%	1.65%
Operating charges - Performance Fees	0.00%	0.08%	0.28%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (USD cents)	536.12	550.25	546.47
Lowest share price (USD cents)	515.36	530.53	534.22
	Class G USD (hedged) accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	325.60	314.40	502.08 ⁴
Return before operating charges*	82.62	14.48	(183.62)
Operating charges	(2.59)	(2.45)	(2.21)
Operating charges - Performance Fees	-	(0.83)	(1.85)
Return after operating charges*	80.03	11.20	(187.68)
Distributions on accumulation shares	(2.28)	(5.20)	(2.87)
Retained distributions on accumulation shares	2.28	5.20	2.87
Closing net asset value per share	405.63	325.60	314.40
* after direct transaction costs of:	0.00	0.00	0.01
Performance			
Return after charges	24.58%	3.56%	(37.38%)
Other information			
Closing net asset value (£000s)	2	2	2
Closing number of shares	500	500	500
Operating charges	0.73%	0.74%	0.73%
Operating charges - Performance Fees	0.00%	0.25%	0.61%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (USD cents)	505.69	516.19	509.15
Lowest share price (USD cents)	487.32	499.64	499.64

⁴ Class G USD (hedged) accumulation launched on 5 November 2013 and this is the first published price.

Comparative tables (continued)

	Class Y USD (hedged) accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	690.92	668.68	662.40
Return before operating charges*	174.26	31.18	15.24
Operating charges	(7.77)	(7.46)	(6.88)
Operating charges - Performance Fees	-	(1.48)	(2.08)
Return after operating charges*	166.49	22.24	6.28
Distributions on accumulation shares	(3.41)	(9.02)	(5.44)
Retained distributions on accumulation shares	3.41	9.02	5.44
Closing net asset value per share	857.41	690.92	668.68
* after direct transaction costs of:	0.00	0.00	0.02
Performance			
Return after charges	24.10%	3.33%	0.95%
Other information			
Closing net asset value (£000s)	8,490	35,376	44,051
Closing number of shares	990,168	5,120,071	6,587,733
Operating charges	1.06%	1.06%	1.06%
Operating charges - Performance Fees	0.00%	0.21%	0.32%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (USD cents)	1,072.03	1,097.19	1,084.61
Lowest share price (USD cents)	1,032.51	1,060.38	1,062.91

^ Distributions are shown gross of tax

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.

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.

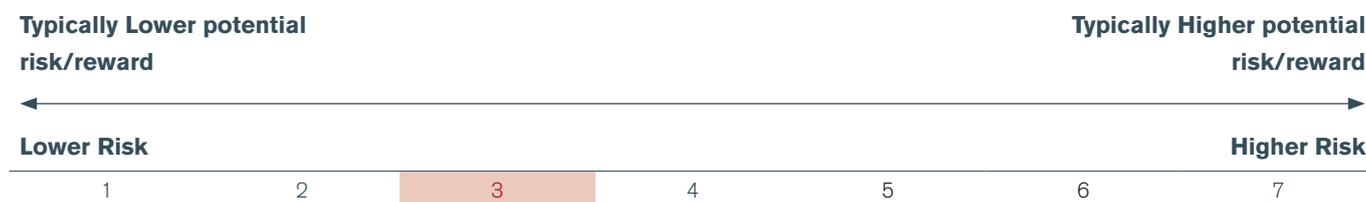
	OCF* 2016 %	Performance fees 2016 %	OCF* 2015 %	Performance fees 2015 %
Class A	1.66	-	1.66	0.15
Class G	0.73	-	0.74	0.30
Class I	1.06	n/a	1.06	n/a
Class Y	1.06	-	1.06	0.28
Class Z	0.04	n/a	0.04	n/a
Class G gross	0.73	-	0.74	0.51
Class Y gross	1.06	-	1.06	0.28
Class A Euro (hedged)	1.66	-	1.66	0.03
Class G Euro (hedged)	0.73	-	0.74	0.22
Class Y Euro (hedged)	1.06	-	1.06	0.15
Class A USD (hedged)	1.66	-	1.66	0.08
Class G USD (hedged)	0.73	-	0.74	0.25
Class Y USD (hedged)	1.06	-	1.06	0.21

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

* OCF excludes performance fees

Risk and reward profile

The fund currently has 15 types of share class in issue; they are all accumulation share classes; A, A Euro hedged, A USD hedged, I, I gross, Y, Y gross, Y Euro hedged, Y USD hedged, Z, Z gross, G, G gross, G Euro hedged and G 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 lowest category does not mean risk free.

The fund's risk level reflects the following:

- As a category, bonds are less volatile than shares
- The fund invests in a broad range of securities and countries and uses a broad range of strategies.
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

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

There have been no changes to the risk rating 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 2016

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 0.00% (2015: 0.23%)		
	United Kingdom 0.00% (2015: 0.23%)		
	Financials 0.00% (2015: 0.23%)		
	Certificates of Deposit 37.11% (2015: 23.16%)		
	Australia 3.08% (2015: 0.66%)		
GBP 5,000,000	Australia & New Zealand Banking 0% 03/02/2017	4,995	1.02
GBP 5,000,000	Commonwealth Bank of Australia 0.545% 01/02/2017	5,003	1.03
GBP 5,000,000	Commonwealth Bank of Australia 0.57% 28/02/2017	5,003	1.03
		<u>15,001</u>	<u>3.08</u>
	Canada 2.06% (2015: 3.32%)		
GBP 5,000,000	Toronto-Dominion Bank 0.7% 19/04/2017	5,005	1.03
GBP 5,000,000	Toronto-Dominion Bank 0.83% 22/12/2016	5,004	1.03
		<u>10,009</u>	<u>2.06</u>
	Denmark 2.06% (2015: 1.33%)		
GBP 5,000,000	Den Danske Bank Aktieselskab 0.5% 31/03/2017	5,001	1.03
GBP 5,000,000	DNB 0.55% 26/01/2017	5,003	1.03
		<u>10,004</u>	<u>2.06</u>
	Finland 2.06% (2015: 0.80%)		
GBP 5,000,000	Nordea Bank 0.35% 06/01/2017	5,001	1.03
GBP 5,000,000	Nordea Bank 0.46% 05/12/2016	5,001	1.03
		<u>10,002</u>	<u>2.06</u>
	France 6.17% (2015: 1.33%)		
GBP 5,000,000	Credit Agricole 0.51% 22/02/2017	5,002	1.03
GBP 5,000,000	Credit Agricole 0.56% 08/11/2016	5,000	1.02
GBP 5,000,000	Credit Industriel et Commercial 0.56% 08/11/2016	5,000	1.03
GBP 5,000,000	Credit Industriel et Commercial 0.61% 09/01/2017	5,003	1.03
GBP 5,000,000	Société Générale 0.50% 31/03/2017	5,001	1.03
GBP 5,000,000	Société Générale 0.55% 31/03/2017	5,002	1.03
		<u>30,008</u>	<u>6.17</u>
	Germany 1.64% (2015: 1.99%)		
GBP 8,000,000	DZ Bank 0.405% 24/11/2016	8,001	1.64
	Japan 1.03% (2015: 1.99%)		
GBP 5,000,000	Mitsubishi UFJ Trust & Banking 0.565% 01/12/2016	5,002	1.03
	Netherlands 6.06% (2015: 2.65%)		
GBP 5,000,000	ABN Amro Bank 0.43% 06/01/2017	5,001	1.03
GBP 5,000,000	ING Bank 0.55% 21/11/2016	5,001	1.03
GBP 5,000,000	Rabobank Nederland 0.48% 01/03/2017	5,001	1.03
GBP 10,000,000	Rabobank Nederland 0.51% 14/11/2016	10,002	2.05
GBP 4,500,000	Rabobank Nederland 0.53% 20/04/2017	4,501	0.92
		<u>29,506</u>	<u>6.06</u>
	Singapore 3.08% (2015: 0.00%)		
GBP 5,000,000	United Overseas Bank 0.4% 16/01/2017	5,001	1.02
GBP 5,000,000	United Overseas Bank 0.49% 04/01/2017	5,002	1.03

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Singapore (continued)		
GBP 5,000,000	United Overseas Bank 0.52% 15/12/2016	5,002	1.03
		<u>15,005</u>	<u>3.08</u>
	Sweden 1.03% (2015: 2.65%)		
GBP 5,000,000	Svenska Handelsbanken 0.33% 22/12/2016	5,001	1.03
	Switzerland 4.11% (2015: 0.00%)		
GBP 5,000,000	Credit Suisse 0.55% 13/04/2017	5,002	1.02
GBP 5,000,000	Credit Suisse 0.575% 26/04/2017	5,002	1.03
GBP 5,000,000	UBS 0.54% 13/03/2017	5,002	1.03
GBP 5,000,000	UBS 0.60% 31/01/2017	5,003	1.03
		<u>20,009</u>	<u>4.11</u>
	United Arab Emirates 1.03% (2015: 1.99%)		
GBP 5,000,000	National Bank of Abu Dhabi 0.46% 13/02/2017	5,001	1.03
	United Kingdom 1.03% (2015: 2.46%)		
GBP 5,000,000	Standard Chartered Bank 0.4% 19/01/2017	5,001	1.03
	United States 2.67% (2015: 1.99%)		
GBP 5,000,000	Bank of America 0.375% 10/01/2017	5,001	1.03
GBP 8,000,000	Bank of America 0.5% 08/02/2017	8,003	1.64
		<u>13,004</u>	<u>2.67</u>
	Bonds 45.41% (2015: 56.78%)		
	Australia 0.37% (2015: 2.57%)		
	Fixed Rate Bond 0.37% (2015: 1.09%)		
USD 2,200,000	Commonwealth Bank of Australia 3.375% 20/10/2026	1,802	0.37
	Variable Rate Bond 0.00% (2015: 1.48%)		
	Austria 1.19% (2015: 0.00%)		
	Fixed Rate Bond 1.03% (2015: 0.00%)		
EUR 4,200,000	Raiffeisen Bank International 6% 16/10/2023	4,014	0.83
EUR 1,000,000	Raiffeisen Bank International 6.625% 18/05/2021	987	0.20
		<u>5,001</u>	<u>1.03</u>
	Variable Rate Bond 0.16% (2015: 0.00%)		
EUR 900,000	Raiffeisen Bank International 4.5% 21/02/2025	787	0.16
	Belgium 1.34% (2015: 0.00%)		
	Fixed Rate Bond 1.34% (2015: 0.00%)		
EUR 6,300,000	Anheuser-Busch InBev 2.75% 17/03/2036	6,513	1.34
	Brazil 0.30% (2015: 0.85%)		
	Fixed Rate Bond 0.30% (2015: 0.85%)		
USD 1,750,000	Marfrig 9.5% 04/05/2020	1,484	0.30
	China 0.00% (2015: 0.66%)		
	Fixed Rate Bond 0.00% (2015: 0.66%)		

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Croatia 2.83% (2015: 1.64%)		
	Secured Loans 2.83% (2015: 1.64%)		
EUR 18,218,342	Agrokor 9.5% 04/06/2018	13,781	2.83
	Europe 2.88% (2015: 6.53%)		
	Asset Backed 2.88% (2015: 6.53%)		
EUR 834,808	Avoca CLO FRN 18/02/2022 IV X C	746	0.15
EUR 2,497,725	Bacchus FRN 17/08/2022 2006-2 C	2,236	0.46
EUR 1,023,000	BNPP IP European CLO FRN 15/04/2028 2015-1X B1	915	0.19
EUR 1,932,000	GLG European CLO FRN 15/04/2028 1X B1	1,736	0.36
EUR 2,500,000	Harvest CLO FRN 15/11/2028 'B'	2,231	0.46
EUR 4,608,000	Jubilee CDO FRN 12/07/2028 2015-15X B	4,144	0.85
EUR 2,207,000	Tikehau FRN 04/08/2028 2015-1X BV	1,989	0.41
		13,997	2.88
	France 5.52% (2015: 2.34%)		
	Fixed Rate Bond 3.37% (2015: 2.34%)		
EUR 9,400,000	CMA CGM 7.75% 15/01/2021	6,868	1.41
EUR 5,300,000	Gelf Bond Issuer I 1.625% 20/10/2026	4,713	0.97
EUR 5,300,000	Société Générale 6.75% Perpetual	4,834	0.99
		16,415	3.37
	Variable Rate Bond 2.15% (2015: 0.00%)		
EUR 2,000,000	Électricité de France 5% Perpetual	1,785	0.37
EUR 6,000,000	Électricité de France 5.375% Perpetual	5,535	1.13
GBP 3,300,000	Électricité de France 5.875% Perpetual	3,143	0.65
		10,463	2.15
	Germany 6.67% (2015: 4.45%)		
	Fixed Rate Bond 2.27% (2015: 1.83%)		
USD 5,643,000	Dresdner Funding Trust 8.151% 30/06/2031	5,488	1.13
GBP 2,550,000	RWE Finance 6.125% 06/07/2039	3,463	0.71
GBP 1,600,000	RWE Finance 6.25% 03/06/2030	2,093	0.43
		11,044	2.27
	Variable Rate Bond 4.40% (2015: 2.62%)		
EUR 10,800,000	ATF Netherlands 3.75% Perpetual	9,285	1.91
EUR 9,200,000	Grand City Properties 3.75% Perpetual	8,347	1.72
EUR 2,100,000	Schaeffler Verwaltung PIK 3.25% 15/09/2023	1,912	0.39
EUR 2,100,000	Schaeffler Verwaltung PIK 3.75% 15/09/ 2026	1,865	0.38
		21,409	4.40
	Italy 3.55% (2015: 1.98%)		
	Fixed Rate Bond 3.05% (2015: 1.46%)		
USD 17,850,000	Meccanica Holdings 6.25% 15/01/2040	14,840	3.05
	Variable Rate Bond 0.50% (2015: 0.52%)		
EUR 2,800,000	Intesa Sanpaolo 7% Perpetual	2,436	0.50
	Jamaica 0.82% (2015: 1.10%)		
	Asset Backed 0.00% (2015: 0.26%)		

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
USD 5,500,000	Fixed Rate Bond 0.82% (2015: 0.84%) Digicel 8.25% 30/09/2020	3,987	0.82
	Japan 0.00% (2015: 1.26%) Fixed Rate Bond 0.00% (2015: 1.26%)		
	Kuwait 0.00% (2015: 0.17%) Variable Rate Bond 0.00% (2015: 0.17%)		
	Luxembourg 4.94% (2015: 2.19%) Fixed Rate Bond 4.06% (2015: 2.19%)		
GBP 9,700,000	Garfunkelux 3 8.5% 01/11/2022	9,579	1.97
USD 3,500,000	Intelsat Jackson Holdings 8% 15/02/2024	2,881	0.59
EUR 8,200,000	WFS Global 9.5% 15/07/2022	7,276	1.50
		19,736	4.06
	Variable Rate Bond 0.88% (2015: 0.00%)		
EUR 4,700,000	Dakar Finance PIK 9% 15/11/2020	4,276	0.88
	Mexico 1.00% (2015: 1.75%) Fixed Rate Bond 1.00% (2015: 1.75%)		
USD 6,000,000	Petroleos Mexicanos 6.75% 21/09/2047	4,871	1.00
	Netherlands 0.00% (2015: 4.95%) Fixed Rate Bond 0.00% (2015: 3.10%)		
	Variable Rate Bond 0.00% (2015: 1.85%)		
	Nigeria 1.04% (2015: 0.00%) Fixed Rate Bond 1.04% (2015: 0.00%)		
USD 6,000,000	IHS Netherlands 9.5% 27/10/2021	5,073	1.04
	Philippines 0.51% (2015: 0.25%) Fixed Rate Bond 0.51% (2015: 0.25%)		
USD 3,000,000	San Miguel 4.875% 26/04/2023	2,482	0.51
	Portugal 0.00% (2015: 1.00%) Fixed Rate Bond 0.00% (2015: 0.21%)		
	Variable Rate Bond 0.00% (2015: 0.79%)		
	Russian Federation 0.00% (2015: 0.98%) Fixed Rate Bond 0.00% (2015: 0.98%)		
	Spain 2.12% (2015: 2.89%) Fixed Rate Bond 2.12% (2015: 2.89%)		
EUR 8,600,000	eDreams ODIGEO 8.5% 01/08/2021	7,900	1.62
EUR 16,095,000	Grupo Isolux Corsan Finance 6.625% 15/04/2021	2,436	0.50
		10,336	2.12

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	United Arab Emirates 0.00% (2015: 0.17%)		
	Fixed Rate Bond 0.00% (2015: 0.17%)		
	United Kingdom 9.57% (2015: 10.80%)		
	Asset Backed 0.71% (2015: 0.00%)		
EUR 4,300,000	Eurosail FRN 10/09/2044 2006-3X B1A	3,446	0.71
	Fixed Rate Bond 5.48% (2015: 4.79%)		
GBP 3,800,000	Friends Life Holdings 8.25% 21/04/2022	4,722	0.97
GBP 10,990,000	Kennedy Wilson Europe Real Estate 3.95% 30/06/2022	11,057	2.28
EUR 9,400,000	Lecta 6.5% 01/08/2023	8,490	1.75
GBP 2,950,000	TES Finance 6.75% 15/07/2020	2,345	0.48
		<u>26,614</u>	<u>5.48</u>
	Floating Rate Note 0.00% (2015: 3.03%)		
	Stepped Rate Bond 0.00% (2015: 0.54%)		
	Variable Rate Bond 3.38% (2015: 2.44%)		
GBP 3,400,000	CYBG 5% 09/02/2026	3,210	0.66
GBP 12,260,000	PGH Capital 5.75% 07/07/2021	13,242	2.72
		<u>16,452</u>	<u>3.38</u>
	United States 0.76% (2015: 8.25%)		
	Fixed Rate Bond 0.56% (2015: 7.25%)		
EUR 5,350,000	Lehman Brothers 4.625% 14/03/2019#	-	-
USD 3,250,000	Transdigm 6.375% 15/06/2026	2,722	0.56
		<u>2,722</u>	<u>0.56</u>
	Floating Rate Note 0.00% (2015: 0.29%)		
	Secured Loans 0.20% (2015: 0.00%)		
USD 1,200,000	Ancestry.com FRN 14/10/2024	995	0.20
	Variable Rate Bond 0.00% (2015: 0.71%)		
	Collective Investment Schemes 7.86% (2015: 8.77%)		
20,016,291	Deutsche Global Liquidity Managed Platinum Sterling Fund	20,016	4.12
15,709,637	Henderson Institutional Cash Fund Class I Gross Accumulation+	18,203	3.74
		<u>38,219</u>	<u>7.86</u>
	Derivatives (1.77%) (2015: (3.62%))		
	Futures 0.45% (2015: (0.07%))		
(78)	CBT US Ultra Bond December 2016	559	0.11
(66)	CBT US 10 Year Note December 2016	81	0.02
(19)	CBT US 5 Year Note December 2016	(3)	-
(155)	EUX Euro Bund December 2016	358	0.07
(218)	ICE Long Gilt December 2016	1,214	0.25
		<u>2,209</u>	<u>0.45</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Swaps (2.45%) (2015: (3.23%))			
Credit Default Index Swaps (1.17%) (2015: (0.96%))			
6,250,000	CDX 5.00% 20/12/2021 CDSIndex.ITR Pay EUR	(434)	(0.09)
46,000,000	CDX 5.00% 20/12/2021 CDSIndex.ITR Pay EUR	(3,190)	(0.65)
30,000,000	CDX 5.00% 20/12/2021 CDSIndex.ITR Pay EUR	(2,081)	(0.43)
		<u>(5,705)</u>	<u>(1.17)</u>
Credit Default Swaps (1.28%) (2015: (1.68%))			
17,375,000	CDS 1.00% 20/12/2021 BAE Systems Pay EUR	(140)	(0.03)
27,400,000	CDS 1.00% 20/12/2021 Carnival Pay USD	(514)	(0.11)
13,500,000	CDS 1.00% 20/12/2021 Carrefour Pay EUR	(224)	(0.05)
28,000,000	CDS 1.00% 20/12/2021 ConAgra Foods Pay USD	(307)	(0.06)
12,575,000	CDS 1.00% 20/12/2021 Danone Pay EUR	(284)	(0.06)
23,800,000	CDS 1.00% 20/12/2021 Deutsche Lufthansa Pay EUR	482	0.10
16,300,000	CDS 1.00% 20/12/2021 EADS Finance Pay EUR	(267)	(0.05)
17,500,000	CDS 1.00% 20/12/2021 HP Pay USD	130	0.03
28,000,000	CDS 1.00% 20/12/2021 IBM Pay USD	(510)	(0.10)
12,200,000	CDS 1.00% 20/12/2021 Koninklijke Pay EUR	(141)	(0.03)
27,700,000	CDS 1.00% 20/12/2021 Ladbrokes Pay EUR	2,296	0.47
8,700,000	CDS 1.00% 20/12/2021 Renault Pay EUR	(22)	-
17,500,000	CDS 1.00% 20/12/2021 Rolls-Royce Receive EUR	(132)	(0.03)
7,000,000	CDS 1.00% 20/12/2021 Tlevi Pay USD	204	0.04
12,500,000	CDS 1.00% 20/12/2021 Vinci Pay EUR	(278)	(0.06)
17,400,000	CDS 1.00% 20/12/2021 Volvo Pay EUR	(111)	(0.02)
12,000,000	CDS 5.00% 20/12/2017 Stena Line Pay EUR	(342)	(0.07)
12,800,000	CDS 5.00% 20/12/2021 Boparan Finance Pay EUR	529	0.11
6,600,000	CDS 5.00% 20/12/2021 CNH Industrial Pay EUR	(652)	(0.13)
8,500,000	CDS 5.00% 20/12/2021 CNH Industrial Pay EUR	(840)	(0.17)
12,000,000	CDS 5.00% 20/12/2021 Dry Mix Solutions Pay EUR	(1,759)	(0.36)
15,600,000	CDS 5.00% 20/12/2021 Ford Motor Pay USD	(2,007)	(0.41)
6,325,000	CDS 5.00% 20/12/2021 Garfunkelux Pay EUR	399	0.08
4,575,000	CDS 5.00% 20/12/2021 Garfunkelux Pay EUR	289	0.06
18,000,000	CDS 5.00% 20/12/2021 Hochtief Pay EUR	(2,945)	(0.61)
7,000,000	CDS 5.00% 20/12/2021 Lock Lower Pay EUR	26	0.01
8,300,000	CDS 5.00% 20/12/2021 Louisiana-Pacific Pay USD	(1,250)	(0.26)
6,400,000	CDS 5.00% 20/12/2021 OTE Pay EUR	(613)	(0.13)
6,000,000	CDS 5.00% 20/12/2021 Rallye Pay EUR	906	0.19
25,000,000	CDS 5.00% 20/12/2021 Royal Caibbean Receive USD	3,037	0.63
8,750,000	CDS 5.00% 20/12/2021 Stena Line Pay EUR	777	0.16
6,000,000	CDS 5.00% 20/12/2021 Trionista Pay EUR	(1,006)	(0.21)
2,700,000	CDS 5.00% 20/12/2021 Vougeot Bidco Pay EUR	(187)	(0.04)
5,400,000	CDS 5.00% 20/12/2021 Vougeot Bidco Pay EUR	(373)	(0.08)
4,500,000	CDS 5.00% 20/12/2021 Wind Acquisitions Pay EUR	(425)	(0.09)
		<u>(6,254)</u>	<u>(1.28)</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Interest Rate Swaps 0.00% (2015: (0.59%))			
Forward Foreign Exchange Contracts 0.15% (2015: 0.82%)			
	Buy EUR 1,373,963 : Sell GBP 1,234,198 November 2016 [^]	-	-
	Buy EUR 16,759,848 : Sell GBP 14,964,799 November 2016	90	0.02
	Buy EUR 16,796 : Sell GBP 14,969 November 2016 [^]	-	-
	Buy EUR 169,400 : Sell GBP 152,475 November 2016 [^]	-	-
	Buy EUR 197,000 : Sell GBP 176,781 November 2016 [^]	-	-
	Buy EUR 2,167 : Sell GBP 1,938 November 2016 [^]	-	-
	Buy EUR 2,365 : Sell GBP 2,108 November 2016 [^]	-	-
	Buy EUR 3,288 : Sell GBP 2,957 November 2016 [^]	-	-
	Buy EUR 3,937,050 : Sell GBP 3,516,352 November 2016	20	-
	Buy EUR 466,403 : Sell GBP 418,948 November 2016 [^]	-	-
	Buy EUR 4,862 : Sell GBP 4,373 November 2016 [^]	-	-
	Buy EUR 52,041 : Sell GBP 46,821 November 2016 [^]	-	-
	Buy EUR 54,360 : Sell GBP 48,620 November 2016 [^]	-	-
	Buy GBP 104,632,060 : Sell EUR 115,819,258 November 2016	597	0.12
	Buy GBP 129,230 : Sell USD 157,700 November 2016 [^]	-	-
	Buy GBP 14,166,747 : Sell EUR 15,872,001 November 2016	(90)	(0.02)
	Buy GBP 239,039 : Sell EUR 264,097 November 2016	2	-
	Buy GBP 2,508,421 : Sell EUR 2,795,891 November 2016	(3)	-
	Buy GBP 2,608,917 : Sell USD 3,194,103 November 2016	(6)	-
	Buy GBP 289,388 : Sell EUR 324,063 November 2016	(2)	-
	Buy GBP 2,971,040 : Sell EUR 3,328,694 November 2016	(19)	-
	Buy GBP 3,032,010 : Sell USD 3,712,049 November 2016	(7)	-
	Buy GBP 39,235,769 : Sell USD 47,740,563 November 2016	148	0.03
	Buy GBP 447,525 : Sell EUR 501,608 November 2016	(3)	-
	Buy GBP 4,898,473 : Sell USD 6,000,000 November 2016	(14)	-
	Buy GBP 5,748,744 : Sell EUR 6,388,182 November 2016	11	-
	Buy GBP 576,557 : Sell EUR 643,736 November 2016	(2)	-
	Buy GBP 991,595 : Sell USD 1,209,980 November 2016	1	-
	Buy USD 109,352 : Sell GBP 88,910 November 2016	1	-
	Buy USD 1,224,369 : Sell GBP 1,002,611 November 2016 [^]	-	-
	Buy USD 155,500 : Sell GBP 127,866 November 2016	(1)	-
	Buy USD 1,593,843 : Sell GBP 1,301,286 November 2016	4	-
	Buy USD 212,900 : Sell GBP 175,165 November 2016	(1)	-
	Buy USD 2,149,271 : Sell GBP 1,759,974 November 2016 [^]	-	-
		726	0.15
Forward Foreign Exchange Contracts (Hedged share classes) 0.08% (2015: (1.14%))			
	Buy EUR 111 : Sell GBP 100 November 2016 [^]	-	-
	Buy EUR 12,674 : Sell GBP 11,350 November 2016 [^]	-	-
	Buy EUR 1,857,027 : Sell GBP 1,659,138 November 2016	9	-
	Buy EUR 18,683,418 : Sell GBP 16,692,475 November 2016	88	0.02
	Buy EUR 2,338 : Sell GBP 2,089 November 2016 [^]	-	-
	Buy EUR 29,709 : Sell GBP 26,545 November 2016 [^]	-	-
	Buy EUR 39,288,278 : Sell GBP 35,101,641 November 2016	185	0.04
	Buy EUR 52,962 : Sell GBP 47,499 November 2016 [^]	-	-
	Buy EUR 965,426 : Sell GBP 862,548 November 2016	5	-
	Buy GBP 14,969 : Sell EUR 16,790 November 2016 [^]	-	-
	Buy GBP 16,161 : Sell EUR 18,108 November 2016 [^]	-	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward Foreign Exchange Contracts (Hedged share classes) (continued)			
	Buy GBP 1,817 : Sell EUR 2,042 November 2016 [^]	-	-
	Buy GBP 1,938 : Sell EUR 2,166 November 2016 [^]	-	-
	Buy GBP 196,466 : Sell EUR 220,824 November 2016	(2)	-
	Buy GBP 2,108 : Sell EUR 2,365 November 2016 [^]	-	-
	Buy GBP 21,835 : Sell EUR 24,465 November 2016 [^]	-	-
	Buy GBP 2,296 : Sell EUR 2,561 November 2016 [^]	-	-
	Buy GBP 2,787 : Sell EUR 3,112 November 2016 [^]	-	-
	Buy GBP 2,957 : Sell EUR 3,287 November 2016 [^]	-	-
	Buy GBP 32,302 : Sell USD 39,620 November 2016 [^]	-	-
	Buy GBP 4,240 : Sell EUR 4,761 November 2016 [^]	-	-
	Buy GBP 4,373 : Sell EUR 4,861 November 2016 [^]	-	-
	Buy GBP 4,498 : Sell EUR 5,034 November 2016 [^]	-	-
	Buy GBP 46,821 : Sell EUR 52,028 November 2016 [^]	-	-
	Buy GBP 48,620 : Sell EUR 54,342 November 2016 [^]	-	-
	Buy GBP 5,007 : Sell EUR 5,623 November 2016 [^]	-	-
	Buy GBP 94,016 : Sell USD 115,510 November 2016	(1)	-
	Buy USD 10,030,267 : Sell GBP 8,158,709 November 2016	54	0.01
	Buy USD 172 : Sell GBP 140 November 2016 [^]	-	-
	Buy USD 2,315 : Sell GBP 1,883 November 2016 [^]	-	-
	Buy USD 755,692 : Sell GBP 614,687 November 2016	4	-
	Buy USD 798,784 : Sell GBP 649,738 November 2016	4	-
	Buy USD 9,727,972 : Sell GBP 7,912,819 November 2016	53	0.01
		<u>399</u>	<u>0.08</u>
	Investment assets including investment liabilities	<u>431,110</u>	<u>88.61</u>
	Other net assets	<u>55,390</u>	<u>11.39</u>
	Total net assets	<u>486,500</u>	<u>100.00</u>

+ Related party to the fund

Defaulted

[^] Due to rounding to nearest £1,000

Statement of total return for the year ended 31 October 2016

		2016		2015	
	Note	£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		9,354		(25,796)
Revenue	3	8,200		21,156	
Expenses	4	(3,409)		(7,970)	
Interest payable and similar charges	5	(2)		(3)	
Net revenue before taxation		4,789		13,183	
Taxation	6	(1)		(42)	
Net revenue after taxation			4,788		13,141
Total return before distributions			14,142		(12,655)
Distributions	7		(5,345)		(13,141)
Change in net assets attributable to shareholders from investment activities			8,797		(25,796)

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2016

		2016		2015	
		£000	£000	£000	£000
Opening net assets attributable to shareholders			753,472		965,807
Amounts receivable on issue of shares		56,979		289,105	
Amounts payable on cancellation of shares		(338,170)		(489,003)	
			(281,191)		(199,898)
Dilution adjustment			410		847
Change in net assets attributable to shareholders from investment activities			8,797		(25,796)
Retained distributions on accumulation shares			5,012		12,509
Unclaimed distributions			-		3
Closing net assets attributable to shareholders			486,500		753,472

Balance sheet as at 31 October 2016

		2016	Restated
	Note	£000	2015
			£000
Assets			
Investments		452,298	685,802
Current assets:			
Debtors	8	9,634	16,707
Cash and bank balances*	9	60,788	113,277
Total assets		<u>522,720</u>	<u>815,786</u>
Liabilities:			
Investment liabilities		21,188	42,913
Creditors:			
Amounts held at derivative clearing houses and brokers*		2,211	251
Distribution payable**		-	35
Other creditors**	10	<u>12,821</u>	<u>19,115</u>
Total liabilities		36,220	62,314
Net assets attributable to shareholders		<u>486,500</u>	<u>753,472</u>

*Reclassification in prior year, see note 9 for details

** Restated in accordance with the 2014 IMA SORP, see note 10 for details.

Notes to the financial statements for the year ended 31 October 2016

1 Accounting policies

The accounting policies, distribution policy and potential risks policies 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:

	2016	2015
	£000	£000
Derivative securities	(15,140)	(4,638)
Forward currency contracts	(46,367)	23,814
Forward currency contracts on hedged share classes	26,232	(13,495)
Non-derivative securities	44,772	(28,908)
Other currency losses	(126)	(2,542)
Capital management fee rebates	3	-
Transaction costs	(20)	(27)
Net capital gains/(losses)	9,354	(25,796)

3 Revenue

	2016	2015
	£000	£000
Bank interest	238	350
Derivative revenue	(10,150)	(6,807)
Distributions from UK regulated collective investment schemes:		
Interest distributions	124	107
Interest on debt securities	17,979	26,631
Interest on margin	-	1
Overseas dividends	-	380
Revenue on hedged share classes	(18)	(62)
Stock lending revenue	22	-
UK dividends	-	556
Management fee rebates	5	-
Total revenue	8,200	21,156

Notes to the financial statements (continued)

4 Expenses

	2016	2015
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	3,056	6,686
Performance fees	1	674
GAC*	262	467
	<u>3,319</u>	<u>7,827</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	64	98
Safe custody fees	26	45
	<u>90</u>	<u>143</u>
Total expenses	<u>3,409</u>	<u>7,970</u>

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £11,712 (2015: £11,371).

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2016	2015
	£000	£000
Interest payable	2	3
Total interest payable and similar charges	<u>2</u>	<u>3</u>

Notes to the financial statements (continued)

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

	2016	2015
	£000	£000
Current tax		
Corporation tax	1	-
Overseas withholding tax	-	57
Adjustment in respect of prior periods	-	(15)
Total tax (note 6b)	1	42

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2015: 20%). The differences are explained below:

	2016	2015
	£000	£000
Net revenue before taxation	4,789	13,183
Corporation tax at 20% (2015: 20%)	958	2,637
Effects of:		
Adjustment in respect of prior periods	-	(15)
Irrecoverable overseas tax	-	47
Overseas dividends**	-	41
Tax effect of capitalised management fee rebate	1	2
UK dividends*	-	(111)
Revenue being paid as interest distributions	(958)	(2,559)
Tax charge for the year (note 6a)	1	42

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

** 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 (2015: nil).

(d) Factors that may affect future tax charges

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

Notes to the financial statements (continued)

7 Distributions

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

	2016	2015
	£000	£000
Interim accumulation	3,949	8,115
Final accumulation	1,063	4,394
Tax withheld on interest distributions	10	140
	<u>5,022</u>	<u>12,649</u>
Amounts deducted on cancellation of shares	508	1,299
Amounts received on issue of shares	(185)	(807)
Total distributions	<u>5,345</u>	<u>13,141</u>
Net revenue after taxation	4,788	13,141
Tax payment for class in shortfall	(15)	-
Revenue shortfall	572	-
Total distributions	<u>5,345</u>	<u>13,141</u>

Details of the distribution per share are set out in the distribution tables on pages 50 to 53.

8 Debtors

	2016	2015
	£000	£000
Accrued revenue	4,274	6,999
Amounts receivable for issue of shares	-	358
Corporation tax recoverable	1	15
Currency transactions awaiting settlement	1,652	5,186
Lehman's compensation	239	251
Overseas withholding tax reclaimable	11	-
Sales awaiting settlement	3,457	3,898
Total debtors	<u>9,634</u>	<u>16,707</u>

9 Cash and bank balances

	2016	Restated
	£000	2015
		£000
Amounts held at derivative clearing houses and brokers*	1,668	3,549
Cash and bank balances	44,900	54,128
Deposit accounts	14,220	55,600
Total cash and bank balances	<u>60,788</u>	<u>113,277</u>

*£251,437 has been reclassified as at 31 October 2015 and shown in amounts held at derivative clearing houses and brokers within liabilities in the Balance sheet.

Notes to the financial statements (continued)

10 Other creditors

	2016	Restated
	£000	2015
		£000
Accrued annual management charge	176	472
Accrued Depository's fee	5	8
Accrued other expenses	85	103
Amounts payable for cancellation of shares	178	1,027
Corporation tax payable	1	-
Derivative interest payable	1,451	1,472
Currency transactions awaiting settlement	1,652	5,193
Purchases awaiting settlement	9,273	10,840
Total other creditors	12,821	19,115

Income tax payable of £35,053 as at 31 October 2015 has been restated in accordance with the 2014 IMA SORP and is included within Distributions payable on the Balance sheet.

11 Contingent liabilities and commitments

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

12 Related party transactions

The fund has early adopted the July 2015 amendment to section 33 of FRS102 which is applicable to accounting periods beginning on or after 1 January 2016 with earlier application permitted. Section 33 requires disclosure of the nature of any related party relationship as well as details of any transactions and outstanding balances carried out between the related party and the fund.

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 35 and 36 and notes 4, 7, 8 and 10 on pages 38 to 41 including all creations and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

- The aggregate value of purchases and sales transactions was nil (2015: nil) and the balance outstanding at the year end was nil (2015: nil).
- Revenue receivable for the year was £125,174 (2015: £88,477) and the balance outstanding at the year end was nil (2015: nil).
- The aggregate value of investments held at the year end was £18,202,756 (2015: £18,075,508).

Harewood Nominees Limited, as a material shareholder, is a related party holding shares comprising 62.59% of the total net assets of the fund as at the year end (2015: 38.23%).

13 Shareholders' funds

The fund currently has 5 share classes available; Class A (Retail with front-end charges), Class G (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:

	2016	2015
Class A	1.50%	1.50%
Class G	0.675%	0.675%
Class I	1.00%	1.00%
Class Y	1.00%	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 50 to 53. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

13 Shareholders' fund (continued)

Share reconciliation as at 31 October 2016

	Class A accumulation	Class G accumulation	Class I accumulation	Class Y accumulation
Opening number of shares	7,116,594	3,000	113,584	18,630,156
Creations during the year	129,583	-	7,607	165,139
Cancellations during the year	(2,836,990)	(7,010)	(74,612)	(15,189,001)
Shares converted during the year	(562,026)	7,010	-	197,618
Closing shares in issue	3,847,161	3,000	46,579	3,803,912

	Class Z accumulation	Class G gross accumulation	Class I gross accumulation	Class Y gross accumulation
Opening number of shares	7,136,182	5,000	101,206,936	42,034,916
Creations during the year	12,886	-	1,615,440	2,427,531
Cancellations during the year	(7,006,588)	-	(39,791,289)	(36,416,643)
Shares converted during the year	-	-	47,012	9,879
Closing shares in issue	142,480	5,000	63,078,099	8,055,683

	Class Z gross accumulation	Class A Euro (hedged) accumulation	Class G Euro (hedged) accumulation	Class Y Euro (hedged) accumulation
Opening number of shares	177,607,798	21,564,198	500	9,406,354
Creations during the year	19,731,617	2,507,579	-	283,732
Cancellations during the year	(14,634,937)	(16,120,491)	-	(7,837,665)
Shares converted during the year	-	-	-	-
Closing shares in issue	182,704,478	7,951,286	500	1,852,421

	Class A USD (hedged) accumulation	Class G USD (hedged) accumulation	Class Y USD (hedged) accumulation
Opening number of shares	8,230,145	500	5,120,071
Creations during the year	96,049	-	939,583
Cancellations during the year	(6,272,547)	-	(5,069,486)
Shares converted during the year	-	-	-
Closing shares in issue	2,053,647	500	990,168

Notes to the financial statements (continued)

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 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. The prior year comparatives have been updated for consistency.

At 31 October 2016, cash collateral of £14,320,000 had been pledged to counterparties in respect of the above (2015: £265,000) and collateral has been pledged to the fund from counterparties consisting of bonds of £1,150,003 (2015: £260,642) and cash of nil (2015: £4,605).

2016

At 31 October 2016 the underlying exposure for each category of derivatives were as follows:

Counterparty	Credit default index swaps and Credit default swaps £000	Forward foreign exchange contracts £000	Hedged forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
BNP Paribas	-	874	-	-	874
Credit Suisse	1,683	-	-	-	1,683
Goldman Sachs	3,037	-	-	-	3,037
JP Morgan	4,225	-	402	-	4,627
Merill Lynch	130	-	-	-	130
UBS	-	-	-	2,212	2,212
	9,075	874	402	2,212	12,563

2015

At 31 October 2015 the underlying exposure for each category of derivatives were as follows:

Counterparty	Credit default index swaps and Credit default swaps £000	Interest rate swaps £000	Forward foreign exchange contracts £000
Barclays	203	-	-
BNP Paribas	-	-	6,558
Citigroup	62	102	-
Credit Suisse	2,409	-	-
Goldman Sachs	3,994	-	-
J P Morgan	797	-	3
Merrill Lynch	322	-	-
UBS	-	-	-
	7,787	102	6,561

Notes to the financial statements (continued)

14 Financial derivatives (continued)

2015

Counterparty	Hedged forward	Futures	Total by counterparty
	foreign exchange contracts		
	£000	£000	£000
Barclays Bank	-	-	203
BNP Paribas	-	-	6,558
Citigroup	-	-	164
Credit Suisse	-	-	2,409
Goldman Sachs	-	-	3,994
J P Morgan	920	-	1,720
Merrill Lynch	-	-	322
UBS	-	251	251
	920	251	15,621

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.

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 rating agency or equities. 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.

2016

There was no stock on loan as at 31 October 2016.

Counterparty	Relationship	Gross income	Direct	Net income
			and indirect expenses	
	£000	£000	£000	£000
BNP Paribas	Stock lending agent	26	4	22

2015

There was no stock on loan as at 31 October 2015 and no stock lending revenue received for the year ended 31 October 2015.

16 Risk

Risk in respect of the fund's financial assets and liabilities are set out in note 3 of the aggregated notes to the financial statements.

Currency risk

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

2016 Currency	Investment assets including investment liabilities	Other net assets	Total net assets
	£000	£000	£000
Euro	55,017	884	55,901
UK sterling	359,036	53,260	412,296
US dollar	17,057	1,246	18,303
Total	431,110	55,390	486,500

Notes to the financial statements (continued)

16 Risk (continued)

Currency risk (continued)

	Investment assets including investment liabilities £000	Other net assets £000	Total net assets £000
2015			
Currency			
Euro	151,676	4,521	156,197
UK sterling	426,252	104,646	530,898
US dollar	64,961	1,416	66,377
Total	642,889	110,583	753,472

Interest rate risk

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

	Floating rate assets £000	Fixed rate assets £000	Non-interest bearing assets £000	Total £000
2016				
Euro	66,324	67,053	4,553	137,930
UK sterling	56,405	230,197	41,794	328,396
US dollar	4,049	49,003	3,342	56,394
Total	126,778	346,253	49,689	522,720

	Floating rate assets £000	Fixed rate assets £000	Non-interest bearing assets £000	Total £000
2015				
Euro	132,825	104,823	8,274	245,922
UK sterling	119,523	230,426	79,934	429,883
US dollar	3,212	118,933	9,142	131,287
Total	255,560	454,182	97,350	807,092

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing financial liabilities £000	Total £000
2016				
Euro	2,009	16,444	7,098	25,551
UK sterling	1,214	-	472	1,686
US dollar	640	4,589	3,754	8,983
Total	3,863	21,033	11,324	36,220

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 financial liabilities £000	Total £000
2015				
Euro	2,186	22,013	14,666	38,865
UK sterling	2,334	-	2,860	5,194
US dollar	-	5,737	3,824	9,561
Total	4,520	27,750	21,350	53,620

Credit ratings

	Market value £000	Percentage of net assets %
2016		
Investments		
Above investment grade (AAA - BBB)*	247,925	50.96
Below investment grade (BB and below)	128,712	26.46
Unrated	10,103	2.08
Secured loans	14,776	3.03
Total debt securities	401,516	82.53
Collective investment schemes	38,219	7.85
Derivatives	(8,625)	(1.77)
Investment assets including investment liabilities	431,110	88.61
Other net assets	55,390	11.39
Total net assets	486,500	100.00

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

	Market value £000	Percentage of net assets %
2015		
Investments		
Above investment grade (AAA - BBB)*	442,365	58.71
Below investment grade (BB and below)	142,250	18.88
Unrated	5,445	0.72
Secured loans	12,335	1.63
Total debt securities	602,395	79.94
Collective investment schemes	66,085	8.77
Derivatives	(27,290)	(3.62)
Equities	1,699	0.23
Investment assets including investment liabilities	642,889	85.32
Other net assets	110,583	14.68
Total net assets	753,472	100.00

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

Notes to the financial statements (continued)

16 Risk (continued)

Global exposure

The VaR methodology and parameters are set out in note 3 of the aggregated notes to the financial statements. The actual VaR results, limit and utilisation of limit are summarised in the table below:

VaR Results

	Actual VaR in year			VaR Limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2016	0.66	2.30	1.23	20	3.32	11.49	6.15
2015	0.77	1.82	1.19	20	3.87	9.09	5.93

Global exposure calculation basis: Absolute VaR.

Leverage

The level of leverage arising from the use of derivatives in the investment portfolio is disclosed in the table below as a percentage of the fund's total Net Asset Value. More detail on the disclosure is set out in note 3 of the aggregated notes to the financial statements.

	Minimum	Maximum	Average
	%	%	%
2016	129.28	283.47	179.15
2015	124.89	388.30	205.99

Liquidity risk

The following table provides a maturity analysis of the funds' 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
2016				
Amounts held at futures clearing house and brokers	2,211	-	-	-
Derivative financial liabilities	-	154	342	20,692
Other creditors	-	12,821	-	-
Total	2,211	12,975	342	20,692
	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2015				
Amounts held at futures clearing house and brokers	251	-	-	-
Derivative financial liabilities	-	15,160	5,149	22,604
Distribution payable	-	35	-	-
Other creditors	-	19,115	-	-
Total	251	34,310	5,149	22,604

17 Fair value

Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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.

Notes to the financial statements (continued)

17 Fair value (continued)

In accordance with FRS102 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

Valuation technique	2016		2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	2,211	3	1,950	777
Level 2	450,087	21,185	683,852	42,136
Level 3	-	-	-	-
	452,298	21,188	685,802	42,913

18 Direct transaction costs

	Purchases		Sales	
	2016 £000	2015 £000	2016 £000	2015 £000
Trades in the year				
Debt securities	419,617	677,965	632,795	884,859
Collective Investment Schemes	-	-	1,775	-
Equities	-	2,168	-	21,285
Certificates of deposit	570,607	633,512	593,178	582,562
Trades in the year before transaction costs	990,224	1,313,645	1,227,748	1,488,706
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Collective Investment Schemes	-	-	-	-
Equities	-	-	-	-
Certificates of deposit	-	-	-	-
Total commissions	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Collective Investment Schemes	-	-	-	-
Equities	-	-	-	3
Certificates of deposit	-	-	-	-
Total taxes	-	-	-	3
Other expenses				
Debt securities	-	-	-	-
Collective Investment Schemes	-	-	-	-
Equities	-	-	-	-
Certificates of deposit	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	-	-	-	3
Total net trades in the year after transaction costs	990,224	1,313,645	1,227,748	1,488,703

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

	Purchases		Sales	
	2016 %	2015 %	2016 %	2015 %
Total transaction costs expressed as a percentage of asset type cost Commissions				
Debt securities	-	-	-	-
Collective Investment Schemes	-	-	-	-
Equities	-	-	-	-
Certificates of deposit	-	-	-	-
Taxes				
Debt securities	-	-	-	-
Collective Investment Schemes	-	-	-	-
Equities	-	-	-	-
Certificates of deposit	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Collective Investment Schemes	-	-	-	-
Equities	-	-	-	-
Certificates of deposit	-	-	-	-
	2016 %	2015 %		
Total transaction cost expressed as a percentage of net asset value				
Commissions	-	-		
Taxes	-	0.01		
Other expenses	-	-		
Total costs	-	0.01		

There were no in specie transfers identified during the year (2015: nil). There were no corporate actions identified during the year (2015:£11,977,545).

There were direct transaction costs associated with derivatives during the year of £9,013 (2015: £25,942) which is 0.00% of the average net asset value of the fund (2015: 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.

Transaction costs for 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 trades.

The portfolio dealing spread as at 31 October 2016 was 1.03% (2015: 0.73%). 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 2016 (in pence per share)

Interim interest distribution (accounting date 30 April 2016, paid on 30 June 2016)

Group 1 : shares purchased prior to 1 November 2015

Group 2 : shares purchased on or after 1 November 2015

	Gross revenue	Income tax 20%	Net revenue	Equalisation	Total distribution paid 30/06/2016	Total distribution paid 30/06/2015
Class A accumulation						
Group 1	0.0960	0.0192	0.0768	-	0.0768	0.2611
Group 2	0.0613	0.0123	0.0490	0.0278	0.0768	0.2611
Class G accumulation						
Group 1	0.1820	0.0364	0.1456	-	0.1456	0.3753
Group 2	0.1820	0.0364	0.1456	-	0.1456	0.3753
Class I accumulation						
Group 1	0.6155	0.1231	0.4924	-	0.4924	1.2086
Group 2	0.2760	0.0552	0.2208	0.2716	0.4924	1.2086
Class Y accumulation						
Group 1	0.5161	0.1032	0.4129	-	0.4129	0.6907
Group 2	0.2998	0.0600	0.2398	0.1731	0.4129	0.6907
Class Z accumulation						
Group 1	1.0739	0.2148	0.8591	-	0.8591	1.3986
Group 2	0.7361	0.1472	0.5889	0.2702	0.8591	1.3986
Class G gross accumulation						
Group 1	0.3130	-	0.3130	-	0.3130	0.4486
Group 2	0.3130	-	0.3130	-	0.3130	0.4486
Class I gross accumulation						
Group 1	0.7289	-	0.7289	-	0.7289	1.6335
Group 2	0.6072	-	0.6072	0.1217	0.7289	1.6335
Class Y gross accumulation						
Group 1	0.5082	-	0.5082	-	0.5082	0.8364
Group 2	0.2297	-	0.2297	0.2785	0.5082	0.8364
Class Z gross accumulation						
Group 1	1.6436	-	1.6436	-	1.6436	2.6190
Group 2	0.6032	-	0.6032	1.0404	1.6436	2.6190

Distribution tables (continued)

Interim interest distribution (accounting date 30 April 2016, paid on 30 June 2016)

Group 1 : shares purchased prior to 1 November 2015

Group 2 : shares purchased on or after 1 November 2015

	Gross revenue	Income tax 20%	Net revenue	Equalisation	Total distribution paid 30/06/2016	Total distribution paid 30/06/2015
Class A Euro hedged accumulation (Euro cents per share)						
Group 1	0.9131	-	0.9131	-	0.9131	3.8558
Group 2	0.5370	-	0.5370	0.3761	0.9131	3.8558
Class G Euro hedged accumulation (Euro cents per share)						
Group 1	3.1752	-	3.1752	-	3.1752	5.0030
Group 2	3.1752	-	3.1752	-	3.1752	5.0030
Class Y Euro hedged accumulation (Euro cents per share)						
Group 1	4.9511	-	4.9511	-	4.9511	9.7819
Group 2	3.1918	-	3.1918	1.7593	4.9511	9.7819
Class A USD hedged accumulation (USD cents per share)						
Group 1	0.9104	-	0.9104	-	0.9104	3.6435
Group 2	0.4600	-	0.4600	0.4504	0.9104	3.6435
Class G USD hedged accumulation (USD cents per share)						
Group 1	3.2237	-	3.2237	-	3.2237	4.8454
Group 2	3.2237	-	3.2237	-	3.2237	4.8454
Class Y USD hedged accumulation (USD cents per share)						
Group 1	5.0022	-	5.0022	-	5.0022	9.2203
Group 2	3.8691	-	3.8691	1.1331	5.0022	9.2203

Distribution tables (continued)

Final interest distribution (accounting date 31 October 2016, paid on 30 December 2016)

Group 1 : shares purchased prior to 1 May 2016

Group 2 : shares purchased on or after 1 May 2016

	Gross revenue	Income tax 20%	Net revenue	Equalisation	Total distribution paid 31/12/2016	Total distribution paid 31/12/2015
Class A accumulation						
Group 1	-	-	-	-	-	0.0510
Group 2	-	-	-	-	-	0.0510
Class G accumulation						
Group 1	-	-	-	-	-	0.2213
Group 2	-	-	-	-	-	0.2213
Class I accumulation						
Group 1	-	-	-	-	-	0.5340
Group 2	-	-	-	-	-	0.5340
Class Y accumulation						
Group 1	-	-	-	-	-	0.3821
Group 2	-	-	-	-	-	0.3821
Class Z accumulation						
Group 1	-	-	-	-	-	0.8255
Group 2	-	-	-	-	-	0.8255
Class G gross accumulation						
Group 1	0.0003	-	0.0003	-	0.0003	0.3005
Group 2	0.0003	-	0.0003	-	0.0003	0.3005
Class I gross accumulation						
Group 1	-	-	-	-	-	0.6525
Group 2	-	-	-	-	-	0.6525
Class Y gross accumulation						
Group 1	-	-	-	-	-	0.4627
Group 2	-	-	-	-	-	0.4627
Class Z gross accumulation						
Group 1	0.5820	-	0.5820	-	0.5820	1.5914
Group 2	0.4784	-	0.4784	0.1036	0.5820	1.5914

Distribution tables (continued)

Final interest distribution (accounting date 31 October 2016, paid on 30 December 2016)

Group 1 : shares purchased prior to 1 May 2016

Group 2 : shares purchased on or after 1 May 2016

	Gross revenue	Income tax 20%	Net revenue	Equalisation	Total distribution paid 31/12/2016	Total distribution paid 31/12/2015
Class A Euro hedged accumulation (Euro cents per share)						
Group 1	-	-	-	-	-	0.5335
Group 2	-	-	-	-	-	0.5335
Class G Euro hedged accumulation (Euro cents per share)						
Group 1	0.0745	-	0.0745	-	0.0745	3.2258
Group 2	0.0745	-	0.0745	-	0.0745	3.2258
Class Y Euro hedged accumulation (Euro cents per share)						
Group 1	-	-	-	-	-	4.6546
Group 2	-	-	-	-	-	4.6546
Class A USD hedged accumulation (USD cents per share)						
Group 1	-	-	-	-	-	0.6015
Group 2	-	-	-	-	-	0.6015
Class G USD hedged accumulation (USD cents per share)						
Group 1	0.0924	-	0.0924	-	0.0924	3.1019
Group 2	0.0924	-	0.0924	-	0.0924	3.1019
Class Y USD hedged accumulation (USD cents per share)						
Group 1	-	-	-	-	-	4.5404
Group 2	-	-	-	-	-	4.5404

Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund

Authorised Corporate Director's report

Investment Fund Manager

Henderson Multi Strategy Equities Team

Investment objective and policy

The fund aims to provide consistent capital growth relative to the FTSE World Asia Pacific ex Japan Index (or such other index as may from time to time replace it) through investing primarily in Asia Pacific ex Japanese companies. There are no restrictions on the size of the companies in which the fund may invest.

The fund aims to provide an annual return above that of the FTSE World Asia Pacific ex Japan Index, whilst controlling risk. The fund will invest primarily in Asia Pacific ex Japan companies included within the FTSE World Asia Pacific ex Japan Index. Additionally, the fund can invest in companies listed on other exchanges which are associated with FTSE World Asia Pacific ex Japan Index listed shares or other Asia Pacific ex Japan companies.

The fund will not attempt to replicate identically the share composition of the FTSE World Asia Pacific ex Japan Index, and the Fund Manager will actively review the shares within the portfolio, and effect adjustments as necessary in order to achieve the investment objective.

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

Performance summary

	31 Oct 15 - 31 Oct 16	31 Oct 14 - 31 Oct 15	31 Oct 13 - 31 Oct 14	31 Oct 12 - 31 Oct 13	31 Oct 11 - 31 Oct 12
	%	%	%	%	%
Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund*	40.2	(8.9)	1.6	14.4	7.6
FTSE Custom All World Dev Asia Pacific ex Japan Index**	39.7	(8.8)	1.6	14.2	7.6

Source: Henderson Global Investors & FTSE.

* 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 Korea).

Figures in brackets are negative.

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 2016

Largest purchases	£000	Largest sales	£000
WH	241	Samsung Electronics	1,121
Duet	188	Taiwan Semiconductor Manufacturing	869
BHP Billiton	186	Commonwealth Bank of Australia	716
AIA	172	AIA	609
Domino's Pizza	165	Westpac Bank	467
Taiwan Semiconductor Manufacturing	161	Sun Hung Kai Properties	415
Vocus Communications	158	Australia & New Zealand Banking	400
Hang Lung	150	BHP Billiton	393
Hyundai Marine & Fire Insurance	142	National Australia Bank	307
Commonwealth Bank of Australia	137	Hon Hai Precision Industries	297
Total purchases	6,464	Total sales	21,187

Investment review

The FTSE All World Developed Asia Pacific ex Japan Index rose by 39.7% in sterling terms over the year to 31 October 2016. The materials sector was a major contributor to returns as commodities began to recover. Healthcare lagged over the year.

China struggled at the end of 2015 as residual effects from the summer's steep equity market falls continued to take their toll. Early in January, China's new 'circuit breaker' system, designed to automatically halt trading upon stocks moving by 7% within a day, was cancelled after it was triggered twice in one week. Additionally, the reserve requirement ratio (cash deposits that banks must hold rather than lend out) in China was slashed multiple times. The disappointing data led the People's Bank of China to announce that it had lowered its forecast for 2016 growth to a range of 6.5–7.0%, news that was followed and justified by the revelation of severely diminished February export figures (though these rebounded somewhat in March following the Lunar New Year holiday). In August, the Chinese economy showed signs of stabilising, and profits in the industrial sector rose at the quickest pace in three years. GDP growth held steady at 6.7% in the third quarter, and inflation increased to 1.9% on higher food prices.

Offsetting some weaker economic data in the region was a strong upward swing in commodity prices and mining stocks. Oil, gold and copper prices all rose in the first three months of 2016, benefiting major producers such as Australia. Accommodative central banks also boosted markets. The Reserve Bank of Australia cut to a record low of 1.5% in August. Bank Indonesia made several cuts to its benchmark interest rate during the year, and policymakers in India enacted a 25-basis-point decrease in April. The country was later boosted by a favourable monsoon season that attracted foreign investment. But the September inflation rate of 4.3% was the lowest rate in a year due to easing food price rises, and the Reserve Bank of India slashed rates again in October.

Comparative tables for the year ended 31 October 2016

	Class I accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	190.67	210.87	209.35 ¹
Return before operating charges*	76.53	(18.48)	3.21
Operating charges	(1.78)	(1.72)	(1.69)
Return after operating charges*	74.75	(20.20)	1.52
Distributions on accumulation shares	(6.82)	(4.98)	(4.66)
Retained distributions on accumulation shares	6.82	4.98	4.66
Closing net asset value per share	265.42	190.67	210.87
* after direct transaction costs of:	-	-	0.12
Performance			
Return after charges	39.20%	(9.58%)	0.73%
Other information			
Closing net asset value (£000s)	12,362	9,995	12,566
Closing number of shares	4,657,365	5,241,736	5,959,224
Operating charges	0.83%	0.83%	0.83%
Direct transaction costs	0.00%	0.00%	0.06%
Prices			
Highest share price (pence)	269.22	232.67	222.35
Lowest share price (pence)	178.19	169.11	187.68

	Class Y accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	190.26	210.40	208.91
Return before operating charges*	76.33	(18.42)	3.18
Operating charges	(1.78)	(1.72)	(1.69)
Return after operating charges*	74.55	(20.14)	1.49
Distributions on accumulation shares	(6.78)	(4.97)	(4.65)
Retained distributions on accumulation shares	6.78	4.97	4.65
Closing net asset value per share	264.81	190.26	210.40
* after direct transaction costs of:	-	-	0.12
Performance			
Return after charges	39.18%	(9.57%)	0.71%
Other information			
Closing net asset value (£000s)	25,211	18,113	19,982
Closing number of shares	9,520,438	9,520,438	9,497,211
Operating charges	0.83%	0.83%	0.83%
Direct transaction costs	0.00%	0.00%	0.06%
Prices			
Highest share price (pence)	268.64	232.16	221.86
Lowest share price (pence)	177.80	168.74	187.26

Comparative tables (continued)

Class Z accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	283.05	310.69	306.29 ¹
Return before operating charges*	113.67	(27.39)	4.64
Operating charges	(0.26)	(0.25)	(0.24)
Return after operating charges*	113.41	(27.64)	4.40
Distributions on accumulation shares	(12.08)	(9.66)	(9.11)
Retained distributions on accumulation shares	12.08	9.66	9.11
Closing net asset value per share	396.46	283.05	310.69
* after direct transaction costs of:	-	-	0.18

Performance

Return after charges	40.07%	(8.90%)	1.44%
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Other information

Closing net asset value (£000s)	107,735	93,059	125,319
Closing number of shares	27,174,158	32,876,934	40,336,029
Operating charges	0.08%	0.08%	0.08%
Direct transaction costs	0.00%	0.00%	0.06%

Prices

Highest share price (pence)	402.62	343.94	327.25
Lowest share price (pence)	265.02	250.70	275.01

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.

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.

	2016	2015
	%	%
Class I	0.83	0.83
Class Y	0.83	0.83
Class Z	0.08	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 lowest category does not mean risk free.

The fund's risk level reflects the following:

- The fund focuses on a single region
- As a category, shares are, in general, more volatile than either bonds or money market instruments
- The fund invests in a broad range of securities and countries and uses a broad range of strategies
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

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

There have been no changes to the risk rating 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 2016

Holding	Investment	Market value £000	Percentage of total net assets %
Equities 98.19% (2015: 98.11%)			
Australia 32.47% (2015: 31.73%)			
Basic Materials 3.97% (2015: 3.32%)			
171,748	Alumina	166	0.11
209,772	BHP Billiton	3,012	2.08
44,067	Bluescope Steel	214	0.15
93,604	Fortescue Metals	320	0.22
164,700	Gunns*	-	-
29,616	Iluka Resources	106	0.07
110,164	Incitec Pivot	203	0.14
47,243	Newcrest Mining	664	0.46
9,744	Nufarm	53	0.04
25,457	Orica	254	0.17
16,930	Oz Minerals	71	0.05
7,975	Sims Metal Management	49	0.03
364,753	South32	582	0.40
39,524	Whitehaven Coal	74	0.05
		<u>5,768</u>	<u>3.97</u>
Consumer Goods 0.34% (2015: 0.31%)			
29,771	Coca-Cola Amatil	177	0.12
47,940	Treasury Wine Estates	315	0.22
		<u>492</u>	<u>0.34</u>
Consumer Services 3.32% (2015: 3.02%)			
36,563	Aristocrat Leisure	339	0.23
9,203	Autosports Sutherland	14	0.01
26,773	Crown	181	0.12
3,501	Domino's Pizza	140	0.10
172,546	Fairfax Media	89	0.06
4,319	Flight Centre	91	0.06
29,658	Harvey Norman	92	0.06
77,883	Metcash	96	0.07
73,211	Qantas Airways	139	0.10
75,948	Seven West Media	32	0.02
47,197	Star Entertainment	146	0.10
39,844	Tabcorp Holdings	119	0.08
101,688	Tatts	257	0.18
72,979	Wesfarmers	1,865	1.29
83,084	Woolworths	1,222	0.84
		<u>4,822</u>	<u>3.32</u>
Financials 16.75% (2015: 17.17%)			
23	AET&D Holdings~	-	-
192,095	AMP	546	0.38
184,958	Australia & New Zealand Banking	3,205	2.20
12,805	Australia Stock Exchange	375	0.26
24,172	Bank of Queensland	157	0.11
35,440	Bendigo & Adelaide	241	0.17
35,796	Challenger Financial Service	238	0.16
108,694	Commonwealth Bank of Australia	4,962	3.41
64,773	Dexus Property REIT	355	0.24
114,777	Goodman	476	0.33
116,501	GPT REIT	336	0.23

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials (continued)			
142,649	Insurance Australia	488	0.34
28,779	IOOF Holdings	147	0.10
40,703	Lend Lease	339	0.23
20,722	Macquarie REIT	1,030	0.71
7,251	Magellan Financial	96	0.07
170,380	Medibank	273	0.19
214,433	Mirvac REIT	278	0.19
168,060	National Australia Bank	2,933	2.02
3,625	Perpetual	102	0.07
11,154	Platinum Asset Management	35	0.02
91,935	QBE Insurance	571	0.39
74,133	SCA Property Stapled Security	100	0.07
343,992	Scentre	900	0.62
150,098	Stockland Trust REIT	409	0.28
84,387	Suncorp	629	0.43
210,811	Vincity Centres	376	0.26
132,768	Westfield	735	0.51
212,064	Westpac Banking	4,017	2.76
		<u>24,349</u>	<u>16.75</u>
Health Care 2.16% (2015: 1.97%)			
7,577	Ansell	102	0.07
3,353	Cochlear	266	0.18
30,015	CSL	1,880	1.30
108,703	Healthscope	149	0.10
8,193	Ramsay Health Care	374	0.26
28,987	Sonic Healthcare	369	0.25
		<u>3,140</u>	<u>2.16</u>
Industrials 2.85% (2015: 2.91%)			
24,127	Adelaide Brighton	80	0.05
30,618	ALS	118	0.08
77,773	Amcor	707	0.49
128,168	Aurizon Holdings	383	0.26
41,490	Boral	156	0.11
105,209	Brambles	749	0.51
24,258	Computershare	159	0.11
27,654	CSR (AUD)	63	0.04
32,870	Downer EDI	118	0.08
13,697	Dulux	54	0.04
28,738	Macquarie Atlas	82	0.06
53,139	Orora	95	0.07
22,925	Seek	207	0.14
74,500	Sydney Airport	290	0.20
136,096	Transurban	879	0.61
		<u>4,140</u>	<u>2.85</u>
Oil & Gas 1.46% (2015: 1.56%)			
75,882	APA	372	0.26
16,496	Caltex Australia	315	0.22
80,923	Oil Search	334	0.23

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Oil & Gas (continued)		
95,715	Santos	213	0.15
46,120	Woodside Petroleum	815	0.55
14,503	Worleyparsons	76	0.05
		<u>2,125</u>	<u>1.46</u>
	Technology 0.00% (2015: 0.07%)		
	Telecommunications 0.77% (2015: 0.76%)		
281,252	Telstra	871	0.59
23,970	TPG Telecom	113	0.08
39,372	Vocus Communications	139	0.10
		<u>1,123</u>	<u>0.77</u>
	Utilities 0.85% (2015: 0.64%)		
44,389	AGL Energy	528	0.37
96,247	AusNet Services	90	0.06
159,112	Duet	235	0.16
115,804	Origin Energy	385	0.26
		<u>1,238</u>	<u>0.85</u>
	China 1.66% (2015: 1.76%)		
	Basic Materials 0.04% (2015: 0.02%)		
300,000	Shougang Fushan Resources	53	0.04
	Consumer Goods 0.44% (2015: 0.64%)		
150,000	China Mengniu Dairy	234	0.16
40,000	Minth	116	0.08
100,000	Tingyi (Cayman Islands)	88	0.06
403,000	Want Want China Holdings	201	0.14
		<u>639</u>	<u>0.44</u>
	Consumer Services 0.54% (2015: 0.53%)		
132,000	China Travel International	31	0.02
67,600	MGM China	92	0.06
158,000	Sands China	562	0.39
184,000	Sun Art Retail	106	0.07
		<u>791</u>	<u>0.54</u>
	Financials 0.17% (2015: 0.11%)		
684,000	China Oceanwide	56	0.04
166,000	Guotai Junan International	52	0.04
156,000	Haitong International Securities	82	0.05
290,400	Shui On Land	59	0.04
		<u>249</u>	<u>0.17</u>
	Health Care 0.01% (2015: 0.00%)		
18,500	China Resources Pharmaceutical	18	0.01
	Industrials 0.30% (2015: 0.30%)		
47,500	AAC Technologies Holdings	372	0.26
140,100	Yangzijiang Shipbuilding	61	0.04
		<u>433</u>	<u>0.30</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Oil & Gas 0.04% (2015: 0.04%)		
172,000	Xinyi Solar	51	0.04
	Technology 0.12% (2015: 0.12%)		
1,799,000	Semiconductor Manufacturing	179	0.12
	France 0.03% (2015: 0.02%)		
	Consumer Services 0.03% (2015: 0.02%)		
22,500	L'Occitane International	38	0.03
	Hong Kong 16.21% (2015: 16.78%)		
	Basic Materials 0.02% (2015: 0.02%)		
103,000	Huabao International	32	0.02
	Consumer Goods 1.00% (2015: 0.93%)		
155,050	First Pacific	96	0.07
480,400	Global Brands	45	0.03
444,400	Li & Fung	179	0.12
96,000	Samsonite International	247	0.17
72,000	Techtronic Industries	222	0.15
678,000	WH	450	0.31
68,000	Xinyi Glass Holdings	48	0.03
54,000	Yue Yuen Industrials	168	0.12
		1,455	1.00
	Consumer Services 1.17% (2015: 1.12%)		
32,000	Café de Coral	92	0.06
58,000	Cathay Pacific Airways	63	0.04
56,800	Chow Tai Fook Jewellery	33	0.02
142,958	Espirit	97	0.07
132,000	Galaxy Entertainment	443	0.31
8,958	Great Eagle	33	0.02
284,000	Kingston Financial	97	0.07
20,000	Lifestyle	22	0.02
78,000	Melco International Development	83	0.06
88,486	MTR	399	0.28
85,666	Shangri-La Asia	77	0.05
73,750	Shun Tak	20	0.01
76,000	SJM Holdings	43	0.03
27,000	Television Broadcasts	80	0.05
91,200	Wynn Macau	115	0.08
		1,697	1.17
	Financials 9.42% (2015: 9.78%)		
770,600	AIA	3,979	2.75
73,133	Bank of East Asia	241	0.17
247,000	BOC Hong Kong Holdings	723	0.50
167,000	Champion REIT	78	0.05
182,940	Cheung Kong Property	1,108	0.76
3,200	Dah Sing Financial	18	0.01

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials (continued)			
47,000	Hang Lung	147	0.10
136,000	Hang Lung Properties	246	0.17
51,200	Hang Seng Bank	758	0.52
78,798	Henderson Land Development	381	0.26
76,688	Hong Kong Exchanges & Clearing	1,661	1.14
71,300	Hongkong Land Holdings	391	0.27
33,000	Hopewell Highway Infrastructure	95	0.07
43,162	Hysan Development	163	0.11
40,539	Kerry Properties	105	0.07
150,186	Link REIT	876	0.60
342,452	New World Development	349	0.24
229,817	Sino Land	320	0.22
87,189	Sun Hung Kai Properties	1,065	0.73
87,900	Swire Properties	207	0.14
81,721	Wharf Holdings	503	0.35
54,000	Wheelock	273	0.19
		<u>13,687</u>	<u>9.42</u>
Industrials 2.54% (2015: 2.89%)			
177,440	CK Hutchison Holdings	1,797	1.23
358,000	Hutchinson Port	129	0.09
13,700	Jardine Matheson	683	0.47
14,200	Jardine Strategic	408	0.28
25,750	Johnson Electric Holdings	51	0.04
33,519	Kerry Logistics Network	36	0.03
744,130	Noble	73	0.05
125,747	NWS Holdings	182	0.13
11,000	Orient Overseas	34	0.02
34,500	Swire Pacific 'A'	294	0.20
		<u>3,687</u>	<u>2.54</u>
Oil & Gas 0.04% (2015: 0.04%)			
234,000	Brightoil Petroleum Holdings	55	0.04
Technology 0.15% (2015: 0.12%)			
15,700	ASM Pacific Technology	124	0.08
9,500	Vtech	95	0.07
		<u>219</u>	<u>0.15</u>
Telecommunications 0.08% (2015: 0.07%)			
254,000	PCCW	123	0.08
Utilities 1.79% (2015: 1.81%)			
45,000	Cheung Kong Infrastructure	302	0.21
98,000	CLP Holdings	812	0.55
481,262	Hong Kong & China Gas	770	0.53
86,000	Hong Kong Electric	663	0.46
119,000	Towngas China	55	0.04
		<u>2,602</u>	<u>1.79</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Ireland 0.26% (2015: 0.21%)		
	Industrials 0.26% (2015: 0.21%)		
31,153	James Hardie Industries	379	0.26
	Italy 0.07% (2015: 0.07%)		
	Consumer Goods 0.07% (2015: 0.07%)		
33,300	Prada	96	0.07
	New Zealand 1.21% (2015: 1.02%)		
	Consumer Services 0.12% (2015: 0.13%)		
37,437	Air New Zealand	42	0.03
29,452	Sky City Entertainment	66	0.05
23,563	Sky Network Television	64	0.04
		172	0.12
	Financials 0.06% (2015: 0.05%)		
110,285	Kiwi Property	94	0.06
	Health Care 0.24% (2015: 0.22%)		
36,940	Fisher & Paykel Healthcare	192	0.14
28,920	Ryman Healthcare	150	0.10
		342	0.24
	Industrials 0.34% (2015: 0.22%)		
59,918	Auckland International Airport	230	0.16
43,500	Fletcher Building	262	0.18
		492	0.34
	Technology 0.04% (2015: 0.06%)		
6,344	Xero	64	0.04
	Telecommunications 0.17% (2015: 0.14%)		
119,493	Telecom New Zealand	249	0.17
	Utilities 0.24% (2015: 0.20%)		
42,980	Contact Energy	120	0.08
84,328	Meridian Energy	127	0.09
55,988	Mighty River Power	95	0.07
		342	0.24
	Russian Federation 0.02% (2015: 0.02%)		
	Basic Materials 0.02% (2015: 0.02%)		
94,000	United Rusal	27	0.02
	Singapore 5.59% (2015: 6.29%)		
	Consumer Goods 0.29% (2015: 0.29%)		
447,300	Golden Agri-Resources	101	0.07
47,919	Olam International	60	0.04
129,700	Wilmar International	253	0.18
		414	0.29

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Services 0.68% (2015: 0.74%)			
144,000	Comfortdelgro	214	0.15
422,000	Genting International	185	0.13
5,788	Jardine Cycle & Carriage	144	0.10
32,100	Singapore Airlines	191	0.13
113,700	Singapore Press	249	0.17
		<u>983</u>	<u>0.68</u>
Financials 3.18% (2015: 3.63%)			
125,600	Ascendas REIT	174	0.12
141,300	CapitaCommercial Trust REIT	131	0.09
179,500	CapitaLand Mall Trust REIT	218	0.15
137,200	CapitaLand REIT	249	0.17
41,700	City Developments	208	0.14
113,971	DBS Holdings	1,003	0.69
185,600	Global Logistic Properties REIT	194	0.13
218,769	Oversea-Chinese Banking	1,091	0.76
57,000	Singapore Exchange	238	0.16
162,000	Suntec REIT	160	0.11
73,162	United Overseas Bank	805	0.55
34,060	UOL	114	0.08
61,000	Yanlord Land	50	0.03
		<u>4,635</u>	<u>3.18</u>
Industrials 0.36% (2015: 0.34%)			
40,100	SATS	114	0.08
93,000	Singapore Post	87	0.06
111,000	Singapore Technologies Engineering	204	0.14
20,000	Venture	112	0.08
		<u>517</u>	<u>0.36</u>
Oil & Gas 0.29% (2015: 0.41%)			
89,900	Keppel	279	0.19
65,100	Sembcorp Industries	97	0.07
59,000	Sembcorp Marine	45	0.03
		<u>421</u>	<u>0.29</u>
Telecommunications 0.79% (2015: 0.88%)			
463,400	Singapore Telecommunications	1,058	0.72
48,250	Starhub	96	0.07
		<u>1,154</u>	<u>0.79</u>
South Korea 21.45% (2015: 22.26%)			
Basic Materials 1.47% (2015: 1.53%)			
4,027	Hanwha Chemical	78	0.05
1,136	Honam Petrochemical	235	0.16
5,023	Hyundai Steel	177	0.12
633	Korea Zinc	206	0.14
1,312	Kumho Petro Chemical	66	0.05
3,085	LG Chem	543	0.37
572	LG Chem Preference Shares	73	0.05
564	OCI	37	0.03
4,120	Posco	697	0.48
1,366	Samsung Fine Chemicals	28	0.02
		<u>2,140</u>	<u>1.47</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Goods 10.22% (2015: 10.44%)			
2,160	Amorepacific Corporation	555	0.38
1,910	Amorepacific	202	0.14
792	Amorepacific Preference Shares	113	0.08
841	Cheil Jedang	105	0.07
394	CJ Cheiljedang	98	0.07
3,421	Coway	219	0.15
2,308	Dongsuh	45	0.03
3,803	Hankook Tire	150	0.10
759	Hanssem	96	0.07
3,679	Hite Jinro	58	0.04
4,111	Hyundai Mobis	805	0.55
9,746	Hyundai Motor	977	0.67
1,718	Hyundai Motor Preference Shares	117	0.08
2,717	Hyundai Motor Preference 2nd Shares	195	0.13
1,263	Hyundai Wia	71	0.05
17,841	Kia Motors	519	0.36
7,123	KT&G	576	0.40
7,462	LG Electronics	255	0.18
564	LG Household & Health Care	331	0.23
148	LG Household & Health Care Preference Shares	50	0.03
44	Lotte Chilsung Beverage	49	0.03
400	Lotte Confectionery	55	0.04
442	Mando	85	0.06
1,140	NCSOFT	216	0.15
1,073	NHN Entertainment	39	0.03
134	Nong Shim	28	0.02
257	Orion	132	0.09
108	Ottogi	51	0.03
6,506	Samsung Electronics	7,627	5.26
1,083	Samsung Electronics Preference Shares	1,016	0.70
		14,835	10.22
Consumer Services 0.67% (2015: 0.85%)			
758	BGF Retail	94	0.06
5,295	Cheil Worldwide	64	0.04
1,538	E-Mart	179	0.12
2,253	Hotel Shilla	92	0.06
798	Hyundai Department Store	67	0.05
7,821	Kangwon Land	213	0.15
3,023	Korean Airlines	69	0.05
567	Lotte Shopping	92	0.06
4,250	Paradise	40	0.03
503	Shinsegae	67	0.05
		977	0.67
Financials 2.93% (2015: 3.18%)			
20,535	BS Financial	137	0.09
9,229	Daewoo Securities	51	0.04
7,954	DGB Financial	55	0.04
3,485	Dongbu Insurance	177	0.12
18,491	Hana Financial	434	0.30
12,240	Hanwha Life Insurance	55	0.04

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Financials (continued)		
2,356	Hyundai Marine & Fire Insurance	60	0.04
13,180	Hyundai Securities	70	0.05
20,110	Industrial Bank of Korea	190	0.13
24,518	KB Financial	742	0.50
1,966	Korea Investment Holdings	58	0.04
2,975	Mirae Asset Security	48	0.03
2,380	Samsung Card	82	0.06
2,211	Samsung Fire & Marine	461	0.32
5,097	Samsung Life Insurance	401	0.28
4,001	Samsung Securities	99	0.07
29,700	Shinhan Financial	931	0.63
20,960	Woori Bank	188	0.13
3,531	Woori Investment & Securities	26	0.02
		4,265	2.93
	Health Care 0.41% (2015: 0.40%)		
4,540	Celltrion	345	0.25
397	Hanmi Pharmaceutical	103	0.07
887	Hanmi Science	48	0.03
219	Samsung BioLogics	21	0.01
487	Yuhan	73	0.05
		590	0.41
	Industrials 2.43% (2015: 2.52%)		
5,740	Cheil Industries	662	0.45
650	CJ Korea Express	94	0.06
1,143	Daelim Industrial	67	0.05
15,750	Daewoo Engineering & Construction	71	0.05
5,020	Daewoo International	90	0.06
8,963	Daewoo Shipbuilding & Marine	29	0.02
822	Doosan	60	0.04
10,320	Doosan Infracore	51	0.04
3,303	GS Engineering & Construction	63	0.04
1,731	Hanwha	46	0.03
1,671	Hyosung	160	0.11
3,716	Hyundai Development	129	0.09
3,362	Hyundai Engineering & Construction	100	0.07
938	Hyundai Glovis	116	0.08
3,130	Hyundai Heavy Industries	326	0.21
765	Hyundai Mipo Dockyard	38	0.03
1,873	KEPCO Plant Service & Engineering	73	0.05
392	Keumkang Korea Chemical	114	0.08
3,314	Korea Aerospace Industries	154	0.11
6,025	LG	264	0.18
359	LG Hausys	24	0.02
1,013	LS	40	0.03
4,345	Samsung Electro Mechanics	146	0.10
12,727	Samsung Engineering	86	0.06
10,862	Samsung Heavy Industries	76	0.05
6,744	Samsung Heavy Industries (Rights)	11	0.01
1,837	Samsung Techwin	84	0.06

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Industrials (continued)		
11,660	SK Networks	54	0.04
1,205	S1	80	0.05
		<u>3,537</u>	<u>2.43</u>
	Oil & Gas 0.52% (2015: 0.46%)		
2,045	Doosan Heavy Industries	38	0.03
3,265	GS Holdings	119	0.08
3,945	SK Innovation	429	0.29
3,138	S-Oil	176	0.12
		<u>762</u>	<u>0.52</u>
	Technology 2.08% (2015: 1.99%)		
2,098	Daum Communications	115	0.08
14,625	LG Display	286	0.20
1,648	Naver	1,011	0.69
1,906	Samsung	211	0.15
2,279	SK C&C	363	0.25
35,405	SK Hynix	1,038	0.71
		<u>3,024</u>	<u>2.08</u>
	Telecommunications 0.30% (2015: 0.42%)		
3,509	KT	81	0.06
14,211	LG Uplus	120	0.08
1,461	SK Telecom	234	0.16
		<u>435</u>	<u>0.30</u>
	Utilities 0.42% (2015: 0.47%)		
16,585	Korea Electric Power	585	0.40
813	Korea Gas	27	0.02
		<u>612</u>	<u>0.42</u>
	Spain 0.09% (2015: 0.05%)		
	Industrials 0.09% (2015: 0.05%)		
6,920	CIMIC	127	0.09
	Taiwan 18.41% (2015: 17.20%)		
	Basic Materials 1.84% (2015: 1.73%)		
851,688	China Steel	503	0.35
51,000	Eternal Materials	44	0.03
34,910	Feng Hsin Iron And Steel	38	0.03
289,430	Formosa Chemicals & Fibre	705	0.48
303,593	Formosa Plastics	672	0.46
384,593	Nan Ya Plastic	653	0.45
55,000	Taiwan Fertilizer	60	0.04
		<u>2,675</u>	<u>1.84</u>
	Consumer Goods 1.53% (2015: 1.51%)		
111,477	Cheng Shin Rubber Industry	186	0.13
15,344	Eclat Textile	143	0.10
299,269	Far Eastern Textile	190	0.13
24,640	Feng Tay Enterprise	84	0.06
105,000	Formosa Taffeta	78	0.05
16,721	Giant Manufacturing	97	0.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Goods (continued)			
6,646	Largan Precision	644	0.44
139,571	Pou Chen	155	0.11
91,000	Teco Electric & Machinery	66	0.05
62,348	Uni-President China	35	0.02
314,760	Uni-President Enterprises	499	0.34
69,846	Yulon Motor	50	0.03
		2,227	1.53
Consumer Services 0.39% (2015: 0.44%)			
237,661	China Airlines	59	0.04
178,890	EVA Airways	71	0.05
22,000	Hotai Motor	210	0.14
37,996	President Chain Store	232	0.16
		572	0.39
Financials 2.77% (2015: 3.01%)			
523,932	Cathay Financial REIT	556	0.38
302,774	Chang Hwa Commercial Bank	127	0.09
737,963	China Development Financial	152	0.10
1,243,418	CTBC Financial	547	0.38
516,231	E.Sun Financial	241	0.17
533,845	First Financial	229	0.16
494,295	Fubon Financial Holdings	574	0.40
585,800	Hua Nan Financial	244	0.17
673,398	Mega Financial	377	0.26
673,320	Shin Kong Financial	120	0.08
766,215	Sinopac	181	0.12
618,545	Taishin Financial	185	0.13
155,003	Taiwan Business Bank	32	0.02
608,815	Taiwan Cooperative Financial	219	0.15
784,439	Yuanta Financial Holdings	239	0.16
		4,023	2.77
Health Care 0.05% (2015: 0.00%)			
8,000	OBI Pharma	69	0.05
Industrials 2.74% (2015: 2.79%)			
183,872	Asia Cement	131	0.09
44,225	Catcher Technology	283	0.19
143,146	Delta Electronic	619	0.43
170,485	Evergreen Marine	52	0.04
81,444	Foxconn Technology	194	0.13
967,045	Hon Hai Precision Industries	2,139	1.48
116,722	Lite On Technology	137	0.09
205,836	Taiwan Cement	202	0.14
89,763	Taiwan Glass Industry	31	0.02
33,495	Taiwan Secom	78	0.05
172,293	Unimicron Technology	58	0.04
200,000	Walsin Lihwa	57	0.04
		3,981	2.74

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Oil & Gas 0.17% (2015: 0.18%)		
93,304	Formosa Petrochemical	253	0.17
	Technology 8.08% (2015: 6.75%)		
131,229	Acer	49	0.03
422,408	Advanced Semiconductor Engineering	407	0.28
25,072	Advantech	167	0.12
48,001	Asustek Computer	344	0.24
576,034	AU Optronics	179	0.12
30,895	Chicony Electronics	65	0.04
233,802	Compal Electronics	114	0.08
75,000	Epistar	42	0.03
153,000	Foxconn International	41	0.03
3,000	Hermes Microvision	109	0.07
57,842	HTC	139	0.10
490,796	Innolux	136	0.09
182,000	Inotera Memories	140	0.10
239,245	Inventec	153	0.11
86,846	Mediatek	541	0.38
46,426	Nanya Technology	49	0.03
46,473	Novatek Microelectronics	143	0.10
127,747	Pegatron	282	0.19
186,687	Quanta Computers	310	0.21
29,440	Realtek Semiconductor	82	0.06
160,917	Siliconware Precision	199	0.14
57,716	Synnex Technology	50	0.03
1,538,954	Taiwan Semiconductor Manufacturing	7,530	5.19
18,000	Transcend Information	41	0.03
739,938	United Microelectronic	225	0.15
62,000	Vanguard International Semiconductor	103	0.07
136,898	Wistron	84	0.06
		11,724	8.08
	Telecommunications 0.84% (2015: 0.79%)		
240,031	Chunghwa Telecom	673	0.46
118,432	Far Eastone Telecommunications	229	0.16
112,356	Taiwan Mobile	322	0.22
		1,224	0.84
	United Kingdom 0.62% (2015: 0.61%)		
	Basic Materials 0.62% (2015: 0.61%)		
26,509	Rio Tinto	894	0.62
	Financials 0.00% (2015: 0.00%)		
1,436,104	BGP Holdings*~	-	-
	United States 0.10% (2015: 0.08%)		
	Consumer Goods 0.03% (2015: 0.02%)		
5,930	Halla Visteon Climate Control	45	0.03

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Financials 0.07% (2015: 0.06%)		
3,139	REA	99	0.07
	Derivatives (0.04%) (2015: 0.07%)		
	Futures (0.03%) (2015: 0.00%)		
4	HKG Hang Seng Index November 2016	(14)	(0.01)
(3)	HKG H-Shares Index November 2016 [^]	-	-
7	KFE KOSPI2 Index December 2016	(7)	-
13	SFE SPI 200 December 2016	(19)	(0.01)
10	SGX MSCI Singapore Index ETS November 2016	(3)	-
20	SGX MSCI Taiwan Index November 2016	(8)	(0.01)
		(51)	(0.03)
	Forward Foreign Exchange Contracts (0.01%) (2015: 0.07%)		
	Buy KRW 631,810,000 : Sell USD 575,000 November 2016	(20)	(0.01)
	Buy KRW 773,296,000 : Sell USD 680,000 November 2016	(4)	-
	Buy SGD 62,000 : Sell USD 44,498 November 2016 [^]	-	-
	Buy USD 115,000 : Sell KRW 126,787,500 November 2016	4	-
	Buy USD 133,784 : Sell HKD 1,037,500 November 2016 [^]	-	-
	Buy USD 165,000 : Sell KRW 187,638,000 November 2016	1	-
	Buy USD 220,000 : Sell KRW 242,110,000 November 2016	7	-
	Buy USD 44,752 : Sell SGD 62,000 November 2016 [^]	-	-
	Buy USD 60,000 : Sell KRW 68,790,000 November 2016 [^]	-	-
	Buy USD 64,997 : Sell HKD 504,000 November 2016 [^]	-	-
		(12)	(0.01)
	Investment assets including investment liabilities	142,613	98.15
	Other net assets	2,695	1.85
	Total net assets	145,308	100.00

~ Suspended, delisted or unquoted securities

* Manually priced securities

[^] Due to rounding to nearest £1,000

Statement of total return for the year ended 31 October 2016

		2016		2015	
	Note	£000	£000	£000	£000
Income					
Net capital gains / (losses)	2		39,038		(17,257)
Revenue	3	4,715		4,773	
Expenses	4	(333)		(319)	
Interest payable and similar charges	5	-		(1)	
Net revenue before taxation		4,382		4,453	
Taxation	6	173		(308)	
Net revenue after taxation			4,555		4,145
Total return before distributions			43,593		(13,112)
Distributions	7		(4,555)		(4,145)
Change in net assets attributable to shareholders from investment activities			39,038		(17,257)

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2016

		2016		2015	
		£000	£000	£000	£000
Opening net assets attributable to shareholders			121,167		157,867
Amounts receivable on issue of shares		4,883		16,480	
Amounts payable on cancellation of shares		(24,269)		(40,199)	
			(19,386)		(23,719)
Dilution adjustment			108		213
Change in net assets attributable to shareholders from investment activities			39,038		(17,257)
Retained distributions on accumulation shares			4,381		4,063
Closing net assets attributable to shareholders			145,308		121,167

Balance sheet as at 31 October 2016

		2016	Restated
	Note	£000	2015
			£000
Assets:			
Investments		142,688	118,958
Current assets:			
Debtors	8	363	4,913
Cash and bank balances*	9	5,705	6,765
Total assets		148,756	130,636
Liabilities:			
Investment liabilities		75	9
Creditors:			
Amounts held at derivative clearing houses and brokers		3	1,373
Bank overdrafts		2,802	2,294
Other creditors	10	568	5,793
Total liabilities		3,448	9,469
Net assets attributable to shareholders		145,308	121,167

* Reclassification in prior year, see note 9 for details.

Notes to the financial statements for the year ended 31 October 2016

1 Accounting policies

The accounting policies, distribution policy and potential risks policies 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:

	2016	2015
	£000	£000
Derivative securities	55	33
Forward currency contracts	(148)	67
Non-derivative securities	38,703	(17,197)
Other currency gains/(losses)	440	(144)
Transaction costs	(12)	(16)
Net capital gains/(losses)	39,038	(17,257)

3 Revenue

	2016	2015
	£000	£000
Bank interest	7	10
Interest on margin	-	1
Overseas dividends	4,087	4,232
Overseas REIT revenue	297	306
Stock dividends	249	194
Stock lending revenue	75	30
Total revenue	4,715	4,773

4 Expenses

	2016	2015
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	235	225
GAC*	23	28
	<u>258</u>	<u>253</u>

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

Depositary fees	13	13
Safe custody fees	48	52
	<u>61</u>	<u>65</u>

Other expenses:

Professional fees	14	1
	<u>14</u>	<u>1</u>

Total expenses

	<u>333</u>	<u>319</u>
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Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £7,240 (2015: £7,030).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:	2016 £000	2015 £000
Interest payable	-	1
Total interest payable and similar charges	-	1

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:	2016 £000	2015 £000
UK corporation tax	10	4
Double tax relief	(10)	(4)
Overseas withholding tax	(173)	308
Total tax (note 6b)	(173)	308

(b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2015: 20%). The differences are explained below:

	2016 £000	2015 £000
Net revenue before taxation	4,382	4,453
Corporation tax at 20% (2015: 20%)	876	891
Effects of:		
Double tax relief	(10)	-
Irrecoverable overseas tax including windfalls received	(173)	304
Overseas dividends**	(867)	(846)
Stock dividends*	-	(39)
Unused management expenses	1	(2)
Tax (credit)/charge for the year (note 6a)	(173)	308

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

** 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 (2015: 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 nil (2015: £1,570) 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 in the current or prior year.

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:

	2016	2015
	£000	£000
Interim accumulation	1,545	1,814
Final accumulation	2,836	2,249
	<u>4,381</u>	<u>4,063</u>
Amounts deducted on cancellation of shares	228	260
Amounts received on issue of shares	(54)	(178)
	<u>4,555</u>	<u>4,145</u>

Details of the distribution per share are set out in the distribution tables on page 87.

8 Debtors

	2016	2015
	£000	£000
Accrued revenue	32	40
Amounts receivable for issue of shares	32	-
Currency transactions awaiting settlement	206	-
Overseas withholding tax reclaimable	3	2
Sales awaiting settlement	90	4,871
	<u>363</u>	<u>4,913</u>

9 Cash and bank balances

	2016	2015
	£000	£000
Amounts held at derivative clearing houses and brokers*	289	1,717
Cash and bank balances	5,416	5,048
	<u>5,705</u>	<u>6,765</u>

£1,372,658 of overdraft balances have been reclassified as at 31 October 2015 and shown in Amounts held at derivative clearing houses and brokers within liabilities in the balance sheet.

Notes to the financial statements (continued)

10 Creditors

	2016	2015
	£000	£000
Accrued annual management charge	22	18
Accrued Depositary's fee	2	1
Accrued other expenses	11	8
Amounts payable for cancellation of shares	147	5,766
Currency transactions awaiting settlement	206	-
Purchases awaiting settlement	180	-
Total other creditors	568	5,793

11 Contingent assets, liabilities and commitments

The fund is a party to a claim against HMRC, the Franked Investment Income Group Litigation Order (FIIGLO) concerning claimants' rights to claim back overpaid tax, against certain retrospective legislation issued by HMRC, which may result in a recovery of tax previously paid by claimants. The claim has been filed on the basis that the tax treatment of dividends received from EU-resident companies is contrary to Article 43 (freedom of establishment) and/or Article 56 (free movement of capital and payments) of the European Community Treaty. The claim and related appeals remain under consideration by the courts and the timing and nature of the outcome remain uncertain.

The claim is considered to be a contingent asset of the fund and has not been recognised in these Financial Statements as the outcome of the case and any potential recovery are sufficiently uncertain.

The contingent liabilities and commitments at the current and prior year end are as follows:

	2016	2015
	£000	£000
Mirae Asset Security (Rights)	-	31
Total contingent liabilities and commitments	-	31

12 Related party transactions

The fund has early adopted the July 2015 amendment to section 33 of FRS102 which is applicable to accounting periods beginning on or after 1 January 2016 with earlier application permitted. Section 33 requires disclosure of the nature of any related party relationship as well as details of any transactions and outstanding balances carried out between the related party and the fund.

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 73 and 74 and notes 4, 7, 8 and 10 on pages 75 to 78 including all creations and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

HSBC Global Custody Nominee (UK) Ltd, as a material shareholder, is a related party holding units comprising 73.95% of the total net assets of the fund as at the year end (2015: 75.17%).

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:

	2016	2015
	%	%
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.

Notes to the financial statements (continued)

13 Shareholders' funds (continued)

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 56 to 57. The distribution per share class is given in the distribution tables on page 87. All share classes have the same rights on winding up.

Share reconciliation as at 31 October 2016

	Class I accumulation	Class Y accumulation	Class Z accumulation
Opening number of shares	5,241,736	9,520,438	32,876,934
Creations during the year	1,114,000	-	787,050
Cancellations during the year	(1,698,371)	-	(6,489,826)
Closing shares in issue	4,657,365	9,520,438	27,174,158

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. The prior year comparatives have been updated for consistency.

At 31 October 2016 there was no collateral pledged or collateral held in respect of derivatives for this fund (2015: nil).

2016

At 31 October 2016 the underlying exposure for each category of derivatives were as follows:

Counterparty	Forward foreign exchange contracts £000
BNP Paribas	11
UBS	1
	<u>12</u>

2015

At 31 October 2015 the underlying exposure for each category of derivatives were as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
Barclays Bank	84	-	84
UBS	-	6	6
	<u>84</u>	<u>6</u>	<u>90</u>

Notes to the financial statements (continued)

15 Stock lending

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

2016

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Barclays Bank	118	241	Government Bond
Citigroup	3,854	4,256	Equity
Deutsche Bank	417	462	Equity
JP Morgan	95	117	Equity
Merrill Lynch	85	91	Government Bond
	4,569	5,167	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	88	13	75

Notes to the financial statements (continued)

15 Stock lending (continued)

2015 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Barclays Bank	26	27	Government Bond
Citigroup	651	717	Equity
Deutsche Bank	868	1,039	Equity
Goldman Sachs	471	1,193	Government Bond
ING Bank	72	87	Equity
JP Morgan	139	146	Government Bond
Morgan Stanley	38	42	Equity
Morgan Stanley	98	105	Government Bond
	<u>136</u>	<u>147</u>	
Société Generale	63	70	Equity
	<u>2,426</u>	<u>3,426</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	36	6	30

Notes to the financial statements (continued)

16 Risk

Risks in respect of the fund's financial assets and liabilities are set out in note 3 of the aggregated notes to the financial statements.

Currency risk

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

	Investment assets including liabilities £000	Other net assets £000	Total net assets £000
2016			
Currency			
Australian dollar	48,675	987	49,662
Hong Kong dollar	24,286	470	24,756
Korean won	31,772	66	31,838
New Zealand dollar	1,755	-	1,755
Singapore dollar	8,255	167	8,422
Taiwan dollar	26,672	598	27,270
UK sterling	-	32	32
US dollar	1,198	375	1,573
Total	142,613	2,695	145,308

	Investment assets including liabilities £000	Other net assets/ (liabilities) £000	Total net assets/ (liabilities) £000
2015			
Currency			
Australian dollar	37,592	2,684	40,276
Hong Kong dollar	19,971	1,496	21,467
Korean won	27,390	1,217	28,607
New Zealand dollar	1,239	44	1,283
Singapore dollar	7,386	711	8,097
Taiwan dollar	20,726	1,397	22,123
UK sterling	5,680	(6,010)	(330)
US dollar	(1,035)	679	(356)
Total	118,949	2,218	121,167

Interest rate risk

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

Global exposure

The VaR methodology and parameters are set out in note 3 of the aggregated notes to the financial statements.

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

	Actual VaR in year			VaR Limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
2016	98.69	101.96	100.16	200	49.35	50.98	50.08
2015	98.74	102.57	100.12	200	49.37	51.29	50.06

Global exposure calculation basis: Absolute VaR.

Notes to the financial statements (continued)

16 Risk (continued)

Leverage

The level of leverage arising from the use of derivatives in the investment portfolio is disclosed in the table below as a percentage of the fund's total Net Asset Value. More detail on the disclosure is set out in note 3 of the aggregated notes to the financial statements.

	Minimum	Maximum	Average
	%	%	%
2016	0.92	10.97	3.55
2015	0.88	7.08	2.74

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
2016				
Amounts held at futures clearing house and brokers	3	-	-	-
Derivative financial liabilities	-	75	-	-
Bank overdrafts	2,802	-	-	-
Other creditors	-	568	-	-
Total	2,805	643	-	-

	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2015				
Amounts held at futures clearing house and brokers	1,373	-	-	-
Derivative financial liabilities	-	9	-	-
Bank overdrafts	2,294	-	-	-
Other creditors	-	5,793	-	-
Total	3,667	5,802	-	-

Notes to the financial statements (continued)

17 Fair value

Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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 FRS102 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

Valuation technique	2016		2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	141,346	51	118,874	1
Level 2	1,342	24	84	8
Level 3	-	-	-	-
	142,688	75	118,958	9

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2016 £000	2015 £000	2016 £000	2015 £000
Trades for the year				
Equities	6,460	19,704	21,222	39,804
Trades in the year before transactions costs	6,460	19,704	21,222	39,804
Transaction costs				
Commissions				
Equities	3	4	5	8
Total commissions	3	4	5	8
Taxes				
Equities	1	3	20	35
Total taxes	1	3	20	35
Other expenses				
Equities	-	1	10	20
Total other expenses	-	1	10	20
Total costs	4	8	35	63
Total net trades in the year after transaction costs	6,464	19,712	21,187	39,741

	Purchases		Sales	
	2016 %	2015 %	2016 %	2015 %
Total transaction cost expressed as a percentage of asset type cost				
Commissions				
Equities	0.05	0.02	0.02	0.02
Taxes				
Equities	0.02	0.02	0.09	0.09
Other expenses				
Equities	-	0.01	0.05	0.05
	2016 %	2015 %		
Total transaction cost expressed as a percentage of net asset value				
Commissions	0.01	0.01		
Taxes	0.02	0.03		
Other expenses	0.01	0.02		
Total costs	0.04	0.06		

There were no in specie transfers during the year (2015: nil). There were corporate actions of £453,876 during the year (2015: £364,097).

There were direct transaction costs associated with derivatives during the year of £5,886 (2015: £7,418) which is 0.00% of the average net asset value of the fund (2015: 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.

The portfolio dealing spread as at 31 October 2016 was 0.41% (2015: 0.43%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

Notes to the financial statements (continued)

19 Events after the Balance sheet date

On 1 November 2016, the fund's name changed from Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund to Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund. The fund's investment objectives, policies and associated risks have also been revised with effect from 1 November 2016. For further details please see the Key Investor Information Document (KIID) and the Prospectus.

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

Distribution tables for the year ended 31 October 2016 (in pence per share)

Interim dividend distribution (accounting date 30 April 2016, paid on 30 June 2016)

Group 1: shares purchased prior to 1 November 2015

Group 2: shares purchased on or after 1 November 2015

	Net revenue	Equalisation	Distribution paid 30/06/16	Distribution paid 30/06/15*
Class I accumulation				
Group 1	2.1270	-	2.1270	2.0092
Group 2	0.0287	2.0983	2.1270	2.0092
Class Y accumulation				
Group 1	2.1295	-	2.1295	2.0060
Group 2	2.1295	-	2.1295	2.0060
Class Z accumulation				
Group 1	4.0782	-	4.0782	4.1498
Group 2	1.1625	2.9157	4.0782	4.1498

* Distribution is shown net of 10% notional tax credit.

Final dividend distribution (accounting date 31 October 2016, paid on 30 December 2016)

Group 1: shares purchased prior to 1 May 2016

Group 2: shares purchased on or after 1 May 2016

	Net revenue	Equalisation	Distribution paid 30/12/16	Distribution paid 31/12/15*
Class I accumulation				
Group 1	4.6937	-	4.6937	2.9666
Group 2	4.6937	-	4.6937	2.9666
Class Y accumulation				
Group 1	4.6539	-	4.6539	2.9597
Group 2	4.6539	-	4.6539	2.9597
Class Z accumulation				
Group 1	8.0013	-	8.0013	5.5108
Group 2	3.8004	4.2009	8.0013	5.5108

* Distribution is shown net of 10% notional tax credit.

Henderson Institutional European Enhanced Equity Fund

Authorised Corporate Director's report

Investment Fund Manager

Henderson Multi Strategy Equities Team

Investment objective and policy

The fund aims to provide consistent capital growth relative to the FTSE World Europe ex UK Index (or such other index as may from time to time replace it) through investing primarily in European companies. There are no restrictions on the size of the companies in which the fund may invest.

The fund aims to provide an annual return above that of the FTSE World Europe ex UK Index, whilst controlling risk. The fund will invest primarily in European companies included within the FTSE World Europe ex UK Index. Additionally, the fund can invest in companies listed on other exchanges which are associated with FTSE World Europe ex UK Index listed shares or other European companies.

The fund will not attempt to replicate identically the share composition of the FTSE World Europe ex UK Index, and the Fund Manager will actively review the shares within the portfolio, and effect adjustments as necessary in order to achieve the investment objective.

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

Performance summary

	31 Oct 15 - 31 Oct 16	31 Oct 14 - 31 Oct 15	31 Oct 13 - 31 Oct 14	31 Oct 12 - 31 Oct 13	31 Oct 11 - 31 Oct 12
	%	%	%	%	%
Henderson Institutional European Enhanced Equity Fund*	20.3	6.1	(0.5)	33.5	6.1
FTSE Custom World Europe Dev ex UK Index**	18.9	5.2	(1.2)	32.5	5.2

Source: Henderson Global Investors & FTSE

* 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).

Figures in brackets are negative

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 2016

Largest purchases	£000	Largest sales	£000
Air Liquide	3,266	Volkswagen	4,154
Fugro 4% 26/10/2021	2,322	Telefonica 6% 24/07/2017	3,896
Atlas Copco 'B'	2,042	Air Liquide	3,381
Telefonica	1,799	Nestlé	2,857
Unilever	1,635	Unilever	2,575
Novartis	1,635	Telefonica	2,477
A.P. Moller-Maersk 'A'	1,456	Atlas Copco 'A'	2,066
Evonik	1,420	Roche Holdings	2,065
Kuoni Reisen 'B'	1,254	Bayer	1,848
Gategroup	1,215	Novartis	1,820
Total purchases	71,083	Total sales	117,133

Investment review

The fund outperformed its benchmark over the year to October 2016, with all four strategies contributing positively to this outperformance.

The Liquidity strategy performed well, mainly driven by the higher discounts obtained on issuance in Europe given the pick-up in volatility (sharper fluctuations in prices). Activity levels were lower than usual as political events took focus. Compensating for this, however, we received a greater risk premium for taking on inventory, evidenced by the high hit rate achieved. We believe that the backlog of issuance is high; however, with notable political events on the near-term horizon, issuance windows may be short into the end of the year, seeing some transactions pushed into 2017. Notable contributions came from the initial public offering of Philips Lighting, which was priced at a very conservative valuation and proceeded to trade well in the aftermarket, outperforming by 12%.

Within the Fundamental strategy, our position in Norwegian insurer Storebrand benefited from further cost-cutting and the regulator's approval of the use of transition rules in the move towards Solvency II. With improved cost savings helping to boost the capital position, expectations are growing on the re-introduction of a dividend. We have been reducing the position into this strength. Arkema continued to make good progress with its self-help story and successful integration of Bostik, thus boosting free cash flow and leading to earnings upgrades throughout the year. Our long-term holding in Adidas saw a recovery in its Adidas and Reebok brands, along with the announcement of a new chief executive officer. Given the strong performance and now high expectations on margin expansion, we exited the position. On the downside, Sanofi disappointed the market with weak sales guidance, particularly in the diabetes franchise.

The return from our Relative Value strategy was driven primarily by our convertible bond positions. The primary market was busy, as new debt issuers were attracted by the low interest rate environment. We participated in several deals, including video-game producer Ubisoft, which issued €400m worth of bonds, partially to fund a buy back in the stock. Geological data company Fugro was another profitable position, as the company improved the terms after sounding out investors. The standout performer from our mandatory bonds was the exchangeable issued by Spanish company Telefonica into Telecom Italia shares. The bond richened at the start of the year and we trimmed our position into this strength.

The Event Driven strategy had a positive year, with the bulk of gains coming from the merger arbitrage sub-strategy as a host of deals completed in the year. Mylan successfully completed the acquisition of Meda for \$7.2bn in a cash and stock deal, after previously failing back in 2014. This time, the deal had the full support of the Meda board and the two largest shareholders, Stena and Fidim. The deal closed after receiving all the required regulatory approvals and obtaining the 90% acceptance from Meda shareholders. On the downside, the Chinese bidders for Opera Software decided not to extend the deadline to seek all the required government clearances (the Committee on Foreign Investment in the United States and China's State Administration of Foreign Exchange) and therefore, the takeover collapsed. The consortium did, however, agree to buy some of Opera's assets for \$600m. Despite the collapse of the takeover, we decided to keep the position as we believe the valuation appeared inexpensive after the asset sale and capital return, with the shares having already recovered from the initial setback.

Comparative tables for the year ended 31 October 2016

	Class I accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	122.71	116.38	117.84
Return before operating charges*	25.11	7.32	(0.51)
Operating charges	(1.02)	(0.99)	(0.95)
Return after operating charges*	24.09	6.33	(1.46)
Distributions on accumulation shares	(3.25)	(2.90)	(2.69)
Retained distributions on accumulation shares	3.25	2.90	2.69
Closing net asset value per share	146.80	122.71	116.38
* after direct transaction costs of:	-	-	0.04
Performance			
Return after charges	19.63%	5.44%	(1.24%)
Other information			
Closing net asset value (£000s)	11,041	9,163	11,969
Closing number of shares	7,520,677	7,466,611	10,284,671
Operating charges	0.80%	0.80%	0.80%
Direct transaction costs	0.00%	0.00%	0.04%
Prices			
Highest share price (pence)	148.48	134.84	125.17
Lowest share price (pence)	110.48	114.26	107.09
	Class Y accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	168.82	160.13	162.15
Return before operating charges*	34.55	10.06	(0.71)
Operating charges	(1.41)	(1.37)	(1.31)
Return after operating charges*	33.14	8.69	(2.02)
Distributions on accumulation shares	(4.47)	(3.99)	(3.69)
Retained distributions on accumulation shares	4.47	3.99	3.69
Closing net asset value per share	201.96	168.82	160.13
* after direct transaction costs of:	-	-	0.06
Performance			
Return after charges	19.63%	5.43%	(1.25%)
Other information			
Closing net asset value (£000s)	51,569	43,107	40,887
Closing number of shares	25,534,280	25,534,280	25,534,280
Operating charges	0.80%	0.80%	0.80%
Direct transaction costs	0.00%	0.00%	0.04%
Prices			
Highest share price (pence)	204.28	185.50	172.23
Lowest share price (pence)	151.99	157.19	147.32

Comparative tables (continued)

Class Z accumulation

	2016	2015	2014
	(pence	(pence	(pence
	per share)	per share)	per share)
Change in net assets per share			
Opening net asset value per share	176.33	166.23	167.27
Return before operating charges*	35.95	10.19	(0.96)
Operating charges	(0.07)	(0.09)	(0.08)
Return after operating charges*	35.88	10.10	(1.04)
Distributions on accumulation shares	(5.79)	(5.23)	(4.84)
Retained distributions on accumulation shares	5.79	5.23	4.84
Closing net asset value per share	212.21	176.33	166.23
* after direct transaction costs of:	-	-	0.06

Performance

Return after charges	20.35%	6.08%	(0.62%)
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Other information

Closing net asset value (£000s)	371,655	361,602	372,487
Closing number of shares	175,136,923	205,076,932	224,083,048
Operating charges	0.04%	0.05%	0.05%
Direct transaction costs	0.00%	0.00%	0.04%

Prices

Highest share price (pence)	214.57	193.10	178.45
Lowest share price (pence)	159.01	163.78	152.91

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.

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.

	2016 %	2015 %
Class I	0.80	0.80
Class Y	0.80	0.80
Class Z	0.04	0.05

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

Risk and reward profile

The fund currently has 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 fund's risk level reflects the following:

- The fund focuses on a single region
- As a category, shares are, in general, more volatile than either bonds or money market instruments
- The fund invests in a broad range of securities and countries and uses a broad range of strategies
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

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

There have been no changes in the risk rating 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 2016

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 87.92% (2015: 94.51%)		
	Austria 0.54% (2015: 0.48%)		
	Basic Materials 0.09% (2015: 0.07%)		
12,723	Voestalpine	370	0.09
	Financials 0.30% (2015: 0.27%)		
31,808	Erste Bank	821	0.18
58,628	Immoeast~	-	-
12,096	Raiffeisen Bank	164	0.04
67,710	Uniqa Insurance	357	0.08
		1,342	0.30
	Industrials 0.07% (2015: 0.07%)		
7,283	Andritz	310	0.07
	Oil & Gas 0.08% (2015: 0.07%)		
12,780	OMV	326	0.08
	Belgium 2.97% (2015: 3.10%)		
	Basic Materials 0.26% (2015: 0.15%)		
6,632	Solvay	623	0.15
9,932	Umicore	493	0.11
		1,116	0.26
	Consumer Goods 1.71% (2015: 1.64%)		
79,473	Anheuser-Busch InBev	7,460	1.71
64,992	Anheuser-Busch InBev WPR*	-	-
		7,460	1.71
	Consumer Services 0.13% (2015: 0.29%)		
6,755	Colruyt	297	0.07
5,722	Telenet	250	0.06
		547	0.13
	Financials 0.63% (2015: 0.67%)		
2,668	Ackermans & van Haaren	302	0.07
19,936	Ageas	596	0.14
5,441	Groupe Bruxelles Lambert	382	0.09
35,815	KBC Ancora	1,106	0.25
1,973	KBC Bank	98	0.02
2,136	Sofina	244	0.06
		2,728	0.63
	Health Care 0.14% (2015: 0.20%)		
11,299	UCB	626	0.14
	Industrials 0.06% (2015: 0.05%)		
11,873	Bpost	258	0.06
	Telecommunications 0.04% (2015: 0.10%)		
6,830	Belgacom	160	0.04

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Denmark 4.11% (2015: 3.93%)			
Consumer Goods 0.55% (2015: 0.38%)			
10,862	Carlsberg	802	0.18
10,481	Pandora	1,120	0.26
33,447	Scandinavian Tobacco	473	0.11
		2,395	0.55
Financials 0.53% (2015: 0.45%)			
72,891	Danske Bank	1,837	0.42
8,424	Jyske Bank	313	0.07
10,380	Tryg	166	0.04
		2,316	0.53
Health Care 1.89% (2015: 2.25%)			
7,777	Bavarian Nordic	216	0.05
9,736	Chr. Hansen	478	0.11
7,962	Coloplast	456	0.10
5,761	Genmab	778	0.19
5,124	Lundbeck	135	0.03
186,285	Novo Nordisk 'B'	5,439	1.26
21,698	Novozymes	659	0.15
		8,161	1.89
Industrials 0.68% (2015: 0.54%)			
1,331	A.P. Moller-Maersk 'A'	1,591	0.36
16,133	DSV	641	0.15
20,041	ISS	643	0.15
1,559	NKT	86	0.02
		2,961	0.68
Oil & Gas 0.31% (2015: 0.24%)			
20,509	Vestas Wind Systems	1,345	0.31
Telecommunications 0.09% (2015: 0.07%)			
86,541	TDC	392	0.09
Utilities 0.06% (2015: 0.00%)			
8,180	Dong Energy	265	0.06
Finland 2.26% (2015: 1.52%)			
Basic Materials 0.29% (2015: 0.28%)			
37,952	Stora Enso	294	0.07
51,281	UPM-Kymmene	977	0.22
		1,271	0.29
Consumer Goods 0.04% (2015: 0.09%)			
6,581	Nokian Renkaat	180	0.04

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Consumer Services 0.08% (2015: 0.04%)		
8,324	Kesko	338	0.08
	Financials 0.39% (2015: 0.40%)		
45,439	Sampo	1,708	0.39
	Health Care 0.00% (2015: 0.00%)		
29	Orion 'B'	1	-
	Industrials 0.61% (2015: 0.43%)		
8,652	Huhtamaki	285	0.07
39,232	Kone	1,474	0.34
11,286	Metso	242	0.06
16,943	Wartsila	601	0.14
		2,602	0.61
	Oil & Gas 0.09% (2015: 0.03%)		
11,416	Neste Oil	402	0.09
	Technology 0.53% (2015: 0.00%)		
632,998	Nokia	2,316	0.53
	Telecommunications 0.08% (2015: 0.14%)		
12,863	Elisa	355	0.08
	Utilities 0.15% (2015: 0.11%)		
48,012	Fortum	654	0.15
	France 21.92% (2015: 21.28%)		
	Basic Materials 0.86% (2015: 0.91%)		
3,684	Air Liquide	307	0.07
34,171	Air Liquide (Prime de Fidélité)	2,844	0.66
5,263	Arkema	408	0.09
3,270	Imerys	185	0.04
		3,744	0.86
	Consumer Goods 4.49% (2015: 4.14%)		
2,972	BIC	336	0.08
6,151	Christian Dior	970	0.22
57,453	Danone	3,253	0.75
6,544	Faurecia	197	0.05
1,922	Hermes International	637	0.15
1,036	L'Oréal	152	0.03
23,359	L'Oréal (Prime de Fidélité)	3,420	0.79
24,045	LVMH	3,574	0.82
17,004	Michelin	1,506	0.35
21,762	Pernod-Ricard	2,117	0.49
35,838	Peugeot	439	0.10
3,843	Remy Cointreau	255	0.06
17,862	Renault	1,268	0.29
2,907	SEB	349	0.08
21,054	Valeo	992	0.23
		19,465	4.49

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Services 1.56% (2015: 1.70%)			
20,580	Accor	639	0.15
51,416	Carrefour	1,103	0.25
5,546	Casino Guichard Perrachon	226	0.05
18,087	Eutelsat Communications	310	0.07
7,641	JC Decaux International	191	0.04
6,826	Kering	1,237	0.28
12,484	Lagardère	260	0.06
21,255	Publicis	1,192	0.27
98,621	Vivendi	1,630	0.39
		<hr/>	<hr/>
		6,788	1.56
Financials 3.81% (2015: 3.92%)			
7,910	Amundi	317	0.07
195,452	AXA	3,604	0.83
92,722	BNP Paribas	4,400	1.02
4,755	CNP Assurances	67	0.02
9,444	Credit Agricole	83	0.02
107,891	Credit Agricole (Prime de Fidélité)	952	0.22
3,788	Credit Agricole (Prime de Fidélité 2018)	33	0.01
2,086	Euler Hermes	148	0.03
4,037	Foncière des Régions	289	0.07
4,706	Gecina	561	0.13
2,507	Icade	147	0.03
20,045	Klepierre	670	0.15
98,679	Natixis Banques Populaire	408	0.09
15,478	SCOR	410	0.09
74,354	Société Générale	2,374	0.55
10,059	Unibail-Rodamco	1,960	0.45
1,350	Wendel Investissement	127	0.03
		<hr/>	<hr/>
		16,550	3.81
Health Care 2.26% (2015: 2.51%)			
1,190	Biomerieux	142	0.03
19,530	Essilor International	1,796	0.41
2,828	Ipsen	160	0.04
4,515	Orpea	307	0.07
113,019	Sanofi	7,199	1.66
3,893	Sartorius Stedim Biotech	215	0.05
		<hr/>	<hr/>
		9,819	2.26
Industrials 4.30% (2015: 3.73%)			
2,644	Aéroports de Paris	218	0.05
60,782	Airbus	2,956	0.69
15,065	Alstom	331	0.08
105,041	Bolloré	283	0.07
707	Bolloré	2	-
19,032	Bouygues	508	0.12
23,216	Bureau Veritas	359	0.08
48,769	Compagnie de St Gobain	1,771	0.41
26,164	Edenred	495	0.11
4,823	Eiffage	292	0.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Industrials (continued)			
18,186	Elis	246	0.06
5,887	Eurazeo	277	0.06
40,350	Eurotunnel	309	0.07
28,364	Legrand	1,311	0.30
26,324	Rexel	299	0.07
30,134	Safran	1,695	0.39
52,415	Schneider Electric	2,877	0.66
6,126	Teleperformance	529	0.12
11,391	Thales	877	0.20
44,063	Vinci	2,610	0.60
19,277	Zodiac Aerospace	383	0.09
		<u>18,628</u>	<u>4.30</u>
Oil & Gas 2.36% (2015: 2.00%)			
9,392	Sodexo (Prime de Fidélité)	892	0.21
10,335	Technip	560	0.13
224,638	Total	8,817	2.02
		<u>10,269</u>	<u>2.36</u>
Technology 0.89% (2015: 0.97%)			
8,867	Atos Origin	753	0.17
16,696	Capgemini	1,131	0.27
13,212	Dassault Systèmes	856	0.20
2,615	Iliad	449	0.10
5,463	Ingenico	354	0.08
41,153	STMicroelectronics	321	0.07
		<u>3,864</u>	<u>0.89</u>
Telecommunications 0.60% (2015: 0.56%)			
203,054	Orange	2,615	0.60
Utilities 0.79% (2015: 0.84%)			
17,435	EDF	160	0.04
17,102	Électricité de France	157	0.04
155,946	Engie (Prime de Fidélité 2017)	1,839	0.41
36,446	Suez Environnement	472	0.11
46,017	Veolia Environnement	821	0.19
		<u>3,449</u>	<u>0.79</u>
Germany 8.28% (2015: 8.98%)			
Basic Materials 1.96% (2015: 2.08%)			
28,072	BASF	2,029	0.48
24,509	Bayer	1,989	0.46
14,737	Brenntag	644	0.15
7,695	Covestro	371	0.09
24,657	Evonik	629	0.14
4,212	Fuchs Petrolub	136	0.03
6,435	Fuchs Petrolub Non-Voting Preference Shares	235	0.05
21,769	K & S	359	0.08
9,867	Lanxess	516	0.12

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Basic Materials (continued)			
6,039	Linde	815	0.19
12,936	Symrise	724	0.17
		<u>8,447</u>	<u>1.96</u>
Consumer Goods 1.92% (2015: 1.83%)			
6,764	Adidas	908	0.21
3,035	Beiersdorf	219	0.05
8,359	BMW	597	0.14
5,876	BMW Non-Voting Preference Shares	364	0.08
2,054	Continental	322	0.07
23,837	DaimlerChrysler	1,390	0.32
22,760	Henkel	2,044	0.47
6,528	Hugo Boss	336	0.08
10,223	Osram	474	0.11
12,952	Porsche Automobil Holdings	572	0.13
6,949	Suedzucker	146	0.03
3,783	Volkswagen	462	0.11
4,615	Volkswagen Non-Voting Preference	520	0.12
		<u>8,354</u>	<u>1.92</u>
Consumer Services 0.32% (2015: 0.51%)			
5,758	Axel Springer	235	0.05
13,948	Deutsche Lufthansa	146	0.03
998	Fielmann	57	0.01
11,285	Metro	276	0.06
6,915	ProSiebenSat.1 Media	244	0.06
12,254	Zalando	437	0.11
		<u>1,395</u>	<u>0.32</u>
Financials 1.32% (2015: 1.58%)			
14,450	Allianz	1,846	0.41
21,261	Commerzbank	118	0.03
51,018	Deutsche Bank	604	0.14
7,211	Deutsche Boerse (Tender)	458	0.11
27,600	Deutsche Wohnen	736	0.17
867	Hannover Rueckversicherungs	79	0.02
7,059	LEG Immobilien	485	0.11
3,249	Munchener Ruckvers	517	0.12
11,349	Rocket Internet	201	0.05
7,344	Talanx	186	0.04
17,410	Vonovia	501	0.12
		<u>5,731</u>	<u>1.32</u>
Health Care 0.24% (2015: 0.35%)			
6,043	Fresenius	366	0.08
7,093	Fresenius Medical Care	473	0.11
2,558	Merck	215	0.05
		<u>1,054</u>	<u>0.24</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
 Industrials 1.40% (2015: 1.44%) 			
29,500	Deutsche Post	749	0.17
5,000	Fraport	243	0.06
15,392	GEA	488	0.11
3,026	HeidelbergCement	235	0.05
3,099	Hochtief	346	0.08
7,655	Kion	378	0.09
4,555	Man	381	0.09
6,067	MTU Aero Engines	519	0.12
524	Rational	222	0.05
1,896	Sartorius	122	0.03
19,299	Siemens	1,798	0.41
4,816	Thyssenkrupp	91	0.02
13,582	Wirecard	527	0.12
		6,099	1.40
 Technology 0.52% (2015: 0.61%) 			
20,416	Infineon Technologies	300	0.07
21,267	SAP	1,536	0.35
12,513	United Internet	420	0.10
		2,256	0.52
 Telecommunications 0.33% (2015: 0.43%) 			
93,088	Deutsche Telekom	1,242	0.28
64,914	Telefonica Deutschland	206	0.05
		1,448	0.33
 Utilities 0.27% (2015: 0.15%) 			
60,705	E.ON	365	0.08
14,089	Innogy	458	0.10
8,474	RWE	110	0.03
20,552	RWE Non-Voting Preference Shares	194	0.04
6,070	Uniper	66	0.02
		1,193	0.27
 Greece 0.00% (2015: 0.10%) 			
 Consumer Services 0.00% (2015: 0.03%) 			
 Financials 0.00% (2015: 0.03%) 			
382,000	National Bank of Greece (Warrants)	2	-
382,000	Piraeus Bank (Warrants)^	-	-
		2	-
 Telecommunications 0.00% (2015: 0.04%) 			
 Ireland 0.20% (2015: 0.37%) 			
 Consumer Goods 0.08% (2015: 0.06%) 			
18,805	Glanbia	250	0.06
1,611	Kerry	96	0.02
		346	0.08

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials 0.12% (2015: 0.19%)			
108,059	Anglo Irish Bank~	-	-
2,994,282	Bank of Ireland	524	0.12
		<u>524</u>	<u>0.12</u>
Industrials 0.00% (2015: 0.12%)			
Italy 4.40% (2015: 5.24%)			
Consumer Goods 0.39% (2015: 0.40%)			
33,802	Davide Campari	278	0.06
14,585	Ferrari	628	0.14
18,823	Luxottica	766	0.18
1,811	Moncler	25	0.01
		<u>1,697</u>	<u>0.39</u>
Consumer Services 0.04% (2015: 0.06%)			
74,306	Mediaset	174	0.04
		<u>174</u>	<u>0.04</u>
Financials 1.58% (2015: 2.45%)			
139,364	Assicurazioni Generali	1,471	0.34
29,836	Banca Mediolanum	169	0.04
9,649	Exor	335	0.08
42,487	FinecoBank	203	0.05
1,148,309	Intesa Sanpaolo	2,172	0.50
100,532	Intesa Sanpaolo di Risp	178	0.04
53,869	Mediobanca	323	0.07
92,648	Poste Italiane	505	0.12
563,110	UniCredit	1,142	0.26
93,275	Unione di Banche Italiane	210	0.05
96,881	UnipolSai Assicurazioni	151	0.03
		<u>6,859</u>	<u>1.58</u>
Health Care 0.05% (2015: 0.00%)			
9,771	Recordati	226	0.05
		<u>226</u>	<u>0.05</u>
Industrials 0.43% (2015: 0.39%)			
49,849	Atlantia	997	0.23
41,847	Enav	128	0.03
44,488	Finmeccanica	443	0.10
15,101	Prysmian	307	0.07
		<u>1,875</u>	<u>0.43</u>
Oil & Gas 0.72% (2015: 0.74%)			
241,949	ENI	2,870	0.67
704,214	Saipem	237	0.05
		<u>3,107</u>	<u>0.72</u>
Telecommunications 0.08% (2015: 0.12%)			
605,377	Telecom Italia di Risp	351	0.08
		<u>351</u>	<u>0.08</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Utilities 1.11% (2015: 1.08%)			
28,650	Endesa	498	0.11
752,477	Enel	2,649	0.62
250,652	Snam Rete Gas	1,081	0.25
145,379	Terna	582	0.13
		<u>4,810</u>	<u>1.11</u>
Luxembourg 0.69% (2015: 0.52%)			
Basic Materials 0.31% (2015: 0.18%)			
148,825	ArcelorMittal	821	0.18
48,328	Tenaris	559	0.13
		<u>1,380</u>	<u>0.31</u>
Consumer Services 0.25% (2015: 0.31%)			
11,975	Numericable	264	0.06
4,576	RTL	292	0.07
28,730	SES	539	0.12
		<u>1,095</u>	<u>0.25</u>
Health Care 0.08% (2015: 0.00%)			
906	Eurofins Scientific	336	0.08
Industrials 0.05% (2015: 0.00%)			
42,403	Ahlsell	202	0.05
Telecommunications 0.00% (2015: 0.03%)			
Netherlands 5.19% (2015: 5.01%)			
Basic Materials 0.62% (2015: 0.65%)			
26,571	Akzo Nobel	1,404	0.32
15,800	Koninklijke DSM	831	0.19
40,759	OCI	461	0.11
		<u>2,696</u>	<u>0.62</u>
Consumer Goods 0.38% (2015: 0.38%)			
15,042	Heineken	1,013	0.24
9,882	Heineken Holdings	622	0.14
		<u>1,635</u>	<u>0.38</u>
Consumer Services 0.74% (2015: 0.49%)			
119,876	Koninklijke Ahold Delhaize	2,236	0.52
30,414	Wolters Kluwer	962	0.22
		<u>3,198</u>	<u>0.74</u>
Financials 1.37% (2015: 1.43%)			
24,355	ABN AMRO	460	0.11
191,541	Aegon	675	0.16
371,158	ING	3,997	0.91
34,043	NN	839	0.19
		<u>5,971</u>	<u>1.37</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Industrials 0.85% (2015: 1.03%)			
11,108	Boskalis Westminster	293	0.07
107,086	Koninklijke Philips	2,640	0.61
10,983	Randstad	463	0.11
6,700	Vopak	277	0.06
		<u>3,673</u>	<u>0.85</u>
Technology 0.79% (2015: 0.69%)			
35,040	ASML Holdings	3,036	0.70
8,612	Gemalto	383	0.09
		<u>3,419</u>	<u>0.79</u>
Telecommunications 0.44% (2015: 0.34%)			
17,681	Altice 'A'	266	0.06
52,636	Altice 'B'	797	0.18
325,372	Koninklijke KPN	868	0.20
		<u>1,931</u>	<u>0.44</u>
Norway 1.71% (2015: 1.47%)			
Basic Materials 0.23% (2015: 0.23%)			
155,141	Norsk Hydro	569	0.13
15,208	Yara International	441	0.10
		<u>1,010</u>	<u>0.23</u>
Consumer Goods 0.28% (2015: 0.19%)			
33,972	Marine Harvest	505	0.12
89,903	Orkla 'A'	697	0.16
		<u>1,202</u>	<u>0.28</u>
Consumer Services 0.06% (2015: 0.10%)			
3,889	Schibsted	76	0.02
10,375	Schibsted 'B'	192	0.04
		<u>268</u>	<u>0.06</u>
Financials 0.42% (2015: 0.40%)			
90,596	DNB	1,074	0.25
14,831	Gjensidige Forsikring	218	0.05
6,734	Nets	105	0.02
99,954	Storebrand	421	0.10
		<u>1,818</u>	<u>0.42</u>
Health Care 0.05% (2015: 0.00%)			
14,360	William Demant	219	0.05
Oil & Gas 0.29% (2015: 0.32%)			
92,368	Statoil	1,241	0.29
Technology 0.17% (2015: 0.02%)			
125,765	Opera Software	718	0.17

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Telecommunications 0.21% (2015: 0.21%)			
71,431	Telenor	932	0.21
Portugal 0.35% (2015: 0.31%)			
Consumer Services 0.10% (2015: 0.07%)			
30,000	Jeronimo Martins	422	0.10
Financials 0.00% (2015: 0.04%)			
336,000	Banco Espirito Santo~	-	-
Oil & Gas 0.12% (2015: 0.08%)			
46,029	Galp Energia	510	0.12
Utilities 0.13% (2015: 0.12%)			
11,440	EDP Renovaveis	71	0.02
195,110	Energias de Portugal	526	0.11
		597	0.13
Spain 6.35% (2015: 6.32%)			
Basic Materials 0.04% (2015: 0.03%)			
17,436	Acerinox	175	0.04
Consumer Services 0.78% (2015: 0.81%)			
36,985	Distribuidora Internacional de Alimentacion	162	0.04
104,172	Inditex	2,979	0.69
25,335	Mediaset Espanamunicacion	231	0.05
		3,372	0.78
Financials 2.73% (2015: 3.02%)			
654,912	Banco Bilbao Vizcaya Argentaria	3,866	0.89
493,847	Banco de Sabadell	541	0.12
355,050	Banco Popular Espanol	318	0.07
1,359,657	Banco Santander	5,465	1.27
1,461,530	Banco Santander (Rights)	67	0.02
536,376	Bankia	386	0.09
56,580	Bankinter	354	0.08
233,785	Caixabank	579	0.13
114,773	Mapfre	279	0.06
		11,855	2.73
Health Care 0.21% (2015: 0.22%)			
48,900	Grifols ADR	572	0.13
28,184	Grifols 'B' Preference Shares	333	0.08
		905	0.21
Industrials 1.08% (2015: 0.90%)			
62,187	Abertis Infraestructuras	755	0.17
3,000	Acciona	187	0.04
16,102	ACS Actividades	404	0.09

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
 Industrials (continued)			
6,480	Aena	778	0.18
40,289	Amadeus IT Holdings	1,556	0.37
52,739	Ferrovial	839	0.19
52,739	Ferrovial (Rights)	18	-
22,056	Zardoya Otis	152	0.04
		4,689	1.08
 Oil & Gas 0.41% (2015: 0.00%)			
24,016	Gamesa Corporacion Tecnologica	454	0.10
115,561	Repsol	1,324	0.31
		1,778	0.41
 Telecommunications 0.02% (2015: 0.23%)			
11,580	Telefonica	96	0.02
 Utilities 1.08% (2015: 1.11%)			
23,947	Enagas	562	0.13
20,830	Gas Natural	336	0.08
558,090	Iberdrola	3,111	0.71
41,000	Red Electrica	700	0.16
		4,709	1.08
 Sweden 6.48% (2015: 6.48%)			
 Basic Materials 0.12% (2015: 0.10%)			
26,956	Boliden	513	0.12
 Consumer Goods 0.67% (2015: 0.61%)			
4,336	Autoliv	342	0.08
17,298	Electrolux Series 'B'	336	0.08
29,873	Husqvarna 'B'	184	0.04
63,659	Svenska Cellulosa 'B'	1,479	0.34
19,400	Swedish Match	552	0.13
		2,893	0.67
 Consumer Services 0.58% (2015: 0.62%)			
83,060	Hennes & Mauritz 'B'	1,912	0.44
8,289	ICA Gruppen	211	0.05
17,515	Modern Times	387	0.09
		2,510	0.58
 Financials 2.34% (2015: 2.15%)			
7,264	Fastighets Balder 'B'	135	0.03
14,472	Industrivarden	211	0.05
22,777	Industrivarden 'A'	354	0.08
42,374	Investor 'B'	1,231	0.28
26,499	Kinnevik 'B'	547	0.13
323,489	Nordea Bank	2,785	0.63
137,579	Skandinaviska Enskilda Banken 'A'	1,139	0.26
151,522	Svenska Handelsbanken 'A'	1,696	0.39
110,338	Swedbank 'A'	2,123	0.49
		10,221	2.34

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Health Care 0.12% (2015: 0.25%)			
16,118	Getinge 'B'	216	0.05
34,079	Swedish Orphan Biovitrum	287	0.07
		<u>503</u>	<u>0.12</u>
Industrials 1.89% (2015: 1.73%)			
20,147	Alfa Laval	237	0.05
94,208	Assa Abloy 'B'	1,404	0.32
9,114	Atlas Copco 'A'	219	0.05
97,508	Atlas Copco 'B'	2,090	0.48
103,108	Sandvik	960	0.22
33,661	Securitas 'B'	425	0.10
36,857	Skanska	656	0.15
39,653	SKF 'B'	550	0.13
19,044	Trelleborg 'B'	273	0.06
162,214	Volvo 'B'	1,425	0.33
		<u>8,239</u>	<u>1.89</u>
Oil & Gas 0.06% (2015: 0.06%)			
16,214	Lundin	239	0.06
Technology 0.44% (2015: 0.65%)			
290,728	Ericsson 'B'	1,155	0.27
25,741	Hexagon	739	0.17
		<u>1,894</u>	<u>0.44</u>
Telecommunications 0.26% (2015: 0.31%)			
30,824	Tele2 'B'	208	0.05
30,824	Tele2 'B' (Rights)	8	-
274,210	Teliasonera	898	0.21
		<u>1,114</u>	<u>0.26</u>
Switzerland 20.60% (2015: 20.62%)			
Basic Materials 1.18% (2015: 0.98%)			
22,546	Clariant	306	0.07
765	EMS-Chemie	315	0.07
923	Givaudan	1,464	0.34
9,308	Syngenta	3,049	0.70
		<u>5,134</u>	<u>1.18</u>
Consumer Goods 5.41% (2015: 5.58%)			
9,899	Aryzta	356	0.08
241	Barry Callebaut	246	0.06
56,439	CIE Financiere Richemont 'A'	2,973	0.68
10	Lindt & Spruengli	509	0.12
106	Lindt & Spruengli Participating Certificate	451	0.10
302,068	Nestlé	17,952	4.14
4,581	Swatch	216	0.05
3,184	Swatch 'I'	785	0.18
		<u>23,488</u>	<u>5.41</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Services 0.47% (2015: 0.20%)			
5,048	Dufry	503	0.12
333	Galenica	274	0.06
29,795	gategroup	1,283	0.29
		<u>2,060</u>	<u>0.47</u>
Financials 3.68% (2015: 4.04%)			
5,159	Baloise Holdings	520	0.12
401	Banque Cantonale Vaudoise	206	0.05
201,476	Credit Suisse	2,306	0.53
715	Helvetia	305	0.07
26,093	Julius Baer	867	0.20
2,438	Pargesa	134	0.03
1,686	Partners	700	0.16
2,769	PSP Swiss Property	203	0.05
2,890	Swiss Life	627	0.14
5,709	Swiss Prime Site	388	0.09
31,419	Swiss Reinsurance	2,392	0.55
360,733	UBS	4,179	0.96
14,730	Zurich Insurance	3,159	0.73
		<u>15,986</u>	<u>3.68</u>
Health Care 7.00% (2015: 7.36%)			
9,615	Actelion	1,139	0.26
5,526	Lonza	855	0.20
237,969	Novartis	13,876	3.20
2,932	Roche	559	0.13
68,565	Roche Holdings	12,920	2.98
6,026	Sonova	662	0.15
1,059	Straumann	326	0.08
		<u>30,337</u>	<u>7.00</u>
Industrials 2.60% (2015: 2.26%)			
190,330	ABB	3,216	0.73
23,734	Adecco	1,156	0.27
2,896	DKSH Holdings	164	0.04
1,681	Flughafen Zurich 'A'	253	0.06
3,457	Geberit	1,199	0.28
48,394	Holcim	2,118	0.48
3,952	Kuehne Nagel	439	0.10
2,770	Schindler	419	0.10
3,334	Schindler Participating Certificates	508	0.12
519	SGS	862	0.20
189	Sika	745	0.17
3,460	VAT	231	0.05
		<u>11,310</u>	<u>2.60</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Telecommunications 0.26% (2015: 0.20%)		
3,986	Sunrise Communications	223	0.05
2,422	Swisscom	908	0.21
		<u>1,131</u>	<u>0.26</u>
	United Kingdom 1.67% (2015: 1.88%)		
	Consumer Goods 1.26% (2015: 1.45%)		
100,160	Fiat Chrysler Automobiles	599	0.14
141,566	Unilever	4,853	1.12
		<u>5,452</u>	<u>1.26</u>
	Consumer Services 0.31% (2015: 0.30%)		
98,831	RELX	1,362	0.31
	Industrials 0.10% (2015: 0.11%)		
66,732	CNH Industrial	424	0.10
	Oil & Gas 0.00% (2015: 0.02%)		
	United States 0.20% (2015: 0.24%)		
	Health Care 0.15% (2015: 0.11%)		
6,840	Mylan	204	0.05
22,691	Qiagen	456	0.10
		<u>660</u>	<u>0.15</u>
	Oil & Gas 0.00% (2015: 0.08%)		
	Technology 0.05% (2015: 0.05%)		
7,893	Scout24	222	0.05
	Bonds 2.53% (2015: 6.12%)		
	Austria 0.00% (2015: 0.37%)		
	Fixed Rate Bond 0.00% (2015: 0.37%)		
	Finland 0.00% (2015: 0.54%)		
	Asset Backed 0.00% (2015: 0.54%)		
	France 0.00% (2015: 0.02%)		
	Fixed Rate Bond 0.00% (2015: 0.02%)		
	Germany 0.00% (2015: 1.11%)		
	Fixed Rate Bond 0.00% (2015: 1.11%)		
	Italy 0.95% (2015: 2.36%)		
	Fixed Rate Bond 0.95% (2015: 2.36%)		
EUR 4,500,000	Telecom Italia Finance 6.125% 15/11/2016	4,131	0.95
	Netherlands 0.27% (2015: 0.00%)		
	Fixed Rate Bond 0.27% (2015: 0.00%)		
EUR 1,200,000	Fugro 4% 26/10/2021	1,168	0.27

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Spain 1.01% (2015: 1.47%)		
	Fixed Rate Bond 1.01% (2015: 1.47%)		
EUR 5,600,000	Telefonica Participacion 4.9% 25/09/2017	4,400	1.01
	Sweden 0.30% (2015: 0.25%)		
	Fixed Rate Bond 0.30% (2015: 0.25%)		
SEK 16,000,000	SAS 3.625% 01/04/2019	1,301	0.30
	Derivatives 0.20% (2015: 0.57%)		
	Contracts for Difference (0.05%) (2015: 0.00%)		
	Cross Currency Contracts for Difference (0.03%) (2015: 0.00%)		
807	Syngenta	(26)	(0.01)
3,418	Syngenta	(74)	(0.02)
11,775	Unilever	(16)	-
		(116)	(0.03)
	Equity Contracts for Difference (0.02%) (2015: 0.03%)		
1,450	Airbus	(1)	-
5,284	Arkema	17	-
(3,854)	Cargemini	40	0.01
(45,676)	Fugro	(21)	-
(20,014)	GDF Suez	4	-
(2,500)	Henkel	7	-
56,543	Intesa Sanpaolo	6	-
(59,056)	Intesa Sanpaolo	(5)	-
11,511	Kerry 'A'	(63)	(0.01)
2,280	Renault	5	-
31,173	Ryanair	18	-
10,089	Sanofi-Aventis	20	-
(223,459)	SAS	28	0.01
(1,350,294)	Telecom Italia	(68)	(0.02)
(1,418,616)	Telecom Italia	(76)	(0.01)
		(89)	(0.02)
	Futures 0.24% (2015: 0.60%)		
(3)	CME Nasdaq 100 E-mini December 2016	(6)	-
3	EOE Amsterdam Index November 2016	(1)	-
15	EOP CAC40 10 Euro November 2016^	-	-
232	EUX DAX Index December 2016	1,113	0.27
(9)	EUX Euro Bobl December 2016	5	-
(20)	EUX Euro Schatz December 2016	2	-
(332)	EUX Euro Stoxx50 December 2016	(157)	(0.04)
(20)	EUX Swiss Market Index December 2016	43	0.01
3	MFM IBEX 35 Index November 2016	8	-
26	SSE OMXS30 Index November 2016	(2)	-
		1,005	0.24

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Swaps 0.01% (2015: 0.00%)		
	Credit Default Swaps 0.01% (2015: 0.00%)		
1,800,000	CDS 5% 20/03/2019 Scandinavian Pay EUR	64	0.01
	Forward Foreign Exchange Contracts 0.00% (2015: 0.00%)		
	Buy CHF 155,000 : Sell EUR 143,080 November 2016 [^]	-	-
	Buy EUR 1,070,270 : Sell DKK 7,975,500 November 2016	(2)	-
	Buy EUR 1,234,586 : Sell NOK 11,250,000 November 2016	(7)	-
	Buy EUR 135,527 : Sell DKK 1,010,100 November 2016 [^]	-	-
	Buy EUR 142,657 : Sell DKK 1,061,500 November 2016 [^]	-	-
	Buy EUR 173,586 : Sell SEK 1,713,000 November 2016 [^]	-	-
	Buy EUR 251,257 : Sell USD 282,500 November 2016	(6)	-
	Buy EUR 2,541,244 : Sell SEK 24,453,000 November 2016	62	0.01
	Buy EUR 3,607,641 : Sell CHF 3,926,500 November 2016	(14)	-
	Buy EUR 425,661 : Sell ZAR 6,724,500 November 2016	(24)	(0.01)
	Buy SEK 544,500 : Sell EUR 56,161 November 2016	(1)	-
	Buy SEK 605,500 : Sell EUR 62,931 November 2016	(2)	-
	Buy ZAR 3,309,500 : Sell EUR 218,452 November 2016	4	-
	Buy ZAR 3,415,000 : Sell EUR 217,431 November 2016	11	-
		21	-
	Investment assets including investment liabilities	393,673	90.65
	Other net assets	40,592	9.35
	Total net assets	434,265	100.00

[^] Due to rounding to nearest £1,000

~ Suspended, delisted or unquoted securities

* Manually priced securities

Statement of total return for the year ended 31 October 2016

		2016		Restated 2015	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		65,062		13,316
Revenue*	3	13,792		14,060	
Expenses	4	(584)		(611)	
Interest payable and similar charges*	5	(250)		(347)	
Net revenue before taxation		12,958		13,102	
Taxation	6	(666)		(301)	
Net revenue after taxation			12,292		12,801
Total return before distributions			77,354		26,117
Distributions	7		(12,292)		(12,801)
Change in net assets attributable to shareholders from investment activities			65,062		13,316

* Prior year restated in accordance with 2014 IMA SORP, see note 5 for details.

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2016

		2016		2015	
		£000	£000	£000	£000
Opening net assets attributable to shareholders			413,872		425,343
Amounts receivable on issue of shares		25,524		48,825	
Amounts payable on cancellation of shares		(82,096)		(86,289)	
			(56,572)		(37,464)
Dilution adjustment			148		251
Change in net assets attributable to shareholders from investment activities			65,062		13,316
Retained distributions on accumulation shares			11,755		12,426
Closing net assets attributable to shareholders			434,265		413,872

Balance sheet as at 31 October 2016

	Note	2016 £000	Restated 2015 £000
Assets:			
Investments		394,245	394,321
Current assets:			
Debtors	8	3,206	4,065
Cash and bank balances*	9	44,844	27,728
Total assets		442,295	426,114
Liabilities:			
Investment liabilities		572	3,063
Creditors:			
Amounts held at derivative clearing houses and brokers*		1,180	2,927
Bank overdrafts		3,685	5,044
Other creditors	10	2,593	1,208
Total liabilities		8,030	12,242
Net assets attributable to shareholders		434,265	413,872

* Reclassification in prior year, see note 9 for details.

Notes to the financial statements for the year ended 31 October 2016

1 Accounting policies

The accounting policies, distribution policy and potential risks policies 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:

	2016	2015
	£000	£000
Derivative securities	5,551	4,216
Forward currency contracts	(16)	(960)
Non-derivative securities	53,356	11,887
Other currency gains / (losses)	6,191	(1,811)
Transaction costs	(20)	(16)
Net capital gains	65,062	13,316

3 Revenue

	2016	Restated
	£000	2015
		£000
Bank interest	3	285
Derivative revenue*	32	46
Interest on debt securities	815	1,383
Overseas dividends	11,348	10,595
Stock dividends	1,317	1,568
Stock lending revenue	277	168
UK dividends	-	15
Total revenue	13,792	14,060

* Restated in accordance with 2014 IMA SORP, see note 5 for details.

4 Expenses

	2016	2015
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	409	400
GAC*	81	89
	<u>490</u>	<u>489</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	46	51
Safe custody fees	34	38
	<u>80</u>	<u>89</u>
Other expenses:		
Dividend collection charges	1	-
Professional fees	13	33
	<u>14</u>	<u>33</u>
Total expenses	584	611

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £9,441 (2015: £9,167).

Notes to the financial statements (continued)

5 Interest payable and similar charges

	2016	Restated
	£000	2015
		£000
The interest payable and similar charges comprise:		
Interest payable	201	133
Dividends payable on contracts for difference*	49	214
Total interest payable and similar charges	250	347

*Dividends payable on contracts for difference of £213,871 which were included in Derivative revenue as at 31 October 2015 have been restated in accordance with the 2014 IMA SORP and have been included in Interest payable and similar charges.

6 Taxation

(a) Analysis of charge in the year

	2016	2015
	£000	£000
The tax charge comprises:		
Current tax		
UK corporation tax	73	194
Double tax relief	(10)	(7)
Overseas withholding tax	603	109
Adjustment in respect of prior periods	-	5
Total tax (note 6b)	666	301

(b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2015: 20%). The differences are explained below:

	2016	2015
	£000	£000
Net revenue before taxation	12,958	13,102
Corporation tax at 20% (2015: 20%)	2,592	2,620
Effects of:		
Adjustment in respect of prior periods	-	5
Irrecoverable overseas tax	603	102
Overseas dividends**	(2,256)	(2,109)
Stock dividends*	(263)	(314)
Double tax relief	(10)	-
UK dividends*	-	(3)
Tax charge for the year (note 6a)	666	301

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

** 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 (2015: nil).

(d) Factors that may affect future tax charges

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

Notes to the financial statements (continued)

7 Distributions

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

	2016	2015
	£000	£000
Interim accumulation	5,969	6,409
Final accumulation	5,786	6,017
	<u>11,755</u>	<u>12,426</u>
Amounts deducted on cancellation of shares	722	662
Amounts received on issue of shares	(185)	(287)
Total distributions	<u>12,292</u>	<u>12,801</u>

Details of the distribution per share are set out in the distribution tables on page 125.

8 Debtors

	2016	2015
	£000	£000
Accrued revenue	424	648
Amounts receivable for issue of shares	-	350
Currency transactions awaiting settlement	766	-
Derivative revenue receivable	-	12
Corporation tax recoverable	15	-
Overseas withholding tax reclaimable	1,550	1,248
Other debtors	-	647
Sales awaiting settlement	451	1,160
Total debtors	<u>3,206</u>	<u>4,065</u>

9 Cash and bank balances

	2016	Restated
	£000	2015
		£000
Amounts held at derivative clearing houses and brokers*	5,381	8,383
Cash and bank balances	39,463	19,345
Total cash and bank balances	<u>44,844</u>	<u>27,728</u>

£2,927,229 of overdraft balances have been reclassified as at 31 October 2015 and shown in Amounts held at derivative clearing houses and brokers within liabilities in the Balance sheet.

Notes to the financial statements (continued)

10 Other creditors

	2016	2015
	£000	£000
Accrued annual management charge	40	33
Accrued Depositary's fee	4	4
Accrued other expenses	31	20
Amounts payable for cancellation of shares	601	228
Corporation tax payable	-	96
Derivative revenue payable	9	7
Currency transactions awaiting settlement	764	-
Provision for corporation tax payable	527	540
Purchases awaiting settlement	617	280
Total other creditors	2,593	1,208

11 Contingent assets, liabilities and commitments

The fund is a party to a claim against HMRC, the Franked Investment Income Group Litigation Order (FII GLO) concerning claimants' rights to claim back overpaid tax, against certain retrospective legislation issued by HMRC, which may result in a recovery of tax previously paid by claimants. The claim has been filed on the basis that the tax treatment of dividends received from EU-resident companies is contrary to Article 43 (freedom of establishment) and/or Article 56 (free movement of capital and payments) of the European Community Treaty. The claim and related appeals remain under consideration by the courts and the timing and nature of the outcome remain uncertain.

The claim is considered to be a contingent asset of the fund and has not been recognised in these Financial Statements as the outcome of the case and any potential recovery are sufficiently uncertain.

The contingent liabilities and commitments at the current and prior year end are as follows:

	2016	2015
	£000	£000
Banco Santander (Rights)	-	56
Total contingent liabilities and commitments	-	56

The contingent liabilities recognised reflect the expected cash settlement value based upon the actual cash liability when settled or the market strike price when still outstanding.

12 Related party transactions

The fund has early adopted the July 2015 amendment to section 33 of FRS102 which is applicable to accounting periods beginning on or after 1 January 2016 with earlier application permitted. Section 33 requires disclosure of the nature of any related party relationship as well as details of any transactions and outstanding balances carried out between the related party and the fund.

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 111 and 112 and notes 4, 7, 8 and 10 on pages 113 to 116 including all creations and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

HSBC Global Custody Nominee (UK) Ltd, as a material shareholder, is a related party holding shares comprising 77.44% of the total net assets of the fund as at the year end (2015: 79.53%).

Notes to the financial statements (continued)

13 Shareholders' funds

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

	2016	2015
	%	%
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 the share class, the net asset value per share and the number of shares in the share class are given in the comparative tables on pages 90 to 91. The distribution per share class is given in the distribution tables on page 125. All share classes have the same rights on winding up.

Share reconciliation as at 31 October 2016

	Class I accumulation	Class Y accumulation	Class Z accumulation
Opening number of shares	7,466,611	25,534,280	205,076,932
Creations during the year	54,067	-	14,319,485
Cancellations during the year	(1)	-	(44,259,494)
Closing shares in issue	7,520,677	25,534,280	175,136,923

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 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. The prior year comparatives have been updated for consistency.

At 31 October 2016 there was no collateral pledged or collateral held in respect of derivatives for this fund (2015: nil).

2016

At 31 October 2016 the underlying exposure for each category of derivatives were as follows:

Counterparty	Credit default swaps £000	Forward foreign exchange contracts £000	Futures £000	Contracts for difference £000	Total by counterparty £000
BNP Paribas	-	62	-	-	62
Citigroup	64	4	-	-	68
UBS	-	-	1,171	145	1,316
Morgan Stanley	-	11	-	-	11
	64	77	1,171	145	1,457

Notes to the financial statements (continued)

14 Financial derivatives (continued)

2015

At 31 October 2015 the underlying exposure for each category of derivatives were as follows:

Counterparty	Credit default swaps £000	Forward foreign currency contracts £000	Futures £000	Contracts for difference £000	Total by counterparty £000
BNP Paribas	-	6	-	-	6
Citigroup	44	-	-	-	44
UBS	-	1	-	-	1
Morgan Stanley	-	-	2,916	2,458	5,374
	44	7	2,916	2,458	5,425

15 Stock lending

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

2016

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
ABN AMRO	150	168	Equity
Citigroup	1,650	1,823	Equity
Deutsche Bank	17,903	19,872	Equity
HSBC	986	1,090	Equity
JP Morgan	8,814	10,848	Equity
Morgan Stanley	7	8	Equity
Natixis	3,106	3,417	Equity
Natixis	1,785	1,875	Government Bond
	4,891	5,292	
Société Generale	518	578	Equity
Société Generale	12,671	13,308	Government Bond
	13,189	13,886	
	47,590	52,987	

Notes to the financial statements (continued)

15 Stock lending (continued)

2016 (continued)

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	326	49	277

2015 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
ABN AMRO	235	251	Equity
ABN AMRO	19	20	Government Bond
	<u>254</u>	<u>271</u>	
Citigroup	533	592	Equity
Citigroup	199	206	Government Bond
	<u>732</u>	<u>798</u>	
Credit Suisse	54	57	Corporate Bond
Credit Suisse	997	1,283	Equity
	<u>1,051</u>	<u>1,340</u>	
Deutsche Bank	20,021	23,920	Equity
Deutsche Bank	456	496	Government Bond
	<u>20,477</u>	<u>24,416</u>	
Goldman Sachs	-	1	Government Bond
JP Morgan	202	212	Government Bond
Merrill Lynch	140	149	Government Bond
Morgan Stanley	24	27	Equity
Morgan Stanley	62	66	Government Bond
	<u>86</u>	<u>93</u>	
Natixis	160	176	Equity
Société Generale	27,767	30,748	Equity
UBS	2,712	2,858	Government Bond
	<u>53,581</u>	<u>61,062</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	198	30	168

Notes to the financial statements (continued)

16 Risk

Risks in respect of the fund's financial assets and liabilities are set out in note 3 of the aggregated notes to the financial statements.

Currency risk

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

2016	Investment	Other net	Total
	assets including liabilities	assets/ (liabilities)	net assets
Currency	£000	£000	£000
Danish krone	16,946	(2)	16,944
Euro	256,573	39,047	295,620
Norwegian krone	5,969	88	6,057
Polish zloty	-	20	20
South African rand	-	3	3
Swedish krona	27,384	539	27,923
Swiss franc	86,362	1,092	87,454
Turkish lira	-	1	1
UK sterling	-	(284)	(284)
US dollar	439	88	527
Total	393,673	40,592	434,265

2015	Investment	Other net	Total
	assets including liabilities	assets/ (liabilities)	net assets
Currency	£000	£000	£000
Danish krone	16,097	15	16,112
Euro	258,040	21,460	279,500
Norwegian krone	5,612	118	5,730
South African rand	-	(1)	(1)
Swedish krona	26,261	688	26,949
Swiss franc	84,631	1,289	85,920
UK sterling	(250)	(811)	(1,061)
US dollar	581	142	723
Total	390,972	22,900	413,872

Interest rate risk

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

Global exposure

The VaR methodology and parameters are set out in note 3 of the aggregated notes to the financial statements.

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

	Actual VaR in year			VaR Limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%	%	%	%	%
2016	86.85	103.50	100.04	200	43.43	51.75	50.02
2015	96.17	102.84	100.13	200	48.09	51.42	50.07

Global exposure calculation basis: Absolute VaR.

Notes to the financial statements (continued)

16 Risk (continued)

Global exposure (continued)

Leverage

The level of leverage arising from the use of derivatives in the investment portfolio is disclosed in the table below as a percentage of the fund's total Net Asset Value. More detail on the disclosure is set out in note 3 of the aggregated notes to the financial statements.

	Minimum	Maximum	Average
	%	%	%
2016	19.95	30.34	22.27
2015	19.01	57.55	29.68

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
2016				
Amounts held at derivative clearing house and brokers	1,180	-	-	-
Bank overdrafts	3,685	-	-	-
Derivative financial liabilities	-	222	350	-
Other creditors	-	2,593	-	-
Total	4,865	2,815	350	-

	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2015				
Amounts held at derivative clearing houses and brokers	2,927	-	-	-
Derivative financial liabilities	-	456	2,607	-
Bank overdrafts	5,044	-	-	-
Other creditors	-	1,208	-	-
Total	7,971	1,664	2,607	-

Notes to the financial statements (continued)

17 Fair value

Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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 FRS102 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

Valuation technique	2016		2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	382,958	166	366,309	448
Level 2	11,287	406	28,012	2,615
Level 3	-	-	-	-
	394,245	572	394,321	3,063

Notes to the financial statements (continued)

18 Direct transaction costs

	Purchases		Sales	
	2016 £000	2015 £000	2016 £000	2015 £000
Trades for the year				
Debt securities	9,015	13,763	13,530	11,785
Equities	62,024	114,518	103,641	147,494
Trades in the year before transaction costs	71,039	128,281	117,171	159,279
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Equities	31	53	38	53
Total commissions	31	53	38	53
Taxes				
Debt securities	-	-	-	-
Equities	3	4	-	-
Total taxes	3	4	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	10	28	-	-
Total other expenses	10	28	-	-
Total costs	44	85	38	53
Total net trades in the year after transaction costs	71,083	128,366	117,133	159,226

	Purchases		Sales	
	2016 %	2015 %	2016 %	2015 %
Total transaction cost expressed as a percentage of asset type cost				
Commissions				
Debt securities	0.04	-	0.03	-
Equities	0.04	0.04	0.03	0.03
Taxes				
Debt securities	0.00	-	-	-
Equities	0.00	-	-	-
Other expenses				
Debt securities	0.01	-	-	-
Equities	0.01	0.02	-	-
	2016 %	2015 %		
Total transaction cost expressed as a percentage of net asset value				
Commissions	0.02	0.02		
Taxes	-	-		
Other expenses	-	0.01		
Total costs	0.02	0.03		

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2015: nil). There were corporate actions of £6,702,663 during the year (2015: £2,100,510).

There were direct transaction costs associated with derivatives during the year of £11,156 (2015: £13,038) which is 0.00% of the average net asset value of the fund (2015: 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 portfolio dealing spread as at 31 October 2016 is 0.07% (2015: 0.11%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

19 Events after the Balance sheet date

On 1 November 2016, the fund's name changed from Henderson Institutional European Enhanced Equity Fund to Henderson European Index Opportunities Fund. The fund's investment objectives, policies and associated risks have also been revised with effect from 1 November 2016. For further details please see the Key Investor Information Document (KIID) and the Prospectus.

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

Distribution tables for the year ended 31 October 2016 (in pence per share)

Interim dividend distribution (accounting date 30 April 2016, paid on 30 June 2016)

Group 1: shares purchased prior to 1 November 2015

Group 2: shares purchased on or after 1 November 2015

	Net revenue	Equalisation	Distribution paid 30/06/16	Distribution paid 30/06/15*
Class I accumulation				
Group 1	1.6377	-	1.6377	1.4438
Group 2	0.4109	1.2268	1.6377	1.4438
Class Y accumulation				
Group 1	2.2531	-	2.2531	1.9875
Group 2	2.2531	-	2.2531	1.9875
Class Z accumulation				
Group 1	2.8820	-	2.8820	2.5947
Group 2	2.1297	0.7523	2.8820	2.5947

* Distribution is shown net of 10% notional tax credit.

Final dividend distribution (accounting date 31 October 2016, paid on 30 December 2016)

Group 1: shares purchased prior to 1 May 2016

Group 2: shares purchased on or after 1 May 2016

	Net revenue	Equalisation	Distribution paid 30/12/16	Distribution paid 31/12/15*
Class I accumulation				
Group 1	1.6109	-	1.6109	1.4572
Group 2	0.1258	1.4851	1.6109	1.4572
Class Y accumulation				
Group 1	2.2161	-	2.2161	2.0047
Group 2	2.2161	-	2.2161	2.0047
Class Z accumulation				
Group 1	2.9112	-	2.9112	2.6314
Group 2	1.1986	1.7126	2.9112	2.6314

* Distribution is shown net of 10% notional tax credit.

Henderson Institutional Japan Enhanced Equity Fund

Authorised Corporate Director's report

Investment Fund Manager

Henderson Multi Strategy Equities Team

Investment objective and policy

The fund aims to provide consistent capital growth relative to the FTSE World Japan Index (or such other index as may from time to time replace it) through investing primarily in Japanese companies. There are no restrictions on the size of the companies in which the fund may invest.

The fund aims to provide an annual return above that of the FTSE World Japan Index, whilst controlling risk. The fund will invest primarily in Japanese companies included within the FTSE World Japan Index. Additionally, the fund can invest in companies listed on other exchanges which are associated with FTSE World Japan Index listed shares or other Japanese companies.

The fund will not attempt to replicate identically the share composition of the FTSE World Japan Index, and the Fund Manager will actively review the shares within the portfolio, and effect adjustments as necessary in order to achieve the investment objective.

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

Performance summary

	31 Oct 15 - 31 Oct 16	31 Oct 14 - 31 Oct 15	31 Oct 13 - 31 Oct 14	31 Oct 12 - 31 Oct 13	31 Oct 11 - 31 Oct 12
	%	%	%	%	%
Henderson Institutional Japan Enhanced Equity Fund*	31.4	14.5	(0.1)	34.4	(3.3)
FTSE Custom All World Dev. Japan Index**	31.1	14.4	0.0	34.4	(3.3)

Source: Henderson Global Investors & FTSE.

* 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 Korea).

Figures in brackets are negative.

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 2016

Largest purchases	£000	Largest sales	£000
Toyota Motor	2,291	Toyota Motor	2,562
Japan Tobacco	956	Mitsubishi UFJ Financial	1,076
Mitsubishi UFJ Financial	774	Nippon Telegraph & Telephone	942
KDDI	606	Nissan Motor	905
Honda Motor	591	KDDI	885
Sumitomo Mitsui Financial	572	Softbank	882
Takeda Pharmaceutical	511	Japan Tobacco	826
Softbank	503	Honda Motor	731
Mizuho Financial	490	NTT Docomo	635
Astellas Pharmaceutical	451	Sumitomo Mitsui Financial	627
Total purchases	37,965	Total sales	47,568

Investment review

The FTSE All World Developed Japan Index rose by 31.1% in sterling terms over the year to 31 October 2016. However, a persistently strong yen meant that equities fell 9.6% in local currency terms.

Japanese stocks made a strong start to the year, rising until the end of November thanks to a boost in investor sentiment from the supportive policies of the Bank of Japan (BoJ). However, disappointing economic data and the gaining strength of the yen fuelled fears about the health of Japan's export industry in early 2016. In January, BoJ policymakers surprised investors by announcing a negative benchmark interest rate for commercial bank deposits in order to stimulate growth and inflation. But by spring, inflation had fallen below zero for the first time since May 2013, and only fell further from there (ending the year at -0.5%).

Meanwhile, yields on 10-year Japanese government bonds fell (prices rose) to new lows during the first six months of the year. Japanese unemployment data was characteristically encouraging, dropping to 3.0% in July and again in September. Economic growth was lacklustre, increasing by 0.2% in the quarter ended in June, though this figure did exceed expectations.

Late in the year, the central bank extended its stimulus package in the form of ¥2.7trn worth of exchange-traded fund purchases, though this disappointed investors, who had hoped for further rate cuts. August brought an additional \$45bn stimulus package, and a sharper focus on controlling the yield curve was initiated in September 2016.

Comparative tables for the year ended 31 October 2016

Class A accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	144.22	128.06	130.45
Return before operating charges*	44.83	18.57	(0.26)
Operating charges	(2.34)	(2.41)	(2.13)
Return after operating charges*	42.49	16.16	(2.39)
Distributions on accumulation shares	(0.86)	-	-
Retained distributions on accumulation shares	0.86	-	-
Closing net asset value per share	186.71	144.22	128.06
* after direct transaction costs of:	-	-	0.01

Performance

Return after charges	29.46%	12.62%	(1.83%)
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Other information

Closing net asset value (£000s)	9,718	10,254	10,623
Closing number of shares	5,204,951	7,109,768	8,295,573
Operating charges	1.54%	1.70%	1.71%
Direct transaction costs	0.00%	0.00%	0.01%

Prices

Highest share price (pence)	187.27	157.52	132.79
Lowest share price (pence)	124.71	126.40	114.65

Class C accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	165.00	144.85	145.83
Return before operating charges*	51.69	21.07	(0.17)
Operating charges	(1.00)	(0.92)	(0.81)
Return after operating charges*	50.69	20.15	(0.98)
Distributions on accumulation shares	(2.75)	(1.69)	(1.56)
Retained distributions on accumulation shares	2.75	1.69	1.56
Closing net asset value per share	215.69	165.00	144.85
* after direct transaction costs of:	-	-	0.01

Performance

Return after charges	30.72%	13.91%	(0.67%)
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Other information

Closing net asset value (£000s)	1,602	1,401	1,312
Closing number of shares	742,762	848,976	905,739
Operating charges	0.57%	0.57%	0.58%
Direct transaction costs	0.00%	0.00%	0.01%

Prices

Highest share price (pence)	216.33	179.10	149.18
Lowest share price (pence)	143.14	143.18	128.84

Comparative tables (continued)

	Class I accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	123.42	108.60	109.58
Return before operating charges*	38.61	15.77	(0.14)
Operating charges	(0.93)	(0.95)	(0.84)
Return after operating charges*	37.68	14.82	(0.98)
Distributions on accumulation shares	(1.89)	(0.99)	(0.93)
Retained distributions on accumulation shares	1.89	0.99	0.93
Closing net asset value per share	161.10	123.42	108.60
* after direct transaction costs of:	-	-	0.01

Performance

Return after charges	30.53%	13.65%	(0.89%)
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Other information

Closing net asset value (£000s)	22,293	15,898	15,989
Closing number of shares	13,837,597	12,881,132	14,722,989
Operating charges	0.71%	0.79%	0.80%
Direct transaction costs	0.00%	0.00%	0.01%

Prices

Highest share price (pence)	161.58	134.14	111.84
Lowest share price (pence)	107.00	107.31	96.72

	Class Y accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	123.61	108.77	109.75
Return before operating charges*	38.66	15.80	(0.14)
Operating charges	(1.04)	(0.96)	(0.84)
Return after operating charges*	37.62	14.84	(0.98)
Distributions on accumulation shares	(1.76)	(1.00)	(0.93)
Retained distributions on accumulation shares	1.76	1.00	0.93
Closing net asset value per share	161.23	123.61	108.77
* after direct transaction costs of:	-	-	0.01

Performance

Return after charges	30.43%	13.64%	(0.89%)
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Other information

Closing net asset value (£000s)	28,208	21,627	18,968
Closing number of shares	17,495,904	17,495,904	17,439,971
Operating charges	0.79%	0.79%	0.80%
Direct transaction costs	-	-	0.01%

Prices

Highest share price (pence)	161.70	134.34	112.01
Lowest share price (pence)	107.17	107.48	96.87

Comparative tables (continued)

Class Z accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	176.76	154.37	154.61
Return before operating charges*	55.60	22.46	(0.17)
Operating charges	(0.08)	(0.07)	(0.07)
Return after operating charges*	55.52	22.39	(0.24)
Distributions on accumulation shares	(3.95)	(2.72)	(2.44)
Retained distributions on accumulation shares	3.95	2.72	2.44
Closing net asset value per share	232.28	176.76	154.37
* after direct transaction costs of:	-	-	0.01

Performance

Return after charges	31.41%	14.50%	(0.16%)
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Other information

Closing net asset value (£000s)	133,670	112,881	117,492
Closing number of shares	57,547,271	63,860,225	76,112,177
Operating charges	0.04%	0.04%	0.05%
Direct transaction costs	-	-	0.01%

Prices

Highest share price (pence)	232.97	191.31	158.98
Lowest share price (pence)	153.57	152.69	136.92

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.

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.

	2016	2015
	%	%
Class A	1.54 ¹	1.70
Class C	0.57	0.57
Class I	0.71 ²	0.79
Class Y	0.79	0.79
Class Z	0.04	0.04

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

¹ The annual management charge reduced from 1.50% to 0.50% on 1 September 2016

² The annual management charge reduced from 0.75% to 0.30% on 1 September 2016

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 lowest category does not mean risk free.

The fund's risk level reflects the following:

- The fund focuses on a single country
- As a category, shares are more volatile than either bonds or money market instruments
- The fund invests in a broad range of securities and countries and uses a broad range of strategies
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

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

There have been no changes to the risk rating 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 2016

Holding	Investment	Market value £000	Percentage of total net assets %
Equities 98.85% (2015: 98.08%)			
Japan 98.68% (2015: 97.97%)			
Basic Materials 6.02% (2015: 5.62%)			
9,000	Air Water	138	0.07
85,000	Asahi Kasei	628	0.32
25,000	Daicel Chemical Industries	270	0.14
15,000	Daido Steel	52	0.03
24,000	Denki Kagaku Kogyo	89	0.05
7,200	DIC	178	0.09
15,800	Dowa Holdings	96	0.05
8,500	Hitachi Chemical	163	0.08
17,000	Hitachi Metals	174	0.09
37,525	JFE Holdings	440	0.23
13,300	JSR	166	0.08
15,000	Kaneka	102	0.05
13,900	Kansai Paint	245	0.13
24,600	Kobe Steel	166	0.09
24,900	Kuraray	309	0.16
4,300	Maruichi Steel Tube	113	0.06
96,200	Mitsubishi Chemicals	518	0.26
11,000	Mitsubishi Gas Chemical	139	0.07
66,000	Mitsui Chemicals	266	0.14
9,700	Nagase & Company	102	0.05
17,000	Nippon Kayaku	160	0.08
13,900	Nippon Paint	387	0.20
8,300	Nippon Paper	127	0.06
2,600	Nippon Shokubai	147	0.08
55,174	Nippon Steel & Sumitomo Metal	893	0.46
10,000	Nissan Chemical	278	0.14
7,900	Nisshin Steel	86	0.04
11,700	Nitto Denko	668	0.34
56,000	Oji Paper	194	0.10
29,500	Shin-Etsu Chemical	1,832	0.94
13,000	Showa Denko	141	0.07
111,000	Sumitomo Chemical	430	0.22
36,000	Sumitomo Metal Mining	381	0.19
14,900	Taiyo Nippon Sanso	128	0.07
11,000	Teijin	174	0.09
114,000	Toray Industries	870	0.45
42,000	Tosoh	224	0.11
74,000	Ube Industries	125	0.06
2,100	Yamato Kogyo	48	0.02
16,000	Zeon	120	0.06
		11,767	6.02
Consumer Goods 25.01% (2015: 24.53%)			
1,100	ABC-Mart	55	0.03
14,500	Aisin Seiki	521	0.27
39,200	Ajinomoto	714	0.37
28,900	Asahi Breweries	844	0.43
13,000	ASICS	227	0.12
45,300	Bridgestone	1,382	0.71
5,600	Calbee	166	0.08

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Goods (continued)			
12,000	Calsonic Kansei	123	0.06
18,000	Casio Computer	206	0.11
19,400	Citizen	89	0.05
3,500	Coca-Cola East	63	0.03
6,700	Coca-Cola West	162	0.08
6,100	Colopl	72	0.04
2,600	Daiichikoshō	92	0.05
49,400	Daiwa House Industries	1,110	0.57
38,400	Denso	1,366	0.70
4,500	Ezaki Glico	209	0.11
43,400	Fuji Heavy Industries	1,384	0.71
30,000	GS Yuasa	106	0.05
129,000	Honda Motor	3,160	1.61
4,800	House Foods	88	0.05
3,900	ITO EN	116	0.06
10,400	Itoham Yonekyu	81	0.04
86,100	Japan Tobacco	2,680	1.37
12,500	Jtekt	152	0.08
5,200	Kagome	111	0.06
36,100	Kao	1,521	0.78
8,800	Kewpie	205	0.10
14,000	Kikkoman	365	0.19
63,900	Kirin Brewery	900	0.46
9,000	Koito Manufacturing	384	0.20
5,700	Konami	184	0.09
1,500	Kose	112	0.06
18,000	Lion	241	0.12
8,200	Makita	464	0.24
42,900	Mazda	577	0.30
3,300	Megmilk Snow Brand	94	0.05
10,420	Meiji	850	0.43
44,500	Mitsubishi Motors	203	0.10
12,600	Namco Bandai	309	0.16
14,800	NGK Spark Plug	239	0.12
14,600	NHK Spring	112	0.06
9,000	Nichirei	161	0.08
3,700	Nifco	174	0.09
22,000	Nikon	272	0.14
7,700	Nintendo	1,527	0.78
16,000	Nippon Meat Packer	313	0.16
112,400	Nissan Motor	936	0.48
22,990	Nisshin Seifun	277	0.14
9,000	Nisshinbo Industries	73	0.04
5,300	Nissin Food Products	251	0.13
11,200	NOK	206	0.11
35,900	NSK	326	0.17
149,917	Panasonic	1,280	0.65
6,900	Pigeon	159	0.08
2,200	Pilot	81	0.04
1,500	Pola Orbis	102	0.05
3,100	Rinnai	244	0.12
4,200	Sanrio	64	0.03
5,000	Sapporo Breweries	116	0.06
10,800	Sega Sammy	130	0.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Goods (continued)			
27,400	Sekisui Chemical	353	0.18
44,500	Sekisui House	602	0.31
131,000	Sharp	184	0.09
6,000	Shimano	840	0.43
29,600	Shiseido	625	0.32
91,422	Sony	2,395	1.23
11,300	Stanley Electric	255	0.13
58,000	Sumitomo Electric Industries	702	0.36
6,000	Sumitomo Forestry	68	0.03
17,000	Sumitomo Rubber	233	0.12
9,400	Suntory Beverage & Food	336	0.17
31,000	Suzuki Motor	901	0.46
7,300	Takara	57	0.03
6,300	Tokai Rika	96	0.05
8,000	Toyo Suisan Kaisha	265	0.14
5,400	Toyo Tire & Rubber	68	0.03
64,000	Toyobo	86	0.04
6,200	Toyoda Gosei	116	0.06
4,700	Toyota Boshoku	97	0.05
11,000	Toyota Industries	412	0.21
198,240	Toyota Motor	9,388	4.79
5,200	TS Tech	114	0.06
27,400	Uni-Charm	533	0.27
9,000	Wacoal	85	0.04
7,600	Yakult Honsha	290	0.15
12,700	Yamaha	371	0.19
20,600	Yamaha Motor	375	0.19
9,000	Yamazaki Baking	165	0.08
11,500	Yokohama Rubber	163	0.08
		48,906	25.01
Consumer Services 10.97% (2015: 11.29%)			
52,000	Aeon	589	0.30
1,400	Ain	77	0.04
80,000	All Nippon Airways	184	0.09
3,800	Aoyama Trading	110	0.06
5,100	Autobacs Seven	59	0.03
4,800	Benesse	103	0.05
6,500	Bic Camera	46	0.02
13,200	Central Japan Railway	1,838	0.94
800	Cosmos Pharmaceutical	142	0.07
48,000	Dai Nippon Printing	394	0.20
9,200	Dena	242	0.12
16,700	Dentsu	681	0.35
7,500	Don Quijote	233	0.12
27,600	East Japan Railway	1,990	1.01
6,545	Familymart	335	0.17
3,800	Fast Retailing	1,050	0.54
16,400	Hakuhodo	161	0.08
18,800	Hankyu	510	0.26
3,900	Heiwa	75	0.04
3,200	H.I.S.	72	0.04

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Services (continued)			
4,000	H2O Retailing	49	0.02
21,740	Isetan Mitsukoshi Holdings	180	0.09
4,200	Izumi	159	0.08
17,800	J Front Retailing	201	0.10
1,500	Japan Airlines	36	0.02
12,400	Kakaku.com	170	0.09
35,000	Keihan Electric Railway	193	0.10
35,000	Keikyu	289	0.15
38,000	Keio	257	0.13
12,000	Keisei Electric Railway	237	0.12
147,000	Kintetsu	485	0.25
5,200	KS Holdings	74	0.04
5,600	Lawson	348	0.18
20,500	Marui	236	0.12
2,200	Matsumotokiyoshi	93	0.05
13,800	M3	344	0.18
60,000	Nagoya Railroad	259	0.13
37,000	Nankai Electric Railway	137	0.07
26,000	Nishi-Nippon Railroad	101	0.05
5,500	Nitori Holdings	538	0.28
22,500	Odakyu Electric Railway	376	0.19
14,600	Oriental Land	698	0.36
9,700	Park24	245	0.13
62,600	Rakuten	591	0.30
4,900	Resorttrust	80	0.04
1,700	Ryohin Keikaku	297	0.15
5,600	Sankyo	161	0.08
14,600	Seibu Holdings	207	0.11
56,747	Seven & I Holdings	1,938	0.99
6,200	Shimachu	136	0.07
1,500	Shimamura	157	0.08
9,000	Shochiku	82	0.04
7,800	Skylark	90	0.05
19,000	Sotetsu	76	0.04
11,700	Start Today	168	0.09
2,600	Sugi Holdings	114	0.06
2,400	Sundrug	155	0.08
17,000	Takashimaya	113	0.06
65,000	Tobu Railway	261	0.13
9,100	Toho (Film)	224	0.11
67,000	Tokyu	411	0.21
2,500	Tsuruha	236	0.12
15,000	USS	208	0.11
2,000	Welcia	112	0.06
13,800	West Japan Railway	696	0.36
60,000	Yamada Denki	254	0.13
5,400	Zensho	82	0.04
		21,445	10.97

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials 15.47% (2015: 17.71%)			
35,700	Acom	134	0.07
7,100	Aeon Financial Service	102	0.05
9,460	Aeon Mall	115	0.06
30,900	Aiful	77	0.04
93,000	Aozora Bank	252	0.13
21,000	Awa Bank	113	0.06
23,000	Bank of Kyoto	138	0.07
4,500	Century Leasing System	130	0.07
49,000	Chiba Bank	248	0.13
7,400	Chugoka Bank	81	0.04
90,400	Concordia Financial	343	0.18
13,300	Credit Saison	188	0.10
85,800	Dai-ichi Life Insurance	1,030	0.53
33,000	Daishi Bank	116	0.06
5,600	Daito Trust Construction	767	0.39
129,000	Daiwa Securities	630	0.32
62,000	Fukuoka Financial	220	0.11
42,000	Gunma Bank	164	0.08
39,000	Hachijuni Bank	174	0.09
45,000	Hiroshima Bank	157	0.08
10,200	Hokuhoku Financial	120	0.06
20,200	Hulic	157	0.08
8,700	Iida Holdings	138	0.07
24,000	Iyo Bank	121	0.06
1,600	Jafco	44	0.02
41,100	Japan Exchange	500	0.26
28,600	Japan Post	298	0.15
31,800	Japan Post Bank	307	0.16
5,100	Japan Post Insurance	87	0.04
33,000	Juroku Bank	82	0.04
24,000	Keiyo Bank	82	0.04
21,390	Kyushu Financial	116	0.06
14,800	Leopalace21	79	0.04
83,000	Mitsubishi Estate	1,345	0.69
978,070	Mitsubishi UFJ Financial	4,149	2.12
36,700	Mitsubishi UFJ Lease & Finance	145	0.07
68,000	Mitsui Fudosan	1,267	0.65
1,819,620	Mizuho Financial	2,509	1.28
34,933	MS & AD Insurance	850	0.43
4,000	Nihon M&A Centre	106	0.05
6,600	Nishi-Nippon Financial	54	0.03
259,500	Nomura Holdings	1,065	0.54
10,900	Nomura Real Estate Holdings	151	0.08
35,000	North Pacific Bank	107	0.05
6,500	NTT Urban Development	49	0.03
30,900	Orient	47	0.02
91,100	Orix	1,182	0.60
600	Relo	81	0.04
163,900	Resona	595	0.30
15,000	San-In Godo Bank	88	0.05

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials (continued)			
16,840	SBI Holdings	164	0.08
15,480	Senshu Ikeda	58	0.03
45,400	Seven Bank	114	0.06
24,000	Shiga Bank	102	0.05
139,000	Shinsei Bank	183	0.09
43,000	Shizuoka Bank	297	0.15
28,375	Sompo Japan Nipponkoa	753	0.39
10,100	Sony Financial	116	0.06
95,986	Sumitomo Mitsui Financial	2,731	1.41
28,696	Sumitomo Mitsui Trust Holdings	794	0.41
33,000	Sumitomo Realty & Development	711	0.36
12,500	Suruga Bank	250	0.13
39,656	T&D Holdings	393	0.20
11,500	Tokai Tokyo Financial Holdings	48	0.02
50,500	Tokio Marine Holdings	1,633	0.85
17,000	Tokyo Tatemono	177	0.09
45,000	Tokyu Fudosan Holdings	208	0.11
20,000	Yamaguchi Financial	180	0.09
3,900	Zenkoku Hoshō	137	0.07
25,000	77th Bank	93	0.05
		30,242	15.47
Health Care 7.56% (2015: 7.02%)			
15,200	Alfresa Holdings	263	0.13
3,900	Asahi Intecc	138	0.07
154,900	Astellas Pharmaceutical	1,881	0.97
14,900	Chugai Pharmaceutical	415	0.21
45,700	Daiichi Sankyo	900	0.46
13,000	Dainippon Sumitomo Pharma	184	0.09
18,400	Eisai	961	0.49
5,600	Hisamitsu Pharmaceutical	245	0.13
2,500	Kaken Pharmaceutical	129	0.07
4,000	Kissei Pharmaceutical	86	0.04
4,200	Kobayashi Pharmaceuticals	179	0.09
5,600	Kyorin	103	0.05
16,000	Kyowa Hakko Kogyo	200	0.10
8,800	Medical	123	0.06
5,000	Miraca	198	0.10
16,600	Mitsubishi Tanabe Pharmaceutical	264	0.14
1,100	Mochida Pharmaceutical	71	0.04
5,100	Nihon Kohden	102	0.05
4,000	Nippon Shinyaku	166	0.08
4,400	Nipro	45	0.02
24,400	Olympus Optical	712	0.36
34,800	Ono Pharmaceutical	723	0.37
31,900	Otsuka	1,143	0.59
2,800	PeptiDream	118	0.06
8,000	Rohtop Pharmaceutical	115	0.06
31,500	Santen Pharmaceutical	376	0.19
2,500	Sawai Pharmaceutical	132	0.07
20,400	Shionogi	823	0.42
5,920	Suzuken	156	0.08
10,800	Systemex	613	0.31

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Health Care (continued)		
2,900	Taisho Pharmaceutical	232	0.12
56,400	Takeda Pharmaceutical	2,065	1.07
22,200	Terumo	703	0.36
4,600	Topcon	56	0.03
6,500	Tsumura	151	0.08
		14,771	7.56
	Industrials 21.36% (2015: 19.54%)		
13,400	Alps Electric	263	0.13
21,000	Amada	196	0.10
71,000	Asahi Glass	406	0.21
10,000	Chiyoda	71	0.04
10,500	Comsys	151	0.08
6,800	Daifuku	101	0.05
18,900	Daikin Industries	1,484	0.76
1,600	Disco	158	0.08
8,200	Ebara	199	0.10
14,200	Fanuc	2,178	1.12
2,600	FP	114	0.06
48,000	Fuji Electric	196	0.10
22,000	Fujikura	106	0.05
20,000	Fukuyama Transporting	93	0.05
5,200	Furukawa Electric	125	0.06
5,000	Glory	135	0.07
9,700	Hamamatsu Photonics	240	0.12
22,800	Haseko	182	0.09
21,000	Hino Motors	187	0.10
1,945	Hirose Electric	210	0.11
326,000	Hitachi	1,421	0.73
7,400	Hitachi Construction Machine	127	0.06
2,300	Horiba	90	0.05
3,500	Hoshizaki Electric	258	0.13
27,500	Hoya	940	0.48
9,800	Ibiden	116	0.06
105,000	Ishikawajima Harima Heavy Industries	226	0.12
43,400	Isuzu Motors	439	0.22
109,900	Itochu	1,138	0.58
3,000	Japan Airport Terminal	94	0.05
3,000	Japan Aviation Electronics	35	0.02
5,600	Japan Steel Works	98	0.05
12,000	JGC	174	0.09
63,000	Kajima	348	0.18
14,000	Kamigumi	98	0.05
106,000	Kawasaki Heavy Industries	253	0.13
57,000	Kawasaki Kisen Kai	115	0.06
3,369	Keyence	2,023	1.03
5,000	Kinden	49	0.03
66,300	Komatsu	1,211	0.62
85,900	Kubota	1,134	0.58
9,800	Kurita Water Industries	190	0.10

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
 Industrials (continued)			
23,800	Kyocera	948	0.48
2,000	Kyudenko	53	0.03
11,700	Kyushu Railway	280	0.14
4,900	Lintec	87	0.04
16,100	Lixil	303	0.15
4,200	Mabuchi Motor	200	0.10
5,000	Maeda Road Construction	76	0.04
125,300	Marubeni	540	0.28
19,000	Minebea	159	0.08
16,600	Misumi	248	0.13
99,100	Mitsubishi	1,769	0.90
142,000	Mitsubishi Electric	1,574	0.81
244,000	Mitsubishi Heavy Industries	854	0.44
12,000	Mitsubishi Logistics	133	0.07
7,000	Mitsubishi Materials	164	0.08
120,100	Mitsui	1,364	0.70
72,000	Mitsui Engineering & Shipbuilding	81	0.04
103,000	Mitsui O.S.K. Lines	211	0.11
6,000	Miura	85	0.04
9,000	Mori Seiki	78	0.04
13,600	Murata Manufacturing	1,555	0.80
9,700	Nabtesco	237	0.12
22,000	NGK Insulators	330	0.17
17,000	Nidec	1,347	0.69
37,000	Nippon Electric Glass	164	0.08
50,000	Nippon Express	202	0.10
135,000	Nippon Yusen	225	0.12
24,000	NTN	74	0.04
50,900	Obayashi	401	0.21
15,000	Okuma	103	0.05
15,400	Omron	483	0.25
6,000	OSG	105	0.05
23,600	Recruit Holdings	775	0.40
5,000	Rengo	26	0.01
19,100	Sanwa Holdings	156	0.08
14,800	Secom	875	0.45
13,000	Seino	118	0.06
20,000	Shimadzu	238	0.12
47,000	Shimizu	342	0.17
4,500	SMC	1,069	0.55
4,900	Sohgo Security Services	183	0.09
106,200	Sojitz	228	0.12
85,400	Sumitomo	805	0.41
50,000	Sumitomo Heavy Industries	216	0.11
35,000	Sumitomo Osaka Cement	119	0.06
13,000	Tadano	119	0.06
67,000	Taiheiyo Cement	157	0.08
82,000	Taisei	503	0.26
10,000	Taiyo Yuden	87	0.04
9,000	TDK	509	0.26
8,400	Temp Holdings	117	0.06
4,900	THK	85	0.04
10,000	Toda	44	0.02

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
 Industrials (continued)			
39,000	Toppan Printing	300	0.15
287,000	Toshiba	852	0.44
9,200	Toto	300	0.15
11,600	Toyo Seikan	175	0.09
16,700	Toyota Tsusho	323	0.17
4,800	Ushio	47	0.02
6,500	Yamatake	158	0.08
27,600	Yamato Holdings	515	0.26
22,000	Yaskawa Electric	287	0.15
19,600	Yokogawa Electric	226	0.12
		41,759	21.36
 Oil & Gas 0.82% (2015: 0.82%)			
5,500	Cosmo Energy	59	0.03
6,800	Idemitsu Kosan	128	0.07
69,700	Inpex	536	0.27
2,300	Japan Petroleum Exploration	41	0.02
167,450	JX Holdings	544	0.28
15,100	Showa Shell Sekiyu	115	0.06
22,000	Tonengeneral Sekiyu	177	0.09
		1,600	0.82
 Technology 4.63% (2015: 4.36%)			
14,000	Advantest	164	0.08
15,800	Brother Industries	238	0.12
76,100	Canon	1,788	0.91
4,200	Capcom	89	0.05
8,200	Cyber Agent	195	0.10
3,400	Daiippon Screen	190	0.10
30,700	Fujifilm	951	0.48
139,000	Fujitsu	675	0.35
5,600	Hitachi High-Technologies	191	0.10
7,700	IT Holdings	141	0.07
4,600	Itochu Techno Solutions	93	0.05
30,200	Konica Minolta	222	0.11
194,000	NEC Electronics	423	0.22
6,610	Nomura Research Institute	188	0.10
9,400	NTT Data	396	0.20
5,700	Obic	242	0.12
2,200	Oracle	98	0.05
2,400	Otsuka	93	0.05
50,700	Ricoh	338	0.17
6,200	Rohm	267	0.14
2,000	SCSK	61	0.03
17,500	Seiko Epson	291	0.15
5,300	Square Enix	144	0.07
15,200	Sumco	131	0.07
11,800	Tokyo Electron	872	0.45
8,900	Trend Micro	256	0.13
97,500	Yahoo! Japan	306	0.16
		9,043	4.63

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Telecommunications 4.76% (2015: 4.48%)			
1,800	Hikari Tsushin	135	0.07
133,400	KDDI	3,316	1.70
16,400	NTT	596	0.30
96,100	NTT Docomo	1,977	1.01
63,900	Softbank	3,288	1.68
		<u>9,312</u>	<u>4.76</u>
Utilities 2.08% (2015: 2.60%)			
53,659	Chubu Electric Power	645	0.32
22,100	Chugoku Electric Power	212	0.11
13,220	Electric Power Development 'C'	252	0.13
9,000	Hokkaido Electric Power	56	0.03
16,400	Hokuriku Electric Power	152	0.08
59,338	Kansai Electric Power	464	0.24
38,700	Kyushu Electric Power	287	0.15
149,000	Osaka Gas	507	0.26
11,100	Shikoku Electric Power	85	0.04
28,000	Toho Gas	212	0.11
30,600	Tohoku Electric Power	306	0.16
117,200	Tokyo Electric Power	373	0.19
139,000	Tokyo Gas	516	0.26
		<u>4,067</u>	<u>2.08</u>
South Korea 0.12% (2015: 0.06%)			
Consumer Goods 0.07% (2015: 0.06%)			
10,900	Nexon	152	0.07
Technology 0.05% (2015: 0.00%)			
2,700	LINE	90	0.05
United States 0.05% (2015: 0.05%)			
Industrials 0.05% (2015: 0.05%)			
4,600	Monotaro	92	0.05
Derivatives 0.07% (2015: 0.03%)			
Contracts for Difference 0.02% (2015: 0.00%)			
Cross Currency Contracts for Difference 0.02% (2015: 0.00%)			
6,019	Renault	41	0.02
Futures 0.05% (2015: 0.00%)			
19	OSE TOPIX Index December 2016	91	0.05
Forward Foreign Exchange Contracts 0.00% (2015: 0.03%)			
Investment assets		193,378	98.92
Other net assets		2,113	1.08
Total net assets		195,491	100.00

Statement of total return for the year ended 31 October 2016

		2016		2015	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		44,341		20,935
Revenue	3	4,258		3,063	
Expenses	4	(498)		(531)	
Interest payable and similar charges	5	(2)		-	
Net revenue before taxation		3,758		2,532	
Taxation	6	(423)		(302)	
Net revenue after taxation			3,335		2,230
Total return before distributions			47,676		23,165
Distributions	7		(3,335)		(2,244)
Change in net assets attributable to shareholders from investment activities			44,341		20,921

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2016

		2016		2015	
		£000	£000	£000	£000
Opening net assets attributable to shareholders			162,061		164,384
Amounts receivable on issue of shares		46,354		10,217	
Amounts payable on cancellation of shares		(60,736)		(35,715)	
			(14,382)		(25,498)
Dilution adjustment			148		85
Change in net assets attributable to shareholders from investment activities			44,341		20,921
Retained distribution on accumulation shares			3,323		2,169
Closing net assets attributable to shareholders			195,491		162,061

Balance sheet as at 31 October 2016

	Note	2016 £000	2015 £000
Assets:			
Investments		193,378	158,895
Current assets:			
Debtors	8	1,935	7,493
Cash and bank balances	9	1,509	1,013
Total assets		196,822	167,401
Liabilities:			
Creditors:			
Amounts held at derivative clearing houses and brokers		91	-
Bank overdrafts		95	105
Other creditors	10	1,145	5,235
Total liabilities		1,331	5,340
Net assets attributable to shareholders		195,491	162,061

Notes to the financial statements for the year ended 31 October 2016

1 Accounting policies

The accounting policies, distribution policy and potential risks policies 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:

	2016	2015
	£000	£000
Derivative securities	(352)	478
Forward currency contracts	230	38
Non-derivative securities	44,004	20,530
Other currency gains/(losses)	469	(104)
Transaction costs	(10)	(7)
Net capital gains	44,341	20,935

3 Revenue

	2016	2015
	£000	£000
Bank interest	1	-
Overseas dividends	4,236	3,051
Stock lending revenue	21	12
Total revenue	4,258	3,063

4 Expenses

	2016	2015
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	418	447
GAC*	49	53
	467	500
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	17	17
Safe custody fees	14	14
	31	31
Total expenses	498	531

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £7,240 (2015: £7,030).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:	2016	2015
	£000	£000
Interest payable	2	-
Total interest payable and similar charges	2	-

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:	2016	2015
	£000	£000
Overseas withholding tax	423	302
Total tax (note 6b)	423	302

(b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2015: 20%). The differences are explained below:

	2016	2015
	£000	£000
Net revenue before taxation	3,758	2,532
Corporation tax at 20% (2015: 20%)	752	506
Effects of:		
Irrecoverable overseas tax	423	302
Overseas dividends*	(848)	(610)
Unused management expenses	96	104
Tax charge for the year (note 6a)	423	302

* 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 (2015: 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 £609,731 (2015: £514,008) 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 in the current or prior year.

Notes to the financial statements (continued)

7 Distributions

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

	2016	2015
	£000	£000
Interim accumulation	1,691	1,212
Final accumulation	1,632	957
	<u>3,323</u>	<u>2,169</u>
Amounts deducted on cancellation of shares	88	83
Amounts received on issue of shares	(76)	(8)
	<u>3,335</u>	<u>2,244</u>
Total distributions	3,335	2,244
Net revenue after taxation	3,335	2,230
Equalisation on conversions	-	1
Revenue shortfall	-	13
Total distributions	3,335	2,244

Details of the distribution per share are set out in the distribution tables on page 158.

8 Debtors

	2016	2015
	£000	£000
Accrued revenue	1,446	1,122
Amounts receivable for issue of shares	139	-
Corporation tax recoverable	2	2
Currency transactions awaiting settlement	300	-
Overseas withholding tax reclaimable	8	6
Sales awaiting settlement	40	6,363
	<u>1,935</u>	<u>7,493</u>
Total debtors	1,935	7,493

9 Cash and bank balances

	2016	2015
	£000	£000
Amounts held at derivative clearing houses and brokers	313	81
Cash and bank balances	1,196	932
	<u>1,509</u>	<u>1,013</u>
Total cash and bank balances	1,509	1,013

Notes to the financial statements (continued)

10 Other creditors

	2016	2015
	£000	£000
Accrued annual management charge	28	37
Accrued Depositary's fee	2	2
Accrued other expenses	9	6
Amounts payable for cancellation of shares	525	5,124
Currency transactions awaiting settlement	299	-
Purchases awaiting settlement	282	66
Total other creditors	1,145	5,235

11 Contingent assets, liabilities and commitments

The fund is a party to a claim against HMRC, the Franked Investment Income Group Litigation Order (FII GLO) concerning claimants' rights to claim back overpaid tax, against certain retrospective legislation issued by HMRC, which may result in a recovery of tax previously paid by claimants. The claim has been filed on the basis that the tax treatment of dividends received from EU-resident companies is contrary to Article 43 (freedom of establishment) and/or Article 56 (free movement of capital and payments) of the European Community Treaty. The claim and related appeals remain under consideration by the courts and the timing and nature of the outcome remain uncertain.

The claim is considered to be a contingent asset of the fund and has not been recognised in these Financial Statements as the outcome of the case and any potential recovery are sufficiently uncertain.

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

12 Related party transactions

The fund has early adopted the July 2015 amendment to section 33 of FRS102 which is applicable to accounting periods beginning on or after 1 January 2016 with earlier application permitted. Section 33 requires disclosure of the nature of any related party relationship as well as details of any transactions and outstanding balances carried out between the related party and the fund.

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 148 including all creations and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

HSBC Global Custody Nominee (UK) Ltd, as a material shareholder, is a related party holding shares comprising 67.77% of the total net assets of the fund as at the year end (2015: 68.30%).

Notes to the financial statements (continued)

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 charge) and Class Z (Institutional). The annual management charge on each share class is as follows:

	2016	2015
	%	%
Class A	0.50%*	1.50%
Class C	0.50%	0.50%
Class I	0.30%**	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.

** With effect from 1 September 2016, the annual management charge decreased from 1.50% to 0.50%.

*** With effect from 1 September 2016, the annual management charge decreased from 0.75% to 0.30%.

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 128 to 130. The distribution per share class is given in the distribution tables on page 158. All share classes have the same rights on winding up.

Share reconciliation as at 31 October 2016

	Class A accumulation	Class C accumulation	Class I accumulation	Class Y accumulation
Opening number of shares	7,109,768	848,976	12,881,132	17,495,904
Creations during the year	48,161	2,676	4,099,431	-
Cancellations during the year	(485,274)	(108,890)	(4,854,577)	-
Shares converted during the year	(1,467,704)	-	1,711,611	-
Closing shares in issue	5,204,951	742,762	13,837,597	17,495,904

	Class Z accumulation
Opening number of shares	63,860,225
Creations during the year	22,982,337
Cancellations during the year	(29,295,291)
Shares converted during the year	-
Closing shares in issue	57,547,271

Notes to the financial statements (continued)

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. The prior year comparatives have been updated for consistency.

At 31 October 2016 there was no collateral pledged or collateral held in respect of derivatives for this fund (2015: nil).

2016

At 31 October 2016 the underlying exposure for each category of derivatives were as follows:

Counterparty	Contracts for difference £000	Futures £000	Total by counterparty £000
UBS	41	91	132
	<u>41</u>	<u>91</u>	<u>132</u>

At 31 October 2015 the underlying exposure for each category of derivatives were as follows:

Counterparty	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
Royal Bank of Scotland	50	-	50
UBS	-	1	1
	<u>50</u>	<u>1</u>	<u>51</u>

Notes to the financial statements (continued)

15 Stock lending

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

2016

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Citigroup	164	182	Equity
Deutsche Bank	76	84	Equity
Merrill Lynch	91	98	Government Bond
Morgan Stanley	130	150	Equity
	461	514	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	25	4	21

Notes to the financial statements (continued)

15 Stock lending (continued)

2015 Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Barclays	57	60	Government Bond
Deutsche Bank	486	581	Equity
Goldman Sachs	220	556	Government Bond
Merrill Lynch	57	62	Government Bond
Morgan Stanley	39	43	Equity
Morgan Stanley	99	106	Government Bond
	<u>138</u>	<u>149</u>	
	<u>958</u>	<u>1,408</u>	

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

Risks in respect of the fund's financial assets and liabilities are set out in note 3 of the aggregated notes to the financial statements.

Currency risk

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

	Investment assets including liabilities £000	Other net assets/ (liabilities) £000	Total net assets/ (liabilities) £000
2016			
Currency			
Japanese yen	193,378	2,137	195,515
UK sterling	-	(26)	(26)
US Dollar	-	2	2
Total	193,378	2,113	195,491
	Investment assets including liabilities £000	Other net assets/ (liabilities) £000	Total net assets/ (liabilities) £000
2015			
Currency			
Japanese yen	153,855	9,545	163,400
UK sterling	5,040	(6,379)	(1,339)
Total	158,895	3,166	162,061

Interest rate risk

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

Global exposure

The VaR methodology and parameters are set out in note 3 of the aggregated notes to the financial statements.

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

	Actual VaR in year			VaR limit %	Utilisation of VaR limit		
	Minimum %	Maximum %	Average %		Minimum %	Maximum %	Average %
2016	97.37	101.90	100.06	200	48.69	50.95	50.03
2015	98.74	101.73	100.07	200	49.37	50.87	50.03

Global exposure calculation basis: Absolute VaR.

Leverage

	Minimum %	Maximum %	Average %
2016	0.16	4.83	1.61
2015	0.15	2.78	1.26

The level of leverage arising from the use of derivatives in the investment portfolio is disclosed in the table below as a percentage of the fund's total Net Asset Value. More detail on the disclosure is set out in note 3 of the aggregated notes to the financial statements.

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	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2016				
Amounts held at derivative clearing house and brokers	91	-	-	-
Bank overdrafts	95	-	-	-
Other creditors	-	1,145	-	-
Total	186	1,145	-	-

	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2015				
Bank overdrafts	105	-	-	-
Other creditors	-	5,235	-	-
Total	105	5,235	-	-

Notes to the financial statements (continued)

17 Fair value

Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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 FRS102 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

Valuation technique	2016		2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	193,337	-	158,845	-
Level 2	41	-	50	-
Level 3	-	-	-	-
	193,378	-	158,895	-

Notes to the financial statements (continued)

19 Events after the Balance sheet date

On 1 November 2016, the fund's name changed from Henderson Institutional Japan Enhanced Equity Fund to Henderson Japan Index Opportunities Fund. The fund's investment objectives, policies and associated risks have also been revised with effect from 1 November 2016. For further details please see the Key Investor Information Document (KIID) and the Prospectus.

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

Distribution tables for the year ended 31 October 2016 (in pence per share)

Interim dividend distribution (accounting date 30 April 2016, paid on 30 June 2016)

Group 1: shares purchased prior to 1 November 2015

Group 2: shares purchased on or after 1 November 2015

	Distribution per share	Equalisation	Distribution paid 30/06/16	Distribution paid 30/06/15*
Class A accumulation				
Group 1	0.1690	-	0.1690	-
Group 2	0.1571	0.0119	0.1690	-
Class C accumulation				
Group 1	1.2127	-	1.2127	0.9395
Group 2	1.2127	-	1.2127	0.9395
Class I accumulation				
Group 1	0.7773	-	0.7773	0.5572
Group 2	0.4373	0.3400	0.7773	0.5572
Class Y accumulation				
Group 1	0.7708	-	0.7708	0.5718
Group 2	0.7708	-	0.7708	0.5718
Class Z accumulation				
Group 1	1.7663	-	1.7663	1.4408
Group 2	1.4929	0.2734	1.7663	1.4408

* Distribution is shown net of 10% notional tax credit.

Final dividend distribution (accounting date 31 October 2016, paid on 30 December 2016)

Group 1: shares purchased prior to 1 May 2016

Group 2: shares purchased on or after 1 May 2016

	Distribution per share	Equalisation	Distribution paid 30/12/16	Distribution paid 31/12/15*
Class A accumulation				
Group 1	0.6867	-	0.6867	-
Group 2	0.4066	0.2801	0.6867	-
Class C accumulation				
Group 1	1.5384	-	1.5384	0.7456
Group 2	1.5384	-	1.5384	0.7456
Class I accumulation				
Group 1	1.1106	-	1.1106	0.4308
Group 2	0.9590	0.1516	1.1106	0.4308
Class Y accumulation				
Group 1	0.9929	-	0.9929	0.4307
Group 2	0.9929	-	0.9929	0.4307
Class Z accumulation				
Group 1	2.1854	-	2.1854	1.2836
Group 2	1.5997	0.5857	2.1854	1.2836

* Distribution is shown net of 10% notional tax credit.

Henderson Institutional North American Enhanced Equity Fund

Authorised Corporate Director's report

Investment Fund Manager

Henderson Multi Strategy Equities Team

Investment objective and policy

The fund aims to provide consistent capital growth relative to the FTSE World North America Index (or such other index as may from time to time replace it) through investing primarily in North American companies. There are no restrictions on the size of the companies in which the fund may invest.

The fund aims to provide an annual return above that of the FTSE World North America Index, whilst controlling risk. The fund will invest primarily in North American companies included within the FTSE World North America Index. Additionally, the Fund can invest in companies listed on other exchanges which are associated with FTSE World North America Index listed shares or other North American companies.

The fund will not attempt to replicate identically the share composition of the FTSE World North America Index, and the Fund Manager will actively review the shares within the portfolio, and effect adjustments as necessary in order to achieve the investment objective.

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

Performance summary

	31 Oct 15- 31 Oct 16 %	31 Oct 14- 31 Oct 15 %	31 Oct 13- 31 Oct 14 %	31 Oct 12- 31 Oct 13 %	31 Oct 11- 31 Oct 12 %
Henderson Institutional North American Enhanced Equity Fund*	32.0	6.9	16.3	26.2	14.4
FTSE Custom All World Dev North America Index**	31.9	6.8	16.3	26.0	14.1

Source: Henderson Global Investors & FTSE.

* 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 re-invested (Market Capitalisation on weighted Index of United States of America and Canada).

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 2016

Largest purchases	£000	Largest sales/maturities	£000
Altria	2,917	Limited Brands 6.9% 15/07/2017	4,404
Merck	2,019	Apple	3,564
Eli Lilly	1,597	General Electric Capital	2,279
Apple	1,477	Microsoft	1,981
Microsoft	1,433	Exxon Mobil	1,892
Southern	1,227	Wells Fargo	1,725
Procter & Gamble	1,198	Johnson & Johnson	1,580
Duke Energy	1,138	D.R. Horton 6.5% 15/04/2016	1,570
Wells Fargo	878	Centex 6.5% 01/05/2016	1,522
General Electric Capital	874	JP Morgan Chase Bank	1,424
Total purchases	68,982	Total sales/maturities	126,941

Investment review

The FTSE All World Developed North America Index delivered a sterling total return of 31.9% for the 12 months to 31 October 2016. A drastic fall in the value of sterling aided returns for UK based investors in US stocks. Sector results were strong across the board; even the laggard, healthcare, produced double-digit returns.

US Federal Reserve (Fed) policy was foremost in the minds of investors as the year began, continuing months of speculation about when interest rates would start to rise. This only heightened as 2015 neared an end, and in mid-December, the Fed instituted a modest 0.25–0.50% increase in the benchmark interest rate, in line with consensus expectations. The decision was supported by strong domestic data. Unemployment steadily moved downward, and non-farm payroll numbers soared in the autumn. January, however, ushered in an environment of caution as markets globally experienced a dramatic sell-off. China saw stocks fall by more than 20% in the month, and markets in other principal regions, including Europe and the US, soon followed suit, racking up double-digit losses. The low oil price also depressed markets in January, taking its toll on the mining, energy and industrial sectors in particular. Inflation continued to disappoint, and the Fed lowered expectations for 2016 inflation to 1.4%, much lower than the earlier goal of 2%.

The Fed grew increasingly dovish – in March, the bank announced that its estimate of four 2016 rate hikes had been reduced to two, and by 31 October, no such hikes had materialised. But the continuing US recovery was in evidence as third-quarter GDP beat expectations to double the growth of the previous quarter (coming in at 2.9% in quarter three versus 1.4% for quarter two). Fed official and Philadelphia Federal Reserve president Patrick Harker noted in October that another 2016 rate rise is still a possibility, though there was some suggestion that the Fed would wait until after the result of the November presidential election.

Comparative tables for the year ended 31 October 2016

Class A accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	923.27	875.28	764.14
Return before operating charges*	296.34	63.73	124.63
Operating charges	(15.55)	(15.74)	(13.49)
Return after operating charges*	280.79	47.99	111.14
Distributions on accumulation shares	(7.65)	(5.25)	(2.90)
Retained distributions on accumulation shares	7.65	5.25	2.90
Closing net asset value per share	1,204.06	923.27	875.28
* after direct transaction costs of:	-	-	0.04

Performance

Return after charges	30.41%	5.48%	14.54%
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Other information

Closing net asset value (£000s)	23,244	22,790	28,753
Closing number of shares	1,930,481	2,468,398	3,284,947
Operating charges	1.53%	1.70%	1.70%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	1,219.19	996.98	870.53
Lowest share price (pence)	855.61	841.35	743.78

Class I accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,028.47	967.95	838.22
Return before operating charges*	329.71	68.64	136.66
Operating charges	(8.12)	(8.12)	(6.93)
Return after operating charges*	321.59	60.52	129.73
Distributions on accumulation shares	(15.89)	(13.30)	(10.00)
Retained distributions on accumulation shares	15.89	13.30	10.00
Closing net asset value per share	1,350.06	1,028.47	967.95
* after direct transaction costs of:	-	-	0.04

Performance

Return after charges	31.27%	6.25%	15.48%
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Other information

Closing net asset value (£000s)	42,371	30,316	25,480
Closing number of shares	3,138,404	2,947,715	2,632,427
Operating charges	0.70%	0.79%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	1,366.81	1,106.11	961.60
Lowest share price (pence)	955.07	935.96	817.66

Comparative tables (continued)

Class Y accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	192.61	181.28	156.98
Return before operating charges*	61.76	12.85	25.60
Operating charges	(1.69)	(1.52)	(1.30)
Return after operating charges*	60.07	11.33	24.30
Distributions on accumulation shares	(2.82)	(2.49)	(1.87)
Retained distributions on accumulation shares	2.82	2.49	1.87
Closing net asset value per share	252.68	192.61	181.28
* after direct transaction costs of:	-	-	0.01

Performance

Return after charges	31.19%	6.25%	15.48%
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Other information

Closing net asset value (£000s)	61	46	44
Closing number of shares	24,131	24,131	24,131
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	255.86	207.15	180.09
Lowest share price (pence)	178.86	175.28	153.13

Class Z accumulation

	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	282.41	264.20	227.33
Return before operating charges*	90.49	18.32	36.97
Operating charges	(0.13)	(0.11)	(0.10)
Return after operating charges*	90.36	18.21	36.87
Distributions on accumulation shares	(6.10)	(5.33)	(4.24)
Retained distributions on accumulation shares	6.10	5.33	4.24
Closing net asset value per share	372.77	282.41	264.20
* after direct transaction costs of:	-	-	0.01

Performance

Return after charges	32.00%	6.89%	16.22%
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Other information

Closing net asset value (£000s)	393,389	363,665	374,964
Closing number of shares	105,529,912	128,772,147	141,922,727
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price (pence)	377.29	302.73	262.27
Lowest share price (pence)	262.70	256.73	222.14

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.

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.

	2016	2015
	%	%
Class A	1.53 ¹	1.70
Class I	0.70 ²	0.79
Class Y	0.79	0.79
Class Z	0.04	0.04

¹ With effect from 1 September 2016, the annual management charge decreased from 1.50% to 0.50%.

² With effect from 1 September 2016, the annual management charge decreased from 0.75% to 0.30%.

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 lowest category does not mean risk free.

The fund's risk level reflects the following:

- The fund focuses on a single region
- As a category, shares are, in general, more volatile than either bonds or money market instruments
- The fund invests in a broad range of securities and countries and uses a broad range of strategies
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

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

There have been no changes to the risk rating 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 2016

Holding	Investment	Market value £000	Percentage of total net assets %
Equities 98.55% (2015: 96.18%)			
Canada 5.14% (2015: 4.64%)			
Basic Materials 0.47% (2015: 0.40%)			
6,823	Agnico Eagle Mines	284	0.06
4,334	Agrium	326	0.07
26,402	Barrick Gold	380	0.09
15,131	Cameco	96	0.02
4,884	Franco Nevada	262	0.06
16,323	Goldcorp	203	0.04
25,116	Potash of Saskatchewan	335	0.07
14,546	Silver Wheaton	287	0.06
		<u>2,173</u>	<u>0.47</u>
Consumer Goods 0.13% (2015: 0.15%)			
10,682	Magna 'A'	360	0.08
8,300	Saputo	244	0.05
		<u>604</u>	<u>0.13</u>
Consumer Services 0.39% (2015: 0.41%)			
11,796	Alimentation Couche-Tard 'B'	486	0.11
3,206	Canadian Tire 'A'	255	0.06
5,888	Loblaws	238	0.05
5,871	Metro 'A'	149	0.03
7,102	Restaurant Brands	259	0.06
12,026	Shaw Communications 'B'	195	0.04
5,999	Thomson Reuters	193	0.04
		<u>1,775</u>	<u>0.39</u>
Financials 2.25% (2015: 2.08%)			
15,620	Bank of Montreal	814	0.18
31,791	Bank of Nova Scotia	1,400	0.31
24,657	Brookfield Asset Management 'A'	708	0.15
12,416	Canadian Imperial Bank of Commerce	763	0.17
8,167	CI Financial	123	0.03
695	Fairfax Financial	291	0.06
11,004	Great-West Lifeco	226	0.05
5,390	Intact Financial	300	0.07
56,513	Manulife Financial	671	0.15
5,202	National Bank of Canada	152	0.03
6,713	Power Corporation of Canada	118	0.03
7,770	Power Financial	150	0.03
10,913	RioCan REIT	174	0.04
42,882	Royal Bank of Canada	2,194	0.47
15,980	Sun Life Financial	438	0.10
47,993	Toronto-Dominion Bank	1,784	0.38
		<u>10,306</u>	<u>2.25</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Industrials 0.40% (2015: 0.34%)			
16,796	Canadian National Railways	865	0.19
4,706	Canadian Pacific Railway	551	0.12
6,520	Waste Connections	401	0.09
		1,817	0.40
Oil & Gas 1.08% (2015: 0.89%)			
14,532	Arc Resources	202	0.04
25,585	Canadian Natural Resources	665	0.14
25,432	Cenovus Energy	300	0.07
18,627	Crescent Point Energy	182	0.04
26,147	Enbridge	925	0.20
28,225	Encana	221	0.05
12,105	Husky Energy	106	0.02
6,106	Imperial Oil	162	0.04
10,661	Inter Pipeline	181	0.04
45,496	Suncor Energy	1,120	0.24
5,807	Tourmaline Oil	124	0.03
21,111	TransCanada	783	0.17
		4,971	1.08
Technology 0.12% (2015: 0.08%)			
21,668	Blackberry	125	0.03
7,841	CGI 'A'	305	0.06
332	Constellation Software	126	0.03
		556	0.12
Telecommunications 0.17% (2015: 0.19%)			
8,860	BCE	329	0.06
9,312	Rogers Communications 'B'	307	0.07
6,087	Telus	162	0.04
		798	0.17
Utilities 0.13% (2015: 0.10%)			
7,179	Canadian Utilities 'A'	168	0.04
7,932	Fortis	214	0.05
9,087	Pembina Pipeline	229	0.04
		611	0.13
Cayman Islands 0.01% (2015: 0.00%)			
Industrials 0.01% (2015: 0.00%)			
1,882	ZTO Express (Cayman) ADR	30	0.01
Cyprus 0.00% (2015: 0.02%)			
Consumer Goods 0.00% (2015: 0.02%)			

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Hong Kong 0.02% (2015: 0.05%)		
	Consumer Goods 0.02% (2015: 0.05%)		
2,236	Michael Kors Holdings	93	0.02
	India 0.01% (2015: 0.00%)		
	Utilities 0.01% (2015: 0.00%)		
3,129	Azure Power Global	40	0.01
	Ireland 0.43% (2015: 0.42%)		
	Financials 0.07% (2015: 0.07%)		
11,585	XL	329	0.07
	Industrials 0.36% (2015: 0.35%)		
17,511	Accenture	1,668	0.36
	Israel 0.08% (2015: 0.07%)		
	Technology 0.08% (2015: 0.07%)		
5,198	Check Point Software	360	0.08
	Japan 0.00% (2015: 0.02%)		
	Telecommunications 0.00% (2015: 0.02%)		
	Mexico 0.02% (2015: 0.02%)		
	Basic Materials 0.02% (2015: 0.02%)		
3,807	Southern Copper	89	0.02
	Netherlands 0.20% (2015: 0.14%)		
	Industrials 0.04% (2015: 0.04%)		
5,485	AerCap	185	0.04
	Technology 0.16% (2015: 0.10%)		
8,850	NXP Semiconductors	724	0.16
	Russian Federation 0.03% (2015: 0.02%)		
	Technology 0.03% (2015: 0.02%)		
8,295	Yandex	134	0.03
	Singapore 0.31% (2015: 0.13%)		
	Technology 0.31% (2015: 0.13%)		
10,352	Broadcom	1,444	0.31
	Sweden 0.02% (2015: 0.00%)		
	Consumer Goods 0.02% (2015: 0.00%)		
1,348	Autoliv	107	0.02
	Switzerland 0.12% (2015: 0.10%)		
	Industrials 0.12% (2015: 0.10%)		
10,466	TE Connectivity	539	0.12

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
United Kingdom 0.29% (2015: 0.32%)			
Consumer Goods 0.04% (2015: 0.00%)			
5,671	Coca-Cola European Partners	179	0.04
Consumer Services 0.21% (2015: 0.27%)			
8,902	Liberty Global 'A'	238	0.05
21,620	Liberty Global 'C'	562	0.12
2,670	Signet Jewellers	178	0.04
		978	0.21
Financials 0.04% (2015: 0.05%)			
4,068	Axis Capital Holdings	190	0.04
United States 91.87% (2015: 90.23%)			
Basic Materials 2.11% (2015: 2.16%)			
793	AdvanSix	10	-
6,073	Air Products & Chemicals	664	0.14
6,339	AK Steel	27	0.01
2,292	Albemarle	157	0.03
14,012	Alcoa	330	0.07
1,128	Ashland Global	103	0.02
924	Avery Dennison	53	0.01
2,381	Celanese 'A'	142	0.03
7,035	CF Industries	138	0.03
29,981	Dow Chemical	1,321	0.29
24,280	DuPont (E.I.) De Nemours	1,368	0.30
5,200	Eastman Chemical	306	0.07
8,316	Ecolab	777	0.17
6,136	FMC	236	0.05
33,478	Freeport-McMoRan C & G 'B'	307	0.07
2,991	International Flavors & Fragrances	320	0.07
12,374	International Paper	456	0.10
10,772	Lyondellbasell Industries 'A'	702	0.15
9,736	Mosaic	188	0.04
11,648	Newmont Mining	353	0.08
8,712	Nucor	349	0.08
7,180	PPG Industries	548	0.12
8,261	Praxair	792	0.17
3,036	Versum Materials	56	0.01
		9,703	2.11
Consumer Goods 10.03% (2015: 9.37%)			
21,255	Activision Blizzard	751	0.16
2,670	Adient	100	0.02
52,167	Altria	2,825	0.62
17,863	Archer Daniels Midland	637	0.14
8,458	BorgWarner	248	0.05
6,052	Brown-Forman	229	0.05
5,884	Bunge	299	0.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Goods (continued)			
3,063	Campbell Soup	136	0.03
6,690	Church & Dwight	264	0.06
3,733	Clorox	367	0.08
5,843	Coach	172	0.04
111,404	Coca-Cola	3,868	0.84
22,788	Colgate-Palmolive	1,332	0.29
14,775	ConAgra Foods	583	0.13
4,993	Constellation Brands 'A'	683	0.15
6,888	Delphi Automotive	367	0.08
12,406	D.R. Horton	293	0.06
4,058	Dr Pepper Snapple	292	0.06
2,634	Edgewell Personal Care	163	0.04
6,921	Electronic Arts	445	0.10
6,233	Estée Lauder 'A'	445	0.10
118,363	Ford Motor	1,138	0.25
14,240	General Mills	723	0.16
43,010	General Motors	1,113	0.24
10,718	Gentex	148	0.03
5,486	Genuine Parts	407	0.09
9,890	Goodyear Tire & Rubber	235	0.05
13,072	Hanesbrands	275	0.06
2,148	Harley-Davidson	100	0.02
2,460	Harman International Industries	161	0.03
1,862	Hasbro	127	0.03
2,870	Herbalife	143	0.03
3,356	Hershey	282	0.06
8,208	Hormel Foods	259	0.06
1,799	Ingredion	193	0.04
6,054	Kellogg	373	0.08
8,764	Kimberly-Clark	821	0.18
17,023	Kraft Heinz	1,240	0.27
3,190	Lear	321	0.07
6,100	Lennar 'A'	208	0.05
6,378	Leucadia National	98	0.02
3,815	LKQ	101	0.02
4,353	Lululemon Athletica	204	0.04
11,866	Mattel	306	0.07
4,503	McCormick Non-Voting Shares	354	0.08
4,401	Mead Johnson Nutrition	269	0.06
1,190	Mohawk Industries	180	0.04
4,020	Molson Coors Brewing 'B'	342	0.07
39,484	Mondelez International	1,453	0.32
13,232	Monsanto	1,092	0.24
4,467	Monster Beverage	528	0.12
9,845	Newell Rubbermaid	387	0.08
27,480	Nike 'B'	1,129	0.25
173	NVR	216	0.05

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Goods (continued)			
39,030	PepsiCo	3,427	0.75
41,819	Philip Morris International	3,303	0.72
2,191	Polaris Industries	137	0.03
2,388	Polo Ralph Lauren 'A'	192	0.04
70,496	Procter & Gamble	5,012	1.08
14,644	Pulte	223	0.05
3,396	PVH	298	0.06
21,727	Reynolds American	980	0.21
2,739	Smucker (JM)	295	0.06
2,293	Snap-on	289	0.06
3,712	Stanley Black & Decker	346	0.08
3,161	Tesla Motors	512	0.11
5,838	Toll Brothers	131	0.03
9,145	Tyson Foods 'A'	531	0.12
5,769	Under Armour	122	0.03
5,729	Under Armour 'A'	146	0.03
7,496	VF	333	0.07
2,669	Whirlpool	327	0.07
		46,029	10.03
Consumer Services 12.11% (2015: 12.88%)			
2,636	Advance Auto Parts	302	0.07
10,727	Amazon.com	6,938	1.52
6,012	American Airlines	200	0.04
5,313	AmerisourceBergen 'A'	306	0.07
811	AutoZone	493	0.11
3,364	Bed Bath & Beyond	111	0.02
7,975	Best Buy	254	0.06
8,077	Block (H & R)	152	0.03
9,187	Cardinal Health	517	0.11
2,351	CarMax	96	0.02
12,890	Carnival	518	0.11
11,661	CBS 'B'	541	0.12
5,080	Charter Communications 'A'	1,040	0.23
586	Chipotle Mexican Grill 'A'	173	0.04
65,494	Comcast 'A' Special	3,316	0.72
11,505	Costco Wholesale	1,394	0.30
28,167	CVS Caremark	1,940	0.42
4,841	Darden Restaurants	257	0.06
8,213	Delta Air Lines	281	0.06
6,180	Discovery Communications 'A'	132	0.03
6,528	Discovery Communications 'C'	134	0.03
7,839	DISH Network 'A'	376	0.08
6,087	Dollar General	344	0.08
5,948	Dollar Tree	368	0.08
22,341	eBay	522	0.11
4,422	Expedia	468	0.10

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Services (continued)			
5,800	Foot Locker	317	0.07
7,835	Gap	177	0.04
2,797	Hertz Rental Car	76	0.02
11,185	Hilton Worldwide Holdings	207	0.05
33,628	Home Depot	3,360	0.74
4,891	Interpublic	90	0.02
5,655	Kohls	203	0.04
26,628	Kroger	675	0.15
6,945	L Brands	411	0.09
8,482	Las Vegas Sands	402	0.09
6,717	Liberty Interactive 'A'	102	0.02
3,430	Liberty Sirius 'C'	93	0.02
22,906	Lowe's	1,250	0.27
10,556	Macy's	316	0.07
9,004	Marriott International 'A'	507	0.11
22,501	McDonald's	2,074	0.45
6,714	McKesson	699	0.15
13,780	MGM Resorts International	295	0.06
11,797	Netflix	1,206	0.26
15,279	News 'A'	152	0.03
9,726	Nielsen	359	0.08
4,185	Nordstrom	178	0.04
4,617	Norwegian Cruise Line	147	0.03
5,950	Omnicom	389	0.08
2,792	O'Reilly Automotive	605	0.13
1,261	Priceline.com	1,523	0.33
11,178	Ross Stores	572	0.12
5,947	Royal Caribbean Cruises	374	0.08
3,684	Scripps Networks Interactive 'A'	194	0.04
52,454	Sirius XM Holdings	179	0.04
5,581	Southwest Airlines	183	0.04
25,658	Staples	155	0.03
38,898	Starbucks	1,691	0.37
16,641	Sysco	656	0.14
14,512	Target	817	0.18
8,106	Tegna	130	0.03
43,722	The Walt Disney Company	3,319	0.72
4,555	Tiffany	274	0.06
20,104	Time Warner	1,464	0.32
19,834	TJX	1,198	0.26
1,701	Tractor Supply	87	0.02
4,422	Tripadvisor	234	0.05
34,573	Twenty-First Century Fox	744	0.16
13,447	Twenty-First Century Fox 'B'	291	0.06
1,895	ULTA Beauty	378	0.08
6,853	Viacom 'B'	211	0.05
22,928	Walgreens	1,553	0.34
44,516	Wal-Mart Stores	2,553	0.56

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Consumer Services (continued)			
9,764	Whole Foods Market	226	0.05
3,140	Wyndham Worldwide	169	0.04
3,488	Wynn Resorts	270	0.06
9,449	Yum! Brands	668	0.15
		55,576	12.11
Financials 16.95% (2015: 16.81%)			
13,779	Ace	1,433	0.31
2,230	Affiliated Managers	242	0.05
11,752	Aflac	663	0.14
16,878	AGNC Investment	277	0.06
690	Alleghany	292	0.06
7,899	Allstate	439	0.10
13,565	Ally Financial	201	0.04
19,727	American Express	1,073	0.23
27,971	American International	1,413	0.31
12,435	American Tower	1,194	0.26
5,215	Ameriprise Financial	378	0.08
38,044	Annaly Capital Management REIT	323	0.07
5,790	AON	526	0.11
4,498	Arch Capital	287	0.06
3,327	Arthur J Gallagher	131	0.03
3,718	AvalonBay Communities	521	0.11
274,033	Bank of America	3,703	0.81
32,187	Bank of New York Mellon	1,141	0.25
24,747	BB & T	795	0.17
13	Berkshire Hathaway 'A'	2,303	0.50
32,965	Berkshire Hathaway 'B'	3,895	0.85
2,980	BlackRock	833	0.18
2,999	Boston Properties	296	0.06
13,903	Capital One Financial	843	0.18
12,005	CBRE 'A'	253	0.06
33,063	Charles Schwab	858	0.19
5,677	Cincinnati Financial	329	0.07
7,445	CIT	222	0.05
77,835	Citigroup	3,134	0.68
13,712	Citizens Financial	296	0.06
9,298	CME 'A'	762	0.17
2,829	Comerica	121	0.03
10,891	Crown Castle	812	0.18
3,438	Digital Realty Trust REIT	263	0.06
9,538	Discover Financial Services	440	0.10
15,332	Duke Realty REIT	328	0.07
2,026	Equifax	206	0.04
2,230	Equinix	652	0.14
11,529	Equity Residential REIT	583	0.13
2,095	Essex Property Trust	367	0.08

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Financials (continued)		
11,581	E*TRADE Financial	267	0.06
1,884	Everest Reinsurance	314	0.07
4,254	Extra Space Storage	255	0.06
2,315	Federal Realty Investment Trust REIT	275	0.06
4,398	First Republic Bank	268	0.06
9,987	FNF	294	0.06
11,976	Franklin Resources	330	0.07
12,173	General Growth Properties REIT	249	0.05
10,635	Goldman Sachs	1,553	0.34
10,727	Hartford Financial Services	388	0.08
15,943	Health Care Properties	448	0.10
13,059	Host Hotels & Resort	166	0.04
32,469	Huntington Bancshares	282	0.06
3,432	Intercontinental Exchange	761	0.17
5,356	Invesco	123	0.03
8,257	Iron Mountain	228	0.05
99,822	JP Morgan Chase Bank	5,662	1.24
31,696	KeyCorp	367	0.08
9,352	Kimco Realty	204	0.04
4,061	Liberty Broadband C	222	0.05
1,217	Liberty Ventures	40	0.01
6,149	Lincoln National	247	0.05
9,880	Loews	348	0.08
4,132	M & T Bank	415	0.09
2,193	Macerich	127	0.03
335	Markel	241	0.05
14,687	Marsh & McLennan	763	0.17
27,367	Mastercard	2,398	0.52
23,032	MetLife	886	0.19
5,231	Moody's	431	0.09
42,073	Morgan Stanley	1,157	0.25
4,956	NASDAQ	260	0.06
20,804	Navient	218	0.05
22,883	New York Community Bancorp	269	0.06
6,367	Northern Trust	378	0.08
2,569	People's United Financial	34	0.01
12,051	PNC Financial Services	944	0.21
6,078	Price (T. Rowe) Associates	319	0.07
9,501	Principal Financial	425	0.09
11,361	Progressive (OH)	293	0.06
16,457	Prologis	703	0.15
13,051	Prudential Financial	906	0.20
3,346	Public Storage	586	0.13
6,003	Realty Income	291	0.06
3,834	Regency Centers	226	0.05
33,514	Regions Financial	294	0.06
7,875	Simon Property	1,200	0.26

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials (continued)			
4,104	SL Green Realty	330	0.07
8,466	S&P Global	845	0.18
8,683	State Street	499	0.11
13,325	SunTrust Banks	494	0.11
24,950	Synchrony Financial	584	0.13
3,498	TD Ameritrade Holdings	98	0.02
8,924	The Travelers Companies	791	0.17
2,264	Torchmark	118	0.03
9,706	United Dominion Realty Trust	278	0.06
2,705	Unum	78	0.02
47,877	US Bancorp	1,755	0.38
11,300	Ventas	627	0.14
29,968	Vereit	230	0.05
51,264	Visa	3,465	0.75
4,093	Vornado Realty Trust	311	0.07
6,700	Voya Financial	168	0.04
137,299	Wells Fargo	5,173	1.14
9,819	Welltower	551	0.12
10,578	Western Union	174	0.04
15,398	Weyerhaeuser	377	0.08
4,837	Willis Towers Watson	499	0.11
326	WR Berkley	15	-
4,725	Zions Bancorp	125	0.03
18,839	5th Third Bancorp	336	0.07
		77,804	16.95
Health Care 12.17% (2015: 12.42%)			
38,333	Abbott Laboratories	1,232	0.27
44,004	AbbVie	2,010	0.44
10,197	Aetna	897	0.20
6,728	Alexion Pharmaceuticals	719	0.16
4,094	Alkermes	169	0.04
10,749	Allergan	1,840	0.40
2,252	Alnylam Pharmaceuticals	66	0.01
20,652	Amgen	2,388	0.52
6,844	Anthem	683	0.15
1,828	Bard	324	0.07
15,430	Baxter International	601	0.13
6,119	Becton Dickinson	842	0.18
5,837	Biogen Idec	1,339	0.29
5,135	BioMarin Pharmaceutical	339	0.07
40,444	Boston Scientific	729	0.16
45,573	Bristol-Myers Squibb	1,900	0.41
21,137	Celgene	1,769	0.39
3,459	Centene	177	0.04
7,644	CIGNA	745	0.16
6,844	DaVita HealthCare Partners	329	0.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Health Care (continued)			
5,781	Dentsply Sirona	273	0.06
4,705	Edwards Lifesciences	367	0.08
26,592	Eli Lilly	1,608	0.35
9,183	Endo International	141	0.03
16,743	Express Scripts Holdings	924	0.20
37,801	Gilead Sciences	2,279	0.50
6,921	HCA Holdings	434	0.09
1,529	Henry Schein	187	0.04
8,695	Hologic	256	0.06
4,331	Humana	608	0.13
4,646	Illumina	518	0.11
4,727	Incyte	337	0.07
6,633	Innovive Pharmaceuticals*	-	-
953	Intuitive Surgical	525	0.11
1,789	Jazz Pharmaceuticals	160	0.03
75,977	Johnson & Johnson	7,217	1.58
3,333	Laboratory Corporation of America	342	0.07
4,994	Mallinckrodt	242	0.05
38,585	Medtronic	2,592	0.56
76,181	Merck	3,665	0.81
10,578	Mylan	316	0.07
203,005	NovaDel Pharmaceutical	1	-
3,478	Perrigo	237	0.05
167,144	Pfizer	4,340	0.96
2,145	Quest Diagnostics	143	0.03
3,920	Quintiles Transnational	230	0.05
2,461	Regeneron Pharmaceuticals	695	0.15
2,994	ResMed	147	0.03
6,875	St. Jude Medical	438	0.10
8,710	Stryker	823	0.18
1	TG Therapeutics^	-	-
10,321	Thermo Fisher Scientific	1,243	0.27
26,272	United Health	3,041	0.66
3,142	Universal Health Services	311	0.07
10,249	Valeant Pharmaceuticals International	150	0.03
2,049	Varian Medical Systems	152	0.03
7,613	Vertex Pharmaceuticals	473	0.10
2,259	Waters	257	0.06
6,752	Zimmer Holdings	583	0.13
12,598	Zoetis	493	0.11
		55,846	12.17
Industrials 10.64% (2015: 10.34%)			
1,270	Acuity Brands	233	0.05
3,130	Advanced Disposal Services	51	0.01
5,386	Agilent Technologies	192	0.04
4,366	Allegion	228	0.05

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Industrials (continued)			
1,923	Alliance Data Systems	322	0.07
6,320	Allison Transmission	152	0.03
8,925	Ametek	322	0.07
8,930	Amphenol 'A'	482	0.11
13,175	Auto Data Processing	939	0.20
5,743	Avnet	197	0.04
4,098	Ball	259	0.06
3,799	BE Aerospace	185	0.04
14,843	Boeing	1,732	0.38
1,323	Broadridge Financial Solutions	70	0.02
16,090	Caterpillar	1,100	0.24
6,034	CH Robinson Worldwide	337	0.07
1,721	Cintas	150	0.03
29,686	CSX	742	0.16
4,126	Cummins	432	0.09
16,570	Danaher	1,066	0.23
9,233	Deere	668	0.15
3,847	Dover	211	0.05
13,229	Eaton	691	0.15
17,260	Emerson Electric	716	0.16
1,537	Expeditors International of Washington	65	0.01
11,044	Fastenal	353	0.08
5,930	FedEx	847	0.18
9,812	Fidelity National Information	594	0.13
5,311	Fiserv	428	0.09
2,504	Fleetcor Technologies	360	0.08
16,359	Flex	190	0.04
6,228	Flowserve	216	0.05
2,618	Fluor	111	0.02
9,339	Forterra	131	0.03
8,285	Fortive	346	0.08
5,775	Fortune Brands Home & Security	258	0.06
8,989	General Dynamics	1,110	0.24
244,206	General Electric Capital	5,820	1.26
3,209	Global Payments	191	0.04
1,889	Grainger (WW)	322	0.07
19,836	Honeywell International	1,782	0.39
7,469	Illinois Tool Works	695	0.15
6,730	Ingersoll-Rand	371	0.08
8,160	Jabil Circuit	143	0.03
5,700	Jacobs Engineering	241	0.05
3,423	JB Hunt Transport Services	229	0.05
26,704	Johnson Controls	882	0.19
2,969	Kansas City Southern Industries	213	0.05
6,517	Keysight	175	0.04
3,753	LinkedIn	583	0.13
8,914	Lockheed Martin	1,801	0.39

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Industrials (continued)			
2,346	L3 Communications	263	0.06
1,292	Manpowergroup	81	0.02
2,071	Martin Marietta Materials	314	0.07
5,016	Masco	127	0.03
6,397	MDU Resources	137	0.03
746	Mettler-Toledo International	247	0.05
7,205	Norfolk Southern	549	0.12
4,236	Northrop Grumman	795	0.17
9,138	PACCAR	411	0.09
2,781	Parker Hannifin	280	0.06
9,797	Paychex	443	0.10
28,224	PayPal	963	0.21
2,183	Pentair	99	0.02
7,056	Raytheon	790	0.17
5,646	Republic Services	243	0.05
5,503	Robert Half International	169	0.04
2,736	Rockwell Automation	268	0.06
3,959	Rockwell Collins	273	0.06
3,520	Roper Industries	500	0.11
7,015	Sealed Air	262	0.06
5,505	Sensata Technologies	161	0.04
2,226	Sherwin-Williams	447	0.10
3,180	Stericycle	209	0.05
11,311	Textron	371	0.08
4,884	Total System Services	200	0.04
955	Transdigm	213	0.05
11,106	Trimble Navigation	251	0.05
23,448	Union Pacific	1,693	0.37
20,209	United Parcel Service	1,784	0.39
2,849	United Rentals	177	0.04
22,622	United Technologies	1,894	0.41
1,494	Valspar	122	0.03
2,862	Vantiv 'A'	137	0.03
3,621	Verisk Analytics 'A'	242	0.05
2,997	Vulcan Materials	278	0.06
2,391	Wabtec	151	0.03
11,623	Waste Management	625	0.14
4,935	Westrock	187	0.04
15,544	Xerox	124	0.03
6,665	Xylem	264	0.06
15,886	3M	2,151	0.46
		48,829	10.64

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Oil & Gas 6.68% (2015: 6.70%)			
15,202	Anadarko Petroleum	740	0.16
11,651	Apache	567	0.12
12,686	Baker Hughes	576	0.13
11,722	Cabot Oil & Gas	200	0.04
6,307	Carrizo Oil & Gas	175	0.04
8,606	Cheniere Energy	266	0.06
51,165	Chevron	4,390	0.96
3,149	Cimarex Energy	333	0.07
3,714	Concho Resources	386	0.08
35,649	ConocoPhillips	1,268	0.28
1,622	Core Laboratories	129	0.03
11,714	Devon Energy	363	0.08
13,360	EOG Resources	989	0.22
5,944	Equitable Resources	321	0.07
113,837	Exxon Mobil	7,767	1.69
8,623	FMC Technologies	228	0.05
25,890	Halliburton	975	0.21
3,692	Helmerich & Payne	191	0.04
4,988	Hess	196	0.04
8,395	Hollyfrontier	171	0.04
45,658	Kinder Morgan Delaware	764	0.17
14,412	Marathon Oil	156	0.03
10,331	Marathon Petroleum	369	0.08
8,404	Murphy Oil	178	0.04
12,424	National Oilwell Varco	327	0.07
5,474	Newfield Exploration	182	0.04
13,654	Noble Energy	385	0.08
42,614	Oasis Petroleum	366	0.08
22,266	Occidental Petroleum	1,330	0.29
12,639	Phillips 66	840	0.18
4,460	Pioneer Natural Resources	654	0.14
6,379	Range Resources	177	0.04
36,809	Schlumberger	2,358	0.51
20,119	Spectra Energy	689	0.15
4,538	Tesoro	316	0.07
14,155	Valero Energy	687	0.15
29,489	Weatherford International	116	0.03
23,063	Williams	552	0.12
		30,677	6.68
Technology 16.70% (2015: 15.80%)			
14,944	Adobe Systems	1,316	0.29
2,914	Akamai Technologies	166	0.04
8,239	Alphabet 'A'	5,461	1.19
7,864	Alphabet 'C'	5,052	1.10
4,566	Amdocs	219	0.05

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Technology <small>(continued)</small>			
5,745	Analog Devices	302	0.07
651	Ansys	49	0.01
148,175	Apple	13,780	2.99
33,875	Applied Materials	807	0.18
8,089	Autodesk	479	0.10
5,696	BlackLine	106	0.02
4,475	CA	113	0.02
4,528	CDK Global	203	0.04
8,211	Cerner	394	0.09
134,826	Cisco Systems	3,388	0.74
3,996	Citrix Systems	278	0.06
18,028	Cognizant Technology Solutions	758	0.17
1,464	Computer Sciences	65	0.01
24,120	Corning	448	0.10
1,464	CSRA	30	0.01
6,539	Dell Technologies	263	0.06
59,840	Facebook	6,420	1.40
3,006	F5 Networks	340	0.07
3,310	Garmin	131	0.03
4,635	Harris	339	0.07
39,622	Hewlett Packard Enterprise	729	0.16
35,471	HP	421	0.09
127,337	Intel	3,637	0.79
25,725	International Business Machines	3,237	0.71
7,096	Intuit	632	0.14
10,104	Juniper Networks	218	0.05
5,979	KLA-Tencor	368	0.08
4,377	Lam Research	347	0.08
4,589	Linear Technology	226	0.05
8,174	Marvell Technology	87	0.02
11,007	Maxim Integrated Products	357	0.08
7,714	Microchip Technology	383	0.08
31,920	Micron Technology	449	0.10
209,484	Microsoft	10,280	2.23
5,810	Mobileye	177	0.04
4,966	Motorola Solutions	295	0.06
4,319	NCR	124	0.03
7,158	NetApp	199	0.04
13,566	Nuance Communications	156	0.03
15,571	Nvidia	908	0.20
85,037	Oracle	2,676	0.58
1,300	Palo Alto Networks	164	0.04
4,297	Qorvo	196	0.04
40,811	Qualcomm	2,297	0.50
5,314	Red Hat	337	0.07
15,624	Salesforce.com	962	0.21
10,630	Seagate Technology	299	0.07

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Technology (continued)			
4,521	ServiceNow	326	0.07
6,196	Skyworks Solutions	390	0.09
3,869	Splunk	191	0.04
15,586	Symantec	320	0.07
5,565	Synopsys	270	0.06
25,464	Texas Instruments	1,478	0.32
3,176	Twilio	89	0.02
13,244	Twitter	195	0.04
1,912	VeriSign	132	0.03
3,190	VMWare 'A'	205	0.04
10,130	Western Digital	485	0.11
3,127	Workday 'A'	222	0.05
9,829	Xilinx	409	0.09
25,860	Yahoo!	880	0.19
		76,660	16.70
Telecommunications 1.31% (2015: 1.33%)			
3,700	AT&T	111	0.02
15,210	Century Link	331	0.07
19,757	Frontier Communications	65	0.01
6,371	Level 3 Communications	293	0.06
1,269	Quantenna Communications	15	-
3,581	SBA Communications 'A'	332	0.07
28,954	Sprint	146	0.03
9,500	T-Mobile USA	387	0.09
110,453	Verizon Communications (UK Listing)	4,352	0.96
		6,032	1.31
Utilities 3.17% (2015: 2.42%)			
15,898	AES	153	0.03
8,298	Alliant Energy	259	0.06
7,233	Ameren	296	0.06
12,559	American Electric Power	667	0.15
3,325	American Water Works	202	0.04
5,010	AquaVenture	87	0.02
14,073	Calpine	137	0.03
7,090	CenterPoint Energy	132	0.03
8,933	CMS Energy	308	0.07
9,526	Consolidated Edison	589	0.13
15,413	Dominion Resources	950	0.21
3,605	DTE Energy	283	0.06
19,268	Duke Energy	1,264	0.28
9,655	Edison International	581	0.13
3,273	Entergy	197	0.04
9,470	Eversource Energy	427	0.09
25,982	Exelon	725	0.16
12,762	First Energy	358	0.08

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Utilities (continued)		
12,872	NextEra Energy Resources	1,352	0.28
10,411	NiSource	198	0.04
9,463	NRG Energy	82	0.02
7,543	ONEOK	299	0.07
14,843	PG&E	756	0.16
4,079	Pinnacle West Capital	254	0.06
19,712	PPL	554	0.12
14,344	Public Service Enterprise	494	0.11
4,538	Scana	273	0.06
7,832	Sempra Energy	687	0.15
24,770	Southern	1,047	0.23
8,428	WEC Energy	412	0.09
14,964	Xcel Energy	509	0.11
		<u>14,532</u>	<u>3.17</u>
	Bonds 0.54% (2015: 2.12%)		
	United States 0.54% (2015: 2.12%)		
	Fixed Rate Bond 0.54% (2015: 2.12%)		
USD 3,055,000	USG 6.3% 15/11/2016	<u>2,499</u>	<u>0.54</u>
	Derivatives (0.03%) (2015: 0.27%)		
	Contracts for Difference 0.02% (2015: 0.38%)		
	Equity Contracts for Difference 0.02% (2015: 0.38%)		
147,780	Ace Aviation Holdings [^]	-	-
164,267	AT&T	144	0.03
20,547	Frontier Communications	(60)	(0.01)
		<u>84</u>	<u>0.02</u>
	Futures 0.00% (2015: (0.01%))		
(1)	CBT US 2 Year Note December 2016 [^]	-	-
(7)	CME S&P MID 400 EMINI December 2016	11	-
7	CME S&P 500 December 2016	(30)	-
(2)	CME S&P 500 EMINI December 2016 [^]	-	-
2	MSE S&P/TSX 60 Index December 2016	4	-
(4)	NYF Russell 2000 Mini December 2016	9	-
		<u>(6)</u>	<u>-</u>
	Swaps (0.05%) (2015: (0.12%))		
	Credit Default Swaps (0.05%) (2015: (0.12%))		
2,220,000	CDS 5% 20/09/2017 Limited Brands Pay USD	(78)	(0.02)
3,281,000	CDS 5% 20/09/2017 Limited Brands Pay USD	(117)	(0.03)
3,055,000	CDS 5% 20/12/2016 USG Pay USD	(16)	-
		<u>(211)</u>	<u>(0.05)</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Forward Foreign Exchange Contracts 0.00% (2015: 0.02%)		
	Investment assets including investment liabilities	454,754	99.06
	Other net assets	4,311	0.94
	Total net assets	459,065	100.00

* Manually priced securities

^ Due to rounding to nearest £1,000

Statement of total return for the year ended 31 October 2016

		2016		Restated 2015	
	Note	£000	£000	£000	£000
Income					
Net capital gains	2		111,608		21,314
Revenue*	3	10,024		9,963	
Expenses	4	(705)		(807)	
Interest payable and similar charges*	5	(85)		(29)	
Net revenue before taxation		9,234		9,127	
Taxation	6	(1,306)		(1,317)	
Net revenue after taxation			7,928		7,810
Total return before distributions			119,536		29,124
Distributions	7		(7,931)		(7,823)
Change in net assets attributable to shareholders from investment activities			111,605		21,301

* Prior year restated in accordance with 2014 IMA SORP, see note 5 for details.

Statement of change in net assets attributable to shareholders for the year ended 31 October 2016

		2016		2015	
		£000	£000	£000	£000
Opening net assets attributable to shareholders			416,817		429,241
Amounts receivable on issue of shares		62,691		33,598	
Amounts payable on cancellation of shares		(140,143)		(75,088)	
			(77,452)		(41,490)
Dilution adjustment			180		155
Change in net assets attributable to shareholders from investment activities			111,605		21,301
Retained distributions on accumulation shares			7,915		7,610
Closing net assets attributable to shareholders			459,065		416,817

Balance sheet as at 31 October 2016

		2016	Restated
	Note	£000	2015
			£000
Assets			
Investments		455,055	412,590
Current assets:			
Debtors	8	1,147	13,333
Cash and bank balances*	9	7,378	6,418
Total assets		463,580	432,341
Liabilities:			
Investment liabilities		301	1,721
Provisions for liabilities	10	1	-
Creditors:			
Amounts held at derivative clearing houses and brokers*		425	1,385
Bank overdrafts		2,949	2,832
Other creditors	11	839	9,586
Total liabilities		4,515	15,524
Net assets attributable to shareholders		459,065	416,817

* Reclassification in prior year, see note 9 for details.

Notes to the financial statements for the year ended 31 October 2016

1 Accounting policies

The accounting policies, distribution policy and potential risks policies 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:

	2016	2015
	£000	£000
Derivative securities	1,699	522
Forward currency contracts	(75)	310
Non-derivative securities	109,308	20,797
Other currency gains / (losses)	687	(306)
Transaction costs	(11)	(9)
Net capital gains	111,608	21,314

3 Revenue

	2016	2015
	£000	£000
Bank interest	12	3
Derivative revenue	24	267
Interest on debt securities	877	819
Overseas dividends	8,488	8,324
Overseas REIT revenue	510	499
Stock dividends	44	-
Stock lending revenue	51	29
UK dividends	18	22
Total revenue	10,024	9,963

4 Expenses

	2016	2015
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	519	607
GAC*	120	130
	<u>639</u>	<u>737</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	42	44
Safe custody fees	24	24
	<u>66</u>	<u>68</u>
Other expenses:		
Professional fees	-	2
	<u>-</u>	<u>2</u>
Total expenses	705	807

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through the GAC, is £9,442 (2015: £9,167).

Notes to the financial statements (continued)

5 Interest payable and similar charges

The interest payable and similar charges comprise:

	2016	2015
	£000	£000
Interest payable	85	29
Total interest payable and similar charges	85	29

6 Taxation

a) Analysis of charge in year

The tax charge comprises:

	2016	2015
	£000	£000
Current tax		
UK corporation tax	142	152
Double tax relief	(75)	(65)
Overseas withholding tax	1,239	1,239
Adjustments in respect of prior years	-	1
Total current tax	1,306	1,327
Deferred tax		
Deferred tax (note 6c)	-	(10)
Total deferred tax	-	(10)
Total taxation (note 6b)	1,306	1,317

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICS) of 20% (2015: 20%). The differences are explained below:

	2016	2015
	£000	£000
Net revenue before taxation	9,234	9,127
Corporation tax at 20% (2015: 20%)	1,847	1,825
Effects of:		
Adjustment in respect of prior periods	-	1
Deferred tax	-	(10)
Irrecoverable overseas tax	1,239	1,174
Overseas dividends**	(1,702)	(1,665)
Double tax relief	(75)	-
UK dividends*	(3)	(4)
Movement in taxable accrued income	-	(4)
Tax charge for the year (note 6a)	1,306	1,317

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

** 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.

Notes to the financial statements (continued)

6 Taxation (continued)

c) Deferred tax

	2016	2015
	£000	£000
Provision at start of year	1	11
Deferred tax credit for year (note 6a)	-	(10)
Provision at end of year	1	1

(d) Factors that may affect future tax charges

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

7 Distributions

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

	2016	2015
	£000	£000
Interim accumulation	4,171	3,844
Final accumulation	3,744	3,766
	7,915	7,610
Amounts deducted on cancellation of shares	484	420
Amounts received on issue of shares	(468)	(207)
Total distributions	7,931	7,823
Net revenue after taxation	7,928	7,810
Capital tax charge	-	1
Equalisation on conversions	3	12
Total distributions	7,931	7,823

Details of the distribution per share are set out in the distribution tables on page 195.

8 Debtors

	2016	2015
	£000	£000
Accrued revenue	473	638
Amounts receivable for issue of shares	157	262
Corporation tax recoverable	38	-
Overseas withholding tax reclaimable	47	30
Sales awaiting settlement	432	12,403
Total debtors	1,147	13,333

9 Cash and bank balances

	2016	2015
	£000	£000
Amounts held at futures clearing houses and brokers*	2,520	2,383
Cash and bank balances	4,858	4,035
Total cash and bank balances	7,378	6,418

£1,385,401 of overdraft balances have been reclassified as at 31 October 2015 and shown in Amounts held at derivative clearing houses and brokers within liabilities in the Balance sheet.

Notes to the financial statements (continued)

10 Provisions for liabilities	2016	2015
	£000	£000
The provisions for liabilities comprise:		
Deferred tax	1	-
Total provisions for liabilities	1	-

11 Other creditors

	2016	2015
	£000	£000
Accrued annual management charge	21	47
Accrued Depositary's fee	4	2
Accrued other expenses	18	17
Amounts payable for cancellation of shares	415	9,451
Deferred taxation	-	1
Corporation tax payable	-	21
Derivative interest payable	40	47
Purchases awaiting settlement	341	-
Total other creditors	839	9,586

12 Contingent assets, liabilities and commitments

The fund is a party to a claim against HMRC, the Franked Investment Income Group Litigation Order (FII GLO) concerning claimants' rights to claim back overpaid tax, against certain retrospective legislation issued by HMRC, which may result in a recovery of tax previously paid by claimants. The claim has been filed on the basis that the tax treatment of dividends received from EU-resident companies is contrary to Article 43 (freedom of establishment) and/or Article 56 (free movement of capital and payments) of the European Community Treaty. The claim and related appeals remain under consideration by the courts and the timing and nature of the outcome remain uncertain.

The claim is considered to be a contingent asset of the fund and has not been recognised in these Financial Statements as the outcome of the case and any potential recovery are sufficiently uncertain.

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

13 Related party transactions

The fund has early adopted the July 2015 amendment to section 33 of FRS102 which is applicable to accounting periods beginning on or after 1 January 2016 with earlier application permitted. Section 33 requires disclosure of the nature of any related party relationship as well as details of any transactions and outstanding balances carried out between the related party and the fund.

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 183 and 184 and notes 4, 7, 8 and 11 on pages 185 to 188 including all creations and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

- All creations and cancellations
- Annual management charge
- GAC

HSBC Global Custody Nominees (UK) Limited, as a material shareholder, is a related party holding shares comprising 86.23% of the total net assets of the fund as at the year end (2015: 86.67%).

Notes to the financial statements (continued)

14 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:

	2016	2015
	%	%
Class A	0.50**	1.50
Class I	0.30***	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.

** With effect from 1 September 2016, the annual management charge decreased from 1.50% to 0.50%.

*** With effect from 1 September 2016, the annual management charge decreased from 0.75% to 0.30%.

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 161 to 162. The distribution per share class is given in the distribution tables on page 195. All share classes have the same rights on winding up.

Share reconciliation as at 31 October 2016

	Class A accumulation	Class I accumulation	Class Y accumulation	Class Z accumulation
Opening number of shares	2,468,398	2,947,715	24,131	128,772,147
Creations during the year	78,629	422,547	-	18,883,901
Cancellations during the year	(245,769)	(564,178)	-	(42,126,136)
Shares converted during the year	(370,777)	332,320	-	-
Closing shares in issue	1,930,481	3,138,404	24,131	105,529,912

15 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. The prior year comparatives have been updated for consistency.

At 31 October 2016, cash collateral of £251,169 had been pledged to counterparties in respect of the derivatives for this fund (2015: nil).

2016

At 31 October 2016 the underlying exposure for each category of derivatives were as follows:

Counterparty	Contracts for difference £000	Futures £000	Total by counterparty £000
UBS	144	24	168
	<u>144</u>	<u>24</u>	<u>168</u>

Notes to the financial statements (continued)

15 Financial derivatives (continued)

2015

At 31 October 2015 the underlying exposure for each category of derivatives were as follows:

Counterparty	Contracts for difference	Forward foreign exchange contracts £000	Futures £000	Total by counterparty £000
UBS	2,793	-	3	2,796
Merrill Lynch	-	1	-	1
Societe Generale	-	102	-	102
	<u>2,793</u>	<u>103</u>	<u>3</u>	<u>2,899</u>

16 Stock lending

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

2016

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Bank of Nova Scotia	1,451	1,605	Equity
Citigroup	523	578	Equity
Deutsche Bank	6,806	7,542	Equity
Natixis	4,181	4,599	Equity
Natixis	2,403	2,523	Government Bond
	<u>6,584</u>	<u>7,122</u>	
	<u>15,364</u>	<u>16,847</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	60	9	51

Notes to the financial statements (continued)

16 Stock lending (continued)

2015

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Barclays	3,729	3,959	Government Bond
Citigroup	2,029	2,232	Equity
Deutsche	18,497	22,130	Equity
Natixis	7,830	8,615	Equity
	32,085	36,936	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	34	5	29

17 Risk

Risks in respect of the fund's financial assets and liabilities are set out in note 3 of the aggregated notes to the financial statements.

Currency risk

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

	Investment assets including investment liabilities £000	Other net assets/ (liabilities) £000	Total net assets £000
2016			
Currency			
Canadian dollar	23,765	228	23,993
Euro	-	1	1
UK sterling	-	79	79
US dollar	430,989	4,003	434,992
Total	454,754	4,311	459,065
2015			
Currency			
Canadian dollar	18,395	794	19,189
Euro	-	1	1
UK sterling	9,015	(9,306)	(291)
US dollar	383,459	14,459	397,918
Total	410,869	5,948	416,817

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)

17 Risk (continued)

Global exposure

The VaR methodology and parameters are set out in note 3 of the aggregated notes to the financial statements. The actual VaR results, limit and utilisation of limit are summarised in the table below:

	Actual VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2016	98.13	101.24	100.14	200	49.07	50.62	50.07
2015	99.04	101.05	99.94	200	49.52	50.53	49.97

Global exposure calculation basis: Absolute VaR.

Leverage

The level of leverage arising from the use of derivatives in the investment portfolio is disclosed in the table below as a percentage of the fund's total Net Asset Value. More detail on the disclosure is set out in note 3 of the aggregated notes to the financial statements.

	Minimum	Maximum	Average
	%	%	%
2016	2.89	9.94	5.97
2015	5.67	7.25	6.68

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
2016				
Amounts held at futures clearing house and brokers	425	-	-	-
Bank overdrafts	2,949	-	-	-
Derivative financial liabilities	-	46	255	-
Provisions for liabilities	-	-	1	-
Other creditors	-	839	-	-
Total	3,374	885	256	-

	On demand	Within one year	Over one year but not more than five years	Over five years
	£000	£000	£000	£000
2015				
Amounts held at futures clearing house and brokers	1,385	-	-	-
Derivative financial liabilities	-	125	1,596	-
Bank overdraft	2,832	-	-	-
Other creditors	-	9,585	1	-
Total	4,217	9,710	1,597	-

Notes to the financial statements (continued)

18 Fair value

Fair value measurement

The fund has early adopted the March 2016 amendment to section 34 of FRS102 (Fair Value Hierarchy disclosures that simplify the preparation of financial instrument disclosure), which is applicable to accounting periods beginning on or after 1 January 2017 with earlier application permitted.

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 FRS102 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

Valuation technique	2016		2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	452,410	30	400,868	35
Level 2	2,645	271	11,722	1,686
Level 3	-	-	-	-
	455,055	301	412,590	1,721

19 Direct transaction costs

	Purchases		Sales	
	2016 £000	2015 £000	2016 £000	2015 £000
Trades in the year				
Debt securities	-	-	3,092	-
Equities	68,965	23,944	123,874	55,548
Trades in the year before transaction costs	68,965	23,944	126,966	55,548
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Equities	17	5	23	10
Total commissions	17	5	23	10
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total taxes	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	-	-	2	1
Total other expenses	-	-	2	1
Total transaction costs	17	5	25	11
Total net trades in the year after transaction costs	68,982	23,949	126,941	55,537

Notes to the financial statements (continued)

19 Direct transaction costs (continued)

	Purchases		Sales	
	2016 %	2015 %	2016 %	2015 %
Total transaction cost expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Equities	0.02	0.02	0.02	0.02
Taxes				
Debt securities	-	-	-	-
Equities	-	-	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	-	-	-	-
	2016	2015		
	%	%		
Total transaction cost expressed as a percentage of net asset value				
Commissions	0.01	-		
Taxes	-	-		
Other expenses	-	-		
Total costs	0.01	-		

There were no in specie transfers during the year (2015: nil). There were corporate actions of £6,567,886 during the year (2015: £4,623,870).

There were direct transaction costs associated with derivatives during the year of £3,557 (2015: £2,005) which is 0.00% of the average net asset value of the fund (2015: 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 portfolio dealing spread as at 31 October 2016 is 0.03% (2015: 0.05%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

20 Events after the Balance sheet date

On 1 November 2016, the fund's name changed from Henderson Institutional North American Enhanced Equity Fund to Henderson Institutional North American Index Opportunities Fund. The fund's investment objectives, policies and associated risks have also been revised with effect from 1 November 2016. For further details please see the Key Investor Information Document (KIID) and the Prospectus.

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

Distribution tables for the year ended 31 October 2016 (in pence per share)

Interim dividend distribution (accounting date 30 April 2016, paid on 30 June 2016)

Group 1: shares purchased prior to 1 November 2015

Group 2: shares purchased on or after 1 November 2015

	Net revenue	Equalisation	Distribution paid 30/06/16	Distribution paid 30/06/15*
Class A accumulation				
Group 1	3.1026	-	3.1026	2.4677
Group 2	1.2987	1.8039	3.1026	2.4677
Class I accumulation				
Group 1	7.2840	-	7.2840	6.4600
Group 2	2.9932	4.2908	7.2840	6.4600
Class Y accumulation				
Group 1	1.3632	-	1.3632	1.2081
Group 2	1.3632	-	1.3632	1.2081
Class Z accumulation				
Group 1	2.8936	-	2.8936	2.6127
Group 2	0.5023	2.3913	2.8936	2.6127

* Distribution is shown net of 10% notional tax credit.

Final dividend distribution (accounting date 31 October 2016, paid on 30 December 2016)

Group 1: shares purchased prior to 1 May 2016

Group 2: shares purchased on or after 1 May 2016

	Net revenue	Equalisation	Distribution paid 30/12/16	Distribution paid 30/12/15*
Class A accumulation				
Group 1	4.5441	-	4.5441	2.7826
Group 2	2.2739	2.2702	4.5441	2.7826
Class I accumulation				
Group 1	8.6025	-	8.6025	6.8431
Group 2	4.5768	4.0257	8.6025	6.8431
Class Y accumulation				
Group 1	1.4601	-	1.4601	1.2793
Group 2	1.4601	-	1.4601	1.2793
Class Z accumulation				
Group 1	3.2082	-	3.2082	2.7147
Group 2	1.3284	1.8798	3.2082	2.7147

* Distribution is shown net of 10% notional tax credit.

Appendix - Additional Information

Securities Financing Transactions

The funds engage in Securities Financing Transactions (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 accounting period ended 31 October 2016 are detailed below.

Global Data

The amount of securities on loan as a proportion of total lendable assets and the fund's AUM as at 31 October 2016:

Stock lending			
Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Henderson Institutional European Enhanced Equity Fund	47,591	12.12	10.96
Henderson Institutional Japan Enhanced Equity Fund	461	0.24	0.24
Henderson Institutional North American Enhanced Equity Fund	15,363	3.38	3.35
Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund	4,569	3.20	3.14

Concentration Data

Ten largest collateral issuers (across all Securities financial transactions)

Issuer	Market value of collateral received £000	Issuer	Market value of collateral received £000
Henderson Institutional European Enhanced Equity Fund		Henderson Institutional Japan Enhanced Equity Fund	
Government of Japan	13,741	ACEA	127
China Minsheng Bank	6,591	Government of France	97
Hera Spa	4,320	Paddy Power	61
Elior Spa	2,757	Hera Spa	37
Euronext	2,186	Banco Santander	26
Government of France	1,442	Shire Pharmaceuticals	17
ASR Nederland NV	1,391	Intesa Sanpaolo	16
Nexity	1,362	Elior Group	15
Banco Santander	1,362	A P Moeller - Maersk	10
HSBC Holdings	1,304	Euronext	9
Henderson Institutional North American Enhanced Equity Fund		Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund	
Government of France	2,523	Paddy Power	1,734
HSBC	1,739	Banco Santander	616
Shire Pharmaceuticals	1,512	Shire Pharmaceuticals	393
Elior Group	1,056	Intesa Sanpaolo	380
Hera Spa	1,045	Gas Natural	215
Euronext	831	L'Oréal	169
Altran Technologies	531	Heineken	160
Nexity	518	Government of Germany	232
Largadere SCA	491	Conwert Immobilien Invest	104
Barratt Developments	482	Government of France	91

Appendix - Additional Information (continued)

Top ten counterparties for securities lending

Counterparty	Market value of securities on loan £000	Counterparty	Market value of securities on loan £000
Henderson Institutional European Enhanced Equity Fund		Henderson Institutional Japan Enhanced Equity Fund	
Deutsche Bank	17,903	Citigroup	164
Societe Generale	13,189	Morgan Stanley	130
J.P Morgan	8,814	Merrill Lynch	91
Natixis	4,891	Deutsche Bank	76
Citigroup	1,650		
HSBC	986		
ABN AMRO	150		
Morgan Stanley	7		
Goldman Sachs	^		

All counterparties have been included.

All counterparties have been included.

Henderson Institutional North American Enhanced Equity Fund

Deutsche Bank	6,806
Natixis	6,583
Bank of Nova Scotia	1,451
Citigroup	523

All counterparties have been included.

Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund

Citigroup	3,854
Deutsche Bank	417
Barclays	118
J.P Morgan	95
Merrill Lynch	85

All counterparties have been included.

^rounding to nearest £1,000.

Appendix - Additional Information (continued)

Aggregate transaction data

Counterparty	Counterparty country of origin	Type	Quality	Collateral CCY	Settlement basis	Custodian	Market value of collateral received £000
Henderson Institutional European Enhanced Equity Fund							
Deutsche Bank	Germany	Equity	n/a	EUR	Tri-party	BNP Paribas	19,872
Societe Generale	France	Equity	n/a	EUR	Tri-party	BNP Paribas	578
Societe Generale	France	Government Bond	Investment grade	EUR	Tri-party	BNP Paribas	13,308
J.P.Morgan	US	Equity	n/a	EUR	Tri-party	BNP Paribas	10,848
Natixis	France	Equity	n/a	EUR	Tri-party	BNP Paribas	3,417
Natixis	France	Government Bond	Investment grade	EUR	Tri-party	BNP Paribas	1,875
Citigroup	US	Equity	n/a	EUR	Tri-party	BNP Paribas	1,823
HSBC	Hong Kong	Equity	n/a	EUR	Tri-party	BNP Paribas	1,090
ABN AMRO	Netherlands	Equity	n/a	EUR	Tri-party	BNP Paribas	168
Morgan Stanley	US	Equity	n/a	EUR	Tri-party	BNP Paribas	8
							52,987
Henderson Institutional Japan Enhanced Equity Fund							
Citigroup	US	Equity	n/a	EUR	Tri-party	BNP Paribas	182
Morgan Stanley	US	Equity	n/a	EUR	Tri-party	BNP Paribas	150
Merrill Lynch	US	Government Bond	Investment grade	EUR	Tri-party	BNP Paribas	98
Deutsche Bank	Germany	Equity	n/a	EUR	Tri-party	BNP Paribas	84
							514
Henderson Institutional North American Enhanced Equity Fund							
Bank of Nova Scotia	Canada	Equity	n/a	EUR	Tri-party	BNP Paribas	1,605
Citigroup	US	Equity	n/a	EUR	Tri-party	BNP Paribas	578
Deutsche Bank	Germany	Equity	n/a	EUR	Tri-party	BNP Paribas	7,542
Natixis	France	Equity	n/a	EUR	Tri-party	BNP Paribas	4,599
Natixis	France	Government Bond	Investment grade	EUR	Tri-party	BNP Paribas	2,523
							16,847
Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund							
Citigroup	US	Equity	n/a	EUR	Tri-party	BNP Paribas	4,256
Deutsche Bank	Germany	Bond	Investment grade	EUR	Tri-party	BNP Paribas	378
Deutsche Bank	Germany	Bond	non Investment grade	EUR	Tri-party	BNP Paribas	84
Barclays	UK	Equity	n/a	EUR	Bilateral	BNP Paribas	241
J.P Morgan	US	Bond	Investment grade	EUR	Tri-party	BNP Paribas	117
Merrill Lynch	US	Equity	n/a	EUR	Tri-party	BNP Paribas	91
							5,167

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

Appendix - Additional Information (continued)

Re-use of collateral

The funds do not engage in any re-use of collateral.

Return and cost

Gross Return

Fund	Stock lending				
	Total gross amount of securities lending income £000	Direct and indirect costs and fees deducted by securities lending agent £000	% return of the securities lending agent	Net securities lending income retained by the fund £000	% return of the fund
Henderson Credit Alpha Fund	26	4	15%	22	85%
Henderson Institutional European Enhanced Equity Fund	326	49	15%	277	85%
Henderson Institutional Japan Enhanced Equity Fund	25	4	15%	21	85%
Henderson Institutional North American Enhanced Equity Fund	60	9	15%	51	85%
Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund	88	13	15%	75	85%

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 units please telephone at local rate: **0845 608 8703**

The following lines are also available:

Client Services: **0800 832 832**

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

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

Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored. Ref: 34V

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