



ANNUAL REPORT & ACCOUNTS

For the year ended
31 July 2018

Janus Henderson
— INVESTORS —

Janus Henderson Investment Funds Series II
(formerly Henderson Investment Funds Series II)

Who are Janus Henderson Investors?

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

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

We are proud to offer a highly diversified range of products, harnessing the intellectual capital of some of the industry's most innovative and formative thinkers. Our expertise encompasses the major asset classes, we have investment teams situated around the world and we serve intermediary, institutional and individual investors globally. As at 30 June 2018, we had approximately US\$370bn in assets under management, more than 2,000 employees and offices in 28 cities worldwide. Headquartered in London, we are an independent asset manager that is dual-listed on the New York Stock Exchange and the Australian Securities Exchange.

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

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

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

Authorised status

The Company 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 30 August 2002. The Company is a UCITS scheme. It is an umbrella company, comprising one sub-fund ('fund') being Janus Henderson Cautious Managed Fund (formerly Henderson Cautious Managed Fund). Shareholders are not liable for the debts of the company.

Other information

On 15 December 2017, the Company changed its name from Henderson Investment Funds Series II to Janus Henderson Investment Funds Series II and the fund changed its name from Henderson Cautious Managed Fund to Janus Henderson Cautious Managed Fund.

Director's statement

In accordance with the requirements of the Collective Investment Schemes sourcebook as issued and amended by the Financial Conduct Authority, I hereby certify the investment report and financial statements on behalf of the Directors of Henderson Investment Funds Limited.



R Chaudhuri
(Director)

12 October 2018

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

Service providers

	Name	Address	Regulator
Authorised Corporate Director (ACD)	Henderson Investment Funds Limited Member of the Investment Association The ultimate holding company is Janus Henderson Group plc	Registered Office: 201 Bishopsgate London EC2M 3AE Registered in England No 2678531. Telephone – 020 7818 1818 Dealing – 0845 608 8703 Enquiries – 0800 832 832	Authorised and regulated by the Financial Conduct Authority
Directors of the ACD	C Chaloner (to 28.09.18) R Chaudhuri (from 27.09.17) A Crooke (from 8.06.18) G Foggin H J de Sausmarez G Kitchen (to 31.03.18) P Wagstaff (to 26.09.18)		
Investment Manager	Henderson Global Investors Limited The ultimate holding company is Janus Henderson Group plc	201 Bishopsgate London EC2M 3AE	Authorised and regulated by the Financial Conduct Authority
Shareholder Administrator	DST Financial Services International Limited and DST Financial Services Europe Limited	DST House St Nicholas Lane Basildon Essex SS15 5FS	Authorised and regulated by the Financial Conduct Authority
Depository	NatWest Trustee and Depository Services Limited The ultimate holding company is the Royal Bank of Scotland Group plc	250 Bishopsgate London EC2M 4AA	Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and 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 Sutherland (International) LLP	One Wood Street London EC2V 7WS	The Law Society

Statement of Authorised Corporate Director's (ACD) responsibilities for the year ended 31 July 2018

The Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland), of the fund and its income 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 by Henderson Investment Funds Limited, 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 OEIC Regulations. The ACD is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Depositary's responsibilities and report of the Depositary to the shareholders of Janus Henderson Investment Funds Series II (the 'Company')

for the year ended 31 July 2018

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001(SI 2001/2008) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited
London
12 October 2018

Independent auditors' report to the shareholders of Janus Henderson Investment Funds Series II (the 'Company') for the year ended 31 July 2018

Report on the audit of the financial statements

Opinion

In our opinion, Janus Henderson Investment Funds Series II's financial statements:

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 July 2018 and of the net revenue and the net capital gains on the scheme property of the Company and its sub-fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Janus Henderson Investment Funds Series II (the 'Company') is an Open Ended Investment Company (OEIC) with a single sub-fund. The financial statements of the company comprise the financial statements of its sub-fund. We have audited the financial statements, included within the Annual Report & Accounts (the 'Annual Report'), which comprise: the balance sheet as at 31 July 2018; the statement of total return, and the statement of change in net assets attributable to shareholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or the sub-fund's ability to continue as a going concern.

Reporting on other information

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

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

Authorised Corporate Director's Report

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

Independent auditors' report to the shareholders of Janus Henderson Investment Funds Series II (the 'Company') (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's (ACD) responsibilities set out on page 3, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

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

Collective Investment Schemes sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
12 October 2018

Janus Henderson Cautious Managed Fund (formerly Henderson Cautious Managed Fund)

Authorised Corporate Director's (ACD) report

Investment Fund Managers

Chris Burvill, John Pattullo, Jenna Barnard and Stephen Payne

Investment objective and policy

To provide a combination of income and long-term capital growth. Investment will be in a diversified portfolio of equities, bonds and other related investments. At all times the investment in equities will be limited to a maximum of 60% of the value of the fund's portfolio.

The fund may also invest at the ACD's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Performance summary

Discrete performance	31 Jul 17 - 31 Jul 18 %	31 Jul 16 - 31 Jul 17 %	31 Jul 15 - 31 Jul 16 %	31 Jul 14 - 31 Jul 15 %	31 Jul 13 - 31 Jul 14 %
Janus Henderson Cautious Managed Fund	3.1	6.9	1.8	3.5	5.3
Mixed Investment 20-60% Shares Sector Average	3.1	8.3	5.5	5.0	4.1

Source: Morningstar, bid to bid and net of fees as at 12 noon valuation point, based on performance of Class A accumulation. Benchmark values are 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 July 2018

Largest purchases	£000	Largest sales/maturities	£000
British American Tobacco	47,279	AstraZeneca	27,848
UK Treasury 3.75% 07/09/2019	31,293	BP	27,780
Land Securities	24,488	Royal Dutch Shell 'B'	24,701
BP	22,245	Smith & Nephew	23,002
Randgold Resources	16,384	Ladbrokes Coral	21,102
GlaxoSmithKline	15,914	BAE Systems	21,059
WPP	14,319	US Treasury 0.125% Index-Linked 15/04/2018	20,175
Sage	13,993	Rio Tinto	20,131
National Grid	13,022	HSBC Holdings	20,086
Ultra Electronics Holdings	12,901	Aviva	19,604
Total purchases	539,953	Total sales/maturities	563,409

Investment review

The fund generated a positive absolute return of 3.1% over the year as equity markets continued to climb, while bond markets were flat. Brexit (the UK's exit from the European Union) continued to weigh on the UK equity market, impacting relative performance against stronger overseas equity markets. Despite this tough backdrop, the fund outperformed its more globally invested peer group, meaning the fund ranked in the 35th percentile. Our positive inclination towards equities paid dividends, while our cautious positioning in fixed income was also helpful.

The UK equity market was flat early during the review year, before the onset of higher volatility (sharper fluctuations in prices) in the first quarter of 2018. Subsequently, the market enjoyed a strong run through to our July year-end. Corporate earnings continued to power ahead, supporting market gains. However, under new leadership for the US Federal Reserve, we believe interest rates look set to rise further than previously expected and we are seeing more debate about how close we are towards the end of the cycle. The UK equity market kept pace with the rest of the world until July, when it once again fell behind thanks to Brexit uncertainty. Over the medium term, we believe that the UK equity market offers compelling relative value compared to global markets, which we hope will drive outperformance.

Sterling ended the year where it began, although it was on a consistent recovery path until April, before Brexit and political concerns undermined the currency. Bonds provided stability throughout the year. It was a tale of two halves for bonds; gilt yields rose modestly until February (prices move inversely to yields) as interest rate and inflation expectations rose. Gilts then rallied, bringing yields back down as inflation peaked and the 'safe-haven' characteristics of gilts came to the fore. Credit spreads (the extra yield over an equivalent government security) were stable but have begun to widen out moderately in recent months, albeit remaining at historically tight levels.

Some individual stock disappointments hindered the fund's performance but relative performance turned positive year-to-date in 2018. Capita, a support services provider detracted; the new CEO issued a profits warning and proposed a rights issue. With a recovery plan in place, we believe this business now looks well set for a recovery. Playtech, a gambling software business, cut its earnings guidance, citing a growing price war with emerging rivals in Asia.

However, it was the positive movers for the fund that encourage us to believe our approach is benefiting the fund's performance and will continue to do so. Victrex, a specialty thermoplastic producer, was our best performer, delivering strong growth, returns and cash-flow. Tesco is a recovery story that we bought when it was very out of favour and the stock came through strongly. Similarly, there was much uncertainty around Ladbrokes Coral, but a bid from rival GVC Group at a 50% premium helped to realise the inherent value.

Our bond portfolio benefited from our defensive positioning, with a high cash balance, low duration (less adversely sensitive to interest rate rises) and a high weighting to inflation-linked bonds. The long-anticipated rise in bond yields has begun and we patiently await our opportunity to invest more once yields rise to more sensible levels. Activity in the bond portfolio was limited as we are happy with our positioning. We selectively invested in a few yield anomalies, while trimming some of our high yield allocation and carefully adding to our sovereign bond holdings, both short-dated conventional and inflation-linked.

Within the equity portfolio, we were strategically underweight 'expensive defensives' such as consumer staples and utilities, in favour of less expensive defensives, such as healthcare stocks and oversold and arguably inexpensive domestically positioned stocks. Towards the end of the year under review, we began to shift to a more defensive stance, buying some now heavily sold down utilities. After a notable fall, we closed our most significant underweight position, buying British American Tobacco, as the valuation now looks attractive in our view. We also built a holding in Randgold Resources. This is a quality gold mining operation and we believe the recent poor performance of the bullion price and gold's defensive characteristics makes this a sensible addition to the portfolio. We switched from AstraZeneca into GlaxoSmithKline, as the relative valuations and prospects of the latter became more attractive. We increased our position in oil at the beginning of the fund year through purchases of BP. Following the strong rally in the oil price and cash flow improvements from the companies we took some profits towards the end of the review year. Value was recognised in a few stocks that we held through takeover bids: Ladbrokes Coral, Laird, Shire and Novae.

We continue to favour equities over bonds, with allocation to UK stocks still towards the higher end of the scale (equities can be up to 60% of the portfolio), although we are gradually shifting to focus on more defensively positioned areas of the market. While Brexit uncertainty continues to dampen the prospects for UK equities, we see it more as an opportunity to invest in good quality businesses at relatively attractive prices, with a view to the long term. In our opinion, the UK is home to a truly globalised stock market, providing opportunities to benefit from growth dynamics around the world at notably attractive valuations. While politics will probably hold sway over the short-term direction of market, we still see inexpensive valuations for UK shares set to deliver a positive return for investors over time, while over cautious bond positioning should smooth out volatility.

Comparative tables for the year ended 31 July 2018

	Class A accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in net assets per share			
Opening net asset value per share	263.36	246.72	242.71
Return before operating charges*	11.82	20.34	7.44
Operating charges	(3.82)	(3.70)	(3.43)
Return after operating charges*	8.00	16.64	4.01
Distributions on accumulation shares	(9.09)	(8.05)	(7.55)
Retained distributions on accumulation shares	9.09	8.05	7.55
Closing net asset value per share	271.36	263.36	246.72
* after direct transaction costs of:	0.29	0.25	0.18

Performance

Return after charges	3.04%	6.74%	1.65%
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Other information

Closing net asset value (£000s)	524,019	588,020	642,552
Closing number of shares	193,106,443	223,273,523	260,438,030
Operating charges	1.44%	1.44%	1.45%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (pence)	273.73	268.20	247.30
Lowest share price (pence)	254.40	244.60	223.50

	Class A income		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in net assets per share			
Opening net asset value per share	154.13	149.00	152.33
Return before operating charges*	6.82	12.15	3.44
Operating charges	(2.21)	(2.21)	(2.12)
Return after operating charges*	4.61	9.94	1.32
Distributions on income shares	(5.26)	(4.81)	(4.65)
Closing net asset value per share	153.48	154.13	149.00
* after direct transaction costs of:	0.17	0.15	0.11

Performance

Return after charges	2.99%	6.67%	0.87%
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Other information

Closing net asset value (£000s)	148,762	161,759	148,057
Closing number of shares	96,928,365	104,946,141	99,365,674
Operating charges	1.44%	1.44%	1.45%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (pence)	156.70	158.00	152.40
Lowest share price (pence)	146.60	147.70	137.50

Comparative tables (continued)

	Class C accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in net assets per share			
Opening net asset value per share	717.66	667.56	652.95
Return before operating charges*	30.94	54.01	18.24
Operating charges	(3.99)	(3.91)	(3.63)
Return after operating charges*	26.95	50.10	14.61
Distributions on accumulation shares	(25.10)	(22.25)	(20.99)
Retained distributions on accumulation shares	25.10	22.25	20.99
Closing net asset value per share	744.61	717.66	667.56
* after direct transaction costs of:	0.80	0.69	0.49

Performance

Return after charges	3.76%	7.50%	2.24%
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Other information

Closing net asset value (£000s)	37,267	41,689	41,301
Closing number of shares	5,004,889	5,809,058	6,186,916
Operating charges	0.55%	0.56%	0.57%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (pence)	750.18	729.90	669.10
Lowest share price (pence)	696.50	661.90	602.70

	Class I accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in net assets per share			
Opening net asset value per share	235.86	219.66	214.81
Return before operating charges*	10.25	17.83	6.36
Operating charges	(1.69)	(1.63)	(1.51)
Return after operating charges*	8.56	16.20	4.85
Distributions on accumulation shares	(8.23)	(7.26)	(6.86)
Retained distributions on accumulation shares	8.23	7.26	6.86
Closing net asset value per share	244.42	235.86	219.66
* after direct transaction costs of:	0.26	0.23	0.16

Performance

Return after charges	3.63%	7.38%	2.26%
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Other information

Closing net asset value (£000s)	988,640	1,061,685	1,006,802
Closing number of shares	404,488,155	450,137,267	458,338,028
Operating charges	0.71%	0.71%	0.72%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (pence)	246.30	239.90	220.20
Lowest share price (pence)	228.70	217.80	198.40

Comparative tables (continued)

	Class I income		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in net assets per share			
Opening net asset value per share	125.52	120.67	122.75
Return before operating charges*	5.37	9.67	2.61
Operating charges	(0.89)	(0.88)	(0.85)
Return after operating charges*	4.48	8.79	1.76
Distributions on income shares	(4.32)	(3.94)	(3.84)
Closing net asset value per share	125.68	125.52	120.67
* after direct transaction costs of:	0.14	0.12	0.09

Performance

Return after charges	3.57%	7.28%	1.43%
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Other information

Closing net asset value (£000s)	330,367	363,866	288,787
Closing number of shares	262,862,605	289,879,421	239,315,491
Operating charges	0.71%	0.71%	0.72%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (pence)	128.00	128.50	122.80
Lowest share price (pence)	119.90	119.70	111.10

	Class M accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in net assets per share			
Opening net asset value per share	139.79	131.21	129.14
Return before operating charges*	6.36	10.89	4.21
Operating charges	(2.38)	(2.31)	(2.14)
Return after operating charges*	3.98	8.58	2.07
Distributions on accumulation shares	(4.45)	(4.07)	(3.87)
Retained distributions on accumulation shares	4.45	4.07	3.87
Closing net asset value per share	143.77	139.79	131.21
* after direct transaction costs of:	0.15	0.14	0.10

Performance

Return after charges	2.85%	6.54%	1.60%
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Other information

Closing net asset value (£000s)	1,707	2,486	1,957
Closing number of shares	1,187,199	1,778,753	1,491,684
Operating charges	1.69%	1.69%	1.70%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (pence)	145.06	142.40	131.50
Lowest share price (pence)	134.90	130.10	118.90

Comparative tables (continued)

	Class M income		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in net assets per share			
Opening net asset value per share	117.09	113.51	115.78
Return before operating charges*	5.20	12.01	3.21
Operating charges	(1.96)	(1.97)	(1.89)
Return after operating charges*	3.24	10.04	1.32
Distributions on income shares	(4.04)	(6.46)	(3.59)
Closing net asset value per share	116.29	117.09	113.51
* after direct transaction costs of:	0.13	0.12	0.09

Performance

Return after charges	2.77%	8.85%	1.14%
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Other information

Closing net asset value (£000s)	10,260	11,420	12,420
Closing number of shares	8,822,588	9,753,605	10,942,191
Operating charges	1.69%	1.69%	1.70%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (pence)	118.70	120.30	116.30
Lowest share price (pence)	111.00	112.30	104.80

	Class A EUR (hedged) accumulation		
	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in net assets per share			
Opening net asset value per share	950.55	846.93	704.37
Return before operating charges*	30.26	116.58	153.21
Operating charges	(13.66)	(12.96)	(10.65)
Return after operating charges*	16.60	103.62	142.56
Distributions on accumulation shares	(32.47)	(28.26)	(23.83)
Retained distributions on accumulation shares	32.47	28.26	23.83
Closing net asset value per share	967.15	950.55	846.93
* after direct transaction costs of:	1.04	0.89	0.57

Performance

Return after charges	1.75%	12.23%	20.24%
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Other information

Closing net asset value (£000s)	38	2	2
Closing number of shares	3,926	258	258
Operating charges	1.44%	1.44%	1.45%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (EUR cents)	1,095.86	1,084.00	1,008.00
Lowest share price (EUR cents)	1,020.00	996.80	912.70

Comparative tables (continued)

	Class I EUR (hedged) accumulation		
	2018	2017	2016
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	965.19	854.86	706.77
Return before operating charges*	29.25	116.84	153.49
Operating charges	(6.85)	(6.51)	(5.40)
Return after operating charges*	22.40	110.33	148.09
Distributions on accumulation shares	(32.94)	(28.95)	(24.64)
Retained distributions on accumulation shares	32.94	28.95	24.64
Closing net asset value per share	987.59	965.19	854.86
* after direct transaction costs of:	1.06	0.91	0.58

Performance

Return after charges	2.32%	12.91%	20.95%
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Other information

Closing net asset value (£000s)	514	156	11
Closing number of shares	52,086	16,169	1,282
Operating charges	0.71%	0.71%	0.72%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (EUR cents)	1,117.77	1,099.00	1,017.00
Lowest share price (EUR cents)	1,040.00	1,006.00	918.00

	Class I USD (hedged) accumulation		
	2018	2017	2016
	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	881.62	810.26	672.50
Return before operating charges*	54.89	77.69	142.85
Operating charges	(6.23)	(6.33)	(5.09)
Return after operating charges*	48.66	71.36	137.76
Distributions on accumulation shares	(30.23)	(28.00)	(13.87)
Retained distributions on accumulation shares	30.23	28.00	13.87
Closing net asset value per share	930.28	881.62	810.26
* after direct transaction costs of:	0.96	0.88	0.55

Performance

Return after charges	5.52%	8.81%	20.48%
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Other information

Closing net asset value (£000s)	9,966	6,788	3,377
Closing number of shares	1,071,254	769,947	416,830
Operating charges	0.71%	0.71%	0.72%
Direct transaction costs	0.11%	0.10%	0.08%

Prices

Highest share price (USD cents)	1,225.86	1,180.34	1,078.19
Lowest share price (USD cents)	1,136.21	1,066.53	967.39

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

Comparative tables (continued)

Operating charges

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

Share class launches and closures

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

Hedged share classes

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

Ongoing charge figure

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

	2018 %	2017 %
Class A	1.44	1.44
Class C	0.55	0.56
Class I	0.71	0.71
Class M	1.69	1.69

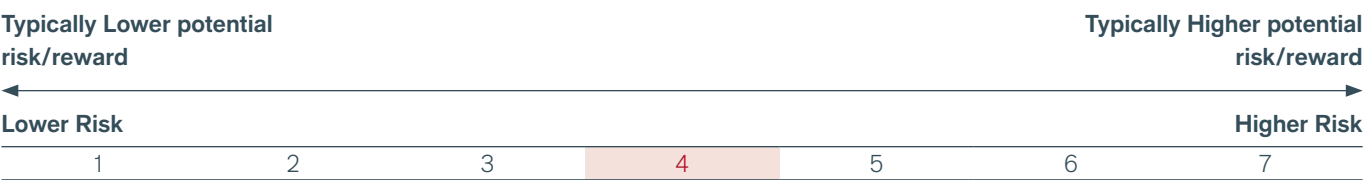
The OCF is calculated in accordance with guidelines issued by the European Securities and Markets Authority (ESMA).

Risk and reward profile

The fund currently has 10 types of share class in issue:

A accumulation, A income, C accumulation, I accumulation, I income, M accumulation, M income, A EUR (hedged) accumulation, I EUR (hedged) accumulation and I USD (hedged) accumulation.

The risk and reward profile of each type of share class is as follows:



The Synthetic Risk and Reward Indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period¹, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

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

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

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

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

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

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

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

¹ Class A EUR (hedged) accumulation, I EUR (hedged) accumulation launched on 4 March 2015 and I USD (hedged) accumulation launched on 11 August 2014, as these share classes do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

Portfolio statement as at 31 July 2018

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 57.10% (2017: 52.31%)		
	Ireland 0.83% (2017: 0.77%)		
	Consumer Goods 0.43% (2017: 0.77%)		
4,945,201	Greencore	8,768	0.43
	Consumer Services 0.40% (2017: 0.00%)		
660,087	Ryanair	8,296	0.40
	Netherlands 3.41% (2017: 3.28%)		
	Oil & Gas 3.41% (2017: 3.28%)		
2,616,955	Royal Dutch Shell 'B'	69,912	3.41
	Switzerland 0.26% (2017: 0.00%)		
	Basic Materials 0.26% (2017: 0.00%)		
1,610,080	Glencore Xstrata	5,386	0.26
	United Kingdom 50.26% (2017: 46.05%)		
	Basic Materials 4.88% (2017: 3.94%)		
537,093	Johnson Matthey	20,195	0.98
399,893	Randgold Resources	22,674	1.11
886,990	Rio Tinto	37,223	1.81
637,016	Victrex	20,091	0.98
		100,183	4.88
	Consumer Goods 5.34% (2017: 2.81%)		
472,859	Associated British Foods	11,609	0.57
1,068,610	British American Tobacco	44,892	2.18
1,515,450	Imperial Brands	44,281	2.16
705,507	Supergroup	8,777	0.43
		109,559	5.34
	Consumer Services 7.91% (2017: 8.53%)		
2,421,542	Auto Trader	10,299	0.50
5,320,827	Carphone Warehouse	9,413	0.46
4,674,110	Cineworld	12,667	0.62
2,142,168	Daily Mail & General Trust 'A'	15,970	0.78
716,682	easyjet	11,603	0.57
1,372,953	Greene King	7,068	0.34
4,487,639	Kingfisher	13,315	0.65
2,366,929	MoneySupermarket.Com	7,435	0.36
3,998,481	N Brown	5,806	0.28
1,478,709	Playtech	7,952	0.39
1,462,716	RELX	24,317	1.20
9,173,852	Tesco	23,879	1.16
1,030,721	WPP	12,286	0.60
		162,010	7.91

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Financials 13.85% (2017: 12.59%)			
740,259	Amigo	2,070	0.10
2,301,664	Aviva	11,508	0.56
21,440,197	Barclays Bank	41,586	2.03
174,570	Close Brothers	2,772	0.14
2,071,736	HICL Infrastructure	3,315	0.16
4,165,258	HSBC Holdings	30,427	1.48
5,241,442	John Laing	15,284	0.75
3,449,463	Juridica Investments	307	0.01
9,424,271	Just Retirement	10,206	0.50
1,605,804	Lancashire Holdings	9,201	0.45
2,533,874	Land Securities	23,889	1.17
61,157,722	Lloyds Banking	38,151	1.86
77,250	Nationwide Building Society CDDS	11,730	0.57
2,022,019	OneSavings Bank	8,796	0.43
2,017,586	Phoenix Holdings	13,901	0.68
1,866,332	Provident Financial	12,504	0.61
1,894,405	Prudential	34,194	1.67
2,012,045	Royal Bank of Scotland	5,139	0.25
84,364	Specialist Investment Properties ¹	-	-
1,291,538	Standard Chartered	8,886	0.43
		<u>283,866</u>	<u>13.85</u>
Health Care 5.38% (2017: 5.78%)			
384,952	AstraZeneca	22,577	1.10
4,166,722	GlaxoSmithKline	65,901	3.21
1,657,067	Smith & Nephew	21,882	1.07
		<u>110,360</u>	<u>5.38</u>
Industrials 5.43% (2017: 5.63%)			
2,887,025	Babcock International	20,631	1.01
3,185,295	BAE Systems	20,807	1.02
9,200,284	Capita	14,904	0.73
13,643,122	Communisys	6,958	0.34
1,053,610	Costain	4,599	0.22
1,960,634	Howden Joinery	9,354	0.46
4,305,855	SIG	5,227	0.25
573,348	Smiths	9,254	0.45
373,124	Spectris	8,638	0.42
664,581	Ultra Electronics Holdings	10,972	0.53
		<u>111,344</u>	<u>5.43</u>
Oil & Gas 2.35% (2017: 1.82%)			
8,399,871	BP	48,156	2.35
Technology 0.66% (2017: 0.23%)			
2,186,494	Sage	13,600	0.66
Telecommunications 3.09% (2017: 4.17%)			
13,505,881	BT	31,536	1.54
17,168,864	Vodafone	31,934	1.55
		<u>63,470</u>	<u>3.09</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Utilities 1.37% (2017: 1.10%)		
1,505,844	National Grid	12,247	0.60
1,458,513	Pennon	10,959	0.53
400,000	Scottish & Southern Energy	5,000	0.24
		<u>28,206</u>	<u>1.37</u>
	United States 2.34% (2017: 1.66%)		
	Consumer Services 0.52% (2017: 0.65%)		
99,149	Carnival	4,387	0.21
2,500,000	TI Fluid Systems	6,450	0.31
		<u>10,837</u>	<u>0.52</u>
	Health Care 1.82% (2017: 1.01%)		
857,199	Shire	<u>37,297</u>	<u>1.82</u>
	Bonds 32.52% (2017: 31.66%)		
	France 0.26% (2017: 0.24%)		
	Variable Rate Bond 0.26% (2017: 0.24%)		
GBP 5,100,000	Électricité de France 6.00% Perpetual	<u>5,278</u>	<u>0.26</u>
	Germany 0.39% (2017: 0.54%)		
	Fixed Rate Bond 0.00% (2017: 0.17%)		
	Variable Rate Bond 0.39% (2017: 0.37%)		
GBP 7,800,000	RWE Finance 7.00% Perpetual	<u>8,024</u>	<u>0.39</u>
	Hong Kong 0.00% (2017: 0.31%)		
	Variable Rate Bond 0.00% (2017: 0.31%)		
	Iceland 0.00% (2017: 0.00%)		
	Asset Backed 0.00% (2017: 0.00%)		
GBP 475,000	Singer & Friedlander 7.50% 13/11/2019 ²	<u>-</u>	<u>-</u>
	Ireland 0.03% (2017: 0.03%)		
	Fixed Rate Bond 0.03% (2017: 0.03%)		
USD 2,600,000	International Securities 9.00% Perpetual ²	-	-
GBP 2,300,000	Lambay Capital Securities 6.25% Perpetual ³	58	-
EUR 1,825,000	Waterford Wedgewood 9.875% Perpetual ²	-	-
USD 766,000	WPP Finance 4.75% 21/11/2021	<u>598</u>	<u>0.03</u>
		<u>656</u>	<u>0.03</u>
	Italy 0.00% (2017: 0.00%)		
	Fixed Rate Bond 0.00% (2017: 0.00%)		
GBP 910,000	Parmalat Capital Finance 9.375% Perpetual ²	<u>-</u>	<u>-</u>
	Luxembourg 0.00% (2017: 0.00%)		
	Asset Backed 0.00% (2017: 0.00%)		
EUR 1,089,681	Hellas Telecom 8.50% Perpetual ²	<u>-</u>	<u>-</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Fixed Rate Bond 0.00% (2017: 0.00%)		
EUR 1,731,000	Teksid Aluminium Luxembourg 11.375% Perpetual ²	-	-
	United Kingdom 21.81% (2017: 20.76%)		
	Asset Backed 0.70% (2017: 0.70%)		
GBP 2,549,000	Legal & General 10.00% 23/07/2041	3,095	0.15
GBP 6,915,000	Telereal Securitisation 6.1645% 10/12/2031	8,465	0.42
GBP 2,623,840	Unique Pub Finance 6.542% 30/03/2021	2,756	0.13
		14,316	0.70
	Fixed Rate Bond 11.70% (2017: 10.43%)		
GBP 5,000,000	Amigo Luxembourg 7.625% 15/01/2024	5,109	0.25
GBP 4,836,000	Barclays Bank 10.00% 21/05/2021	5,777	0.28
USD 2,990,000	BAT International Finance 3.25% 07/06/2022	2,233	0.11
GBP 6,000,000	BAT International Finance 7.25% 12/03/2024	7,481	0.36
GBP 12,500,000	Cattles 6.875% Perpetual ²	-	-
GBP 1,264,000	Centrica 4.375% 13/03/2029	1,426	0.07
GBP 6,353,000	Daily Mail & General Trust 5.75% 07/12/2018	6,440	0.31
GBP 4,750,000	Daily Mail & General Trust 6.375% 21/06/2027	5,450	0.27
GBP 3,500,000	Drax Finco 4.25% 01/05/2022	3,541	0.17
GBP 2,045,000	Friends Life Holdings 12.00% 21/05/2021	2,591	0.13
GBP 6,444,000	Friends Life Holdings 8.25% 21/04/2022	7,792	0.38
GBP 2,000,000	GKN 6.75% 28/10/2019	2,119	0.10
GBP 3,019,000	G4S 7.75% 13/05/2019	3,162	0.15
GBP 4,138,000	Hammerson 6.00% 23/02/2026	4,918	0.24
GBP 1,000,000	Heathrow Funding 6.00% 20/03/2020	1,071	0.05
GBP 4,300,000	HSBC Holdings 2.175% 27/06/2023	4,286	0.21
GBP 4,300,000	HSBC Holdings 6.00% 29/03/2040	5,480	0.27
GBP 3,060,000	Imperial Tobacco Finance 4.875% 07/06/2032	3,509	0.17
GBP 1,500,000	Imperial Tobacco Finance 5.50% 28/09/2026	1,763	0.09
EUR 6,125,000	International Personal Finance 5.75% 07/04/2021	5,187	0.25
GBP 4,500,000	Just 9.00% 26/10/2026	5,582	0.27
GBP 5,000,000	Ladbroke's 5.125% 08/09/2023	5,213	0.25
GBP 6,141,000	Legal & General 5.50% 27/06/2064	6,555	0.32
GBP 1,876,000	National Westminster Bank 11.50% Perpetual	3,172	0.15
GBP 5,000,000	Next 3.625% 18/05/2028	4,996	0.24
GBP 250,000	Prudential 6.125% 19/12/2031	317	0.02
GBP 750,000	Rolls Royce 6.75% 30/04/2019	780	0.04
EUR 7,854,000	Royal Bank of Scotland 5.25% Perpetual	7,049	0.34
GBP 3,000,000	Saga 3.375% 12/05/2024	2,852	0.14
GBP 2,000,000	Santander Treasury Services 10.0625% Perpetual	3,263	0.16
GBP 9,469,000	Tesco 5.50% 13/01/2033	11,023	0.54
GBP 2,900,000	Tesco 6.00% 14/12/2029	3,519	0.17
GBP 36,250,000	UK Treasury 3.75% 07/09/2019	37,471	1.84
GBP 16,010,000	UK Treasury 3.75% 07/09/2020	17,013	0.84
GBP 12,500,000	UK Treasury 4.00% 07/03/2022	13,888	0.68
GBP 16,107,000	UK Treasury 4.50% 07/03/2019	16,483	0.80
GBP 1,985,000	Virgin Media Finance 6.375% 15/10/2024	2,055	0.10
GBP 1,200,000	Virgin Media Secured Finance 6.25% 28/03/2029	1,252	0.06
GBP 5,000,000	Vodafone 5.90% 26/11/2032	6,593	0.32
GBP 6,000,000	Whitbread 3.375% 16/10/2025	6,052	0.29

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Fixed Rate Bond (continued)			
GBP 961,000	WM Morrison Supermarkets 3.50% 27/07/2026	1,014	0.05
GBP 4,000,000	WPP Finance 6.375% 06/11/2020	4,414	0.22
		<u>239,891</u>	<u>11.70</u>
Index Linked Bond 5.88% (2017: 5.42%)			
GBP 2,070,000	British Telecom 3.50% Index-Linked 25/04/2025	4,282	0.21
GBP 4,800,000	Heathrow Funding 3.334% Index-Linked 09/12/2039	10,839	0.53
GBP 3,500,000	High Speed Rail Finance 1 1.566% Index-Linked 01/11/2038	5,308	0.26
GBP 5,000,000	Network Rail Infrastructure Finance 1.375% Index-Linked 22/11/2037	11,081	0.54
GBP 6,500,000	Network Rail Infrastructure Finance 1.75% Index-Linked 22/11/2027	11,747	0.57
GBP 27,000,419	UK Treasury 0.125% Index-Linked 22/03/2024	34,907	1.70
GBP 26,487,000	UK Treasury 1.875% Index-Linked 22/11/2022	42,556	2.07
		<u>120,720</u>	<u>5.88</u>
Stepped Rate Bond 0.59% (2017: 0.49%)			
GBP 9,215,000	Standard Life 6.75% Perpetual	<u>12,130</u>	<u>0.59</u>
Variable Rate Bond 2.94% (2017: 3.17%)			
GBP 9,000,000	Aviva 6.125% Perpetual	9,881	0.48
GBP 110,000	Aviva 6.875% 20/05/2058	136	0.01
GBP 4,111,000	British Insurance Holdings 6.625% 09/12/2030	4,243	0.21
GBP 4,869,000	BUPA Finance 6.125% Perpetual	5,177	0.25
USD 11,000,000	Catlin Insurance FRN Perpetual	8,260	0.40
GBP 5,000,000	J Sainsbury 2.875% Perpetual	5,794	0.28
GBP 3,199,000	National Express 6.625% 17/06/2020	3,478	0.17
GBP 6,000,000	National Grid Finance 5.625% 18/06/2073	6,585	0.32
GBP 6,430,000	RL Finance Bonds 6.125% 30/11/2043	7,143	0.35
GBP 1,218,000	RSA Insurance 9.375% 20/05/2039	1,293	0.06
GBP 8,074,000	Standard Chartered Bank 5.375% Perpetual	8,374	0.41
		<u>60,364</u>	<u>2.94</u>
United States 10.03% (2017: 9.78%)			
Asset Backed 0.47% (2017: 0.42%)			
GBP 198,915	Lehman Brothers Holdings 7.875% 08/05/2018 ²	7	-
GBP 10,000,000	SLM Student Loan Trust 5.15% 15/12/2039	9,578	0.47
		<u>9,585</u>	<u>0.47</u>
Fixed Rate Bond 1.27% (2017: 1.31%)			
GBP 2,940,000	AT&T 4.875% 01/06/2044	3,334	0.16
GBP 4,850,000	Bank of America 6.125% 15/09/2021	5,488	0.27
EUR 3,000,000	Citigroup 7.375% 04/09/2019	2,893	0.14
USD 8,000,000	Iron Mountain 6.00% 15/08/2023	6,236	0.30
GBP 7,664,000	Juneau Investment 5.90% 22/02/2021	8,096	0.40
		<u>26,047</u>	<u>1.27</u>
Index Linked Bond 8.29% (2017: 8.05%)			
USD 64,771,000	US Treasury 0.125% Index-Linked 15/07/2024	50,413	2.46
USD 101,478,100	US Treasury 0.625% Index-Linked 15/01/2024	82,556	4.01
USD 33,361,000	US Treasury 2.375% Index-Linked 15/01/2025	37,244	1.82
		<u>170,213</u>	<u>8.29</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Derivatives (0.09%) (2017: 0.08%)			
Forward Foreign Exchange Contracts (0.10%) (2017: 0.08%)⁴			
Buy EUR 327,224 : Sell GBP 291,233 August 2018		1	-
Buy EUR 586,805 : Sell GBP 524,106 August 2018 ⁵		-	-
Buy GBP 1,225 : Sell USD 1,612 August 2018 ⁵		-	-
Buy GBP 187,422,057 : Sell USD 248,540,592 August 2018		(1,823)	(0.09)
Buy GBP 18,813,328 : Sell EUR 21,203,643 August 2018		(118)	(0.01)
Buy GBP 2,034,521 : Sell EUR 2,276,995 August 2018		2	-
Buy GBP 229,256 : Sell EUR 257,860 August 2018		(1)	-
Buy GBP 307,305 : Sell EUR 345,611 August 2018		(1)	-
Buy GBP 3,296,279 : Sell EUR 3,689,225 August 2018		2	-
Buy GBP 37,689 : Sell USD 49,658 August 2018 ⁵		-	-
		<u>(1,938)</u>	<u>(0.10)</u>
Forward Foreign Exchange Contracts (Hedged share classes) 0.01% (2017: 0.00%)⁴			
Buy EUR 241 : Sell GBP 213 August 2018 ⁵		-	-
Buy EUR 303 : Sell GBP 267 August 2018 ⁵		-	-
Buy EUR 42,183 : Sell GBP 37,279 August 2018 ⁵		-	-
Buy EUR 575,237 : Sell GBP 508,354 August 2018		5	-
Buy GBP 5,879 : Sell USD 7,810 August 2018 ⁵		-	-
Buy GBP 9,097 : Sell USD 11,980 August 2018 ⁵		-	-
Buy USD 12,929,183 : Sell GBP 9,732,335 August 2018		119	0.01
Buy USD 1,613 : Sell GBP 1,225 August 2018 ⁵		-	-
Buy USD 21,555 : Sell GBP 16,265 August 2018 ⁵		-	-
Buy USD 30,247 : Sell GBP 23,012 August 2018 ⁵		-	-
Buy USD 48,894 : Sell GBP 37,169 August 2018 ⁵		-	-
Buy USD 49,688 : Sell GBP 37,689 August 2018 ⁵		-	-
		<u>124</u>	<u>0.01</u>
Investment assets including investment liabilities		1,836,660	89.53
Other net assets		214,880	10.47
Total net assets		2,051,540	100.00

¹ Suspended or delisted securities

² Defaulted

³ Manually priced securities

⁴ Unquoted securities

⁵ Due to rounding to nearest £1,000

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

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

Statement of total return for the year ended 31 July 2018

	Note	2018 £000	2017 £000
Income			
Net capital gains	4	14,474	93,945
Revenue	5	77,798	76,678
Expenses	6	<u>(20,463)</u>	<u>(21,327)</u>
Net revenue before taxation		57,335	55,351
Taxation	7	<u>(1,183)</u>	<u>(906)</u>
Net revenue after taxation		<u>56,152</u>	<u>54,445</u>
Total return before distributions		70,626	148,390
Distributions	8	(74,089)	(68,740)
Change in net assets attributable to shareholders from investment activities		<u>(3,463)</u>	<u>79,650</u>

Statement of change in net assets attributable to shareholders

for the year ended 31 July 2018

	2018 £000	2017 £000
Opening net assets attributable to shareholders	2,237,871	2,145,266
Amounts receivable on issue of shares	27,118	157,855
Amounts payable on cancellation of shares	<u>(265,308)</u>	<u>(198,094)</u>
	(238,190)	(40,239)
Change in net assets attributable to shareholders from investment activities	(3,463)	79,650
Retained distributions on accumulation shares	55,319	53,185
Unclaimed distributions	3	9
Closing net assets attributable to shareholders	<u>2,051,540</u>	<u>2,237,871</u>

Balance sheet as at 31 July 2018

	Note	2018 £000	2017 £000
Assets:			
Investments		1,838,603	1,869,143
Current assets:			
Debtors	9	12,859	12,227
Cash and bank balances	10	217,116	369,437
Total assets		2,068,578	2,250,807
Liabilities:			
Investment liabilities		1,943	409
Provisions for liabilities	11	-	41
Creditors:			
Distributions payable		4,098	3,597
Other creditors	12	10,997	8,889
Total liabilities		17,038	12,936
Net assets attributable to shareholders		2,051,540	2,237,871

1 Accounting policies

(a) Basis of preparation

The financial statements of Janus Henderson Investment Funds Series II (formerly Henderson Investment Funds Series II) (the 'Company') comprise the financial statements of Janus Henderson Cautious Managed Fund (formerly Henderson Cautious Managed Fund (the 'fund')). They have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (IMA) in May 2014 (the 'SORP'), the Financial Reporting Standard 102 ('FRS 102'), the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL') and the Company's Instrument of Incorporation. The financial statements have been prepared on a going concern basis.

(b) Basis of valuation of investments

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

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

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

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

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

Bank interest is recognised on an accruals basis.

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

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

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the shares underwritten in which case an appropriate proportion of the commission received is deducted from the cost of the relevant shares.

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

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

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.

The investment objective of the fund is to provide a combination of income and capital growth. The ACD and Depositary have agreed that 100% of the AMC of the fund is to be taken to capital for the purpose of calculating the distribution, as permitted by the OEIC regulations and in accordance with the Prospectus. The distribution currently payable reflects this treatment together with any associated tax effect.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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

General Administration Charge

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

Allocation of revenue and expenses to multiple share classes

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

(e) Exchange rates

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

(f) Taxation

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

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

Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent it is regarded as more likely than not that there will be taxable profits against which the future reversal of underlying timing differences can be offset.

(g) Cash flow statement

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

(h) Hedged share classes

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

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

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

(i) Treatment of derivatives

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

Forward foreign currency contracts

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

Forward foreign currency contracts on hedged share classes

Open forward currency contracts on hedged share classes are shown in the portfolio statement at fair value. The net gains/(losses) on forward currency contracts on hedged unit classes are apportioned between Hedged income on forward currency contracts in the Revenue account and Forward currency contracts on hedged share classes in Net capital gains/(losses) on investments, reflecting the income and capital elements of the hedged share classes.

Notes to the financial statements (continued)

1 Accounting policies (continued)

(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 fund is to distribute/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. The fund pays dividend distributions.

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

For the purpose of calculating the distribution, interest on debt securities is computed on an effective yield basis, the same basis on which it is reflected in the financial statements.

Stock dividends are not taken into account when determining the amount available for distribution.

With effect from 1 August 2017, marginal tax relief is no longer taken into account 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 fund makes distributions on a monthly basis for the M classes and on a quarterly basis (31 December, 31 March, 30 June and 30 September) for all other share classes.

In the event that the income yielded is low (generally less than 1% p.a.) the ACD has the discretion not to make an income allocation in respect of a particular interim income allocation date and instead to hold over that payment until the final income allocation date.

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

Equalisation

Income equalisation applies to the fund.

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

3 Risk

In pursuing its investment objective the fund holds a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors arising from the fund's operations. The fund may also enter into derivatives, stock lending and forward transactions for the purpose of efficient portfolio management.

The risk management policy and process for the fund is designed to satisfy the regulatory requirements for a UCITS; associated regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the fund 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 fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. 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 fund, 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.

Notes to the financial statements (continued)

3 Risk (continued)

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

- Charles River system's Compliance module for investment restrictions monitoring;
- OneSumX 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 Janus Henderson Derivatives Risk and Compliance database.

(a) Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in the fund attributable to changes in market variables such as interest rates, foreign exchange rates or an issuer's creditworthiness. The investments of the fund are subject to normal market fluctuations and other risks inherent in investing in securities in pursuance of the investment objective and policies.

Funds investing outside the UK are exposed to and can hold investments in currencies other than pounds sterling (the fund base currency), so fluctuations in exchange rates may cause the value of the investments to rise or fall. The fund may hold fixed interest securities which are the debts of governments and companies, generally in the form of bonds. These bonds are particularly affected by changes in interest rates, inflation and the decline in creditworthiness of an issuer, which may in turn affect the bond's value.

The fund may use derivatives for hedging purposes and efficient portfolio management. Derivatives are linked in value to an underlying asset and any fall in the value of that asset may result in a loss greater than the original amount invested in the derivative itself. It is not intended that using derivatives for efficient portfolio management will alter the risk profile or increase the volatility of the fund. In adverse situations, however, the fund's use of derivatives may become ineffective in hedging or efficient portfolio management and the fund may suffer significant loss as a result.

The global exposure of the fund is measured using the commitment approach; the commitment approach means that financial derivative instruments are converted into the market value of the equivalent position in the underlying asset(s).

Sensitivity analysis

The sensitivity of the fund to market risk is calculated using the Value-at-Risk (VaR) approach. VaR is a mathematical-statistical concept and is commonly used as a standard measure of risk in the financial sector. The maximum potential loss that the 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 investment portfolio are taken into consideration including those undertaken for efficient portfolio management purposes. VaR is calculated using a Monte Carlo simulation approach; the following parameters are applied as a minimum: a one-tailed 99% confidence interval, a holding period equivalent to one month (20 business days), effective observation period (history) of risk factors of at least 1 year (250 business days), quarterly data set updates and daily calculation.

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

VaR Results	Actual absolute VaR in year			VaR limit	Utilisation of VaR limit		
	Minimum	Maximum	Average		Minimum	Maximum	Average
	%	%	%		%	%	%
2018	2.92	4.27	3.51	20.00	14.60	21.35	17.54
2017	4.28	5.90	5.13	20.00	21.38	29.48	25.65

Leverage

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

Currency risk

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

The fund's net exposure to currency risk (including any instruments used to hedge foreign currencies) is considered insignificant. This is consistent with the exposure during the prior year.

Notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

Hedged Share Classes

Class A EUR (hedged) accumulation, Class I EUR (hedged) accumulation and Class I USD (hedged) accumulation are hedged share classes. These hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the share class currency and the base currency of the fund.

Hedging transactions may be entered into whether the Euro or US dollar (as appropriate) is declining or increasing in value relative to Sterling and so where such hedging is undertaken it may substantially protect investors in the relevant class against a decrease in the value of Sterling relative to the US dollar or Euro but it may also preclude investors from benefiting from an increase in the value of Sterling.

The performance of a hedged share class may differ from other share classes of the fund because the return on unhedged share classes is based on both the performance of the fund's investments and the performance of the portfolio currency relative to Sterling whereas the return on a hedged share class should only be based on the performance of the fund's investments. However, there is no guarantee that the hedging strategy applied in hedged share classes will entirely eliminate the adverse effects of changes in exchange rates between the base currency and the share class 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. The costs and benefits of the hedging transactions accrue to shareholders in that hedged share class only. However, the hedge may not always be 100% effective. The Investment Manager will review the relevant hedging positions on a regular basis and, if required, make appropriate adjustments.

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 issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit rating (also known as sub investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds and may have an increased risk of default on repayment.

The interest rate risk profile of the fund's financial assets and liabilities at the year end is set out in the following table which shows separately the value of investments at fixed interest rates, at variable rates and those that are non-interest bearing including instruments used to hedge against changes in interest rates:

	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2018				
Euro	-	15,129	8,610	23,739
UK sterling	338,453	343,215	1,175,251	1,856,919
US dollar	8,260	179,281	379	187,920
Total	346,713	537,625	1,184,240	2,068,578
	Floating rate financial assets £000	Fixed rate financial assets £000	Non-interest bearing assets £000	Total £000
2017				
Euro	-	18,898	403	19,301
UK sterling	532,146	329,366	1,172,153	2,033,665
US dollar	8,093	189,477	271	197,841
Total	540,239	537,741	1,172,827	2,250,807

Notes to the financial statements (continued)

3 Risk (continued)

(a) Market risk (continued)

Interest rate risk (continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2018				
UK sterling	-	-	17,038	17,038
Total	-	-	17,038	17,038

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-interest bearing liabilities £000	Total £000
2017				
UK sterling	-	-	12,847	12,847
US dollar	-	-	89	89
Total	-	-	12,936	12,936

Other market price risk

Other price risk is the risk that the value of the fund's 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 fund might hold. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

(b) Credit and counterparty risk

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

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

The fund's assets that are held with banks could be exposed to credit risk. The banks used by the fund and ACD are subject to regular reviews. Only counterparties that have been approved by Janus Henderson's Credit Risk Forum are used for derivative transactions, as detailed in note 16; further details of stock lending activity and associated collateral are included in note 17.

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.

Notes to the financial statements (continued)

3 Risk (continued)

(b) Credit and counterparty risk (continued)

Credit ratings

	Market value £000	Percentage of net assets %
2018		
Investments		
Investment grade (AAA - BBB)	558,273	27.21
Below investment grade (BB and below)	84,156	4.10
Unrated	24,795	1.21
Total debt securities	667,224	32.52
Derivatives	(1,814)	(0.09)
Equities	1,171,250	57.10
Investment assets including investment liabilities	1,836,660	89.53
Other net assets	214,880	10.47
Total net assets	2,051,540	100.00
	Market value £000	Percentage of net assets %
2017		
Investments		
Investment grade (AAA - BBB)	662,761	29.61
Unrated	45,781	2.05
Total debt securities	708,542	31.66
Derivatives	1,871	0.08
Equities	1,158,321	51.76
Investment assets including investment liabilities	1,868,734	83.50
Other net assets	369,137	16.50
Total net assets	2,237,871	100.00

(c) Liquidity risk

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

The fund is generally able to realise cash quickly to meet its liabilities. The main liquidity requirements of the fund 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 fund's cash position to ensure it can meet its liabilities. The ACD receives daily reports of subscriptions and redemptions enabling the ACD to raise cash from the fund's portfolio in order to meet redemption requests. In addition the ACD monitors market liquidity of all securities, with particular focus on collective investment schemes which may contain restrictions on withdrawals, seeking to ensure the fund maintains sufficient liquidity to meet known and potential redemption activity. The fund's cash balances are monitored daily by the ACD. When investments cannot be realised in time to meet any potential liability, the fund may borrow up to 10% of its value to ensure settlement.

Notes to the financial statements (continued)

3 Risk (continued)

(c) Liquidity risk (continued)

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

	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2018				
Derivative financial liabilities	-	1,943	-	-
Distribution payable	-	4,098	-	-
Other creditors	-	10,997	-	-
Total	-	17,038	-	-
	On demand £000	Within one year £000	Over one year but not more than five years £000	Over five years £000
2017				
Derivative financial liabilities	-	409	-	-
Distribution payable	-	3,597	-	-
Other creditors	-	8,889	-	-
Provisions for liabilities	-	-	-	41
Total	-	12,895	-	41

4 Net capital gains

Net capital gains on investments during the year comprise:

	2018 £000	2017 £000
Forward currency contracts	(1,868)	1,653
Forward currency contracts on hedged share classes	224	(50)
Non-derivative securities	16,072	91,721
Other currency gains	70	648
Transaction costs	(24)	(27)
Net capital gains	14,474	93,945

Notes to the financial statements (continued)

5 Revenue

	2018 £000	2017 £000
Bank interest	583	194
Derivative revenue	-	1
Interest on debt securities	26,920	26,853
Overseas dividends	3,862	3,405
Stock dividends	-	1,018
Stock lending revenue	474	208
UK dividends	44,822	43,663
UK REIT revenue - PID	964	1,219
UK REIT revenue - non PID	96	67
Underwriting commission	77	50
Total revenue	77,798	76,678

6 Expenses

	2018 £000	2017 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	17,938	18,628
GAC*	2,360	2,464
	20,298	21,092
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	96	161
Safe custody fees	69	74
	165	235
Total expenses	20,463	21,327

Irrecoverable VAT is included in the above expenses where relevant.

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

7 Taxation

a) Analysis of charge in the year

The tax charge comprises:

	2018 £000	2017 £000
Current tax		
UK corporation tax	1,224	888
Total current tax	1,224	888
Deferred tax (note 7c)	(41)	18
Total taxation (note 7b)	1,183	906

Notes to the financial statements (continued)

7 Taxation (continued)

b) Factors affecting tax charge for year

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

	2018 £000	2017 £000
Net revenue before taxation	57,335	55,351
Corporation tax at 20% (2017: 20%)	11,467	11,070
Effects of:		
Indexation tax adjustments	(528)	(531)
Other non-taxable income	-	(2)
Overseas dividends*	(772)	(681)
Stock dividends**	-	(204)
UK dividends**	(8,984)	(8,746)
Tax charge for the year (note 7a)	1,183	906

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

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

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

c) Deferred tax

	2018 £000	2017 £000
Provision at start of year	41	23
Deferred tax (credit)/charge for year (note 7a)	(41)	18
Provision at end of year	-	41

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)

8 Distributions

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

	2018 £000	2017 £000
Interim income	13,443	11,501
Interim accumulation	42,299	41,828
Final income	4,098	3,597
Final accumulation	13,020	11,357
	<u>72,860</u>	<u>68,283</u>
Amounts deducted on cancellation of shares	1,386	927
Amounts received on issue of shares	(157)	(470)
Total distributions	<u>74,089</u>	<u>68,740</u>
Net revenue after taxation	56,152	54,445
Annual management charge borne by the capital account	17,938	18,628
Equalisation on conversions	(1)	5
Stock dividends	-	(1,018)
Tax relief on capital expenses	-	(3,320)
Total distributions	<u>74,089</u>	<u>68,740</u>

Details of the distribution per share are set out in the distribution tables on pages 43 to 50.

9 Debtors

	2018 £000	2017 £000
Accrued revenue	11,047	11,105
Amounts receivable for issue of shares	39	1,122
Sales awaiting settlement	1,773	-
Total debtors	<u>12,859</u>	<u>12,227</u>

10 Cash and bank balances

	2018 £000	2017 £000
Cash and bank balances	217,116	369,437
Total cash and bank balances	<u>217,116</u>	<u>369,437</u>

11 Provisions for liabilities

	2018 £000	2017 £000
The provisions for liabilities comprise:		
Deferred tax	-	41
Total provisions for liabilities	<u>-</u>	<u>41</u>

Notes to the financial statements (continued)

12 Other creditors

	2018 £000	2017 £000
Accrued annual management charge	1,462	1,604
Accrued Depositary's fee	9	8
Accrued other expenses	222	228
Amounts payable for cancellation of shares	4,870	2,988
Corporation tax payable	763	391
Purchases awaiting settlement	3,671	3,670
Total other creditors	10,997	8,889

13 Contingent liabilities and commitments

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

14 Related party transactions

Henderson Investment Funds Limited as ACD to the fund is deemed to be a related party because it provides key management personnel services to the fund. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', the 'Statement of change in net assets attributable to shareholders' and the 'Balance sheet' on pages 22 and 23 and notes 4, 6, 9 and 12 on pages 31 to 35 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

There were no material shareholders at the year end (2017: nil).

15 Shareholders' funds

The fund currently has 7 share classes available; Class A (Retail with front-end charges), Class A EUR (Retail with front-end charges), Class C (Private), Class I (Institutional), Class I EUR (Institutional), Class I USD (Institutional USD) and Class M. The annual management charge on each share class is as follows:

	2018 %	2017 %
Class A	1.25	1.25
Class C	0.50	0.50
Class I	0.625	0.625
Class M	1.50	1.50

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 8 to 13. The distribution per share class is given in the distribution tables on pages 43 to 50. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

15 Shareholders' funds (continued)

Shares reconciliation as at 31 July 2018

	Class A accumulation	Class A income	Class C accumulation	Class I accumulation
Opening number of shares	223,273,523	104,946,141	5,809,058	450,137,267
Issues during the year	1,424,563	2,563,419	292,390	1,709,394
Cancellations during the year	(26,548,816)	(10,098,067)	(1,096,559)	(52,334,189)
Shares converted during the year	(5,042,827)	(483,128)	-	4,975,683
Closing shares in issue	193,106,443	96,928,365	5,004,889	404,488,155
	Class I income	Class M accumulation	Class M income	Class A EUR (hedged) accumulation
Opening number of shares	289,879,421	1,778,753	9,753,605	258
Issues during the year	6,043,333	67,603	186,976	3,668
Cancellations during the year	(34,950,522)	(659,157)	(1,020,483)	-
Shares converted during the year	1,890,373	-	(97,510)	-
Closing shares in issue	262,862,605	1,187,199	8,822,588	3,926
	Class I EUR (hedged) accumulation	Class I USD (hedged) accumulation		
Opening number of shares	16,169	769,947		
Issues during the year	38,679	431,744		
Cancellations during the year	(2,762)	(130,437)		
Shares converted during the year	-	-		
Closing shares in issue	52,086	1,071,254		

Notes to the financial statements (continued)

16 Financial derivatives

The fund may use financial derivatives for hedging purposes and efficient portfolio management only.

Eligible collateral types are approved by the Investment Manager and are agreed with the relevant counterparty.

The counterparty exposure has been calculated using the positive marked-to-market value of the derivative contract with that counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 31 July 2018 (2017: nil).

2018

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

Counterparty	Forward foreign exchange contracts £000	Forward foreign exchange contracts (hedged share classes) £000	Total by counterparty £000
BNP Paribas	5	-	5
JP Morgan	-	124	124
	5	124	129

2017

At 31 July 2017 the underlying exposure for the derivatives held was as follows:

Counterparty	Forward foreign exchange contracts £000	Total by counterparty £000
BNP Paribas	2,277	2,277
JP Morgan	3	3
	2,280	2,280

Notes to the financial statements (continued)

17 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 and 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 credit rating agency or listed equities on eligible markets. Collateral should be highly liquid and traded on a regulated market. Collateral is subject to a haircut on a sliding scale based on the combination of the underlying instrument being lent versus the asset being received as collateral. The value of collateral required will range from 102.50% to 110.00% of the value of the stock on loan.

2018

Counterparty		Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
Bank of Nova Scotia		32,368	35,966	Equity
Barclays		28,589	30,490	Government bond
BNP Paribas		1,440	1,537	Corporate bond
BNP Paribas		20	21	Government bond
		1,460	1,558	
Citigroup		8,949	11,171	Equity
Credit Suisse		2,226	2,399	Corporate bond
Deutsche Bank		22,731	27,653	Equity
HSBC		5,385	6,048	Equity
ING Bank		5	6	Equity
JP Morgan		7,939	8,484	Corporate bond
JP Morgan		5,916	6,747	Equity
JP Morgan		13,255	13,978	Government bond
		27,110	29,209	
Morgan Stanley		1,540	1,656	Government bond
Natixis		263,994	293,327	Equity
Société Générale		25,763	28,625	Equity
		420,120	468,108	
Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	558	84	474

Notes to the financial statements (continued)

17 Stock lending (continued) 2017

Counterparty	Total market value of stock on loan £000	Amount of collateral received £000	Type of collateral
ABN Amro	933	1,037	Equity
Bank of Nova Scotia	25,480	28,314	Equity
Barclays	2,296	2,457	Corporate Bond
Barclays	1,876	1,992	Government Bond
	<u>4,172</u>	<u>4,449</u>	
BNP Paribas	3,747	4,307	Corporate Bond
Citigroup	12,997	13,322	Government Bond
Deutsche Bank	1,627	1,806	Equity
ING	1,311	1,457	Equity
JP Morgan	80,273	87,451	Corporate Bond
JP Morgan	67,629	75,212	Equity
JP Morgan	12,093	13,174	Government Bond
	<u>159,995</u>	<u>175,837</u>	
Natixis	67,336	74,818	Equity
Société Générale	1,196	1,331	Equity
	<u>278,794</u>	<u>306,678</u>	

Recipient	Relationship	Gross income £000	Direct and indirect expenses £000	Net income £000
BNP Paribas	Stock lending agent	245	37	208

Notes to the financial statements (continued)

18 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

	2018		2017	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,492,050*	-	1,488,994*	-
Level 2	346,495	1,943	380,097	409
Level 3	58	-	52	-
	1,838,603	1,943	1,869,143	409

* Debt securities included in the highest fair value hierarchy level, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £332,529,170 as at 31 July 2018 (2017: £330,672,757).

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Investment Manager, at its discretion, may permit some other method of valuation to be used if they consider that it better reflects value and is in accordance with good accounting practice. An EMEA Pricing Committee of the Investment Manager is responsible for determining or approving unquoted prices. Where deemed necessary, the EMEA Pricing Committee will seek ratification of decisions from the Janus Henderson Investment Performance and Risk Committee. The EMEA Pricing Committee meets on a monthly basis and consists of representatives from various parts of the Investment manager who act as an independent party, segregated from the fund management function, to review and approve fair value pricing decisions and pricing models on a regular basis. The asset included within level 3 is a defaulted bond which has been valued by the EMEA Pricing Committee at the current and prior year end using the latest available broker price.

Notes to the financial statements (continued)

19 Direct transaction costs

	Purchases		Sales	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trades in the year				
Debt securities	83,607	195,415	86,871	169,874
Equities	454,223	377,674	476,773	411,097
Trades in the year before transaction costs	537,830	573,089	563,644	580,971
Transaction costs				
Commissions				
Debt securities	-	-	-	-
Equities	252	250	235	280
Total commissions	252	250	235	280
Taxes				
Debt securities	-	-	-	-
Equities	1,871	1,628	-	-
Total taxes	1,871	1,628	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	-	-	-	-
Total other expenses	-	-	-	-
Total transaction costs	2,123	1,878	235	280
Total net trades in the year after transaction costs	539,953	574,967	563,409	580,691

	Purchases		Sales	
	2018	2017	2018	2017
	%	%	%	%
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Debt securities	-	-	-	-
Equities	0.06	0.07	0.05	0.07
Taxes				
Debt securities	-	-	-	-
Equities	0.41	0.43	-	-
Other expenses				
Debt securities	-	-	-	-
Equities	-	-	-	-

	2018	2017
	%	%
Total transaction costs expressed as a percentage of net asset value		
Commissions	0.02	0.02
Taxes	0.09	0.08
Other expenses	-	-
Total costs	0.11	0.10

Notes to the financial statements (continued)

19 Direct transaction costs (continued)

There were no in specie transfers during the year (2017: nil). There were corporate actions during the year of £22,127,270 (2017: £16,344,537).

There were no direct transaction costs associated with derivatives in the year (2017: nil).

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

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

The portfolio dealing spread as at 31 July 2018 is 0.20% (2017: 0.23%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

20 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 July 2018 (in pence per share)

Interim dividend distribution (accounting date 31 August 2017, paid on 29 September 2017)

Group 1 : shares purchased prior to 1 August 2017

Group 2 : shares purchased on or after 1 August 2017

	Distribution per share	Equalisation	Total distribution per share 29/09/17	Total distribution per share 30/09/16
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 30 September 2017, paid on 31 October 2017)

Group 1: shares purchased prior to 1 September 2017

Group 2: shares purchased on or after 1 September 2017

	Distribution per share	Equalisation	Total distribution per share 31/10/17	Total distribution per share 30/10/16
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 31 October 2017, paid on 30 November 2017)

Group 1: shares purchased prior to 1 October 2017

Group 2: shares purchased on or after 1 October 2017

	Distribution per share	Equalisation	Total distribution per share 30/11/17	Total distribution per share 30/11/16
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Distribution tables (continued)

Interim dividend distribution (accounting date 31 October 2017, paid on 29 December 2017)

Group 1: shares purchased prior to 1 October 2017

Group 2: shares purchased on or after 1 October 2017

	Distribution per share	Equalisation	Total distribution per share 29/12/17	Total distribution per share 30/12/16
Class A accumulation				
Group 1	2.5100	-	2.5100	2.1979
Group 2	1.0008	1.5092	2.5100	2.1979
Class A income				
Group 1	1.4690	-	1.4690	1.3274
Group 2	0.5048	0.9642	1.4690	1.3274
Class C accumulation				
Group 1	6.7683	-	6.7683	6.0972
Group 2	0.7640	6.0043	6.7683	6.0972
Class I accumulation				
Group 1	2.2247	-	2.2247	1.9841
Group 2	0.8850	1.3397	2.2247	1.9841
Class I income				
Group 1	1.1840	-	1.1840	1.0899
Group 2	0.4616	0.7224	1.1840	1.0899
Class A EUR (hedged) accumulation¹				
Group 1	10.0911	-	10.0911	8.6954
Group 2	1.4410	8.6501	10.0911	8.6954
Class I EUR (hedged) accumulation¹				
Group 1	10.2039	-	10.2039	8.9648
Group 2	10.2039	-	10.2039	8.9648
Class I USD (hedged) accumulation²				
Group 1	10.9986	-	10.9986	9.5545
Group 2	3.4404	7.5582	10.9986	9.5545

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

Interim dividend distribution (accounting date 30 November 2017, paid on 29 December 2017)

Group 1: shares purchased prior to 1 November 2017

Group 2: shares purchased on or after 1 November 2017

	Distribution per share	Equalisation	Total distribution per share 29/12/17	Total distribution per share 30/12/16
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	0.0085	0.3080	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 31 December 2017, paid on 31 January 2018)

Group 1: shares purchased prior to 1 December 2017

Group 2: shares purchased on or after 1 December 2017

	Distribution per share	Equalisation	Total distribution per share 31/01/18	Total distribution per share 31/01/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 31 January 2018, paid on 28 February 2018)

Group 1: shares purchased prior to 1 January 2018

Group 2: shares purchased on or after 1 January 2018

	Distribution per share	Equalisation	Total distribution per share 28/02/18	Total distribution per share 28/02/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.1381
Group 2	0.0033	0.3132	0.3165	0.1381
Class M income				
Group 1	0.3000	-	0.3000	0.1179
Group 2	-	0.3000	0.3000	0.1179

Distribution tables (continued)

Interim dividend distribution (accounting date 31 January 2018, paid on 29 March 2018)

Group 1: shares purchased prior to 1 January 2018

Group 2: shares purchased on or after 1 January 2018

	Distribution per share	Equalisation	Total distribution per share 29/03/18	Total distribution per share 31/03/17
Class A accumulation				
Group 1	1.5721	-	1.5721	1.3493
Group 2	0.7290	0.8431	1.5721	1.3493
Class A income				
Group 1	0.9114	-	0.9114	0.8077
Group 2	0.2200	0.6914	0.9114	0.8077
Class C accumulation				
Group 1	4.2185	-	4.2185	3.7203
Group 2	4.2185	-	4.2185	3.7203
Class I accumulation				
Group 1	1.3867	-	1.3867	1.2200
Group 2	0.5691	0.8176	1.3867	1.2200
Class I income				
Group 1	0.7311	-	0.7311	0.6643
Group 2	0.2806	0.4505	0.7311	0.6643
Class A EUR (hedged) accumulation¹				
Group 1	6.3472	-	6.3472	5.5112
Group 2	6.3472	-	6.3472	5.5112
Class I EUR (hedged) accumulation¹				
Group 1	6.3117	-	6.3117	5.6450
Group 2	6.3117	-	6.3117	5.6450
Class I USD (hedged) accumulation²				
Group 1	6.9497	-	6.9497	5.9838
Group 2	1.9910	4.9587	6.9497	5.9838

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

Interim dividend distribution (accounting date 28 February 2018, paid on 29 March 2018)

Group 1: shares purchased prior to 1 February 2018

Group 2: shares purchased on or after 1 February 2018

	Distribution per share	Equalisation	Total distribution per share 29/03/18	Total distribution per share 31/03/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	0.1666	0.1499	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 31 March 2018, paid on 30 April 2018)

Group 1: shares purchased prior to 1 March 2018

Group 2: shares purchased on or after 1 March 2018

	Distribution per share	Equalisation	Total distribution per share 30/04/2018	Total distribution per share 28/04/2017
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 30 April 2018, paid on 31 May 2018)

Group 1: shares purchased prior to 1 April 2018

Group 2: shares purchased on or after 1 April 2018

	Distribution per share	Equalisation	Total distribution per share 31/05/18	Total distribution per share 31/05/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165
Class M income				
Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Distribution tables (continued)

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

Group 1: shares purchased prior to 1 April 2018

Group 2: shares purchased on or after 1 April 2018

	Distribution per share	Equalisation	Total distribution per share 29/06/18	Total distribution per share 30/06/17
Class A accumulation				
Group 1	2.8484	-	2.8484	2.7451
Group 2	1.5160	1.3324	2.8484	2.7451
Class A income				
Group 1	1.6415	-	1.6415	1.6346
Group 2	0.3049	1.3366	1.6415	1.6346
Class C accumulation				
Group 1	7.7270	-	7.7270	7.5968
Group 2	2.0874	5.6396	7.7270	7.5968
Class I accumulation				
Group 1	2.5367	-	2.5367	2.4828
Group 2	1.3312	1.2055	2.5367	2.4828
Class I income				
Group 1	1.3296	-	1.3296	1.3445
Group 2	0.6805	0.6491	1.3296	1.3445
Class A EUR (hedged) accumulation¹				
Group 1	11.4629	-	11.4629	11.5785
Group 2	2.0219	9.4410	11.4629	11.5785
Class I EUR (hedged) accumulation¹				
Group 1	11.5239	-	11.5239	11.4577
Group 2	11.5239	-	11.5239	11.4577
Class I USD (hedged) accumulation²				
Group 1	12.6039	-	12.6039	12.6349
Group 2	4.2566	8.3473	12.6039	12.6349

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

Interim dividend distribution (accounting date 31 May 2018, paid on 29 June 2018)

Group 1: shares purchased prior to 1 May 2018

Group 2: shares purchased on or after 1 May 2018

	Distribution per share	Equalisation	Total distribution per share 29/06/18	Total distribution per share 30/06/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165

Class M income

Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Interim dividend distribution (accounting date 30 June 2018, paid on 31 July 2018)

Group 1: shares purchased prior to 1 June 2018

Group 2: shares purchased on or after 1 June 2018

	Distribution per share	Equalisation	Total distribution per share 31/07/18	Total distribution per share 31/07/17
Class M accumulation				
Group 1	0.3165	-	0.3165	0.3165
Group 2	-	0.3165	0.3165	0.3165

Class M income

Group 1	0.3000	-	0.3000	0.3000
Group 2	-	0.3000	0.3000	0.3000

Final dividend distribution (accounting date 31 July 2018, paid on 31 August 2018)

Group 1: shares purchased prior to 1 July 2018

Group 2: shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 31/08/18	Total distribution per share 31/08/17
Class M accumulation				
Group 1	0.9705	-	0.9705	0.7630
Group 2	0.0162	0.9543	0.9705	0.7630
Class M income				
Group 1	0.7365	-	0.7365	0.6426
Group 2	0.0163	0.7202	0.7365	0.6426

Distribution tables (continued)

Final dividend distribution (accounting date 31 July 2018, paid on 28 September 2018)

Group 1: shares purchased prior to 1 July 2018

Group 2: shares purchased on or after 1 July 2018

	Distribution per share	Equalisation	Total distribution per share 28/09/18	Total distribution per share 29/09/17
Class A accumulation				
Group 1	2.1604	-	2.1604	1.7582
Group 2	0.8349	1.3255	2.1604	1.7582
Class A income				
Group 1	1.2347	-	1.2347	1.0359
Group 2	0.3626	0.8721	1.2347	1.0359
Class C accumulation				
Group 1	6.3883	-	6.3883	4.8406
Group 2	6.3883	-	6.3883	4.8406
Class I accumulation				
Group 1	2.0835	-	2.0835	1.5755
Group 2	0.8233	1.2602	2.0835	1.5755
Class I income				
Group 1	1.0791	-	1.0791	0.8441
Group 2	0.3456	0.7335	1.0791	0.8441
Class A EUR (hedged) accumulation¹				
Group 1	8.9675	-	8.9675	6.6450
Group 2	8.9675	-	8.9675	6.6450
Class I EUR (hedged) accumulation¹				
Group 1	9.3587	-	9.3587	7.1404
Group 2	0.9746	8.3841	9.3587	7.1404
Class I USD (hedged) accumulation²				
Group 1	10.3740	-	10.3740	7.5051
Group 2	4.5695	5.8045	10.3740	7.5051

¹ in Euro cents per share

² in USD cents per share

Appendix - additional information (unaudited)

Securities financing transactions

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

Global data

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

Fund	Market value of securities on loan £000	% of lendable assets	% of AUM
Janus Henderson Cautious Managed Fund	420,120	22.85%	20.48%

Concentration data

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

Issuer	Market value of collateral received £000
Anheuser-Busch InBev	26,769
Alphabet	25,363
UK Treasury	21,855
Siemens	20,110
ING	15,596
Verizon Communications	15,402
Deutsche Post	15,383
Goldman Sachs	14,825
BP	12,625
Rockwell Collins	11,593

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Concentration data (continued)

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

Counterparty	Market value of securities on loan £000	Settlement basis
Natixis	263,994	Triparty
Bank of Nova Scotia	32,368	Triparty
Barclays	28,589	Triparty
JP Morgan	27,110	Triparty
Société Générale	25,763	Triparty
Deutsche Bank	22,731	Triparty
Citigroup	8,949	Triparty
HSBC	5,385	Triparty
Credit Suisse	2,226	Triparty
Morgan Stanley	1,540	Triparty

Aggregate transaction data

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

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Bank of Nova Scotia	Canada	Equity	Main market listing	AUD	Triparty	BNP Paribas	5,129
Bank of Nova Scotia	Canada	Equity	Main market listing	CAD	Triparty	BNP Paribas	11,172
Bank of Nova Scotia	Canada	Equity	Main market listing	EUR	Triparty	BNP Paribas	833
Bank of Nova Scotia	Canada	Equity	Main market listing	GBP	Triparty	BNP Paribas	14,305
Bank of Nova Scotia	Canada	Equity	Main market listing	HKD	Triparty	BNP Paribas	1,254
Bank of Nova Scotia	Canada	Equity	Main market listing	USD	Triparty	BNP Paribas	3,273
Barclays	United Kingdom	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	15,810
Barclays	United Kingdom	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	14,680
BNP Paribas	France	Corporate Bond	Investment grade	CAD	Triparty	BNP Paribas	113
BNP Paribas	France	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	1,407
BNP Paribas	France	Corporate Bond	Investment grade	GBP	Triparty	BNP Paribas	3
BNP Paribas	France	Corporate Bond	Investment grade	USD	Triparty	BNP Paribas	14
BNP Paribas	France	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	21
Citigroup	United States	Equity	Main market listing	DKK	Triparty	BNP Paribas	183
Citigroup	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	4,673
Citigroup	United States	Equity	Main market listing	GBP	Triparty	BNP Paribas	3,239
Citigroup	United States	Equity	Main market listing	NOK	Triparty	BNP Paribas	797
Citigroup	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	2,279

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Aggregate transaction data (continued)

Counterparty	Counterparty country of origin	Type	Quality	Collateral Currency	Settlement basis	Custodian	Market value of collateral received £000
Credit Suisse	Switzerland	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	2,399
Deutsche Bank	Germany	Equity	Main market listing	CAD	Triparty	BNP Paribas	62
Deutsche Bank	Germany	Equity	Main market listing	CHF	Triparty	BNP Paribas	3,264
Deutsche Bank	Germany	Equity	Main market listing	DKK	Triparty	BNP Paribas	5
Deutsche Bank	Germany	Equity	Main market listing	EUR	Triparty	BNP Paribas	12,177
Deutsche Bank	Germany	Equity	Main market listing	GBP	Triparty	BNP Paribas	1,907
Deutsche Bank	Germany	Equity	Main market listing	HKD	Triparty	BNP Paribas	957
Deutsche Bank	Germany	Equity	Main market listing	JPY	Triparty	BNP Paribas	223
Deutsche Bank	Germany	Equity	Main market listing	NOK	Triparty	BNP Paribas	10
Deutsche Bank	Germany	Equity	Main market listing	SEK	Triparty	BNP Paribas	279
Deutsche Bank	Germany	Equity	Main market listing	USD	Triparty	BNP Paribas	8,769
HSBC	United Kingdom	Equity	Main market listing	EUR	Triparty	BNP Paribas	868
HSBC	United Kingdom	Equity	Main market listing	USD	Triparty	BNP Paribas	5,180
ING Bank	Netherlands	Equity	Main market listing	EUR	Triparty	BNP Paribas	3
ING Bank	Netherlands	Equity	Main market listing	GBP	Triparty	BNP Paribas	3
JP Morgan	United States	Corporate Bond	Investment grade	EUR	Triparty	BNP Paribas	8,484
JP Morgan	United States	Equity	Main market listing	AUD	Triparty	BNP Paribas	3
JP Morgan	United States	Equity	Main market listing	CHF	Triparty	BNP Paribas	794
JP Morgan	United States	Equity	Main market listing	EUR	Triparty	BNP Paribas	3,439
JP Morgan	United States	Equity	Main market listing	HKD	Triparty	BNP Paribas	1,700
JP Morgan	United States	Equity	Main market listing	JPY	Triparty	BNP Paribas	754
JP Morgan	United States	Equity	Main market listing	SGD	Triparty	BNP Paribas	1
JP Morgan	United States	Equity	Main market listing	USD	Triparty	BNP Paribas	56
JP Morgan	United States	Government Bond	Investment grade	AUD	Triparty	BNP Paribas	4,803
JP Morgan	United States	Government Bond	Investment grade	EUR	Triparty	BNP Paribas	1,949
JP Morgan	United States	Government Bond	Investment grade	GBP	Triparty	BNP Paribas	7,175
JP Morgan	United States	Government Bond	Investment grade	SEK	Triparty	BNP Paribas	51
Morgan Stanley	United States	Government Bond	Investment grade	JPY	Triparty	BNP Paribas	1,656
Natixis	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	141,408
Natixis	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	40,494
Natixis	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	6,421
Natixis	France	Equity	Main market listing	USD	Triparty	BNP Paribas	105,004
Société Générale	France	Equity	Main market listing	EUR	Triparty	BNP Paribas	2,743
Société Générale	France	Equity	Main market listing	GBP	Triparty	BNP Paribas	22,740
Société Générale	France	Equity	Main market listing	JPY	Triparty	BNP Paribas	524
Société Générale	France	Equity	Main market listing	USD	Triparty	BNP Paribas	2,618
							468,108

All collateral is held in segregated accounts.

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

Appendix - additional information (unaudited) (continued)

Securities financing transactions (continued)

Re-use of collateral

The fund does not engage in any re-use of collateral.

Return and cost on securities lending activities

The following table details the fund's return and costs for each type of SFTs for the year ending 31 July 2018:

Fund	Total gross amount of stock lending revenue £000	Direct and indirect costs and fees deducted by securities lending agent £000	% return of the securities lending agent	Net stock lending revenue retained by the fund £000	% return of the fund
Janus Henderson Cautious Managed Fund	558	84	15%	474	85%

Remuneration policy

Following the implementation of the UCITS V in the UK from 18 March 2016, all authorised UCITS Management Companies are required to comply with the UCITS Remuneration Code. Under the Code, the Remuneration Committee of Janus Henderson Group plc's in its oversight of Henderson Investment Funds Limited (HIFL) must make relevant remuneration disclosures in the first full performance year following the implementation date.

The disclosures must split remuneration between fixed and variable remuneration and must break down remuneration for categories of UCITS Code Staff (defined as all staff whose professional activities have a material impact on the risk profiles of the fund it manages). The Janus Henderson Group plc Remuneration Committee approves the list of UCITS Code Staff annually. In addition, identified UCITS Code Staff are notified of their status and the associated implications annually.

Janus Henderson Cautious Managed Fund is managed by HIFL, which is a subsidiary of Janus Henderson Group plc.

The Remuneration Committee of Janus Henderson Group plc has established a Remuneration Policy, one of the guiding principles of which is to ensure that the remuneration of its employees is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is consistent with risk profiles, rules or instruments of incorporation of each ACD and the funds they manage. This policy applies to HIFL and Janus Henderson Cautious Managed Fund.

Further information with respect to Janus Henderson Group plc's Remuneration Policy is available in Janus Henderson Group plc's annual report as at 31 December 2017.

	Headcount (1)	Total Remuneration (£000s) (2,3)
Janus Henderson Cautious Managed Fund	1,943	3,403
of which		
Fixed Remuneration	1,943	1,661
Variable Remuneration	1,933	1,742
Carried Interest	n/a	-
Janus Henderson Cautious Managed Fund Remuneration Code Staff	175	2,952
of which		
Senior Management (4)	27	392
Other Code Staff (5)	148	2,560

1. This is the actual number of employees who are fully or partly involved in the activities of Janus Henderson Cautious Managed Fund – no attempt has been made to apportion the time spent specifically in support of the Henderson Cautious Managed Fund as this data is not captured as part of Janus Henderson Group plc's normal processes.
2. Please note that due to the employment structure and resourcing of the Janus Henderson Group plc, the staff indicated in this table may provide services to other companies in Janus Henderson Group plc.

Appendix - additional information (unaudited) (continued)

Remuneration policy (continued)

3. The remuneration disclosed is only in respect of the provision of services to the fund for the year, rather than the total remuneration for the year – for this purpose, remuneration has been apportioned between the provision of services to the Janus Henderson Cautious Managed Fund and to other entities in Janus Henderson Group plc, as follows:
- in respect of fixed pay and annual/long term incentive bonuses:
 - where fixed pay is directly attributable to Janus Henderson Cautious Managed Fund (for example, fees for HIFL Board members), 100% of those fees;
 - for Investment Fund Managers, pro-rated using the average assets under management (AUM) of Janus Henderson Cautious Managed Fund managed by the relevant Investment Fund Manager (as a proportion of the total AUM managed by that individual) as a proxy.
 - for other individuals, pro-rated using the average AUM of Janus Henderson Cautious Managed Fund (as a proportion of the aggregate average AUM of Janus Henderson Group plc) as a proxy.
4. Senior Management includes the Janus Henderson Executive Committee and other Group Board members and the Board of HIFL.
5. Other Code Staff includes all other UCITS Code Staff not covered by the above, including Investment Fund Managers who manage AUM within Janus Henderson Cautious Managed Fund.

Further information

Shareholder enquiries

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

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

The following line is also available:

Client Services: **0800 832 832**

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

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

We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

Janus Henderson Investors is the name under which Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), (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. © 2018, Janus Henderson Investors. The name Janus Henderson Investors includes HGI Group Limited, Henderson Global Investors (Brand Management) Sarl and Janus International Holding LLC.