

# AIFMD DISCLOSURE

## Henderson Diversified Income Trust plc

ISIN: GB00BF03YC36

**The information provided accords with the requirements of the Financial Conduct Authority (“FCA”) Rules implementing the Alternative Investment Fund Managers Directive (“AIFMD”) in the United Kingdom.**

**Investors should also consider the Company’s Prospectus which is available on the website [www.hendersondiversifiedincome.com](http://www.hendersondiversifiedincome.com).**

### Status

The Company, registered in England and Wales, is an investment company as defined in the Companies Act 2006 and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010. It is subject to the UK Listing Authority’s Listing Rules, the Disclosure, Guidance and Transparency Rules and the UK Corporate Governance Code and is subject to English law on the recognition and enforcement of judgements.

The Company is governed by its Articles of Association, the provisions of which are binding on the Company and its shareholders. They set out the respective rights and restrictions attaching to the Company’s shares. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its Articles of Association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims, and derivative actions. In the event that a shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such shareholder should consult its own legal advisers. The Company is an Alternative Investment Fund (“AIF”) for the purposes of the AIFMD.

### Shareholders rights

All shareholders have equal rights and do not have the right to have their shares redeemed or purchased by the Company. Subject to shareholder approval the Company has authority to issue new shares or sell shares from treasury to satisfy demand from shareholders without rights of pre-emption applying; this authority is limited to the share issuance programme as detailed in the Company’s Prospectus. The legal and regulatory regime to which the Company and

the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally. In particular, as Directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

Purchase of shares in the Company by an investor does not give rise to any contractual relationship between the investor and the Company. While investors acquire an interest in the Company when purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. The liability of shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them.

Shareholders who are “Eligible Complainants” for the purposes of the FCA “Dispute Resolutions Complaints” rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against the Manager to the Financial Ombudsman Service (“FOS”) (further details of which are available at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)). Additionally, shareholders may be eligible for compensation under the Financial Services Compensation Scheme (“FSCS”) if they have claims against an FCA authorised service provider (including the Manager) which is in default. There are limits on the amount of compensation available. Further information about the FSCS is at [www.fscs.org.uk](http://www.fscs.org.uk). To determine eligibility in relation to either the FOS or the FSCS, shareholders should consult the respective websites and speak to their legal advisers.

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## Investment restrictions and guidelines

The way in which the Company’s portfolio is managed by its Alternative Investment Fund Manager (“AIFM”) is governed by its investment objective and policy and other rules set from time to time by the Board. Material changes to the investment objective and policy can only be made with the approval of shareholders.

## Administration and management of the Company

### **Alternative Investment Fund Manager (“AIFM” or “Manager”): Henderson Investment Funds Limited (“HIFL”)**

The service provided by HIFL, which is authorised and regulated by the FCA, is governed by an investment management agreement effective from 3 March 2017, and includes investment and risk management (which is delegated to Henderson Global Investors Limited), and accounting and administration. With effect from 1 November 2017 the base management fee charged by HIFL is 0.65% per annum of the Company’s net assets.

Although conflicts of interest could arise from the AIFM and its delegate being members of the same group it is not currently considered that there are material existing conflicts of interest between the AIFM and its delegate. There are policies and procedures in place to monitor the conflicts of interests that may arise in the context of the delegation of certain of the AIFM’s functions and should any arise they will be managed to seek to minimise the impact on the investment performance of the Company.

The AIFM holds sufficient professional indemnity cover to meet its obligations under the FCA Rules.

### **Company Secretary: Henderson Secretarial Services Limited**

Company secretarial services are provided in accordance with the investment management agreement with HIFL. There are no additional costs to the Company in relation to these services.

### **Independent Auditor: Ernst & Young LLP**

The Auditor has a statutory responsibility to report to the members of the Company as a whole in relation to the Company’s financial statements, and in particular that they give a true and fair view of the state of the Company’s affairs, the profit and cash flows are accurate, and that the financial statements have been properly prepared in accordance with the law and regulations. The Auditor also reviews whether the accounting policies used are appropriate to the Company’s circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates and the overall presentation of the financial statements.

The fee to be paid to the Auditor is agreed by the Board in advance and is related to the time expected to be spent on each year’s audit. Where non-audit services are provided, the fees will be charged on a time spent basis. Details of the fees charged each year will be included in the Company’s Annual Report and Financial Statements.

### **Depository and Custodian: BNP Paribas Securities Services (“BNP”)**

The Depository is responsible for providing an independent monitoring role to ensure the Company complies with the requirements brought about by the AIFMD. BNP delegates the safe-keeping of certain non-UK investments to agents where the jurisdiction of the investment necessitates this. It has not entered into any arrangement to contractually discharge itself of liability in relation to the Company’s assets, including those assets in the safe-custody of its agents. Shareholders would be notified of any change in this status via a Regulatory Information Service.

The fee paid to the Depository is agreed by the Board and contains a fixed and variable element dependent on the size of the Company’s assets. The fee charged by the Depository each year will be disclosed in the Company’s Annual Report and Financial Statements. The custody fee is charged at agreed rates dependent on the domicile of the Company’s investments.

### **Stockbrokers: JP Morgan Cazenove**

JP Morgan Cazenove provides corporate broking services and advice to the Company. There is no annual fee charged for this service.

### **Registrar: Computershare Investors Services PLC**

The registrar maintains the Company’s register of members and undertakes related services. The fee for the provision of services is agreed by the Board in advance and is based on both fixed and variable cost rates depending on the type of service provided. Details of the fees charged each year will be included in the Company’s Annual Report and Financial Statements.

## Valuation policy

Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Investments that are unlisted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by both the AIFM’s fair value pricing committee and by the Directors.

## AIFMD periodic disclosures

The AIFM and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive (‘AIFMD’).

The periodic disclosures to investors are made below:

- information on the investment strategy is included in the Prospectus;
- none of the Company’s assets are subject to special arrangements arising from their illiquid nature;
- the risk profile and risk management systems in place are set out in the Prospectus;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by the AIFM.

## Leverage

In accordance with the AIFM Directive, the Company is required to make available to investors information in relation to its leverage. Leverage is considered in terms of the Company's overall exposure to financial or synthetic gearing and includes any method by which its exposure is increased whether through borrowing of cash or securities, foreign currency holdings, leverage embedded in derivative positions or by any other means. The use of leverage may significantly increase the market and counterparty risk of the Company through non-fully funded exposure to underlying markets or securities. It is expressed as the ratio between the total exposure of the Company and its net asset value such that if its exposure was equal to its net asset value, leverage would be disclosed as 100%; as calculated value above 100% means that the Company has leverage equal to the percentage amount above 100%. Exposure values are calculated by two methods, gross and commitment, as defined within the AIFMD.

Exposure under the gross method represents the aggregate of all the Company's exposures other than cash balances held in base currency; the commitment method takes into account the effect of different treatment of certain cash and cash equivalent items and of offsetting instruments between eligible assets to reflect netting and hedging arrangements in line with regulatory requirements.

Maximum leverage levels have been set by Janus Henderson as the AIFM and approved by the Board and are in accordance with the maximum gearing allowed by the Company's Articles of Association. The table below sets out the current maximum permitted limit of leverage for the Company as a percentage of its net asset value:

Leverage	Gross method	Commitment method
Maximum limit	275%	275%

There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement.

Changes to the information contained within the Prospectus in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

## AIFMD Remuneration

The AIFMD Remuneration Code requires Janus Henderson Group plc, in its oversight of HIFL, to make relevant remuneration disclosures no later than six months following the end of each AIF's financial year. The Company's first financial year end will be 30 April 2018 therefore the relevant disclosures will be made at the appropriate time. The disclosures must split remuneration between fixed and variable remuneration and must break down remuneration for categories of AIFMD Code Staff (defined as all staff whose professional activities have a material impact on the risk profiles of the AIFM or the AIFs it manages). The Janus Henderson Group plc Remuneration Committee approves the list of AIFMD Code Staff annually. In addition, identified AIFMD Code Staff are notified of their status and the associated implications annually.

## Remuneration policy

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 inconsistent with the risk profiles, rules or instruments of incorporation of each AIFM and the AIFs they manage. This policy applies to both HIFL and the Company. Further information on the Janus Henderson Group plc remuneration policy is available in the Janus Henderson Group PLC annual report and accounts and in the Janus Henderson Group plc regulatory Pillar III disclosures which can be found on [www.janushenderson.com](http://www.janushenderson.com).

## Key risks

There are certain key risks which may arise from investment in the Company which include:

**Market risk:** The potential for change in market value to which the Company is exposed through movements in market prices as a result of change in conditions applicable to the whole market or individual investment and as regards derivatives, through movements in markets for derivatives or the underlying asset, currency, reference rate or index to which a derivative relates. This includes imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the Company.

**Credit/counterparty risk:** The risk of loss to which the Company could be exposed if a counterparty to a transaction fails to perform its contractual obligations. Such risk may be specific to a particular transaction or a more general default.

**Liquidity risk:** The risk to which the Company is exposed if either it has insufficient cash available to meet financial obligations resulting from its investment activities, or there is an inability to trade a particular position at the desired price which arises from the absence of a liquid market for a specific instrument at a particular time due to a lack of market depth or occurrence of a market disruption event.occurrence of a market disruption event.

**Operational risk:** The risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems and from external events.

The risk management process for the Company is designed to satisfy at least the minimum requirements of the AIFMD; associated European Securities and Market Authority ("**ESMA**") regulatory technical standards and guidelines; and relevant FCA regulations.

For a fuller explanation of the risks involved in investing in the Company and the risk management systems employed reference should be made to the Company's Prospectus. If applicable, details of assets subject to special arrangements arising from their illiquid nature and any new arrangements for managing liquidity would be disclosed in that document. Investors are recommended to discuss all potential conflicts of interest and risks with their financial and legal advisors.

## Contact us

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**Janus Henderson**  
— INVESTORS —

## Disclaimer

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its Directors will not be responsible to persons other than the company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company. The KIID and this supplementary information ("the documents") do not form a prospectus and are not intended to be an invitation or inducement to any person to engage in any investment activity. The documents may not include (and are not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares. Prospective investors should rely on their own professional advisers in relation to any investment they may make in the company. Overseas investors should note that the distribution of the documents in certain jurisdictions may be restricted and persons into whose possession the documents come are required to inform themselves about and observe such restrictions.