



# INTERIM SHORT REPORT

For the six months ended  
30 April 2017

Janus Henderson  
— INVESTORS —

Henderson World Select Fund

# Henderson World Select Fund

## Short Report

For the six months ended 30 April 2017

### Investment Fund Managers

Henderson Global Equities Team

### Other information

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

With effect from 28 February 2017, Henderson World Select Fund is managed by Henderson Global Equities Team.

### Investment objective and policy

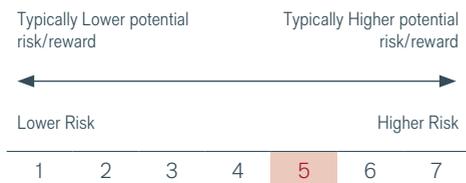
To aim to provide capital growth by investing in a concentrated portfolio of company shares in any economic sector and any area of the world.

The fund will invest in companies of any market capitalisation, and will invest in a portfolio of typically 30-40 holdings.

The fund may also invest in cash and near cash and deposits. The fund may also make use of derivatives and forward transactions for the purpose of efficient portfolio management, including the use of stock lending.

### Risk and reward profile

The fund currently has 2 types of share in issue; A accumulation and I accumulation. Each type of share has the same risk and reward profile which is as follows:



The Synthetic Risk and Reward Indicator (SRR) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRR level. The SRR 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 5 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events. Under normal market conditions the following risks may apply:

**Active management risk** Active management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

**Concentration risk** The fund's value may fall where it has concentrated exposure to a type of security that is heavily affected by an adverse event.

**Counterparty risk** The fund could lose money if a counterparty with which it trades becomes unwilling or unable to meet its obligations to the fund.

**Derivatives risk** Derivatives use exposes the fund to risks different from, and potentially greater than, the risks associated with investing directly in securities and may therefore result in additional loss, which could be significantly greater than the cost of the derivative.

**Equities risk** Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result.

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

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

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

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

There have been no changes to the risk rating in the period.

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

## Investment review

Expectations that President Trump's policies will be positive for economic growth, via lower taxes and increased fiscal spending, have underpinned strong equity markets since his election. While economic data in the US has shown some signs of plateauing and President Trump has certainly not been entirely successful with policy implementation, positive economic data in Europe, Japan and China supported investor expectations for future growth. Additionally, first quarter 2017 earnings results were the best in almost two years; markets witnessed positive earnings per share growth and a majority of companies beating estimates in all the key developed markets. This helped to offset increasing geopolitical risk, including US protectionist policies, increased tension between the US, Syria, Russia and North Korea, French presidential election uncertainty and further debt negotiations with Greece.

While global equity markets delivered a strong return of 13.2% in local currency over the period, the recovery in sterling reduced this to a 6.1% return for sterling-based investors. Over the period, the financials and information technology (IT) sectors delivered the strongest returns as companies met or exceeded earnings expectations, with the more defensive telecommunications sector lagging the market. By region, European bourses performed strongly, with the UK's stock market shrugging off the triggering of its two-year negotiations to exit the European Union. Asian markets were also strong with the exception of Japan, which mostly moved sideways during the period, while the strong financials and IT sectors supported the US market. A moderation in the strength of the US dollar also helped emerging market equities perform well.

The fund underperformed its index during the six months under review, returning 3.6% (A share class, midday priced) versus 6.1% for the MSCI World Index. The main negative impact on performance was the underweight to US banks during their fourth quarter rally on the back of the election of Donald Trump. The fund was underweight US banks for much of 2016, as globally low interest rates depressed net interest margins and profitability. Although Trump's presidency might lead to higher interest rates, which

should increase lending spreads at banks, many still have a return on capital below their cost of capital as a result of an increased regulatory burden on the sector. The only US bank in the portfolio, Citizens Financial, rallied 30% in the period. The bank is one of the highest quality in the US and has growth opportunities resulting from its recent sale by RBS. Additionally within financials, Canadian insurer Fairfax underperformed the market, held back by its very defensive balance sheet.

Notable positive performance came from holdings within the IT sector. The main positive contributor was the position in Russian internet search company Yandex, which rallied strongly following positive third quarter results, which in turn led to earnings upgrades. US entertainment software company Activision Blizzard was also positive. The company behind the Call of Duty and World of Warcraft video games announced a very strong quarter, with disciplined cost control improving margins. As such, the dividend was increased by 30%, with a \$1bn buyback announced and 2017 earnings guidance raised. Within the healthcare sector, the position in Spanish blood plasma company Grifols added value after the company beat expectations for first quarter earnings, underpinned by stronger than expected growth in its bioscience division. Offsetting this, however, was weakness at Teva Pharmaceutical Industries, with pressure not only from generics pricing but also from a potential 'at-risk' launch of generic Copaxone, Teva's multiple-sclerosis drug, by Novartis subsidiary Sandoz.

There is a definite push and pull with respect to the outlook for global equities. On the positive front, earnings growth is finally improving and moving closer to expectations following years of monetary stimulus and low interest rates. From a top-down perspective, there appears to be some traction to economic growth in Europe, Japan and China, even if US growth is showing signs of plateauing.

Providing headwinds, however, are two not insignificant factors: valuations and geopolitical risk. Equities have delivered strong growth since the global financial crisis on expectations that stimulative policies would help growth to recover. As such, equities' earnings now need to grow into their current valuation multiples. For markets to sustain further growth we will arguably need earnings to surprise to the upside from here, although the Trump administration's proposals for tax cuts and fiscal spending could help. Increased US tensions with Russia, Syria and North Korea are not only a distraction but also increase geopolitical risk. We also face an uncertain period for Europe as exit negotiations continue.

## Performance summary

	Six months %	One year %	Five years %	Since launch %
<b>Cumulative performance</b>	31 Oct 16 - 30 Apr 17	30 Apr 16 - 30 Apr 17	30 Apr 12 - 30 Apr 17	30 Sep 74 - 30 Apr 17
Henderson World Select Fund	3.6	20.9	65.5	5,771.1
MSCI World Index	6.1	30.6	107.4	15,178.9

<b>Discrete performance</b>	30 Apr 16 - 30 Apr 17 %	30 Apr 15 - 30 Apr 16 %	30 Apr 14 - 30 Apr 15 %	30 Apr 13 - 30 Apr 14 %	30 Apr 12 - 30 Apr 13 %
Henderson World Select Fund	20.9	(2.4)	11.6	9.7	14.6

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

Benchmark values are as at close of business.

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

## Fund facts

<b>Accounting dates</b>	<b>Payment dates</b>
30 April, 31 October	31 December

### Ongoing charge figure

	30/04/17 %	31/10/16 %
Class A	1.70	1.70
Class I	0.84	0.85

The annualised ongoing charge figure (OCF) of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months.

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

**Comparative tables** for the six months ended 30 April 2017

	<b>Class A accumulation</b>			
	<b>30/04/17</b>	<b>31/10/16</b>	<b>31/10/15</b>	<b>31/10/14</b>
	<b>(pence per share)</b>	<b>(pence per share)</b>	<b>(pence per share)</b>	<b>(pence per share)</b>
<b>Change in net assets per share</b>				
Opening net asset value per share	931.62	792.51	745.99	746.62
Return before operating charges*	53.02	153.22	60.15	12.04
Operating charges	(8.03)	(14.11)	(13.63)	(12.67)
Return after operating charges*	44.99	139.11	46.52	(0.63)
Distributions on accumulation shares	-	(2.27)	-	-
Retained distributions on accumulation shares	-	2.27	-	-
Closing net asset value per share	976.61	931.62	792.51	745.99
* after direct transaction costs of:	-	1.50	1.32	1.65
<b>Performance</b>				
Return after charges	4.83%	17.55%	6.24%	(0.08%)
<b>Other information</b>				
Closing net asset value (£000s)	89,815	135,145	133,289	139,442
Closing number of shares	9,196,641	14,506,401	16,818,717	18,692,291
Operating charges (annualised)	1.70%	1.70%	1.70%	1.70%
Direct transaction costs	0.00%	0.18%	0.17%	0.22%
<b>Prices</b>				
Highest share price (pence)	1,001.00	955.40	871.80	778.70
Lowest share price (pence)	874.50	709.60	738.50	688.80

## Comparative tables (continued)

	Class I accumulation			
	30/04/17 (pence per share)	31/10/16 (pence per share)	31/10/15 (pence per share)	31/10/14 (pence per share)
<b>Change in net assets per share</b>				
Opening net asset value per share	1,060.81	894.70	835.12	828.56
Return before operating charges*	60.49	174.14	67.27	13.60
Operating charges	(4.53)	(8.03)	(7.69)	(7.04)
Return after operating charges*	55.96	166.11	59.58	6.56
Distributions on accumulation shares	-	(10.30)	(5.72)	(3.17)
Retained distributions on accumulation shares	-	10.30	5.72	3.17
Closing net asset value per share	1,116.77	1,060.81	894.70	835.12
* after direct transaction costs of:	-	1.70	1.50	1.83
<b>Performance</b>				
Return after charges	5.28%	18.57%	7.13%	0.79%
<b>Other information</b>				
Closing net asset value (£000s)	23,368	23,650	10,247	5,000
Closing number of shares	2,092,429	2,229,418	1,145,275	598,698
Operating charges (annualised)	0.84%	0.85%	0.85%	0.85%
Direct transaction costs	0.00%	0.18%	0.17%	0.22%
<b>Prices</b>				
Highest share price (pence)	1,143.00	1,087.00	979.50	867.30
Lowest share price (pence)	996.60	803.00	827.50	770.60

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

### Operating charges

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

### Share class launches and closures

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

**Past performance is not a guide to future performance.**

## Major holdings

as at 30/04/17	%
Coca-Cola HBC	3.92
Carnival	3.73
Grifols ADR	3.69
Yandex	3.50
Alphabet 'C'	3.45
Zimmer Holdings	3.40
Citizens Financial	3.28
Philip Morris International	3.23
Wabtec	3.19
AON	3.15

## Asset allocation

as at 30/04/17	%
United States	52.40
Switzerland	6.99
Japan	6.54
Netherlands	4.98
United Kingdom	3.98
Spain	3.69
Russian Federation	3.50
Germany	3.13
Portugal	3.03
South Korea	3.02
Brazil	2.91
Israel	1.71
Canada	1.05
Other net assets	3.07
<b>Total net assets</b>	<b>100.00</b>

## Major holdings

as at 31/10/16	%
Itaú Unibanco	3.72
SAP	3.59
Facebook	3.52
Alphabet 'C'	3.49
PayPal	3.36
Coca-Cola HBC	3.35
Citizens Financial	3.30
Carnival	3.26
Wabtec	3.21
AON	3.20

## Asset allocation

as at 31/10/16	%
United States	55.38
Switzerland	6.48
Japan	5.66
Canada	3.93
Brazil	3.72
Germany	3.59
Portugal	3.12
Netherlands	3.08
South Korea	3.04
United Kingdom	2.88
Russian Federation	2.78
Spain	2.67
Israel	2.54
Other net assets	1.13
<b>Total net assets</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson World Select Fund for the six months ended 30 April 2017.

Copies of the annual and half yearly long form reports of this fund are available on our website [www.janushenderson.com](http://www.janushenderson.com) or contact client services on the telephone number provided.

## Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the fund during the period it covers and the results of those activities at the end of the period.

### Issued by:

Henderson Investment Funds Limited  
Registered office:  
201 Bishopsgate  
London  
EC2M 3AE  
Member of The Investment Association and authorised and regulated by the Financial Conduct Authority.  
Registered in England No 2678531

### Shareholder Administrator

International Financial Data Services (UK) Limited  
IFDS House  
St Nicholas Lane  
Basildon  
Essex  
SS15 5FS

## Risk warning

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

### Depository

National Westminster Bank Plc  
135 Bishopsgate  
London  
EC2M 3UR

### Auditor

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

## Further information

### Shareholder enquiries

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

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

The following line is also available:

Client Services: **0800 832 832**

or you can contact us via e-mail at [support@janushenderson.com](mailto:support@janushenderson.com)

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

### Online valuations

You can value your Henderson World Select Fund at any time by logging on to [www.henderson.com](http://www.henderson.com). Select 'UK Private Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of shares.

### Important Information

Janus Henderson Investors is the name under which Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored.

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