



ANNUAL REPORT & ACCOUNTS

For the year ended
30 September 2018

Janus Henderson
— INVESTORS —

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

Who are Janus Henderson Investors?

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

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

We are proud to offer a highly diversified range of products, harnessing the intellectual capital of some of the industry's most innovative and formative thinkers. Our expertise encompasses the major asset classes, we have investment teams situated around the world and we serve intermediary, institutional and individual investors globally. As at 30 September 2018, we had approximately US\$378bn in assets under management, more than 2,000 employees and offices in 28 cities worldwide. Headquartered in London, we are an independent asset manager that is dual-listed on the New York Stock Exchange and the Australian Securities Exchange.

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

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Authorised Corporate Director's (ACD) report for the year ended 30 September 2018

We are pleased to present the Annual Report and Accounts for Janus Henderson Investment Funds Series IV (formerly Henderson Investment Funds Series IV) (the 'Company') for the year ended 30 September 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 14 March 2003. The Company has an unlimited duration. Shareholders are not liable for the debts of the Company. The Company is an Alternative Investment Fund (AIF) under the AIFM Regulations, authorised as a non UCITS retail scheme for the purposes of the FCA Rules and an umbrella company as defined in the OEIC Regulations, comprising one sub-fund ('fund').

Henderson Investment Funds Limited (HIFL), the ACD, is an authorised Alternative Investment Fund Manager (AIFM) and has been appointed to act as AIFM for the sub fund. HIFL is authorised and regulated by the Financial Conduct Authority (FCA) in the UK.

The ACD has delegated the actual portfolio management of the fund to Henderson Global Investors Limited (the 'Investment Manager'). The Investment Manager is authorised and regulated by the Financial Conduct Authority and has been appointed by the AIFM to provide investment management services to the fund.

Other information

On 15 December 2017, the Company changed its name from Henderson Investment Funds Series IV to Janus Henderson Investment Funds Series IV and the fund changed its name from Henderson Multi-Asset Absolute Return Fund to Janus Henderson Multi-Asset Absolute Return 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.



G Foggin
(Director)

17 December 2018

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

Service providers

| | Name | Address | Regulator |
|---|--|---|--|
| Authorised Corporate Director (ACD) and Alternative Investment Fund Manager (AIFM) | 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 A Crooke (from 08.06.18) 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 Auditors | 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 30 September 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 Company and its revenue/expenditure for the year. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice for Authorised 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 best judgements and estimates that are reasonable; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future

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

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

for the year ended 30 September 2018

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

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

- (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
17 December 2018

Independent auditors' report to the shareholders of Janus Henderson Investment Funds Series IV (the 'Company') for the year ended 30 September 2018

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the financial position of the Company and its sub-fund as at 30 September 2018 and of the net revenue and the net capital losses 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 IV (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 30 September 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 IV (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
17 December 2018

Janus Henderson Multi-Asset Absolute Return Fund (formerly Henderson Multi-Asset Absolute Return Fund)

Authorised Corporate Director's (ACD) report for the year ended 30 September 2018

Investment Fund Managers

James de Bunsen and Peter Webster

Investment objective and policy

The fund aims to achieve a positive absolute return over the long term regardless of market conditions. The fund aims to typically deliver absolute (more than zero) returns over a rolling 12 month period. An absolute return performance is not guaranteed over this specific, or any other, time period and consequently capital is in fact at risk. The fund will invest in a range of collective investment schemes, transferable securities, cash deposits, money market instruments and derivatives.

Performance summary

| Discrete performance | 30 Sep 17 - | 30 Sep 16 - | 30 Sep 15 - | 30 Sep 14 - | 30 Sep 13 - |
|---|-------------|-------------|-------------|-------------|-------------|
| | 30 Sep 18 | 30 Sep 17 | 30 Sep 16 | 30 Sep 15 | 30 Sep 14 |
| | % | % | % | % | % |
| Janus Henderson Multi-Asset Absolute Return Fund | 0.1 | 1.3 | 4.2 | (0.2) | 2.0 |

Source: Morningstar, bid to bid and net of fees as at 12 noon valuation point, based on performance of Class A accumulation. The fund is not measured against a benchmark index.

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 30 September 2018

| Largest purchases | £000 | Largest sales | £000 |
|---|---------------|--|---------------|
| BofA Merrill Lynch Commodity 'M' Warrants | 6,826 | BofA Merrill Lynch Commodity 'M' Warrants | 7,364 |
| iShares Physical Gold ETC | 5,573 | Old Mutual Absolute Return Government Bond Fund | 5,494 |
| BNY Mellon Emerging Markets Debt Total Return Fund Class E Accumulation | 5,350 | PIMCO Global Investors Series Income Fund | 4,946 |
| Neuberger Berman Global Bond Absolute Return Fund Class I Accumulation | 5,172 | 3i Infrastructure | 4,724 |
| 3i Infrastructure | 4,453 | Kames Capital Invest Equity Market Neutral Plus Fund | 4,276 |
| MontLake Crabel Gemini UCITS Fund Class A Accumulation | 2,863 | DW Catalyst Fund Redeemable Shares | 3,180 |
| HICL Infrastructure | 2,182 | iShares Core MSCI Japan IMI UCITS ETF | 3,030 |
| The PRS REIT | 2,142 | iShares JPMorgan EM Local Government Bond UCITS ETF | 2,852 |
| iShares Core MSCI Japan IMI UCITS ETF | 1,357 | Jupiter UT Managers Absolute Return Fund | 2,187 |
| iShares JPMorgan EM Local Government Bond UCITS ETF | 1,089 | Renewables Infrastructure | 1,718 |
| Total purchases | 39,236 | Total sales | 47,927 |

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

Investment review

The fund generated a return of 0.1% over the year (based on the performance of Class A accumulation).

The review year was characterised by solid growth, shifting geopolitics and efforts by central banks to end the extraordinary levels of monetary easing. (a central bank liquidity measure to boost the money supply and stimulate the economy).

Up to the summer of 2018, global growth remained solid, helped by a stronger US economy (owing to tax cuts and higher spending commitments). Developed market inflation broadly drifted back in line with the 2% level that most major central banks target. This allowed the Federal Reserve to continue raising interest rates and begin selling the assets that it bought as part of the monetary easing programme. The European Central Bank began winding down the rate at which it was buying assets as part of its monetary stimulus effort, while the Bank of England increased interest rates. The macroeconomic picture has changed since the summer, with European economic momentum beginning to slow. The stronger US dollar, rising rates and lower liquidity are beginning to negatively affect emerging market economies, while the impact of US tax cuts and the spending boost is starting to dwindle, causing some to call the peak in US momentum.

Trade tensions dominated geopolitical headlines. The imposition of tariffs remains possibly the biggest threat to the global economic expansion as the US has so far shown little indication that it is going to back down from its attempt to radically shake up the world trade network.

The most significant contributor to the fund's performance over the year was our holding in BH Macro, which is a closed-ended fixed income, global macroeconomic hedge fund. Its allocation is mainly to fixed income and currency markets, employing a combination of global macroeconomic and relative value strategies, and benefiting significantly from the higher volatility (sharper fluctuations in prices) across these assets in 2018.

Our position in MontLake Dunn WMA Institutional UCITS Fund also boosted performance. MontLake Dunn WMA UCITS Fund is a trend-following strategy that generates returns by gaining allocation to futures on commodities, stock indices, interest rates and currencies. It benefited from being long in oil and short in US rates.

At a more sectoral level, our holdings in listed infrastructure names performed well after recovering from prior weakness over concerns around Labour's plans to nationalise private finance initiative projects. The names started to re-rate (stock reassessment by the market) in early 2018 but gained a further boost when a peer in the sector was bought out at a 20% premium.

Our holding in hedge fund Majedie Tortoise Fund disappointed over the year. This was primarily due to its contrarian nature and value-oriented investment philosophy, which performed poorly during this growth-led market. We remain confident that, should the market begin to appreciate value again, or if there is a large market downturn, Majedie Tortoise Fund will perform well and act as a good diversifier.

At a portfolio level, we continued to de-risk by gradually lowering our equity allocation as we believe we are moving towards the end of this cycle and that it is time to be cautious.

We continued to look for opportunities where we believe there is a mispricing. Two examples of these are relative value trades in European oil and European financials. We believe they are underpriced compared with the broader European market and have the potential to outperform, even in a falling market.

Over the year, we initiated positions in iShares Physical Gold ETC, Neuberger Berman Global Bond Absolute Return Fund, BNY Mellon Emerging Markets Debt Total Return Fund, MontLake Crabel Gemini UCITS Fund and BofA Merrill Lynch Commodity 'M' Warrants. Meanwhile, we closed the fund's positions in PIMCO Global Investors Series Income Fund, Kames Capital Invest Equity Market Neutral Plus Fund, Old Mutual Absolute Return Government Bond Fund and DW Catalyst Fund. We bought and subsequently sold 3i Infrastructure as it re-rated with the wider infrastructure names.

Financial markets continue to face several challenges, including tightening monetary policy, trade tensions and populism. There was a degree of re-pricing to reflect these risks but, in our view, share price valuations, particularly in the US, remain elevated. We also believe that investors will have to adjust to greater volatility going forwards. At this stage of the market cycle, we believe missteps by policy makers are likely to be more keenly felt. Global growth remains solid for now and we think this should support risk assets, but we are becoming increasingly cautious. We remain vigilant and will look to react accordingly.

Comparative tables for the year ended 30 September 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 | 141.35 | 139.42 | 134.10 |
| Return before operating charges* | 2.42 | 4.54 | 7.93 |
| Operating charges | (2.29) | (2.61) | (2.61) |
| Return after operating charges* | 0.13 | 1.93 | 5.32 |
| Distributions on accumulation shares | (1.17) | (0.56) | (0.32) |
| Retained distributions on accumulation shares | 1.17 | 0.56 | 0.32 |
| Closing net asset value per share | 141.48 | 141.35 | 139.42 |
| * after direct transaction costs of: | 0.02 | 0.03 | 0.03 |

Performance

| | | | |
|----------------------|-------|-------|-------|
| Return after charges | 0.09% | 1.38% | 3.97% |
|----------------------|-------|-------|-------|

Other information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£000s) | 32,660 | 37,079 | 42,245 |
| Closing number of shares | 23,084,333 | 26,232,016 | 30,301,220 |
| Operating charges | 1.62% | 1.85% | 1.92% |
| Direct transaction costs | 0.01% | 0.02% | 0.02% |

Prices

| | | | |
|-----------------------------|--------|--------|--------|
| Highest share price (pence) | 143.80 | 142.80 | 139.80 |
| Lowest share price (pence) | 139.40 | 138.50 | 132.10 |

| | 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 | 115.75 | 113.63 | 108.64 |
| Return before operating charges* | 1.95 | 3.46 | 6.35 |
| Operating charges | (1.08) | (1.34) | (1.36) |
| Return after operating charges* | 0.87 | 2.12 | 4.99 |
| Distributions on accumulation shares | (1.77) | (1.04) | (0.89) |
| Retained distributions on accumulation shares | 1.77 | 1.04 | 0.89 |
| Closing net asset value per share | 116.62 | 115.75 | 113.63 |
| * after direct transaction costs of: | 0.01 | 0.03 | 0.02 |

Performance

| | | | |
|----------------------|-------|-------|-------|
| Return after charges | 0.75% | 1.87% | 4.59% |
|----------------------|-------|-------|-------|

Other information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£000s) | 98,525 | 103,758 | 105,844 |
| Closing number of shares | 84,483,751 | 89,639,880 | 93,150,207 |
| Operating charges | 0.93% | 1.16% | 1.23% |
| Direct transaction costs | 0.01% | 0.02% | 0.02% |

Prices

| | | | |
|-----------------------------|--------|--------|--------|
| Highest share price (pence) | 118.00 | 116.90 | 113.80 |
| Lowest share price (pence) | 114.50 | 112.90 | 107.20 |

Comparative tables (continued)

| | Class K 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 | 1,122.34 | 1,107.79 | 1,065.52 |
| Return before operating charges* | 18.83 | 35.19 | 62.84 |
| Operating charges | (18.09) | (20.64) | (20.57) |
| Return after operating charges* | 0.74 | 14.55 | 42.27 |
| Distributions on accumulation shares | (9.25) | (3.86) | (2.39) |
| Retained distributions on accumulation shares | 9.25 | 3.86 | 2.39 |
| Closing net asset value per share | 1,123.08 | 1,122.34 | 1,107.79 |
| * after direct transaction costs of: | 0.13 | 0.26 | 0.24 |

Performance

| | | | |
|----------------------|-------|-------|-------|
| Return after charges | 0.07% | 1.31% | 3.97% |
|----------------------|-------|-------|-------|

Other information

| | | | |
|---------------------------------|--------|--------|--------|
| Closing net asset value (£000s) | 127 | 227 | 192 |
| Closing number of shares | 11,293 | 20,202 | 17,399 |
| Operating charges | 1.61% | 1.84% | 1.91% |
| Direct transaction costs | 0.01% | 0.02% | 0.02% |

Prices

| | | | |
|-----------------------------|----------|----------|----------|
| Highest share price (pence) | 1,142.00 | 1,134.00 | 1,111.00 |
| Lowest share price (pence) | 1,106.00 | 1,100.00 | 1,049.00 |

| | Class A Euro 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 | 97.31 | 95.17 | 78.88 |
| Return before operating charges* | 1.64 | 3.93 | 17.90 |
| Operating charges | (1.58) | (1.79) | (1.61) |
| Return after operating charges* | 0.06 | 2.14 | 16.29 |
| Distributions on accumulation shares | (0.80) | (0.29) | (0.14) |
| Retained distributions on accumulation shares | 0.80 | 0.29 | 0.14 |
| Closing net asset value per share | 97.37 | 97.31 | 95.17 |
| * after direct transaction costs of: | 0.01 | 0.02 | 0.02 |

Performance

| | | | |
|----------------------|-------|-------|--------|
| Return after charges | 0.06% | 2.25% | 20.65% |
|----------------------|-------|-------|--------|

Other information

| | | | |
|---------------------------------|---------|-----------|-----------|
| Closing net asset value (£000s) | 866 | 1,241 | 1,353 |
| Closing number of shares | 889,627 | 1,275,701 | 1,421,412 |
| Operating charges | 1.62% | 1.85% | 1.92% |
| Direct transaction costs | 0.01% | 0.02% | 0.02% |

Prices

| | | | |
|----------------------------------|--------|--------|--------|
| Highest share price (Euro cents) | 112.02 | 111.88 | 110.45 |
| Lowest share price (Euro cents) | 108.33 | 109.07 | 104.95 |

Comparative tables (continued)

| | Class A US Dollar 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 | 84.84 | 85.79 | 70.72 |
| Return before operating charges* | 5.15 | 0.70 | 16.54 |
| Operating charges | (1.38) | (1.65) | (1.47) |
| Return after operating charges* | 3.77 | (0.95) | 15.07 |
| Distributions on accumulation shares | (0.68) | (0.25) | (0.14) |
| Retained distributions on accumulation shares | 0.68 | 0.25 | 0.14 |
| Closing net asset value per share | 88.61 | 84.84 | 85.79 |
| * after direct transaction costs of: | 0.01 | 0.02 | 0.02 |

Performance

| | | | |
|----------------------|-------|---------|--------|
| Return after charges | 4.44% | (1.11%) | 21.31% |
|----------------------|-------|---------|--------|

Other information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£000s) | 2,518 | 3,312 | 1,957 |
| Closing number of shares | 2,842,011 | 3,904,037 | 2,281,176 |
| Operating charges | 1.62% | 1.85% | 1.92% |
| Direct transaction costs | 0.01% | 0.02% | 0.02% |

Prices

| | | | |
|---------------------------------|--------|--------|--------|
| Highest share price (USD cents) | 116.25 | 114.88 | 111.60 |
| Lowest share price (USD cents) | 112.97 | 110.69 | 105.39 |

| | Class K Euro 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 | 953.33 | 932.29 | 772.54 |
| Return before operating charges* | 16.16 | 38.38 | 175.49 |
| Operating charges | (15.34) | (17.34) | (15.74) |
| Return after operating charges* | 0.82 | 21.04 | 159.75 |
| Distributions on accumulation shares | (8.30) | (2.97) | (1.44) |
| Retained distributions on accumulation shares | 8.30 | 2.97 | 1.44 |
| Closing net asset value per share | 954.15 | 953.33 | 932.29 |
| * after direct transaction costs of: | 0.11 | 0.22 | 0.19 |

Performance

| | | | |
|----------------------|-------|-------|--------|
| Return after charges | 0.09% | 2.26% | 20.68% |
|----------------------|-------|-------|--------|

Other information

| | | | |
|---------------------------------|--------|--------|--------|
| Closing net asset value (£000s) | 318 | 251 | 216 |
| Closing number of shares | 33,359 | 26,376 | 23,109 |
| Operating charges | 1.61% | 1.83% | 1.91% |
| Direct transaction costs | 0.01% | 0.02% | 0.02% |

Prices

| | | | |
|----------------------------------|----------|----------|----------|
| Highest share price (Euro cents) | 1,097.43 | 1,096.00 | 1,081.97 |
| Lowest share price (Euro cents) | 1,061.39 | 1,068.51 | 1,027.88 |

Comparative tables (continued)

| | Class K US Dollar 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 | 835.00 | 843.93 | 695.56 |
| Return before operating charges* | 50.75 | 7.28 | 163.01 |
| Operating charges | (13.53) | (16.21) | (14.64) |
| Return after operating charges* | 37.22 | (8.93) | 148.37 |
| Distributions on accumulation shares | (7.12) | (2.86) | (2.12) |
| Retained distributions on accumulation shares | 7.12 | 2.86 | 2.12 |
| Closing net asset value per share | 872.22 | 835.00 | 843.93 |
| * after direct transaction costs of: | 0.10 | 0.21 | 0.17 |
| Performance | | | |
| Return after charges | 4.46% | (1.06%) | 21.33% |
| Other information | | | |
| Closing net asset value (£000s) | 983 | 927 | 2,221 |
| Closing number of shares | 112,707 | 110,990 | 263,139 |
| Operating charges | 1.61% | 1.84% | 1.91% |
| Direct transaction costs | 0.01% | 0.02% | 0.02% |
| Prices | | | |
| Highest share price (USD cents) | 1,144.19 | 1,130.64 | 1,098.48 |
| Lowest share price (USD cents) | 1,111.95 | 1,088.95 | 1,036.70 |

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

Operating charges

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

Share class launches and closures

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

Hedged share classes

Class A Euro Hedged accumulation, Class A US Dollar Hedged accumulation, Class K Euro Hedged accumulation and Class K US Dollar 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 accumulation | 1.62 | 1.85 ¹ |
| Class I accumulation | 0.93 | 1.16 ² |
| Class K accumulation | 1.61 | 1.84 ³ |
| Class A Euro Hedged accumulation | 1.62 | 1.85 ¹ |
| Class A US Dollar Hedged accumulation | 1.62 | 1.85 ¹ |
| Class K Euro Hedged accumulation | 1.61 | 1.83 ³ |
| Class K US Dollar Hedged accumulation | 1.61 | 1.84 ³ |

¹ The annual management charge on Class A changed from 1.25% to 1.125% with effect from 1 July 2017.

² The annual management charge on Class I changed from 0.625% to 0.50% with effect from 1 July 2017.

³ The annual management charge on Class K changed from 1.30% to 1.175% with effect from 1 July 2017.

The OCF includes a synthetic element of 0.34% (2017: 0.47%) to incorporate the OCF of underlying funds. The underlying portfolio was restructured between April and June 2017 reducing the synthetic OCF.

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

The fund is a non-UCITS fund and we have used this disclosure to enable comparison across our fund range.

Risk and reward profile

The fund currently has 7 types of share class in issue: A accumulation, I accumulation, K accumulation, A Euro Hedged accumulation, A US Dollar Hedged accumulation, K Euro Hedged accumulation and K US Dollar Hedged accumulation.

Each type of share class has the same risk and reward profile which is as follows:



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

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

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

The share classes appear at 3 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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

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 during the year.

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

Portfolio statement as at 30 September 2018

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---|--|----------------------|---|
| Absolute Return Equity 14.81% (2017: 19.14%) | | | |
| 9,807,138 | F&C Global Equity Market Neutral Fund | 5,807 | 4.27 |
| 6,265,911 | Jupiter UT Managers Absolute Return Fund | 3,439 | 2.53 |
| 3,174,104 | Majadie Tortoise Fund | 5,501 | 4.05 |
| 67,288 | Wells Fargo (Lux) Worldwide Global Long/Short Equity Fund | 5,388 | 3.96 |
| | | <u>20,135</u> | <u>14.81</u> |
| Absolute Return Fixed Income 3.81% (2017: 5.78%) | | | |
| 492,097 | Neuberger Berman Global Bond Absolute Return Fund Class I Accumulation | 5,182 | 3.81 |
| Commodities 8.33% (2017: 4.86%) | | | |
| 90,000 | BofA Merrill Lynch Commodity 'M' Warrants | 6,749 | 4.97 |
| 254,918 | iShares Physical Gold ETC | 4,573 | 3.36 |
| | | <u>11,322</u> | <u>8.33</u> |
| Fixed Interest 12.06% (2017: 12.59%) | | | |
| 5,433,946 | BNY Mellon Emerging Markets Debt Total Return Fund Class E Accumulation | 4,966 | 3.65 |
| 69,897 | iShares GBP Ultrashort Bond UCITS ETF | 7,021 | 5.16 |
| 44,207 | Muzinich Global Tactical Credit Fund | 4,413 | 3.25 |
| | | <u>16,400</u> | <u>12.06</u> |
| Hedge Strategies 25.95% (2017: 21.84%) | | | |
| 303,456 | BH Macro GBP | 6,744 | 4.96 |
| 5,180 | Boussard & Gavaudan SICAV Absolute Return Fund Z Accumulation | 5,624 | 4.14 |
| 6,107 | Helium Selection S-EUR | 6,765 | 4.97 |
| 28,626 | MontLake Crabel Gemini UCITS Fund Class A Accumulation | 2,915 | 2.14 |
| 42,131 | MontLake Dunn WMA Institutional UCITS Fund | 5,787 | 4.26 |
| 59,717 | Plurimi Global Macro Diversified Dynamic Solution Fund | 7,468 | 5.48 |
| | | <u>35,303</u> | <u>25.95</u> |
| Property 14.98% (2017: 12.77%) | | | |
| 2,416,794 | Foresight Solar Fund | 2,671 | 1.96 |
| 3,557,330 | HICL Infrastructure | 5,453 | 4.01 |
| 3,702,541 | International Public Partnerships | 5,598 | 4.12 |
| 2,430,160 | Renewables Infrastructure | 2,731 | 2.01 |
| 3,842,312 | The PRS REIT | 3,919 | 2.88 |
| | | <u>20,372</u> | <u>14.98</u> |
| Specialist Equity 8.73% (2017: 11.22%) | | | |
| 242,365 | Janus Henderson European Selected Opportunities Fund Class I Accumulation ¹ | 4,506 | 3.31 |
| 280,551 | Janus Henderson Fund Emerging Markets Fund ¹ | 3,820 | 2.81 |
| 2,656,669 | S&W Kennox Strategic Value Fund | 3,544 | 2.61 |
| | | <u>11,870</u> | <u>8.73</u> |

Portfolio statement (continued)

| Holding | Investment | Market value £000 | Percentage of total net assets % |
|---------|--|----------------------|---|
| | Derivatives 0.03% (2017: (0.15%)) | | |
| | Futures 0.05% (2017: (0.11%)) | | |
| (25) | CME S&P 500 E-mini December 2018 | (7) | (0.01) |
| 491 | EUX Stoxx Europe 600 Banks December 2018 | 9 | 0.01 |
| (365) | EUX Stoxx Europe 600 Index December 2018 | (88) | (0.06) |
| 180 | EUX Stoxx Europe 600 Oil & Gas December 2018 | 152 | 0.11 |
| | | <u>66</u> | <u>0.05</u> |
| | Forward Foreign Exchange Contracts (0.04%) (2017: (0.05%))² | | |
| | Buy GBP 13,874,604 : Sell USD 18,179,866 October 2018 | (53) | (0.04) |
| | Buy GBP 19,411,975 : Sell EUR 21,780,978 October 2018 | (3) | - |
| | Buy USD 5,000 : Sell GBP 3,801 October 2018 ³ | - | - |
| | | <u>(56)</u> | <u>(0.04)</u> |
| | Forward Foreign Exchange Contracts (Hedged share classes) 0.02% (2017: 0.01%)² | | |
| | Buy EUR 358,136 : Sell GBP 318,756 October 2018 ³ | - | - |
| | Buy EUR 5,392 : Sell GBP 4,779 October 2018 ³ | - | - |
| | Buy EUR 969,188 : Sell GBP 862,618 October 2018 | 1 | - |
| | Buy GBP 2,141 : Sell EUR 2,405 October 2018 ³ | - | - |
| | Buy GBP 27,274 : Sell USD 35,914 October 2018 ³ | - | - |
| | Buy GBP 3,801 : Sell USD 5,004 October 2018 ³ | - | - |
| | Buy GBP 5,122 : Sell USD 6,760 October 2018 ³ | - | - |
| | Buy GBP 5,707 : Sell EUR 6,412 October 2018 ³ | - | - |
| | Buy GBP 69,111 : Sell USD 91,004 October 2018 | (1) | - |
| | Buy USD 1,320,484 : Sell GBP 1,002,809 October 2018 | 9 | 0.01 |
| | Buy USD 3,369,281 : Sell GBP 2,558,717 October 2018 | 24 | 0.01 |
| | | <u>33</u> | <u>0.02</u> |
| | Investment assets including investment liabilities | 120,627 | 88.70 |
| | Other net assets | 15,370 | 11.30 |
| | Total net assets | 135,997 | 100.00 |

¹ Related party to the fund

² Unquoted securities

³ Due to rounding to nearest £1,000

Portfolio statement (continued)

Composition of portfolio

| | Market value £000 | Percentage of total net assets % |
|---|----------------------|--|
| 2018 | | |
| Investments | | |
| Total collective investment schemes | 75,125 | 55.24 |
| Total equities | 45,459 | 33.43 |
| Total derivatives | 43 | 0.03 |
| Investment assets including investment liabilities | 120,627 | 88.70 |
| Other net assets | 15,370 | 11.30 |
| Total net assets | 135,997 | 100.00 |
| | | |
| | Market value £000 | Percentage of total net assets % |
| 2017 | | |
| Investments | | |
| Total collective investment schemes | 94,345 | 64.26 |
| Total equities | 35,140 | 23.94 |
| Total derivatives | (228) | (0.15) |
| Investment assets including investment liabilities | 129,257 | 88.05 |
| Other net assets | 17,538 | 11.95 |
| Total net assets | 146,795 | 100.00 |

The collective investment schemes held are approved regulated collective investment schemes within the meaning of the FCA rules. Exchange traded funds and all other investments are listed on recognised stock exchanges and are 'approved securities' within the meaning of FCA rules unless otherwise stated.

Statement of total return for the year ended 30 September 2018

| | Note | 2018 | | 2017 | |
|---|------|----------------|--------------|----------------|--------------|
| | | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Net capital (losses)/gains | 4 | | (959) | | 1,334 |
| Revenue | 5 | 3,074 | | 2,473 | |
| Expenses | 6 | <u>(1,129)</u> | | <u>(1,347)</u> | |
| Net revenue before taxation | | 1,945 | | 1,126 | |
| Taxation | 7 | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | | <u>1,945</u> | | <u>1,126</u> |
| Total return before distributions | | | 986 | | 2,460 |
| Distributions | 8 | | (1,919) | | (1,107) |
| Change in net assets attributable to shareholders from investment activities | | | <u>(933)</u> | | <u>1,353</u> |

Statement of change in net assets attributable to shareholders

for the year ended 30 September 2018

| | 2018 | | 2017 | |
|--|-----------------|-----------------------|-----------------|-----------------------|
| | £000 | £000 | £000 | £000 |
| Opening net assets attributable to shareholders | | 146,795 | | 154,028 |
| Amounts receivable on issue of shares | 7,381 | | 18,411 | |
| Amounts payable on cancellation of shares | <u>(19,127)</u> | | <u>(28,086)</u> | |
| | | (11,746) | | (9,675) |
| Change in net assets attributable to shareholders from investment activities | | (933) | | 1,353 |
| Retained distributions on accumulation shares | | 1,881 | | 1,089 |
| Closing net assets attributable to shareholders | | <u>135,997</u> | | <u>146,795</u> |

Balance sheet as at 30 September 2018

| | Note | 2018 £000 | 2017 £000 |
|--|------|----------------|----------------|
| Assets: | | | |
| Investments | | 120,779 | 129,646 |
| Current assets: | | | |
| Debtors | 9 | 361 | 306 |
| Cash and bank balances | 10 | 3,680 | 9,351 |
| Cash equivalents | 11 | 12,107 | 8,180 |
| Total assets | | 136,927 | 147,483 |
| Liabilities: | | | |
| Investment liabilities | | 152 | 389 |
| Creditors: | | | |
| Amounts held at derivative clearing houses and brokers | | 162 | 42 |
| Other creditors | 12 | 616 | 257 |
| Total liabilities | | 930 | 688 |
| Net assets attributable to shareholders | | 135,997 | 146,795 |

1 Accounting policies

(a) Basis of preparation

The financial statements of Janus Henderson Investment Funds Series IV (formerly Henderson Investment Funds Series IV) (the 'Company') comprise the financial statements of Janus Henderson Multi-Asset Absolute Return Fund (formerly Henderson Multi-Asset Absolute Return 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 (28 September 2018) in accordance with the provisions of the scheme particulars.

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

Suspended, defaulted, delisted, unquoted or manually priced securities are valued by the Authorised Corporate Director (ACD) taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

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

(c) Revenue recognition

Distributions from CIS and dividends receivable from quoted equity and non equity shares are credited to revenue, 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.

Bank interest, and revenue earned as derivatives is recognised on an accruals basis.

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

Any annual management charge rebates from underlying funds, including offshore, are recognised on an accruals basis when the entitlement arises in accordance with the treatment of the annual management charge on the underlying CIS.

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.

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

(d) Treatment of expenses (including ACD expenses)

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

Annual Management Charge (AMC)

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company 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.

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 attributable to shareholders is provided for the fund.

(h) Cash equivalents

Cash equivalents are highly liquid investments held in the base currency of the fund, which are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond.

(i) Hedged share classes

Class A Euro (hedged) accumulation, Class A USD (hedged) accumulation, Class K Euro (hedged) accumulation and Class K 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.

(j) 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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

(j) Treatment of derivatives (continued)

Futures contracts

The unrealised gain/(loss) on open future contracts is disclosed in the portfolio statement. The margins paid on these contracts are included in amounts held at derivative clearing houses and brokers. For futures, the net gains/(losses) are apportioned between the revenue account and derivative securities in net capital gains/(losses) on investments, reflecting the nature of the return. The basis of the apportionment is typically made by reference to the yield on the underlying security or index or other appropriate source.

(k) Dilution adjustment

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

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

2 Distribution Policy

The distribution policy of the funds is to accumulate all available revenue, after the deduction of expenses properly chargeable against revenue. 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.

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

Marginal tax relief has been 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 semi-annual distributions (31 May, 30 November) to shareholders.

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 and forward transactions for the purposes of efficient portfolio management and implementing its investment objective.

The risk management policy and process for the fund is designed to satisfy the requirements of the AIFMD; associated regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the fund is documented within Henderson Investment Funds Limited's (HIFL) 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;
- Nasdaq BWISE 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 collective investment schemes, transferable securities, cash deposits, money market instruments and derivatives in pursuance of the investment objective and policy.

The fund may invest in a range of collective investment schemes including property funds, commodity funds and hedge funds. Such schemes may expose investors to increased risk due to restrictions on withdrawals, less strict regulation and use of derivatives.

The fund may invest in derivatives and forward transactions for the purposes of efficient portfolio management and implementing its investment objective. 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. Please refer to note 16 for further details.

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.

Where a proportion of the net assets of the fund are denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The Investment Manager may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

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.

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 such classes and sterling which is the base currency of the fund.

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

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.

The majority of the fund's financial assets are collective investment scheme holdings and other investments which neither pay interest nor have a maturity date. Therefore, the fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

Other market price risk

Other market 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 Investment Manager in pursuance of its investment objective and policy as set out in the Prospectus.

An increase or decrease in market values will have a direct effect on the value of the investment assets in the fund's portfolio and therefore a proportionate effect on the value of the fund.

Notes to the financial statements (continued)

3 Risk (continued)

Leverage

Leverage is considered in terms of the fund's overall exposure and includes any method by which its exposure is increased whether through borrowing of cash or securities, leverage embedded in derivative positions or by any other means. HIFL as the AIFM is required to calculate and monitor the level of leverage of the fund, expressed as the ratio between the total exposure of the fund and its net asset value with exposure values being calculated by both the gross method and commitment method in line with regulatory requirements.

Exposure values under the gross method basis are calculated as the absolute value of all positions of the fund; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the fund requires the calculation to:

- include the sum of all non-derivative assets held at market value, plus the absolute value of all such liabilities;
- exclude cash and cash equivalents which are highly liquid investments held in the base currency of the fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- convert derivative instruments into the equivalent position in their underlying assets;
- exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised and the total amount of cash borrowed; and
- include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Exposure values under the commitment method basis are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and the different treatment of certain cash and cash equivalent items.

The table below sets out the current maximum limit and actual level of leverage for the fund:

| | Leverage as a percentage of net asset value | |
|---|---|-------------------|
| | Gross method | Commitment method |
| | % | % |
| Maximum level | 225 | 175 |
| Actual level as at 30 September 2018 | 129 | 107 |
| Actual level as at 30 September 2017 | 164 | 139 |

(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.

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 ACD as acceptable counterparties and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed by the Janus Henderson Credit Risk Forum along with set limits and new counterparty approval.

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

The exposure to credit and counterparty risk by the fund is considered insignificant. This is consistent with the exposure during the previous accounting year.

Notes to the financial statements (continued)

3 Risk (continued)

(b) Credit and counterparty risk (continued)

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's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

(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 comprised.

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.

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

| | On demand £000 | Within one year £000 | Over one year but not more than five years £000 | Over five years £000 |
|--|-------------------|-------------------------|--|-------------------------|
| 2018 | | | | |
| Amounts held at futures clearing house and brokers | 162 | - | - | - |
| Derivative financial liabilities | - | 152 | - | - |
| Other creditors | - | 616 | - | - |
| Total | 162 | 768 | - | - |
| | | | | |
| | On demand £000 | Within one year £000 | Over one year but not more than five years £000 | Over five years £000 |
| 2017 | | | | |
| Amounts held at futures clearing house and brokers | 42 | - | - | - |
| Derivative financial liabilities | - | 389 | - | - |
| Other creditors | - | 257 | - | - |
| Total | 42 | 646 | - | - |

Notes to the financial statements (continued)

4 Net capital (losses)/gains

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

| | 2018 | 2017 |
|---|--------------|--------------|
| | £000 | £000 |
| Capital management fee rebates | 1 | 17 |
| Derivative securities* | (216) | (857) |
| Forward currency contracts* | (278) | (490) |
| Forward currency contracts on hedged share classes* | 145 | (100) |
| Non-derivative securities* | (736) | 2,829 |
| Other currency gains/(losses) | 132 | (57) |
| Transaction costs | (7) | (8) |
| Net capital (losses)/gains | (959) | 1,334 |

*The above includes:

| | | |
|-------------------|----------------|--------------|
| Realised gains | 630 | 5,594 |
| Unrealised losses | (1,715) | (4,212) |
| | (1,085) | 1,382 |

Where realised gains/(losses) include gains/(losses) arising in previous years, a corresponding gain/(loss) is included in unrealised gains/(losses).

5 Revenue

| | 2018 | 2017 |
|--|--------------|--------------|
| | £000 | £000 |
| Bank interest | 8 | 4 |
| Distributions from UK regulated collective investment schemes: | | |
| Franked investment revenue | 167 | 187 |
| Interest distribution | 56 | - |
| Interest on margin | 2 | - |
| Management fee rebates | 186 | 141 |
| Overseas dividends* | 2,468 | 2,118 |
| Stock dividends | 26 | 23 |
| UK REIT revenue - PID | 19 | - |
| UK REIT revenue - non PID | 142 | - |
| Total revenue | 3,074 | 2,473 |

* includes distributions from overseas funds

Notes to the financial statements (continued)

6 Expenses

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| Annual management charge | 977 | 1,185 |
| GAC* | 134 | 142 |
| | 1,111 | 1,327 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary fees | 13 | 15 |
| Safe custody fees | 5 | 5 |
| | 18 | 20 |
| Total expenses | 1,129 | 1,347 |

Irrecoverable VAT is included in the above expenses where relevant.

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

7 Taxation

a) Analysis of charge in the year

There is no tax charge for the current year (2017: nil).

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 | 1,945 | 1,126 |
| Corporation tax at 20% (2017: 20%) | 389 | 225 |
| Effects of: | | |
| Overseas dividends* | (394) | (179) |
| Stock dividends** | - | (5) |
| Relief on stock dividends and rebates | - | 8 |
| UK dividends** | (62) | (37) |
| Unused management expenses | 67 | (12) |
| Tax charge for the year (note 7a) | - | - |

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

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

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

c) Deferred tax

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

d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £326,730 (2017: £247,589) in relation to surplus management expenses. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised at the current or prior year end.

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

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 | 2017 |
|--|---------------------|---------------------|
| | £000 | £000 |
| Interim accumulation | 1,038 | 360 |
| Final accumulation | 843 | 729 |
| | <u>1,881</u> | <u>1,089</u> |
| Amounts deducted on cancellation of shares | 53 | 54 |
| Amounts received on issue of shares | (15) | (36) |
| Total distributions | <u>1,919</u> | <u>1,107</u> |
| Net revenue after taxation | 1,945 | 1,126 |
| Equalisation on conversions | - | 2 |
| Stock dividends | (26) | (23) |
| Tax relief on capitalised income | - | 2 |
| Total distributions | <u>1,919</u> | <u>1,107</u> |

Details of the distribution per share are set out in the distribution tables on pages 33 to 34.

9 Debtors

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | £000 | £000 |
| Accrued revenue | 184 | 105 |
| Amounts receivable for issue of shares | - | 106 |
| Income tax receivable | 27 | 27 |
| Management fee rebates | 150 | 68 |
| Total debtors | <u>361</u> | <u>306</u> |

10 Cash and bank balances

| | 2018 | 2017 |
|--|---------------------|---------------------|
| | £000 | £000 |
| Amounts held at derivative clearing houses and brokers | 476 | 689 |
| Cash and bank balances | 3,204 | 8,662 |
| Total cash and bank balances | <u>3,680</u> | <u>9,351</u> |

11 Cash equivalents

| | 2018 | 2017 |
|-------------------------------|----------------------|---------------------|
| | £000 | £000 |
| Short term investments | 12,107 | 8,180 |
| Total cash equivalents | <u>12,107</u> | <u>8,180</u> |

Notes to the financial statements (continued)

12 Other creditors

| | 2018 | 2017 |
|--|-------------|-------------|
| | £000 | £000 |
| Accrued annual management charge | 76 | 83 |
| Accrued Depository's fee | 1 | 1 |
| Accrued other expenses | 16 | 13 |
| Amounts payable for cancellation of shares | 472 | 160 |
| Purchases awaiting settlement | 51 | - |
| Total other creditors | 616 | 257 |

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 17 and 18 and notes 6, 8, 9 and 12 on pages 26 to 28 including all issues and cancellations where the ACD acted as principal.

Transactions with the ACD are as follows:

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

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

- The aggregate value of purchases and sales transactions was £3,187,585 (2017: £17,569,104) and the balance outstanding at the year end was nil (2017: nil).
- Revenue receivable for the year was £93,572 (2017: £88,232) and the balance outstanding at the year end was nil (2017: nil).
- Management fee rebates receivable for the year was £108,968 (2017: £41,116) and the balance outstanding at the year end was £137,286 (2017: £41,116).
- The aggregate value of investments held at the year end was £8,318,311 (2017: £10,495,928).

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 Euro Hedged, Class A US Dollar Hedged, Class I (Institutional), Class K, Class K Euro Hedged and Class K US Dollar Hedged. The annual management charge on each share class is as follows:

| | 2018 | 2017 |
|---------------------------------------|-------------|--------------------|
| | % | % |
| Class A accumulation | 1.125 | 1.125 ¹ |
| Class I accumulation | 0.50 | 0.50 ² |
| Class K accumulation | 1.175 | 1.175 ³ |
| Class A Euro Hedged accumulation | 1.125 | 1.125 ² |
| Class A US Dollar Hedged accumulation | 1.125 | 1.125 ² |
| Class K Euro Hedged accumulation | 1.175 | 1.175 ³ |
| Class K US Dollar Hedged accumulation | 1.175 | 1.175 ³ |

¹ The annual management charge on Class A changed from 1.25% to 1.125% with effect from 1 July 2017.

² The annual management charge on Class I changed from 0.625% to 0.50% with effect from 1 July 2017.

³ The annual management charge on Class K changed from 1.30% to 1.175% with effect from 1 July 2017.

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 11. The distribution per share class is given in the distribution tables on pages 33 to 34. All share classes have the same rights on winding up.

Notes to the financial statements (continued)

15 Shareholders' funds (continued)

Shares reconciliation as at 30 September 2018

| | Class A accumulation | Class I accumulation | Class K accumulation | Class A Euro Hedged accumulation |
|----------------------------------|--|---|--|---|
| Opening number of shares | 26,232,016 | 89,639,880 | 20,202 | 1,275,701 |
| Issues during the year | 656,659 | 5,267,100 | 701 | 45,254 |
| Cancellations during the year | (3,750,580) | (10,488,569) | (9,610) | (431,328) |
| Shares converted during the year | (53,762) | 65,340 | - | - |
| Closing shares in issue | 23,084,333 | 84,483,751 | 11,293 | 889,627 |
| | Class A US Dollar Hedged accumulation | Class K Euro Hedged accumulation | Class K US Dollar Hedged accumulation | |
| Opening number of shares | 3,904,037 | 26,376 | 110,990 | |
| Issues during the year | 182,359 | 8,592 | 8,158 | |
| Cancellations during the year | (1,244,385) | (1,609) | (6,441) | |
| Shares converted during the year | - | - | - | |
| Closing shares in issue | 2,842,011 | 33,359 | 112,707 | |

16 Financial derivatives

The fund may use financial derivatives for the purposes of efficient portfolio management and implementing its investment objective.

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 each counterparty.

There was no collateral pledged or collateral held in respect of derivatives as at 30 September 2018 (2017: nil).

2018

At 30 September 2018 the underlying exposure for each category of derivatives was as follows:

| Counterparty | Forward foreign exchange contracts (hedged share classes) £000 | Futures £000 | Total by counterparty £000 |
|---------------------|---|-------------------------|---|
| J P Morgan | 34 | - | 34 |
| UBS | - | 161 | 161 |
| | 34 | 161 | 195 |

Notes to the financial statements (continued)

16 Financial derivatives (continued)

2017

At 30 September 2017 the underlying exposure for each category of derivatives held was as follows:

| Counterparty | Forward foreign exchange contracts | Forward foreign exchange contracts (hedged share classes) | Futures | Total by counterparty |
|--------------|--|--|-----------|--------------------------|
| | £000 | £000 | £000 | £000 |
| BNP Paribas | 87 | - | - | 87 |
| J P Morgan | - | 32 | - | 32 |
| UBS | - | - | 42 | 42 |
| | 87 | 32 | 42 | 161 |

17 Fair value disclosure

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Fair value hierarchy

| | 2018 | | 2017 | |
|---------|----------------|---------------------|----------------|---------------------|
| | Assets £000 | Liabilities £000 | Assets £000 | Liabilities £000 |
| Level 1 | 38,872 | 95 | 35,140 | 215 |
| Level 2 | 81,907 | 57 | 94,506 | 174 |
| Level 3 | - | - | - | - |
| | 120,779 | 152 | 129,646 | 389 |

Notes to the financial statements (continued)

18 Direct transaction costs

| | Purchases | | Sales | |
|---|---------------|---------------|---------------|---------------|
| | 2018 £000 | 2017 £000 | 2018 £000 | 2017 £000 |
| Trades in the year | | | | |
| Collective investment schemes | 21,974 | 49,162 | 28,953 | 63,207 |
| Equities | 17,257 | 17,907 | 18,980 | 15,946 |
| Trades in the year before transaction costs | 39,231 | 67,069 | 47,933 | 79,153 |
| Transaction costs | | | | |
| Commissions | | | | |
| Collective investment schemes | 1 | 7 | 2 | 8 |
| Equities | 4 | 9 | 4 | 8 |
| Total commissions | 5 | 16 | 6 | 16 |
| Taxes | | | | |
| Collective investment schemes | - | - | - | - |
| Equities | - | - | - | - |
| Total taxes | - | - | - | - |
| Other expenses | | | | |
| Collective investment schemes | - | - | - | - |
| Equities | - | - | - | - |
| Total other expenses | - | - | - | - |
| Total transaction costs | 5 | 16 | 6 | 16 |
| Total net trades in the year after transaction costs | 39,236 | 67,085 | 47,927 | 79,137 |

| | Purchases | | Sales | |
|---|-------------------|-------------------|-----------|-----------|
| | 2018 % | 2017 % | 2018 % | 2017 % |
| Total transaction costs expressed as a percentage of asset type cost | | | | |
| Commissions | | | | |
| Collective investment schemes | - | 0.01 | 0.01 | 0.01 |
| Equities | 0.02 | 0.05 | 0.02 | 0.05 |
| Taxes | | | | |
| Collective investment schemes | - | - | - | - |
| Equities | - | - | - | - |
| Other expenses | | | | |
| Collective investment schemes | - | - | - | - |
| Equities | - | - | - | - |
| | 2018 % | 2017 % | | |
| Total transaction costs expressed as a percentage of net asset value | | | | |
| Commissions | 0.01 | 0.02 | | |
| Taxes | - | - | | |
| Other expenses | - | - | | |
| Total costs | 0.01 | 0.02 | | |

Notes to the financial statements (continued)

18 Direct transaction costs (continued)

There were no in specie transfers during the year (2017: nil). There were no corporate actions during the year (2017: nil).

There were direct transaction costs associated with derivatives in the year of £5,590 (2017: £2,765) which is 0.00% of the average net asset value of the fund (2017: 0.00%).

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

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

The portfolio dealing spread as at 30 September 2018 was 0.09% (2017: 0.02%). The portfolio dealing spread is calculated at the fund's 12 noon valuation point.

19 Events after the Balance sheet date

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

Distribution tables for the year ended 30 September 2018 (in pence per share)

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

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 31/05/18 | Total distribution per share 31/05/17 |
|--|---------------------------|--------------|--|--|
| Class A accumulation | | | | |
| Group 1 | 0.6505 | - | 0.6505 | 0.1003 |
| Group 2 | 0.6361 | 0.0144 | 0.6505 | 0.1003 |
| Class I accumulation | | | | |
| Group 1 | 0.9372 | - | 0.9372 | 0.3778 |
| Group 2 | 0.7026 | 0.2346 | 0.9372 | 0.3778 |
| Class K accumulation | | | | |
| Group 1 | 5.2724 | - | 5.2724 | 0.5602 |
| Group 2 | 5.2724 | - | 5.2724 | 0.5602 |
| Class A Euro Hedged accumulation¹ | | | | |
| Group 1 | 0.4998 | - | 0.4998 | 0.0251 |
| Group 2 | 0.4998 | - | 0.4998 | 0.0251 |
| Class A US Dollar Hedged accumulation² | | | | |
| Group 1 | 0.4933 | - | 0.4933 | 0.0174 |
| Group 2 | 0.4650 | 0.0283 | 0.4933 | 0.0174 |
| Class K Euro Hedged accumulation¹ | | | | |
| Group 1 | 5.3513 | - | 5.3513 | 0.3279 |
| Group 2 | 5.3513 | - | 5.3513 | 0.3279 |
| Class K US Dollar Hedged accumulation² | | | | |
| Group 1 | 5.3460 | - | 5.3460 | 0.4218 |
| Group 2 | 5.3456 | 0.0004 | 5.3460 | 0.4218 |

¹ in Euro cents per share

² in USD cents per share

Distribution tables (continued)

Final dividend distribution (accounting date 30 September 2018, paid on 30 November 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 30/11/18 | Total distribution per share 30/11/17 |
|--|---------------------------|--------------|--|--|
| Class A accumulation | | | | |
| Group 1 | 0.5234 | - | 0.5234 | 0.4596 |
| Group 2 | 0.3227 | 0.2007 | 0.5234 | 0.4596 |
| Class I accumulation | | | | |
| Group 1 | 0.8331 | - | 0.8331 | 0.6604 |
| Group 2 | 0.4584 | 0.3747 | 0.8331 | 0.6604 |
| Class K accumulation | | | | |
| Group 1 | 3.9796 | - | 3.9796 | 3.3036 |
| Group 2 | 3.3403 | 0.6393 | 3.9796 | 3.3036 |
| Class A Euro Hedged accumulation¹ | | | | |
| Group 1 | 0.4039 | - | 0.4039 | 0.2984 |
| Group 2 | - | 0.4039 | 0.4039 | 0.2984 |
| Class A US Dollar Hedged accumulation² | | | | |
| Group 1 | 0.4294 | - | 0.4294 | 0.3078 |
| Group 2 | 0.4213 | 0.0081 | 0.4294 | 0.3078 |
| Class K Euro Hedged accumulation¹ | | | | |
| Group 1 | 4.0487 | - | 4.0487 | 3.3087 |
| Group 2 | 3.4317 | 0.6170 | 4.0487 | 3.3087 |
| Class K US Dollar Hedged accumulation² | | | | |
| Group 1 | 4.3125 | - | 4.3125 | 3.2296 |
| Group 2 | 3.6934 | 0.6191 | 4.3125 | 3.2296 |

¹ in Euro cents per share

² in USD cents per share

Appendix - additional information (unaudited)

This unaudited additional information section for the year ended 30 September 2018 has been prepared by and is the responsibility of Henderson Investment Funds Limited (HIFL), as Alternative Investment Fund Manager (AIFM) to the fund, to meet the periodic disclosure requirements of Alternative Investment Fund Managers Directive (AIFMD). This information does not form part of the audited financial statements of the fund, but does reference some sections therein and should be read in conjunction with the audited financial statements and fund prospectus.

Risk profile

Investment objective and policy

The Investment objective and policy which outlines the investment approach for the fund pursuant to COLL 5.6 is stated above within the ACD's report and in more detail in the Prospectus within the Appendix headed 'Fund Details'.

The fund aims to achieve a positive absolute return over the long term regardless of market conditions.

An absolute return performance is not guaranteed over any time period and consequently capital is in fact at risk.

Permitted instruments

The fund invests in a range of collective investment schemes, transferable securities, cash deposits, money market instruments and derivatives.

The fund may invest in other types of collective investment schemes including property funds, commodity funds and hedge funds. The collective investment schemes in which the fund invests may be based in any EEA State, Guernsey, Jersey, Bermuda, British Virgin Islands, Cayman Islands or the United States.

Hedged share classes allow the use of currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency of shares in those classes (the 'Reference Currency') and sterling which is the base currency of the fund (the 'Base Currency'). The ACD may utilise currency forwards, currency futures, currency option transactions, currency swaps, currency hedging with interest rate or equity swap transactions to preserve the Reference Currency against the Base Currency, and the currency in which the fund's underlying assets are denominated.

The eligible markets in which the fund may invest are set out in the Prospectus within the Appendix headed 'Eligible Securities Markets and Eligible Derivatives Markets'

Risk types

The investments of the fund are subject to normal market fluctuations and other risks inherent in investing in securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

The value of investments and the income from them may go down as well as up and investors may not get back their original investment.

The main categories of risk to which the fund is or might reasonably be expected to be exposed include:

- a) market risk: being foreign currency risk; interest rate risk; and other market price risk;
- b) liquidity risk; and
- c) credit/ counterparty risk

whose impact on the fund is detailed in Note 3 to the financial statements covering Risk.

The fund is also subject to operational risk, being the risk of loss resulting from inadequate internal processes and failures in relation to people and systems or from external events; this includes risk resulting from the trading, settlement, safe-keeping and valuation procedures operated on behalf of the fund. The basis of valuation and accounting treatment are detailed in Note 1 to the financial statements covering Accounting policies.

Leverage

The fund may achieve leverage by utilising financial gearing, such as bank borrowings and overdrafts; and synthetic gearing through derivatives and/or other non-fully funded instruments or techniques for efficient portfolio management purposes such as stock-lending. Typically leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as margin against the current mark to market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the fund through non-fully funded exposure to underlying markets or securities.

Appendix - additional information (unaudited) (continued)

Risk profile (continued)

Collective investment schemes

The fund may invest in other types of collective investment schemes including property funds, commodity funds and hedge funds. Such schemes may expose investors to increased risk due to restrictions on withdrawals which can make them less liquid, less strict regulation and use of derivatives.

Derivatives

Derivatives may be used for hedging purposes to reduce financial risk for the fund and for the purposes of efficient portfolio management and implementing its investment objective. 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.

Hedged share classes

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 Euro or US dollar but it may also preclude investors from benefiting from an increase in the value of sterling.

While the ACD may attempt to hedge currency risks, there can be no guarantee that it will be successful in doing so and it may result in mismatches between the currency position of the fund and the relevant hedged share class. As there is no segregation of liabilities between share classes, there is a risk that currency hedging transactions in relation to a share class could result in liabilities which might affect the Net Asset Value of other share classes of the fund or other funds.

Investors in hedged share classes should note that the risk relating to "Overseas investments" is still applicable to their investment.

Overseas investments

By investing outside the UK the fund is exposed to and can hold investments in currencies other than pounds sterling, so fluctuations in exchange rates may cause the value of investment to rise or fall.

Additional risks

In addition to the above, the Prospectus includes additional risks applicable to the fund within the section headed 'Risk Factors' including:

Liquidity risk;
Smaller companies;
Emerging markets;
Fixed interest securities;
High yield bonds;
Counterparty solvency;
Concentration risk;
EMIR and
Efficient portfolio management.

For a detailed explanation of the above 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 conflicts of interest and risks with their own legal, tax and financial advisors.

The risk management policy and process for the fund is designed to satisfy the requirements of the AIFMD; associated regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the fund is documented within HIFL'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.

There have been no breaches of risk limits set for the fund in the year under review and there are no such breaches anticipated.

Risk management systems

Straight-through processing via a deal Order and Management System (OMS) is utilised for listed securities, exchange-traded derivatives and OTC derivatives contracts with connectivity to third-party affirmation and trade repository services.

Portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using third-party software applications including Charles River Development OMS and/or Imagine.

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

- Charles River system's Compliance module for investment restrictions monitoring;
- Nasdaq BWISE operational risk database;
- RiskMetrics, UBS Delta, Style Research, FinAnalytica and Barra Aegis for market risk measurement; and
- Bloomberg for market data and price-checking.

Appendix - additional information (unaudited) (continued)

Risk management systems (continued)

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

There have been no changes in the main features of the risk management systems for the fund in the year under review.

Leverage

Leverage is measured in terms of the fund's overall exposure and includes any method by which its exposure is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. HIFL as the AIFM is required to calculate and monitor the level of leverage of the fund, expressed as the ratio between the total exposure of the fund and its net asset value with exposure values being calculated by both the gross method and commitment method in line with regulatory requirements.

Exposure values under the Gross Method basis are calculated as the absolute value of all positions of the fund; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the fund requires the calculation to:

- include the sum of all non-derivative assets held at market value, plus the absolute value of all such liabilities;
- exclude cash and cash equivalents which are highly liquid investments held in the base currency of the fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- convert derivative instruments into the equivalent position in their underlying assets;
- exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Exposure values under the Commitment Method basis are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

The table below sets out the current maximum limit and actual level of leverage for the fund as at 30 September 2018:

| | Leverage as a percentage of net asset value | |
|--------------------------------------|---|-------------------|
| | Gross Method | Commitment Method |
| Maximum level | 225% | 175% |
| Actual level as at 30 September 2018 | 129% | 107% |
| Actual level as at 30 September 2017 | 164% | 139% |

There have been no breaches of the maximum level during the year, no changes to the maximum level of leverage employed by the fund or to its right of reuse of collateral or any guarantee granted under the leveraging arrangements.

Liquidity management

There have been no changes to the arrangements for managing the liquidity of the fund during the year and none of the fund's assets are subject to special arrangements arising from their illiquid nature.

Appendix - additional information (unaudited) (continued)

Remuneration policy

The Authorised Fund Manager (AFM), Henderson Investment Funds Limited (HIFL), is authorised as an Alternative Investment Fund Manager (AIFM), and appointed as such, with effect from 22 July 2014.

The FCA's general guidance on the AIFMD remuneration code (SYSC 19B) was published in January 2014. Under the Code, the Remuneration Committee of Janus Henderson Group plc in its oversight of HIFL must make relevant remuneration disclosures no later than 6 months following the end of the relevant financial year, splitting remuneration into fixed and variable remuneration and breaking down remuneration for categories of AIFMD Code Staff which is defined as all staff whose professional activities have a material impact on the risk profiles of the AIFM or of the AIFs it manages.

The 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.

Janus Henderson Multi-Asset Absolute Return 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 inconsistent with the risk profiles, rules or instruments of incorporation of each AIFM and the AIFs they manage. This policy applies to HIFL and Janus Henderson Multi-Asset Absolute Return 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 Multi-Asset Absolute Return Fund | 1,943 | 165 |
| of which | | |
| Fixed Remuneration | 1,943 | 92 |
| Variable Remuneration | 1,933 | 73 |
| Carried Interest | n/a | - |
| Janus Henderson Multi-Asset Absolute Return Fund Remuneration Code Staff | 174 | 146 |
| of which | | |
| Senior Management (4) | 27 | 15 |
| Other Code Staff (5) | 147 | 131 |

- This is the actual number of employees who are fully or partly involved in the activities of Janus Henderson Multi-Asset Absolute Return Fund – no attempt has been made to apportion the time spent specifically in support of Janus Henderson Multi-Asset Absolute Return Fund as this data is not captured as part of Janus Henderson Group plc's normal processes.
- Please note that due to the employment structure and resourcing of Janus Henderson Group plc, the staff indicated in this table may provide services to other companies in Janus Henderson Group plc.
- The remuneration disclosed is only in respect of the provision of services to Janus Henderson Multi-Asset Absolute Return 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 Janus Henderson Multi-Asset Absolute Return 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 Multi-Asset Absolute Return Fund (for example, fees for HIFL board members), 100% of those fees.
 - for Investment Fund Manager, pro-rated using the average assets under management (AUM) of Janus Henderson Multi-Asset Absolute Return 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 Multi-Asset Absolute Return Fund (as a proportion of the aggregate average AUM of Janus Henderson Group plc) as a proxy.
- Senior Management includes the Henderson Executive Committee and other Group Board members and the Board of HIFL.
- Other Code Staff includes all other AIFMD Code Staff not covered by the above, including Investment Fund Managers who manage AUM within Janus Henderson Multi-Asset Absolute Return 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.

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), 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. Henderson Management S.A. (reg no. B22848) is incorporated and registered in Luxembourg with registered office at 2 Rue de Bitbourg, L-1273 Luxembourg and authorised by the Commission de Surveillance du Secteur Financier.

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

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

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