



# ANNUAL SHORT REPORT

For the year ended  
30 June 2017

Janus Henderson  
— INVESTORS —

**Henderson All Stocks Credit Fund**

# Henderson All Stocks Credit Fund

## Short Report

For the year ended 30 June 2017

### Investment Fund Manager

Philip Payne

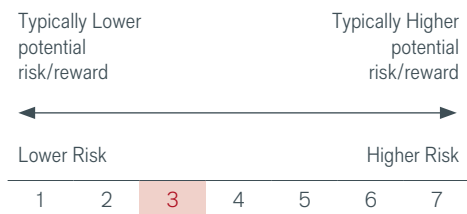
### Investment objective and policy

To provide a return by investing primarily in sterling denominated investment grade corporate bonds. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

### Risk and reward profile

The fund currently has 8 types of share class in issue; A accumulation, A income, I accumulation, I income, A income gross, I accumulation gross, I income gross and Z accumulation gross.

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



The Synthetic Risk and Reward Indicator (SRRRI) 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 SRRRI level. The SRRRI 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. Under normal market conditions the following risks may apply:

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

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

**Credit risk** The value of a bond or money market security may fall if the financial health of the issuer weakens, or the market believes it may weaken. This risk is greater the lower the credit quality of the bond.

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

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

**Interest rate risk** When interest rates rise (or fall), the prices of different securities will be affected differently. In particular, bond values generally fall when interest rates rise. This risk is generally greater the longer the maturity of a bond investment.

**Leverage risk** Leverage arises from entering into contracts or derivatives whose terms have the effect of magnifying an outcome, meaning profits and losses from investment can be greater.

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

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

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

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

## Investment review

Sterling corporate bonds posted good returns over the year that ended 30 June 2017. The return on the iBoxx Sterling Non-Gilt index was 5.3%, while credit spreads (the yield difference between corporate and similar maturity UK government bonds) for the same index declined by 51 basis points to end the period at 114 basis points.

The biggest market driver was the policy response of the Bank of England (BoE) following the referendum on the UK's membership of the European Union (EU), which entailed a 25 basis point cut in interest rates and £60bn of asset purchases, including £10bn of sterling corporate bonds under the Corporate Bond Purchase Scheme (CBPS). This initially benefited non-financial issuers, particularly utilities, which have accounted for close to a third of the corporate bonds purchased in the CBPS. But over the year, financials saw the best returns, particularly the insurance sector. The financials sector benefited from stronger global growth, a rise in government bond yields from the lows seen in the summer of 2016 (which also negatively impacted the total returns of corporate bonds) and increased optimism that the policies of President Trump in the US will drive stronger economic growth and reduce the regulatory burden (although early signs suggest these reforms may be harder to implement).

In the UK, the decision by the government to call a snap general election, and the subsequent minority Conservative government, increased the level of political uncertainty, especially in the wake of Article 50 being triggered (which began the process of leaving the EU). While corporate bond markets remained resilient in the final few months of the period, growth in the UK has slowed as uncertainty has risen. Over the year, monetary policy remained accommodative, particularly in the UK and eurozone, where new stimulus policies were implemented. Conversely, following a 12-month pause, the US raised interest rates three times (by a total of 75 basis points) and begun discussing balance sheet normalisation, or quantitative tightening.

The review period ended with raised expectations for tighter monetary policy around the world as central banks' concerns regarding deflationary forces eased. This sent government bond yields sharply higher (prices fell) in late June 2017. Corporate issuance in the UK rose sharply over the last 12 months to reach its highest level since 2009, reflecting the policy actions of the Bank of England and attractive funding conditions for issuers. Appetite for new issuance remained strong, benefiting from inflows into the asset class over the year and attractive valuations compared with the US and European corporate bond markets.

The largest sector contributor to the fund's performance over the last 12 months was financials. The strongest individual contributor within the sector was HSBC, which benefited from the improved global economic outlook and the potential that many of its outstanding sterling bonds, which are issued from its operating company, could be repurchased early due to regulatory requirements that all bonds are to be issued out of the bank's holding company. The holding in Aviva also generated strong returns, benefiting from attractive valuations and strong and improving corporate fundamentals. Other key contributors to performance included holdings in Lloyds Bank, Bank of America, Zurich Insurance and RSA Insurance. The fund increased its exposure to financials over the year, with new positions established in Morgan Stanley, Barclays, Bupa and TP ICAP, while an existing holding in Lloyds Bank was increased due to its attractive valuation.

The most significant contributor to performance was the holding in Tesco, which, along with a position in WM Morrison, benefited from the outperformance of lower-rated issuers over the period, along with improved trading for UK supermarkets, positive earnings updates and improved sales. The position in Innogy (previously RWE), also performed well. The company benefited from a corporate restructuring that has distanced bondholders from nuclear liabilities, positive ratings action and a ruling by the German Federal Constitutional Court that utilities are entitled to compensation following the shutdown of nuclear plants in 2011. A holding in rival German utility E.ON also performed well and was subsequently reduced following strong performance. Elsewhere, the fund's holdings in UK utilities such as Western Power, Northern Gas Networks and National Grid all benefited from the BoE's asset purchase programme, while an existing position in French utility EDF was increased

## Investment review (continued)

following its underperformance of the broader sector, positive news flow in relation to its nuclear activities and the appointment of a pro-business government following the election of Emmanuel Macron as the new president of France. The position in US telecom Verizon was reduced and replaced by an increased holding in AT&T, as new issuance in relation to its acquisition of Time Warner provided an attractive entry point. The fund also increased an existing holding in Heathrow Airport after its bonds underperformed the broader sterling market following their exclusion from the BoE's CBPS, due to the structure of the issuing entity. The underlying business continues to perform very well and is attractively priced compared with other infrastructure-related issuers.

The large new issuance calendar provided plenty of new opportunities, and so the fund participated in a number of new deals. New positions were established in Vodafone, Anheuser-Busch InBev, McKesson and LVMH. These new positions were funded by reducing the fund's exposure to UK government bonds.

The environment for corporate bonds is becoming increasingly challenged, as the strong performance over recent months reduces the appeal of valuations and the recent shift in central bank rhetoric increases the probability of tighter monetary policy in the months ahead. Pockets of value still remain, and the mixed economic outlook combined with less accommodative monetary policy should increase the level of dispersion in credit markets, presenting new opportunities.

## Performance summary

	30 June 16 - 30 June 17	30 June 15 - 30 June 16	30 June 14 - 30 June 15	30 June 13 - 30 June 14	30 June 12 - 30 June 13
	%	%	%	%	%
Henderson All Stocks Credit Fund	5.7	6.4	4.6	5.5	4.3
iBoxx GBP Non-Gilts All Maturities TR Index	5.3	9.0	6.5	6.7	6.5

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

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

## Fund facts

### Accounting dates

31 December, 30 June

### Payment dates

30 November, Last day of February, 31 May, 31 August

### Ongoing charge figure

	2017 %	2016 %
Class A	1.06 <sup>1</sup>	1.16
Class I	0.54	0.54
Class Z	0.04	0.04

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

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

<sup>1</sup> The annual management charge on Class A reduced from 1.00% to 0.75% on 1 February 2017.

**Comparative tables** for the year ended 30 June 2017

	Class A accumulation			Class I accumulation		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>						
Opening net asset value per share	147.89	138.30	131.43	241.33	224.48	211.91
Return before operating charges*	9.63	12.02	9.34	15.79	19.68	15.45
Operating charges	(1.63)	(1.63)	(1.62)	(1.36)	(1.24)	(1.22)
Return after operating charges*	8.00	10.39	7.72	14.43	18.44	14.23
Distributions on accumulation shares	(3.66)	(4.01)	(4.28)	(7.29)	(7.97)	(8.34)
Retained distributions on accumulation shares <sup>^</sup>	3.30	3.21	3.43	6.54	6.38	6.68
Closing net asset value per share	155.53	147.89	138.30	255.01	241.33	224.48
* after direct transaction costs of:	-	-	-	-	-	-

**Performance**

Return after charges	5.41%	7.51%	5.87%	5.98%	8.21%	6.72%
----------------------	-------	-------	-------	-------	-------	-------

**Other information**

Closing net asset value (£000s)	2,879	2,923	7,370	14,934	11,752	11,742
Closing number of shares	1,850,983	1,976,710	5,329,014	5,856,229	4,869,869	5,230,854
Operating charges	1.06%	1.16%	1.16%	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Prices**

Highest share price (pence)	159.30	147.80	147.70	260.20	241.10	239.30
Lowest share price (pence)	148.90	137.80	131.90	243.60	223.70	213.00

<sup>^</sup> Retained distributions prior to 6 April 2017 are net of 20% income tax.

**Comparative tables** (continued)

	Class A income			Class I income		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>						
Opening net asset value per share	129.86	124.22	121.79	131.09	125.34	122.83
Return before operating charges*	8.12	10.51	7.60	8.14	9.95	7.00
Operating charges	(1.42)	(2.01)	(2.04)	(0.73)	(0.68)	(0.69)
Return after operating charges*	6.70	8.50	5.56	7.41	9.27	6.31
Distributions on income shares	(2.87)	(2.86)	(3.13)	(3.52)	(3.52)	(3.80)
Closing net asset value per share	133.69	129.86	124.22	134.98	131.09	125.34
* after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	5.45%	6.84%	4.57%	5.65%	7.40%	5.14%
<b>Other information</b>						
Closing net asset value (£000s)	5,884	6,783	15,967	13,885	21,398	62,602
Closing number of shares	4,400,881	5,223,526	12,853,590	10,286,999	16,323,443	49,944,143
Operating charges	1.06%	1.16%	1.16%	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price (pence)	139.90	130.40	134.20	141.30	131.80	135.50
Lowest share price (pence)	130.20	122.90	121.40	131.50	124.10	122.50

**Comparative tables** (continued)

	Class A income gross			Class I income gross		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>						
Opening net asset value per share	130.20	124.50	121.81	132.43	126.62	125.11
Return before operating charges*	8.51	10.77	8.09	8.65	10.98	7.01
Operating charges	(1.43)	(1.46)	(1.47)	(0.75)	(0.70)	(0.70)
Return after operating charges*	7.08	9.31	6.62	7.90	10.28	6.31
Distributions on income shares	(3.21)	(3.61)	(3.93)	(3.98)	(4.47)	(4.80)
Closing net asset value per share	134.07	130.20	124.50	136.35	132.43	126.62
* after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	5.44%	7.48%	5.43%	5.97%	8.12%	5.04%
<b>Other information</b>						
Closing net asset value (£000s)	64	80	107	175,443	386	45
Closing number of shares	47,922	61,307	86,072	128,669,409	291,214	35,552
Operating charges	1.06%	1.16%	1.16%	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price (pence)	140.40	130.90	134.60	142.90	133.40	137.00
Lowest share price (pence)	130.60	123.30	121.70	132.90	125.50	123.80

**Comparative tables** (continued)

	Class I accumulation gross			Class Z accumulation gross		
	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)	2017 (pence per share)	2016 (pence per share)	2015 (pence per share)
<b>Change in net assets per share</b>						
Opening net asset value per share	269.33	248.76	234.56	220.44	202.59	189.21
Return before operating charges*	17.62	21.95	15.55	14.45	17.93	13.46
Operating charges	(1.52)	(1.38)	(1.35)	(0.09)	(0.08)	(0.08)
Return after operating charges*	16.10	20.57	14.20	14.36	17.85	13.38
Distributions on accumulation shares	(8.17)	(8.89)	(9.22)	(7.86)	(8.30)	(8.50)
Retained distributions on accumulation shares	8.17	8.89	9.22	7.86	8.30	8.50
Closing net asset value per share	285.43	269.33	248.76	234.80	220.44	202.59
* after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	5.98%	8.27%	6.05%	6.51%	8.81%	7.07%
<b>Other information</b>						
Closing net asset value (£000s)	485,487	727,590	672,282	569,826	508,336	504,794
Closing number of shares	170,087,074	270,149,704	270,255,122	242,688,820	230,602,762	249,172,401
Operating charges	0.54%	0.54%	0.54%	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price (pence)	291.10	269.10	264.40	239.50	220.20	214.90
Lowest share price (pence)	272.40	247.90	234.30	223.30	201.90	189.90



**Class Z income gross**  
**2015**  
**(pence**  
**per unit)**

**Change in net assets per share**

Opening net asset value per share	111.32 <sup>1</sup>
Return before operating charges*	9.22
Operating charges	(0.05)
Return after operating charges*	9.17
Distributions on income shares	(3.69)
Final cancellation price per share	(116.80)
Closing net asset value per share	-
* after direct transaction costs of:	-

**Performance**

Return after charges	8.24%
----------------------	-------

**Other information**

Closing net asset value (£000s)	-
Closing number of shares	-
Operating charges	0.04%
Direct transaction costs	0.00%

**Prices**

Highest share price (pence)	122.40 <sup>2</sup>
Lowest share price (pence)	110.50 <sup>2</sup>

<sup>1</sup> Class Z income gross closed on 2 June 2015.

<sup>2</sup> to 2 June 2015.

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.

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

## Major holdings

as at 2017	%
UK Treasury 4.50% 07/12/2042	1.22
Network Rail Infrastructure Finance 4.375% 09/12/2030	1.02
BAA Funding 6.75% 03/12/2026	0.95
Bank of America 7.00% 31/07/2028	0.91
LVMH 1.00% 14/06/2022	0.86
Time Warner Cable 5.75% 02/06/2031	0.85
innogy Finance 6.25% 03/06/2030	0.84
Électricité de France 5.50% 17/10/2041	0.83
Santander UK 1.875% 17/02/2020	0.83
Morgan Stanley 2.625% 09/03/2027	0.79

## Major holdings

as at 2016	%
UK Treasury 4.50% 07/12/2042	2.92
UK Treasury 2.00% 07/09/2025	1.05
Deutsche Telekom International Finance 6.50% 08/04/2022	0.89
Santander UK 1.875% 17/02/2020	0.85
LCR Finance 4.50% 07/12/2028	0.76
RSA Insurance 9.375% 20/05/2039	0.76
UK Treasury 4.25% 07/06/2032	0.76
Yorkshire Water Services 3.75% 22/03/2046	0.74
KFW 5.75% 07/06/2032	0.74
Lloyds Bank 6.00% 08/02/2029	0.70

Asset allocation	
as at 2017	%
United Kingdom	56.32
United States	16.77
Germany	6.74
France	5.21
Supranational	1.95
Italy	1.47
Switzerland	1.47
Belgium	1.26
Sweden	1.21
Netherlands	0.74
Australia	0.68
Luxembourg	0.60
Hong Kong	0.54
Ireland	0.32
Spain	0.30
Cayman Islands	0.16
Austria	0.03
Derivatives	(0.05)
Other net assets	4.28
<b>Total net assets</b>	<b>100.00</b>

Asset allocation	
as at 2016	%
United Kingdom	58.04
United States	14.46
Germany	6.95
France	5.47
Supranational	2.55
Australia	1.88
Switzerland	1.70
Netherlands	1.33
Italy	1.12
Japan	0.97
Mexico	0.71
Hong Kong	0.69
Luxembourg	0.31
Belgium	0.29
Portugal	0.26
Spain	0.10
Ireland	0.06
South Africa	0.04
Brazil	0.03
Jamaica	0.02
Sweden	0.02
Greece	0.01
Derivatives	(0.32)
Other net assets	3.31
<b>Total net assets</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson All Stocks Credit Fund for the year ended 30 June 2017.

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

## Other information

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

### Issued by:

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

### Shareholder Administrator

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

## Risk warning

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

### Depository

National Westminster Bank Plc  
135 Bishopsgate  
London  
EC2M 3UR

### Auditor

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ



## Further information

### Shareholder enquiries

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

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

The following line is also available:

Client Services: **0800 832 832**

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

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

### Online valuations

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

### Important Information

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

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