



INTERIM SHORT REPORT

For the six months ended
30 April 2017

Janus Henderson
— INVESTORS —

Henderson Japan Opportunities Fund

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Short Report

For the six months ended 30 April 2017

Investment Fund Manager

Henderson Japanese Equity Team

Other information

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

Investment objective and policy

To aim to provide capital growth by investing in Japanese companies. The fund is not restricted in the size of companies in which it can invest.

Risk and reward profile

The fund currently has 2 types of share in issue; A accumulation and I accumulation.

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



The Synthetic Risk and Reward Indicator (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 6 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.

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

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

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

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

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

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

There has been no change to the risk rating in the period.

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

Investment review

The Topix total return index moved up 10% in local currency terms. As the yen depreciated from 127 to 144 against sterling, the index return in sterling terms was -1%. Although economic activity (as observed by industrial production) started to plateau in the first quarter of 2016, market sentiment was stagnant until October. This was due to the yen's appreciation, following Brexit and ahead of the US election. Although the outcome of the US election was unexpected, equity markets rebounded globally, triggered by a sharp pick-up of the US yield curve, in expectation of a better economic outlook under the new president. The movement in rates also triggered a depreciation of the yen, while a pick-up in the Japanese yield curve was limited due to the Bank of Japan's policy. As this was seen as a cyclical asset to the global economy, appetite for Japanese equities picked up substantially towards year-end. However, as US 10-year bonds stopped rising, the yen started to recover some of its losses, while the stock market moved sideways.

In terms of sector performance, value stocks led the rally during the first three months of the period. Financials and basic material sectors outperformed substantially, while defensive sectors, such as food and pharmaceuticals, stayed flat. Value stocks outperformed growth stocks. In the latter half of the period, investors took profits from financials as the US yield curve flattened. Although there were no main leading sectors, growth stocks generally outperformed value stocks.

The fund returned -0.8% in sterling, outperforming the Topix index by 0.3%. The most significant contributor to performance was our holding in Disco, a semiconductor equipment manufacturer. We like the company, as it is well positioned in the semiconductor equipment business. It benefits not only from capex, but also from semiconductor production through sales of consumables. The stock extended its gains as the company revised its earnings higher by a large margin. Our position in Recruit holdings also boosted performance. The stock was re-evaluated by investors, as they started to understand the strength of its highly cash-generative business model. On the other hand, our holding in Japan Tobacco was disappointing, as the market worried about its market-share loss to competitors' vapor tobacco. We like Japan Tobacco's strong pricing power and low valuation,

and believe that the stock will be re-rated as it continues to grow earnings through the introduction of its own vapor tobacco and its expansion overseas.

The number of holdings in the portfolio is unchanged at 30. We introduced several new stocks. Bridgestone is a tyre manufacturer with global operations. We believe the company can continue to grow, as it has strong pricing power to offset higher input costs. The business returns much higher levels of cash on invested capital than auto or auto parts companies, but trades on a very similar valuation. We funded this position via a sale of Denso, as we believed the market was too optimistic on Denso's potential growth. As a Toyota Group company, it is difficult for Denso to earn a high level of excess return. We also built a new position in Ryohin Keikaku, which operates MUJI stores globally. Taking into account its growth potential, especially in China, the company can continue to deliver double-digit growth, which justifies further upside potential. To finance this position, we took profits on Fast Retailing, which operates Uniqlo stores. Fundamentals recovered as we expected, which resulted in a big premium to valuations that was difficult to justify.

The outlook for Japanese equities is positive. The unemployment rate is 2.8%, the lowest since 1994 and among developed countries. We believe this is an opportunity for the Japanese economy, as businesses will finally regain pricing power, ending decades of deflation. Corporate earnings are strong. Based on yen-to-dollar exchange rate (Yen110 to USD1) earnings per share in the TOPIX will grow by double digits in this new fiscal year, registering historical high levels. However, price earnings are 14x, and at the lowest among developed markets. We are also encouraged by recent progress in corporate governance, which has been translating into higher rewards for shareholders. Risks include yen appreciation and issues related to North Korea, which may cause higher volatility. We believe the risk-reward balance is very good in Japan, and we continue to focus on stock picking, which will be the key driver of the fund's performance.

Performance summary

Cumulative performance	Six months	One year	Five years	Since launch
	31 Oct 16 - 30 Apr 17	30 Apr 16 - 30 Apr 17	30 Apr 12 - 30 Apr 17	4 Oct 14 - 30 Apr 17
	%	%	%	%
Henderson Japan Opportunities Fund	(0.8)	43.4	96.7	3,940.8
JCGOJI Composite Benchmark*	(1.1)	26.9	90.2	5,326.8

Discrete performance	30 Apr 16 - 30 Apr 17	30 Apr 15 - 30 Apr 16	30 Apr 14 - 30 Apr 15	30 Apr 13 - 30 Apr 14	30 Apr 12 - 30 Apr 13
	%	%	%	%	%
	Henderson Japan Opportunities Fund	43.4	(8.4)	37.2	(12.2)

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

* The composite benchmark has used the Tokyo Stock exchange First Section (TOPIX) from 31/03/2015. Prior to this it was made up of the MSCI Japan 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.

Fund facts

Accounting dates	Payment dates
30 April, 31 October	31 December

Ongoing charge figure

	30/04/17	31/10/16
	%	%
Class A	1.70	1.71
Class I	0.85	0.86

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

Comparative tables for the six months ended 30 April 2017

	Class A accumulation			
	30/04/17 (pence per share)	31/10/16 (pence per share)	31/10/15 (pence per share)	31/10/14 (pence per share)
Change in net assets per share				
Opening net asset value per share	332.08	241.67	197.75	203.88
Return before operating charges*	1.30	94.79	47.86	(2.77)
Operating charges	(2.84)	(4.38)	(3.94)	(3.36)
Return after operating charges*	(1.54)	90.41	43.92	(6.13)
Distributions on accumulation shares	-	(1.85)	-	-
Retained distributions on accumulation shares	-	1.85	-	-
Closing net asset value per share	330.54	332.08	241.67	197.75
* after direct transaction costs of:	0.23	0.44	0.22	0.10
Performance				
Return after charges	(0.46%)	37.41%	22.21%	(3.01%)
Other information				
Closing net asset value (£000s)	14,717	15,356	13,652	17,826
Closing number of shares	4,452,443	4,624,135	5,649,126	9,014,364
Operating charges (annualised)	1.70%	1.71%	1.71%	1.71%
Direct transaction costs	0.07%	0.17%	0.09%	0.05%
Prices				
Highest share price (pence)	348.80	333.40	262.40	210.70
Lowest share price (pence)	316.50	202.80	198.30	182.70

Comparative tables (continued)

	Class I accumulation			
	30/04/17 (pence per share)	31/10/16 (pence per share)	31/10/15 (pence per share)	31/10/14 (pence per share)
Change in net assets per share				
Opening net asset value per share	367.18	264.94	214.98	219.82
Return before operating charges*	1.44	104.56	52.13	(3.04)
Operating charges	(1.58)	(2.32)	(2.17)	(1.80)
Return after operating charges*	(0.14)	102.24	49.96	(4.84)
Distributions on accumulation shares	-	(8.53)	(2.17)	(1.90)
Retained distributions on accumulation shares	-	8.53	2.17	1.90
Closing net asset value per share	367.04	367.18	264.94	214.98
* after direct transaction costs of:	0.25	0.46	24.00	0.11
Performance				
Return after charges	(0.04%)	38.59%	23.24%	(2.20%)
Other information				
Closing net asset value (£000s)	11,760	10,594	23,182	16,149
Closing number of shares	3,203,887	2,885,246	8,749,642	7,512,202
Operating charges (annualised)	0.85%	0.86%	0.85%	0.85%
Direct transaction costs	0.07%	0.17%	0.09%	0.05%
Prices				
Highest share price (pence)	386.90	368.70	286.30	227.20
Lowest share price (pence)	350.30	222.90	215.70	197.80

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

Operating charges

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

Share class launches and closures

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

Past performance is not a guide to future performance

Major holdings

as at 30/04/17	%
Fujitsu	4.23
Japan Tobacco	4.20
Mitsubishi UFJ Financial	3.96
Murata Manufacturing	3.87
Recruit Holdings	3.87
Sony	3.77
Softbank	3.60
T&D Holdings	3.55
Fanuc	3.44
Takeda Pharmaceutical	3.36

Asset allocation

as at 30/04/17	%
Consumer Discretionary	21.44
Information Technology	17.78
Financials	16.15
Industrials	13.06
Consumer Staples	7.06
Real Estate	5.71
Materials	4.30
Telecommunication Services	3.60
Health Care	3.36
Energy	3.10
Derivatives	(0.01)
Other net assets	4.45
Total net assets	100.00

Major holdings

as at 31/10/16	%
Fujitsu	4.83
Japan Tobacco	3.93
Denso	3.58
Murata Manufacturing	3.56
Don Quijote	3.53
Disco	3.51
Fanuc	3.49
Hitachi	3.48
T&D Holdings	3.32
Seibu Holdings	3.26

Asset allocation

as at 31/10/16	%
Information Technology	20.86
Financials	17.36
Consumer Discretionary	16.12
Industrials	14.37
Consumer Staples	9.49
Materials	5.99
Real Estate	5.81
Energy	3.02
Health Care	2.91
Other net assets	4.07
Total net assets	100.00

Report and accounts

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

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

Other information

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

Issued by:

Henderson Investment Funds Limited

Registered office:

201 Bishopsgate

London

EC2M 3AE

Member of The Investment Association and authorised and regulated by the Financial Conduct Authority.

Registered in England No 2678531

Shareholder Administrator

International Financial Data Services (UK) Limited

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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

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

Online valuations

You can value your Henderson Japan Opportunities Fund at any time by logging on to 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.