



# INTERIM SHORT REPORT

For the six months ended  
30 April 2017

Janus Henderson  
— INVESTORS —

**Henderson Institutional Overseas Bond Fund**

# Henderson Institutional Overseas Bond Fund

## Short Report

For the six months ended 30 April 2017

### Investment Fund Manager

Mitul Patel

### Other information

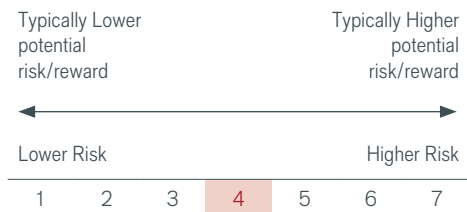
Henderson Group plc and Janus Capital Group merged on 30 May 2017 to form Janus Henderson Group plc.

### Investment objective and policy

To aim to provide a return by investing in fixed and floating rate securities in any area of the world, except the United Kingdom. The fund will invest primarily in bonds issued by Governments, public authorities and international organisations.

### Risk and reward profile

The fund currently has 6 types of share in issue; A income, I accumulation, I income, I gross accumulation, Z gross accumulation and 3 gross 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 4 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.

**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.

**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.

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

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

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

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

## Investment review

The six-month period to 30 April 2017 began with yields moving significantly higher. This development was driven primarily by two occurrences. First, the election of Donald Trump to the presidency in the US shifted expectations of growth in the short to medium term. His stated policies, if enacted, looked likely to boost both growth and inflation in the short term. Second, commodities continued to perform strongly, on the back of improved China-led global growth and positive sentiment about the results of a Trump presidency. This profile led to US Treasuries significantly underperforming. Japanese government bond yields drifted slightly higher as further policy easing became seen as less likely; however, the newly introduced 'yield curve control' policy limited the amount by which they could do so. Core government bond markets in Europe also sold off significantly, but outperformed those in the US due to a much weaker growth and inflation outlook. Italian and French government bond spreads also widened against equivalents in Germany, because of political concerns. In France, the election of the Eurosceptic candidate seemed more likely in the wake of the Trump victory. Meanwhile, in Italy, the scale of the government's defeat in a constitutional referendum continued a developing trend. As we moved into February, these European political concerns were the catalyst for core bonds to rally in a risk-off environment. Fears mounted that Marine Le Pen could be more competitive than previously anticipated in the French presidential election, and that the nativist PVV party in the Netherlands could be a disruptive force if it put up a strong showing in the Dutch parliamentary elections. Trump's inability to pass his healthcare reform act, along with a declining oil price, also raised questions about the durability of the 'reflation' trade, thereby supporting core government bonds.

The fund underperformed benchmark (the JP Morgan Global Bond ex UK index) during the period, returning -9.3% compared with the benchmark's return of -8.6%.

Positions that contributed positively to performance over the period included being underweight French bonds against Germany, as political fears in Europe rose; a curve position in the US (being underweight the 5y sector against the 2y sector) that benefited from the post-election reflationary bounce; and being underweight long dated German bonds in expectation of concerns about tapering of the European Central Bank's (ECB) asset purchase programme.

The negative contributors included overweight positions in Japanese bonds, which underperformed as the marginal easing in that economy came through currency rather than bonds, and being underweight short dated US Treasuries, due to unmet expectations that the Federal Reserve would indicate a slightly more aggressive pace of rate hikes.

In foreign exchange, we made a small loss being long the Swedish krona against the euro as, despite a strong growth backdrop in Sweden, the Riksbank's focus on inflation means it has maintained a bias to prevent the krona from appreciating excessively.

Looking forward, we seem at last to have come through some key political risks for the year. While the German elections are yet to come, the election of either Merkel or Schulz as chancellor should result in a relatively benign market reaction. However, the recent escalation of events in Syria and North Korea means that some geopolitical event risk remains. The inability of the Trump administration to pass healthcare reforms in the US has raised question marks over its ability to introduce other fiscal reforms, expectations of which have particularly supported equity markets. This, combined with signs that the authorities in China are trying to tighten monetary conditions at the margin, has taken the shine off some manifestations of the reflation trade. Beyond that, having now passed the peak in headline inflation for the time being, we may see some cooling of central banks' desire to remove policy accommodation too rapidly, although bond-buying constraints may still prompt the ECB to announce downward adjustments to its bond purchase programme.

## 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 %	02 Oct 00*-30 Apr 17 %
Henderson Institutional Overseas Bond Fund	(9.3)	8.1	13.5	87.8
JP Morgan Global Bond Traded ex UK Index	(8.6)	9.4	22.9	150.7

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 Institutional Overseas Bond Fund	8.1	10.3	2.0	(8.8)

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.

\*First available price

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

30 April, 31 October

### Payment dates

31 March, 30 June, 30 September, 31 December

### Ongoing charge figure

	30/04/17 %	31/10/16 %
Class 3	0.21	0.21
Class A	1.03 <sup>1</sup>	1.16
Class I	0.54	0.54
Class Z	0.04	0.04

The 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 reduced from 1.00% to 0.75% on 1 February 2017

	<b>Class A income</b>			
	<b>30/04/17</b> (pence per share)	<b>31/10/16</b> (pence per share)	<b>31/10/15</b> (pence per share)	<b>31/10/14</b> (pence per share)
<b>Change in net assets per share</b>				
Opening net asset value per share	209.97	157.49	160.16	164.34
Return before operating charges*	(17.94)	54.58	(0.53)	(1.49)
Operating charges	(1.01)	(2.10)	(1.85)	(1.84)
Return after operating charges*	(18.95)	52.48	(2.38)	(3.33)
Distributions on income shares	-	-	(0.29)	(0.85)
Closing net asset value per share	191.02	209.97	157.49	160.16
* after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after charges	(9.03%)	33.32%	(1.49%)	(2.03%)
<b>Other information</b>				
Closing net asset value (£000s)	1,034	1,278	1,367	1,954
Closing number of shares	541,311	608,804	867,967	1,220,215
Operating charges (annualised)	1.03%	1.16%	1.16%	1.16%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price (pence)	210.30	212.20	167.00	165.10
Lowest share price (pence)	190.30	156.90	152.00	155.60

**Comparative tables** (continued)

	Class I accumulation			
	30/04/17 (pence per share)	31/10/16 (pence per share)	31/10/15 (pence per share)	31/10/14 (pence per share)
<b>Change in net assets per share</b>				
Opening net asset value per share	281.06	209.60	211.30	214.40
Return before operating charges*	(24.02)	72.87	(0.28)	(1.51)
Operating charges	(0.71)	(1.32)	(1.14)	(1.13)
Return after operating charges*	(24.73)	71.55	(1.42)	(2.64)
Distributions on accumulation shares	(0.56)	(0.47)	(1.41)	(2.30)
Retained distributions on accumulation shares^	0.52	0.38	1.13	1.84
Closing net asset value per share	256.29	281.06	209.60	211.30
* after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after charges	(8.80%)	34.09%	(0.80%)	(1.23%)
<b>Other information</b>				
Closing net asset value (£000s)	3	3	2	2
Closing number of shares	1,378	1,000	1,000	1,000
Operating charges (annualised)	0.54%	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price (pence)	281.50	283.90	221.20	216.00
Lowest share price (pence)	254.90	208.80	201.60	204.10

^ Retained distribution paid prior to 6 April 2017 are net of income tax

**Comparative tables** (continued)

	Class I income			
	30/04/17 (pence per share)	31/10/16 (pence per share)	31/10/15 (pence per share)	31/10/14 (pence per share)
<b>Change in net assets per share</b>				
Opening net asset value per share	212.18	158.46	160.83	164.71
Return before operating charges*	(18.16)	55.11	(0.44)	(1.26)
Operating charges	(0.54)	(1.03)	(0.86)	(0.86)
Return after operating charges*	(18.70)	54.08	(1.30)	(2.12)
Distributions on income shares	(0.39)	(0.36)	(1.07)	(1.76)
Closing net asset value per share	193.09	212.18	158.46	160.83
* after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after charges	(8.81%)	34.13%	(0.81%)	(1.29%)
<b>Other information</b>				
Closing net asset value (£000s)	852	1,889	179	50
Closing number of shares	441,356	890,155	112,667	31,191
Operating charges (annualised)	0.54%	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price (pence)	212.50	214.30	167.90	165.40
Lowest share price (pence)	192.40	157.80	152.80	156.50



	<b>Class 3 gross accumulation</b>			
	<b>30/04/17</b>	<b>31/10/16</b>	<b>31/10/15</b>	<b>31/10/14</b>
	<b>(pence per share)</b>	<b>(pence per share)</b>	<b>(pence per share)</b>	<b>(pence per share)</b>
<b>Change in net assets per share</b>				
Opening net asset value per share	125.92	93.62	94.10	95.14
Return before operating charges*	(10.77)	32.50	(0.27)	(0.84)
Operating charges	(0.13)	(0.20)	(0.21)	(0.20)
Return after operating charges*	(10.90)	32.30	(0.48)	(1.04)
Distributions on accumulation shares	(0.45)	-	(0.87)	(1.37)
Retained distributions on accumulation shares	0.45	-	0.87	1.37
Closing net asset value per share	115.02	125.92	93.62	94.10
* after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after charges	(8.66%)	34.50%	(0.51%)	(1.09%)
<b>Other information</b>				
Closing net asset value (£000s)	2	2	4,480	4,703
Closing number of shares	1,509	1,509	4,784,752	4,998,342
Operating charges (annualised)	0.21%	0.21%	0.22%	0.22%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price (pence)	126.10	127.30	98.61	96.09
Lowest share price (pence)	114.20	93.25	89.89	90.32

	<b>Class I gross accumulation</b>			
	<b>30/04/17</b>	<b>31/10/16</b>	<b>31/10/15</b>	<b>31/10/14</b>
	<b>(pence per share)</b>	<b>(pence per share)</b>	<b>(pence per share)</b>	<b>(pence per share)</b>
<b>Change in net assets per share</b>				
Opening net asset value per share	287.76	219.83	221.67	224.86
Return before operating charges*	(18.03)	69.29	(0.64)	(2.01)
Operating charges	(0.75)	(1.36)	(1.20)	(1.18)
Return after operating charges*	(18.78)	67.93	(1.84)	(3.19)
Distributions on accumulation shares	(0.60)	(0.49)	(1.45)	(2.52)
Retained distributions on accumulation shares	0.60	0.49	1.45	2.52
Closing net asset value per share	268.98	287.76	219.83	221.67
* after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after charges	(6.53%)	30.90%	(0.83%)	(1.42%)
<b>Other information</b>				
Closing net asset value (£000s)	564	7	26,974	27,074
Closing number of shares	209,566	2,434	12,270,329	12,213,886
Operating charges (annualised)	0.54%	0.54%	0.54%	0.54%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price (pence)	295.40	298.10	232.00	226.40
Lowest share price (pence)	267.40	218.90	211.30	213.40

## Comparative tables (continued)

	Class Z gross accumulation			
	30/04/17 (pence per share)	31/10/16 (pence per share)	31/10/15 (pence per share)	31/10/14 (pence per share)
<b>Change in net assets per share</b>				
Opening net asset value per share	227.39	168.57	169.13	170.70
Return before operating charges*	(19.48)	58.90	(0.49)	(1.50)
Operating charges	(0.05)	(0.08)	(0.07)	(0.07)
Return after operating charges*	(19.53)	58.82	(0.56)	(1.57)
Distributions on accumulation shares	(0.99)	(1.09)	(1.84)	(2.75)
Retained distributions on accumulation shares	0.99	1.09	1.84	2.75
Closing net asset value per share	207.86	227.39	168.57	169.13
* after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after charges	(8.59%)	34.89%	(0.33%)	(0.92%)
<b>Other information</b>				
Closing net asset value (£000s)	231,376	249,570	162,931	173,622
Closing number of shares	111,314,379	109,753,160	96,655,610	102,657,553
Operating charges (annualised)	0.04%	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price (pence)	227.70	229.70	177.40	172.70
Lowest share price (pence)	206.30	167.90	161.70	162.10

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	%
US Treasury 1.625% 31/03/2019	6.08
Japan (Government of) 0.2% 20/09/2019	5.35
US Treasury 1.375% 29/02/2020	5.33
Japan (Government of) (10 Year Issue) 1.2% 20/12/2020	5.23
Japan (Government of) 0.3% 20/12/2024	5.06
US Treasury 0.75% 28/02/2018	4.93
US Treasury 1.75% 30/04/2022	4.71
Japan (Government of) (20 Year Issue) 1.7% 20/03/2032	3.60
US Treasury 2% 15/02/2025	3.00
US Treasury 2.5% 15/02/2024	2.78

## Major holdings

as at 31/10/16	%
Japan (Government of) (10 Year Issue) 1.2% 12/2020	6.25
Japan (Government of) 0.2% 20/09/2019	6.17
US Treasury 1.625% 31/03/2019	6.02
US Treasury 1.375% 29/02/2020	5.29
US Treasury 4.625% 15/11/2016	5.17
US Treasury 0.75% 28/02/2018	4.85
Japan (Government of) (20 Year Issue) 1.7% 20/03/2032	4.32
Japan (Government of) 0.3% 20/12/2024	3.64
US Treasury 2% 15/02/2025	3.16
Japan (Government of) (30 Year Issue) 1.5% 20/12/2044	2.56

Asset allocation	
as at 30/04/17	%
United States	37.64
Japan	25.74
Italy	7.70
France	5.49
Germany	4.61
Spain	3.96
Belgium	2.00
Canada	1.30
Netherlands	1.05
Sweden	1.02
Denmark	0.97
Derivatives	(0.18)
Other net assets	8.70
<b>Total net assets</b>	<b>100.00</b>

Asset allocation	
as at 31/10/16	%
United States	38.31
Japan	27.30
Italy	5.74
France	5.57
Spain	5.14
Germany	4.52
Belgium	1.81
Canada	1.29
Netherlands	1.05
Denmark	0.96
Sweden	0.92
Derivatives	(0.01)
Other net assets	7.40
<b>Total net assets</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson Institutional Overseas Bond Fund for the six months ended 30 April 2017.

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

## Other information

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

### Issued by:

Henderson Investment Funds Limited

Registered office:

201 Bishopsgate

London

EC2M 3AE

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

Registered in England No 2678531

### Shareholder Administrator

International Financial Data Services (UK) Limited

IFDS House

St Nicholas Lane

Basildon

Essex

SS15 5FS

## Risk warning

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

### Depository

National Westminster Bank Plc

135 Bishopsgate

London

EC2M 3UR

### Auditor

PricewaterhouseCoopers LLP

141 Bothwell Street

Glasgow

G2 7EQ



## Further information

### Shareholder enquiries

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

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

The following line is also available:

Client Services: **0800 832 832**

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

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

### Online valuations

You can value your Henderson Institutional Overseas Bond 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.