

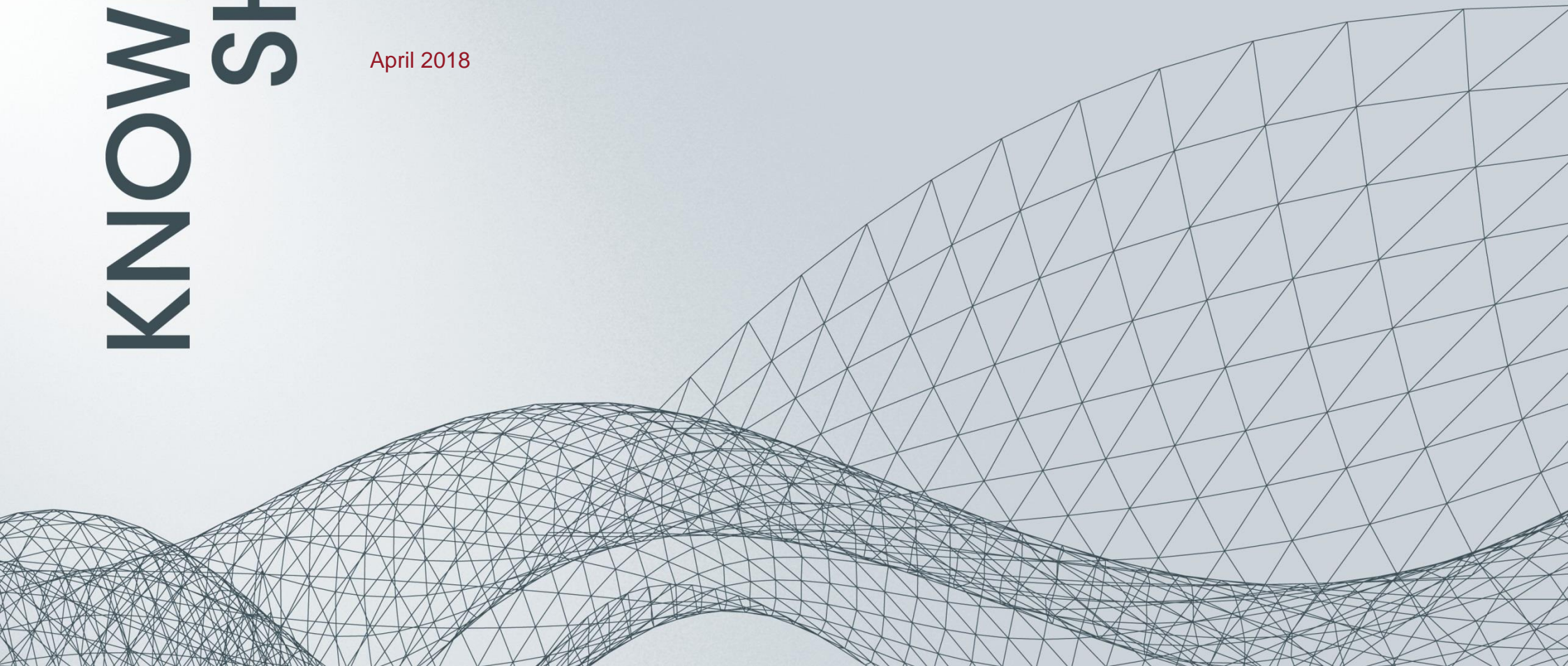


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## Henderson Global Investors Limited (HGIL) Annual Best Execution Disclosure 2017

April 2018

An abstract graphic in the bottom right corner consisting of a series of overlapping, wavy lines forming a mesh or wireframe structure, resembling a stylized landscape or a complex network.

On an annual basis HGIL are required to provide additional disclosures around the execution venues utilised for each asset class and certain information on the quality of execution in line with the requirements of Regulatory Technical Standard 28 of the MiFID II regulation.

Orders raised by Janus Henderson Portfolio Managers will be processed by the Janus Henderson Group trading desk that has the most relevant information about the market and/or instrument of each particular transaction. In practice this means that trading desks in different geographical locations could be utilised to execute orders. The best execution disclosure rules mean that we have disclosed Janus Henderson entities within our top five venues, for example Henderson Global Investors Singapore Ltd and Janus Capital Management LLC. These entities will in turn utilise different trading venues to complete the execution of orders they receive. There is no commercial incentive for Janus Henderson to route orders to different Janus Henderson entities and the prime objective is to assist the firm in achieving the best possible outcome for clients.

When determining the strategy for placing orders for execution in the market, HGIL will take into consideration a number of execution factors dependent upon the characteristics of the order and the prevailing market conditions. In determining the relative importance of the execution factors, JHG will take into account each client's objectives, the specific financial instruments to which the order relates, the execution venues or counterparties available for such orders and the prevailing market conditions. Whilst they may differ dependent on the characteristics of each order, for each asset class we have set out below the typical relative importance of the execution factors.

Janus Henderson places orders to be executed with approved counterparties. The list of approved counterparties is reviewed regularly and changes over time. A list of our liquidity providers, in which we place significant reliance, is included in the Best Execution Policy. Amendments to the approved counterparties list will be made taking into account a number of factors including; the credit worthiness of the counterparty and the execution performance of the counterparty. HGIL does not receive payments, discounts, rebates or non-monetary benefits in its trading arrangements. HGIL does not trade with any affiliates.

All HGIL clients are treated the same with the exception of instances whereby execution venues are dictated by the client. Whilst retail investors may invest in Janus Henderson Funds, HGIL does not execute retail client orders directly.

HGIL may on behalf of clients invest in entities who are or whose sub entities include trading counterparties. However, a centralised dealing desk is in place and Portfolio Managers are not able to influence which trading venue is used in a transaction. An investment in a financial services company with a trading counterparty is not a factor in choosing execution venues.

Once it is made available, Janus Henderson will include information provided under RTS 27 in its analysis and oversight of best execution. Further detail will be provided on how this is taken into account within the next annual disclosure. For the year ending 2017 Janus Henderson can confirm that it considers it has met its obligation to achieve the best possible result for its clients on a consistent basis.

A governance oversight meeting (The Best Execution Committee) is held on a quarterly basis in order to review adherence to the best execution policy. It is attended by senior investment, compliance and risk employees who review the management information available for all traded instrument types and discuss any concerns or issues.

## Equities – Shares & Depositary Receipts

Notification if <1 average trade per business day in the previous year N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse	10.66%	17.07%	N/A	N/A	0.00%
Goldman Sachs	10.41%	7.47%	N/A	N/A	0.00%
Henderson Global Investors Singapore Ltd	8.98%	6.61%	N/A	N/A	0.00%
UBS	8.39%	9.67%	N/A	N/A	0.00%
Merrill Lynch	6.02%	5.79%	N/A	N/A	0.00%

## Contracts for difference

Notification if <1 average trade per business day in the previous year N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS	17.81%	15.91%	NA	NA	0.00
Goldman Sachs	15.53%	12.06%	NA	NA	0.00
Credit Suisse	12.78%	16.23%	NA	NA	0.00
Barclays Capital	6.46%	5.52%	NA	NA	0.00
JPMorgan	5.17%	4.61%	NA	NA	0.00

**Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)**

Notification if <1 average trade per business day in the previous year N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse	93.49%	96.82%	N/A	N/A	0.00%
Merrill Lynch	3.58%	1.43%	N/A	N/A	0.00%
Goldman Sachs	2.86%	0.96%	N/A	N/A	0.00%
Sanford Bernstein	0.06%	0.64%	N/A	N/A	0.00%
UBS	0.01%	0.16%	N/A	N/A	0.00%

**Equities & Exchange Traded Products Execution Factors:**

- Liquid Equities – (80-2000+ trades per day)  
Price and cost will normally be the determining factors but other reasons may mean for example that certainty of completion takes priority
- Illiquid Equities – (0-79 trades per day)  
Price, size of order and cost will normally be the determining factors but other reasons may mean for example that certainty of completion takes priority

**Contracts for Difference Execution Factors:**

- **Price and cost** will normally be the determining factors but other reasons may mean for example that certainty of completion takes priority

A transaction cost analysis (“TCA”) is regularly carried out for Equities and enables JHG to measure implicit costs, such as market impact, timing and opportunity cost, and highlights how efficient the transaction process is at capturing the implicit value identified by the fund manager. TCA reports are produced on a regular basis and discussed with the Equities Fund Managers and Head of Investment Desks; any concerns are addressed by the Global Head of Equities trading. Independent testing is also undertaken by JHG’s compliance team.

**Debt instruments – Bonds**

Notification if <1 average trade per business day in the previous year N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Barclays Capital	7.65%	7.44%	N/A	N/A	0.00%
Citigroup	7.64%	5.69%	N/A	N/A	0.00%
Janus Capital Management LLC	7.60%	8.10%	N/A	N/A	0.00%
JPMorgan	7.45%	6.56%	N/A	N/A	0.00%
Deutsche Bank	6.97%	5.72%	N/A	N/A	0.00%

**Execution Factors:****Government and Corporate Bonds**

- **Size of order, price and cost** will normally be the most significant factors; however execution speed or the lack of venues or counterparties offering the relevant instrument may mean that our investigation into price is not as varied as it might be in other circumstances

Management information is in place to analyse the Fixed Income transaction process, ensuring that competing quotes have been obtained where relevant and that exceptions are reviewed where applicable, for example where the best quotes have not been selected. Counterparty concentration reports are produced on a regular basis and discussed with the Fund Managers and Head of Investment Desks; any concerns are addressed by the Global Head of Fixed Income trading.



**Debt instruments – Money Market Instruments**

Notification if <1 average trade per business day in the previous year

N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
ICAP Securities	32.60%	26.41%	N/A	N/A	0.00%
Credit Agricole Corporate and Investment Bank	23.31%	19.49%	N/A	N/A	0.00%
Tradition UK Ltd	11.59%	8.65%	N/A	N/A	0.00%
Tullet Prebon	10.35%	6.58%	N/A	N/A	0.00%
Sterling International Brokers	6.23%	7.07%	N/A	N/A	0.00%

**Debt Instruments – Money Market Instruments Execution Factors:**

- Price and cost will normally be the most significant factors; however risk diversification may mean that our investigation into price is not as varied as it might be in other circumstances

JHG maintains firm-wide counterparty exposure limits. For both pure investment strategies and other cash transactions, the relevant trade is chosen based on the best market rate available that also ensures adherence with exposure and diversification requirements. This can result in directing trades away from certain counterparties if our overall, or fund-specific, exposure to that counterparty is too high, even if the price or other terms offered by that counterparty might be the best available.

Management information is in place to analyse the Fixed Income transaction process, ensuring that competing quotes have been obtained where relevant and that exceptions are reviewed where applicable, for example where the best quotes have not been selected. Counterparty concentration reports are produced on a regular basis and discussed with the Fund Managers and Head of Investment Desks; any concerns are addressed by the Global Head of Fixed Income trading. Independent reviews are also undertaken by the compliance team.

**Interest rates derivatives – Futures and options admitted to trading on a trading venue**

Notification if <1 average trade per business day in the previous year N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS	32.95%	50.40%	N/A	N/A	0.00%
Deutsche Bank	18.18%	10.44%	N/A	N/A	0.00%
Credit Suisse	17.69%	6.83%	N/A	N/A	0.00%
Merrill Lynch	15.99%	19.03%	N/A	N/A	0.00%
HSBC Bank	8.36%	7.10%	N/A	N/A	0.00%

**Interest rates derivatives – Swaps, forwards, and other interest rates derivatives**

Notification if <1 average trade per business day in the previous year N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Barclays Capital	29.96%	25.90%	N/A	N/A	0.00%
Citigroup	28.33%	35.26%	N/A	N/A	0.00%
JP Morgan	17.43%	22.61%	N/A	N/A	0.00%
Morgan Stanley	11.03%	9.46%	N/A	N/A	0.00%
BNP Paribas	6.66%	2.99%	N/A	N/A	0.00%

**Credit derivatives – Swaps, forwards, and other interest rates derivatives**

Notification if &lt;1 average trade per business day in the previous year

N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JP Morgan	28.69%	27.00%	N/A	N/A	0.00%
Barclays Capital	19.73%	21.05%	N/A	N/A	0.00%
Citigroup	19.46%	11.70%	N/A	N/A	0.00%
Credit Suisse	10.72%	12.48%	N/A	N/A	0.00%
Merrill Lynch	10.07%	7.21%	N/A	N/A	0.00%

**Exchange-Traded Derivatives (ETD) – Options and Futures Execution Factors:**

- **Price, cost and size of order** will generally be the most important factors when we trade ETDs. However other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (eg if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted).

For example, when we build structured trades in instruments such as exchange traded options, whilst absolute and relative prices will normally be the most significant factors, execution speed, volume, market positioning, fund positioning, execution costs, risks, and liquidity will also be considered.

**Over-The-Counter Derivatives (OTC) – SWAPs, Forwards, Options, Warrants and Other Derivatives Execution Factors:****Credit and Interest Rates SWAPs, Forwards and other OTC Derivatives**

- **Size of order, price and cost** will generally be the most important factors by which we consider how we trade in these instruments. However, other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (ie if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted).



**Emission Allowances and Commodity SWAPs, Forwards and other OTC Derivatives**

- **Price and cost** will generally be the most important factors by which we consider how we trade in these instruments. However, other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (ie if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted).

Whilst absolute and relative prices will normally be the most significant factors when we build structured trades in these instruments, execution speed, volume, market positioning, fund positioning, execution costs, risks, and liquidity will also be considered.

Management information is in place to analyse the Fixed Income transaction process, ensuring that competing quotes have been obtained where relevant and that exceptions are reviewed where applicable, for example where the best quotes have not been selected. Counterparty concentration reports are produced on a regular basis and discussed with the Fund Managers and Head of Investment Desks; any concerns are addressed by the Global Head of Fixed Income trading. Independent reviews are also undertaken by the compliance team.

**Currency derivatives – Swaps, forwards, and other currency derivatives**

Notification if <1 average trade per business day in the previous year

N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
FXALL	69.94%	80.93%	N/A	N/A	0.00%
Citigroup	11.67%	5.48%	N/A	N/A	0.00%
JP Morgan	9.56%	2.95%	N/A	N/A	0.00%
Scotiabank (Bank of Nova Scotia)	2.45%	0.44%	N/A	N/A	0.00%
Merrill Lynch	1.76%	3.61%	N/A	N/A	0.00%

All possible trades are electronically dealt through an e-trading platform (FXALL as above) where up to 10 counterparties are selected to compete for each trade. We will always try and select the maximum possible number of banks to competitively quote for each trade. Where the execution process results in fewer than 3 competitive quotes, available prices are checked against current market levels before executing. Non-deliverable forwards (NDF) are traded over the phone, obtaining 3 competitive quotes from an approved list of banks where possible, and referencing against current market rates. Certain FX transactions, such as share class hedging for certain funds or portfolios, will be outsourced to the third party administrators for the relevant fund or portfolio. In these circumstances, the service provided by the third party administrator will be overseen by JHG.

### Currency Forwards, Spots, SWAPS, other OTC Derivatives Execution Factors:

- **Price, size of the order and cost** will generally be the most important factors by which we consider how we trade in these instruments. However, other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (ie if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted).

A trade cost summary and peer review is initiated for FX transactions. The approach is to compare each trade to a benchmark rate that has been constructed from market data. A governance oversight meeting (The Best Execution Committee) is held on a quarterly basis in order to review adherence to the best execution policy. It is attended by senior investment, compliance and risk employees who review the management information available for all traded instrument types and discuss any concerns or issues.

### Equity Derivatives – Options and Futures admitted to trading on a trading venue

Notification if <1 average trade per business day in the previous year

N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS	31.19%	49.03%	N/A	N/A	0.00%
Merrill Lynch	18.54%	24.65%	N/A	N/A	0.00%
Societe Generale	10.77%	7.12%	N/A	N/A	0.00%
HSBC Bank	8.98%	0.49%	N/A	N/A	0.00%
ADM Investor Services	6.02%	5.81%	N/A	N/A	0.00%

## Equity Derivatives – Swaps, forwards, and other equity derivatives

Notification if <1 average trade per business day in the previous year Y

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS	82.50%	47.06%	N/A	N/A	0.00%
Goldman Sachs	13.21%	5.88%	N/A	N/A	0.00%
Credit Suisse	4.28%	47.06%	N/A	N/A	0.00%

## Exchange-Traded Derivatives (ETD) – Equity Options and Futures admitted to trading on a trading venue Execution Factors:

- Price, cost and size of order will generally be the most important factors when we trade ETDs. However other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (eg if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted).

## Equity SWAPS, Forwards and other OTC Derivatives

- Size of order, price and cost** will generally be the most important factors by which we consider how we trade in these instruments. However, other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (ie if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted).

When we build structured trades in instruments such as exchange traded options, whilst absolute and relative prices will normally be the most significant factors, execution speed, volume, market positioning, fund positioning, execution costs, risks, and liquidity will also be considered.

A transaction cost analysis (“TCA”) is regularly carried out for Equities and enables JHG to measure implicit costs, such as market impact, timing and opportunity cost, and highlights how efficient the transaction process is at capturing the implicit value identified by the fund manager. TCA reports are produced on a regular basis and discussed with the Equities Fund Managers and Head of Investment Desks; any concerns are addressed by the Global Head of Equities trading. Independent testing is also undertaken by JHG’s compliance team.

**Securitized Derivatives – Warrants and Certificate Derivatives**

Notification if <1 average trade per business day in the previous year Y

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Henderson Global Investors Singapore Ltd	91.81%	82.52%	N/A	N/A	0.00%
Merrill Lynch	6.53%	0.97%	N/A	N/A	0.00%
Jefferies & Co	1.41%	1.94%	N/A	N/A	0.00%
Royal Bank of Scotland	0.14%	0.97%	N/A	N/A	0.00%
CIBC World Markets	0.06%	7.77%	N/A	N/A	0.00%

**Securitised Derivatives**

- **Size of order, price and cost** will generally be the most important factors by which we consider how we trade in these instruments. However, other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (ie if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted).

An analysis of competing quotes is undertaken for securitised derivatives traded; any concerns are addressed by the Global Head of Equities trading. Independent testing is also undertaken by JHG's compliance team. The majority of our securitised derivative transactions in 2017 were for the China Opportunities Strategies and therefore there is a high concentration of transactions undertaken by Henderson Global Investors Singapore Limited.

## Henderson Global Investors Limited (HGIL) Annual Best Execution Disclosure 2017

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