

HENDERSON ALTERNATIVE STRATEGIES TRUST PLC

Annual Report 2017



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Strategic Report

“The Company aims to provide its shareholders with access to alternative and specialist asset classes in order to generate attractive long-term investment performance. Your directors believe that, in these times of financial and political uncertainty, such a strategy offers shareholders both attractive investment diversification and potential reward.”

Richard Gubbins, Chairman

Strategic Report: Business Model

Investment Objective

The Company exploits global opportunities not normally readily accessible in one vehicle to provide long-term growth to shareholders via a diversified, international, multi-strategy portfolio which also offers access to specialist funds including hedge and private equity. The Company aims to outperform the FTSE World Total Return Index on a total return basis (a combination of income and capital growth) in Sterling terms.

Strategy

As an investment trust, the Company appoints an Alternative Investment Fund Manager and other specialised third-party service providers to establish and maintain an investment portfolio in line with the investment objective and policy. Performance of the Manager and other service providers is monitored and challenged by a Board of independent non-executive Directors. The Board is directly accountable to the Company's shareholders.

Investment Policy

Investments

The portfolio comprises investments which are considered to have attractive medium to long-term (typically 5 years or more) return potential and are of a specialist or alternative asset focus. Specialist investments target particular geographies or sectors and alternative investments focus on the private equity, hedge and property asset classes. Investments may be made in listed or unlisted closed-ended investment funds, open-ended investment funds, listed or unlisted company shares and debt instruments, exchange traded funds, contracts for difference ("CFDs"), and warrants and related instruments.

The Company holds a minimum of 30 individual investments.

Investment of Cash Resources

In the event the Company has significant cash resources it will typically invest in UK government securities or money market funds.

Benchmark

The Company's performance benchmark, the FTSE World Total Return Index, is a global equity market index which provides the Company with a total return yardstick for its investment portfolio. Given the flexibility of the Company's investment mandate, the pursuit of the Company's investment objective may result in the geographical and sector weightings of its investment portfolio differing materially from the composition and content of the benchmark index.

Limits

The following limits address the need for maintaining an appropriate degree of portfolio diversification in relation to asset class, geography, sector, gearing and underlying portfolio liquidity:

- individual investments shall not exceed 10% of total portfolio value;
- investments in private equity funds shall not exceed 35% of total portfolio value;
- investments in hedge funds shall not exceed 30% of total portfolio value;
- investments in property funds shall not exceed 20% of total portfolio value;
- no more than 50% of total portfolio value shall be invested in emerging or frontier markets on a look-through basis;
- no more than 20% of total portfolio value shall be invested in one sector on a look-through basis;
- unlisted investments without redemption rights shall not exceed 20% of total portfolio value;
- borrowings and long-only CFDs' exposure shall not exceed 20% of the Company's net asset value on a combined basis; and
- portfolio hedging exposure shall not exceed 20% of the Company's net asset value.

For the purposes of the above limits, the total portfolio value is the value of all investments in the portfolio excluding cash, cash equivalents and holdings in money market instruments (which would otherwise be held as cash on deposit). The limits apply at the time each investment is made. To the extent a limit is exceeded as a result of changes in the value of investments, the Manager will seek to manage the position in a manner consistent with the best interests of shareholders.

Management

The Company has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager in accordance with an agreement effective from 22 July 2014 which is terminable on six months' notice. HIFL delegates investment management services to Henderson Global Investors Limited. Both entities are authorised and regulated by the Financial Conduct Authority. References to the Manager within this report refer to the services provided by both entities. Both entities are wholly owned subsidiaries of Janus Henderson Group plc, referred to as Janus Henderson, following the merger of Henderson Group plc and Janus Capital Inc. on 30 May 2017.

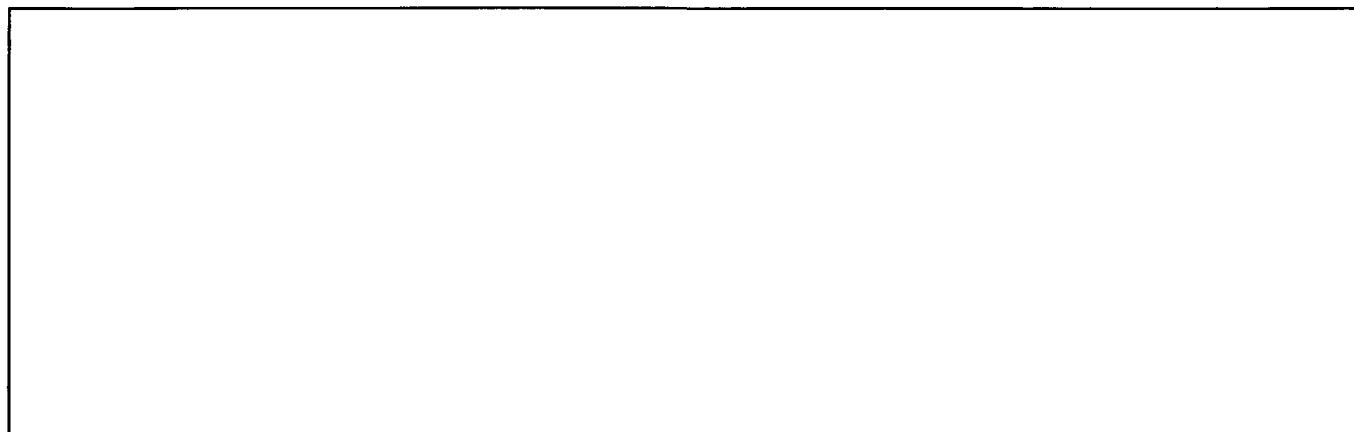
The management fee is charged at a rate of 0.7% per annum. Fees are payable quarterly in arrears based on the level of net chargeable assets at the relevant quarter end.

The portfolio is jointly managed by Ian Barrass and James de Bunsen.

Janus Henderson and its subsidiaries provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of Janus Henderson, by BNP Paribas Securities Services ("BNP"). Matthew Purkis ACIS acts as Company Secretary on behalf of Henderson Secretarial Services Limited.

Strategic Report: Performance Highlights

Total Return Performance for year to 30 September 2017
(rebased to 100)



NAV per ordinary share

2017 **335.4p** 2016 **308.7p**

Share price per ordinary share

2017 **291.5p** 2016 **249.1p**

Discount⁵

2017 **13.1%** 2016 **19.3%**

Number of investments

2017 **54⁷** 2016 **57**

Total return per ordinary share

2017 **32.2p** 2016 **36.4p**

Market capitalisation

2017 **£112.7m** 2016 **£107.1m**

Dividend for year⁶

2017 **4.75p** 2016 **3.8p**
(special) **2.6p**

Ongoing charge for year

2017 **1.02%** 2016 **1.00%⁸**

1 Net asset value total return per ordinary share

2 Share price total return using mid-market closing prices

3 FTSE World Total Return Index in Sterling terms

4 FTSE Developed Total Return Index (75%)/FTSE Emerging Markets Total Return Index (25%) – a composite index was introduced as an additional informal performance measure

5 Calculated using year-end audited NAVs including current year revenue

6 2017 dividend subject to approval at the AGM to be held on 24 January 2018

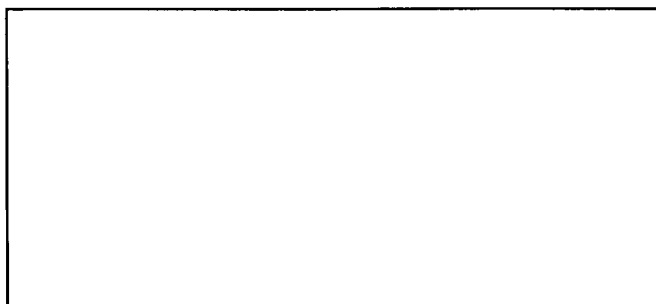
7 Includes nil valued securities

8 The prior year ongoing charge has been updated to amend an inconsistency in the calculation method

Sources: Morningstar Direct, Janus Henderson, Datastream, Association of Investment Companies (AIC)

A glossary of terms is included on pages 18 and 19

Strategic Report: Chairman's Statement



The Chairman of the Company, Richard Gubbins, reports on the year to 30 September 2017

Performance

I am pleased to report that the Company delivered another 12-month period of robust performance during the financial year to 30 September 2017. The Company's share price total return was 19.8% which compared with an increase of 15.4% in the Company's benchmark, the FTSE World Total Return Index (in Sterling). In addition, the Company's share price total return compared favourably with the 12.8% average weighted share price total return of its AIC Flexible Investment Sector peer group. The Company also produced a solid NAV total return of 10.8%, well above its informal, annualised, long-term NAV total return target of 8.0%. The Company's five investment categories each made a positive contribution to returns, reflecting thereby the attractive quality of its portfolio holdings. The Fund Managers' Report provides a review of portfolio activity and investment performance during the financial year.

Share Price Discount

The Company's share price discount to NAV per share narrowed significantly over the year from 19.3% to 13.1%, with the Company's average discount during the year of 15.8% comparing favourably with 19.9% in the prior financial year. The Board believes that two consecutive years of significantly improved investment performance, combined with sustained marketing of the Company's shares to both professional and retail investors, have been crucial in helping to address the Company's discount. Continuance of this investment performance should, over time, help to narrow the discount further.

In January 2017 the Company completed a tender offer for 10% of its ordinary shares at a discount of 5% to NAV, less tender costs. The tender offer, which was agreed to in early 2015 as part of the Company's last triennial continuation vote process, resulted in the return of almost £13.0 million of cash to participating shareholders. This, in addition to the tender offer in December 2014, means that these two buy-backs in the space of three years have returned to shareholders £25.8 million. Although the Board has no current plans for further tender offers, it will continue to consider the use of additional discount control measures, as and when appropriate. The Board is, however, conscious that measures which reduce the Company's market capitalisation are likely to make it less attractive to those investors who have minimum size requirements for their fund investments.

Dividend

The Company is again able to pursue a progressive dividend policy given the healthy level of income generated by its investment portfolio. The Board is therefore proposing a 25% increase to the Company's ordinary dividend to 4.75p per share for the year to 30 September 2017.

Board Changes

After many years of service to the Company, Graham Fuller will not offer himself for re-election as a Director at the AGM to be held on 24 January 2018. On behalf of the Board I would, in advance of the AGM, like to extend sincere thanks to Graham for his many valued contributions during his time as a Director. Jamie Korner will assume Graham's mantle as the Board's Senior Independent Director at the AGM.

I would also like to welcome Mary-Anne McIntyre to the Board following her appointment with effect from 1 September 2017. As announced previously, Mary-Anne brings a wealth of experience from the asset management industry, particularly in relation to distribution and marketing, which is a key area of focus for the Board. Subject to the continuation vote being passed at the 2018 AGM, it is the Board's intention to consider the appointment of one more director to the Board to balance and complement the Board's existing skills.

Triennial Continuation Vote

In accordance with the Company's Articles of Association the Board is proposing the Company's triennial continuation vote as an ordinary resolution at the AGM on 24 January 2018.

The Board is unanimous in its recommendation that shareholders vote in favour of this resolution. In reaching its decision the Board has carefully considered a number of factors, the most important of which are outlined below.

First, the Company's investment performance has improved significantly. In April 2013 Janus Henderson inherited an underperforming, poorly-positioned and relatively illiquid portfolio which the Fund Managers stated might take up to three years to restructure. This proved to be the case, but two consecutive financial years of double-digit share price and NAV total returns have demonstrated that the restructuring has been successful. In addition, as highlighted in their report, the Fund Managers are confident that the Company's investment portfolio is well-positioned to deliver further attractive returns over the long-term.

Second, the Board is strongly of the view that the Company provides professional and retail investors with a genuinely differentiated investment proposition by seeking to deliver equity equivalent long-term returns from a well-diversified portfolio of niche, hard-to-access or complex alternative and specialist asset funds. The Board believes the Company has no obvious peer listed on the UK stock market and the Company's recent success in attracting new investors to its shareholder register is evidence that it has a genuine *raison d'être*.

Strategic Report: Chairman's Statement (continued)

Third, considerable progress has been made since 2015 in narrowing the Company's discount to net asset value. The Board believes that there is scope for further improvement in both of the Company's asset value and share price if performance remains robust and marketing activity is maintained at current levels.

Fourth, given the nature of the Company's investment mandate, the Company's portfolio includes a number of illiquid holdings which, if exited in a time-limited portfolio liquidation, would attract discounts to the valuations ascribed to them currently by the Company. There are also a number of mature holdings which are themselves engaged in self-liquidation processes which may prove very difficult to complete fully within a limited timeframe. In view of these considerations, the Board believes that it is important for shareholders to be aware that a vote against continuation, which then leads to a portfolio liquidation, may be value-damaging and may not necessarily result in either the full or timely return in cash of the Company's NAV (less the costs associated with any portfolio liquidation process).

Investment Objective and Policy

The Board has approved certain minor changes to the wording of the investment objective and policy of the Company to provide further clarity to investors. None of the changes were material and they therefore do not require shareholder consent. The updated investment objective and policy is set out in full on page 2 of this Annual Report.

Annual General Meeting

The Company's AGM will be held at the offices of Janus Henderson Investors, 201 Bishopsgate, London EC2M 3AE on 24 January 2018 at 11.30am. I would encourage as many shareholders as possible to attend as it is an opportunity to meet the Board and to watch a presentation from our Fund Managers. The AGM will also be broadcast live on the internet. If you are unable to attend in person, you can watch the meeting as it happens by visiting www.janushenderson.com/ukpi/content/trustslive.

Financial Year End

Subject to the continuation vote being passed, the Board is considering changing the Company's financial year end of 30 September to 31 March, with the aim of more closely aligning the Company's year-end reporting cycle to reporting received from unquoted private equity funds and other unlisted investments within the portfolio. Should it be decided that this would be of benefit to the Company, it would be the intention that an appropriate announcement be made in early 2018.

Outlook

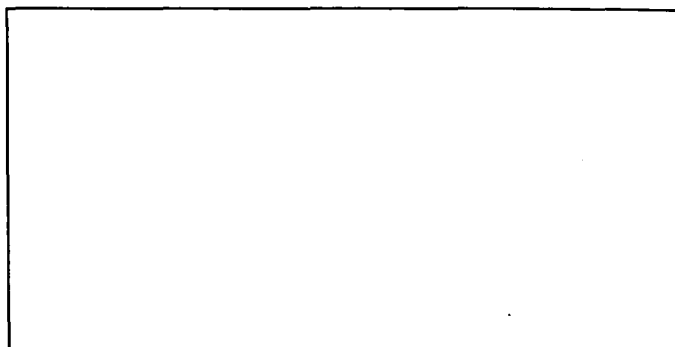
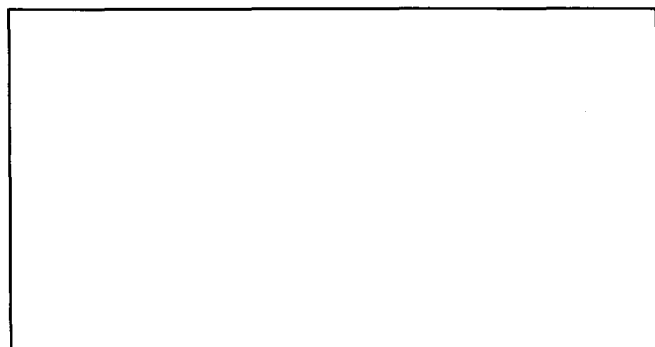
As we move towards 2018, global financial markets are generally regarded to be at relatively high valuation levels, with US equity and global fixed income markets good examples of such conditions. In such an environment the Board believes that the Company provides investors with a valuable source of diversification and potential reward through its genuinely differentiated investment portfolio.

The Board and Janus Henderson believe that our investment portfolio contains a range of attractive NAV growth opportunities. The Board, in unanimously supporting the continuation vote, has every confidence that the Fund Managers will deliver this growth and I would like to take this opportunity of thanking all of our shareholders who have supported us during a period where our investment portfolio has been completely repositioned with a solid performance now being demonstrated.



Richard Gubbins
Chairman
14 December 2017

Strategic Report: Fund Managers' Report



Ian Barrass and James de Bunsen, Fund Managers, report on the year to 30 September 2017

Market Overview

The year to 30 September 2017 was another positive period for world equity markets. Generally high valuations were supported by global GDP growth running at above 3% for the sixth successive year and by improving corporate earnings in both developed and emerging economies. The constructive macro-economic environment helped equity markets absorb the significant levels of financial and political risk in evidence across the world during the period. Markets were also able to withstand the beginnings of sustained reductions in quantitative easing.

Against this favourable backdrop developed market equities produced attractive returns. The US market moved ahead as investors were quick to interpret the surprise victory of President Trump in November 2016 as beneficial for US economic growth. European markets began to recover from several years of relative underperformance compared to the US as concerns over deflation diminished, as the German economy gathered momentum and there was evidence of improved economic performance in countries such as Spain and France. In the UK, both the economy and the equity market perhaps proved more resilient than many commentators predicted following the June 2016 vote to leave the European Union. In Japan, a weaker yen was one of several factors which boosted the equity market.

The recovery of emerging market equities after some difficult years continued, with the prominent emerging economies of Brazil, Russia, India and China each making progress. Brazil benefited from the depreciation of its currency and from some degree of political stability. Russia continued its gradual recovery from the adverse impact of Ukraine-related sanctions and the collapse of the oil price in late 2014. India thrived on the business-friendly approach of its government led by Prime Minister Modi and also recovered well from the shock of last November's demonetisation scheme. Finally, China overcame some of the immediate concerns regarding increasing levels of debt within its economy and also an over-heating property market.

Although US interest rates have started to rise and accommodative monetary policies may have peaked in developed economies, the market consensus is that future rate rises are likely to be modest and gradual and that low interest rates will continue to support elevated global equity valuations for some time. In our view, however, there is absolutely no room for investor complacency given the scope for either serious central bank policy errors, higher than expected inflation in the US or the escalation of any number of other major financial or political risks which currently exist around the globe. With global fixed income markets also trading at historically high valuations our overall mood is one of caution.

Although the Company's focus is on alternative and specialist asset classes, our experience tells us that it is rare that any of these are unaffected by macro-economic or wider market forces. As members of Janus Henderson's Multi-Asset business, we benefit from access to the wealth of macro-economic and global market experience which resides within our team. We draw on this to help shape our top-down view of the world which we then apply to our thinking regarding the Company's key areas of investment.

The Company's Investment Proposition

Given the current investment environment, some investors will be understandably eager to seek alternative sources of return to those provided by mainstream equity and fixed income investment portfolios. We believe that the Company offers such diversification through its genuinely differentiated investment proposition.

Since assuming the management of the Company's under-performing, poorly-positioned and relatively illiquid portfolio in April 2013, our aim has been to create a high-quality portfolio of 30 to 40 alternative and specialist asset funds capable of delivering equity-equivalent returns over the long-term, which means periods of at least five years. We seek to invest mainly in funds which are either niche, complex or hard-to-access and which the Company's shareholders may not be able to own directly. The Company's flexible global investment mandate allows us to use a wide range of asset types and investment strategies to generate our informal long-term annualised NAV total return target for the Company of 8.0% per annum. If we achieve this informal target we believe that the Company's performance will compare favourably with long-term

Strategic Report: Fund Managers' Report (continued)

global equity returns. In addition, we are focusing on delivering these returns, if possible, with lower volatility than global equity markets.

Given the scope of the Company's mandate, our investment universe is large. It is, however, also of very variable quality. Our focus is therefore on identifying the best available assets or investment strategies which are managed or run by proven investment teams. We also pay great attention to the price at which we invest and have clear return expectations for each individual holding.

In summary, the Company aims to provide investors with an alternative route to obtaining long-term equity-equivalent returns. The nature of the Company's mandate, as outlined in the Company's formal investment policy, does not seek in its investment portfolio to replicate the composition of its benchmark, the FTSE World Total Return Index (in Sterling). In the short-term, it is therefore likely that the Company's performance will diverge either positively or negatively from its benchmark. Our aim, however, is to ensure that the Company exceeds its benchmark over the longer-term.

Company Performance

The Company's share price total return was 19.8% (2016: 14.5%). This compared with the 15.4% increase in the Company's FTSE World Index (in Sterling) benchmark. The Company also delivered a NAV total return of 10.8% (2016: 13.4%), well above the Company's informal long-term annualised target of 8.0%. Pleasingly, this was the Company's second consecutive year of double-digit share price and NAV total returns following the restructuring of our investment portfolio.

The Company's share price discount to NAV per share showed a material improvement over the period, narrowing from 19.3% to 13.1%. As always, we believe that good NAV performance combined with an active marketing programme to existing and potential shareholders is the best way to address the Company's discount.

Portfolio Performance and Activity

The 30 largest holdings (as listed on page 11) represent 96.1% of the Company's total investment portfolio by value.

The table below shows the contribution of each of the Company's five investment categories to the gross total return of the Company's investment portfolio (including cash and cash equivalents and money market funds) during the year.

Investment Category	Contribution %	Average Weighting %
Specialist Sector	3.5	30.2
Private Equity	3.5	26.1
Hedge	2.0	20.0
Property	1.1	8.9
Specialist Geography	1.0	8.0

Source: Janus Henderson

Period: 1 October 2016 to 30 September 2017

Note: Cash and cash equivalents, money market funds and funds in liquidation contributed 0.5% with an average weighting of 6.8%

It is pleasing to note that all the Company's investment categories made positive contributions to the Company's NAV performance with only a handful of individual holdings detracting from returns. We believe that this reflects the consistently high quality of the portfolio and our vigilance regarding the returns available across the diverse range of asset classes represented in the Company's investment universe.

Specialist Sector

The Company's Specialist Sector investment category is very flexible. It is used to obtain exposure to any sector, usually through a proven specialist manager, and to good-quality assets which can meet the Company's target return.

At the year-end this investment category represented 29.3% of the Company's total investments (2016: 32.5%) and contributed 3.5% to the Company's gross total return. At the start of the financial year our heaviest weighting in this investment category was in listed credit-related funds with underlying exposures to a range of developed market debt instruments including, most notably, senior secured leveraged loans. During the year we reduced our exposure to this particular asset class by exiting our holdings in **Voya Prime Rate Trust** and **Carador Income Fund PLC** and selling some of our position in **Blackstone/GSO Loan Financing Limited**. Although the prospects for the senior secured leveraged loan market remain positive we observed that loan valuations had increased significantly leaving limited scope thereby for further value growth in these funds above and beyond their already attractive cash yields.

Our largest Specialist Sector investment during the period was a £4.6 million purchase of **The Biotech Growth Trust plc**, a UK-quoted investor in listed biotech companies. We had identified the biotech sector as significantly undervalued given the strong long-term growth drivers such as the developed world's ageing population and the rapidly increasing healthcare spend in emerging markets. In addition, we expect to see regular merger and acquisition activity in the sector as large pharmaceutical companies seek access to innovative new treatments.

Private Equity

The Company's private equity holdings provide investors with access to an asset class which, when managed well, has delivered long-term returns consistently above those of listed equity markets. At the year-end the Private Equity investment category represented 29.1% of the Company's total investments (2016: 29.3%) and contributed 3.5% to the Company's gross total return. The investments are well-diversified by asset type, investment strategy, vintage and geography. We obtain exposures through listed and unlisted vehicles run by proven managers.

Some of our listed fund holdings such as **Standard Life Private Equity Trust plc** and **Princess Private Equity Holding Limited** performed strongly as they continued to benefit from attractively priced portfolio exits, often well above their carrying values. In response we decided to realise some profit by trimming both positions. The cash proceeds were put towards a new £2.6 million

Strategic Report: Fund Managers' Report (continued)

investment in **Safeguard Scientifics Inc.**, a long-established US-listed private equity vehicle with direct investments in, we believe, a significantly undervalued portfolio of healthcare, financial services and digital media companies seeking to exploit new technologies in their sectors.

Amongst our unlisted private equity investments **Mantra Secondary Opportunities** continued to perform well as it pursued its niche strategy investing globally in mature private equity limited partnerships at attractive valuations. The fund is a six-year lock-up which is coming to the end of its three-year investment period. During the year a further USD 0.8 million was deployed under the Company's USD 10 million commitment to the fund.

Hedge

The Hedge fund investment category is used mainly to access long/short strategies which aim to deliver equity-equivalent returns in rising markets but may be expected to outperform equities in falling markets given the ability to employ shorting strategies (selling borrowed stocks with a view to buying them back less expensively in the future). Hedge fund holdings were 22.4% of the Company's total investments at the year-end (2016: 16.3%) and contributed 2.0% to the Company's gross total return.

Given our concerns regarding elevated equity market valuations we were keen to add exposure to the Hedge fund investment category during the year. The identification of the right quality of managers and investment strategies is not easy in a sector which has seen many expensive failures. We did, however, manage to make two new investments. First, we invested £4.0 million in **Sagil Latin American Opportunities Fund** ("Sagil"), a long/short fund investing mainly in Latin American equity instruments. We monitored Sagil for over a year before investing. The fund, which is run by a boutique manager, has an outstanding long-term track record in all market conditions and has delivered better than median equity returns but with significantly lower volatility. Performance since our investment in Sagil has been outstanding. Second, we invested £4.2 million in the **Helium Selection Fund**, a boutique managed fund focused predominantly on merger arbitrage and event-driven investing in Europe and the US.

Overall the Company's Hedge fund sleeve performed well during the year. We are currently seeking one or two additional investments to take our Hedge fund allocation up to the full 30% of portfolio value permitted under the Company's investment limits.

Property

The Company's Property investment category is designed to provide access to niche or specialist property opportunities. At the year-end it represented 9.4% of the Company's total investments (2016: 11.9%) and contributed 1.1% to the Company's gross total return.

Last year we were unable to find any new property funds of sufficient quality to add to the Company's Property sleeve. We therefore made no new investments.

We did, however, make an additional £0.3 million investment in **Summit Germany Limited**, a UK-listed fund investing in German property. The fund focuses on major cities and has a bias towards offices and industrial buildings. It delivered good returns during the year. The Company's other main property holding is in **CEIBA Investments Limited**, an unlisted company which has invested in good-quality commercial and hotel properties in Cuba. These assets generate hard currency cash flows and have performed well in recent years which has resulted in a series of valuation uplifts. Happily, Hurricane Irma caused minimal damage to the company's properties.

During the year we also sold our remaining holding in **Ediston Property Investment Company**, a UK-listed investor in UK regional retail and commercial property. The fund is very well managed and had met our target returns so, with the uncertainties of the Brexit process beginning to weigh on the UK economy, we decided to make a final exit.

Specialist Geography

This investment category is used to obtain specialist equity or debt market exposure to particular countries or regions which reflects our macro-economic preferences within developed, emerging or frontier markets. Specialist Geography holdings represented 9.7% of the Company's total investments at the year-end (2016: 10.0%) and contributed 1.0% to the Company's gross total return.

We made two new investments in the Specialist Geography category during the year. First we invested £3.8 million in **Ashmore SICAV EM Local Currency Broad Bonds Fund**, an unlisted daily-dealt fund managed by Ashmore Group, an emerging markets specialist. The fund invests in local currency debt instruments issued mainly by governments. Our rationale for investing is that a number of emerging market currencies are now recovering from significant corrections and may be set for a period of stability against an improving global macro-economic backdrop. The fund's current yield is nearly 7%. We also invested £4.5 million in the **KLS Sloane Robinson Emerging Market Equity Fund**, an open-ended daily-dealt vehicle which invests in listed emerging market stocks with a strong bias towards Asia. This replaced the Company's holding in **Genesis Emerging Markets Limited**, a UK-listed vehicle which had delivered strong returns since our investment in early 2016.

Strategic Report: Fund Managers' Report (continued)

Outlook

Our message this year is very similar to that of 12 months ago. Global financial markets are generally at high valuations but face significant levels of financial and political uncertainty as we move into 2018. We relish the challenge this creates for us, as our job is to use the Company's flexible mandate to provide our investors with a high-quality alternative to mainstream investment vehicles by offering an attractive and differentiated source of diversified return.

The Company faces its triennial continuation vote in January 2018. We believe we now have some very positive messages to convey to shareholders as we approach the vote. Above all, we have completed the essential and challenging restructuring of the Company's poorly-positioned and relatively illiquid inherited portfolio. As a consequence, investment performance has improved significantly with two consecutive years of satisfactory returns. We also believe that the Company's investment portfolio currently contains a range of attractive NAV growth opportunities.

We therefore hope very much that shareholders will support the Company's continuation in January 2018.

Ian Barrass and James de Bunsen
Fund Managers

Strategic Report: Portfolio Information

Ten Largest Investments at 30 September 2017

Ranking 2017	Ranking 2016	Company	Focus	Geographical area	Market Value £'000	Portfolio %
1	2	CEIBA Investments Limited ⁴	Investment in Cuban real estate	Cuba	6,862	5.5
2	1	BlackRock European Hedge Fund Limited ³	Long and short investment in listed equities	Europe	6,717	5.4
3	5	Mantra Secondary Opportunities ⁴	Investment in private equity funds	Global	5,887	4.8
4	4	Majedie Asset Management Tortoise Fund ³	Long and short investment in listed securities	Global	5,548	4.5
5	3	Riverstone Energy Limited ²	Investment in unlisted oil E&P companies	North America	5,391	4.4
6	6	Schroder Gaia Indus PacificChoice Asia Fund ³	Long and short investment in listed securities	Asia	5,232	4.2
7	n/a	The Biotech Growth Trust ²	Investment in listed biotechnology companies	Global	5,105	4.1
8	8	Baring Vostok Investments Limited Core ¹	Direct private equity investments	Russia	5,063	4.1
9	12	Summit Germany Limited ²	Investment in German real estate	Germany	4,771	3.9
10	n/a	Helium Selection Fund ³	Merger arbitrage and event-driven investment in listed companies	US and Europe	4,607	3.7
					55,183	44.6

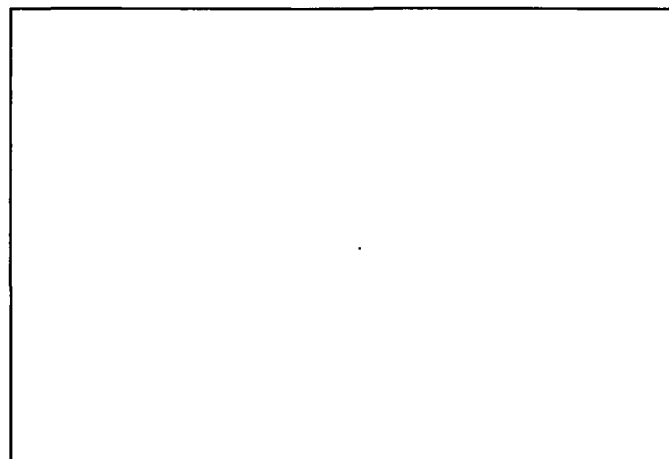
1 Listed on minor market

2 Listed on major market

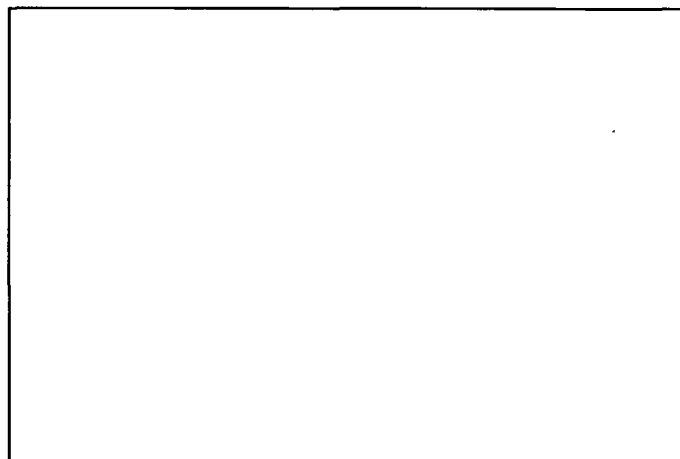
3 Unlisted investment – with redemption rights

4 Unlisted investment – without redemption rights

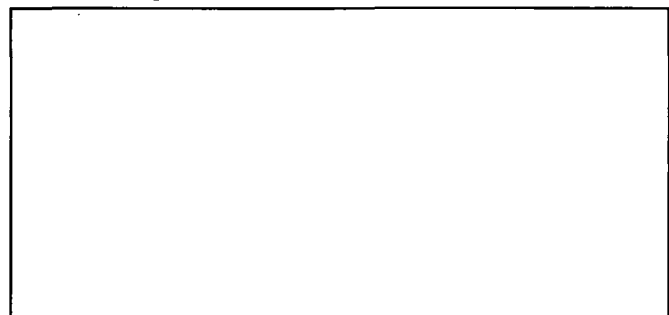
Investment by type at the portfolio level



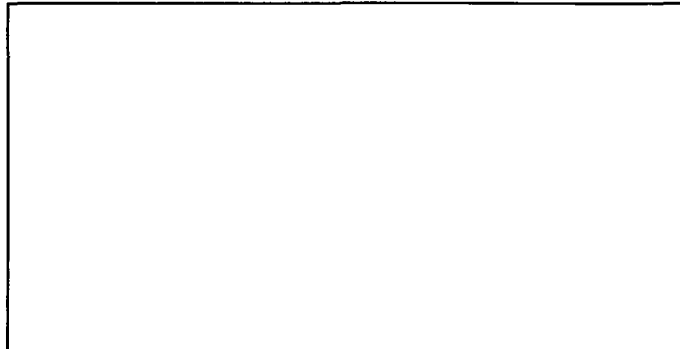
Investment by focus at the portfolio level



Investment by geography on a look-through basis



Investment by sector on a look-through basis



Investment Portfolio at 30 September 2017

Investments	Focus	Market Value £'000	Portfolio %
CEIBA Investments Limited ⁴	Property	6,862	5.5
BlackRock European Hedge Fund Limited ³	Hedge	6,717	5.4
Mantra Secondary Opportunities ⁴	Private Equity	5,887	4.8
Majedie Asset Management Tortoise Fund ³	Hedge	5,548	4.5
Riverstone Energy Limited ²	Private Equity	5,391	4.4
Schroder Gaia Indus PacifiChoice Asia Fund ³	Hedge	5,232	4.2
The Biotech Growth Trust ²	Specialist Sector	5,105	4.1
Baring Vostok Investments Limited Core ¹	Private Equity	5,063	4.1
Summit Germany Limited ²	Property	4,771	3.9
Helium Selection Fund ³	Hedge	4,607	3.7
Ten largest		55,183	44.6
Polar Capital Global Financials Trust plc ²	Specialist Sector	4,588	3.7
KLS Sloane Robinson Emerging Market Equity Fund ³	Specialist Geography	4,410	3.6
Sagil Latin America Opportunities Fund ³	Hedge	4,355	3.5
Harbourvest Global Private Equity Limited ²	Private Equity	4,222	3.4
Eurovestech plc ¹	Private Equity	4,100	3.3
Worldwide Healthcare Trust PLC ²	Specialist Sector	3,870	3.1
Ashmore SICAV Emerging Markets Local Currency Broad Fund ³	Specialist Geography	3,843	3.1
Toro Limited ²	Specialist Sector	3,821	3.1
NB Distressed Debt Investment Fund Limited – Global Shares ²	Specialist Sector	3,754	3.0
Princess Private Equity Holding Limited ²	Private Equity	3,084	2.5
Twenty largest		95,230	76.9
Tetragon Financial Group Limited ²	Specialist Sector	2,791	2.3
Standard Life Private Equity Trust PLC ²	Private Equity	2,736	2.2
Renewable Energy and Infrastructure Fund II ⁴	Specialist Sector	2,718	2.2
Safeguard Scientifics, Inc ²	Private Equity	2,596	2.1
Ashmore SICAV Emerging Markets Short Duration Fund ³	Specialist Geography	2,582	2.1
Chenavari Capital Solutions Limited ²	Specialist Sector	2,497	2.0
Axiom European Financial Debt Fund Limited ²	Specialist Sector	2,487	2.0
Blackstone/GSO Loan Financing Limited ²	Specialist Sector	2,485	2.0
Century Capital Partners IV L.P. ⁴	Private Equity	1,433	1.2
Amber Trust SCA ⁴	Private Equity	1,391	1.1
Thirty largest		118,946	96.1
ASM Asian Recovery Fund ⁴	Hedge	1,334	1.1
Firebird Republics Fund SPV ⁴	Specialist Geography	1,062	0.9
NB Distressed Debt Investment Fund Limited – Extended Life Shares ²	Specialist Sector	1,043	0.8
EF Realisation Co Limited ²	Specialist Sector	613	0.5
Zouk Solar Opportunities Limited ⁴	Specialist Sector	509	0.4
Value Catalyst Fund Limited ⁴	Specialist Sector	97	0.1
Armadillo Investments Limited ⁴	Liquidation	70	0.1
Baring Vostok Investments Limited Cell ⁴	Private Equity	14	0.0
Prosperity Voskhod Fund Limited ⁴	Specialist Geography	2	0.0
Total Investments		123,690	100.0

1 Listed on minor market

2 Listed on major market

3 Unlisted investment – with redemption rights

4 Unlisted investment – without redemption rights

Strategic Report: Historical Performance and Financial Information

Total Return Performance to 30 September 2017

	1 year %	3 years %	5 years %	10 years %
NAV ¹	10.8	19.4	26.6	(16.0)
Share price ²	19.8	22.4	22.8	(23.7)
Benchmark ³	15.4	52.7	103.4	139.4
Composite Index ⁴	15.7	50.5	92.3	129.2

Ten Year Historical Performance to 30 September 2017 (rebased to 100)

Source: Morningstar Direct, Datastream

Financial Information at 30 September 2017

At 30 September	Net assets £'000	NAV per share p	Mid-market price per ordinary share p	Discount/ (premium) %	Profit/ (loss) for year £'000	Revenue return per ordinary share p	Capital return per ordinary share p	Total return per ordinary share p	Final dividend p	Ongoing charge ⁶ %
2007	241,444	426.81	420.00	1.6	41,021	1.05	72.95	74.00	1.25	0.77
2008	187,535	328.46	319.50	2.7	(55,503)	2.20	(99.92)	(97.72)	1.75	0.86
2009	166,521	291.66	259.75	10.9	(20,015)	2.18	(37.23)	(35.05)	2.00	0.91
2010	172,403	319.06	264.50	17.1	15,136	0.78	26.30	27.08	1.00	0.90
2011	170,082	320.85	289.50	9.8	1,215	2.33	(0.07)	2.26	2.00	0.93
2012	135,201	279.83	253.50	9.4	(20,851)	2.01	(42.89)	(40.88)	2.00	0.93
2013	138,580	290.20	245.00	15.6	5,700	0.85	11.07	11.92	1.50	0.84
2014	139,408	291.94	250.88	14.1	1,544	3.53	(0.30)	3.23	3.00	0.93
2015	118,444 ⁷	275.60	221.00	19.8	(6,606)	3.72	(18.61)	(14.89)	3.30	0.97
2016	132,648	308.66	249.13	19.3	15,622	7.50	28.85	36.35	3.80 ⁵	1.00 ⁹
2017	129,742⁸	335.44	291.50	13.1	12,903	5.23	26.97	32.20	4.75¹⁰	1.02

1 Net asset value per ordinary share with income reinvested for one, three and five years and capital NAV plus income reinvested for 10 years

2 Share price total return using mid-market prices

3 FTSE World Total Return Index in Sterling terms

4 FTSE Developed Total Return Index (75%)/FTSE Emerging Markets Total Return Index (25%) – a composite index introduced as an additional informal performance measure

5 Excludes the special dividend of 2.6p per ordinary share

6 Using total expense ratio methodology for 2011 and previous years (excluding performance fees); ongoing charge methodology thereafter

7 Reduction in net assets of £12,925,142 following tender offer in December 2014

8 Reduction in net assets of £13,059,000 following tender offer in January 2017

9 The prior year ongoing charge has been updated to amend an inconsistency in the calculation method

10 2017 final dividend subject to approval at the AGM to be held on 24 January 2018.

Sources: Morningstar Direct, Janus Henderson, Datastream, Association of Investment Companies (AIC)

Strategic Report: Corporate Information

Directors

The Directors appointed to the Board at the date of this report are:

Richard Gubbins

Position: Chairman of the Board, Nomination and Management Engagement Committees

Date of Appointment: 25 July 2014

Richard is a Senior Consultant and was previously a Senior Corporate Partner of Ashurst LLP. For 20 years he had a senior role in developing business in Emerging Markets (South-East Asia (1996-2000), Russia (2004-2008) and India for nine years). He is a director of Hero Inc. BV, a non-executive director of JP Morgan Mid-Cap Investment Trust PLC and The Masuri Group Limited and he is a senior adviser in Europe to a family office. He is also an independent member of the Audit, Governance and Risk Management Committee of The England and Wales Cricket Board and a director of The American European Business Association. He is also an Ambassador for the London Chamber Orchestra.

Graham Fuller

Position: Senior Independent Director

Date of Appointment: 19 December 2007

Graham was a founding partner of PSigma Asset Management from which he retired in 2011. He is a non-executive Director of Jupiter UK Growth Trust plc. He is a Fellow of the Institute of Chartered Accountants and a Fellow of the CFA Society of the UK. He spent 11 years leading the segregated pension team at Newton Investment Management prior to which he worked at Credit Suisse and de Zoete and Bevan.

Jamie Korner

Position: Director

Date of Appointment: 13 May 2013

Jamie is a partner of Stanhope Capital LLP. A Cambridge graduate, he joined Inchcape in 1978 following a period in farming. After working at stockbroker Fielding Newson Smith and as a manager of institutional funds at M&G, he moved to Newton Investment Management in 1995. He led the charity and smaller institutional business of Newton until his retirement in 2011. He is a trustee of the Foyle Foundation and other charities as well as an adviser to a number of Oxbridge colleges.

Fund Management

Ian Barrass

Ian has 33 years of investment and finance experience encompassing private equity investment and portfolio management, infrastructure investment and advisory, leveraged senior debt lending and corporate restructuring. He joined Janus Henderson in 2005 and until 2013 was a partner in Janus Henderson's private equity team primarily responsible for managing its listed and unlisted private equity fund of funds portfolios. He is now a Fund Manager within Janus Henderson's Multi-Asset team with a particular focus on alternative and specialist asset funds.

Graham Oldroyd

Position: Audit Committee Chairman

Date of Appointment: 25 July 2014

Graham was a Partner with 23 years' service at European private equity fund manager Bridgepoint until June 2013. He is a non-executive Director of Nobina AB (publ.), Sweden, a non-executive Director of PHS Group Investments Limited and Chairman of Ideal Standard International NV, a Senior Adviser to MCF Corporate Finance, and a Senior Adviser to fund manager Downing LLP. He is a Church of England Church Commissioner, and a member of the Church Commissioners' Fund Assets Committee. A graduate in Engineering from Cambridge University, he also holds an MBA from INSEAD Business School. He is a Chartered Engineer, a Fellow of the Institution of Mechanical Engineers, and a Member of the Chartered Institute for Securities & Investment.

Mary-Anne McIntyre

Position: Director

Date of Appointment: 1 September 2017

Mary-Anne brings a wealth of experience from the asset management industry having held roles as Chief Distribution Officer at Old Mutual Wealth, Chief Executive Officer, and an executive director, at OpenWork (2010-2015), Head of European Customer Service Operations at Fidelity International (2006-2010) and Managing Director of Customer Services at Invesco Perpetual (1997-2002). She is a qualified Chartered Accountant and formerly the Group Director, Financial Services Group, of Deloitte (1985-1997). Mary-Anne is a non-executive director of Canada Life Limited and a member of Javelin Capital Partners LLP. She is also currently a member of the Audit, Governance and Risk Management Committee of The England and Wales Cricket Board and a former Trustee, latterly Chair, of FitzRoy (2004-2017), a charity that supports people with learning disabilities.

James de Bunsen

James is a Fund Manager in Janus Henderson's Multi-Asset team and has particular focus on alternative asset classes and strategies. He joined Janus Henderson in 2013 from multi-asset boutique Armstrong Investment Managers where he helped run a number of multi-asset strategies targeting real returns above inflation within clearly defined risk budgets.

All Directors are independent of Janus Henderson and are members of the Audit, Nomination and Management Engagement committees.

Strategic Report: Corporate Information (continued)

Service Providers

Alternative Investment Fund Manager
Henderson Investment Funds Limited
201 Bishopsgate
London
EC2M 3AE

Corporate Secretary
Henderson Secretarial Services Limited
201 Bishopsgate
London
EC2M 3AE
Telephone: 020 7818 1818

Depository
State Street Trustees Limited
525 Ferry Road
Edinburgh
EH5 2AW

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol
BS99 6ZZ

Corporate Broker
Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Independent Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Registered Office
Leven House
10 Lochside Place
Edinburgh Park
Edinburgh
EH12 9DF

Correspondence Address
201 Bishopsgate
London
EC2M 3AE

Financial Calendar

Annual General Meeting ¹	24 January 2018
Ex-dividend date	11 January 2018
Dividend record date	12 January 2018
Final dividend payable	7 February 2018

Information Sources

For more information about the Company, visit the website at
www.hendersonalternativestrategies.com

HGi

HGi is a content platform provided by Janus Henderson that offers online personalisation where you can "follow" investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Janus Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi.
<http://HGi.co/rb>



Follow Investment Trusts on Twitter, YouTube and Facebook



Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone 03457 225 525, email **Customercare.HSDL@halifax.co.uk** or visit their website **www.halifax.co.uk/sharedealing**.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee Share Code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman. Investors via Halifax Share Dealing receive all shareholder communications and a voting instruction form is provided to facilitate voting at general meetings of the Company.

¹ At 201 Bishopsgate, London EC2M 3AE at 11.30 am

Strategic Report: Corporate Information (continued)

Status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 (the "Act") and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ("Section 1158"), is subject to the Listing Rules of the Financial Conduct Authority and is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company.

The Company has obtained approval from HMRC of its status as an investment trust under Section 1158. The Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

Principal Risks

The Board, with the assistance of Janus Henderson, has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. In carrying out this assessment, the Board has considered the market uncertainty arising from the UK's negotiations to leave the EU. The Board has drawn up a matrix of risks and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks facing the Company are market related and include market price, foreign exchange, interest rate, liquidity and credit risk. An explanation of these risks and how they are mitigated is detailed in Note 15 to the Financial Statements.

Some of the Company's investments are in funds, some of which are unquoted, exposed to less developed markets and may be seen as carrying a higher degree of risk. The Board believe that these risks are mitigated through portfolio diversification, in-depth analysis, the experience of Janus Henderson and a rigorous internal control culture. The use of CFDs involves counterparty risk exposure.

Additional risks faced by the Company are summarised below:

Risk	Controls and mitigation
Investment Strategy The performance of the portfolio may not match the performance of the benchmark through divergent geographic, sector or stock selection. In addition, the Company may be affected by economic conditions.	Janus Henderson has a clearly defined investment philosophy and manages a broadly diversified portfolio to mitigate this risk.
Discount The level of the discount varies depending upon performance, market sentiment and investor appetite.	The Company has the ability to issue and purchase its own shares, including under a tender offer, which can reduce discount volatility.
Regulatory/Operational Failure to comply with applicable legal and regulatory requirements could lead to a suspension of the Company's shares, fines or a qualified audit report. A breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to corporation tax on realised capital gains. Failure of Janus Henderson or third-party service providers could prevent accurate reporting and monitoring of the Company's financial position.	The Board regularly considers the risks associated with the Company and receives both formal and regular reports from Janus Henderson and third-party service providers addressing these risks.

The Board considers these risks to have remained unchanged throughout the year under review.

Strategic Report: Corporate Information (continued)

Viability Statement

The Directors have assessed the viability of the Company over a three year period, taking account of the Company's current position and the potential impact of the principal risks and uncertainties as documented in this Strategic Report. The assessment has considered the impact of the likelihood of the principal risks and uncertainties facing the Company, in particular the investment strategy risk, in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The Directors took into account the nature of the investment portfolio, including its liquidity, redemption restrictions that exist on certain investments, and the income stream that the current portfolio generates in considering the viability of the Company over the next three years and its ability to meet liabilities as they fall due.

The Directors conducted this review for a period of three years as they consider this to be an appropriate period over which they do not expect there to be any significant change in the current principal risks and in the adequacy of the mitigating controls. The Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are sufficiently liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. A substantial financial crisis affecting the global economy could have an impact on this assessment.

The Directors recognise that there is a continuation vote due to take place at the 2018 AGM. The Directors fully support the continuation of the Company and expect that the Company will continue to exist for the foreseeable future, at least for the period of assessment. However, if such a vote were not passed, the Directors would follow the provisions in the Articles of Association relating to the winding up of the Company and the realisation of its assets.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three year period.

Future Developments

While the future performance of the Company is mainly dependent on the performance of international financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment objective and strategy. The Chairman's Statement and Fund Managers' Report provide commentary on the outlook for the Company.

Key Performance Indicators

In order to measure the success of the Company in meeting its objective and to evaluate the performance of the Manager, the Directors take into account the following Key Performance Indicators ("KPIs"):

Performance measured against the benchmark

The Board reviews and compares the total return of the NAV per share and share price for the Company compared with the movement of the Company's benchmark, the FTSE World Total Return Index on a total return basis in Sterling terms. During the year under review, the NAV per ordinary share showed a total return of 10.8% compared to a return in the benchmark of 15.4%.

Given the fact that the Company's portfolio includes a number of emerging market exposures, an additional informal performance measure has been adopted by the Board which the Company also reports against. This is a composite index comprising the FTSE Developed Total Return Index (75%) and the FTSE Emerging Markets Total Return Index (25%).

The Company has also adopted the AIC Flexible Investment Sector as an additional informal measure which assesses performance against other similar vehicles with differentiated and flexible mandates.

Discount to NAV

The Board monitors the performance of the Company's shares and the level of discount at which the shares trade relative to NAV per ordinary share. The discount at the start of the year was 19.3% compared to 13.1% at the year end.

Ongoing charge

The Board reviews the costs of running the Company calculated using the AIC methodology for the ongoing charge. The Company's ongoing charge for the year ended 30 September 2017 was 1.02% compared to 1.00% in 2016 (note the prior year ongoing charge has been updated to amend an inconsistency in the calculation method).

The charts and data on pages 3 and 12 show how the Company has performed against these KPIs.

Corporate Responsibility

Responsible investment, voting and the UK

Stewardship Code

The Board delegates the Company's investment management activities, including corporate governance and corporate responsibility in respect of investee companies, to Janus Henderson. The Board retains oversight as to how duties in this area are discharged by reviewing the Responsible Investment Policy (the "RI Policy") and receiving regular reporting on how the RI Policy has been applied in respect of the shares in its portfolio.

The Manager's RI Policy sets out its approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients. This includes environmental, social and ethical issues, its approach to proxy voting and the application of the UK Stewardship Code.

Strategic Report: Corporate Information (continued)

The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders and, depending on the nature of the resolution, the Fund Manager may give specific instructions on voting non-routine and unusual or controversial resolutions.

The RI Policy can be found on the Manager's website at www.janushenderson.com.

Employees, Social, Community, Human Rights and Environmental Matters

The Company's core activities are undertaken by Janus Henderson, which has implemented environmental management practices, including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste. The Company has therefore not reported on these, or social, community or human rights issues here. Janus Henderson's policies are included in its Annual Report which can be found on the website www.janushenderson.com.

Janus Henderson's corporate responsibility statement is included on the website stated above. In 2012, it was granted CarbonNeutral® Company status which it has committed to maintain at least until the end of 2018.

The Company's Annual Report is printed on paper produced using 50% recycled post-consumer waste and 50% wood fibre from fully sustainable forests with certification by the Forest Stewardship Council. The printing company used is certified as CarbonNeutral®.

Bribery Act 2010

The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011, and confirmed its zero tolerance to bribery and corruption in its business activities. It has received assurances from the Company's main contractors and suppliers that they maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Modern Slavery Act 2015

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

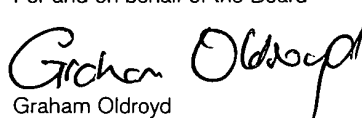
Criminal Finances Act 2017

Since the year end, the Board considered the recent changes made by the Criminal Finances Act 2017 which introduced a new corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion. The Company maintains a zero tolerance policy towards the provision of illegal services, including the facilitation of tax evasion.

Board Diversity

As set out on page 13, four of the Company's Directors are male and one is female. Their appointment was based on their skills and experience. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company. The Directors consider the diversity of Board membership as part of the annual performance evaluation, details of which are set out in the Corporate Governance Statement.

For and on behalf of the Board



Graham Oldroyd
Director

14 December 2017

Strategic Report: Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into English law, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

AIC Flexible Investment Sector

The AIC category comprising funds with differentiated and flexible mandates.

Benchmark

An index against which performance is compared. For the Company this is the FTSE World Total Return Index in Sterling terms.

Beta

The beta of an investment measures the relationship with the overall market or chosen benchmark.

Composite index

A composite index is a grouping of equities, indices or other factors combined in a standardised way to provide a useful measure of market or sector performance over time.

Contribution

A measure of how much a particular holding or investment category has contributed to the Company's gross total return before management and administration costs. In calculating the contribution, an average weighting of the value of the holding or category as a percentage of the Company's portfolio (including cash and money market funds) is applied to the investment return of that holding or category.

Custodian

The Custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

With effect from 22 July 2014, all AIFs were required to appoint a Depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring, verification of ownership and valuation of the underlying holdings, and is responsible for the appointment of a Custodian. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's NAV will be disclosed ex-dividend.

Gearing

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage reflects the amount of borrowings (e.g. bank loans or overdrafts) the Company has used to invest in the market and is calculated by taking the difference between total investments and equity shareholders' funds, dividing this by equity shareholders' funds and multiplying by 100. The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

Investment trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Strategic Report: Glossary (continued)

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Lock-up

A fund which offers investors no redemption rights during its life.

Look-through basis

Statistics provided on a look-through basis are an aggregation of the exposures of each of the Company's underlying portfolio investments.

Market capitalisation (market cap)

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Net asset value ("NAV") per ordinary share

The value of the Company's assets (i.e. investments, cash held and other assets) less any liabilities (i.e. bank borrowings, debt securities and other liabilities) for which the Company is responsible, divided by the number of ordinary shares in issue. The aggregate NAV is also referred to as shareholders' funds on the Statement of Financial Position. The NAV is published weekly.

Ongoing charge

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs, excluding any performance fee, in accordance with methodology prescribed by the AIC and is the annualised ongoing charge divided by the average net asset value in the period.

Premium/discount

The amount by which the market price per ordinary share of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Revenue return per share

The revenue return per share is the revenue profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Total return performance

This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

With/without redemption rights

Unlisted investments may or may not have redemption rights. Unlisted investments with redemption rights give the right to the Company, as an investor, to exit these investments periodically. Unlisted investments without redemption rights have no such provisions and are therefore likely to be less liquid in nature.

Yield

The annual dividend expressed as a percentage of the share price.

Report of the Directors

The Directors present the Annual Report of the Company and their report for the year ended 30 September 2017. The Company, registered in Scotland with company registration number SC015905, was active throughout the year under review.

Directors' remuneration and shareholdings

The Directors' Remuneration Report on pages 24 and 25 provides information on the remuneration and share interests of the Directors.

Directors' conflicts of interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the system it has in place for reporting and considering situational conflicts continues to operate effectively.

Related party transactions

Other than the relationship between the Company and its Directors, the provision of services by Janus Henderson is the only related party arrangement currently in place as defined in the Listing Rules. Other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services (see Note 16 on page 51), there have been no material transactions with this related party affecting the financial position of the Company during the year under review.

Share capital

The Company's share capital comprises ordinary shares of 25p nominal value each. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions on the transfer of the Company's ordinary shares and there are no shares with specific rights with regards to control of the Company.

As at 30 September 2017, there were 38,678,638 shares in issue. No shares were held in treasury.

At the Annual General Meeting in January 2017, shareholders gave the Board authority to buy back 6,442,142 ordinary shares during the following 15 months for cancellation or to be held in treasury. Shareholders also provided the Board authority to buy back up to 4,297,626 shares pursuant to a tender offer, such authority to expire on 28 February 2017. During the year ended 30 September 2017, the Company bought back 4,297,626 ordinary shares in January 2017 pursuant to the tender offer authority.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 30 September 2017 in accordance with the FCA Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
1607 Capital Partners, LLC	24.7
Wells Capital Management Inc	7.9
City of London Investment Group plc	7.6

There have been no further notifications to the date of this report.

Duration of the Company and going concern

The Company's Articles of Association were amended in 2011 and a continuation vote was introduced requiring that shareholders be asked to approve the continuation of the Company every three years. The first vote was passed in 2011 and then again in December 2014. The next continuation vote will be in respect of the financial year ended 30 September 2017 at the 2018 AGM.

The Directors' assessment of going concern is detailed on page 40.

Dividend

The Directors are proposing a final dividend of 4.75p per ordinary share which will be paid on 7 February 2018 to shareholders on the register on 12 January 2018, subject to approval at the Annual General Meeting.

Annual General Meeting ("AGM")

The AGM will be held on Wednesday, 24 January 2018 at 11.30 am at the offices of Janus Henderson, 201 Bishopsgate, London EC2M 3AE. The Notice and details of the resolutions to be put to shareholders at the AGM are contained in the separate document being sent to shareholders with this report.

Corporate Governance

The Corporate Governance Statement on pages 26 to 29 forms part of the Report of the Directors.

Report of the Directors (continued)

Directors' statement as to disclosure of information to Auditors

Each of the Directors who were members of the Board at the date of approval of this report confirms that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's Auditor is unaware and he or she has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

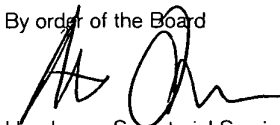
Global greenhouse gas emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 30 September 2017 (2016: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

By order of the Board



Henderson Secretarial Services Limited
Corporate Secretary
14 December 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102, the financial reporting standard applicable in the United Kingdom and Republic of Ireland, and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Directors' Responsibilities under DTR 4.1.12

Each of the Directors, who are listed on page 13, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board



Graham Oldroyd
Director
14 December 2017

The financial statements are published on **www.hendersonalternativestrategies.com** which is a website maintained by Janus Henderson.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The maintenance and integrity of the website is the responsibility of Janus Henderson; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the "Regulations"). The report also meets the relevant requirements of the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to Directors' remuneration. As required by Section 439 of the Act, an ordinary resolution to approve the report will be proposed at the Annual General Meeting on 24 January 2018. The Company's remuneration policy was last approved by shareholders at the AGM held on 25 January 2017 in accordance with Section 439A of the Act.

The Company's Auditor is required to report on certain information contained within this report. Where information set out below has been audited it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board as a whole considers the Directors' remuneration. The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration (although the Directors review annually the fees paid to the boards of directors of other comparable investment trust companies).

Remuneration Policy

Directors are remunerated in the form of fees, payable quarterly in arrears to the Director personally. In accordance with the Company's Articles of Association the aggregate remuneration of the Directors may not exceed £150,000 per annum. Subject to the overall limit, the Company's policy is that remuneration should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and similar investment objectives and should be of a sufficient level to promote the long-term success of the Company. Non-executive Directors are not eligible for bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit Committee who are paid a higher fee in recognition of their additional responsibilities. The level of remuneration paid to each Director is reviewed annually, although review will not necessarily result in any change to the rate; any feedback from shareholders would be taken into account when setting remuneration levels.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties. This policy has been in place since 1 October 2012. A resolution on this policy was approved at the AGM held on 25 January 2017.

The Board may amend the level of remuneration paid to individual Directors within the parameters of the remuneration policy. No Director has a service contract with the Company.

The terms of Directors' engagement are set out in letters of appointment. There is a three month notice period and the Company reserves the right to make a payment in lieu of notice.

Annual Statement

As Chairman, Richard Gubbins reports that there have been no decisions on Directors' remuneration and no changes to the remuneration paid to each individual Director in the year ended 30 September 2017.

Annual Report on Remuneration

Directors' interests in shares (audited)

	Ordinary shares of 25p	
	30 September 2017	1 October 2016
Graham Fuller	10,000	10,000
Richard Gubbins	8,717	8,717
Jamie Korner	24,000	24,000
Graham Oldroyd	15,000	15,000
Mary-Anne McIntyre ¹	Nil	–

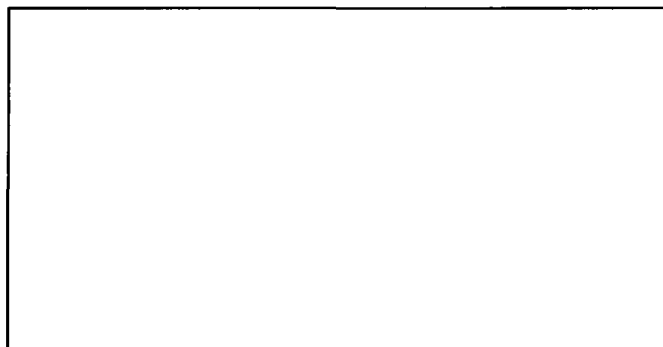
¹ Appointed 1 September 2017

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown above. There have been no changes to any of the Directors' holdings in the period 1 October 2017 to the date of this report.

Directors' Remuneration Report (continued)

Performance

The Company's performance is measured against the FTSE World Total Return Index (in Sterling) (the "Benchmark Index"). The graph compares the mid-market price of the Company's ordinary shares over the nine year period ended 30 September 2017 with the return from the Benchmark Index over the same period, assuming the investment of £100 on 30 September 2008 and reinvestment of all dividends and income (excluding dealing expenses).



Directors' remuneration (audited)

The remuneration paid to the Directors who served during the years ended 30 September 2017 and 30 September 2016 was as follows:

	Year ended 30 September 2017 Total salary and fees £	Year ended 30 September 2016 Total salary and fees £	Year ended 30 September 2017 Expenses and taxable benefits £	Year ended 30 September 2016 Expenses and taxable benefits £	Year ended 30 September 2017 Total £	Year ended 30 September 2016 Total £
Graham Fuller	23,000	23,000	–	–	23,000	23,000
Richard Gubbins ¹	33,000	33,000	–	–	33,000	33,000
Jamie Korner	23,000	23,000	–	–	23,000	23,000
Graham Oldroyd	26,000	26,000	185	135	26,185	26,135
Mary-Anne McIntyre ²	1,875	–	–	–	1,875	–
	106,875	105,000	185	135	107,060	105,135

Notes:

The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made

1 Chairman and highest paid director

2 Appointed on 1 September 2017

The fees paid to the Directors are: Chairman £33,000 per annum, Audit Committee Chairman £26,000 per annum and Directors £23,000 per annum.

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties specified by any of them.

Relative importance of spend on pay

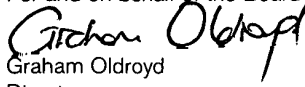
In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions paid to shareholders by way of dividends and share buybacks. There were no share buybacks or other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay during the year, other than pursuant to the tender offer in January 2017.

	2017 £	2016 £	Change £
Total remuneration	107,060	105,135	1,925
Dividends paid	2,750,481	1,418,217	1,332,264
Buy back of ordinary shares pursuant to tender offer	12,951,996	–	12,951,996

Statement of voting at AGM

At the AGM held on 25 January 2017, 25,703,486 votes (98.05%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 468,670 (1.79%) were against, 43,139 (0.16%) were discretionary and 8,381 were withheld; the percentage of votes excludes votes withheld. In relation to the approval of the Remuneration Policy in January 2017, 25,734,736 votes (98.17%) were received voting for the resolution, 468,670 (1.79%) were against, 11,889 (0.04%) were discretionary and 8,381 were withheld.

For and on behalf of the Board


Graham Oldroyd
Director
14 December 2017

Corporate Governance Statement

The Corporate Governance Statement forms part of the Report of the Directors.

Applicable Corporate Governance Codes

The Board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties. The Company has no employees and the Directors are all non-executive. Therefore not all the provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council ("FRC") in April 2016 are directly applicable to the Company. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in July 2016 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the applicable principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The FRC has confirmed that by following the AIC Guide, boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

Copies of the AIC Code, the AIC Guide and the UK Code can be found on the respective organisations' websites: www.theaic.co.uk and www.frc.org.uk.

Statement of Compliance

The Directors believe that the Company has complied with the recommendations of the AIC Code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report and thereby the provisions of the UK Code except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. In particular, all of the Company's day to day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

Directors

Terms of Appointment

It is the Board's policy that none of the Directors has a service contract. However, the terms of their engagement are set out in letters of appointment, copies of which are available for inspection at the Company's registered office during normal business hours and at the Company's Annual General Meeting ("AGM"). There is a three month notice period and the Company reserves the right to make a payment in lieu of notice.

Directors' appointment and retirement

The appointment of new Directors is considered by the Nomination Committee, which makes recommendations to the Board.

All Directors are appointed for an initial term of three years. The Articles of Association require each Director to retire and submit themselves for re-election at least every three years. Both Richard Gubbins and Graham Oldroyd will stand for re-election at the 2018 AGM in accordance with this provision.

In addition the Articles provide that any Director appointed by the Board must stand for election by shareholders at the AGM following appointment. Therefore Mary-Anne McIntyre will stand for election at the 2018 AGM in accordance with this provision.

The AIC Code requires Directors serving more than nine years to offer themselves for re-election annually. In keeping with this provision Graham Fuller, who, has been in office since 2007, will step down from the Board at the 2018 AGM and will not offer himself for re-election.

The contribution and performance of both Mr Gubbins and Mr Oldroyd was considered at the Nomination Committee meeting held in September 2017, after which their continued appointment was recommended to the Board. Any Director who has served more than six years on the Board is subject to rigorous review.

Under the Articles of Association, shareholders may remove a Director before the end of his term by passing a special resolution at a meeting. A special resolution is passed if more than 75% of the votes cast, in person or by proxy, are in favour of the resolution.

Directors' independence

The Directors have a wide range of interests and are not dependent on the Company. At the Nomination Committee meeting in September 2017, the Directors reviewed their independence and confirmed that all Directors remain independent of Janus Henderson in character and judgement.

Graham Fuller is the Company's Senior Independent Director and has served on the Board for more than nine years.

As set out in the Chairman's Statement on page 4, Jamie Korner will succeed Graham Fuller as the Senior Independent Director following the 2018 AGM.

The Board determined that all remaining Directors continued to be independent in character and judgement and that their individual skills, broad business experience and knowledge and understanding of the Company were of benefit to shareholders.

There were no contracts subsisting during or at the end of the year in which a Director is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' professional development

When a new Director is appointed he or she is offered an induction seminar which is held by Janus Henderson at the request of the Chairman. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors are also able to attend external training facilities and industry seminars at the expense of the Company and each Director's individual training requirements are considered by the Chairman as part of the annual performance evaluation process.

Corporate Governance Statement (continued)

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the Directors against certain liabilities arising from the carrying out of their duties. Under the Company's Articles of Association and, subject to the provisions of UK legislation, a qualifying third-party provision indemnity may be provided to Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. The Company has granted an indemnity to Directors to the extent permitted by law in respect of liabilities that may attach to them in their capacity as Directors of the Company.

The Board

Board composition

The Company's Articles of Association provide that the total number of Directors shall be neither less than three nor more than nine. The Board currently consists of five non-executive Directors.

The biographies of the Directors holding office at the date of this report are set out on page 13 and demonstrate the breadth of investment management, financial services and professional experience relevant to their positions as Directors.

Responsibilities of the Board and its Committees

The Board meets formally at least four times a year, with additional Board or committee meetings arranged when required. The Directors have regular contact with Janus Henderson and the Secretary between formal meetings. The Board has a formal schedule of matters specifically reserved for its decision, which includes strategy, approval of the Company's financial results and oversight of management decisions, investment limits and restrictions, and the internal control and risk management systems.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's investment objective and is responsible for setting asset allocation, investment and gearing limits within which Janus Henderson has discretion to act. It has adopted a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Committees of the Board

The Board has three committees; the Audit Committee, the Nomination Committee and the Management Engagement Committee. Terms of reference for each of the Committees are available on the Company's website.

A separate Remuneration Committee has not been established as the Board consists of only non-executive Directors. The whole Board is responsible for setting Directors' fees in line with the Remuneration Policy, as set out on page 24.

Audit Committee

The Audit Committee is chaired by Graham Oldroyd and comprises all the Directors. The Report of the Audit Committee which forms part of the Corporate Governance Statement can be found on pages 30 to 31.

Nomination Committee

The Nomination Committee is chaired by Richard Gubbins and comprises all the Directors. When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience and diversity on the Board. It is considered that there is a range of backgrounds with each Director bringing relevant and balanced qualities to the Board and its discussions. It is not considered necessary for the Company to have set targets in relation to diversity due to the size of the Board. Candidates will be assessed in relation to the requirements of the Company at the time of appointment.

The Nomination Committee will make recommendations to the Board when it is considered appropriate to recruit additional non-executive Directors. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Committee may use external agencies as and when recruiting additional Directors. All appointments to the Board are based on merit and the skills required to complement the Board's composition.

During 2017, the Nomination Committee, assisted by Cornforth Consulting Limited, an executive search agency, carried out a process to appoint a new non-executive Director to the Board. The Committee identified and reviewed a list of potential candidates and meetings were held with certain of the directors and the Fund Managers, following which the Committee agreed to recommend the appointment of Mary-Anne McIntyre as a non-executive Director to the Board. In order to ensure an appropriate level of continuity it was also recommended that Mary-Anne's appointment be effective from 1 September 2017. Cornforth Consulting has no other connection with the Company.

The Committee reviews and makes a recommendation to the Board regarding the Directors seeking re-election at the Company's AGM. The recommendation is not automatic and follows a process of evaluation of each Director's performance and consideration of the Director's independence.

In assessing the Directors' performance, the Committee takes into account the experience and knowledge of the current Board members, and time commitment required from each Director. In accordance with the UK Code any Director serving for longer than six years is subject to particularly rigorous assessment of his contribution.

Directors' fees are set out in the Remuneration Report detailed on page 25. A resolution approving the Remuneration Policy was passed at the AGM held on 25 January 2017.

Management Engagement Committee

The Management Engagement Committee is chaired by Richard Gubbins and comprises all the Directors. The Committee is responsible for reviewing the management agreement on a regular basis, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders. The Committee also reviews the performance and cost effectiveness of the Company's other service providers.

The Committee met in September 2017 to carry out its annual review of Janus Henderson, the results of which are detailed on page 29.

Corporate Governance Statement (continued)

Board attendance

The following table sets out the number of Board and Committee meetings held during the year under review and the number of meetings attended by each Director. At the AGM in January 2017, all those Directors serving at the time were in attendance.

	Board	AC	MEC	NC
Number of meetings	4	3	1	2
Graham Fuller	4/4	3/3	1/1	2/2
Richard Gubbins	4/4	3/3	1/1	2/2
Jamie Korner	4/4	3/3	1/1	2/2
Graham Oldroyd	4/4	3/3	1/1	2/2
Mary-Anne McIntyre ¹	0/1	0/1	0/1	0/1

AC: Audit Committee

MEC: Management Engagement Committee

NC: Nomination Committee

¹ Appointed 1 September 2017

Committees of the Board also met during the year to undertake business such as the approval of the Company's results and dividend.

Performance evaluation

The Board conducted a review of its own performance, together with that of its Committees, the Chairman and each individual Director, through individual discussions. It was concluded that each were satisfactory and the Board had a good balance of skills and experience.

Internal controls

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Audit Committee supports the Board in the ongoing monitoring of the internal control and risk management framework.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the year and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- The establishment of clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting.
- The Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The forecasts are reviewed by the Board at each meeting.

- The contractual agreements with the Manager and other third party service providers, and adherence to them, are reviewed on a regular basis through reporting to the Board and formal evaluation of the overall level of service provided at least annually.
- The review of controls at the Manager and other third party service providers. The Board receives quarterly reporting from the Manager and Depositary, reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers and, if applicable, the Board agrees any required actions.
- Annual review meetings with the Depositary and other service providers as necessary to consider performance against key indicators and the reasons for any failure to meet agreed service levels.
- Review of additional reporting provided by:
 - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third party service providers used by the Company.
 - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has reviewed the Company's system of internal controls for the financial year ended 30 September 2017. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant.

Internal audit function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. The Company's management functions are delegated to third parties and the Board monitors the controls in place with support from the Manager's internal audit department. As such the Board has determined that there is currently no need for the Company to have its own internal audit function.

Accountability and relationship with Janus Henderson

The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 23, the Independent Auditor's Report on pages 32 to 35 and the Viability Statement on page 16.

The Board has delegated contractually to external third parties, including Janus Henderson, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets which is delegated through the appointment of the Depositary as explained on page 18), the day-to-day accounting, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

Corporate Governance Statement (continued)

The Board considers regular reports from Janus Henderson and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provides a forum to discuss industry matters.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Manager attend each Board meeting enabling the Directors to probe further on matters of concern. The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and committee meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board and the Manager operate in a supportive, co-operative and open environment.

The Corporate Secretary, Henderson Secretarial Services Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities particularly when dealing with any conflicts or issues between the Company and Janus Henderson. Any correspondence from shareholders addressed to the Chairman or the Company received at Janus Henderson's offices is forwarded to the Chairman of the Company in line with the procedures in place.

Janus Henderson and BNP, which acts for Janus Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

Continued appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager are set out on page 2.

In addition to monitoring the investment performance at each meeting, the Management Engagement Committee undertakes an annual review of the Company's investment performance over both the short and longer terms, together with the quality of other services provided by Janus Henderson, including company secretarial and accounting.

As part of its evaluation, the Committee considered the outcomes of the customer satisfaction survey which had been commissioned by the Manager across all of its onshore, managed investment trust companies. The survey provided a useful benchmark for measuring the quality of services delivered by the Manager.

Following completion of its reviews, the Committee concluded that the continued appointment of the Manager remained in the best interests of the Company and the shareholders, and therefore recommended to the Board the re-appointment of the Manager for a further year.

It is the Directors' opinion that the continuing appointment of the Manager on the existing terms is in the interests of the Company and its shareholders.

Share capital

Please see the Report of the Directors on page 21.

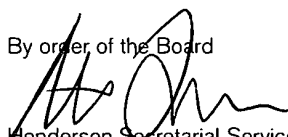
Relations with shareholders

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with its shareholders is through the half year results and Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the weekly calculation and publication of the NAV per share through a regulatory information service and a monthly fact sheet which is available on the website. Janus Henderson provides information on the Company and Fund Manager through videos on the website, via various social media channels and through its HGi content platform, more details of which are included on page 14.

The Board considers that shareholders should be encouraged to attend and participate in the AGM. Shareholders have the opportunity to address questions to the Chairman of the Board, the Chairman of the Audit Committee and all other Directors at the meeting. The Fund Managers will make a presentation to shareholders on the Company's performance during the reporting period. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. These documents are available on the Company's website. Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time, are invited to do so by writing to the Chairman at the correspondence address given on page 14 of this report.

General presentations to shareholders and analysts follow the publication of the annual results. All meetings between Janus Henderson and shareholders are reported to the Board.

By order of the Board



Henderson Secretarial Services Limited
Corporate Secretary
14 December 2017

Report of the Audit Committee

The Committee comprises all the Directors, including the Chairman of the Company. The Board is satisfied that at least one member has recent and relevant experience and the Committee as a whole has competence relevant to the sector in which the Company operates. Details of the investment management and financial experience of the Directors can be found in the biographies on page 13.

Meetings

The Committee meets at least twice a year. The Company's Auditor is invited to attend meetings of the Committee on a regular basis. Representatives of the Manager and BNP may also be invited to attend if deemed necessary by the Committee.

Responsibilities

The Audit Committee formally reports to the Board. The Committee's responsibilities are set out in terms of reference which are reviewed at least annually. In the year under review the main duties undertaken were:

- consideration of the appropriateness of the Company's accounting policies;
- a review of the half year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy in order to make recommendations to the Board. In assessing whether the report is fair, balanced and understandable, each Director reviewed the disclosures made, applying their respective knowledge and expertise. The internal

controls over financial reporting were also considered together with feedback from the Company's Auditor;

- consideration of the split of the Investment Management Fee and Finance Costs between revenue and capital. See page 40 for more information;
- consideration of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from the Manager;
- consideration of the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- consideration of the internal controls in place at Janus Henderson and BNP as administrator and Janus Henderson's policies in relation to cyber risk and business continuity, meeting with representatives of Janus Henderson's internal audit and risk departments periodically;
- consideration of the key risks, risk management systems in place and the Company's risk map;
- consideration of the nature, scope and findings of the external audit;
- annual consideration of whether there is a need for an internal audit function, in order to make a recommendation to the Board;
- consideration of the appointment of the Auditor, their effectiveness and their performance and remuneration;

Annual Report for the year ended 30 September 2017

In relation to the Annual Report for the year ended 30 September 2017 the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Investments that are unquoted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by both Janus Henderson's Fair Value Pricing Committee and by the Directors at least twice each year. Ownership of listed investments is verified by reconciliation to the custodian's records; for unquoted investments, verification is via additional reconciliation to the records of the investee entities.
Recognition of income	Income received is accounted for in line with the Company's accounting policies (as set out on page 40) and is reviewed by the Committee at each meeting.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times.
Maintaining internal controls	The Committee receives regular reports on internal controls from Janus Henderson and its delegates and has access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit.

Report of the Audit Committee (continued)

- consideration of the Auditor's independence and objectivity and the provision of any non-audit services and the reporting of the external Auditor; and
- consideration of the whistleblowing policy that Janus Henderson has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence.

External audit process

The Auditor provides a planning report in advance of the audit and a report on the annual audit. The Committee assesses the performance of the Auditor and the audit process through discussions with the Auditor present and privately, with the Fund Managers and the Company Secretary. Fees paid or payable to the Auditor are detailed in note 4 on page 43.

Auditor's appointment

The Statutory Auditors and Third Country Auditors Regulations which came into force on 17 June 2016, require the Company to rotate its audit firm after a period of 10 years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. Grant Thornton UK LLP were appointed by the Board as Auditor in 2013 following a formal tender process. This is the second year the current audit partner, Christopher Smith, has been in place.

The Audit Committee remains satisfied with the effectiveness of the audit provided by Grant Thornton. On the basis of the Auditor's performance the Audit Committee recommended their continuing appointment to the Board. The Auditor has indicated their willingness to continue in office. Accordingly, resolutions to confirm the re-appointment of Grant Thornton UK LLP as Auditor to the Company and to authorise the Audit Committee to determine their remuneration will be proposed at the AGM.

Policy on non-audit services

In accordance with Financial Reporting Council's Guidance on Audit Committees, the Committee has formulated a written policy on the provision of non-audit services by the Company's statutory Auditor. The Audit Committee has determined that the Company's appointed Auditor will never be considered for the provision of accounting and preparation of the financial statements, internal audit and custody. All other non-audit services will be judged on a case-by-case basis and will be approved by the Audit Committee.

The Auditor currently undertakes no other services for the Company.



Graham Oldroyd
Audit Committee Chairman
14 December 2017

Independent Auditor's Report to the Members of Henderson Alternative Strategies Trust plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Henderson Alternative Strategies Trust plc (the 'Company') for the year ended 30 September 2017 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

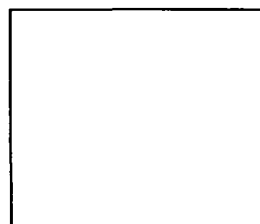
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 15 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 15 of the annual report, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 21 of the financial statements, about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 40 of the annual report, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach



- Overall materiality £1,297,000, which represents 1% of the Company's net assets.
- Key audit matters were identified as valuation, existence and ownership of investments, and completeness and occurrence of investment income.
- Our audit approach was a risk based substantive audit focused on investments at the year end and investment income recognised during the year. There was no change in our approach from prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Henderson Alternative Strategies Trust plc (continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Valuation, existence and ownership of unquoted and quoted investments</p> <p>The Company's investment objective is to exploit global opportunities to provide long-term growth to shareholders via a diversified, international, multi-strategy investment portfolio, which also offers access to specialist funds including hedge funds and private equity funds.</p> <p>The investment portfolio at the year end had a carrying value of £123.7m, of which £65m of investments were listed on recognised stock exchanges and £58.7m were unlisted.</p> <p>As different valuation approaches are applied to the different types of investments, there are risks that the investment valuation recorded in the Statement of Financial Position may be incorrect. Also, there is a risk that investments recorded might not, exist or might not be owned by the Company. We therefore identified valuation, existence and ownership of investments as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Unquoted investments</p> <p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • understanding management's process to value unquoted investments through discussions with the management and examination of control reports on third party administrators and assessing whether the accounting policy for unquoted investments is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice ('SORP') issued by Association of Investment Companies ('AIC'); • considering whether the techniques applied for valuing unquoted investments were in accordance with published guidance, principally the International Private Equity and Venture Capital Valuation Guidelines; • agreeing the valuation of unquoted investments to year end fair values as per NAV statements received directly from the investee funds. This also provided evidence over the existence and ownership of the investments; and • substantively testing a sample of additions and disposals of unquoted investments during the year by agreeing such transactions to bank statements and notifications from the investee funds. <p>Quoted investments</p> <p>Our audit work on valuation included, but was not restricted to:</p> <ul style="list-style-type: none"> • understanding management's process to value quoted investments through discussions with the management and examination of control reports on third party administrators and assessing whether the accounting policy for quoted investments is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice ('SORP') issued by Association of Investment Companies ('AIC'); • agreeing the valuation of quoted investments to an independent source of market prices and nominal holdings to confirmation from the custodian in order to obtain comfort over existence and ownership of investments; and • substantively testing a sample of additions and disposals of quoted investments during the year by agreeing such transactions to list of trade confirmations and bank statements as applicable. <p>The Company's accounting policy on investments is shown in note 1(g) to the financial statements and related disclosures are included in notes 8. The Audit Committee identified valuation and ownership of the Company's investments as a significant issue in its report on page 30, where the Committee also described the action that it has taken to address this issue.</p> <p>Key observations</p> <p>Our testing did not identify any material misstatements in the valuation of the Company's investment portfolio as at the year end nor were any issues noted with regards to the existence or the Company's ownership of the underlying investments at the year end.</p>
<p>Completeness and occurrence of investment income</p> <p>The Company measures performance on a total return basis and investment income is one of the significant components of this performance measure in the Income Statement.</p> <p>Under International Standard on Auditing (UK) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk of fraud in revenue recognition.</p> <p>We therefore identified completeness and occurrence of investment income as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • assessing whether the Company's accounting policy for revenue recognition is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the AIC SORP and testing its consistent application on revenue recognised during the year; • substantively testing income transactions to assess if they were recognised in accordance with the policy; • for investments held during the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the Income Statement and agreeing dividend income recognised by the Company to an independent source. For unquoted investment this was achieved by obtaining distribution notices issued during the year directly from the investee funds; and • assessing the categorisation of corporate actions and special dividends to identify whether the treatment is correct. <p>The Company's accounting policy on income, including its recognition, is shown in note 1(c) to the financial statements and related disclosures are included in note 2. The Audit Committee identified recognition of income as a significant issue in its report on page 30, where the Committee also described the action that it has taken to address this issue.</p> <p>Key observations</p> <p>Our testing did not identify any material misstatements in the amount of revenue recognised during the year.</p>

Independent Auditor's Report to the Members of Henderson Alternative Strategies Trust plc (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £1,297,000, which is 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which primarily comprise the company's investment portfolio, are considered to be the key driver of the company's total return performance and form a part of the net asset value calculation.

Materiality for the current year is lower than the level that we determined for the year ended 31 September 2016 to reflect the decreased value of the Company's net assets, including its investment portfolio, at the year end.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

We also determine a lower level of specific materiality for certain areas such as investment income and related party transactions, being the management fee and directors' remuneration.

We determined the threshold at which we will communicate misstatements to the audit committee to be £64,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Company's business, its environment and risk profile and in particular included:

- obtaining an understanding of relevant internal controls at both the Company and third-party service providers. This included obtaining and reading internal controls reports prepared by the third-party service providers on the description, design, and operating effectiveness of the internal controls at the investment manager, custodian, and administrator; and
- performing substantive audit procedures on specific transactions, which included journal entries and individual material balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and our evaluation of the design and implementation of controls that address significant audit risk.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 31, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 23 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on pages 30 and 31 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee is materially inconsistent with our knowledge obtained in the audit; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on pages 26 to 29 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Henderson Alternative Strategies Trust plc (continued)

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

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 auditor's report.

Other matters which we are required to address

We were appointed by the members on 24 February 2014. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.



Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
14 December 2017

Income Statement

Notes		Year ended 30 September 2017			Year ended 30 September 2016		
		Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
8	Gains on investments at fair value through profit or loss	–	11,684	11,684	–	12,977	12,977
	Exchange differences	–	(55)	(55)	–	254	254
2	Investment income	2,644	–	2,644	3,685	–	3,685
	Gross revenue and capital gains	2,644	11,629	14,273	3,685	13,231	16,916
3	Investment management fees	(91)	(821)	(912)	(85)	(766)	(851)
4	Other expenses	(442)	–	(442)	(354)	–	(354)
	Net return before finance costs and taxation	2,111	10,808	12,919	3,246	12,465	15,711
	Finance costs	–	(1)	(1)	(7)	(66)	(73)
	Net return before taxation	2,111	10,807	12,918	3,239	12,399	15,638
5	Taxation	(15)	–	(15)	(16)	–	(16)
7	Net return after taxation	2,096	10,807	12,903	3,223	12,399	15,622
7	Return per ordinary share	5.23p	26.97p	32.20p	7.50p	28.85p	36.35p

The total column of this statement represents the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the AIC. The Company had no recognised gains or losses other than those recognised in the Income Statement. No operations were acquired or discontinued in the year. All revenue and capital items in the above statement derive from continuing operations.

Statement of Changes in Equity

Notes	Year ended 30 September 2017	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
	Balance at 1 October 2016	10,744	10,966	7,709	99,507	3,722	132,648
	Net return after taxation	–	–	–	10,807	2,096	12,903
	Shares bought back – tender offer	(1,074)	–	1,074	(13,059)	–	(13,059)
6	Ordinary dividends	–	–	–	–	(2,750)	(2,750)
	Balance at 30 September 2017	9,670	10,966	8,783	97,255	3,068	129,742

Notes	Year ended 30 September 2016	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
	Balance at 1 October 2015	10,744	10,966	7,709	87,108	1,917	118,444
	Net return after taxation	–	–	–	12,399	3,223	15,622
6	Ordinary dividends	–	–	–	–	(1,418)	(1,418)
	Balance at 30 September 2016	10,744	10,966	7,709	99,507	3,722	132,648

The notes on pages 40 to 51 form part of these financial statements.

Statement of Financial Position

Notes	As at 30 September	2017 £'000	2016 £'000
	Fixed Assets		
8	Investments held at fair value through profit or loss	123,690	111,935
	Current assets		
8	Investments held at fair value through profit or loss	4,718	22,868
9	Debtors	1,545	689
	Cash at bank	155	–
	Total current assets	6,418	23,557
10	Creditors: amounts falling due within one year	(366)	(2,844)
	Net current assets	6,052	20,713
	Total assets less current liabilities	129,742	132,648
	Capital and reserves		
11	Called up share capital	9,670	10,744
	Share premium account	10,966	10,966
	Capital redemption reserve	8,783	7,709
	Capital reserve	97,255	99,507
	Revenue reserve	3,068	3,722
	Total equity shareholders' funds	129,742	132,648
7	Net asset value per ordinary share	335.44p	308.66p

The financial statements on pages 36 to 51 were approved and authorised for issue by the Board of Directors on 14 December 2017.


Graham Oldroyd
Director

Cash Flow Statement

Year ended 30 September	2017 £'000	2016 £'000
Cash flows from operating activities		
Net return before taxation	12,918	15,638
Add back: finance costs	1	73
Gains on investments held at fair value through profit or loss	(11,684)	(12,977)
Withholding tax on dividends deducted at source	(15)	(16)
Increase in prepayments and accrued income	(381)	(47)
Increase/(decrease) in accruals and deferred income	32	(190)
Exchange movements: cash and cash equivalents	–	(6)
Net cash inflow from operating activities	871	2,475
Cash flows from investing activities		
Purchases of investments held at fair value through profit or loss	(36,122)	(43,465)
Sales of investments held at fair value through profit or loss	33,068	55,434
Purchases of current asset investments held at fair value through profit or loss	(27,631)	(51,612)
Sales of current asset investments held at fair value through profit or loss	45,781	35,739
Net cash inflow/(outflow) from investing activities	15,096	(3,904)
Cash flows from financing activities		
Share buybacks	(13,059)	–
Equity dividends paid	(2,750)	(1,418)
Interest paid	(1)	(73)
Net cash outflow from financing activities	(15,810)	(1,491)
Net increase/(decrease) in cash and cash equivalents	157	(2,920)
Cash and cash equivalents at beginning of year	(2)	2,912
Exchange movements	–	6
Cash and cash equivalents at end of year	155	(2)
Comprising:		
Cash held/(overdrawn) at bank	155	(2)
	155	(2)

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The Company is a registered investment company as defined in Section 833 of the Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 14.

The Financial Statements have been prepared in accordance with the Companies Act 2006, FRS 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland (which is effective for periods commencing on or after 1 January 2015) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("SORP") issued in November 2014 and updated in January 2017 with consequential amendments.

The Company has early adopted the amendments to FRS 102 in respect of fair value hierarchy disclosures as published in March 2016.

The principal accounting policies applied in the presentation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented. There have been no significant changes to the accounting policies compared to those set out in the Company's Annual Report for the year ended 30 September 2016.

The Financial Statements have been prepared under the historical cost basis except for the measurement at fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with Sections 11 and 12 of the Standard. All of the Company's operations are of a continuing nature.

b) Going concern

Having considered the Company's investment objective, risk management and capital management policies, the nature of the portfolio and expenditure projections, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The Company's shareholders are asked every three years to vote for the continuation of the Company, this will be put to shareholders at the AGM in January 2018. The validity of the going concern basis depends on the outcome of the continuation vote on which the Board is recommending that shareholders vote in favour. In particular, no provision has been made for the cost of winding-up the Company or liquidating its investments in the event that the resolution is not passed. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

c) Income

Investment income is included in the Income Statement and taken to the revenue return on an ex-dividend basis except where, in the opinion of the Directors, the dividend is capital in nature in which case it is taken to the "Gains or losses on investments held at fair value through profit or loss" in the capital return column. Deposit interest is included on an accrual basis.

d) Expenses and interest

Expenses and interest payable are accounted for on an accruals basis.

e) Investment management fees and finance costs

The investment management fee and interest payable have been allocated 10% to revenue and 90% to capital in the year to 30 September 2017. With effect from 1 October 2017 onwards the investment management fee and interest payable will be allocated 20% to revenue and 80% to capital. This reflects the Company's revised view of the appropriate long-term revenue/capital allocation of investment management fees and finance costs to be adopted for 2018 and all future years.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

f) Taxation

The taxation charge represents the sum of current and deferred taxation. Current taxation is based on the results showing in the accounts and is calculated using the prevailing taxation rates. Deferred taxation is accounted for in respect of all material timing differences to the extent that it is probable that an asset or liability will crystallise. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for the current year's tax is calculated using the effective rate of corporation tax for the accounting period.

In line with the recommendations of the AIC SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated, but not reversed, by the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

g) Investments

The Company's investments are categorised as 'fair value through profit or loss'. All investments are held at fair value. For listed investments, this is deemed to be quoted bid prices as at 30 September 2017 or closing prices for SETS stocks sourced from the London Stock Exchange.

CFDs are derivatives in the form of synthetic equities and are fair valued with reference to the investment's underlying bid price.

Unquoted investments are valued at fair value based on the latest available information, principally net asset value, and with reference to the International Private Equity and Venture Capital Valuation Guidelines.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "Gains or losses on investments held at fair value through profit or loss".

Transaction costs incurred on the purchase and disposal of investments are included within the cost or deducted from the proceeds of the investment and disclosed in Note 8. All purchases and sales are accounted for on a trade date basis.

h) Use of estimates

The preparation of financial statements requires the Company to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. However, the nature of estimation means that the actual outcomes could differ from those estimates, possibly significantly. The estimates and underlying assumptions are reviewed on an ongoing basis. The judgements relate to the fair value of unquoted investments where there is no appropriate market price. See notes 8 and 15, on pages 45 and 49 respectively, for more information.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

i) Foreign currencies

The results and financial position of the Company are expressed in pounds Sterling, which is the functional and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into Sterling at the appropriate daily exchange rates. Monetary assets and liabilities, and equity investments held at fair value through profit or loss which are denominated in foreign currencies at the Statement of Financial Position date are translated into Sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken either to the capital or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

j) Capital and reserves

Called up share capital represents the nominal value of ordinary shares issued.

The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

The capital redemption reserve represents the nominal value of ordinary shares that have been repurchased and cancelled.

Gains and losses on realisations of fixed asset investments, and transaction costs, together with appropriate exchange differences, are dealt with in the Capital Reserve. A portion of the investment management fee and finance costs, together with any tax relief, is also taken to this reserve. Increases and decreases in the valuation of fixed asset investments are dealt with in this reserve. The cost of share buybacks is also charged directly to this reserve.

k) Distributable reserves

The Company's capital reserve and revenue reserve may be distributed by way of a dividend.

l) Dividends payable

Final dividends are recognised in the period in which they are paid. Dividends are dealt with in the Statement of Changes in Equity.

2 Investment income

	2017 £'000	2016 £'000
Income from equity shares and securities		
UK investment income	286	224
Overseas income	2,297	3,242
Property income distributions	32	176
	2,615	3,642
Other income		
Interest from money market funds	27	35
Bank interest	–	7
Other income	2	1
	29	43
Total income	2,644	3,685

3 Investment management fees

	2017 £'000	2016 £'000
Revenue		
Investment management fee	91	85
Capital		
Investment management fee	821	766
Total	912	851

Details of the fee basis are contained in the Strategic Report on page 2.

Notes to the Financial Statements (continued)

4 Other expenses

	2017 £'000	2016 £'000
Revenue		
General expenses	263	179
Directors' fees	107	105
Auditor's remuneration – fees payable to the Company's auditor for the audit of the Company's annual accounts ¹	38	36
Depositary charges	34	34
	442	354

¹ These figures include VAT. Fees for audit services excluding VAT were £31,450 (2016: £30,000)

5 Taxation

a) Analysis of the charge for the year

	2017 £'000	2016 £'000
Overseas withholding taxes	30	31
Overseas tax reclaimable	(15)	(15)
Current tax charge for the year (see note 5 b)	15	16

b) Factors affecting the tax charge for the year

	2017 £'000	2016 £'000
Net return before taxation	12,918	15,638
Corporation tax at 19.5% (2016: 20.0%)	2,519	3,128
Non-taxable dividends	(461)	(658)
Non-taxable gains on investments	(2,278)	(2,646)
Gains on disposal of non-qualifying offshore funds	8	248
Movement in unutilised management expenses	201	(72)
Non-taxable currency losses	11	–
Overseas withholding tax	15	16
Total taxation charge for the year	15	16

The Company's profit for the accounting year is taxed at an effective rate of 19.5% (2016: 20.0%).

The Company is subject to taxation on gains arising from the realisation of investments in non-qualifying offshore funds but is otherwise exempt from taxation on chargeable gains. Excess management expenses are available to be offset against future taxable profits including any profits on the disposal of interests in non-qualifying offshore funds. The position at the year end is as follows:

	2017 £'000	2016 £'000
Excess management expenses	6,494	5,458
Unrealised appreciation on non-qualifying offshore funds	(4,833)	(4,387)
Excess management expenses	1,661	1,071

No provision for deferred taxation has been made in the current or prior accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax on these items because of its investment trust status except for those arising from the realisation of investments in non-qualifying offshore funds. The Company has not recognised a deferred tax asset totalling £282,000 (2016: £182,000) based on a prospective corporation tax rate of 17% (2016: 17%). The UK Government announced in July 2015 that the corporation tax rate is set to be cut to 19% in 2017 and 18% in 2020. These reductions in the standard rate of corporation tax were substantially enacted on 26 October 2015 and became effective from 18 November 2015. The rate for 2020 was subsequently lowered to 17% by the Finance Act 2016. The deferred tax asset arises as a result of having unutilised management expenses in excess of unrealised appreciation on non-qualifying offshore funds. These expenses will only be utilised, to any material extent, if the Company has profits chargeable to corporation tax in the future because changes are made to the tax treatment of the capital gains made by investment trusts, where disposals of non-qualifying offshore funds would otherwise result in a tax charge or there are other changes to the Company's investment profile which require them to be used.

Notes to the Financial Statements (continued)

6 Dividends on equity shares

	2017 £'000	2016 £'000
2016 final dividend 3.80p (2015: 3.30p)	1,633	1,418
2016 special dividend 2.60p (2015: nil)	1,117	–
	2,750	1,418

The proposed final dividend of 4.75p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. This dividend of £1,837,235 (2016: £2,750,000 including the special dividend) is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £2,096,000 (2016: £3,223,000).

All dividends have been paid or will be paid out of revenue profits.

7 Returns/Net Asset Value per ordinary share

The return per ordinary share is based on the net return attributable to the ordinary shares of £12,903,000 (2016: £15,622,000) and on 40,068,008 ordinary shares (2016: 42,976,264) being the weighted average number of ordinary shares in issue during the year. The return per ordinary share can be further analysed between revenue and capital, as below:

	2017 £'000	2016 £'000
Net revenue return	2,096	3,223
Net capital return	10,807	12,399
Net total return	12,903	15,622
Weighted average number of ordinary shares in issue during the year	40,068,008	42,976,264

	2017 Pence	2016 Pence
Revenue return per ordinary share	5.23	7.50
Capital return per ordinary share	26.97	28.85
Total return per ordinary share	32.20	36.35

The Company does not have any dilutive securities, therefore the basic and diluted returns per share are the same.

The net asset value per share is based on the net assets of £129,742,000 (2016: £132,648,000) divided by the number of shares in issue at the year end 38,678,638 (2016: 42,976,264). The net asset value per ordinary share at 30 September 2017 was 335.44p (2016: 308.66p).

The movements during the year of the assets attributable to the ordinary shares were as follows:

	2017 £'000	2016 £'000
Total net assets at 1 October	132,648	118,444
Total net return after taxation	12,903	15,622
Ordinary dividends paid in the year	(2,750)	(1,418)
Ordinary shares bought back – tender offer	(13,059)	–
Net assets attributable to the ordinary shares at 30 September	129,742	132,648

Notes to the Financial Statements (continued)

8 Fixed assets – Investments at fair value through profit or loss

	2017 £'000	2016 £'000
Listed investments	65,017	68,932
Unlisted investments	58,673	43,003
	123,690	111,935

	Listed £'000	Unlisted £'000	2017 £'000	2016 £'000
Valuation as at 1 October 2016	68,933	43,002	111,935	106,982
Investment holding gains/(losses) as at 1 October	2,148	(714)	1,434	(4,786)
Cost as at 1 October 2016	66,785	43,716	110,501	111,768
Purchases of investments at cost	10,594	23,020	33,614	45,973
Proceeds from sales of investments	(22,618)	(10,925)	(33,543)	(53,608)
Net gains on sale of investments	3,275	4,049	7,324	6,368
Transfers	(29)	29	–	–
Cost as at 30 September 2017	58,007	59,889	117,896	110,501
Investment holding gains/(losses) as at 30 September	7,010	(1,216)	5,794	1,434
Valuation as at 30 September 2017	65,017	58,673	123,690	111,935
Net gains on sale of investments	3,275	4,049	7,324	6,368
Movement in investment holding gains/(losses)	4,862	(502)	4,360	6,220
Total gains/(losses) on investments	8,137	3,547	11,684	12,588
Total gains on CFD liabilities held at fair value through profit or loss			–	389
Total gains/(losses) on investments held at fair value through profit or loss			11,684	12,977

Transaction costs

In the year to 30 September 2017 transaction costs on the acquisition and disposal of portfolio investments amounted to £62,000 (acquisitions £41,000 and disposals £21,000). In the year to 30 September 2016 these costs amounted to £74,000 (acquisitions £40,000 and disposals £34,000).

Current asset investments

The Company has a holding in Deutsche Global Liquidity Managed Platinum Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short-term deposit. At the year end this holding had a value of £4,718,000 (2016: £22,868,000).

9 Debtors

	2017 £'000	2016 £'000
Sales for future settlement	871	396
Accrued income	602	205
Prepayments and other receivables	72	88
	1,545	689

Notes to the Financial Statements (continued)

10 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Purchases for future settlement	–	2,508
Other creditors	366	334
Bank overdraft	–	2
	366	2,844

11 Share capital

	Shares in issue	Nominal value of total shares in issue £'000
Allotted, issued and fully paid ordinary shares of 25p		
At 1 October 2016	42,976,264	10,744
Shares bought back and cancelled	(4,297,626)	(1,074)
At 30 September 2017	38,678,638	9,670
Allotted, issued and fully paid ordinary shares of 25p		
At 1 October 2015	42,976,264	10,744
At 30 September 2016	42,976,264	10,744

In January 2017, a tender offer, for up to 10% of the Company's shares, was fully subscribed. As a result, 4,297,626 ordinary shares were bought back and subsequently cancelled. The cost of the purchases amounted to £12,952,000 and a further £107,000 of costs were incurred in connection with the tender offer. The total costs of £13,059,000 were charged to Capital Reserve as shown in note 12.

Every shareholder has the right to one vote for each share held.

12 Retained earnings

	2017 £'000	2016 £'000
Capital reserve		
At 1 October	99,507	87,108
Movement in investment holding gains	4,360	6,609
Gains on realisation of investments at fair value	7,324	6,368
Exchange (losses)/gains	(55)	254
Finance costs	(1)	(66)
Management fees charged to capital	(821)	(766)
Shares bought back – tender offer	(13,059)	–
At 30 September	97,255	99,507

The capital reserve includes investment holding gains amounting to £5,794,000 (2016: £1,434,000) as disclosed in note 8.

	2017 £'000	2016 £'000
Revenue reserve		
At 1 October	3,722	1,917
Net revenue after taxation	2,096	3,223
Dividends paid	(2,750)	(1,418)
At 30 September	3,068	3,722

Notes to the Financial Statements (continued)

13 Substantial interests

The Company is aware of the following interests of 10% or more of units, shares or capital in the following investment funds.

Company	2017 % held	2016 % held
Eurovestech	17.25	17.25
Mantra Secondary Opportunities ¹	11.09	11.09

¹ The Company holds 11.09% of the total fund and 63.49% of the US\$ share class

The Company is not aware of any other substantial interests in the investee undertakings that require disclosure.

14 Financial information on significant unlisted investments

In accordance with the SORP, the following information is provided for the unlisted investments in the Company's ten largest investments as at 30 September 2017.

Company	% of capital owned	Cost £'000	Income recognised by the Company £'000	Investment income £'000	Pre-tax profits/(losses) £'000	Net assets attributable £'000
CEIBA Investments Limited	7.24	4,457	402	10,135	19,850	126,403
BlackRock European Hedge Fund Limited	0.29	4,290	–	26,461	(200,907)	1,792,236
Mantra Secondary Opportunities	11.09 ¹	3,646	–	3,871	6,256	53,041
Majedie Asset Management Tortoise Fund	0.41	5,278	–	17,274	216,801	1,015,094
Schroder Gaia Indus PacifiChoice Asia Fund	6.60	4,476	–	293	(1,806)	68,271
Helium Selection Fund	1.34	4,191	–	30,518	36,947	1,259,802

In accordance with the SORP, the following information is provided for the unlisted investments in the Company's ten largest investments as at 30 September 2016.

Company	% of capital owned	Cost £'000	Income recognised by the Company £'000	Investment income £'000	Pre-tax profits/(losses) £'000	Net assets attributable £'000
BlackRock European Hedge Fund Limited	0.40	4,840	–	26,761	479,283	1,544,988
CEIBA Investments Limited	7.24	4,457	198	6,418	29,183	115,458
Majedie Asset Management Tortoise Fund	1.02	4,703	–	21,603	(84,853)	868,030
Mantra Secondary Opportunities	11.09 ¹	3,015	–	4,987	16,376	42,523
Schroder Gaia Indus PacifiChoice Asia Fund	6.24	4,991	–	2,542	9,130	161,362

¹ The Company holds 11.09% of the total fund and 63.49% of the US\$ share class

Investment income, pre-tax profits and net assets attributable (to all unitholders across all share classes) are taken from the latest audited accounts of the investees and translated into Sterling at the 30 September exchange rates.

15 Financial instruments

Risk management policies and procedures

As an investment trust company the Company invests in equities and other investments for the long-term so as to secure its investment objectives as stated in the Strategic Report. In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks, market risk (comprising equity price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the Directors' approach to the management of these risks, are set out below. The Board of Directors and Janus Henderson coordinate the Company's risk management and there are various risk management systems in place as detailed below:

- 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 one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine;
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises HiPortfolio software;

Notes to the Financial Statements (continued)

15 Financial instruments (continued)

- 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 Compliance module for investment restrictions monitoring;
 - OneSumX (formerly ArcLogics) operational risk database;
 - Risk metrics for VaR statistics, stress-testing and back-testing;
 - UBS Delta, Style Research, FinAnalytica and Barra Aegis for market risk measurement;
 - Bloomberg for market data and price-checking; and
 - HiPortfolio for portfolio holdings and valuations.

These are supplemented by in-house developments: Derivatives Risk and Compliance database ("DRAC") and Counterparty Exposure ("CER") reports.

Appropriate guidelines for the management of the Company's financial instruments and gearing have been established by the Board of Directors. Specifically, gearing (borrowings and gross exposure of long-only CFDs) will not normally exceed 20% of net assets.

Market risk exists where there are changes in share prices, equity valuations, interest rates and the liquidity of financial instruments. The Company addresses this risk by owning a diversified portfolio of investments covering a range of market capitalisation, sectors and geographic regions. Market price risk management is part of the Company's management process and is typical of equity related investment. The portfolio is managed so as to minimise the effects of adverse price movements and results from detailed and continuing analysis with an objective of maximising overall returns to shareholders.

Liquidity risk exists where the Company is a forced seller of its investments at times where there may not be sufficient demand for these assets. Although some holdings are unlisted or trade on illiquid markets and are by their nature less liquid than larger companies, the Company maintains a long-term investment view and is rarely required to sell its investments in a forced manner.

Interest rate risk exists where the returns generated from the investments are less than the cost of borrowing. This risk has been mitigated by operating with a relatively small level of gearing at most times. The level will only be increased where an opportunity exists to add to net asset value performance.

Credit risk exists where a counterparty fails to discharge an obligation or commitment entered into with the Company. Janus Henderson monitors counterparty risk as part of the overall investment management process. This risk is reduced by using counterparties that are substantial, well financed organisations which are reviewed on a regular basis. Most investment transactions are conducted on-market and are delivery versus payment. The Company's principal counterparty is State Street and CFD provider UBS. Janus Henderson only uses trade execution broker organisations that are authorised by the Financial Conduct Authority. The Board believes the counterparty is of high credit quality and therefore the Company has minimal exposure to credit risk.

The Company has not held any CFDs during the year ended 30 September 2017.

Sensitivity analysis

The following table details the impact on returns and net assets of the Company to changes in the principal drivers of performance, namely investment returns, foreign currencies and interest rates. The calculations are based on the balances at the respective Statement of Financial Position dates and are not representative of the year as a whole.

	2017 £'000	2016 £'000
Investment portfolio		
10% increase in price of investments	12,369	11,194
10% decrease in price of investments	(12,369)	(11,194)
Other assets/liabilities		
Interest rate +0.5%	30	104
Interest rate -0.5%	(30)	(104)
Foreign currency		
US Dollar strengthens by 5% against Sterling	2,614	2,103
US Dollar weakens by 5% against Sterling	(2,614)	(2,103)
Euro strengthens by 5% against Sterling	1,327	1,132
Euro weakens by 5% against Sterling	(1,327)	(1,132)

Notes to the Financial Statements (continued)

15 Financial instruments (continued)

The Company's investment policy is to hold investments and cash balances with gearing being provided by a bank overdraft and the use of long-only CFDs. All financial assets and liabilities are carried at fair value. The fair value is the same as the carrying value of all financial assets and liabilities.

The Company has the following foreign currency exposures.

	2017 £'000	2016 £'000
Fixed asset investments		
– US Dollar	52,278	42,056
– Euro	26,541	22,643
Debtors		
– US Dollar	–	1
Exchange rate		
– US Dollar	1.342	1.299
– Euro	1.135	1.156

Where appropriate, gearing is utilised in order to enhance net asset value. The Company does not invest in fixed rate securities other than where the Company has substantial cash resources. In this situation, the Company has typically held short dated UK Government Securities, or money market funds. Investments, which comprise mainly equity investments, are valued as detailed in the Company's accounting policies.

The Company only operates short-term gearing, which combined with the use of long-only CFDs, is limited to 20% of the Company's net asset value. Borrowing is undertaken through an unsecured variable rate bank overdraft with interest being charged based on prevailing interest rates. The fair value is not materially different from the carrying value of all financial assets and liabilities as disclosed in notes 8, 9 and 10.

Classification of financial instruments at fair value	2017 £'000	2016 £'000
Level 1	65,017	59,910
Level 2	37,293	32,257
Level 3	21,380	19,768
Total	123,690	111,935

Level 1 reflects financial instruments quoted in active markets.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. These are principally CFDs, where the price is based on the underlying quoted investment price, or investments in funds with redemption rights where the price is based on valuations provided by the funds' administrators.

Level 3 reflects financial instruments that trade in markets that are not considered to be active but are valued based on fund administrator prices, dealer quotations or alternative pricing sources supported by unobservable inputs. These include monthly priced funds and quarterly priced limited partnerships.

Notes to the Financial Statements (continued)

15 Financial instruments (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Valuation as at 1 October 2016	59,910	32,257	19,768	111,935
Investment holding (losses)/gains as at 1 October	(2,159)	9,988	(6,395)	1,434
Cost as at 1 October	62,069	22,269	26,163	110,501
Purchases of investments at cost	10,594	17,146	5,874	33,614
Proceeds from sale of investments	(21,644)	(6,520)	(5,379)	(33,543)
Net gains on sale of investments	4,767	2,494	63	7,324
Transfers from level 2 to level 1	2,087	(2,087)	–	–
Transfers from level 2 to level 3	–	(29)	29	–
Cost as at 30 September	57,873	33,273	26,750	117,896
Investment holding gains/(losses) as at 30 September	7,144	4,020	(5,370)	5,794
Valuation as at 30 September 2017	65,017	37,293	21,380	123,690

The gains and losses included in the above table have all been included within gains/(losses) on investments in the Income Statement on page 36. The Directors believe that the use of reasonable possible alternative assumptions for its Level 3 holdings would not result in a valuation significantly different from the valuation included in these financial statements.

Transfers from Level 2 to Level 1 represent investments which are now quoted in an active market.

Transfers from level 2 to level 3 represent investments which have been delisted.

The Board has granted Janus Henderson a limited authority to invest in CFDs to achieve some degree of gearing and/or hedging without incurring the gross cost of investment. No CFDs were held during the year.

Unlisted investment disposals

The following material disposals of unlisted investments have taken place during the year.

Investment	Proceeds £'000	Cost £'000	Value at 30 September 2016 £'000
Firebird Republics Fund Limited	4,082	496	3,586

Classification of financial instruments

The Board requires Janus Henderson to operate within certain risk ranges of normal exposure, as detailed in the Report of the Directors and Fund Managers' Report.

	2017 £'000	2016 £'000
Contractual maturity analysis		
Creditors – due not later than one month	(366)	(334)
Due to Depositary	–	(2)
Purchases for future settlement	–	(2,508)
Total creditors maturity due not later than one month	(366)	(2,844)

Notes to the Financial Statements (continued)

15 Financial instruments (continued)

	2017 £'000	2016 £'000
Maximum credit risk analysis		
As at the year end the Company's maximum credit risk exposure was as follows:		
Cash at bank	155	-
Money market funds	4,718	22,868
Accrued income	602	205
Payments and other receivables	72	88
Sales for future settlement	871	396
Total maximum credit risk	6,418	23,557

Capital management policies

The Company's management objectives are to provide shareholders with long-term capital growth, deploying the proceeds of ordinary shareholders' equity and making tactical use of a restricted level of gearing.

	2017 £'000	2016 £'000
Capital and reserves:		
Share capital	9,670	10,744
Share premium	10,966	10,966
Capital redemption reserve	8,783	7,709
Capital reserve	97,255	99,507
Revenue reserve	3,068	3,722
Total shareholders' funds	129,742	132,648

The Company's objectives for managing capital are detailed in the Strategic Report and have been complied with throughout the year. The Company normally restricts effective gearing (borrowings and gross exposure of long-only CFDs) to 20% of net assets, maintains a minimum share capital of £50,000 (as a public company) and adheres to the capital restrictions imposed by relevant company and tax legislation.

16 Transactions with the Manager and related parties

Under the terms of an agreement effective from 22 July 2014 the Company has appointed subsidiaries of Janus Henderson Group plc ("Janus Henderson") to provide investment management, accounting, secretarial and administration services. Janus Henderson has contracted BNP Paribas Securities Services to provide accounting and administration services.

Details of the fee arrangements for these services are given on page 2. The total of management fees paid or payable to Janus Henderson under this agreement in respect of the year ended 30 September 2017 was: £912,000 (2016: £851,000). The amount outstanding at 30 September 2017 was £227,000 payable to Janus Henderson (2016: £232,000).

In addition to the above services, Janus Henderson has provided the Company with sales and marketing services during the year. The total fees, including VAT, for the year ended 30 September 2017 amounted to £69,000 (2016: £24,000).

Fees paid to the Directors are considered to be related party transactions. Details of the amounts paid are included in Note 4 on page 43. These amounts do not include National Insurance Contributions on the Directors' fees of £10,012 (2016: £10,012) which are included in general expenses. Directors' shareholdings are shown on page 24.

17 Commitments

The Company had outstanding commitments of £5 million (2016: £6.9 million) in respect of undrawn commitments to funds and nil contingencies at 30 September 2017 (2016: nil).

General Shareholder Information

AIFMD Disclosures

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), information in relation to the Company's leverage and remuneration of Janus Henderson, as the Company's Alternative Investment Fund Manager ("AIFM") is required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document called "AIFMD Disclosures" which can be found on the Company's website www.hendersonalternativestrategies.com.

Key Investor Document

Information in relation to the Company's disclosures in accordance with the Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation is contained in a 'Key Investor Document' which can be found on the Company's website.

BACS

Dividends can be paid by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from Computershare Investor Services PLC ("the Registrar"). Alternatively, shareholders can write to the Registrar (the address is given on page 14) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

With effect from 1 January 2016, new tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced. The legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information will have to be provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

Copies of this report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate.

You can contact the Registrar who has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator, by dialling 0870 702 0005. Specially trained operators are available during normal business hours to answer queries via this

service. Alternatively, if you prefer to go through a "typetalk" operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

FATCA

The Foreign Account Tax Compliance Act ("FATCA") is a United States federal law enacted in 2010 whose intent is to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. As a result of HMRC's change of interpretation on the meaning of shares and securities "regularly traded on an established securities market", investment trusts now need to monitor each year the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company therefore needs to make an annual assessment, before the FATCA return is due, to determine if the shares represent financial accounts and, where they do, will need to identify and report US reportable accounts to HMRC, as required.

Non-Mainstream Pooled Investments (NMPI) Status

The Company currently conducts its affairs so that its ordinary shares of 25p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Share price listings

The market price of the Company's ordinary shares is published daily in The Financial Times and other leading newspapers.

Performance details/share price information

Details of the Company's share price and NAV per share can be found on the website www.hendersonalternativestrategies.com. The Company's NAV is published weekly.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar, via www.computershare.com. Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice".

If you are in any doubt about the veracity of an unsolicited phone call, please call the Corporate Secretary at the number provided on page 14.

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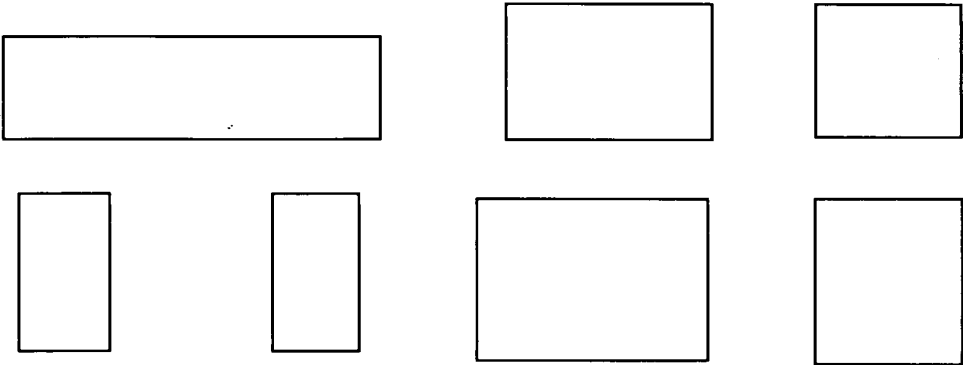
Henderson Alternative Strategies Trust plc
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Registration Number SC015905
Registered Office: Leven House, 10 Lochside Place, Edinburgh Park, Edinburgh EH12 9DF

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Global Intermediary Identification Number (GIIN): AEFUI2.99999.SL.826
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