

Company Number: 00025526

**THE HENDERSON SMALLER COMPANIES
INVESTMENT TRUST PLC**

**Report for the half-year ended
30 November 2022**

(unaudited)

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26 JANUARY 2023

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2022

This announcement contains regulated information.

“We believe your portfolio is both well positioned to withstand the current uncertain environment and has the scope to exploit the opportunities that will emerge progressively as current conditions improve.”

Penny Freer
Chair of the Board

INVESTMENT OBJECTIVE

The Company aims to maximise shareholders' total returns (capital and income) by investing in smaller companies that are quoted in the United Kingdom.

PERFORMANCE SUMMARY

- Net asset value (“NAV”) total return¹ of -12.5% compared to a total return from the benchmark² of -6.5%
- Share price³ total return of -8.4%
- Interim dividend⁴ of 7.0p (30 November 2021: 7.0p)

TOTAL RETURN PERFORMANCE (including dividends reinvested)

	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %
NAV ¹	-12.5	-26.5	-2.5	7.4	162.5
Benchmark ²	-6.5	-12.9	4.6	6.1	109.7
Share price ³	-8.4	-27.4	-9.2	12.1	191.3
Average sector NAV ⁵	-7.6	-17.0	7.7	6.7	136.6
Average sector share price ⁶	-6.8	-18.6	3.4	6.5	145.1
FTSE All-Share Index	0.3	6.5	12.2	22.8	92.8

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

1 Net asset value (“NAV”) per ordinary share total return with income reinvested

2 Numis Smaller Companies Index (excluding investment companies) total return

3 Share price total return using mid-market closing price

4 Interim dividend of 7.0p (30 November 2021: 7.0p) to be paid to shareholders on 6 March 2023

5 Average NAV total return of the AIC UK Smaller Companies sector

6 Average share price total return of the AIC UK Smaller Companies sector

FINANCIAL SUMMARY

	(Unaudited) 30 November 2022	(Unaudited) 30 November 2021	(Audited) 31 May 2022
Net assets	£689.8m	£960.8m	£802.6m
NAV per ordinary share	923.4p	1,286.2p	1,074.4p
Share price per ordinary share	823.0p	1,164.0p	917.5p
Total return per ordinary share	(134.0p)	(26.2p)	(231.0p)
Revenue return per ordinary share	12.54p	9.30p	24.57p
Dividend per ordinary share	7.00p	7.00p	24.00p
Gearing	11.6%	10.6%	11.2%

CHAIR'S STATEMENT

The period under review saw challenging global geopolitics, with increasing inflation and rising interest rates. In the UK, political turmoil led to volatility in sterling and turbulent bond markets, although by the end of November the domestic situation had calmed considerably. Your Company was not immune to the consequences of these challenges.

Performance

Your Company's net asset value ("NAV") total return fell during the period under review by 12.5%, underperforming the Numis Smaller Companies ex-Investment Companies Index which fell by 6.5%. It also underperformed the AIC UK Smaller Companies sector average NAV, which fell by 7.6%. Your Company's share price total return fell by 8.4% with the discount to NAV narrowing from 14.6% at 31 May 2022 to 10.9% at 30 November 2022.

The underperformance during the period was due to a combination of the de-rating of growth companies as they were negatively impacted by rising interest rates and higher bond yields, as well as the impact of gearing in the portfolio as markets fell. In most cases, the de-rating of our portfolio companies was not representative of the robust underlying operational and financial performance of the businesses.

The longer-term performance record of the Company remains consistently strong, reflecting an unchanged strategy adopted by the Fund Manager and his team.

Dividend

Your Board has decided to pay an unchanged interim dividend at 7.0p per ordinary share (30 November 2021: 7.0p). This will be paid on 6 March 2023 from the Company's revenue account to shareholders on the register at 10 February 2023. The shares will be marked ex-dividend on 9 February 2023.

Board changes and succession planning

After serving for nine years as director, David Lamb retired from the Board on 30 September 2022. David had been the Board's marketing representative, and for three years, Senior Independent Director. Kevin Carter has now been appointed as the Board's Senior Independent Director and Michael Warren has taken on the role of marketing representative. In the 2022 Annual Report we commented that we intend to appoint an additional non-executive director during the current year, in line with our long-term succession programme and to meet the FCA's diversity targets. We are well advanced in this process and expect to make an appointment before the year end.

Outlook

These are challenging times in the UK with the ongoing conflict in Ukraine and the tension between the USA and China having both immediate and longer-term implications. High inflation and the consequent fiscal tightening and rises in interest rates have sapped consumer confidence. It is noteworthy, however, that in the corporate sector conditions are intrinsically stronger than during the Global Financial Crisis of 2008/9 particularly in terms of balance sheet strength. We are seeing a strong recovery in dividend payments and evidence of companies buying back shares. Valuations are now well below long-term averages, although 2023 earnings growth is likely to be muted. Your fund management team continues to follow a disciplined, long-term approach focused on bottom-up stock selection through the assessment of each company's market proposition, balance sheet strength and management. We believe your portfolio is both well positioned to withstand the current uncertain environment and has the scope to exploit the opportunities that will progressively emerge as current conditions improve.

Penny Freer
Chair of the Board

FUND MANAGER'S REPORT

Market Review

The broad UK equity market was flat over the period. Market concerns focused around inflation, monetary policy tightening and the increasing likelihood of a global economic downturn with a consequent corporate earnings contraction. In the UK, GDP fell by 0.3% over the third quarter of 2022 following 0.2% growth in the second quarter, while business confidence slumped and consumer confidence remained close to an all-time low. It is possible the UK economy will have entered recession in the fourth quarter of 2022. The UK annual inflation rate rose to 11.1% in October 2022, a 40-year high. Central banks across the world, led by the Federal Reserve, European Central Bank and Bank of England, continued to raise interest rates. Despite indications that headline inflation had peaked in the US and was peaking elsewhere, the messaging from central banks remained hawkish regarding the future path of interest rates. The bond market turmoil in the UK caused by the Truss/Kwarteng 'mini' budget put a spotlight on the country's fiscal position, pushing sterling to lows against the US dollar. The replacement of Liz Truss by Rishi Sunak as Prime Minister and Jeremy Hunt's fiscally restrictive Autumn Statement calmed bond markets and saw sterling retrace earlier losses.

Smaller companies underperformed their larger counterparts, with the Numis Smaller Companies ex-Investment Companies Index down 6.5% against a rise in the FTSE All-Share Index of 0.3%. This was driven principally by concerns over the economic sensitivity of small caps in a recession.

Fund Performance

The Company had a disappointing period in performance terms, falling in absolute terms and underperforming its benchmark. The share price fell by 8.4% and the net asset value by 12.5% on a total return basis. This compared with a decrease of 6.5% (total return) by the Numis Smaller Companies Index (excluding investment companies). The underperformance came from a combination of the negative contribution from stock selection, gearing and expenses. The negative contribution from stock selection principally reflected the underperformance of growth companies as they de-rated in valuation terms due to rising interest rates and higher bond yields. In the vast majority of cases, this was independent of the operational and financial performance of these businesses, which remained robust.

Gearing

Gearing started the period at 11.2% and ended at 11.6%. Debt facilities are a combination of £30 million 20-year unsecured loan notes at an interest rate of 3.33% issued in 2016, £20m 30-year unsecured loan notes at 2.77% which were issued in February 2022 and £85 million short-term bank borrowings. As markets fell, the use of gearing was a negative contributor to performance in the period.

Attribution Analysis

The following tables show the top five contributors to, and detractors from, the Company's relative performance at 30 November 2022. Some of the stocks were included in the benchmark index but not held by the Company. These had an effect on relative performance.

Top five contributors	6-month return %	Relative contribution %
Balfour Beatty	+25.6	+0.5
RPS	+114.5	+0.5
John Wood*	-45.3	+0.5
Alpha Financial Markets	+25.1	+0.4
Euromoney	+33.1	+0.4

Top five detractors	6-month return %	Relative contribution %
Synthomer	-56.6	-0.8
GB Group	-41.1	-0.6
Future	-29.1	-0.6
Network International*	+55.0	-0.6
Telecom Plus*	+50.1	-0.6

* In benchmark index but not held by the Company.

Principal Contributors

Balfour Beatty is an international construction and infrastructure group; RPS is an international consulting engineer; John Wood is an oil and gas EPC group; Alpha Financial Markets is a provider of consulting services to the asset management industry; and Euromoney is a global B2B information services business.

Principal Detractors

Synthomer is a speciality chemicals group; GB Group is a provider of software and services to identity verification and fraud prevention markets; Future is a special interest media group; Network International is a Middle Eastern payments business; and Telecom Plus is a provider of telecommunications, gas and electricity services.

Portfolio Activity

Our approach is to consider our investments as long term in nature and to avoid unnecessary turnover. The focus has been on adding stocks to the portfolio that have good growth prospects, sound financial characteristics and strong management at a valuation level that does not reflect these strengths. Likewise, we have been employing strong sell disciplines to dispose of stocks that fail to meet these criteria.

During the period, we have added to a number of positions in our portfolio and increased exposure to those stocks which we feel have further catalysts to drive strong performance.

New additions to the portfolio include: Essentra, an international manufacturer and distributor of speciality products; Morgan Advanced Materials, a manufacturer of advanced ceramic and composite products; and Trainline, an online platform for the provision of rail and coach tickets.

To balance the additions to our portfolio, we have disposed of positions in companies which we felt were set for poor price performance or where the valuation had become extended, including the holdings in Alphawave, De La Rue, James Fisher, Gooch & Housego, Inspecc and Joules. Additionally we sold our holdings in Euromoney, RPS and Ultra Electronics, after these companies received agreed takeover bids.

Market Outlook

Global geopolitics remain challenging, particularly with the ongoing conflict in Ukraine and heightened tensions between China and USA. The longer-term implications of this are material, with the isolation of Russia as a pariah state, a stronger and more unified Europe and NATO, materially higher defence spending and an urgent need to reduce European dependence on Russian oil and gas supplies. This has exacerbated inflation, particularly in Europe, added to the burden on government spending, dampened animal spirits and hurt economic growth.

With inflation prints continuing to remain elevated against official targets, central banks, led by the US Federal Reserve, have remained hawkish. We have seen significant rises in interest rates globally and a move from quantitative easing to tightening. The market is forecasting further global rises in interest rates although it is clear we are nearer to the end rather than the start of the monetary-policy tightening phase. Oscillating confidence levels in central bankers' willingness and ability to strike the right balance between containing inflation and supporting economic growth is driving heightened levels of uncertainty and volatility in global bond and equity markets.

The rapid rise of inflation, particularly driven by energy prices but also by a wider number of other components, is putting pressure on consumers. Although the labour market is strong and wages are rising, real net disposable income is falling and consumer confidence is low. Sectors exposed to consumer spending are likely to face tougher trading as we move further into 2023.

In the corporate sector, conditions are intrinsically stronger than they were during the Global Financial Crisis of 2008-2009. In particular, balance sheets are more robust. Dividends have been recovering strongly and we are seeing an increasing number of companies buying back their own stock.

After an active 2021, the initial public offering (“IPO”) market has become considerably quieter as equity market confidence has diminished. There are no signs this is likely to change in the short term. Merger and acquisition (“M&A”) activity has remained robust as acquirers look to exploit opportunities thrown up by the recent equity market pullback. We expect this to continue in the coming months as UK equity market valuations remain markedly depressed versus other developed markets although recent moves in the bond market are causing a pause in activity.

In terms of valuations, the equity market is now trading below long-term averages. Corporate earnings were sharply down in 2020 although we saw a sharp recovery in 2021 and 2022. This is likely to fade in 2023 as a weakening economic environment starts to bite.

Although uncertainty remains around short-term economic conditions, we believe that the portfolio is well positioned to withstand an economic downturn and exploit any opportunities it presents. The movements in equity markets have thrown up some fantastic buying opportunities. However, it will be important to be selective as the strength of franchise, market positioning and balance sheets will likely determine the winners from the losers.

Neil Hermon
Fund Manager

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company's business fall broadly under the following categories:

- investment activity and strategy;
- legal and regulatory;
- operational; and
- financial instruments and the management of risk.

Detailed information on these risks is given in the Strategic Report and in the Notes to the Financial Statements in the Company's Annual Report for the year ended 31 May 2022.

In the view of the Board, these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors confirm that, to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting;
- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and
- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related-party transactions and changes therein).

On behalf of the Board
Penny Freer
Chair of the Board

INVESTMENT PORTFOLIO

at 30 November 2022

Company	Valuation £'000	Portfolio %	Company	Valuation £'000	Portfolio %
Impax Asset Management*	24,929	3.24	Just Group	9,694	1.26
Oxford Instruments	22,951	2.98	GB Group*	9,564	1.24
Watches Of Switzerland	20,777	2.70	Victrex	9,502	1.23
Balfour Beatty	18,769	2.44	Vitec	9,134	1.19
OneSavings Bank	18,626	2.42	Bodycote	8,998	1.17
Bellway	18,054	2.35	Bytes Technology	8,858	1.15
Future	17,844	2.32	Redde Northgate	8,742	1.14
Paragon Banking	17,070	2.22	Crest Nicholson	8,280	1.08
Learning Technologies*	16,588	2.15	Foresight Group	8,031	1.04
Team17*	16,133	2.10	Trainline	7,634	0.99
10 largest	191,741	24.92	40 largest	510,254	66.29
Vesuvius	15,392	2.00	Midwich*	7,525	0.98
Alpha Financial Markets*	14,115	1.83	TI Fluid Systems	7,513	0.98
Serica Energy*	13,357	1.73	Auction Technology	7,499	0.97
IntegraFin	12,965	1.68	Tyman	7,497	0.97
RWS*	12,595	1.64	QinetiQ	7,304	0.95
Gamma Communications*	12,034	1.56	Workspace Group	7,085	0.92
Serco	11,977	1.56	Moneysupermarket.Com	7,019	0.91
Renishaw	11,531	1.50	SigmaRoc*	6,829	0.89
Ascential	11,211	1.46	CLS	6,757	0.88
Spectris	10,871	1.41	Wickes	6,658	0.86
20 largest	317,789	41.29	50 largest	581,940	75.60
Softcat	10,833	1.41	DFS	6,412	0.83
Computacenter	10,708	1.39	Restore*	6,353	0.83
Mitchells & Butlers	10,688	1.39	Hollywood Bowl Group	6,337	0.82
Chemring	10,652	1.38	Synthomer	6,251	0.81
Next Fifteen Communications*	10,460	1.36	Harbour Energy	5,972	0.78
Savills	10,401	1.35	Genuit	5,859	0.76
Liontrust Asset Management	10,397	1.35	SThree	5,711	0.74
Rathbones	10,315	1.34	Hunting	5,304	0.69
Volution	9,847	1.28	Pagegroup	5,212	0.68
Capricorn Energy	9,727	1.26	Helical	5,193	0.67
30 largest	421,817	54.80	60 largest	640,544	83.21
			Remaining 41	129,320	16.79
			Total	769,864	100.00
				=====	=====

* Quoted on the Alternative Investment Market ("AIM")

STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Half-year ended 30 November 2022			(Unaudited) Half-year ended 30 November 2021			(Audited) Year ended 31 May 2022		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	10,553	-	10,553	8,088	-	8,088	20,648	-	20,648
Other income	23	-	23	-	-	-	2	-	2
Losses on investments held at fair value through profit or loss	-	(107,690)	(107,690)	-	(24,756)	(24,756)	-	(187,266)	(187,266)
Currency losses	-	-	-	-	-	-	-	(1)	(1)
Total income/(loss)	10,576	(107,690)	(97,114)	8,088	(24,756)	(16,668)	20,650	(187,267)	(166,617)
Expenses									
Management and performance fees (note 3)	(362)	(844)	(1,206)	(506)	(1,182)	(1,688)	(1,004)	(2,343)	(3,347)
Other expenses	(365)	-	(365)	(366)	-	(366)	(728)	-	(728)
Profit/(loss) before finance costs and taxation	9,849	(108,534)	(98,685)	7,216	(25,938)	(18,722)	18,918	(189,610)	(170,692)
Finance costs	(476)	(931)	(1,407)	(249)	(579)	(828)	(562)	(1,310)	(1,872)
Profit/(loss) before taxation	9,373	(109,465)	(100,092)	6,967	(26,517)	(19,550)	18,356	(190,920)	(172,564)
Taxation	(5)	-	(5)	(1)	-	(1)	(1)	-	(1)
Profit/(loss) for the period and total comprehensive income	9,368	(109,465)	(100,097)	6,966	(26,517)	(19,551)	18,355	(190,920)	(172,565)
Earnings per ordinary share (note 4)	12.54p	(146.54p)	(134.00p)	9.33p	(35.50p)	(26.17p)	24.57p	(255.58p)	(231.01p)

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with UK adopted international accounting standards.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

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

STATEMENT OF CHANGES IN EQUITY

Half-year ended 30 November 2022 (unaudited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2022	18,676	26,745	744,044	13,134	802,599
Total comprehensive income: (Loss)/profit for the period	-	-	(109,465)	9,368	(100,097)
Transactions with owners recorded directly to equity: Ordinary dividend paid	-	-	-	(12,699)	(12,699)
Total equity at 30 November 2022	18,676	26,745	634,579	9,803	689,803

Half-year ended 30 November 2021 (unaudited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2021	18,676	26,745	935,307	12,170	992,898
Total comprehensive income: (Loss)/profit for the period	-	-	(26,517)	6,966	(19,551)
Transactions with owners, recorded directly to equity: Ordinary dividend paid	-	-	(343)	(12,170)	(12,513)
Total equity at 30 November 2021	18,676	26,745	908,447	6,966	960,834

Year ended 31 May 2022 (audited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2021	18,676	26,745	935,307	12,170	992,898
Total comprehensive income: (Loss)/profit for the year	-	-	(190,920)	18,355	(172,565)
Transactions with owners, recorded directly to equity: Ordinary dividend paid	-	-	(343)	(17,391)	(17,734)
Total equity at 31 May 2022	18,676	26,745	744,044	13,134	802,599

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

BALANCE SHEET

	(Unaudited) Half-year ended 30 November 2022 £'000	(Unaudited) Half-year ended 30 November 2021 £'000	(Audited) Year ended 31 May 2022 £'000
Non-current assets			
Investments held at fair value through profit or loss	769,864	1,062,598	892,397
	-----	-----	-----
Current assets			
Securities sold for future settlement	-	4,730	4,229
Prepayments and accrued income	1,047	1,340	-
Cash and cash equivalents	2,192	5,262	8,991
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	3,239	11,332	13,220
	-----	-----	-----
Total assets	773,103	1,073,930	905,617
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Current liabilities			
Securities purchased for future settlement	(634)	(2,221)	(2,990)
Accruals and deferred income	(810)	(876)	-
Bank loans	(32,092)	(80,162)	(50,268)
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	(33,536)	(83,259)	(53,258)
	-----	-----	-----
Total assets less current liabilities	739,567	990,671	852,359
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Non-current liabilities	(49,764)	(29,837)	(49,760)
	-----	-----	-----
Net assets	689,803	960,834	802,599
	=====	=====	=====
Equity attributable to equity shareholders			
Called up share capital (note 6)	18,676	18,676	18,676
Capital redemption reserve	26,745	26,745	26,745
Retained earnings:			
Capital reserves (note 7)	634,579	908,447	744,044
Revenue reserve	9,803	6,966	13,134
	-----	-----	-----
Total equity	689,803	960,834	802,599
	=====	=====	=====
Net asset value per ordinary share (note 8)	923.4p	1,286.2p	1,074.4p
	=====	=====	=====

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

STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 30 November 2022 £'000	(Unaudited) Half-year ended 30 November 2021 £'000	(Audited) Year ended 31 May 2022 £'000
Loss before taxation	(100,092)	(19,550)	(172,564)
Add back interest payable	1,330	828	1,872
Losses on investments held at fair value through profit or loss	107,690	24,756	187,266
Purchases of investments	(62,139)	(79,124)	(165,877)
Sales of investments	76,981	72,129	166,572
(Increase)/decrease in receivables	(11)	3	(1)
Decrease/(increase) in amounts due from brokers	1,899	(1,651)	1,179
Decrease/(increase) in accrued income	1,296	573	(412)
Decrease in payables	(88)	(4,402)	(4,545)
(Decrease)/increase in amounts due to brokers	(1,447)	1,747	1,607
Overseas withholding tax	(5)	-	-
	-----	-----	-----
Net cash inflow/(outflow) from operating activities before interest	25,414	(4,691)	15,097
	-----	-----	-----
Interest paid	(1,338)	(798)	(1,659)
	-----	-----	-----
Net cash inflow/(outflow) from operating activities	24,076	(5,489)	13,438
	=====	=====	=====
Financing activities			
Equity dividends paid	(12,699)	(12,513)	(17,734)
(Drawdown)/repayment of bank loans	(18,176)	20,302	(9,592)
Issue of unsecured private placement notes	-	-	20,000
Direct expenses on issue of unsecured private placement notes	-	-	(82)
	-----	-----	-----
Net cash (outflow)/inflow from financing activities	(30,875)	7,789	(7,408)
	-----	-----	-----
(Decrease)/increase in cash and cash equivalents	(6,799)	2,300	6,030
Currency losses	-	-	(1)
Cash and cash equivalents at the start of the period	8,991	2,962	2,962
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Cash and cash equivalents at the period end	2,192	5,262	8,991
	=====	=====	=====

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. **Accounting policies – basis of preparation**

The Henderson Smaller Companies Investment Trust plc (the “Company”) is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. These condensed financial statements comprise the unaudited results of the Company for the half-year ended 30 November 2022. They have been prepared on a going concern basis and in accordance with UK adopted international accounting standards and with the Statement of Recommended Practice for Investment Trusts (“SORP”) dated April 2021, where the SORP is consistent with the requirements of UK adopted international accounting standards. For the period under review the Company’s accounting policies have not varied from those described in the Annual Report for the year ended 31 May 2022. These financial statements have not been audited or reviewed by the Company’s auditor.

2. **Going concern**

The assets of the Company consist of securities that are readily realisable and, accordingly, 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 directors have also considered the impact of Covid-19 and the risks arising from the wider ramifications of the conflict between Russia and Ukraine, incorporating cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio. They have concluded that they are able to meet their financial obligations, including the repayment of the bank loan, as they fall due for a period of at least twelve months from the date of issuance. Having assessed these factors, the principal risks and other matters discussed in connection with the Viability Statement in the Annual Report for the year ended 31 May 2022, the directors confirm that the financial statements have been prepared on a going concern basis. The Company’s shareholders are asked every three years to vote for the continuation of the Company. The last continuation vote took place at the AGM on 30 September 2022 and was passed by a substantial majority of shareholders. The next continuation vote will take place at the AGM in 2025.

3. **Expenses**

Expenses, finance costs and taxation include provision for a performance fee when the relevant criteria have been met. There was no performance fee provision for the six months to 30 November 2022 (30 November 2021: £nil; 31 May 2022: £nil). Any provision for a performance fee is charged 100% to capital. The actual performance fee, if any, payable to Janus Henderson for the year to 31 May 2023 will depend on outperformance over the full financial year, subject to a cap on the total fees paid to Janus Henderson of 0.9% of the average value of the net assets of the Company during the year. No performance fee is payable if on the last day of the accounting year the Company’s share price or net asset value (“NAV”) is lower than the share price and NAV at the preceding year end. Details of the performance fee arrangements are set out in the Annual Report for the year ended 31 May 2022.

4. **Earnings per ordinary share**

The earnings per ordinary share figure is based on the net loss for the half-year ended 30 November 2022 of £100,097,000 (half-year ended 30 November 2021: net profit of £19,551,000; year ended 31 May 2022: net loss of £172,565,000) and on 74,701,796 (half-year ended 30 November 2021: 74,701,796; year ended 31 May 2022: 74,701,796) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	(Unaudited) 30 November 2022 £'000	(Unaudited) 30 November 2021 £'000	(Audited) 31 May 2022 £'000
Net revenue profit	9,368	6,966	18,355
Net capital loss	(109,465)	(26,517)	(190,920)
	-----	-----	-----
Net total loss	(100,097)	(19,551)	(172,565)
	=====	=====	=====
Weighted average number of ordinary shares in issue during the period	74,701,796	74,701,796	74,701,796
	Pence	Pence	Pence
Revenue earnings per ordinary share	12.54	9.33	24.57
Capital loss per ordinary share	(146.54)	(35.50)	(255.58)
	-----	-----	-----
Total loss per ordinary share	(134.00)	(26.17)	(231.01)
	=====	=====	=====

5. Dividends

The Board has declared an interim dividend of 7.00p (30 November 2021: 7.00p) to be paid on 6 March 2023 to shareholders on the register at the close of business on 10 February 2023. The ex-dividend date will be 9 February 2023. No provision has been made for the interim dividend in these condensed financial statements.

The final dividend of 17.00p per ordinary share, paid on 5 October 2022, in respect of the year ended 31 May 2022, has been recognised as a distribution in the period.

6. Share capital

At 30 November 2022 there were 74,701,796 ordinary shares in issue (30 November 2021: 74,701,796; 31 May 2022: 74,701,796). During the half-year ended 30 November 2022 the Company did not buy back or issue any shares (half-year ended 30 November 2021: nil; year ended 31 May 2022: nil). No shares have been bought back or issued since the period end.

7. Capital reserves

Capital reserves include the capital reserve arising on investments sold of £553,853,000 (30 November 2021: £515,498,000; 31 May 2022: £549,634,000) and the capital reserve arising on revaluation of investments held of £80,726,000 (30 November 2021: £392,949,000; 31 May 2022 £194,410,000). The Company's capital reserve arising on investments sold (i.e. realised capital profits) and revenue reserve may be distributed by way of a dividend.

8. Net asset value ("NAV") per ordinary share

The NAV per ordinary share is based on the net assets attributable to the equity shareholders of £689,803,000 (30 November 2021: £960,834,000; 31 May 2022: £802,599,000) and on 74,701,796 (30 November 2021: 74,701,796; 31 May 2022: 74,701,796) ordinary shares, being the number of ordinary shares in issue at the period end.

9. Transaction Costs

Purchase transaction costs for the half-year ended 30 November 2022 were £284,000 (half year ended 30 November 2021: £204,000; year ended 31 May 2022: £605,000). These comprise mainly stamp duty and commission. Sale transaction costs for the half year ended 30 November 2022 were £37,000 (half year ended 30 November 2021: £34,000; year ended 31 May 2022: £76,000).

10. Financial Instruments

The investments are held at fair value through profit or loss. All the net current liabilities are held in the Balance Sheet at a reasonable approximation of fair value. At 30 November 2022 the fair value of the Preference Stock was £4,000 (30 November 2021: £4,000; 31 May 2022: £4,000). The fair value of the Preference Stock is estimated using the prices quoted on the exchange on which the stock trades. The Preference Stock is carried in the Balance Sheet at par.

The unsecured loan notes are carried in the Balance Sheet at par less the issue costs which are amortised over the life of the notes. In order to comply with fair value accounting disclosures only, the fair value of the unsecured loan notes has been estimated to be £40,316,000 (30 November 2021: £34,681,000; 31 May 2022: £46,255,000) and is categorised as Level 3 in the fair value hierarchy as described below. However, for the purpose of the daily NAV announcements, the unsecured loan notes are valued at par in the fair value NAV because they are not traded and the directors have assessed that par value is the most appropriate value to be applied for this purpose.

The fair value of the unsecured loan notes is calculated using a discount rate which reflects the yield of a UK Gilt of similar maturity plus a suitable credit spread.

Fair value hierarchy

The table below sets out the fair value measurements using the IFRS 13 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset, as follows:

Level 1: valued using quoted prices in active markets for identical assets.

Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices.

Level 3: valued by reference to valuation techniques using inputs that are not based on observable market data.

As at 30 November 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	769,864	-	-	769,864
	-----	-----	-----	-----
	769,864	-	-	769,864
	=====	=====	=====	=====
As at 30 November 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,062,598	-	-	1,062,598
	-----	-----	-----	-----
	1,062,598	-	-	1,062,598
	=====	=====	=====	=====
As at 31 May 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	892,397	-	-	892,397
	-----	-----	-----	-----
	892,397	-	-	892,397
	=====	=====	=====	=====

The valuation techniques used by the Company are explained in the accounting policies note 1(c) of the Annual Report for the year ended 31 May 2022.

11. Related-party transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position of the Company during the period. Details of related-party transactions are contained in the Annual Report for the year ended 31 May 2022.

12. **Comparative information**

The financial information contained in this half-year financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 November 2022 and 30 November 2021 has not been audited.

The information for the year ended 31 May 2022 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies. The report of the auditor on those accounts was unqualified and contained no statement under either section 498(2) or section 498(3) of the Companies Act 2006.

13. **Directors' interests in shares**

The interests of the directors in the ordinary shares of the Company at 31 May 2022 and at 30 November 2022 are shown in the table below:

	Ordinary shares of 25p	
	30 November 2022	31 May 2022
Penny Freer	2,400	2,400
Kevin Carter	10,500	8,500
Alexandra Mackesy	2,200	2,200
Victoria Sant	1,270	1,040
Michael Warren	5,000	3,000
David Lamb ¹	n/a	5,802

¹ Retired as director on 30 September 2022

Since 30 November 2022 and to the date of this report, no purchases in the Company's shares were made. No director has an interest in the preference stock of the Company.

14. **General information**

The Henderson Smaller Companies Investment Trust plc is registered in England and Wales.

Company Number: 00025526.

Registered Office: 201 Bishopsgate, London EC2M 3AE

London Stock Exchange (TIDM) Code: HSL

SEDOL Number: 0906506

Global Intermediary Identification Number (GIIN): WZD8S7.99999.SL.826

Legal Entity Identifier (LEI): 213800NE2NCQ67M2M998

Directors and Corporate Secretary

The directors of the Company are Penny Freer (Chair of the Board), Kevin Carter (Senior Independent Director), Alexandra Mackesy (Chair of the Audit and Risk Committee), Victoria Sant and Michael Warren. The Corporate Secretary is Janus Henderson Secretarial Services UK Limited, represented by Johana Woodruff, ACG.

Website

Details of the Company's share price and NAV, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at www.hendersonsmallercompanies.com.

15. **Financial report for the half year ended 30 November 2022**

The half-year report will shortly be available on the Company's website or from the Company's registered office. An abbreviated version, the 'Update', will be circulated to shareholders in February 2023 and will be available from the Corporate Secretary at the Company's registered office, 201 Bishopsgate, London EC2M 3AE.

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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website), are incorporated into, or form part of, this announcement.