

Annual Report 2021

Henderson International Income Trust plc



MANAGED BY
Janus Henderson
— INVESTORS —



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A wide-angle photograph of the Shanghai skyline across the Huangpu River. The Oriental Pearl Tower is prominent on the left, with its three spheres. To its right are several other skyscrapers, including the Shanghai Tower, which is the tallest building in the image. The sky is clear blue, and the water in the foreground is calm with some small boats.

Strategic Report

Objective

The Company's investment objective is to provide shareholders with a growing total annual dividend, as well as capital appreciation.

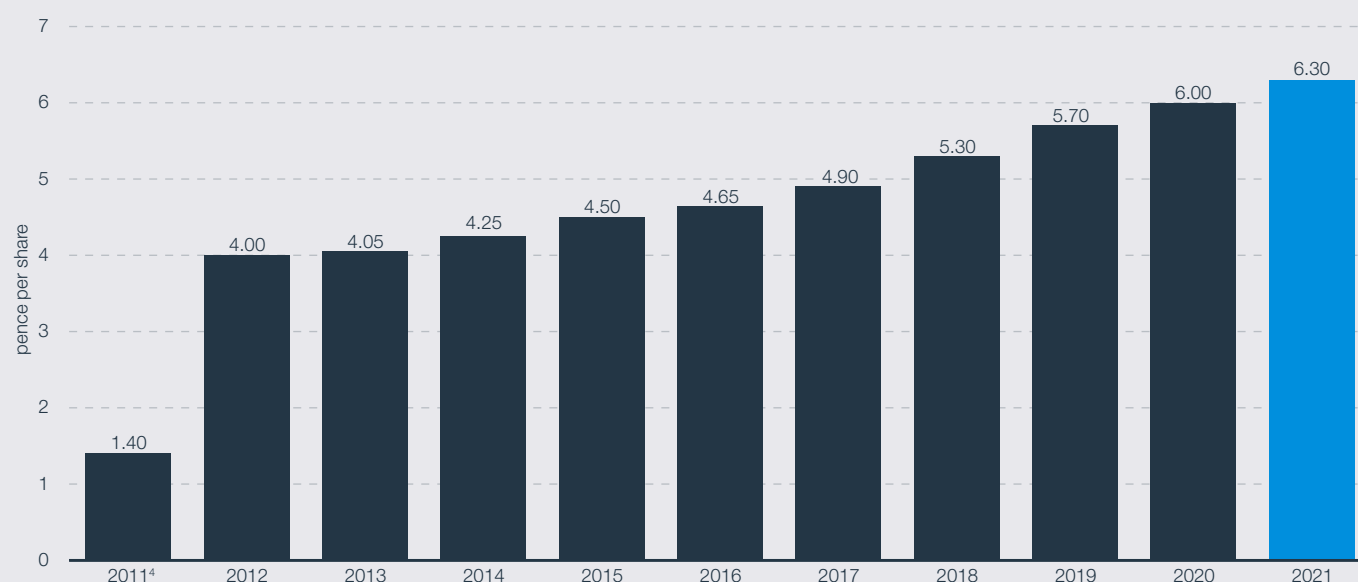


Performance at 31 August

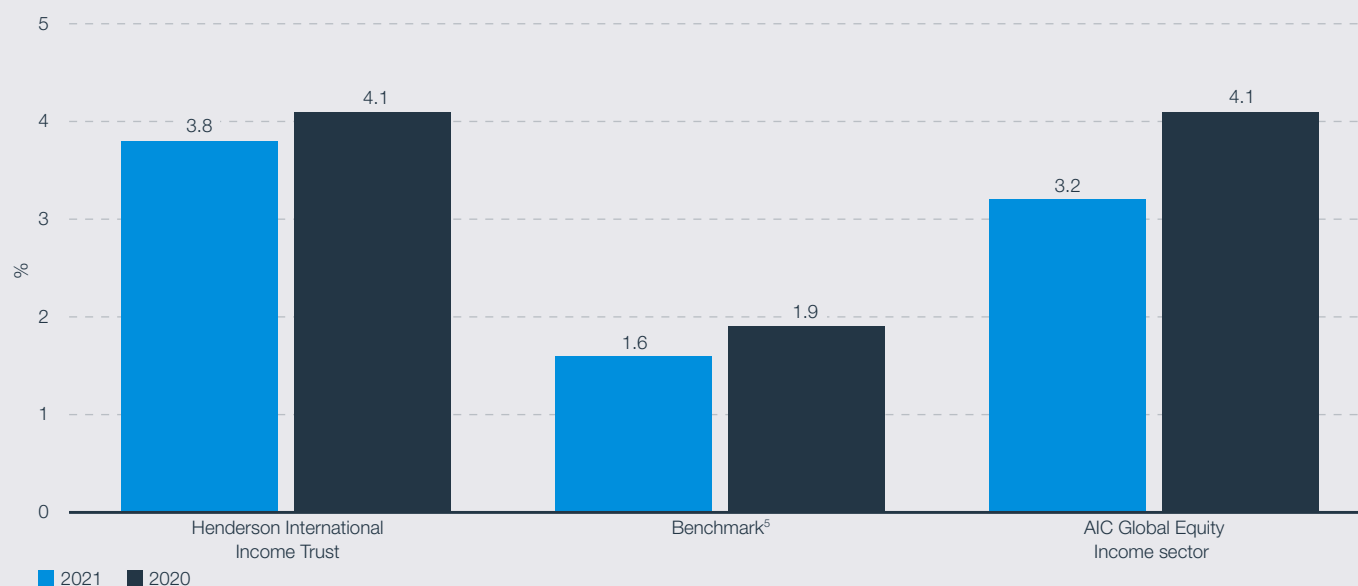
Total return performance for year to 31 August

	2021 %	2020 %
NAV ¹ (debt at par)	22.7	(3.0)
NAV ¹ (debt at fair value)	23.5	(3.3)
Share price ²	18.5	(5.2)
Benchmark ³	26.9	8.1
AIC Global Equity Income sector	26.1	(0.8)

Dividend growth since launch to 31 August 2021



Dividend yields at 31 August





Performance at 31 August

NAV per share at year end (debt at par)

2021	2020
181.7p	153.5p

NAV per share at year end (debt at fair value)

2021	2020
179.4p	150.5p

Share price at year end

2021	2020
166.0p	145.5p

Dividend in respect of year⁶

2021	2020
6.30p	6.00p

Ongoing charge for year⁸

2021	2020
0.83%	0.85%

Discount (debt at par)

2021	2020
(8.7)%	(5.2)%

Discount (debt at fair value)

2021	2020
(7.5)%	(3.3)%

Net assets

2021	2020
£356.2m	£300.9m

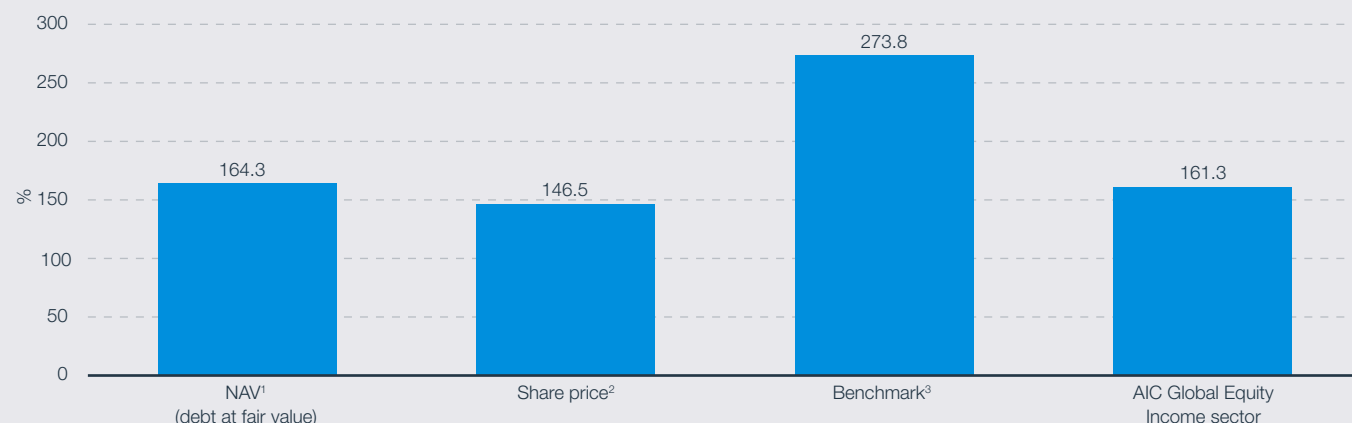
Dividend yield at the year end⁷

2021	2020
3.8%	4.1%

Gearing at year end

2021	2020
4.5%	11.4%

Total return performance since launch



1 Net asset value ("NAV") total return per share (including dividends per share reinvested)

2 The Company's share price total return (assuming the reinvestment of all dividends excluding dealing expenses)

3 MSCI World (ex UK) Index (sterling adjusted)

4 Four-month period from launch on 28 April 2011 to 31 August 2011

5 MSCI World (ex UK) Index in US\$

6 Includes the fourth interim dividend in respect of the year ended 31 August 2021 declared on 26 October 2021 to be paid to shareholders on 30 November 2021

7 Calculated based on the closing share price at 31 August 2021

8 Calculated using the methodology prescribed by the Association of Investment Companies ("AIC")

A glossary of terms can be found on page 81. Alternative performance measures can be found on pages 79 and 80

Source: Morningstar Direct, Funddata, Janus Henderson, Refinitiv Datastream

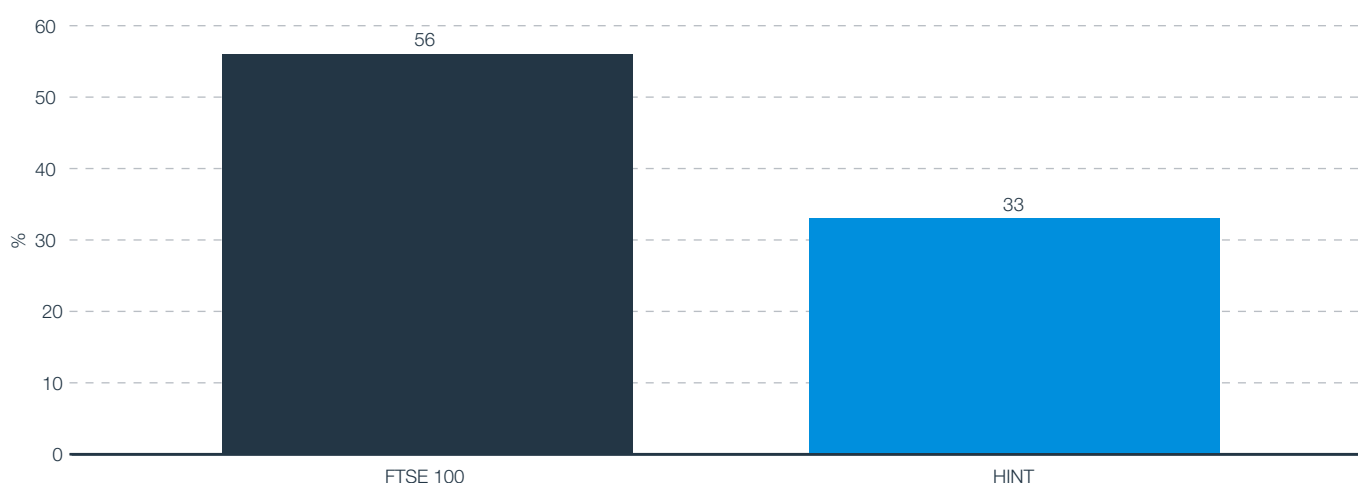
Introduction to Henderson International Income Trust plc

In 2011, Henderson International Income Trust (“HINT”) was launched to provide an investment solution for investors seeking attractive income and capital growth opportunities in a low interest rate environment.

HINT’s investment objective is to provide shareholders with a growing total annual dividend, as well as capital appreciation. This is achieved through a focused and internationally diversified portfolio of securities outside the UK.

The ex-UK aspect of the portfolio was designed to allow investors to be confident of true stock specific diversification as many UK investors’ income portfolios are often overweight the UK FTSE dividend payers. As shown in the chart below, the dividends paid by UK companies (represented here by the FTSE 100) are highly reliant on a small number of companies. The same is not the case for a global index or for the HINT portfolio.

Contribution to dividend income for the top 10 dividend-paying stocks



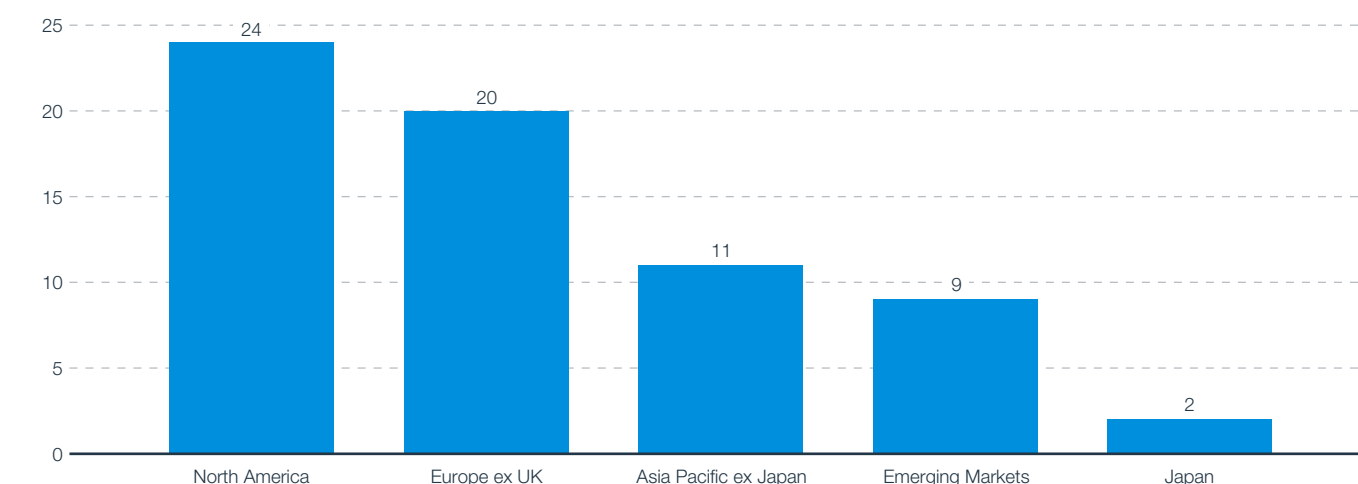
Source: Link Group UK Dividend Monitor for the year to 31 December 2020. HINT dividend contribution for the one year period to 31 August 2021

Portfolio characteristics

The Company invests in the best global income ideas, well diversified by sector and region outside the UK, generated by the Janus Henderson Global Equity Income team. It also benefits from company research coverage by Janus Henderson’s

range of dedicated global research teams. It generally invests in 50-80 investments, which are well diversified by sector and region.

Number of holdings by region



Source: Janus Henderson, 31 August 2021

As the world changes over time, it is important to be able to adapt. HINT has a very flexible mandate that is designed to allow it to adjust to the changing investment environment. Investors in HINT benefit from:

- **A global universe of investment opportunities:** different regions can offer different investment opportunities, and global diversification helps mitigate political and economic risks. This is hard in single region portfolios, particularly for regulated sectors such as utilities and financial services. The portfolio is split into three regions, North America, Europe and Asia Pacific, with none representing more than 50% of assets. No stock is over 5% of the portfolio at the time of investment.
- **The ability to borrow to enhance returns:** the Company can utilise borrowings of up to 25% of net assets to enhance returns over time.

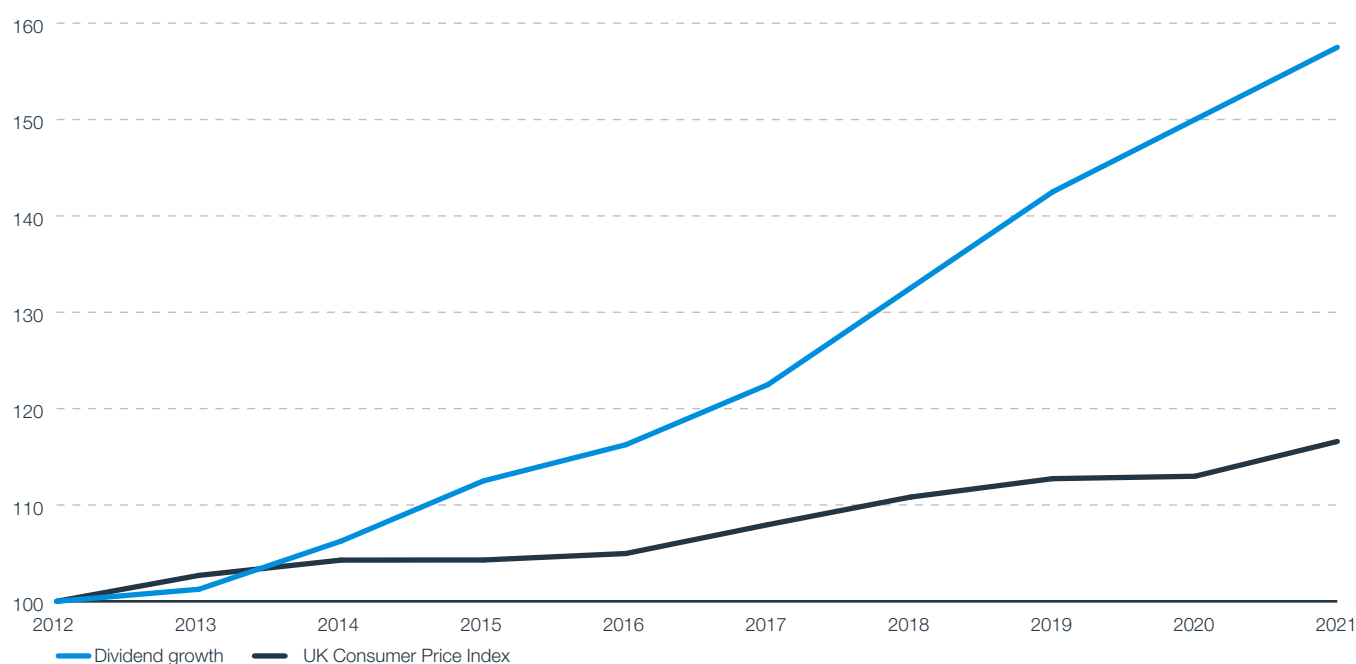
- **Asset allocation:** in addition to borrowing, the mandate includes the ability to own up to 25% in fixed interest assets to enhance income generation and diversification.

Outcomes

HINT has established a track record since inception of a growing total annual dividend as well as capital appreciation:

1. The dividend has grown from 1p per quarter to 1.80p per quarter since launch.
2. The capital value of the Company has increased from 100p at launch to 181.7p as at 31 August 2021.¹
3. Income sustainability – dividends have grown every year since launch at a greater rate than inflation. The long-term sustainability of dividends is enhanced by the Company's ability to smooth distributions through the cycle using its reserves.

HINT dividend growth compared to the Consumer Price Index for the 10 years to 31 August 2021



Source: Refinitiv Datastream, Morningstar Direct. Figures rebased to 100 as at August 2012

¹ NAV (debt at par) per share



Simon Jeffreys
Chairman

Chairman's Statement

“Whilst asset values have experienced volatility over the period, investors have seen their income and capital grow.”



Chairman's Statement

Performance and markets

Over the year, the net asset value ("NAV") total return per ordinary share has risen by 22.7% (debt at par) and by 23.5% (debt at fair value). The total return on the ordinary share price was 18.5%, this figure includes total dividends of 6.30p per ordinary share, an increase of 5.0% on the previous year. This year marks the tenth anniversary of the Company and the tenth increase in annualised dividend growth. These returns compare to a total return of 26.9% for the MSCI World (ex UK) Index (sterling adjusted) ("MSCI World Index" or "benchmark").

During the financial year the Covid pandemic has continued to disrupt the functioning of society. It has been a period of immense uncertainty and, in many places, human tragedy. A combination of government support and human ingenuity has kept economies functioning, and the advent of vaccines to reduce the transmission and impact of the virus has given the world hope it can start to return to normality.

Equity markets generally look forward rather than dwelling on past events, and have performed strongly since the first vaccines were created in autumn 2020. The double-digit returns generated over the period reflect the low starting point; in reality, the actual economic recovery has been uneven and punctuated by recurring lockdowns around the world.

The portfolio has benefited from the economic recovery, generating considerable capital appreciation plus revenue growth year-on-year. The recovery has been led by a combination of highly cyclical companies rallying on a strengthening economic recovery and high growth companies. More defensive equities have appreciated but have lagged the market. In some regions, there was a large number of dividend cuts during 2020. In the UK, for example, almost half of FTSE 100 companies cut their dividends, reinforcing the importance for investors of diversifying their income streams globally in a portfolio such as HINT's. This year, the news globally has been much more encouraging, and many companies have reinstated their dividends, indicating that dividends as a form of shareholder return will still form an important part of investors' returns.

Despite the reinstatement of dividends, higher dividend yield indices have underperformed the broader market again this year. As a result of the Company's income objective, portfolio composition can differ significantly from the MSCI World Index which can lead to significant variations in performance between the two. The yield on the Company's benchmark is not in line with Company's income objective. The board is reviewing the options to ascertain whether there is a more appropriate index by which to measure the Company's performance that is more aligned with its objectives, and will update shareholders on its findings in due course. Information about the portfolio's performance over the period can be found in the fund manager's report on pages 12 to 16. The Company has delivered dividend growth to shareholders

again this year, however the value and income bias of the portfolio has meant that performance against some of the other KPIs has been more difficult in the short term. The key performance indicators ("KPIs") are detailed on page 20 of the report.

Strategy, growth and corporate activity

Since your Company's original listing, the board's strategy has been to provide a high and rising level of dividends as well as long-term capital appreciation, whilst building a revenue reserve.

The board has reviewed your Company's dividend policy and the preferences of current and prospective investors, and concluded that investors would prefer to receive a greater proportion of HINT's total return by way of an enhanced dividend. Accordingly, your board is increasing the fourth interim dividend by 20% to 1.80p per share for the quarter ended 31 August 2021 and will continue its commitment to an attractive, progressive dividend going forward. Dividends from the portfolio will remain an important contribution to the Company's distributions, but to the extent that, in any year, dividends are not fully covered by underlying revenue, your board will utilise realised capital gains. This will give shareholders confidence around future distributions and the investment team flexibility to invest in the most attractive opportunities. The board believes that the investment strategy and approach followed by our manager will deliver the best total return over the medium to long term in a combination of income and capital growth.

We remain willing to issue further shares at appropriate times. This is to provide greater liquidity in our shares, and to lower our fixed costs per share. Since inception, management fee reductions combined with the increase in the size of the Company have been the two principal factors that have led to a fall in the ongoing charge from 1.38% (as at 31 August 2012) to 0.83% this year.

Earnings and dividends

We are pleased to announce a total dividend increase from 6.00p to 6.30p per ordinary share for the year to 31 August 2021. The year consisted of a first, second and third interim dividend of 1.50p per ordinary share, and the fourth interim dividend of 1.80p, which will be paid on 30 November 2021.

The revenue returns increased year-on-year by 10% to £11,733,000. Whilst most of the portfolio's holdings have paid dividends, there are still a few that have delayed until after the year end. As a result, it has been necessary to use a relatively moderate amount of revenue reserves to support dividends this year (£27,000 of the £7,164,000 at the start of the year). We continue to recognise the importance of regular dividend income to our shareholders and will continue to use reserves to complement the income generated by the portfolio.

Chairman's Statement (continued)

Gearing

Well-judged gearing enhances returns to shareholders. The board's current policy is to permit the fund manager to gear up to 25% of net assets at the time of drawdown or investment, as appropriate. Borrowing limits for this purpose include implied gearing through the use of derivatives. The gearing at the period end was 4.5% (31 August 2020: 11.4%).

Liquidity and discount management

The board continues to monitor the premium/discount to NAV and will consider appropriate action if the relationship between the NAV and share price moves and remains out of line with the Company's peer group. Nonetheless, there is a distinct limit to the board's ability to influence the premium or discount to NAV. We consider that it is not in shareholders' interests to have a specific issuance or buy-back policy. However, to retain flexibility, we reserve the ability to implement share issues or buy-backs, where appropriate, and subject to market conditions.

Ongoing charge

The ongoing charge for the year to 31 August 2021, as calculated in accordance with the Association of Investment Companies ("AIC") methodology was 0.83% (2020: 0.85%).

Annual general meeting

The eleventh annual general meeting ("AGM") of the Company will be held, subject to any Covid restrictions, on Tuesday, 7 December 2021 at the offices of Janus Henderson Investors, 201 Bishopsgate, London EC2M 3AE. The notice of meeting and details of the resolutions to be proposed are set out in a separate document which accompanies this annual report. Ben Lofthouse, the fund manager, will give a presentation at the meeting.

For any shareholders unable to travel, I invite you to join by Zoom webinar, and details of how to register are set out in the notice of meeting. As is our normal practice, there will be live voting for those physically present at the AGM. However, due to technical restrictions, we cannot offer live voting by Zoom, and we therefore request all shareholders, and particularly those who cannot attend physically, to submit their votes by proxy to ensure that their vote counts at the meeting.

Board composition

Following the retirement of Bill Eason and Kasia Robinski at last year's AGM, Jo Parfrey was appointed as a director and the new chair of the audit committee on 1 January 2021. Jo is a chartered accountant and brings to the board strong investment and financial, analytical and risk management skills.

As previously reported, I will be standing down as chairman of the board and a director of the Company at the conclusion of the 2022 AGM. This will conclude five years' service as chairman of the board, following six years' service as audit committee chairman. It is anticipated that the nominations and remuneration committee will start looking for my replacement in early 2022.

Outlook

The Company was launched with a flexible mandate with which to achieve the aim of offering investors income and capital growth, with the protection of diversification by sector and geography. The last few years have tested that adaptability; the US has entered a new phase regarding its relationship with China, the UK has left the European Union, and a pandemic has brought the world to a standstill. Whilst asset values have experienced volatility over the period, investors have seen their income and capital grow. The nature of an investment company gives it some advantages over other investment vehicles, including a fixed pool of assets so sales are not forced at the wrong time, the ability to maintain distributions through the cycle, and the ability to utilise gearing to enhance returns. Hopefully the world is through the worst of the pandemic, and investors can look forward to a smoother ride. Change is inevitable though, and the board believes that the revised dividend policy will add to the advantages the Company has to serve investors' needs in coming years.

The board and investment team remain focused on delivering the Company's objectives and, where possible, taking advantage of opportunities as they arise. Interest rates remain at record lows, and against this backdrop the Company's objective of delivering an appealing income from a diversified portfolio of holdings remains highly relevant. The Company will continue with its existing strategy of identifying companies that are attractively valued, pay a sustainable dividend and have the capacity to grow their earnings and dividends over the medium to long term.

Simon Jeffreys
Chairman
26 October 2021

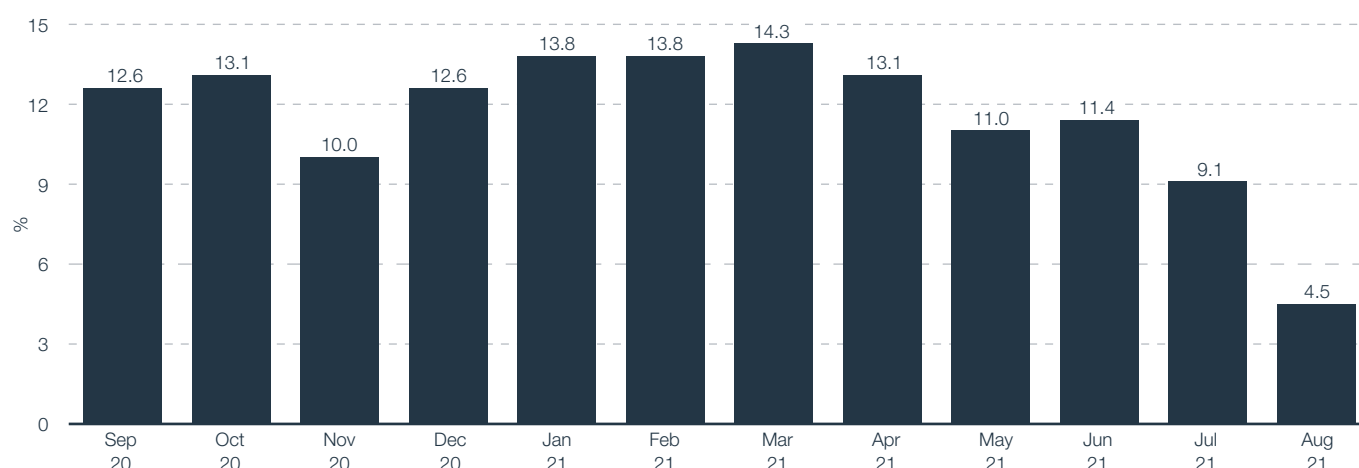
Portfolio Snapshot

Ten largest investments at 31 August 2021

Rank 2021	Rank 2020	Company	Country	Sector	Market value £'000	% of portfolio	Market value at time of investment £'000	Yield ¹ %
1	1	Microsoft	US	Technology	17,699	4.8	2,342	0.7
2	3	Taiwan Semiconductor Manufacturing	Taiwan	Technology	10,568	2.8	1,835	1.7
3	2	Nestlé	Switzerland	Consumer staples	10,157	2.7	6,713	2.2
4	14	OZ Minerals	Australia	Basic materials	10,005	2.7	4,720	2.1
5	57	AXA	France	Financials	9,485	2.6	8,752	5.9
6	10	Coca-Cola	US	Consumer staples	8,257	2.2	6,578	3.1
7	4	Verizon Communications	US	Telecommunications	8,083	2.2	8,034	4.7
8	13	Cisco Systems	US	Telecommunications	7,985	2.1	4,460	2.7
9	7	Sanofi	France	Health care	7,455	2.0	6,469	3.8
10	5	Novartis	Switzerland	Health care	7,424	2.0	6,090	3.9
Top 10					97,118	26.1	55,993	

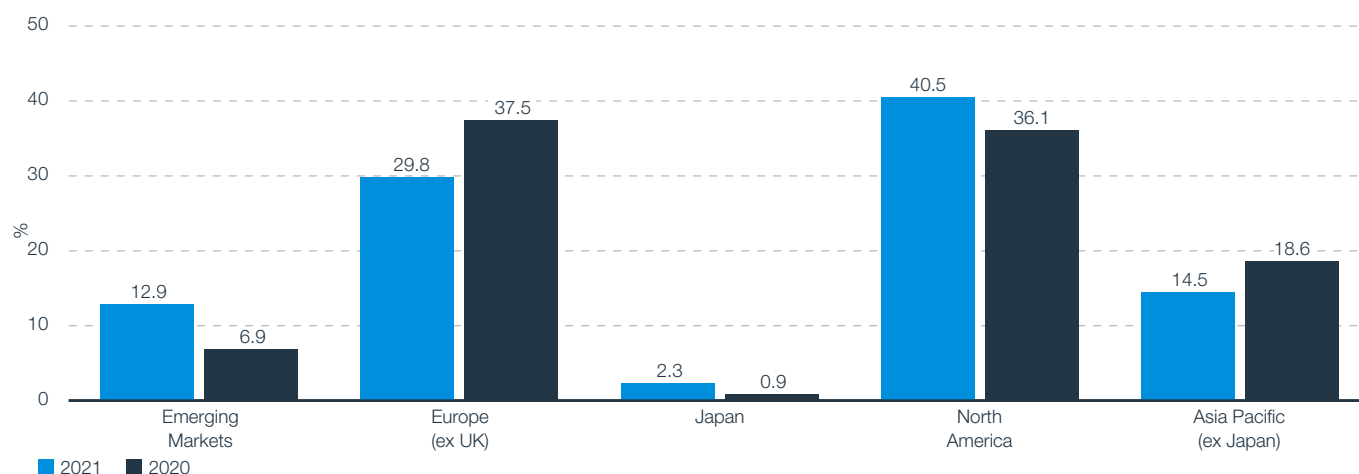
¹ Dividend yield is based upon historic dividends, including special dividends where known, and is not representative of future yield

Gearing levels over the year to 31 August 2021



Regional asset allocation weighting of the portfolio at 31 August

As a percentage value of the investment portfolio excluding cash

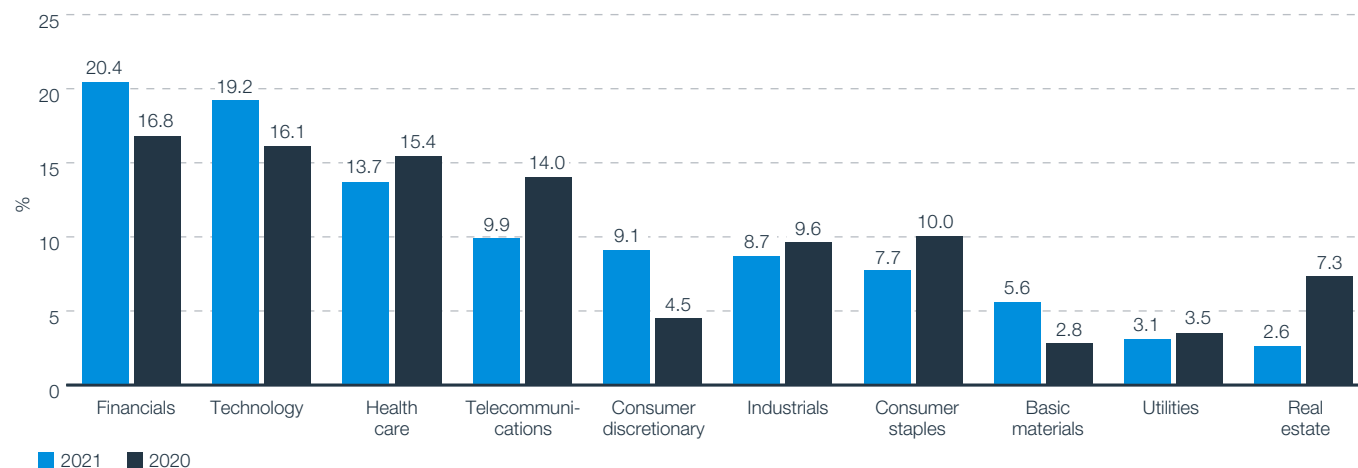


Source: Janus Henderson

Portfolio Snapshot (continued)

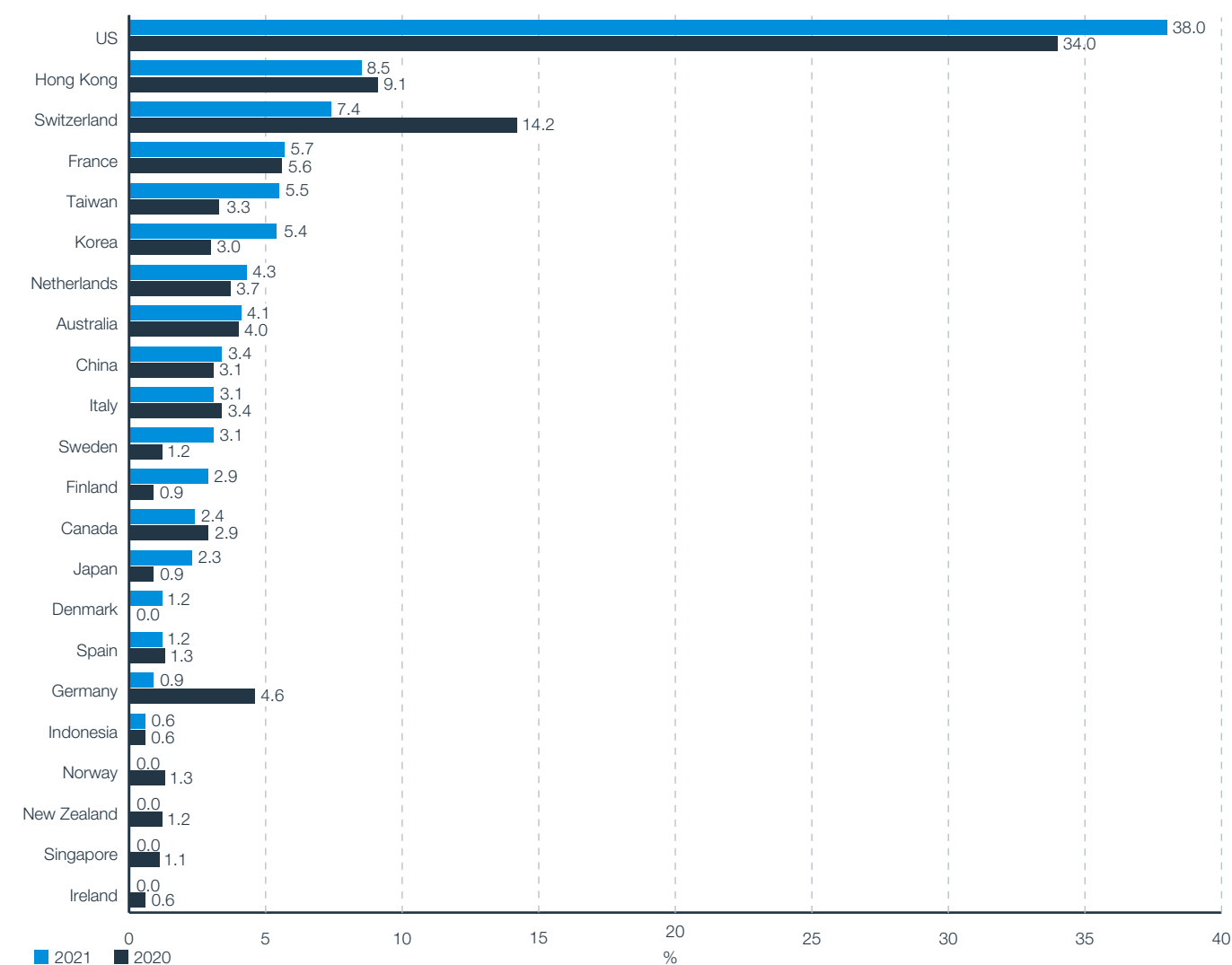
Sector exposure at 31 August

As a percentage of the investment portfolio excluding cash



Geographic exposure at 31 August

As a percentage of the investment portfolio excluding cash



Source: Janus Henderson

Portfolio Snapshot (continued)

Investment portfolio as at 31 August 2021

Company	Country	Market value £'000	% of portfolio
Basic materials			
OZ Minerals	Australia	10,005	2.7
UPM-Kymmene	Finland	5,486	1.5
Air Products & Chemicals	US	5,308	1.4
		20,799	5.6
Consumer discretionary			
Panasonic	Japan	6,108	1.6
China Yongda Automobiles	China	5,489	1.5
Vivendi	France	3,931	1.1
VF Corporation	US	3,498	0.9
Stellantis	Netherlands	3,447	0.9
Daimler	Germany	3,423	0.9
Anta Sports	China	3,348	0.9
Nintendo	Japan	2,622	0.7
McDonald's	US	2,244	0.6
		34,110	9.1
Consumer staples			
Nestlé	Switzerland	10,157	2.7
Coca-Cola	US	8,257	2.2
Pepsico	US	5,338	1.4
Mondelez	US	5,322	1.4
		29,074	7.7
Financials			
AXA	France	9,485	2.6
Citigroup	US	7,122	1.9
Travelers Companies	US	5,455	1.5
ING	Netherlands	5,270	1.4
Sampo OYJ	Finland	5,229	1.4
Macquarie	Australia	5,189	1.4
AIA	Hong Kong	5,014	1.4
Manulife Financial	Canada	4,688	1.3
CTBC Financial	Taiwan	4,637	1.2
Banca Farmafactoring	Italy	4,613	1.2
Citic Securities	Hong Kong	4,313	1.2
BOC	Hong Kong	3,861	1.0
KB Financial Group	Korea	3,739	1.0
Van Lanschot	Netherlands	3,642	1.0
CME Group	US	3,501	0.9
		75,758	20.4
Health care			
Sanofi	France	7,455	2.0
Novartis	Switzerland	7,424	2.0
Merck & Co	US	6,901	1.9
Bristol-Myers Squibb	US	6,888	1.9
Roche	Switzerland	6,771	1.8
Medtronic	US	5,499	1.5
Abbvie	US	5,332	1.4
Novo Nordisk	Denmark	4,270	1.2
		50,540	13.7

Company	Country	Market value £'000	% of portfolio
Industrials			
nVent Electric	US	7,069	1.9
Volvo	Sweden	6,204	1.7
Honeywell International	US	5,325	1.4
Swire Pacific	Hong Kong	5,135	1.4
LG Corp	Korea	5,025	1.4
ABB	Switzerland	3,429	0.9
		32,187	8.7
Real estate			
Crown Castle	US	5,649	1.5
Sun Hung Kai Properties	Hong Kong	3,993	1.1
		9,642	2.6
Technology			
Microsoft	US	17,699	4.8
Taiwan Semiconductor Manufacturing	Taiwan	10,568	2.8
Corning	US	7,087	1.9
Texas Instruments	US	6,196	1.7
Broadcom	US	6,075	1.6
Samsung	Korea	5,612	1.5
Quanta Computer	Taiwan	5,459	1.5
Tencent Holdings	Hong Kong	5,283	1.4
Chinasoft International	China	3,867	1.0
BE Semiconductor	Netherlands	3,834	1.0
		71,680	19.2
Telecommunications			
Verizon Communications	US	8,083	2.2
Cisco Systems	US	7,985	2.1
SK Telecom	Korea	5,498	1.5
Tele2	Sweden	5,137	1.4
Telus	Canada	4,053	1.1
HKT Trust and HKT Ltd	Hong Kong	3,524	1.0
Telekomunikasi	Indonesia	2,219	0.6
		36,499	9.9
Utilities			
Enel	Italy	7,188	1.9
Iberdola	Spain	4,578	1.2
		11,766	3.1
Total investments		372,055	100.0

Fund Manager's Report



Ben Lofthouse

“It is encouraging to see strong dividend growth returning across the portfolio, and we believe the holdings are undervalued.”

Fund Manager's Report

The world has spent the year trying to deal with the ongoing impact of the Covid pandemic. At the start of the Company's financial year, many countries were only starting to react to the first wave of infections, and vaccine development was in its early stages. At the time of writing, many countries are still experiencing outbreaks of Covid, but thankfully numerous vaccines have been created and the question is how to get them rolled out. It is too early to say the world is back to normal, but significant progress has been made in terms of understanding and treating Covid and the outlook has improved dramatically.

In the corporate world, it has been remarkable how companies have managed to adapt to new challenges, ranging from remote working to disrupted supply chains and wildly fluctuating input prices. Many companies have emerged from the crisis with significantly higher profit margins and cash flows than expected, in fact in some cases margins have exceeded previous peaks. Whilst some of this new-found profitability is due to hard work and ingenuity, it is worth noting the other unprecedented development over the period: the scale of government and central bank support extended to society in response to the pandemic. Each country and institution has extended support in different ways, ranging from cheques in the post to rent moratoriums and furlough schemes. This support has protected the financial system, keeping bankruptcies low and cushioning the impact of mass unemployment. The environment has been supportive for financial markets and equities around the world have rallied as a result. Investors are closely watching what happens from here to see how some of these schemes are exited, how the support is paid for, and what the normalised level of economic activity post Covid might be.

The table below illustrates in economic terms both the impact of the pandemic and the broad-based extent of the recovery. At this time, 2022 is forecast to be another period of strong growth, albeit moderating from 2021's rebound.

Real GDP growth by region (%)

Region	2020	2021F	2022F
World	(3.8)	5.9	4.5
Developed	(4.9)	5.2	4.0
Emerging	(0.6)	6.6	5.2
US	(3.5)	5.9	4.2
UK	(10.1)	6.7	5.4
Eurozone	(6.8)	4.9	4.3
China	2.3	8.4	5.6
Japan	(5.1)	2.4	2.5

Source: Janus Henderson, Bloomberg, as at 21 September 2021

Performance review

The portfolio produced a total return of 23.5% in NAV (debt at fair value) per ordinary share over the period. This return includes dividends totalling 6.30p per share in respect of the financial year, an increase of 5.0% as compared to the same period in 2020.

Dividend performance

The Company's investment process focuses on companies with attractive dividend yields, strong cash flow generation and the potential to grow capital values via earnings and dividends in the future. They are often leaders in their respective industries, with established competitive advantages. As a result of this focus, the majority of the companies in the portfolio have either continued to pay their dividends or have reinitiated dividend payments. The revenue return for the Company has increased by 10% year-on-year.

Some regions and sectors experienced significant dividend cuts during 2020, particularly amongst UK and European companies. The experience globally was less severe, illustrating the importance of diversifying portfolios across regions and sectors. As the year progressed, the dividend trends stabilised and it was only those companies whose businesses were most affected by the pandemic, such as travel and leisure, that did not recommence distributions. The duration of the economic impact of Covid was very hard to predict, but there were also questions as to whether there might be political constraints around dividend payments. This concern turned out to be unfounded and it has been a relief to see dividend trends strongly recovering this year.

All of the top ten holdings increased their dividends. Dividend increases have come from a wide range of sectors, including utility company Enel, bank and asset management company Macquarie, food producer Mondelez, and technology companies Broadcom and Cisco. There have also been special dividends from Samsung, Stellantis and Volvo. Some of these companies halted their dividends last year due to the uncertain outlook, only to find that they have been less disrupted than expected, and as a result have paid the deferred dividends plus a dividend for this year. The European banking sector has also recently received approval from regulators to restart dividends and holdings including BFF Banking Group, ING and Van Lanschot have announced the intention to pay dividends but cannot pay until after October 2021.

These companies are paying dividends from a position of strength as many have spent years reducing debt and restructuring their businesses. We would not want the companies we hold to scrimp on investment for the future, and it is reassuring to see companies across a number of sectors, including Taiwan Semiconductor, Samsung, Daimler and Medtronic, all investing in new technologies to ensure their future relevance.

Capital performance

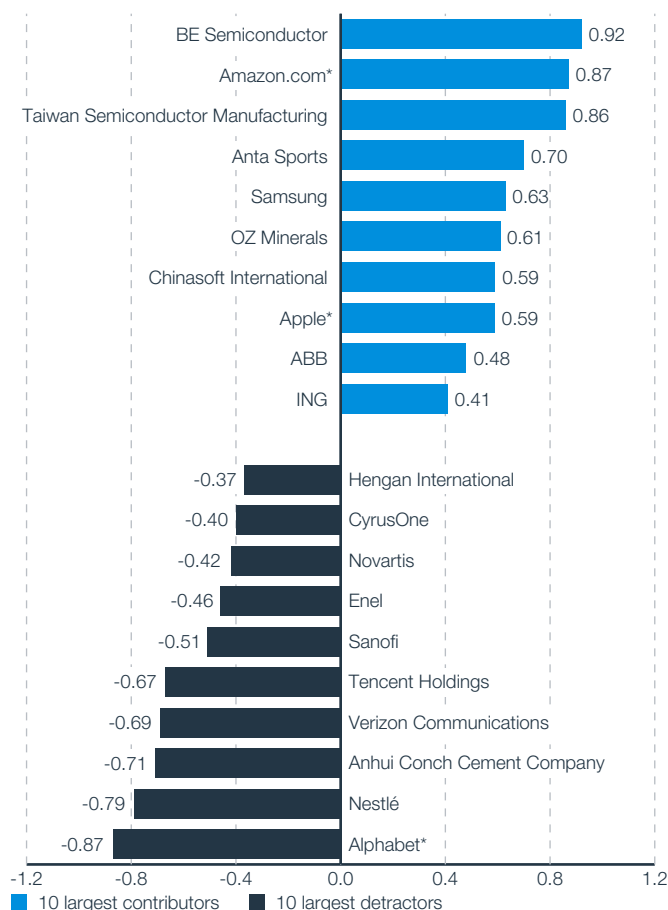
The Company's portfolio is relatively concentrated consisting typically of 50-80 positions, so performance can be impacted by stock specific news and events as well as regional equity market performance and sector news.

The table below highlights the most significant stock contributors to performance over the year. It shows relative return versus the benchmark, so registers the impact of both stocks held in the portfolio and those not held but which have

Fund Manager's Report (continued)

been significant drivers of the benchmark. The top performers all returned on average over 50% over the period, illustrating the speed of the recovery.

Top ten contributors to and bottom ten detractors from relative return vs benchmark (%)



* stock not held

Source: Janus Henderson, as at 31 August 2021

The period under review has been characterised by a sharp relief rally for equities, triggered by the discovery of Covid vaccines. Generally, the best performing sectors in the market and portfolio were those that benefit most from economic recovery. Whilst the total return of the portfolio has been strong, it has underperformed the benchmark. The net asset value total return per ordinary share was 23.5% (debt at fair value) compared to the benchmark return of 26.9%.

The portfolio has a significant exposure to the financial services sector (20.4% as at 31 August 2021) and many of the holdings, such as European bank ING Group, insurer AXA and private bank Van Lanschot, have been strong performers, recovering much of their Covid-induced losses. Whilst the sector has been volatile, the lessons of the financial crisis have been learnt and those companies went into the crisis with strong balance sheets, which has allowed them to emerge from this crisis in a much better position than previous recessions.

Technology is the second largest industry exposure in the portfolio. Whilst in previous economic cycles the technology sector was at times highly cyclical, it has seen a continuation of the structural demand trends that existed pre-pandemic, and in some cases an acceleration of adoption. The portfolio benefited significantly from its exposure to the semiconductor industry. We have written before about the increasing structural demand for semiconductors and computer memory (increased data storage and processing, artificial intelligence and, more recently, electric and self-driving vehicle developments) and this theme has continued to drive significant appreciation in the portfolio's holdings of BE Semiconductor, Taiwan Semiconductor Manufacturing and Samsung. All these stocks were amongst the largest positive contributors to performance over the year.

Other notable contributors included software testing company Chinasoft International, engineer ABB and Chinese sportswear manufacturer and retailer Anta Sports.

The most significant detractors from performance over the period have been stocks in the pharmaceutical (Sanofi, Merck), utilities (Enel), telecommunications (Verizon) and consumer staples (Nestlé) sectors. These companies weathered 2020 well; they have stable earnings that are not significantly impacted by economic trends, often providing essential services or goods, and have managed to deliver them throughout the various lockdowns. Generally, they have generated positive total returns, but have lagged the overall equity markets. Some Chinese holdings were very strong performers, but others have been impacted by increased regulation. These include cement manufacturer Anhui Conch and internet and gaming company Tencent. Both positions have been sold.

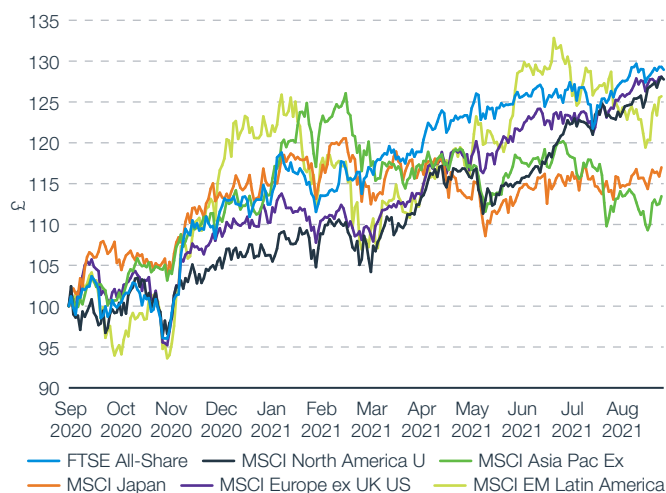
Amazon and Apple are shown as positive contributors because they were not held but represent material stocks in the benchmark that lagged the market this year. Alphabet is shown as a negative contributor to performance as it was also not held but performed strongly.

Stock selection accounted for approximately 5.0% of underperformance versus the benchmark. This was partly offset by asset allocation. Asset allocation is discussed in the following section. Our investment bias toward sustainable income stocks has detracted from performance relative to the benchmark. Many of the strongest performers in equity markets have been those that cut dividends due to earnings or balance sheet concerns. The exposure to recovery stocks was increased throughout the year and gearing enhanced returns, but with the benefit of hindsight, we underestimated the extent of the fiscal and monetary support that was extended and its ability to cushion the impact of lockdown disruptions. Dividend stalwarts like consumer staples, telecommunications and pharmaceuticals have not rerated with the market, despite their obvious yield attractions in this low interest rate environment.

Fund Manager's Report (continued)

The chart below shows the performance of different regions of the world over the Company's financial year.

Regional equity market performance (£)



Source: Datastream as at 31 August 2021. Rebased to 100

The North American and European markets recovered most strongly from the pandemic, but Asia Pacific lagged. The portfolio is organised in regional sleeves: North America, Europe and Asia Pacific. All three regions generated over 20% returns. The geographical position generated approximately 1.2% relative underperformance versus the benchmark as a result of being overweight the Asia Pacific region, with an average overweight position of 29%. The Asia Pacific region performed strongly in the first half of the year, but Covid outbreaks and increased Chinese regulation impacted the markets in the second half of the year. The asset allocation in the region was offset by strong stock selection as discussed earlier. The regional asset allocation was offset by gearing, which was a positive contributor to performance over the period, enhancing the positive portfolio returns by approximately 4.4%. The Company's gearing was on average over 11% for the period under review.

The currency impact of the Company's euro-denominated long-term financing was also positive as sterling strengthened against the euro. The Company's long-term financing means that a fair value and par value return is quoted. The fair value of the debt reflects a theoretical market price and is impacted by changes in interest rate expectations in the financial markets. The rise in interest rate expectations during the period has reduced the fair value of the debt, enhancing the fair value net asset value return.

Portfolio positioning

Stock selection for the portfolio is driven by a combination of the attractiveness of the company in question (competitive positioning, cash flow generation, sustainability of business model) combined with its valuation. Over the last 12-18 months there has been a considerable change in the operating environment for companies and we have made

some significant changes to the portfolio in response. There have been several periods of market volatility since the Company was launched, and they have generally provided good long-term investment opportunities.

The largest individual stock changes are shown below.

Purchases

Citigroup	+2.0%
nVent Electric	+2.0%
Volvo	+1.7%
Broadcom	+1.7%
China Yongda Automobiles	+1.5%

Sales

Allianz	-2.6%
Pfizer	-2.5%
Zurich Insurance	-1.8%
SGS	-1.7%
Munich Re	-1.7%

Source: Janus Henderson, as at 31 August 2021

The most significant asset allocation change in the portfolio was the sale early in the financial year of all the US dollar-denominated corporate bonds (4.2% of the portfolio at the prior year end) and reinvestment of the proceeds. The corporate bonds had performed well since purchase, benefiting from normalisation of the credit markets, and we saw more long-term growth and income opportunity available in a number of sectors and countries. Positions added include Chinese software testing company Chinasoft International, Korean industrial conglomerate LG Corp and Hong Kong holding company Swire Pacific. All of these companies were trading at significant discounts to their historical valuations that overly discounted the long-term impact of the pandemic on their businesses and hence long-term valuations.

The financial sector is the largest sector represented in the portfolio. The exposure is diverse across sector, region and currency. Many financial companies remain on depressed valuations which underestimate their earnings outlook and potential capital return profiles. New positions added included Korean bank KB Financial Group, Citigroup in the US and Nordic insurer Sampo. We do not have a strong view on future interest rate trends, but these companies are operating well in the low prevailing rate environment, and would potentially benefit if interest rates started to rise. Exposure to the insurance sector has been reduced, via the sales of Allianz, Zurich and Munich Re. These positions were purchased to take advantage of the market's misunderstanding of insurers' exposure to Covid claims, and related uncertainty regarding their dividends. All of the companies were able to pay their dividend throughout the crisis, and have subsequently rerated closer to what we see as fair value.

Fund Manager's Report (continued)

A common theme that has stood out in company meetings is that many companies are investing more in technological innovation. Technology is the second largest sector exposure and has increased due to both share price appreciation and new positions in semiconductor company Broadcom, Chinese software testing company Chinasoftware International and equipment manufacturer Quanta Computer.

Historically, these companies' growth has been driven by the technology and communications sectors, but they are now seeing new revenue streams emerge as other industries digitalise. As an example, many truck and car suppliers have spent several years restructuring their businesses and this activity is starting to bear fruit in terms of stronger balance sheets, higher cash flows and higher margins, even in a downturn. They are investing heavily in the transition to electrification and are much more advanced than they were even two years ago, when they seemed to be in denial about the future. As a result, the technology content on the new products is much higher than before (power management, connectivity, sensors, software), resulting in higher growth for many of their suppliers in the technology space.

These investments in technology also address some of the criticisms of many 'mature' industries, that they were not investing enough for their future. We initiated positions in Daimler and Volvo over the year on the view that their future is brighter than reflected in their share prices. They have also recommenced their dividends earlier than expected.

Another sector that has showcased new innovation is the pharmaceutical industry. Several companies held in the portfolio have contributed to Covid treatments, including Roche, Merck and Pfizer. There is a lot of innovation in the sector which in our view is not reflected in the valuations of the companies held. A new position was initiated in Danish health care company Novo Nordisk, which is a specialist in diabetes medicines. It has been working on utilising its expertise in this area in the treatment of obesity for several years, but only recently saw its drugs pass key trials this year. Initial demand has been much higher than expected. The sector exposure was reduced slightly because of the sale of the Pfizer and Johnson & Johnson positions. Both companies have had successful vaccine development programmes, but longer term, we see more opportunity elsewhere in the health care sector.

Exposure to the property sector was reduced over the period via sales of the positions in gaming REIT Vici Properties, data centre REIT CryusOne and Chinese property company China Vanke. These positions had performed well and might prove to be sensitive to higher interest rates due to the use of debt in their business models.

The telecommunications sector exposure was also reduced because of sales of Scandinavian company Telenor, New Zealand operator Spark NZ and some of the telecommunication bonds. These were sold to fund other opportunities.

Outlook

As the result of the pandemic, many countries are still operating below their potential capacity. Hopefully, as vaccines reach more of the world's population, this situation should improve. Government support has meant that employment levels are much higher than expected and appear to have recovered more quickly than during previous recessions. On the face of it, consumers have significant accumulated savings that could be spent. There are some themes materialising in the post Covid world that could be drivers of ongoing change and investment, including onshoring of supply chains, infrastructure plans and electrification of transport. Whilst this consumer and capital investment support might be needed to help offset the withdrawal of government support, we expect the broadening out of growth discussed earlier to be reflected in a narrowing of some of the valuation discrepancies in the market.

The Company's objective is to provide shareholders with a growing total annual dividend, as well as capital appreciation. The outlook for both is much clearer than it was at the start of the year. Since the Company launched, disruption has been an ongoing trend, and this year has been an extreme example of that. It is encouraging to see strong dividend growth returning across the portfolio, and we believe the holdings are undervalued in relation to their earnings potential. Equity income strategies often have an element of value investing to them. The last decade has seen a trend whereby investors have focused on growth and certainty, which has led to extreme valuation differentials between regions, sectors and stocks. Whilst markets have performed well in recent years, there are still opportunities to be had and the Company is well positioned to take advantage of them.

Ben Lofthouse
Fund Manager
26 October 2021

Historical Information

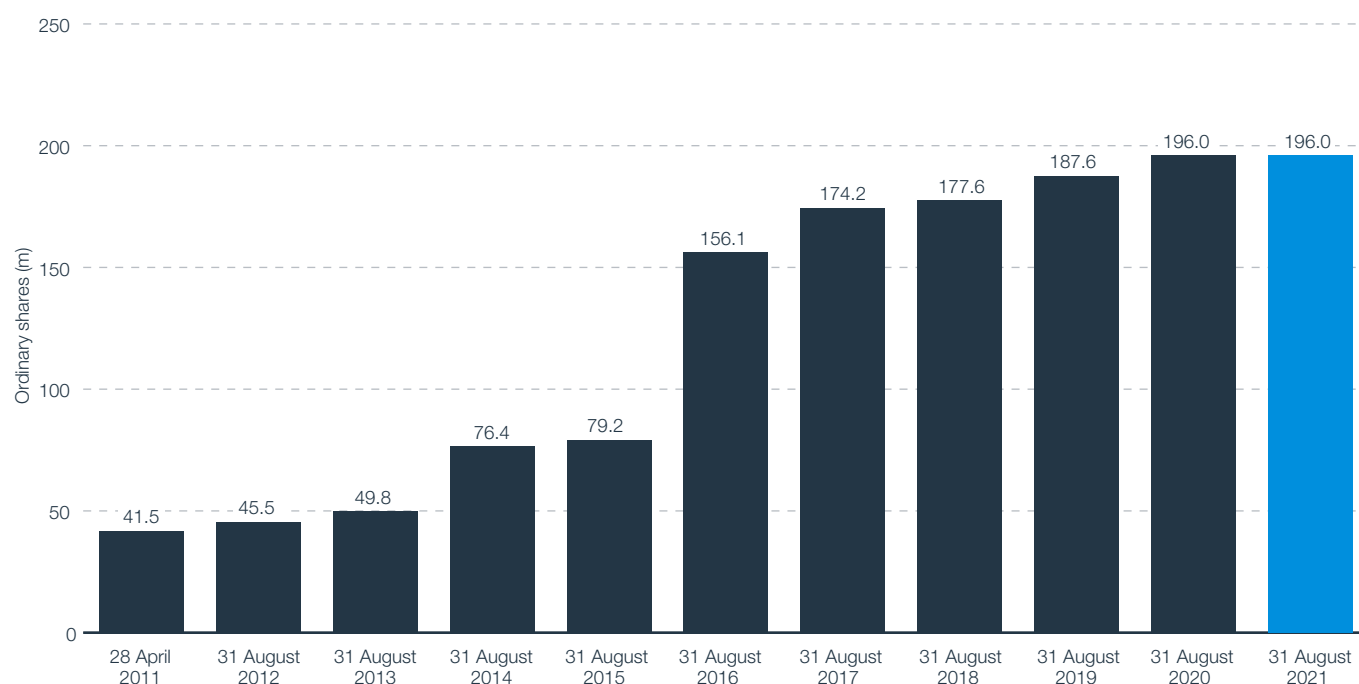
Total return performance to 31 August 2021¹

	1 year %	3 years %	5 years %	10 years %	Since launch %
Diluted NAV ² (debt at par)	22.7	21.2	52.5	191.5	167.4
Diluted NAV ² (debt at fair value)	23.5	19.8	50.7	188.1	164.3
Share price ³	18.5	10.8	39.5	156.0	146.5
Benchmark ⁴	26.9	48.1	100.0	313.5	273.8
Sector average ⁵	26.1	28.3	61.6	187.3	161.3

Financial information for the year to 31 August

Date	Net assets £'000	NAV (debt at par) pence	Share price ³ pence	Premium/ (discount) %	Net return for year £'000	Revenue return pence	Capital return pence	Total return pence	Dividends per ordinary share pence	Ongoing charge %
2012 ⁶	44,268	97.2	100.5	(3.4)	1,655	6.08	(2.23)	3.85	5.40	1.38
2013	55,729	111.9	114.1	2.0	8,630	4.57	13.62	18.19	4.05	1.39
2014	85,787	118.4	109.8	(7.3)	7,077	5.59	5.99	11.58	4.25	1.09
2015	91,594	115.6	118.8	2.8	1,668	5.14	(2.98)	2.16	4.50	1.11
2016	220,904	141.5	141.8	0.2	37,570	6.12	29.14	35.26	4.65	1.01
2017	283,972	163.0	163.8	0.5	42,836	5.76	21.36	27.12	4.90	0.88
2018	296,748	167.1	167.5	0.2	16,386	5.80	3.50	9.30	5.30	0.83
2019	309,176	164.8	159.5	(3.2)	5,951	6.29	(2.98)	3.31	5.70	0.84
2020	300,915	153.5	145.5	(5.2)	(10,353)	5.53	(10.91)	(5.38)	6.00	0.85
2021	356,152	181.7	166.0	(8.7)	66,997	5.99	28.20	34.19	6.30	0.83

Issued ordinary share capital since launch



1 Including dividends reinvested and excluding transaction costs

2 Calculated using published daily NAVs including current year revenue

3 The Company's closing share price

4 MSCI World (ex UK) Index (sterling adjusted)

5 AIC Global Equity Income sector

6 The first period was from launch on 28 April 2011 to 31 August 2012 and the dividends in this period represented 16 months of revenue

Sources: Morningstar Direct, Janus Henderson and Refinitiv Datastream

Business Model



Business Model

Purpose, values and culture

The Company's purpose is to pursue its investment objective and policy to provide shareholders with a growing total annual dividend as well as capital appreciation on their investment in the Company.

The board is intent on ensuring high standards of governance, as this is integral to ensuring the Company's success and sustainability as a business. It aims to achieve this through a culture based upon openness, mutual respect, integrity and trust. The board seeks always to act in the best interests of shareholders and wider stakeholders, making the most effective use possible of the diversity of skills and experience of its members. The directors are engaged and independent-minded and act in an open, positive and collegiate manner. This culture of openness and constructive challenge extends to the board's interaction with the manager, being the Company's most important service provider. The board expects the manager and all of the Company's other service providers to hold values which align with the high standards promoted by the board.

Structure

The Company aims to achieve its investment objective by following a disciplined process of investment within an acknowledged risk framework, and by controlling costs and using borrowings to enhance returns. The Company operates as an investment company enabling the board to delegate operational matters to specialist third-party service providers. Their performance is monitored and challenged by the board, which retains oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for delivering operations whilst allowing the Company to take advantage of the capital gains treatment afforded to investment trusts which are approved under section 1158/9 of the Corporation Tax Act 2010 ("s.1158/9"). The closed-ended nature of the Company enables the fund manager to take a longer-term view on investments and supports a fully invested portfolio as the Company has no redemptions to meet. A significant advantage over other investment fund structures is the ability to use gearing to increase returns for shareholders.

The board is comprised entirely of non-executive directors who are accountable to the Company's shareholders.

Status

The Company is registered as a public limited company. It is an investment company as defined in section 833 of the Companies Act 2006 ("Act") and operates as an investment trust in accordance with s.1158/9 as amended. The directors are of the opinion that the Company has conducted its affairs in compliance with s.1158/9 since approval was granted and intends to continue to do so.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules,

Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority ("FCA"). The Company is a member of the Association of Investment Companies ("AIC").

The Company, and the board, is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution.

Investment objective

The Company's investment objective is to provide shareholders with a growing total annual dividend, as well as capital appreciation.

Investment policy

The Company will invest in a focused and internationally diversified portfolio of 50-80 companies that are either listed in, registered in, or whose principal business is in countries that are outside the UK and will be made up of shares (equity securities) and fixed interest asset classes that are diversified by factors such as geography, industry and investment size. A maximum of 25% of gross assets may be invested in fixed interest securities. The Company does not hold investments in unlisted companies unless it is through subsequent delisting of a listed security.

Investment in any single company (including any derivative instruments) will not, in gross terms, exceed 5% of net assets at the time of investment and no more than 15% of gross assets may be invested in other listed investment companies (including investment trusts) or collective investment schemes. No more than 10% of gross assets may be invested in companies that themselves invest more than 15% of their gross assets in UK listed investment companies or collective investment schemes.

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management, for investment purposes or to generate additional income while maintaining a level of risk consistent with the risk profile of the Company. The Company may hedge exposure to foreign currencies up to a maximum of 20% of gross assets and may generate up to a maximum of 20% of gross income through investment in traded options.

The Company can borrow to make additional investments with the aim of achieving a return that is greater than the cost of borrowing. The Company's articles of association allow borrowings up to 100% of net asset value. In normal circumstances, the manager may only utilise gearing up to 25% of net assets at the time of drawdown or investment (as appropriate) in accordance with the board's policy and for these purposes 'gearing' includes implied gearing through the use of derivatives.

Any material change to the investment policy would require the prior approval of both shareholders and the FCA.

Business Model (continued)

Benefits

The Company's business model offers numerous advantages:

- it provides investors with access to a professionally and actively managed portfolio of assets;
- it offers investors exposure to an internationally diversified portfolio of companies outside the UK;
- it enables investors to spread the risks of investing;
- it enhances returns to investors by operating as an approved investment trust meaning no capital gains tax is paid on the realisation of investments;
- the closed end structure allows the fund manager to take a longer term view on investments and remain fully invested;
- the ability to use leverage to increase returns for investors; and
- oversight by a board of directors wholly independent of the manager.

Investing

The Company sets out to be an attractive and straightforward long-term investment vehicle for private investors. As well as investing directly, shares can be purchased through various dealing platforms and held in share plans, ISAs or pensions. Links to some of these dealing platforms can be found on our website, www.hendersoninternationalincometrust.com.

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"). The charts and data on pages 2, 3 and 17 show how the Company has performed against these KPIs and a glossary of terms and alternative performance measures is included on pages 79 to 81. The board reviews the appropriateness of the KPIs on a regular basis.

KPI	Action
Performance measured against the benchmark	At each meeting, the board reviews and compares the performance of both the NAV per share and share price for the Company and its benchmark. During the year under review, each of the NAV (debt at par value), NAV (debt at fair value) and share price underperformed the benchmark. This is discussed in the fund manager's report.
Dividend sustainability and growth	At each board meeting, the board reviews the dividend income generating ability of the Company's portfolio, and monitors the dividend income received as the year progresses. Revenue return increased year on year by 10% to £11,733,000 in the year to 31 August 2021. This is discussed further in the chairman's statement and fund manager's report.
Discount/premium to NAV	At each board meeting, the board monitors the level of the Company's discount/premium to NAV (debt at par value) per share (including income) and reviews the average discount/premium for the AIC Global Equity Income sector. The Company publishes its NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula, which includes current year revenue items. Over the life of the Company, the shares have traded closely with the NAV. This year a discount has opened up. The board is monitoring the situation. See chairman's statement for further details.
Performance against the Company's peer group	The Company is included in the AIC Global Equity Income sector. In addition to comparing the Company against the stated benchmark, the board also considers at each meeting the performance of this AIC sector, as well as other investment trusts. The Company has delivered its dividend objective over the year, but has underperformed the peer group.

Business Model (continued)

Promoting the Company's success

Section 172 statement

The board regards a well governed business model as essential for the successful delivery of its investment proposition.

The directors carry out their duties under section 172 of the Act to act in good faith to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decisions in the long term, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

Shareholders' assets are managed taking account of the Company's stakeholders and their interests. The board has mapped who the Company's stakeholders are in order to support it in identifying and understanding them and fostering the appropriate level and form of interaction. The Company has no employees, premises, assets other than financial assets or operations.

The board seeks to secure the Company's success by engaging reputable third-party suppliers with established track records to deliver the day-to-day operations. The most important of these is the manager, and in particular the fund manager, who is responsible for the management of the Company's assets in line with the investment objective. The board maintains a close working relationship with the manager and holds it to account for the smooth running of the Company's day-to-day business. There is continuous engagement and dialogue between board meetings, with communication channels remaining open and information, ideas and advice flowing freely between the board and the manager. The board retains responsibility for decisions over corporate strategy, corporate governance, risk and internal control assessment, investment performance monitoring and setting marketing budgets. The board also determines the overall limits and restrictions for the portfolio, including gearing and asset allocation.

The fund manager promotes the Company with the support of the manager's dedicated investment trust sales team and the board makes additional spend available to support marketing activities aimed at raising the profile of the Company amongst retail investors in the UK.

As the manager holds the overall day-to-day relationship with the Company's other third-party suppliers, the board places reliance on the manager in this regard. The board is confident that Janus Henderson has developed and maintains good working relationships with all of the Company's third-party suppliers. To ensure the chosen service providers continue to deliver the expected level of service, the board receives regular reporting from them, evaluates the control environments in place at each service provider and formally

assesses their appointments annually. By doing so the board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the level of service that it expects from them.

The directors are responsive to the views of shareholders and the Company's wider stakeholders, who may contact the board via the corporate secretary (please refer to page 84 for contact details).

For more information about the responsibilities with which the board and its committees are charged, please refer to the corporate governance report (pages 34 to 39), the report of the audit committee (pages 40 to 42), the report of the nominations and remuneration committee (pages 43 and 44), the report of the management engagement committee (page 45), the directors' remuneration report (pages 46 to 48) and the directors' report (pages 32 and 33) in addition to the strategic report. The schedule of matters reserved for the board as well as the terms of reference for each of the committees of the board can be found on the Company's website.

Decision-making

The board is always mindful of the need to act in the best interests of shareholders as a whole and to have regard to other applicable section 172 factors. The board takes into consideration the Company's purpose, investment objective and investment policy as well as the interests of the Company's stakeholders in all material discussions and decisions. The following are examples of decisions made during the year:

Strategic review

The board keeps the Company's strategy under regular review to ensure that it remains both appropriate for meeting the Company's investment objective and desirable to shareholders. Through this process, the board has reviewed the Company's investment strategy and dividend policy.

Input from stakeholders, including the manager, fund manager and the corporate broker representing the views of shareholders, informed discussion for the review of the investment strategy. The result was that the board decided that no change should be made to the strategy or the investment policy to achieve best the objectives of the Company.

With their regular contact with shareholders, asset managers and other investors, the board sought advice from the manager and the Company's broker about the dividend preferences of current and prospective investors. The conclusion was that investors would prefer to receive a greater proportion of the Company's return by way of an enhanced dividend. Having considered the Company's performance, its distributable reserves and revenue forecasts, the board determined to increase the fourth interim dividend by 20% to 1.80p per share and has re-affirmed its commitment to an attractive and progressive dividend going forward. Further details are set out in the chairman's statement on page 7.

Business Model (continued)

Monitoring the impact of Covid

As the pandemic progressed, the board kept in regular contact with the fund manager about the impact on the Company, receiving updates on portfolio activity, gearing and, in particular, on dividend income and the Company's ability to meet its investment objective. The board was supportive of the action taken by the fund manager to protect the interests of the Company's shareholders and other stakeholders. A key outcome was that the Company has been able to grow its dividends in the current year.

Shareholder information

Shareholders and potential investors require information in order to make decisions about their investments. Through the approval and publication of the Company's results in the

half-year update and annual report as well as the daily NAV announcements, all of which are made available to stakeholders on the Company's website, the Company enables shareholders and potential investors to make informed decisions about their investment in the Company.

Appointment of new audit committee chair

Kasia Robinski retired at the 2020 annual general meeting. The board focused on the recruitment of a new audit committee chair, which culminated in the appointment of Jo Parfrey. Jo brings strong investment and financial, analytical and risk management skills to the board, complementing the experience and skills of the other directors and ensuring that the board is well-positioned to look after the interests of shareholders. See page 44 for details of the recruitment process.

Engagement with stakeholders

The Company's stakeholders include its shareholders and investors, the manager and other third-party service providers, the companies in which it invests and its lenders. Interaction is facilitated through meetings (both face-to-face and via video conferencing and other electronic means), seminars, presentations, publications and the Company's website. Set out below are examples of the way the board and the Company has interacted with stakeholders.

Stakeholders	Engagement	Outcome
Shareholders, investors (including through retail platforms) and potential investors	<p>The board is committed to maintaining open channels of communication with shareholders in a manner which they find most meaningful. Unlike trading companies, the board appreciates that this often takes the form of meeting with the fund manager rather than members of the board. Shareholders are able to meet with the fund manager throughout the year and the manager provides information on the Company and videos of the fund manager on the Company's website and various social media channels. The manager's sales and marketing team, the broker and external marketing research providers (Edison) also meet with shareholders and analysts. Feedback from all meetings with shareholders is shared with the board. The chairman or other members of the board are available, and have offered, to meet with shareholders where they wish to do so.</p> <p>The annual report and half-year results are circulated to shareholders and made available on the Company's website. These provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by the daily calculation and publication of the NAV per share and a monthly fact sheet which is available on the website. The fund manager provides presentations to shareholders and analysts following the publication of the annual financial results.</p> <p>The fund manager attends the annual general meeting and provides a presentation on the Company's performance and the future outlook.</p>	<p>Clear communication of the Company's strategy and performance against its objective helps shareholders to make informed decisions about their investments.</p> <p>Close interaction with shareholders enables the board to run the Company in line with shareholders' interests as a whole and for the Company's long-term success.</p> <p>Shareholders are able to contact the directors directly by writing to the chairman or the senior independent director at the registered office (see page 84) or by email to ITSecretariat@janushenderson.com. Correspondence from shareholders is shared with the chairman immediately and with the board at each meeting.</p> <p>Due to the restrictions on large gatherings, shareholders were unable to attend the annual general meeting on 8 December 2020 in person and it was held as a 'closed meeting', with just the chairman and two shareholders present to make up the quorum. The board provided shareholders with the facility to vote electronically as well as by post and ensured that voting on the resolutions was held on a poll. The board was pleased to note that the voting turnout for the meeting remained in line with prior years. A presentation from the fund manager was made available to watch on the Company's website on the day of the meeting.</p> <p>The board is pleased to invite shareholders to attend the 2021 annual general meeting, either in person or remotely, via Zoom webinar. Further details are on page 8 and in the notice of meeting.</p>

Business Model (continued)

Stakeholders	Engagement	Outcome
Manager	<p>The board sets and oversees the parameters for the manager's activities, including asset allocation, gearing and risk management.</p> <p>The fund manager attends all board meetings. The board receives timely and accurate information from the manager at meetings and engages with the fund manager and corporate secretary between meetings as well as with other representatives of the manager as and when it is deemed necessary.</p> <p>In addition to reporting at each meeting, the board meets with key representatives of the manager throughout the year to develop strategy and assess internal controls and risk management and also sales and marketing activities, to promote the success of the Company and raise its profile.</p>	<p>The board and the manager operate in a supportive, co-operative and open environment, resulting in an effective and strong working relationship. The Company is well managed and the board places great value on the expertise and experience of the fund manager to execute the investment objective and deliver returns for shareholders, and on the manager's internal controls and risk management.</p> <p>Throughout the course of the Covid pandemic, the board has been in regular contact with the manager, receiving updates on areas such as portfolio activity, gearing and the impact on income, and the Company's ability to meet its investment objective.</p>
Third-party service providers	<p>As an investment company, all services are outsourced to third-party service providers. The board considers the Company's key service providers to be the manager, broker, depositary, registrar, auditor and administrator. The board regularly reviews the support provided by the service providers including quality of service, succession planning and any potential interruption of service or other risks to provision.</p> <p>The board is conscious of the need to foster good business relationships with its suppliers as well as its shareholders and others.</p> <p>The manager maintains the overall day-to-day relationship with the service providers and reports back to the board on performance at least annually.</p>	<p>The board meets with the depositary/custodian at least annually and with other service providers as and when considered necessary.</p> <p>This regular interaction provides an environment where day-to-day matters, issues and business development needs can be dealt with efficiently and effectively.</p> <p>The manager provided information and assurances to the board at the beginning of the pandemic to confirm that all its employees (including the fund manager) could work from home without disruption to 'business as usual'. The manager also contacted all of the Company's third-party service providers to obtain similar confirmations. The directors were reassured that the transition to new working arrangements at Janus Henderson and other service providers had been seamless.</p> <p>The arrangements were monitored closely during the year and the directors were satisfied that high standards had been maintained and that the internal control and risk management framework was continuing to operate effectively at Janus Henderson and the other service providers.</p>
Investee companies	<p>The board sets the investment objective and discusses stock selection and asset allocation with the fund manager regularly.</p> <p>On behalf of the Company, the manager engages with the investee companies, exercising good stewardship practices, including a focus on ESG matters with an approach agreed with the board.</p>	<p>The fund management team regularly conducts face-to-face and/or virtual meetings with portfolio companies' management teams to enable them to understand current trading and prospects for their businesses.</p> <p>The manager has a dedicated Governance and Responsible Investment Team that the fund manager can utilise when making investment decisions and voting.</p>
Lenders	<p>One of the advantages of the investment trust structure is the ability to use gearing to enhance returns for shareholders.</p> <p>On behalf of the board, the manager maintains a constructive working relationship with the loan note holders and the provider of the Company's overdraft facility, ensuring compliance with covenants and providing regular covenant compliance confirmations and other information as required.</p>	<p>The Company maintains a good relationship with its lenders which supports its financing arrangements and allows it to operate effectively as an investment trust.</p>

Business Model (continued)

Stakeholders	Engagement	Outcome
Communities and the environment	<p>The board mandates the manager, supported by its governance function, to engage with investee companies, when and where appropriate, on ESG matters in line with good stewardship practices, and with an approach agreed with the board.</p> <p>The board is also conscious of the importance of providing an investment product which meets the needs of its investors, including retail investors.</p>	<p>An investment approach that meets the needs of investors provides a service valuable to the communities in which the Company operates. The board is also conscious of the need to take appropriate account of broader ESG concerns and for the Company to act as a good corporate citizen. Details of how ESG matters are integrated into investment decisions are set out on pages 27 to 29.</p>

Principal risks and uncertainties

The board, with the assistance of Janus Henderson, has carried out a robust assessment of the principal risks and uncertainties, including emerging risks, facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and reputation.

The board regularly considers the principal risks facing the Company and has drawn up a matrix of risks. The board 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 which have been identified and the steps taken by the board to mitigate these are set out in the table below. The principal financial risks are detailed in note 16 to the financial statements.

The board does not consider the principal risks to have materially changed during the course of the reporting period and up to the date of this report. Given that the UK has exited from the European Union, the risk from Brexit has been reviewed and updated.

With the continued progression of Covid over the year, the global pandemic risk has also been reviewed and updated.

Risk	Mitigation
<p>Global pandemic</p> <p>The consequences of Covid could continue to give rise to political and economic volatility, which increases the risks faced by the Company in both the investment and operational side of the business.</p>	<p>The fund manager maintains close oversight of the Company's portfolio and monitors the dividend flows from investee companies.</p> <p>The board continues to monitor the ongoing consequences of Covid and the potential risk and impact these could have on the operations of the Company and its service providers, and on the Company's performance and dividend flows.</p>
<p>Investment activity and performance risks</p> <p>An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group.</p>	<p>The board monitors investment performance at each board meeting and regularly reviews the extent of its borrowings, when in use.</p>
<p>Portfolio and market price risks</p> <p>Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds.</p> <p>Most of the Company's assets, liabilities, income and expenses are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.</p>	<p>The manager seeks to maintain a diversified portfolio to mitigate against this risk. The board regularly reviews the portfolio, activities and performance.</p> <p>The fund manager monitors the Company's exposure to foreign currencies daily and reports to the board at each meeting. The fund manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rates to which the Company's assets, liabilities, income and expenses are exposed.</p> <p>The board has set an investment limit on currency hedging to a maximum of 25% of gross assets to mitigate against this risk.</p>
<p>Brexit/political risks</p> <p>There remain ongoing challenges presented by the UK's exit from the European Union ("Brexit"), in particular foreign exchange movements which could impact the valuation of the Company's portfolio and dividend income.</p>	<p>The board actively engages in dialogue with the fund manager to ensure an ongoing review of the portfolio and reallocation, if considered appropriate, to adjust stocks or geographical allocation.</p>

Business Model (continued)

Risk	Mitigation
Tax and regulatory risks A breach of s.1158/9 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act could lead to criminal proceedings, or financial or reputational damage.	The manager has been contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The board receives internal control reports produced by Janus Henderson on a quarterly basis, which confirm regulatory compliance.
Operational and cyber risks Disruption to, or failure of, Janus Henderson's accounting, dealing or payment systems or the custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational and/or cyber risk that one or more of its service providers may not provide the required level of service in the event of a cyber attack.	<p>The board monitors the services provided by the manager and its other third-party suppliers and receives reports on the key elements in place to provide effective internal controls, including the impact of Covid on their day-to-day operations. The board also receives assurances from the manager's chief information security officer that the manager maintains robust cyber and information security policies, processes and procedures.</p> <p>The board also monitors the principal business risks faced by the Company which are recorded in a risk map which is reviewed regularly. 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.</p>
Risks associated with the senior unsecured notes A breach of the covenants of the senior unsecured notes would trigger an "event of default" clause in the note purchase agreement, at which point the outstanding amount may become automatically and immediately repayable.	<p>The manager monitors the Company's compliance with the covenants of the senior unsecured notes through the Charles River compliance tool (see note 16 to the financial statements for further details). The senior unsecured notes are conservatively coded into this tool so that the manager would be alerted well in advance of a potential breach of covenant conditions.</p> <p>The board monitors compliance with the covenants of the senior unsecured notes through a monthly investment limits and restrictions schedule that is provided at each board meeting.</p> <p>Other "events of default" not relating to covenant conditions are also monitored.</p>

Emerging risks

In addition to the principal risks facing the Company, the board also regularly considers potential emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be moved to a significant risk.

The board has identified the following as potential emerging risks:

Emerging risk	Mitigation
Continued consolidation of the wealth management industry resulting in a narrower customer base and the increasing importance of being on the "buy list".	The board, through the manager and corporate broker, maintains ongoing close contact with all wealth managers. A key focus is on performance and to ensure that the Company meets buy list requirements. The manager makes use of PR and marketing in order to reach individual buyers.
Consolidation of the investment trust sector leading to a greater average size of investment trusts becoming the norm.	The board regularly reviews the market to identify and grasp consolidation opportunities and looks to the manager to provide performance to improve the Company's chances for growth.
Unfavourable regulatory changes, including tax changes and the possible imposition of a wealth tax.	The board and the manager monitor potential changes on an ongoing basis.
Increased regulation and focus by investors on climate change and ESG developments	The board, through the manager and corporate broker, maintains a regular dialogue with major shareholders and discusses the Company's objectives with them. The feedback from this, together with the investment strategy in the context of performance, is regularly reviewed by the board.

Business Model (continued)

Emerging risk

Increasing inflation could impact the performance of markets internationally, with greater market price volatility having a consequential impact on the performance of the portfolio.

Mitigation

The fund manager monitors political and economic issues and regularly reviews geographic and sector allocation. The risk is spread through holding a diverse portfolio.

Viability statement and going concern

The AIC Code of Corporate Governance includes a requirement for the board to assess the future prospects for the Company, and to report on the assessment within the annual report. The board considers that certain characteristics of the Company's business model and strategy are relevant to this assessment:

- the board looks to ensure that the Company seeks to deliver long-term performance;
- the Company's investment objective, strategy and policy, which are subject to regular board monitoring, mean that the Company is invested mainly in readily realisable listed securities and that the level of borrowings is restricted;
- the Company is a closed-end investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions; and
- the Company has an ongoing charge of 0.83%.

Also relevant were a number of aspects of the Company's operational agreements:

- the Company retains title to all assets held by the custodian under the terms of the formal agreement with the depositary;
- long-term borrowing is in place, being the 2.43% senior unsecured notes 2044, which are also subject to a formal agreement, including financial covenants with which the Company complied in full during the period since issuance. The value of long-term borrowing is relatively small in comparison to the value of net assets, being 7.2% at 31 August 2021 (2020: 8.8%);
- revenue and expenditure forecasts are reviewed by the directors at each board meeting; and
- cash is held with an approved bank.

In addition, the directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's business model, including future performance, liquidity or solvency and reputation.

The principal risks identified as relevant to the viability assessment were those relating to investment activity and performance, portfolio and market price risks. The board took into account the liquidity of the Company's portfolio, the existence of the long-term fixed rate borrowings, the effects of any significant future falls in investment values and income receipts on the ability to repay and re-negotiate borrowings, grow dividend payments and retain investors and the potential need for share buy-backs to maintain a narrow share price discount. The directors assess viability over three-year rolling periods, taking account of foreseeable severe but plausible scenarios. In coming to this conclusion, the directors have

considered the impact of the Covid pandemic, in particular the impact on income and the Company's ability to meet its investment objective, and the impact on loan covenants.

The directors believe that a rolling three-year period best balances the Company's long-term objective, its financial flexibility and scope with the difficulty in forecasting economic conditions affecting the Company and its shareholders.

The directors recognise that there is a continuation vote that is due to take place at the annual general meeting in 2023. The directors currently believe that the Company will continue to exist for the foreseeable future, and at least for the period of assessment.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, 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 three-year period to 31 August 2024.

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements (see page 61 for further details).

Fee arrangements with the manager

The board has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors Limited in accordance with an agreement which was effective from July 2014 and can be terminated on six months' notice. Both entities are authorised and regulated by the Financial Conduct Authority, and form part of the Janus Henderson group of companies. References to "Janus Henderson" or the "manager" refer to the services provided to the Company by the manager's group. References to the "fund manager" are to Ben Lofthouse.

The management fee is 0.65% per annum of net assets equal to or below £250m. The fee reduces to 0.60% per annum of the net assets in excess of £250m. The aggregate amount of fees charged by Janus Henderson on any assets in the portfolio that are invested in in-house funds and connected investment trusts is deducted from any fees charged. The fees are payable quarterly in arrears. There is no performance fee arrangement in place.

Janus Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of the manager, by BNP Paribas Securities Services. Henderson Secretarial Services Limited acts as the Corporate Secretary.

Business Model (continued)

In accordance with the directors' policy on the allocation of expenses between income and capital, in each financial year 75% of the management fee payable is charged to capital and the remaining 25% to income.

Borrowings

Where the fund manager believes that gearing will enhance returns to shareholders, the Company may borrow up to 25% of its gross assets at the time of drawdown or investment (as appropriate), as set out in the investment policy. Borrowings for these purposes would include implied gearing through the use of derivatives. The Company's short-term gearing facility allows borrowing of up to £30m in sterling and other currencies by way of an overdraft facility with HSBC Bank plc. Under this facility the Company borrowed in both sterling and euros in the year under review.

On 30 April 2019, the Company issued €30m fixed rate 25-year senior unsecured notes at an annualised coupon of 2.43%. This long-term fixed rate euro denominated financing was obtained at a price that the board considered attractive. The senior unsecured notes are expected to enhance long-term investment performance.

Within the terms of the senior unsecured notes are clauses that would be enacted in certain scenarios should the notes be prepaid by the Company before maturity. These clauses could impact the total amount repayable. The directors have assessed these and have concluded that these clauses are highly unlikely to occur.

The level of gearing at 31 August 2021 was 4.5% of net asset value (2020: 11.4%).

How we integrate environmental, social and governance considerations in our investment decisions

The board believes that integrating environmental, social and governance factors or "ESG" into investment decision-making and ownership practices is an important factor for delivering the investment outcomes shareholders seek. ESG considerations are therefore a fully embedded component of the investment process employed by the fund manager, and the wider Janus Henderson investment teams. In addition to monitoring and analysing ESG factors, the investment team actively engages with portfolio companies to encourage them take steps where appropriate to enhance their corporate practices regarding ESG considerations. Examples of these engagements are detailed in the Engagement and Stewardship section of the report. The board notes the Task Force for Climate-related Financial Disclosure ("TCFD") and the FRC Statement of Intent on ESG challenges and will keep abreast of developments in this regard.

Defining ESG

Environmental factors include climate change, use of natural resources, pollution, waste management, water usage and deforestation.

Social factors include corporate culture, diversity, health & safety, community relations and supply chain management.

Governance factors include business ethics, board composition, remuneration and shareholder rights.

Investment considerations

When employing fundamental security analysis, the investment team takes a long-term view, seeking to identify companies differentiated by their sustainable competitive advantage, strong earnings potential and shareholder friendly management teams. Sustainability of business models is crucial to the Company's investment strategy. As such, a considerable amount of time is spent by the fund manager identifying fundamental factors, including ESG factors, which may impact profits, cash flow and dividends and ensuring that investee companies have robust policies and processes in place to manage these. The portfolio is global in its nature and as a result the significance of environmental and social factors can vary depending on the sector and the region in which a company operates. Nonetheless, each ESG factor, in addition to the quantitative and qualitative assessments, is an important consideration when evaluating the opportunity and the portfolio's investments.

The investment team seeks to understand how investee companies are managing ESG risks, including climate change, through their policies and processes and where their investments are targeted to evolve their business models to remain sustainable over the long term. Janus Henderson engages actively with companies and their management teams and uses a variety of sources to help identify and monitor material ESG risks, including research from their fund managers and analysts, input from the Janus Henderson Governance and Responsible Investment team and third-party data providers.

The investment team uses this information to help identify companies that are actively improving their ESG profiles. Companies with weaker ESG risk profiles are not automatically excluded from the portfolio provided they are making progress in mitigating these risks. These companies can be good investments if they can address the ESG issues they face. Whilst companies with weaker ESG profiles are not automatically excluded from the portfolio, the team does avoid or disinvest from companies where the ESG risk is material and where the company is not willing or able to mitigate these risks, and hence remains on a deteriorating trajectory.

The investment team is able to engage Sustainalytics, a leading firm researching and rating ESG factors globally, to support investment research. Sustainalytics can also be used to monitor the holdings within the Company and analyse its overall ESG risk exposure.

Business Model (continued)

Engagement and stewardship

Stewardship is a fundamental part of the investment team's long-term, active approach to investment management. Strong ownership practices, including engagement with management and boards, can help protect and enhance long-term shareholder value. Janus Henderson supports the UK Stewardship Code and is a founding member of the UN Principles of Responsible Investment ("UN PRI"). Additionally, Janus Henderson is a supporter of a number of broader ESG initiatives such as the Access to Medicine Index which aims to improve availability of healthcare in developed and emerging markets and Climate Action 100+, an investor led initiative to engage with heavily emitting companies to reduce their greenhouse gas emissions.

As a part of the research process portfolio managers and analysts meet frequently with company management, senior executives and boards, with Janus Henderson conducting thousands of meetings per year. These meetings typically occur prior to initiating a position and throughout the holding period. The portfolio managers naturally develop long-term relationships with the management of firms in which they invest. Should concerns arise over a firm's practices or performance, they would seek to leverage these constructive relationships by engaging with company management or express their views through voting on management or shareholder proposals. Escalation of engagement activities depends upon a company's individual circumstances. During 2020, for example, Janus Henderson recorded more than 1,100 company engagements with a distinct ESG component. Details regarding Janus Henderson's approach, including examples of engagement, can be found in the firm's 2020 UK Stewardship Code Report on the manager's website at www.janushenderson.com.

Strategic areas of focus of engagement with portfolio companies have included:

- **UN Global Compact compliance:** the manager places significant importance on compliance with the 10 UN Global Compact Principles. This is an important area of focus in terms of management engagement and has led to several engagements on human capital and in particular labour practises in companies in sectors ranging from technology (Samsung) to consumer discretionary (McDonalds), where they have encouraged the companies to improve employees working conditions.
- **Healthcare:** the Covid pandemic highlighted the disparities in access to healthcare in both developed and developing markets. The manager engaged with companies as part of the Access to Medicine Index and has also discussed access strategies as part of broader conversations with management teams.
- **Diversity:** diversity is an important company engagement issue, and the manager has engaged with investee companies on the importance of diversity and inclusion. These conversations have covered racial equality (Microsoft) and inclusive working environments (Air Products & Chemicals).
- **Governance:** the investment team believes good corporate governance is supportive of long-term decision-making and investment returns and have engaged with holdings on board diversity (Abbvie), board independence (Swire Pacific), and business ethics (Novartis).
- **Environment:** the manager considers the wider environmental impact of its holdings including emissions of other greenhouse gases and also water and waste management. As part of this, the investment team has discussed plastics and packaging (Nestlé and Mondelez) and forest management (UPM-Kymmene), with its holdings, with the aim of understanding the companies' strategies to reduce their environmental impact, and encouraging faster action in these areas.

Voting

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. Responsibility for voting the rights attached to the shares held in the Company's portfolio has been delegated to the manager, who actively votes at shareholder meetings and engages with companies as part of the voting process.

Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the fund manager, who has an in-depth understanding of the respective company's operations. Voting decisions are taken in keeping with the provisions of the manager's ESG Investment Principles, which set out the manager's approach to corporate governance, corporate responsibility and compliance with the Stewardship Code, and are publicly available on the manager's website. To retain oversight of the process, the directors regularly receive reports on how the manager has voted the shares held in the Company's portfolio, and they review the ESG Investment Principles at least annually.

As an active manager, Janus Henderson's preference is to engage with management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. In their experience, this approach is more likely to be effective in influencing company behaviour. They therefore actively seek to engage with companies throughout the year and in the build up to the annual shareholder meeting to discuss any potentially controversial agenda items. However, where they believe proposals are not in shareholders' interests or where engagement proves unsuccessful, they will vote against.

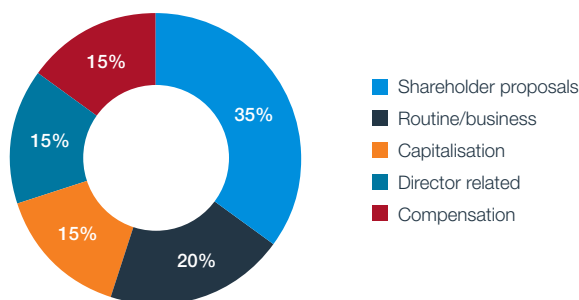
Voting record

In the period under review, investee companies held 82 general meetings. The level of governance in leading global companies is generally of a high standard in terms of best practice, which meant support in favour of the resolutions proposed by management was warranted. However, in respect of 39 resolutions (less than 4% of the resolutions proposed), support was not warranted and, following

Business Model (continued)

discussion between the fund manager and Janus Henderson's governance team, the shares were voted against the management recommendation.

The break down by area of resolutions not supported is shown below. Areas of focus during the period included shareholder rights regarding equity issuance, executive remuneration and shareholder proposals requesting improved company reporting on issues such as corporate lobbying.



Source: Janus Henderson using Institutional Shareholder Services ("ISS") categories

Note: Some meetings had more than one vote against management. This is for the one-year period to 31 August 2021

The environment

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose energy and carbon information.

Janus Henderson recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. To this end, Janus Henderson has made the following commitments:

- maintain a carbon neutral status;
- reduce carbon use by 15% per full-time employee over a three-year period – starting January 2019; and
- maintain a Carbon Disclosure Project ("CDP") score of B, which is higher than the financial services sector average CDP score of C (CDP scores range from A to D, with A being the best).

Business ethics

As the Company's operations are delegated to third-party service providers, the board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

In the event shareholders wish to raise issues or concerns with the directors, they are welcome to do so at any time by writing to the chairman at the registered office. The senior independent director is also available to shareholders if they have concerns that have not been addressed through the normal channels.

Board diversity

It is the Company's aim to have an appropriate level of diversity in the boardroom. The nominations and remuneration committee considers diversity generally when making recommendations for appointments to the board, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths, and experience. The prime responsibility, however, is the strength of the board and the overriding aim in making any new appointments must always be to select the best candidate based on objective criteria. See page 44 for further details of the board's diversity policy.

Currently, the board comprises five directors, three male and two female, meeting the target set by the Hampton Alexander Review. The directors are aware of the Parker Review recommendations regarding ethnic diversity on boards. The board recognises the benefits of diversity and takes an interest in the diversity initiatives in place at the manager. Janus Henderson fosters and maintains an environment that values the unique talents and contributions of every individual. The manager strives to cultivate and practice inclusiveness for the long-term success of the business and for the benefit of its employees, clients, investors and shareholders. Janus Henderson is a signatory to the Women in Finance Charter, a pledge by HM Treasury in 2016 to build a more balanced and fair industry and see gender balance at all levels across financial services firms. The board is pleased to note that Janus Henderson has met its 2022 target goal of 25% senior management women representation in the UK. Janus Henderson has a number of other diversity initiatives in place, including committing to the #100Black Interns programmes that aim to provide 100 internships every year to black students and recent graduates in the investment management industry.

Approval

The strategic report has been approved by the board.

On behalf of the board

Simon Jeffreys
Chairman
26 October 2021

Governance



Directors

The directors appointed to the board at the date of this report are:

Simon Jeffreys

Position: Chairman of the board and chairman of the management engagement committee and the nominations and remuneration committee

Date of appointment: 9 March 2011
(Chairman from 7 December 2017)

Simon is also chairman of Aon UK Limited. He is a director and chair of the audit committee of St James's Place plc and a director and chair of the audit and risk committees of SimCorp A/S and Templeton Emerging Markets Trust plc. He chairs the audit and risk committee of the Crown Prosecution Service. Simon was chief operating officer of the Wellcome Trust and chief administrative officer for Fidelity International. Previously, he was a senior audit partner in PricewaterhouseCoopers, where he was the global leader of the firm's investment management practice.

Jo Parfrey

Position: Director and chair of the audit committee

Date of appointment: 1 January 2021

Jo is a chartered accountant with strong investment and financial, analytical and risk management skills. She is currently a non-executive director of Octopus AIM VCT plc, non-executive chair of Babraham Research Campus Limited and a non-executive director and chair of the audit committees of Start Codon Ltd and Ieso Digital Health Limited. She has been a Mentor to the Accelerate Programme at Judge Business School, Cambridge University.

Richard Hills

Position: Senior independent director

Date of appointment: 25 April 2016

Richard's career has been in the investment management industry where he has held senior executive positions at two major houses. More recently he has been a non-executive director of a number of investment companies, both listed and private, including Henderson Global Trust plc. He is currently chairman of Strategic Equity Capital plc and a director of EQT Services (UK) Limited.

Aidan Lisser

Position: Director

Date of appointment: 25 April 2016

Aidan is a non-executive director of JP Morgan Emerging Markets Investment Trust plc and previously a non-executive director of Henderson Global Trust plc. He is also a marketing ambassador for the Association of Investment Companies. From 2010 until 2020 he worked for Investec Wealth & Investment, first as chief marketing officer and latterly as head of strategy. He has broad senior level experience across wealth, asset management and banking, having been chief marketing officer at Allianz Global Investors and head of group brand at Standard Chartered Bank plc. From 1983 until 2005 he held various positions at Unilever plc, including four years based in China and three years in Thailand.

Lucy Walker

Position: Director

Date of appointment: 1 September 2020

Lucy is deputy chair of Aurora Investment Trust plc and independent member of the audit & risk committee for SportsAid. She spent over a decade in investment management, most recently as fund manager and Head of Third Party Funds at Sarasin & Partners, leading the team responsible for researching over £1.2 billion of assets under management, and before that worked at HSBC Global Asset Management. In 2020, she founded AM Insights to help fund researchers deliver more successful client outcomes with a fast, intuitive and mobile-friendly fund research platform.

All directors are independent of Janus Henderson and are members of the audit committee, management engagement committee, nominations and remuneration committee and insider committee.

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 August 2021.

The corporate governance statement, audit committee report, nominations and remuneration committee report and management engagement committee report (pages 34 to 45) form part of the directors' report.

Results and dividends

The results for the year are set out in the financial statements. Three interim dividends of 1.50p each and a further interim dividend of 1.80p, totalling 6.30p per share, have been declared and/or paid in respect of the year to 31 August 2021. See note 10 on page 66 for more information. No final dividend is being proposed.

A review of the year and the outlook for the forthcoming year can be found in the chairman's statement on pages 7 and 8 and fund manager's report on pages 13 to 16.

Directors

The directors of the Company are listed on page 31. All served throughout the period under review with the exception of Jo Parfrey, who was appointed as a non-executive director on 1 January 2021. Kasia Robinski and Bill Eason retired from the board on 8 December 2020.

In accordance with the recommendations of the AIC Code of Corporate Governance, Ms Parfrey will stand for appointment at the annual general meeting and the remaining directors of the board will offer themselves for re-appointment.

The beneficial interests of the directors and their connected persons in the securities of the Company as at 31 August 2021 are set out in the directors' remuneration report on page 48. Details of directors' insurance and indemnification are set out on page 37.

Share capital

There are no restrictions on the transfer of the Company's share capital and there are no shares or stock which carry specific rights with regards to control of the Company. The Company is not aware of any agreements or arrangements between holders of securities which would result in restrictions on the transfer of securities or voting rights.

The Company's share capital comprises ordinary shares of 1p nominal value. The voting rights of the shares on a poll are one vote for every share held.

No shares were issued or bought back during the year, and at 31 August 2021, the number of ordinary shares in issue (with voting rights) was 195,978,716.

There has been no change to the issued share capital between 1 September 2021 and up to the date of this report.

Shareholder authorities

The directors seek annual authority from the shareholders to allot new ordinary shares, to dis-apply the pre-emption rights of existing shareholders, and to buy back, for cancellation or to be held in treasury, the Company's ordinary shares.

At the annual general meeting held on 8 December 2020, the directors were granted authority to allot up to 19,597,800 ordinary shares (with an aggregate nominal amount of £195,978) for cash and to repurchase 29,377,209 ordinary shares (with a nominal value of £293,772) for cancellation or to be held in treasury.

The directors will once again be seeking to renew the authorities to allot and repurchase the ordinary shares at the upcoming annual general meeting, when the existing authorities will expire.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 August 2021 in accordance with the FCA Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Rathbone Investment Management Ltd	10.1
Tilney Smith & Williamson	6.8
1607 Capital Partners LLP	6.7
Brewin Dolphin Ltd	4.7

On 25 October 2021, the Company was advised that the holding of Rathbone Investment Management Ltd had decreased to 9.99% of voting rights. No other changes have been notified in the period 1 September 2021 to 25 October 2021.

Duration of the Company

The Company's articles of association require that at every third annual general meeting of the Company an ordinary resolution be put to shareholders asking them to approve the continuation of the Company. A resolution for the continuation of the Company as an investment trust for a further three years was approved by shareholders at the 2020 annual general meeting. The next such resolution will be proposed at the annual general meeting in 2023.

Related party transactions

The Company's transactions with related parties in the year were with the directors and the manager. There have been no material transactions between the Company and its directors during the year. The only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the year end. Directors' shareholdings are disclosed on page 48.

Directors' Report (continued)

In relation to the provision of services by the manager (other than fees payable by the Company in the ordinary course of business and the provision of marketing services) there have been no material transactions with the manager affecting the financial position or performance of the Company during the year under review. More details on transactions with the manager, including amounts outstanding at the year end, are given in note 21 on page 7.

Financial risk management

The principal risks and uncertainties facing the Company are set out on pages 24 to 26. The principal financial risks and the Company's policies and procedures for managing these risks are set out in note 16 to the financial statements on pages 69 to 74.

Greenhouse gas emissions

The Company's environmental statements are set out in the strategic report on pages 27 to 29.

Annual general meeting

The annual general meeting will be held at 201 Bishopsgate, London EC2M 3AE on Tuesday, 7 December 2021 at 2.30pm. The notice of meeting and details of the resolutions to be put at the annual general meeting are contained in the separate letter being sent to shareholders with this report.

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 their knowledge and belief, there is no information relevant to the preparation of the annual report of which the Company's auditors are unaware and they have 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 auditors are aware of that information.

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.

Re-appointment of auditors

BDO LLP ("BDO") were appointed as auditors at the annual general meeting on 8 December 2020. BDO have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their re-appointment and authorising the directors to determine their remuneration for the ensuing year will be put to shareholders at the forthcoming annual general meeting. Further information in relation to their re-appointment can be found in the report of the audit committee.

Approval

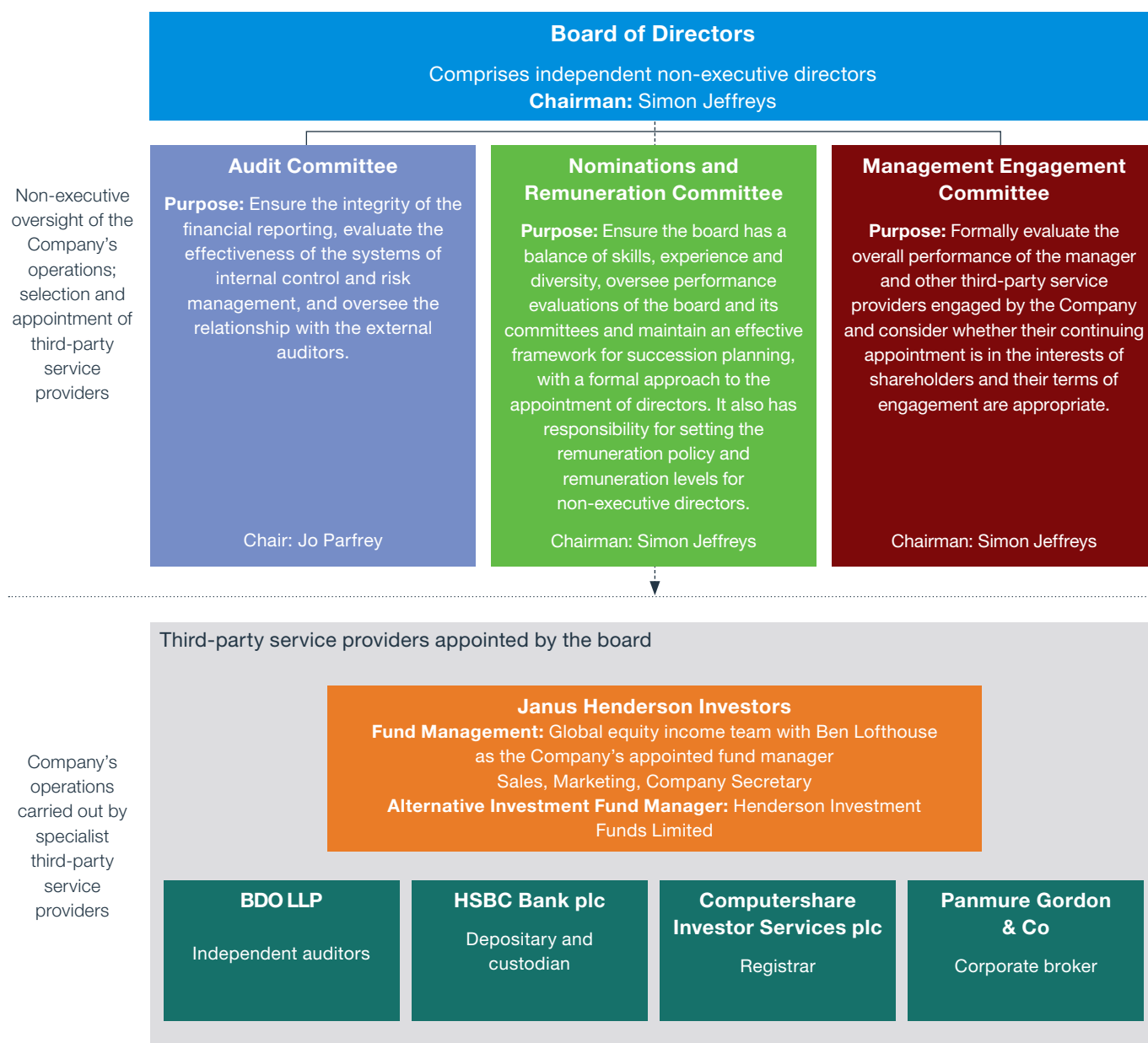
The directors' report has been approved by the board.

By order of the board

Henderson Secretarial Services Limited
Corporate Secretary
26 October 2021

Corporate Governance Report

Governance structure



Corporate governance

The board is accountable to shareholders for the governance of the Company's day-to-day affairs and is pleased to report to shareholders on the Company's governance arrangements and how the principles of the applicable codes have been applied during the year under review.

Applicable corporate governance codes

The Company maintains a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the 2018 UK Corporate Governance Code ("UK Code") have been applied. Being an investment company, a number of the provisions of the UK Code are not

applicable as the Company has no executive directors or internal operations and all day-to-day activities are outsourced to external service providers. The board has therefore considered the principles and provisions of the Code of Corporate Governance published by the Association of Investment Companies in February 2019 ("AIC Code"). The AIC Code addresses the principles set out in the UK Code as well as additional principles and provisions on issues that are of specific relevance to investment companies. The Financial Reporting Council ("FRC") has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules. The board considers that reporting against the principles and provisions

Corporate Governance Report (continued)

of the AIC Code, which has been endorsed by the FRC, provides more relevant information to the Company's shareholders in terms of its governance arrangements.

The AIC Code and the UK Code can be found on the respective organisations' websites: www.theaic.co.uk and www.frc.org.uk. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of compliance

The Company has complied with the principles and provisions of the 2019 AIC Code throughout the year to 31 August 2021 except as set out below.

Given the entirely non-executive nature of the board of directors of investment companies, the AIC Code includes a deviation from the UK Corporate Governance Code permitting the chairman of the board to be a member of the audit committee. The Company has taken advantage of this provision. The AIC Code also permits the tenure of the chairman of the board to exceed nine years. See page 36 for details of the Company's tenure policy.

The chairman of the board is also the chairman of the nominations and remuneration committee, but he would not chair the meeting when discussing his own performance or remuneration.

As the Company is an investment company, it has no chief executive or other executive directors and therefore has no need to consider the remuneration of executive directors. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the audit committee considers the need for such a function at least annually (see page 38 for further information).

The board

Board composition

The articles of association provide that the total number of directors shall not be subject to any maximum but shall not be less than two; the board currently consists of five non-executive directors. The biographies of the directors holding office at the date of this report, which are set out on page 31, demonstrate the breadth of investment, financial and other professional experience relevant to their positions as directors. All directors are considered by the board to be independent of the manager and free of any relationship which could materially interfere with the exercise of their independent judgement.

Chairman and senior independent director

The chairman was independent on appointment in accordance with the criteria set out in the AIC Code and has no relationships that may create a conflict of interest between his interests and those of shareholders. Details of his other significant commitments can be found on page 31. Following

review by the nominations and remuneration committee as part of the performance evaluation, the board is satisfied that Simon Jeffreys has sufficient time to devote to the Company.

The role of the senior independent director is to fulfil the role of sounding board for the chairman and intermediary for the other directors as necessary and to lead the performance evaluation of the chairman, as well as acting as a channel of communication for shareholders in the event that contact through the chairman is inappropriate. Richard Hills is the senior independent director.

Role descriptions for the chairman and senior independent director are available on the Company's website.

Role and operation of the board

The board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. The board is collectively responsible for providing leadership, setting the investment objective and policy, appointing the Company's third-party service providers, establishing a robust internal control and risk management system and monitoring the performance delivered by service providers within the established control framework. It is also responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and other stakeholders are understood and met. Information relating to the Company's purpose and values can be found on page 19 and to the board's engagement with stakeholders on pages 22 to 24.

The board meets formally at least five times a year, with additional board or committee meetings arranged when required. The directors have regular contact with the manager between formal meetings. All matters that are not delegated to the manager under the management agreement are reserved for the board's decision. The board has a formal schedule of matters reserved for its decision which includes strategy and management, structure and capital, financial reporting and controls, internal controls and risk management, contracts, communications, board membership and other appointments, delegation of authority, remuneration and corporate governance matters. A copy of the schedule of matters reserved is available on the Company's website.

At each meeting the board reviews the Company's investment performance and compliance with the approved investment policy, and also considers financial analyses and other reports of an operational nature. The board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which the manager has discretion to act. The board has responsibility for the approval of any investments in in-house funds managed or advised by the manager (of which there are currently none). It also has adopted a procedure for directors, in the furtherance of their duties, to take independent professional advice 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.

Corporate Governance Report (continued)

The board has engaged third-party service providers to deliver the operations of the Company. Management of the investment portfolio has been delegated contractually to Janus Henderson, which also provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a depositary who in turn appoints the custodian who is responsible for the safe custody of the Company's assets. The Company has appointed a registrar to maintain the register of members and assist shareholders with queries in respect of their holdings. Each of these principal 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. The board and its committees maintain oversight of the third-party service providers through regular and ad hoc reporting. The management engagement committee meets annually with representatives from the depositary and custodian to discuss amongst other matters performance, service levels, their value for money, information security and business continuity plans.

The board receives and considers regular reports from the manager 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 provide a forum to discuss industry matters which would then be reported to the board.

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 minuted, in a process that allows any director's concerns to be recorded in the minutes.

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 audited procedures in place. Any correspondence is submitted to the next board meeting.

Janus Henderson and BNP Paribas Securities Services, 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.

The board, the manager and the corporate secretary operate in a supportive, co-operative and open environment.

Arrangements with directors

Appointment and retirement

The board may appoint directors to the board and any director so appointed must stand for election by the shareholders at the annual general meeting following appointment, in accordance with the articles of association.

In keeping with the provisions of the AIC Code, the board has adopted a policy for all directors to retire and stand for re-appointment annually at each annual general meeting.

Under the articles of association, shareholders may remove a director before the end of his or her term by passing an ordinary resolution at a general meeting.

The board considers a potential candidate's other commitments on appointment and then annually through the performance evaluation process to ensure that directors have sufficient time to commit to the Company. A schedule of directors' other commitments is reviewed at each board meeting and directors are required to seek the chairman's approval prior to accepting further appointments.

Tenure

The board believes that directors with more than nine years' service can still form part of an independent majority and in particular their experience is beneficial to investment company boards. A progressive approach to refreshment of the board is taken. This allows time for new directors to familiarise themselves with the Company whilst retaining the right balance of knowledge, skills, experience and corporate knowledge on the board.

All directors stand for annual re-election by shareholders. In advance of each annual general meeting, the nominations and remuneration committee will consider and make recommendations to the board about whether it is appropriate for eligible directors to be recommended for re-appointment, taking into account the results of the annual performance evaluation. Further details are set out in the nominations and remuneration committee report on pages 43 and 44.

As set out in the 2020 annual report, as part of the progressive refreshment of the board, the chairman will be standing down at the conclusion of the annual general meeting in 2022, which means he will have served on the board for a total of eleven years, with five years as chairman, at the end of his tenure. The chairman has taken no part in the discussions or decision making associated with his tenure. See nominations and remuneration committee report on page 43 for further details.

Corporate Governance Report (continued)

Independence

The independence of the directors is determined with reference to the AIC Code. The nominations and remuneration committee considers the independence of each director at least annually by reviewing the directors' other appointments and commitments, as well as their tenure of service and any connection they may have with the manager.

There were no contracts subsisting during or at the end of the year in which any 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.

Following evaluation, the nominations and remuneration committee determined that all directors, including the chairman, 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.

Professional development

Newly appointed directors complete a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administration services provided by the manager.

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 also regularly participate in relevant training and industry seminars and may do so at the expense of the Company.

Directors' individual training requirements are considered as part of the annual evaluation process which is led by the chairman of the board.

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 relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the board believes that the systems it has in place for reporting and considering situational conflicts continue to operate effectively.

Insurance and indemnification

Directors' and officers' liability insurance cover is in place in respect of the directors. 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 judgment is given in their favour by the Court. No indemnity was given during the year or up to the date of this report.

Meeting attendance

The table below sets out the number of scheduled formal board and committee meetings held during the year under review and the number of meetings attended by each director. In addition, two strategy meetings were also held in the year. The 2020 annual general meeting was held as a closed meeting, with just the chairman and two shareholders present to make up the quorum. The insider committee did not meet during the year.

	Board	AC	MEC	NRC
Simon Jeffreys	5 (5)	2 (2)	1 (1)	1 (1)
Bill Eason ¹	2 (2)	1 (1)	0 (0)	0 (0)
Richard Hills	5 (5)	2 (2)	1 (1)	1 (1)
Aidan Lisser	5 (5)	2 (2)	1 (1)	1 (1)
Jo Parfrey ²	3 (3)	1 (1)	1 (1)	1 (1)
Kasia Robinski ¹	2 (2)	1 (1)	0 (0)	0 (0)
Lucy Walker	5 (5)	2 (2)	1 (1)	1 (1)

¹ Retired 8 December 2020

² Appointed 1 January 2021

AC: audit committee

MEC: management engagement committee

NRC: nominations and remuneration committee

The number in brackets denotes the number of meetings each was entitled to attend.

The regular investment update meetings with the fund manager that were instigated at the start of the pandemic continued until March 2021. Seven additional meetings were held over the year attended by all directors except that Mrs Walker and Mr Hills were each unable to attend one of the meetings. Four additional nominations and remuneration committee meetings were also held in relation to the appointment of a new director attended by all directors, with the exception of Mrs Robinski, who was unable to attend one of these meetings.

Corporate Governance Report (continued)

Committees of the board

The board has three principal committees: the audit committee, the nominations and remuneration committee and the management engagement committee. The terms of reference for these committees are available on the Company's website. The Company has also constituted an insider committee to assist the board in meeting its obligations under the Market Abuse Regulation.

The audit committee report can be found on pages 40 to 42.

The nominations and remuneration committee report can be found on pages 43 and 44.

The management engagement committee report can be found on page 45.

Communication with shareholders

See page 22 for information about how the Company communicates with shareholders.

Internal control and risk management

The board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness, as set out in the chart below. The audit committee supports the board in the continuous monitoring of the internal control and risk management framework. Details of the principal risks facing the Company, including emerging risks, and how these are mitigated are set out on pages 24 to 26.

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 period 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:

- clearly defined investment criteria which specify levels of authority and exposure limits. The board reviews reports on compliance with the criteria at each meeting;
- regular reporting which allows the board to assess the Company's financial position. The management accounts and forecasts are reviewed by the board at each meeting;

- contractual agreements with the manager and other third-party service providers. The board reviews performance levels and adherence to relevant provisions of the agreements on a regular basis through reporting to the board and the management engagement committee conducts a formal evaluation of the overall level of service provided at least annually (see management engagement committee report on page 45);
- the review of controls (including financial, operational and compliance) at the manager and other third-party service providers. The board receives quarterly reporting from the manager and depositary and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting is provided by:
 - the manager's 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; and
 - the manager's internal audit team on operations which are relevant to the Company.

The board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 August 2021. During the course of its review the board has not identified or been advised of any failings or weaknesses relating to the Company that have been determined as significant.

Internal audit function

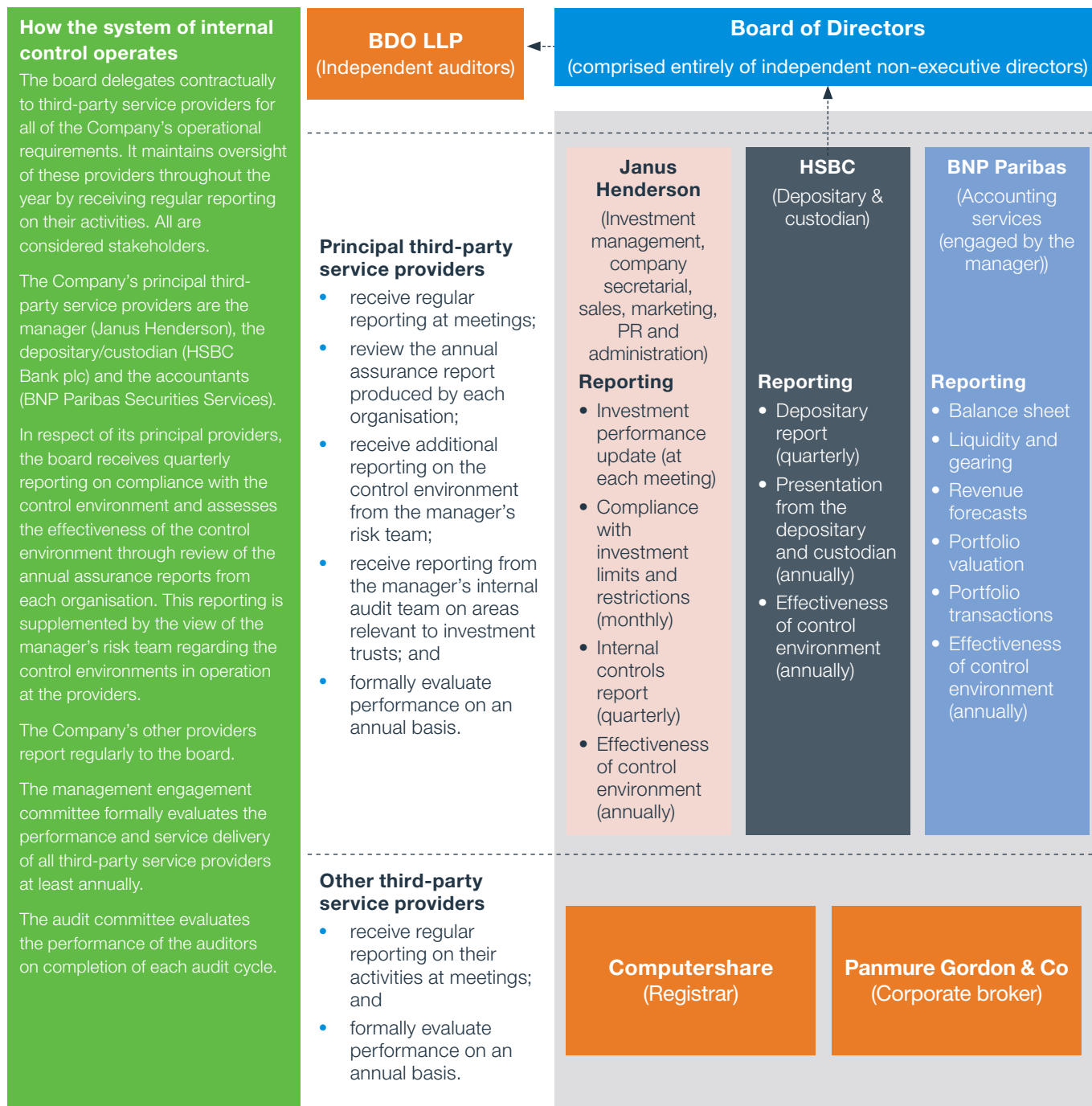
Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable.

The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principally among them, the manager, Janus Henderson. The board places reliance on the Company's framework of internal control and the audit committee's view on reporting received from specific second and third line of defence teams at the manager.

The manager's risk team supports the audit committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The manager's internal audit department provides regular reporting to the board on the operations at the manager and presents at least annually to the audit committee. The board has therefore concluded that it is not necessary at the present time for the Company to have its own internal audit function.

Corporate Governance Report (continued)

System of internal controls



Audit Committee Report

The audit committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external auditors.

Membership

All directors are members of the committee, including the chairman of the board. Taking account of the size of the board as a whole, the absence of any executive directors and the collaborative manner in which the board and its committees work, it is not considered practical or constructive to exclude the chairman of the board from the membership of the committee. The chairman of the board was determined to be independent at the time of his appointment. The committee is chaired by Jo Parfrey, a chartered accountant who is considered by the board to have recent and relevant financial experience. The committee as a whole has competence relevant to the sector in which the Company operates and to the Company as an investment trust.

Meetings

The committee meets twice a year to review the half-year results, the annual results and to review the Company's internal controls.

The Company's auditors, the fund manager and the manager's financial reporting manager for investment trusts are invited to attend meetings of the committee on a regular basis. Other representatives of the manager and BNP Paribas Securities Services may also be invited to attend if deemed necessary by the committee.

Role and responsibilities

The primary role of the committee is to assist the board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the auditors. The audit committee reports to the board. The committee's responsibilities are set out in formal terms of reference which are reviewed at least annually.

In discharging its duties over the course of the year, the committee considered the following matters:

Half year results and the annual report

- The appropriateness of the Company's accounting policies and 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.

- The disclosures made in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy in order to make recommendations to the board. 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 auditors, the fund manager and the corporate secretary.

Internal controls and risk management

- The principal risks facing the Company, the risk management systems in place and the Company's risk map.
- The internal controls in place at Janus Henderson and BNP Paribas Securities Services as administrator, as described on page 39, including compliance with s.1158/9 and the manager's policies in relation to cyber risk and business continuity.

The committee met with representatives of the manager's risk team to discuss internal controls and risk management. The discussion included a detailed overview of the manager's internal controls report and went on to provide a summary of the HSBC Bank, BNP Paribas Securities Services and Computershare Investor Services (the Company's other main third-party service providers) internal controls reports that had also been reviewed by the manager's risk team. The assurance report for one of the Company's service providers was qualified by the respective service auditor. The Committee reviewed the instances giving rise to the qualification and received confirmation that appropriate action to address the issues identified in the report was being taken. The exceptions identified had no impact on the Company.

- The need for the Company to have its own internal audit function.

The committee met with a representative of the manager's internal audit team to discuss the manager's internal audit plan, including an overview of those audits which had a direct or indirect relevance to the Janus Henderson managed investment trusts. The committee recommended to the board that it was appropriate to rely on the manager's internal audit function (see page 38).

- The manager's whistleblowing policy and the arrangements that Janus Henderson has put in place for its staff to raise concerns, in confidence, about possible improprieties, including in relation to the Company.

Audit Committee Report (continued)

The committee was satisfied that the policy included the necessary arrangements for independent investigation and follow up action.

- The Company's third-party suppliers' confirmations that they had appropriate policies and procedures in place in relation to whistleblowing, anti-bribery and corruption and anti-tax evasion. The committee was satisfied that they were in compliance.
- The Company's anti-bribery policy and review of the Company's gifts and hospitality register. The committee was satisfied that the Company was in compliance throughout the year under review and up to the date of this report.
- The annual confirmation from the Company's depository.

Dividend

- The appropriate level of dividend to be paid by the Company, including review of the revenue forecasts in support of the Company's dividend.

External auditors

- The appointment of the external auditors and their performance and remuneration (see below).
- The nature and scope of the external audit, including agreeing with the external auditors the level of materiality (see page 53), and the findings therefrom.
- The external auditors' independence and objectivity and the reporting of the external auditors. The committee also considered its policy on non-audit services. The committee was satisfied with the arrangements (as explained further below).
- The FRC's audit quality inspection report on BDO.

Appointment and tenure of the auditors

Regulations currently in force require the Company to rotate audit firms 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.

As reported last year, an audit tender was carried out in 2020. The appointment of BDO LLP as auditors was recommended to the board, and their appointment was confirmed by shareholders at the 2020 annual general meeting. The financial statements for the year ended 31 August 2021 will be the first to be audited by BDO and the first year for the audit partner, Peter Smith.

Auditors' independence

The committee monitors the auditors' independence through three aspects of its work: the approval of a policy regulating the non-audit services that may be provided by the auditors to the Company; assessing the appropriateness of the fees paid to the auditors for all work undertaken by them; and by reviewing the information and assurances provided by the auditors on their compliance with the relevant ethical standards.

BDO confirmed that all of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures which are fully consistent with the FRC's ethical standards. Having considered the above-mentioned aspects, the performance and behaviour of the auditors during the audit process and the assurances received from BDO, the committee is satisfied that auditor independence and objectivity are safeguarded.

Audit fees

The fees payable to the auditors for audit services were £34,000 (plus VAT) (2020: £43,000 (plus VAT)).

Policy on non-audit services

The committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditors. The policy sets out that the Company's auditors will not be considered for non-audit work where this is prohibited by the current regulations and where it appears to affect their independence and objectivity.

In addition, the provision of any non-audit services by the auditors is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods proceeding the financial period to which the cap applies. Such services require approval in advance by the audit committee, or the chair of the audit committee, following due consideration of the proposed services.

There were no fees paid or payable to the auditors for non-audit services in the year under review (2020: £nil).

Annual report for the year ended 31 August 2021

The committee is satisfied that the annual report for the year ended 31 August 2021, 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.

Audit Committee Report (continued)

In relation to the annual report for the year ended 31 August 2021, the following significant issues were considered by the committee and discussed in depth with the external auditors:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	<p>The directors have appointed the manager to perform the valuation of the assets of the Company in accordance with its responsibilities under the Alternative Investment Fund Managers Directive ("AIFMD") rules. As required under the AIFMD rules, Janus Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors.</p> <p>Ownership of listed investments is verified by reconciliation to the custodian's records and the directors receive quarterly reports from the depositary, who has responsibility for overseeing the Company's operations, including verification of ownership and valuation.</p>
Recognition of income	Income received is accounted for in line with the Company's accounting policy (as set out in note 1e) on pages 61 and 62) and is reviewed by the committee at each meeting.
Accounting treatment for senior unsecured notes	The committee reviewed the accounting treatment and disclosures for the senior unsecured notes in line with relevant accounting standards and industry practice, including fair value calculation models presented by the manager for the fair value disclosures and the fair value NAV.
Maintaining internal controls	Information about the internal control and risk management framework adopted by the Company is set out in the corporate governance statement on pages 38 and 39.
Maintenance of investment trust status	The committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas Securities Services.

The audit committee discussed in detail the methodology employed by the auditor in the audit. As part of the scope of work for the year end audit, the committee requested that the auditors consider that the interim dividends paid by the Company had been appropriately accounted for and presented in the Company's financial statements. In light of the deferral of dividends as a consequence of the pandemic, the year end audit work included a review to ensure that they had been appropriately accounted for. The auditors also reported to the committee on the Company's compliance with the requirements for maintaining investment trust status.

The directors:

- have reviewed the KPIs used to monitor the Company's performance to ensure that these remain relevant;
- sought additional information about the effectiveness of internal controls at service providers who have received a qualified control report, and the manager made enquiries about the reasons for the qualification to satisfy itself and the audit committee that these had had no material impact on the Company;
- review the accounting treatment of the loan notes on a six-monthly basis to ensure that this remains appropriate, and this treatment was also reviewed and confirmed by the auditors; and
- are provided with regular reports from the manager on special dividends received and the rationale for whether these should be treated as income or capital is discussed.

Effectiveness of the external audit

The committee's process for evaluating the effectiveness of the external audit comprises two components: consideration is given to the findings of the FRC's audit quality inspection report and a post-audit assessment is carried out and led by the committee chair. The auditors are able to present and discuss the findings of the latest audit quality inspection report and report on the progress made by the firm in terms of addressing the areas identified for improvement in the prior year's report. In assessing the effectiveness of the audit process, the committee chair invites views from the directors, fund managers and other members of the manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the committee. The committee also met privately with the audit partner to discuss how the audit operated from his perspective.

Based on their performance to date and the feedback received, the committee concluded that there was no reason to doubt the effectiveness of the audit provided by BDO to the Company and recommended their continuing appointment to the board.

As this is the first audit conducted by BDO, the audit committee will be conducting a full review of their performance following the conclusion of the audit process.

Jo Parfrey
Chair of the audit committee
26 October 2021

Nominations and Remuneration Committee Report

The nominations and remuneration committee advises the board on the composition of the board and its committees, in making appointments to the board and ensuring suitable succession plans are in place for the directors. It also has responsibility for setting the remuneration policy for the non-executive directors.

Membership

All directors are members of the committee. The chairman of the board is the chairman of the committee but would not chair meetings when the committee is considering the chairman's remuneration and would not be in attendance when the committee is considering appointments for his successor.

Meetings

The committee met five times during the year, which included additional meetings held in relation to the appointment of a new director.

Role and responsibilities

The principal responsibilities of the committee include reviewing the structure, size and composition of the board and its committees and leading the search for suitable candidates to fill roles as required, taking into consideration the balance of skills, knowledge, experience and diversity on the board; ensuring annual performance evaluations are carried out, discussing the outcomes from those evaluations and making recommendations to the board; considering the proposed appointment and re-appointment of directors ahead of each annual general meeting; and setting the remuneration policy and levels of remuneration for board members, including the chairman of the board, the chair of the audit committee and the senior independent director.

In discharging its duties over the course of the year, the committee considered the following matters:

- the composition of the board and each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company;
- succession planning for appointments to the board taking account of the provisions of the articles regarding the retirement and rotation of directors, as well as the tenure of the current directors;
- the appointment of a new non-executive director who would also act as the chair of the audit committee;
- the outcomes of the board performance evaluation with a view as to whether adjustments should be made to the number of directors or knowledge and skills represented on the board;
- the tenure of each of the directors, giving consideration as to whether the board retained a sufficient balance of length of service without becoming complacent;

- the independence of the directors taking account of the guidelines established by the AIC Code as well as the directors' other appointments;
- the time commitment of the directors and whether this had been sufficient over the course of the period;
- the performance and contribution of all directors standing for re-appointment at the 2021 annual general meeting; and
- the level of directors' fees.

Succession planning and recruitment

When considering succession planning, the committee bears in mind the balance of skills, knowledge, experience and diversity existing on the board. Once a decision is made to recruit an additional director, a formal job description is drawn up and an external recruitment agency is engaged to facilitate the search. The committee assesses candidates against objective criteria and with due regard for the benefits of diversity on the board (including gender, social and ethnic backgrounds, as well as cognitive and personal strengths), taking care that any candidates recommended for appointment will be able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively.

The committee had previously recommended to the board that it deliberately phase the retirement of directors and introduction of new directors. In accordance with the succession plan set out in previous annual reports, Bill Eason retired at the conclusion of the 2020 annual general meeting, following nine years on the board. Lucy Walker was appointed as a new director on 1 September 2020. Kasia Robinski, the audit committee chair, also stepped down as a director at the 2020 annual general meeting and was replaced as audit committee chair by the appointment of Jo Parfrey.

As previously reported, Simon Jeffreys will be standing down as chairman and a director of the Company at the conclusion of the annual general meeting in 2022. Mr Jeffreys was appointed a director at the launch of the Company in 2011 and will have served for 11 years, with six years' service as audit committee chairman followed by five years as chairman of the board. This complies with the AIC Code. It is anticipated that the committee will start looking for the chairman's replacement in early 2022.

Bill Eason had been the senior independent director. The committee discussed his replacement, and recommended to the board that Richard Hills be appointed as the new senior independent director. Mr Hills assumed this role on the retirement of Mr Eason at the last annual general meeting.

The committee also reviews and recommends to the board the directors seeking re-appointment. Recommendation is not automatic and will follow a process of evaluation of each director's performance and consideration of the director's independence. The committee also takes into account the mix of skills and experience of the current board members.

Nominations and Remuneration Committee Report (continued)

Appointment of director

Details about the process for the appointment of Lucy Walker, who was appointed as a non-executive director on 1 September 2020, were included in the 2020 annual report.

The process for the appointment of a new non-executive director to replace Kasia Robinski as chair of the audit committee was commenced during the year. Tyzack Partners ("Tyzack") were appointed to assist in the search. No open advertising was used as the committee believes that targeted recruitment is the optimal way of recruiting. Tyzack do not undertake any other services for the Company and have no connection with any of the directors. A candidate with good core, and up-to-date, accounting skills and the experience and ability to chair and lead the audit committee were considered essential for the role. The Company's diversity policy was considered and Tyzack were requested to ensure the long list included diverse candidates.

Following discussion of the long list with Tyzack, the preferred candidates were invited for interviews with the chairman and Richard Hills. A shortlist of candidates was then put forward for interviews with the other non-executive directors and the fund manager. Candidates were evaluated based on their experience, their cognitive and personal strengths and their suitability to the role. The candidates' other commitments were also considered as part of the process.

Following the conclusion of the process the committee was pleased to recommend to the board the appointment of Jo Parfrey. Mrs Parfrey was appointed as a director and audit committee chair with effect from 1 January 2021.

Performance evaluation

The performance evaluation of the board, its committees and individual directors was conducted through the use of an internal, online questionnaire and the outcomes presented to the committee. The appraisal of the chairman was led by Richard Hills, the senior independent director. The areas considered included board composition, expertise and dynamics, management and focus of meetings, investment strategy and performance, risk management, external relations including the quality of the board's understanding of shareholders' views and the manager's sales and marketing activities, remuneration and fees, priorities for change, a review of the effectiveness of the committees of the board and each individual director. The committee also reviewed the independence of each director and their time commitment.

Following completion of the review, the committee concluded that the board, its committees and individual directors and the chairman continued to operate effectively with a clear understanding of the risks facing the Company and that each

director continued to commit sufficient time to fulfilling their duties. Taking account of the performance of individual directors, the committee recommended to the board that it should support the re-appointment of each director standing for re-election at the 2021 annual general meeting.

Board and committee meetings during the pandemic had been held via video conference as a result of government restrictions on physical gatherings. This had ensured that the board had maintained its level of governance and oversight over the business of the Company.

Diversity policy

All board appointments are subject to a formal, rigorous and transparent procedure. The Company seeks to ensure that any board vacancies are filled by the most qualified candidates based on objective criteria and merit and in the context of the skills, knowledge and experience that are needed for the board to be effective.

The board acknowledges and welcomes the recommendations from the Hampton-Alexander Review on gender diversity on boards and the Parker Review about ethnic representation on boards. Whilst the board does not feel that it would be appropriate to use specific diversity targets, given its small size, the directors acknowledge that diversity is important to ensure that the Company can draw on a broad range of backgrounds, skills, knowledge, experience and perspectives to achieve effective stewardship of the Company. An integral part of the appointment process includes the consideration of diversity generally, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths and experience. The committee ensures that long lists of potential non-executive directors include diverse candidates of appropriate experience and merit.

In all of the committee's activities, there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Remuneration

Details of the committee's activities in relation to directors' remuneration are set out in the directors' remuneration report on pages 46 to 48, together with information on the fees paid to directors during the year under review.

Simon Jeffreys

Chairman of the nominations and remuneration committee
26 October 2021

Management Engagement Committee Report

The committee is responsible for formally evaluating the overall performance of the manager and other third-party service providers engaged by the Company, to consider whether their continuing appointment is in the interests of shareholders as a whole.

Membership

All directors are members of the committee. The chairman of the board is the chairman of the committee.

Meetings

The committee met once during the year. The committee has not engaged any service providers to provide advice to the Company during the period.

Role and responsibilities

The primary role of the committee is to review the management agreement and monitor the performance of the manager for the investment, company secretarial, financial reporting, administration, sales, marketing and support services that it provides under that agreement. Its review of the terms of the agreement include the level and structure of fees payable, the length of notice period and best practice provisions generally. The fees paid to the manager should be aligned with the Company's purpose and values and the successful delivery of its long-term strategy. The committee is also responsible for formally evaluating the overall performance of third-party service providers engaged by the Company. The committee reports to the board and its responsibilities are set out in formal terms of reference which are reviewed at least annually.

In discharging its duties over the course of the year, the committee considered the following matters:

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the closed-ended sector, the share price, level of premium/discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-ended competitors and other, similar sized investment companies;
- the key clauses of the investment management agreement, how the manager had fulfilled these and whether these continued to be appropriate;
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, registrar, marketing and research providers, legal counsel and the Company's accountants;
- the Company's service providers in their role as stakeholders and whether there is an appropriate level of engagement with them; and
- any points of conflict which may arise between the providers of services to the Company.

Continued appointment of the manager

The board monitors investment performance at each meeting and receives updates in respect of professional sales and marketing activities carried out by the manager for the Company twice annually. The committee makes a formal recommendation to the board in respect of the continued appropriateness of the terms of the management agreement at least annually.

The committee's evaluation of the manager included consideration of the quality of the team involved in all aspects of servicing the Company, including company secretarial, administration, sales and marketing, the manager's use of gearing and management of the portfolio's risk profile, the stability of the management group and the priorities for change. Following completion of the review, the committee recommended to the board that the continued appointment of the manager on the terms agreed is in the interests of the Company's shareholders as a whole and its long-term sustainable success.

Performance of third-party service providers

Each year, the committee carries out an evaluation of the Company's key third-party service providers and their respective terms of engagement. Following this review, the committee recommended the continuation of the appointment of the key third-party service providers.

Simon Jeffreys

Chairman of the management engagement committee
26 October 2021

Directors' Remuneration Report

Remuneration policy

The remuneration policy ("policy") sets out the principles applied in the remuneration of the Company's directors. The policy was last approved by shareholders at the annual general meeting on 8 December 2020 and it will continue into force until the annual general meeting in 2023.

The nominations and remuneration committee is responsible for matters relating to directors' remuneration. Individual directors do not participate in discussions relating to their own remuneration. The appropriateness and relevance of the remuneration policy is reviewed at least annually, particularly in terms of whether the policy supports the Company's long-term sustainable success. In determining the policy, the board takes into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code and the AIC Code and fees paid to comparable investment trusts.

The objective of the policy is to attract, retain and motivate non-executive directors of the quality required to manage the Company successfully. The Company's approach is that directors' fees should:

- reflect the time spent on the Company's affairs;
- reflect the responsibilities borne by the directors; and
- be sufficient to promote the long-term success of the Company.

Directors are remunerated in the form of fees payable, to the director personally, quarterly in arrears. Fees are pro-rated where a change takes place during a financial year. The total annual aggregate fees payable to Directors shall not exceed £500,000, as set out in the Company's articles of association. Any change to this limit would require the approval of shareholders by way of an ordinary resolution.

The chairman of the board is paid a higher fee in recognition of his additional responsibilities, as is the chair of the audit committee and the senior independent director. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties. The level of fees paid to each director is reviewed annually, although such a review may not necessarily result in any change to the rates. The level of fees paid to the directors of other investment companies of a similar size and nature is taken into account when carrying out the review. The board may amend the level of remuneration paid to individual directors within the parameters of the policy.

No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

The policy, irrespective of any changes, will be put to shareholders at intervals of not more than three years with the next approval due to be sought at the annual general meeting in 2023.

Letters of appointment

All directors are non-executive and are appointed under a letter of appointment. No director has a service contract with the Company. There are no set notice periods. A director may resign by notice in writing to the board at any time and no compensation is payable for loss of office.

Recruitment principles

All directors, including any new appointments to the board, are paid at the same rate.

Views of shareholders

Any views expressed by shareholders on the fees being paid to directors would be taken into consideration by the board when reviewing levels of remuneration.

Annual report on remuneration

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 ("regulations"). The report also meets the relevant requirements of the Companies Act 2006 ("Act") 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 the Act, an ordinary resolution to approve the directors' remuneration report will be proposed at the forthcoming annual general meeting.

The Company's auditors are 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 has not been provided with advice or services by any person in respect of its consideration of the directors' remuneration.

Statement from the chairman

The board has established a nominations and remuneration committee, which is responsible for reviewing directors' remuneration. All directors are members of this committee.

The committee has carried out its annual review of the fees being paid to directors and as part of this it looked at the fees paid to other investment companies in the peer group, the fees paid in other sectors and the other Janus Henderson managed investment trusts. The committee also considered the changes in the retail prices index and the consumer prices index since the last fee increase in September 2019. Following

Directors' Remuneration Report (continued)

consideration, it was agreed that an increase of approximately 4% should be made to directors' fees with effect from 1 September 2021. The new rates are set out in the table below. The increases were to ensure that the directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new directors. The board is satisfied that the changes to the remuneration of the directors are compliant with the directors' remuneration policy approved by shareholders at the 2020 annual general meeting. There will be no significant change in the way that the remuneration policy will be implemented in the course of the next financial year.

There have been no other major decisions on directors' remuneration or any other changes to the remuneration paid to each individual director in the year under review.

Table of directors' annual fees

The current fees for specific responsibilities are set out in the table below. No fees are payable for membership of the nominations and remuneration committee.

Role	Rate from 1 September 2021	Rate at 31 August 2020
Chairman of the board	42,700	41,000
Chair of the audit committee	33,800	32,500
Senior independent director	28,600	27,500
Other non-executive directors	26,500	25,500

Directors' fees and expenses (audited)

The fees and expenses paid to the directors who served during the years ended 31 August 2021 and 31 August 2020 were as follows:

	Year ended 31 August 2021 Total salary and fees £	Year ended 31 August 2020 Total salary and fees £	Year ended 31 August 2021 Taxable benefits* £	Year ended 31 August 2020 Taxable benefits* £	Year ended 31 August 2021 Total £	Year ended 31 August 2020 Total £
Simon Jeffreys ¹	41,000	41,000	69	—	41,069	41,000
Kasia Robinski ²	8,802	32,500	—	—	8,802	32,500
Jo Parfrey ³	21,667	—	—	—	21,667	—
Bill Eason ⁴	7,448	27,181	—	—	7,448	27,181
Richard Hills ⁵	26,964	25,500	—	1,942	26,964	27,442
Aidan Lisser	25,500	25,500	—	—	25,500	25,500
Lucy Walker ⁶	25,500	—	—	—	25,500	—
Total	156,881	151,681	69	1,942	156,950	153,623

The amounts paid by the Company to the directors were for services as non-executive directors. The table above omits other columns in the relevant regulations because no payments of other types such as variable pay, performance related pay, vested performance related pay and remuneration related benefits were made.

¹ Chairman of the board, management engagement and nominations and remuneration committees

² Chair of the audit committee. Retired from the board on 8 December 2020

³ Chair of the audit committee. Appointed to the board and as audit committee chair on 1 January 2021

⁴ Senior independent director with effect from 29 October 2019. Retired from the board on 8 December 2020

⁵ Senior independent director with effect from 8 December 2020

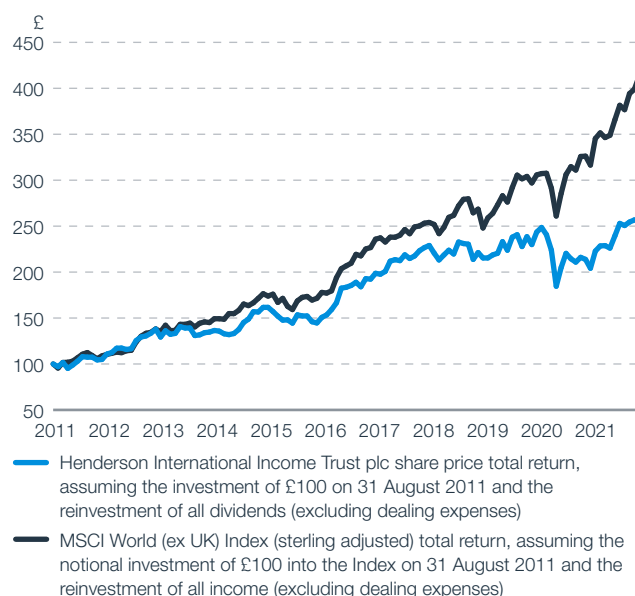
⁶ Appointed to the board on 1 September 2020

* Reimbursement of travel expenses to attend board meetings

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.

Performance

The Directors' Remuneration Report Regulations require the Company to measure its performance against a "broad equity market index" on a total return basis. In this report the MSCI World (ex UK) Index (sterling adjusted) has been selected as this is the performance comparator benchmark used by the board when reviewing the Company's performance.



Directors' Remuneration Report (continued)

Annual percentage change in directors' remuneration

The table below sets out the annual percentage change in directors' fees (excluding expenses paid) for the directors for the last two years in respect of each director who has served for a minimum of two financial years.

	Year to 31 August 2021 %	Year to 31 August 2020 %
Simon Jeffreys	–	5.1
Jo Parfrey ¹	n/a	n/a
Richard Hills	5.7 ²	6.3
Aidan Lissner	–	6.3
Lucy Walker ³	n/a	n/a

¹ Appointed to the board and as audit committee chair on 1 January 2021

² Appointed as senior independent director with effect from 8 December 2020.

The increase in Mr Hills' remuneration reflects this appointment and the additional remuneration associated with this role

³ Appointed to the board on 1 September 2020

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 to shareholders by way of dividends. There were no share buy-backs 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.

	2021 £	2020 £	Change £	Change %
Total remuneration	156,950	153,623	3,327	2.2
Ordinary dividends paid	11,758,723	11,534,698	224,025	1.9

Directors' interests in shares (audited)

	Ordinary shares of 1p	
	31 August 2021 or date of retirement, if earlier	31 August 2020
Simon Jeffreys	206,276	206,276
Bill Eason ¹	156,990	156,990
Richard Hills	39,604	39,604
Aidan Lissner	26,148	26,148
Jo Parfrey ²	37,500	n/a
Kasia Robinski ¹	60,000	60,000
Lucy Walker ³	12,307	n/a

¹ Resigned as a director on 8 December 2020

² Appointed as a director on 1 January 2021

³ Appointed as a director on 1 September 2020

The interests of the directors and persons closely associated with them in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. There have been no changes to any of the directors' interests in the period 1 September 2021 to the date of this report.

In accordance with the Company's articles of association, no director is required to hold shares of the Company by way of qualification.

Statement of voting at annual general meeting

At the Company's annual general meeting held on 8 December 2020, shareholders approved the directors' remuneration policy and the Directors' remuneration report in respect of the year ended 31 August 2020. The following votes were received on the resolutions:

Resolution	For (including discretionary)	% of votes ¹	Against	% of votes ¹	Withheld
Remuneration policy	64,049,793	99.57	273,896	0.43	177,141
Remuneration report	64,062,471	99.58	273,393	0.42	164,965

¹ Excluding votes withheld

Approval of the Annual Report on Remuneration

The Annual Report on Remuneration was approved by the board on 26 October 2021.

Simon Jeffreys
Chairman of the nominations and remuneration committee
26 October 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report (which must be fair, balanced and understandable) 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 prepared the Company's financial statements in accordance with UK Accounting Standards. 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 net return or loss of the Company for that year. 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business for the next twelve months.

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 and the directors' remuneration report 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.

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.

Directors' responsibility statement

Each of the directors, who are listed on page 31, confirms that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the strategic report, directors' report and financial statements include 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.

On behalf of the board

Simon Jeffreys
Chairman
26 October 2021

The financial statements are published on **www.hendersoninternationalincometrust.com** which is a website maintained by the manager.

The maintenance and integrity of the website is the responsibility of the manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the annual report since it was initially presented on the website.

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

Financial Statements



Independent Auditors' Report to the Members of Henderson International Income Trust plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Henderson International Income Trust plc (the "Company") for the year ended 31 August 2021, which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the 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).

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 auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the shareholders at the annual general meeting on 8 December 2020 to audit the financial statements for the year ended 31 August 2021 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 31 August 2021. We remain 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 listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included obtaining the directors' assessment of the going concern status of the Company and performing the following:

- evaluating the director's method of assessing going concern forecasts in light of market volatility and the present unpredictability;
- challenging the key assumptions and judgements made such as the revenue growth rate with reference to current year actuals and post year end results;
- challenging the assumptions and judgements made with regards to stress-testing forecasts; and
- calculating financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Independent Auditors' Report to the Members of Henderson International Income Trust plc

(continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		2021
	Valuation and ownership of investments	✓
	Revenue recognition	✓
Materiality	£3.56m based on 1% of net assets (2021)	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, including those which 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.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Note 1(c) page 61 and Note 11 page 67 to the financial statements) <p>The investment portfolio at the year end comprised of investments held at fair value through profit or loss.</p> <p>The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. The manager's fee is based on the value of the net assets of the trust. As the manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations.</p>	<p>We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments.</p> <p>We performed the following procedures on valuation:</p> <ul style="list-style-type: none"> • confirmed that bid price has been used by agreeing to externally quoted prices; and • reviewed trading volumes around year-end to check that there are no contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value, considering the realisation period for individual holdings; • in respect of the ownership of investments we have obtained direct confirmation from the custodian regarding all investments held at the Statement of Financial Position date. • recalculated the investment value as at year end by multiplying the independently confirmed holdings with external bid prices; and • considered the adequacy of the relevant controls in place at the custodian through review of the latest available assurance report addressing the relevant controls in place at the custodian. <p>Key observations:</p> <p>Based on our procedures performed we consider the valuation and ownership of investments to be appropriate.</p>

Independent Auditors' Report to the Members of Henderson International Income Trust plc

(continued)

Revenue recognition (Note 1(e) pages 61 and 62 and Note 3 page 64 to the financial statements)

Income primarily arises from dividends and can be volatile, but is often a key factor in demonstrating the performance of the portfolio.

Additionally, judgement is required in the allocation of income to revenue or capital.

As the manager's fees are based on the performance of the portfolio there is a potential risk of misstatement of the revenue balance and the allocation of the balance between income or capital.

We derived an independent expectation of income using data analytics based on the investment holding and distributions from independent sources. We cross checked the portfolio against corporate actions and special dividends and challenged whether dividends have been appropriately accounted for as income or capital.

We have analysed the population of dividend receipts to identify any items for further discussion that could indicate a potential capital distribution, for example where a dividend represents a particularly high yield.

We have traced a sample of dividend income receipts to bank statements.

Key observations:

Based on our procedures performed we did not identify any matters to suggest that revenue recognition and the allocation of revenue between capital or income was inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Overall materiality

Company financial statements	
	2021
Materiality	£3.56m
Basis for determining materiality	1% of net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
Performance materiality	£2.67m
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment.

Specific materiality

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items to be £660,000 based on 5% of revenue return before tax. We further applied a performance materiality level of 75% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Independent Auditors’ Report to the Members of Henderson International Income Trust plc

(continued)

Reporting threshold

We agreed with the audit committee that we would report to them all individual audit differences in excess of £178,000. For items impacting revenue return, we agreed that we will report any audit differences above £33,000. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditors’ 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Corporate governance statement

The Listing Rules require us to review the directors’ statement in relation to going concern, longer-term viability and that part of the corporate governance report relating to the Company’s compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance report is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none">• The directors’ statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 61; and• the directors’ explanation as to their assessment of the Company’s prospects, the period this assessment covers and why the period is appropriate set out on page 26.
Other Code provisions	<ul style="list-style-type: none">• The directors’ statement on fair, balanced and understandable set out on page 49;• the board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 24;• the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 38; and• the section describing the work of the audit committee set out on pages 40 to 42.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Independent Auditors' Report to the Members of Henderson International Income Trust plc

(continued)

Strategic report and directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the strategic report and the directors' report have been prepared in accordance with applicable legal requirements. <p>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 directors' report.</p>
Directors' remuneration	<p>In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> 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

As explained more fully in the statement of directors' responsibilities, 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.

Auditors' 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 auditors' 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA Listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the Company's qualification as an Investment Trust under UK tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and valuation of investments.

Independent Auditors' Report to the Members of Henderson International Income Trust plc

(continued)

Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquiries of management and those charged with governance;
- reviewed correspondence with the relevant authorities;
- testing the appropriateness of journal entries in the general ledger and adjustments made in the preparation of the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that are outside the normal course of the business for the Company that appear to be unusual;
- review of minutes of board meetings throughout the period; and
- the procedures set out in the Key Audit Matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

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 auditors' 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.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

26 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

		Year ended 31 August 2021			Year ended 31 August 2020		
Notes		Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
2	Gains/(losses) from investments held at fair value through profit or loss	–	56,790	56,790	–	(19,672)	(19,672)
3	Income from investments held at fair value through profit or loss	14,080	–	14,080	12,482	188	12,670
	Profit on foreign exchange	–	733	733	–	417	417
4	Other income	527	–	527	879	26	905
	Gross revenue and capital gains/(losses)	14,607	57,523	72,130	13,361	(19,041)	(5,680)
5	Management fee	(538)	(1,615)	(2,153)	(481)	(1,444)	(1,925)
6	Other administrative expenses	(600)	–	(600)	(611)	–	(611)
	Net return before finance costs and taxation	13,469	55,908	69,377	12,269	(20,485)	(8,216)
7	Finance costs	(207)	(629)	(836)	(192)	(539)	(731)
	Net return before taxation	13,262	55,279	68,541	12,077	(21,024)	(8,947)
8	Taxation on net return	(1,529)	(15)	(1,544)	(1,459)	53	(1,406)
	Net return after taxation	11,733	55,264	66,997	10,618	(20,971)	(10,353)
9	Return per ordinary share	5.99p	28.20p	34.19p	5.53p	(10.91p)	(5.38p)

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 Association of Investment Companies.

All revenue and capital items derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

Statement of Changes in Equity

Notes	Year ended 31 August 2021	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 31 August 2020	1,960	194,550	45,732	51,509	7,164	300,915
	Net return for the year	–	–	–	55,264	11,733	66,997
10	Dividends paid	–	–	–	–	(11,760)	(11,760)
	At 31 August 2021	1,960	194,550	45,732	106,773	7,137	356,152

Notes	Year ended 31 August 2020	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 31 August 2019	1,876	181,007	45,732	72,480	8,081	309,176
17, 18	New shares allotted	84	13,543	–	–	–	13,627
	Net return for the year	–	–	–	(20,971)	10,618	(10,353)
10	Dividends paid	–	–	–	–	(11,535)	(11,535)
	At 31 August 2020	1,960	194,550	45,732	51,509	7,164	300,915

The notes on pages 61 to 77 form part of these financial statements

Statement of Financial Position

Notes		At 31 August 2021 £'000	At 31 August 2020 £'000
11	Fixed asset investments held at fair value through profit or loss	372,055	335,243
	Current assets		
12	Debtors	2,567	10,621
	Cash and cash equivalents	17,199	–
		19,766	10,621
	Bank overdraft	–	(4,900)
13	Creditors: amounts falling due within one year	(10,102)	(13,423)
	Net current assets/(liabilities)	9,664	(7,702)
	Total assets less current liabilities	381,719	327,541
14	Creditors: amounts falling due after more than one year	(25,567)	(26,626)
	Total net assets	356,152	300,915
	Capital and reserves		
17	Called up share capital	1,960	1,960
18	Share premium account	194,550	194,550
19	Special reserve	45,732	45,732
19	Other capital reserves	106,773	51,509
19	Revenue reserve	7,137	7,164
	Total shareholders' funds	356,152	300,915
15	Net asset value per ordinary share	181.7p	153.5p

The financial statements on pages 57 to 77 were approved and authorised for issue by the board of directors on 26 October 2021 and signed on their behalf by:

Simon Jeffreys
Chairman

Registered number: 7549407

The notes on pages 61 to 77 form part of these financial statements

Statement of Cash Flows

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Cash flows from operating activities		
Net return before taxation	68,541	(8,947)
Add back: finance costs	836	731
Less: (gains)/losses on investments held at fair value through profit or loss	(56,790)	19,672
Less: gains on foreign exchange	(733)	(417)
Withholding tax on dividends deducted at source	(1,992)	(2,128)
Taxation recovered	74	39
Decrease in debtors	23	88
Increase in creditors	160	30
Net cash inflow from operating activities	10,119	9,068
Cash flows from investing activities		
Purchase of investments	(146,982)	(173,890)
Sale of investments	171,884	135,281
Net cash inflow/(outflow) from investing activities	24,902	(38,609)
Cash flows from financing activities		
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(11,760)	(11,535)
Proceeds from issue of ordinary shares	–	13,627
Interest paid	(831)	(728)
Net cash (outflow)/inflow from financing activities	(12,591)	1,364
Net increase/(decrease) in cash and cash equivalents	22,430	(28,177)
Cash and cash equivalents at start of year	(4,900)	23,189
Effect of foreign exchange rates	(331)	88
Cash and cash equivalents at end of year	17,199	(4,900)
Comprising:		
Cash at bank	17,199	–
Bank overdraft	–	(4,900)
	17,199	(4,900)

The notes on pages 61 to 77 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

a) Basis of accounting

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 84.

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, and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (the "SORP") issued in October 2019.

The principal accounting policies applied in the presentation of these financial statements are set out below.

Following the issue of the senior unsecured notes on 30 April 2019 it was determined that the Company would adopt the recognition and measurement provisions of IFRS 9 (Financial Instruments), as permitted by sections 11 and 12 of FRS 102. This was determined to better reflect the directors' assessment of the carrying value of the senior unsecured notes and has no impact on the carrying value of the Company's financial assets.

The financial statements are prepared under the historical cost basis except for the measurement at fair value of investments.

The preparation of the Company's financial statements on occasion requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in current and future periods, depending on circumstances. The directors have considered the accounting treatment of the senior unsecured notes as set out in accounting policy 1i) to be an area of judgement, in particular with reference to clauses that would be enacted should the notes be prepaid before maturity and concluded the adoption of IFRS 9 described above is the most appropriate and complies with accounting standards.

The directors do not believe there are any other accounting judgements or estimates that have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

b) 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. Having assessed these factors, the principal risks, as well as considering the additional risks related to Covid-19 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) Fixed asset investments held at fair value through profit or loss

Under IFRS 9, the classification and measurement criteria determine if financial instruments are measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. Investment assets are classified based on both the business model, and the contractual cash flow characteristics of the financial instruments. This approach determined that all investments are classified and measured at fair value through profit or loss, which is based on their quoted bid price at the Statement of Financial Position date, without deduction of the estimated future selling costs.

Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs.

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 from investments held at fair value through profit or loss'.

Transaction costs in relation to the purchase or sale of investments are also expensed within this line. All purchases and sales are accounted for on a trade date basis.

d) Capital gains and losses

Capital gains and losses arising on investments sold and investments held, together with exchange differences arising on the translation of foreign currency assets and liabilities, are dealt with in capital reserves.

e) Income

Dividends receivable (including overseas withholding taxes) from equity shares are taken to 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 capital return. Bank deposit interest is taken to revenue on an accruals basis.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

e) Income (continued)

Income from fixed interest securities is recognised so as to reflect the effective interest rate on these securities.

Option premium income is recognised as revenue over the life of the contract and included in the revenue column of the Income Statement unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premiums arising are allocated to the capital column of the Income Statement.

f) Derivative financial instruments

Derivative transactions which the Company may enter into comprise forward exchange contracts (the purpose of which is to hedge foreign currency exposure). The Company may also write options on shares represented in the portfolio where such options are priced attractively relative to Janus Henderson's expectations for the relevant share prices and to generate additional return for shareholders. The Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Company's policies as approved by the board.

Derivatives are measured at fair value based on market process or at valuations based on market prices.

Changes in the fair value of derivative financial instruments are recognised in the Income Statement as they arise. If capital in nature, the associated change in value is presented as a capital item in the Income Statement.

Where options are written for the purpose of generating revenue, applicable premiums are recognised evenly over the life of the option and shown in the revenue return, with the appropriate amount shown as capital return such that the total return reflects the overall change in the fair value of the option.

g) Expenses and finance costs

All expenses are accounted for on an accruals basis. Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method. On the basis of the board's expected long-term split of returns in the form of capital gains and income of 75% and 25% respectively, the Company charges 75% of its finance costs and management fee to the capital return. The overdraft arrangement fee which is included in finance costs is charged 100% to the revenue return. All other expenses are charged to revenue return. All of these amounts are stated inclusive of any related irrecoverable value added tax.

h) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents have a term of three months or less from origination, are highly liquid investments that are readily convertible to known amounts of cash that are subject to insignificant risks of changes in value.

i) Borrowings

Senior unsecured notes are recorded initially at proceeds received, net of direct issue costs. They are subsequently re-measured at amortised cost. The issue costs will be amortised over the life of the notes. Finance costs, including interest payable, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

Within the terms of the senior unsecured notes are clauses relating to an embedded derivative that would be enacted should the notes be prepaid by the Company before maturity. These clauses could impact the total amount repayable. The directors have assessed these and have concluded these clauses are highly unlikely to occur. The value of such additional payments has therefore been deemed to be immaterial and have not been recognised in the financial statements.

j) Taxation

The tax expense represents the sum of the current tax and deferred tax arising from the accounting period.

The current tax 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 current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

In line with the recommendations of the 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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

k) Foreign currency

The results and financial position of the Company are expressed in pounds sterling which is the functional currency and presentational currency of the Company. The board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined the functional currency to be sterling.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets and liabilities and equity investments held at fair value through profit or loss denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue return or capital return, depending on whether the gain or loss is of a revenue or capital nature. Gains or losses arising from a change in exchange rates in respect of investments are included within the gain or loss from investments held at fair value through profit or loss.

l) Dividends payable to shareholders

Interim dividends are recognised in the period in which they are paid. Final dividends are not recognised until approved by the shareholders. Dividends are dealt with in the Statement of Changes in Equity.

m) 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 special reserve represents the value of the share premium account that was cancelled and transferred to distributable reserves on 28 February 2013.

Other capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on revaluation of investments held. The following analyses what is accounted for in each of these components:

Capital reserve arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the disposal of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- costs of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

n) Distributable reserves

The Company's capital reserve arising on investments sold, special reserve and revenue reserve may be distributed by way of a dividend.

2 Gains/(losses) on investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Gains/(losses) on investments sold in the year ¹	25,344	(31,135)
Revaluation of investments held at 31 August	31,446	11,463
	56,790	(19,672)

¹ Also includes special capital dividend of £296,000 (2020: £nil)

Notes to the Financial Statements (continued)

3 Income from investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Dividend income	13,943	12,206
Bond and loan interest	137	276
Income credited to income return	14,080	12,482
Income credited to capital return ¹	–	188
	14,080	12,670

¹ The income credited to capital return relates to capital distributions from US real estate investment trusts

4 Other income

	2021 £'000	2020 £'000
Bank interest	–	9
Option premium income	527	870
Other income credited to income return	527	879
Other income credited to capital return ¹	–	26
	527	905

¹ The other income credited to capital return relates to a class action compensation

5 Management fee

	Revenue return £'000	2021 Capital return £'000	Total £'000	Revenue return £'000	2020 Capital return £'000	Total £'000
Management fee	538	1,615	2,153	481	1,444	1,925

A summary of the terms of the management agreement is given in the strategic report on page 26.

6 Other administrative expenses

	2021 £'000	2020 £'000
Directors' fees (see the directors' remuneration report on page 47)	157	154
Auditors' remuneration – for audit services ¹	34	53
Marketing	87	114
Depository fees	43	42
Custody fees	63	60
Broker fees	36	37
Registrar's fees	19	19
Printing and postage expenses	22	13
Legal and professional fees	48	36
Listing and subscription fees	52	52
Other expenses (including irrecoverable VAT)	39	31
	600	611

¹ The fee for the audit of the Company was £34,000 for the current year. The prior year audit fee was £43,000 but also included an additional £10,000 in relation to the 2019 audit that was agreed for supplementary audit work that had to be undertaken on the Company's transaction with The Establishment Investment Trust plc and the senior unsecured notes

Notes to the Financial Statements (continued)

7 Finance costs

	Revenue return £'000	2021 Capital return £'000	Total £'000	Revenue return £'000	2020 Capital return £'000	Total £'000
Bank interest on short-term overdraft facility	46	145	191	27	44	71
Interest on senior unsecured notes	160	480	640	164	492	656
Senior unsecured notes – amortisation of issue costs	1	4	5	1	3	4
	207	629	836	192	539	731

8 Taxation

	Revenue return £'000	2021 Capital return £'000	Total £'000	Revenue return £'000	2020 Capital return £'000	Total £'000
Foreign withholding taxes	2,035	15	2,050	2,051	21	2,072
Overseas tax reclaimable	(506)	–	(506)	(666)	–	(666)
Tax relief to capital	–	–	–	74	(74)	–
Current tax charge for the year	1,529	15	1,544	1,459	(53)	1,406

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

Factors affecting the tax charge for the year

	Revenue return £'000	2021 Capital return £'000	Total £'000	Revenue return £'000	2020 Capital return £'000	Total £'000
Net return before taxation	13,262	55,279	68,541	12,077	(21,024)	(8,947)
Corporation tax at an effective rate of 19% (2020: 19%)	2,520	10,503	13,023	2,295	(3,995)	(1,700)
Effects of:						
Non-taxable gains less losses on investments held at fair value through profit or loss and foreign exchange	–	(10,930)	(10,930)	–	3,659	3,659
Expenses not deductible for tax purposes	–	1	1	–	–	–
Non-taxable overseas dividends	(2,539)	–	(2,539)	(2,211)	–	(2,211)
Other non-taxable income	–	–	–	–	(41)	(41)
Overseas tax	1,529	15	1,544	1,385	21	1,406
Tax relief to capital	–	–	–	74	(74)	–
Tax effect of expensed double taxation relief	(7)	–	(7)	(10)	–	(10)
Excess management expenses	26	426	452	(74)	377	303
Current tax charge	1,529	15	1,544	1,459	(53)	1,406

Deferred tax

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.

The Company intends to maintain approval as an investment trust company for the foreseeable future.

Notes to the Financial Statements (continued)

8 Taxation (continued)

The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading "Excess management expenses" in the table above. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts. Consequently, the Company has not recognised a deferred tax asset totalling £2,760,000 (2020: £1,645,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £11,040,000 (2020: £8,658,000), and based on a prospective tax rate of 25% (2020: 19%).

9 Return per ordinary share

	2021		2020	
	£'000	pence	£'000	pence
Revenue return	11,733	5.99	10,618	5.53
Capital return	55,264	28.20	(20,971)	(10.91)
Total return	66,997	34.19	(10,353)	(5.38)
Weighted average number of ordinary shares	195,978,716		192,134,317	

10 Dividends paid on ordinary shares for the year to 31 August

	Ex-dividend date	Record date	Payment date	2021 £'000	2020 £'000
4th interim dividend – 1.50p	5 November 2020	6 November 2020	30 November 2020	2,940	–
1st interim dividend – 1.50p	4 February 2021	5 February 2021	26 February 2021	2,940	–
2nd interim dividend – 1.50p	6 May 2021	7 May 2021	28 May 2021	2,940	–
3rd interim dividend – 1.50p	29 July 2021	30 July 2021	31 August 2021	2,940	–
4th interim dividend – 1.50p	7 November 2019	8 November 2019	29 November 2019	–	2,814
1st interim dividend – 1.50p	13 February 2020	14 February 2020	28 February 2020	–	2,891
2nd interim dividend – 1.50p	7 May 2020	11 May 2020	29 May 2020	–	2,891
3rd interim dividend – 1.50p	30 July 2020	31 July 2020	28 August 2020	–	2,939
				11,760	11,535

A fourth interim dividend in respect of the year ended 31 August 2021 of 1.80p per share was declared on 26 October 2021 and will be paid to shareholders on 30 November 2021 with record date 5 November 2021. The Company's shares will go ex-dividend on 4 November 2021.

The total dividends payable in respect of the financial year which form the basis of section 1158 of the Corporation Tax Act 2010 are set out below. At the point of declaring each dividend, the directors consider the revenue earned during the financial period to date as well as the distributable reserves brought forward, out of which total amount the dividend is to be paid.

	2021 £'000	2020 £'000
Revenue available for distribution by way of dividend for the year	11,733	10,618
Interim dividends of 4.50p paid (2020: 4.50p)	(8,820)	(8,721)
Fourth interim dividend for the year ended 31 August 2021 of 1.80p (based on 195,978,716 ordinary shares in issue as at 25 October 2021) (2020: 1.50p)	(3,528)	(2,939)
Transfer from revenue reserve¹	(615)	(1,042)

¹ The deficit of £615,000 (2020: £1,042,000) has been transferred from the revenue reserve

Notes to the Financial Statements (continued)

11 Fixed asset investments

2021	£'000
31 August 2020	283,465
Purchases at cost	143,501
Sales at cost	(138,135)
Cost of investments at 31 August 2021	288,831
Investment holding gains at 31 August 2021	83,224
Valuation at 31 August 2021	372,055
2020	£'000
31 August 2019	278,895
Purchases at cost	179,391
Sales at cost	(174,821)
Cost of investments at 31 August 2020	283,465
Investment holding gains at 31 August 2020	51,778
Valuation at 31 August 2020	335,243

The Company received £163,479,000 (2020: £143,685,000) from investments sold in the year. The book cost of these investments when they were purchased was £138,135,000 (2020: £174,821,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Total transaction costs amounted to £186,000 (2020: £221,000) of which purchase transaction costs for the year ended 31 August 2021 were £95,000 (2020: £125,000) and comprise mainly brokers' commissions. Sales transaction costs for the year ended 31 August 2021 were £91,000 (2020: £96,000).

12 Debtors

	2021 £'000	2020 £'000
Sales for future settlement	–	8,405
Withholding tax recoverable	2,054	1,680
Prepayments and accrued income	500	518
VAT recoverable	13	18
	2,567	10,621

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Purchases for future settlement	8,756	12,237
Management fee	943	808
Other creditors and accruals	403	378
	10,102	13,423

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
2.43% senior unsecured notes	25,567	26,626
	25,567	26,626

On 30 April 2019, the Company issued €30,000,000 (nominal) 2.43% senior unsecured notes due 2044, net of issue costs totalling £177,000. The issue costs will be amortised on an effective yield basis over the life of the senior unsecured notes.

The senior unsecured notes are redeemable at par on 29 April 2044.

The interest rate on the senior unsecured notes is a fixed interest rate.

The Company has to comply with the following covenant conditions:

- total borrowings must not exceed 40% of adjusted net assets (as defined in the senior unsecured notes agreement); and
- the Company's adjusted net assets shall not be less than £150m.

Within the terms of the senior unsecured notes are clauses that would be enacted in certain scenarios should the notes be prepaid by the Company before maturity. These clauses could impact the total amount repayable. The directors have assessed these and have concluded these clauses are highly unlikely to occur. The value of such additional payments has therefore been deemed to be immaterial and have not been recognised in the financial statements.

15 Net asset value per ordinary share

The net asset value per ordinary share and the net assets attributable to ordinary shares at the end of the year were as follows:

	2021 £'000	2020 £'000
Net assets attributable (£'000)	356,152	300,915
Number of ordinary shares in issue	195,978,716	195,978,716
Net assets per ordinary share (pence)	181.7	153.5

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

	2021 £'000	2020 £'000
Net assets at start of the year	300,915	309,176
Total net return after taxation	66,997	(10,353)
Dividends paid on ordinary shares in the period	(11,760)	(11,535)
Issue of ordinary shares less issue costs	–	13,627
Total net assets attributable to the ordinary shares at 31 August	356,152	300,915

Notes to the Financial Statements (continued)

16 Financial 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 objective as stated on page 19. 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 (compromising other 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 co-ordinate 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;
- 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;
 - SAI Global Bwise operational risk database;
 - Riskmetrics, UBS Delta, Style Research, Cognition and Barra 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 Reports ("CER").

The board determines the objectives, policies and processes for managing the risks, and these are set out below under the relevant risk category. The policies for the management of risk have not changed since incorporation.

The Company has a spread of investments which by their nature are less risky than placing the entire amount of the Company's assets in one investment. By their nature, equity investments can be higher risk than some other investments but the longer-term return can be positive. Performance of equities has been and is likely to continue to be volatile over shorter periods.

16.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises other price risk (see note 16.1.1), currency risk (see note 16.1.2) and interest rate risk (see note 16.1.3). The fund manager assesses the exposure to market price risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

16.1.1 Other price risk

Other price risks (changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the investments.

Management of the risk

The board of directors manages the risks inherent in the investment portfolio by ensuring that the portfolio is diversified and through full and timely reporting of relevant information from Janus Henderson. Investment performance is reviewed at each board meeting. The board monitors the fund manager's compliance with the Company's objectives, and is directly responsible for investment strategy, asset allocation and diversification.

Options and forward currency contracts may be used to limit exposure which might adversely affect the value of the portfolio of investments.

The Company's exposure to other changes in market prices at 31 August 2021 on its investments held at fair value through profit or loss was £372,055,000 (2020: £335,243,000).

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.1.1 Other price risk (continued)

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on pages 10 and 11. There is a concentration of exposure to Continental Europe and the US, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year, and the equity, to an increase or decrease of 20% in the fair values of the Company's investments. This level of change is considered to be possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at the Statement of Financial Position date, with all other variables held constant.

	2021		2020	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Impact statement – return after tax				
Revenue return	(112)	112	(101)	101
Capital return	74,076	(74,076)	66,747	(66,747)
Total return after tax for the period	73,964	(73,964)	66,646	(66,646)
Impact on net assets	73,964	(73,964)	66,646	(66,646)

16.1.2 Currency risk

Most of the Company's assets, liabilities, income and expenses are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk

The fund manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the board at each board meeting. The fund manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowings may be used to hedge the Company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. These borrowings are limited by the board to 20% of net asset value.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the year between the time that income is included in the financial statements and its receipt.

Foreign currency exposure

The carrying values of the Company's monetary items that have foreign currency exposure at 31 August 2021 are shown below. Where the Company's equity investments, which are not monetary items, are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.1.2 Currency risk (continued)

Foreign currency exposure and sensitivity

Currency	2021				2020			
	Current assets £'000	Current liabilities £'000	Non-current liabilities £'000	Equity investments £'000	Current assets £'000	Current liabilities £'000	Non-current liabilities £'000	Equity investments £'000
Australian dollar	68	–	–	15,194	–	–	–	17,844
Euro	961	(210)	(25,567)	67,581	2,508	(1,244)	(26,626)	65,199
Hong Kong dollar	102	–	–	43,827	2,912	(3,926)	–	40,547
Korean won	–	–	–	14,376	11	–	–	6,686
Swiss franc	972	–	–	27,781	4,617	(1,183)	–	50,295
US dollar	84	(8,756)	–	157,899	351	(5,489)	–	130,574
Other (non sterling)	932	–	–	45,397	190	(614)	–	24,098
	3,119	(8,966)	(25,567)	372,055	10,589	(12,456)	(26,626)	335,243

The above amounts are not necessarily representative of the exposure to risk during the period as levels of monetary foreign currency exposure may change significantly during the year.

Foreign currency sensitivity

The following table illustrates the sensitivity of the total return after tax for the period and the net assets with regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates.

It is assumed that all exchange rates move by +/- 10% against sterling:

This percentage is deemed reasonable based on the average market volatility in exchange rates in the year. The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at the Statement of Financial Position date.

If sterling had depreciated against the currencies shown the impact on the total return and net assets would have been as follows:

	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Korean won £'000	Swiss franc £'000	US dollar £'000	Other £'000	Total £'000
Impact on total returns year ended 2021								
Revenue return	27	265	81	63	106	308	292	1,142
Capital return	1,512	4,182	4,363	1,432	2,765	15,719	4,520	34,493
Change in total return after taxation for the year and shareholders' funds	1,539	4,447	4,444	1,495	2,871	16,027	4,812	35,635
	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Korean won £'000	Swiss franc £'000	US dollar £'000	Other £'000	Total £'000
Impact on total returns year ended 2020								
Revenue return	28	296	64	16	143	300	160	1,007
Capital return	1,775	3,839	4,035	666	5,005	12,994	2,398	30,712
Change in total return after taxation for the year and shareholders' funds	1,803	4,135	4,099	682	5,148	13,294	2,558	31,719

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.1.2 Currency risk (continued)

If sterling had appreciated against the currencies shown the impact on the total return and net assets would have been as follows:

	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Korean won £'000	Swiss franc £'000	US dollar £'000	Other £'000	Total £'000
Impact on total returns year ended 2021								
Revenue return	(27)	(265)	(81)	(63)	(106)	(308)	(292)	(1,142)
Capital return	(1,512)	(4,182)	(4,363)	(1,432)	(2,765)	(15,719)	(4,520)	(34,493)
Change in total return after taxation for the year and shareholders' funds	(1,539)	(4,447)	(4,444)	(1,495)	(2,871)	(16,027)	(4,812)	(35,635)
Impact on total returns year ended 2020								
Revenue return	(28)	(296)	(64)	(16)	(143)	(300)	(160)	(1,007)
Capital return	(1,775)	(3,839)	(4,035)	(666)	(5,005)	(12,994)	(2,398)	(30,712)
Change in total return after taxation for the year and shareholders' funds	(1,803)	(4,135)	(4,099)	(682)	(5,148)	(13,294)	(2,558)	(31,719)

In the opinion of the directors, the above sensitivity analyses are not necessarily representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

16.1.3 Interest rate risk

Management of the risk

The majority of the Company's financial assets are non-interest bearing. As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Interest rate exposure

The exposure at 31 August of financial assets and financial liabilities to interest rate risk is shown by reference to:

- floating interest rates: when the interest rate is due to be re-set; and
- fixed interest rates: when the financial instrument is due for repayment.

The exposure at 31 August of financial assets and financial liabilities to floating rates is shown below:

	2021			2020		
	Within one year £'000	Between one and five years £'000	More than five years £'000	Within one year £'000	Between one and five years £'000	More than five years £'000
Exposure to floating interest rates:						
Cash at bank/(short-term overdraft)	17,199	—	—	(4,900)	—	—
	17,199	—	—	(4,900)	—	—
Exposure to fixed interest rates:						
Investments held at fair value through profit or loss	—	—	—	—	—	13,847
Creditors – more than one year:						
Senior unsecured notes ¹	(631)	(2,525)	(36,750)	(657)	(2,628)	(38,923)
	(631)	(2,525)	(36,750)	(657)	(2,628)	(25,076)

¹ Within the terms of the senior unsecured notes are clauses that would be enacted should the notes be prepaid before maturity and could impact the total amount repayable, although the directors have assessed these and have concluded these are highly unlikely to occur. Therefore no provision for early repayment has been included in the table above

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.1.3 Interest rate risk (continued)

The above figures show interest payable over the remaining term of the senior unsecured notes. The figures in the “more than five years” column also include the capital to be repaid. Details of repayment are set out on page 68 and interest payment dates on page 84.

Interest receivable and finance costs are at the following rates:

- interest received on cash balances, or paid on bank overdrafts, is at a margin linked to HSBC Bank plc applicable base rate (2020: same); and
- interest paid on the senior unsecured notes is at a rate of 2.43%.

Interest rate risk sensitivity

The Company is not materially exposed to changes in interest rates.

16.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company had available a multi-currency overdraft facility with HSBC Bank plc of the lesser of £30 million or 25% of custody assets. The facility has no expiry date but is reviewed annually.

The board gives guidance to the fund manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short-term borrowings be used to manage short-term cash requirements.

Liquidity risk exposure

The contractual maturities of the financial liabilities at 31 August based on the earliest date on which payment can be required is as follows:

	2021 Due within one month £'000	2020 Due within one month £'000
Other creditors and accruals	10,102	13,423
Bank overdraft ¹	–	4,900
	10,102	18,323

¹ By virtue of the nature of the short-term overdraft facility with HSBC Bank plc, it is repayable on demand. Any amount drawdown for gearing purposes is repayable not later than 90 days after drawdown

The contractual maturities of the senior unsecured notes are included in note 16.1.3 above.

16.3 Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

Credit risk is managed as follows:

- investment transactions are carried out with a large number of approved brokers, whose credit standard is reviewed periodically by Janus Henderson, and limits are set on the amount that may be due from any one broker;
- cash at bank is held only with banks considered to be credit worthy and is subject to continual renewal; and
- with regards to the corporate bonds in the portfolio (when held), there is a risk that the borrowers do not repay the principal or make interest payments. This is managed through careful selection, supported by monitoring of credit ratings, and is reviewed regularly.

None of the Company's financial assets or liabilities are secured by collateral or other credit enhancements.

At each reporting date, the Company measures the loss allowance on amounts due from brokers at an amount equal to expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the annual expected credit losses.

The Company has not been materially exposed to credit risk throughout the year.

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.4 Fair values of financial assets and financial liabilities

The financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or the Statement of Financial Position amount is a reasonable approximation of fair value (debtors and creditors falling due within one year). The senior unsecured notes are carried in the Statement of Financial Position at amortised cost.

At 31 August 2021, the fair value of the senior unsecured notes was estimated to be £30,207,000 (2020: £32,616,000).

The fair value of the senior unsecured notes is calculated using a discount rate which reflects the yield of a euro swap of similar maturity plus a suitable credit spread. Within the terms of the senior unsecured notes are clauses that would be enacted in certain scenarios should the notes be prepaid by the Company before maturity. These clauses could impact the total amount repayable. The directors have assessed these and have concluded these clauses are highly unlikely to occur. The value of such additional payments has therefore been deemed to be immaterial and have not been recognised in the financial statements.

16.5 Fair value hierarchy disclosures

The table below sets out fair value measurements using the FRS 102 fair value hierarchy.

Financial assets at fair value through profit or loss at 31 August 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	372,055	–	–	372,055
	372,055	–	–	372,055
Financial assets at fair value through profit or loss at 31 August 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	321,396	–	–	321,396
Fixed interest investments	13,847	–	–	13,847
	335,243	–	–	335,243

Categorisation within the hierarchy has been determined on the basis of the lowest level 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 included in Level 1; and

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

16.6 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's total capital at 31 August 2021 was £381,719,000 (2020: £327,541,000) comprising £25,567,000 (2020: £26,626,000) of senior unsecured notes and £356,152,000 (2020: £300,915,000) of equity share capital and reserves.

The board, with the assistance of the fund manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need for new issues of equity shares or the need to buy-back equity shares, which takes account of the difference between the net asset value per share and the share price (the level of share discount or premium); and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged since incorporation.

The Company is subject to additional externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

The Company's covenant conditions are set out in note 14 on page 68.

Notes to the Financial Statements (continued)

17 Called up share capital

2021	Number of shares	Number of shares entitled to dividend	£'000
Ordinary shares of 1p each			
At 31 August 2021	195,978,716	195,978,716	1,960

No shares were issued during the year.

2020	Number of shares	Number of shares entitled to dividend	£'000
Ordinary shares of 1p each			
At 31 August 2019	187,583,716	187,583,716	1,876
New shares allotted in year	8,395,000	8,395,000	84
At 31 August 2020	195,978,716	195,978,716	1,960

During the year ended 31 August 2020, the Company issued 8,395,000 ordinary shares for a total consideration of £13,627,000 after deduction of issue costs of £83,000.

18 Share premium account

	2021 £'000	2020 £'000
At the start of the year	194,550	181,007
Ordinary shares allotted in year	–	13,626
Issue costs	–	(83)
At 31 August	194,550	194,550

Notes to the Financial Statements (continued)

19 Reserves

2021	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Total capital reserves £'000	Revenue reserve £'000
At 31 August 2020	45,732	(269)	51,778	51,509	7,164
Net movement on investments held at fair value through profit or loss	–	25,344	31,446	56,790	–
Net movement on foreign exchanges	–	733	–	733	–
Expenses and finance costs charged to capital	–	(2,259)	–	(2,259)	–
Net revenue return after taxation for the year	–	–	–	–	11,733
Dividends paid	–	–	–	–	(11,760)
At 31 August 2021	45,732	23,549	83,224	106,773	7,137

2020	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Total capital reserves £'000	Revenue reserve £'000
At 31 August 2019	45,732	32,165	40,315	72,480	8,081
Net movement on investments held at fair value through profit or loss	–	(31,135)	11,463	(19,672)	–
Dividend income charged to capital	–	188	–	188	–
Other income charged to capital	–	26	–	26	–
Net movement on foreign exchanges	–	417	–	417	–
Expenses and finance costs charged to capital	–	(1,930)	–	(1,930)	–
Net revenue return after taxation for the year	–	–	–	–	10,618
Dividends paid	–	–	–	–	(11,535)
At 31 August 2020	45,732	(269)	51,778	51,509	7,164

At the annual general meeting held in December 2012, the Company's articles of association were changed to allow it to distribute capital profit by way of a dividend or otherwise than by way of repurchase of the Company's shares. All sums carried and standing to the capital and special reserves may be applied for any of the purposes to which sums standing to any reserve under the articles are applicable.

20 Net debt reconciliation

2021	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Other debt repayable after more than one year £'000	Total £'000
Net debt as at 31 August 2020	–	(4,900)	(26,626)	(31,526)
Cash flows	17,199	5,231	–	22,430
Exchange movements	–	(331)	1,064	733
Non cash flow:				
Amortisation of issue costs	–	–	(5)	(5)
Net debt at 31 August 2021	17,199	–	(25,567)	(8,368)

Notes to the Financial Statements (continued)

20 Net debt reconciliation (continued)

2020	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Other debt repayable after more than one year £'000	Total £'000
Net debt as at 31 August 2019	23,189	–	(26,952)	(3,763)
Cash flows	(23,189)	(4,988)	–	(28,177)
Exchange movements	–	88	331	419
Non cash flow:				
Amortisation of issue costs	–	–	(5)	(5)
Net debt at 31 August 2020	–	(4,900)	(26,626)	(31,526)

21 Transactions with the management company and related parties

Under the terms of an agreement effective from 22 July 2014, the Company has appointed wholly owned subsidiaries of Janus Henderson to provide investment management, accounting, administrative and secretarial services. Janus Henderson has contracted with BNP Paribas Securities Services to provide accounting and administration services.

Details of the fee arrangements are given in the strategic report on page 26. The total of the management fees paid or payable under the management agreement to Janus Henderson in respect of the year ended 31 August 2021 was £2,153,000 (2020: £1,925,000), of which £943,000 (2020: £808,000) (per note 13) was outstanding at 31 August 2021.

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. The total fees, excluding VAT paid or payable for these services for the year ended 31 August 2021 amounted to £83,000 (2020: £110,000) of which £51,000 (2020: £61,000) was outstanding at 31 August 2021.

Fees paid to directors are considered to be a related party transaction. Details of the amounts paid are included in the directors' remuneration report on page 47 and in note 6 on page 64. These amounts do not include National Insurance contributions on directors' fees of £13,000 (2020: £18,000), which is included in other expenses.

22 Subsequent events

The board has evaluated the period since the year end and has not noted any subsequent events.

Additional Information



Alternative Performance Measures

The Company uses the following alternative performance measures (“APMs”) throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company’s performance against its peer group.

Discount or premium

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

	NAV with debt at fair value pence	NAV with debt at par pence	Share price pence	Premium/ (discount) to fair value NAV %	Premium/ (discount) to par value NAV %
At 31 August 2021	179.4	181.7	166.00	(7.5)	(8.7)
At 31 August 2020	150.5	153.5	145.50	(3.3)	(5.2)

Gearing/(net cash)

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 the Company has used to invest in the market, if the amount calculated is negative, this is a “net cash” position and no gearing. The Company can also use synthetic gearing through derivatives and foreign exchange hedging – none has been used during the year. The Company’s gearing is calculated as follows:

		2021	2020
Investments held at fair value through profit or loss (page 59) (£’000)	(A)	372,055	335,243
Total net assets (page 59) (£’000)	(B)	356,152	300,915
Gearing (C = A / B -1) (%)	(C)	4.5	11.4

Net asset value (NAV) with debt at par

The value of the Company’s assets (i.e. investments (see note 11) and cash held (see Statement of Financial Position)) less any liabilities (i.e. bank overdraft and senior unsecured notes (see notes 13 and 14)) for which the Company is responsible divided by the number of ordinary shares in issue (see note 17). The aggregate NAV is also referred to as total shareholders’ funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 3 and further information is available in note 15 within the notes to the financial statements.

Net asset value (NAV) with debt at fair value

The Company’s debt (bank overdraft and senior unsecured notes (further details can be found in notes 13 and 14)) is valued in the Statement of Financial Position at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as “debt at par”. The fair value of the debt, which assumes it is repaid under current market conditions, is referred to as “debt at fair value”. The fair value methodology is detailed in note 16.4. The difference between fair and par values of the debt is subtracted from or added to the Statement of Financial Position to derive the NAV with debt at fair value.

Alternative Performance Measures (continued)

Ongoing charge

The ongoing charge ratio has been calculated in accordance with guidance issued by the AIC as the total management fee and administrative expenses, expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2021	2020
Management fee (note 5) (£'000)	2,153	1,925
Other administrative expenses (note 6) (£'000)	600	611
Less: non-recurring expenses	(28)	(6)
Ongoing charge	2,725	2,530
Average net assets¹ (£'000)	326,718	298,553
Ongoing charge ratio (%)	0.83	0.85

1 Calculated using the average daily net asset value with debt at fair value

The ongoing charge calculated above is different from ongoing costs provided in the Company's Key Information Document ("KID") which are calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs and costs of holding other investment companies or funds within the Company's investment portfolio.

Revenue return per ordinary share

The revenue return per ordinary share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year.

Total return

The return on the share price or NAV with debt at fair value taking into account both the rise and fall of NAVs/share prices and dividends 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 with debt at fair value total return). Dividends paid and payable are set out in note 10.

	NAV per share (debt at fair value)	Share price
NAV/share price per ordinary share at 31 August 2021 (pence)	179.4	166.0
NAV/share price per ordinary share at 31 August 2020 (pence)	150.5	145.5
Change in the year (%)	19.2	14.1
Impact of dividends reinvested (%)	3.6	3.9
Total return for the year (%)	23.5	18.5

Yield

The yield is the annual dividend expressed as a percentage of the year end share price.

		31 August 2021	31 August 2020
Annual dividend (pence)	(A)	6.30	6.00
Share price (pence)	(B)	166.00	145.50
Yield (C = A / B) (%)	(C)	3.80	4.12

Glossary

Alternative Investment Fund Managers Directive (“AIFMD”)

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, 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 of the Company retains responsibility for strategy, operations and compliance and the directors retain a fiduciary duty to shareholders.

Alternative performance measures

Alternative performance measures can be found on pages 79 and 80.

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. The Company is a constituent of the Global Equity Income sector.

Benchmark

An index against which performance is compared. For the Company this is the MSCI World (ex UK) Index (sterling adjusted).

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

As an AIF, the Company is required to appoint a depositary who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation 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 registrar 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 net asset value will be disclosed ex-dividend.

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.

Key Information 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 the “Key Information Document” which can be found on the Company’s website.

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.

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.

General Shareholder Information

AIFMD disclosures

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of Janus Henderson, as the Company's AIFM are 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 Disclosure" which can be found on the Company's website.

BACS

Dividends and interest can be paid to shareholders by means of BACS ("Bankers' Automated Clearing Services"); mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar (the address is given on page 84) 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

Tax legislation under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is 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

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, audio tape or larger type as appropriate.

You can contact the registrar, Computershare Investor Services PLC, which 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 0370 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.

Foreign Account Tax Compliance Act ("FATCA")

FATCA is a United States federal law whose intent is to enforce the requirement for US persons (including those living outside the US) to file yearly reports on their non-US financial accounts. Each year, investment trusts need to monitor the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company makes 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.

General Data Protection Regulation ("GDPR")

A privacy statement can be found on the website www.janushenderson.com.

ISA

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

Non-Mainstream Pooled Investments ("NMPI") status

The Company currently conducts its affairs so that its ordinary shares of 1p 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.

Packaged Retail and Insurance-based Investment Products Regulation ("PRIIPs")/ Key Information Document ("KID")

Investors should be aware that PRIIPs requires the manager, as the PRIIP manufacturer, to prepare a KID in respect of the Company. This KID must be made available by the manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

General Shareholder Information (continued)

Performance details/share price information

Details of the Company's share price and net asset value can be found on the website. The address is

www.hendersoninternationalincometrust.com.

The Company's NAV is published daily.

The market price of the Company's ordinary shares is published daily in The Financial Times. The Financial Times also shows figures for the estimated NAV and the discount.

The market price of the Company's ordinary shares can also be found in the London Stock Exchange Daily Official List.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Computershare Investor Services PLC, via **www.computershare.com**. To gain access to your details on the Computershare website 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 84.

Corporate Information

Registered office

201 Bishopsgate
London
EC2M 3AE
Email: support@janushenderson.com

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 and Custodian

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Stockbroker

Panmure Gordon & Co
1 New Change
London
EC4M 9AF

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone: 0370 707 4033
Email: web.queries@computershare.co.uk

Investors with share certificates (i.e. not those in a share plan or ISA) can check their holdings at

www.computershare.com

Independent auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Financial calendar

Senior unsecured notes interest payment	30 October 2021
4th interim dividend ex-dividend date	4 November 2021
4th interim dividend record date	5 November 2021
4th interim dividend payable	30 November 2021
Annual general meeting	7 December 2021
1st interim dividend payable	28 February 2022
Half year results	April 2022
Senior unsecured notes interest payment	29 April 2022
2nd interim dividend payable	31 May 2022
3rd interim dividend payable	31 August 2022

Information sources

For more information about Henderson International Income Trust plc, visit the website at:

www.hendersoninternationalincometrust.com

To sign up for expert insights about investment trusts, updates from our fund managers as well as AGMs and Trust TV episodes please visit this page:

www.janushenderson.com/en-gb/investor/subscriptions/

Follow the Janus Henderson Investment Trusts on LinkedIn – Janus Henderson Investment Trusts, UK



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.

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.

Henderson International Income Trust plc
Registered as an investment company in England and Wales
Registration number: 7549407
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: Ordinary Shares B3PHCS8/GB00B3PHCS86
London Stock Exchange (TIDM) Code: HINT
Global Intermediary Identification Number (GIIN): WRGF5X.99999.SL.826
Legal Entity Identifier (LEI): 2138006N35XWGK2YUK38

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Janus Henderson
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