Henderson EuroTrust plc

Annual Report 2022

Seeking growth, quality and consistency

MANAGED BY
Janus Henderson
INVESTORS

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Strategic Report

The Strategic Report includes the following information:

- Performance highlights
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Investment Objective

The Company aims to achieve a superior total return from a portfolio of European (excluding the UK) investments where the quality of the business is deemed to be high or significantly improving.

Performance highlights

Total return performance to 31 July 2022

	1 year %	3 years %	5 years %	10 years %
NAV[1]	-13.9	16.2	32.2	203.6
Share price[2]	-19.6	10.3	17.2	200.3
Benchmark[3]	-7.0	14.5	26.8	162.8
Peer group NAV[4]	-12.5	18.5	34.5	194.3

Year to 31 July

NAV per share at year end[5]

2022	2021[6]
142.1p	167.4p

Dividend for year[7]

2022	2021[6]
3.8p	2.5p

Ongoing charge[5, 10]

2022	2021
0.75%	0.78%

Number of investments at year end[8]

2022	2021
41	40

Net assets

2022	2021
£301.0m	£354.7m

Share price at year end

2022	2021[6]
120.5p	152.5p

Dividend yield[9]

2022	2021
3.2%	1.6%

Gearing at year end (% of NAV)[5]

2022	2021
£7.3m *(2.5%)*	£nil *(0.0%)*

Discount at year end[5, 11]

2022	2021
15.2%	8.9%

1 Net asset value ("NAV") per ordinary share total return (including dividends reinvested)
2 Share price total return (including dividends reinvested)
3 FTSE World Europe (ex UK) Index
4 Association of Investment Companies ("AIC") Europe Sector (based on cumulative fair net asset value returns)
5 Alternative performance measure
6 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021
7 Including the 0.8p interim dividend paid on 22 April 2022 and the 3.0p final dividend which will be put to shareholders for approval at the Annual General Meeting ("AGM") on 17 November 2022
8 Excluding the nil value position in OW Bunker (2021: excluding OW Bunker)
9 Based on the share price at the year end
10 Calculated using the methodology prescribed by the AIC
11 Calculated using the mid-market closing price

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream
A glossary of terms can be found on page 74 and alternative performance measures can be found on pages 75 and 76

Chairman's statement

Nicola Ralston
Chairman

Summary:

- The year has been a tough one for the Company's investment portfolio; both NAV and share price have fallen in absolute terms and are behind their benchmark index
- The backdrop has been of recovery from COVID-19, war in Ukraine and a resurgence of global inflation, and in a time of disruptive change companies with recovery prospects and low valuations have tended to outperform the types of company we own, especially in the early part of the year
- Our Fund Manager continues to seek companies with sustainable competitive advantage which can prosper over the long term

Sartorius AG

Chairman's statement

To make our Annual Report easier to digest we have decided to shorten the Chairman's Statement and the Fund Manager's Report and to provide summaries of the key points. I hope you find this helpful.

Performance

Our thirtieth year – the year to 31 July 2022 – has generally been a tough one for investors, and especially so for investors in Europe. The previous year was an exceptionally strong one for equities, due to hopes of a strong post COVID bounce-back. Since then, the global economic and political environment has dramatically changed, and nowhere more so than in Europe. Even before the shocking invasion of Ukraine by Russia in February 2022 there were already concerns over inflation due to disrupted supply chains. The war within Europe, the extraordinary rises in energy prices, in Europe especially, as well as other factors such as the zero COVID policy in China have led to the highest inflation figures in Europe for at least 40 years. The conditions which dictated an ultra-low or even negative interest rate environment have finally come to an end, and many forecasters expect a recession in 2023.

In the year to 31 July 2022, net asset value total return fell by 13.9%. This compared with a total return of -7.0% for the benchmark index (FTSE World Europe (ex UK)) and -12.5% for the AIC peer group. Due to an increase in the discount to net asset value over the year, from 8.9% to 15.2%, the share price total return for the Company was -19.6%.

As Jamie Ross, the Fund Manager, has described in his report, the dramatic switch towards companies benefiting from COVID re-opening and a recovering economy, particularly in the first half of our year, did not generally favour the types of companies held in our portfolio. With interest rates rising through the period, the more 'Value' areas of the market have materially outperformed the index whilst 'Growth' and 'Quality' companies have underperformed. As you would expect from a trust with a focus on 'Growth, Quality and Consistency', this has been a difficult environment for performance. The more positive news has been that this environment has enabled the Fund Manager to buy more of the type of companies we focus on, whilst they have been out of favour.

There are those who believe that investment trusts should always use their ability to borrow, and that it adds to long-term returns. We delegate the decision to gear to the Fund Manager; he uses borrowing facilities when he sees sufficiently attractive stock specific opportunities to justify this.

Over the last year, the amount of borrowing (or occasionally small cash holdings) has been very modest and the net impact of gearing has been zero. This seems to us a good outcome in a year of negative returns.

Dividend

We have proposed a final dividend of 3.0p, which brings the total dividend for the year ended 31 July 2022 to 3.8p. Subject to shareholder approval the dividend will be paid on 23 November 2022 to shareholders on the register as at 21 October 2022. The shares will be quoted ex-dividend on 20 October 2022.

Perhaps surprisingly, 2022 has been a strong year for dividend income, due partly to the ability of banks Bawag and UniCredit to resume dividend payments prohibited due to COVID-related restrictions in 2021, but also increases in dividends by many of the companies in the portfolio.

The Company's dividend approach is broadly to pay out the level of actual income received. This approach is consistent with the Company's focus on capital growth. As I explained in my Chairman's Statement of October 2020, as the Company had a significant revenue reserve when this policy was put in place, the Board proposed to pay out the majority of this reserve over the next three to four years. The dividend for those years was expected to be the sum of two components: an ongoing "normal" payout of substantially all of the income generated by the companies held by the Company, combined with an additional payout of a portion of the revenue reserve.

In the year to 31 July 2021, the level of dividends received was unexpectedly low, largely due to a small number of companies which were not permitted to pay dividends for COVID-related reasons. We paid out all the net revenue (£3.5 million), plus a portion (£1.8 million) of the revenue reserve. In the latest year, the resurgence in dividend income has enabled us to pay a dividend up a substantial 52% without using any of the remaining revenue reserve. It remains our objective to run down the revenue reserve over the next two years and then to pay out broadly the level of income received.

Our shareholders

We continue to develop our web-based communications keeping investors up to date on the portfolio and the thinking behind it, and to seek out opportunities to speak in person to current and potential investors whenever practical. There are many innovative companies in the portfolio and the best way to understand the portfolio is to hear from the Fund Manager talking about why he holds them.

It is inherently more difficult to communicate with individuals than professional investors but the Board is committed to reaching shareholders of all sizes. If you would like to get in touch with me to discuss any topics please do not hesitate to do so. In the first instance I can be reached through the corporate secretary by email on **itsecretariat@janushenderson.com**.

Chairman's statement (continued)

The Board is aware that one of the barriers to investing in the Company is the relatively limited liquidity in the Company's own shares, despite the highly liquid underlying portfolio. We believe this is one factor in the high discount to Net Asset Value. Last year we undertook a share split to remove any possible adverse impact of a high price for an individual share. We are committed to reducing any barriers to shareholders, whether small or large, who wish to build a holding in the Company.

Board changes

Having reached my ninth anniversary as a Director of the Company on 1 September 2022, I intend to retire from the Board at the Annual General Meeting in November 2023, in line with best practice governance requirement for director term limits. Succession for my role is underway but is not yet completed. We have taken this opportunity to undertake an external evaluation of the Board. One recommendation was that there was a good case for a five-person board to be the norm for the Company. We have adopted the recommendation to give the Board an even wider range of skills and expertise. We announced on 20 September 2022 that Stephen White will be joining the Board. Stephen is a former investment manager. He has more than 35 years' experience of managing investment portfolios, most notably twenty years as head of European equities at F&C Asset Management. Stephen is currently chairman of Brown Advisory US Smaller Companies plc, a director of Polar Capital Technology Trust plc and audit committee chairman of BlackRock Frontiers Investment Trust plc. We look forward to welcoming Stephen to the Board on 1 December 2022.

Environmental, Social and Governance ("ESG") Policy

The Company converted to Article 8 under the Sustainable Financial Disclosure Regulations on 1 January 2022. The Board and the Fund Manager believe that an investment focus on long-term growth should give a portfolio a bias towards sustainability and this is the intention of the Fund Manager. More information relating to the Company's approach to ESG can be found on pages 27 to 30.

Annual General Meeting ("AGM or "Meeting")

Our AGM will be held on Thursday 17 November 2022 at 2.30pm at Janus Henderson Investors' offices at 201 Bishopsgate, London EC2M 3AE. I hope as many shareholders as possible will be able to attend to take the opportunity to meet the Board and to hear a presentation from the Fund Manager. However, if you are unable to attend in person, you can watch the Meeting live by visiting **www.janushenderson.com/trustslive**. Full details are set out in the Notice of Meeting which has been sent to shareholders with this report and both are also available online at **www.hendersoneurotrust.com**.

Outlook

It is said that, in war, all plans are useless but planning is essential. Our "plan" is to seek to identify companies which have sustainable competitive advantage or are taking credible steps to be in such a position, and to construct a suitably diversified portfolio of such companies. The war in Ukraine and resulting impact on emerging inflation and supply chain problems is an example of a disruptive event of great consequence, both economically and politically. Such events challenge the majority of companies, albeit offering opportunities to some; our Fund Manager seeks to invest in companies strong enough to survive well in tough times and to prosper in the long term.

Whilst it was disappointing to see underperformance relative to the benchmark in the year to 31 July 2022, switchbacks in market sentiment can be sharp. Active share remains high and the largest driver of performance continues to be stock specific factors more than style, country or sector. We expect this to continue to be the case with the aim of growing value for our shareholders.

Nicola Ralston
Chairman
30 September 2022

Fund Manager's report

Jamie Ross
Fund Manager

Summary:

- This has been a difficult period for growth and quality focused strategies and we have underperformed our index
- Although this is disappointing, the sell-off in some high-quality businesses has enabled us to initiate some new holdings at attractive valuations
- We will continue to focus our attentions on high quality companies able to maintain impressive levels of return on invested capital, or those companies where we think that return on invested capital should improve over time

Novo Nordisk

Fund Manager's report

Markets and macro

From an investment perspective, the past year has been dominated by two partially linked themes. As the world exited from the acute stage of COVID-19 restrictions, a diverse array of supply bottlenecks emerged which acted to obstruct economic activity whilst simultaneously triggering inflationary pressure. Then, Russia's increasingly aggressive rhetoric against Ukraine turned into tragic action as they launched their invasion in February 2022. This further complicated global supply chains, caused a notable drop-off in consumer and business confidence, and added to the already growing inflationary environment. Taken together, these two themes resulted in a market where, from a factor perspective, Value significantly outperformed Growth and, within Value, defensive companies significantly outperformed cyclical companies. From a sector perspective, areas such as Energy and Tobacco saw the strongest performances and areas such as Luxury Goods, Technology and Industrials significantly lagged the market. We have struggled to perform well in this environment and over the year, against an index decline of 7.0%, the Company's NAV fell 13.9% and the share price retreated by 19.6%.

Performance attribution

From a sector perspective, our underperformance during the year was concentrated in two main areas: Consumer Discretionary and Information Technology. Within the Consumer Discretionary sector, our position in Delivery Hero was the most significant detractor from performance, although Adidas and Auto1 also contributed negatively. Delivery Hero, the takeaway delivery platform business, had seen a very strong share price performance during the period of the most intense COVID-19 restrictions, due to a boom in people ordering food to be delivered to their homes. However, as the world 'reopened', investors speculated that activity levels on the platform would slow and although there has only been limited evidence that this has been, or will be, the case, the share price has suffered as a result. Although we have not added to the position we remain confident in the company's long-term prospects and have maintained our holding. Within the Information Technology sector, our positions in the payment providers Nexi and Worldline came under some pressure during the period; this subsector is experiencing a period of rapid technological advancement and competition from newer business models is proving to be disruptive to the established players, we decided to sell both of these positions during the period. It is also worth mentioning Kion, the warehouse automation business, which was our biggest detractor in the Industrials sector. In a way, the underperformance of Kion during the period has similarities to our experience with Delivery Hero. Again, Kion was a big beneficiary of the period of COVID-19 restrictions, with stay-at-home consumer behaviour driving a splurge in spending on warehouse capital expenditure from a wide range of ecommerce companies. This capital expenditure spending has now slowed from very elevated levels and Kion's shares have come under some pressure; we have maintained our holding.

	Average portfolio weight (%)			Attribution Analysis[1]		
	Company	Index	Relative	Sector allocation effect	Stock selection effect	Total effect
Communication Services	6.8	3.8	3.0	0.1	-0.9	-0.8
Consumer Discretionary	15.6	11.9	3.7	-0.7	-1.7	-2.4
Consumer Staples	12.3	10.6	1.7	0.1	-1.0	-0.9
Energy	2.3	3.2	-1.0	-0.3	0.0	-0.3
Financials	19.2	16.0	3.1	0.2	-1.1	-0.9
Health Care	15.8	15.2	0.6	0.1	1.5	1.6
Industrials	10.1	16.4	-6.3	0.3	-1.1	-0.8
Information Technology	7.3	10.1	-2.8	0.5	-2.7	-2.2
Materials	7.6	6.5	1.1	-0.1	0.7	0.6
Real Estate	0.0	1.6	-1.6	0.4	0.0	0.4
Utilities	3.1	4.6	-1.5	-0.2	-0.1	-0.3
Cash	-0.1	0.0	-0.1	0.0	0.0	0.0
Total	**100.0**	**100.0**	**0.0**	**0.4**	**-6.5**	**-6.1**

1 Estimates are based on a daily buy and hold approach, gross of all fees and costs. Attribution displayed is a two factor Brinson attribution with effects quoted in the base currency of the Company

Source: Factset

Fund Manager's report (continued)

We had success with some of our Health Care positions during the year. This was especially the case with our large and longstanding position in Novo Nordisk. We have often used Novo Nordisk as an example of a company where consistent and focused capital allocation has resulted in strong long-term return on invested capital. Over the past twelve months, the company has started to reap the rewards of a multi-year research and development spending program focused on obesity. For many years, Novo Nordisk have understood that an important side-effect of their diabetes-focused molecule Semaglutide has been weight-loss in patients. They have now found a way to harness this attractive property in a prescription drug aimed at patients suffering from obesity. Although they have had some teething problems in ramping up the production of this new drug, early demand has been much greater than expected and the long-term potential looks exciting.

Another strong-performing position worthy of mention is Bawag, another long-standing holding for us, which combines the rare attributes of being a bank with being a company capable of consistently generating an attractive return on equity, well above its cost of capital. As with Novo Nordisk, one of the key attractions of Bawag is a management team focused on long-term returns above all else. They run a lean cost structure, lend in a conservative fashion and have allocated capital exceptionally well over time: this has resulted in a business whose share price performance has significantly outperformed its sector over time.

Portfolio activity

We have been through a tough twelve months, where the environment has not been conducive to our style of investment, which tends to focus on high-quality growth companies. However, there is a silver lining to this: we have been able to buy more of these types of company at lower share prices and valuations. This includes adding to existing favoured holdings and bringing in a select number of new positions. Below I have given three examples of new positions that we have brought into the portfolio in recent months.

The first example is Airbus. We are of the view that the civil aerospace industry represents an area of the market that is only part-way through a natural post-COVID recovery. We already have an investment in Safran (engines) and have now also added the position in Airbus. Airbus operates in a global oligopoly with Boeing and it has a substantial multi-year backlog of aircraft orders which should provide it with revenue visibility. Given its above-average return on invested capital and strong balance sheet, it trades on far too cheap a valuation in our view.

Second, we bought a position in Besi, which is a high quality but highly cyclical semi-conductor equipment company. We initiated a position after the shares had fallen by more than 50% from their peak due to concerns over the cycle. We see this as a solid opportunity to start to increase our semi-conductor exposure via one of the best companies in the sector (the other one being ASML, which we already own). People often confuse cyclicality with 'value' or 'low quality'. Besi is cyclical but is a fantastically managed business with well-entrenched market positions in a structural growth sector.

Third, we initiated a new position in Sartorius. We are very excited by the prospects for Sartorius: a high quality, fast growing bio-pharma equipment company that had significantly derated between October 2021 and when we bought a position. We have long admired Sartorius, but have never managed to invest at a reasonable multiple until now.

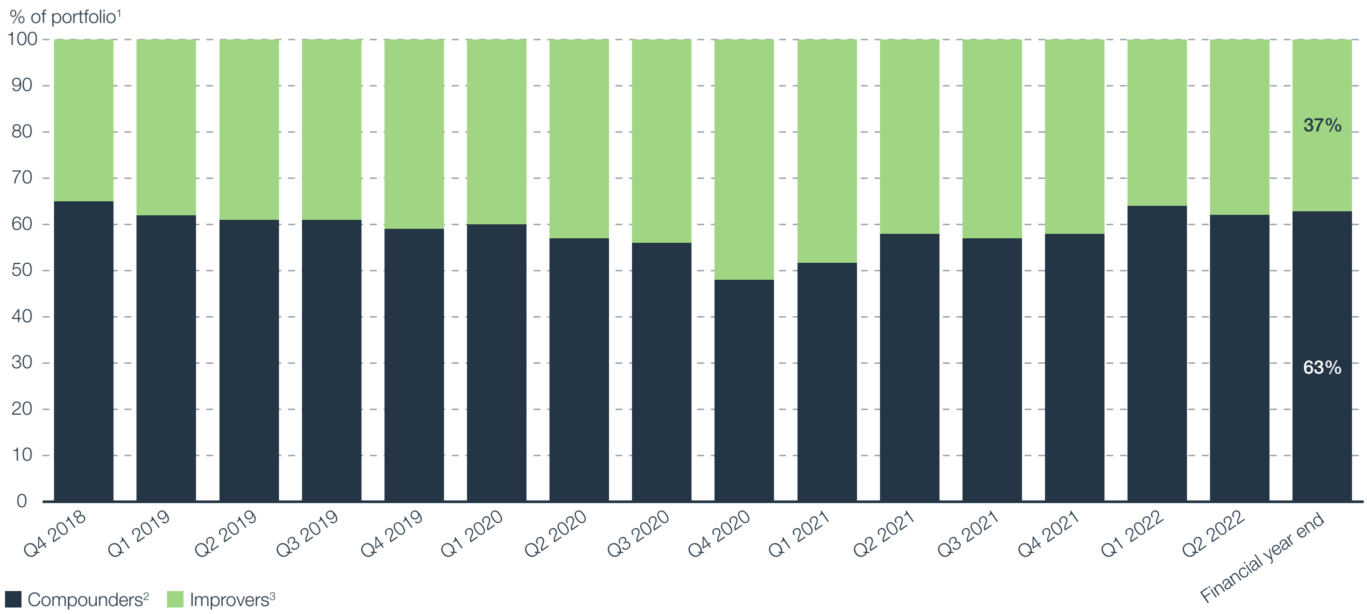
All three companies described above have strong pricing power, healthy market shares, attractive growth drivers and deliver above average return on invested capital through the economic cycle.

Largest New Investments		Largest Divestments	
Company name	Position size at year end (% of the portfolio)	Company name	Position size at start of year (% of the portfolio)
Sanofi	4.04	Stellantis	4.48
TotalEnergies	3.79	Worldline	3.14
Safran	3.09	Nexi	2.78
LVMH Möet Hennessy Louis Vuitton	3.03	Prosus	2.60
ABB	2.59	Faurecia	2.57
Deutsche Börse	2.41	RWE	2.47
Pernod Ricard	2.31	Vestas Wind Systems	2.23
Sartorius	2.18	IAG	1.65
Universal Music	2.04	Telecom Italia	1.62
SAP	2.02	Embracer	1.59

Outlook

Although we have endured a tough period for our quality-growth focused strategy, I remain resolute in my belief that investing in high return on invested capital companies, or those where I foresee a significant improvement in returns, is the best way to make money for our shareholders over the long term. We will continue to focus on this strategy and if the environment continues to run counter to this style of investing, we will look to deploy more capital to take advantage of the long-term opportunities that present themselves. Now is not the time to lose faith in our long-standing investment approach.

Fund Manager's report (continued)



1 Cash and gearing are not included in the analysis
2 Compounders – high return businesses
3 Improvers – companies whose return profile should materially improve over time
Source: Janus Henderson, desk estimate

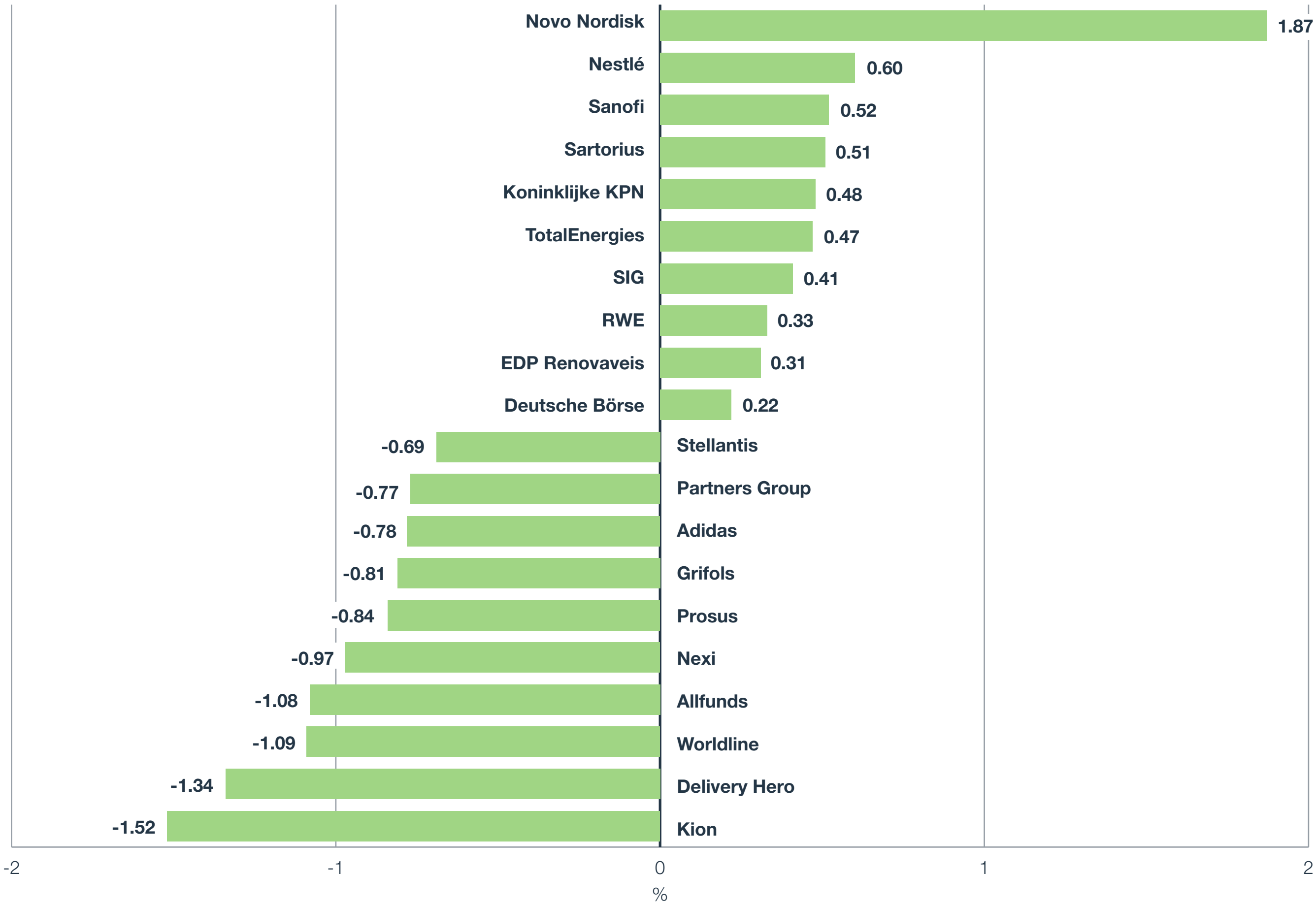
Classification of holdings as at 31 July 2022

	Compounders Average	Improvers Average	Company Average	Index Average
Market Capitalisation (£m)	**102,302**	**30,078**	**75,473**	**72,210**
Price/book (x)	3.0	1.6	2.3	1.8
Trailing 12 month dividend yield (%)	2.4	3.0	2.6	3.0
Trailing 12 month price/earnings (x)	20.9	16.7	19.1	12.0
Forward 2023 price/earnings (x)	16.2	11.6	14.1	12.5
Historical 3-year earnings per share growth per annum (%)	12.0	5.2	9.5	10.4
Return on equity (%)	28.7	15.9	24.0	21.2
Operating margin (%)	26.5	11.5	20.9	18.1
Long-term debt to capital (%)	**31.4**	**36.7**	**33.4**	**32.9**
Number of securities	**25**	**16**	**41**	**516**
Weight (%)[1]	**64.7**	**38.2**		

Fundamentals are based on weighted averages at the stock level, excluding net cash/gearing
1 The weight percentages of Compounders and Improvers are shown including net cash/gearing
Net cash/gearing was -2.9% at 31 July 2022
OW Bunker is not included in the analysis
Source: Factset/Fundamentals in Sterling

Fund Manager's report (continued)

Top ten contributors to and bottom detractors from absolute performance



Jamie Ross
Fund Manager
30 September 2022

Portfolio Information

Ten largest holdings at 31 July 2022

Ranking 2022 (2021)	Company	Country	Valuation 2022 £'000	Valuation 2021 £'000	% of Portfolio 2022	% of Portfolio 2021
1 (3)	**Novo Nordisk** Novo Nordisk is a Denmark-based world leader in insulin and diabetes care.	Denmark	**14,391**	17,256	**4.67**	5.00
2 (1)	**Roche** Roche develops and manufactures pharmaceutical and diagnostic products. The company produces prescriptions drugs in the areas of cardiovascular, infectious, autoimmune, respiratory diseases, dermatology, metabolic disorders, oncology, transplantation and the central nervous system.	Switzerland	**14,052**	18,884	**4.56**	5.48
3 (2)	**Nestlé** Nestlé S.A. is a multinational packaged food company, that manufactures and markets a wide range of food products. The company's product line includes milk, chocolate, confectionery, bottled water, coffee, creamer, food seasoning and pet foods.	Switzerland	**13,974**	18,016	**4.53**	5.23
4 (4)	**Koninklijke DSM** DSM is a Dutch multinational life sciences and materials sciences company. The company's global end markets include food and dietary supplements, personal care, feed, pharmaceuticals, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials.	Netherlands	**13,090**	15,563	**4.24**	4.51
5 (*)	**Sanofi** Sanofi is a France-based pharmaceutical company. The company manufactures prescription pharmaceuticals and vaccines and serves customers worldwide.	France	**12,461**	–	**4.04**	–
6 (*)	**TotalEnergies** TotalEnergies is a broad energy company that produces and markets fuels, natural gas and electricity.	France	**11,701**	–	**3.79**	–
7 (9)	**Munich Re.** Munich Re. is a German company which offers reinsurance, insurance and asset management services.	Germany	**11,549**	11,044	**3.74**	3.20
8 (6)	**Bawag** Bawag is an Austrian-based bank with a largely domestic focus.	Austria	**11,040**	14,792	**3.58**	4.29
9 (12)	**Hermès** Hermès designs, produces, and distributes personal luxury accessories and apparel. The company operates a chain of boutiques under the Hermès name that sells items such as leather, scarves, men's clothes, ties, women's fashions, perfume, watches, stationery, shoes, hats, gloves, and jewellery products.	France	**10,387**	10,643	**3.37**	3.09
10 (37)	**ASML** ASML develops, produces, and markets semiconductor manufacturing equipment, specifically machines for the production of chips through lithography. The company services clients worldwide.	Netherlands	**10,292**	4,004	**3.34**	1.16
		Total	**122,937**	110,202	**39.86**	31.96

* Not in the portfolio last year

Investment portfolio at 31 July 2022

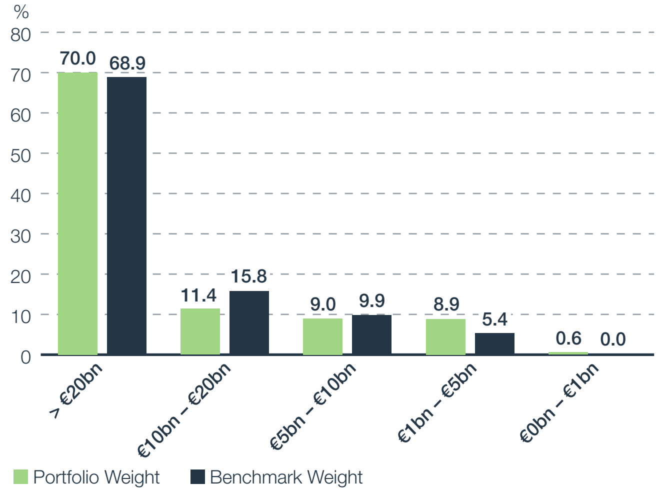
Position 2022	Position 2021	Company	Country	Sector	Market Value 2022 £'000	Percentage of Portfolio 2022
1	3	Novo Nordisk	Denmark	Pharmaceuticals and Biotechnology	14,391	4.67
2	1	Roche	Switzerland	Pharmaceuticals and Biotechnology	14,052	4.56
3	2	Nestlé	Switzerland	Food Producer	13,974	4.53
4	4	Koninklijke DSM	Netherlands	Specialist Nutrition and Materials Supplier	13,090	4.24
5	(*)	Sanofi	France	Pharmaceuticals and Biotechnology	12,461	4.04
6	(*)	TotalEnergies	France	Oil, Gas and Coal	11,701	3.79
7	9	Munich Re.	Germany	Insurance	11,549	3.74
8	6	Bawag	Austria	Banks	11,040	3.58
9	12	Hermès	France	Luxury Goods	10,387	3.37
10	37	ASML	Netherlands	Technology Hardware and Equipment	10,292	3.34
Top 10					**122,937**	**39.86**
11	11	Cellnex	Spain	Mobile Telecommunications	9,852	3.19
12	(*)	Safran	France	Aerospace and Defence	9,530	3.09
13	27	Koninklijke KPN	Netherlands	Fixed Line Telecommunications	9,396	3.05
14	(*)	LVMH Möet Hennessy Louis Vuitton	France	Personal Goods	9,341	3.03
15	13	Partners Group	Switzerland	Private Equity Asset Manager	8,064	2.61
16	(*)	ABB	Switzerland	Electronic and Electrical Equipment	7,979	2.59
17	14	UniCredit	Italy	Banks	7,966	2.58
18	(*)	Deutsche Börse	Germany	Financial Services	7,424	2.41
19	(*)	Pernod Ricard	France	Beverages	7,119	2.31
20	(*)	Sartorius	Germany	Medical Equipment and Services	6,718	2.18
Top 20					**206,326**	**66.90**
21	28	Amundi	France	Bank and Asset Manager	6,438	2.09
22	23	Beiersdorf	Germany	Personal Care, Drug and Grocery Store	6,340	2.06
23	(*)	Universal Music	Netherlands	Media	6,282	2.04
24	22	Danone	France	Food Producer	6,246	2.02
25	(*)	SAP	Germany	Software and Computer Services	6,244	2.02
26	24	Kion	Germany	Industrial Engineering	6,166	2.00
27	(*)	EDP Renovaveis	Portugal	Alternative Energy	5,946	1.93
28	8	CNH Industrial	Italy	Industrial Engineering	5,767	1.87
29	(*)	Airbus	France	Aerospace and Defence	5,760	1.87
30	21	Moncler	Italy	Luxury Goods	5,731	1.86
Top 30					**267,246**	**86.66**
31	(*)	Arkema	France	Chemicals	5,626	1.82
32	(*)	Metso Outotec	Finland	Industrial Engineering	5,498	1.78
33	26	Allfunds	Netherlands	Finance and Credit Services	5,266	1.71
34	35	SIG	Switzerland	Containers and Packaging	5,061	1.64
35	32	Enel	Italy	Electricity	3,969	1.29
36	17	Adidas	Germany	Personal Goods	3,627	1.18
37	(*)	Besi	Netherlands	Technology Hardware and Equipment	3,148	1.02
38	25	Grifols	Spain	Pharmaceuticals and Biotechnology	2,866	0.93
39	7	Delivery Hero	Germany	General Retailers	2,281	0.74
40	38	Hellofresh	Germany	Food and Drug Retailers	1,927	0.62
Top 40					**306,515**	**99.39**
41	40	Brockhaus Capital Management	Germany	Financial Services	1,883	0.61
Total					**308,398**	**100.00**

In addition to the above, the Company has a nil value position in OW Bunker. OW Bunker is unquoted.

* Not in the portfolio last year

Portfolio information

Market capitalisation (excluding cash) of the portfolio by weight at 31 July 2022



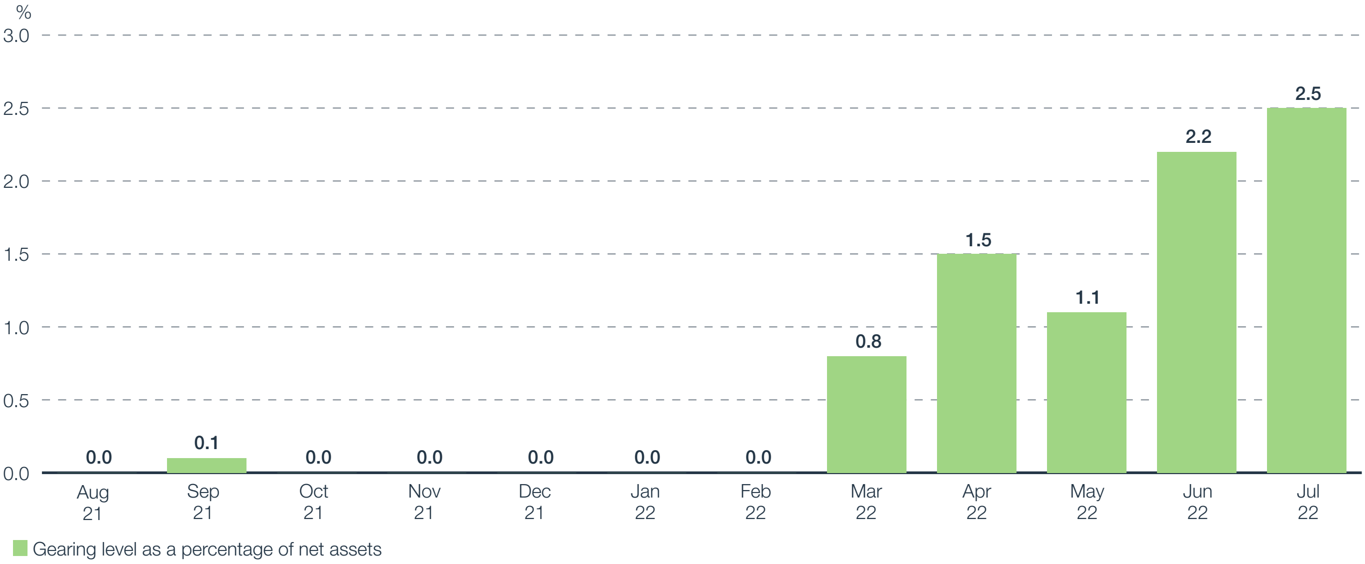
Performance drivers

Over the year ended 31 July 2022

	%
Benchmark Return	(7.0)
Sector Allocation	0.9
Stock Selection	(7.3)
Currency Movements (relative to index)	0.3
Effect of Cash and Gearing	0.0
Effect of Ongoing Charge	(0.8)
Residual (due to timing and rounding)	0.0
NAV Total Return	**(13.9)**

Gearing levels

Over the year to 31 July 2022



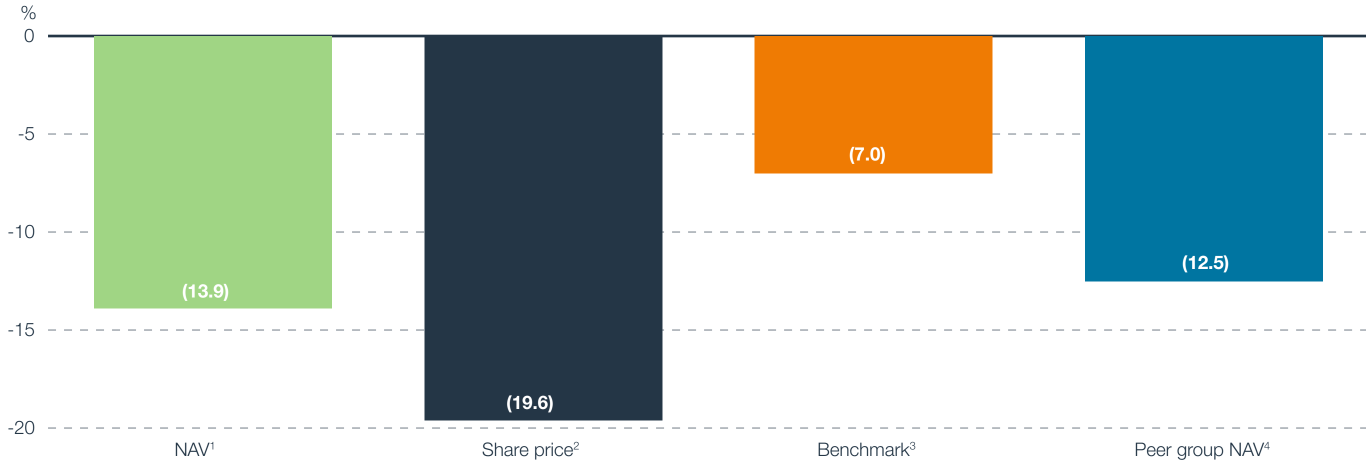
Financial information

Year ended	NAV per Ordinary Share (p)[1]	Share price percentage premium/(discount) to NAV per Ordinary Share (%)	Revenue return per Ordinary Share (p)[1]	Dividends per Ordinary Share (p)[1]
31 July 2013	77.8	(6.9)	1.7	1.7
31 July 2014	80.3	(0.9)	1.8	1.8
31 July 2015	89.5	0.7	1.8	1.9
31 July 2016	97.9	(8.1)	2.4	2.0
31 July 2017	119.3	(3.3)	2.8	2.5
31 July 2018	124.7	(8.2)	3.3	3.1
31 July 2019	129.4	(10.0)	2.9	3.1
31 July 2020	139.3	(11.4)	2.2	2.5
31 July 2021	167.4	(8.9)	1.6	2.5
31 July 2022	**142.1**	**(15.2)**	**3.9**	**3.8**

1 Figures for 2013 to 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021
Source: Factset, Morningstar Direct, Janus Henderson

Performance information (continued)

Total return performance for year ended 31 July 2022

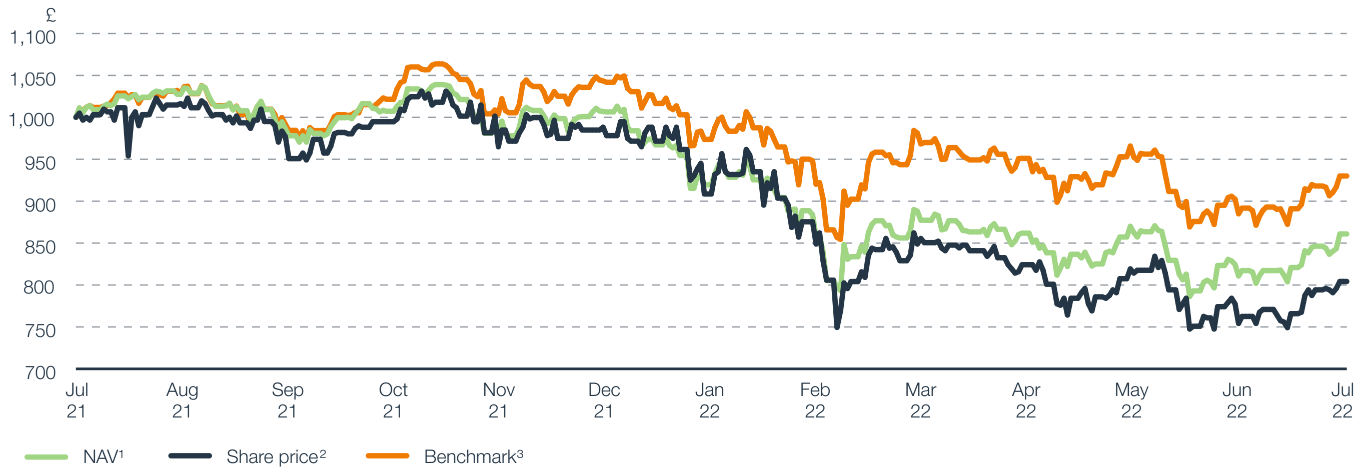


Total return performance to 31 July 2022

	1 year %	3 years %	5 years %	10 years %
NAV[1]	-13.9	16.2	32.2	203.6
Share price[2]	-19.6	10.3	17.2	200.3
Benchmark[3]	-7.0	14.5	26.8	162.8
Peer group NAV[4]	-12.5	18.5	34.5	194.3

Source: Morningstar Direct

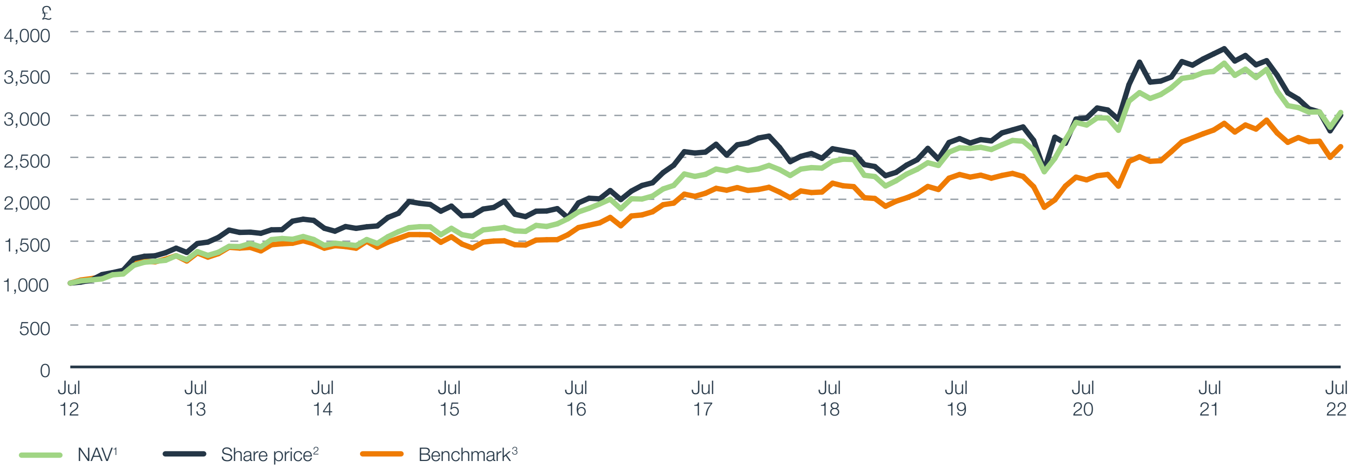
Total return performance over the last year (rebased to 1,000)



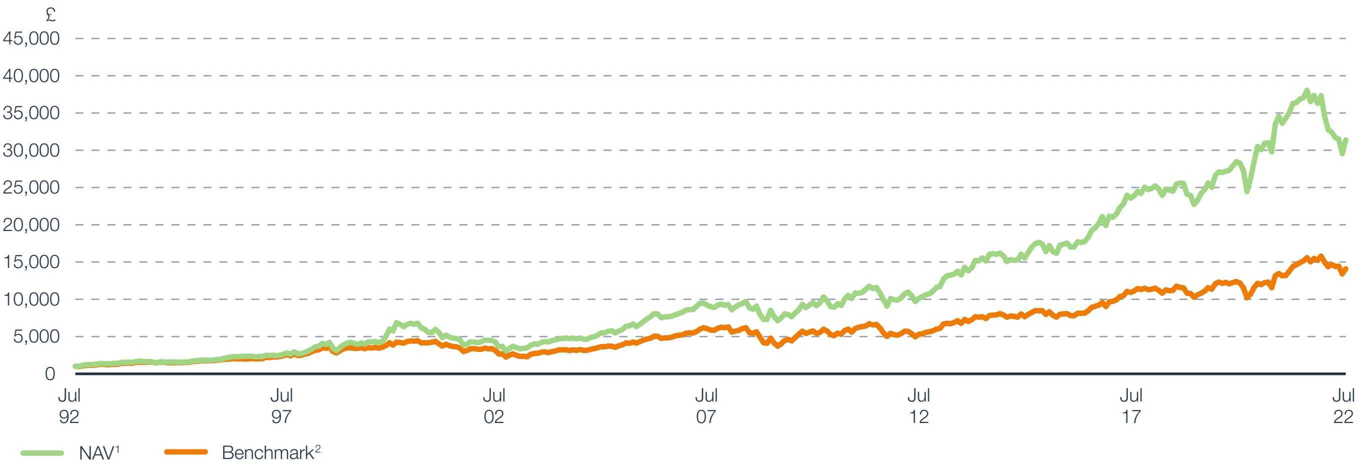
1 Net asset value ("NAV") per ordinary share total return (including dividends reinvested)
2 Share price total return (including dividends reinvested)
3 FTSE World Europe (ex UK) Index
4 AIC Europe Sector (based on cumulative fair net asset value returns)

Performance information (continued)

Total return performance over the last ten years (rebased to 1,000)



Total return performance since launch (rebased to 1,000)



1 Net asset value ("NAV") per ordinary share total return (including dividends reinvested)
2 Share price total return (including dividends reinvested)
3 FTSE World Europe (ex UK) Index
4 AIC Europe Sector (based on cumulative fair net asset value returns)

Key performance indicators

Measuring performance

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, tables and data on pages 2, 15 and 16 show how the Company has performed against those KPIs, and a glossary of terms and alternative performance measures is included on pages 74 to 76.

KPI	Action
Performance measured against the benchmark	At each of its meetings the Board reviews and compares the performance of the portfolio as well as the net asset value and share price for the Company and the return of its benchmark index, the FTSE World Europe (ex UK) Index. The Board considers this to be its most important key performance indicator.
Premium/discount to net asset value ("NAV")	The Board monitors the level of the Company's premium/discount to NAV and looks at ways of managing this at Board meetings. The Board reviews the average premium/ discount of the peer group companies in the AIC Europe Sector. In accordance with the authority granted at the last AGM, and which the Directors seek to renew at the forthcoming Meeting, the Company retains the flexibility to repurchase shares when it sees fit. The Board considers whether to use share buybacks to enhance shareholder value. Shares are only bought back at a price below the prevailing NAV, thereby increasing the NAV for the remaining shareholders. The Board will continue to instruct purchases as required and in accordance with the authority granted. 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 and includes current financial year revenue, the same basis as that calculated for the Financial Statements.
Performance against the Company's peer group	The Company is included in the AIC Europe Sector. In addition to comparison against the stated benchmark, the Board also considers the performance of its peer group at each Board meeting.
Ongoing charge	The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs. The Board reviews the ongoing charge and monitors the expenses incurred by the Company. The ongoing charge at 31 July 2022 was 0.75% (2021: 0.78%).

Strategic Report

Business Model

Business model

Strategy

The purpose of Henderson EuroTrust plc (the "Company") is to achieve a superior total return for the Company's shareholders from a portfolio of European (excluding the UK) investments where the quality of the business is deemed to be high or significantly improving. This is achieved through the Company's operation as an investment company with a Board of Directors who delegate investment and operational matters to specialist third-party service providers. These third-party service providers operate in accordance with the Company's Investment Policy following a disciplined process of investment, by controlling costs and using borrowings to enhance returns. Their performance is monitored and challenged by the Board who retain oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for achieving the Company's obligations under Section 1158/9 of the Corporation Tax Act 2010, as amended ("Section 1158"). The closed-ended nature of the Company enables the Fund Manager to take a longer term view on investments. It also supports a fully invested portfolio as the Company does not have to maintain or create sufficient cash balances to satisfy investor redemptions. Investment trusts have two other significant advantages over other investment fund structures: firstly, the ability to borrow to increase potential returns for shareholders and secondly, the ability to pay dividends out of revenue reserves to support the provision of income, as necessary, to shareholders.

The Company's status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 (the "Act"). The Company operates as an investment trust in accordance with Section 1158. The Company has obtained approval from HM Revenue & Customs ("HMRC") of its status as an investment trust under Section 1158; the Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

The Company and the Board are governed by the Articles of Association ("Articles"), amendments to which must be approved by shareholders by way of a special resolution. The Board is comprised entirely of non-executive directors who are accountable to the Company's shareholders. The Company is not a close company.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and the Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority ("FCA"). The Company is a member of the Association of Investment Companies ("AIC").

Investment Objective

The Company aims to achieve a superior total return from a portfolio of European (excluding the UK) investments where the quality of the business is deemed to be high or significantly improving.

Investment Policy

The Company seeks to invest in large and medium-sized companies which are perceived to be undervalued in view of their growth prospects or on account of a significant change in management or structure, taking into account Environmental, Social and Governance ("ESG") factors. ESG characteristics, which include climate change mitigation and health & wellbeing, are promoted through negative screening and by integrating ESG factors as part of the investment process.

Asset allocation

The portfolio will contain between 35 and 55 stocks.

The Company will not hold more than 10% of the share capital of any company at the time of investment.

The Company will not invest more than 15% of gross assets in any one company or group of companies.

The Company can hold investments from any combination of European countries and the portfolio is not constructed with a yield target.

The Company may invest in companies that are not listed on a stock exchange although in aggregate these may not amount to more than 10% of the portfolio.

Environmental, Social and Governance ("ESG")

The Company will not invest in companies that derive more than 5% of their revenue from any of the following activities: the production of shale energy, palm oil, arctic oil and gas, the production or selling of tobacco, or from involvement in the adult entertainment sector.

The Company will not invest more than 5% of the portfolio in companies which have a high ESG risk rating.

The Company will exclude the bottom 5% of companies in the index when ranked by carbon intensity where the Company believes that the data used to apply the exclusions is reasonably sufficient and accurate.

At least 5% of the portfolio will be invested in companies that are aligned with the UN Sustainable Development Goal of "Good Health & Wellbeing".

The Company only invests in companies which comply with the UN Global Compact principles (a voluntary framework encouraging businesses worldwide to adopt sustainable and socially responsible policies).

Business model (continued)

Derivatives

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management while maintaining a level of risk consistent with the risk profile of the Company.

Gearing

The Company's Articles of Association allow borrowings up to 100% of shareholders' funds. In normal circumstances, the Directors would expect the Company to be substantially fully invested but it may hold cash and cash instruments up to 20% or be geared up to 30% of the total assets.

Other Restrictions

It is the Company's policy to invest no more than 15% of its total assets in other listed closed-ended investment funds. Accordingly, the Company's shares are an eligible investment under Listing Rule 15.2.5(R) for other listed closed-ended investment funds.

Management

The Company qualifies as an Alternative Investment Fund in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").

The Company does not have any employees. The Company has an independent Board of Directors which has appointed Janus Henderson Fund Management UK Limited (formerly named Henderson Investment Funds Limited) to act as its Alternative Investment Fund Manager. Janus Henderson Fund Management UK Limited (formerly named Henderson Global Investors Limited) delegates investment management services to Janus Henderson Investors UK Limited in accordance with an agreement which has been effective since 22 July 2014. The management agreement with Janus Henderson Fund Management UK Limited is reviewed annually by the Management Engagement Committee (see page 38), and can be terminated on three months' notice. Both entities are authorised and regulated by the FCA. References to the Manager within this report refer to the services provided by Janus Henderson Fund Management UK Limited and Janus Henderson Investors UK Limited. Both entities are wholly owned subsidiaries of Janus Henderson Group plc, referred to as Janus Henderson.

Janus Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration, accounting and cash management services are carried out, on behalf of the Manager, by BNP Paribas Securities Services. Melanie Stoner (Fellow of the Chartered Governance Institute) acts as Company Secretary on behalf of the Corporate Secretary, Janus Henderson Secretarial Services UK Limited (formerly named Henderson Secretarial Services Limited).

Fund Manager

The portfolio is managed by Jamie Ross. Jamie became the sole Fund Manager in February 2019. He was previously appointed as Joint Fund Manager with effect from October 2018, having been appointed as Deputy Fund Manager in March 2017. Jamie joined Janus Henderson in 2007, and has worked in the European Equities Team since 2009. Jamie graduated with a BA (Hons) degree in Economics from Durham University. He holds the Chartered Financial Analyst designation and has over ten years of financial industry experience.

Investment selection

The Fund Manager uses rigorous research to identify high-quality European (excluding the UK) companies with strong growth potential. The benchmark is the FTSE World Europe (ex UK) Index. The Fund Manager's investment approach is based around detailed company-level analysis and results in a relatively concentrated portfolio. It is an active approach aimed at delivering outperformance of the Company's equity benchmark. Reflecting this, the Company's portfolio's active share as at 31 July 2022 was 70.1% versus 82.0% as at 31 July 2021.

Fees

Management fees are charged in accordance with the terms of the management agreement, and provided for when due.

The base management fee is calculated at the rate of 0.65% per annum of net assets up to £300 million and 0.55% for net assets above £300 million, payable quarterly in arrears. There are no performance fee arrangements.

Section 172 statement

The Board is responsible for approving the Company's long term objectives and commercial strategy and for promoting the Company's success. At least one of its meetings each year is devoted entirely to reviewing overall strategy and progress is monitored throughout the year. The Directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests, as set out in Section 172 of the Act. The Board regards a well governed business model as essential for the successful delivery of its investment proposition. The Directors consider the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account. The Company manages shareholders' assets with constant awareness of the Company's stakeholders and their interests. The Board uses a map to support the Directors in identifying and understanding the Company's stakeholders and fostering the appropriate level and form of interaction with them. The Directors regard the Company's key stakeholders to be the Company's shareholders and potential investors, the Manager and other third-party service providers (including the Company's broker).

Business model (continued)

The Board engages 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. The Board retains responsibility for decisions regarding corporate strategy, corporate governance, risk and internal control assessment, determining the overall limits and restrictions for the portfolio, gearing and asset allocation, investment performance monitoring and setting marketing budgets.

The Fund Manager promotes the Company with the support of the Manager's dedicated investment trust sales and marketing teams and the Board makes additional spend available to support marketing activities aimed at raising the profile of the Company among retail investors in the UK.

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 appointment annually. By doing so the Board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the expected level of service.

Engagement with key stakeholders

The Company's key stakeholders are listed below with examples of the way the Board and the Company has interacted with them in the year under review.

Stakeholders	Engagement
Shareholders and potential investors	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. The Manager provides information on the Company, press releases and videos of the Fund Manager on the Company's website, and via various social media channels. Feedback from meetings between the Fund Manager and shareholders is shared with the Board. The Chairman, the Chairman of the Audit and Risk Committee and other members of the Board are available to meet with shareholders to understand their views on governance and the Company's performance when they wish to do so. With assistance from the Manager, the Chairman seeks meetings with shareholders who might wish to meet with her. The annual report and half-year results are circulated to shareholders wishing to receive them 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 monthly factsheet which is available on the website. The Fund Manager provides presentations to shareholders and analysts following the publication of the annual financial results. The Fund Manager attends the AGM and provides a presentation on the Company's performance and the future outlook. The Board encourages shareholders to attend and participate in the AGM, which is also available to watch live online. Shareholders have the opportunity to address questions to the Chairman of the Board, the Fund Manager and all Directors. 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. Correspondence from shareholders is shared with the Chairman and the Board. Other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels.

Business model (continued)

Stakeholders	Engagement
Janus Henderson as Manager • Fund Manager • Sales and marketing • Company secretarial • Financial reporting • Internal controls functions • Internal audit • Investment accounting and administration (outsourced by Janus Henderson to BNP Paribas Securities Services)	The most important of the Company's third-party service providers 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. Representatives of the Manager regularly attend Board meetings, providing the opportunity for the Manager and the Board to reinforce further their mutual understanding of what is expected from all parties. Through receipt of timely and accurate information (including monthly performance and compliance reporting against a schedule of investment limits and restrictions determined by the Board and Fund Manager) and regular engagement with representatives of the Manager, the Board is able to provide timely and constructive feedback in order that the Manager can meet the Company's Investment Objective to the best of its ability and thereby ensuring that the interests of the Manager are also protected.
Other third-party service providers	As an investment company all services are outsourced to third-party service providers. Whilst there is an interdependency between the Company's key third-party service providers (i.e. the Manager (and indirectly BNP Paribas Securities Services who provide accounting and administration services to the Company), the Broker, Depositary, Registrar and Auditor), the Board considers third-party service providers to also be one of the Company's key stakeholder groups. The Board relies on the Manager to provide the third-party service providers with the information required to meet the Company's requirements. The Company's third-party service suppliers' performance is assessed in detail at least annually by the Management Engagement Committee. The Corporate Secretary and Financial Reporting Manager for Investment Trusts, in particular, engage with the key suppliers on a regular and continuous basis and the Manager provides the third-party service providers with feedback from the Board about the day-to-day service provided by each of the third-party suppliers. The Board receives market updates from J. P. Morgan Cazenove (the Broker) throughout the year providing them with information in order that they can promote the Company to investors. The Audit and Risk Committee also meets directly with representatives of the Depositary on an annual basis. The Audit and Risk Committee reviews the internal controls and risk management systems in place at BNP Paribas Securities Services, the Registrar and Depositary predominantly through the assessment of each supplier's internal controls and assurance report.

Board discussions and decision-making

The Board is aware that not every decision made by the Board will result in a positive outcome for all the Company's stakeholders. The Board takes into consideration the Company's purpose, Investment Objective and Investment Policy as well as the interests of the Company's stakeholders when discussing matters and making decisions. The following are examples of the key discussions held and decisions made by the Board during the financial year ended 31 July 2022:

- The Board understands that shareholders and potential investors require information in order to make decisions about their investment in the Company. Through the presentation of the Company's half-year and annual results to shareholders in the half-year Update and Annual Report and inclusion on the Company's website for other stakeholders, the Company has provided information in order that shareholders and potential investors are able to make informed decisions about their investment in the Company;
- Directors are required to act in a way they consider to be for the benefit of its members as a whole. Consideration and approval of the resolutions put to shareholders at the AGMs in 2021 and 2022, including the final dividend payment (providing income to investors), are considered by the Directors to be for the benefit of its members as a whole;

Business model (continued)

- In the light of the introduction of new EU rules relating to the introduction of sustainability-related disclosures, the Board discussed with the Manager the various ways in which ESG matters are integrated into the Company's portfolio construction and investment processes. Following discussion between the Manager and the Board in September 2021, the Company transitioned to an Article 8, 'Light Green' fund under the Sustainable Finance Disclosure Regulations ("SFDR"). More detail relating to the Fund Manager's approach to investing sustainably includes analysis of the environmental, social and governance impact the companies in the portfolio have on the wider community and the environment and the changes made to the Company's Investment Policy as a result of the introduction of SFDR are set out in 'Our approach to ESG matters', on pages 27 to 30;
- The Company aims to return income on shareholder investments in the Company. The Board facilitates this through the approval of the Company's interim and full year dividends; and
- Another aspect of shareholder interests is management of the Company's discount. The Chairman, Manager and Broker have conversations with shareholders and potential investors which the Board discuss regularly in order to agree how best to approach the management of the Company's discount.

The Chairman has included more information regarding a number of these matters in her statement (see pages 4 to 5).

The Board is in regular contact with the Manager, receiving monthly updates from the Fund Manager on performance and portfolio activity.

The Fund Manager presents the impact of his decisions relating to the portfolio to the Board at each meeting, and to shareholders at the AGM and other arranged meetings during the year, as well as through the half-year and annual results announcements. The Board's engagement with the Manager is necessary to evaluate the Company's portfolio's performance against the stated strategy and benchmark and to understand any risks or opportunities this may present to the Company.

Culture

As explained in the Section 172 statement on pages 20 and 21, the Directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests.

The Board applies various policies, practices and behaviour to ensure that the Board's culture is in line with the Company's purpose, values and strategy. The Directors promote mutual support combined with constructive challenge. Integrity, fairness and diligence are defining characteristics of the Board's culture.

The Directors promote and encourage a culture of transparency and honesty between the Board and the Manager. The Manager is considered by the Board to be the Company's most significant third-party service provider. Therefore the relationship with key individuals, in particular the Fund Manager, the Company Secretary, the Head of Investment Trusts and the Financial Reporting Manager for Investment Trusts, are paramount to the success of the Company. There is continuous engagement and dialogue between these key individuals and the Directors between Board meetings (in particular with the Chairman and Chairman of the Audit and Risk Committee). Communication channels are open and information, ideas and advice flow between the Board and the Manager with the aim of delivering better results for shareholders and other stakeholders and ultimately driving the Company's long-term sustainable success. The need to foster, maintain and continually evolve corporate culture is taken into account when making decisions and is therefore integral to the Company's policies and practices.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance, including those relating to Directors' conflicts of interest and Directors' dealings in the Company's shares, as well as those related to bribery and tax evasion. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process (for more information see the performance evaluation section on page 36).

The Board appoints appropriate service providers and evaluates their service on a regular basis as described on pages 37 and 38. The Board considers the culture of the Manager and other service providers through regular reporting and by receiving regular presentations from these stakeholders. The Board has been advised that the Manager fosters and maintains an environment that values the unique talents and contributions of individuals, and strives to cultivate and practise inclusiveness for the long-term success of the business and for the benefit of its own employees and shareholders.

The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's shareholders (see Ongoing charge on page 17 and Other administrative expenses (see Note 6).

Directors are required to consider the impact on the community and environment. The Board further describes the Company's and Manager's approach to environmental, social and governance matters on pages 27 to 30.

Business model (continued)

Board diversity policy

It is the Company's aim to have an appropriate level of diversity in the boardroom. The current Directors are broad in their experience and skills, bringing knowledge of investment markets, business, financial services and stakeholder expertise to discussions on the Company's business. The Board recognises that having a diverse and inclusive culture is essential to its long-term success. The Board discusses matters in such a way as to facilitate a culture of inclusivity among Board members and encourages active contributions from all Directors. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's Investment Objective. The Nominations Committee considers diversity when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths, and experience. The Board's prime responsibility, however, is the strength of the Board and its overriding aim in making any new appointments is to select the best candidate based on objective criteria and merit. The Board uses search firms that access talent from wide and diverse pools and whose values and approach in identifying and proposing suitable candidates is aligned with the Board's aims.

The FCA's Listing Rules require companies, with accounting periods starting on or after 1 April 2022, to report on whether they have met the following targets on board diversity: that at least 40% of the individuals on the board are women; at least one of the senior positions on the board is held by a woman; and that at least one individual on the board is from a minority ethnic background.

At 31 July 2022, two out of the four Directors (50%) are women and they held the Board's two senior positions – those of Chairman and Chairman of the Audit and Risk Committee. As an investment company with a Board of only non-Executive Directors the Company has no employees and therefore does not have senior executive positions, such as a chief executive officer or chief financial officer. Accordingly, there are no disclosures about executive management positions to be included.

None of the four Directors, as at 31 July 2022, were from a minority ethnic background however, two Directors were not born in the UK. As described above, the Board's prime responsibility is the strength of the Board and its overriding aim in making any new appointments is to select the best candidate based on objective criteria and merit which it did at the time the current Directors were selected.

The following tables show the breakdown of the Board in terms of gender and ethnic background:

Gender diversity	Number of Directors	Percentage of the Board	Number of senior positions on the Board
Men	2	50	0/2
Women	2	50	2/2
Ethnic diversity			
White British or other White (including minority white groups)	4	100	2/2

The information in the tables was provided by individual Directors in response to a request from the Company.

On 20 September 2022, the Company announced that Stephen White will be joining the Board on 1 December 2022. Details relating to Stephen White's gender and ethnicity are not included in the tables shown above.

There have been no other changes to the Board or the roles of the Directors between 31 July 2022 and the date of publication of this report.

As the Manager is considered by the Board to be the Company's most significant third party service provider, the Board takes an interest in what is offered by the Manager in terms of diversity training and initiatives. The diversity training and initiatives offered by the Manager include Janus Henderson's ethnicity pay gap analysis, returnship, trainee, apprenticeship and internship programmes, such as INROADS, GAIN, Greenwood Project, Girls Who Invest, Investment 2020 and #10000 Black Interns.

Managing our risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency and liquidity.

With the assistance of the Manager, the Board has drawn up a risk register facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's Investment Objective and Policy, in order to mitigate these risks as far as practicable. The Board monitors the Manager, other suppliers and the internal and external environments in which the Company operates to identify new and emerging risks. The Board's policy on risk management has not materially changed from last year. The principal risks which have been identified and the steps taken by the Board to mitigate these are as follows:

Business model (continued)

Risk	Trend	Mitigation
Investment activity and performance An inappropriate investment strategy (for example, in terms of stock or sector attribution or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group.	↔	The Board monitors investment performance at each Board meeting and regularly reviews the extent of its borrowings. The Board receives monthly updates from the Fund Manager.
Portfolio and market Although the Company invests almost entirely in securities that are quoted on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. Significant economic, political or environmental changes in Europe and globally may impact investment returns. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds.	↑	The Board reviews the portfolio at each meeting, regularly considers relevant political, economic and environmental changes and mitigates risk through diversification of investments in the portfolio.
Regulatory A breach of Section 1158 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 FCA's Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act 2006 could lead to criminal proceedings, or financial or reputational damage.	↔	The Manager is contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal controls reports produced by Janus Henderson on a quarterly basis, which confirm regulatory compliance.
Operational and cyber Disruption to, or failure of, the Manager'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 risk that one or more of its service providers may not provide the required level of service. The Company may also be exposed to the risk of cyber attack on its service providers.	↑	The Board monitors the services provided by the Manager and its other suppliers and receives reports on the key elements in place to provide effective internal control. During the year the Board received reports on the Manager's approach to information security and cyber attack defence. The Board considers the loss of the Fund Manager as a risk but this is mitigated by the experience of the Equities team at Janus Henderson.
ESG The Company has transitioned to Article 8 status under SFDR. Decisions on ESG matters can be subjective and criteria may change as knowledge, technology and science evolves. There is a risk that an investment, assessed as appropriate at a point in time, subsequently does not meet ESG criteria, and exposes the Company to reputational risk.	New	For those companies with a high or severe Sustainalytics risk rating, the Board requires the Manager to formally explain the rationale for the potential improvement of the Sustainalytics risk rating to a minimum of 'medium' within three years. See page 28 for more detail. The Company's ESG criteria are considered to be sufficiently clear and measurable. These criteria and the Company's adherence to them are monitored and reviewed on a regular basis. Should the Board or the Manager consider it appropriate to review or alter the criteria, this would be considered on a case by case basis against known factors prevailing at the time.

Business model (continued)

Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Governance report on page 37. Further details of the Company's exposure to market risk (including market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk and how they are managed are contained in Note 15 on pages 66 to 71.

Viability statement and going concern

The Company is a long-term investor. The Board believes it is appropriate to assess the Company's viability over a five year period in recognition of the Company's long-term horizon and what the Board believes to be investors' horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties as documented in this Strategic Report.

The Directors do not expect there to be any significant change in the current principal risks and adequacy of the mitigating controls in place. In addition, the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period, as the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. In coming to this conclusion, the Board has considered the potential impact of the principal risks and uncertainties facing the Company, in particular the impact of the rise in inflation, COVID-19, the risks arising from the wider ramifications of the conflict between Russia and Ukraine, investment strategy and performance against benchmark (whether from stock or sector attribution or the level of gearing) and market risk, materialising in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The Directors took into account the liquidity of the portfolio and the borrowings in place when considering the viability of the Company over the next five years and its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's borrowing facilities and how a breach of any covenants could impact on the Company's net asset value and share price.

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

The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements (see page 59 for further details).

Dividend approach

The Company's dividend approach is to broadly pay out the level of actual income received. This approach is consistent with the Company's focus on capital growth.

See the Chairman's statement on page 4 for more detail in relation to the dividend for the year ended 31 July 2022.

Borrowings

The Company has in place an unsecured loan facility of £25 million (2021: £25 million) which allows it to borrow as and when appropriate. The maximum amount drawn down in the year under review was £12.8 million (2021: £17.3 million), with borrowing costs for the year totalling £84,000 (2021: £103,000). £12.6 million of the facility was in use at the year end (2021: none). Actual gearing at 31 July 2022 was 2.5% (2021: 0.0%) of NAV. The Board has delegated responsibility for day to day gearing levels to the Fund Manager. The Fund Manager expects to maintain some level of gearing in most conditions and the normal level of gearing is expected to be between 2% and 6% of NAV, but at times it may be above or below these levels. The Fund Manager does not use gearing in an attempt to time prospective market moves. Instead, the Company's gearing will increase when the Fund Manager sees attractive, stock specific, opportunities to deploy capital and will reduce gearing when the Fund Manager is a net seller of existing positions, again for stock specific reasons.

Our approach to ESG matters

Environmental, Social and Governance ("ESG") Policy

Investing sustainably in Europe

The Board believes that sustainable business practices and long-term investment returns are inextricably linked. When analysing a business model, sustainability has always been a key part of the Company's investment approach and the Board works closely with the Manager to ensure that relevant considerations are incorporated as part of the investment process. The Company's Investment Policy was amended in November 2021 in order to reflect that the Company promotes environmental, social and governance (ESG) characteristics, including climate change mitigation and health & wellbeing.

As set out in the Investment Policy the Company does not invest in companies that derive more than 5% of their revenue from any of the following activities: the production of shale energy, palm oil, arctic oil and gas, the production or selling of tobacco, or from involvement in the adult entertainment sector (31 July 2022: 0% held).

The Company does not invest more than 5% of the portfolio in companies which have a high ESG risk rating (31 July 2022: 0% held).

The Company excludes the bottom 5% of companies in the index when ranked by carbon intensity where the Company believes that the data used to apply the exclusions is reasonably sufficient and accurate (31 July 2022: 0% held).

At least 5% of the portfolio is invested in companies that are aligned with the UN Sustainable Development Goals of "Good Health & Wellbeing" (31 July 2022: 5.6% held, Roche was downgraded in June 2022 from 'aligned' to 'neutral' which reduced the Company's exposure to companies aligned with the UN Sustainable Development Goals of "Good Health & Wellbeing" by approximately 4.6%).

The Company only invests in companies which comply with the UN Global Compact principles (a voluntary framework encouraging businesses worldwide to adopt sustainable and socially responsible policies).

The exclusions and/or limits currently set on investments in sectors and companies are those that the Board, as advised by the Manager, are consistent with the environmental and social characteristics promoted by the Company. The Board believes that adopting this approach in the Company's Investment Policy broadens the appeal of the Company to certain investors. The Investment Policy restricts the Company from making such investments even if the Manager were to identify attractive investment opportunities. The Manager believes that these restrictions do not detract from the ability to achieve a superior total return for shareholders.

What does sustainability mean to us?

For the Company, a sustainable company is one whose management thinks, acts and allocates capital in a way that maximises the long-term growth in net worth in a way that benefits its wider stakeholders. To be sustainable, a company requires management to consider the long-term implications of how the company impacts the environment, the societies affected by its business activities and other stakeholders. While this is a straightforward concept, implementing it requires both analysis and judgement, and there can be data challenges.

Integration into the investment process

The investment approach of the Manager is focused on finding high return businesses ('Compounders') or companies whose return profile should materially improve over time ('Improvers'). By focusing on return on capital and by having a long-term time horizon, naturally, the Manager is keenly focused on whether a company is demonstrating sustainable business practices.

For each company that the Company invests or considers investing in, the Manager constructs a model and compiles an Investment Thesis which explains why it finds the company attractive. The Investment Thesis is focused on the same three areas for every company, irrespective of sector. Based on the model and the Investment Thesis for the company, the Manager allocates a score for each of the three topics below. Weighting these scores according to the stated percentages produces a single 'Ranking Framework score' for each potential investment. This Ranking Framework score frames the debate over the 'competition for capital' within the portfolio. The number of topics in the framework has been reduced to simplify the diagram but essentially the framework remains the same as that used previously.

A score for 'Sustainability considerations' accounts directly for half of the 'Quality' score and therefore has a meaningful impact on a company's Ranking Framework score. The Manager uses Sustainalytics analysis to construct the score for 'Sustainability considerations'.

As mentioned above the Board and the Manager have determined that companies classed as having a high or severe ESG risk rating by Sustainalytics will comprise a maximum

Ranking Framework

Quality	Valuation	Momentum
← Fundamental attractiveness →		← Timelines →

Our approach to ESG matters (continued)

of 5% of the portfolio by Net Asset Value. This imposes a minimum ESG threshold across the portfolio as a whole, with the effect that companies that might otherwise be considered for investment could be excluded for ESG reasons alone.

The Board and Manager believe that, in addition to the inherent bias towards sustainability, this approach provides a simple, third-party verified methodology that helps us to ensure that consideration of sustainability remains at the very heart of the process.

Why hold any companies with a below average ESG score?

Subject to the 5% limit set out above, the Company may consider investing in companies which may not score well in the short term but appear credibly to be travelling in the right direction. Indeed, for some companies categorised by the Manager as "Improvers", the reason for expecting an improvement in their return on capital is because of the expected improvement in their sustainability characteristics. For those companies with a high or severe Sustainalytics risk rating, the Board requires the Manager to formally explain the rationale for the potential improvement of the Sustainalytics risk rating to a minimum of 'medium' within three years. The Company does not currently invest in any companies with a high or severe Sustainalytics risk rating. Progress is reviewed on a regular basis for all such companies in the portfolio; in the event that the expected progress does not materialise, the Board can require the position to be divested. We believe that this process minimises the risk of holding companies which fail to deliver on ESG promises and expectations.

This overall approach should embed a strong bias towards companies that score well on ESG metrics but also enable the Company to benefit from an exposure to companies with an improving ESG profile which meet our other investment criteria.

Sustainable Financial Disclosure Regulation ("SFDR")

As the Company is marketed into the EU (Ireland), it is indirectly in scope of the SFDR and converted to Article 8 of SFDR (Light Green) with effect from 1 January 2022 to support its ESG policy further. By adopting the restrictions set out in the Investment Policy there has been no material change in the investment process or strategy.

ESG is a rapidly evolving area subject to regulatory change, the Investment Policy and/or the ESG policies of the Company may be subject to change in the future. Any material changes to the Investment Policy would require shareholder approval.

The Company does not have sustainable investment as its objective. Currently, the Company does not actively seek to invest in activities aligned with the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment ("EU Taxonomy").

Reporting under SFDR

Pursuant to Article 11 (Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports) of the EU Sustainable Finance Disclosure Regulation ("SFDR") (Regulation (EU) 2019/2088), the Manager is required to provide a description of the extent to which environmental or social characteristics have been met with reference to the Company providing disclosures pursuant to Article 8(1) of SFDR from 1 January 2022. Please see this information disclosed below in respect of the Company.

During the reporting period from 1 January 2022 to 31 July 2022:

- The Company promoted, among other characteristics, its environmental and/or social characteristics including climate change mitigation and health & wellbeing, through negative screening and by integrating ESG factors as part of the investment process;
- the Company did not invest in companies that derived more than 5% of their revenue from any of the following activities: the production of shale energy, palm oil, arctic oil and gas, the production or selling of tobacco, or from involvement in the adult entertainment sector;
- the Company did not invest more than 5% of the portfolio in companies which have a high ESG risk rating;
- the Company excluded the bottom 5% of companies in the index when ranked by carbon intensity where the Company believed that the data used to apply the exclusions was reasonably sufficient and accurate;
- at least 5% of the portfolio was invested in companies that are aligned with the UN Sustainable Development Goal of "Good Health & Wellbeing"; and
- the Company only invested in companies which comply with the UN Global Compact principles (a voluntary framework encouraging businesses worldwide to adopt sustainable and socially responsible policies).

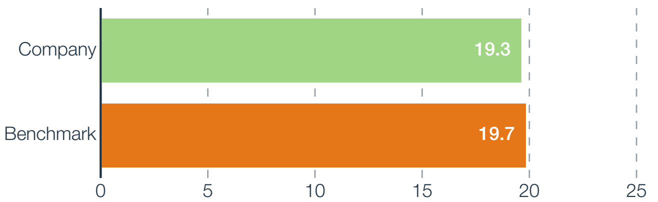
Please note that reporting on the environmental and social objectives promoted by the Company will be enhanced over time as data availability improves as well as to reflect changes to the investment strategy of the Company.

Defining ESG

- Environmental factors include climate change, energy efficiency, resource depletion and water and waste management.
- Social factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.
- Governance factors include mitigating risks such as bribery and corruption, questioning board diversity, executive pay, accounting standards and shareholder rights, and positively influencing corporate behaviour.

Our approach to ESG matters (continued)

Overall ESG risk rating

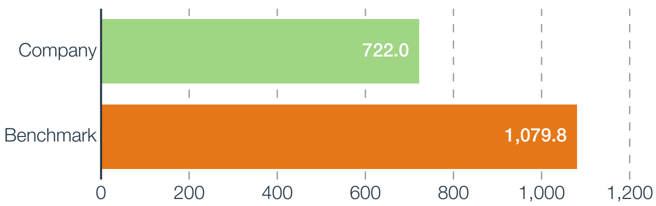


Source: Sustainalytics as at 31 July 2022

The ESG risk rating measures the degree to which a company's economic value is at risk due to ESG factors, as assessed though Sustainalytics' calculation of the company's unmanaged ESG risks. The risk ratings are aggregated for both the Company's portfolio and the benchmark, the FTSE World Europe (ex UK) Index. The Company's portfolio's ESG risk is 0.4% lower than the benchmark.

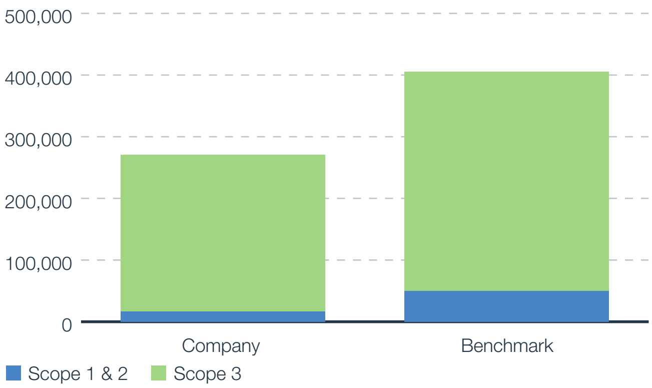
Climate change/the environment

Carbon intensity (tCO²e/USD million)



Source: Sustainalytics as at 31 July 2022

Emissions Exposure (tCO_2e)



Source: ESG metrics per ISS, at 31 July 2022

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 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019. The Fund Manager engages with investee companies on environmental matters where they arise. The Company's indirect impact occurs through the investments it makes, and the Fund Manager monitors the carbon footprint of the portfolio as a measure of its carbon intensity.

Janus Henderson recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2019, Janus Henderson committed to reducing its carbon footprint by 15% per full-time employee over three years based on 2018 consumption. In 2021, Janus Henderson reached this target and set new five-year targets in 2022 in line with guidance from the Science-Based Target Initiative to reduce Scope 1 (fuel) and Scope 2 (electricity) emissions by 29.4%, as well as Scope 3 (business travel, hotel stays, freight, paper consumption, water, waste) operational emissions by 17.5%. In addition to this, Janus Henderson has maintained a CarbonNeutral® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 emissions each year. Through this process, Janus Henderson has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects Janus Henderson supports have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits. Janus Henderson discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including the Streamlined Energy and Carbon Reporting regulations and CDP, as well as in its Annual Report and in its 2021 Impact Report. Janus Henderson's 2021 Impact Report provides more information.

Responsible ownership and the Stewardship Code

Stewardship is a fundamental part of the Manager'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, fund 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 fund managers 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

Our approach to ESG matters (continued)

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.

Company engagement

Company engagement is an integral part of the investment approach. The European Equities Team, of which the Fund Manager is a member, conducts in excess of 450 meetings per year and will engage with management on a wide range of issues including those relating to ESG/sustainability. Meeting notes are circulated and debated both amongst the European Equities Team and the wider investment teams at Janus Henderson.

The Fund Manager also collaborates closely with Janus Henderson's in-house governance and stewardship ("G&S") team, as a specialist resource on ESG issues. The G&S team assists the investment team in identifying major ESG issues, highlighting potential engagement topics and collaborating on ESG engagement.

Voting and the Stewardship Code

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. The Board has chosen to delegate responsibility to the Manager for voting the rights attached to the shares held in the Company's portfolio, and the Manager 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 and compliance with the Stewardship Code and are publicly available on the Manager's website at **www.janushenderson.com**. To retain oversight of the process, the Directors receive annual reporting on how the Manager has voted the shares held in the Company's portfolio, and they review the ESG Investment Principles at least annually.

During the year to 31 July 2022, the Fund Manager met directors of various investee companies to discuss corporate governance issues and helped to shape their policies on such matters. In addition to remuneration, a broad range of topics was tackled, including board composition, workforce engagement, stakeholder relationships, diversity, strategy, and health and safety issues.

In the year to 31 July 2022, the Company voted with management on the majority of occasions (598 resolutions) but voted against on 46 separate occasions. During the year under review the Manager engaged with management and non-executives of companies held by the Company on a wide range of issues. Meetings of note where ESG issues were an important component (and key issues covered) included energy transition, biodiversity, capital allocation, sustainability strategy, labour rights, human rights, remuneration and climate change.

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. The Company has received assurances from its main suppliers that they maintain a zero-tolerance policy towards the provision of illegal services.

On behalf of the Board

Nicola Ralston
Chairman
30 September 2022

Governance

The Governance section includes more information on the following topics:

- Board of Directors – who the Directors are and their experience
- Corporate governance report – how the Company has complied with its regulatory and governance obligations during the year
- Audit and Risk Committee report – how the Committee has met its responsibilities during the year
- Directors' remuneration report – sets out the Company's remuneration policy and how much Directors have been paid during the year
- Directors' report – provides further regulatory disclosures including detail relating to the Company's share capital and the AGM
- Statement of Directors' responsibilities

Board of Directors

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

Nicola Ralston

Position: Chairman of the Board

Date of appointment: 1 September 2013 (Chairman 26 March 2014)

Background: Nicola has over 40 years' investment experience and is a director and co-founder of PiRho Investment Consulting, which focuses on bespoke investment advice to a wide range of institutional funds. She previously spent over 20 years in fund management at Schroders and was formerly head of global investment consulting at Hewitt (now Aon). Nicola is a director of Centrica Combined Common Investment Fund Limited. She was chair of the investment committee of the British Heart Foundation, a governor of the CFA Institute and a director of The Edinburgh Investment Trust plc.

Stephen King

Position: Director

Date of appointment: 1 December 2019

Background: Having been HSBC chief economist for 17 years until 2015, Stephen is currently senior economic adviser to HSBC on a part-time basis. Stephen started his career as an economist for the Treasury and became private secretary to the chief economic adviser. He was specialist advisor to the House of Commons' Treasury Committee between 2015 and 2017. He is a fellow of the Society of Professional Economists and sits on the management council of the National Institute of Economic & Social Research. Stephen has written three books *"Losing Control: The Emerging Threats to Western Prosperity"* (2010), *"When the Money Runs Out: The End of Western Affluence"* (2013) and *"Grave New World: The End of Globalization, the Return of History*" (2017).

Rutger Koopmans

Position: Director

Date of appointment: 18 May 2016

Background: Rutger is a senior finance professional. He started his career at MeesPierson NV (formerly Bank Mees & Hope NV), before moving to ING, where he served as a managing director until 2008. Since then, he has been running an independent strategic advisory practice and he is a director at PIT Self-Placement BV and a non-executive partner at M-Partners Asset Management. Rutger is a director of Vollenhoven Olie BV and is chairman of Voedselbank Amsterdam (the Amsterdam Food Bank) and Pluryn (specialised youth care and specialised health care for youth and adults with complicated needs). These entities are not publicly listed. Rutger is also the author of "*Your Life Your Rules, taking charge of your working life*".

Ekaterina (Katya) Thomson

Position: Chairman of the Audit and Risk Committee

Date of appointment: 17 May 2017 (Chairman of the Audit and Risk Committee 15 November 2017)

Background: Katya is a corporate finance, strategy and business development professional with over 25 years of experience with UK and European blue chip companies. She is a non-executive director and audit committee chairman of MIGO Opportunities Trust plc and AVI Japan Opportunity Trust plc, and a non-executive director of Allianz Technology Trust plc. Katya is a member of the Institute of Chartered Accountants in England and Wales.

On 20 September 2022, the Company announced that Stephen White will join the Board with effect from 1 December 2022. Please see the Chairman's Statement on page 5 for more detail.

All Directors are non-executive and independent of Janus Henderson. All are members of the Audit and Risk Committee, chaired by Katya Thomson, and the Insider Committee, Management Engagement Committee and Nominations Committee, chaired by Nicola Ralston.

Corporate governance report

Corporate governance

The Board is accountable to shareholders for the governance of the Company's day-to-day affairs and is pleased to report 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 UK Corporate Governance Code ("UK Code") issued by the Financial Reporting Council ("FRC") 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 AIC Code of Corporate Governance ("AIC Code") issued in February 2019. The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders about the Company's governance arrangements, and that by reporting against the AIC Code the Company has met its obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The UK Code is available on the FRC website (**www.frc.org.uk**). The AIC Code is available on the AIC website (**www.theaic.co.uk**) and includes an explanation of how the AIC Code adapts the UK Code's principles and provisions for investment companies.

Statement of compliance

No senior independent director has been appointed. The Chairman of the Audit and Risk Committee leads the annual evaluation of the Chairman's performance. Shareholders are invited to raise any concerns with either the Chairman of the Audit and Risk Committee or with any of the other Directors, each of whom has areas of expertise on which they lead.

The Company has no chief executive or other executive directors and has therefore not reported further in respect of these provisions. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the Audit and Risk Committee considers the need for such a function at least annually (see page 42 for further information).

As the Company has no employees and has a small Board of solely non-executive Directors, the Board has not established a separate Remuneration Committee. The remuneration of Directors is dealt with by the Board as a whole.

The Company has complied with all other principles and provisions of the AIC Code.

Directors

The Board has set, and each Director has agreed to adopt, generic terms and conditions of appointment of non-executive Directors of the Company.

Any shareholder wishing to inspect these documents can do so by making a request to the Corporate Secretary at **itsecretariat@janushenderson.com**.

Appointment and retirement

The Board may appoint Directors to the Board without shareholder approval. Any Director so appointed must stand for election by the shareholders at the next AGM in accordance with the Articles.

In accordance with the AIC Code, all Directors will stand for re-election annually.

The contribution and performance of the Directors seeking re-election was reviewed by the Nominations Committee at its meeting in July 2022, which recommended their continuing appointment to the Board.

Under the Articles, shareholders may remove a Director before the end of his or her term by passing an ordinary resolution at a meeting. An ordinary resolution is passed if more than 50% of the votes cast, in person or by proxy, are in favour of the resolution.

Tenure

Whilst there is no formal tenure policy for Directors (other than the Chairman), it is not anticipated that any of the Directors would normally serve in excess of nine years. In exceptional circumstances, which would be fully explained to shareholders at the time, a one or two year extension might be necessary.

Following the conclusion of this year's AGM, no Director, with the exception of the Chairman (see next page), will have served for more than nine years.

Corporate governance report (continued)

Chairman’s tenure policy

Given the entirely non-executive nature of the Board and as the Chairman may not be appointed as such at the time of their initial appointment as a Director, the Chairman’s tenure may be longer than nine years where this is considered by the Board to be in the best interests of the Company. However, it is not anticipated that the Chairman will normally serve in excess of nine years, although in exceptional circumstances, which would be fully explained at the time, a one or two-year extension might be necessary. Nicola Ralston reached her nine year anniversary on 1 September 2022. Nicola currently intends to retire at the conclusion of the AGM in November 2023. The Board is in the process of finding a suitable successor. As with all Directors, the continuing appointment of the Chairman is subject to a satisfactory performance evaluation, annual re-election by shareholders and may be further subject to the particular circumstances of the Company at the time he or she intends to retire from the Board. The Directors are cognisant of the benefits of Board diversity and the regular refreshment of the Board’s membership and seek to refresh the Board while retaining a balance of knowledge of the Company, diversity and the relationship with the Fund Manager.

Directors’ independence

All Directors are non-executive and have a range of other interests. At the Nominations Committee meeting in July 2022, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of the Manager. The Board has determined that all Directors are independent in character and judgement and that their individual skills, broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

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

Directors’ conflicts of interest

The Company’s Articles 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 for consideration by those Directors who have no interest in the matter. In deciding whether to authorise the situational conflict, the non-conflicted Directors must act honestly and in good faith in 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 and the register of directors interests. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts, and the Board believes that the system it has in place for reporting and considering situational conflicts, continues to operate effectively. The Chairman has had no relationships that may have created a conflict between her interests and those of the Company’s shareholders.

Directors’ professional development

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

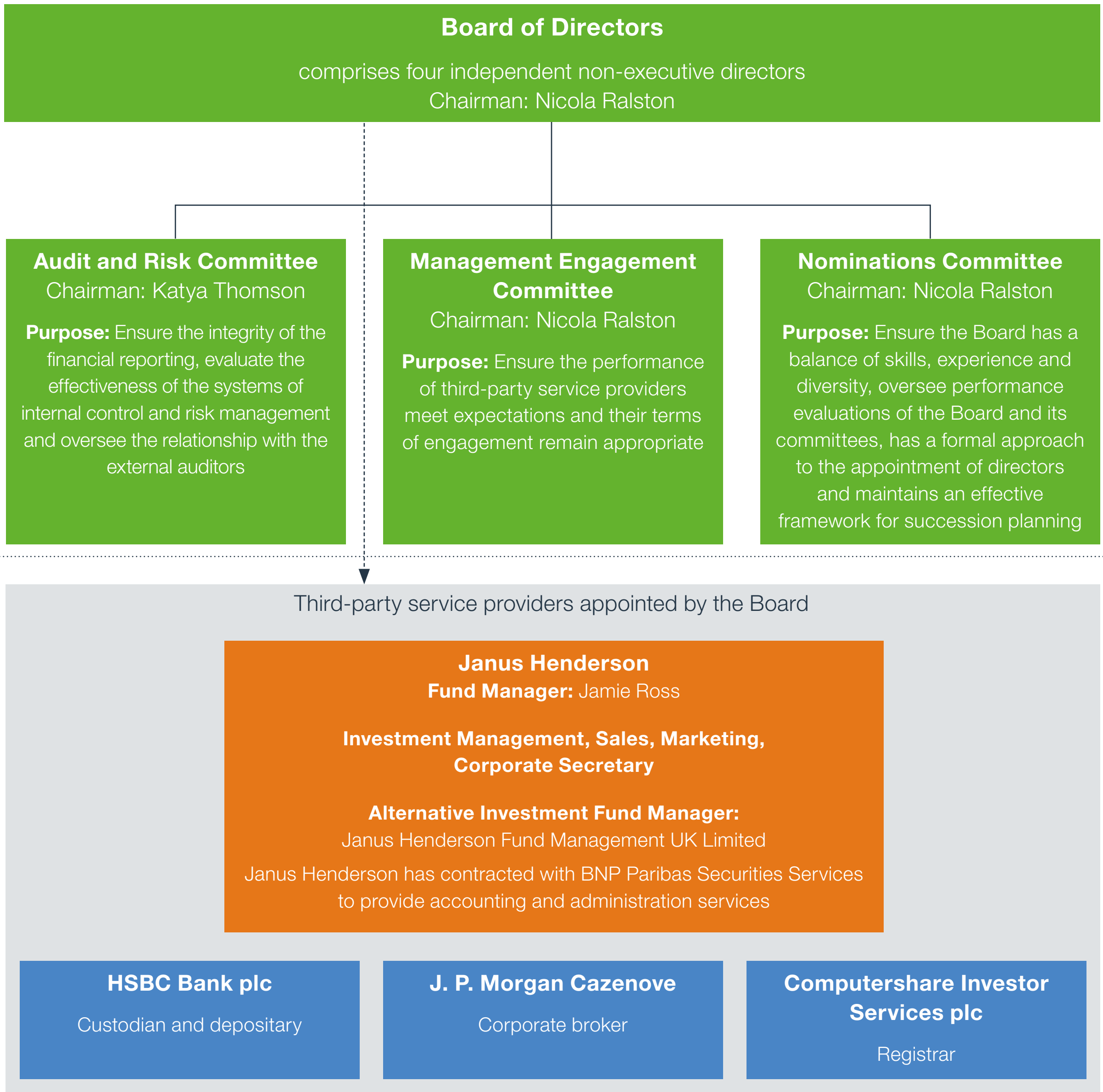
Directors’ insurance and indemnification

Directors’ and officers’ liability insurance cover was in place throughout the financial year and remains in place at the date of this report. The Company’s Articles provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising from their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. The Company has granted such an indemnity to Directors to the extent permitted by law in respect of liabilities that may attach to them in their capacity as Directors of the Company.

Corporate governance report (continued)

The Board's Committees

The Board has three principal Committees: the Audit and Risk Committee, the Management Engagement Committee and the Nominations Committee.



The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules. All Directors are members of the Insider Committee, which is chaired by the Chairman of the Board.

The terms of reference for each Committee are kept under regular review by the Board and are available on the Company's website **www.hendersoneurotrust.com**. The reports on the activities of each of the Board's principal Committees are set out on pages 38 to 43.

Corporate governance report (continued)

Board of Directors

Composition

The Board comprises four non-executive Directors. Their biographies are included on page 32. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their position as Directors. All of the current Directors served throughout the year. Rutger Koopmans is resident in the Netherlands. The other members of the Board are resident in the UK. On 20 September 2022, the Company announced that Stephen White will join the Board with effect from 1 December 2022. Please see the Chairman's Statement on page 5 for more detail.

Role of the Board

The Board is collectively responsible for the success of the Company. Its role is to provide leadership within a framework of prudent and effective controls that enables risk to be assessed and managed. The Board is responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and others are understood and met. The Board sets the Company's strategic aims (subject to the Company's Articles, and to such approval of the shareholders in general meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

The Board meets formally at least six times a year, with additional Board or Committee meetings arranged when required. The Directors have regular contact with the Fund Manager and representatives of the Corporate Secretary between formal meetings.

The Chairman is responsible for leading the Board and for ensuring that it continues to deal effectively with all the aspects of its role.

The Board has a formal schedule of matters specifically reserved for its decision which include: strategy and management; structure and capital; financial reporting and controls; internal controls and risk management; contracts; communications and public relations; Board membership and other appointments; delegation of authority; remuneration; corporate governance; and policies. The schedule of matters reserved for the Board is available on the website **www.hendersoneurotrust.com**.

The Board is responsible for the approval of annual and half-year results and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects.

At each meeting the Directors follow a formal agenda, which includes a review of the Company's NAV, share price, discount, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure that control is maintained over the affairs of the Company. 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, and regularly reviews investment strategy. The Board receives regular reports from the Manager on marketing and investor relations.

The Board has adopted a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company. To enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Board attendance

The table below sets out the number of scheduled Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors attended the AGM in November 2021.

	Board	ARC	MEC	NC
Number of meetings	**6**	**3**	**1**	**1**
Nicola Ralston	6/6	3/3	1/1	1/1
Stephen King	6/6	3/3	1/1	1/1
Rutger Koopmans	6/6	3/3	1/1	1/1
Katya Thomson	6/6	3/3	1/1	1/1

ARC: Audit and Risk Committee
MEC: Management Engagement Committee
NC: Nominations Committee

The Insider Committee did not meet during the year.

The Directors and Committees of the Board also met during the year to undertake business such as the approval of the Company's results and dividends and in relation to the recruitment of an additional Director.

Performance evaluation

The performance of the Company is considered in detail at each Board meeting. In the year under review Stogdale St James was appointed to conduct a review of the Board's performance, together with that of its Committees, the Chairman and each individual Director. The results were collated by Stogdale St James and the results and a summary were provided to the Board for consideration. It was concluded that the performance of the Board, its Committees, the Chairman and each individual Director was satisfactory and the Board has a good balance of skills and experience. In particular, it is considered that each Director makes a significant contribution to the affairs of the Company, the Chairman continues to display effective leadership and Directors seeking re-election at the Company's AGM merit re-election by shareholders. The external evaluation recommended that, rather than moving to five directors only during the period when a new director joins the Board, there was a good case for a five-person board to be the norm for the Company. The Company has adopted the recommendation to give the Board an even wider range of skills and expertise. The Company has no connection to Stogdale St James, other than the assistance provided in connection with this external board evaluation.

Corporate governance report (continued)

Audit, risk and internal control

The Board has established an Audit and Risk Committee, whose report is on pages 40 to 43. The report explains why the Company does not have its own internal audit function, how the independence and effectiveness of the external auditor is assessed, and how the Board satisfies itself on the integrity of the financial statements. The report covers the process by which the Board satisfied itself that the Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. It also describes risk management procedures, as well as how the Board oversees the internal control framework and determines the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

Relationship with Janus Henderson

The Board has contractually delegated to external third parties the management of the investment portfolio, the custodial services (which include the safeguarding of the assets delegated through the appointment of the Depositary as explained on page 74), the day-to-day accounting and cash management, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

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 invited to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson. This provides a forum to discuss industry matters which are then 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 Janus Henderson attend Board meetings 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 minuted, ensuring that any Director's concerns are recorded. The Board and the Manager operate in a supportive, co-operative and open environment.

The Corporate Secretary, Janus Henderson Secretarial Services UK 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 Janus Henderson Secretarial Services UK Limited and Janus Henderson, 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 audited procedures and 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.

Continued appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager are contained on page 20.

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

Following an annual review, it is the Directors' opinion that the continuing appointment of the Manager on the existing terms is in the interests of the Company and its shareholders as a whole.

Corporate governance report (continued)

Management Engagement Committee

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

Membership

All Directors are members of the Management Engagement Committee, which is chaired by the Chairman of the Board.

Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the AIC peer group, the share price total return, NAV total return, dividend growth, dividend yield and discount versus the peer group;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its competitors in the AIC peer group and other Janus Henderson managed investment companies;
- the key clauses of the management agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, custodian, registrar, auditors, legal counsel and the Company's accountants.

Re-appointment of the Manager

Following completion of its annual review of the Manager in July 2022, the Committee concluded that the continued appointment of the Manager remained in the best interests of the Company and its shareholders, and therefore recommended to the Board the re-appointment of Janus Henderson for a further year. More detail can be found on page 37.

Committee evaluation

The activities of the Management Engagement Committee were considered as part of the Board appraisal process.

Nominations Committee

The Nominations Committee is responsible for reviewing Board succession planning and tenure policy, the performance of the Board as a whole and the Board Committees, and the appointment of new Directors through an established formal procedure.

Membership

The Committee is chaired by the Chairman of the Board, except when the Chairman's performance or successor is being considered. All Directors are members of the Committee; the Board believes that this is appropriate as the Board comprises only four directors, and to lose the contribution of any Director to the Committee's deliberations would not be in the best interests of shareholders.

Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the composition of the Board and each of its Committees, taking account of the skills, experience and knowledge each Director continued to contribute to the success of the Company (see Board diversity policy on page 24);
- 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 tenure without becoming complacent;
- the independence of the Directors, taking account of the Directors' other commitments, in line with the guidelines established by the AIC Code;
- the time commitment of the Directors, in the context of their other business commitments and appointments, and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board, the tenure of the current Directors and recommendations of the AIC Code in respect of the length of service of Directors and the Chairman; and
- the performance and contribution of the Directors standing for re-election at the forthcoming AGM.

Following completion of its reviews, the Committee concluded that the Board continued to operate effectively. No Director is considered to be "overboarded".

Corporate governance report (continued)

When considering succession planning and its tenure policy, the Nominations Committee bears in mind the balance of skills, knowledge, experience, gender and diversity on the Board, the achievement of the Company's Investment Objective and compliance with the Company's Articles and the AIC Code. Individual performance and the contribution of each Director remain a key element of the Company's approach in making determinations on tenure. The Nominations Committee considers diversity as part of the annual performance evaluation and it is considered that there is a broad range of backgrounds, and that each Director brings different qualities to the Board and its discussions.

Given the small size of the Board, it is not considered appropriate for the Company to have set targets for gender diversity; candidates are assessed in relation to the relevant needs of the Company at the time of appointment. The Nominations Committee will make recommendations when the recruitment of additional non-executive Directors is required. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Company may use external recruitment agencies to undertake the search for new non-executive Directors. Odgers Berndtson was used during the year ended 31 July 2022 resulting in the appointment of Stephen White, with effect from 1 December 2022. The Company has no connection to Odgers Berndtson, other than the assistance provided in connection with this recruitment.

The Nominations Committee also reviews and recommends to the Board the Directors seeking re-election. Recommendation is not automatic and will follow a process of evaluation of each Director's performance and consideration of the Director's independence. The Nominations Committee also takes into account the mix of skills and experience of the current Board members. The Committee considers the time commitment of the Directors including other business commitments and appointments. Having considered the performance of individual Directors, the Committee recommended to the Board that it should support the re-election of the Directors at the 2022 AGM.

The Nominations Committee met in July 2022 to carry out its annual review of the Board and its Committees. The results of the performance evaluation are detailed on page 36.

Committee evaluation

The activities of the Nominations Committee were considered as part of the Board appraisal process.

On behalf of the Board

Nicola Ralston
Chairman
30 September 2022

Audit and Risk Committee report

The Audit and Risk 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 overseeing the relationship with the external auditor.

Composition

The Audit and Risk Committee comprises all Directors and is chaired by Katya Thomson, who is a Chartered Accountant. The other Audit and Risk Committee members have a combination of financial, investment and other experience gained throughout their careers and the Board is satisfied that at least one of the Audit and Risk Committee members has recent and relevant financial experience. The Audit and Risk Committee as a whole is considered to have competence relevant to the sector. The biographies of the Audit and Risk Committee members are shown on page 32. All members of the Audit and Risk Committee are independent.

The Board believes that it is appropriate for the Chairman of the Board to be a member of the Audit and Risk Committee. This is because the Board comprises only four directors, and to lose the Chairman's contribution to the Audit and Risk Committee's deliberations would not be in the best interests of shareholders, given her experience and expertise. The Audit and Risk Committee will monitor the situation and take into account shareholder views on the matter.

Meetings

The Audit and Risk Committee met formally three times during the year under review: in advance of the publication of both the annual and the half-year results and on one other occasion with an agenda that was focused on its broader responsibilities. The Company's auditor is invited to attend meetings as necessary. Representatives of the Manager (including representatives of the Operational Risk, Internal Audit, Business Continuity functions, and the Chief Information Security Officer) and BNP Paribas Securities Services may also be invited.

Committee evaluation

The activities of the Audit and Risk Committee were considered as part of the Board appraisal process.

Role and responsibilities

The role of the Audit and Risk Committee is to assist the Board in applying the financial reporting and internal control principles and to maintain an appropriate relationship with the auditor. The Audit and Risk Committee formally reports to the Board. The responsibilities are set out in formal terms of reference which are reviewed at least annually.

In the year under review the main duties undertaken were:

- consideration of the appropriateness of the Company's accounting policies and of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from Janus Henderson;
- a review of the half-year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model, strategy and continued operation (including advising the Board on whether the Company is able to meet its liabilities as they fall due) in order to make recommendations to the Board. In assessing whether the report is fair, balanced and understandable, each Director reviewed the disclosures made, applying their respective knowledge and expertise. The internal controls over financial reporting were also considered, together with feedback from the Company's auditor, the Manager and the Corporate Secretary;
- consideration of the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- consideration of the internal controls in place at Janus Henderson, and the Company's other principal third-party service providers;
- consideration of Janus Henderson's policies in relation to information security and business continuity, meeting with representatives of Janus Henderson's internal audit and risk departments periodically;
- consideration of the key risks, risk management systems in place and the Company's risk assessment;
- consideration of the Company's Bribery Act Policy and the policies and procedures in place to prevent tax evasion;
- consideration of the nature, scope and cost of the external audit and the findings therefrom;
- annual consideration of whether there is a need for an internal audit function;
- consideration of the appointment of the Auditor, the Auditor's independence, objectivity, effectiveness, provision of any non-audit services and tenure of appointment;
- consideration of Janus Henderson's whistleblowing policy for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence; and
- consideration of the annual confirmation from the Company's Depositary in respect of the safe-keeping of the Company's assets.

Audit and Risk Committee report (continued)

Annual report for the year ended 31 July 2022

In relation to the Annual Report for the year ended 31 July 2022 the following significant issues were considered by the Audit and Risk Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Ownership is verified by reconciliation to the Custodian's records and the Directors receive quarterly reports from the Depositary who has responsibility for overseeing operations of the Company, including verification of ownership and valuation.
Recognition of income	Income received is accounted for in line with the Company's accounting policy (as set out on page 60) and is reviewed by the Committee.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas Securities Services.
Maintaining internal controls	The Committee receives regular reports on internal controls from Janus Henderson and its delegates and has access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit. The assurance report for one of the Company's service providers was qualified by their service auditor. The Committee reviewed the instances giving rise to the qualification and received confirmation that the exceptions identified had no impact on the Company.

The Committee is satisfied that the Annual Report and Financial Statements for the year ended 31 July 2022, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

System of internal controls

Board of Directors
(four non-executive directors)

How the system of internal control operates

The Board delegates contractually to service providers all the Company's operational requirements. It maintains oversight of these providers throughout the year by receiving regular reporting on their activities. All are considered key stakeholders.

The Management Engagement Committee formally evaluates the performance and service delivery of all service providers at least annually.

The Audit and Risk Committee evaluates the performance of the statutory auditor on completion of each audit cycle.

Janus Henderson
(Fund Manager, sales and marketing, company secretarial, financial reporting, internal controls functions, internal audit, investment accounting and administration)

Reporting
- Investment performance update at each meeting
- Investment Limits and Restrictions (monthly)
- Internal Controls Report (quarterly)
- Effectiveness of control environment (annually)

HSBC Bank plc
(Depositary/ Custodian)

Reporting
- Depositary's Report (quarterly)
- Presentation from the depositary and custodian (annually)

BNP Paribas Securities Services
(Accounting and administration services engaged by the Manager)

Reporting
- Balance sheet
- Liquidity and gearing
- Income forecasts
- Portfolio valuation
- Portfolio transactions
- Portfolio attribution
- Effectiveness of control environment (annually)

J. P. Morgan Cazenove
(Corporate Broker)

Computershare
(Registrar)

Audit and Risk Committee report (continued)

Internal control and risk management

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

The Board has established an ongoing process for identifying, evaluating and managing the principal and new or emerging 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;
- the 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 reports received and conducts a formal evaluation of the overall level of service provided at least annually;
- the review of controls at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and Depositary and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting provided by:
  - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has reviewed the Company's system of internal controls for the year ended 31 July 2022. During the course of its review the Board has not identified or been advised of any failings or weaknesses relating to the Company's portfolio 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 investment manager, Janus Henderson. The Board places reliance on the Company's framework of internal control and the Audit and Risk Committee's view on reporting received from specific second and third line of defence teams at the Manager.

The Manager's Operational Risk team supports the Audit and Risk 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 and Risk 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.

Auditor appointment and tenure

Regulations currently in force require the Company to rotate audit firms after a period of ten 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. The Committee last carried out an audit tender process in 2019 which led to the appointment of BDO LLP ("BDO") for the statutory audit for the financial year ended 31 July 2020 and the audits since that date.

The Auditor is required to rotate partners every five years. This is the third year that the current audit partner has been in place.

Auditor review and independence

The Committee monitors the Auditor's independence through the approval of a policy regulating the non-audit services that may be provided by the auditor to the Company, assessing the appropriateness of audit fees paid and by reviewing the information and assurances provided by the Auditor on their compliance with the relevant ethical standards.

BDO confirmed that all 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.

The Audit and Risk Committee has the opportunity to discuss the audit process with the auditor without representatives of the Manager present and considers the effectiveness of the audit process.

Audit and Risk Committee report (continued)

Non-audit services policy

The Audit and Risk Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditor. The Audit and Risk Committee has determined that the statutory auditor will not be engaged to provide any non-audit services without the approval of the Audit and Risk Committee. The statutory auditor is not pre-approved to provide any non-audit services. The Audit and Risk Committee may approve the provision of non-audit services if they consider such services to be:

- relevant to the statutory audit work;
- more efficiently provided by the statutory audit firm than by a third party; and
- at low risk of impairing the independence, objectivity and effectiveness of the audit.

The Audit and Risk Committee will refer to the Board any engagement with a cost or potential cost greater than £10,000. All engagements for non-audit services will be determined on a case-by-case basis. In addition, the provision of any non-audit services by the auditor is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies.

No non-audit services have been provided by BDO since their appointment.

Effectiveness of the external audit

The Audit and Risk Committee has the opportunity to discuss the audit process with the auditor without representatives of the Manager present and considers the effectiveness of the audit process.

The Committee considers the effectiveness of the audit process after each audit. The FRC's Audit Quality Inspection Report is supplied to the Audit and Risk Committee for information to assist with the assessment of the auditor's effectiveness.

The Audit and Risk Committee remained satisfied with the performance of BDO for the year ended 31 July 2022.

Fees

Fees paid or payable to the auditor are detailed in Note 6 on page 62.

On behalf of the Board

Katya Thomson
Chairman of the Audit and Risk Committee
30 September 2022

Directors' remuneration report

Annual statement

As Chairman, Nicola Ralston reports that following an annual review of fees in July 2022, Directors' fees were increased with effect from 1 August 2022 to £40,000 for the Chairman, £33,500 for the Audit and Risk Committee Chairman and £28,500 for other Directors. The additional amount paid to non-UK resident Directors in lieu of these individuals claiming travel and other expenses which was reinstated with effect from 1 August 2021 as a result of the COVID-19 restrictions being lifted and travel being permitted, was increased to £6,020 per annum with effect from 1 August 2022. When making a decision to increase remuneration the Directors review the fees paid to directors of other comparable investment trust companies and the Board noted the increases in the Retail Price Index, Consumer Price Index and total pay to growth ratio (in the year to the end of May 2022) which were 11.7%, 9.0% and 6.8% respectively).

The total remuneration to Directors for the year ended 31 July 2022 was £129,735.

The Company's remuneration policy has been in place since 2014 and was last approved by shareholders at the AGM in 2020. The policy will remain in place until 2023, unless amended by way of an ordinary resolution put to shareholders at a general meeting. No changes to the policy are currently proposed.

In accordance with Section 439A of the Companies Act 2006 ("Act"), the remuneration report will be put to shareholders at the forthcoming AGM. The vote is advisory.

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.

Report on implementation

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 (the "Regulations"). The report also meets the relevant requirements of the Act and the Listing Rules of the FCA and describes how the Board has applied the principles relating to Directors' remuneration.

The Board may amend the level of remuneration paid to individual Directors within the parameters of the remuneration policy. The Company's auditor is required to report on certain information contained within this report; where information set out has been audited it is indicated as such.

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

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

Remuneration policy

In determining the remuneration policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements, the AIC Code and whether the policy supports the Company's long-term sustainable success.

Directors are remunerated in the form of fees, payable quarterly in arrears. In accordance with the Company's Articles, the aggregate remuneration of the Directors may not exceed £200,000 per annum. Subject to the overall limit, the objective of the remuneration policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors, and should be sufficient to promote the long-term success of the Company and to enable candidates of a high calibre to be recruited without paying more than is necessary and having regard to the views of shareholders and other stakeholders. The Board obtains information about remuneration in other companies of comparable scale and complexity in order to avoid and manage conflicts of interest in determining remuneration levels.

Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit and Risk Committee who are paid a higher fee in recognition of their additional responsibilities.

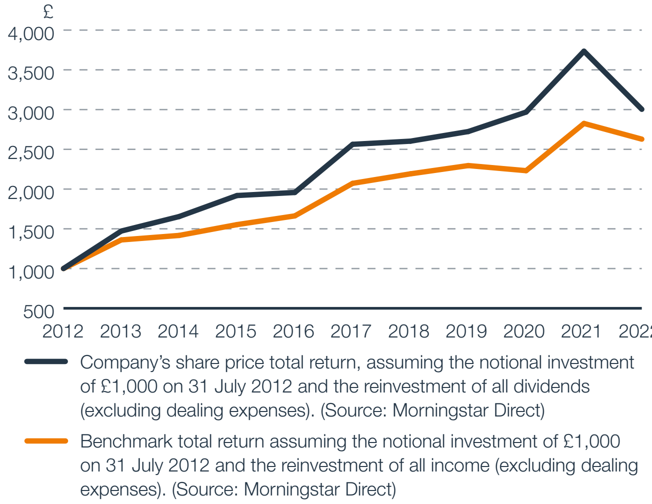
The level of remuneration paid to each Director is reviewed annually, although such review will not necessarily result in any change to the rate; any feedback from shareholders would be taken into account when setting remuneration levels. From time to time the Board may approve one-off payments to Directors for specific work undertaken in addition to their regular responsibilities. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties. Payments of additional amounts are made to non-UK resident Directors in lieu of these individuals claiming travel and other expenses (including overnight stays where necessary) attributable to their attendance at Board, Committee and other relevant meetings. The additional amount is included in the aggregate remuneration limit as set out in the Company's Articles.

Directors' remuneration report (continued)

No Director has a service contract with the Company. Directors' appointments may be terminated at any time by written notice with no compensation payable. No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

Performance

The graph opposite compares the mid-market price of the Company's ordinary shares over the ten year period ended 31 July 2022 with the return from the FTSE World Europe (ex UK) Index over the same period. The benchmark closely represents the Company's own portfolio.



Directors' remuneration (audited)

The remuneration paid to the Directors who served during the years ended 31 July 2022 and 31 July 2021 was as follows:

	Year ended 31 July 2022 Total salary and fees £	Year ended 31 July 2021 Total salary and fees £	**Year ended 31 July 2022 Taxable benefits £**	Year ended 31 July 2021 Taxable benefits £	**Year ended 31 July 2022 Total £**	Year ended 31 July 2021 Total £
Nicola Ralston[1]	38,000	35,000	–	–	38,000	35,000
Rutger Koopmans[2]	32,735	25,000	–	–	32,735	25,000
David Marsh[3]	–	7,496	–	–	–	7,496
Katya Thomson[4]	32,000	29,000	–	–	32,000	29,000
Stephen King	27,000	25,000	–	–	27,000	25,000
	129,735	**121,496**	**–**	**–**	**129,735**	**121,496**

Notes:
The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made.
1 Chairman and highest paid Director
2 Paid an additional amount of £5,735 per annum as a non-UK resident director during the financial year ended 31 July 2022, see below for more detail
3 Retired 18 November 2020
4 Chairman of the Audit and Risk Committee

For the year ended 31 July 2022, the fees paid to Directors were: Chairman £38,000, Chairman of the Audit and Risk Committee £32,000 and Directors £27,000. For the year ended 31 July 2021, the fees paid to Directors were: Chairman £35,000, Chairman of the Audit and Risk Committee £29,000 and Directors £25,000. Non-UK resident Directors were paid an additional amount of £5,735 per annum in lieu of these individuals claiming travel and other expenses attributable to their attendance at Board, Committee and other relevant meetings. This change was effective from 1 August 2019. The additional amount was removed whilst travel restrictions as a result of the COVID-19 pandemic were in place and was reinstated with effect from 1 August 2021. No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties specified by any of them.

Directors' remuneration report (continued)

Relative importance of spend on pay

Annual percentage change in Directors' remuneration

The table below sets out the annual percentage change in fees for each Director who served during the year ended 31 July 2022:

	Year to 31 July 2022 %	Year to 31 July 2021 %	Year to 31 July 2020 %
Nicola Ralston	**8.6**	0.0	0.0
Stephen King[1]	**8.0**	n/a	n/a
Rutger Koopmans[2]	**30.9**	(15.3)	0.75
Katya Thomson	**10.3**	0.0	0.0

1 Stephen King was appointed on 1 December 2019
2 The increase and reduction related to the impact of travel restrictions under COVID-19 which had resulted in the reinstatement and removal of the additional amount paid to non-UK resident Directors in lieu of these individuals claiming travel and other expenses attributable to their attendance at Board, Committee and other relevant meetings. Rutger Koopmans' increase would have been 8.0% for the year ended 31 July 2022 and 0.0% for the years ended 31 July 2021 and 31 July 2020 if these additional fees were not paid

Expenditure by the Company on remuneration and distributions to shareholders

The table below compares the total level of remuneration paid to Directors to the distributions made to shareholders in each year.

	Year ended 31 July 2022 £	Year ended 31 July 2021 £	Change £	Change %
Total remuneration paid to Directors[1]:	129,735	121,496	8,239	6.8
Distributions to shareholders:				
– Ordinary dividends	5,296,385	5,296,385	–	–

1 Amounts paid will fluctuate due to the number of Directors in any one year

Directors' interests in shares (audited)

The interests of the Directors in the ordinary shares of the Company at the end of each financial year are shown in the table below.

	Ordinary shares of 0.5p	
	31 July 2022	31 July 2021[1]
Nicola Ralston	**120,000**	120,000
Stephen King	**15,000**	15,000
Rutger Koopmans	**49,000**	49,000
Katya Thomson	**45,000**	45,000

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

There have been no changes to the Directors' holdings in the period 1 August 2022 to the date of this Annual Report.

In accordance with the Company's Articles, no Director is required to hold any shares in the Company by way of qualification.

Statement of voting at AGM

At the 2021 AGM 11,806,634 votes (99.88%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 13,637 (0.12%) were against, and 13,207 were withheld. In relation to the approval of the Remuneration Policy approved at the 2020 AGM, 11,253,422 (99.59%) were received voting for the resolution, 46,136 (0.41%) were against and 11,384 were withheld. All percentages of votes exclude votes withheld.

On behalf of the Board

Nicola Ralston
Chairman
30 September 2022

Directors' report

The Directors present the audited Financial Statements of Henderson EuroTrust plc (the "Company") and their report for the year from 1 August 2021 to 31 July 2022. The Company (a public limited company registered and domiciled in England & Wales with company registration number 02718241) was active throughout the year under review and was not dormant.

The Corporate governance statement (see pages 33 to 39) and Viability statement and going concern (see page 26) form part of the Directors' report.

Directors

Details of the Directors and their appointments can be found on page 32.

Share capital

At the AGM in November 2021, shareholders approved the sub-division of each ordinary share of 5p each into 10 new ordinary shares of 0.5p each. The Company's share capital currently comprises ordinary shares with a nominal value of 0.5p each. The voting rights of the shares on a poll are one vote for each share held. There are no restrictions on the transfer of the Company's ordinary shares or voting rights, no shares which carry specific rights with regard to the control of the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

At 31 July 2022 there were 212,055,410 ordinary shares of 0.5p each in issue (of which 200,000 were held in treasury). At 31 July 2021 there were 21,205,541 ordinary shares of 5p each in issue (of which 20,000 were held in treasury). No shares were issued during the year or in the period from 1 August 2022 to 30 September 2022. Shares in treasury do not carry voting rights, therefore, as at 31 July 2022 and 30 September 2022 the number of shares in issue (with voting rights) was 211,855,410.

The Directors seek annual authority from shareholders to allot new ordinary shares, to disapply pre-emption rights of existing shareholders and to buyback ordinary shares for cancellation or to be held in treasury. At the AGM held in November 2021 the Directors were granted authority to buyback 31,757,120 shares (being 14.99% of the issued ordinary share capital as at 17 November 2021, as adjusted to reflect the sub-division of shares on 22 November 2021). In the period from 1 August 2022 to 30 September 2022 the Company did not buyback any ordinary shares. There remained 31,757,120 ordinary shares available within the buyback authority granted in 2021. This authority will expire at the conclusion of the 2022 AGM. The Directors intend to renew this authority subject to shareholder approval.

Fund Manager's interests

Jamie Ross has a beneficial interest in 202,329 ordinary shares.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 July 2022 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

Shareholder	% of voting rights
1607 Capital	11.3
Allspring Global Investments	9.4
City of London Investment Management	8.0
Evelyn Partners	6.9
Brewin Dolphin	6.4
Rathbone Investment Management	4.9

On 29 September 2022, the Company was notified that Allspring Global Investments had a 10.1% interest in the Company, no other changes have been notified in the period 1 August 2022 to 30 September 2022.

Related party transactions

The Company's transactions with related parties in the year were with its Directors and the Manager. There have been no material transactions between the Company and its Directors during the year and 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 46.

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 facilitation of marketing activities with third parties, there have been no material transactions with the Manager affecting the financial position 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 19 on page 72.

Energy and carbon reporting

Details of the Company's disclosures with regard to energy and carbon reporting can be found on page 29.

Post balance sheet events

The Company has no post balance sheet events to report.

Directors' report (continued)

Future developments

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

Dividend

See Note 10 to the Financial Statements which sets out details relating to the Dividend on ordinary shares payable for the year ended 31 July 2022.

Annual General Meeting ("AGM")

The Company's AGM is currently scheduled to take place at 2.30pm on Thursday 17 November 2022 at the Company's registered office.

The Notice of Meeting and details of the resolutions to be put to the AGM are contained in the circular sent to shareholders with this report.

The Company's AGM will be broadcast live on the internet. If you are unable to attend in person, you can watch the meeting by visiting **www.janushenderson.com/trustslive.**

Directors' statement as to disclosure of information to auditors

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

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.

Other information

Information on financial risks are detailed on pages 66 to 71.

By order of the Board

For and on behalf of
Janus Henderson Secretarial Services UK Limited
Corporate Secretary
30 September 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' report, a strategic report and a Directors' remuneration report which comply with the requirements of the Companies Act 2006.

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

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

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. The Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the Directors, who are listed on page 32, confirms that, to the best of his or her knowledge:

- the Company's Financial Statements, which have been prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Annual 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.

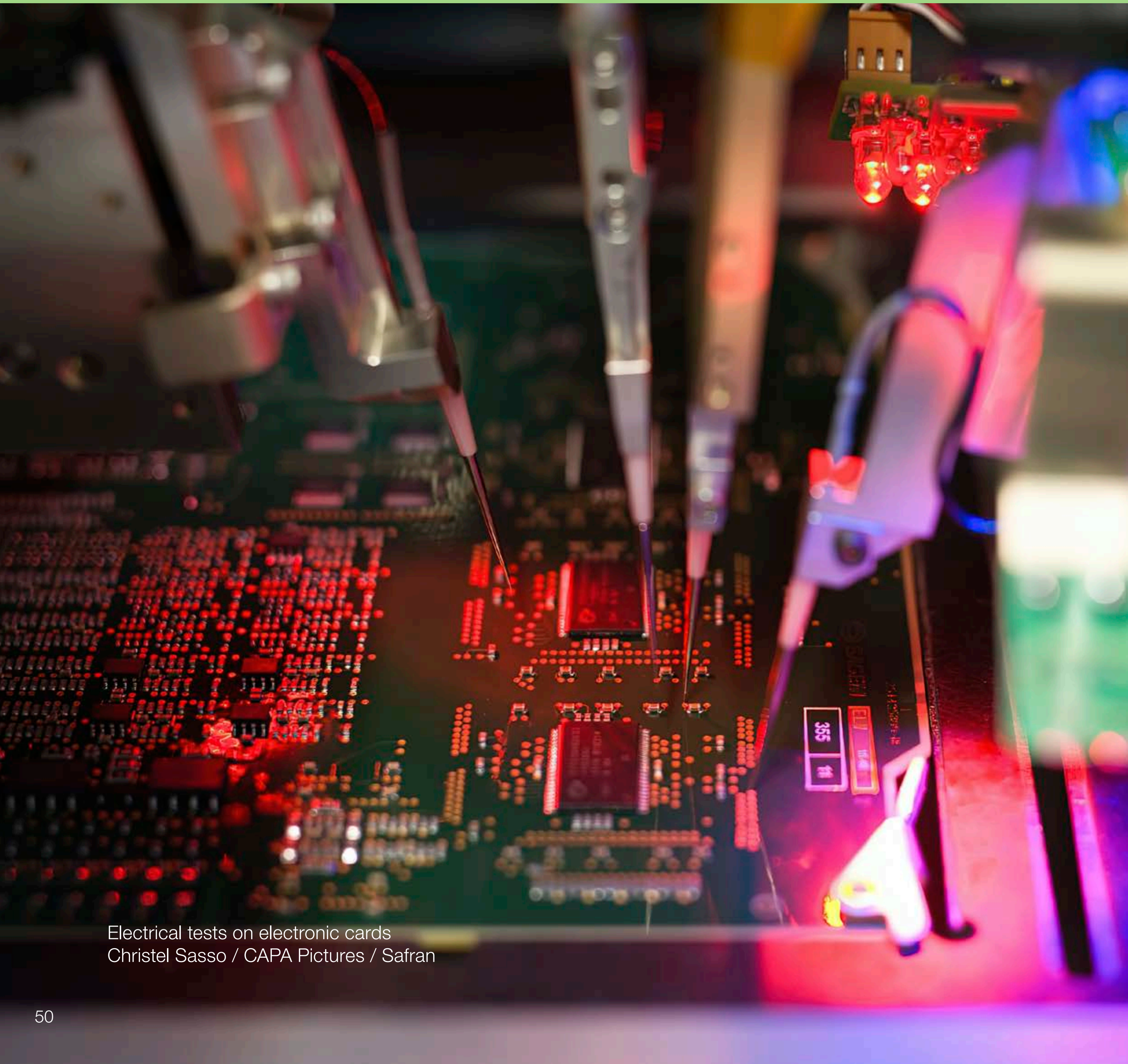
On behalf of the Board

Nicola Ralston
Chairman
30 September 2022

Financial Statements

The Financial Statements include:

- Independent Auditor's Report
- Income Statement
- Statement of Changes in Equity
- Statement of Financial Position
- Notes to the Financial Statements



Electrical tests on electronic cards
Christel Sasso / CAPA Pictures / Safran

Independent Auditor's Report to the Members of Henderson EuroTrust 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 July 2022 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Henderson EuroTrust Plc (the 'Company') for the year ended 31 July 2022 which comprise Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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 Board of Directors on 6 March 2020 to audit the financial statements for the year ending 31 July 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ending 31 July 2020 to 31 July 2022. 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:

- Evaluating the Director's assessment of going concern in light of current market uncertainty and volatility, by:
  - Challenging the key assumptions and judgements made such as the investment income forecasts with reference to current year actuals and post year end results;
  - Challenging the assumptions and judgements made by the Directors in their stress-tests and considering the impact on banking covenant compliance by performing a reverse stress test on the forecast and recalculating covenant requirements to assess compliance with the loan covenants; 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.

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

Independent Auditor's Report to the Members of Henderson EuroTrust plc (continued)

Overview

Key audit matters		2022	2021
	Valuation and Ownership of Investments	✓	✓
	Revenue Recognition	✓	✓
Materiality	Financial statements as a whole £3.01m (2021: £3.55m) based on 1% (2021: 1%) of Net Assets		

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 we addressed the key audit matter in the audit
Valuation and ownership of investments (Note 1(c) page 59 and Note 11 page 65 to the financial statements The investment portfolio at the year-end comprised of investments held at fair value through profit or loss. The investment portfolio is the most significant balance in the financial statements and is the key driver of performance and we therefore determined this to be a key audit matter. The Investment Manager's fee is based on the value of the net assets of the fund. As the investment manager is responsible for valuing investments for the financial statements, there is a potential risk of misstatement of investment valuations.	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures on valuation: • Confirmed that bid price has been used by agreeing to externally quoted prices; • Recalculating the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; 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 balance sheet date. **Key observations:** Based on our procedures performed we consider the valuation and ownership of investments to be appropriate.
Revenue recognition (Note 1(e) page 60 and Note 3 page 62 to the financial statements Investment income arises from dividends and can be volatile, but is often a key factor in demonstrating the performance of the portfolio and is of importance to the users of the financial statements. Additionally, judgement is required in the allocation of investment income to revenue or capital which impacts the distributable reserves from which dividends are declared. We therefore determine this to be a matter of most significance in our audit and a key audit matter.	We have derived an independent expectation of income for the whole portfolio using data analytics based on the investment holding and distributions from independent sources. We have also cross checked the portfolio against corporate actions and special dividends and challenged whether dividends have been appropriately accounted for as revenue 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. **Key observations:** Based on our procedures performed we did not identify any matters to suggest that revenue recognition was inappropriate.

Independent Auditor's Report to the Members of Henderson EuroTrust plc (continued)

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:

	Company financial statements	
	2022	2021
Materiality	£3.01m	£3.55m
Basis for determining materiality	1% of Net Assets	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	£2.26m	£2.66m
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 based on £416,000 (2021: £200,000) based on 5% (2021: 5%) of revenue return before tax. We further applied a performance materiality level of 75% (2021: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £150,000 (2021: £178,000). For items impacting revenue return, we agreed that we will report any audit differences above £20,000 (2021: £10,000). We also agreed to report differences below this threshold 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 Statement 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 Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Independent Auditor's Report to the Members of Henderson EuroTrust plc (continued)

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 59; 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	• Directors' statement on fair, balanced and understandable set out on page 49; • 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 37; and • The section describing the work of the audit committee set out on page 40.

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.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • 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. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company 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.

Independent Auditor's Report to the Members of Henderson EuroTrust plc (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 it 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.

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;
- making enquiries of management and those charged with governance as to their knowledge of any actual or suspected non-compliance with laws and regulations and fraud;
- reviewing correspondence with the relevant authorities to identify any non-compliance with laws and regulations;
- reviewing minutes of board meetings throughout the period to corroborate responses to enquiries;
- 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 and those that appear to be unusual; 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 auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30 September 2022

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

Income Statement

Note		Year ended 31 July 2022 Revenue return £'000	Year ended 31 July 2022 Capital return £'000	Year ended 31 July 2022 Total return £'000	Year ended 31 July 2021 Revenue return £'000	Year ended 31 July 2021 Capital return £'000	Year ended 31 July 2021 Total return £'000
2	(Losses)/gains on investments held at fair value through profit or loss	–	(54,923)	(54,923)	–	63,090	63,090
3	Investment income	9,298	–	9,298	4,996	–	4,996
4	Other income	1	–	1	–	–	–
	Gross revenue and capital gains	**9,299**	**(54,923)**	**(45,624)**	**4,996**	**63,090**	**68,086**
5	Management fee	(410)	(1,642)	(2,052)	(430)	(1,718)	(2,148)
6	Other administrative expenses	(553)	–	(553)	(467)	–	(467)
	Net (loss)/return before finance costs and taxation	**8,336**	**(56,565)**	**(48,229)**	**4,099**	**61,372**	**65,471**
7	Finance costs	(17)	(67)	(84)	(21)	(82)	(103)
	Net (loss)/return before taxation	**8,319**	**(56,632)**	**(48,313)**	**4,078**	**61,290**	**65,368**
8	Taxation on net return	(69)	(11)	(80)	(613)	–	(613)
	Net (loss)/return after taxation	**8,250**	**(56,643)**	**(48,393)**	**3,465**	**61,290**	**64,755**
9	(Loss)/return per ordinary share (basic and diluted)[1]	3.9p	(26.7p)	(22.8p)	1.7p	28.9p	30.6p

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

The total return column of this statement represents the Income Statement of the Company.

All revenue and capital items in the above statement derive from continuing operations.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the AIC.

The Company had no recognised gains or losses other than those disclosed in the Income Statement.

The notes on pages 59 to 72 form part of these financial statements

Statement of Changes in Equity

Note	**Year ended 31 July 2022**	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total shareholders' funds £'000**
	At 1 August 2021	1,060	41,032	263	307,722	4,633	354,710
	Net (loss)/return after taxation	–	–	–	(56,643)	8,250	(48,393)
	Costs relating to sub-division of shares	–	–	–	(14)	–	(14)
10	Final dividend paid in respect of the year ended 31 July 2021 (paid 24 November 2021)	–	–	–	–	(3,602)	(3,602)
10	Interim dividend paid in respect of the year ended 31 July 2022 (paid 22 April 2022)	–	–	–	–	(1,695)	(1,695)
10	Refund of unclaimed dividends over 12 years old	–	–	–	–	4	4
	At 31 July 2022	**1,060**	**41,032**	**263**	**251,065**	**7,590**	**301,010**

Note	Year ended 31 July 2021	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
	At 1 August 2020	1,060	41,032	263	246,335	6,463	295,153
	Net return after taxation	–	–	–	61,290	3,465	64,755
10	Final dividend paid in respect of the year ended 31 July 2020 (paid 25 November 2020)	–	–	–	–	(3,602)	(3,602)
10	Interim dividend paid in respect of the year ended 31 July 2021 (paid 23 April 2021)	–	–	–	–	(1,695)	(1,695)
10	Refund of unclaimed dividends over 12 years old	–	–	–	–	2	2
18	Refund of unclaimed zero dividend preference shares redemption proceeds	–	–	–	97	–	97
	At 31 July 2021	**1,060**	**41,032**	**263**	**307,722**	**4,633**	**354,710**

The notes on pages 59 to 72 form part of these financial statements

Statement of Financial Position

Note		As at 31 July 2022 £'000	As at 31 July 2021 £'000
	Fixed assets		
	Fixed asset investments held at fair value through profit or loss		
11	Listed at market value – overseas	308,398	344,803
	Current assets		
12	Debtors	6,192	1,797
	Cash and cash equivalents	2,482	9,776
		8,674	**11,573**
13	**Creditors: amounts falling due within one year**	(16,062)	(1,666)
	Net current (liabilities)/assets	**(7,388)**	**9,907**
	Total assets less current liabilities	301,010	354,710
	Net assets	**301,010**	**354,710**
	Capital and reserves		
16	Called up share capital	1,060	1,060
17	Share premium account	41,032	41,032
	Capital redemption reserve	263	263
18	Capital reserves	251,065	307,722
	Revenue reserve	7,590	4,633
	Total shareholders' funds	**301,010**	**354,710**
14	Net asset value per ordinary share (basic and diluted)[1]	142.1p	167.4p

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

The Financial Statements on pages 56 to 72 were approved and authorised for issue by the Board of Directors on 30 September 2022 and were signed on their behalf by:

Nicola Ralston
Chairman

The notes on pages 59 to 72 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The Company is a registered investment company as defined in Section 833 of the Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 79.

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 April 2021.

The principal accounting policies applied in the presentation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented. There have been no significant changes to the accounting policies compared to those set out in the Company's Annual Report for the year ended 31 July 2021.

As an investment company the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment company meets all the following conditions: substantially all of the entity's investments are highly liquid, substantially all of the entity's investments are carried at market value, and the entity provides a statement of changes in equity. The Directors have assessed that the Company meets all of these conditions.

The Financial Statements have been prepared under the historical cost basis except for the measurement at fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with Section 11 and 12 of the standard.

All of the Company's operations are of a continuing nature.

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 amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The Directors do not believe that any accounting judgements or estimates 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 primarily readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the Financial Statements. Having assessed these factors and the principal risks, as well as considering the impact of the rise in inflation, COVID-19 and the risks arising from the wider ramifications of the conflict between Russia and Ukraine, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements.

c) Fixed asset investments held at fair value through profit or loss

All investments are designated upon initial recognition as held at fair value through profit or loss. 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. The fair value of the financial instruments is based on their quoted bid price at the Statement of Financial Position date, without deduction of the estimated future selling 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 "(Losses)/gains 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.

Unquoted investments are valued by the Directors using primary valuation techniques such as earnings multiples, recent transactions and net assets. All such valuations are reviewed by both Janus Henderson's EMEA Pricing Committee and by the Directors.

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 recognised within the capital reserves.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

e) Income

Dividends receivable 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 and is included in (losses)/gains on investments. Bank deposit interest is taken to revenue return on an accruals basis.

The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Where the Company enters into a commitment to underwrite an issue of securities in exchange for the receipt of commission, a derivative financial instrument is recognised initially at fair value. The derivative is re-measured subsequently at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from these derivatives, where actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

f) 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 80% and 20% respectively, the Company charges 80% of its finance costs and management fee to the capital return. All other expenses are charged to revenue return. All of these amounts are stated net of any tax relief and inclusive of any related irrecoverable value added tax.

g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

The tax effect of different items of expenditure is allocated between the capital return and revenue return using the Company's effective tax rate.

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 from 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 substantially enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

h) Foreign currency

The results and financial position of the Company are expressed in pounds Sterling, which is the functional currency and presentational currency.

The Company is required to determine functional currency, being the currency in which the Company predominantly operates. 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 as 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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

i) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

j) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the Financial Statements when they are paid or, in the case of final dividends, when they are approved by shareholders. Dividends are dealt with in the Statement of Changes in Equity.

k) Issue and repurchase of ordinary shares

The proceeds from the issue of new ordinary shares (including those relating to the sale of shares out of treasury) and the aggregate cost of repurchasing ordinary shares (including those to be held in treasury), including related stamp duty and transaction costs, is taken directly to equity and dealt with in the Statement of Changes in Equity. Share issues and repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

l) Capital 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 issue of shares net of costs.

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

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

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

Capital reserve arising on 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.

m) Distributable reserves

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

2 (Losses)/gains on investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Gains on sale of investments based on historical cost	4,271	44,090
Less: Revaluation gains recognised in previous years	(32,176)	(25,585)
(Losses)/gains on investments sold in the year based on carrying value at previous statement of financial position date	**(27,905)**	**18,505**
Revaluation of investments held at 31 July	(27,108)	44,860
Exchange gains/(losses)[1]	90	(275)
	(54,923)	**63,090**

1 Includes exchange losses of £20,000 (2021: £204,000) on bank loans

Notes to the Financial Statements (continued)

3 Investment income

	2022 £'000	2021 £'000
Overseas dividend income	9,298	4,996
	9,298	4,996

4 Other income

	2022 £'000	2021 £'000
Interest received	1	–
	1	**–**

5 Management fee

	2022			2021		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	**410**	**1,642**	**2,052**	430	1,718	2,148

A summary of the terms of the management agreement is given in the Strategic Report on page 20. See Note 1(f) for more detail regarding the split between revenue return and capital return.

6 Other administrative expenses

	2022 £'000	2021 £'000
Directors' fees and taxable benefits (see the Directors' Remuneration Report on page 45)	130	121
Auditor's remuneration – for statutory audit services	35	26
Bank charges	49	50
Loan – including arrangement fees, non utilisation fees and legal fees	97	48
Legal and professional fees	33	16
Marketing expenses recharged by Janus Henderson	58	53
Printing and postage	12	25
Stock exchange listing	29	26
AIC fees	20	18
Registrar's fees	13	14
Depositary fees	39	41
Other expenses	38	29
	553	**467**

The auditor's remuneration net of VAT for the year is £35,000 (2021: £26,000).

All transactions with Directors are disclosed in the Directors' Remuneration Report and are related party transactions.

7 Finance costs

	2022			2021		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Loan interest	9	36	45	14	55	69
Overdraft interest	8	31	39	7	27	34
	17	**67**	**84**	**21**	**82**	**103**

Notes to the Financial Statements (continued)

8 Taxation on net return

a) Analysis of the charge for the year

	2022 Revenue return £'000	2022 Capital return £'000	2022 Total return £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total return £'000
Foreign withholding taxes	943	11	954	944	–	944
Refund of Corporation tax from FII/GLO claim	(371)	–	(371)	–	–	–
Overseas tax reclaimable	(503)	–	(503)	(331)	–	(331)
Total tax charge for the year (see Note 8b)	**69**	**11**	**80**	**613**	**–**	**613**

The Company filed a claim with HMRC (on the basis of the principles set out in the Franked Investment Income Group Litigation Order ("FII/GLO") claim) for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim was filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods.

This claim has been successfully settled with HMRC and has been accounted for in the current year.

b) Factors affecting the tax charge for the year

	2022 Revenue return £'000	2022 Capital return £'000	2022 Total return £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total return £'000
Net (loss)/return before taxation	**8,319**	**(56,632)**	**(48,313)**	**4,078**	**61,290**	**65,368**
Corporation tax at 19% (2021: 19%)	1,581	(10,760)	(9,179)	775	11,645	12,420
Effects of:						
Non-taxable gains less losses on investments held at fair value through profit or loss	–	10,435	10,435	–	(11,982)	(11,982)
Non-taxable dividends	(1,766)	–	(1,766)	(949)	(5)	(954)
Overseas tax	439	11	450	613	–	613
Refund of Corporation tax from FII/GLO claim	(371)	–	(371)	–	–	–
Expenses not deductible for tax purposes	–	3	3	–	–	–
Excess management expenses	186	322	508	174	342	516
Total tax charge	**69**	**11**	**80**	**613**	**–**	**613**

c) Deferred taxation

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 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 £5,252,000 (2021: £6,238,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £27,640,000 (2021: £24,953,000), and based on a prospective tax rate of 19% (2021: 25%).

Notes to the Financial Statements (continued)

9 (Loss)/return per ordinary share (basic and diluted)

The total return per ordinary share is based on the net loss attributable to the ordinary shares of £48,393,000 (2021: return £64,755,000) and on 211,855,410 ordinary shares (2021: 211,855,410[1]), being the weighted average number of shares in issue during the year. The total return can be further analysed as follows:

	2022 £'000	2021 £'000
Revenue return	8,250	3,465
Capital return	(56,643)	61,290
Total (loss)/return	**(48,393)**	**64,755**
Weighted average number of ordinary shares[1]	**211,855,410**	**211,855,410**

	2022 Pence	2021 Pence
Revenue return per ordinary share[1]	3.9	1.7
Capital return per ordinary share[1]	(26.7)	28.9
Total (loss)/return per ordinary share[1]	**(22.8)**	**30.6**

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

The Company has no securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted return per ordinary share are the same.

10 Dividends on ordinary shares

	Register date	Payment date	2022 £'000	2021 £'000
Final dividend (1.7p[1]) for the year ended 31 July 2020	23 October 2020	25 November 2020	–	3,602
Interim dividend (0.8p[1]) for the year ended 31 July 2021	9 April 2021	23 April 2021	–	1,695
Final dividend (1.7p[1]) for the year ended 31 July 2021	22 October 2021	24 November 2021	3,602	–
Interim dividend (0.8p) for the year ended 31 July 2022	8 April 2022	22 April 2022	1,695	–
Refund of unclaimed dividends over 12 years old			(4)	(2)
			5,293	**5,295**

1 Comparative figures for the period ended 31 July 2020 and 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

The proposed final dividend of 3.0p per share for the year ended 31 July 2022 is subject to approval by shareholders at the AGM and has not been included as a liability in these Financial Statements. The final dividend will be paid on 23 November 2022 to shareholders on the register of members at the close of business on 21 October 2022. The shares will be quoted ex-dividend on 20 October 2022.

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

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:

	2022 £'000	2021 £'000
Revenue available for distribution by way of dividend for the year	8,250	3,465
Interim dividend of 0.8p (2021: 0.8p[1]) paid 22 April 2022 (2021: 23 April 2021)	(1,695)	(1,695)
Proposed final dividend for the year ended 31 July 2022 of 3.0p (2021: 1.7p[1]) (based on 211,855,410 ordinary shares in issue at 30 September 2022 (2021: 211,855,410[1])	(6,356)	(3,602)
Transfer to/(from) revenue reserve[2]	**199**	**(1,832)**

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

2 There is £199,000 of undistributed revenue in the current year (2021: £1,832,000 was paid from revenue reserves)

Notes to the Financial Statements (continued)

11 Fixed asset investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Valuation at start of year	344,803	304,724
Investment holding gains at start of year	(78,156)	(58,881)
Cost of investments at start of year	**266,647**	**245,843**
Purchases at cost	199,026	202,681
Sales at cost	(176,147)	(181,877)
Cost of investments at end of year	**289,526**	**266,647**
Investment holding gains at end of year	18,872	78,156
Valuation at end of year	**308,398**	**344,803**

The Company received £180,418,000 (2021: £225,942,000) from investments sold in the year. The book cost of these investments when they were purchased was £176,147,000 (2021: £181,877,000). 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 £356,000 (2021: £253,000) of which purchase transaction costs for the year ended 31 July 2022 were £296,000 (2021: £176,000) and comprises mainly brokers' commission. Sale transaction costs for the year ended 31 July 2022 were £60,000 (2021: £77,000).

12 Debtors

	2022 £'000	2021 £'000
Withholding tax recoverable	2,198	1,692
Corporation tax recoverable	371	–
Prepayments and accrued income	154	105
Amounts due from brokers	3,469	–
	6,192	**1,797**

13 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank loans (see note 15.1.3 and 15.2)	12,593	–
Purchases for future settlement	2,224	798
Management fee	1,123	748
Loan interest payable	2	6
Other accruals	120	114
	16,062	**1,666**

Notes to the Financial Statements (continued)

14 Net asset value per ordinary share (basic and diluted)

The net asset value per ordinary share of 142.1p (2021: 167.4[1]p) is based on the net assets attributable to ordinary shares of £301,010,000 (2021: £354,710,000) and 211,855,410 (2021: 211,855,410[1]) ordinary shares in issue at the year end. There were also 200,000 shares held in Treasury at the year end (2021: 200,000[1]).

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

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

	2022 £'000	2021 £'000
Net assets attributable to the ordinary shares at start of year	354,710	295,153
Net return after taxation	(48,393)	64,755
Costs relating to sub-division of shares	(14)	–
Dividends paid on ordinary shares in the year	(5,297)	(5,297)
Refund of unclaimed dividends over 12 years old	4	2
Refund of unclaimed zero dividend preference shares redemption proceeds	–	97
Total net assets attributable to the ordinary shares at 31 July	**301,010**	**354,710**

15 Risk management policies and procedures

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

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

- straight-through processing via a deal order and management system ("OMS") is utilised for listed securities, exchange-traded derivatives and OTC derivatives contracts with connectivity to third-party affirmation and trade repository services;
- portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine;
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises HiPortfolio software;
- 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 for VaR statistics, stress-testing and back-testing;
  - UBS Delta, Style Research, MSCI RiskMetrics 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 in the Derivatives Risk and Compliance database.

The Board determines the objectives, policies and processes for managing the risks, and these are set out below under the relevant risk categories. The policies for the management of risk have not changed from the previous accounting year.

The Company has a spread of investments which by their nature are lower risk than placing the entire amount of the Company's assets in solely one investment. Equity investments can be higher risk than some other investments but the longer term return can be positive. The performance of equities has been and is likely to continue to be volatile over the shorter term.

15.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises market price risk (see Note 15.1.1), currency risk (see Note 15.1.2) and interest rate risk (see Note 15.1.3). Janus Henderson assesses the exposure to market 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.

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.1.1 Market price risk

Market price risk (changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of quoted and unquoted investments. The Company may use, and has from time to time used, derivatives to manage market price risk.

Management of the risk

The Board of Directors manages the risks inherent in the investment portfolio by ensuring 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 and asset allocation.

The Company's exposure to changes in market prices at 31 July 2022 on its investments held at fair value through profit or loss was £308,398,000 (2021: £344,803,000).

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on page 13. 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.

Market price sensitivity

The following illustrates the sensitivity of the return after taxation for the year, and the net assets, to an increase or decrease of 20% (2021: 20%) in the fair values of the Company's equities. 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 each Statement of Financial Position date, with all other variables held constant.

	2022		2021	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Income Statement – net return after taxation				
Revenue (loss)/return	(68)	80	(76)	90
Capital return/(loss)	61,409	(61,359)	68,658	(68,603)
Total return after tax for the year	**61,341**	**(61,279)**	**68,582**	**(68,513)**
Impact on net assets	**61,341**	**(61,279)**	**68,582**	**(68,513)**

15.1.2 Currency risk

The majority of the Company's assets, liabilities and income 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

Janus Henderson monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. Janus Henderson 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.

Foreign currency borrowings have the effect of reducing 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 to 30% of the Consolidated Gross Borrowings expressed as a percentage of the Investment Portfolio Value.

Investment income denominated in foreign currencies is converted into Sterling on receipt.

The Company does not currently use financial instruments to mitigate currency exposure from portfolio assets denominated in currencies other than Sterling or from investment income 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 July are shown overleaf. 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)

15 Risk management policies and procedures (continued)

15.1.2 Currency risk (continued)

2022	Euro £'000	Swiss Franc £'000	Danish Krone £'000	Norwegian Krone £'000	Total £'000
Creditors (amounts due to brokers, bank loans, interest payable)	(14,820)	–	–	–	(14,820)
Cash and cash equivalents	1,083	860	–	–	1,943
Debtors (amounts due from brokers, withholding tax recoverable)	3,178	2,245	236	114	5,773
Total foreign currency exposure on net monetary items	**(10,559)**	**3,105**	**236**	**114**	**(7,104)**
Investments at fair value through profit or loss	241,623	57,434	9,341	–	308,398
Total net foreign currency exposures	**231,064**	**60,539**	**9,577**	**114**	**301,294**

2021	Euro £'000	Swiss Franc £'000	Swedish Krona £'000	Danish Krone £'000	Norwegian Krone £'000	Total £'000
Creditors (amounts due to brokers, bank loans, interest payable)	(804)	–	–	–	–	(804)
Cash and cash equivalents	7,260	–	–	–	–	7,260
Debtors (amounts due from brokers, withholding tax recoverable)	791	656	–	212	115	1,774
Total foreign currency exposure on net monetary items	**7,247**	**656**	**–**	**212**	**115**	**8,230**
Investments at fair value through profit or loss	250,121	55,413	14,328	24,941	–	344,803
Total net foreign currency exposures	**257,368**	**56,069**	**14,328**	**25,153**	**115**	**353,033**

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

Foreign currency sensitivity

The following table illustrates the sensitivity of the total profit after tax for the year 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 for Sterling against each currency set out below.

It assumes a +/-10% change in exchange rates (2021: +/-10%).

These percentages are deemed reasonable based on the average market volatility in exchange rates in recent years. The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at each Statement of Financial Position date.

If Sterling had depreciated against the currencies shown the impact on the total return would have been as follows:

	2022					2021				
	Danish Krone £'000	**Euro £'000**	**US Dollar[1] £'000**	**Norwegian Krone £'000**	**Swiss Franc £'000**	Danish Krone £'000	Euro £'000	Norwegian Krone £'000	Swedish Krona £'000	Swiss Franc £'000
Income Statement – net return after taxation										
Revenue return	26	793	6	–	175	23	315	–	(2)	56
Capital return	1,059	25,546	–	13	343	2,781	28,453	13	1,584	6,199
Change in total return after taxation for the year and shareholders' funds	**1,085**	**26,339**	**6**	**13**	**518**	**2,804**	**28,768**	**13**	**1,582**	**6,255**

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.1.2 Currency risk (continued)

If Sterling had appreciated against the currencies shown the impact on the total return would have been as follows:

	2022 Danish Krone £'000	2022 Euro £'000	2022 US Dollar[1] £'000	2022 Norwegian Krone £'000	2022 Swiss Franc £'000	2021 Danish Krone £'000	2021 Euro £'000	2021 Norwegian Krone £'000	2021 Swedish Krona £'000	2021 Swiss Franc £'000
Income Statement – net return after taxation										
Revenue return	(21)	(631)	(6)	–	(143)	(19)	(258)	–	2	(45)
Capital return	(866)	(21,742)	–	(10)	(280)	(2,274)	(23,277)	(10)	(1,296)	(5,072)
Change in total return after taxation for the year and shareholders' funds	**(887)**	**(22,373)**	**(6)**	**(10)**	**(423)**	**(2,293)**	**(23,535)**	**(10)**	**(1,294)**	**(5,117)**

1 Although the Company holds no US Dollar investments, some companies in the portfolio may pay their dividends in US Dollar

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.

15.1.3 Interest rate risk

Interest rate movements may affect the interest payable on the Company's variable rate borrowings.

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. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when borrowing under the multi-currency loan facility.

Interest rate exposure

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

	2022 Total (within one year) £'000	2021 Total (within one year) £'000
Exposure to floating interest rates:		
Cash at bank	2,482	9,776
Creditors:		
Borrowings under multi-currency loan facility	(12,593)	–
	(10,111)	**9,776**

Interest rate sensitivity

The Company is primarily exposed to interest rate risk through its multi-currency loan facility and cash at bank.

Loan sensitivity – Borrowings vary throughout the year as a result of the Board's borrowing policy. Borrowings at the year end were £12,593,000 (2021: £nil) (Note 13) and, if that level of borrowings was maintained for a full year, then a 100 basis point change in interest rates (up or down) would decrease or increase the total net return after taxation by approximately £126,000 (2021: £nil).

Cash – Cash balances vary throughout the year. Cash balances at the year end were £2,482,000 (2021: £9,776,000) and, if that level of cash was maintained for a full year, a 100 basis points change in interest rates (up or down) would increase or decrease total net return after taxation by approximately £25,000 (2021: £98,000).

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.2 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 has a multi-currency loan facility of £25 million (2021: £25 million) of which £12,593,000 (2021: £nil) was drawn down at the year end and an overdraft facility with a sub custodian, the extent of which is determined by the custodian on a regular basis by reference to the value of the securities held by it on behalf of the Company.

The Board gives guidance to the Manager as to the maximum amounts 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 July, based on the earliest date on which payment can be required were as follows:

	2022 Due within one month £'000	2021 Due within one month £'000
Bank loans (including accrued interest)	12,595	6
Other creditors and accruals	3,467	1,660
	16,062	**1,666**

15.3 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 may be 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 creditworthy and is subject to continual review.

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

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

15.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments) or the Statement of Financial Position amount is a reasonable approximation of fair value due to their short term to maturity (amounts due from brokers, dividend and interest receivable, amounts due to brokers, accruals, cash at bank and bank loans).

15.5 Fair value hierarchy disclosures

The table below analyses fair value measurements for investments held at fair value through profit or loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on the valuation techniques used and are defined as follows under FRS 102:

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Financial assets at fair value through profit or loss at 31 July 2022	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	306,515	1,883	–	308,398
Total	**306,515**	**1,883**	**–**	**308,398**

Financial assets at fair value through profit or loss at 31 July 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	342,154	2,649	–	344,803
Total	**342,154**	**2,649**	**–**	**344,803**

Notes to the Financial Statements (continued)

15 Risk management policies and procedures (continued)

15.5 Fair value hierarchy disclosures (continued)

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Holdings within level 2 will include any investments where there is insufficient liquidity in trading volumes at the year end.

The holding in OW Bunker is included in Level 3 and is currently valued at £nil (2021: £nil).

The total carrying value of receivables, as stated in Note 12, is a reasonable approximation of their fair value as at the year end date. The total carrying value of financial liabilities, as disclosed in Note 13, is a reasonable approximation of their fair value at the year end date.

15.6 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 revenue and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital as at 31 July 2022 comprised its equity share capital, reserves and bank loans that are shown in the Statement of Financial Position at a total of £313,603,000 (2021: £354,710,000).

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

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

The Company is subject to additional externally imposed capital requirements:

- under the multi-currency loan facility total borrowings not to exceed 30% of the Consolidated Gross Borrowings expressed as a percentage of the Investment Portfolio Value and the net asset value not to fall below £125 million (2021: £125 million);
- 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 law.

These requirements are unchanged since last year, unless stated above.

16 Called up share capital

	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
Allotted and issued ordinary shares of 0.5p each at the end of the year ended 31 July 2021[1]	211,855,410	212,055,410	1,060
At 31 July 2022	**211,855,410**	**212,055,410**	**1,060**

During the year the Company issued no shares (2021: none).

During the year the Company repurchased no shares (2021: none).

Shares held in treasury (2022: 200,000; 2021: 200,000[1]) are not entitled to receive a dividend.

There is a single class of ordinary share. Accounting policy 1(m) on page 61 details the reserves that can be distributed as a dividend.

Since 31 July 2022, no shares have been repurchased or issued.

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

Notes to the Financial Statements (continued)

17 Share premium account

	2022 £'000	2021 £'000
At start of year	41,032	41,032
At end of year	**41,032**	**41,032**

18 Capital reserves

	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital reserves total £'000
At 1 August 2021	229,566	78,156	307,722
Transfer on disposal of assets	32,176	(32,176)	–
Net movement on investments held at fair value through profit or loss	(27,905)	(27,108)	(55,013)
Net movement on foreign exchange	90	–	90
Expenses and finance costs charged to capital	(1,709)	–	(1,709)
Costs relating to sub-division of shares	(14)	–	(14)
Tax on capital dividend	(11)	–	(11)
At 31 July 2022	**232,193**	**18,872**	**251,065**

	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital reserves total £'000
At 1 August 2020	187,454	58,881	246,335
Transfer on disposal of assets	25,585	(25,585)	–
Net movement on investments held at fair value through profit or loss	18,505	44,860	63,365
Net movement on foreign exchange	(275)	–	(275)
Expenses and finance costs charged to capital	(1,800)	–	(1,800)
Refund of unclaimed zero dividend preference shares redemption proceeds[1]	97	–	97
At 31 July 2021	**229,566**	**78,156**	**307,722**

1 Following the redemption in 2002 of the Zero Dividend Preference Shares, the Registrar advised that some shareholder monies had not been claimed and as they were over 12 years old have been returned to the Company. The Company will continue to hold these amounts on trust for the Zero Dividend Preference Shareholders

The capital reserve arising on revaluation of investments held includes £3,922,000 of unrealised losses on nil valued investments (2021: same). Any distributions from the capital reserve arising on investments sold would be restricted by this amount.

19 Transactions with the Manager and Related Parties

Under the terms of an agreement effective from 22 July 2014, the Company appointed a wholly owned subsidiary company of Janus Henderson Group plc ("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 management fee arrangements for these services are given in the Strategic Report on page 20. The total of the management fees paid or payable under this agreement to Janus Henderson in respect of the year ended 31 July 2022 was £2,052,000 (2021: £2,148,000) of which £1,123,000 (per Note 13) was outstanding at 31 July 2022 (2021: £748,000).

Janus Henderson also provides certain sales and marketing services for which there is no extra charge.

In addition to the above, Janus Henderson facilitates marketing activities with third parties which are recharged by Janus Henderson to the Company. The total amount in respect of these third party marketing activities, including VAT paid or payable for these services, for the year ended 31 July 2022 amounted to £58,000 (2021: £53,000) of which £31,000 was outstanding at 31 July 2022 (2021: £26,000).

Details of fees paid to Directors are included in the Directors' Remuneration Report on page 45 and in Note 6 on page 62.

Additional information

Additional information includes:

- Glossary
- Alternative performance measures
- General shareholder information
- Corporate information – including contact details for the Company's service providers, financial calendar and information sources

April 26, 2015 – Ariane Flight VA222
CSG Service Optique – ESA / CNES / Arianespace

Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and adopted 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

A glossary of alternative performance measures can be found on pages 75 and 76.

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 in the AIC Europe Sector.

Benchmark

An index against which performance is compared. For the Company this is the FTSE World Europe (ex UK) Index.

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

Derivative

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

Dividend dates

When declared or announced, 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 NAV and share price 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.

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

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

Treasury shares

Shares repurchased by the Company but not cancelled.

Alternative performance measures (unaudited)

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 share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

	NAV per share Pence	Share price Pence	(Discount)/premium to NAV %
At 31 July 2022	**142.1**	**120.5**	**(15.2)**
At 31 July 2021[1]	**167.4**	**152.5**	**(8.9)**

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

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's gearing is calculated as follows:

		2022	2021
Investments held at fair value through profit or loss (page 58) (£'000)	(A)	308,398	344,803
Net assets (page 58) (£'000)	(B)	301,010	354,710
Gearing/(net cash) (C = A / B – 1) x 100 (%)	(C)	2.5	(2.8)

NAV per ordinary share

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 borrowings (see Note 13)) for which the Company is responsible divided by the number of shares in issue (see Note 16). The aggregate NAV is also referred to as total shareholders' funds in the Statement of Financial Position. The NAV per share is published daily and the year end NAV can be found on page 2 and further information is available on page 66 in Note 14 within the Notes to the Financial Statements.

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total investment management fee and other administrative expenses and expressed as a percentage of the average net asset values throughout the year.

	2022 £'000	2021 £'000
Management fee (Note 5)	2,052	2,148
Other administrative expenses (Note 6)	553	467
Less: non-recurring expenses	(151)	(53)
Ongoing charges	**2,454**	**2,562**
Average net assets[1]	**326,301**	**328,866**
Ongoing charges ratio (%)	**0.75**	**0.78**

1 Calculated using the average daily net asset value

The ongoing charges calculated above are different from ongoing costs provided in the Company's Key Information Document ("KID") which are calculated in line with the PRIIPs Regulation. The ongoing costs in the KID include finance costs and look through to costs incurred by other investment trusts and funds the Company invests in. The non recurring expenses include non-utilisation fees and certain legal and professional fees (2021: non-utilisation fees and legal fees).

Alternative performance measures (unaudited)
(continued)

Revenue earnings per share
The revenue earnings per 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 (see Note 9 on page 64).

Total return
The return on the share price or NAV taking into account both the rise and fall of NAV/share price 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 total return). Dividends paid and payable are set out in Note 10 on page 64.

	NAV	Share price
NAV/Share price per share at 31 July 2021 (pence)[1]	167.4	152.5
NAV/Share price per share at 31 July 2022 (pence)	142.1	120.5
Change in the year (%)	(15.1)	(21.0)
Impact of dividends reinvested (%)	1.6	1.8
Total return for the year (%)	**(13.9)**	**(19.6)**

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

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

		31 July 2022	31 July 2021[1]
Annual dividend (pence)	(A)	3.8	2.5
Share price (pence)	(B)	120.5	152.5
Yield (C=A/B) (%)	(C)	3.2	1.6

1 Comparative figures for the period ended 31 July 2021 have been restated due to the sub-division of each ordinary share of 5p into ten ordinary shares of 0.5p each on 22 November 2021

General shareholder information

Alternative Investment Fund Managers Directive ("AIFMD") Disclosures

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

BACS

Dividends 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 79) 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 has to be provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act

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

You can contact the Registrar, 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 180015 followed by the number you wish to dial.

Foreign Account Tax Compliance ("FATCA")

FATCA is a United States federal law whose intent is to enforce the requirement for United States persons (including those living outside the USA) to file yearly reports on their non-USA financial accounts. Investment trusts need to monitor each year 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, identify and report USA reportable accounts to HMRC, as required.

General Data Protection Regulation

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 0.5p each can be recommended by IFAs to ordinary retail investors in accordance with the FCA's 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 ("PRIIPs") Regulation/Key Information Document ("KID")

Investors should be aware that the PRIIPs Regulation requires the Manager, as the PRIIP manufacturer, to prepare a key information document 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 legislation. 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 NAV per share can be found on the website. The address is **www.hendersoneurotrust.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 per share and the discount.

The market price of the Company's 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 via **www.computershare.com**.

Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Taxonomy Regulation

Regulation (EU) 2020/852 ("Taxonomy Regulation") establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company states that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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 on 020 7818 1818. You can also check the FCA Warning List at #BeScamSmart **https://www.fca.org.uk/scamsmart**

Corporate information

Registered office

201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Service providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
Email: support@janushenderson.com

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1034
Email: web.enquiries@computershare.co.uk

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Broker

J. P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Independent Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Financial calendar

Annual results	announced September 2022
Ex-dividend date	20 October 2022
Dividend record date	21 October 2022
Annual General Meeting	17 November 2022
Final dividend payable on	23 November 2022
Half-year results	March 2023
Interim dividend payable	April 2023

Information sources

For more information about Henderson EuroTrust plc, visit the website at **www.hendersoneurotrust.com**.

To receive regular insights on investment trusts from the Manager, visit: **https://www.janushenderson.com/en-gb/investor/subscriptions/**

Follow Janus Henderson Investment Trusts 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 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 EuroTrust plc
Registered as an investment company in England and Wales with registration number 02718241
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: Ordinary Shares: BP6QR38/GB00BP6QR382
London Stock Exchange (TIDM) Code: HNE
Global Intermediary Identification Number (GIIN): P560WP.99999.SL.826
Legal Entity Identifier (LEI): 213800DAFFNXRBWOEF12

Telephone: **0800 832 832**
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MANAGED BY Janus Henderson INVESTORS

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