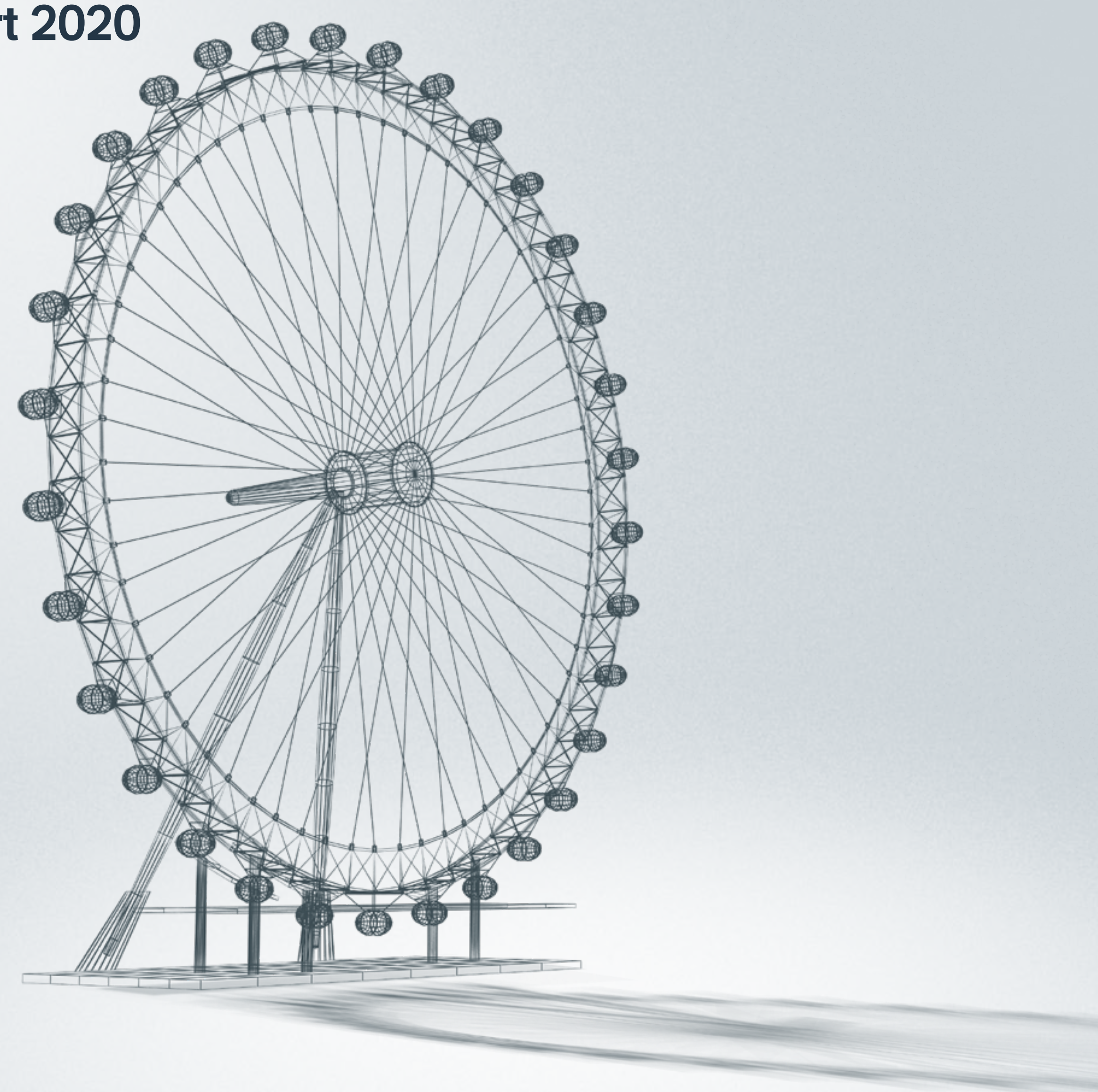
HENDERSON ALTERNATIVE STRATEGIES TRUST PLC

Annual Report 2020



MANAGED BY
Janus Henderson
INVESTORS

Henderson Alternative Strategies Trust plc – Annual Report for the year ended 31 March 2020

JHI9210/2020

Contents

Strategic Report

Performance Highlights	2
Business Model	3
Chairman's Statement	6
Fund Managers' Report	8
Investment Portfolio	12
Historical Performance and Financial Information	13
Corporate Information	14
Glossary	20

Corporate Report

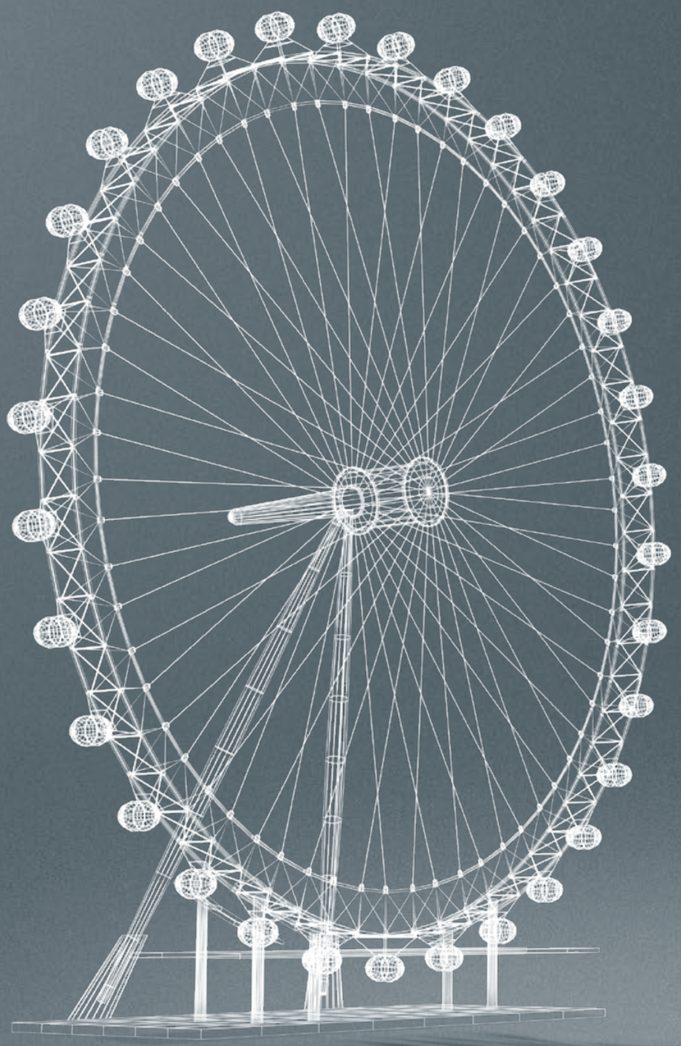
Directors' Report	23
Statement of Directors' Responsibilities	24
Directors' Remuneration Report	25
Corporate Governance Statement	27
Audit Committee Report	31
Independent Auditor's Report to the Members of Henderson Alternative Strategies Trust plc	33

Financial Statements

Income Statement	37
Statement of Changes in Equity	38
Statement of Financial Position	39
Cash Flow Statement	40
Notes to the Financial Statements	41
General Shareholder Information	55
Alternative Performance Measures	56

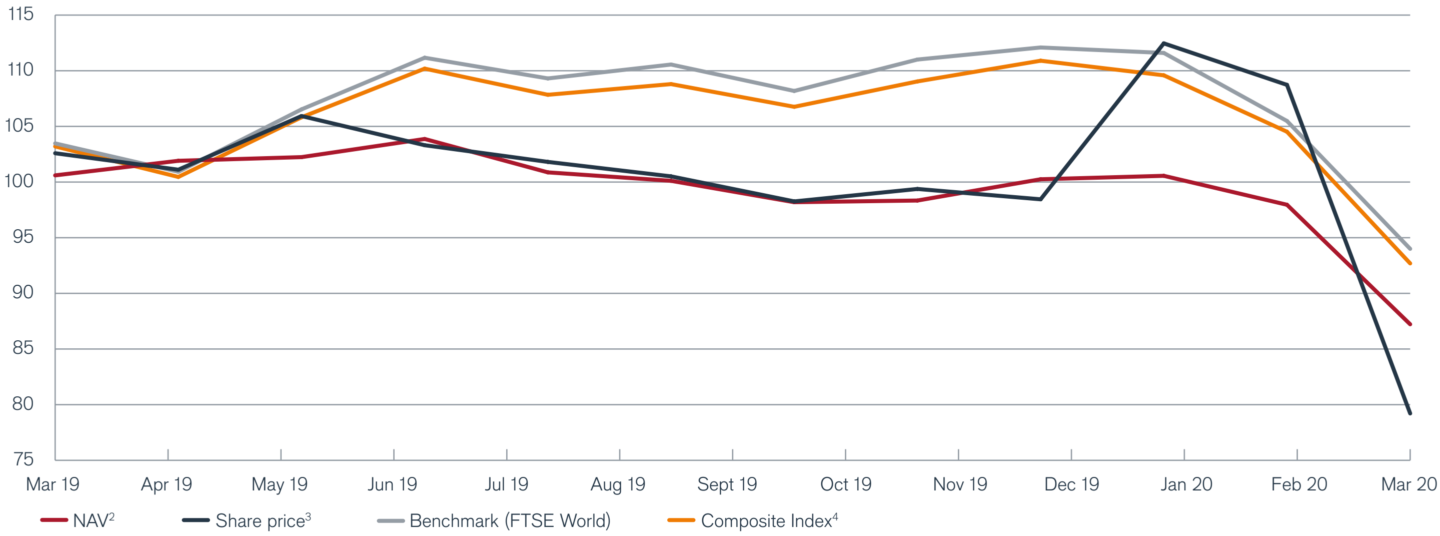
The image on the front cover is based on the London Eye.

Strategic Report



Strategic Report: Performance Highlights[1]

Total return performance for the year to 31 March 2020 (rebased to 100)



NAV per ordinary share

2020 286.9p 2019 335.5p

Total return per ordinary share

2020 (46.1p) 2019 9.8p

Share price per ordinary share

2020 212.0p 2019 270.0p

Market capitalisation

2020 £82.0m 2019 £104.4m

Discount[5]

2020 26.1% 2019 19.5%

Dividend[6]

2020 5.50p

2019 Interim 5.00p

2019 Final 2.50p

Number of investments[7]

2020 40 2019 44

Ongoing charge[8]

2020 0.90% 2019 0.94%[9]

1 Figures in respect of 2020 represent year ended 31 March 2020 and figures in respect of 2019 represent 18 month period ended 31 March 2019
2 Net Asset Value ("NAV") per share total return (including dividends reinvested). This is based on preliminary estimates made by the AIC, which is the industry recognised source for performance data, and does not reflect any subsequent change in the year end NAVs reflected in this report
3 Share price total return using mid-market closing prices
4 FTSE Developed Total Return Index (75%)/FTSE Emerging Markets Total Return Index (25%)
5 Discount calculated using year-end audited NAVs including current year revenue
6 2020 final dividend subject to shareholder approval at the annual general meeting on 16 September 2020
7 Excludes nil-valued securities
8 Calculated using the methodology prescribed by the AIC
9 Annualised for the 18 months ended 31 March 2019

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream, Association of Investment Companies ("AIC")
A glossary of terms is included on pages 20 and 21

Strategic Report: Business Model

Henderson Alternative Strategies Trust plc ("the Company") operates as an investment company. It appoints specialised third-party service providers to establish and maintain an investment portfolio in line with the Investment Objective and Policy. The performance of the third-party service providers is monitored and challenged by a Board of independent non-executive directors. The Board is directly accountable to the Company's shareholders.

Investment Objective

The Company's Investment Objective and Policy was changed on 3 July 2020, following approval from shareholders in general meeting. The new Investment Objective is to conduct an orderly realisation of the assets of the Company, to be effected in a manner that seeks to achieve a balance between returning cash to shareholders promptly and maximising value whilst retaining investment trust status.

Revised Investment Policy

The Board and the Manager believe that the Company's portfolio will require careful investment management in order to achieve the Company's new investment objective.

The amended and restated investment policy following the general meeting is that the Company's investments will be realised in an orderly manner, that is, with a view to achieving a balance between returning cash to shareholders promptly and maximising value.

The Company may not make any new investments save that:

i. investments may be made to honour commitments under existing contractual arrangements;

ii. further investment may be made into the Company's existing investments without redemption rights in order to preserve the value of such investments; and

iii. realised cash may be invested in liquid cash-equivalent securities, including investment grade short-dated corporate bonds, government bonds, cash funds, or bank cash deposits pending its return to shareholders in accordance with the Company's revised investment objective.

No more than 10% of the Company's total assets may be invested in any single cash equivalent instrument or placed on deposit with any single institution save that this limit does not apply to the Company's investment in:

i. government bonds, which shall be unconstrained; or

ii. money market funds which themselves have published investment policies to invest no more than 10% (or a lower threshold) of their total assets in: (a) money market instruments issued by the same body; and (b) deposits made with the same credit institution.

The Company will not procure or utilise any structural gearing facility.

The Company will continue to comply with the restrictions imposed by the Listing Rules in force from time to time.

The Company's previous investment objective and policy are detailed below, as these were the criteria used for the year reported on in these accounts.

Previous Investment Objective

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

Previous Investment Policy

Investments

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

The Company holds a minimum of 30 individual investments.

Investment of Cash Resources

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

Benchmark

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

Limits

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

- individual investments shall not exceed 10% of total portfolio value;
- investments in private equity funds shall not exceed 35% of total portfolio value;
- investments in hedge funds shall not exceed 30% of total portfolio value;
- investments in property funds shall not exceed 20% of total portfolio value;
- no more than 50% of total portfolio value shall be invested in emerging or frontier markets on a look-through basis;
- no more than 20% of total portfolio value shall be invested in one sector on a look-through basis;
- unlisted investments without redemption rights shall not exceed 20% of total portfolio value;

Strategic Report: Business Model (continued)

- borrowings and long-only CFD exposure shall not exceed 20% of the Company's net asset value on a combined basis; and
- portfolio hedging exposure shall not exceed 20% of the Company's net asset value.

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

Management Arrangements

The Company has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager in accordance with an agreement effective from 22 July 2014. The agreement is terminable on two months' notice. HIFL delegates investment management services to Henderson Global Investors Limited. Both entities are authorised and regulated by the Financial Conduct Authority and are part of the Janus Henderson group of companies. References to "Janus Henderson" or the "Manager" refer to the services provided to the Company by the Manager's group.

The management fee is 0.60 per cent. per annum of NAV for assets up to £250 million and 0.55 per cent. per annum of NAV for assets in excess of £250 million. This is paid quarterly in arrear based on the level of net chargeable assets at the relevant quarter end.

The Company and the Manager have entered into a side letter to the Investment Management Agreement (the "Side Letter") pursuant to which, during the realisation process but prior to liquidation of the Company, cash and cash-equivalent securities shall be excluded from the calculation of Net Asset Value for the purposes of determining the management fee of 0.60 per cent. per annum of NAV. An additional lower management fee of 0.10 per cent. per annum will be charged on the value of the assets that are cash-equivalent securities.

The Side Letter also provides that, in the event that the Company enters into liquidation, with effect from the date of entering into liquidation the management fee will be reduced to 0.50 per cent. per annum of the NAV (but again with cash and cash-equivalent securities excluded from the calculation of Net Asset Value for the purposes of determining the management fee and an additional lower management fee of 0.10 per cent. per annum charged on the value of the assets that are cash-equivalent securities).

In each case, the management fee will be calculated and accrued weekly and paid quarterly in arrear.

The portfolio is managed by Alex Barr, who joined Janus Henderson as Senior Portfolio Manager in July 2019 and James de Bunsen and Peter Webster.

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

Status

The Company is an investment company as defined by Section 833 of the Companies Act 2006 (the "Act"). It has been approved as an investment trust under Section 1158 of the Corporation Tax Act 2010, as amended ("s.1158"), and is a member of the Association of Investment Companies.

The directors are of the opinion that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company)(Tax) Regulations 2011.

The Company maintains a primary listing on the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosures Guidance and Transparency Rules issued by the Financial Conduct Authority. The Company is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution.

Promoting the Company's Success

The Company's purpose is to meet its Investment Objective and Investment Policy (please refer to page 3). The directors use their skills, experience and knowledge (please refer to the Board of Directors on page 14) to select and engage reputable organisations to carry out operations on behalf of the Company. The Board is responsible for effectively monitoring the services provided by the Company's third-party suppliers on an ongoing basis. The principal outsourced arrangement is the investment management service which is provided by Janus Henderson (the Manager), in particular the Fund Manager, who is responsible for the management of the portfolio.

The Board has a strong relationship with the Manager, in particular the Fund Manager and the Company Secretary. The culture of the Board is one that promotes integrity and openness which is reciprocated by the Manager. As the Manager holds the overall day-to-day relationship with the Company's other third-party suppliers the Board place reliance on the Manager in this regard. The Board is confident that Janus Henderson has developed and maintains good working relationships with all of the Company's third-party suppliers. The Board receives appropriate information from the Manager in order to assess the third-party suppliers' performance, value for service, approach to ESG issues and their internal controls and risk management frameworks, including information security and business continuity. The Board also meets with representatives of the Depositary and Custodian and meets with other service providers as and when it is deemed necessary.

Strategic Report: Business Model (continued)

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

In the year under review the Board considered and identified the Company's material stakeholders, namely its shareholders, Janus Henderson (in particular the Fund Manager) and the Depositary. This assisted the Board in determining the best means of engaging with the Company's key stakeholders to help inform its decision making. Please refer to Communicating with Shareholders on page 19, Continued Appointment of the Manager on page 30 and Responsibilities of the Board on page 27 for more details.

The directors are responsive to the views of shareholders and the Company's wider stakeholders. The Fund Managers, Chairman and other directors met with or spoke to many of the Company's shareholders during the past year, and held extensive discussions with Janus Henderson on the outcome of those consultations, which predominantly centred around the Company's performance and investment mandate. The directors' responsiveness to shareholder concerns has been demonstrated in the year under review by responding promptly to shareholder concerns and feedback, which led to the circular to shareholders dated 24 February 2020 and subsequent general meeting to change the Company's investment objective and policy.

The Chairman and the rest of the Board would be delighted to engage with shareholders directly. Anyone wishing to get in touch should address correspondence to the registered office, 201 Bishopsgate, London EC2M 3AE c/o the Company Secretary.

For more information about how the Board monitors and manages risk please refer to Managing Risks on page 16 and Note 17 on page 50.

The Board invites readers of this report to refer to the Corporate Governance Report (pages 27 to 30), Report of the Audit Committee (pages 31 to 32), the Directors' Remuneration Report (pages 25 to 26) and the Report of the Directors (page 23) in addition to the Strategic Report to understand more fully the spectrum of responsibilities with which the Board and its Committees are charged. The Schedule of Matters Reserved for the Board as well as the Terms of Reference for each of the Committees of the Board can be found on the Company's website **www.hendersonalternativestrategies.com**.

Strategic Report: Chairman's Statement

The Chairman of the Company, Richard Gubbins, reports on the year to 31 March 2020

I present to shareholders the full year report and financial statements of the Company for the year ended 31 March 2020.

Company Background

Your Company has pursued a specialist multi-strategy and alternatives investment approach for many years, and which predates the move to our current investment manager[1]. During this period, the Alternatives asset class has grown in size and scope, with many new opportunities appearing in the investment universe. Their common thread is that these require careful selection, diligence and curation and your Board remain of the view that a listed investment company structure, with professional and independent governance, is an important access vehicle for many investors who seek exposure to a diversified portfolio of alternative assets. However, your Board recognises that the prevalence of persistent discounts to net asset values (which exist for many reasons, poor performance included) is a less attractive feature for long term investors.

New Company Investment Strategy

Your Board recognises that hitherto the Company has failed, despite the opportunities presented, to deliver the net asset value improvement and share price performance anticipated by its shareholders. Having considered at length the options available to it, as well as evaluating the potentially beneficial impact of share buybacks, tender offers and continuation votes, your Board asked its recently appointed senior manager Alex Barr in September 2019 to undertake a thorough review of the portfolio and the Company's competitive positioning. As we set out in January[2], that review concluded that the best way to improve performance, and to reduce the persistent discount, would be to increase its investment in more illiquid alternative investment strategies which demand enhanced due diligence and offer the rewards which accrue from skilled stock selection. The Board was advised also that its larger shareholders had little appetite for any increase in the illiquidity of the portfolio and that, for many, there was a preference for realising their investment in an orderly fashion. Accordingly, the Board committed itself to bring forward proposals to return cash to shareholders by realising the Company's portfolio of assets in an orderly and, wherever possible, in a value-generating manner.

In February the Board set out details[3] of a modified Investment Objective and Policy that would allow the Company's assets to be realised in both a methodical and orderly manner and to strike a balance between selling assets promptly and maximising value. We also gave notice of a general meeting to be held on 25 March. Shortly before this meeting, having monitored the disruptive impact of the COVID-19 virus on markets, which is discussed fully by your investment managers in their report, and which gave rise to highly volatile market conditions, we announced[4] that an immediate change to an active realisation policy would not be in the best interests of shareholders and, in the light of Government restrictions, that the general meeting would be adjourned to a future date.

Having reiterated in that announcement our commitment to put before shareholders the resolution set out on 24 February, the Board took advantage of government legislation on general meetings to hold the meeting on 3 July 2020, at which the resolution was passed by poll and a majority of 99.9% of shareholders who voted. As a result, the Manager has now commenced the programme to realise the Company's assets in an orderly manner, and further details will be sent to shareholders once sufficient cash has been raised to start returning it to them.

Performance, Discount and Dividend[5]

During the period under review the Company's Net Asset Value ("NAV") per share fell to 286.9p. Inclusive of the final dividend of 2.5p paid on 2 August 2019 shareholders received a (Sterling) NAV total return of -13.8% for the year to 31 March 2020. By way of comparison, the Company's benchmark, the FTSE World Total Return Index, returned -6.0% for the same period whilst the Company's share price fell by 20.8% both on a total return basis.

A number of factors affected the Company's portfolio performance, particularly in its final quarter. Whilst the Company's private equity portfolio delivered good relative performance in the first half of the financial year, such gains were lost during the turmoil at year end. In the uncertainty created by the apparently unstoppable spread of COVID-19 and the closing-down of economies by concerned authorities, few companies were able to escape the severe market downturn. The prices of companies which offer alternative asset strategies tend to suffer disproportionately as a consequence of their comparative lack of transparency and of their illiquid nature. Poor price performance tends to be exacerbated by the inability to trade in volume owing to the disappearance of those who previously made markets in the shares. Already susceptible to such elements, the Company lost further support as a result of the Board's decision to postpone its EGM, in line with Government advice to companies. Fortunately, the Company's hedge fund and commodities strategies proved resilient and outperformed their respective indices whilst April proved a better month both for asset and share price appreciation.

Your investment managers address these issues in detail in their report which covers the adverse effect of stock selection in the first

1 Henderson Investment Funds Limited appointed April 2013
2 Company Update announcement, 16 January 2020, RNS number 9478Z
3 Publication of Circular and Notice of General Meeting, 24 February 2020, RNS number 8101D
4 Adjournment of General Meeting notice, 19 March 2020, RNS number 8490G
5 Index source, Bloomberg, NAV source Janus Henderson Investors

Strategic Report: Chairman's Statement (continued)

half of the financial year and the impact on the Company's portfolio in February and March of indiscriminate selling of all risk assets, which they consider to be the primary driver of negative performance.

At the period-end, the share price discount to NAV stood at 26%, having widened over the period from 20%, for the reasons outlined earlier. The discount has since narrowed to 10.6% at 17 July 2020 (the latest practicable date before this report).

Having committed in our last Annual Report[7] to maintain current dividend levels and, having said that we would use accumulated revenue reserves where necessary, your Board's view remains unchanged. Indeed, given the uncertainty around cancellation of dividends more generally throughout this crisis, the role listed investment companies play as reliable sources of income is as important as ever. In anticipation of shareholder approval at the AGM, your Board is pleased to propose a dividend of 5.5p per share (2019: interim: 5.0p; final: 2.5p (18-month period)) which will be payable on 12 October 2020 to shareholders on the register on 24 September 2020.

Fund Management Team

It has been a difficult year for our managers and their thoughtful response to the unusual challenges of markets and economies should not be underestimated by shareholders. Having obtained shareholder approval to change our Investment Policy, the Board now looks to our managers to realise our investment portfolio and to maximise and return the best attainable value to our shareholders.

Outlook

The social, economic and financial impact of COVID-19, has been, and remains, immense, with great uncertainty governing the shape of policy response and the nature and timing of recovery. With many individual businesses and certain business sectors requiring wholesale recapitalisation, with huge damage caused to fragile supply chains and with heavily dented consumer confidence, few business models remain truly unaffected. Some of these less damaged businesses sit within the alternatives space (certain 'availability' based infrastructure assets[8], for example) but equally there are areas that may see significant asset write-downs. For many illiquid asset classes net asset values for the first quarter will not be available for some time and the full financial impact will take time to become clear. The consequence of such limited visibility is reflected in wider spreads for many assets (regardless of whether public or private), itself a function of lower volumes and more limited buyer availability.

Your investment team remained fully aware of the Board's commitment to introduce a resolution to realise the assets of the Company, and agreed with the Board that further illiquid assets would not be added to the existing portfolio and that best efforts should be made to enhance the liquidity profile of the Company's investment portfolio as the shareholder vote approached. As stated previously, the full realisation process is expected to last no longer than two years.

Due to continued restrictions and uncertainties about the COVID-19 pandemic, this year's Annual General Meeting will be held as a closed meeting for the safety of our shareholders. I would strongly encourage shareholders to use their forms of proxy to vote, and, if they have any questions they would like to submit to the Board, or the Fund Managers, to do so in advance of the meeting by writing to **ITSecretariat@janushenderson.com**.

Richard Gubbins
Chairman
3 August 2020

7 For the 18-month period to end March 2019
8 An 'availability based' project allows a private infrastructure company to receive regular payments, per the agreed contract terms, once the asset has been 'delivered and is available for use'. Payments are therefore not contingent on usage levels

Strategic Report: Fund Managers' Report



Alex Barr, James de Bunsen and Peter Webster, Fund Managers, report on the year to 31 March 2020

Overview

At the end of March 2020 the Company was invested in 40 individual investments, accounting for 93.6% of the NAV.

Performance

In local currency terms the portfolio generated a total return of –12.7%, and in sterling terms -11.8%[1].

We set out asset class level performance contribution[2] here:

Investment Category	Contribution %	Average Weighting %
Private Equity	-4.1	31.2
Hedge Funds	0.6	18.2
Public Equity	-5.4	14.8
Credit	-3.0	12.7
Property	-0.6	10.0
Commodities	0.7	4.8

Global financial markets experienced a wholesale sell-off in February and March 2020 as a direct reaction to the spread of the COVID-19 throughout the world, and the subsequent steps taken to lock down many nations' economies. The cessation of most forms of travel, trade, economic development, hospitality and leisure have left very few asset classes unaffected, and many countries remain in some form of restrictive lock down or are taking steps to remobilise their economies and social systems. Portfolio performance was therefore significantly negative for the year under review as a direct result of this, and combined with the impact earlier in the financial year from key stock events experienced in mid-2019 discussed below.

We discuss performance by sector and start with **private equity**.

As set out in out in our half year report[3], we saw strong performance from listed private equity (PE) investments (which included **Harbourvest Global Private Equity** and **3i Group**), and unlisted investments **Mantra Secondary Opportunities** and **Renewable Energy & Environmental Infrastructure Fund II** ("REEIF"). The listed PE portfolio enjoyed re-ratings as well as strong underlying NAV growth, whilst Mantra and REEIF achieved healthy, profitable exits from underlying investments during the period. As markets reacted adversely in the final quarter of the Company's year to the rapidly developing COVID-19 pandemic, listed private equity discounts widened as investors became concerned over the quality of lagged NAVs and those funds' over-commitment ratios[4]. Whilst the private equity industry has become more conservative in the wake of the 2007-2009 global financial crisis ("GFC") with regard to leverage use and commitment coverage, the greater prevalence of debt usage throughout the private equity eco-structure is of a more recent issue. The immediate outlook for portfolio company exits (sales) has been, and remains, of additional concern, and was a key factor in listed private equity discount widening.

Riverstone Energy, the listed private equity investor in US oil and gas ventures, fell heavily in the three months to mid-October last year, against the backdrop of a declining oil price and which translated into reduced growth forecasts for US domestic energy producers. Subsequent to this unhappy occurrence, the onset of COVID-19 dented heavily oil related investments' values owing to the significant drop in demand for oil – the IEA[5] expect global oil demand to fall by a record 9.3mb/d[6] year on year in 2020. Our thesis for holding Riverstone post its initial fall was predicated on its deep value discount to NAV, indeed, the company's current market capitalisation remains less than its balance sheet net cash[7]. This state of affairs has allowed Riverstone's board to take action to narrow the discount (to NAV) by returning cash and we were pleased to see a significant share buyback announced this May and subsequently enacted. Riverstone has since rallied over 60%[8].

1 Includes investment returns (and fees) on the Company's cash allocations, and all fees charged by underlying managers during the year. Excludes management and other fees charged by Henderson Investment Funds Limited
2 Sterling, gross of fees. Source – Janus Henderson Investors
3 Update for the six-month period to 30 September 2019
4 Private Equity limited partnership funds report (for those reporting quarterly) on a one quarter lagged basis. Certain listed 'fund of private equity funds' use 'fair value' adjustments to reflect changes in value of similar assets in public equity vehicles
5 International Energy Agency
6 Source, IEA Oil market Report April 2020. Mb/d is 'million barrels per day'
7 As at 1 May, source – JP Morgan
8 Source, Bloomberg. Riverstone performance +68% 1/5/20 to 14/5/20

Strategic Report: Fund Managers' Report (continued)

Our **hedge fund** exposure delivered a positive contribution to performance which was led by the **BlackRock European Hedge Fund** and **Sagil Latin American Opportunities Fund**. With the former, drivers to performance have come from a bias to quality and growth, select long positions in the US and Europe and a very timely rapid move out of value cyclicals. Whilst the latter fund saw a low-teens drawdown in March, the 11-month performance prior had been strong, resulting thereby in a net positive return for the 12-month period. As we noted in our half year report, Sagil had impressed us in 2019, given the volatility originating in Argentina over the summer.

Our **credit** exposure as a whole benefited from a general tightening in spreads over the first half of our reporting year, although, sadly, such gains disappeared when spreads widened in the first quarter this year. The **Ashmore Emerging Markets Short Duration Fund**, with its three largest geographic exposures in China, Argentina and Ecuador, fell heavily as some of its liquid holdings saw disproportionate declines when investors made decisions to 'sell what they could, rather than what they wanted to'[9].

Within our **public equity** allocation, we were hurt by the economic exposure[10] to our **Euro Stoxx 50 Index Dividend Future**[11] investment, a marked detractor to performance. Our original purchase was based on the better risk/reward characteristics of dividend futures at the time versus mainstream European equities. Dividends have historically proven to be more robust than earnings in previous recessions, and are also not subject normally to the de-rating effect that stocks suffer from as investors de-risk in the face of economic uncertainty. Nevertheless, dividend futures are vulnerable to significant price weakness in moments of heightened volatility as experienced this March, and this was notably pronounced as companies were forced to stop distributions in return for state bailouts (or took the opportunity to delay or cut dividends in order to preserve cash). As dividends are generally paid from profits from the previous calendar year, we feel confident that by 2022 most cyclical sectors will have re-instated their payouts, while more defensive companies will feel confident enough to resume their progressive payment policies. Moreover, weaker companies which cannot support dividend distributions tend to fall out of the index and are replaced by firms that have proven to have more resilient characteristics.

Burford Capital, a litigation funding business, fell heavily in August following a critical research note published by short-seller Muddy Waters. The circa 50% fall in Burford's share price was concentrated over a two-day period. Muddy Waters' report had, amongst other points, alleged that Burford misrepresented returns and had poor governance. Whilst Burford management acted swiftly to address all issues, absolute performance has remained lacklustre, with many investors reluctant to return, despite significant resolution of transparency and liquidity concerns. The former (transparency, and in particular, its improvement) was one of several catalysts that we felt might serve to rebuild 'the fragile confidence in the company' that we referred to in our half year results. Whilst not fully immune from the COVID-19 crisis (which may impact on short term realisations and cash deployment) litigation funding remains an attractive long-term asset class, with pay-off structures not dissimilar to venture capital. This longer-term thesis is supported by the significant discount to which Burford trades compared to analysts' price targets.

Positive performance was delivered by **Worldwide Healthcare Trust**, driven by underlying M&A activity and more recently by strong performance in biotech and medical devices.

Within our **property** allocation the contribution from **Summit Properties** and **Urban Logistics** was positive. Overall returns, however, were impacted in this area by the long-term holding of **CEIBA Investments**, the listed Cuban Real Estate investor which has seen its discount to NAV widen primarily as a result of tightening US sanctions against Cuba. Whilst Cuba appears not to have been affected significantly by COVID-19, CEIBA has suffered hotel closures, has had to curtail hotel and resort development as a result of unavoidable lockdown and control measures and has consequently announced the cancellation of its 2020 dividend.

Our **commodity exposure** is effected through the **Bank of America Merrill Lynch Commodity** market neutral approach which performed strongly over the year. This systematic strategy generates returns from persistent inefficiencies ('risk premia') in commodity futures markets. The strategy performs particularly well when there is over-supply in markets, which became especially acute late in the period when most economies went into lockdown and demand for basic resources evaporated.

Activity

It has been an eventful year, with post-December portfolio decisions taken in the context of the 'risk-on' market environment that followed Boris Johnson's decisive UK electoral win in mid-December replaced by the rapid global onset of COVID-19 through 2020. The national (and broader European) Brexit angst seen through all of 2019 and the uncertainty around the China/US trading relationship seem long forgotten now, though these were pillars of our market view only six months ago. With regard to 2020 events, it feels helpful for context to highlight the levels of market volatility experienced – the VIX[12] delivered volatility levels in February and March considerably greater than those seen at the peak of concerns during the GFC and other similar market events. Indeed volatility remained elevated into summer 2020. Experience of past events reminds us that our ability (or otherwise) to act with any degree of certainty through such extraordinary periods is likely to be tested and we dwell on this in the outlook and strategy section.

Our new investments were all in liquid or listed strategies and funded through a combination of ongoing distributions from legacy private equity, other liquidity events, and asset sales.

9 Source, Ashmore, 'Emerging View, April 2020'
10 'Economic exposure' represents the investment in the underlying index multiple multiplied by the number of contracts held
11 Expiry date 16/12/22
12 The VIX index or Chicago Board Options Exchange Volatility Index. Estimates the expected volatility of the S&P500 index

Strategic Report: Fund Managers' Report (continued)

In June we added the **CIFC Global Floating Rate Credit Fund**. CIFC is a US-based credit specialist and one of the largest managers of CLOs[13]. The strategy invests in debt tranches of CLOs, with a minimum 45% in investment grade loans and targets an annualised total return of 8%. Whilst the CLO asset class has not escaped events this year, the fund has outperformed the broader CLO market. We believe that the manager will be able to continue to generate attractive returns. Whilst underlying loan default rates are forecast to approach levels similar to the aftermath of the financial crisis we believe the manager's focus on higher-rated tranches will protect capital losses even if distributions are temporarily delayed.

In July we added positions in **Augmentum Fintech** and **New Energy Solar**. Augmentum focuses on early-stage investing in fintech (financial technology) companies within Europe and has a number of fundamentally attractive holdings. As a result of COVID-19 we do see some short-term pressure on the financing of fintech, and similar issues on very near-term growth, but, with proven benefits accruing to both personal and enterprise adopters of fintech. New Energy Solar is an Australian-listed solar park developer and operator and has experienced so far no direct impact from COVID-19. We continue to see such assets as good diversifiers and New Energy offers a c7% yield. We follow with attentiveness the sale process currently underway for part interests in some of their assets. Within this latter infrastructure space we also introduced **International Public Partnerships** ("INPP") and added to **HICL Infrastructure** immediately after the UK general election. In the long build up to the election there had been much speculation with regard to a possible Labour government's intentions potentially to nationalise PFI /PPP contracts. Such speculation had weighed heavily on this sector. INPP was added to bolster our existing listed infrastructure exposure as was **3i Infrastructure** ('3IN") on the final day of our financial year. 3IN has an exceptionally attractive diversified portfolio of economic infrastructure assets which includes Tampnet, an offshore communications network operator focused on the North Sea and Gulf of Mexico.

Within private equity we added two new listed names, **Oakley Capital Investments** and **Pantheon International**. Oakley has a strong track record of investing alongside successful entrepreneurs in high growth areas. We were able to buy the shares at a particularly wide discount owing to some technical selling as the trust moved to the specialist funds segment of the London Stock Exchange. As we note in the performance review, listed private equity names performed well in our first half and, indeed, continued to do so until February. Pantheon was introduced towards the end of March, following the heavy discount widening seen in listed private equity and after the decision to postpone the general meeting of Henderson Alternative Strategies Trust (HAST). Pantheon has a high quality, well diversified portfolio and, importantly in respect of HAST's requirements, has good liquidity. In view of HAST's possible move to a realisation mandate, Pantheon was added only as a small position. Whilst Private Equity will be impacted by this crisis, with further deterioration in finalised NAVs for this year's first two quarters likely, the discount widening seen in March appears to over-compensate for this outcome. Listed PE names have behaved more or less as they did during the GFC and history suggests that adding these names at the point of maximum pessimism can be sensible.

We sold **Summit Properties**, a listed real estate business, in February, having trimmed in November after a period of strong performance. Having become increasingly concerned about governance of the business, and liquidity in the shares, our full exit came shortly before an unattractive take private bid.

In respect of trading activity, in the first half of the year we added to **Safeguard Scientifics** and **Sigma Capital Group** at attractive valuations and we also increased our investment in **Sagil Latin American Opportunities Fund**. We took profits in stocks which had performed particularly well, such as **3i Group PLC** and **Harbourvest Global Private Equity** and improved overall liquidity by trimming less frequently traded holdings such as **CEIBA Investments** and **Axiom European Financial Debt**. We also consolidated our emerging market debt positions. We sold out of our local currency exposure and invested the proceeds into the USD-denominated short duration fund run by Ashmore (**Ashmore Emerging Markets Short Duration Fund**). In our second half year, we have been active in 3i, both trimming and adding again as market conditions changed. We de-risked our position in German residential property business **Deutsche Wohnen** in March, by trimming it to raise cash and had similarly trimmed our position in the relatively illiquid **Urban Logistics** in December, following strong performance.

Outlook and Portfolio Strategy

In the latter part of 2019 investors' focus had been on the ongoing deterioration in key global economic indicators and on rising recessionary fears. Economic data appeared, however, to improve in early 2020, boosting hopes thereby that earnings might justify the high valuations of elevated global equity markets. As we suggested in our opening comments, everything changed with the spread of COVID-19. Of the many ways in which this is different from the GFC, it is perhaps the humanitarian consequences that are likely to have the most profound impact, not just on society but on how any portfolio of financial assets behaves. With 2020 consensus forecasts for the G8 having fallen from 1% to -5%[14], and a wide difference in estimated timelines to eventual recovery, it is clear that many businesses – starved of footfall and, in many cases, capital – will suffer irreversible damage. Equity markets do seem to be looking through these challenges which partially explains the post-March 'risk-on' rally that appears to have restored some equilibrium. It may be that investors are choosing to focus more on the upside risks, for example, faster release of countrywide lockdowns, or better news on vaccine development. The year to date performance of technology has been extraordinary, for instance, with the NASDAQ 9.6% up versus its February peak[15], and 20.1% up year to date in dollar terms.

13 Collateralised Loan Obligations – single securities backed by a pool of (usually) corporate loans. As implied, the loans are collateralised (or backed) by assets
14 Source, Bloomberg, as at 12 May 2020
15 Source, Bloomberg, as at 12 May 2020

Strategic Report: Fund Managers' Report (continued)

For many of our asset classes, credit and private equity in particular, managers will face significant challenges in delivering performance from existing portfolios but, for those with established longer-term investments and those with cash to deploy now, the post-crisis investment period is likely to offer rewarding opportunities

As managers we have been through extraordinary market events previously and have learnt that patience must play its role in portfolio management, particularly in alternatives and particularly in times such as these. Our approach to trading through this period has not been wholly to discard risk assets in a rapidly falling market but, rather, to test recovery scenarios against our original investment theses, which for the most part appear intact. As managers of this portfolio, we have the additional challenge of not only managing to an equity-based benchmark, but to continue to do that whilst mindful that shareholders appeared supportive of adopting a realisation investment policy. As your Chairman, Richard Gubbins, notes in the preceding report, this was originally due to be put to shareholders in March but was adjourned, and the meeting subsequently reconvened and resolution passed in early July. We agreed with your Board that we would not make any commitments to illiquid assets, nor did we pre-empt the outcome of that vote by moving to realise assets before it. Where we traded, it was with a liquidity and quality improvement bias. Since the resolution has now passed, we have begun to liquidate assets in a careful and considered way and will provide updates on the expected liquidity timeline via our monthly factsheets.

Alex Barr, James de Bunsen and Peter Webster
Fund Managers, Janus Henderson Investors
3 August 2020

Investment Portfolio at 31 March 2020

Investments	Focus	Market Value £'000	Portfolio %
BlackRock European Hedge Fund Limited[3]	Hedge Funds	8,520	8.2
Mantra Secondary Opportunities[4]	Private Equity	7,735	7.4
Bank of America Merrill Lynch Commodity[2]	Commodities	6,917	6.7
Sagil Latin America Opportunities Fund[3]	Hedge Funds	5,605	5.4
Renewable Energy & Environmental Infrastructure Fund II[4]	Private Equity	5,286	5.1
KLS Sloane Robinson Emerging Market Equity Fund[3]	Public Equity	5,023	4.8
HICL Infrastructure[1]	Public Equity	4,405	4.2
DMS UCITS Platform ICAV CIFC Global Floating Rate Credit Fund B2[3]	Credit	4,281	4.1
Worldwide Healthcare Trust PLC[1]	Public Equity	4,243	4.1
CEIBA Investments Limited[1]	Property	4,211	4.1
Ten largest		**56,226**	**54.1**
Majedie Asset Management Tortoise Fund[3]	Hedge Funds	4,062	3.9
Baring Vostok Investments Limited Core[2]	Private Equity	3,444	3.3
International Public Partnerships[1]	Public Equity	3,244	3.1
Ashmore Emerging Markets Short Duration Fund[3]	Credit	3,191	3.1
Harbourvest Global Private Equity Limited[1]	Private Equity	2,663	2.6
Safeguard Scientifics Inc[1]	Private Equity	2,449	2.4
3i Group plc[1]	Private Equity	2,357	2.3
Eurovestech plc[2]	Private Equity	2,343	2.3
Princess Private Equity Holding Limited[1]	Private Equity	2,172	2.1
Urban Logistics REIT[1]	Property	2,117	2.0
Twenty largest		**84,268**	**81.2**
Helium Selection Fund[3]	Hedge Funds	2,025	1.9
Oakley Capital Investments[1]	Private Equity	1,921	1.8
NB Distressed Debt Investment Fund Limited – Global Shares[1]	Credit	1,904	1.8
Sigma Capital Group PLC[1]	Public Equity	1,601	1.5
Deutsche Wohnen[1]	Property	1,549	1.5
New Energy Solar[1]	Public Equity	1,390	1.3
Axiom European Financial Debt Fund Limited[1]	Credit	1,196	1.2
Toro Limited[1]	Credit	1,175	1.1
Burford Capital Ltd[1]	Public Equity	1,118	1.1
3i Infrastructure plc[1]	Public Equity	1,052	1.0
Thirty largest		**99,199**	**95.4**
Amber Trust SCA[4]	Private Equity	960	0.9
Firebird Republics Fund SPV[4]	Private Equity	911	0.9
Augmentum Fintech PLC[1]	Private Equity	708	0.7
Riverstone Energy Limited[1]	Private Equity	597	0.6
ASM Asian Recovery Fund[4]	Hedge Funds	549	0.5
NB Distressed Debt Investment Fund Limited – Extended Life Shares[1]	Credit	426	0.4
Century Capital Partners IV L.P.[4]	Private Equity	378	0.4
Pantheon International[1]	Private Equity	66	0.1
Armadillo Investments[4]	Private Equity	64	0.1
Thirty nine largest		**103,858**	**100.0**
Other investments	Various	–	0.0
Total Investments (excluding derivatives)		**103,858**	**100.0**
EUX Euro Stoxx 50 Index Dividend 22 Future (EXP 16/12/22)[5]		**(2,158)**	
Cash and other net current assets		**9,271**	
Net assets		**110,971**	

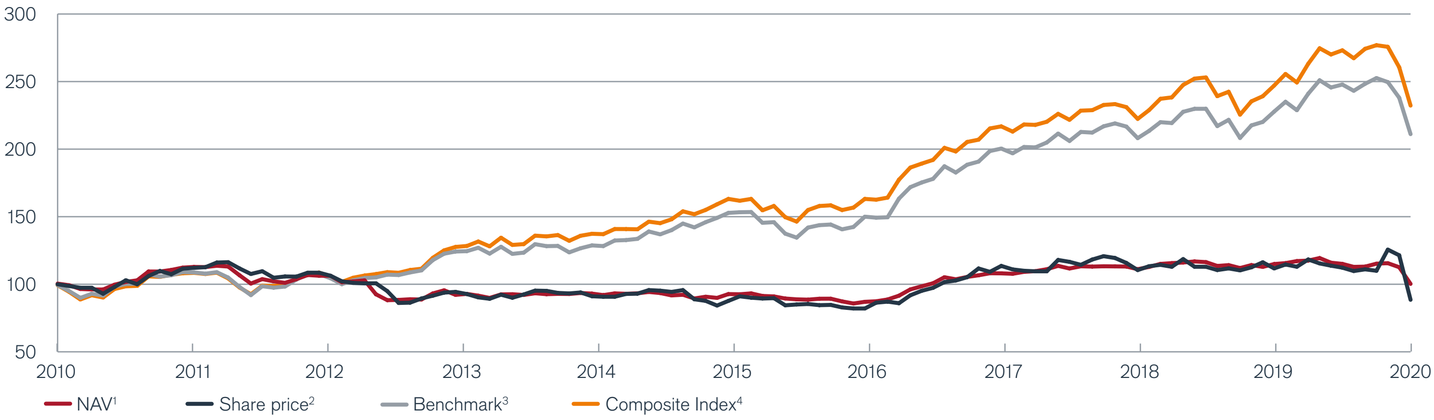
1 Listed on major market
2 Listed on minor market
3 Unlisted investment – with redemption rights
4 Unlisted investment – without redemption rights
5 The unrealised loss of £2,158,000 represents the difference between the "economic exposure" and the settlement value
1 Major Market includes: London Stock Exchange (full listing and AIM), Euronext and Singapore Stock Exchange
2 Minor Market includes: Luxembourg Stock Exchange, Channel Islands Stock Exchange, Bermuda Stock Exchange, ISDX and LMMX

Strategic Report: Historical Performance and Financial Information

Total return performance to 31 March 2020

	12 months %	3 years %	5 years %	10 years %
NAV[1]	-13.8	-7.2	8.1	0.3
Share price[2]	-20.8	-22.1	0.9	-11.5
Benchmark[3]	-6.0	7.1	42.3	132.2
Composite Index[4]	-7.3	5.3	38.1	111.1

Ten year historical performance to 31 March 2020 (rebased to 100)



Source: Morningstar Direct, Datastream

Financial Information

At 30 September	Net assets £'000	NAV p	Mid-market price per ordinary share p	Discount/ (premium) %	Profit/ (loss) for year £'000	Revenue return per ordinary share p	Capital return per ordinary share p	Total return per ordinary share p	Dividend p	Expenses[5] %
2010	172,403	319.06	264.50	17.1	15,136	0.78	26.30	27.08	1.00	0.90
2011	170,082	320.85	289.50	9.8	1,215	2.33	(0.07)	2.26	2.00	0.93
2012	135,201	279.83	253.50	9.4	(20,851)	2.01	(42.89)	(40.88)	2.00	0.93
2013	138,580	290.20	245.00	15.6	5,700	0.85	11.07	11.92	1.50	0.84
2014	139,408	291.94	250.88	14.1	1,544	3.53	(0.30)	3.23	3.00	0.93
2015	118,444[6]	275.60	221.00	19.8	(6,606)	3.72	(18.61)	(14.89)	3.30	0.97
2016	132,648	308.66	249.13	19.3	15,622	7.50	28.85	36.35	3.80[7]	1.00
2017	129,742[8]	335.44	291.50	13.1	12,903	5.23	26.97	32.20	4.75	1.02
At 31 March[9]										
2019	129,752	335.46	270.00	19.5	3,781	6.34	3.43	9.77	7.50[10]	0.94[11]
2020	**110,971**	**286.91**	**212.00**	**26.1**	**(17,814)**	**4.22**	**(47.97)**	**(46.05)**	**5.50**	**0.90**

1 Net asset value per ordinary share with income reinvested
2 Share price total return per ordinary share using mid-market prices
3 FTSE World Total Return Index in Sterling terms
4 FTSE Developed Total Return Index (75%)/FTSE Emerging Markets Total Return Index (25%)
5 Using total expense ratio methodology for 2011 and previous years (excluding performance fees); ongoing charge methodology thereafter
6 Reduction in net assets of £12,925,142 following tender offer in December 2014
7 Excludes the special dividend of 2.6p per ordinary share
8 Reduction in net assets of £13,059,000 following tender offer in January 2017
9 The Company changed its accounting reference date from 30 September to 31 March in 2018
10 Comprised an interim dividend of 5.00p per ordinary share and final dividend of 2.50p per ordinary share
11 Annualised for the 18 months ended 31 March 2019
Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

Strategic Report: Corporate Information

Directors

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

Richard Gubbins

Position: Chairman of the Board, Nominations Committee and Management Engagement Committee
Date of Appointment: 25 July 2014

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

Jamie Korner

Position: Senior Independent Director
Date of Appointment: 13 May 2013

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

Graham Oldroyd

Position: Audit Committee Chairman
Date of Appointment: 25 July 2014

Graham was a partner with 23 years' service at European private equity fund manager Bridgepoint until June 2013. He is a non-executive director of Nobina AB (publ.), Sweden, a non-executive director of BMO Global Smaller Companies plc, Vice Chairman of Ideal Standard International NV, Belgium, and Chairman of MCF Ltd. A graduate in Engineering from Cambridge University, he also holds an MBA from INSEAD Business School. He is a Chartered Engineer, a Fellow of the Institution of Mechanical Engineers, and a Member of the Chartered Institute for Securities & Investment.

All directors are independent of Janus Henderson and are members of the Audit, Nominations and Management Engagement committees.

Strategic Report: Corporate Information (continued)

Service Providers

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

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

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

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

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

Independent Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Registered Office
Edinburgh House
4 North St. Andrew Street
Edinburgh
EH12 1HJ

Correspondence Address
201 Bishopsgate
London
EC2M 3AE

Financial Calendar

Annual General Meeting	16 September 2020
Ex-dividend date	24 September 2020
Dividend record date	25 September 2020
Final dividend payable	12 October 2020
Interim report	November 2020

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

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

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

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

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

Nominee Share Code
Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

Strategic Report: Corporate Information (continued)

Managing Risks

In accordance with the AIC Code and FRC Guidance, the Board has established procedures to identify and manage risk and to determine the principal risks and uncertainties to which the Company is exposed in achieving its long-term objectives. The Company's principal risks are considered to be those that would threaten its business model, future performance, reputation, solvency and liquidity. In addition, it is the Board's responsibility to identify emerging risks which it defines as events, trends or uncertainties that are at an early stage of development but could pose a significant threat to the Company's future and require further monitoring and investigation.

Principal Risks

The Board, with the assistance of the Manager, regularly carries out a robust assessment of the principal risks facing the Company and seeks assurance that the risks are appropriately evaluated and that effective mitigating controls are in place, where possible. To aid the process, the Company has drawn up a detailed risk matrix, where the individual risks and the application of any relevant controls are described. Such safeguarding measures may be established by the Board itself: for example, the Board has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, to which the Manager must adhere and report upon monthly. Alternatively, the design and application of controls may be delegated by the Board to the Company's third-party service providers, who report regularly to the Board on the effectiveness of their control environments. Using a colour coded traffic light system, each risk within the matrix is assessed, scored and prioritised according to the severity of its potential impact on the Company and its likelihood of occurrence. The principal risks which have been identified as part of this process, and the steps taken by the Board to mitigate these, are set out in the table below.

The Board does not consider these principal risks to have changed during the course of the reporting period and up to the date of this report with the exception of the 'risks associated with Brexit' that are now considered as an emerging risk. In light of the circumstances, COVID-19 is specifically referred to in operational risk.

Risk	Controls and mitigation
Investment Strategy and Performance Poor investment performance Failure of the Manager Loss of Fund Manager or management team Failure of strategy	The Board monitors investment performance at each meeting and the Fund Managers are committed to maintaining a diversified portfolio. Market risk is mitigated through the activities set out in note 17 to the financial statements. As the new Investment Policy is implemented, the Board will monitor the liquidity and stability of the portfolio. The Board seeks assurances that the Manager maintains and tests business continuity plans to ensure operations can be maintained in the event of a business disruption. The Board seeks assurances from the Managers that the Multi-Asset team is suitably resourced and that the Fund Managers are appropriately remunerated and incentivised in their roles. The Board examines strategy and whether it remains appropriate at each meeting, which includes distribution strategy, market communication, drift from mandate and regulatory change. The Board reacts to any indication that the strategy has failed, which it has done by putting a change of Investment Objective and Policy to shareholders earlier this year.

Strategic Report: Corporate Information (continued)

Risk	Controls and mitigation
Operational Risks including Cyber Risks, Pandemic and Epidemic Risks and Risks Relating to Terrorism and International Conflicts	
Risk of loss through inadequate or failed internal procedures, policies, processes, systems or human error. This includes risk of loss to the Company's third-party service providers as a result of inadequate procedures, policies, processes, systems or human error. Risk of financial loss, disruption or damage to the reputation of the Company, the Manager and the Company's other third-party service providers, as a result of failure of information technology systems. Risk of loss as a result of external events outside of the Board's control such as pandemic and/or epidemic risks and risks relating to terrorism and/ or international conflicts that disrupt and impact the global economy. This includes the risk of loss to the Company's third-party service providers that are also disrupted and impacted by such events.	The Board receives a quarterly internal control report from the Manager to assist with the ongoing review and monitoring of internal controls and risk management systems it has in place. The Board regularly receives reports from the Manager's Internal Audit, Risk, Compliance, Information Security and Business Continuity Teams. This provides assurance that the Manager has appropriate policies and procedures in place to be able to continue in operation and maintain stability in times of such risks. In particular, the Board asks the Manager to confirm that the Fund Manager can continue to manage the portfolio in these circumstances. The Board has received assurance from Janus Henderson that the impact of the COVID-19 pandemic has been managed and that the Manager's key third-party providers have appropriate policies and procedures such that service to the Company has not been adversely affected. The Board makes similar enquiries of its key third-party service providers to gain assurance that they too have appropriate policies and procedures in place to be able to continue in operation and maintain stability in times of such risks. Please refer to the Report of the Audit Committee on page 31 for further details about Internal Control and Risk Management.
Regulatory/Operational Failure of a key third-party service provider Breach of internal controls Loss of s.1158 status Breach of company law or Listing Rules resulting in suspension	The Board receives regular reporting from its key third-party service providers. The Audit Committee reviews the independently audited reports on the effectiveness of internal controls in place at each of its key third-party service providers, monitors compliance with the investment mandate and receives quarterly internal control reports from the Manager and quarterly reports from the depositary on the safe custody of the Company's assets. The Manager regularly reviews and reports on compliance with s.1158.
Discount The Company's shares trade at an increasingly wide discount to NAV	The Board monitors the level of the Company's discount to NAV per share and reviews the average discount to NAV for the AIC Flexible Investment sector at each meeting. The Board regularly reviews with the Fund Managers and the Company's brokers measures to maintain demand in the Company's shares, including a full range of discount control mechanisms.
The Board considers these risks to have remained unchanged throughout the period under review.	

Emerging Risks

With the help of the Manager's research resources and using its own market intelligence, the Board continually monitors the changing risk landscape and any emerging and increasing threats to the Company's business model. Such emerging risks could cause disruption for the Company, if ignored, but, if identified, could provide business opportunities. The emerging risks identified below are currently being evaluated and monitored.

Emerging Risk	Mitigating Measures
Risks Associated with Brexit Risk that whatever the implications of the UK's exit from the European Union and any forthcoming trade negotiations and transitional arrangements, the portfolio will be subject to greater market price risk volatility and specific stock risk as a result.	It is difficult to evaluate all of the potential implications on the Company's business and the wider economy. The main exposures are related to potential currency volatility affecting the value of the Company's holdings. The Board is confident that the Manager and its other key service providers will continue to operate for the foreseeable future whatever the outcome of the trade negotiations and transitional arrangements following the UK's departure from the EU.

Strategic Report: Corporate Information (continued)

Viability Statement

The directors have assessed the viability of the Company over the expected realisation period (expected to be no longer than two years) taking account of the Company's current position and the potential impact of the principal risks and uncertainties as documented in this Strategic Report. In assessing viability, the directors have considered the approval by shareholders of the change to the Company's investment objective and policy with a view to realising the Company's assets in an orderly manner in order to return cash to shareholders and subsequently liquidate the Company. The directors have a reasonable expectation that the Company will be able to continue in operation and meets its liabilities as they fall due until such date that the Company is put into members' voluntary liquidation. The assessment has considered the possible impact of the principal risks and uncertainties facing the Company throughout the realisation period and the likelihood of their materialising in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

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

The directors do not expect there to be any significant change in the current principal risks and in the adequacy of the mitigating controls over the realisation period. The directors do not envisage any other events that would prevent the Company from continuing to operate over that period as the Company's assets are sufficiently liquid, its commitments are limited and the Company intends to continue to operate as an investment trust until it is placed into liquidation. In making their assessment, the directors have considered the impact that the ongoing COVID-19 pandemic may have on the realisation plan and subsequent liquidation.

The ongoing operation of the Company was subject to a continuation vote every three years, with the next vote due to take place in 2021. The approval by shareholders of the change in investment objective and policy, which will see the orderly realisation of the Company's assets and cash returned to shareholders means the continuation vote will no longer be necessary.

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

Future Developments

While the future performance of the Company is mainly dependent on the performance of international financial markets which are subject to various external factors, the Board's intention is that the Company will pursue its revised Investment Objective and Policy as approved by shareholders on 3 July 2020. The Chairman's Statement and Fund Managers' Report provide commentary on the outlook for the Company.

Key Performance Indicators

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

Performance measured against the benchmark

The Board formerly reviewed and compared the total return of the NAV per share and share price for the Company against the former benchmark, the FTSE World Total Return Index on a total return basis in Sterling terms.

Following the approval by shareholders of a revised investment policy and objective, the Company's former benchmark will become increasingly less relevant over the realisation period.

Discount to NAV

The Board monitors the performance of the Company's shares and the level of discount at which the shares trade relative to the NAV per ordinary share.

Ongoing charge

The Board reviews the costs of running the Company calculated using the AIC methodology for the ongoing charge.

The charts and data on pages 2 and 13 show how the Company has performed against these KPIs.

Corporate Responsibility

Responsible Investment and the UK Stewardship Code

The Board has delegated responsibility to the Manager for voting the rights attached to the shares held in the Company's portfolio. The Manager does so in line with the provisions of its ESG Corporate Statement, ESG Investment Principles and Responsible Investment Policy (ESG Policies), so investee companies are made aware of the Manager's expectations in this respect which sets out its approach to corporate governance, corporate responsibility and Janus Henderson's compliance with the UK Stewardship Code. The Board reviews the ESG Policies at least annually and receives reporting on the voting undertaken by the Manager on behalf of the Company.

The Board and the Manager believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. The Manager actively votes at shareholder meetings and engages with companies as part of the voting process. Voting decisions are made in consultation with the Fund Managers.

The ESG Policies can be found on the Manager's website at **www.janushenderson.com**.

Environmental, Social and Governance (ESG) Matters

Climate Change, Responsible Ownership and the Stewardship Code

The Board has considered the implications of climate change related risks. As an investment company that outsources all services to third-party suppliers the Board makes every effort to understand its service providers' ESG policies (including climate change) in particular those of the Manager. Janus Henderson are a signatory to the UN Principles of Responsible Investment and the UK Stewardship Code applicable from 2020 and seek to protect and enhance value for shareholders through active management, integration of ESG factors into decision making, voting and company engagement. Given the likely limited duration of the Company, whilst the Board remain cognisant of its responsibilities in this regard, climate change is not considered to be a major risk to the Company.

Voting

The Board believes that voting at general meetings is an integral 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 equity

Strategic Report: Corporate Information (continued)

portfolio as 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 Managers, who have an in-depth understanding of the respective company's operations. Voting decisions are taken in keeping with the provisions of the Manager's Responsible Investment policy, so investee companies are made aware of the Manager's expectations in this respect. In order to retain oversight of the process, the Board receives an annual report on how the Manager has voted the shares held in the Company's equity portfolio. The Board reviews the Manager's Responsible Investment policy each year. It is available to view at **www.janushenderson.com**. The Board remains satisfied that the Manager understands the risks of climate change to its business, strategy and product mix and where relevant it is adapting to ensure long-term viability. The Board will continue to monitor and review the ESG policies of the Manager and its key third-party service providers in the coming months as it expects all companies to evolve their policies as ESG reporting develops.

The Environment

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The Company's indirect impact occurs through the portfolio holdings it invests in.

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.

Communicating with Shareholders

The Board is committed to maintaining open channels of communication with shareholders in a manner which they find most meaningful. Unlike trading companies, this can take the form of meetings with the Fund Manager or members of the Board. Shareholders are able to meet with the Fund Manager throughout the year and the Manager provides information on the Company and videos featuring the Fund Manager on the Company's website, via various social media channels and through its HGi platform (please refer to Corporate Information on page 15). Feedback from all meetings between the Fund Manager and shareholders is shared with the Board. The Chairman, and Senior Independent Director, or other members of the Board are available to meet with shareholders where they wish to do so. 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 weekly calculation and publication of the NAV per share and a 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.

Please refer to the Chairman's Statement on page 7 for further details about this year's AGM. The Chairman and the rest of the Board would be delighted to engage with shareholders directly. Anyone wishing to get in touch should address correspondence to the registered office, 201 Bishopsgate, London EC2M 3AE c/o the Company Secretary or via email to **ITSecretariat@janushenderson.com**. The Senior Independent Director (please refer to the Board of Directors on page 14) is also available to shareholders if they have concerns that have not been addressed through the normal channels.

Board Diversity

It is the Company's aim to have an appropriate level of diversity in the boardroom. The Nominations and Remuneration Committee considers diversity generally when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths, and experience. The prime responsibility, however, is the strength of the Board and the overriding aim in making any new appointments is always to select the best candidate based on objective criteria and merit. Following the resignation of Mary-Anne McIntyre on 3 July 2020, the Board comprises three directors, all of whom are male. The Board are aware that its composition does not meet the requirements of the Hampton-Alexander Review (minimum 33% female representation), but given the likely limited duration of the Company following its change of investment objective and policy, it is not deemed appropriate to appoint additional directors. The Board does, however, recognise the benefits of diversity and therefore takes an interest in the diversity initiatives in place at its other service providers and in particular, the Manager. Janus Henderson fosters and maintains an environment that values the unique talents and contributions of every individual. The Manager strives to cultivate and practice inclusiveness for the long-term success of the business and for the benefit of its employees, clients, investors and shareholders. The Board is supportive of developing talent and recognises the challenges all organisations face to ensure there is a sufficient pipeline of talent.

For and on behalf of the Board

Graham Oldroyd
Director
3 August 2020

Warning to shareholders

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

Please note that it is very unlikely that either the Company or the Company's registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice". If you are in any doubt about the veracity of an unsolicited phone call, please call the Corporate Secretary at the number provided on page 15.

Strategic Report: Glossary

Alternative Investment Fund Managers Directive (“AIFMD”)

Agreed by the European Parliament and the Council of the European Union and transposed into English law with effect from 22 July 2013, 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 directors retains responsibility for strategy, operations and compliance and the directors retain a fiduciary duty to shareholders.

AIC Flexible Investment Sector

The AIC sector comprising funds with differentiated and flexible mandates.

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.

Benchmark

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

Beta

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

Composite index

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

Contribution

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

Custodian

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

Depositary

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

Derivative

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

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company’s registrars to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the date on which the shares trade without entitlement to the dividend. The NAV disclosed on this date is quoted as excluding the dividend.

Gearing

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

Investment trusts

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

Strategic Report: Glossary (continued)

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers 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 or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buy-back powers to assist the market liquidity in their shares.

Lock-up

A period in which an investor has no redemption rights.

Look-through basis

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

Market capitalisation (market cap)

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

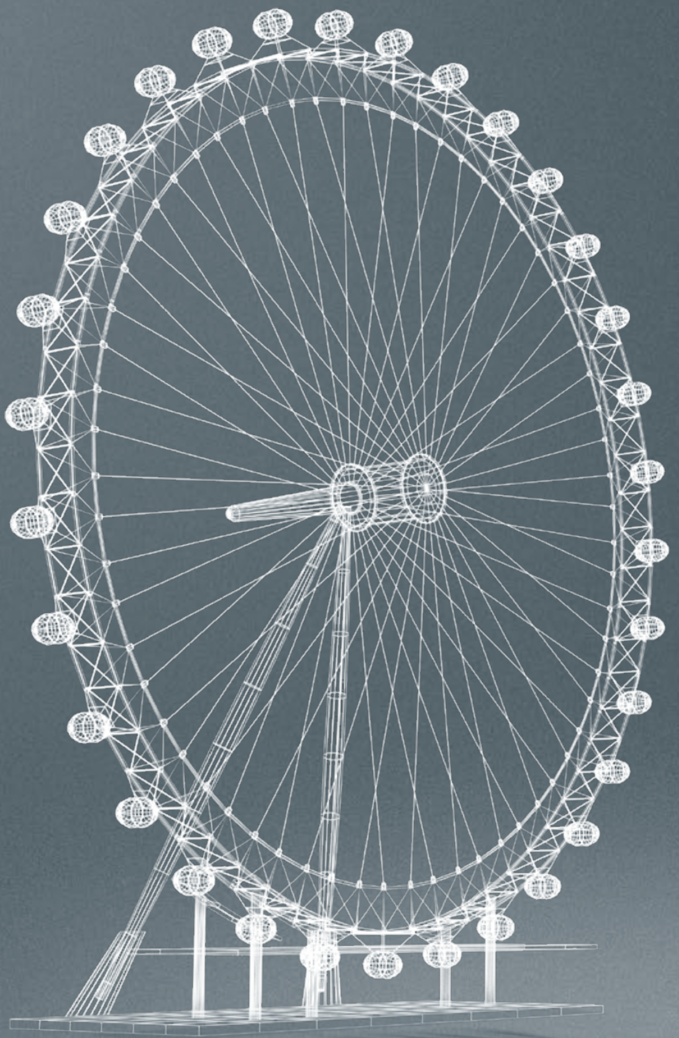
Risk adjusted return

The risk adjusted return is calculated using the monthly average Sharpe ratio. The ratio measures the average return earned in excess of the risk-free rate per unit of volatility. Generally, the greater the value of the Sharpe ratio, the more attractive the risk adjusted return.

With/without redemption rights

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

Corporate Report



Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2020.

The Corporate Governance Statement and Audit Committee Report on pages 27 to 32, and General Shareholder Information on page 55 form part of this Directors' Report.

Share Capital

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

As at 31 March 2020, there were 38,678,638 shares in issue. No shares have been issued during the period or up to the date of this report and no shares were held in treasury at the end of the period.

At the annual general meeting held on 25 July 2019, shareholders gave the Board authority to allot up to 1,933,931 new ordinary shares and to buy back up to 5,797,927 ordinary shares, which could be cancelled or held in treasury. These authorities will expire at the earlier of the 15 months following the passing of the resolution or the next annual general meeting. The Board has not made use of either authority.

Holdings in the Company's Shares

Declarations of interests in the voting rights of the Company as at 31 March 2020 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
1607 Capital Partners, LLC	29.8
City of London Investment Group plc	12.4
JPMorgan Chase & Co	10.8

Annual General Meeting

The annual general meeting ("AGM") will be held on Wednesday 16 September 2020 at 11.30 a.m. The Notice of Meeting and details of the resolutions to be put to shareholders at the AGM are contained in the separate document sent to shareholders with this report.

Due to ongoing restrictions caused by the COVID-19 pandemic, the 2020 AGM will be a closed meeting. This means that no shareholders, other than those necessary to form the quorum, will be admitted to the meeting. Voting on all resolutions will be held via poll. Shareholders are strongly encouraged to submit their votes by proxy ahead of the meeting. The Board are keen to hear shareholders' views, and would encourage shareholders to get in touch (via the Manager's office, 201 Bishopsgate, London EC2M 3AE or by email at **ITSecretariat@janushenderson.com**) if they have any questions, either on the resolutions to be put to the meeting or about the Company more generally.
A presentation by the Fund Managers will be available at **www.hendersonalternativestrategies.com**.

Duration of the Company

The Company's Articles of Association were amended in 2011 and a continuation vote was introduced requiring shareholders' consent to the continuation of the Company every three years ("continuation vote"). The last continuation vote was put to shareholders at the AGM in 2018. As shareholders approved the revised investment objective and policy on 3 July 2020, the Company will now enter a managed wind-down of its operations and assets in the way that best represents an orderly realisation of assets and return of cash to shareholders.

Related Party Transactions

Other than the relationship between the Company and its directors, the provision of services by Janus Henderson is the only related party arrangement currently in place as defined in the Listing Rules. Other than fees payable by the Company in the ordinary course of business and the provision of marketing services (see note 18 on page 54), there have been no material transactions with this related party affecting the financial position of the Company during the period under review.

Directors' Statement as to Disclosure of Information to the 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 knowledge and belief, there is no information relevant to the preparation of the annual report of which the Company's auditors are unaware and he 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 auditors are aware of that information.

Listing Rule 9.8.4

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

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
3 August 2020

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively.

As a result of the shareholder approval of the revised investment objective and policy on 3 July 2020, and the Company entering a managed wind-down of its operations, it has been considered appropriate to prepare the financial statements on a non-going concern basis.

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

Statement of Directors' Responsibilities

Each of the directors, who are listed on page 14, confirms that, to the best of their knowledge:

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

For and on behalf of the Board

Graham Oldroyd
Director
3 August 2020

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The maintenance and integrity of the website is the responsibility of Janus Henderson; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Directors' Remuneration Report

Remuneration Policy

Shareholders last approved the Remuneration Policy at the AGM in 2017. In accordance with section 439A of the Act, shareholders will be asked to approve the Remuneration Policy at the 2020 AGM. The Remuneration Policy has been enhanced to meet the requirements of The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019. Further details can be found in the Notice of Meeting that has been sent to shareholders with this report. It is also available on the website: **www.hendersonalternativestrategies.com**.

In determining the Remuneration Policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code and the AIC Code.

The objective of the Remuneration Policy is to attract, retain and motivate non-executive directors of the quality required to manage the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The Board obtains up-to-date information about remuneration in other companies of comparable scale and complexity in order to avoid and manage conflicts of interest in determining remuneration levels. The appropriateness and relevance of the Remuneration Policy is reviewed at least annually, particularly in terms of whether the policy supports the Company's long-term sustainable success.

Directors are remunerated in the form of fees, payable quarterly in arrears to the directors personally. In accordance with the Company's Articles of Association the aggregate remuneration of the directors may not exceed £150,000 per annum.

All directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit Committee, who are paid a higher fee in recognition of their additional responsibilities. From time-to-time the Board may approve one-off payments to directors for specific work undertaken in addition to their regular responsibilities. Any feedback from shareholders would be taken into account when setting remuneration levels. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

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.

The Policy, irrespective of any changes, should be put to shareholders at intervals of not more than three years, with the approval therefore being sought at the AGM this year.

Letters of Appointment

The terms of directors' engagement are set out in letters of appointment. These include a three month notice period and the Company reserves the right to make a payment in lieu of notice. No director has a service contract with the Company.

Recruitment principles

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

Annual Report on Directors' Remuneration

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the "Regulations"). The report also meets the relevant requirements of the Companies Act 2006, the Listing Rules and describes how the Board has applied the principles relating to directors' remuneration.

An ordinary resolution to approve the report will be proposed at the 2020 Annual General Meeting.

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

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

Statement from the Chairman

As the Company has no employees and the Board is comprised of three non-executive directors, a separate Remuneration Committee has not been established. The Board as a whole considers directors' remuneration within the parameters of the Policy approved by shareholders.

Directors' fees remain unchanged during the period and are £33,000 p.a. for the Chairman, £26,000 p.a for the Chairman of the Audit Committee and £23,000 p.a. for directors. Directors' fees were last increased in 2015.

Directors' interests in shares (audited)

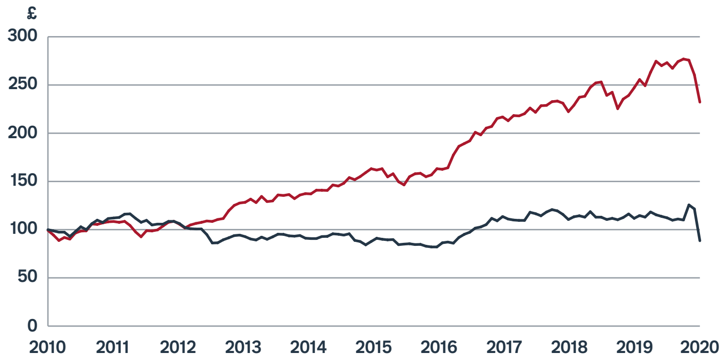
	Ordinary shares of 25p	
	31 March 2020	31 March 2019
Richard Gubbins	–	8,977
Jamie Korner	24,000	24,000
Graham Oldroyd	105,000	15,000
Mary-Anne McIntyre	–	–

The interests of the directors in the ordinary shares of the Company at the beginning and end of the financial period are shown above. There have been no changes to any of the directors' holdings from 31 March 2020 to the date of this report

Directors' Remuneration Report (continued)

Performance

The Company's performance is measured against the FTSE World Total Return Index in Sterling (the "Benchmark Index"). The graph compares the mid-market price of the Company's ordinary shares over the ten year period ended 31 March 2020 with the return from the benchmark index over the same period, assuming the investment of £100, with reinvestment of all dividends and income (excluding dealing expenses).



Source: Morningstar Direct and Refinitiv Datastream

FTSE World Total Return Index in Sterling

Henderson Alternative Strategies Trust plc share price total return

Directors' Remuneration (audited)

The remuneration paid to the directors who served during the year ended 31 March 2020 and period ended 31 March 2019 was as follows:

	Year ended 31 March 2020 Total salary and fees £	18 months ended 31 March 2019 Total salary and fees £	Year ended 31 March 2020 Expenses and taxable benefits £	18 months ended 31 March 2019 Expenses and taxable benefits £	Year ended 31 March 2020 Total £	18 months ended 31 March 2019 Total £	Percentage change[3]
Graham Fuller[1]	–	7,283	–	–	–	7,283	n/a
Richard Gubbins[2]	33,000	49,500	243	324	33,243	49,824	–
Jamie Korner	23,000	34,500	–	–	23,000	34,500	–
Graham Oldroyd	26,000	39,000	82	136	26,082	39,136	–
Mary-Anne McIntyre	23,000	34,500	691	666	23,691	35,166	–
	105,000	**164,783**	**1,016**	**1,126**	**106,016**	**165,909**	**–**

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 Resigned on 24 January 2018
2 Chairman and highest paid director
3 In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 this column shows the annual percentage change over the preceding financial year and the relevant financial year in respect of each director that has served for a minimum of two financial years. The Board will publish this annual percentage change cumulatively each year going forward until there is an annual percentage change over the five financial years preceding the relevant financial year to meet the legislative requirements

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

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

Relative Importance of Spend on Pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions paid to shareholders by way of dividends and share buybacks.

	Year ended 31 March 2020 £	18-month period to 31 March 2019 £	Change £
Total remuneration	106,016	165,909	(59,893)
Ordinary dividends paid	966,966	3,771,167	(2,804,201)

Statement of Voting at AGM

A binding ordinary resolution adopting the Remuneration Policy was approved at the AGM held on 25 January 2017. The votes cast by proxy in favour of the resolution were 25,734,736 (98.17%), votes cast against the resolution were 468,670 (1.79%) and 11,889 (0.04%) were placed at the discretion of the chairman of the meeting to vote. A total of 8,381 votes were withheld.

An ordinary resolution adopting the Annual Report on Directors' Remuneration was approved at the AGM held on 25 July 2019. The votes cast by proxy in favour of the resolution were 24,829,041 (99.80%), votes cast against the resolution were 29,029 (0.12%) and 20,592 (0.08%) were placed at the discretion of the chairman of the meeting to vote. A total of 198 votes were withheld.

The percentage of votes in favour, against and discretionary excludes the number of votes withheld.

For and on behalf of the Board

Graham Oldroyd
Director
3 August 2020

Corporate Governance Statement

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") 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. The Board has therefore considered the principles and provisions of the Code of Corporate Governance published by the Association of Investment Companies in February 2019 ("AIC Code"). The AIC Code addresses the principles set out in the UK Code as well as additional principles and provisions on issues that are of specific relevance to investment companies. The Financial Reporting Council ("FRC") has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

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

Statement of Compliance

The Board has considered the principles and provisions of the AIC Code, which address those set out in the UK Code, as well as additional provisions 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 the Company's shareholders in terms of its governance arrangements.

The Company has complied with the principles and provisions of the AIC Code throughout the period. As the Company is an investment company, it has no chief executive or other executive directors and therefore has no need to consider the remuneration of executive directors. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the Audit Committee considers the need for such a function at least annually (see page 31 for further information).

The Board

Responsibilities of the Board

The Board is responsible for providing leadership, setting the Investment Objective and Policy, appointing the Company's third-party service providers, establishing robust internal control and risk management systems and monitoring the performance delivered by service providers within the established control framework.

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

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's Investment Objective and Policy, and the Investment Limits and Restrictions.

The Board has engaged third-party service providers to deliver the operations of the Company. Management of the investment portfolio has been delegated contractually to Janus Henderson, which also provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a depositary (as explained on page 20) who in turn appoints the custodian who is responsible for the safe custody of the Company's assets. The Company has also appointed a registrar to maintain the Register of Members and assist shareholders with queries in respect of their holdings. Each of these principal contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board and its committees maintain oversight of the third-party service providers through regular and ad hoc reporting.

The Manager ensures that the directors receive, in a timely manner, all relevant management, regulatory and financial information. The Fund Managers and other representatives of the Manager attend each Board meeting enabling the directors to probe further on matters of concern. The directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are fully recorded through a process that allows any director's concerns to be recorded in the minutes. The Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provides a forum to discuss industry matters. The Board and the Manager operate in a supportive, co-operative and open environment.

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

The Company has adopted a procedure for directors to take independent professional advice in the furtherance of their duties at the expense of the Company.

Directors

At the date of this report the Board comprises three non-executive directors. Their biographies are set out on page 14 and demonstrate the breadth of investment management, financial services and professional experience relevant to their positions as directors. The Company has appointed a Senior Independent Director who is also available to shareholders.

Corporate Governance Statement (continued)

Appointment, retirement and tenure
The Company's Articles of Association provide that the total number of directors should not be fewer than three or more than nine. The Board may appoint a director at any time during the year and any director so appointed should stand for election by shareholders at the next AGM. The appointment of new directors is considered by the Nominations Committee, which makes recommendations to the Board. Directors are expected to serve two terms of three years which may be extended to a third term at the discretion of the Board, subject to satisfactory performance evaluation and ongoing re-election by shareholders.

Each director receives a letter of appointment, copies of which are available for inspection at the Company's registered office during normal business hours and at the Company's AGM. These include a three month notice period and reserve the Company the right to make a payment in lieu of notice.

The Articles of Association require each director to retire and submit themselves for re-election at least every three years. Following publication of the UK Code in July 2018, and the updated AIC Code in February 2019, the Board has accepted and complied with the provision that all directors should stand for annual re-election by shareholders. All directors will therefore stand for re-election at the upcoming AGM.

Following consideration of the individual performance of each director, an assessment of their independence and their ability to commit an appropriate amount of time to the Company's business, the Nominations Committee concluded that each director continued to contribute effectively to deliberations on the Company's business. The Board is therefore recommending the reappointment of all directors standing for re-election at the 2020 Annual General Meeting.

Under provisions of the Articles of Association, shareholders may remove a director before the end of their term by passing a special resolution at a meeting. A special resolution requires more than 75% of the votes cast, in person or by proxy, to be in favour of the resolution.

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

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

Following evaluation, the Nominations Committee determined that all directors continued to be independent in character and judgement and that their individual skills, broad business experience and knowledge and understanding of the Company were of benefit to shareholders.

Directors' conflicts of interest
The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for directors to declare situational conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors should act honestly and in good faith with a view to acting in the best interests of the Company and may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any situational conflicts considered, and any authorisations given, are recorded in the minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the system it has in place for reporting and considering situational conflicts continues to operate effectively.

Directors' professional development
Newly appointed directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the Manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services provided by the Manager.

Directors are 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 able to attend external training courses and industry seminars at the expense of the Company and each director's individual training requirements are considered by the Chairman as part of the annual performance evaluation process.

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

Directors' attendance at meetings
The following table sets out the number of Board and committee meetings held during the year under review and the number of meetings attended by each director. In addition to the meetings below, the Board held a separate strategy session during the period.

Corporate Governance Statement (continued)

	Board	AC	MEC	NC
Number of meetings	**9**	**2**	**1**	**1**
Richard Gubbins	9	2	1	1
Jamie Korner	8	2	1	1
Graham Oldroyd	9	2	1	1
Mary-Anne McIntyre	9	2	1	1

AC: Audit Committee
MEC: Management Engagement Committee
NC: Nominations Committee

Performance evaluation

The Chairman led the performance evaluation of the Board, its committees and each individual director. The assessment was conducted through individual discussions between the Chairman and each director, with the outcome reported to the Nominations Committee. Following completion of the evaluation and discussion by all directors, it was concluded that the Board size and composition remained appropriate for the Company, that the Board retained a good balance of skills and business experience and the committees continued to support the Board in fulfilling its duties.

The Senior Independent Director led the performance evaluation of the Chairman. Individual discussions were held with each director and the outcomes reported to the Nominations Committee and feedback provided to the Chairman.

Internal Controls

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

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the 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:

- the establishment of clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting.
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The forecasts are reviewed by the Board at each meeting.
- the contractual agreements with the Manager and other third-party service providers, and adherence to them, are reviewed on a regular basis through reporting to the Board and formal evaluation of the overall level of service provided at least annually.
- the review of controls at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and depositary, reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers and, if applicable, the Board agrees any required actions.
- annual review meetings with the depositary and other service providers as necessary to consider performance against key indicators and the reasons for any failure to meet agreed service levels.
- review of additional reporting provided by:

– the Manager's Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company.

– the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has reviewed the Company's system of internal controls for the year ended 31 March 2020. 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

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 reporting received from the Manager's Internal Audit department, and other specialist functions, in terms of assurance reporting. The Manager's Internal Audit department provides regular reporting to the Board and presents at least annually to the Audit Committee. The Manager's Risk team support the Audit Committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The Board has therefore concluded that it is not necessary at the present time for the Company to have its own 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.

Committees of the Board

The Board has three committees; the Audit Committee, the Nominations Committee and the Management Engagement Committee. The terms of reference for each Committee are kept under regular review by the Board and are available on the Company's website.

Audit Committee

The Audit Committee is chaired by Graham Oldroyd and the membership comprises all of the directors. The Audit Committee report can be found on pages 31 to 32.

Nominations Committee

The Nominations Committee is responsible for ensuring the Board retains an appropriate balance of skills, experience and

Corporate Governance Statement (continued)

diversity, has a formal, rigorous and transparent approach to the appointment of directors and maintains an effective framework for succession planning.

The Committee is chaired by the Chairman of the Board. All of the directors are members of the Committee.

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

- the composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company;
- the outcomes of the Board performance evaluation with a view as to whether adjustments should be made to the number of directors or knowledge and skills represented on the Board;
- the tenure of each of the directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming complacent;
- the independence of the directors taking account of the guidelines established by the AIC Code as well as the directors' other appointments;
- the time commitment of the directors and whether this had been sufficient over the course of the period;
- succession planning for appointments to the Board taking account of the provisions of the Articles regarding the retirement and rotation of directors, the tenure of the current directors and recommendations of the AIC Code published in 2019; and
- the performance and contribution of all directors standing for re-election at the 2020 Annual General Meeting.

Following completion of its reviews, the Committee concluded that no changes to the composition of the Board were required at present and that each director continued to commit sufficient time to fulfilling their duties. Taking account of the performance of individual directors, the Committee recommended to the Board that it should support the re-appointment of all the directors at the 2020 Annual General Meeting.

Management Engagement Committee

The Committee is responsible for reviewing the arrangements with the Manager on a regular basis, ensuring that the terms of engagement are fair and reasonable and that their continued appointment, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders. The Committee also reviews the performance and cost effectiveness of the Company's other service providers.

The Committee is chaired by the Chairman of the Board. All directors are members of the Committee.

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

- the investment performance of the Company, taking account of the benchmark, composite benchmark and performance of competitors in the closed-ended and open-ended sectors, the share price, level of premium/discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- retirement of Mr Barrass and succession planning in this respect;
- the fee structures of its closed-ended competitors and other, similar sized investment companies;
- the key clauses of the Investment Agreement, how the Manager had fulfilled these and whether these continued to be appropriate;
- the appropriateness of the current management fee arrangements; and
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, registrar, sales, marketing and research providers and legal counsel.

Continued appointment of the Manager

As set out in the Circular posted to shareholders on 24 February 2020, the Board believes that the Manager is best placed to achieve the revised investment objective. As the Board and the Manager are both cognisant of the level of on-going costs to Shareholders during the realisation process and, ultimately, liquidation, they have agreed to amend the management fee payable under the Investment Management Agreement in order to reduce the amount of the fees payable to the Manager. After the full review undertaken by the Management Engagement Committee in conjunction with the above, the Board feel that the continued appointment of the Manager is in the best interests of the Company.

Relations with Shareholders

Shareholder relations are given high priority by the Board. The primary medium by which the Company communicates with its shareholders is through the annual report and interim results which aim to provide shareholders with a clear understanding of the Company's activities and performance, and with meetings with the Fund Managers. This information is supplemented by the weekly calculation and publication of the NAV per share through a regulatory information service and a monthly fact sheet which is available on the website. Janus Henderson provides information on the Company and Fund Managers through videos on the website, via various social media channels and through its HGi content platform, more details of which are included on page 15.

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

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
3 August 2020

Audit Committee Report

Role

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

All directors are members of the Committee, including the Chairman of the Board. The Committee considered the provisions of the revised AIC Code issued in February 2019, and those of the UK Code issued in July 2018 from which it stems, relating to the membership of the Audit Committee. Taking account of the size of the Board as a whole (four directors in total during the year), the absence of any executive directors and the collaborative manner in which the Board and its committees work, it was not considered practical or constructive to exclude the Chairman from the membership of the Committee. The Chairman of the Board was determined to be independent at the time of his appointment.

The Board is satisfied that at least one member has recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates.

Meetings

The Committee meets at least twice a year. The Company's auditors, the Fund Managers and the Manager's Financial Reporting Manager are invited to attend meetings of the Committee on a regular basis. Other representatives of the Manager and BNP may also be invited to attend if deemed necessary by the Committee.

Responsibilities

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

- the appropriateness of the Company's accounting policies;
- the interim results for the six months to 30 September 2019, as well as the annual report for the year ended 31 March 2020, including the disclosures made therein in relation to internal controls and risk management, the Company's viability, use of the going concern basis for the preparation of half year results and the non-going concern basis for the annual report, transactions with related parties and consideration as to whether the report was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy in order to make recommendations to the Board;
- the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, as well as the controls in place over these records by relying on meetings with and reports from the Manager;
- the principal risks facing the Company and the mitigating measures in place to manage these;
- reports on the effectiveness of the internal controls in place at Janus Henderson and the Company's other principal third-party service providers;
- the appointment and evaluation of the effectiveness and objectivity of the external auditors;
- the nature, scope and cost of the statutory audit and reviewing the auditors' findings in this respect;
- the need for an internal audit function, in order to make a recommendation to the Board; and
- the whistleblowing arrangements that Janus Henderson has in place for its staff to raise concerns, in confidence, about possible improprieties, including in relation to the Company.

Effectiveness of the External Audit

The Committee's process for evaluating the effectiveness of the external audit comprises two components: consideration is given to the findings of the FRC's Audit Quality Inspection Report to the extent that it is relevant to an investment trust audit and a post-audit assessment is carried out led by the Committee Chairman.

The auditors are able to present and discuss the findings of the latest Audit Quality Inspection Report and report on the progress made by the firm in terms of addressing the areas identified for improvement in the prior year's report. In assessing the effectiveness of the audit process, the Committee Chairman invites views from the directors, Fund Managers and other members of the Manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting for the Committee.

Following completion of the assessment, the Audit Committee remained satisfied with the effectiveness of the audit provided by Grant Thornton UK LLP and therefore recommended their continuing appointment to the Board. The auditors have indicated their willingness to continue in office. Accordingly, resolutions re-appointing Grant Thornton UK LLP as auditors to the Company and authorising the Audit Committee to determine their remuneration will be proposed at the upcoming AGM.

Audit Committee Report (continued)

Significant Issues

In relation to the annual report for the year ended 31 March 2020 the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Going concern	Following the shareholder approval to change the Company's investment objective and policy with a view to realising the Company's assets and returning cash to shareholders before putting the Company into members' voluntary liquidation, the directors believe that members will resolve voluntarily to liquidate the Company in due course following an initial realisation period and return of cash to shareholders. As a consequence of this, the financial statements have been prepared on a non-going concern basis. The effect of this is explained in notes 1b and 1h to the financial statements.
Valuation and ownership of the Company's portfolio	Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Investments that are unquoted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by Janus Henderson's Global Pricing Committee and by the Committee at least twice each year. Ownership of listed investments is verified by reconciliation to the custodian's records; for unquoted investments, verification is via additional reconciliation to the records of the investee entities.
Recognition of Income	Income received is accounted for in line with the Company's accounting policies (as set out on page 41). The Committee considers whether the allocation between capital and income remains appropriate and considers the treatment of special dividends throughout the period.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee reviews the Manager's procedures for ensuring compliance with the relevant regulations for ensuring the Company maintains its investment trust status and regularly seeks confirmation of compliance with the relevant regulations.
Maintaining internal controls	The Committee carries out the annual assessment of the effectiveness of the Company's internal control and risk management systems by reviewing the framework and summary of the reporting received throughout the course of the financial reporting period. The assurance report for one of the Company's third-party service providers was qualified by the respective service auditor. The Committee reviewed the instances giving rise to the qualification and sought confirmation that the exceptions identified had no impact on the Company.

Appointment and Tenure of the Auditors

Regulations currently in force require the Company to rotate audit firms after a period of 10 years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. Grant Thornton UK LLP were appointed as the auditors in 2013 following a formal tender process and presented their first report in respect of the year ended 30 September 2014. This is the sixth year they have acted as the auditors and the fourth year the current audit partner, Christopher Smith, has been in place. Subject to the audit remaining effective and the continuing agreement from shareholders on the appointment of the auditors, the Committee had envisaged carrying out an audit tender process towards the end of the current partner's tenure so as to comply with the regulations but this is now unlikely to go ahead due to the likely limited further duration of the Company.

Auditors' Independence

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

Grant Thornton UK LLP confirmed that all of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standards.

Policy on the Provision of Non-Audit Services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditors. The policy sets out that the Company's auditors will only be considered for non-audit work where this is not prohibited by the current regulations and where it does not appear to affect the independence and objectivity of the auditors. In addition, the provision of any non-audit services by the auditors is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit Committee, or Audit Committee Chairman, following due consideration of the proposed services.

Since the appointment of Grant Thornton UK LLP in 2013, the auditors have not provided any non-audit services to the Company.

Graham Oldroyd
Chairman of the Audit Committee
3 August 2020

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

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Henderson Alternative Strategies Trust plc (the "Company") for the year ended 31 March 2020, which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown.

We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Emphasis of matter – basis of preparation of the financial statements

We draw attention to Note 1b to the financial statements which explains that the directors intend to wind up the Company after realising the remaining investments and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 1b. Our opinion is not modified in this respect of this matter.

Conclusions relating to principal risks, going concern and viability statement

Aside from the impact of the matters disclosed in the emphasis of matter paragraph, we have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 16 and 17 that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated (including the impact of Brexit);
- the directors' confirmation, set out on page 16 of the annual report that they have completed a robust assessment of the principal and emerging risks facing the Company (including the impact of Brexit), including those that would threaten its business model, future performance, solvency or liquidity;
- whether the directors' statements relating to going concern and the prospects of the Company required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) are materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 18 of the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Overview of our audit approach

Grant Thornton

- Overall materiality: £1,119,000, which represented 1% of the Company's net assets based on preliminary figures;
- The key audit matter was identified as valuation of unquoted investments; and
- Our audit approach was a risk-based substantive audit focused on unquoted investments at the period end. The key audit matters identified in the prior year relating to valuation and existence of quoted investments, existence of unquoted investments and the completeness and occurrence of investment income did not have a significant impact on the audit strategy nor require significant allocation of resources in the current year and thus are not key audit matters.

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. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Unquoted Investments held at Fair Value through Profit or Loss The Company's investment objective is to exploit global opportunities to provide long-term growth to shareholders via a diversified, international, multistrategy investment portfolio, which also offers access to specialist funds including hedge funds and private equity funds. The investment portfolio at the period end had a carrying value of £103.9 million, of which £55.3 million of investments were quoted on recognised stock exchanges and £48.6 million were unquoted. We focused on the valuation of the unlisted investments as these investments represented a material balance in the financial statements (£48.6 million) and the valuation requires significant estimates and judgements to be applied by the Directors such that changes to key inputs to the estimates and/or the judgements made can result in a material change to the valuation of unlisted investments. In light of the recent decision to wind down the portfolio along with the impact of COVID-19 there is also a risk that the fair value at the period end does not appropriately reflect these factors at the year end. We therefore identified valuation of unquoted investments held at fair value through profit or loss as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • understanding management's process to value unquoted investments through discussions with the management and examination of control reports on third party service providers as well as reviewing the fair value pricing committee meeting minutes where the valuations of the unquoted investments were discussed and agreed; • agreed the valuation of unquoted investments to NAV statements as at 31 March 2020 received directly from the investee funds; • where audited accounts were not available for 31 March 2020, inquired of management relating to their valuation method to determine if it was consistent with their accounting policies and the financial reporting framework; • to gain additional comfort over the reasonableness of the unaudited March figures for each of the underlying investments, we obtained their December unaudited figures and compared these to the final audited figures to assess the effectiveness of the fund managers' estimation process at December 2019 and to gain comfort that the fund managers are able to make estimates appropriately; • compared the NAV per the 31 December 2019 audited accounts of each unquoted investment to the 31 March 2020 NAVs obtained from third party sources. This comparison allowed us to analyse fluctuations between the two periods with reference to market and economic events, including the outbreak of COVID-19, as well as investment-specific considerations; • for a sample of sales transactions, recalculated gains and losses and compared with the amounts recorded in the general ledger; • challenged management on whether the accounting policy for valuation of unquoted investments at fair value through profit and loss was appropriate given the Company's decision to wind-down the portfolio and performed our own assessment of the policy choice; • assessing whether the accounting policy for unquoted investments is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice (SORP) issued by the Association of Investment Companies (AIC), and International Private Equity and Venture Capital Valuation Guidelines (IPEVC). The Company's accounting policy on investments is shown in note 1(g) to the financial statements and related disclosures are included in note 9. The Audit Committee identified valuation as a significant issue in its report on page 32, where the Audit Committee also described the action that it has taken to address this issue. **Key observations** Our testing did not identify any material misstatements in relation to the valuation of the Company's unquoted investments held at fair value through profit or loss as at the year ended 31 March 2020.

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

Our application of materiality

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

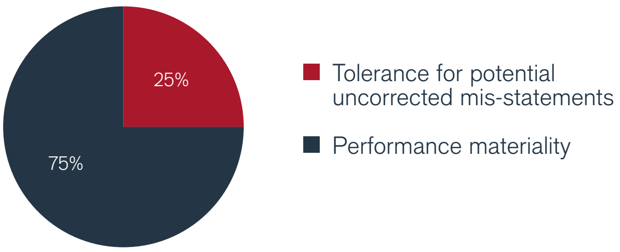
We determined materiality for the audit of the financial statements as a whole to be £1,119,000, which is 1% of net assets. This benchmark is considered the most appropriate because net assets, which primarily comprise the Company's investment portfolio, are considered to be the key driver that investors use to assess the Company's performance.

Materiality for the current year is lower than the level that we determined for the period ended 31 March 2019 to reflect decreased value of the Company's net assets, including its investment portfolio, at the period end.

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

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



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

We determined the threshold at which we will communicate misstatements to the audit committee to be £55,950. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- we obtained an understanding of the legal and regulatory frameworks applicable to the Company. We determined that the following laws and regulations were most significant: FRS102, section 1158 to section 1164 of the Corporation Tax Act 2010, Companies Act 2006 and AIC SORP;
- we understood how the Company is complying with those legal and regulatory frameworks by making inquiries to management and the corporate secretary. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee;
- we assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - designing audit procedures to identify unusual journal transactions during the period and testing journal entries posted at the period end;
  - assessing the extent of compliance with the relevant laws and regulations as part of our audit procedures; and
  - we did not identify any key audit matters relating to irregularities, including fraud, as a result of our audit procedures.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 32 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

We have nothing to report in this regard.

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

- fair, balanced and understandable set out on page 24 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- audit committee reporting set out on page 31 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- directors' statement of compliance with the UK Corporate Governance Code set out on page 27 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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

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

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

- the information given in the strategic report and the 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.

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the members on 24 February 2014. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years.

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

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

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.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
3 August 2020

Income Statement

		Year ended 31 March 2020			18–month period ended 31 March 2019		
Notes		Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
9	(Losses) /gains on investments at fair value through profit or loss	–	(18,575)	(18,575)	–	2,285	2,285
	Exchange differences	–	15	15	–	32	32
2	Investment income	2,211	–	2,211	3,312	–	3,312
	Gross revenue and capital (losses)/gains	**2,211**	**(18,560)**	**(16,349)**	**3,312**	**2,317**	**5,629**
3	Investment management fees	(151)	(602)	(753)	(247)	(989)	(1,236)
4	Other expenses	(409)	(273)	(682)	(611)	–	(611)
	Net return before finance costs and taxation	**1,651**	**(19,435)**	**(17,784)**	**2,454**	**1,328**	**3,782**
5	Finance costs	(3)	(10)	(13)	–	(1)	(1)
	Net return before taxation	**1,648**	**(19,445)**	**(17,797)**	**2,454**	**1,327**	**3,781**
6	Taxation	(17)	–	(17)	–	–	–
8	**Net return after taxation**	**1,631**	**(19,445)**	**(17,814)**	**2,454**	**1,327**	**3,781**
8	Return per ordinary share	4.22p	(50.27p)	(46.05p)	6.34p	3.43p	9.77p

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

The notes on pages 41 to 54 form part of these financial statements

Statement of Changes in Equity

Notes	Year ended 31 March 2020	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
	Balance at 1 April 2019	9,670	10,966	8,783	98,582	1,751	129,752
	Net return after taxation	–	–	–	(19,445)	1,631	(17,814)
7	Ordinary dividends	–	–	–	–	(967)	(967)
	Balance at 31 March 2020	**9,670**	**10,966**	**8,783**	**79,137**	**2,415**	**110,971**

Notes	18-month period ended 31 March 2019	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
	Balance at 1 October 2017	9,670	10,966	8,783	97,255	3,068	129,742
	Net return after taxation	–	–	–	1,327	2,454	3,781
7	Ordinary dividends	–	–	–	–	(3,771)	(3,771)
	Balance at 31 March 2019	**9,670**	**10,966**	**8,783**	**98,582**	**1,751**	**129,752**

The notes on pages 41 to 54 form part of these financial statements

Statement of Financial Position

Notes		31 March 2020 £'000	31 March 2019 £'000
	Fixed Assets		
9	Investments held at fair value through profit or loss	–	113,014
	Current assets		
9	Portfolio investments held at fair value through profit or loss	103,858	–
9	Money market fund investments held at fair value through profit or loss	7,553	14,810
10	Debtors	1,231	2,600
	Cash and cash equivalents	32	–
	Total current assets	**112,674**	**17,410**
11	**Creditors: amounts falling due within one year**	(1,703)	(672)
	Net current assets	**110,971**	**16,738**
	Total assets less current liabilities	**110,971**	**129,752**
	Capital and reserves		
12	Called up share capital	9,670	9,670
	Share premium account	10,966	10,966
	Capital redemption reserve	8,783	8,783
	Capital reserve	79,137	98,582
	Revenue reserve	2,415	1,751
	Total equity shareholders' funds	**110,971**	**129,752**
8	Net asset value per ordinary share	286.91p	335.46p

The financial statements on pages 37 to 54 were approved and authorised for issue by the Board of Directors on 3 August 2020.

Graham Oldroyd
Director

The notes on pages 41 to 54 form part of these financial statements

Cash Flow Statement

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Cash flows from operating activities		
Net return before taxation	(17,797)	3,781
Add back: finance costs	13	1
Losses/(gains) on investments held at fair value through profit or loss	18,575	(2,285)
Withholding tax on dividends deducted at source	(17)	–
Decrease/(increase) in prepayments and accrued income	414	(971)
(Decrease)/increase in other creditors	(22)	283
Exchange movements: cash and cash equivalents	18	8
Net cash inflow from operating activities	**1,184**	**817**
Cash flows from investing activities		
Purchases of portfolio investments held at fair value through profit or loss	(42,946)	(31,458)
Sales of portfolio investments held at fair value through profit or loss	37,716	44,231
Purchases of money market fund held at fair value through profit or loss	(30,142)	(43,283)
Sales of money market fund held at fair value through profit or loss	37,399	33,191
Futures contract cash movements	(2,158)	104
Net cash (outflow)/inflow from investing activities	**(131)**	**2,785**
Cash flows from financing activities		
Equity dividends paid	(967)	(3,771)
Interest paid	(13)	(1)
Net cash outflow from financing activities	**(980)**	**(3,772)**
Net increase/(decrease) in cash and cash equivalents	73	(170)
Cash and cash equivalents at beginning of period	(23)	155
Exchange movements	(18)	(8)
Cash and cash equivalents/(bank overdraft)	**32**	**(23)**

The presentation of future contracts cash movements were previously disclosed under operating activities. These have been reclassified in the current year and are now disclosed under investing activities

The notes on pages 41 to 54 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 15.

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 ("SORP") which was issued in October 2019.

The principal accounting policies applied in the presentation of these financial statements are set out below. Other than being prepared on a non-going concern basis, and the reclassification of fixed asset investments to be classified as current assets as explained in policy h), these policies have been consistently applied to all the periods presented. There have been no other significant changes to the accounting policies compared to those set out in the Company's Annual Report for the 18-month period ended 31 March 2019.

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.

On 26 February 2018, the Company announced that it was changing its financial year end from 30 September to 31 March with the aim of aligning more closely its reporting cycle to the receipt of valuations from the unquoted funds and other unlisted investments held in the portfolio. Therefore, the current financial accounting period for which financial statements have been prepared is the first twelve month period reported since the change. The comparative amounts presented in the financial statements (including the related notes) are for the 18-month period ended 31 March 2019 and are therefore not entirely comparable.

b) Going concern

As set out in the Chairman's Statement, the directors put forward to shareholders a proposal to change the Company's investment objective and policy with a view to realising the Company's assets and returning cash to shareholders before putting the Company into members' voluntary liquidation. The resolution to start this process was approved by shareholders at general meeting on 3 July 2020. The directors believe that members will voluntarily resolve to liquidate the Company in due course following an initial realisation period and return of cash to shareholders. As a result of this, these financial statements have been prepared on a non-going concern basis. Further detail on the considerations and impact on the financial statements is provided in policies g) and h).

The directors do however believe that the Company has adequate resources to continue in operational existence, continue to operate as an investment trust and meet its ongoing liabilities for the realisation period until it is placed into liquidation.

c) Income

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

d) Expenses and interest

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

e) Investment management fees and finance costs

The investment management fee and interest payable have been allocated 20% to revenue and 80% to capital. The allocation is in line with the long-term historic split of returns, in the form of income and capital gains respectively, from the investment portfolio.

f) Taxation

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

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

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

Deferred taxation is provided on all timing differences that have originated but not been 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

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

f) Taxation (continued)

from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the rate of tax expected to be applied based on tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

g) Investments

The Company's investments are categorised as "fair value through profit or loss". All investments are held at fair value. For listed investments, this is deemed to be quoted bid prices as at 31 March 2020 or closing prices for SETS stocks sourced from the London Stock Exchange.

Derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Changes in fair value of derivative financial instruments are recognised in the Income Statement.

Unquoted investments are valued at fair value based on the latest available information, principally net asset value, and with reference to the International Private Equity and Venture Capital Valuation Guidelines, December 2018 and the Special Valuation Guidance issued in March 2020.

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

Transaction costs incurred on the purchase and disposal of investments are included in gains or losses on investments held at fair value through profit and loss as disclosed in note 9. All purchases and sales are accounted for on a trade date basis. As set out in policy b), the financial statements have been prepared on a non-going concern basis. There have, however, been no changes to the basis of valuation of investments. The Company continues to value its financial assets on the basis disclosed in this policy. The time frame envisaged for the managed wind-down of the portfolio does not affect the valuation of assets or liabilities on the Company's balance sheet.

h) Significant judgements and estimates

The preparation of financial statements requires the Company to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities at the Statement of Financial Position date and the amounts reported for revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The results form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. However, the nature of estimation means that the actual outcomes could differ from those estimates, possibly significantly. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates relate to the fair value of unquoted investments where there is no appropriate market price. See notes 9 and 17 on pages 47 and 50 respectively, for more information.

Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

The key estimates, and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of the Company's unquoted level 3 investments (see note 17 on page 52). 15.3% of the Company's portfolio is comprised of level 3 investments (31 March 2019: 16.2%). These are all valued in line with accounting policy 1(g) above. Under the accounting policy the reported net asset value methodology has been adopted in valuing those investments, as described further on page 52.

As the Company has judged that it is appropriate to use reported NAVs in valuing the unquoted investments as set out in note 17, the Company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Whilst the Board considers the methodologies and assumptions adopted in the valuation of unquoted investments are supportable, reasonable and robust, because of the inherent uncertainty of valuation the values used may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant. These values may need to be revised as circumstances change and material adjustments may still arise as a result of a reappraisal of the unquoted investments' fair value within the next year.

As set out on the previous page, the directors have considered that the financial statements should be prepared on a non-going concern basis. A significant proportion of costs to return cash to shareholders will relate to the costs of tender exercises to return cash prior to the liquidation. The timing and value of any such costs will depend on when progress is made to liquidate the portfolio and the directors consider it appropriate to make a return of cash. Any future costs relating to the return of cash to shareholders will therefore be provided for when the Company becomes obliged to make such payments.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

h) Significant judgements and estimates (continued)
In respect of other future costs associated with the liquidation of the Company, these will primarily be legal costs and liquidator costs. Such costs associated with the subsequent members' voluntary liquidation are expected to be in a range of £120,000 to £150,000. As the exact cost and time frame for incurring these costs is uncertain and not material to the financial statements as a whole, no provision has been made in these financial statements for any future costs and they will be charged as the related services are provided.

Any costs associated directly with the orderly wind down of the Company will be charged to capital reserves. Costs incurred during the year and charged to capital total £273,000 and are disclosed in note 4.

Other ongoing administrative costs will continue to be incurred as the Company continues to operate and will be recognised on an accruals basis.

The directors consider that the proposed wind up of the Company has no material impact on the valuation of the Company's investments or other assets and liabilities and therefore the assets are measured in the Statement of Financial Position at fair value and liabilities are measured at amounts expected to be paid. In coming to this conclusion, the directors have considered whether there has been any material write downs of investment subsequent to the year end or through the initial realisation process which may indicate that carrying values at year-end are not representative of fair value or realisable amounts.

As the financial statements are prepared on a non-going concern basis, all assets and liabilities have been classified as current assets and liabilities in the current year.

i) Cash and cash equivalents
Cash comprises cash in hand and on demand deposits.

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

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

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

k) Capital and reserves
Called up share capital represents the nominal value of ordinary shares issued.

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

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

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

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

l) Distributable reserves
The Company's realised capital reserve and revenue reserve may be distributed by way of a dividend.

m) Dividends payable
Interim dividends are recognised in the period in which they are paid and final dividends are recognised when approved by shareholders. Dividends are dealt with in the Statement of Changes in Equity.

Notes to the Financial Statements (continued)

2 Investment Income

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Income from equity shares and securities		
UK investment income	584	352
Overseas income	1,353	2,843
Property income distributions	195	75
	2,132	**3,270**
Other income		
Interest from money market fund investments	72	40
Other income	7	2
	79	**42**
Total income	**2,211**	**3,312**

3 Investment Management Fees

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Revenue		
Investment management fee	151	247
Capital		
Investment management fee	602	989
Total	**753**	**1,236**

Details of the fee basis are contained in the Strategic Report on page 4.

For the period 1 October 2017 to 31 March 2018, the management fee was charged at a rate of 0.70% per annum, payable quarterly in arrears based on the net asset value at the relevant quarter end. With effect from 1 April 2018, the rate was reduced to 0.60% per annum on the first £250,000,000 of the net asset value and 0.55% per annum in excess thereof.

4 Other Expenses

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Revenue		
General expenses	221	357
Directors' fees	105	165
Auditor's remuneration – fees payable to the Company's auditor for the audit of the Company's statutory accounts[1]	49	39
Depositary charges	34	50
	409	**611**

1 These figures include VAT. Fees for audit services excluding VAT were £41,200 (2019: £32,300)

In addition, costs incurred to date in connection with the modification of the Company's investment objective and policy have been charged to capital and amounted to £273,000 (2019: nil)

Notes to the Financial Statements (continued)

5 Finance costs

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Bank overdraft interest	9	1
Interest on derivatives margin cash	4	–
	13	**1**
Allocated to capital	(10)	(1)
	3	**–**

6 Taxation

a) Analysis of the charge for the year

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Overseas withholding taxes	17	–
Current tax charge for the year/period (see note 5b)	**17**	**–**

b) Factors affecting the tax charge for the year/period

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Net return before taxation	**(17,797)**	**3,781**
Corporation tax at 19% (2019: 19%)	(3,381)	718
Non-taxable dividends	(281)	(512)
Non-taxable losses/(gains) on investments	3,421	(92)
Expenses not deductible for tax purposes	52	–
Movement in unutilised management expenses	192	(108)
Non taxable exchange differences	(3)	(6)
Overseas withholding tax	17	–
Total taxation charge for the year/period	**17**	**–**

The Company's profit for the accounting year/period is taxed at an effective rate of 19.0% (2019: 19.0%).

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

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Excess management expenses	8,231	7,722
Unrealised appreciation on non-qualifying offshore funds	(6,135)	(6,632)
Excess management expenses	**2,096**	**1,090**

No provision for deferred taxation has been made in the current or prior accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax on these items because of its investment trust status except for those arising from the realisation of investments in non-qualifying offshore funds. The Company has not recognised a deferred tax asset totalling £398,000 (2019: £185,000) based on a prospective corporation tax rate of 19% (2019: 17%). The deferred tax asset arises as a result of having unutilised management expenses in excess of unrealised appreciation on non-qualifying offshore funds. These expenses will only be utilised, to any material extent, if the Company has profits chargeable to corporation tax in the future because changes are made to the tax treatment of the capital gains made by investment trusts, where disposals of non-qualifying offshore funds would otherwise result in a tax charge or there are other changes to the Company's investment profile which require them to be used.

Notes to the Financial Statements (continued)

7 Dividends on Equity Shares

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
2019 interim dividend 5.00p	–	1,934
2019 final dividend 2.50p (2017: 4.75p)	967	1,837
	967	**3,771**

The proposed final dividend of 5.50p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. This dividend of £2,127,000 (2019: £967,000) is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered. The current year dividend will be met by current year revenue and the revenue reserve. The revenue available for distribution by way of dividend for the period is £1,631,000 (2019: £2,454,000). Dividends paid in the financial period ended 31 March 2019 reflect the longer 18 month period over which accounts were prepared, and included an interim and final dividend.

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

8 Returns/Net Asset Value per Ordinary Share

The return per ordinary share is based on the net loss attributable to the ordinary shares of £17,814,000 (2019: £3,781,000 gain) and on 38,678,638 ordinary shares (2019: 38,678,638) being the weighted average number of ordinary shares in issue during the year. The return per ordinary share can be further analysed between revenue and capital, as below:

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Net revenue return	1,631	2,454
Net capital return	(19,445)	1,327
Net total return	**(17,814)**	**3,781**
Weighted average number of ordinary shares in issue during the year/period	**38,678,638**	**38,678,638**

	Year ended 31 March 2020 Pence	18-month period ended 31 March 2019 Pence
Revenue return per ordinary share	4.22	6.34
Capital return per ordinary share	(50.27)	3.43
Total return per ordinary share	**(46.05)**	**9.77**

The Company does not have any dilutive securities, therefore the basic and diluted returns per share are the same. The net asset value per share is based on the net assets of £110,971,000 (2019: £129,752,000) divided by the number of shares in issue at the end of the year/period 38,678,638 (2019: 38,678,638). The net asset value per ordinary share at 31 March 2020 was 286.91p (2019: 335.46p)

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

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Total net assets at 1 April	129,752	129,742
Total net return after taxation	(17,814)	3,781
Ordinary dividends paid in the year	(967)	(3,771)
Net assets attributable to the ordinary shares at year/period end	**110,971**	**129,752**

Notes to the Financial Statements (continued)

9 Investments at Fair Value Through Profit or Loss

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Listed investments	55,268	61,163
Unlisted investments	48,590	51,851
	103,858	**113,014**

	Listed on major market £'000	Listed on minor market £'000	Total listed £'000	Unlisted £'000	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Valuation as at start of year/period	**48,312**	**12,851**	**61,163**	**51,851**	**113,014**	**123,690**
Investment holding gains/(losses)	5,166	5,495	10,661	(6,108)	4,553	5,794
Cost as at start of year/period	**43,146**	**7,356**	**50,502**	**57,959**	**108,461**	**117,896**
Purchases of investments at cost	23,683	5,919	29,602	14,420	44,022	31,458
Proceeds from sales of investments	(15,123)	(6,882)	(22,005)	(14,756)	(36,761)	(44,315)
Net gains on sale of investments	1,892	853	2,745	214	2,959	3,422
Cost as at 31 March	**53,598**	**7,246**	**60,844**	**57,837**	**118,681**	**108,461**
Investment holding (losses)/gains	(11,034)	5,458	(5,576)	(9,247)	(14,823)	4,553
Valuation as at 31 March	**42,564**	**12,704**	**55,268**	**48,590**	**103,858**	**113,014**
Net gains on sale of investments	1,892	853	2,745	214	2,959	3,422
Movement in investment holding (losses)/gains	(16,200)	(37)	(16,237)	(3,139)	(19,376)	(1,241)
Total (losses)/gains on investments	**(14,308)**	**816**	**(13,492)**	**(2,925)**	**(16,417)**	**2,181**
(Loss)/gain on index futures	(2,158)	–	(2,158)	–	(2,158)	104
Total (losses)/gains on investments held at fair value through profit or loss					**(18,575)**	**2,285**

The above analysis is based on the classification noted on page 12.

The Company received £36,761,000 (2019: £44,315,000) from investments sold in the year/period. The book cost of these investments when they were purchased was £33,802,000 (2019: £40,893,000). 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.

Transaction costs

In the year to 31 March 2020 transaction costs on acquisition and disposals of the portfolio investments amounted to £55,000 (acquisitions £48,000 and disposals £7,000). In the 18 months to 31 March 2019 transaction costs on the acquisition and disposal of portfolio investments amounted to £50,000 (acquisitions £34,000 and disposals £16,000).

Money market fund investments

The Company has a holding in Deutsche Global Liquidity Managed Platinum Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short-term deposit. At 31 March 2020 this holding had a value of £7,553,000 (2019: £14,810,000).

Notes to the Financial Statements (continued)

10 Debtors

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Sales for future settlement	–	955
Accrued income	120	986
Prepayments and other receivables[1]	1,111	659
	1,231	**2,600**

1 Includes derivatives margin cash of £1,018,000 (2019: £537,000)

11 Creditors: Amounts Falling Due Within One Year

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Purchases for future settlement	1,076	–
Other creditors	627	649
Bank overdraft	–	23
	1,703	**672**

12 Share Capital

	Shares in issue	Nominal value of total shares in issue £'000
Allotted, issued and fully paid ordinary shares of 25p		
At 1 April 2019	38,678,638	9,670
At 31 March 2020	**38,678,638**	**9,670**
Allotted, issued and fully paid ordinary shares of 25p		
At 1 October 2017	38,678,638	9,670
At 31 March 2019	**38,678,638**	**9,670**

No shares were bought back in the year to 31 March 2020 nor in the period to 24 July 2020 subsequent to the year end.

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

13 Retained Earnings

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Capital reserve		
At start of year/period	98,582	97,255
Movement in investment holding gains	(19,376)	(1,241)
(Losses)/gains on index futures	(2,158)	104
Gains on realisation of investments at fair value	2,959	3,422
Currency gains	15	32
Finance costs	(10)	(1)
Management fees charged to capital	(602)	(989)
Costs incurred in connection with the modification of the Company's investment objective and policy	(273)	–
At 31 March	**79,137**	**98,582**

The capital reserve includes investment holding losses amounting to £14,823,000 (2019: gains £4,553,000) as disclosed in note 9.

Notes to the Financial Statements (continued)

13 Retained Earnings (continued)

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Revenue reserve		
At start of year/period	1,751	3,068
Net revenue after taxation	1,631	2,454
Dividends paid	(967)	(3,771)
At 31 March	**2,415**	**1,751**

14 Analysis of Changes in Net Funds

	1 April 2019 £'000	Exchange movements £'000	Cash flows £'000	31 March 2020 £'000
(Bank overdraft)/cash and cash equivalents	(23)	(18)	73	32
	(23)	**(18)**	**73**	**32**

	1 October 2017 £'000	Exchange movements £'000	Cash flows £'000	31 March 2019 £'000
Cash and cash equivalents/(bank overdraft)	155	(8)	(170)	(23)
	155	**(8)**	**(170)**	**(23)**

15 Substantial Interests

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

Company	Year ended 2020 % held	18-month period ended 2019 % held
Eurovestech	16.89	17.25

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

16 Financial Information on Significant Unlisted Investments

In accordance with the SORP, the following information is provided for the unlisted investments in the Company's ten largest investments as at 31 March 2020.

Holding	% of capital owned	Cost £'000	Income recognised	Investment income £'000	Pre-tax profits £'000	Net assets attributable £'000
Mantra Secondary Opportunities	9.99	3,580	–	4,996	9,841	77,408
BlackRock European Hedge Fund Limited	0.19	3,876	–	43,079	779,837	4,084,667
Renewable Energy & Environmental Infrastructure Fund II	3.47	5,225	87	5,824	7,410	123,764
KLS Sloane Robinson Emerging Market Equity Fund	4.86	5,692	–	1,959	19,383	119,565
Sagil Latin American Opportunities Fund	1.99	4,014	–	40,103	88,652	438,783
DMS UCITS Platform ICAV Global Floating Rate Credit Fund	6.45	5,556	–	3,832	1,677	92,426

Notes to the Financial Statements (continued)

16 Financial Information on Significant Unlisted Investments (continued)

In accordance with the SORP, the following information is provided for the unlisted investments in the Company's ten largest investments as at 31 March 2019.

Company	% of capital owned	Cost £'000	Income recognised by the Company £'000	Investment income £'000	Pre-tax profits/ (losses) £'000	Net assets attributable £'000
Mantra Secondary Opportunities	11.09	3,580	–	9,993	7,058	71,534
BlackRock European Hedge Fund Limited	0.25	3,876	–	25,879	(196,493)	1,752,855
Renewable Energy & Environmental Infrastructure Fund II	4.40	5,225	–	4,749	26,291	101,765
KLS Sloane Robinson Emerging Market Equity Fund	5.00	5,692	–	1,283	(26,485)	106,559
Majedie Asset Management Tortoise Fund	1.27	5,278	–	34,126	(24,568)	1,013,176
Sagil Latin America Opportunities Fund	1.27	4,014	–	29,848	7,967	344,302

Investment income, pre-tax profits and net assets attributable (to all unitholders across all share classes) are taken from the latest audited accounts of the investees and translated into Sterling at the 31 March 2020 and 31 March 2019 exchange rates. The percentage of capital owned is estimated based on the latest available information..

17 Financial Instruments

Risk management policies and procedures

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

These financial risks, market risk (comprising equity price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of these risks, are set out below.

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

Market risk

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

Liquidity risk

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

Interest rate risk

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

Credit risk

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

Notes to the Financial Statements (continued)

17 Financial Instruments (continued)

Currency risk

Currency risk is the risk that the value of investments will fluctuate as a result of the changes in foreign currency exchange rates. Janus Henderson measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's assets, liabilities, income and expenses.

Sensitivity analysis

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

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Investment portfolio		
10% increase in price of investments	10,386	11,301
10% decrease in price of investments	(10,386)	(11,301)
Other assets/liabilities		
Interest rate +0.5%	36	84
Interest rate -0.5%	(36)	(84)
Foreign currency		
US Dollar strengthens by 5% against Sterling	1,816	1,914
US Dollar weakens by 5% against Sterling	(1,816)	(1,914)
Euro strengthens by 5% against Sterling	711	1,062
Euro weakens by 5% against Sterling	(711)	(1,062)

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

The Company has the following foreign currency exposures.

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Portfolio investments		
– US Dollar	35,886	38,277
– Euro	13,167	19,806
Bank		
– US Dollar	27	–
– Euro	1,018	463
Debtors		
– Euro	39	980
Exchange rate		
– US Dollar	1.240	1.303
– Euro	1.130	1.161

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

The Company only operates short-term gearing, which combined with the use of long-only CFDs, is limited to 20% of the Company's net asset value. Borrowing is undertaken through an unsecured variable rate bank overdraft with interest being charged based on prevailing interest rates. The fair value is not materially different from the carrying value of all financial assets and liabilities as disclosed in notes 9, 10 and 11.

Notes to the Financial Statements (continued)

17 Financial Instruments (continued)

Classification of financial instruments at fair value	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Level 1	55,268	61,029
Level 2	32,707	33,663
Level 3	15,883	18,322
Total	**103,858**	**113,014**

Level 1 reflects financial instruments quoted in active markets.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. These are principally investments in funds with redemption rights where the price is based on valuations provided by the funds' administrators. In the prior period, the Vix Call Option was included within Level 2.

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Valuation as at 1 April 2019	**61,029**	**33,663**	**18,322**	**113,014**
Investment holding gains/(losses) as at 1 October 2019	10,657	3,667	(9,771)	4,553
Cost as at 1 April 2019	**50,372**	**29,996**	**28,093**	**108,461**
Purchases of investments at cost	29,602	14,229	191	44,022
Proceeds from sale of investments	(22,005)	(11,994)	(2,762)	(36,761)
Net gains/(losses) on sale of investments	2,875	252	(168)	2,959
Cost as at 31 March 2020	**60,844**	**32,483**	**25,354**	**118,681**
Investment holding (losses)/gains as at 31 March 2020	(5,576)	224	(9,471)	(14,823)
Valuation as at 31 March 2020	**55,268**	**32,707**	**15,883**	**103,858**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Valuation as at 1 October 2017	**65,017**	**37,293**	**21,380**	**123,690**
Investment holding gains/(losses) as at 1 October 2017	7,144	4,020	(5,370)	5,794
Cost as at 1 October 2017	**57,873**	**33,273**	**26,750**	**117,896**
Purchases of investments at cost	25,162	4,270	2,026	31,458
Proceeds from sale of investments	(34,736)	(7,678)	(1,901)	(44,315)
Net gains/(losses) on sale of investments	4,771	131	(1,480)	3,422
Transfers from level 1 to level 3	(7,155)	–	7,155	–
Transfers from level 3 to level 1	4,457	–	(4,457)	–
Cost as at 31 March 2019	**50,372**	**29,996**	**28,093**	**108,461**
Investment holding gains/(losses) as at 31 March 2019	10,657	3,667	(9,771)	4,553
Valuation as at 31 March 2019	**61,029**	**33,663**	**18,322**	**113,014**

The gains and losses included in the above table have all been included within gains on investments in the Income Statement on page 37. The directors believe that the use of reasonably possible alternative assumptions for its Level 3 holdings would not result in a valuation significantly different from the valuation included in these financial statements.

Transfers from Level 1 to Level 3 represent investments which are no longer quoted in an active market.

Transfers from Level 3 to Level 1 represent investments which are now quoted in an active market.

Notes to the Financial Statements (continued)

17 Financial Instruments (continued)

The Board has granted Janus Henderson a limited authority to invest in CFDs to achieve some degree of gearing and/or hedging without incurring the gross cost of investment. No CFDs were held during the period. In addition, the Board has granted limited authority to invest in other derivative instruments. At 31 March 2020, the Company held a Euro Stoxx Index Dividend future (expiring 16 December 2022) with a nominal exposure of £3,957,000 (2019: £5,098,000) and which had losses of £2,158,000 (2019: gains of £104,000) as disclosed in note 9. The futures position provides further gearing and leverage. At 31 March 2019, the Company held a Vix Call Option listed on the Chicago Board Options Exchange, which is included within level 2 and which had a valuation of £134,000.

Unlisted investment disposals

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

Investment	Proceeds £'000	Cost £'000	Value at 31 March 2019 £'000
DCM UCITS Platform ICAB CIFC Global Floating Rate	5,556	5,337	–
Ashmore SICAV Emerging Markets Local Currency Bond Broad Fund	4,370	4,188	4,001

The following material disposals of unlisted investments took place during the prior period.

Investment	Proceeds £'000	Cost £'000	Value at 30 September 2017 £'000
Ashmore SICAV Emerging Markets Short Duration Fund	2,424	2,521	2,582
Schroder GAIA Indus Pacifichoice Asia Fund	4,525	4,476	5,232

Classification of financial instruments

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

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Contractual maturity analysis		
Creditors – due not later than one month	(627)	(649)
Purchases for future settlement	(1,076)	–
Total creditors maturity due not later than one month	**(1,703)**	**(649)**

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Maximum credit risk analysis		
As at the period end the Company's maximum credit risk exposure was as follows:		
Cash and cash equivalents	32	–
Money market funds	7,553	14,810
Accrued income	120	986
Prepayments and other receivables	1,111	659
Sales for future settlement	–	955
Total maximum credit risk	**8,816**	**17,410**

Notes to the Financial Statements (continued)

17 Financial Instruments (continued)

Capital management policies

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

	Year ended 31 March 2020 £'000	18-month period ended 31 March 2019 £'000
Capital and reserves:		
Share capital	9,670	9,670
Share premium	10,966	10,966
Capital redemption reserve	8,783	8,783
Capital reserve	79,137	98,582
Revenue reserve	2,415	1,751
Total shareholders' funds	**110,971**	**129,752**

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

18 Transactions With the Manager and Related Parties

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

Details of the fee arrangements for these services are given on page 4. The total of management fees paid or payable to Janus Henderson under this agreement in respect of the year ended 31 March 2020 was: £753,000 (2019: £1,236,000). The amount outstanding at 31 March 2020 was £167,000 payable to Janus Henderson (2019: £384,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. Total amounts paid to Janus Henderson in respect of sales and marketing, including VAT, for the period ended 31 March 2020 amounted to £69,000 (2019: £125,000). Until 31 December 2017 Janus Henderson also provided sales and marketing services at an annual cost of £24,000 including VAT. Since 1 January 2018 there has been no separate charge for these services.

Fees paid to the directors are considered to be related party transactions. Details of the amounts paid are included in note 4 on page 44. These amounts do not include national insurance contributions on the directors' fees of £11,000 (2019: £18,000) which are included in general expenses. Directors' shareholdings are shown on page 25.

19 Commitments

The company had outstanding commitments of £2.5 million (31 March 2019: £3.4 million) in respect of undrawn commitments to funds and nil contingencies at 31 March 2020 (31 March 2019: nil).

20 Subsequent Events

Following the approval by shareholders of the change to the Company's investment objective and policy, the Company has started to realise its assets in an orderly manner. The Company will keep shareholders updated on the progress being made in respect of the realisation process through announcements to the London Stock Exchange. The Board and the Manager continue to monitor the impact of COVID-19 on the NAV and the realisation process. As at 17 July, the latest practical date before publication of this report, the Company's NAV per share stood at 318.8 pence.

General Shareholder Information

AIFMD Disclosures

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

BACS

Dividends can be paid 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, Computershare Investor Services (the address is given on page 15), to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

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

Equality Act 2010

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 0870 702 0005. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a "typetalk" operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

FATCA

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

GDPR

The General Data Protection Regulation ("GDPR") came into force on 25 May 2018. It aims to protect and empower individual data privacy and reshape the way organisations approach data privacy. 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 holdings through a stocks and shares ISA.

Non-Mainstream Pooled Investments ("NMPI") status

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

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

Investors should be aware that the PRIIPs Regulation requires the Manager, as the PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law and will indicate different cost numbers than those provided in the Company's financial statements. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Performance details/share price information

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

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Computershare Investor Services, 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.

Share price listings

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

Alternative Performance Measures

The Company uses the following Alternative Performance Measures ("APMs") throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group.

Discount or Premium

The amount by which the market price per 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 ordinary share.

		31 March 2020	31 March 2019
Net asset value per ordinary share (pence)	(A)	286.9	335.5
Share price per share (pence)	(B)	212.0	270.0
(Discount) or Premium (C= (B-A)/A) (%)	(C)	(26.1)	(19.5)

Gearing/(Net Cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a "net cash" position and no gearing.

		2020	2019
Investments held at fair value through profit or loss (page 39) (£'000)[1]	(A)	103,858	113,014
Net assets (page 39) (£'000)	(B)	110,971	129,752
Net cash/gearing (C = (A/B) – 1) (%)	(C)	(6.4)	(12.9)

1 excludes investment in the money market fund investment detailed in note 9

Net Asset Value (NAV) per Ordinary Share

The value of the Company's assets (i.e. investments held at fair value through profit or loss (see note 9) and cash held (see Statement of Financial Position)) less any liabilities (i.e. financial liabilities (see note 11)) for which the Company is responsible divided by the number of ordinary shares in issue (see note 12). The aggregate NAV is also referred to as Total equity shareholders' funds in the Statement of Financial Position. The NAV per ordinary share is published weekly and the year end NAV can be found on page 13 and further information is available on page 46 in note 8 within the notes to the financial statements.

Ongoing charge

	2020 £'000	2019[3] £'000
Management fee (Note 3)	753	824
Other administrative expenses (Note 4)	409[2]	406
Ongoing charges	**1,162**	**1,230**
Average net assets[1]	**128,732**	**130,438**
Ongoing charges ratio (%)	**0.90**	**0.94**

1 Calculated using the average weekly net asset value
2 The expenses incurred in respect of the changes to the Company's investment objective and policy are not included in the ongoing charge calculation
3 Annualised for the 18 months ended 31 March 2019

The ongoing costs provided in the Company's Key Information Document ("KID") is calculated in line with the PRIIPs regulations. The ongoing costs in the KID includes finance costs and costs incurred by underlying funds in the Company's portfolio.

Alternative Performance Measures (continued)

Revenue return per share

The revenue return 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 8 on page 46).

Total Return

The return on the share price or NAV taking into account both the rise and fall of NAV/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in note 7 on page 46.

	NAV per share	Share price
NAV/Share Price per share at 31 March 2019 (pence)	335.5	270.0
NAV/Share Price per share at 31 March 2020 (pence)	286.9	212.0
Change in the year (%)	(14.5)	(21.5)
Impact of dividends reinvested (%)	0.7	0.9
Total return for the year (%)	**(13.8)**	**(20.8)**

Yield

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

		31 March 2020	31 March 2019
Annual dividend (pence)	(A)	5.50	7.50[1]
Share price (pence)	(B)	212.00	270.00
Yield (C=A/B) (%)	(C)	2.6	2.8

1 18 month period

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