Company Number: 10635799

HENDERSON DIVERSIFIED INCOME TRUST PLC

Report for the half-year ended 31 October 2019

(unaudited)

www.hendersondiversifiedincome.com

HENDERSON DIVERSIFIED INCOME TRUST PLC

Unaudited Results for the Half-Year Ended 31 October 2019

INVESTMENT OBJECTIVE AND POLICY

The Company's investment objective is to seek income and capital growth such that the total return on the net asset value of the Company exceeds the average return on a rolling annual basis of three month sterling Libor + 2%.

The Company aims to deliver this outcome by investing in a diversified portfolio of global fixed and floating rate income asset classes including secured loans, government bonds, high yield (sub-investment grade) corporate bonds, unrated corporate bonds, investment grade corporate bonds and asset backed securities. The Company may also invest in high yielding equities and derivatives.

The Company uses a dynamic approach to portfolio allocation across asset classes and is permitted to invest in a single asset class if required. The Company seeks a sensible spread of risk at all times. It can invest in assets of any size, sector, currency or issued from any country.

PERFORMANCE HIGHLIGHTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2019

	Half-Year Ended 31 October 2019	Half-Year Ended 31 October 2018	Year-Ended 30 April 2019
Net Asset Value ('NAV') per ordinary share	**89.95p**	84.15p	86.82p
Share Price[1]	**86.90p**	82.20p	90.80p
Dividend Per Share[2]	**4.40p**	4.40p	4.40p
Dividend Yield[2]	**5.06%**	5.35%	4.85%
Ongoing Charge[3]	**0.90%**	0.90%	0.89%
Gearing	**16.9%**	11.6%	9.8%
Number of portfolio investments held	**86**	86	82
(Discount)/premium	**(3.4%)**	(2.3%)	4.6%

[1] Share price total return using mid-market closing price
[2] Based on dividends paid in respect of the previous 12 months
[3] Based on the estimated year end ongoing charge

TOTAL RETURN PERFORMANCE OVER THE TEN YEARS TO 31 OCTOBER 2019[4]

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV[1]	6.3	12.6	17.5	33.2	113.8
Benchmark[2]	1.4	2.8	8.0	13.6	25.1
Share price[3]	(3.0)	10.1	9.1	23.0	117.6

[1] Net asset value total return including dividends reinvested and excluding transaction costs
[2] Benchmark is Libor + 2%
[3] Share price total return using mid-market closing price
[4] Performance prior to 27 April 2017 reflects the performance of the predecessor company, Henderson Diversified Income Limited that was launched on 18 July 2007

Sources: Janus Henderson, Refinitiv Datastream and Morningstar

INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

I am pleased to report that the positive returns experienced in the second half of the last financial year have continued into the first half of this financial year. The long and deeply held conviction of the Managers that interest rates were unlikely to rise significantly meant the portfolio was well positioned to benefit from this market environment.

Performance

The net asset value total return to shareholders during the six months to 31 October 2019 was 6.3%. The shareholder total return was (3.0%), reflecting a decline in the share price relative to net asset value. The discount that the Company's shares traded to net asset value at the period end was (3.4%) an unusually wide discount for this trust.

As a consequence of the Manager's views on the macro economic environment, a proportion of the portfolio had been invested in investment grade bonds with longer maturities. As the market began to converge around a view of lower interest rates, these higher duration bonds delivered particularly good capital gains.

The bulk of the portfolio is invested in American companies, predominantly denominated in US Dollars but hedged back into Sterling. This reflects the Managers' view that when seeking high quality liquid investments, there are better value opportunities in the US market than in Europe or the UK. The breakdown of performance was capital appreciation of 3.7% and attributable income of 2.6%, after expenses.

Dividends and dividend policy

A first interim dividend of 1.10p per ordinary share was paid to shareholders on 30 September 2019. The Board has declared a second interim dividend of 1.10p per ordinary share to be paid on 31 December 2019. The aggregate of these distributions is slightly in excess of earnings during the first half but is comfortably covered by revenue reserves previously generated.

While it is generally the policy of the Board to distribute dividends from revenue only, the Board is willing to use revenue reserves to cover temporary shortfalls caused by seasonal factors or where the Managers choose to reduce exposure in particularly volatile markets to preserve capital.

These dividends have been paid as interest distributions for UK tax purposes. More information about interest distributions can be found on the company's website: **www.hendersondiversifiedincome.com**

Outlook

In last year's interim report, I advised you that the Board had agreed with the Manager that for the second half of the last financial year dividends could, if necessary, be funded from reserves to allow the repositioning of the portfolio into safer assets to avoid risk to capital in volatile markets. As it transpired, the full year dividend for the last financial year was covered by revenue so this was unnecessary.

As risk assets appreciate in value, yields fall. Consequently, maturing assets are being reinvested increasingly in assets with lower income levels. The Board are conscious that the dividend is important to shareholders and we are resolved, other than in exceptional circumstances, to at least maintain the dividend. In line with the policy described above, we are generally happy to distribute accumulated revenue reserves to cover revenue shortfalls, provided we see this as a temporary measure.

The maintenance of the dividend is our central assumption. However, we would caution that should yields in the medium term fall further, the manager may be faced with the stark choice of increasing risk or reducing income. In such circumstances the Board would not rule out a cut to the dividend in order to avoid excessive risk to capital.

Angus Macpherson
Chairman
10 December 2019

FUND MANAGERS' REPORT

Macro backdrop

Over the period under review, the Company produced an encouraging net asset total return of 6.3% which is ahead of the benchmark. This was achieved by an appreciation of capital value of 3.7% with 2.6% attributable to income. The share price total return was (3.0%) reflecting the move from the shares trading at a significant premium at the start of the period to a very small discount at the end of the period.

The "slowdilocks" economy, meaning slow growth, low inflation, muted volatility, and low default rates, that we have described for years broadly played out. The significant pivot in rhetoric around interest rates by the Fed (Federal Reserve) in the late Spring set the scene for favourable returns to be achieved from bond investing. We documented this "point of realisation" on our twitter account in late March - that US rates had peaked at 2.4% this cycle versus 5.25% the prior cycle; that QE (Quantitative Easing) cannot be reversed; and, if the "stellar" US economy even with a late cycle fiscal boost, cannot normalise interest rate policy, then no other Central Bank can! There was some growing acceptance that the Fed may have over tightened interest rates on the false pretence that growth and inflation were going to break out from their malaise. A somewhat classic case of confusing a cyclical impulse against the long-term secular forces and a misreading of economic signals within a very orthodox economic framework, which is arguably no longer fit for purpose. The Fed has grudgingly conceded that the absence of inflation was more than a transitory phenomenon and was more structural in nature. Fed acceptance of this gave many Central Banks in both the developed and emerging markets "cloud" cover to follow suit, most notably Europe, Canada and Australia. Somewhat ironically, the Bank of England was last to fold!

The debate then shifted to whether the Fed could engineer the elusive soft landing. These are of course hard to achieve, given the well documented lags in monetary policy, amongst many other factors. The Fed did manage to cut interest rates 3 times over the period, which is an extraordinary turn of events, as many leading investment banks had pencilled in many hikes for this year. Many learned commentators rapidly cut their forecasts, conveniently blaming the trade wars. We would suggest the slowdown was due to the unnecessary last rate hike. Economic data certainly deteriorated due to the trade war. The bond market took fright given the lack of global activity and we experienced another deflation scare culminating with the US treasury yield plummeting close to record lows of 1.43% in early September. The "Japanification" of the western world, a theme we have discussed since 2013 now became the consensus view. Slowdilocks was heading to stall speed.

In the Summer European Central Bank (ECB) conference in Sintra (Portugal), President Draghi came to the rescue, hinting that there was more life in monetary policy and "QE had considerable headroom". He subsequently followed through later in the summer, with a new QE programme and an interest rate cut. Philip Lane, the new ECB Chief Economist also discussed a very dovish approach going forward. Towards the end of the period under review, President Draghi retired from his eight-year term of office. He highlighted the need for fiscal policy to work with monetary policy, along, of course, with structural reforms. We agree fiscal policy should have a much greater role in economic management but believe it is unlikely to achieve the levels of growth and inflation of prior decades. The Bank of England also accepted not all was well with the UK economy with Mark Carney's "sea change" speech in early July.

Bond yields rose from the September lows as it appeared the bond community may have become overly bearish. Economic data started to become "less worse", Brexit was postponed, and some progress was made on the trade wars. There was a partial "reflation" rotation in the equity markets away from expensive growth stocks towards deeply unloved, cheap and cyclical stocks. Cyclical reflation trades come and go – the duration and strength of this one is open to debate as is the endless debate on whether we are mid or late cycle and whether to expect a hard or soft landing, and where?

Asset allocation
We continue to run a barbell of reasonable quality long duration investment grade bonds with a shorter dated high yield bucket. We have nothing particularly against high yield bonds apart from the fact that they have quite short maturities. The problem with just being invested in high yield bonds is that these companies are constantly re-financing existing bonds with lower coupons. In contrast, we can achieve reasonable yields by investing further along the investment grade maturity spectrum, thereby locking in yields for much longer although these bonds are more volatile to changing interest rates. Given the significant shift downwards in bond yields, very good capital gains were made from these investment grade bonds, whereas reasonable capital was made in high yield. The bulk of the assets remain in American companies, predominantly denominated in dollars but hedged back into sterling on purchase. We find there are more, better quality, liquid opportunities available in the American bond markets, than the UK or Europe. Their yields are also higher than the European markets.

We increased our allocation to investment grade bonds and to a lesser extent to high yields bonds during the period. We continue to be wary of secured loans for a number of reasons. Firstly, given the modest peak in the interest rate cycle loans are less appealing. Secondly, we feel much of the late cycle, marginal leveraged finance supply has been taken down by the loan community, outcompeting the high yield investors. Finally, some cracks are appearing in the junior tranches of the CLO (Collateralized Loan Obligation) market, which are structured and levered plays on secured loans. Dispersion in credit risk is increasingly in loans and high yield in both Europe and America – we remain very choosey about which new credits enter the portfolio.

Gearing
Gearing generally rose during the period as we became more confident in some recovery as the Fed continued to lower rates from an overly restrictive starting point. Further, we added extra interest rate sensitivity by using interest rate futures – this is fairly unusual but worked very well in unusual times. We successfully used these instruments in the prior period as well.

Activity
We continue to invest very selectively. Notable additions include Ardagh Packaging, Trivium Packaging, Co – Op Group, Sinclair Broadcast, Sirius Radio, Live Nation and Merlin Entertainment. Notable sells include Lionsgate Entertainment, on tough renewal re-negotiations and Iron Mountain on fading growth prospects. On the more positive side, Entertainment One, owner of Peppa Pig rights, was bid for by Hasbro Toys. Tesco also tendered yet again for some of its bonds at a healthy premium. We have successfully avoided all the fairly obvious issues in energy, retail, restaurants and most recently travel operators.

Outlook
We often look across capital markets to get corroborative or contradictory data to our bond views. It appears the optimistic equity market is looking for a mid-cycle, soft landing, whereas the pessimistic bond market is expecting a late cycle, harder landing. We could easily construct arguments to back either view. We remain open minded for now. We shall continue our fairly conservative strategy of sensible income – investing in predominately large cap, non-cyclical quality investment grade and high yield companies to generate a reliable and dependable quarterly income stream without capital destruction throughout the economic cycle.

John Pattullo & Jenna Barnard
Fund Managers
10 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- General market risks associated with the Company's investments, including interest rate, credit and currency risks.
- Operational risks, including:
  - Continued interest of the Fund Managers and Investment Manager.
  - Effective operation of systems of internal control and management reporting.
  - Credit standing and quality of service of the Depositary.
  - Reliance on service providers.

Information on these risks and how they are managed is given in the Company's Annual Report for the year-ended 30 April 2019.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

(a) the condensed set of financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council;

(b) this report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) this report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Angus Macpherson
Chairman
10 December 2019

SUMMARY OF PORTFOLIO AS AT 31 OCTOBER 2019[1]

	2019 %	2018 %
High yield bonds	**59.5**	62.3
Investment grade bonds	**33.2**	24.9
Secured loans	**4.3**	9.8
Equities	**2.1**	2.1
Asset backed securities	**0.9**	0.9
Total	**100.0**	100.0

CURRENCY DENOMINATION OF PORTFOLIO AS AT 31 OCTOBER 2019[1, 2]

	2019 %	2018 %
Sterling	**22.9**	23.8
Euro	**1.5**	4.0
US dollar	**74.6**	70.7
Australian dollar	**1.0**	1.5
Total	**100.0**	100.0

[1] Excluding credit default swaps
[2] The Company hedges its foreign currency exposure back to sterling. There was therefore no material currency exposure at 31 October 2019 (2018: same)

TWENTY LARGEST INVESTMENTS AS AT 31 OCTOBER 2019

Company	Industry	Currency	Geographical area	Market value £'000	% of portfolio
Constellation Brands	Consumer, non-cyclical	$	US	**4,770**	**2.39**
Tesco	Consumer, non-cyclical	£	UK	**4,755**	**2.38**
Service Corp	Consumer, non-cyclical	$	US	**4,676**	**2.35**
Aramark	Consumer cyclical	$	US	**4,646**	**2.33**
Verizon Communications	Communications	$/AUD	US	**4,536**	**2.27**
American Tower	Financials	$	US	**4,381**	**2.20**
Crown Castle	Industrials	$	US	**4,351**	**2.18**
IMS	Technology	$	US	**4,321**	**2.17**
Sirius Radio	Communications	$	US	**4,304**	**2.16**
Virgin Media	Communications	£	UK	**4,248**	**2.13**
Lamb Weston	Consumer, non-cyclical	$	US	**4,151**	**2.08**
Nationwide Building Society VAR Perpetual	Financials	£	UK	**4,151**	**2.08**
Co-Operative Group	Consumer, non-cyclical	£	UK	**4,089**	**2.05**
Center Parcs	Consumer cyclical	£	UK	**4,084**	**2.05**
Phoenix	Financials	£	UK	**4,077**	**2.05**
Comcast	Communications	$	US	**4,035**	**2.02**
Barclays	Financials	£/$	UK	**4,017**	**2.01**
Ardagh Packaging	Industrials	Euro/$	Ireland	**3,810**	**1.91**
Cintas	Consumer cyclical	$	US	**3,380**	**1.70**
Boyd	Consumer cyclical	$	US	**3,233**	**1.62**

These investments total £84,015,000 or 42.13% of the portfolio.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Half-year ended 31 October 2019			(Unaudited) Half-year ended 31 October 2018[1]			(Audited) Year-ended 30 April 2019[1]		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Gains/(losses) on investments held at fair value through profit or loss	**-**	**8,552**	**8,552**	-	(5,044)	(5,044)	-	2,790	2,790
Losses on foreign exchange	**-**	**(2,147)**	**(2,147)**	-	(1,178)	(1,178)	-	(3,388)	(3,388)
Investment income	**4,684**	**-**	**4,684**	5,136	-	5,136	9,558	-	9,558
Other operating income	**5**	**-**	**5**	21	-	21	27	-	27
Total income/(loss)	**4,689**	**6,405**	**11,094**	5,157	(6,222)	(1,065)	9,585	(598)	8,987
Expenses									
Management fee	**(275)**	**(275)**	**(550)**	(260)	(260)	(520)	(520)	(519)	(1,039)
Other expenses	**(207)**	**-**	**(207)**	(222)	-	(222)	(426)	-	(426)
Profit/(loss) before finance costs and taxation	**4,207**	**6,130**	**10,337**	4,675	(6,482)	(1,807)	8,639	(1,117)	7,522
Finance costs	**(110)**	**(110)**	**(220)**	(112)	(112)	(224)	(184)	(185)	(369)
Profit/(loss) before taxation	**4,097**	**6,020**	**10,117**	4,563	(6,594)	(2,031)	8,455	(1,302)	7,153
Taxation	**(3)**	**-**	**(3)**	(28)	-	(28)	15	-	15
Profit/(loss) for the period	**4,094**	**6,020**	**10,114**	4,535	(6,594)	(2,059)	8,470	(1,302)	7,168
Return per ordinary share (note 2)	**2.16p**	**3.17p**	**5.33p**	2.39p	(3.48p)	(1.09p)	4.47p	(0.69p)	3.78p

[1] Please see note 1 'Accounting policies – basis of accounting'

The total columns of this statement represent the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS as adopted by the European Union. The revenue return and capital columns are supplementary to this and are published under guidance from the Association of Investment Companies. The Company had no other comprehensive income. The profit/(loss) for the period is also the total comprehensive income for the year.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 October 2019 (unaudited)	**Called up share capital £'000**	**Distributable reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
Total equity at 1 May 2019	**1,896**	**165,533**	**(5,145)**	**2,334**	**164,618**
Total comprehensive income:					
Profit after taxation	**-**	**-**	**6,020**	**4,094**	**10,114**
Dividends paid	**-**	**-**	**-**	**(4,172)**	**(4,172)**
Total equity at 31 October 2019	**1,896**	**165,533**	**875**	**2,256**	**170,560**

Half-year ended 31 October 2018 (unaudited)	Called up share capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 May 2018	1,896	165,538	(3,843)	2,208	165,799
Total comprehensive income:					
(Loss)/profit after taxation	-	-	(6,594)	4,535	(2,059)
Transactions with owners, recorded directly to equity:					
Expenses incurred in cancelling share premium	-	(7)	-	-	(7)
Dividends paid	-	-	-	(4,172)	(4,172)
Total equity at 31 October 2018	1,896	165,531	(10,437)	2,571	159,561

Year-ended 30 April 2019 (audited)	Called up share capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 May 2018	1,896	165,538	(3,843)	2,208	165,799
Total comprehensive income:					
Profit after taxation	-	-	(1,302)	8,470	7,168
Transactions with owners, recorded directly to equity:					
Expenses incurred in cancelling share premium	-	(5)	-	-	(5)
Dividends paid	-	-	-	(8,344)	(8,344)
Total equity at 30 April 2019	1,896	165,533	(5,145)	2,334	164,618

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 October 2019 £'000	(Unaudited) 31 October 2018 £'000	(Audited) 30 April 2019 £'000
Non-current assets			
Investments held at fair value through profit or loss	**199,420**	178,106	180,797
Current assets			
Other receivables	**2,997**	5,536	2,949
Cash and cash equivalents	**7,212**	3,062	525
	-----------	-----------	-----------
Total assets	**209,629**	186,704	184,271
Current liabilities			
Other payables	**(5,991)**	(5,518)	(1,126)
Bank loan	**(33,078)**	(21,625)	(18,527)
	----------	----------	-----------
Total assets less current liabilities	**170,560**	159,561	164,618
	-----------	-----------	-----------
Net assets	**170,560**	159,561	164,618
	======	======	======
Equity attributable to equity shareholders			
Called-up share capital	**1,896**	1,896	1,896
Distributable reserve	**165,533**	165,531	165,533
Capital reserve	**875**	(10,437)	(5,145)
Revenue reserve	**2,256**	2,571	2,334
	-----------	-----------	-----------
Total equity	**170,560**	159,561	164,618
	======	======	======
Net asset value per ordinary share (note 3)	**89.95p**	84.15p	86.82p
	======	======	======

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

CONDENSED CASH FLOW STATEMENT

	(Unaudited) Half-year ended 31 October 2019 £'000	(Unaudited) Half-year ended 31 October 2018[1] £'000	(Audited) Year-ended 30 April 2019[1] £'000
Operating activities			
Profit/(loss) before taxation	**10,117**	(2,031)	7,153
Interest payable	**220**	224	369
(Gains)/losses on investments held at fair value through profit or loss	**(8,552)**	5,044	(2,790)
Losses on foreign exchange	**2,147**	1,178	3,388
Receipt on settlement of forward exchange contracts	**(2,409)**	(12,407)	(13,887)
(Increase)/decrease in prepayments and accrued income	**(217)**	(388)	229
Increase/(decrease) in other creditors	**86**	(8)	(34)
Purchase of investments	**(39,101)**	(43,696)	(92,729)
Sale of investments	**34,197**	64,563	115,907
	----------	----------	----------
Net cash (outflow)/inflow from operating activities	**(3,512)**	12,479	17,606
	----------	----------	----------
Interest paid	**(210)**	(248)	(398)
Tax recovered	**-**	-	58
Taxation on investment income	**(3)**	(28)	(43)
	----------	----------	----------
Net cash (outflow)/inflow from operating activities	**(3,725)**	12,203	17,223
	----------	----------	----------
Financing activities			
Equity dividends paid	**(4,172)**	(4,172)	(8,344)
Expenses incurred in cancelling share premium	**-**	(7)	(5)
Net loans drawn down/(repaid)	**14,551**	(5,185)	(8,283)
	----------	----------	----------
Net cash inflow/(outflow) from financing activities	**10,379**	(9,364)	(16,632)
	----------	----------	----------
Net increase in cash and cash equivalents	**6,654**	2,839	591
Cash and cash equivalents at start of period	**525**	370	370
Exchange movements	**33**	(147)	(436)
	----------	----------	----------
Cash and cash equivalents at the end of the period	**7,212**	3,062	525
	======	======	======
Comprising:			
Cash at bank	**7,212**	3,062	525
	----------	----------	----------
	7,212	3,062	525
	======	======	======

[1] Please see note 1 'Accounting policies – basis of accounting'

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

NOTES TO THE INTERIM FINANCIAL INFORMATION:

1. Accounting policies – basis of accounting

The Company is a registered investment company as defined by Section 833 of the Companies Act 2006 and operates as an investment company in accordance with Section 1158 of the Corporation Tax Act 2010.

These condensed financial statements comprise the unaudited results of the Company for the half-year ended 31 October 2019. They have been prepared on a going concern basis and in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union and with the Statement of Recommended Practice for Investment Trusts ("SORP") issued by the Association of Investment Companies dated November 2014, and updated in October 2019, where the SORP is consistent with the requirements of IFRS.

For the period under review the Company's accounting policies have not varied from those described in the Annual Report for the year-ended 30 April 2019. However, the foreign currency components in the 'Gains/(losses) on investments held at fair value through profit or loss' and the 'Losses on foreign exchange' have been reclassified together in the year-ended 30 April 2019 and half-year ended 31 October 2018 in the Statement of Comprehensive Income to better reflect the movements in foreign currency value associated with investments. The condensed set of financial statements has been neither audited nor reviewed by the Company's auditors.

2. Return per ordinary share

	(Unaudited) Half-year ended 31 October 2019 £'000	(Unaudited) Half-year ended 31 October 2018 £'000	(Audited) Year-ended 30 April 2019 £'000
Net revenue return	**4,094**	4,535	8,470
Net capital return	**6,020**	(6,594)	(1,302)
	---------	---------	---------
Net total return	**10,114**	(2,059)	7,168
	=====	=====	=====
Weighted average number of ordinary shares	**189,618,240**	189,618,240	189,618,240
Revenue return per ordinary share	**2.16p**	2.39p	4.47p
Capital return per ordinary share	**3.17p**	(3.48p)	(0.69p)
	---------	---------	---------
Total return per ordinary share	**5.33p**	(1.09p)	3.78p
	=====	=====	=====

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

3. Net asset value per ordinary share

The net asset value per ordinary share is based on the net asset value attributable to ordinary shareholders at 31 October 2019 of £170,560,000 (31 October 2018: £159,561,000; 30 April 2019: £164,618,000) and on 189,618,240 ordinary shares, being the number of ordinary shares in issue at 31 October 2019 (31 October 2018 and 30 April 2019: 189,618,240).

4. Called up share capital

During the half-year ended 31 October 2019, no ordinary shares were issued or bought back. At 31 October 2019 there were 189,618,240 ordinary shares of 1p nominal value in issue. Since 31 October 2019, no shares have been issued or bought back. The Company has no shares held in Treasury.

5. Dividends

The following dividends have been paid, or will be paid, as interest distributions for UK tax purposes from the Company's revenue account.

A fourth interim dividend for the year-ended 30 April 2019 of 1.10p (2018: 1.10p) per ordinary share was paid on 28 June 2019 to shareholders on the register at close of business on 7 June 2019.

A first interim dividend payment for the year-ending 30 April 2020 of 1.10p (2019: 1.10p) per ordinary share was paid on 30 September 2019 to shareholders on the register at close of business on 6 September 2019.

On 26 November 2019 the Board declared a second interim dividend payment for the year-ending 30 April 2020 of 1.10p (2019: 1.10p) per ordinary share that will be paid on 31 December 2019 to shareholders on the register at close of business on 6 December 2019. The shares went ex-dividend on 5 December 2019.

6. Financial instruments

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

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial assets and liabilities measured at fair value in the Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 October 2019 (unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss:				
Investments	**190,848**	**8,572**	**-**	**199,420**
Credit default swaps	**-**	**400**	**-**	**400**
Total	**190,848**	**8,972**	**-**	**199,820**
Financial liabilities at fair value through profit or loss:				
Currency forward exchange contracts	**-**	**214**	**-**	**214**
Total	**-**	**214**	**-**	**214**

As at 31 October 2018 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Investments	160,638	17,468	-	178,106
Credit default swaps	-	975	-	975
Total	160,638	18,443	-	179,081
Financial liabilities at fair value through profit or loss:				
Currency forward exchange contracts	-	3,542	-	3,542
Total	-	3,542	-	3,542

As at 30 April 2019 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Investments	171,773	9,024	-	180,797
Credit default swaps	-	485	-	485
Total	171,773	9,509	-	181,282
Financial liabilities at fair value through profit or loss:				
Currency forward exchange contracts	-	627	-	627
Total	-	627	-	627

There have been no transfers between levels of fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

Valuation techniques used by the Company are explained in the accounting policies note in the Company's Annual Report for the year-ended 30 April 2019.

There were no transfers to or from Level 3 during the period.

7. Related party transactions

The Company's transactions with related parties in the half-year were with its directors and Janus Henderson Investors (Manager). There have been no material transactions between the Company and its directors during the period. In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services, there have been no material transactions with the Manager affecting the financial position of the Company during the period under review.

8. Going concern

The assets of the Company consist mainly of securities that are listed and readily realisable and, accordingly, the directors believe that the Company has adequate financial resources to continue in existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors, the principal risks, and other matters discussed in connection with the viability statement set out in the Annual Report for the year-ended 30 April 2019, the directors have decided that it is appropriate for the financial statements to be prepared on a going concern basis.

9. Comparative information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The figures and financial information for the year-ended 30 April 2019 are extracted from the latest published accounts, and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

10. Half-year report

The half-year report will shortly be available on the Company's website (www.hendersondiversifiedincome.com) or in hard copy from the Company's registered office. An abbreviated version of this half-year report, the 'update', will be circulated to shareholders in December 2019.

11. General information

Company status

The Company is a UK domiciled investment trust company which was incorporated on 23 February 2017. The Company number is 10635799. The Company is listed on the London Stock Exchange.

The ISIN code is GB00BF03YC36. The SEDOL number is BF03YC3.

The London Stock Exchange code is HDIV.

The Company's Global Intermediary Identification Number (GIIN) is QR3G93.99999.SL.826.

The Company's Legal Entity Identifier (LEI) number is 213800RV2228EO1JEN02.

Directors, secretary and registered office

The directors of the Company are Angus Macpherson (Chairman), Ian Wright (Audit Committee Chairman), Denise Hadgill, Win Robbins and Stewart Wood. The Corporate Secretary is Henderson Secretarial Services Limited. The registered office is 201 Bishopsgate, London, EC2M 3AE.

Website

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

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