Company Number: 10635799

HENDERSON DIVERSIFIED INCOME TRUST PLC

Report for the half-year ended 31 October 2020

(unaudited)

https://www.janushenderson.com/en-gb/investor/product/henderson-diversified-income-trust-plc/

Unaudited Results for the Half-Year Ended 31 October 2020

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.

The Company's full investment objective and policy can be found in the annual report which is available to view on the website: https://www.janushenderson.com/en-gb/investor/product/henderson-diversified-income-trust-plc/.

PERFORMANCE HIGHLIGHTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2020

	Half-year ended 31 October 2020	Half-year ended 31 October 2019	Year-ended 30 April 2020
Net Asset Value (NAV) per ordinary share	**89.83p**	89.95p	85.00p
Share Price[1]	**88.90p**	86.90p	83.00p
Dividend Per Share[2]	**4.40p**	4.40p	4.40p
Dividend Yield[2]	**4.95%**	5.06%	5.30%
Ongoing Charge[3]	**0.93%**	0.90%	0.89%
Financial Gearing	**13.8%**	16.9%	15.4%
Number of portfolio investments held	**114**	86	98
Discount	**-1.0%**	-3.4%	-2.4%

[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 2020[5]

	6 months	1 year	3 years	5 years	7 years	10 years
	%	%	%	%	%	%
NAV[1]	**8.4**	4.9	14.2	32.6	49.4	89.1
Benchmark[2]	**1.1**	2.5	8.2	13.5	18.5	25.9
Share Price[3]	**9.1**	8.6	8.3	27.4	40.8	94.1
Replacement Benchmark[4]	**9.4**	1.9	8.6	26.3	34.5	69.4

[1] Net asset value total return including dividends reinvested and excluding transaction costs

[2] Benchmark is three month sterling Libor + 2%

[3] Share price total return using mid-market closing price with dividends reinvested

[4] 60% Global High Yield Credit (ICE BofA Global High Yield Constrained Index), 25% Global Investment Grade Corporate Credit (ICE BofA Global BBB Corporate Bond Index) and 15% European Loans (Credit Suisse Western European Leveraged Loan Index). This replacement benchmark is subject to both FCA and shareholder approval. Please refer to the Chairman's Statement for further information

[5] 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, Morningstar for the AIC and BNP IRP Service

INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

All of us have seen our lives and businesses disrupted by COVID-19. There will be many shareholders in this Company who will also have been affected by the illness or even death of a family member or friend. Thankfully, at the time of writing, a solution in the form of a vaccine appears to be a realistic probability.

The period under review in this report, from May to October of this year, encompasses a period of uncertainty, followed by the start of the second spike and a lockdown. A successful trial of the vaccine occurred afterwards. While we can anticipate that it is likely that considerable time will be spent assessing the efficacy of our Government's response during this period, we do not have to wait to quantify the performance of the Fund Managers, who have described the investment environment during this period as "idyllic". This highlights the striking contrast between the political and societal reaction to the COVID-19 pandemic during this period and the performance of global debt and equity markets.

In last year's annual report, I observed that we are in an "event" driven crisis, where once the virus has been contained, recovery should be quite rapid. I also warned that it could easily become a financial crisis if any one of a number of potential risks materialised. During the period, investors appear to have determined that these risks were less likely.

Performance

Within markets, performance has been selective. The strong returns of your Company reflect the early recognition by the Fund Managers of the possibility of a benign credit cycle and their long-standing commitment to investing in "sensible income" from robust, strategically well-positioned issuers. Such companies have been the evident beneficiaries of the recovery.

Taken as a whole, your Company's performance, both in the downturn and the recovery phases of the crisis, has been very encouraging. A divergence in fortunes between many companies' debt and equity, especially for good quality companies on which the Fund Managers concentrate, led to significant outperformance of corporate debt over the same companies' equity.

In the six month period to 31 October 2020, the NAV total return to shareholders was 8.4% and the share price total return over the same period was 9.1%. This compares favourably to the Company's benchmark, three month sterling Libor + 2%, which produced a total return of 1.1% during the same period. It is worth noting that over the twelve months to October, which includes all of the period that COVID-19 affected markets, the NAV total return of the Company was 4.9%, compared to 2.5% for the Company's benchmark.

Replacement Benchmark

The Board has been exploring how to provide investors with a more meaningful tool for assessing the risks and returns of the portfolio that the existing benchmark of three month sterling Libor +2% does not provide. While the existing benchmark provides an appropriate long term return target, it does not reflect the risk and reward of investing in bonds and other instruments across the cycle. In order to more accurately reflect both the areas of the markets to which the Company is exposed and the skill-set of the Fund Managers, proposals will be made to shareholders at the Annual General Meeting in 2021, to approve a benchmark based on a blended index denominated in sterling of 60% Global High Yield Credit (ICE BofA Global High Yield Constrained Index), 25% Global Investment Grade Corporate Credit (ICE BofA Global BBB Corporate Bond Index) and 15% European Loans (Credit Suisse Western European Leveraged Loan Index), to replace the existing benchmark.

For comparative purposes data on the blended index is shown in the total return performance table above. As you will see, this index generated returns of 9.4% in the six months under review and 1.9% over the last twelve months. We think this index better reflects the risk profile and returns of the instruments in which the Company invests. I would emphasise that there is no change to the investment strategy of the Company.

Further information about this replacement benchmark will be included in the Company's Annual Report for the year-ended 30 April 2021. The change in benchmark is subject to approval by shareholders at the Annual General Meeting in 2021 and the Financial Conduct Authority (FCA).

Dividends and dividend policy

A first interim dividend of 1.10p per ordinary share was paid to shareholders on 30 September 2020. The Board has announced a second interim dividend of 1.10p per ordinary share to be paid on 31 December 2020.

These dividends have been paid, or will be paid, as interest distributions for UK tax purposes. More information about interest distributions can be found on the company's website: https://www.janushenderson.com/en-gb/investor/product/henderson-diversified-income-trust-plc/.

Outlook

This is now very clearly an event driven correction. Balance sheets for many companies still need to be rebuilt and the deterioration of public finances will have an enduring impact on economic performance in some countries, however these costs are increasingly quantifiable. The question is now seen as being "when" not "if" recovery occurs.

Attention is now turning to less dramatic themes. The second half of the year has already seen significant change with the election of a new President of the United States and the ongoing Brexit negotiations. So far, the portfolio has performed well in the second half of the year to date, laying the foundations for a positive outcome for the year as a whole.

While total return is important, this is an income fund and rises in the capital value of bonds can also represent reduced reinvestment income opportunities. Valuable additional income was locked in by the Fund Managers' when markets were at lower levels, however they will need to be vigilant going forward that the pursuit of income does not leave the portfolio exposed to too much risk.

Fortunately, this does not look likely to be an issue for at least the balance of this year, beyond which point we are in the hands of the Fund Managers' as they navigate what will doubtless continue to be exciting markets.

Angus Macpherson
Chairman
8 December 2020

"Idyllic" is the word we have been using to describe the investing environment for corporate bonds during the six months since the end of April 2020. This is clearly in stark contrast to the news flow surrounding the pandemic (the positive vaccine news only arrived in November) but a confluence of market factors served to make this economic crisis one which has had only minor ripples for credit markets. Indeed, it is worth observing that lenders (neither banks nor credit markets) are not the villains of the piece on this occasion as they have been in the last two economic downturns in which they either caused or exacerbated economic weakness. Rather, this time around, lenders have stepped up to bridge liquidity shortfalls for companies adversely affected by COVID-19, ensuring that a liquidity crisis has not become a widespread solvency crisis for the large companies that access public capital markets such as ours.

Defaults have been remarkably muted in aggregate and concentrated in obvious problem areas which have disappointed for years (e.g. energy fracking companies in the US, traditional retailers in structural decline). Clearly, government and central bank support have played a crucial part in encouraging this generosity and putting a floor under the economy and capital markets. However, it has been a most unusual credit cycle, different to any experienced in living memory. We are pleased to say that we diagnosed this correctly (liquidity rather than solvency crisis) in March and added a significant amount of credit risk at that time. The performance of the Company's NAV and revenue generation since that time has been predictably strong, as others came around to this non-consensual view. Next, we will set out the remarkable backdrop and the performance of the Company.

Over the six month period to 31 October 2020 the NAV rose from 85.0p to 89.8p whilst the share price increased from 83.0p to 88.9p. Activity within the Company continued to be focused on underpinning the revenue generated from investments with a particular preference for adding to subordinated bank debt, high yield corporate bonds and reduction in low yielding investment grade corporate debt which recovered much faster from the ructions in March, and hence offered less relative value. In summary, we continued to add to high yielding and riskier areas of the credit market through relative value switches. The aggregate risk addition was done earlier in the year at the height of the crisis. Clearly, all new purchases were filtered through our permanent credit style and we continued to avoid low quality sectors which exhibit excessive cyclicality and low return on investment over time.

In the following paragraphs we will seek to give readers a sense of just how muted the credit cycle has been relative to the size of the economic shock. Before doing so, it is worth noting that at the time of writing we have already passed the peak in default rates, credit ratings downgrades and issuance whilst we sit at a peak in leverage (debt ratios) which is expected to fall as earnings recover in 2021. With the impressive efficacy of vaccine results to date we are ever more certain in this upbeat diagnosis on the outlook for defaults. Companies that have got this far will no doubt be supported to summer 2021, a point at which it would appear normalcy will begin to resume to a large extent. Balance sheet repair is likely to remain a theme of corporates for many months to come. Indeed, post the first vaccine news we saw companies in the cruise and airline industries immediately issue equity in order to reduce debt.

In the table below one can see the actual defaults experienced in the riskiest area of the corporate bond market (those rated sub-investment grade) in the US and in Europe. At the height of the market crisis in March 2020 it was common to see estimates of 10-14% default rates from analysts. Indeed, the rating agency Moody's forecast a 14% default rate using their top-down driven model which plugged in economic data and mechanically predicted a future default rate. In contrast, Europe has experienced no major default rate rise in 2020 and the US has suffered (again) from the enormous misallocation of capital to the shale fracking industry a decade ago. Exclude this sector, and retail default rates are remarkably similar to Europe at 2.5%. The key factor underpinning the low generalised default rates across most sectors, as mentioned, was the willingness of credit (and in some cases equity) investors to provide monies to bridge a challenging twelve-month period. The high yield market reopened on March 30th with issuance from Yum! Brands (fast-food restaurants) and by April was wide open to all types of companies, even those in directly impacted COVID sectors with no revenue whatsoever for months to come. This is a very different experience to the 2008 downturn when new issuance dried up for periods of time and corporates struggled to access much needed liquidity. This crisis also did not occur in the shadows of a binge of previous bad lending to inappropriate companies as it did from 2005-07 (e.g. Foxtons, EMI, semi-conductor companies being taken private with huge leverage).

2020 = Benign Default Cycle for High Yield

Date	US High Yield Default Rates[1]	Euro High Yield Default Rates[2]
31 Mar 2001	7.88%	2.21%
30 Sept 2001	9.93%	4.63%
31 Mar 2002	10.90%	8.63%
30 Sept 2002	8.86%	12.81%
31 Mar 2003	6.18%	12.00%
30 Sept 2003	6.24%	5.13%
31 Mar 2004	5.22%	1.31%
30 Sept 2004	2.98%	1.22%
31 Mar 2005	2.85%	1.85%
30 Sept 2005	2.62%	0.98%
31 Mar 2006	2.31%	0.00%
30 Sept 2006	1.93%	0.62%
31 Mar 2007	1.44%	2.85%
30 Sept 2007	1.27%	2.60%
31 Mar 2008	1.93%	0.56%
30 Sept 2008	3.45%	0.55%
31 Mar 2009	8.47%	10.06%
30 Sept 2009	14.27%	12.98%
31 Mar 2010	11.52%	4.83%
30 Sept 2010	4.17%	2.50%
31 Mar 2011	3.14%	1.26%
30 Sept 2011	2.15%	1.46%
31 Mar 2012	3.35%	3.65%
30 Sept 2012	4.11%	2.86%
31 Mar 2013	2.93%	2.17%
30 Sept 2013	2.69%	3.18%
31 Mar 2014	1.83%	2.67%
30 Sept 2014	1.62%	2.72%
31 Mar 2015	1.99%	2.38%
30 Sept 2015	2.72%	2.61%
31 Mar 2016	4.48%	2.84%
30 Sept 2016	5.53%	2.77%
31 Mar 2017	4.80%	2.74%
30 Sept 2017	3.59%	3.15%
31 Mar 2018	4.15%	3.70%
30 Sept 2018	3.25%	2.64%
31 Mar 2019	2.68%	1.04%
30 Sept 2019	3.43%	1.54%
31 Mar 2020	4.91%	1.85%
30 Sept 2020	8.55%	3.90%

[1] JPMorgan US High Yield forecast for 2021 is 3.5%
[2] JPMorgan Euro High Yield forecast for 2021 is 3.0%.
Source: Moody's as at 30 September 2020

If we turn now to the banking sector, a similar experience has also occurred whereby actual impairments have not been anywhere near as high as the expectation when banks aggressively provisioned for future losses in their second quarter results (based on what proved to be overly harsh macro-economic assumptions, particularly on house prices). Amazingly, for credit investors, this crisis has been beneficial for their bonds as banks across the UK, Europe and US actually built their equity capital levels despite this conservative provisioning. The reason for this was twofold: strong organic earnings (especially for banks with investment bank / trading arms) and the intervention of regulators who unilaterally banned ordinary dividends and share buybacks. The following table shows how the second quarter results were viewed as the "all-clear" for credit investors in banks with the total return of the most subordinated, hybrid "CoCo" bonds recovering all their losses at this point whereas the ordinary equity returns languished until very strong quarter three results convinced equity investors of this resiliency.

Benign Cycle for Bank Credit Investors

	Standard & Poor's Bank Equity Total Return	Bank CoCo Bond Index Total Return
28 October 2019[1]	100	100
30 November 2019	98.70	99.76
31 December 2019	104.28	100.58
31 January 2020	108.62	102.62
29 February 2020	100.85	103.84
31 March 2020	87.94	101.26
30 April 2020	64.22	85.71
31 May 2020	71.09	93.21
30 June 2020	71.22	96.57
31 July 2020	70.68	98.48
31 August 2020	71.89	102.23
30 September 2020	73.97	105.95
31 October 2020	70.30	104.24

[1] Rebased to a 100 from 28 October 2019 with monthly data points used thereafter
Source: Bloomberg & ICE Data Indices as at 25 November 2020

The outlook for credit investors remains positive, albeit tempered by the much lower yields on offer relative to spring / summer 2020. It is with this in mind that we are pleased to have locked in additional income for the Company earlier in the year (see previous annual report). The backdrop remains fundamentally positive for credit investors, it being an early cycle environment in which debt investors continue to be treated preferentially relative to equity investors. The positive vaccine news cements this outlook and 2021 looks set to be a more interesting year for central banks than credit investors. Should the economic recovery be stronger than their pessimistic forecasts, then the guidance of no rate hikes for circa 5+ years will be tested. As will their willingness and ability to monetise government debt via continued quantitative easing programmes. As a credit focused Company with relatively low duration exposure we shall watch this debate with much interest but relatively little "skin in the game".

John Pattullo & Jenna Barnard
Fund Managers
8 December 2020

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 and commitment of the Fund Managers and Investment Manager.
  - Janus Henderson's 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 uncertainties and how they are managed are given in the annual report for the year ended 30 April 2020. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review. In reviewing the risk register, the Board has considered the COVID-19 pandemic and the uncertainties that this can create in global debt and equity markets, as set out in the Chairman's Statement.

The alternative investment fund manager and the Company's other third-party service providers remain fully operational and have implemented appropriate business continuity plans to ensure that there has been no change in service while the majority of staff are working from home.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

(a) the condensed set of financial statements for the half-year ended 31 October 2020 have been prepared in accordance with IFRS as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

(b) this report and condensed set of financial statements include a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the six month period 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
8 December 2020

SUMMARY OF PORTFOLIO AS AT 31 OCTOBER 2020[1]

	2020	2019
	%	%
High yield bonds	**62.7**	59.5
Investment grade bonds	**28.8**	33.2
Secured loans	**4.9**	4.3
Equities	**2.7**	2.1
Asset backed securities	**0.9**	0.9
Total	**100.0**	100.0

[1] Excluding credit default swaps

CURRENCY DENOMINATION OF PORTFOLIO AS AT 31 OCTOBER 2020[1, 2]

	2020	2019
	%	%
Sterling	**22.3**	22.9
Euro	**9.1**	1.5
US dollar	**67.5**	74.6
Australian dollar	**1.1**	1.0
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 2020 (2019: same)

TWENTY LARGEST INVESTMENTS AS AT 31 OCTOBER 2020

Company	Industry	Currency	Geographical area	Market value £'000	% of portfolio
Tesco	Consumer non-cyclical	£	UK	**4,838**	**2.47**
Verizon Communications	Communications	$/AUD	US	**4,825**	**2.47**
Crown Castle	Industrials	$	US	**4,414**	**2.26**
Nationwide Building Society VAR Perpetual	Financials	£	UK	**4,317**	**2.21**
Virgin Media	Communications	£	UK	**4,305**	**2.20**
IMS	Technology	$	US	**4,248**	**2.17**
Co-Operative Group	Consumer non-cyclical	£	UK	**4,208**	**2.15**
Phoenix	Financials	£	UK	**4,177**	**2.14**
Sirius	Communications	$	US	**4,167**	**2.13**
Restaurant Brands Inc.	Consumer cyclical	$	US	**3,635**	**1.86**
Ardagh	Industrials	Euro/$	Ireland	**3,626**	**1.85**
Altice	Communications	$	US	**3,595**	**1.84**
CSC	Communications	$	US	**3,460**	**1.77**
Lloyds Group	Financials	£/$	UK	**3,283**	**1.68**
T-Mobile	Communications	$	US	**3,192**	**1.63**
Service Corp	Consumer non-cyclical	$	US	**3,063**	**1.57**
Barclays	Financials	£/$	UK	**3,002**	**1.53**
Ziggo	Communications	$	US	**2,975**	**1.52**
Crown	Industrials	$	US	**2,885**	**1.48**
Catalent	Consumer non-cyclical	Euro/$	US	**2,846**	**1.46**

These investments total £75,061,000 or 38.39% of the portfolio

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Half-year ended 31 October 2020			(Unaudited) Half-year ended 31 October 2019			(Audited) Year-ended 30 April 2020		
	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 on investments held at fair value through profit or loss	**-**	**10,611**	**10,611**	-	8,552	8,552	-	1,683	1,683
Losses on foreign exchange transactions at fair value through profit or loss	**-**	**(1,282)**	**(1,282)**	-	(2,147)	(2,147)	-	(4,514)	(4,514)
Investment income	**5,121**	**-**	**5,121**	4,684	-	4,684	9,548	-	9,548
Other operating income	**4**	**-**	**4**	5	-	5	11	-	11
Total income	**5,125**	**9,329**	**14,454**	4,689	6,405	11,094	9,559	(2,831)	6,728
Expenses									
Management fee	**(278)**	**(278)**	**(556)**	(275)	(275)	(550)	(535)	(534)	(1,069)
Other expenses	**(258)**	**-**	**(258)**	(207)	-	(207)	(414)	-	(414)
Profit/(loss) before finance costs and taxation	**4,589**	**9,051**	**13,640**	4,207	6,130	10,337	8,610	(3,365)	5,245
Finance costs	**(88)**	**(88)**	**(176)**	(110)	(110)	(220)	(233)	(232)	(465)
Profit/(loss) before taxation	**4,501**	**8,963**	**13,464**	4,097	6,020	10,117	8,377	(3,597)	4,780
Taxation	**(10)**	**-**	**(10)**	(3)	-	(3)	(5)	-	(5)
Profit/(loss) for the period	**4,491**	**8,963**	**13,454**	4,094	6,020	10,114	8,372	(3,597)	4,775
Return/(loss) per ordinary share (note 2)	**2.35p**	**4.68p**	**7.03p**	2.16p	3.17p	5.33p	4.40p	(1.89p)	2.51p

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 period.

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 2020 (unaudited)	**Called up share capital £'000**	**Share premium £'000**	**Distributable reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
Total equity at 1 May 2020	**1,913**	**1,576**	**165,533**	**(8,742)**	**2,344**	**162,624**
Total comprehensive income:						
Profit after taxation	**-**	**-**	**-**	**8,963**	**4,491**	**13,454**
Dividends paid	**-**	**-**	**-**	**-**	**(4,209)**	**(4,209)**
Total equity at 31 October 2020	**1,913**	**1,576**	**165,533**	**221**	**2,626**	**171,869**

Half-year ended 31 October 2019 (unaudited)	Called up share capital £'000	Share premium £'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

Year-ended 30 April 2020 (audited)	Called up share capital £'000	Share premium £'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	-	-	-	(3,597)	8,372	4,775
Transactions with owners, recorded directly to equity:						
Proceeds from the issue of shares	17	1,576	-	-	-	1,593
Dividends paid	-	-	-	-	(8,362)	(8,362)
Total equity at 30 April 2020	1,913	1,576	165,533	(8,742)	2,344	162,624

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 October 2020 £'000	(Unaudited) 31 October 2019 £'000	(Audited) 30 April 2020 £'000
Non-current assets			
Investments held at fair value through profit or loss	**195,525**	199,420	187,645
Current assets			
Other receivables	**4,952**	2,997	6,127
Cash and cash equivalents	**3,020**	7,212	3,735
	-----------	-----------	-----------
Total assets	**203,497**	209,629	197,507
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Current liabilities			
Other payables	**(4,107)**	(5,991)	(2,248)
Bank loan	**(27,521)**	(33,078)	(32,635)
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Total assets less current liabilities	**171,869**	170,560	162,624
	-----------	-----------	-----------
Net assets	**171,869**	170,560	162,624
	======	======	======
Equity attributable to equity shareholders			
Called-up share capital	**1,913**	1,896	1,913
Share premium	**1,576**	-	1,576
Distributable reserve	**165,533**	165,533	165,533
Capital reserve	**221**	875	(8,742)
Revenue reserve	**2,626**	2,256	2,344
	-----------	-----------	-----------
Total equity	**171,869**	170,560	162,624
	======	======	======
Net asset value per ordinary share (note 3)	**89.83p**	89.95p	85.00p
	======	======	======

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

CONDENSED CASH FLOW STATEMENT

	(Unaudited) Half-year ended 31 October 2020 £'000	(Unaudited) Half-year ended 31 October 2019 £'000	(Audited) Year-ended 30 April 2020 £'000
Operating activities			
Net profit before taxation	**13,464**	10,117	4,780
Interest payable	**176**	220	465
Gains on investments held at fair value through profit or loss	**(10,611)**	(8,552)	(1,683)
Losses on foreign exchange transactions at fair value through profit or loss	**1,282**	2,147	4,514
Net receipts/(payments) on settlement of forward exchange contracts	**2,578**	(2,409)	(8,849)
Net receipts/(payments) on credit default swaps	**198**	(219)	(1,573)
(Increase)/decrease in prepayments and accrued income	**(171)**	2	(19)
Increase in other creditors	**290**	86	7
Purchase of investments	**(60,273)**	(39,101)	(92,690)
Sale of investments	**60,564**	34,197	91,120
Net cash inflow/(outflow) from operating activities before finance costs[1]	**7,497**	(3,512)	(3,928)
Interest paid	**(200)**	(210)	(452)
Taxation on investment income	**(10)**	(3)	(5)
Net cash inflow/(outflow) from operating activities	**7,287**	(3,725)	(4,385)
Financing activities			
Equity dividends paid	**(4,209)**	(4,172)	(8,362)
Issue of ordinary shares	**-**	-	1,593
Drawdown of bank overdraft	**1,223**	-	317
(Repayment)/drawdown of loans	**(5,114)**	14,551	14,108
Net cash (outflow)/inflow from financing activities	**(8,100)**	10,379	7,656
Net (decrease)/increase in cash and cash equivalents	**(813)**	6,654	3,271
Cash and cash equivalents at start of period	**3,735**	525	525
Exchange movements	**98**	33	(61)
Cash and cash equivalents at the end of the period	**3,020**	7,212	3,735
Comprising:			
Cash at bank	**3,020**	7,212	3,735
	3,020	7,212	3,735

[1] For the half-year ended 31 October 2020 cash flow from interest income was £4,361,000 (31 October 2019: £4,600,000; 30 April 2020: £9,302,000) and cash inflow from dividends was £132,000 (31 October 2019: £132,000; 30 April 2020: £264,000)

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 2020. They have been prepared on a going concern basis and in accordance with IFRS 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 2020.

2. Return per ordinary share

	(Unaudited) Half-year ended 31 October 2020 £'000	(Unaudited) Half-year ended 31 October 2019 £'000	(Audited) Year-ended 30 April 2020 £'000
Net revenue return	**4,491**	4,094	8,372
Net capital return	**8,963**	6,020	(3,597)
	---------	---------	---------
Net total return	**13,454**	10,114	4,775
	=====	=====	=====
Weighted average number of ordinary shares	**191,318,240**	189,618,240	190,017,557
Revenue return per ordinary share	**2.35p**	2.16p	4.40p
Capital return per ordinary share	**4.68p**	3.17p	(1.89p)
	---------	---------	---------
Total return per ordinary share	**7.03p**	5.33p	2.51p
	=====	=====	=====

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 2020 of £171,869,000 (31 October 2019: £170,560,000; 30 April 2020: £162,624,000) and on 191,318,240 ordinary shares, being the number of ordinary shares in issue at 31 October 2020 (31 October 2019: 189,618,240; 30 April 2020: 191,318,240).

4. Share capital

During the half-year ended 31 October 2020, no ordinary shares were issued or bought back. At 31 October 2020 there were 191,318,240 ordinary shares of 1p nominal value in issue. Since 31 October 2020 and 8 December 2020, 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, during the period, as interest distributions for UK tax purposes from the Company's revenue account.

A fourth interim dividend for the year-ended 30 April 2020 of 1.10p (2019: 1.10p) per ordinary share was paid to shareholders on 30 June 2020 to shareholders on the register at close of business on 5 June 2020.

A first interim dividend payment for the year-ended 30 April 2021 of 1.10p (2020: 1.10p) per ordinary share was paid to shareholders on 30 September 2020 to shareholders on the register at close of business on 4 September 2020.

On 24 November 2020 the Board announced a second interim dividend payment for the year-ended 30 April 2021 of 1.10p (2020: 1.10p) per ordinary share that will be paid on 31 December 2020 to shareholders on the register at close of business on 4 December 2020. The shares were quoted ex-dividend on 3 December 2020.

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 of 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 2020 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Investments	**185,976**	**9,549**	**-**	**195,525**
Credit default swaps	**-**	**1,441**	**-**	**1,441**
Currency forward exchange contracts	**-**	**750**	**-**	**750**
	----------	----------	----------	----------
Total	**185,976**	**11,740**	**-**	**197,716**
	======	=====	======	======
Financial liabilities at fair value through profit or loss	**-**	**-**	**-**	**-**
	----------	----------	----------	-----------
Total	**-**	**-**	**-**	**-**
	=====	=====	=====	======

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 30 April 2020 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Investments	178,092	9,553	-	187,645
Credit default swaps	-	93	-	93
Currency forward exchange contracts	-	564	-	564
	178,092	10,210	-	188,302
Financial liabilities at fair value through profit or loss:	-	-	-	-
Total	-	-	-	-

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 2020.

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 facilitation of marketing activities with third parties, there have been no material transactions with the Manager affecting the financial position of the Company during the period under review.

8. Going concern

The assets of the Company consist mainly of securities that are listed and readily realisable. The directors have performed a COVID-19 analysis which included cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio and have concluded that the Company has adequate financial resources to meet their financial obligations, including the repayment of the bank loan, as they fall due for a period of at least twelve months from the date of approval of the financial statements. Having assessed these factors, as well as the principal risks and other matters discussed in connection with the Viability Statement (please refer to the annual report for the year-ended 30 April 2020) the directors confirm that the financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments held at fair value through profit or loss.

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 financial information for the half year periods ended 31 October 2020 and 31 October 2019 have not been audited or reviewed by the Company's auditors. The figures and financial information for the year-ended 30 April 2020 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. 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.

ISIN code: GB00BF03YC36
SEDOL number: BF03YC3
London Stock Exchange code: HDIV
Global Intermediary Identification Number (GIIN): QR3G93.99999.SL.826
Legal Entity Identifier (LEI) number: 213800RV2228EO1JEN02

Directors, secretary and registered office

The directors of the Company are Angus Macpherson (Chairman), Ian Wright (Audit Committee Chairman), Denise Hadgill, Win Robbins (Senior Independent Director) 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 https://www.janushenderson.com/en-gb/investor/product/henderson-diversified-income-trust-plc/

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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 form part of, this report.