Company Number: 10635799

HENDERSON DIVERSIFIED INCOME TRUST PLC

HALF-YEAR REPORT

(unaudited)

For the half-year ended 31 October 2018

Henderson Diversified Income Trust plc (the 'Company')
Unaudited results for half year ended 31 October 2018

Total return performance

	6 months	1 year	3 years[4]	5 years[4]	10 years[4]
	%	%	%	%	%
NAV[1]	-1.2	-3.2	12.4	26.6	159.5
Benchmark[2]	1.4	2.6	7.7	12.4	26.2
Share price[3]	-8.2	-9.4	6.6	17.8	124.9

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

2 Benchmark is Libor plus 2%

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

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, Datastream and Morningstar for the AIC

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 plus 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.

Chairman's Statement

It gives me little pleasure to report that while we have been able to maintain the quarterly level of dividend at 1.10p, the total return was negative for shareholders in the period under review. This has been as a consequence of the re-pricing of risk and the decline in the rating of our own shares by the market.

It is important to appreciate that this has not been as a consequence of any defaults or credit issues. The capital of the Company has suffered as higher interest rates in the US and widening credit spreads have driven down bond and secured loan prices in US dollar terms.

In the last statement I highlighted the Managers' view that there was limited risk of defaults but that risk might be re-priced, leading to a reduction in the capital value of the portfolio. This is indeed what appears to have happened.

Shareholders might reasonably ask, like Cassandra, what the benefit of this foresight has been to them. Unfortunately, what the Managers describe as "the nasty concoction of late cycle conditions" has left little room for other outcomes for managers of an income-orientated portfolio.

Performance

The net asset value total return per ordinary share for the period 1 May 2018 to 31 October 2018 was -1.2% whilst the share price total return per ordinary share was -8.2%; both behind the benchmark target performance of +1.4%. The share price moved from trading at a premium to trading at a discount to the net asset value of 2.3%.

Dividends and dividend policy

On 28 September 2018 a first interim dividend of 1.10p per ordinary share for the period ended 30 April 2019 was paid. A second interim dividend of 1.10p per ordinary share for the period ended 30 April 2019 was declared on 27 November 2018 and will be paid to shareholders on 28 December 2018. 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

The outlook for both sterling and the euro look very volatile and it is difficult to anticipate what might happen over the months ahead. At the time of writing, commentators in the UK are almost entirely focussed on the outcome of Brexit. Happily, this portfolio is not as exposed as many to the potential volatility that may ensue from this quite fundamental change in our position in the world economy.

Of much greater importance, as highlighted in the annual report, is whether inflation does start to return to the global economy. The Managers remain of the view that it will not, foiled by the twin headwinds of globalisation and technological development. If this proves to be the case, then this should lead to more positive returns in the years ahead and valuations may become more attractive than 12 months ago.

This view is not universally held and the Managers are constantly vigilant for data that might challenge this opinion. As you will see in their report, they have not to date seen signs to support a change in their position. However, the unwind of Quantitative Easing, the increased threat to the hegemony of free trade, the challenge to the European Union and the apparently inexorable shift in the centre of economic gravity to Asia and the Pacific all suggest these secular and cyclical trends have no precedent. I would suggest they are prudent to prepare for any eventuality. In view of this, as a temporary measure, we have agreed with the Managers that they may reduce the gearing level for the next two quarters, unconstrained by a requirement to cover the dividend, which will be covered by reserves if required. The Managers view is that 1.10p is the right level of dividend which we anticipate will be paid during this period and that covered dividends will be resumed in due course.

Angus Macpherson
Chairman
18 December 2018

Fund Managers' Report

Over the period under review, the Company produced a modest negative net asset value total return of -1.2% which is behind our Libor +2% target of 1.4% The share price return has been even more disappointing as the healthy premium we traded at the beginning of the period has been entirely eroded. Although the income stream has been secure we have lost some capital, not from the default of any of our investments but from a gradual repricing of risk across global capital markets which has resulted in falling bond prices. This should be of no surprise as we made clear in the last Annual Report to shareholders that the current stage in the cycle is the most challenging for bond managers, especially those running a geared income orientated strategy such as ours.

We have previously highlighted the nasty concoction of late cycle conditions which has made making positive returns challenging. If anything the last six months have been fairly easy to rationalise, albeit begrudgingly. The US Fed has continued to raise short term interest rates as they attempt to normalise monetary policy. Some of this tightening in monetary conditions has been needed to offset the loosening in fiscal policy from the ill-timed Trump tax cuts. Higher short rates for the US dollar have caused global financial conditions to tighten significantly. The high oil price, which is a classic late cycle indicator, has acted as a tax for many countries who import the commodity; particularly as it is priced in US dollars which has strengthened against many other currencies.

The flatness of the yield curve (the difference between short end and long end rates) also gives some pause for thought as the curve typically flattens significantly, or inverts, going into periods of financial stress as shown in the chart in the Half Year Update. This means that investors are not well rewarded for taking on longer dated risk relative to short dated investments. The flat yield curve also has negative implications for financial institutions, whose business model is predicated on borrowing on the short end and lending at longer maturities; as such financials exposure has come down modestly reflecting this outlook. "Real" interest rates in the US, which look at the interest rate adjusted for inflation, have risen above 1% for 10 year bonds which we consider is supressing economic activity.

During the period, high yield spreads contracted significantly in the US reflecting a somewhat skewed risk/reward balance on offer in the market. Value is hard to find in most markets. We expect greater volatility going forward as financial conditions tighten in the US and more globally. Indeed, this has been evident in the net asset value of the Company. It has shown up in extremis in other markets such as Bitcoin, ETF volatility products, emerging markets stress in countries such as Turkey and Argentina but also a number of single names/sectors such as General Electric, the FAANGs, or in "defensive" tobacco stocks.

These allegedly idiosyncratic risks are growing at a concerning rate against an unsupportive macroeconomic backdrop in which cyclical businesses are struggling, suggesting to us the economy is more late cycle than many think. The S&P hit record highs at the end of October 2018 but this was driven by an increasingly narrow subset of technology and growth stocks, which include some cash burning companies (for example Netflix and Tesla) in which we would not choose to invest.

With this concoction of risks growing, not to mention the extremely volatile political backdrop present in most parts of the world at the moment, it is no surprise most asset classes this year are delivering negative returns. Making money has been virtually impossible in this late cycle environment. Some assets, such as loans, have looked more appealing on a relative basis but the hunger for floating rate instruments has given issuers the power to pare back covenants and engage in aggressive repricing. We would prefer to remain cautious, stick to quality and lock in reliable yields in more stable companies as the cycle continues to mature.

We are continuing to see a world of low growth and contained inflation; the past two years have seen a modest cyclical increase in growth which has temporarily offset the longer term structural headwinds we have written about in previous reports. Patience and prudence has been required in order not to get drawn into the reflationary mindset that has characterised the past two years and precipitated a lot of marginal late cycle loan and bond issuance. A large part of our core mantra has been to say no to such deals and the performance of some of these issues in the past few weeks has left us feeling vindicated in this decision. The Bank of England, the US Fed and the BIS have all issued warnings in the past six months on excesses in the loan market. Many firms have chosen to eschew high yield markets to issue loans (which have fewer covenants and offer more flexibility for issuers), providing a positive technical back drop as high yield supply contracts.

Our preference for large cap non-cyclicals has insulated us from much of the dispersion in a growing number of names and industries which are now looking vulnerable to the turning economic cycle. Profit warnings are coming from a variety of different sources for a myriad of different reasons; increasing labour cost pressure, higher energy costs, tariffs, weakening export demand. These are in addition to the wider structural issues we have mentioned in previous reports such as technological disruption. The UK high street, for example, is under huge structural pressure. The number of investable sectors continues to shrink and we have been pleased with our stock selection on a macro and microeconomic level. Looking at our portfolio in the context of the current economic backdrop should provide comfort as we have resisted more cyclical, volatile issuance as well as the fashionable illiquid alternative assets. Illiquidity is appearing to flash warning signs to us, much like leverage during the last cycle, and investors should be wary of small cap lending, infrastructure, aviation finance, peer to peer lending etc. As these assets begin to turn, the rush for the exits can get crowded.

Regarding our geographical exposure, we have significantly reduced our sterling denominated exposure and continue to hold few European credits. Both areas have limited growth and growing political uncertainty. We have taken good profit on some of our legacy junior banking bonds. We have also trimmed some of our Swiss, French and Irish banking exposure. We have taken profit on some of our UK insurance holdings. Standard Life and Tesco both tendered at generous prices to buy back their bonds as both companies have restructured their balance sheets following corporate activity. TP ICAP was sold at a modest loss following an unforeseen profit warning. New holdings were introduced in stocks such as Comcast, Keurig Dr Pepper, Intertrust, Salesforce and Constellation Brands. Arqiva, the UK broadcast towers business, was re–financed. We very much favour tower businesses as we see them as modern day utilities given the advent of 5G. We also favour data centre businesses on a similar theme. Packaging and consumer facing businesses are also preferred. We also lent to Elanco, an animal health business.

Today nearly 80% of the portfolio is invested in American or global credits. The US has raised rates significantly, from very low levels; this is primarily due to the successful reflation of their economy albeit with moderate actual inflation. America not only has liquid, large, transparent and deep credit markets, it also has that scarce commodity - growth. We would much rather lend to a large company which can grow its cash flows rather than be plagued by patchy European growth with considerable political tail risks. Leverage is at slightly lower levels but is still necessary to maintain the dividend. It is our policy that all foreign currency bond exposure is hedged back to sterling. This involves selling the non-sterling currency risk on a rolling basis using a forward contract to offset the currency exposure, which is primarily in dollars as stated above. The Condensed Statement of Comprehensive Income shows a foreign exchange loss of £12,554,000, but this is offset by the rise in these foreign currency assets in sterling terms. This is exactly what you would expect to happen and should not concern shareholders.

The outlook remains challenging although we are confident in our ability to maintain the dividend. We feel stock selection has been strong and we remain choosy and vigilant in our stock selection. Credit markets tend to underperform at this stage in the cycle but not nearly as bad as equities. We retain the ability to add extra risk and hope to lock in higher yields for investors going forward.

We believe growth, inflation and earnings have peaked and expect US interest rates policy to plateau in the foreseeable future. Once that happens bonds could become very interesting again. We expect the heightened political issues in the UK and Europe to continue, given the lack of clarity and leadership on show, and would be cautious on markets until some resolution emerges or the value proposition changes significantly. We do expect continued volatility in the capital of the Company but are not expecting any permanent capital impairment. We remain focused to providing a reliable, dependable and consistent dividend stream for our shareholders.

John Pattullo & Jenna Barnard, Fund Managers
12 December 2018

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 period ended 30 April 2018.

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 over the last 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 the International Accounting Standard 34 'Interim Financial Reporting';

(b) The Interim Management Report includes 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) The Interim Management 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
12 December 2018

Henderson Diversified Income Trust plc (the 'Company')
Unaudited results for half year ended 31 October 2018

Summary of portfolio as at 31 October[1]

	2018 %	2017 %
High yield bonds	**62.3**	58.7
Investment grade bonds	**24.9**	24.8
Secured loans	**9.8**	13.7
Equities	**2.1**	2.0
Asset backed securities	**0.9**	0.8

Currency exposure of portfolio as at 31 October[1, 2]

	2018 %	2017 %
Sterling	**23.8**	33.3
Euro	**4.0**	8.5
US dollar	**70.7**	58.2
Australian dollar	**1.5**	-

1 Does not include credit default swaps
2 The Company hedges its foreign currency exposure back to sterling. There was therefore no material net currency exposure at 31 October 2018 (2017: same)

Twenty largest investments as at 31 October 2018

Company	Principal activities	Currency	Geographical area	Valuation £'000	% of portfolio
Tesco	Food	£	UK	**4,707**	**2.64**
HCA	Consumer, non-cyclical	$	US	**4,433**	**2.49**
Sirius	Media	$	US	**4,392**	**2.47**
Aramark	Food service	$	US	**4,380**	**2.46**
Warner Music	Consumer, cyclical	$	US	**4,253**	**2.39**
Ardagh	Packaging & containers	Euro/$	Ireland	**4,197**	**2.36**
Equinix	Telecommunications	Euro/$	US	**4,197**	**2.36**
Zayo	Telecommunications	$	US	**4,008**	**2.25**
IMS	Consumer, non-cyclical	$	US	**3,998**	**2.24**
CPUK Finance	Diversified financial services	£	UK	**3,997**	**2.24**
Service Corp	Consumer, non-cyclical	$	US	**3,933**	**2.21**
Wachovia	Banks	$	US	**3,869**	**2.17**
Lamb	Consumer, non-cyclical	$	US	**3,859**	**2.17**
Crown	Industrial	$	US	**3,835**	**2.15**
Co-Operative Group	Food	£	UK	**3,824**	**2.15**
Credit Suisse	Banks	$	Switzerland	**3,808**	**2.14**
Barclays	Diversified banking	£/$	UK	**3,787**	**2.12**
Nationwide Building Society	Banks	£	UK	**3,781**	**2.12**
PGH Capital	Insurance	£	UK	**3,723**	**2.09**
First Data	Technology	$	US	**3,600**	**2.02**

These investments total £80,581,000 or 45.24% of the portfolio.

Condensed Statement of Comprehensive Income

	(Unaudited) Half year ended 31 October 2018			(Unaudited) Period ended 31 October 2017			(Audited) Period ended 30 April 2018		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	**-**	**6,332**	**6,332**	-	2,394	2,394	-	(8,322)	(8,322)
(Losses)/gains on foreign exchange transactions at fair value through profit or loss	**-**	**(12,554)**	**(12,554)**	-	2,375	2,375	-	5,724	5,724
Investment income	**5,136**	**-**	**5,136**	4,747	-	4,747	9,570	-	9,570
Other operating income	**21**	**-**	**21**	3	-	3	5	-	5
Total income/(loss)	**5,157**	**(6,222)**	**(1,065)**	4,750	4,769	9,519	9,575	(2,598)	6,977
Expenses									
Management and performance fees	**(260)**	**(260)**	**(520)**	(765)	(765)	(1,530)	(1,037)	(1,036)	(2,073)
Other expenses	**(222)**	**-**	**(222)**	(288)	-	(288)	(471)	-	(471)
Profit/(loss) before finance costs and taxation	**4,675**	**(6,482)**	**(1,807)**	3,697	4,004	7,701	8,067	(3,634)	4,433
Finance costs	**(112)**	**(112)**	**(224)**	(94)	(93)	(187)	(210)	(209)	(419)
Profit/(loss) before taxation	**4,563**	**(6,594)**	**(2,031)**	3,603	3,911	7,514	7,857	(3,843)	4,014
Taxation	**(28)**	**-**	**(28)**	48	-	48	40	-	40
Profit/(loss) for the period	**4,535**	**(6,594)**	**(2,059)**	3,651	3,911	7,562	7,897	(3,843)	4,054
Return per ordinary share (note 2)	**2.39p**	**(3.48p)**	**(1.09p)**	1.95p	2.08p	4.03p	4.19p	(2.04p)	2.15p

The total columns of this statement represent the Statement Comprehensive Income of the Company, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The accompanying notes form an integral part of this condensed interim financial information.

Condensed Statement of Changes in Equity

Half-year ended 31 October 2018 (unaudited)	**Called up share capital £'000**	**Share premium account £'000**	**Distrib-utable 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:						
Cancellation of share premium expenses	**-**	**-**	**(7)**	**-**	**-**	**(7)**
Dividends paid	**-**	**-**	**-**	**-**	**(4,172)**	**(4,172)**
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Total equity at 31 October 2018	**1,896**	**-**	**165,531**	**(10,437)**	**2,571**	**159,561**
	=====	=====	=====	=====	=====	======

Period ended 31 October 2017 (unaudited)	Called up share capital £'000	Share premium account £'000	Distrib-utable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 23 February 2017	-	-	-	-	-	-
Total comprehensive income:						
Profit from after taxation	-	-	-	3,911	3,651	7,562
Transactions with owners recorded directly to equity:						
Proceeds from Issue of shares	1,896	166,752	-	-	-	168,648
Issue costs	-	(460)	-	-	-	(460)
Transfer for cancellation of share premium	-	(166,292)	166,292	-	-	-
Dividends paid	-	-	(474)	-	(1,896)	(2,370)
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Total equity at 31 October 2017	1,896	-	165,818	3,911	1,755	173,380
	=====	=====	=====	=====	=====	======

Period ended 30 April 2018 (audited)	Called up share capital £'000	Share premium account £'000	Distrib-utable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 23 February 2017	-	-	-	-	-	-
Proceeds from issue of shares on 27 April 2017	1,822	159,596	-	-	-	161,418
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Total equity at 27 April 2017	1,822	159,596	-	-	-	161,418
Total comprehensive income:						
(Loss)/profit after taxation	-	-	-	(3,843)	7,897	4,054
Transactions with owners recorded directly to equity:						
Proceeds from issue of shares	74	6,795	-	-	-	6,869
Transfer for cancellation of share premium	-	(166,391)	166,391	-	-	-
Dividends paid	-	-	(853)	-	(5,689)	(6,542)
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Total equity at 30 April 2018	1,896	-	165,538	(3,843)	2,208	165,799
	=====	=====	=====	=====	=====	======

The accompanying notes form an integral part of this condensed interim financial information.

Condensed Statement of Financial Position

	(Unaudited) At 31 October 2018 £'000	(Unaudited) At 31 October 2017 £'000	(Audited) At 30 April 2018 £'000
Non-current assets			
Investments held at fair value through profit or loss	**178,106**	199,765	197,439
Current assets			
Other receivables	**5,536**	5,951	5,737
Cash and cash equivalents	**3,062**	2,276	370
Total assets	**186,704**	207,992	203,546
Current liabilities			
Other payables	**(5,518)**	(4,554)	(10,937)
Bank Loan	**(21,625)**	(30,058)	(26,810)
Total assets less current liabilities	**159,561**	173,380	165,799
Net assets	**159,561**	173,380	165,799
Equity attributable to equity shareholders			
Called-up share capital	**1,896**	1,896	1,896
Distributable reserve	**165,531**	165,818	165,538
Capital reserve	**(10,437)**	3,911	(3,843)
Revenue reserve	**2,571**	1,755	2,208
Total equity	**159,561**	173,380	165,799
Net asset value per ordinary share (note 3)	**84.15p**	91.44p	87.44p

The accompanying notes form an integral part of this condensed interim financial information.

Condensed Cash Flow Statement

	(Unaudited) Half year ended 31 October 2018 £'000	(Unaudited) Period ended 31 October 2017 £'000	(Audited) Period ended 30 April 2018 £'000
Operating activities			
Net (loss)/profit before tax	**(2,031)**	7,514	4,014
Interest payable	**224**	187	419
(Gains)/losses on investments held at fair value through profit or loss	**(6,332)**	(2,394)	8,322
Losses/(gains) on foreign exchange transactions at fair value through profit or loss	**12,554**	(2,375)	(5,724)
(Receipt)/payment on settlement of forward exchange contracts	**(12,407)**	1,470	10,484
(Increase)/decrease in prepayments and accrued income	**(388)**	(1,129)	120
(Decrease)/increase in other creditors	**(8)**	1,484	491
Purchases of investments	**(43,696)**	(83,942)	(145,430)
Sales of investments	**64,563**	71,799	125,642
	----------	----------	----------
Net cash inflow/(outflow) from operating activities before finance costs	**12,479**	(7,386)	(1,662)
	----------	----------	----------
Interest paid	**(248)**	(170)	(372)
Taxation on investment income	**(28)**	56	49
	----------	----------	----------
Net cash inflow/(outflow) from operating activities	**12,203**	(7,500)	(1,985)
	----------	----------	----------
Financing activities			
Equity dividends paid	**(4,172)**	(2,370)	(6,542)
Issue of ordinary shares	**-**	6,869	6,869
Cash received from Henderson Diversified Income Limited	**-**	5,324	5,324
Issue costs	**(7)**	(460)	(361)
Net loans (repaid)/drawn down	**(5,185)**	123	(3,125)
	----------	----------	----------
Net cash (outflow)/inflow from financing activities	**(9,364)**	9,486	2,165
	----------	----------	----------
Net increase in cash and cash equivalents	**2,839**	1,986	180
Cash and cash equivalents at start of period	**370**	-	-
Exchange movements	**(147)**	290	190
	----------	----------	----------
Cash and cash equivalents at the end of the period	**3,062**	2,276	370
	======	======	======
Comprising:			
Cash at bank	**3,062**	2,276	370
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	3,062	2,276	370
	======	======	======

The accompanying notes form an integral part of this condensed interim financial information.

Notes to the interim financial information:

1. Accounting policies – basis of accounting

Henderson Diversified Income Trust plc ('the Company") is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006.

These condensed financial statements comprise the unaudited results of the Company for the half-year ended 31 October 2018. 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 February 2018 with consequential amendments, 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 period ended 30 April 2018. The Board has, however, clarified that all gains or losses resulting from currency forward exchange contracts be allocated to the capital return.

The condensed set of financial statements has been neither audited nor reviewed by the Company's auditors.

Although the Company was incorporated on 23 February 2017, because the Company did not hold any assets or earn any income prior to 27 April 2017 the comparative periods to 31 October 2017 and 30 April 2018 principally reflect the periods 27 April 2017 to 31 October 2017 and 27 April 2017 to 30 April 2018.

2. Return per ordinary share

	(Unaudited) Half year ended 31 October 2018 £'000	(Unaudited) Period ended 31 October 2017 £'000	(Audited) Period ended 30 April 2018 £'000
Net revenue return	**4,535**	3,651	7,897
Net capital return	**(6,594)**	3,911	(3,843)
	---------	---------	---------
Net total return	**(2,059)**	7,562	4,054
	=====	=====	=====
Weighted average number of ordinary shares	**189,618,240**	187,795,092	188,686,956
Revenue return per ordinary share	**2.39p**	1.95p	4.19p
Capital return per ordinary share	**(3.48p)**	2.08p	(2.04p)
	---------	----------	---------
Total return per ordinary share	**(1.09p)**	4.03p	2.15p
	=====	=====	=====

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 2018 of £159,561,000 (31 October 2017: £173,380,000; 30 April 2018: £165,799,000) and on 189,618,240 ordinary shares, being the number of ordinary shares in issue at 31 October 2018 (31 October 2017 and 30 April 2018: 189,618,240).

4. Share capital

During the half-year ended 31 October 2018, no ordinary shares were issued or bought back (periods ended 31 October 2017 and 30 April 2018: 189,618,240 new ordinary shares were issued for net proceeds of £161,418,000, comprised of £180,302,000 investments, £5,324,000 cash and

£24,208,000 other net current liabilities. At 31 October 2018 there were 189,618,240 ordinary shares of 5p nominal value in issue. Since 31 October 2018, no shares have been issued or bought back. The Company has no shares held in Treasury.

5. Dividends paid

A fourth interim dividend for the period ended 30 April 2018 of 1.10p (2017: n/a) per ordinary share was paid on 29 June 2018 to shareholders on the register at close of business on 8 June 2018. This dividend was paid as an interest distribution for UK tax purposes from the Company's revenue account.

A first interim dividend payment for the year ending 30 April 2019 of 1.10p (2018: 1.25p) per ordinary share was paid on 28 September 2018 to shareholders on the register at close of business on 7 September 2018. This dividend was paid as an interest distribution for UK tax purposes from the Company's revenue account.

On 27 November 2018 the Board declared a second interim dividend payment for the year ending 30 April 2019 of 1.10p (2018: 1.25p) per ordinary share that will be paid on 28 December 2018 to shareholders on the register at close of business on 7 December 2018. The shares went ex-dividend on 6 December 2018. This dividend will be paid as an interest distribution for UK tax purposes from the Company's revenue account.

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 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
	--------	--------	-------	--------
	-	3,542	-	3,542
Total	=====	=====	=====	=====

As at 31 October 2017 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Investments	172,437	27,328	-	199,765
Credit default swaps	-	786	-	786
Currency forward exchange contracts	-	155	-	155
Total	172,437	28,269	-	200,706

As at 30 April 2018 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Investments	177,762	19,677	-	197,439
Credit default swaps	-	626	-	626
Total	177,762	20,303	-	198,065
Financial liabilities at fair value through profit or loss:				
Currency forward exchange contracts	-	5,409	-	5,409
Total	-	5,409	-	5,409

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 period ended 30 April 2018.

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

7. Related party transactions

The Company's transactions with related parties were with its Directors and Janus Henderson Investors ("the Manager"). There have been no material transactions between the Company and its Directors during the period under review other than the amounts paid to the Directors in respect of fees. 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 12 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 to 30 April 2018, the Directors have decided that it is appropriate for the financial statement to be prepared on a going concern basis.

9. General information

a) 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 LEI number is 213800RV2228EO1JEN02

b) Directors, Secretary and Registered Office

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

c) 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.**

10. Half Year Update

An abbreviated version of this half year report, "the Update", will be circulated to shareholders in December 2018. The update will also be available on the Company's website (www.hendersondiversifiedincome.com) or in hard copy from the Company's registered office.