Annual Report 2021

Henderson European Focus Trust plc

MANAGED BY
Janus Henderson
INVESTORS

Objective

The Company seeks to maximise total return (a combination of income and capital growth) from a portfolio of stocks listed in Europe

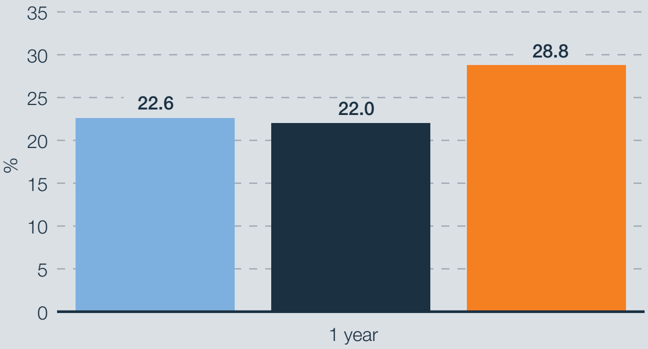
Strategic Report

Roche, Basel

Performance highlights

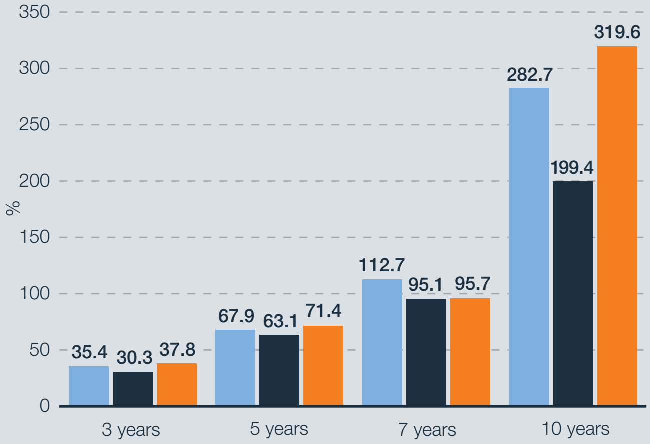
Year to 30 September

Total return performance over one year

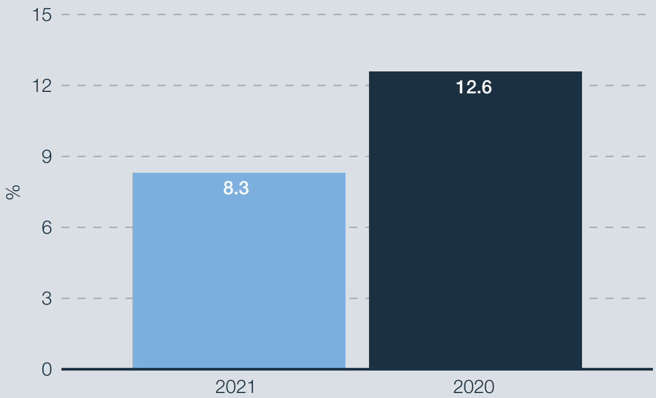


■ Company net asset value ("NAV") per ordinary share total return (including dividends reinvested and excluding costs of reinvestment)
■ FTSE World Europe ex UK Index on a total return basis in sterling terms
■ Company share price total return using mid-market closing prices

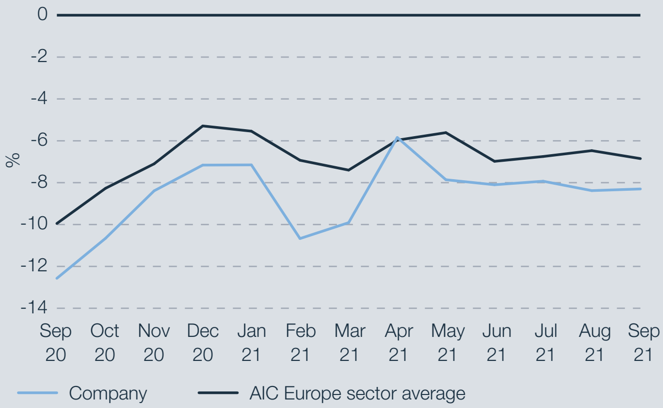
Total return performance over multiple years



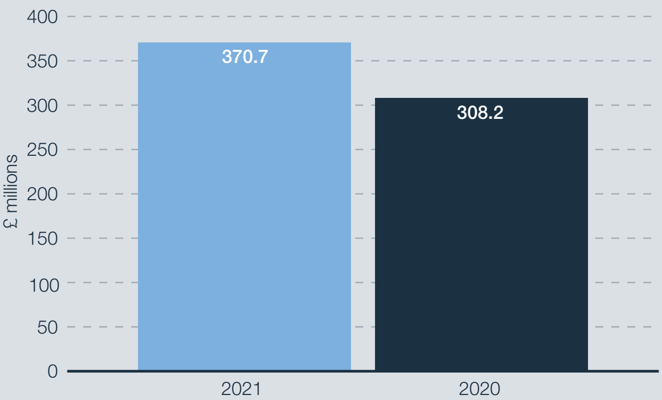
Discount at year end[1]



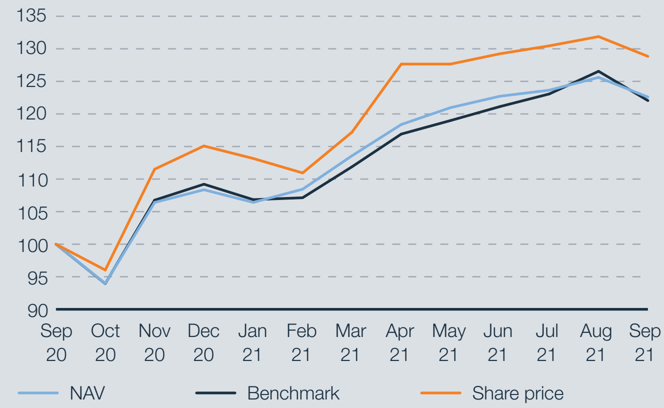
Discount over one year[2]



Net assets at year end



Performance versus the benchmark over one year[3]



1 Calculated using the mid-market closing price
2 Graph shows the Company's share price discount per ordinary share compared to the AIC Europe sector average of eight companies over the year to 30 September 2021, including the Company
3 Graph shows the Company's NAV total return per ordinary share and share price total return compared to the total return of the benchmark (FTSE World Europe ex UK Index) over the year to 30 September 2021 (rebased to 100)

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

Performance highlights

Year to 30 September

NAV per ordinary share at year end

2021
1,733.82p

2020
1,441.20p

Share price at year end

2021
1,590.00p

2020
1,260.00p

Dividend for year[1]

2021
33.10p

2020
31.30p

Dividend yield[2]

2021
2.1%

2020
2.5%

Ongoing charge for year

2021
0.80%

2020
0.82%

Gearing at year end

2021
3.1%

2020
0.6%

Average number of investments in the year

2021	2020
45	45

1 Comprising an interim dividend of 9.60p paid in June 2021 and a recommended final dividend of 23.50p due for payment in February 2022
2 Based on the dividends paid or recommended for the year and the share price at the year end

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

A glossary of terms and alternative performance measures is included on pages 74-76

Chair's Statement

"Happily, our Fund Managers are not closet indexers nor style managers: their strength is stock picking"

Chair of the Board, Vicky Hastings,
reporting on the year to 30 September 2021

Chair's Statement

European equities have performed surprisingly well over the last year and the FTSE Europe ex UK Index is now considerably higher than before the pandemic struck. I'm delighted to report that once again your Company's returns have exceeded that figure: the shares have risen by nearly 29%, portfolio income has risen substantially and your Board proposes a rise of 8.3% in the Company's final dividend.

I say 'surprising' since this recovery in share prices belies the fact that for much of this year investors have tussled with an increasingly thorny question regarding the trajectory of inflation and whether it is 'transient' or 'structural'. Whilst the strength in consumer spending has been buoyant, fuelling a recovery in economic growth and companies' profits, we now see supply shortages in industries ranging from semiconductor chips to scaffolding to Christmas toys. Combined with labour shortages, rising energy prices and soaring freight rates, it is inevitable that price increases of goods and services will be passed on to end customers. The questions are how much inflationary pressure will result, how long it will last and how central bankers will react – both in terms of setting interest rates as well as curtailing their support for bond markets.

One implicit question for stock market participants amongst these macro deliberations is whether we are finally nearing the end of the long bull run for 'growth' style investing. Higher inflation expectations would normally see central bankers increase interest rates but, with the jury out as to its sustainability and the risk of higher rates damaging an increasingly fragile economic recovery, they have kept the market guessing as to the timing of any future rise. Happily, our Fund Managers are not closet indexers nor style managers: their strength is stock picking. With that in mind, the current uncertainty provides opportunities, as the Fund Managers explain in their report.

Performance[1]

In the financial year to 30 September 2021, the Company's net asset value ("NAV") total return per share rose by 22.6% (2020: 5.9%), just ahead of the Company's benchmark index, the FTSE World Europe ex UK Index, which provided a total return of 22.0% (2020: 0.4%). The share price total return was higher still, rising by 28.8% with the share price moving from 1,260p at the end of September 2020 to 1,590p (2020: 3.7%) as the discount at which the shares traded relative to NAV narrowed.

Once again the Board is pleased to report that these returns compare creditably with competitor funds, be they in the investment trust or the OEIC (open-ended companies) sectors. It is also noteworthy that over all longer time periods both the NAV and share price total return remain ahead of this benchmark index on three, five, seven and ten-year periods to 30 September 2021.

Indeed, over a ten-year period, the share price total return from the Company has produced an annualised return of 15.4%, a very healthy result by any standard and one which confounds the popular belief that Europe is a perennial disappointer!

Dividends

The Board is pleased to recommend an increased final dividend of 23.5p per share (2020: 21.7p) which, subject to shareholder approval at the Annual General Meeting ("AGM"), will be paid on 4 February 2022 to shareholders on the register at 7 January 2022. When added to the interim payment of 9.6p (2020: 9.6p) this brings the full year dividend to 33.1p per share, a 5.8% increase from the 2020 full year distribution of 31.3p per share. With the year end share price at 1,590p this represents a yield of 2.1%.

The income-generating ability of our investments has proved stronger than might have been anticipated some eighteen months ago, with the resumption of dividends, the odd special dividend and a recovery to pre-pandemic levels and beyond for others, enabling our declared dividend to be fully covered. This increase is consistent with our policy whereby, over time, we will endeavour to pay a progressive dividend: holding dividends in tougher times and utilising the Company's ample revenue reserve where appropriate.

Discount

The discount narrowed from 12.6% to 8.3% over the year under review, which is not materially out of line with our sector peers, but is wider than your Board would like. We would be much happier to see the shares trading closer to parity with net assets or at a premium and to be able to issue shares and grow assets, with the commensurate benefits of improved liquidity and a reduction in our operating cost ratio. The pricing of investment trust shares by market makers is an art and not a science, and your Board is aware that stimulating an increased level of retail demand is likely to be the best way to narrow the discount over time permanently. Accordingly, your Board, in partnership with Janus Henderson, will be looking to step up the level of retail marketing in the year ahead to stimulate that demand.

Share split

One action we can take which we feel would benefit investors looking to invest smaller amounts would be to split the shares, which will have the effect of reducing the price of the shares from their high absolute level, 1,590p per share at the year end, and increasing the number of shares in issue. The Company's share price has trebled over the last 10 years and we believe a lower absolute share price would allow smaller sums to be invested or reinvested more efficiently – whether as part of monthly savings schemes or as part of dividend

1 The performance figures referenced in this section are net of fees, with dividends reinvested and in sterling

Chair's Statement (continued)

reinvestment programmes. Hence at the forthcoming AGM shareholders will be asked to approve a sub-division of each ordinary share of 50p nominal value into 10 new ordinary shares of 5p each.

We believe that the sub-division should improve the liquidity in, and marketability of, the Company's shares, which would benefit all shareholders. Further details of the proposed sub-division can be found in the in the Directors' Report on page 44, in the Notice convening this year's AGM which accompanies this report and on the Company's website.

Board changes

As anticipated in our 2020 Annual Report, we have now returned to a Board of four with the recruitment of Stephen Macklow-Smith who joined on 9 July 2021 as a non-executive director of the Company. Mr Macklow-Smith brings a deep understanding of both European equity markets and investment companies, having recently worked in an executive capacity at JP Morgan Asset Management as a senior investor and strategist of the European Equity team, and latterly of the International Equity Group. Even more importantly, he is a huge advocate for the capabilities of corporate Europe and believes that investing in Europe is not the same as investing in their politicians or even their economies, and as such we are confident he will add greatly to our debates.

Fund Managers

Tom O'Hara was appointed Co-Fund Manager of your Company nearly two years ago, and he and John Bennett, our longstanding Fund Manager, have worked together very effectively. As the longer tenured and higher profile Fund Manager, John Bennett has had to shoulder much of the burden of managing the investment relationship with the Board and in promoting the Company to shareholders and prospective investors. However, Janus Henderson has advised us that, whilst they have no intention of changing the fund management arrangements, now is an appropriate time for Tom to take the lead in this regard. He and John will both continue to benefit from the strength of the full European team in supporting their investment activities. This evolution of roles has been anticipated by the Board and is part of an orderly transition by the management group which the Board fully supports, noting that there will be no change to the way in which the portfolio is managed.

Governance, shareholder engagement and Annual General Meeting

We are very pleased to invite shareholders to attend the AGM in person at our registered office on Thursday, 27 January 2022 at 2.30 pm. We encourage shareholders to attend for the opportunity to meet the Board, see a presentation from your Fund Managers reviewing the year and looking forward to the year ahead, and to ask questions and debate with the Fund Managers and the Board.

For any shareholders unable to travel, we will also be welcoming you once again to join by conferencing software Zoom. As you may recall, the January 2021 AGM was held via open Zoom webinar so that shareholders could attend the Fund Managers' presentation and debate 'in real time' directly with the Board and Fund Managers. As a reminder, whilst there will be live voting for those physically present at the AGM, due to technical restrictions we cannot offer live voting for those attending by Zoom, and we therefore request all shareholders, and particularly those who may not be able to attend physically, to submit their votes by proxy, ahead of the deadline of 25 January 2022, to ensure that their vote counts at the AGM.

If you have questions for either the Board or the Fund Management team in advance – or at any time of the year – please do get in touch (contact details can be found on page 78 of the Annual Report). Also, do use the sign-up function at **www.janushenderson.com/en-gb/investor/subscriptions/** to receive regular information. I hope you are encouraged by what you read.

Due to the coronavirus pandemic, it may be necessary to change the venue and/or the date of the AGM, subject to the advice of public health authorities and the UK government closer to the time. Any changes as to the venue and/or date and time of the AGM would be made available at **www.hendersoneuropeanfocus.com** and additionally an announcement would be released to the London Stock Exchange.

Chair's Statement (continued)

Outlook

In my opening paragraphs I highlight the difficult questions that investors in equity markets are having to contend with at the moment – these are not restricted to Europe and will likely be quite familiar to the reader. It is easy to get gloomy, not least with the emergence of new Covid variants, but I encourage you to read on... The corporate reporting season for our companies is proving at least as good as we might have hoped and there seems to be no shortage of ideas that meet our criteria for investing: namely good business prospects, cash generative operations and solid, if not outright strong, balance sheets. Our focused portfolio averaging 45 investments consists of businesses which are not reliant simply on high share prices to fund their future activities while also trading at valuations that are within acceptable range. Whilst we are unlikely to see European indices rise by another 20% in the forthcoming year, for the longer-term investor who can withstand some bumps along the way, there are plenty of interesting companies in our portfolio which we expect to deliver very creditable returns over the next few years.

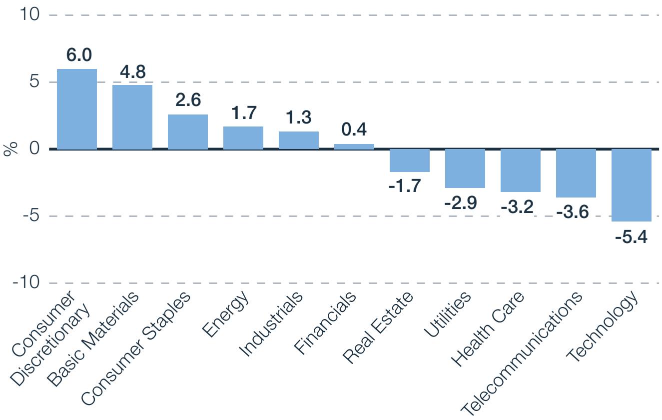
Vicky Hastings
Chair of the Board
8 December 2021

Portfolio Information

Sector exposure at 30 September

	2021 %	2020 %
Consumer Discretionary	**19.4**	13.6
Industrials	**19.1**	32.6
Financials	**16.6**	9.1
Health Care	**12.2**	9.7
Consumer Staples	**11.7**	4.8
Basic Materials	**9.8**	11.9
Energy	**5.7**	1.4
Technology	**4.4**	10.9
Utilities	**1.1**	6.0

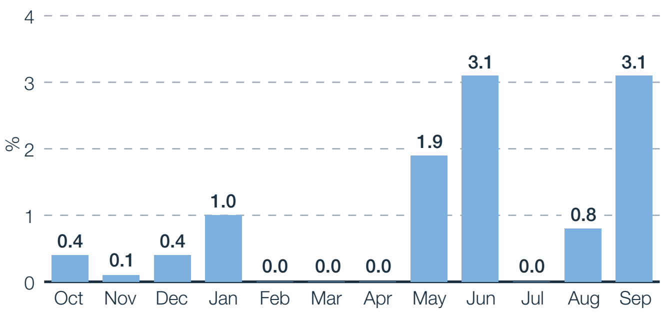
Sector overweights/underweights at 30 September 2021[1]



Currency exposure at 30 September[2]

	2021 %	2020 %
Euro	**70.0**	72.1
Swiss franc	**12.9**	15.2
Swedish krona	**8.4**	9.3
Danish krone	**5.7**	3.4
Norwegian krone	**3.0**	–

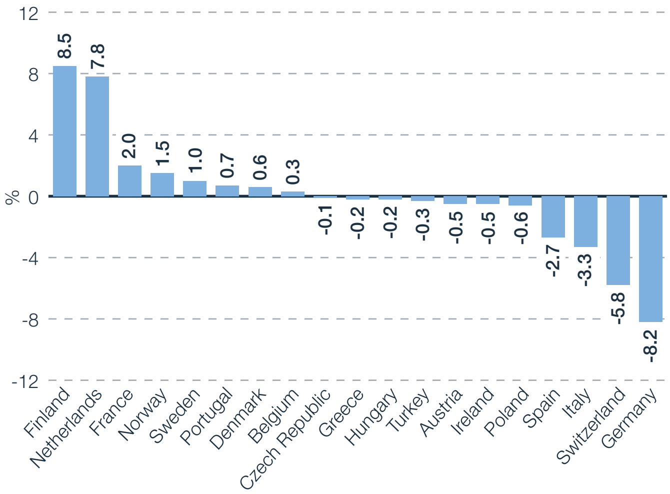
Gearing levels over the year to 30 September 2021[3]



Geographic exposure at 30 September

	2021 %	2020 %
France	**23.2**	16.5
Netherlands	**17.9**	13.0
Switzerland	**12.9**	15.2
Finland	**11.4**	13.7
Germany	**10.0**	15.9
Sweden	**8.4**	9.3
Denmark	**5.7**	3.4
Norway	**3.0**	–
Belgium	**2.3**	2.5
Spain	**2.2**	3.3
Italy	**1.9**	4.7
Portugal	**1.1**	1.5
Iceland	**–**	1.0

Country overweights/underweights at 30 September 2021[1]



Key performance influences over the year to 30 September[4]

	2021 %	2020 %
Return of the portfolio of investments		
from sector allocation (ex cash)	**1.1**	5.0
from stock selection (ex cash)	**0.5**	1.3
from currency effect	**(0.3)**	0.7
Impact of gearing (net)	**0.1**	(0.7)
Impact of share buybacks	**–**	0.1
Impact of expenses	**(0.8)**	(0.8)
NAV return relative to the benchmark	**0.6**	**5.6**

1 Relative to the FTSE World Europe ex UK Index for the year to 30 September 2021, and excluding cash

2 Excludes sterling balances

Sources: Janus Henderson and Factset

3 Net gearing at each month end. See definition in alternative performance measures on pages 75-76

4 Relative to the FTSE World Europe ex UK Index for the year to 30 September 2021

Fund Managers' Report

"Valuation-conscious stock picking"

Fund Managers

Tom O'Hara
Co-Fund Manager

Tom is a Portfolio Manager at Janus Henderson Investors, a position he has held since 2020. He co-manages the Janus Henderson Continental European and Pan-European long-only and long/short strategies. Before joining Janus Henderson as a research analyst in 2018, Tom was an equity research analyst specialising in metals and mining with Exane BNP Paribas from 2016. He held similar mining and steel sector positions with Redburn (Europe) Limited from 2013 and with Citigroup Global Markets from 2010. Before Citigroup, Tom was a metals analyst with Metal Bulletin Research from 2008. He began his career in 2006 in the treasury department of Northern Rock plc.

John Bennett
Co-Fund Manager

John is Director of European Equities at Janus Henderson Investors and Portfolio Manager on the Janus Henderson Continental European and Pan-European long-only and long/short strategies. John has held these roles since 2011 when his previous company, Gartmore, was acquired by Henderson. Prior to Gartmore, he served as fund manager at Global Asset Management for 17 years. During this time, he managed their flagship European long-only and European equity long/short hedge funds. Before this, he was a fund manager at Ivory & Sime.

Fund Managers' Report

Glancing back at last year's report, one theme we highlighted was the post-pandemic shape of economic recovery. Investors in the Company will know that our analysis in the late spring of 2020, when the first waves of Covid-19 reached the western world, led us to conclude that the ingredients were in place for a 'V-shaped' recovery. We were as sure as we could be that this would be led by the industrial sphere. And so it came to pass, benefiting, as remarked in last year's report, the performance of the Company.

As the year progressed our conviction grew that V-shape 1 would give way to V-shape 2. The latter, we concluded, would be led, not by industrial businesses, but by the consumer sector. The quite literal shot in the arm for this came, of course, via the highly successful and game changing vaccines. While politicians do what politicians do – from bumbling to grandstanding to claiming ownership of success – we can be grateful for the one pattern, the one constant that has stood throughout history: science and technology via human ingenuity ensures that we prevail.

Thus, our thesis was that millions to billions of shots in the arm, coupled with generous government safety nets, meant that a 'cashed up' consumer was set to emerge from the pandemic. Our conviction was that, released from the horrors of confinement, the armed army was set to do what consumers do: travel, spend, live life. We therefore tilted the Company's portfolio to a carefully selected list of consumer-facing names. By the end of the financial year, the Consumer Discretionary sector was comfortably the Company's largest exposure, standing at 19.4% of the portfolio. Helping to fund this was a reduction in exposure to Industrials, from 32.6% to 19.1% over the course of the Company's financial year.

It is noteworthy that we say 'carefully selected'. It is necessary that we eschew a 'cover the water' approach in what we do. This is all the more so given that the Company is a genuinely active, focused portfolio, whose very DNA is to offer our shareholders differentiation from a broad equity index. The reference to DNA is deliberate. It is something that we spent considerable time explaining in last year's report. In that report, we highlighted that one of our six 'key strands' was to believe in change. Three stocks within our consumer selections epitomise this. Not for broad consumer facing exposure did we choose to invest in Hugo Boss, Danone and Pandora. Yes, an inoculated and liberated consumer provides a most welcome tailwind, but it is the change within that has attracted us.

It is fair to say that we have spent most of our investing careers avoiding these three stocks. As such, they embody that pragmatism that we highlighted in last year's report: the willingness to believe in change. Indeed, we are passionate in our ongoing search for management teams who identify the need for change and who go on to implement it. When new management grasps the reins of an underperforming franchise, the effects can be powerful. In a nutshell, this is what we see in each of these businesses. Whether it be upping the growth speed of Boss, fixing the issues in China and the USA for Pandora or the wholesale management change opportunity at Danone, we are excited by all three. Perhaps it is Danone that could be the most profound. Historically a company which was French to its core (recall the 'yogurt is in the national interest' days), Danone has recently installed a new CEO. We are encouraged not only by his track record at Swiss-based Barry Callebaut but by what we envisage as being a more outward looking company. The point is that Danone, by its very nature and global presence, needed 'internationalising': its own DNA had to change. Recovery won't be swift: the turnaround will take time, but we are optimistic that this serial under-achiever can float, like cream perhaps, to nearer the top of the class.

Performance

The total return NAV rise of 22.6% over the past year was but a smidgen above the 22.0% produced by the benchmark index. Nevertheless, it does build on the track record of outperformance and means that the Company has beaten its benchmark over the last 1, 3, 5, 7 and 10 years.

Reflective of the bottom-up nature of our investment process, our winners and losers of the year represent an eclectic bunch. Indeed, our top five 'alpha' contributors were Nordea Bank (banking), Signify (lights manufacturer), Interpump (diversified industrial products), ASML (semiconductor equipment) and Lundin Energy (oil exploration and production). Perhaps only ASML would be seen gracing the portfolios of most 'growth' strategies, the other four names most likely to be seen as 'value' counters. Indeed, if we stretch our analysis to look at the next five contributors, we find two autos stocks, one from food retail, one from building products and an insurer. Thus, only one name from our top ten 'winners' could be considered a 'growth darling': the redoubtable ASML.

At the other end of the table, one of our bigger disappointments was our holding in Holcim. While our biggest individual contributor, Nordea Bank, added 75 basis points ("bps") to 'alpha', Holcim subtracted 58 bps. Representing 6.2% of the portfolio at the year end, this has undoubtedly been one of the most contrarian calls we have made in recent years. The contrarianism is all the more pointed – and all the more lonely – given that this is a cement company. As such, Holcim is an easily avoided stock if one employs the 'scorecard' approach to ESG investing. As investors in the Company will know from our commentary in last year's Annual Report, we prefer a different approach. Indeed we are passionate about it. Our approach to ESG favours change. We don't want to cancel; we want to embrace, challenge and hold to account, admittedly an approach not currently finding favour in many an educational establishment.

Fund Managers' Report (continued)

We ask ourselves not where a company has come from but where it is going. Holcim embodies this thought process: formerly a sprawling cement empire, it is in the hands of a highly talented, proven management team, determined to push through an ambitious transformation programme. The end game is a profile which can be described as 'less cement, more downstream building products and solutions'. Successfully executed, this would, in our opinion, deliver a much less carbon intensive, higher returns-focused group. Meanwhile, Holcim is already a world leader in the decarbonisation of cement, a product which is not going away any time soon.

Our thesis is that the metamorphosis should be rewarded by a substantial rerating of the company's shares. Having spoken regularly with Holcim's management, we believe that the languishing stock price, notwithstanding the near flawless strategy execution thus far, will prompt an acceleration in the transformation. Indeed, we see 2022 as a pivotal year.

It is one thing having a thesis; it is another seeing it realised. The concern with Holcim has to be that today's fashion for ESG scorecard investing runs longer than our patience can hold out. Never far away from our thoughts are our six 'strands' of Investment DNA. As outlined in last year's Annual Report, the penultimate of those was stated as "Give yourself time (clients willing)". Well, it has been some four years since we started building this position in Holcim. Whether it is we or our clients who lose patience first, all senses point to us having to make a decision whether to stick or fold in Holcim in the coming year: the final DNA strand – "Be ready to be wrong".

Growth versus value

There is probably not enough space in this Annual Report to exhaust this perennial debate. Yet, we feel compelled to add our tuppence worth – if that doesn't sound too value…

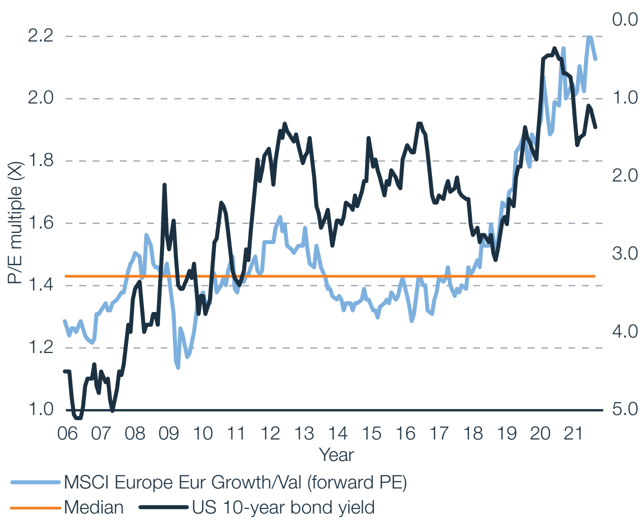
Number one in our Investment DNA list of six from last year's report was "Follow the cash". We like cash. We like to measure the cash flow return on capital employed by a business. We like businesses who can fund their own growth. This has presented some challenges in recent times. As one broker recently remarked to us: "for so many of the darling stocks, constant capital calls are their cash flow". He is right. And yet, some such cash consumptive, land grabbing, and often non-profitable businesses have been rewarded with outstanding stock price performance, often leaving those of sound balance sheet and sound cash flow for dust. We think of examples in sectors such as electric vehicles and food delivery: a disruptors' paradise, it appears.

The outperformance by the growth style versus value is not a recent phenomenon. It is often linked to, indeed rationalised by, the decline in long-term interest rates, itself one of the most profound macroeconomic phenomena of our times. Repeating a sentence from the concluding paragraph of last year's report: "the team doesn't seek to make dramatic macroeconomic calls". The problem in so doing is that it risks severe damage to the last of our six DNA strands: "Be ready to be wrong". All too often, making a dramatic macroeconomic call can lead to a portfolio set up which needs that call to be right.

This report is being written in the midst of a major macroeconomic debate, itself intertwined with interest rates: inflation – transitory or durable?

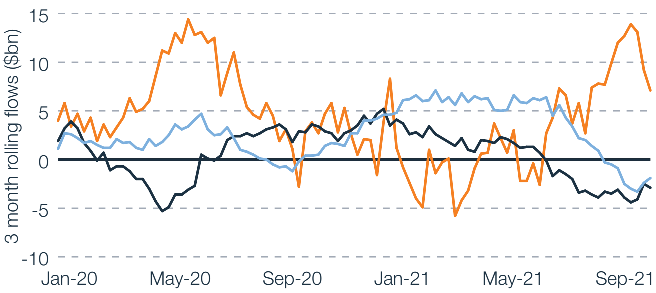
The Company's investors will be aware that, as Fund Managers, we have empathised with the durable side of the argument. Indeed, when the pandemic first hit we called out inflation as one of the possible medium-term consequences. Our sense of that came not from supply side problems, which we also flagged as early as April 2020. Rather, it is in the combined global policy reflexes of monetary and fiscal largesse and a worrying return to big government where we see the more likely causes of durable inflation. And yet, while our instincts have, for 18 months, been that inflation will be 'transitory for longer' we have not bet the ranch. In other words, we have not crafted a portfolio built on a thesis which has to be right. We will not contravene DNA strand number six. This is why we have not loaded the Company with a lop-sided portfolio of value stocks. To do so would be to make a call on a reversal of the investment zeitgeist of the last 10 and more years: low interest rates and flat bond yield curves.

And yet, and yet… developments over the summer of 2021 have made us challenge even this view. Here we refer not to macroeconomic developments but to the shape of equity markets. On both sides of the Atlantic, summer 2021 has seen a further leg up in the outperformance by growth versus value. Indeed such has been the extent of this that we spy opportunity.



Note: The chart above compares the relative valuation of Value and Growth stocks against the yield on US Treasuries, and the relationship shows how lower interest rates boost the valuation of Growth versus Value. The black line, plotted inversely on the right hand axis, is the yield in the US 10-year bond. When the black line is rising the yield is falling. The blue line, plotted on the left hand axis, shows the forward valuation of the MSCI Growth index divided by the forward valuation of the MSCI Value index, so when the line is rising Growth stocks are becoming more expensive relative the Value stocks. By eye you can see that the black and the blue line are correlated, but that recently the correlation has weakened.

Fund Managers' Report (continued)



Data as at 30 September 2021
Sources: Barclays Research, Refinitiv Datastream, MSCI

Note: This chart measures how much money in absolute terms is flowing into various sectors. When the lines are rising the sectors shown are attracting new investment, whereas when they are falling flows are diminishing, and when the lines are below zero there are outflows. Very roughly there is an inverse correlation between Technology (in orange), which is a Growth sector, and Energy/Materials (in blue) or Cyclicals (in black), both of which are Value sectors. Between May and September 2021 money flowed into the Tech sector and out of Energy/Materials and Cyclicals.

That opportunity is to take the other side. This does not mean a sudden and severe lurch to value stocks and a jettisoning of all things growth: when it comes to style, we continue to be a blend strategy. Nevertheless, we see compelling opportunity in what we would term 'the left behind'. It has to be said at this juncture that we believe that the phenomenon of ESG investing has contributed to this opportunity among 'the left behind'.

"It is a fool's errand to describe yourself as sustainably investing when you divest from all inappropriate stocks and simply invest in tech, for instance"

Guy Opperman, UK Pensions and Financial Inclusion Minister, June 2021

Among the classic value sectors can be said to reside autos and energy. It is here that, in recent weeks, we have spied opportunity. This is not because we hope or pray for a change in interest rates or a steepening in yield curves. It is because we believe that the rush to growth, turbo-charged by the ESG boom, has created a polarisation. When we look at the valuations of European auto stocks such as Daimler and Stellantis, we conclude that the market has priced them for 'run-off'. It is our view that these businesses have the cash flow, the balance sheets, the knowledge and the infrastructure to compete in the new world of electric vehicles. The world will not belong to Tesla: brands such as Mercedes, BMW, Jeep and more will compete. If we are right, the valuations are wrong.

Lundin
Energy

In energy too we have spotted opportunity. One of the issues with the ESG Klondike-style bonanza is that it is polarising, not just in societal terms but in investment too. Mindful of the difference between looking good and doing good, it is possible simultaneously to invest in a hydrocarbons business and do good. Take the largest of our two oil company investments: Lundin Energy. Lundin's decarbonisation strategy is one of the clearest and most convincing we have encountered. It sets a target for carbon neutrality from 2023 across its operations. The boundary of its neutrality target is Scope 1 and 2 emissions and Scope 3 emissions related to its supply chain (vessels, logistics and business travel). Further, the company has set an absolute emissions reduction target for net Scope 1 and 2 emissions of 50% by 2023, from 2020 levels. This puts Lundin on track to meet the targets of the Paris Agreement much earlier than required.

Lundin is a perfect example of what we mean when we describe our approach and our commitment to ESG investment: it is ESG by impact not by exclusion. It is an approach we feel passionate about. It is all too easy to make a portfolio 'look good' from an ESG scorecard perspective. We would contend that it requires more thought, more work and more authenticity to have an inclusive approach: to invest in less obvious ESG beneficiaries and less obvious solutions to the challenge. Oil companies, cement companies, steel companies – with the help of active, engaged investors, they can become part of the solution. Indeed, as we see from the dysfunction in energy markets, a too-eager transition, a too-evangelical approach to ESG brings with it unintended consequences for society at large and for investors. The fact that the scorecard, exclusionist approach has left such assets trading at highly attractive valuations only adds to the investment case.

Outlook

We are sure that the Company's investors share our wry smile when we read investment commentaries which conclude 'the outlook is uncertain'. We've never known it to be anything else.

Aside from the macro debate surrounding inflation and associated interest rates, the near-term outlook is likely to be shaped by the many and varied supply side constraints to doing business. Thus, we should not be surprised to see a margin squeeze across a wide range of companies and industries. In turn, of course, this means that a year from now we should be lapping such input cost pressure. This is a key point: markets are a discounting mechanism. In other words, very soon, if not already, share prices will have discounted the 'warnings' and will be anticipating normalisation.

It is in this context that the team managing the Company's portfolio will continue to stick to its knitting: valuation-conscious stock picking.

Tom O'Hara and John Bennett
Fund Managers
8 December 2021

Note: The Fund Managers' combined holding in the Company at the year end comprised 394,704 shares.

Investment Portfolio as at 30 September 2021

Ranking 2021	Ranking 2020	Company	Sector	Country of listing	Valuation 2021 £'000	Percentage of portfolio
1	1	**Holcim**	Construction and Materials	Switzerland	23,695	6.19
2	2	**UPM-Kymmene**	Forestry and Paper	Finland	19,783	5.18
3	–	**Lundin Energy**	Oil, Gas and Coal	Sweden	15,542	4.07
4	8	**ASR Nederland**	Non-life Insurance	Netherlands	15,252	3.99
5	6	**Roche**	Pharmaceuticals and Biotechnology	Switzerland	14,042	3.67
6	16	**Nordea Bank**	Banks	Finland	13,504	3.53
7	35	**Novo-Nordisk**	Pharmaceuticals and Biotechnology	Denmark	13,115	3.43
8	5	**ASML**	Technology Hardware and Equipment	Netherlands	13,097	3.43
9	3	**Nestlé**	Food Producers	Switzerland	11,729	3.07
10	–	**Ahold Delhaize**	Personal Care, Drug and Grocery Stores	Netherlands	11,540	3.02
		10 Largest			**151,299**	**39.58**
11	–	Mowi	Food Producers	Norway	11,516	3.01
12	34	LVMH Moët Hennessy Louis Vuitton	Personal Goods	France	10,968	2.87
13	–	Essilor Luxottica	Medical Equipment and Services	France	10,101	2.64
14	–	Danone	Food Producers	France	9,825	2.57
15	–	Airbus	Aerospace and Defence	France	9,596	2.51
16	24	Deutsche Boerse	Investment Banking and Brokerage Services	Germany	9,028	2.36
17	7	Saint-Gobain	Construction and Materials	France	8,993	2.35
18	–	Euronext	Investment Banking and Brokerage Services	Netherlands	8,776	2.30
19	–	Pandora	Personal Goods	Denmark	8,747	2.29
20	–	KBC	Banks	Belgium	8,618	2.26
		20 largest			**247,467**	**64.74**
21	44	BNP Paribas	Banks	France	8,366	2.19
22	–	Inditex	Retailers	Spain	8,280	2.17
23	11	AKZO Nobel	Chemicals	Netherlands	8,050	2.11
24	–	Adidas	Personal Goods	Germany	7,703	2.02
25	28	Interpump	Industrial Engineering	Italy	7,092	1.86
26	–	Stellantis	Automobiles and Parts	Netherlands	6,615	1.73
27	20	Daimler	Automobiles and Parts	Germany	6,314	1.65
28	14	Nokian Renkaat	Automobiles and Parts	Finland	6,190	1.62
29	–	TotalEnergies	Oil, Gas and Coal	France	6,068	1.59
30	–	Hugo Boss	Personal Goods	Germany	5,898	1.54
		30 largest			**318,043**	**83.22**
31	26	Sanofi	Pharmaceuticals and Biotechnology	France	5,361	1.40
32	10	Signify	Electronic & Electrical Equipment	Netherlands	5,241	1.37
33	–	Linde	Chemicals	Germany	5,111	1.34
34	33	Schneider Electric	Electronic and Electrical Equipment	France	5,101	1.33
35	37	Legrand	Electronic and Electrical Equipment	France	5,092	1.33
36	9	Autoliv	Automobiles and Parts	Sweden	5,038	1.32
37	30	Arkema	Chemicals	France	4,727	1.24
38	–	L'Oréal	Personal Goods	France	4,505	1.18
39	36	EDP	Electricity	Portugal	4,260	1.11
40	29	Metso	Industrial Engineering	Finland	4,202	1.10
		40 largest			**366,681**	**95.94**
41	–	Siemens Healthineers	Medical Equipment and Services	Germany	4,083	1.07
42	12	Dometic	Leisure Goods	Sweden	3,950	1.03
43	32	Atlas Copco	Industrial Engineering	Sweden	3,899	1.02
44	–	Acast	Software and Computer Services	Sweden	3,592	0.94
		Total listed equity investments at fair value			**382,205**	**100.00**

Note: All securities are equity investments.

Top Ten Holdings

Holcim

Percentage of portfolio: 6.19%

Sector: Construction and Materials

Fund Managers' view: Holcim is a world leader in the production of building materials. Formed by the merger of France's Lafarge with Holcim of Switzerland, here is a group which we had long considered an under-achieving behemoth. It is fair to say that we would not have been attracted to the company were it not for the arrival of the new CEO and CFO in September 2017 and January 2018 respectively. What we identify here is a classic case of root and branch reform, transforming a hitherto sprawling empire into a best-in-class global group focusing increasingly on downstream building materials, as opposed to upstream cement. This should drive ongoing improvements in cash flow return on invested capital. At first glance a 'dirty' business, Holcim is in the throes of demonstrating to investors and the wider community that it is a genuine champion of sustainability within the building materials industry. On its way to becoming a net-zero company, Holcim offers global solutions such as ECOPact, enabling carbon-neutral construction. Additionally, with its circular business model, the company is a global leader in repurposing waste as a source of energy and raw materials through products like Susteno, the world's most circular cement.

UPM-Kymmene

Percentage of portfolio: 5.18%

Sector: Forestry and Paper

Fund Managers' view: UPM-Kymmene is a leading producer of wood-based products. It has an excellent management team with a strong record of value-creating capital allocation. With a balance sheet in net cash, UPM is in a phase of transformational organic growth in the areas of pulp, biofuel from wood, and replacing oil-based PET plastic with woodbased material. Together, these three investments should enable group earnings to grow by over 40% in 2023 compared to 2020, even without a cyclical recovery. Including all indirect effects, UPM is committed to reducing its carbon emissions by at least 65% by 2030. Based simply on its direct emissions, the company is already a carbon sink, given significant forestry assets.

Lundin Energy

Percentage of portfolio: 4.07%

Sector: Oil, Gas and Coal

Fund Managers' view: Lundin Energy operates as an exploration and production company. The company discovers and develops oil and gas resources, with operations focused in Norway. Refer to page 12 for more details on the company.

ASR Nederland

Percentage of portfolio: 3.99%

Sector: Non-life Insurance

Fund Managers' view: ASR Nederland is one of the leading Dutch insurance companies with its earnings split roughly 50:50 between life and non-life. The company is purely focused on its domestic market and is known for its conservative capital position. The resilience of its business model appears at odds with its valuation: 7-8% cash returns (dividend + buybacks) together with a mid-single digit growth profile. An improved pricing environment following recent industry consolidation, as well as pronounced private equity interest in the space, could act as catalysts for the stock.

Roche

Percentage of portfolio: 3.67%

Sector: Pharmaceuticals and Biotechnology

Fund Managers' view: A long-term portfolio holding, global pharmaceutical leader Roche is at the forefront of oncology research and treatment. Now the world's leading biotechnology company, with over seventeen biopharmaceuticals on the market, Roche offers world-leading cancer treatments. Perhaps less well known is its leadership in in-vitro diagnostics, which influences over 60% of clinical decision-making, while accounting for only 2% of total healthcare spending. We consider Roche's diagnostics expertise as vital in a world where patient-specific, targeted treatments are experiencing strong growth. In addition, the company's long track record of science-based success bodes well in newer therapeutic fields such as neuroscience and immunotherapy.

Top ten holdings (continued)

Nordea Bank

Percentage of portfolio: 3.53%

Sector: Banks

Fund Managers' view: Nordea is the largest financial services group in the Nordic region. The group is active in retail banking, corporate banking and long-term savings. Nordea has almost 11 million customers, more than 1,100 branch offices and an internet banking position with 4.4 million e-customers. We think the negative earnings cycle to have troughed in 2021. We also see efficiency improvements continuing and the bank's strong capital base allowing it to distribute excess dividends and/or buybacks.

Novo-Nordisk

Percentage of portfolio: 3.43%

Sector: Pharmaceuticals and Biotechnology

Fund Managers' view: A specialist pharmaceutical company focused on diabetes and obesity with a historical bias to insulin products. The focus has been shifting to the GLP-1 area, where Novo provide injectable and oral products that control blood sugar level, body weight and other health issues. Market structure (duopoly in GLP-1, high levels of demand growth) may drive sustainable return on investment capital, with obesity also representing a compelling growth opportunity.

ASML

Percentage of portfolio: 3.43%

Sector: Technology Hardware and Equipment

Fund Managers' view: ASML is the leading supplier of lithography equipment needed for manufacturing ever more powerful, yet lower cost semiconductor chips. It is the monopolist machinery provider for advanced node semiconductors, a technology experiencing disproportionate growth. Capital equipment spending by semiconductor companies is set to rise further given increasing penetration growth via the digitisation of more and more aspects of our lives. ASML has a direct target of reducing the power consumption of its new tools by 35%, though the indirect positive effects from reducing power consumption of data centres running on leading edge chips produced on ASML machines are magnitudes bigger.

Nestlé

Percentage of portfolio: 3.07%

Sector: Food Producers

Fund Managers' view: Nestlé is a multi-national packaged food and beverages company, whose brands are divided into seven product segments: powdered & liquid beverages, nutrition & health care, pet care, milk products & ice cream, prepared dishes & cooking aids, confectionery and water. Nestlé combines robust top and bottom-line growth with best-in-class resilience driven by the company's unparalleled category and geographic breadth. We expect Nestlé's underlying category exposures, active portfolio management and strong execution to support a valuation premium over peers.

Ahold Delhaize

Percentage of portfolio: 3.02%

Sector: Personal Care, Drug and Grocery Stores

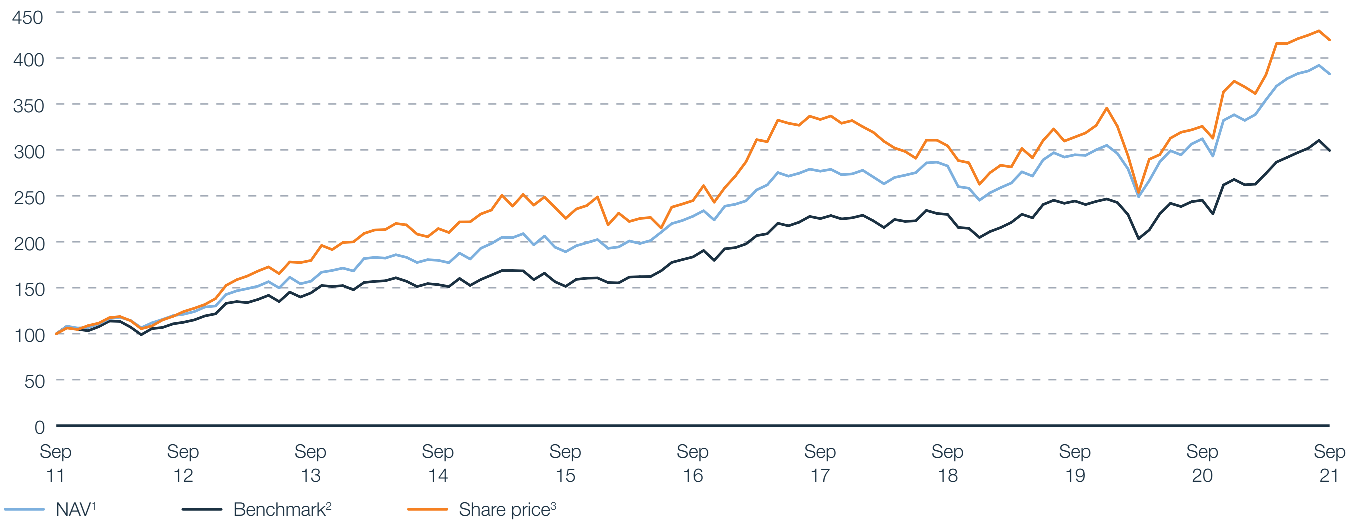
Fund Managers' view: Ahold Delhaize's main market is the US (63% of sales), where it operates through five banners on the East coast: Stop & Shop, Giant-Landover, Giant-Carlisle, Hannaford and Food Lion. The Group holds a top three position in each of its regional markets. Ahold is No.1 in the Netherlands and is No.2 in Belgium. It also operates in the Czech Republic, Greece, Romania and Serbia with leading positions. The company is mainly a supermarket player with an exposure to online (Peapod in the US and bol.com in Benelux). The company is benefiting from the scale offered by the merger of Ahold and Delhaize and the management team is seeking to unlock the value of its online offering in the Netherlands.

Historical Information

Total return performance to 30 September 2021

	1 year %	3 years %	5 years %	7 years %	10 years %
Company NAV[1]	22.6	35.4	67.9	112.7	282.7
Benchmark[2]	22.0	30.3	63.1	95.1	199.4
Company share price[3]	28.8	37.8	71.4	95.7	319.6
AIC Europe sector NAV[4]	24.7	37.1	77.9	123.9	270.0
IA OEIC Europe sector average[5]	22.4	29.1	60.5	97.8	198.8

Total return performance over the 10 years to 30 September 2021 (rebased to 100)



Financial information

At 30 September	Net assets £'000	NAV p	Mid-market price per ordinary share p	Profit for year £'000	Revenue return p	Capital return/(loss) p	Total return p	Dividend p	Expenses[6] %
2012	115,431	682.2	591.75	19,832	17.49	98.18	115.67	19.00	1.16
2013	145,762	861.5	831.50	33,546	25.37	172.90	198.27	21.30	1.10
2014	170,988	956.7	962.00	21,010	22.14	98.38	120.52	23.45	0.88
2015	194,914	981.9	987.75	7,459	23.59	16.35	39.94	24.65	0.89
2016	237,551	1,153.1	1,045.50	40,186	26.85	169.05	195.90	26.40	0.90
2017	292,398	1,370.6	1,389.00	50,559	33.81	209.55	243.36	29.50[7]	0.87
2018	293,790	1,366.6	1,240.00	5,822	31.60	(4.50)	27.10	31.00	0.84
2019	299,010	1,390.9	1,245.00	11,906	26.83	28.55	55.38	31.30	0.84
2020	308,166	1,441.2	1,260.00	17,330	24.13	56.54	80.67	31.30	0.82
2021	**370,736**	**1,733.8**	**1,590.00**	**69,182**	**33.10**	**290.45**	**323.55**	**33.10**	**0.80**

1 NAV per ordinary share with dividends reinvested and excluding reinvestment costs
2 FTSE World Europe ex UK Index in sterling terms
3 Share price using mid-market closing prices
4 Simple average NAV for the AIC Europe sector which comprised eight investment trusts during the year
5 Investment Association Europe ex UK sector
6 Using the ongoing charge methodology prescribed by the Association of Investment Companies
7 Excludes the special dividend of 1.40p per ordinary share paid in respect of the year ended 30 September 2017

Sources: Janus Henderson, Morningstar Direct, Refinitiv Datastream

Business Model

Purpose and values

The Company's purpose is to provide our shareholders with long-term growth through investing in a portfolio of stocks listed in Europe, and making this form of investment widely accessible to investors large and small. We do this by following a disciplined process of investment and by controlling costs and using borrowings to enhance returns.

The Board aspires to follow high standards of governance, with a culture based on openness, mutual respect, integrity, constructive challenge and trust, as described further on page 26. The Board seeks always to act in the best interests of shareholders, making the most effective use possible of the diversity of skills and experience of its members. This culture of openness and constructive challenge extends to the Board's interaction with the Manager, being the Company's most important service provider. The Board expects the Manager and all other service providers to hold values which align with the high standards promoted by the Board.

Strategy

The Company fulfills its purpose by doing business as an investment trust, and maintains a primary listing on the London Stock Exchange. Investment trusts are collective investment vehicles constituted as closed-ended public limited companies. The Company is governed by a board of independent non-executive directors and the management of the Company's investments is delegated to the Manager. The Company's day-to-day functions, including administrative, financial and share registration services, are carried out by duly appointed third-party service providers.

The framework of delegation provides the Company with a cost-effective mechanism for delivering operations whilst allowing the Company to benefit from the capital gains treatment afforded to investment trusts. The closed-ended nature of the Company permits the Fund Managers to hold a longer-term view on investments and remain fully invested while taking advantage of any illiquidity in normal and volatile market conditions, as redemptions do not arise. The Company is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ("FCA").

Investment objective

The Company seeks to maximise total return (a combination of income and capital growth) from a portfolio of stocks listed in Europe.

Investment policy

Asset allocation

The portfolio is predominantly invested in stocks listed in Continental Europe and has a bias to larger capitalised companies but may, within limits, be invested in the stocks of mid and smaller capitalised companies or in companies listed elsewhere, including UK, providing Continental European exposure.

Stock selection is not constrained by the benchmark and the stock weighting in the portfolio may be materially higher or lower than the weighting of any index used for performance comparisons, including in respect of geographical allocation. Actual weightings of stocks held in the Company's portfolio are based upon the Manager's views of total return prospects. The portfolio is not constructed with a yield target.

Diversification

The portfolio contains between 35 to 45 stocks with a maximum single stock weighting of 10% of net asset value ("NAV") of the portfolio at the time of investment. Stocks weighted at 5% of the portfolio or more are not expected to exceed 50% of NAV in aggregate. The typical minimum stock weight is 1% of NAV.

Continental European listed stocks will consist of not less than 80% of NAV at the time of investment, with the remaining exposure being in stocks listed elsewhere with exposure to Continental European economies. The exposure to smaller capitalised stocks at the time of investment is limited to 10% of NAV. (Smaller capitalised companies are considered to be those with a market capitalisation of less than €1 billion.)

Derivatives

The Company may use financial instruments, known as derivatives, for the purpose of investment and for efficient portfolio management for up to 10% of NAV at the time of entering into the contract.

Gearing

The Company can borrow with the aim of achieving a return that is greater than the cost of the borrowing. The Company can borrow up to 20% of net assets at the time the borrowing is assumed.

Investment strategy

Stock selection

The Fund Managers use rigorous research to identify high quality, attractively valued companies with strong balance sheet and cash flow potential. Free cash flow yields are an important valuation metric, rather than price/earnings ratios. The benchmark is the FTSE World Europe ex UK Index.

Business Model (continued)

Company engagement

The Janus Henderson European Equities team's experience in the European market has created a deep knowledge base. Management analysis is further supplemented by a body of increasingly sophisticated data related to environmental, social and governance ("ESG") factors, broker research and company meetings. The European Equities team works closely with the in-house Governance and Responsible Investment team to screen portfolios for ESG issues and to identify broader themes for discussion in making and holding investments.

The Fund Managers believe that if they were to invest in companies they judged to be systemically low scoring or failing businesses from an ESG perspective, this would detract from investment performance as well. They consider there to be a clear link between good corporate governance – in each of the E, S and G – and the cost of capital applied by global investors.

Their approach is built upon fundamental stock picking blended with sector themes. This allows them to isolate investment decisions from market noise; however, the resulting approach can be contrarian, and can lead to investing in change. ESG factors can play a role in identifying these trends in corporate change and sector development.

It is during the in-depth research stage of the investment process where the Fund Managers will make an assessment on ESG considerations for each stock or sector. Their analysis tends to focus on the rate of change rather than existing scores. They want to gain a good understanding of what procedures and initiatives the company is putting in place to improve their ESG practices. This research is often far ranging, including topics such as board composition and staff remuneration as well as carbon targets and green financing.

Whilst headline ratings from external providers can be a useful starting point, the Fund Managers caution investors from giving them too much significance. They are often backward looking and external providers face huge difficulties in aligning subjective topics contained within the ESG arena with a scoring system used to compare stocks. This has resulted in a high level of dispersion in ratings depending on the agency.

One area where rating agencies appear to be in agreement is mega-cap technology companies, which tend to score well, yet even here we find cause for debate. Compared to their size, mega-cap technology generally has a disproportionately small work force and the market disruption on which their business models are built has wider implications on the employment market both in terms of overall employment but also wage inflation. The asset-light nature of technology business models means that they score well from an environmental perspective, but it could be argued that the 'E' is in conflict with the 'S'. These are just a few of the reasons why the Fund Managers choose to focus on the delta as well as the absolute when it comes to ESG integration in stock selection. Further information on the Company's ESG approach is available at **www.hendersoneuropeanfocus.com**.

ESG integration in practice

Case Study: UPM-Kymmene

We see an underappreciated ESG profile in Finnish-based UPM-Kymmene and the pulp and paper industry.

Industry

The ESG credentials of the paper and packaging industry have been a matter of debate for some time. Admittedly, the thought of cutting down trees so your Aunty Beryl can send her Easter/Christmas/birthday cards which soon find their way into the bin along with your junk mail hardly screams 'positive environmental impact'. Furthermore, we have been told multiple times a day for the best part of a decade that using paper is bad: "Please consider the environment before printing this email" – and undoubtedly you should (not only for the environment but who knows who you will get stuck talking to at the printer). But what this image omits is the positive ESG attributes of the industry.

First, paper products are made from a fully renewable raw material – trees, which also offer the ability to capture CO_2.

Recycling rates differ by region and by paper type but they are typically high; the US Environmental Protection Agency quotes 68% for cardboard while in Europe, the Confederation of European Paper Industries ("CEPI") quotes 72% for paper and the European Paper Recycling Council states that 84% of paper and board was recycled in 2018.

The large forest assets owned by the industry are fantastic for large-scale carbon capture. Trees capture carbon dioxide from the atmosphere and transform it into biomass through photosynthesis. However, trees only capture CO_2 when growing. For this reason, and although somewhat counterintuitively, managed forests are better for CO_2 capture and O_2 creation than natural forests. According to CEPI, the European forests and the forest-based sector have a positive climate effect estimated at 806 million tons of carbon dioxide equivalents annually. This corresponds to around 20% of all fossil emissions in the European Union.

Second, the industry offers a sustainable solution to food packaging. Single-use plastics have moved up the agenda for both regulators and consumers, owing to the effect they are having on our wildlife and ecosystems, which, in turn, is driving the use of aluminium and paper-based cartons. Major fast-moving consumer goods companies such as L'Oréal, Unilever and Proctor & Gamble are introducing paper-based packaging for detergents, water and even shampoo.

As well as being a leader in, and benefiting from, the structural tailwinds described above, UPM offers a further sustainability driver – biofuels and biochemicals. That is, replacing non-renewable chemicals with recyclable wood-based alternatives.

Business Model (continued)

Biochemicals

The company has invested large amounts into a biorefinery plant to be built in Leuna, Germany which will produce a range of wood-based biochemicals that can replace fossil raw materials. The plant will produce bio-monoethylene glycol ("bMEG") and bio-monopropylene glycol ("bMPG"), each of which has broad application potential including composites for pharma, cosmetics and detergents as well as textiles, packaging, car tyres, car interiors, hoses in cars, laptop covers, headphones and de-icing fluids. The most exciting area however is in the potential to replace polyethylene terephthalate ("PET") plastic bottles. UPM PET bottles from wood result in the same molecular structure as an oil-based PET, which means they can be recycled via existing recycling systems. The company has been working with major soft drink providers, which are eager to improve their own environmental impact. UPM guides that its bio-based products will be cost-competitive against similar fossil-based products and that demand for the products is already high despite the refinery being scheduled to start operations only at the end of 2022.

Biofuels

UPM has also invested €179m in the world's first biorefinery producing wood-based renewable diesel. The company has largely focused on road transport so far, but, with technological upgrades, is looking at further treatments that could potentially address jet fuel. This will likely be required in the long term as passenger vehicles go fully electric. Heavy-duty trucks, marine and aviation will likely take a lot longer to transition to electrification, meaning that bio-diesel could be a useful transition fuel.

We believe that UPM will play a key role in decarbonising these hard-to-substitute transport and product segments and that by doing so, will help drive a carbon-neutral circular economy.

Carbon footprint

In terms of their own footprint, we are encouraged by the fact that UPM has committed to science-based targets and the 1.5ºC UN scenario. The company operates an extensive network of hydro power plants and generates 70% of its energy from renewable sources. It is seeking to reduce its own carbon gross emissions by 65% by 2030 (compared to 2015) in part through climate-positive forestry with new growth to exceed harvest volumes in their own and third-party forests.

Management

The Company qualifies as an alternative investment fund in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). The Board has appointed Henderson Investment Funds Limited ("HIFL") to act as its alternative investment fund manager ("AIFM"). HIFL delegates investment management services to Henderson Global Investors Limited in accordance with an agreement effective from 22 July 2014. The management agreement with HIFL is reviewed annually and can be terminated on six months' notice. Both entities are authorised and regulated by the FCA and are part of the Janus Henderson group of companies. References to 'Janus Henderson' or the 'Manager' refer to the services provided to the Company by the Manager's group.

The Fund Management team is led by Tom O'Hara and John Bennett. The Fund Managers' combined holding in the Company at the year end comprised 394,704 shares.

Ongoing charge and fees

The management agreement provides for the payment of a composite management fee. The fee is charged at 0.65% per annum of net assets up to £300 million, and 0.55% of net assets above £300 million. Any holdings in funds managed by Janus Henderson, of which there were none in the year, are excluded from the calculation of the management fee. There is no performance fee.

The Board believes that the Company's ongoing charge in the year was reasonable at 0.80% (2020: 0.82%), as detailed on page 3. As a key performance indicator, the ongoing charge is a measure of cost and competitiveness. The Board scrutinises all costs borne by the Company, and compares these to its peers in the AIC Europe sector.

Borrowings

The Company has in place a multi-currency overdraft facility with HSBC Bank plc which allows borrowings up to the lesser of £46.8 million and 25% of custody assets. The Company may use leverage to increase returns for shareholders, which provides us with a significant advantage over other investment fund structures. The Board has delegated responsibility to the Fund Managers for deciding on the currency mix of the borrowings and seeks to avoid active currency positions relative to the benchmark. As at 30 September 2021, the facility was drawn down by £10.6 million.

Business Model (continued)

Measuring performance

To measure the success of the Company in meeting its objective and to evaluate the performance of the Manager, the directors consider the following key performance indicators ("KPIs"). The charts, tables and data on pages 2, 3, 8 and 13 show how the Company has performed against those KPIs, and a glossary of terms and alternative performance measures is on pages 74-76.

Performance measurement	Whilst the portfolio is not constrained by the benchmark, the Board measures performance of NAV total return and share price total return against the FTSE World Europe ex UK Index (in sterling) as benchmark terms and both the AIC and OEIC Europe sectors as its peer groups. The portfolio is not constructed with a yield target.
Discount or premium of share price to NAV per share	This is the level of discount or premium at which the ordinary shares trade relative to the NAV per share. The Board has a pragmatic approach to both allotting shares and to share buybacks and keeps its policy under review. The Board's objective is to support an orderly market in the Company's shares in a manner that is beneficial to the long-term interests of shareholders.
Ongoing charge	The costs of running the Company calculated using the AIC ongoing charge methodology, including fees payable to the Manager.

Managing our risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks facing the Company, including those which would threaten its business model, future performance, solvency, liquidity in its shares and reputation. The assessment includes consideration of economic and political risks, most of which are outside the Board's direct control. The Board has drawn up a detailed matrix of risks facing the Company, together with a strategic heat map charting the top ten risks, which it has distilled into six categories of principal risks, as shown on pages 21-22. To assist in mitigating the decision-taking risks as far as practicable, it has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, which it reviews at each board meeting.

The Board considers closely changes to the risk profile of the Company, arising from both internal and external triggers, and examines emerging risks as part of its regular review of the Company's risk profile. The Board defines emerging risks as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of occurrence probability and possible effects on the Company. Once the emerging risks become sufficiently clear, they may be treated as specific risks and enter the Company's matrix of risks.

The Board receives regular and detailed reporting on specific and emerging risks from the Manager and other service providers. In addition, the Board receives reports on specialist topics from professional advisors, including lawyers and tax agents. These reports, as well as the directors' own experience, enable effective monitoring of the risk landscape and changes to it. The Board encourages a culture of anticipating and scanning for direct and indirect market events and constructive challenge to identify and manage risk, where it can, including external risks which need a rapid response. The Board does not consider the principal risks to have changed during the course of the reporting period and up to the date of the report.

Throughout the year the Board has considered the impact of Covid-19 on the Company and concluded that the portfolio and investment approach are resilient. The Manager takes into account the impact of the pandemic, but the investment process remains unchanged and the operational requirements of the Company have, to date, proven resilient. The Board has also considered emerging risks, with specific reference to inflationary and supply pressures, as referred to in the Chair's Statement, and the increasing impact of ESG issues, including climate control.

Business Model (continued)

Principal risks

The Company's principal risks and mitigating steps are as follows:

Risk	Controls and mitigation
Market The Company's absolute performance in terms of net asset value, total return and share price total return is dependent on the performance of the companies and markets in which it invests and is also impacted by currency and interest rate movements, as well as by political and economic events.	Investment risk is spread by holding a diversified portfolio of companies, typically with strong balance sheets and good growth prospects. The Company does not currently embark on any currency or market movement hedging strategies, though it has the ability to do so. The Company's investment strategy is reviewed formally by the Board at least annually, and takes into account shareholder views, developments in the marketplace and how the structure of the Company is positioned to meet them.
Investment performance The relative performance of the Company against its benchmark and European open and closed-ended peers depends principally on asset allocation and stock selection, which, in turn, require investment skills. In exercising these skills, the Manager is responsible for adhering to the investment policy and investment guideline restrictions set by the Board and amended from time to time.	The Board is responsible for ensuring that the investment policy is met. The day-to-day management of the Company's assets is delegated to the Manager under investment guidelines, with close monitoring of the guidelines. The Board meets the Manager on a regular basis and keeps investment performance, in terms of both capital and income returns, under close review, and the Management Engagement Committee reviews the Manager's performance annually. The Board has received frequent updates from the Fund Managers since the Covid-19 pandemic emerged, enabling the directors to monitor and manage risks related to the pandemic. Although the Company is not invested against any income criteria, the net income of the Company and the revenue reserves are monitored against dividend pay-outs and anticipated future net income. Investment performance is monitored over the short, medium and longer term against the Company's benchmark and against a wider peer group of open and closed-ended investment vehicles investing in listed European equities. The Board also reviews the performance attribution analysis against benchmark in detail, to understand the main drivers of performance in reporting periods. The Fund Managers keep the global political and economic picture under review as part of the investment process. Climate risk is assessed within the individual stock selection process and is reported further within quarterly Fund Manager board reports.
Business strategy and market rating A number of factors, including the setting of an appropriate investment proposition, changing investor demand or investment performance may lead to an increase or decrease in demand for and/or supply of the Company's shares and will impact how the shares are priced in relation to the Company's underlying net asset value per share.	The Board monitors the Company's ordinary share price relative to net asset value per share and reviews changes in shareholdings in the Company to try and understand short or longer-term trends in demand for and supply of the shares. The Company is able, when appropriate, to issue or to buy back shares in order to help maintain an orderly secondary market in the Company's shares, but not against any prescribed discount or premium levels, other than avoiding dilution to existing shareholders' interests through share issuance at a discount. The Board also monitors the rating of the Company's shares against other closed-ended investment companies in the sector and continues to deploy tools at its disposal in shareholders' best interests. The Company is 'evergreen' and does not have a liquidity event, such as periodic tenders or continuation votes. The liquidity of the portfolio is monitored and is considered sufficient for the purposes of a closed-ended fund, including instances whereby the Company buys back its own shares.

Business Model (continued)

Risk	Controls and mitigation
Gearing The Fund Managers have authority to use gearing in line with the Company's investment policy. In the event of a significant or prolonged fall in equity markets any gearing in place would exacerbate the effect of the falling market on the Company's net asset value and, consequently, its share price. Gearing would have the opposite effect in the event of a significant or prolonged rise in equity markets in which the Company is invested.	The Company's investment policy sets a limit on gearing of 20% of net assets and the Board monitors the level of gearing at each meeting. In practice, gearing is of a flexible, short-term nature, and it tends to fluctuate between 0% and 10% of net assets depending on the Fund Managers' views of investment opportunities and views on the direction of European equity markets.
Operational The Company is reliant on third-party service providers for all its operational activities, including reliance on Janus Henderson as investment manager, corporate secretary and administrator to the Company. The Company depends on the diligence, skill and judgement of the Manager's investment team. Continuity of service of the team and individuals in the team could impact the future success of the Company. Failure of third parties' operational or internal control systems could prevent the accurate reporting or monitoring of the Company's financial position. Janus Henderson sub-contracts some of the operational functions (principally those relating to trade processing, investment administration and accounting) to BNP Paribas. Failure of controls could also impact the Company meeting its regulatory obligations.	The Management Engagement Committee reviews each service provider at least annually, and, in conjunction with the Audit and Risk Committee, considers reports on internal controls, including any reported breaches, throughout the year, from all the service providers. This reporting covers such matters as continuity planning and cyber security risk as well as matters that are subject to review as part of the annual audit of the Company. Janus Henderson has a strong European Equities team, which supports the Fund Managers in the management of the Company's portfolio. Constructive challenge, succession and continuity planning are key elements of the management of the team and are reported on to the Board. The Board reviews the internal control structure and reporting for the Company from all its agents and meets with their representatives throughout the year to make enquiry on the systems and controls. The risk of failure of the Manager to manage financial or administrative controls, due to the increased possibility of cyber attacks whilst many employees worked from home, was increased due to the Covid-19 pandemic. The directors report that there has been no change to the level of service provided by the Manager or the Company's other third-party suppliers and the pandemic has served to highlight the resilience and high quality of the services provided. The Board considers climate risk in respect of operational capability in its review meetings with service providers.
Regulatory and reporting The Company operates in a highly regulated environment which could *inter alia* affect the listing of the Company's shares and the Company's tax status, as well as how the Company conducts its affairs in the market more generally. The Company also has strict reporting requirements that need to be adhered to both internally and externally to the market.	The Board is apprised regularly of impending regulatory and reporting changes and monitors closely, through its various agents, the Company's adherence to existing requirements, including maintaining investment trust and listed company status. The Board is also kept apprised of corporate governance guidance and, as far as practicable, adheres to corporate governance guidelines that are applicable to an investment company. The Board is kept informed by the Manager and professional advisors of relevant regulatory and reporting changes arising as a result of the Covid-19 measures and other geopolitical events, including the ongoing trade negotiations following the UK's departure from the European Union.

Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further on pages 39 to 40. Note 14 contains further details on the Company's exposure to market risk (including market price risk, currency risk and interest rate risk), liquidity risk, credit and counterparty risk and how they are managed.

Business Model (continued)

The Company's viability

The AIC Code of Corporate Governance includes a requirement for the Board to assess the future prospects for the Company, and to report on that assessment within the Annual Report. The Board considers that certain characteristics of the Company's business model and strategy are relevant to this assessment:

- the Board looks to ensure that the Company seeks to deliver long-term performance;
- the Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is invested mainly in readily realisable, EU-listed securities and that the level of borrowings is restricted; and
- the Company is a closed-ended investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions.

Also relevant were a number of aspects of the Company's operational agreements:

- the Company retains title to all assets held by the custodian under the terms of formal agreements with the custodian and depositary;
- revenue and expenditure forecasts are reviewed by the directors at each board meeting; and
- cash is held with approved banks.

In addition, the directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's business model, including future performance, liquidity and solvency, and considered emerging risks that could have a future impact on the Company. The Board takes into account the liquidity of the portfolio, the gearing and the income stream from the portfolio, and the Company's ability to meet its liabilities as they fall due. This includes consideration of how the forecast income stream, expenditure and levels of reserves could impact on the Company's ability to pay dividends to shareholders over that period. Detailed income and expense forecasts are made over a shorter time frame. However, the nature of the Company's business means that such forecasts are equally valid to be considered over the longer five-year period as a means of assessing whether the Company can continue in operation.

The directors assess viability over five-year rolling periods, taking account of foreseeable severe but plausible scenarios including the recent pandemic and its economic consequences. While they assess theoretical threats, the Board believes that empirically the recent experience of the technology crisis, the financial crisis, the Eurozone debt crisis, the Brexit vote and the Covid-19 pandemic have not affected the long-term viability of the Company in any way and will not have a long-term impact on the viability of the Company and its ability to continue in operation, notwithstanding any short-term uncertainty they have caused in the markets.

In common with investment companies generally, the viability statement does not take into account corporate events which might be initiated by the Company or to which the Company might be subject, and where the Company's circumstances might be dramatically changed. An investment company has relatively liquid assets, compared to industrial or commercial companies, and can, therefore, be subject to major and unexpected strategic change. No such event or change is known or currently in contemplation by the Company. The directors believe that a rolling five-year period best balances the Company's long-term objective, its financial flexibility and scope with the difficulty in forecasting economic conditions affecting the Company and its shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out on the previous pages, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to September 2026.

Promoting the Company's success

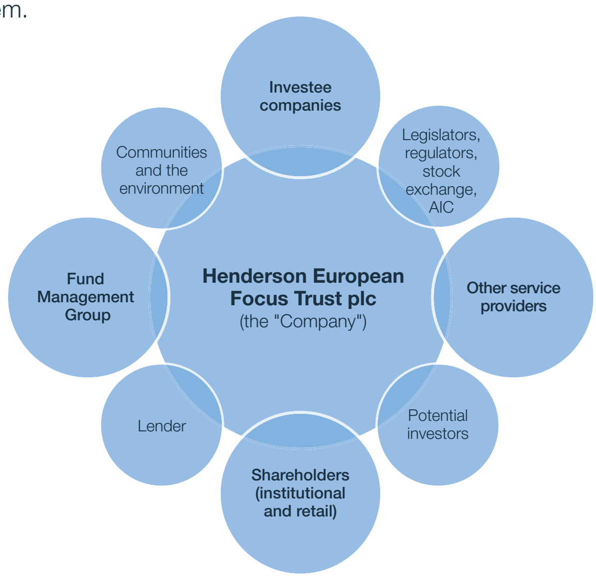
Section 172 statement

The directors act to promote the success of the Company for the benefit of its shareholders as a whole. In so doing, they have regard to the matters set out in s172(1) Companies Act 2006 ("CA06"). This includes the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account. The Board's strategy is facilitated by engaging with a wide range of stakeholders through direct meetings, research and presentations and through our service providers' interactions within the investment community and beyond.

As an investment company with no employees, our key stakeholders are our shareholders, service providers, in particular our Manager, and investee companies. Understanding stakeholders, their interests and views, enables the Company to fulfil its purpose and enables the directors to promote the success of the Company for the benefit of shareholders as a whole, with constant awareness of other stakeholders and their interests.

Business Model (continued)

As a Board, we have adopted a map to support us in identifying and understanding our stakeholders and fostering the appropriate level and form of interaction with them.



Set out below are examples of the ways in which the Board and the Company have interacted with key stakeholders in the year under review, in line with s172 CA06.

Stakeholders	Engagement	Outcome
Shareholders	The Board communicates with shareholders through the annual and half-yearly reports, factsheets and monthly commentary, quarterly ESG reports, press releases, videos recorded by the Fund Managers and articles, all made available on the Company's website. The directors meet with shareholders at the AGM and provide a forum for face-to-face debate with the Board and Fund Managers. Our last AGM held in January 2021 was held virtually due to the Covid-19 lockdown, but we ensured access for shareholders to the Board and Fund Managers through an open webinar format. The Chair meets with shareholders at their request, and always welcomes conversations.	Clear communication of strategy and the Company's performance against its objective helps shareholders make informed decisions about their investments, based on clear information on short, medium and longer term aspects of the Company and its performance. This should also support a consistent and strong rating in the secondary market for the Company's shares. Close interaction with shareholders enables the Board to run the Company in line with shareholders' interests as a whole and for the Company's long-term success.
Fund Management Group (Janus Henderson, providing investment management, administration and secretarial services as well as expertise in sales and marketing)	The Board regularly reviews performance against objective, policy and guidelines, and receives presentations from the Fund Managers and other representatives of the Manager at each board meeting to exercise effective oversight of the portfolio, performance and strategic objectives. The Manager's performance in all respects is reviewed formally by the Management Engagement Committee ("MEC") each year. The directors work closely with the Fund Management Group outside scheduled board meetings on matters relating to portfolio management, administration and governance oversight, including relationships with third parties and engagement with other stakeholders. They meet to develop strategy, including a sales and marketing plan to promote the Company with the aim of raising its profile which in turn helps raise its rating.	The Company is well managed and receives appropriate and timely advice and guidance for a reasonable cost. At their meeting of the MEC in September 2021, the directors assessed the Manager's performance and service to the Board throughout the pandemic, and in response to the new business environment. The directors considered each service area and were pleased with the Manager's business resilience, greater use of technology and prompt adaptation to videoconference meetings and online training. The directors were cautious about the longer-term impact of the pandemic on investment, operations and culture, believing that there may be further unforeseen risks. The directors monitor succession planning within Janus Henderson for all key positions supporting the Company, and received a formal update on staffing and succession within the Investment Trusts team.

Business Model (continued)

Stakeholders	Engagement	Outcome
Other service providers, including BNP Paribas as accountant and administrator (outsourced by the Manager), HSBC Bank as custodian and depositary, Equiniti as registrar, Winterflood as broker, Ernst & Young as auditor, Kepler as research provider	Representatives of all the main service provider functions present regularly to the Board. The Company contracts directly with certain service providers for custodian, depositary and registrar services, and indirectly with BNP Paribas for fund administration and accounting services. The Manager maintains the day-to-day relationship with all service providers. The Board and Manager work with the broker, including their research and sales teams to provide access to the market and liquidity in the Company's shares. The Board invites representatives of the broker, independent research provider and the Manager's marketing and sales teams to provide regular updates on shareholders and is provided with analyses of shareholder movements. The Board addresses shareholder correspondence and reviews voting patterns at general meetings.	Reporting to the Board between meetings has been heightened since the onset of Covid-19. This enabled monitoring of the Company's operations and performance by all service providers during these challenged times, ensuring resilience of service provision and health of key personnel. The Company is an attractive investment and there is liquidity in its shares. It is supported by experienced and capable third parties for all the services required to be a well-functioning Company.
Investee companies	The Board sets the investment objective, with shareholder approval, and discusses stock selection, asset allocation, performance and prospects pertaining to investee companies, including strategy, current trading and ESG issues, with the Fund Managers at each board meeting. The Manager has a dedicated Corporate Governance and Responsible Investment Team which supports the Fund Managers in the investment process, and engages with investee companies on behalf of the Company to exercise good stewardship practices on matters including ESG and voting at company meetings.	The Fund Managers have conducted face-to-face and/or virtual meetings with all our portfolio companies' management teams in the past year to enable them to interrogate current trading and prospects for their businesses and engage over any issues. In this way the Company is a responsible and engaged investor.
Lender (HSBC Bank)	The Company maintains long-term borrowings at low rates through the use of an overdraft facility with HSBC. Further details are set out on page 19. The Manager keeps regular and good contact with the provider of the overdraft facility.	The Board monitors borrowing, and through its financial reporting to stakeholders, provides validation of compliance with lending limits.
Communities and the environment	The Board mandates the Manager, supported by its governance function, to engage with investee companies, when and where appropriate, on ESG matters in line with good stewardship practices, and with an approach agreed with the Board. The Board is also conscious of the importance of providing an investment product which meets the needs of its investors, including retail investors.	The Board is conscious of the need to take appropriate account of broader ESG concerns and for the Company to act as a good corporate citizen. An investment approach that meets the needs of investors provides a service valuable to the communities in which the Company operates. See the ESG/engagement section on pages 18 to 19 for more details.
Potential investors	The Board and Manager liaise to engage with the wider investor community through various forums to understand their requirements in addition to those of the current shareholders. The material made available to current shareholders, as set out at the top of this table on page 24, is also publicly available for the benefit of potential investors.	By understanding the Company's activities, performance, risks and prospects, potential investors will be able to make informed decisions about their investments.

Business Model (continued)

Board decision making

The Board takes into consideration the Company's purpose, investment objective and investment policy as well as the interests of the Company's stakeholders when discussing matters and making decisions. The following are examples of the key discussions held and decisions made by the Board during the financial year ended 30 September 2021:

- **The Board arranged for the Company's half-year and annual results to be prepared,** and approved these for release to the market and to shareholders. The Board is closely involved in the production of the accounts to ensure that the information is complete, understandable and relevant to the Company's circumstances. By presenting the financial results to shareholders in the Half-Year Update and Annual Report as well as in the market announcements, and making them available on the website to other stakeholders, the Company enabled shareholders and potential investors to make informed decisions about their investment in the Company.
- **The directors carefully assessed the size of the dividend and the strength of the Company's balance sheet.** The Board is pleased to recommend that, subject to shareholder approval, the final dividend will be increased and paid as a fully covered dividend, with no use of revenue reserves and on the basis of strong revenue projections for future years. See the Chair's Statement on page 5 for more details.
- **The Board agreed resolutions put to shareholders at the AGM in January 2021** including amendments to the Company's Articles of Association. The main change was to allow shareholders access to general meetings virtually or through a mixture of virtual and physical participation, if required in the future in case of any further extraordinary crises such as Covid-19. This is because the directors believe that flexibility in the Company's constitution to engage with shareholders in as broad a manner as possible benefits its members as a whole.
- **A physical AGM will be held in January 2022,** honouring the commitment made in the 2020 Annual Report to holding physical AGMs when allowed legally and accomplished safely. The directors believe that by meeting the Board and Fund Managers in person, debating and questioning them face-to-face, shareholders will enjoy optimum communication and participation in the governance of the Company. Building on last year's enhanced digital connection provided for shareholders during lockdown, shareholders will also be able to join the meeting virtually as they prefer, ask questions and debate 'live' through Zoom videoconferencing software.
- **As the pandemic progressed during the year, the Board held frequent discussions with the Manager about the potential impact of Covid-19.** After careful deliberation, they decided that there was no need to make any change to the investment discipline and approach, as there would be no benefit to shareholders in doing so.
- **The Board held detailed discussions about succession and recruitment,** which resulted in the appointment of Stephen Macklow-Smith as director. Recruitment for a small and fully engaged non-executive board requires close consideration of collective competence, chemistry and constructive contribution from everyone on the Board. We believe this has been achieved. See pages 35-36 for the recruitment process and reasons for Stephen's appointment.
- **The Board discussed the Fund Managers' approach to investing responsibly,** including their analysis of the impact the portfolio companies' approach to environmental, social and governance matters has had on the wider community, and were highly supportive of the new quarterly reports available on the website setting out ESG considerations, voting at investee company meetings and other areas of stakeholder engagement.
- **The Board carefully reviewed all Company policies** and approaches to investment-related matters. They validated the Company's policy and strategic approach to investment and structural issues such as gearing and buybacks. This included ensuring alignment with ownership interests. At a dedicated strategy meeting in March 2021, the directors considered in detail the structure, costs and promotion of the Company to the secondary market, and commenced an enhanced marketing strategy.

Culture

As explained on page 17, the directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of other stakeholders' interests. The directors promote mutual respect combined with constructive challenge, informed enquiry and a strong focus on shareholder interests. Integrity, fairness and diligence are defining characteristics of the Board's culture. All directors seek to properly discharge their responsibilities and meet shareholder expectations in an open, transparent manner.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to directors' conflicts of interest, dealings in the Company's shares, bribery and tax evasion.

The Board welcomes diversity, and describes its activities in this respect under 'Board diversity' on page 27. The Board considers the culture of the Manager and other service providers through regular reporting and presentations from these stakeholders.

Business Model (continued)

Board diversity

The Company's affairs are overseen by a Board currently comprising four non-executive directors: two women and two men. At a 50% female/male ratio, the Board's gender balance among directors comfortably exceeds the target of 33% women set by the Hampton-Alexander Review. The Company has no employees and therefore has no further disclosures to make in respect of gender representation within the Company. The directors are fully aware of the Parker Review recommendations on ethnicity and will bear these in mind when making future Board appointments.

The Board takes diversity of background, thought, experience and approach into account in its composition, and is satisfied that this balance of diversity has been achieved for a small and fully engaged Board, drawn from experienced and competent practitioners from various fields of experience, as demonstrated on page 29. The Board is also satisfied in its leadership, committee structure and close working relationships, internally and externally, that it is well equipped to challenge constructively all manner of the Company's operations and strategic direction.

Board approach to ESG matters

The Board has reviewed the Manager's Stewardship Policy Statement and its ESG Investment Principles. Janus Henderson has been accepted as a signatory to the UK Stewardship Code 2020, and seeks to protect and enhance value for shareholders through active management, integration of ESG factors into investment decision making, voting and company engagement. Janus Henderson is a signatory to the United Nations Principles of Responsible Investment and an active member of a wide range of organisations and initiatives that work to promote ESG integration and responsible investment.

The Board publishes quarterly ESG and engagement reports on the Company's website, including explanations of the Fund Managers' process, commentary and metrics.

Voting and the Stewardship Code

The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on Board policy, practices and performance. Responsibility for voting the rights attached to the shares held in the Company's portfolio has been delegated to the Manager, who actively votes at shareholder meetings and engages with companies as part of the voting process.

Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the Fund Managers, who have an in-depth understanding of the respective company's operations. Voting decisions are taken in keeping with the provisions of the Manager's ESG Investment Principles, which set out the Manager's approach to corporate governance, corporate responsibility and compliance with the Stewardship Code, and are publicly available at **www.janushenderson.com**. To retain oversight of the process, the directors receive reports on how the Manager has voted the shares held in the Company's portfolio at each board meeting, and they review the Manager's ESG Investment Principles at least annually.

The level of governance in leading global companies is generally of a high standard in terms of best practice, which meant support for the resolutions proposed by management was often warranted. However, in respect of 5% of resolutions at general meetings of the Company's investees during the year, support was not warranted and, following discussion between the Fund Managers and Janus Henderson's governance team, the shares were voted against management recommendations. These resolutions related inter alia to the remuneration and re-election of directors and issuance of securities.

The environment

As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal, occurring through the investments it makes. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources[1]. The Fund Managers engage with investee companies on environmental matters where they arise, and the companies themselves report directly on their own emissions.

Business ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017. The Company has received assurances from its main suppliers that they maintain a zero-tolerance policy towards the provision of illegal services.

Approval

The Strategic Report has been approved by the Board.

On behalf of the Board

Vicky Hastings
Chair of the Board
8 December 2021

1 Under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and Limited Liability Partnerships (Energy & Carbon Report) Regulations 2019

Governance

Hugo Boss, Barcelona

Board of Directors

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

Victoria (Vicky) Hastings

Position: Chair of the Board

Date of appointment: 1 September 2018 (appointed as Chair on 25 September 2020)

Experience and contribution: Vicky has over 30 years' experience in the investment management industry in both executive and non-executive roles. She is an experienced finance professional and board director, who brings a deep understanding of investment process and oversight, corporate governance and investment company expertise to the Board.

Other appointments: Vicky is senior independent director of Edinburgh Investment Trust plc and an independent non-executive director of Impax Environmental Markets plc; she is also a trustee of Moorfields Eye Charity. In her executive career she was a European Equity fund manager and then held investment leadership roles at Merrill Lynch Investment Managers and JO Hambro Capital Management. Previous non-executive directorships include Investment Trusts as well as JPMorgan Asset Management UK Limited and JPMorgan Asset Management International Limited.

Eliza Dungworth

Position: Chair of the Audit and Risk Committee

Date of appointment: 1 January 2016 (appointed as Chair of the Audit and Risk Committee on 25 January 2018)

Experience and contribution: Eliza brings comprehensive accounting, compliance and tax knowledge to the Board, as well as leadership skills from her senior roles at Fidelity International and Deloitte. Eliza is a chartered accountant and chartered tax adviser with a degree in law, and has a specialist understanding of the financial, regulatory and internal controls issues faced by investment companies.

Other appointments: Eliza is Head of Legal & Compliance for Investment Solutions & Services at Fidelity International and is a director of the management company responsible for oversight of Fidelity's SICAV funds. She is Deputy Chair of the Strategic Business & Risk Committee of the Investment Association. Eliza spent 25 years at Deloitte, 15 of those as a partner advising the investment management sector.

Robin Archibald

Position: Senior Independent Director

Date of appointment: 1 March 2016 (Senior Independent Director from 10 February 2021)

Experience and contribution: Robin brings in-depth knowledge, specialist expertise and extensive senior-level experience in all areas of the UK closed-ended funds sector. Robin's executive career spanned over 30 years as a corporate financier and chartered accountant.

Other appointments: Robin is chairman of Albion Technology & General VCT PLC, and senior independent director and audit committee chairman of Ediston Property Investment Company plc and Capital Gearing Investment Trust P.l.c, and audit committee chairman of Shires Income PLC, all of which are investment companies. Robin was previously Head of the Corporate Team at Winterflood Investment Trusts until 2014 and has worked for other advisory firms including Samuel Montagu, SG Warburg Securities and NatWest Markets.

Stephen Macklow-Smith

Position: Director

Date of appointment: 9 July 2021

Experience and contribution: With over 30 years' experience in the asset management industry, and as a former investment trust fund manager, Stephen brings extensive investment knowledge, expertise and experience in European equity markets.

Other appointments: Stephen was a portfolio manager responsible for core Europe portfolios with JPMorgan for 24 years, and held various senior positions, including as managing director and strategist in the Equity Behavioural Finance Team. Stephen was previously head of the European team at HSBC Asset Management. Prior to this, he was a fund manager of European pension fund assets at Henderson Administration.

Corporate Governance Report

Chair's statement on corporate governance

Your Board is pleased to report below on the Board's approach to the governance of your Company. On page 29, you will find biographies of each director. As a Board, we believe that good governance creates value and we are committed to high standards of corporate governance, business ethics and transparency.

Compliance with corporate governance codes

By virtue of its premium listing on the London Stock Exchange, the Board is required to report on how the principles of the UK Corporate Governance Code (the "UK Code") have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations. The Board has therefore considered the principles and recommendations of the AIC Code, being the 2019 Code of Corporate Governance published by the Association of Investment Companies, of which the Company is a member. The AIC Code addresses the principles set out in the UK Code as well as additional principles and recommendations on issues that are of specific relevance to investment companies. The Financial Reporting Council ("FRC") has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should fully meet their obligations under the UK Code and paragraph 9.8.6 of the Listing Rules. The AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of compliance

The Board confirms that the Company has applied the principles and adhered to the provisions of the AIC Code throughout the year under review and to the date of this report, other than in respect of a senior independent director ("SID"). The role of SID was vacant from 25 September 2020 when Vicky Hastings, the previous SID, took office as Chair, until 10 February 2021, when Robin Archibald was appointed SID. The Company has no chief executive or other executive directors and therefore has no need to consider the remuneration of executive directors. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function, though the Audit and Risk Committee considers the need for such a function at least annually.

A separate remuneration committee has not been established as the Board consists of only four non-executive directors and the Company has no employees. The Board has expanded the remit of the Nominations Committee to include responsibility for remuneration (see the Nominations Committee Report on pages 35-36. The Board Chair does not however act as Chair of the Nominations Committee when it considers matters relating to the performance, succession or remuneration of the Chair.

The Board

The Board comprises four non-executive directors, whose biographies are included on page 29. These details demonstrate the breadth of investment, financial, commercial and professional experience relevant to their position as directors. Together as a Board they have overall responsibility for the Company's affairs and for promoting the long-term success of the Company. All directors in office at the date of this report served throughout the year, other than Stephen Macklow-Smith who joined on 9 July 2021.

The Board meets formally at least six times a year, with additional board or committee meetings arranged when required. The directors have regular contact with the Fund Managers, representatives of the corporate secretary and other employees of the Manager between formal meetings. The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and providing oversight of performance against agreed measures. All matters that are not delegated to the Manager under the management agreement are reserved for the Board's decision. It approves any changes to the structure and capital arrangements for the Company, has oversight of financial reporting and assesses the effectiveness of the internal control framework. The Board approves annual and half-year results, communications with shareholders, the appointment of new directors, oversees corporate governance matters and is responsible for determining the remuneration of directors.

The Board has three principal committees: the Audit and Risk Committee, the Management Engagement Committee and the Nominations Committee, as set out in the governance structure chart on page 31. The Board keeps its schedule of matters reserved and terms of reference for each committee under regular review, and these are available at **www.hendersoneuropeanfocus.com**. Reports on the activities undertaken by each committee during the reporting period are set out on pages 34-40.

Corporate Governance Report (continued)

Governance structure

Board of Directors

Comprises independent non-executive directors

Chair: Vicky Hastings

Senior Independent Director: Robin Archibald

Audit and Risk Committee (“ARC”)

Chair:
Eliza Dungworth

Purpose: Ensure the integrity of the financial reporting, evaluate the effectiveness of the systems of internal control and risk management, and oversee the relationship with the external auditors

Management Engagement Committee (“MEC”)

Chair:
Vicky Hastings

Purpose: Ensure that the performance of service providers meets expectations and their terms of engagement remain appropriate

Nominations Committee (“NC”)

Chair:
Vicky Hastings

Purpose: Ensure the Board has a balance of skills, experience and diversity, oversee effectiveness reviews of the Board and its committees, review directors’ fees and maintain an effective framework for succession planning, with a formal approach to the appointment of directors

Third-party service providers appointed by the Board

Janus Henderson Investors

Fund Management: European Equities team with Tom O’Hara and John Bennett as the Company’s appointed Fund Managers

Sales, Marketing, Corporate Secretary

Alternative Investment Fund Manager: Henderson Investment Funds Limited

Ernst & Young LLP
Auditor

HSBC Bank plc
Custodian and depositary

Equiniti Limited
Registrar

Winterflood Securities Limited
Corporate broker

Corporate Governance Report (continued)

Board leadership and responsibilities

Role	Primary responsibilities
Board	• Responsible for providing leadership of the Company's affairs • Sets the Company's investment objective, policy and strategy • Establishes a robust internal control framework enabling effective risk management • Appoints and monitors the performance of service providers in meeting the objective within the control framework • Sets the Company's culture and values • Ensures that obligations to shareholders and other stakeholders are understood and met • All directors are non-executive and independent of the Manager • No directors are linked via any other directorships
Chair of the Board	• Vicky Hastings is Chair of the Board • Provides effective leadership of the Board including setting its agenda with the support of other directors and the corporate secretary • Leads the Board's relationship and engagement with shareholders and other stakeholders • Manages the relationship with the Manager • Vicky Hastings was independent on appointment in accordance with the AIC Code criteria and has no relationships that may create a conflict between her interests and those of shareholders
Senior independent director	• Robin Archibald is Senior Independent Director • Provides a sounding board for the Chair • Serves as an intermediary for the other directors, shareholders and other stakeholders • Leads the effectiveness review of the Chair • Leads in place of the Chair on other occasions as required
Audit and Risk Committee ("ARC")	• Chaired by Eliza Dungworth, who has recent and relevant financial experience • Other than the Chair of the Board, all directors are Committee members, which brings a combination of financial, investment and other experience, enabling the Committee to have broad competence relevant to its mandate • Responsible for the integrity of the financial statements, internal controls and risk management, and the relationship with the statutory auditor
Management Engagement Committee ("MEC")	• Chaired by Vicky Hastings • All directors are Committee members • Responsible for evaluating the overall performance of the Manager and other third-party service providers and their contracts
Nominations Committee ("NC")	• Chaired by Vicky Hastings, except when considering matters relating to the Chair's succession, performance or fees • All directors are Committee members • Responsible for Board succession planning, recruitment, directors' fee recommendations, Board effectiveness reviews, diversity and related matters
Insider Committee	• Chaired by Vicky Hastings • All directors are Committee members • Meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulation and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules

Corporate Governance Report (continued)

Operation of the Board

Each board meeting follows a formal agenda, which includes a review of the Company's investment performance, financial position, compliance with the investment parameters, a review of shareholder movements along with any sales and marketing activities undertaken and any other relevant business matters in order to ensure that control is maintained over the Company's affairs. Employees of the Manager attend each board meeting enabling the directors to discuss the affairs of the Company and to probe further on matters of concern. The Board receives and considers regular reports from the Manager and ad hoc reports and information from other parties as required.

The Board has engaged third-party service providers to deliver the operations of the Company. Janus Henderson has been appointed to provide investment management services, and also provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a depositary, HSBC Bank plc, who in turn appoints the custodian who is responsible for the safe custody of the Company's assets. The Company has appointed a registrar, Equiniti Limited, to maintain the register of members and assist shareholders with queries in respect of their holdings. Each of these principal contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board and its committees maintain oversight of the third-party service providers through regular and ad hoc reporting. The Board meets annually with representatives of service providers to discuss amongst other matters performance, service levels, their value for money, information security and business continuity plans.

The Manager ensures that all directors receive, in a timely manner, relevant management, regulatory and financial information, to allow them to discharge their responsibilities and enable smooth functioning of the Board and its committees.

The directors have access to the advice and services of the corporate secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all board and committee meetings are minuted, with any director's concerns recorded in the minutes. The corporate secretary, Henderson Secretarial Services Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure a clear distinction between the two entities, particularly when dealing with any conflicts or issues between the Company and Janus Henderson.

Any correspondence from shareholders addressed to the Chair or to the Company received by Janus Henderson is forwarded to the Chair in line with the audited procedures in place, and is submitted to the next board meeting as appropriate.

The Board, the Fund Managers and the corporate secretary operate in a supportive, co-operative and open environment.

Arrangements with directors

Appointment, tenure and retirement

The Board may appoint directors at any time during the year. Any director so appointed stands for election by shareholders at the next annual general meeting in accordance with the provisions of the Company's Articles of Association.

The directors and the Chair of the Board are generally expected to serve for no more than nine years, other than in exceptional circumstances, subject to satisfactory Board effectiveness review. All directors stand for re-election by shareholders annually in keeping with the provisions of the AIC Code. The Articles permit shareholders to remove a director before the end of his or her term by passing an ordinary resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

Independence

The independence of the directors is determined by reference to the AIC Code and is reviewed by the Board at least annually. The Board considers each director's external appointments and commitments, as well as their tenure of service and any connections they may have with the Manager. Following completion of the annual Board effectiveness review in September 2021 and assessment by the Nominations Committee, the Board concluded that all directors continue to be independent in character and judgement.

Induction and ongoing training

Newly appointed directors are offered an induction programme bespoke to their role which covers the legal and regulatory framework for investment companies and the operations of the Manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services.

Directors are provided with information on the Company's policies, regulatory and statutory requirements affecting the Company, as well as changes to the directors' responsibilities as they arise. Directors are encouraged to attend external training and industry seminars and may do so at the expense of the Company.

In addition, the Chair is able to attend meetings of all the chairs of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters which would then be reported back to the Board. The Company has a procedure for directors to take independent professional advice in the furtherance of their duties at the expense of the Company.

Corporate Governance Report (continued)

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the directors against certain liabilities when carrying out their duties. The Company's Articles of Association provide for an indemnity in respect of costs which directors may incur relating to the defence of any proceedings brought against them arising from their position as directors, where they are acquitted or judgment is given in their favour. The Company has granted an indemnity to each director to the extent permitted by law regarding their potential liabilities as directors of the Company.

Directors' conflicts of interest

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

Board attendance

The table below sets out the number of formal board and committee meetings held during the year under review and the number of meetings attended by each director. The number in brackets denotes the number of meetings each director was entitled to attend.

	Board	ARC	NC	MEC
	Number of meetings			
Vicky Hastings	6 (6)	3 (3)	3 (3)	1 (1)
Robin Archibald	6 (6)	3 (3)	3 (3)	1 (1)
Eliza Dungworth	6 (6)	3 (3)	3 (3)	1 (1)
Stephen Macklow-Smith[1]	2 (2)	1 (1)	1 (1)	1 (1)

1 Appointed as director on 9 July 2021

All directors in office in January 2021 attended the Annual General Meeting. The Insider Committee did not meet during the year. Outside the formal meetings identified above, the Board, or committees of it, had regular interaction over the year on various corporate activities, and met additionally to undertake business such as the approval of the Company's results and dividends, recruitment activities and approval of the appointment of Stephen Macklow-Smith as director.

Audit, risk and internal control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness, as set out in the chart on page 40.

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 30 September 2021. During the course of its review the Board did not identify and was not advised of any failings or weaknesses that were determined as significant. The Audit and Risk Committee supports the Board in the continuous monitoring of the internal controls and risk management framework. Its considerations in this respect, including why the Company does not have its own internal audit function, are set out on pages 39 to 40.

Management Engagement Committee

Role and responsibilities

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

Membership

All directors are members of the MEC, which is chaired by the Chair of the Board.

Meetings

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

Activities during the year

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

- the investment performance of the Company over the short and longer term, taking account of the benchmark and performance of competitors in the AIC peer group, wider OEIC universe, the share price total return, NAV total return, dividend growth, dividend yield and discount versus the peer group and wider universe of European funds;
- the quality of other services provided by the Manager, including company secretarial and accounting;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its competitors in the AIC peer group and other Janus Henderson managed investment companies;

Corporate Governance Report (continued)

- the key clauses of the management agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, custodian, registrar, auditors and lawyers.

Continued appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. Following completion of the annual review and on the MEC's recommendation, it is the Board's opinion that the continuing appointment of the Manager and other service providers on the existing terms is in the interests of the Company and its shareholders as a whole.

MEC effectiveness review

The activities of the MEC were considered as part of the Board effectiveness review.

Nominations Committee

Role and responsibilities

The Nominations Committee ("NC") is responsible for reviewing Board succession planning and tenure policy, the effectiveness of the Board as a whole and its committees, the appointment of new directors through an established formal procedure, and reviewing directors' fees.

Membership

The NC is chaired by the Chair of the Board, except when the Chair's performance, successor or fees are being considered. All directors are members of the NC.

Meetings

The NC meets at least annually, with additional meetings scheduled when required. In the year under review the NC met formally three times.

Activities during the year

In discharging its duties over the course of the year, the NC considered and made recommendations for approval by the Board as appropriate:

- the confirmation of Vicky Hastings as Chair of the Board, with the full support of the other Board members, following her appointment as interim Chair in September 2020;
- the appointment of Robin Archibald as Senior Independent Director in February 2021. It was agreed that Mr Archibald was highly suited for the role, having both a deep knowledge of the investment trust sector and the Company, and with a keen appreciation of the interests of the Company's stakeholders;
- the composition of the Board and each of its committees, taking account of the contribution of the skills, experience and knowledge of each director to the success of the Company, and using the Board's newly adopted skills matrix;
- the outcomes of the Board effectiveness review with a view as to whether adjustments should be made to the number of directors or knowledge and skills represented on the Board;
- the directors' and the Chairman's tenure policy, giving consideration as to whether the Board retained a sufficient balance of tenure without becoming complacent;
- the independence of the directors, taking account of the directors' other commitments, in line with the guidelines established by the AIC Code;
- directors' fees for the financial year ahead;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment;
- selection of a candidate for the role of non-executive director;
- the time commitment of the directors, in the context of their other business commitments and appointments, and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board, and recommendations of the AIC Code in respect of the length of service of directors and the Chair;
- review of the formal diversity policy; and
- the effectiveness and contribution of the directors standing for election and re-election at the forthcoming AGM.

Succession planning and recruitment

When considering succession planning and tenure policy, the NC bears in mind the balance of skills, knowledge, experience, gender and diversity make-up of the Board, the achievement of the Company's investment objective and compliance with the Company's Articles of Association and the AIC Code. Individual performance and the contribution of each director remain an integral element of the Company's approach.

The NC considers diversity as part of the annual effectiveness review and it is considered that there is a broad range of backgrounds, skills, knowledge and experience to achieve effective stewardship of the Company and each director brings different qualities to the Board and its discussions. The NC will make recommendations when the recruitment of additional non-executive directors is required and ensure that long lists of candidates include diverse individuals of appropriate experience and merit. See page 27 for more details on the Board's commitment to diversity.

Corporate Governance Report (continued)

The NC also reviews and recommends to the Board the directors seeking re-election. Recommendation is not automatic and will follow a process of evaluation of each director's performance and consideration of the director's independence, as well as the mix of skills and experience of the current Board members. The NC considers the time commitment of the directors, including other business commitments and appointments.

Appointment of director

A formal job description was drawn up in February 2021 to ensure that the search for a new director took place under clearly defined criteria, which focused on maintaining up-to-date practitioner's knowledge of the European investment management sector. The firm Trust Associates was appointed as external recruitment agent after a full tender process for executive search firms.

A long list of candidates was prepared by Trust Associates and discussed with the NC. After a rigorous review of potential candidates, a number of candidates were interviewed by the Board and a preferred candidate was selected against the recruitment criteria, which included personal strengths and other commitments.

On conclusion of the process, the Committee was pleased to recommend to the Board the appointment of Stephen Macklow-Smith. Following Board approval, Stephen was appointed with effect from 9 July 2021.

The services provided by Trust Associates were for the sole purpose of recruiting the eventual appointee. Trust Associates has not provided any other services to the Company and has no connection with any of the directors.

Board effectiveness review

In the year under review, the Nominations Committee conducted an internal review of its own effectiveness, together with that of its committees and individual directors, through the use of detailed and extensive questionnaires covering each area of operation. The Chair held discussions with each director individually. The Senior Independent Director undertook a review of the Chair's performance, taking feedback from each director and the Manager.

On the basis of the findings and the NC's recommendations, the Board concluded that:

- each director makes a significant contribution to the affairs of the Company and brings different qualities to the Board;
- the Chair displayed effective leadership and strong stakeholder, including shareholder engagement;
- the Board has an effective leadership and devolved committee structure;
- directors seeking re-appointment at the Company's AGM merit re-appointment by shareholders;
- no director is 'overboarded' under the FRC's guidelines, and each director continues to dedicate the time required to fulfil their duties to the Company effectively;
- the Board's size and composition remain appropriate for the Company;
- the Board retains a good balance of skills and business experience, as set out on page 29;
- the Board continues to operate effectively; and
- the committees continue to support the Board efficiently in fulfilling its duties.

The NC considered Robin Archibald's external appointments, including a board chairmanship of a venture capital trust. Following careful consideration of his interests and appointments, and being conscious of the reduced obligations and time commitment required as an investment company director rather than as a director of trading companies, the NC believes that Mr Archibald has sufficient time available and has demonstrated clear commitment and expertise to his role as director of the Company.

The review did not identify any causes for concern but helped to identify where the Board required strengthening and further succession planning, including for the role of Audit and Risk Committee Chair. Plans will be implemented over the medium term in future appointments made, whilst retaining a small, competent and engaged board. The Board will also continue strengthening the Company's investment and marketing strategies in annual strategy sessions.

NC effectiveness review

The activities of the NC were considered as part of the Board effectiveness review.

On behalf of the Board

Vicky Hastings
Chair of the Board
8 December 2021

Audit and Risk Committee Report

The Chair of the Audit and Risk Committee, Eliza Dungworth, reports to shareholders on the year to 30 September 2021

Role and responsibilities

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

The Committee Chair formally reports to the Board after each meeting, and makes recommendations for approval where relevant. The Committee's responsibilities are set out in formal terms of reference, available on the website, which are reviewed at each meeting.

Membership

The members of the Audit and Risk Committee (the "Committee") are Eliza Dungworth, Robin Archibald and Stephen Macklow Smith. Vicky Hastings as Chair of the Board attends the Committee's meetings by invitation only, in accordance with the AIC Code. The Committee is chaired by Eliza Dungworth, who is a chartered accountant and chartered tax adviser, with a degree in law. The Committee as a whole has competence relevant to the sector in which the Company operates and to the Company as an investment trust.

Meetings

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

Committee effectiveness review

The activities of the Committee were considered as part of the Board effectiveness review.

Activities during the year

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

- the accounting policies and the quality and effectiveness of the accounting records and management information maintained on behalf of the Company;
- the half-year and annual results and the Annual Report. This includes disclosures on internal controls, risk management, viability, going concern and related parties, and consideration of whether the report is fair, balanced and understandable and provides the information necessary for the Company's shareholders to assess the Company's position and performance, business model and strategy;
- the appropriate level of dividend to be paid by the Company, including sufficiency of revenue reserves, for recommendation to the Board;
- the internal controls and the resilience of operations in place at Janus Henderson, BNP Paribas Securities Services as administrator, HSBC Bank plc as depositary and custodian and Equiniti as registrar, including during periods where 'home office' working was compulsory;
- Janus Henderson's policies and activities in relation to information security and business resilience, meeting with representatives of Janus Henderson's internal audit, information security and risk departments;
- the key risks, risk management systems in place and the Company's risk map as modified to reflect changes to the risk environment;
- the Company's Anti-Bribery Policy and the policies and procedures in place to prevent tax evasion;
- the nature and scope of the external audit and its findings;
- whether there is a need for an internal audit function;
- the appointment of the auditor, their performance, remuneration and tenure of appointment, their independence, objectivity and effectiveness, and the reporting of the external auditor;
- the audit plan, including the principal areas of focus;
- the Manager's and other key service providers' whistleblowing policies for staff to raise concerns about possible improprieties, including in relation to the Company, in confidence;
- the management fee calculations;
- the Company's taxation affairs, including withholding tax recoverability and the Committee Chair's annual meeting with the Company's custodian on taxation matters; and
- Committee members' meetings during the year on risk, resilience and reporting matters outside formal Committee meetings.

Audit and Risk Committee Report (continued)

Audit appointment and tenure

Regulations currently in force require the Company to rotate audit firms after a period of ten years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. Ernst & Young LLP ("EY") was appointed as the Company's auditor on 25 July 2014 following the last formal tender process. The next audit tender will be carried out ahead of the financial year ending 30 September 2024.

The auditor is required to rotate partners every five years. This is the third year in which Mike Gaylor, the Audit Partner, has been in place.

Auditor review and independence

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

For the audit of the year under review, EY confirmed that all its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standards. The Committee satisfied itself of the auditor's independence and objectivity by the review carried out and the responses received.

Audit fees

The fees payable to EY for audit services were £40,000 (2020: £35,000) plus VAT and EY provided no other services. The regulator is now requiring auditors to price their independent audits of investment trusts on a standalone basis, and we anticipate that the increase in fees for this reason will continue in the coming year. Whilst audit fees continue to increase across the listed company sector, including for investment companies, there is a continued challenge by the Board to obtain value from the audit process for an investment company such as ours.

Policy on non-audit services

The Committee has approved, and keeps under regular review, a policy for the provision of non-audit services by the auditor. The policy sets out that the Company's auditor will only be considered for non-audit work where this is not prohibited by current regulations and where it does not affect the independence and objectivity of the auditor. In addition, the provision of any non-audit services by the auditor is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial years preceding the financial year to which the cap applies. Such services require approval in advance by the Committee, or Committee Chair, following due consideration of the proposed services. No non-audit services were provided in the year under review or in the previous year.

Audit for the year ended 30 September 2021

In relation to the Annual Report for the year ended 30 September 2021, the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	There is a risk that assets are incorrectly valued or ownership of assets is not secured. Actively traded investments are valued using stock exchange prices provided by third- party pricing providers and the portfolio valuation is reviewed at each meeting of the Board. Ownership of listed investments is verified by BNP via reconciliation to the custodian's records.
Recognition of income	Income received is accounted for in line with the Company's accounting policies (as set out on page 60). The Committee considered the treatment of the special dividends received during the course of the year and foreign withholding tax recoverability. The Committee reviewed in detail the likely impact of the Covid-19 pandemic on investment income over the coming years, and the potential effect on the dividend in light of these revenue projections.
Compliance with s1158 Corporation Tax Act 2010	The Committee reviews the Manager's procedures for ensuring compliance with relevant regulations so the Company maintains its investment trust status and regularly seeks confirmation of compliance with the relevant regulations.
Maintaining internal controls	The Committee carries out the annual assessment of the effectiveness of the Company's internal control and risk management systems by reviewing the framework and summary of the reporting received from its service providers throughout the financial year, including any impact of Covid-19 on risk and internal controls. The assurance report for one of the Company's service providers was qualified by the respective service auditor. The Committee reviewed the instances giving rise to the qualifications and received confirmation that appropriate action to address the issues identified in the report was being taken and that the exceptions identified had no impact on the Company.

Audit and Risk Committee Report (continued)

Effectiveness of the external audit

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

In assessing the effectiveness of the audit process for the year under review, the Committee Chair invites views from the directors, the Fund Managers and other members of the Manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee. The Committee also met privately with the Audit Partner to discuss how the audit operated from his perspective, without representatives of the Manager present.

Overall, the Committee considers that the audit quality for the year ended 30 September 2021 has been high and that the Manager and EY have worked together to enhance and improve reporting to shareholders.

Following completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by EY and therefore recommended to the Board their continuing appointment. EY has indicated their willingness to continue in office. Accordingly, resolutions reappointing EY as auditor to the Company and authorising the directors to determine their remuneration will be proposed at the 2022 AGM.

Internal control and risk management

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

The Board has established an ongoing process for identifying, evaluating and managing the principal and new or emerging risks faced by the Company, as set out on pages 20 to 22. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the period and up to the date of this report and is designed to meet the specific risks faced by the Company, taking account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting;
- regular reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- the contractual agreements with the Manager and other third-party service providers. The Management Engagement Committee reviews performance levels and adherence to relevant provisions of the agreements on a regular basis through reports received and conducts a formal evaluation of the overall level of service provided at least annually;
- the review of controls at the Manager and other third-party service providers, complementing the review of their performance and contracts by the Management Engagement Committee, as set out on page 35. The Board receives quarterly reporting from the Manager and depositary and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting provided by:
  - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Committee has reviewed the Company's system of internal controls for the year ended 30 September 2021. Following its review, it determined and reported to the Board that it had not identified of any failings or weaknesses relating to the Company's portfolio that were determined as significant.

Audit and Risk Committee Report (continued)

System of Internal Controls

Ernst & Young LLP
(Statutory auditor)

Board of Directors
(comprises independent, non-executive directors)

How the system of internal control operates

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

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

The Audit and Risk Committee evaluates the performance of the auditor on completion of each audit cycle, and monitors the effectiveness of the control environment of the Manager, Equiniti, HSBC and BNP on an annual basis through review of their annual assurance reports, supplemented by the view of the Manager's Operational Risk team.

Janus Henderson
(Investment management, company secretarial, sales, marketing, PR and administration)

Reporting
- Investment performance update (at each meeting)
- Compliance with investment limits and restrictions (monthly)
- Internal controls report (quarterly)
- Effectiveness of control environment (annually)

HSBC
(Depositary and custodian

Reporting
- Depositary report (quarterly)
- Presentation from the depositary and custodian (annually)
- Effectiveness of control environment (annually)

BNP Paribas
(Accounting services (engaged by the Manager))

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

Equiniti Limited
(Registrar)

Reporting
- Voting and scrutineer reports pre- and post-shareholder meetings
- Shareholder correspondence
- Operational service updates
- Effectiveness of control environment (annually)

Internal audit function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable.

Being an investment company with no employees, all executive activities are delegated to service providers, principally among them, the Manager, Janus Henderson. The Board places reliance on the Company's framework of internal control and the Committee's view on reporting received from specific second and third line of defence teams at the Manager.

The Manager's Operational Risk team supports the Committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's service providers. The Manager's Internal Audit department provides regular reporting to the Board on the operations at the Manager and presents at least annually to the Committee. The Board has therefore concluded that it is not necessary at the present time for the Company to have its own internal audit function.

Eliza Dungworth
Chair of the Audit and Risk Committee
8 December 2021

Directors' Remuneration Report

Remuneration Policy

The Remuneration Policy (the "Policy") sets out the principles applied in the remuneration of the Company's directors. Shareholders last approved the Remuneration Policy at the AGM held on 28 January 2021. No changes to the Policy are proposed, and the Board may amend the level of remuneration paid to individual directors only within the parameters of the Policy.

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

The Board's approach is that fees payable to the directors should:

- reflect the time spent by them on the Company's affairs;
- reflect the responsibilities borne by them as directors;
- be sufficient to promote the long-term success of the Company and comparable to the remuneration paid by other investment trusts of a similar size with a similar capital structure and investment objective; and
- not exceed the current aggregate remuneration limit of £250,000 per annum.

Directors are remunerated in the form of fees which are payable quarterly in arrears. No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties and may be eligible to receive additional remuneration, in specific circumstances, for services which go beyond the ordinary duties of a non-executive director. The level of remuneration paid to each director is reviewed annually, particularly in terms of whether the Policy supports the Company's long-term sustainable success, though such review will not necessarily result in a change to the rates. The review incorporates analysis of up-to-date information about remuneration in other companies of comparable scale and complexity, in order to avoid and manage conflicts of interest in determining fee levels.

Shareholders' views

Any feedback from shareholders on the fees paid to directors would be taken into account by the Board when reviewing remuneration levels.

Letters of appointment

All directors are appointed under a letter of appointment, which is an engagement for services and not a contract for employment. The appointment may be terminated at any time by written notice with no compensation payable. The Company has no executive directors or employees.

Recruitment principles

All directors, including any new appointments to the Board, are paid at the same rate. The Chair of the Board, Senior Independent Director and the Chair of the Audit and Risk Committee are paid a higher fee in recognition of their additional responsibilities.

Report on implementation

The Directors' Remuneration Report (the "Report") is prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the "Regulations"). An ordinary resolution to approve the Report will be put to shareholders at the 2022 AGM.

Annual Statement

As the Company has no employees and the Board comprises entirely non-executive directors, the Board has not established a separate remuneration committee. Directors' remuneration is determined by the Board as a whole within the parameters of the Policy approved by shareholders. The Nominations Committee and reviews directors' fees and makes recommendations to the Board for its decision as to the appropriate level of fees.

Directors' fees for the year under review were £38,000 for the Chair, £32,000 for the Chair of the Audit and Risk Committee and £29,500 for the Senior Independent Director. All other directors were paid £27,000 per annum.

Directors' fees were last increased from 1 October 2020, other than the fee for the Senior Independent Director, which was increased from £29,000 to £29,500 when Robin Archibald was appointed as such on 10 February 2021. Prior to that, fees were last increased in 2017. The incremental fee increase for the Senior Independent Director followed a review of fee levels which utilised external published data as well as a desktop review. Following the annual review in September 2021, no increase was proposed for the new financial year. The Board believes that both the individual remuneration and the aggregate fee levels take account of the needs of a small but very engaged non-executive board of experienced practitioners in the sector, and the likely need to add to the Board in the near to mid-term. There have been no other major decisions on directors' remuneration or any other changes to the remuneration paid to each individual director in the year under review. There will be no significant change in the way that the remuneration policy will be implemented in the course of the new financial year.

Directors' interests in shares (audited)

	Ordinary shares of 50p	
	30 September 2021	1 October 2020
Vicky Hastings	**7,500**	5,000
Robin Archibald	**2,603**	2,231
Eliza Dungworth	**480**	480
Stephen Macklow-Smith[1]	**–**	n/a

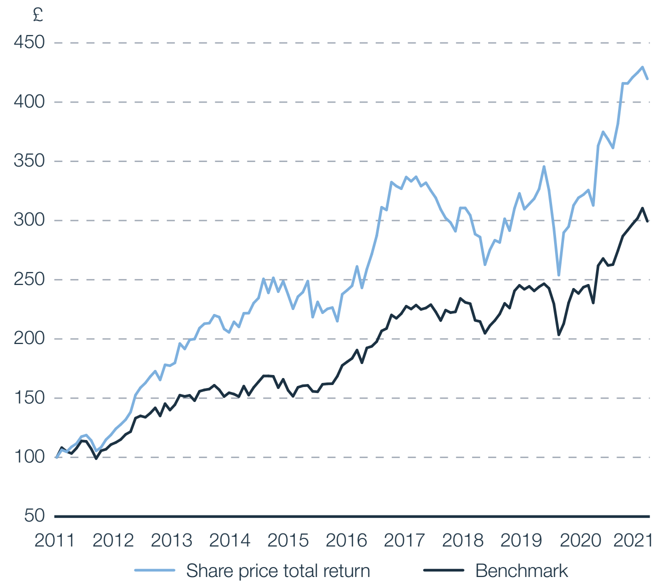
1 Appointed on 9 July 2021

Directors' Remuneration Report (continued)

The interests of the directors in the shares of the Company at the beginning and end of the financial year are shown in the table on the previous page. There have been no changes to any of the current directors' holdings since the year end in the period up to the date of this report. Directors are not required to hold shares of the Company by way of qualification.

Performance

The graph compares the share price total return of the Company's shares over the ten-year period ended 30 September 2021 with the return from the FTSE World Europe ex UK Index on the same basis in sterling terms, assuming the investment of £100 on 30 September 2011 and reinvestment of all dividends and income (excluding dealing expenses). During the 10-year period the net assets of the Company increased from £104 million to £371 million, and dividends increased from 17.75p per share to 33.10p per share, if approved by shareholders.



Sources: Morningstar Direct and Refinitiv Datastream

Directors' remuneration (audited)

The remuneration paid to the directors who served during the years ended 30 September 2021 and 30 September 2020 is as follows:

	Year ended 30 September 2021 Total salary and fees £	Year ended 30 September 2020 Total salary and fees £	Change (including changes of role)* %	**Year ended 30 September 2021 Reimbursed expenses† £**	Year ended 30 September 2020 Reimbursed expenses† £	**Year ended 30 September 2021 Total £**	Year ended 30 September 2020 Total £
Vicky Hastings[1]	38,000	25,913	46.6	–	–	38,000	25,913
Robin Archibald[2]	28,660	25,000	14.6	–	1,059	28,660	26,059
Eliza Dungworth[3]	32,000	29,000	10.3	–	–	32,000	29,000
Stephen Macklow-Smith[4]	6,163	–	n/a	–	–	6,163	–
Rodney Dennis[5]	–	12,401	n/a	–	–	–	12,401
Alexander Comba[6]	–	9,720	n/a	–	1,177	–	10,897
Alain Dromer[6]	–	8,379	n/a	–	6,245	–	14,624
Robert Jeens[7]	–	28,291	n/a	–	–	–	28,291
Total	**104,823**	**138,704**	**–**	**–**	**8,481**	**104,823**	**147,185**

Notes:
The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension-related benefits were made

1 Appointed Chair 25 September 2020
2 Appointed Senior Independent Director 10 February 2021
3 Chair of the Audit and Risk Committee
4 Appointed director 9 July 2021
5 Retired 31 January 2020. Chairman until retirement 31 January 2020
6 Retired 31 January 2020
7 Retired 25 September 2020

* The increases reflect changes of Board roles, including appointment or resignation during the period under review, and an increase in directors' fees on 1 October 2020, being the first increase since 2017

† Reimbursement of travel and accommodation expenses to attend board meetings and board recruitment meetings. The expenses are 'grossed up', reimbursed through payroll and in certain circumstances are subject to personal taxation and national insurance

Directors' Remuneration Report (continued)

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

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions to shareholders by way of dividends. There were no other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay. The table also shows the year-end assets of the Company which is another valid indicator of value movement.

	Year to 30 September 2021 £	Year to 30 September 2020 £	Year to 30 September 2016 £	1-year change £	1-year change %	5-year change £	5-year change %
Total remuneration	**104,823**	147,185	109,903	(42,362)	(28.8)	(5,080)	(4.6)
Ordinary dividends paid	**6,692,746**	6,728,956	5,178,444	(36,210)	(0.5)	1,514,302	29.2
Net assets	**370,736,000**	308,166,000	237,551,000	62,570,000	20.3	133,185,000	56.1

Note: Increases will fluctuate due to the number of directors in office in any one year

Statement of voting at annual general meeting

At the Company's annual general meeting held on 28 January 2021, shareholders approved the directors' remuneration policy and the Directors' Remuneration Report in respect of the year ended 30 September 2020. The following votes were received on the resolutions:

Resolution	For (including discretionary)	% of votes[1]	Against	% of votes[1]	Withheld
Remuneration policy	10,820,415	99.94	6,141	0.06	8,496
Remuneration report	10,820,100	99.94	6,141	0.06	8,811

1 Excluding votes withheld

On behalf of the Board

Vicky Hastings
Chair
8 December 2021

Directors' Report

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2021. The Company is a public limited company registered and domiciled in England & Wales with company number 427958. It was active throughout the year.

The Corporate Governance Report and Audit and Risk Committee Report on pages 29-40, Statement of Directors' Responsibilities on page 46 and the additional information on pages 74 onwards form part of the Directors' Report.

Share capital

As at 30 September 2021 the Company's paid up share capital consisted of 21,638,991 ordinary shares of 50p each, of which 256,413 shares were held in treasury. At the date of this report, 282,443 shares were held in treasury. Holders of the Company's shares are entitled to one vote for every share. Shares in treasury do not carry voting rights.

At the AGM held on 28 January 2021, shareholders authorised the directors to allot up to 2,163,898 new shares. Shareholders further authorised directors to repurchase up to 3,243,685 shares where the Company's shares were trading at a discount to the net asset value. No shares have been allotted or repurchased in the year to 30 September 2021. Since 1 October 2021 and to the date of this Report, the Company bought back 26,030 shares to be held in treasury, with a nominal value of £13,000, constituting 0.12% of issued share capital and a total cost of £427,000. The authority to allot and repurchase shares will expire at the earlier of 15 months from the date of the passing of the resolution and the next AGM.

There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no restrictions on voting, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. Where they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of shares.

Shareholders will be asked to approve the sub-division of each existing ordinary share of 50p each into 10 new ordinary shares of 5p each. Please see the Chair's statement on pages 5-6 and the Notice of the 2022 AGM for more information.

The share split will not itself affect the overall value of any shareholder's holding in the Company and we have made arrangements to ensure that there will be no interruption in trading the shares on the London Stock Exchange when the share split takes place. The new ordinary shares created pursuant to the share split will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the existing shares, including the same rights to participate in dividends paid by the Company.

The share split requires approval of shareholders. Therefore at the forthcoming AGM shareholders will be requested to approve a sub-division of each ordinary share of 50p nominal value into 10 new shares of 5p each. The share split is conditional on the new ordinary shares created pursuant thereto being admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's main market for listed securities. If the resolution is passed, the share split will become effective on admission of the new shares to the Official List.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 30 September 2021 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
1607 Capital Partners LLC	12.0
Investec Wealth & Investment	10.0
City of London Investment Management Company Limited	5.1
Rathbone Investment Management	5.0

No changes have been notified since 30 September 2021 to the date of this report.

Related-party transactions

The Company's transactions with related parties in the year were with the directors and the Manager. There were no material transactions between the Company and its directors during the year other than amounts paid to them in respect of remuneration and expenses, for which there were no outstanding amounts payable at the year end. Directors' shareholdings in the Company are disclosed on page 41.

In respect of the provision of services by Janus Henderson, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there were no material transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 22 on page 71.

Greenhouse gas emissions

The Company's environmental statements are set out in the Strategic Report on page 27.

Directors' Report (continued)

Other information

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

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out. There are no disclosures to be made in this regard.

Information is detailed in the Strategic Report regarding recommended dividends, future developments and financial risks.

Annual general meeting ("AGM")

The AGM will be held on 27 January 2022 at 2.30 pm at the Company's registered office. The Board invites shareholders to attend the meeting at the registered office at 201 Bishopsgate, London, EC2M 3AE, or via Zoom webinar connection if preferable.

The Fund Managers will present their review of the year and thoughts on the future and will be pleased to answer your questions, as will the Board. As is our normal practice, there will be live voting for those physically present at the AGM. Due to technical restrictions, we cannot currently offer voting by Zoom, and we therefore request all shareholders, particularly those who cannot attend physically, to submit their votes by proxy, ahead of the deadline of 25 January 2022.

Shareholders with shares held in their own names will receive a form of proxy enabling them to vote if they are unable to attend the AGM. Shareholders holding shares on share dealing platforms should contact their platform directly to vote their shares at the AGM. Instructions on attending the meeting and details of resolutions to be put to the AGM are included in the Notice of AGM sent with this Annual Report and are available at **www.hendersoneuropeanfocus.com**. If shareholders would like to submit any questions in advance of the AGM, they are welcome to send these to the corporate secretary at **itsecretariat@janushenderson.com**.

Whilst the aim is to have an open AGM for physical attendance on 27 January, shareholders should keep themselves informed, including by any announcement from the Company, should this change by virtue of new restrictions on attendance imposed by the ongoing health regulations.

Reappointment of auditor

Ernst & Young LLP has indicated their willingness to continue in office as auditor to the Company, and a resolution proposing their reappointment and authorising the directors to determine their remuneration for the ensuing year will be put to shareholders at the AGM. Further information about their reappointment can be found in the Audit and Risk Committee Report on page 38.

Voting recommendation

Your Board considers that the resolutions to be proposed at the AGM are in the best interests of the shareholders as a whole. The Board therefore recommends that shareholders vote in favour of each resolution, as the directors intend to do in respect of their own beneficial holdings.

This Directors' Report has been approved by the Board.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
8 December 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Statement under DTR 4.1.12

Each director, as listed on page 29, confirms that, to the best of his or her knowledge:

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

On behalf of the Board

Vicky Hastings
Chair of the Board
8 December 2021

ENEL, Chile

Financial Statements

Independent Auditor's Report to the Members of Henderson European Focus Trust plc

Opinion

We have audited the financial statements of Henderson European Focus Trust plc (the "Company") for the year ended 30 September 2021 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process and engaged with the directors and the Company Secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- We inspected the directors' assessment of going concern, including the revenue forecast, for the period at least 12 months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We have reviewed the inputs and assumptions, including the impact of the Covid-19 pandemic, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to repay borrowings or to cover working capital requirements should revenue decline significantly.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

Overview of our audit approach

Key audit matters	• The risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement. • The risk of incorrect valuation or defective title to the investment portfolio.
Materiality	• Overall materiality of £3.7m which represents 1% of Net Assets as at 30 September 2021.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor’s Report to the Members of Henderson European Focus Trust plc (continued)

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
The risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement. *(as described on page 38 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 60).* Investment income is received primarily in the form of dividends from European quoted equities. The investment income receivable by the Company during the year directly affects the Company’s ability to pay a dividend to shareholders. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or apply appropriate accounting treatment. Special dividends represent dividends paid by investee companies that are additional to the normal or expected dividend cycle for that company. In accordance with the Statement of Recommended Practice “Financial Statement of Investment Trust Companies and Venture Capital Trusts” (‘SORP’), special dividends can be included within either the revenue or capital columns of the Income Statement, depending on the commercial circumstances behind payments. The Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should classified as ‘revenue’ or ‘capital’. As such, there is a manual and judgmental element in classifying special dividends between revenue and capital.	**We have performed the following procedures:** • We have performed the following procedures: • Obtained an understanding of the Manager’s and BNP Paribas’s (“the Administrator”) processes and controls for recording investment income, including the review of special dividend classifications by the Board. • Reviewed a sample of dividends received from the Company’s income report and agreed key details (dividend rate, ex-date, payment date and withholding tax rate) to an independent source, agreed holdings at ex-date to the transactions report and agreed proceeds net of withholding taxes to bank statements. • The Company received eight special dividends (seven classed as revenue and one classed as capital), during the year and there were no dividends that were individually above our testing threshold. We tested all eight dividends and confirmed that the classification was consistent with the underlying nature of the payment. • Agreed a sample of dividends paid on investments held during the year from an independent pricing source to the income report. • For all accrued dividends, agreed key details (dividend rate, ex-date, payment date) to an independent source, agreed the holding at ex-date to the transactions report and where possible, agreed proceeds net of withholding taxes to post year-end bank statements. • Reviewed the income report for items above our testing threshold and confirmed whether these items were special, or otherwise. • Tested the completeness of special dividends by comparing, for all investments, the special dividends declared by that portfolio company during the year to the list of special dividends reported by the Company.	**The results of our procedures are:** We have no matters to communicate with respect to the procedures in response to the risk of incorrect or inaccurate income recognition.

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incorrect valuation or defective title to the investment portfolio including unlisted investments. *(as described on page 38 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 59).* The valuation of the portfolio at 30 September 2021 was £382.2m (2020: £309.9m) consisting primarily of listed equities. In accordance with FRS 102, the Company's listed investments have been designated as 'fair value through profit and loss'. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date..	**We have performed the following procedures:** • Obtained an understanding of the Administrator's processes surrounding the investment portfolio by reviewing their internal control reports and by performing our walkthrough procedures. • Agreed the prices of 100% of the investment portfolio to an independent pricing vendor, which is different to the vendor used by the Company. • Recalculated 100% of the value of quoted investments in foreign currencies to verify the accuracy of the corresponding Sterling balances based upon exchange rates from an external source. • Agreed the Company's holdings as at 30 September 2021 to independently obtained Custodian and Depositary reports (both HSBC Bank plc). • Reviewed the controls reports for exceptions that would impact the accuracy of the Depositary or Custodian records.	**The results of our procedures are:** We have no matters to communicate with respect to the procedures that we performed in response to the risk of incorrect valuation or defective title of the investment portfolio.

In the prior year, our auditor's report included a key audit matter in relation to the impact of Covid-19 on the Company and its operations. The impact of Covid-19 continued to be relevant to our audit of the Company and we considered its impact as part of our work on going concern which is set out in this report under our conclusions relating to going concern.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £3.7 million (2020: £3.1 million), which is 1% (2020: 1%) of net assets as at 30 September 2021. We have derived our materiality calculation based on a proportion of net assets as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation at year-end.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £2.8m (2020: £2.3m). We have set materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

Given the importance of the distinction between revenue and capital for the Company, we have also applied a separate testing threshold of £0.4m (2020: £0.3m) for the revenue column of the Income Statement being 5% of revenue profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.2m (2020: £0.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 46;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 23;
- Directors' statement on fair, balanced and understandable set out on page 46;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 20-22;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 39-40; and;
- The section describing the work of the audit and risk committee set out on pages 37-40.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 46, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and its management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the United Kingdom Generally Accepted Accounting Practices, the Companies Act 2006, the Listing Rules, UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through the incorrect classification of special dividends in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at **https://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company on 25 July 2014 to audit the financial statements for the year-ended 30 September 2014 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 8 years, covering the years ending 30 September 2014 to 30 September 2021.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mike Gaylor (Senior statutory auditor)
For and on behalf of Ernst & Young LLP (Statutory auditor)
London
8 December 2021

Income Statement

Notes		Year ended 30 September 2021 Revenue return £'000	Year ended 30 September 2021 Capital return £'000	Year ended 30 September 2021 Total return £'000	Year ended 30 September 2020 Revenue return £'000	Year ended 30 September 2020 Capital return £'000	Year ended 30 September 2020 Total return £'000
2	Gains on investments held at fair value through profit or loss	–	63,777	63,777	–	15,146	15,146
	Exchange gains/(losses) on currency transactions	–	154	154	–	(1,301)	(1,301)
3	Income from investments	9,091	–	9,091	6,864	–	6,864
4	Other income	–	–	–	14	–	14
	Gross revenue and capital gains	**9,091**	**63,931**	**73,022**	**6,878**	**13,845**	**20,723**
5	Management fee	(564)	(1,691)	(2,255)	(471)	(1,414)	(1,885)
6	Other fees and expenses	(572)	–	(572)	(506)	–	(506)
	Net return before finance costs and taxation	**7,955**	**62,240**	**70,195**	**5,901**	**12,431**	**18,332**
7	Finance costs	(51)	(126)	(177)	(105)	(285)	(390)
	Net return before taxation	**7,904**	**62,114**	**70,018**	**5,796**	**12,146**	**17,942**
8	Taxation on net return	(827)	(9)	(836)	(612)	–	(612)
	Net return after taxation	**7,077**	**62,105**	**69,182**	**5,184**	**12,146**	**17,330**
9	Return per ordinary share	33.10p	290.45p	323.55p	24.13p	56.54p	80.67p

The total columns of this statement represent the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

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

Statement of Changes in Equity

Notes	Year ended 30 September 2021	Called up share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Other reserves £'000	Total £'000
	At 30 September 2020	10,819	41,995	148,714	10,027	96,611	308,166
	Net return after taxation	–	–	62,105	7,077	–	69,182
10	Ordinary dividends paid	–	–	–	(6,612)	–	(6,612)
	At 30 September 2021	**10,819**	**41,995**	**210,819**	**10,492**	**96,611**	**370,736**

Notes	Year ended 30 September 2020	Called up share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Other reserves £'000	Total £'000
	At 30 September 2019	10,819	41,995	138,013	11,572	96,611	299,010
	Net return after taxation	–	–	12,146	5,184	–	17,330
	Buyback of ordinary shares for treasury	–	–	(1,445)	–	–	(1,445)
10	Ordinary dividends paid	–	–	–	(6,729)	–	(6,729)
	At 30 September 2020	**10,819**	**41,995**	**148,714**	**10,027**	**96,611**	**308,166**

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

Statement of Financial Position

Notes		At 30 September 2021 £'000	At 30 September 2020 £'000
	Fixed assets		
11	Investments held at fair value through profit or loss	382,205	309,882
	Current assets		
12	Debtors	3,145	5,898
	Cash at bank	199	34,345
		3,344	40,243
13	**Creditors:** amounts falling due within one year	(14,813)	(41,959)
	Net current liabilities	**(11,469)**	**(1,716)**
	Net assets	**370,736**	**308,166**
	Capital and reserves		
15	Called up share capital	10,819	10,819
16	Share premium account	41,995	41,995
17	Capital reserve	210,819	148,714
18	Revenue reserve	10,492	10,027
19	Other reserves	96,611	96,611
	Shareholders' funds	**370,736**	**308,166**
20	Net asset value per ordinary share	1,733.82p	1,441.20p

These financial statements were approved and authorised for issue by the Board of Directors on 8 December 2021 and were signed on its behalf by:

Vicky Hastings
Chair of the Board

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

Cash Flow Statement

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Cash flows from operating activities		
Net return before taxation	70,018	17,942
Add back: finance costs	177	390
Gains on investments held at fair value through profit or loss	(63,777)	(15,146)
(Gains)/losses on foreign exchange	(154)	1,301
Taxation paid	(1,283)	(802)
Increase in debtors	(78)	(10)
(Decrease)/increase in creditors	(214)	338
Net cash inflow from operating activities[1]	**4,689**	**4,013**
Cash flows from investing activities		
Sales of investments held at fair value through profit or loss	386,912	261,275
Purchases of investments held at fair value through profit or loss	(394,133)	(245,374)
Net cash (outflow)/inflow from investing activities	**(7,221)**	**15,901**
Cash flows from financing activities		
Buyback of ordinary shares for treasury	–	(1,445)
Equity dividends paid (net of refund of unclaimed distributions)	(6,612)	(6,729)
(Repayment)/drawdown of bank overdraft	(24,939)	12,448
Interest paid	(217)	(349)
Net cash (outflow)/inflow from financing activities	**(31,768)**	**3,925**
Net (decrease)/increase in cash and equivalents	(34,300)	23,839
Cash and cash equivalents at beginning of period	34,345	11,807
Gains/(losses) on foreign exchange	154	(1,301)
Cash and cash equivalents at end of period	**199**	**34,345**
Comprising:		
Cash at bank	**199**	**34,345**

1 Cash inflow from dividends was £8,182,000 (2020: £6,290,000) and cash inflow from interest was £nil (2020: £14,000)

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

Notes to the Financial Statements

1 Accounting policies

(a) Basis of preparation

The Company is a registered investment company as defined in s833 Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 78.

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (the "SORP") issued in October 2019.

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

The accounts have been prepared under the historical cost basis except for the measurement of investments at fair value. In applying FRS 102, financial instruments have been accounted for in accordance with Section 11 and 12 of the Standard. All the Company's operations are of a continuing nature.

The preparation of the Company's financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The directors do not believe that any accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(b) Going concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the directors believe that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. The directors have also considered the ongoing impacts of Covid-19, including cash flow forecasting and an assessment of the liquidity of the portfolio. They have concluded that the Company is able to meet its financial obligations, including the repayments of the bank overdraft, as they fall due 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, the directors have determined that it is appropriate for the financial statements to be prepared on a going concern basis.

(c) Investments held at fair value through profit or loss

Investment purchases are accounted for and initially recognised at the trade date of the acquisition. All investments are designated upon initial recognition as held at fair value through profit or loss. Sales of investments are accounted for at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the investments is based on their quoted bid price at the Statement of Financial Position date, without deduction of the estimated future selling costs.

Changes in investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as gains or losses from investments held at fair value through profit or loss. Also included in this caption are transaction costs incurred on the purchase and disposal of assets. All purchases and sales are accounted for on a trade date basis.

(d) Foreign currency

The results and financial position of the Company are expressed in pound sterling, which is the functional and presentational currency of the Company. Sterling is also the functional currency of the primary economic environment in which the Company operates.

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

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(e) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of the directors, the dividend is capital in nature in which case it is taken to the capital return. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Bank interest is accounted for on an accruals basis.

(f) Management and administrative expenses and finance costs

All expenses and finance costs are accounted for on an accruals basis. The annual management fee and borrowing interest charges are allocated 75% to capital and 25% to revenue in line with the Board's expected long-term split of returns in the form of capital and income profits respectively. All the other administrative expenses are charged to the revenue return of the Income Statement.

(g) Taxation

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

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

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

Deferred taxation is provided on all timing differences that have originated but not reversed by the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the tax rates expected to apply based on laws that have been enacted or substantially enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Borrowings

Overdraft borrowings are recorded initially at the value of proceeds received, net of any direct issue costs. They are subsequently remeasured at amortised cost. Finance costs, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

(i) Dividends payable to shareholders

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

(j) Issue and repurchase of ordinary shares and associated costs

The proceeds from issuing ordinary shares less issue costs are taken to equity and the costs of repurchasing ordinary shares, including related stamp duty and transaction costs, are taken directly to equity and reported through the Statement of Changes in Equity, with the cost of repurchase being charged to a capital distributable reserve. Share issues and repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve, in accordance with s733 Companies Act 2006. Where shares are repurchased and held in treasury, the transfer to the capital redemption reserve is made if and when such shares are subsequently cancelled.

(k) Capital and reserves

Called-up share capital represents the nominal value of ordinary shares issued.

The share premium account represents the excess received (subsequent to 11 July 2007) where treasury shares are sold for more than the Company paid to purchase the shares placed in treasury and the excess over the nominal value for new ordinary shares issued, less the costs of issue.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(k) Capital and reserves (continued)

The capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on investments held. The following analyses what is accounted for in each of these components.

Capital reserve arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- other capital charges and credits charged to this account in accordance with the above policies;
- realised foreign exchange differences of a capital nature; and
- cost of repurchasing share capital.

Capital reserve arising on investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

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

Other reserves comprise the following:

- The special distributable reserve was created on 11 July 2007 following the cancellation of the share premium account and the capital redemption reserve and is available to fund market purchases and the subsequent cancellation of own shares.
- The merger reserve represents the premium over the nominal value of ordinary shares issued in March 1997 in connection with the acquisition of The German Investment Trust plc.
- The capital redemption reserve represents the nominal value of ordinary shares that have been repurchased and cancelled.

(l) Distributable reserves

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

2 Gains on investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Gains on the sale of investments based on historical cost	50,158	11,726
Revaluation gains recognised in previous years	(25,114)	(19,552)
Gains/(losses) on investments sold in the year based on carrying value at previous Statement of Financial Position date	**25,044**	**(7,826)**
Revaluation gains on investments held at 30 September	38,733	22,972
Gains on investments held at fair value through profit or loss	**63,777**	**15,146**

3 Income from investments

	2021 £'000	2020 £'000
Listed investments:		
Overseas dividends	9,091	6,730
UK dividends	–	134
	9,091	**6,864**

Notes to the Financial Statements (continued)

4 Other income

	2021 £'000	2020 £'000
Deposit interest	–	14
	–	**14**

5 Management fees

	2021 Revenue return £'000	2021 Capital return £'000	2021 Total return £'000	2020 Revenue return £'000	2020 Capital return £'000	2020 Total return £'000
Management fee	564	1,691	2,255	471	1,414	1,885
	564	**1,691**	**2,255**	**471**	**1,414**	**1,885**

A description of the basis for calculating the management fee is given in the Business Model on page 19.

Management fees are allocated 25% to revenue and 75% to capital in the Income Statement.

6 Other fees and expenses

	2021 £'000	2020 £'000
Directors' fees and taxable benefits (see Directors' Remuneration Report on page 42)	105	147
Auditor's remuneration – for audit services	48	42
AIC subscriptions	18	21
Directors' and officers' liability insurance	9	4
Listing fees	29	28
Depositary charges	47	44
Custody charges	71	57
Printing and postage	30	26
Marketing expenses payable to the Manager	53	7
Registrar's fees	44	42
Legal and professional fees	86	66
Other expenses	32	22
	572	**506**

7 Finance costs

	2021 Revenue return £'000	2021 Capital return £'000	2021 Total return £'000	2020 Revenue return £'000	2020 Capital return £'000	2020 Total return £'000
On bank overdrafts payable within one year	42	126	168	95	285	380
Interest payable to HMRC due to refund of French withholding tax	9	–	9	10	–	10
	51	**126**	**177**	**105**	**285**	**390**

Interest payable is allocated 25% to revenue and 75% to capital in the Income Statement. Interest rates are set at the time drawings are made based on the bank's base rate, plus a margin of 1.25% per annum. During the year the weighted average interest rate was 1.35% (2020: 1.65%).

During the year to 30 September 2017 the Company received a refund of French withholding tax relating to tax suffered in 2007 and 2008. A provision was made for potential corporation tax payable and interest payment thereon to HMRC. During the year to 30 September 2021 a further amount of £9,000 (2020: £10,000) has been accrued for the potential additional interest payable. The refund and any associated corporation tax payable and interest have all been credited or charged to revenue.

Notes to the Financial Statements (continued)

8 Taxation

(a) Analysis of charge for the year

	Year ended 30 September 2021 Revenue return £'000	Year ended 30 September 2021 Capital return £'000	Year ended 30 September 2021 Total return £'000	Year ended 30 September 2020 Revenue return £'000	Year ended 30 September 2020 Capital return £'000	Year ended 30 September 2020 Total return £'000
Overseas tax suffered	827	9	836	612	–	612
Total taxation for the year	**827**	**9**	**836**	**612**	**–**	**612**

(b) Factors affecting the tax charge for the year

	Year ended 30 September 2021 Revenue return £'000	Year ended 30 September 2021 Capital return £'000	Year ended 30 September 2021 Total return £'000	Year ended 30 September 2020 Revenue return £'000	Year ended 30 September 2020 Capital return £'000	Year ended 30 September 2020 Total return £'000
Return before taxation	**7,904**	**62,114**	**70,018**	**5,796**	**12,146**	**17,942**
Corporation tax at 19.0% (2020: 19.0%)	1,502	11,802	13,304	1,101	2,308	3,409
Effects of:						
Non-taxable capital profits	–	(12,146)	(12,146)	–	(2,630)	(2,630)
Non-taxable income	(1,727)	–	(1,727)	(1,262)	–	(1,262)
Expenses not deductible for tax purposes	3	–	3	2	–	2
Current year expenses not utilised	222	344	566	159	322	481
Overseas tax	827	9	836	612	–	612
	827	**9**	**836**	**612**	**–**	**612**

The UK corporation tax rate is 19.00% (2020: 19.00%). The tax charge for the year is lower than the corporation tax rate.

The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading 'Current year expenses not utilised' in the table above. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts. Consequently, the Company has not recognised a deferred tax asset totalling £6,858,000 (2020: £4,645,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £27,432,000 (2020: £24,447,000), and based on a prospective tax rate of 25% (2020: 19%).

9 Return per ordinary share

The return per ordinary share is based on the net return attributable to the ordinary shares of £69,182,000 (2020: net return of £17,330,000) and on 21,382,578 ordinary shares (2020: 21,480,288) being the weighted average number of ordinary shares in issue during the year. The return per ordinary share can be further analysed between revenue and capital as below.

	2021 £'000	2020 £'000
Net revenue return	**7,077**	5,184
Net capital return	**62,105**	12,146
Net total return	**69,182**	**17,330**
Weighted average number of shares in issue during the year	**21,382,578**	21,480,288
Revenue return per share	**33.10p**	24.13p
Capital return per share	**290.45p**	56.54p
Total return per share	**323.55p**	**80.67p**

The Company does not have any dilutive securities, therefore the basic and diluted returns per share are the same.

Notes to the Financial Statements (continued)

10 Dividends paid and payable on the ordinary shares

Dividends on ordinary shares	Record date	Payment date	2021 £'000	2020 £'000
Final dividend (21.70p) for the year ended 30 September 2019	10 January 2020	7 February 2020	–	4,665
Interim dividend (9.60p) for the year ended 30 September 2020	5 June 2020	26 June 2020	–	2,064
Final dividend (21.70p) for the year ended 30 September 2020	8 January 2021	5 February 2021	4,640	–
Interim dividend (9.60p) for the year ended 30 September 2021	4 June 2021	25 June 2021	2,053	–
Unclaimed dividends over 12 years old			(81)	–
			6,612	**6,729**

The final dividend for the year ended 30 September 2021 has not been included as a liability in these financial statements. The total dividend payable in respect of the financial year, which forms the basis of the retention test under s1158 Corporation Tax Act, is set out below.

	2021 £'000	2020 £'000
Revenue available for distribution by way of dividend for the year	7,077	5,184
Interim dividend (9.60p) for the year ended 30 September 2021 (based on 21,382,578 ordinary shares in issue at 3 June 2021)	(2,053)	–
Final dividend (23.50p) for the year ended 30 September 2021 (based on 21,356,548 ordinary shares in issue at 8 December 2021)	(5,019)	–
Interim dividend (9.60p) for the year ended 30 September 2020 (based on 21,498,261 ordinary shares in issue at 5 June 2020)	–	(2,064)
Final dividend (21.70p) for the year ended 30 September 2020 (based on 21,382,578 ordinary shares in issue at 7 January 2021)	–	(4,640)
Undistributed revenue for section 1158 purposes/(transfer from revenue reserve)	**5**	**(1,520)**

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

11 Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Valuation at 1 October	309,882	312,880
Investment holding gains at 30 September	(43,252)	(39,832)
Cost at 1 October	**266,630**	**273,048**
Additions at cost	392,179	247,184
Disposals at cost	(333,475)	(253,602)
Cost at 30 September	**325,334**	**266,630**
Investment holding gains at 30 September	56,871	43,252
Valuation at 30 September	**382,205**	**309,882**

The Company received £383,633,000 (2020: £265,328,000) from investments sold in the year. The book cost of these investments when they were purchased was £333,475,000 (2020: £253,602,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

The Company's investments are registered in the name of nominees of, and held to the order of, HSBC Bank plc, as custodian to the Company. There were no contingent liabilities in respect of the investments held at the year end.

Purchase transaction costs for the year ended 30 September 2021 were £526,000 (2020: £278,000). These comprise mainly stamp duty and commission. Sale transaction costs for the year ended 30 September 2021 were £144,000 (2020: £92,000).

Notes to the Financial Statements (continued)

12 Debtors

	2021 £'000	2020 £'000
Amounts receivable within one year:		
Investments sold awaiting settlement	774	4,053
Accrued income	82	–
Prepaid expenses	15	17
Overseas withholding tax recoverable	2,229	1,781
Other receivables	45	47
	3,145	**5,898**

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts payable within one year:		
Investments purchased awaiting settlement	2,418	4,372
Accrued expenses and interest	1,490	1,743
Taxation payable	347	347
Bank overdraft	10,558	35,497
	14,813	**41,959**

The Company has an uncommitted, secured multi-currency overdraft facility equal to the lesser of £46,800,000 and 25% of custody assets with HSBC Bank plc. Interest is charged at the bank's fluctuating base rate, plus a margin of 1.25% per annum. Borrowings are repayable on demand.

14 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective and policy as stated on page 17. In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks, being market risk (comprising market price risk, currency risk and interest rate risk), credit risk, liquidity risk and gearing, and the directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and Janus Henderson coordinate the Company's risk management and there are various risk management systems in place.

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

14.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 14.1.1), currency risk (see note 14.1.2) and interest rate risk (see note 14.1.3). The Board reviews and agrees policies for managing these risks. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

14.1.1 Market price risk

The Company is an investment company and as such its performance is dependant on the valuation of its investments. Consequently, market price risk is the most significant risk to which the Company is exposed. The Company's investment objective and policy require it to invest mainly in listed Continental European equities.

At 30 September 2021 the fair value of the Company's assets exposed to market price risk was £382,205,000 (2020: £309,882,000). The fair value of the investments in the portfolio is normally their quoted bid price. The market price of investee companies' shares is subject to their performance, supply and demand for the shares and investor sentiment regarding the companies, their industry sectors and the countries in which they operate.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.1.1 Market price risk (continued)

The Company invests in a diversified portfolio of investments. In accordance with the Company's investment objective and policy the portfolio contains between 35 and 45 stocks, with a maximum single stock weighting of 10% of the net asset value ("NAV") of the portfolio at the time of investment. Stocks weighted at 5% of the portfolio or more will not exceed 50% of the NAV in aggregate. The typical minimum stock weight is 1% of NAV at the time of investment. The largest individual stock at the year end represented 6.2% of the value of the portfolio. The Company may use derivative instruments (such as futures and options) for the purpose of efficient portfolio management up to 10% of net assets. As at 30 September 2021 the Company had no exposure to such instruments.

The level of risk relative to the benchmark is increased by over or underweighting industry sectors and, to a lesser extent, country exposures and stock exposures relative to the benchmark, which tends to concentrate risk in those over and underweighted areas.

To illustrate the Company's sensitivity to market prices, a 10% change to the market value (in sterling terms) of the equity portfolio at 30 September 2021 would generate a corresponding increase or decrease in the NAV per ordinary share of 10.3% or £38.2 million (2020: 10.1% or £31.0 million).

14.1.2 Currency risk

The majority of the Company's assets are denominated in currencies other than sterling so the Company's total return and Statement of Financial Position can be significantly affected by currency fluctuations. No hedging of the currency exposure is currently undertaken. Revenue received in currencies other than sterling is converted into sterling on, or shortly after, the date of receipt. Whilst the Board and the Fund Manager monitor geographical and currency exposure it is not a key determinant of investment decisions. At the year end 103.3% (2020: 95.3%) of the Company's net assets were denominated in currencies other than sterling, the largest proportion being euro, at 68.4% (2020: 60.3%) of net assets.

The table below shows, by currency, the split of the Company's non-sterling monetary assets and investments at the year end:

	2021 £'000	2020 £'000
Monetary assets		
Cash and short-term receivables:		
Euro	1,470	4,790
Swiss franc	1,575	8,549
Swedish krona	24	–
Danish krone	220	4,782
Norwegian krone	39	5,663
Monetary liabilities		
Bank overdraft and short-term payables:		
Euro	(1,696)	(35,141)
Swiss franc	(721)	–
Swedish krona	–	(4,727)
Non-monetary assets		
Non-current asset investments held at fair value:		
Euro	267,340	216,107
Swiss franc	49,466	47,005
Swedish krona	32,021	36,165
Danish krone	21,862	10,605
Norwegian krone	11,516	–
Total	**383,116**	**293,798**

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.1.2 Currency risk (continued)

The level of assets exposed to currency risk increased by approximately 30.4% during the year, primarily through movement in the value of investments (2020: decreased by approximately 7%). The relative levels of exposure to currencies at the beginning and end of the year were broadly representative of levels through the period.

As can be seen from the table on the previous page, the most significant currency exposures are to the Euro and Swiss francs.

The following table illustrates the Company's sensitivity to movements in exchange rates relative to sterling. The sensitivity analysis is based on the Company's non-sterling monetary assets and investments held at the Statement of Financial Position date and assumes a 10% appreciation or depreciation of sterling against each of the currencies to which the Company is exposed, with all other variables held constant.

	2021		2020	
	Net assets £'000	**Revenue return £'000**	Net assets £'000	Revenue return £'000
Euro	23,055	519	16,887	341
Swiss francs	4,575	170	5,050	190
Other currencies	7,199	129	4,772	80
	34,829	**818**	**26,709**	**611**

The effect on capital return would be materially the same as the effect on net assets.

It should be noted that a number of investee companies derive a proportion of their profits from markets subject to currencies other than that in which their shares are denominated, so changes in the relevant currency exchange rates relative to each other are also likely to have an indirect impact. Also, the above illustration is based on exposures at the year end. Exposures may be subject to change during the year as a result of investment decisions.

14.1.3 Interest rate risk

The Company finances part of its activities through the use of a secured uncommitted multi-currency overdraft facility provided by HSBC Bank plc equal to the lesser of £46,800,000 and 25% of net assets. Interest rates are set at the time drawings are made based on the bank's base rate, plus a margin of 1.25% per annum. During the year, the maximum drawn under the facility was £15,094,000 (2020: £22,780,000) and the weighted average interest rate was 1.35% (2020: 1.65%). No hedging of the interest rate is undertaken. At 30 September 2021 there were drawings of £10,558,000 outstanding, of which £nil were in foreign currencies (2020: £35,497,000 of which £35,497,000 was in foreign currencies).

Interest is paid on the cash and short-term deposits. Overdraft drawings and deposits are rarely fixed for periods of more than one week.

At 30 September 2021, financial assets and liabilities exposed to floating interest rates were as follows:

	2021 £'000	2020 £'000
Financial assets		
Cash balances	199	34,345
Financial liabilities		
Bank overdraft	(10,558)	(35,497)

The Company has no direct exposure to fixed interest rates.

The year-end amounts are not representative of the exposure to interest rates either during the year just ended nor for the year ahead, since the level of borrowings and/or cash held will be affected by the strategy being followed in response to the Board's and Fund Managers' perception of market prospects and the investment opportunities available at any particular time. However, to illustrate the potential sensitivity to changes in interest rates, if £46.8 million was drawn from the uncommitted multi-currency overdraft facility (based on the 20% gearing limit set by the Board), a change of 0.5% in the rate of interest charged would, over the course of a year, amount to £234,000 (ignoring any exchange rate movements), less than 0.1% of year-end net assets.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.2 Credit risk

Credit risk is the Company's exposure to financial loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits, or the failure of the Company's custodian. The Company manages credit risk by using brokers from a database of approved financial institutions who have undergone rigorous due diligence tests by the Manager's risk management team and by dealing through Janus Henderson with banks authorised by the Financial Conduct Authority.

At 30 September 2021, the maximum exposure to credit risk was £199,000 (2020: £34,345,000) comprising:

	2021 £'000	2020 £'000
Cash at bank	199	34,345

The company is exposed to credit risk through its cash position. Bankruptcy or insolvency of banks may cause the Company's rights with respect to cash held by banks to be delayed or limited. The Company's cash balances are held by its custodian, HSBC Bank Plc. The directors believe the counterparty is of high credit quality and, therefore, the Company has minimal exposure to credit risk.

All the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of default is considered to be low.

14.3 Liquidity risk

Liquidity risk is the possibility of the Company failing to realise sufficient assets to meet its financial obligations. The Company minimises this risk by having a bias to larger capitalised companies, by investing in listed companies and by ensuring that it has adequate cash and credit facilities in place to meet its obligations. The Company's liquidity is almost entirely on interest-bearing current accounts or short-term deposits in the money market. Deposits are rarely fixed for terms in excess of one week and are limited to 10% of net assets with any one bank or institution. Cash requirements are monitored on a regular basis by the Manager.

At 30 September 2021, the fair value of financial liabilities was £14,813,000 (2020: £41,959,000), comprising:

	2021 £'000	2020 £'000
Due within one month:		
Investments purchased awaiting settlement	2,418	4,372
Bank overdraft	10,558	35,497
Accrued expenses and interest	1,490	1,743
Taxation payable	347	347

14.4 Borrowings

As discussed above, in addition to using shareholders' funds to finance investments the Company can also invest funds available from drawings on its overdraft facility. Such borrowing will exaggerate the effect on the NAV of a change in the value of the portfolio. If the Company's uncommitted multi-currency overdraft facility was extended to the level permitted by the Board the bank borrowing would amount to 20% of net assets and in those circumstances a change of 10% in the value of the portfolio would be expected to change the NAV by approximately 12.5%.

As noted on page 67 in the interest rate risk section, the level of borrowings and/or cash held during the year will be affected by the strategy being followed in response to the Board's and Fund Managers' perception of market prospects and the investment opportunities available at any particular time.

At the year end there was bank borrowing of 2.8% (2020: 0.6%).

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.5 Fair value hierarchy

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

- Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Quoted equities	382,205	–	–	382,205
Total	**382,205**	**–**	**–**	**382,205**

2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Quoted equities	309,882	–	–	309,882
Total	**309,882**	**–**	**–**	**309,882**

The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Level 1 are actively traded on recognised stock exchanges.

14.6 Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise the revenue and capital return to its equity shareholders. This is achieved through an appropriate balance of equity capital and debt.

The Company's total capital at 30 September 2021 was £370,736,000 (2020: £308,166,000) comprising equity share capital of £10,819,000 (2020: £10,819,000) and reserves of £359,917,000 (2020: £297,347,000).

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

- the planned level of gearing, which takes into account the Fund Managers' view on the market;
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium) as well as the discount of the peer group and the level of the equity market;
- the need for new issues of equity shares, including sales from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company is subject to several externally imposed capital requirements:

- borrowings are not to exceed 25% of custody assets;
- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

The Company's objectives, policies and procedures for managing capital are unchanged from last year.

Notes to the Financial Statements (continued)

15 Called up share capital

	2021 £'000	2020 £'000
Allotted, issued and fully paid		
21,382,578 (2020: 21,382,578) ordinary shares of 50p each	10,690	10,690
256,413 (2020: 256,413) ordinary shares of 50p each held in treasury	129	129
	10,819	**10,819**

During the year to 30 September 2021, no shares were repurchased by the Company (2020: 115,683 shares at a cost of £1,445,000 including expenses). The ordinary shares held in treasury have no voting rights and are not entitled to dividends. Subsequent to the year end, 26,030 ordinary shares were bought back to be held in treasury at a cost of £427,000.

16 Share premium account

	2021 £'000	2020 £'000
Balance brought forward	41,995	41,995
Balance at 30 September	**41,995**	**41,995**

17 Capital reserve

	2021			2020		
	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital reserves total £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital reserves total £'000
Balance brought forward	105,541	43,173	148,714	98,260	39,753	138,013
Transfer on disposal of investments	25,114	(25,114)	–	19,552	(19,552)	–
Movement in fair value of investments	25,044	38,733	63,777	(7,826)	22,972	15,146
Exchange gains/(losses) on currency transactions	162	–	162	(1,301)	–	(1,301)
Forward foreign currency contracts losses	–	(8)	(8)	–	–	–
Management fee allocated to capital	(1,691)	–	(1,691)	(1,414)	–	(1,414)
Interest payable allocated to capital	(126)	–	(126)	(285)	–	(285)
Buyback of Ordinary shares for treasury	–	–	–	(1,445)	–	(1,445)
Irrecoverable withholding tax deducted at source	(9)	–	(9)	–	–	–
Balance at 30 September	**154,035**	**56,784**	**210,819**	**105,541**	**43,173**	**148,714**

The table above shows the capital reserve split between realised (capital reserve on investments sold) and unrealised (capital reserve on investments held).

18 Revenue reserve

	2021 £'000	2020 £'000
Balance brought forward	10,027	11,572
Net revenue return for the year after tax	7,077	5,184
Dividends paid (note 10)	(6,612)	(6,729)
Balance at 30 September	**10,492**	**10,027**

Notes to the Financial Statements (continued)

19 Other reserves

	2021				2020			
	Special distributable reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Total £'000	Special distributable reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Total £'000
Balance brought forward	25,846	61,344	9,421	96,611	25,846	61,344	9,421	96,611
Balance at 30 September	**25,846**	**61,344**	**9,421**	**96,611**	**25,846**	**61,344**	**9,421**	**96,611**

20 Net asset value per share

The NAV per share is based on the net assets attributable to the ordinary shares of £370,736,000 (2020: £308,166,000) and on 21,382,578 (2020: 21,382,578) shares in issue on 30 September 2021, excluding treasury shares.

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

	2021 £'000	2020 £'000
Total net assets at start of year	308,166	299,010
Net return for the year after tax	69,182	17,330
Buyback of shares for treasury	–	(1,445)
Dividends paid on shares	(6,612)	(6,729)
Net assets attributable to the ordinary shares at 30 September	**370,736**	**308,166**

21 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 30 September 2021 (2020: nil).

22 Transactions with the Manager and related parties

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

Details of the fee arrangements for these services are given on page 19. The management fees payable to Janus Henderson under the agreement in respect of the year ended 30 September 2021 were £2,255,000 (2020: £1,885,000). The amount outstanding at 30 September 2021 was £1,170,000 payable to Janus Henderson (2020: £1,385,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. Total amounts paid to Janus Henderson in respect of sales and marketing, including VAT, for the period ended 30 September 2021 amounted to £53,000 (2020: £7,000).

Details of fees paid to directors are included in the Directors' Remuneration Report on page 42 and in note 6 on page 62.

Notes to the Financial Statements (continued)

23 Changes in financial liabilities

The following table shows the movements during the period of net debt in the statement of financial position:

	At 1 October 2020 £'000	Cash flows £'000	Non-cash changes Foreign exchange movement £'000	At 30 September 2021 £'000
Financing activities				
Bank overdraft	(35,497)	24,939	–	(10,558)
	(35,497)	24,939	–	(10,558)
Non-financing activities				
Cash and cash equivalents	34,345	(34,300)	154	199
	34,345	(34,300)	154	199
Total	**(1,152)**	**(9,361)**	**154**	**(10,359)**

	At 1 October 2019 £'000	Cash flows £'000	Non-cash changes Foreign exchange movement £'000	At 30 September 2020 £'000
Financing activities				
Bank overdraft	(23,049)	(12,448)	–	(35,497)
	(23,049)	(12,448)	–	(35,497)
Non-financing activities				
Cash and cash equivalents	11,807	23,839	(1,301)	34,345
	11,807	23,839	(1,301)	34,345
Total	**(11,242)**	**11,391**	**(1,301)**	**(1,152)**

Additional Information

Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as alternative investment funds ("AIFs") and requires them to appoint an alternative investment fund manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board retains responsibility for strategy, operations and compliance. The directors retain a fiduciary duty to shareholders.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities. The Company is a constituent of the AIC Europe sector.

Benchmark

An index against which performance is compared. For the Company this is the FTSE World Europe ex UK Index on a total return basis in sterling terms.

Continental Europe

For the purpose of the Company's investment policy, this is defined as every country in Europe except the UK, the Channel Islands and the Isle of Man.

Custodian

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

Depositary

As an AIF, the Company is required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a custodian. The depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets.

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value per ordinary share will be disclosed ex-dividend.

Environmental, social and governance ("ESG")

Matters relating to environmental, social and governance activities which are increasingly factored into the analysis of how corporate entities, including investment companies, conduct their activities.

Investment trusts/investment companies

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

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buyback powers to assist the market liquidity in their shares.

Market capitalisation ("market cap")

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

Treasury shares

Shares repurchased by the Company, but not cancelled, and available for re-issue under the appropriate circumstances.

Alternative Performance Measures

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

Capital return per share

The capital return per share is the capital profit/(loss) for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 63).

Discount or premium

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

		30 September 2021	30 September 2020
Net asset value per share (pence)	(A)	1,733.82	1,441.20
Price per share (pence)	(B)	1,590.00	1,260.00
(Discount) or Premium (C= (B-A)/A) (%)	(C)	(8.3)	(12.6)

Gearing/(net cash)

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

		2021	2020
Investments held at fair value through profit or loss (page 57) (£'000)	(A)	382,205	309,882
Net assets (page 57) (£'000)	(B)	370,736	308,166
Gearing/(Net Cash) (C=A/B-1)x100 (%)	(C)	3.1	0.6

Net asset value ("NAV") per ordinary share

The value of the Company's assets less any liabilities for which the Company is responsible divided by the number of ordinary shares in issue excluding shares held in treasury (see note 15). The aggregate NAV is also referred to as shareholders' funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 3 and further information is available on page 71 in note 20 within the Notes to the Financial Statements.

Alternative Performance Measures (continued)

Ongoing charge

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

	2021 £'000	2020 £'000
Management fees (note 5)	2,255	1,885
Other administrative expenses (note 6)	572	506
Less: non-recurring expenses	(28)	(3)
Ongoing charge	**2,799**	**2,388**
Average net assets[1]	349,994	292,720
Ongoing charge ratio (%)	**0.80**	**0.82**

1 Calculated using the average daily net asset value

The ongoing costs provided in the Company's Key Information Document ("KID") are calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs.

Revenue return per share

The revenue earnings per share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (page 63).

Total return performance

The total return performance on the NAV or share price taking into account both the rise and/or fall of NAV/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in note 10 on page 64.

	NAV per share	Share price
NAV per share/share price at 30 September 2020 (pence)	1,441.20	1,260.00
NAV per share/share price at 30 September 2021 (pence)	1,733.82	1,590.00
Change in the year (%)	20.3	26.2
Impact of dividends reinvested (%)	1.9	2.1
Total return for the year (%)	**22.6**	**28.8**

Yield

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

		30 September 2021	30 September 2020
Annual dividend (pence)	(A)	33.10	31.30
Share price (pence)	(B)	1,590.00	1,260.00
Yield (C=A/B) (%)	(C)	2.1%	2.5%

General Shareholder Information

AIFMD Disclosures

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), information in relation to the Company's leverage and remuneration of Henderson Investment Funds Limited, as the Company's alternative investment fund manager ("AIFM"), is required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document, the 'AIFMD Disclosure', which can be found at **www.hendersoneuropeanfocus.com**.

BACS

Dividends can be paid by means of BACS (Bankers' Automated Clearing Services), and mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar, Equiniti Limited (the address is on page 78), to give their instructions, which must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

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

Equality Act 2010

This Annual Report and other documents issued by the Company are available from the corporate secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate. You may contact the registrar who has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0371 384 2457. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

FATCA

The Foreign Account Tax Compliance Act ("FATCA") is a United States federal law whose intent is to enforce the requirement for US persons to file annual reports on their non-US financial accounts. Each year, investment trusts need to monitor the trading volume and frequency of their shares and securities each year to assess whether they have financial accounts. The Company makes an annual assessment to determine if the shares represent financial accounts and would report any US accounts to HMRC, as required.

GDPR

The General Data Protection Regulation ("GDPR") aims to protect and empower individual data privacy and reshape the way organisations approach data privacy. A privacy statement can be found at **www.janushenderson.com**.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for holdings through a stocks and shares ISA.

Non-mainstream pooled investments ("NMPI") status

The Company currently conducts its affairs so that its ordinary shares of 50p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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

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

Performance share price and publication

The Company's NAV is published daily. Details of the Company's share price and NAV per share can be found on the website **www.hendersoneuropeanfocus.com** and on the London Stock Exchange Daily Official List.

The market price of the Company's shares is also published daily in the Financial Times and on Trustnet.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Equiniti Limited, via **www.shareview.co.uk**. To gain access to your details on the Equiniti site you will need the holder reference number shown on your share certificate.

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

Service Providers

Registered office

201 Bishopsgate
London EC2M 3AE

Other service providers

Alternative investment fund manager

Henderson Investment Funds Limited
201 Bishopsgate
London EC2M 3AE

Depositary and custodian

HSBC Bank Plc
8 Canada Square
London E14 5HQ

Stockbroker

Winterflood Securities Limited
The Atrium Building
Cannon Bridge, 25 Dowgate Hill
London EC4R 2GA

Corporate secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
ITSecretariat@JanusHenderson.com

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing,
West Sussex BN99 6DA
Telephone: 0371 384 2457
(or +44 121 415 0804 if calling from overseas)
Lines are open 9.00 am to 5.00 pm UK time,
Monday to Friday.

There is a range of shareholder information online. You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk**

Independent auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Financial calendar

Annual results announced	December 2021
Ex dividend date	6 January 2022
Dividend record date	7 January 2022
Annual General Meeting	27 January 2022
Final dividend payable	4 February 2022
Half-year results announced	May 2022
Interim dividend payable	June 2022

Information sources

For more information about the Company, visit the website at **www.hendersoneuropeanfocus.com.** This includes factsheets, interviews and current information on the Company and up-to-date share price and net asset value information.

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

Follow Janus Henderson Investment Trusts on LinkedIn: – Janus Henderson Investment Trusts, UK.

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions, and links to various providers are included on the website.

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

Nominee share code

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

Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. Please note that it is unlikely that either the Company or the Company's registrar, Equiniti, would make unsolicited telephone calls to shareholders. Any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'. If you are in any doubt about the veracity of an unsolicited phone call, please call the corporate secretary at the number provided on page 78.

Henderson European Focus Trust plc
Registered as an investment company in England and Wales with registration number 427958
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: Ordinary Shares: 0526885/GB0005268858
London Stock Exchange (TIDM) Code: HEFT
Global Intermediary Identification Number (GIIN): THMNPN.99999.SL.826
Legal Entity Identifier (LEI): 213800GS89AL1DK3IN50

Telephone: **0800 832 832**
Email: **support@janushenderson.com**

www.hendersoneuropeanfocus.com

MANAGED BY
Janus Henderson
INVESTORS

aic
The Association of
Investment Companies

aic Shareholder Communication Awards 2019 WINNER

aic Shareholder Communication Awards 2020 WINNER

aic Shareholder Communication Awards 2021 WINNER

MORNINGSTAR Bronze

CITYWIRE WINNER BEST FUND MANAGER 2021 UK

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Front Cover image: Aerial view of the Fuerwigge Dam near Meinerzhagen in the Sauerland in Germany

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