Company Number: 00427958

HENDERSON EUROPEAN FOCUS TRUST PLC

Report for the half-year ended 31 March 2022

(unaudited)

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HENDERSON EUROPEAN FOCUS TRUST PLC (the "Company")

Unaudited results for the half-year ended 31 March 2022

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

Performance highlights
- Net asset value ("NAV") per share total return[1] declined 3.7% compared to fall in the benchmark[2] return of 2.4%.
- Share price total return[3] declined 5.6%.
- Interim dividend of 1.20p per share declared (2021: 0.96p[6]).

Total return performance to 31 March 2022

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV[1]	(3.7)	4.0	39.7	43.8	212.5
Benchmark index[2]	(2.4)	6.5	32.2	41.4	157.6
AIC Europe sector NAV[4]	(8.3)	2.5	36.7	51.2	195.9
Share price[3]	(5.6)	3.8	40.8	27.4	233.7
AIC Europe sector share price[4]	(10.5)	0.8	38.5	49.6	207.9
IA OEIC Europe sector[5]	(4.1)	4.3	32.2	38.1	152.2

Financial highlights

	At 31 March 2022 (unaudited)	At 30 September 2021 (audited)
Shareholders' funds		
Net assets	**£352.0m**	£370.7m
NAV per ordinary share[6]	**164.80p**	173.38p
Share price[6]	**148.00p**	159.00p
Gearing at period end[7]	**3.9%**	3.1%

	Half-year ended 31 March 2022 (unaudited)	Year ended 30 September 2021 (audited)
Total return to equity shareholders		
Revenue return after taxation (£'000)	**3,677**	7,077
Capital return after taxation (£'000)	**(16,999)**	62,105
Total return	**(13,322)**	69,182
Total return per ordinary share		
Revenue[6]	**1.72p**	3.31p
Capital[6]	**(7.96p)**	29.05p
Total return	**(6.24p)**	32.36p

1 Net asset value ("NAV") total return per ordinary share (with dividends reinvested)
2 FTSE World Europe ex UK Index on a total return basis in Sterling terms
3 Share price total return (with dividends reinvested) using mid-market closing price
4 Simple average NAV for the Association of Investment Companies ("AIC") Europe sector of seven companies
5 Investment Association ("IA") Europe ex UK Equity sector average
6 Comparative figures for the period ended 30 September 2021 have been restated due to the sub-division of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022.
7 Net gearing, as defined in the alternative performance measures in the Annual Report for the year ended 30 September 2021.

Sources: Morningstar Direct, Refinitiv Datastream and Janus Henderson

INTERIM MANAGEMENT STATEMENT

CHAIR'S STATEMENT

It is three months now since Russia did the unthinkable and invaded Ukraine. War in Europe is not something that any of us expected to see again and the resulting horrendous humanitarian consequences have been devastating. It has also had deep implications for every sector of the economy: from government budgeting and capital allocation, to central bank policy-making, to companies' operational performance and to households' discretionary expenditure. The effects are manifold and significant. Our Fund Managers elaborate on the impact in their report. Suffice to say that any forecasts from the start of 2022 have been heavily revised, if not completely re-written. Growth expectations for the Eurozone for the current year have reduced from 4.2% to 2.7%, whilst inflation expectations for 2022 have risen to 6.7% (from 2.5% at the start of the year) with current inflation across the European region at 7.4%, the highest it has been for 25 years. Unsurprisingly, this has made for a very uncertain period for investing in equities anywhere in the world, and for Europe in particular.

Share split

A sub-division in the Company's shares was approved at the AGM in January 2022 on a 10:1 basis. From 7 February 2022, the shares have been trading on this new basis. All the performance and revenue data quoted have taken this into account, including in my statement below where I refer to various historical numbers which have factored the share split into them.

We hope that by splitting the shares we will see an improvement in daily liquidity along with increased use of dividend reinvestment and share save programmes that many of the online brokers offer. We would encourage private investors to investigate these options.

Performance

In the six months to 31 March 2022, the Company's NAV total return per ordinary share declined by 3.7%, compared to a fall of 2.4% in the Company's benchmark, the FTSE World Europe ex UK index. Our NAV performance was better than the average of our closed-ended peers in the AIC Europe sector, with average performance over the six-month period of -8.3% and against the open-ended funds IA Europe ex UK OEIC sector average which fell by 4.1%.

The Company's share price total return frustratingly saw a greater fall of 5.6% as the discount at which the shares trade relative to the underlying NAV widened slightly: as with many equity trusts, particularly those invested in Continental Europe, the risk premium increased and ratings weakened. The discount at 31 March 2022 was 10.2% compared to 8.3% at 30 September 2021.

Dividend

The Company will pay an interim dividend of 1.20p per ordinary share on 27 June 2022 to shareholders on the register on 6 June 2022; this compares to 0.96p on an equivalent basis for the six months ending 31 March 2021. This reflects an element of rebalancing between the interim and final dividend payments and should not be taken as a proxy for the full-year dividend increase. The shares will be quoted ex-dividend on 1 June 2022.

Loan notes and gearing

As we announced at the end of January, the Board issued €35m long-term fixed-rate unsecured loan notes at a weighted average interest rate of 1.57% (€25m to 31 January 2047 at 1.53% and €10m to 31 January 2052 at 1.66%). Whilst we believe this financing will provide attractively priced long-term capital to be deployed for the benefit of shareholders, in the very short term the uncertainty arising from the war has resulted in little of this being invested in the stock market as our Fund Managers have 'kept their powder dry'. They discuss this in their report. The long-term facility replaces some of our flexible overdraft, although we still have a facility of £30m (or 10% of custody assets, whichever is lower) with HSBC at our disposal, should the Fund Managers seek to deploy gearing to the maximum allowed by the Company's articles (20% of net assets). We believe that these arrangements provide flexible gearing for the Company for the longer term at a relatively inexpensive rate.

Gearing was at 3.9% at 31 March 2022 (vs 0.2% at 31 March 2021) and made a marginal positive contribution to performance in this six-month period. Gearing is 1.0% at the time of writing.

Board changes

Marco Bianconi will join our Board as a non-executive director with effect from 1 June 2022. Marco will bring complementary skills and experiences which we believe will be beneficial to the running of the Company. Marco (who lives in Italy) will add a Continental European perspective to our debates, as well as having direct and relevant experience gleaned from both within the investment industry and from a range of senior roles with public companies in Italy. He is currently Head of Mergers and Acquisitions and Investor Relations for Cementir Group and is also audit committee chair of Gabelli Merger Plus+ Trust Plc.

Outlook

We are understandably cautious in the near term and our Fund Managers write that they 'doubt there is easy money to be made in the market from here'. However, it is exactly during times such as these that active fund managers can 'earn their spurs'.

Differentiation of each investee company's prospects, coupled with deep fundamental analysis of investments made and held should produce superior investment returns for the longer term. Even when the macroeconomic statistics make grim reading, there should still be some companies bucking the trend and some industries with sustained and robust growth – along with some companies whose valuations seem at odds with their prospects: these are the investments that you should expect to find in our portfolio.

Vicky Hastings
Chair of the Board
23 May 2022

FUND MANAGERS' REPORT

Readers may recall that our previous update in the Annual Report contained the following forward-looking statement:

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.

We did not expect a European war to be one of those constraints. The needless suffering of millions of innocent people appears to have shaken the Western world from its comfortable, introverted slumber. In order to impose the strongest possible deterrent on the Putin regime, various governments have judged that sacrifices must be made. In the case of our investee companies, the sacrifice is invariably the price – or in some cases even the availability – of the raw materials required for heat, power and processing, of which Russia constitutes a key supplier. This has further compounded an already creaking post-Covid supply chain, the increasingly complex and global nature of which has been the result of a near 30-year project since the creation of the World Trade Organisation.

We believe the invasion marks a significant shift, or at least an acceleration of emergent trends, leading to greater localisation of supply chains and prioritised tangible investment into energy, infrastructure and defence. We also hope it brings an end to the arbitrary and counterproductive 'moral score-carding' adopted by large sections of the asset management industry towards economically critical - and therefore socially critical – companies in recent years. If these forecasts prove to be correct, the market implications could be profound, requiring investors to 'care about valuation' – the price paid for a stream of cash flow – in a manner largely elusive over the last decade. Regular readers will by now be well-accustomed to our musings on the potential return of a broader, more valuation-conscious equity market after half a generation of easy-money conditions and fiscal austerity.

Do we live in too much hope? Certainly, the last six months have tormented us with an epic value-growth tug of war. The summer 2021 outperformance of growth over value we spoke of in our last update only became more extreme into the end of the calendar year, with headlines of yet another Covid variant – this time Omicron – offering the perfect excuse for investors to avoid risk. This made for a Blue Christmas for your Fund Managers, given the portfolio's exposure to the 'consumer-reopening' theme. Attempting to console ourselves, we held out hope that the movements had been a non-fundamental case of risk-off into the calendar year-end; perhaps it was pure cynicism on our part to note that, for many in the asset management industry, 31 December marks the end of the annual performance measurement period that determines variable remuneration. When in doubt, get out.

In any case, our hope was rewarded with a dramatic value and 'reopening' rotation ushered in at the start of 2022 on the back of rising interest rates and Omicron-relief. Yet just as capitulation felt imminent by those who have spent a career as growth disciples (we noted broker headlines such as "Is rotation becoming momentum?"), the great rotation was abruptly stamped out by Russian boots in Ukraine. The market reverted to defensive stocks and those offering secular quality growth. An intermittent flirtation with yield curve 'inversion' – indicating recessionary sentiment – while inflation aggressively erodes cash and bonds, has hinted at a form of 'TINA' ('there is no alternative') to equities that avoids economically sensitive areas of the market. European industrial recession is increasingly being priced into many stocks, as is the impact from a less dynamic consumer, squeezed by higher energy and food bills.

Outlook

Our outlook is therefore strikingly similar to the one we offered six months ago, only more acute: the Q1 results season so far has not offered up margin shocks in the quantity we might have predicted, but share price behaviour implies that 'the worst is yet to come', as companies grapple with an exceptionally difficult operating environment. We doubt that there is easy money to be made in the market from here, but active stock-picking should enable a level of protection and differentiation. We stay close to our investee companies precisely to gain an edge in navigating such environments. The key, as always, given the equity market is a forward-looking construct, is to judge when these new, fresher, bigger, scarier uncertainties are priced in. We already feel that edging closer in a number of stocks – if not the market as a whole – and we are poised.

Activity

Our activity over the last six months has primarily been to refine our consumer discretionary exposure due to the growing cost of living squeeze, something which pre-dated the Russian invasion of Ukraine. As such we exited mass-market franchises and/or those that had benefitted from Covid resilience; Dometic (manufacturer of outdoor leisure equipment), Autoliv (airbags and safety systems for cars), Stellantis (formerly Fiat and Peugeot cars), Adidas and Inditex (owner of the Zara clothing business). We added Amadeus (airline booking systems) and Kering (the parent company of luxury super-brand Gucci), reflecting our expectation of resilience in both leisure travel and premium apparel.

Performance

From the close of our last financial year at the end of September 2021 until 31 March 2022, the total return NAV declined by 3.7%, 1.3% behind a benchmark decline of 2.4%. On a one-year basis NAV total return increased by 4.0%, 2.5% behind the benchmark gain of 6.5%. While disappointing of course, we would always caution against reading too much into short timeframes, especially during periods of market shape volatility; indeed, during this half-year we lost our outperformance into Christmas, gained it all back in the rotation of early 2022, only to then lose it again once Russian artillery was fired. Individual stocks often require longer periods of time to distinguish themselves from their designated 'factor baskets', which indiscriminately drive so much short-term price action in markets. As a final point of illustration, the period since the end of March has, at the time of writing, been much more positive for relative performance and the Company is ahead of the benchmark for the financial year to date.

Our top three contributors were Lundin Energy (oil), Novo Nordisk (global leader in treatment for diabetes) and ASR Nederland (insurance), perhaps an indication of how inflation has somewhat distorted market shape distinctions (an energy stock, a growth stock and a higher interest rate beneficiary are rarely outperformance bedfellows), though also hopefully a testament to the value of bottom-up stock-picking.

Our top three detractors were Nokian Renkaat (a largely Russian-based tyre producer), Acast (a small-cap Swedish technology company) and Euronext (the trading exchanges business).

Structural gearing

At the end of January and as the Chair notes in her Statement, we successfully placed a €35m long duration loan note in two tranches – of 25 and 30 years – with a blended interest rate of 1.57%. This is a first for the Company, with your Fund Managers having previously deployed gearing on an ad-hoc basis using an overdraft facility, a prime example of this being the rapid Covid-driven sell-off of March 2020 which prompted us to take gearing up to 6% of net asset value in order to 'lean into' the market recovery. So why take on structural gearing? Quite simply, because such low-cost, patient debt should be accretive to net asset value over the long term, as long as we stick to our proven mantra of pragmatic, style-agnostic, bottom-up stock-picking. It is fair to say we also saw a narrowing window of opportunity to lock in such a low cost of debt given the outlook for inflation and interest rates. We estimate that the same placement today would come at a rate of 2.8 – 3.0%, at least 1.2% higher. We can assure shareholders that the proceeds will not burn a hole in our pockets – they will be utilised on your behalf when the time is right, for the right opportunities. At the time of writing, we are holding most of the loan proceeds in cash; having initially deployed a third in the aftermath of the Russian invasion, we gradually pulled back as the market quickly regained its losses. We prefer to err on the side of caution, for now, given the exceptional nature of the aforementioned constraints to doing business.

Tom O'Hara and John Bennett
Fund Managers
23 May 2022

Portfolio information as at 31 March 2022

Company	Sector	Country of listing	Valuation £'000	% of portfolio
ASR Nederland	Non-life Insurance	Netherlands	16,593	4.5
Nestlé	Food Producers	Switzerland	15,501	4.2
Roche	Pharmaceuticals and Biotechnology	Switzerland	15,470	4.2
Novo-Nordisk	Pharmaceuticals and Biotechnology	Denmark	15,019	4.1
UPM-Kymmene	Industrial Materials	Finland	14,983	4.1
Holcim	Construction and Materials	Switzerland	14,072	3.8
Lundin Energy	Oil, Gas and Coal	Sweden	13,040	3.6
Koninklijke Ahold Delhaize	Personal Care Drug and Grocery Stores	Netherlands	12,233	3.3
ASML	Technology Hardware and Equipment	Netherlands	11,570	3.2
LVMH Moët Hennessy Louis Vuitton	Personal Goods	France	10,341	2.8
10 largest			**138,822**	**37.8**
Mowi	Food Producers	Norway	10,007	2.7
Airbus	Aerospace and Defence	France	9,880	2.7
Deutsche Boerse	Investment Banking and Brokerage Services	Germany	9,234	2.6
Amadeus IT Group	Software and Computer Services	Spain	9,138	2.5
Nordea Bank	Banks	Finland	8,558	2.3
Euronext	Investment Banking and Brokerage Services	Netherlands	8,408	2.3
Hugo Boss	Personal Goods	Germany	8,303	2.3
Sanofi	Pharmaceuticals and Biotechnology	France	8,269	2.3
Saint-Gobain	Construction and Materials	France	8,025	2.2
TotalEnergies	Oil, Gas and Coal	France	7,864	2.1
20 largest			**226,508**	**61.8**
Danone	Food Producers	France	7,523	2.1
Mercedes-Benz	Automobiles and Parts	Germany	7,381	2.0
Wacker Chemie	Chemicals	Germany	7,106	1.9
Schneider Electric	Electronic and Electrical Equipment	France	7,062	1.9
Linde	Chemicals	Germany	6,962	1.9
Kering	Personal Goods	France	6,483	1.8
Arkema	Chemicals	France	6,304	1.7
Essilor Luxottica	Medical Equipment and Services	France	6,261	1.7
BE Semiconductor	Technology Hardware and Equipment	Netherlands	6,135	1.7
Akzo Nobel	Chemicals	Netherlands	6,081	1.7
30 largest			**293,806**	**80.2**
Solvay	Chemicals	Belgium	5,753	1.6
L'Oréal	Personal Goods	France	5,739	1.6
Interpump	Industrial Engineering	Italy	5,695	1.6
Grifols	Pharmaceuticals and Biotechnology	Spain	5,608	1.5
Pandora	Personal Goods	Denmark	5,379	1.5
Carlsberg	Beverages	Denmark	5,113	1.4
Merck KGAA	Pharmaceuticals and Biotechnology	Germany	5,110	1.4
Metso	Industrial Engineering	Finland	5,070	1.4
KBC	Banks	Belgium	4,895	1.3
BNP Paribas	Banks	France	4,395	1.2

Company	Sector	Country of listing	Valuation £'000	% of portfolio
40 largest			**346,563**	**94.7**
Signify	Construction and Materials	Netherlands	4,310	1.2
Legrand	Electronic and Electrical Equipment	France	3,844	1.1
Siemens Healthineers	Medical Equipment and Services	Germany	3,657	1.0
Atlas Copco	Industrial Engineering	Sweden	3,314	0.9
Acast	Software and Computer Services	Sweden	2,363	0.6
Nokian Renkaat *	Automobiles and Parts	Finland	1,766	0.5
Total investments at fair value			**365,817**	**100.0**

* The Fund Managers placed the trade to sell the position in Nokian Renkaat (which had 85% of tyre production capacity in Russia) on 30 March 2022 but, due to significant liquidity constraints in the aftermath of the invasion of Ukraine, it took longer to complete than usual and, therefore, the portfolio held 46 stocks for a short period. The portfolio had 45 holdings by mid-April 2022.

Country of listing *(as a percentage of the portfolio excluding cash)*

	31 March 2022 %	31 March 2021 %
France	**25.2**	20.4
Netherlands	**17.9**	16.2
Germany	**13.1**	9.1
Switzerland	**12.2**	15.7
Finland	**8.3**	11.0
Denmark	**7.0**	3.8
Sweden	**5.1**	8.1
Spain	**4.0**	3.3
Belgium	**2.9**	4.8
Norway	**2.7**	3.1
Italy	**1.6**	3.5
Ireland	**-**	1.0
	100.0	100.0

Sector exposure *(as a percentage of the portfolio excluding cash)*

	31 March 2022 %	31 March 2021 %
Industrials	**16.8**	18.9
Health care	**16.2**	12.2
Financials	**14.2**	11.6
Consumer staples	**13.7**	8.0
Basic materials	**12.9**	14.4
Consumer discretionary	**12.5**	18.9
Technology	**8.0**	9.6
Energy	**5.7**	3.6
Utilities	**-**	2.8
	100.0	100.0

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Market
- Investment performance
- Business strategy and market rating
- Gearing
- Operational
- Regulatory and reporting

Information on these risks and how they are managed is given in the Annual Report for the year ended 30 September 2021. In the view of the Board, these principal risks and uncertainties at the year-end remain and are as applicable to the remaining six months of the financial year as they were to the six months under review.

The risks associated with the war in Ukraine and the economic sanctions on Russia fall into the "Market" risk category, relating to political and economic risks, including global military emergencies, interest rates and inflationary pressures. Expectations for economic growth have been substantially reduced whilst at the same time inflation is running at generational highs exacerbated by supply side shortages and burgeoning energy costs. Any of these factors will have an impact on equity market levels and the Company's investments. The Board and the Fund Managers continue to monitor the situation closely and have reduced gearing to mitigate the impact.

RELATED-PARTY TRANSACTIONS

The Company's transactions with related parties in the period under review were with the directors and the Manager, Janus Henderson. There have been no material transactions between the Company and its directors during the period other than amounts paid to them in respect of expenses and remuneration for which there were no outstanding amounts payable at the period end.

In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there have been no transactions with the Manager affecting the financial position of the Company during the period under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors (as listed in note 14) confirm that, to the best of their knowledge:

(a) the condensed financial statements for the half-year ended 31 March 2022 have been prepared in accordance with FRS 104 Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

(b) the Interim Management Report and condensed financial statements include a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

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

On behalf of the Board
Vicky Hastings
Chair of the Board
23 May 2022

CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 31 March 2022			(Unaudited) Half-year ended 31 March 2021			(Audited) Year ended 30 September 2021		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
(Losses)/gains on investments held at fair value through profit or loss	**-**	**(15,878)**	**(15,878)**	-	40,694	40,694	-	63,777	63,777
Exchange (losses)/gains on currency transactions	**-**	**(164)**	**(164)**	-	9	9	-	154	154
Income from investments (note 2)	**4,565**	**-**	**4,565**	2,723	-	2,723	9,091	-	9,091
Other income	**1**	**-**	**1**	-	-	-	-	-	-
Gross revenue and capital (losses)/gains	**4,566**	**(16,042)**	**(11,476)**	2,723	40,703	43,426	9,091	63,931	73,022
Management fees (note 7)	**(290)**	**(871)**	**(1,161)**	(271)	(813)	(1,084)	(564)	(1,691)	(2,255)
Other fees and expenses	**(321)**	**-**	**(321)**	(284)	-	(284)	(572)	-	(572)
Net return/(loss) before finance costs and taxation	**3,955**	**(16,913)**	**(12,958)**	2,168	39,890	42,058	7,955	62,240	70,195
Finance costs	**(33)**	**(86)**	**(119)**	(36)	(92)	(128)	(51)	(126)	(177)
Net return/(loss) before taxation	**3,922**	**(16,999)**	**(13,077)**	2,132	39,798	41,930	7,904	62,114	70,018
Taxation on net return	**(245)**	**-**	**(245)**	(208)	-	(208)	(827)	(9)	(836)
Net return/(loss) after taxation	**3,677**	**(16,999)**	**(13,322)**	1,924	39,798	41,722	7,077	62,105	69,182
Return/(loss) per ordinary share (note 3)	**1.72p**	**(7.96p)**	**(6.24p)**	0.90	18.61p	19.51p	3.31p	29.05p	32.36p

The total columns of this statement represent the Income Statement of the Company prepared in accordance with FRS 104.

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 and the Statement of Changes in Equity.

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

Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022.

CONDENSED STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 March 2022 (Unaudited)	Called-up share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Other reserves £'000	Total shareholders' funds £'000
At 30 September 2021	**10,819**	**41,995**	**210,819**	**10,492**	**96,611**	**370,736**
Net return after taxation	**-**	**-**	**(16,999)**	**3,677**	**-**	**(13,322)**
Ordinary dividend paid	**-**	**-**	**-**	**(5,019)**	**-**	**(5,019)**
Costs relating to sub-division of shares	**-**	-	**(17)**	**-**	**-**	**(17)**
Buyback of ordinary shares for treasury	**-**	**-**	**(427)**	**-**	**-**	**(427)**
At 31 March 2022	**10,819**	**41,995**	**193,376**	**9,150**	**96,611**	**351,951**

Half-year ended 31 March 2021 (Unaudited)	**Called-up share** capital £'000	Share premium account **£'000**	**Capital reserve** £'000	**Revenue reserve** £'000	**Other reserves £'000**	**Total** shareholders' funds £'000
At 30 September 2020	10,819	41,995	148,714	10,027	96,611	308,166
Net return after taxation	-	-	39,798	1,924	-	41,722
Ordinary dividend paid	-	-	-	(4,640)	-	(4,640)
Unclaimed dividends over 12 years old	-	-	-	81	-	81
At 31 March 2021	10,819	41,995	188,512	7,392	96,611	345,329

Year ended 30 September 2021 (Audited)	**Called-up share** capital £'000	**Share premium account £'000**	**Capital reserve** £'000	**Revenue reserve** £'000	**Other reserves £'000**	**Total** shareholders' funds £'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
Ordinary dividend paid	-	-	-	(6,612)	-	(6,612)
At 30 September 2021	10,819	41,995	210,819	10,027	96,611	370,736

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 March 2022 £'000	(Unaudited) 31 March 2021 £'000	(Audited) 30 September 2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	**365,817**	345,926	382,205
Current assets			
Debtors	**3,866**	3,948	3,145
Cash at bank	**14,510**	55	199
	18,376	4,003	3,344
Creditors: amounts falling due within one year	**(2,838)**	(4,600)	(14,813)
Net current assets/(liabilities)	**15,538**	(597)	(11,469)
Total assets less current liabilities	**381,355**	345,329	370,736
Creditors: amounts falling due after one year	**(29,404)**	-	-
Net assets	**351,951**	345,329	370,736
Capital and reserves			
Called-up share capital	**10,819**	10,819	10,819
Share premium account	**41,995**	41,995	41,995
Capital reserve	**193,376**	188,512	210,819
Revenue reserve	**9,150**	7,392	10,492
Other reserves (note 5)	**96,611**	96,611	96,611
Total shareholders' funds	**351,951**	345,329	370,736
Net asset value per ordinary share (note 6)	**164.80p**	161.50p	173.38p

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

Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022.

CONDENSED CASH FLOW STATEMENT

	(Unaudited) Half-year ended 31 March 2022 £'000	(Unaudited) Half-year ended 31 March 2021 £'000	(Audited) Year ended 30 September 2021 £'000
Cash flows from operating activities			
Net (loss)/return before taxation	**(13,077)**	41,930	70,018
Add back: finance costs	**119**	128	177
Losses/(gains) on investments held at fair value through profit or loss	**15,878**	(40,694)	(63,777)
Losses/(gains) on foreign exchange	**164**	(9)	(154)
Taxation paid	**(181)**	(264)	(1,283)
Increase in debtors	**(1,339)**	(1,068)	(78)
Decrease in creditors	**(97)**	(405)	(214)
Net cash inflow/(outflow) from operating activities	**1,467**	(382)	4,689
Cash flows from investing activities			
Sales of investments held at fair value through profit or loss	**115,341**	194,731	386,912
Purchases of investments held at fair value through profit or loss	**(115,681)**	(190,990)	(394,133)
Net cash (outflow)/inflow from investing activities	**(340)**	3,741	(7,221)
Cash flows from financing activities			
Buyback of shares for treasury	**(427)**	-	-
Costs relating to sub-division of shares	**(17)**	-	-
Equity dividends paid (net of refund of unclaimed distributions)	**(5,019)**	(4,559)	(6,612)
Repayment of bank overdraft	**(10,558)**	(32,921)	(24,939)
Issue of unsecured loan notes	**29,275**	-	-
Costs relating to issue of unsecured loan notes	**(173)**	-	-
Interest paid	**(35)**	(178)	(217)
Net cash inflow/(outflow) from financing activities	**13,046**	(37,658)	(31,768)
Net increase/(decrease) in cash and equivalents	**14,173**	(34,299)	(34,300)
Cash and cash equivalents at beginning of period	**199**	34,345	34,345
Gains on foreign exchange	**138**	9	154
Cash and cash equivalents at end of period	**14,510**	55	199
Comprising:			
Cash at bank	**14,510**	55	199

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts", which was updated by the Association of Investment Companies in April 2021.

For the period under review the Company's accounting policies have not varied from those described in the Annual Report for the year ended 30 September 2021. The condensed set of financial statements has been neither audited nor reviewed by the Company's auditor.

2. Income from investments

	(Unaudited) Half-year ended 31 March 2022 £'000	(Unaudited) Half-year ended 31 March 2021 £'000	(Audited) Year ended 30 September 2021 £'000
Listed investments:			
Overseas dividends	**4,565**	2,723	9,091
	4,565	2,723	9,091

3. Return/(loss) per ordinary share

	(Unaudited) Half-year ended 31 March 2022 £'000	(Unaudited) Half-year ended 31 March 2021 £'000	(Audited) Year ended 30 September 2021 £'000
The return per ordinary share is based on the following figures:			
Net revenue return	**3,677**	1,924	7,077
Net capital (loss)/return	**(16,999)**	39,798	62,105
Net total (loss)/return	**(13,322)**	41,722	69,182
Weighted average number of ordinary shares in issue for each period*	**213,607,908**	213,825,780	213,825,780
Revenue return per ordinary share*	**1.72p**	0.90p	3.31p
Capital (loss)/return per ordinary share*	**(7.96p)**	18.61p	29.05p
Total (loss)/return per ordinary share*	**(6.24p)**	19.51p	32.36p

* Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022.

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

4. Called-up share capital

At the Annual General Meeting of the Company held on 27 January 2022, shareholders approved the sub-division of the Company's ordinary shares of 50 pence each into ten ordinary shares of 5 pence each. The sub-division took effect on 7 February 2022 when the new ordinary shares were admitted to trading on the London Stock Exchange.

At 31 March 2022, there were 216,389,910 shares in issue, of which 2,824,430 were held in treasury. During the half-year period ended 31 March 2022, 260,300 shares were repurchased for treasury at a cost of £427,000 (half-year ended 31 March 2021 and year ended 30 September 2022: £nil). No shares have been issued or repurchased since 31 March 2022. As at 20 May 2022, 213,565,480 shares were entitled to a dividend.

5. Other reserves

	31 March 2022 £'000	31 March 2021 £'000	30 September 2021 £'000
Special distributable reserve	25,846	25,846	25,846
Merger reserve	61,344	61,344	61,344
Capital redemption reserve	9,421	9,421	9,421
Total	96,611	96,611	96,611

6. Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share is based on the 213,565,480 ordinary shares in issue (excluding treasury shares) at 31 March 2022 (half year ended 31 March 2021: 213,825,780, year ended 30 September 2021: 213,825,780).

Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022.

7. Management fees

Janus Henderson Fund Management UK Limited ("JHFMUK Ltd"), (previously Henderson Investment Funds Limited) is appointed to act as the Company's alternative investment fund manager. JHFMUK Ltd delegates investment management services to Janus Henderson Investors UK Limited ("JHIUK Ltd"), (previously Henderson Global Investors Limited). References to Janus Henderson or the Manager within these results refer to the services provided by both JHFMUK Ltd and JHIUK Ltd.

Management fees are charged in accordance with the terms of the management agreement. The Manager receives a fee of 0.65% per annum of net assets up to £300m and 0.55% of net assets above £300m. Any holdings in funds managed by Janus Henderson are excluded from the calculation of the management fee. There is no performance fee.

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

8. Investments held at fair value through profit or loss

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.

Financial assets held at fair value through profit or loss at 31 March 2022	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Quoted equities	**365,817**	**-**	**-**	**365,817**
Total	**365,817**	**-**	**-**	**365,817**

Financial assets held at fair value through profit or loss at 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equities	345,926	-	-	345,926
Total	345,926	-	-	345,926

Financial assets held at fair value through profit or loss at 30 September 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equities	382,205	-	-	382,205
Total	382,205	-	-	382,205

There have been no transfers between levels of fair value hierarchy during the period.

The valuation techniques used by the Company are explained in the accounting policies note 1(c) in the Company's Annual Report for the year ended 30 September 2021.

9. Borrowings

As at 31 March 2022, the Company's bank overdraft included in 'Creditors: amounts falling due within one year' was £nil (31 March 2021: £2,576,000; 30 September 2021: £10,558,000).

On 31 January 2022, the Company issued €35m long term fixed-rate unsecured loan notes in two tranches:

- €25m unsecured loan notes maturing on 31 January 2047 with a fixed coupon of 1.53%; and
- €10m unsecured loan notes maturing on 31 January 2052 with a fixed coupon of 1.66%.

Total proceeds from the issue of the notes was £29,275,000 less £173,000 issue costs.

The unsecured loan notes are carried in the Balance Sheet at par less the issue costs which are amortised over the life of the notes. In order to comply with fair value accounting disclosures only, the fair value of the unsecured loan notes has been estimated to be £26,854,000, and is categorised as Level 3 in the fair value hierarchy as described in note 8 above. However, for the purpose of the daily NAV announcements, the unsecured loan notes are valued at par in the fair value NAV because they are not traded and the directors have assessed that par value is the most appropriate value to be applied for this purpose.

10. Changes in net debt

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

	At 1 October 2021 £'000	Cash flows £'000	Non-cash changes Foreign exchange movement £'000	At 31 March 2022 £'000
Financing Activities				
Bank overdraft	(10,558)	10,558	-	-
Unsecured loan notes	-	(29,102)	(302)	(29,404)
	(10,558)	**(18,544)**	**(302)**	(29,404)
Non-financing Activities				
Cash and cash equivalents	199	14,173	138	14,510
	199	**14,173**	**138**	**14,510**
Total	**(10,359)**	**(4,371)**	**(164)**	**(14,894)**

	At 1 October 2020 £'000	Cash flows £'000	Non-cash changes Foreign exchange movement £'000	At 31 March 2021 £'000
Financing Activities				
Bank overdraft	(35,497)	32,921	-	(2,576)
	(35,497)	32,921	-	(2,576)
Non-financing Activities				
Cash and cash equivalents	32,345	(34,299)	9	55
	34,345	**(34,299)**	**9**	**55**
Total	**(1,152)**	**(1,378)**	**9**	**(2,521)**

	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)**

11. 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 twelve months from the date of approval of these financial statements. Having assessed these factors and the principal risks, as well as considering the specific risks related to the invasion of Ukraine by Russia, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

12. Dividends

The directors have declared an interim dividend of 1.20p per ordinary share (2021: 0.96p), payable on 27 June 2022 to shareholders on the register of members on 6 June 2022. The shares will be quoted ex-dividend on 1 June 2022. Based on the 213,565,480 ordinary shares in issue (excluding treasury shares) as at 20 May 2022, the cost of this dividend will be £2,563,000 (2021 interim dividend: £2,053,000).

Comparative figures for 2021 have been restated due to the sub-division of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022.

13. Comparative information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 March 2022 and 31 March 2021 has not been audited nor reviewed by the Company's auditor. The figures and financial information for the year ended 30 September 2021 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either s498(2) or s498(3) of the Companies Act 2006. A glossary of terms and details of alternative performance measures can be found in the Annual Report for the year ended 30 September 2021.

14. General information

Company status

Henderson European Focus Trust plc is registered as an investment company in England and Wales (no. 00427958), has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London Stock Exchange.

SEDOL/ISIN: BLSNGB0/GB00BLSNGB01
London Stock Exchange ("TIDM") code: HEFT
Global Intermediary Identification Number ("GIIN"): THMNPN.99999.SL.826
Legal Entity Identifier ("LEI") number: 213800GS89AL1DK3IN50

Directors and secretary

The directors of the Company are Vicky Hastings (Chair), Eliza Dungworth (Chair of the Audit and Risk Committee), Robin Archibald (Senior Independent Director) and Stephen Macklow-Smith. The corporate secretary is Janus Henderson Secretarial Services UK Limited.

Website

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

15. Half-year report

The half-year report will shortly be available at www.hendersoneuropeanfocus.com or from the Company's registered office. An abbreviated version, the 'Update', will be posted to shareholders in June 2022.

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