Company Number: 00427958

HENDERSON EUROPEAN FOCUS TRUST PLC

Report for the half-year ended 31 March 2024

(unaudited)

www.hendersoneuropeanfocus.com

JANUS HENDERSON FUND MANAGEMENT UK LIMITED

LEGAL ENTITY IDENITIFIER: 213800GS89AL1DK3IN50

HENDERSON EUROPEAN FOCUS TRUST PLC (the "Company")

Unaudited results for the half-year ended 31 March 2024

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] rose by 17.9%, outperforming the benchmark[2] return by 3.0%
- Share price total return[3] rose by 17.0%
- Interim dividend of 3.05p per share declared (see Chair's Statement for merger background)

Total return performance to 31 March 2024

	6 months %	1 year %	3 years %	5 years %	7 years %	10 years %
NAV[1]	17.9	19.3	37.4	84.5	89.9	166.0
Benchmark index[2]	14.9	13.8	31.8	63.6	74.9	130.4
AIC Europe sector NAV[4]	17.8	14.7	26.9	69.1	87.3	152.5
Share price[3]	17.0	16.5	34.3	82.1	64.7	140.8
AIC Europe sector share price[4]	18.3	16.5	24.8	70.1	83.9	145.2
IA OEIC Europe sector[5]	15.0	12.5	25.1	58.5	65.6	115.8

Financial highlights

	At 31 March 2024 (unaudited)	At 30 September 2023 (audited)
Shareholders' funds		
Net assets	**£440.1m**	£379.0m
NAV per ordinary share (debt at par)	**206.8p**	178.1p
Share price	**180.5p**	157.0p
Gearing at period end[6]	**2.3%**	(3.8)%

	Half-year ended 31 March 2024 (unaudited)	Year ended 30 September 2023 (audited)
Total return to equity shareholders		
Revenue return after taxation (£'000)	**2,841**	9,188
Capital return after taxation (£'000)	**64,715**	66,105
Total return (£'000)	**67,556**	75,293
Total return per ordinary share		
Revenue	**1.34p**	4.32p
Capital	**30.41p**	31.07p
Total return	**31.75p**	35.39p

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 Average for the Association of Investment Companies ("AIC") Europe sector of seven companies
5 Investment Association ("IA") open-ended investment company ("OEIC") Europe ex UK Equity sector average NAV, comprising 143 OEICs at 31 March 2024
6 Net gearing, as defined in the alternative performance measures in the Annual Report for the year ended 30 September 2023

Sources: Morningstar Direct, LSEG Datastream and Janus Henderson

INTERIM MANAGEMENT STATEMENT

CHAIR'S STATEMENT

This half year, I am pleased to report both excellent investment performance during the last six months, as well as the prospect of a combination with 'stablemate' Henderson EuroTrust plc ("HNE"), which your Board wholeheartedly recommends to shareholders. I also commend our Fund Managers for their extremely interesting and insightful report on the investment activity and prospects for Henderson European Focus Trust plc ("HEFT" or the "Company") which follows my statement.

Performance
The Company's net asset value ("NAV") total return per share was 17.9%, outperforming the Company's benchmark index, the FTSE World Europe (ex UK) Index, which returned 14.9% on a total return basis for the six months to 31 March 2024.

The Company's long-term track record remains excellent, with NAV and share price total returns outperforming the benchmark over one, three, five, seven and ten years. Our results compare favourably with our competitors, be they in the investment companies or the open-ended funds ("OEIC") sectors. The average NAV total return of the AIC Europe investment company sector (comprising seven companies) was 17.8% in the period under review, and the Investment Association OEIC Europe ex-UK Equity sector average was 15.0% for the same period.

The Company's share price total return in the six months to 31 March 2024 was 17.0%. The discount at which shares trade relative to NAV continued to be disappointing, averaging 11.8% in the period while the AIC sector average was 10.3%. We continue to monitor the discount to NAV and hope that improved liquidity in the Company's shares following the combination will help our rating.

The unfortunate trend of my recent reports reflecting a backdrop of economic uncertainty, further human suffering and heightened geopolitical risk, sadly, continues. However, as a direct result, there is rapid multi-polar repositioning taking place in supply chains, semi-conductor and energy security, and defence capabilities. Governments are expending vast sums of money, both directly and via subsidies to corporates, to achieve their strategic aims: our Fund Managers refer to this as the 'Capex Supercycle'. Budget deficits are at historic highs and national indebtedness exceeds 100% of GDP in most major economies.

This does not read like a positive backdrop for strong equity market performance and yet that is exactly what we have witnessed during the last six months, with European markets increasing by close to 15%. I am very pleased to report that your Fund Managers have performed well despite (as they detail in their report) the domination of a small handful of big, global companies in generating market returns.

Combination with HNE
As we announced on 20 May 2024, the Company has issued a prospectus relating to the issue of new shares in connection with the proposed combination of the assets of HEFT with the assets of HNE. Shareholders in both HEFT and HNE will be asked to vote on this proposal at general meetings to be held in June and July 2024. At the time we announced the proposed merger of interests on 14 March 2024, 35% of HEFT's and 38% of HNE's shareholders had signalled their intention to support the proposals. If approved, the proposal should see the creation of a company with circa £680 million of net assets[1], making it a larger, more liquid and more cost-effective vehicle, which we expect to be eligible for FTSE 250 Index inclusion in due course. The same award-winning team will be managing the enlarged Company – to be renamed Henderson European Trust – led by Tom O'Hara and Jamie Ross (the Fund Manager of HNE) as co-managers, on a style-agnostic basis with stock and sector selection continuing to drive performance.

I refer shareholders to the Company website www.hendersoneuropeanfocus.com with the announcements released on 14 March,14 May and 20 May 2024 for more details, including information on a tender offer for up to 15% of HEFT's issued share capital at a 2% discount to FAV (being NAV less transaction costs).

Dividends
On 20 May 2024 the Board declared an interim dividend for the year of 3.05p per share to be paid on 28 June 2024 to shareholders on the register at 7 June 2024. The interim dividend is higher than normal to ensure that our current shareholders receive a dividend in line with the Company's previous financial year of 4.35p per share and that the revenue reserves are protected. We anticipate declaring a smaller final dividend (expected to be 1.30p) in respect of the financial year ending 30 September 2024. There will be many more shares in issue at that date after the two companies combine in July and fewer dividends due in that short time period on the enlarged assets base. We expect that the dividend cycle will be normalised to reflect a higher final dividend for the following 2025 financial year end.

[1] Based on net assets at 30 April 2024 and assuming full take-up of the 15% HEFT tender offer and HNE cash exit.

Outlook
Debate on the outlook for the market in the near term remains dominated by the potential path of inflation, interest rates and economic growth, which may or may not lend itself to a broadening out of equity performance to more cyclical sectors such as oil, chemicals and pulp and paper, where we have exposures. Our Fund Managers remain conscious of this, though continue to make a case for Europe's 'Global Champions', many of which are enablers and beneficiaries of the 'Capex Supercycle'.

European equities have increased by over 30% over a three-year period, despite moribund economic growth in Europe. Our Fund Managers have always been at pains to point out that investing in Europe, via HEFT, is really an investment in global trends through a subset of European-listed companies. The unique nature of European equity market performance (and the inevitable attempts by market participants to explain it by using amusing acronyms like GRANOLAS to refer to the leading companies in the European stock market) means that 2023 may be the moment when the investment community realised, finally, that European equities are in fact, truly global in their business impact.

Vicky Hastings
Chair of the Board
28 May 2024

FUND MANAGERS' REPORT

European equity markets enjoyed a strong six months from October 2023 to March 2024, with the FTSE World Europe (ex UK) Index – the benchmark against which your Fund Managers are measured – increasing by just shy of 15% on a total return basis. Pleasingly, the Company's NAV increased by 17.9%, marking a 3% outperformance of the benchmark. Remember, it's only six months: it is more meaningful to judge our performance over the longer term which continues to demonstrate a consistently positive track record.

It is however worth reflecting on the performance of both the market and the Company during the half year, as the proverbial 'stakes' felt high: an elite group of mostly large companies drove much of the benchmark return. This phenomenon, often referred to as 'narrow leadership', has been a feature of the US stock market for some time owing to 'Big Tech' domination on that side of the Atlantic. In 2023 it arrived on European shores. It can give fund managers sleepless nights: when a selection of the biggest constituents of an equity index are doing much of the heavy lifting in generating market returns, you either have to own them, or find good alternatives, in order to not find yourself languishing 'behind the benchmark' and facing certain censure from colleagues, peers, clients and shareholders. Here lies a tension between bottom-up stock-picking (meeting companies, researching them, deciding which ones to own for the long term) and portfolio management (what does my benchmark consist of, what can hurt me, where do the biggest risks lie and how can I mitigate them?). As a style-agnostic, valuation-conscious, 'core' strategy, we have always practiced pragmatism. It is the bridge between picking the right stocks and building the right portfolio. This last six months were a reminder as to its necessity in navigating different market environments.

In short, we got the big names right over the last six months. We mostly owned the ones that went up more than the market average and we mostly avoided the ones that did not. Whether it was due to good stock-picking (we have talked about the themes 'Global Champions', 'structural winners' and 'big is beautiful' for some time now, and these exposures have served us well), or good portfolio management, getting these big names right effectively kept us out of trouble through an extreme market.

For numerical colour, the top ten constituents of the benchmark account for a quarter of its market capitalisation. It includes names which will be familiar to even the most casual reader (who manages to make it this far), such as Nestlé, TotalEnergies, Louis Vuitton and Siemens. They respectively sell food, petrol, handbags and machines. All mod cons and comforts (although it is actually a different company making the home appliances using the Siemens brand….). Of the top ten names, five went up by more than 30% over the six-month period, well above the 15% return of the benchmark. We own all of those five. Three of the top ten underperformed the benchmark, the biggest laggard being Nestlé at -8%. We own none of those three.

It is rare we use this report to delve into the mechanics and risk management decisions involved in running a portfolio, instead preferring to profess our love of stock-picking through tangible examples. However, over the half year ending March 2024, staying out of trouble felt like the most notable achievement and we felt it worthy of sharing. Stock-picking or fund management? Luck or skill? It is the outcome that matters. Probably the more important conclusion is, as per our initial performance-related caveat, that it is only six months.

Top and bottom contributors to performance

Our top contributors during the six-month period, in descending order, included: Nestlé (which we avoided), Safran (the aircraft engine maker), BE Semiconductor (one of our 'picks and shovels' investments in artificial intelligence ("AI"), Roche (the big pharmaceutical business we avoided), Holcim (a long-term construction materials position) and Airbus (which makes the planes to which Safran's engines are attached).

The major detractors included UPM Kymmene (pulp and paper), Aker BP (oil), Syensqo (specialty chemicals), Grifols (healthcare, since exited) and Ahold Delhaize (food retail, since exited). It is notable that a fair share of our top detractors came from more cyclical industries, a feature we will return to shortly.

Portfolio Activity

We opened a position in Finnish elevator heavyweight, KONE, believing the eight-year-long headwind to otherwise strong performance, inflicted by the normalisation of its once-stellar China-derived profits, is now largely behind them. We added Rheinmetall, the German defence manufacturer, in order to gain further exposure to the military pillar of the 'Capex Supercycle'. We participated in the IPO of consumer-dermatology business, Galderma, best known for its competitor to Botox. Personal care continues to be a bright spot in a mixed consumer environment. We returned to Carlsberg, having met the new CEO and looking to bolster our exposure (on top of ABInbev) to the profit-rebuild potential within the beer category over the next couple of years. We added CRH, the Irish-born one-stop-shop for building highways in the USA. It is arguably one of the clearest beneficiaries of the multi-billion-dollar fiscal giveaway that is 'Bidenomics'.

Compass, the biggest food catering business in the world, entered the portfolio, thanks to the accelerating growth prospects of its European and US businesses, as it becomes more difficult than ever for hospitals, universities and office canteens to run their own operation in the face of food and labour inflation. Big is definitely beautiful in the scale-dependent food catering industry and this is being evidenced in Compass' operating performance. We purchased VAT Group on post-results weakness, seeing an opportunity to participate in its profound earnings growth prospects as a critical enabler of the semi-conductor machinery supply chain. Finally, we added Unicredit and Stellantis, which are detailed below.

We funded our new purchases via a series of exits: Grifols' sum-of-the-parts potential faced further challenge via a short-selling report and we felt we could no longer justify what had already become a smallish position. Hugo Boss was sold as we felt the upside from the successful turnaround story had been mostly realised. Sandvik was sold as we chose to focus our mining capital equipment exposure through long-term holding, Metso. UCB was sold to increase our weighting in long-term healthcare holding Sanofi. Food retailer Ahold Delhaize will struggle to grow earnings in the next couple of years and as such there are better defensive options elsewhere. Successful long-term holding, Interpump, may well be sitting on peak margins and therefore offers less upside potential.

Gearing remained light at 2.3%, meaning that the majority of our long-term loan note proceeds are available to deploy, while in the meantime earning a positive return, in excess of their 1.57% interest cost, in a cash deposit account.

What next? The 6–12-month debate

The question we are asking ourselves is whether narrow market leadership continues – with its top performers spanning 'thematic' and 'structural winners' in AI, technology, healthcare, building materials and aerospace – or whether the market shifts to reward the laggards. In recent weeks we have seen signs of the latter, with the market warming up to a 'goldilocks' scenario of interest rate cuts in 2024, combined with 'no landing' in the real economy (i.e. no recession). This narrative – possibly just a herd effect of investors fearful of being caught offside after a strong run – has been sufficient for a 'broadening' market which has seen more cyclical, economically sensitive sectors like oil, mining and chemicals, stage a catch-up. These moves can be violent and short lived (and indeed are being tested at the time of writing), so it's important we don't jettison the stocks that have earned their place in our portfolio through rigorous research, but we can risk-manage a market rotation by trimming some of our winners and buying more of the cyclical laggards in our portfolio, which is precisely what we've done, with a couple of select new positions: Italian bank Unicredit and global automotive giant Stellantis. Overall, we have been sparing with portfolio changes made in the name of 'rotation'. Sentiment remains delicately poised and easily swayed by incremental macroeconomic datapoints and the usually cryptic comments from central bankers regarding the path for rate cuts, so we will not go wading in. We never construct a portfolio that requires a specific macroeconomic outcome. Pragmatism will play a crucial role in managing any sustained market-regime change effectively. In the meantime, we maintain conviction in the long-term prospects of our 'Global Champions' in semiconductor equipment, construction materials, aerospace, industrials and other sectors.

The longer term debate. Could AI be the cure for our socio-economic ills?

Public discourse is doused in declinism. 2024 will be election-heavy across the globe, with many of our potential future leaders standing on a platform of reversing the perceived decay. There is a general unease in financial markets as to the sustainability of recent economic resilience, especially in the US. What are we to make of this? We have always viewed the disproportionate attention paid to short-term monetary policy as somewhat farcical. "Powell said this", "Lagarde said that", "a dot moved on the Fed's outlook chart": short-term noise peddled by institutions incentivised to do so and central bankers who are no more enlightened to the nuances of the real economy than the rest of us. Too little time is given to the social and political developments which ultimately set monetary, fiscal and economic policy on a longer-term course.

Through this lens the economic angst may well be valid, particularly when one considers that the surprising resilience thus far has been in no small part due to fiscal largesse in the rich world, with the US running a 7% budget deficit and Western peers averaging around 5%. One could argue it will continue because it simply has to continue, in order to achieve sovereign strategic goals deemed critical in a new multipolar, de-globalised world order: onshoring of manufacturing, semiconductor autonomy, energy security and military rearmament are expensive, capital and subsidy-intensive projects (please see our previous commentaries on this 'Capex Supercycle'). But at some point, isn't the music forced to stop, under the weight of public indebtedness exceeding 100% of GDP in the US, Japan, China, the UK and France, to name a handful of major economies? The interest bill on US government debt, for example, now exceeds its military budget. The answer is probably yes, spending will have to decline, unless we can grow GDP faster.

The suboptimal way to do this would be to let inflation stay high, growing nominal GDP faster than the stock of mostly fixed-coupon debt, but hurting bondholders in the process, who will not be sufficiently compensated for the inflation via their interest income. In this scenario equities would offer the best form of protection, as many businesses can put up prices to pass through inflation. The optimal way – the holy grail – is 'real' GDP growth through productivity gains. For all the doomsday predictions as to the impact of AI on society, the optimistic case is that it could administer a potent efficiency shot to society, vastly improving the quality and capacity of our strained health, education and administrative services, and freeing up resources (both money and time) to generate productive economic activity elsewhere. The speed of this potential 'new industrial revolution' would require careful social management, ensuring those displaced by AI automation can retrain for new roles, or that the wholesale increase in leisure time accruing to humans is somewhat equitably distributed in order to maintain an orderly society and economy. This would appear to be one of the biggest risks to unleashing AI's full potential: that it is just too much, too quickly for social cohesion to be preserved.

Why is a European fund manager preoccupied with AI and its long-term impact on society? Because if it generates real GDP growth, eases our debt problems and creates a more dynamic economy, it would be a good thing for equities. It would also make a case for a 'broader' market in which many of the more economically sensitive stocks do well (courtesy of people with more money and more free time). We are exploring a years, or even decades-long development, but HEFT was designed for the long term and, sometimes, you have to look to the future to help contextualise the present.

Signposts to a new Industrial Revolution

What do we see in the present that supports the future scenario outlined above? A couple of companies have already suffered at the hands of AI, either directly or via the market's pre-judgement. Education technology company, Chegg, flagged that its users were switching to (freely available) ChatGPT for exam preparation. Its shares are now worth 94% less than the Covid-induced, study-at-home euphoria of their peak. Teleperformance offers companies outsourced call centre services, an activity viewed as the thin end of the wedge of AI-disruption, given the already significant improvements made to customer services chatbots. Unhelpful for Teleperformance was the announcement by Klarna, the 'buy now pay later' Fintech company, that its upgraded AI chatbot was doing the equivalent work of 700 humans and handling two-thirds of all customer enquiries, while freezing hiring in the process. Shares in Teleperformance have declined by nearly 60% over the last year.

We were intrigued by AI-chip-darling NVIDIA's latest product announcement. Its next generation of processors, called 'Blackwell', offers a 5x performance upgrade compared to the predecessor, 'Hopper', which is still less than two years old. It is expected to reduce cost and energy consumption by up to 25 times for an equivalent task. This leap in productivity and cost effectiveness is likely to open up many more use-cases for AI, in turn amplifying its potential impact on society. As 'The Economist' concisely highlighted with an observation from the 19th century Industrial Revolution, "*efficiency can raise power consumption rather than reduce it*". There is a parallel here and Blackwell probably gave us a fresh signpost on a profound innovation journey. AI cannot yet cure all of our socio-economic ills, but if productivity gains in AI architecture can continue to compound at the rate NVIDIA has just achieved by moving from Hopper to Blackwell, then it is more likely that AI is *the real deal*, with broad accessibility offering the potential for significant and rapid transformation across various sectors.

Reasons to be cheerful

These recent developments offer an ode to human ingenuity, so often omitted from the gloomiest of forecasts which proliferate in our social media-fuelled present, but which were also a recurring habit of our non-digital predecessors. The Reverend Thomas Malthus famously theorised in the late 18th century that population growth tends to outstrip food production growth, which is constrained by the finite availability of land and the diminishing returns from applying incremental units of labour to a fixed area of land. The result is population 'checks' in the form of war, disease, famine and other catastrophes, until the cycle starts over from a lower population level. Absent from his thesis was the power of capital investment and innovation to vastly improve agricultural yields and feed more mouths. Aldous Huxley gave a humorous nod to its inherent nihilism, by having women in his dystopian 'Brave New World' wear contraceptive 'Malthusian Belts'.

As equity investors we possess an inherent optimism. We choose to believe in the power of human ingenuity, enterprise and ownership as the optimal – if not perfect - route to progress. As the best way to protect and build our wealth. Your Company has a long history of delivering value to its shareholders by backing human enterprise. Long may that continue.

A new era for Henderson European Focus Trust

Which brings us to our closing comments. As the Chair has stated, shareholders will soon be asked to approve the combination of HEFT and HNE, two Janus Henderson stablemates committed to the long-term pursuit of wealth creation via European equities. A common thread throughout our report has been to acknowledge the virtue of pragmatism amidst constant change. It is no secret that the investment company landscape is experiencing its own period of change, one which points to the need for greater scale and liquidity to maximise value for shareholders. A combined 'Henderson European Trust', managed by the same steady hands of the Janus Henderson European equities team, will offer shareholders greater access to liquidity and a more cost-effective vehicle.

If recent history is anything to go by, the coming decades are likely to be a mixture of exciting, alarming and, at times, a little scary. Creative destruction – the driving force of capitalism – is sure to abound, ordaining winners and condemning losers in the process. Share prices will rise and fall in unequal measure, presenting opportunities to those willing to take selective risks on human enterprise via equity ownership. The new, larger Henderson European Trust should be exceptionally well-placed to pursue this endeavour, with the same rigour of the previous decades, on your behalf. This is a duty and a privilege to which your Fund Managers remain resolutely committed, as we look forward to whatever the future brings.

Tom O'Hara and John Bennett
Fund Managers
28 May2024

INVESTMENT PORTFOLIO at 31 March 2024

Company	Sector	Country of listing	Valuation £'000	% of portfolio
Novo Nordisk	Pharmaceuticals and Biotechnology	Denmark	27,154	6.0
ASML	Technology Hardware and Equipment	Netherlands	24,370	5.4
Safran	Aerospace and Defence	France	18,282	4.1
Airbus	Aerospace and Defence	France	17,750	3.9
LVMH Moët Hennessy Louis Vuitton	Personal Goods	France	16,719	3.7
TotalEnergies	Oil, Gas and Coal	France	16,640	3.7
SAP	Software and Computer Services	Germany	16,473	3.7
Schneider Electronic	Electronic and Electrical Equipment	France	14,512	3.2
Siemens	General Industrials	Germany	14,053	3.1
Saint-Gobain	Construction and Materials	France	13,452	3.0
10 largest			**179,405**	**39.8**
Linde	Chemicals	Germany	13,071	2.9
UniCredit	Banks	Italy	12,932	2.9
Adidas	Personal Goods	Germany	11,881	2.6
UPM-Kymmene	Forestry and Paper	Finland	11,154	2.5
L'Oréal	Personal Goods	France	10,593	2.4
Holcim	Construction and Materials	Switzerland	9,914	2.2
Atlas Copco	Industrial Engineering	Sweden	9,553	2.1
Anheuser-Busch InBev	Beverages	Belgium	9,548	2.1
ASR Nederland	Non-life Insurance	Netherlands	9,506	2.1
Deutsche Boerse	Investment Banking and Brokerage Services	Germany	9,331	2.1
20 largest			**286,888**	**63.7**
BE Semiconductor	Technology Hardware and Equipment	Netherlands	9,167	2.0
CRH	Construction and Materials	Ireland	8,943	2.0
Metso	Industrial Engineering	Finland	8,868	2.0
Infineon	Technology Hardware and Equipment	Germany	8,729	1.9
ASM International	Technology Hardware and Equipment	Netherlands	8,672	1.9
Compass	Travel and Leisure	United Kingdom	8,654	1.9
Sanofi	Pharmaceuticals and Biotechnology	France	8,573	1.9
Syensqo	Chemicals	Belgium	8,501	1.9
Danone	Food Producers	France	8,446	1.9
Universal Music	Media	Netherlands	8,007	1.8
30 largest			**373,448**	**82.9**
Arkema	Chemicals	France	7,446	1.6
Aker BP	Oil, Gas and Coal	Norway	7,443	1.6
VAT Group	Electronic and Electrical Equipment	Switzerland	6,966	1.6
Essilor Luxottica	Medical Equipment and Services	France	6,552	1.5
Shell	Oil, Gas and Coal	United Kingdom	5,828	1.3
KONE	Industrial Engineering	Finland	5,780	1.3
Euronext	Investment Banking and Brokerage Services	Netherlands	5,725	1.3
Siemens Healthineers	Medical Equipment and Services	Germany	5,425	1.2
Stellantis	Automobiles and Parts	Netherlands	5,137	1.1
Galderma	Pharmaceuticals and Biotechnology	Switzerland	4,432	1.0
40 largest			**434,182**	**96.4**
Rheinmetall	Aerospace and Defence	Germany	4,401	1.0
Carlsberg	Beverages	Denmark	4,162	0.9
STMicroelectronics	Technology Hardware and Equipment	Switzerland	4,005	0.9
Interpump	Industrial Engineering	Italy	3,459	0.8
Total investments at fair value			**450,209**	**100.0**

COUNTRY OF LISTING *(as a percentage of the portfolio excluding cash)*

	31 March 2024	31 March 2023
	%	%
France	**30.9**	31.1
Germany	**18.5**	13.5
Netherlands	**15.6**	17.9
Denmark	**6.9**	5.4
Finland	**5.8**	8.7
Switzerland	**5.7**	2.7
Belgium	**4.0**	5.0
Italy	**3.7**	2.6
United Kingdom	**3.2**	8.4
Sweden	**2.1**	1.9
Ireland	**2.0**	-
Norway	**1.6**	1.9
Spain	**-**	0.9
	100.0	100.0

SECTOR EXPOSURE *(as a percentage of the portfolio excluding cash)*

	31 March 2024	31 March 2023
	%	%
Industrials	**30.2**	22.9
Technology	**15.9**	9.3
Consumer Discretionary	**13.6**	12.7
Health Care	**11.6**	11.8
Basic Materials	**8.9**	12.0
Financials	**8.3**	12.9
Energy	**6.6**	14.2
Consumer Staples	**4.9**	4.2
	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 2023. In the view of the Board, these principal risks and uncertainties at the year end are as applicable to the remaining six months of the financial year as they were to the six months under review.

The Company is currently engaged in a corporate transaction to merge its interests with those of Henderson EuroTrust plc, also managed by Janus Henderson. This introduces a degree of operational risk which has been mitigated as far as possible, including in relation to direct costs.

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 remuneration and expenses, 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 material 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 15) confirm that, to the best of their knowledge:

(a) the condensed financial statements for the half-year ended 31 March 2024 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
28 May 2024

CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 31 March 2024			(Unaudited) Half-year ended 31 March 2023			(Audited) Year ended 30 September 2023		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Gains on investments held at fair value through profit or loss	**-**	**65,315**	**65,315**	-	70,132	70,132	-	68,293	68,293
Exchange gains/(losses) on currency transactions	**-**	**572**	**572**	-	(361)	(361)	-	(5)	(5)
Income from investments (note 2)	**3,476**	**-**	**3,476**	3,195	-	3,195	11,206	-	11,206
Other income	**248**	**-**	**248**	55	-	55	224	-	224
Gross revenue and capital gains	**3,724**	**65,887**	**69,611**	3,250	69,771	73,021	11,430	68,288	79,718
Management fees (note 7)	**(332)**	**(997)**	**(1,329)**	(290)	(870)	(1,160)	(587)	(1,762)	(2,349)
Other fees and expenses	**(312)**	**-**	**(312)**	(331)	-	(331)	(639)	-	(639)
Net return before finance costs and taxation	**3,080**	**64,890**	**67,970**	2,629	68,901	71,530	10,204	66,526	76,730
Finance costs	**(59)**	**(175)**	**(234)**	(68)	(205)	(273)	(129)	(385)	(514)
Net return before taxation	**3,021**	**64,715**	**67,736**	2,561	68,696	71,257	10,075	66,141	76,216
Taxation on net return	**(180)**	**-**	**(180)**	(135)	-	(135)	(887)	(36)	(923)
Net return after taxation	**2,841**	**64,715**	**67,556**	2,426	68,696	71,122	9,188	66,105	75,293
Return per ordinary share (note 3)	**1.34p**	**30.41p**	**31.75p**	1.14p	32.28p	33.42p	4.32p	31.07p	35.39p

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.

CONDENSED STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 March 2024 (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 2023	**10,819**	**41,995**	**217,076**	**12,496**	**96,611**	**378,997**
Net return after taxation	**-**	**-**	**64,715**	**2,841**	**-**	**67,556**
Ordinary dividend paid	**-**	**-**	**-**	**(6,489)**	**-**	**(6,489)**
Cancellation of share premium account (note 5)	**-**	**(41,995)**	**-**	**-**	**41,995**	**-**
At 31 March 2024	**10,819**	**-**	**281,791**	**8,848**	**138,606**	**440,064**

Half-year ended 31 March 2023 (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 2022	10,819	41,995	151,154	13,840	96,611	314,419
Net return after taxation	-	-	68,696	2,426	-	71,122
Ordinary dividend paid	-	-	-	(7,766)	-	(7,766)
Buyback of ordinary shares for treasury	-	-	(183)	-	-	(183)
At 31 March 2023	10,819	41,995	219,667	8,500	96,611	377,592

Year ended 30 September 2023 (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 2022	10,819	41,995	151,154	13,840	96,611	314,419
Net return after taxation	-	-	66,105	9,188	-	75,293
Ordinary dividend paid	-	-	-	(10,532)	-	(10,532)
Buyback of ordinary shares for treasury	-	-	(183)	-	-	(183)
At 30 September 2023	10,819	41,995	217,076	12,496	96,611	378,997

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 March 2024 £'000	(Unaudited) 31 March 2023 £'000	(Audited) 30 September 2023 £'000
Fixed assets			
Investments held at fair value through profit or loss	**450,209**	403,212	384,249
Current assets			
Debtors	**12,418**	11,606	11,745
Cash at bank	**24,519**	15	15,857
	36,937	11,621	27,602
Creditors: amounts falling due within one year	**(17,317)**	(6,653)	(2,655)
Net current assets	**19,620**	4,968	24,947
Total assets less current liabilities	**469,829**	408,180	409,196
Creditors: amounts falling due after one year	**(29,765)**	(30,588)	(30,199)
Net assets	**440,064**	377,592	378,997
Capital and reserves			
Called-up share capital	**10,819**	10,819	10,819
Share premium account	**-**	41,995	41,995
Capital reserve	**281,791**	219,667	217,076
Revenue reserve	**8,848**	8,500	12,496
Other reserves (note 5)	**138,606**	96,611	96,611
Total shareholders' funds	**440,064**	377,592	378,997
Net asset value per ordinary share (note 6)	**206.83p**	177.47p	178.13p

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

CONDENSED CASH FLOW STATEMENT

	(Unaudited) Half-year ended 31 March 2024 £'000	(Unaudited) Half-year ended 31 March 2023 £'000	(Audited) Year ended 30 September 2023 £'000
Cash flows from operating activities			
Net return before taxation	**67,736**	71,257	76,216
Add back: finance costs	**234**	273	514
Gains on investments held at fair value through profit or loss	**(65,315)**	(70,132)	(68,293)
(Gains)/losses on foreign exchange	**(572)**	361	5
Taxation paid	**(292)**	(118)	(1,389)
Increase in debtors	**(492)**	(824)	(163)
(Decrease)/increase in creditors	**(535)**	122	1,099
Net cash inflow from operating activities	**764**	939	7,989
Cash flows from investing activities			
Sales of investments held at fair value through profit or loss	**104,450**	163,809	288,351
Purchases of investments held at fair value through profit or loss	**(89,965)**	(179,585)	(290,172)
Net cash inflow/(outflow) from investing activities	**14,485**	(15,776)	(1,821)
Cash flows from financing activities			
Buyback of shares for treasury	**-**	(183)	(183)
Equity dividends paid (net of refund of unclaimed distributions)	**(6,489)**	(7,766)	(10,532)
Drawdown of bank overdraft	**-**	2,095	-
Interest paid	**(234)**	(243)	(863)
Net cash outflow from financing activities	**(6,723)**	(6,097)	(11,578)
Net increase/(decrease) in cash and equivalents	**8,526**	(20,934)	(5,410)
Cash and cash equivalents at beginning of period	**15,857**	21,272	21,272
Gains/(losses) on foreign exchange	**136**	(323)	(5)
Cash and cash equivalents at end of period	**24,519**	15	15,857
Comprising:			
Cash at bank	**24,519**	15	15,857

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

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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 July 2022.

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 2023. 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 2024 £'000	(Unaudited) Half-year ended 31 March 2023 £'000	(Audited) Year ended 30 September 2023 £'000
Listed investments:			
Overseas dividends	**2,864**	2,533	10,143
UK dividends	**203**	662	969
UK fixed interest income	**409**	-	94
	3,476	3,195	11,206

3. Return per ordinary share

	(Unaudited) Half-year ended 31 March 2024 £'000	(Unaudited) Half-year ended 31 March 2023 £'000	(Audited) Year ended 30 September 2023 £'000
The return per ordinary share is based on the following figures:			
Net revenue return	**2,841**	2,426	9,188
Net capital return	**64,715**	68,696	66,105
Net total return	**67,556**	71,122	72,293
Weighted average number of ordinary shares in issue for each period	**212,768,122**	212,784,056	212,776,067
Revenue return per ordinary share	**1.34p**	1.14p	4.32p
Capital return per ordinary share	**30.41p**	32.28p	31.07p
Total return per ordinary share	**31.75p**	33.42p	35.39p

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 31 March 2024, there were 216,389,910 shares in issue, of which 3,621,788 were held in treasury. During the half-year period ended 31 March 2024, no shares were issued or repurchased (half-year ended 31 March 2023: 145,000 shares were repurchased for treasury at a cost of £183,000, and year ended 30 September 2023: 145,000 shares at a cost of £183,000). No shares have been issued or repurchased since 31 March 2024. As at 24 May 2024, 212,768,122 shares were entitled to a dividend.

5. Other reserves

	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Special distributable reserve	**25,846**	25,846	25,846
Additional special distributable reserve	**51,416**	-	-
Merger reserve	**61,344**	61,344	61,344
Capital redemption reserve	**-**	9,421	9,421
Total	**138,606**	96,611	96,611

The share premium account (£41,995,000) and capital redemption reserve (£9,421,000) were cancelled on 13 March 2024 to create a new additional special distributable reserve of £51,416,000. The new reserve will be available to the Company for buybacks of the Company's shares, dividend distributions and other corporate purposes as permitted under the Company's articles of association. The merger reserve is not distributable, and nor was the capital redemption reserve in prior periods. As at 31 March 2024, the total distributable reserves within 'other reserves' are £77,262,000 (31 March 2023: £25,846,000; 30 September 2023: £25,846,000). The realised capital proportion of the capital reserve is also distributable.

6. Net asset value per share – basic and diluted

The net asset value per ordinary share is based on the 212,768,122 shares (excluding treasury shares) in issue at 31 March 2024 (half year ended 31 March 2023: 212,768,122 shares; year ended 30 September 2023: 212,768,122 shares).

7. Management fees

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

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 2024	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Quoted equities	**450,209**	**-**	**-**	**450,209**
Total	**450,290**	**-**	**-**	**450,209**

Financial assets held at fair value through profit or loss at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equities	403,212	-	-	403,212
Total	403,212	-	-	403,212

Financial assets held at fair value through profit or loss at 30 September 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equities	364,567	-	-	364,567
Short-dated government bonds	19,682	-	-	19,682
Total	384,249	-	-	384,249

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 2023.

9. Borrowings

As at 31 March 2024, the Company's bank overdraft included in "Creditors: amounts falling due within one year" was £nil (31 March 2023: £2,095,000; 30 September 2023: £nil).

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 were £29,275,000 less £173,000 issue costs.

The unsecured loan notes are carried in the Statement of Financial Position 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 £19,221,000 (31 March 2023: £19,918,000; 30 September 2023: £17,508,000) and is categorised as Level 3 in the fair value hierarchy. However, for the purpose of the daily NAV announcements, the unsecured loan notes are valued at par in the NAV because they are not traded and the directors expect them to be held to maturity and, accordingly, the directors have assessed that this 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 2023 £'000	**Cash flows £'000**	**Amortisation of issue costs £'000**	**Foreign exchange movement £'000**	**At 31 March 2024 £'000**
Financing activities					
Unsecured loan notes	**(30,199)**	**-**	**(2)**	**436**	**(29,765)**
	(30,199)	**-**	**(2)**	**436**	**(29,765)**
Non-financing activities					
Cash and cash equivalents	**15,857**	**8,526**	**-**	**136**	**24,519**
	15,857	**8,526**	**-**	**136**	**24,519**
Total	**(14,342)**	**8,526**	**(2)**	**572**	**(5,246)**

	At 1 October 2022 £'000	Cash flows £'000	Amortisation of issue costs £'000	Foreign exchange movement £'000	At 31 March 2023 £'000
Financing activities					
Bank overdraft	-	(2,095)	-	-	(2,095)
Unsecured loan notes	(30,548)	-	(2)	(38)	(30,588)
	(30,548)	(2,095)	(2)	(38)	(32,683)
Non-financing activities					
Cash and cash equivalents	21,272	(20,934)	-	(323)	15
	21,272	(20,934)	-	(323)	15
Total	(9,276)	(23,029)	(2)	(361)	(32,668)

	At 1 October 2022 £'000	Cash flows £'000	Amortisation of issue costs £'000	Foreign exchange movement £'000	At 30 September 2023 £'000
Financing activities					
Unsecured loan notes	(30,548)	-	(5)	354	(30,199)
	(30,548)	-	(5)	354	(30,199)
Non-financing activities					
Cash and cash equivalents	21,272	(5,410)	-	(5)	15,857
	21,272	(5,410)	-	(5)	15,857
Total	(9,276)	(5,410)	(5)	349	(14,342)

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 geopolitical risks and macroeconomic factors, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

12. Dividends

The directors have declared an interim dividend of 3.05p per ordinary share (2023: 1.30p), payable on 28 June 2024 to shareholders who are on the register of members on 7 June 2024. The shares will be quoted ex-dividend on 6 June 2024. Based on the 212,768,122 shares in issue (excluding treasury shares) at 24 May 2024, the cost of this dividend will be £6,489,000 (2023 interim dividend: £2,766,000).

13. Proposed merger with Henderson EuroTrust plc

The boards of Henderson European Focus Trust plc and Henderson EuroTrust plc have announced that both companies have signed Heads of Terms in respect of a proposed merger of interests to form Henderson European Trust plc. A prospectus and circular in respect of the proposed transaction were published on 20 May 2024. Please see the Chair's Statement for further details.

14. 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 2024 and 31 March 2023 has not been audited nor reviewed by the Company's auditor. The figures and financial information for the year ended 30 September 2023 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 section 498(2) or section 498(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 2023.

15. 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), Robin Archibald (Senior Independent Director and Chairman of the Audit and Risk Committee), Stephen Macklow-Smith, Marco Bianconi and Melanie Blake. 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.

16. 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 2024.

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