Annual Report 2023

Henderson High Income Trust plc

Seeking superior income generation and long-term capital growth

MANAGED BY
Janus Henderson
INVESTORS

Objective

The Company invests in a prudently diversified selection of both well-known and smaller companies to provide investors with a high dividend income stream while also maintaining the prospect of capital growth.

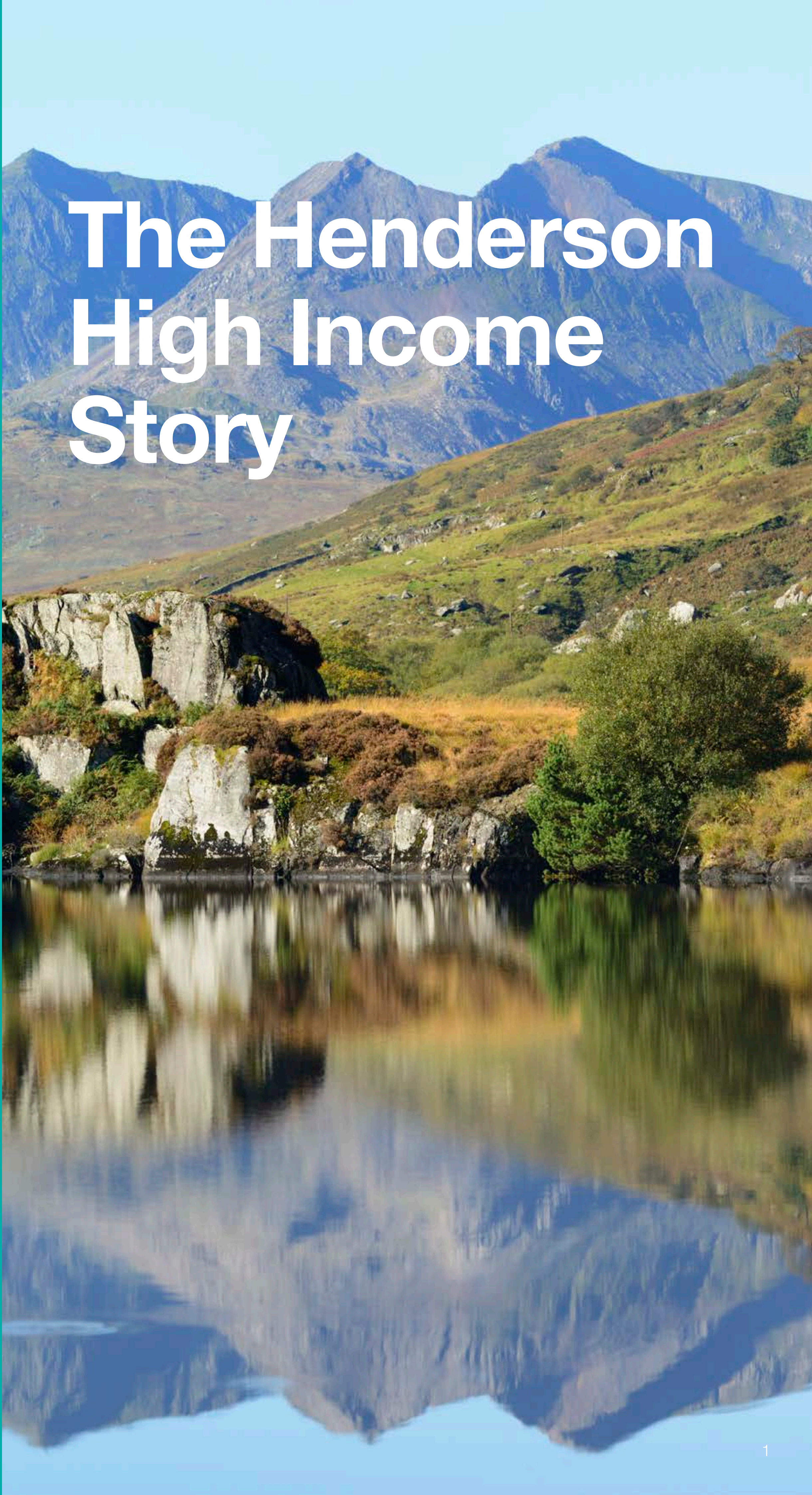
Strategic Report

Governance

Financial Statements

Additional Shareholder Information

The Henderson High Income Story



What we look for in companies

The Company invests in a prudently diversified selection of both well-known and smaller companies to provide investors with a high dividend income stream while also maintaining the prospect of capital growth. To gain a full understanding of these companies, the stock selection process places emphasis on examining what each company does, its market position and the dynamics of that market. Combining this with analysis of the company's financial health provides valuable insight into the company's ability to not only sustain its dividend but grow it in the long-term, a crucial element for generating total returns for shareholders. The stock selection process is broken down into three key component parts: fundamentals, financials and valuation.

Fundamentals

Analysing a company's fundamentals is the starting point to understanding its qualities and whether its business is robust in the long-term. Emphasis is placed on assessing the company's strength of industry position, barriers to entry, senior management and their ability to sustain or improve a company's performance. Greater weight is given to long-term views over short-term considerations and trends in the market or sector.

The following key attributes are typically looked for:

- Robust and understandable business models
- Good earnings visibility
- High barriers to entry
- Market leadership
- Strong franchise
- Good Environmental, Social and Governance (ESG) risk management
- Proven management teams

Financials

The second step is to gain a clear understanding of the company's financial health and its ability to invest for future growth, sustain profitability and return value to shareholders. In particular, focus is given to:

- Sustainability of profits
- Robust balance sheets
- Well-invested asset base
- Strong cash generation
- Sensible dividend policy

Valuation

Valuation is the final part of analysing a company but underpins the whole process. Even when companies with strong fundamentals and financials are found, their valuations also need to be attractive, otherwise capital appreciation may be limited. Various valuation metrics are used, such as price to earnings ratios, to assess whether the qualities we have identified in a company are already discounted in the current share price.

By applying this disciplined stock selection process, the Company benefits from a well-diversified portfolio of good quality companies in strong financial health that can pay and grow their dividends, but also offer the potential for capital growth over the long-term.

Diversification of income

Challenges for UK income investors

Overall market dividends grew by 5.4% in 2023 on an underlying basis[1] (ex special dividends and at constant currency). The majority of this growth was driven by good dividend increases from large dividend paying sectors such as banks and oil & gas companies. However, this continues to cause a concentration challenge for UK income investors. The top 20 dividend payers in the UK produced 76% of the FTSE 100's income in 2023. This becomes a problem if the dividends of those top 20 companies are unsustainable. The Company deals with this concentration issue by constructing a well-diversified portfolio, making sure that the revenue account is not overly reliant on any one company or sector for income. This materially lowers income concentration for the Company, with those same top 20 companies only contributing around 31% of aggregate income for the Company.

Concentration of income

Source: Janus Henderson Investors, Factset and LSEG Datastream

Utilising Henderson High Income's unique structure

1 Computershare UK Dividend Monitor

Source: Henderson High Income Trust plc's Annual Reports

While maintaining a diversified portfolio is key, the Company can also utilise its unique structure and invest in fixed interest securities to diversify further its income generation. Bond interest paid by companies is usually more sustainable than dividends during times of economic stress, hence having the ability to allocate towards bonds provides a valuable source of differentiated income.

The Company also has a number of other ways to diversify its income by utilising its structure:

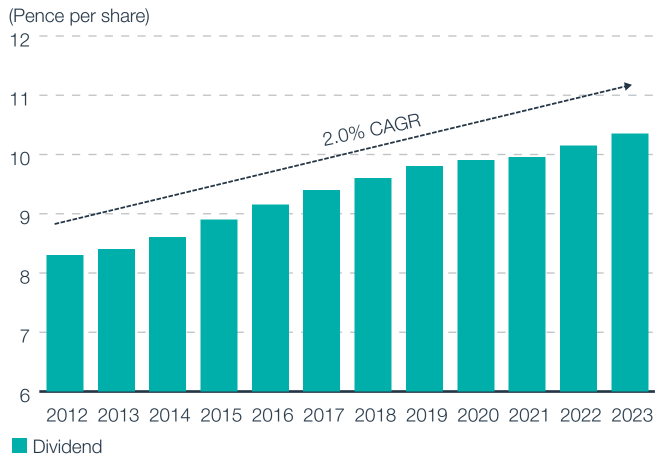
- It can invest 30% of gross assets in overseas markets.
- It can invest in listed alternative income investment trusts, such as renewables infrastructure funds.
- It can invest a larger proportion in medium sized companies given its size relative to much larger competitors.

Revenue reserves

One of the main advantages of investment trusts is the ability to retain surplus income to create revenue reserves. The Company can add to these reserves in profitable years and pay them out in the leaner years, thereby smoothing the level of their dividend payments when appropriate. The Company was able to utilise its reserves in 2020 and 2021 to continue to pay and grow its own dividend despite the significant dividend cuts and suspensions experienced across the UK market during the pandemic.

In 2023 the Company paid dividends totalling 10.35p, growth of 2.0% on 2022, its eleventh consecutive year of dividend growth. The Company fully covered the dividend from earnings with a small surplus carried to revenue reserves, which increased to £8.9 million. With a diversified portfolio and healthy level of revenue reserves, the Company is in a good position going forward.

Eleven years of consecutive dividend growth



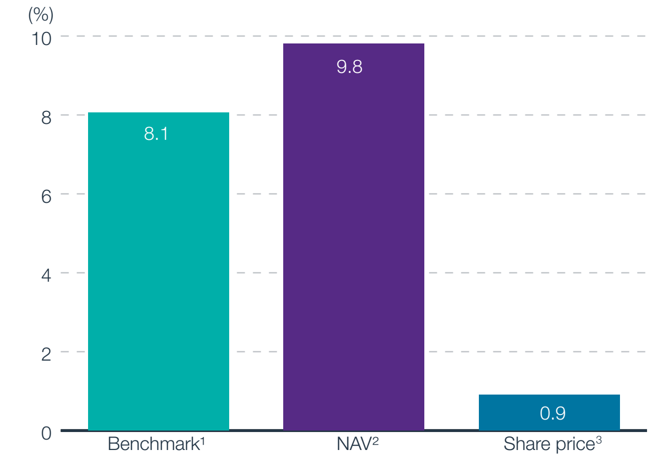
Source: Janus Henderson Investors, Factset and LSEG Datastream

Performance Highlights

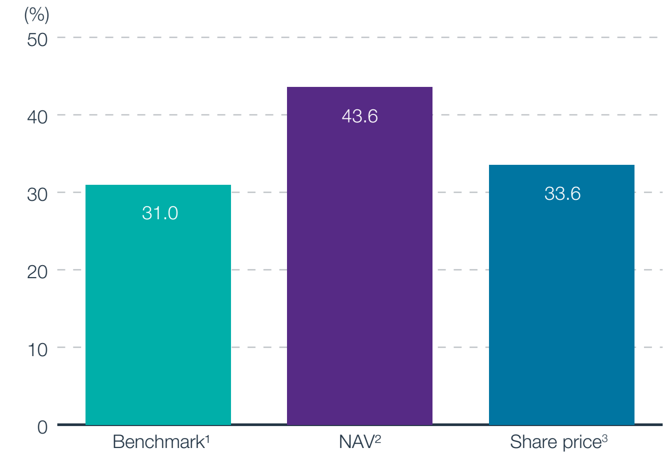
Strategic Report: Performance Highlights

Total return performance to 31 December 2023

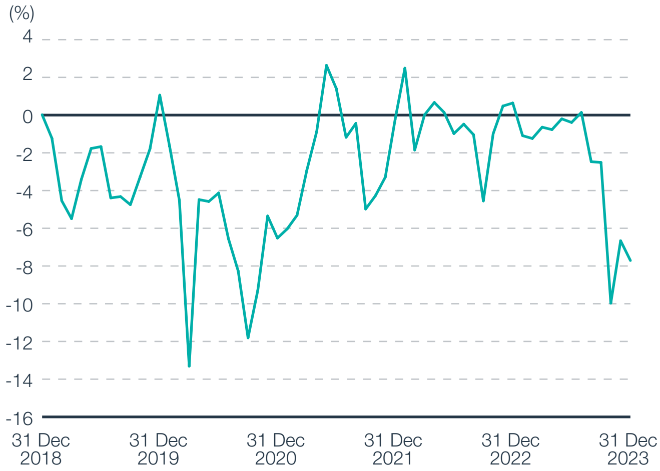
One year



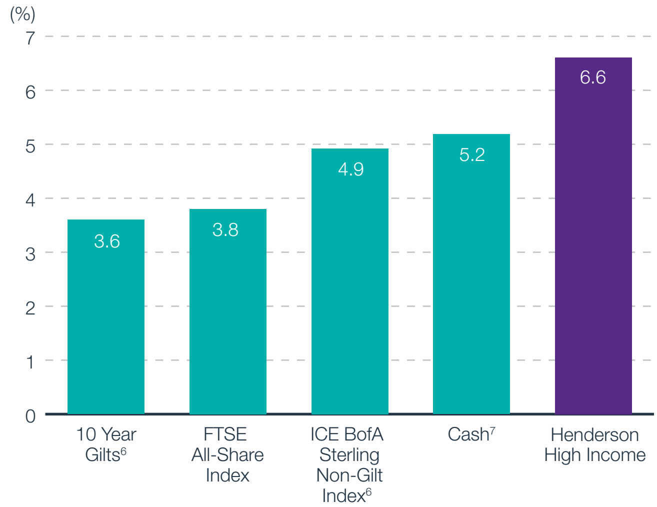
Five years



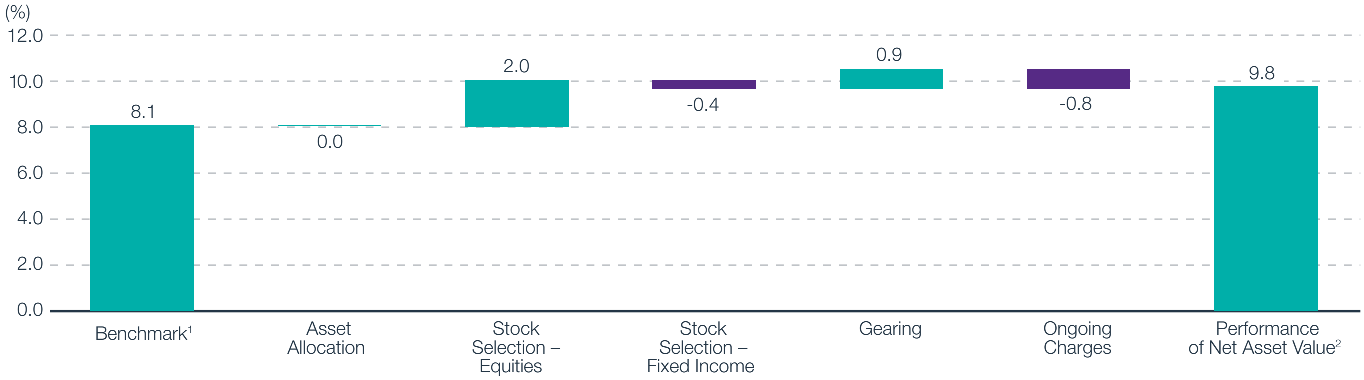
Premium/discount over 5 years to 31 December 2023[4]



Dividend yields as at 31 December 2023[5]



Attribution[8] – explanation of movement in net asset value (total return) in 2023



1 The benchmark is a composite of 80% of the FTSE All-Share Index (total return) and 20% of the ICE BofA Sterling Non-Gilts Index (total return) rebalanced annually
2 Net asset value with debt at fair value per ordinary share total return (including dividends reinvested and excluding transaction costs)
3 Includes dividends reinvested
4 Premium/discount based on net asset value with debt at fair value
5 Alternative Performance Measure, see page 82
6 Gross redemption yield
7 Cash based on SONIA (Sterling Overnight Index Average) Interest Rate Benchmark
8 Geometric returns

A Glossary of Terms and Alternative Performance Measures can be found on page 80 and pages 81 to 82 respectively

Sources: Morningstar Direct, Janus Henderson Investors. All data is either as at 31 December 2023 or for the year-ended 31 December 2023

Strategic Report: Performance Highlights (continued)

NAV per share[1,4]

2023 **169.58p**

2022 **164.24p**

Mid-market price per share

2023 **156.50p**

2022 **165.25p**

Revenue return per share

2023 **10.39p**

2022 **10.37p**

Net assets

2023 **£222.3m**

2022 **£214.3m**

Dividend for the year

2023 **10.35p**

2022 **10.15p**

Dividend yield[2,4]

2023 **6.6%**

2022 **6.1%**

Ongoing charge for the year[3,4]

2023 **0.86%**

2022 **0.84%**

Gearing[4]

2023 **21.4%**

2022 **21.4%**

1 Net asset value with debt at fair value as published by the Association of Investment Companies (AIC)
2 Based on the dividends paid or announced for the year and the share price at the year-end
3 Calculated using the methodology prescribed by the AIC
4 Alternative Performance Measure, see pages 81 to 82

A Glossary of Terms and Alternative Performance Measures can be found on page 80 and pages 81 to 82 respectively

Sources: Morningstar Direct, Janus Henderson Investors. All data is either as at 31 December 2023 or for the year-ended 31 December 2023

Chairman's Statement

Strategic Report: Chairman's Statement

Jeremy Rigg
Chairman

Performance

2023 was generally a positive year for investment returns. The Company's Net Asset Value (NAV) Total Return was +9.8% compared with the benchmark return of +8.1%, an outperformance of +1.7%. The Company's share price total return was less impressive at +0.9%, with the share price ending the year at a discount to NAV of 7.7% (having started 2023 at a small premium of +0.6%), compared with the average discount for the UK equity income sector of 5.7% at the end of 2023.

The year was characterised by considerable volatility within financial markets. Centre stage were elevated inflation levels and correspondingly higher interest rates as policy makers around the globe focused on trying to tame pricing pressure and strong wage settlements. As the year unfolded it became clear that inflation may have peaked and investors began to focus on the likelihood that interest rates could start to fall during 2024.

The backdrop of rising geopolitical tensions also contributed to the volatility in markets, not least due to the impact of continuing energy price pressure and firmer global shipping costs. However as 2023 progressed energy prices started to fall significantly which helped inflation forecasts to soften. Against this volatile backdrop, returns from equities were generally superior to fixed interest investments as company profits and dividend payouts remained robust and investors were focused more on the ability of equities to provide greater protection against the impact of inflation.

The Company's outperformance during the year of +1.7% versus the benchmark (80% FTSE All-Share Index, 20% ICE BofA Sterling Non-Gilts Index) was mainly due to good equity stock selection and a positive contribution from gearing.

Dividends

The Company's investment objective is to provide investors with a high dividend income stream while also maintaining the prospect of capital growth. As highlighted in my statement in 2022, a period of higher inflation makes this objective even more important for shareholders. The relatively resilient performance of UK companies, which continue to represent the large majority of the Company's investments, in 2023 and their ability to pay out healthy dividends ensured that the Company was able to provide a high level of income to shareholders during the year whilst also enabling a small amount to be added to reserves. At the end of 2023, the Company held approximately £8.9 million in revenue reserves which equates to 6 months of cover over the full year dividend on the enlarged shareholder base (following the combination with Henderson Diversified Income Trust plc, the details of which are below).

During 2023 the Board recommended the payment of dividends totalling 10.35 pence per share, an increase of 2.0% over the payment in 2022. This increase represented the 11th consecutive year of dividend growth from the Company. The Board spends a considerable amount of time throughout the year focusing on the prospects for future income levels and the impact on dividends, based on detailed forecasts which the Company's Fund Manager regularly updates. The Board remains confident that the Company can continue to deliver a high level of income to shareholders.

Gearing

The Company's policy on gearing is provided on page 22 of this Annual Report. With the cost of borrowing increasing sharply in 2023, the Board regularly reviewed the level of gearing with the Fund Manager during the course of the year to evaluate whether it remained appropriate and at a level commensurate with achieving targeted income levels.

During 2023 overall borrowings and gearing remained consistent with 2022. As a percentage of net assets, gearing finished the year at 21.4%, in line with the level at the start of the year. Overall asset allocation changed little during the year with the Company continuing to favour equities over fixed interest investments. Compared with its benchmark of 80% equities/20% bonds, the Company had a weighting of around 89% in equities and 11% in bonds at the year end.

In December 2023 the Company renewed its bank borrowings, agreeing a committed loan facility of £45 million with BNP Paribas, London Branch. This facility included the option to increase borrowings by a further £25 million, up to £70 million, of which an extra £15 million was utilised in January 2024 following the combination with Henderson Diversified Income Trust plc. The facility has a duration of 12 months and the terms on which the facility was agreed were competitive.

Combination with Henderson Diversified Income Trust plc

In October the Board announced that it had agreed terms with the Board of Henderson Diversified Income Trust plc (HDIV) in respect of a proposed combination of HDIV with the Company, which if approved by each company's shareholders, would be effected by way of a Scheme of reconstruction and winding up of HDIV under Section 110 of the Insolvency Act 1986.

Strategic Report: Chairman's Statement (continued)

I am very pleased to say that the combination was approved by both companies' shareholders and as a result investors representing approximately 55% of HDIV's shares became shareholders in the Company in January 2024. This meant that the Company was able to issue some £72 million of new shares which will improve the liquidity and marketability in the Company's shares and also help to spread the Company's fixed costs across a larger shareholder base which is in the interests of all our shareholders.

On behalf of the Board, I would like to extend a warm welcome to new shareholders.

Responsible Investment

Responsible investing relates to how environmental, social and corporate governance (ESG) factors impact a company over the long term. Analysis of the resilience of a business and its profits has always been at the core of the Company's investment strategy, and ESG factors are fully integrated into the investment processes employed by the Fund Manager.

The Board believes that voting the Company's shareholdings at general meetings is essential to good corporate stewardship and is an effective means of expressing its views on the policies and practices of its investee companies. Voting decisions reflect the provisions of Janus Henderson's ESG Corporate Statement and ESG Investment Principles which are publicly available at **www.janushenderson.com** and records the high standards of corporate behaviour that are expected. Ultimately, however, our Fund Manager makes the final decision after consultation with the Board, as necessary.

Janus Henderson will actively engage with those companies that fall below such expectations to encourage improvement over time. The final sanction is the divestment of those holdings that fail to make an acceptable transition and adapt sufficiently. The Board monitors the process by reviewing a report on the Company's voting pattern on an annual basis.

For an overview on how Janus Henderson engaged with companies in which the Company is invested, please refer to pages 30 to 32 of this Annual Report.

AGM

We look forward to seeing as many of our shareholders as possible at our AGM which will be held at 12 noon on Tuesday, 14 May 2024 at the offices of Janus Henderson at 201 Bishopsgate, London EC2M 3AE.

David Smith, the Company's Fund Manager, will give a presentation on the Company's portfolio and performance, and you will, as usual, have the opportunity to talk to the Board, David and other Janus Henderson representatives. We very much welcome your comments and questions at the AGM and we would encourage those of you who are unable to attend in person to use your proxy votes and to watch the AGM live by logging onto **www.janushenderson.com/trustslive**.

Prospects and Outlook

The key drivers for investment markets in 2024 will be the path of global interest rates in response to the level of inflation and the outlook for corporate profits as companies respond to rising costs. Generally, global economic activity remains relatively robust against the backdrop of higher borrowing costs, with overall levels of corporate profitability and consumer demand resilient, albeit China's recovery from the pandemic continues to disappoint. Investors believe that inflation will soften appreciably by the middle part of the year, driven not least by lower energy costs, enabling policy makers to begin reducing interest rates and helping to achieve a relatively soft landing for global economies. Policy makers are, however, continuing to caution against a rapid reduction in interest rates as service sector inflation remains too high in the West, and increasing geopolitical tensions may lead to persistently higher shipping costs. In addition, there are upcoming electoral issues to be mindful of, particularly in the US and of course the UK.

Your Company holds the large majority of its investments in UK companies. The relative valuation of the UK equity market continues to look attractive when set against other global equity markets and both international and domestic investors have by historic standards a very low exposure to UK assets with the scope for that weighting to increase. Within the portfolio, there is a good balance between larger companies with more international exposure and attractively valued smaller and medium sized UK companies which stand to benefit if the outlook for UK activity starts to improve. As ever the Board and the Fund Manager remain focused on the Company's primary investment objective of continuing to deliver a high level of income for shareholders while also targeting longer term capital growth.

Jeremy Rigg
Chairman
27 March 2024

Fund Manager's Report

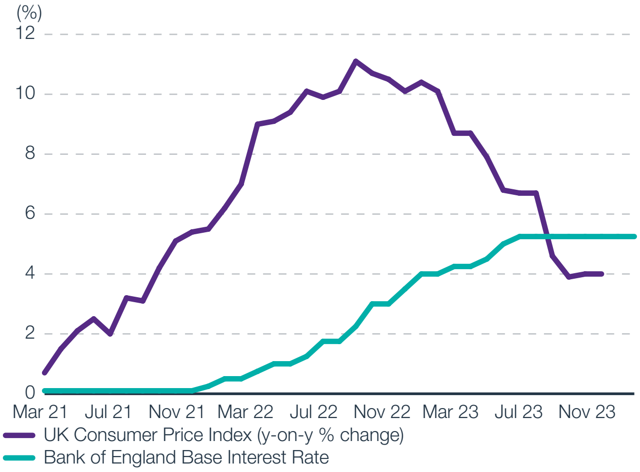
Strategic Report: Fund Manager's Report

David Smith
Fund Manager

Market review

The UK equity market produced positive returns during the year, with the FTSE All-Share Index up by 7.9% on a total return basis. Falling inflation and a pause in interest rate hikes by central banks, especially the US, UK and Europe, were the main driving forces for equity returns in 2023. Inflation in the UK (as measured by CPI), which started the year at 9.2%, fell to 4.2% by December, benefitting from lower energy prices, the loosening of supply chains and fading food price inflation. The Bank of England increased interest rates five times in the year to reach 5.25% by August, before pausing. The UK economy weakened during the year and slipped into a technical recession in the fourth quarter, albeit GDP growth was only modestly negative.

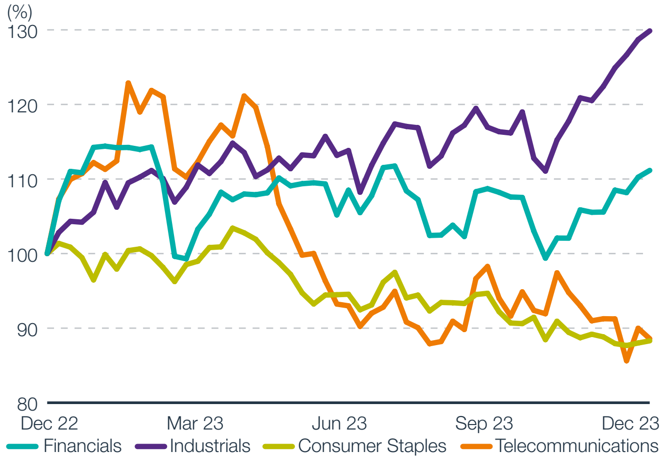
UK inflation eased during the year while the Bank of England hiked interest rates to 5.25% before pausing



Source: LSEG DataStream as at 31 December 2023

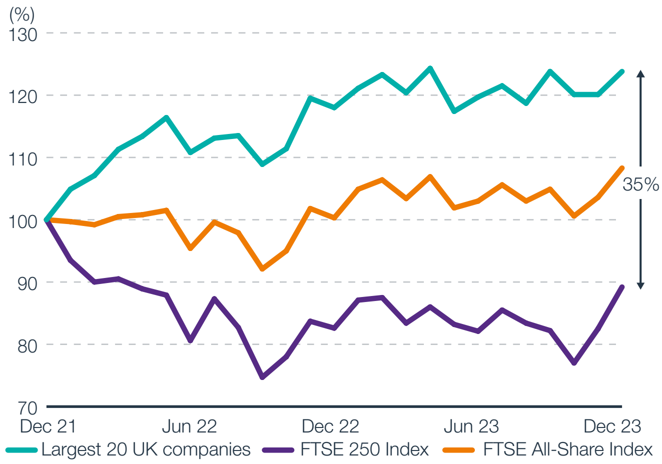
The UK market performance was fairly broad based with the mid-cap FTSE 250 (+8.0%) marginally outperforming the larger-cap FTSE 100 (+7.9%). However, the vast majority of performance from medium sized companies came in the fourth quarter as markets reacted positively to inflation falling more than expected in October. Despite the recent rebound in that area of the market, it has still significantly underperformed mega cap companies (the largest 20 companies in the UK) over the past two years. Cyclical sectors performed best over the year with financials, industrials and consumer discretionary outperforming, while defensive sectors such as health care, consumer staples and telecommunications lagged. Despite the fall in the oil price during the year, due to concerns over Chinese demand given its weakening economy, the oil & gas sector outperformed. The mining sector underperformed in contrast, despite iron ore and copper prices rising, as production issues and cost inflation weighed on sector profits.

A year end rally saw cyclical sectors outperform defensive sectors



Sector performance based on MSCI UK sector indices. Rebased to 100 as at 31 December 2022
Source: LSEG Datastream as at 31 December 2023

Mid-caps have significantly underperformed mega-caps over last 2 years



Returns shown on a total return basis and rebased to 100 as at 31 December 2021
Source: LSEG DataStream, Bloomberg, Janus Henderson analysis as at 31 December 2023

Bonds were volatile during the year with yields initially rising in the first half of the year to reflect stubbornly high inflation and increased interest rates. The UK 10-year gilt yield rose from 3.7% at the start of the year to reach a peak of 4.7% in August. Despite the hawkish narrative from central bankers globally, bond yields fell dramatically in the fourth quarter as the market started to price in rate cuts in early 2024 given that inflation began to decline below expectations, particularly in North America. The 10-year gilt yield finished the year at 3.5%,

Strategic Report: Fund Manager's Report (continued)

albeit it has since risen as markets have had to reassess their estimates of when the first rate cut may come. Both government and corporate bonds produced positive returns for the year after negative returns in the previous two years.

Bond yields were volatile during the year and fell sharply in the 4th quarter on lower inflation

Source: LSEG DataStream as at 31 December 2023

Performance review

The Company's NAV (debt at fair value) returned 9.8% on a total return basis, outperforming the benchmark's gain of 8.1%. Good stock selection within the equity portfolio drove the outperformance, while gearing also contributed positively.

The equity portfolio gained 10.4% on a total return basis during the year, outperforming the FTSE All-Share Index return of 7.9%. The portfolio's holdings in financials 3i and Intermediate Capital were positive for performance. Private equity group 3i benefitted from its portfolio holding in Action, the European discount retailer, which delivered strong profit growth underpinned by its value proposition and its store roll out strategy. Despite a more difficult macro environment, alternative asset manager Intermediate Capital continued to attract inflows with the company delivering its 4-year fundraising target a year ahead of expectations.

The portfolio's positions in other consumer stocks that offer value to customers also performed well. B&M European Value Retail saw good growth in volumes benefitting from more cost-conscious consumers given the "cost of living" crisis. Tesco also outperformed with the company's drive to become the cheapest full line grocer producing market share gains, good profit growth and attractive cash flow. Elsewhere, holdings in Hilton Food Group and RELX also aided performance. Hilton Food Group reported resilient trading in its core meat division, while management action to improve its troubled seafood business showed progress with the business back in profit by the end of the year. RELX announced strong organic growth ahead of its historic average, benefitting from its continued investment in technology tools and analytics.

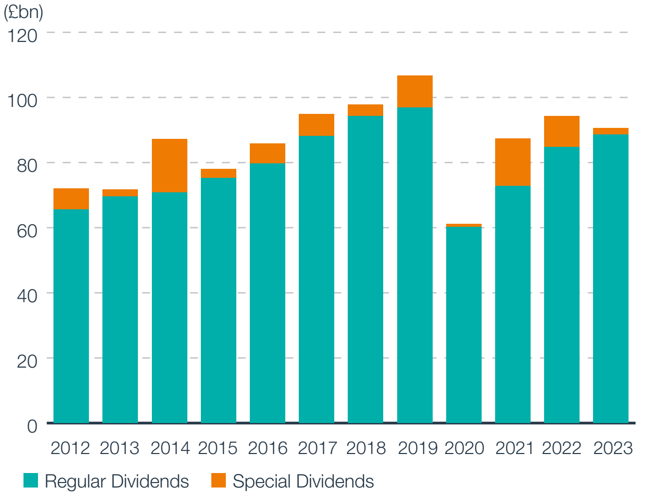
On the negative side the portfolio's holdings in British American Tobacco, Anglo American and NatWest detracted from returns. British American Tobacco announced a payout of $635 million to resolve investigations by the US Department of Justice into the company's historical business activities in North Korea. It also disappointed the market with weaker trading, the suspension of the share buyback and a non-cash impairment charge of £25 billion relating to the Reynolds acquisition in 2017. Anglo American shares were impacted by falling PGM (Platinum Group Metals) prices, while the announced reduction in production guidance towards the end of the year also disappointed investors. Despite higher interest rates, NatWest reported weaker margins given increased competition in savings and mortgage products.

The fixed income portfolio rose 4.6% on a total return basis during the year, but this lagged the 8.6% return from the ICE BofA Sterling Non-Gilts Index. The portfolio's exposure to short duration government bonds was detrimental to relative performance given the underperformance of gilts relative to UK corporate bonds. The weakness in the US dollar also created a headwind to relative performance for the US bond holdings. Holdings in high yield bonds, such as Direct Line, Bupa, CenterParcs and Virgin Media, were positive for performance given the more resilient UK economy saw credit spreads tighten during the year.

Income review

On a headline basis UK market dividends fell 3.7% (according to the Computershare UK Dividend Monitor), however, this was driven by a decline in special dividends versus 2022, and the strength of sterling during the year given the number of large companies that declare their dividends in dollars. On an underlying dividend basis (ex special dividends), aggregate UK market dividends grew 5.4% at constant currency. This was primarily due to good growth in dividends from banks and oil & gas companies.

UK market dividends grew during 2023 on an underlying basis



Source: Computershare UK Dividend monitor as at 31 December 2023

Strategic Report: Fund Manager's Report (continued)

The income return for the Company in 2023 marginally increased to 10.39p per share, from 10.37p in 2022. Despite income from underlying dividends in the equity portfolio growing 6.8% in the year, there were a number of headwinds which offset this. Special dividends were significantly down from the prior year with only £241,000 earned by the Company versus £1.1 million in 2022. Given the rise in interest rates during the period, the Company's interest costs charged to income from its revolving credit facility also increased, although income from the bond portfolio also rose given the higher yields available which helped dampen this impact.

During the year the Board declared a full year dividend of 10.35p which was fully covered by earnings with £128,000 being added to revenue reserves. This was an increase of 2.0% over the dividend in 2022 (10.15p) and represents the eleventh consecutive year of dividend growth, maintaining the Company's status as an AIC Next Generation Dividend Hero. The dividend has grown at a compound annual growth rate of 2.0% over those 11 years. Revenue reserves as at 31 December 2023 were £8.9 million.

Portfolio Activity

As at the end of the year gearing was 21.4%, in line with the level as at the end of 2022. A net £4.4 million was added to the bond portfolio taking advantage of the move higher in yields. New positions were initiated in both investment grade and high yield bonds but in typically higher quality, non-cyclical businesses such as Électricité De France (EDF) (European utility), Allwyn Entertainment (European lottery operator) and Banijay Entertainment (TV content creator). In the middle of the year, some of the lowest yielding investment grade bonds in the portfolio were sold, where credit spreads were particularly tight, and reinvested in short dated government bonds, both a UK gilt and a US treasury bond. The bond portfolio represented 12.3% and 14.9% of gross and net assets respectively as at the end of December.

New positions initiated in the equity portfolio included DCC, Conduit Re and Engie. DCC is an international sales, marketing and distribution company operating in the LPG, oil, technology and health care sectors. It is a resilient business with strong free cash flow, high returns and a robust balance sheet which should support further accretive bolt on acquisitions. Engie is a French integrated utility and is a diversified business involved in the generation, distribution and supply of energy in Europe and Latin America. The company has a credible business plan with the build out of its renewable energy project pipeline likely to lead to good earnings growth. Conduit Re is a specialist property and casualty reinsurer with a diversified portfolio of reinsurance risks. Given the capacity that has come out of the reinsurance market after a number of years of large losses, the market is entering a period of strong premium rate rises which should underpin high returns over the medium term. The valuation is attractive with the company trading at a discount to its net asset value.

In the second half of the year we started to position the equity portfolio for a cyclical recovery, taking advantage of attractive valuations in more domestic and cyclical businesses on the assumption that interest rates were near peak levels for this cycle. New holdings were initiated in Genuit, Taylor Wimpey and British Land.

Genuit is the UK's leading provider of plastic piping systems for residential, commercial and infrastructure sectors. The company is exposed to a number of structural tailwinds enforced by government regulation while new management are restructuring the business to drive cost efficiencies and higher margins over the longer term. Although the outlook for the UK housing market is uncertain, we believed this was already discounted with Taylor Wimpey's share trading at a discount to its book value. The company has a very strong balance sheet and with mortgage rates starting to fall, transaction volumes should start to recover. British Land is a diversified UK commercial real estate company with exposure to London office campuses and wider UK retail exposure. After a number of years of falling prices, we believe that property values have now troughed, especially in retail, while the company is also experiencing a return of rental growth. The valuation is attractive with the shares trading at a significant discount to its net asset value.

During the year there was a general trend to lower the Company's exposure to overseas stocks, recognising the relative attractiveness of valuations in the UK market. Holdings in McDonalds and Deutsche Post were sold after a period of outperformance and where we believed the valuations had reached a full level. Also the position in Scandinavian bank Nordea was exited given the fears we had over the health of economies in the region and its exposure to commercial real estate.

Elsewhere the holdings in Sage Group, United Utilities and Vistry were also sold. Accounting software company Sage Group had performed well, with the valuation fully discounting a continuation of the company's strong organic growth, which could come under pressure from a slowing macro-economic environment. We believe the next regulatory review period could be difficult for United Utilities given the significant investment needed in waste water infrastructure at a time when there is increased scrutiny on consumer bills, debt levels and dividend payments by the sector, especially with a general election likely this year, which could weigh on the share price. The Company sold its holding in housebuilder Vistry after a change in strategy and capital allocation policy. While we agreed with the change in strategy to focus solely on its Partnership division, which builds affordable housing on a contracted basis, we disagreed with the company's decision to suspend the dividend in favour of buying back shares.

Strategic Report: Fund Manager's Report (continued)

Outlook

Over the past two years, global market returns, both equity and bonds, have been shaped by inflation and the sharp rise in interest rates. Now that inflation is falling, the pressure on central banks to keep monetary policy tight is easing which suggests rates could be cut over the next 12 months. While the impact of the significant rise in interest rates on economic growth needs to be carefully watched, consumer borrowings are historically low, corporate balance sheets are robust and the banking sector is well capitalised. With wage growth also likely to outstrip inflation this year, the outlook for the UK economy could be better than current low expectations, albeit still below trend.

Real wage growth likely to be positive in 2024

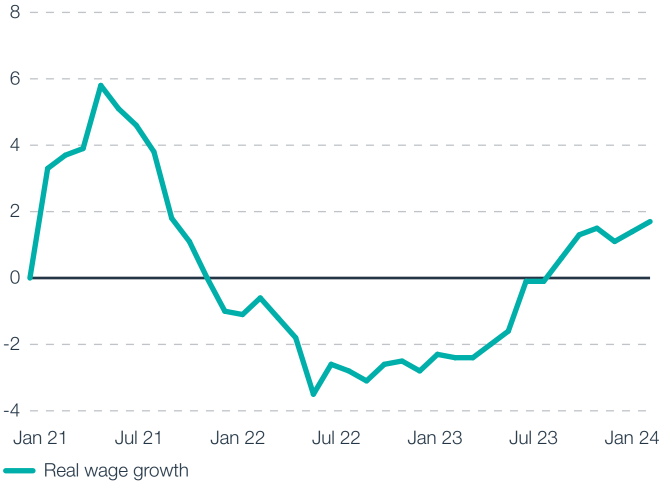


Chart shows wage growth adjusted for inflation
Source: ONS, LSEG DataStream, Janus Henderson Analysis as at 31 December 2023

Similar to the UK, global economic growth is likely to be better this year than expectations a year ago, given that the US economy has proved more resilient. Offsetting this has been China, where economic growth has disappointed despite the government introducing stimulus measures. The US economy should avoid recession this year given manufacturing lead indicators are now recovering and unemployment, albeit rising, is still at low levels.

The UK market is attractively valued

Source: LSEG DataStream as at 31 December 2023

While a more subdued economic environment, along with higher interest rates and higher costs, is likely to be a headwind for earnings growth, equity valuations in the UK are attractive both versus their own history and relative to global equity markets and we have continued to see overseas buyers make approaches to quoted UK companies. Although one has to be mindful of geopolitical risks, we remain cautiously optimistic that equities can make positive progress over the medium term. As ever the focus remains on finding good quality businesses at a compelling valuation that can pay and grow an attractive dividend.

David Smith
Fund Manager
27 March 2024

Portfolio and Financial Information

Strategic Report: Investment Portfolio

Investments: Fixed Interest

PREFERENCE SHARES	Total 31 December 2023 £'000
General Accident 8.875%	1,036
Middlefield Canadian Income 7%	1,438
National Westminster Bank 9%	319
Nationwide Building Society 10.25%	1,677
Total Preference Shares	**4,470**

OTHER FIXED INTEREST	
Allwyn Entertainment 7.25% 2030	1,046
Amazon 4.8% 2034 (USA)	1,095
Anheuser-Busch 4% 2025	496
Anheuser-Busch 4.75% 2029 (USA)	877
AXA 5.453% Variable Perpetual	838
B&M European Value Retail 8.125% 2030	1,062
Banijay Entertainment 7% 2029 (France)	1,141
Broadcom 4.15% 2030 (USA)	239
Broadcom 4.926% 2037 (USA)	784
Bupa Finance 4.125% 2035	421
Bupa Finance 5% 2026	344
Centene Corporation 4.625% 2029 (USA)	677
Charter Communications 5.05% 2029 (USA)	777
CPUK Finance 4.875% 2025	454
Direct Line Insurance 4.75% Variable Perpetual	381
Électricité De France 6.25% 2028	955
Gartner 3.75% 2030 (USA)	1,526
GLP 5.3% 2029 (USA)	623
Iron Mountain 4.5% 2031 (USA)	665
MSCI 3.875% 2031 (USA)	674
Service Corp Intl 4.625% 2027 (USA)	1,271
UK Treasury 5% 2025	4,943
USA Treasury Bonds 7.5% 2024 (USA)	4,904
VICI Properties 4.95% 2030 (USA)	380
Virgin Media 4.125% 2030	1,472
Ziggo 4.875% 2030 (USA)	699
Total Other Fixed Interest	**28,744**

TOTAL FIXED INTEREST	**33,214**

Investments: Equities (including convertibles and investment funds)

ENERGY	Total 31 December 2023 £'000
Oil, Gas and Coal	
BP	6,399
Shell	6,310
Woodside (Australia)	2,278
Total Energy	**14,987**

BASIC MATERIALS	
Chemicals	
Johnson Matthey	2,693
Victrex	2,000
Industrial Metals and Mining	
Anglo American	3,992
Rio Tinto	8,025
Total Basic Materials	**16,710**

INDUSTRIALS	
Construction and Materials	
Genuit	2,149
Electronic and Electrical Equipment	
Spectris	2,680
General Industrials	
Bunzl	3,587
Industrial Engineering	
Vesuvius	2,498
Industrial Support Services	
DCC	3,607
PageGroup	3,658
Total Industrials	**18,179**

CONSUMER DISCRETIONARY	
Consumer Services	
Compass	4,579
Household Goods and Home Construction	
Taylor Wimpey	3,573
Media	
RELX (Netherlands)	8,221
Personal Goods	
Burberry Group	3,222
Retailers	
B&M European Value Retail	2,668
Next	3,588
Travel and Leisure	
Mobico	1,566
Whitbread	2,927
Total Consumer Discretionary	**30,344**

Strategic Report: Investment Portfolio (continued)

Investments: Equities (including convertibles and investment funds)

HEALTHCARE	Total 31 December 2023 £'000
Pharmaceuticals and Biotechnology	
AstraZeneca	4,584
GlaxoSmithKline	3,306
Sanofi (France)	3,032
Total Healthcare	**10,922**

CONSUMER STAPLES	
Beverages	
Britvic	4,282
Coca-Cola HBC	2,493
Diageo	4,940
Food Producers	
Cranswick	3,911
Hilton Food Group	4,406
Personal Care, Drug and Grocery Stores	
Tesco	5,374
Unilever	8,747
Tobacco	
British American Tobacco	9,545
Imperial Brands	5,927
Total Consumer Staples	**49,625**

UTILITIES	
Electricity	
SSE	3,620
Gas, Water and Multiutilities	
E.ON (Germany)	2,780
Engie (France)	2,843
National Grid	5,407
Severn Trent	4,243
Total Utilities	**18,893**

FINANCIALS	Total 31 December 2023 £'000
Banks	
HSBC	7,737
Lloyds Banking	3,958
NatWest	3,026
Nonlife Insurance	
ASR Nederland (Netherlands)	2,320
Conduit Re	2,721
Sabre Insurance	1,612
Life Insurance	
Chesnara	2,798
Phoenix	5,379
Investment Banking and Brokerage Services	
3i	5,602
Ashmore	3,534
Intermediate Capital	5,323
M&G	5,085
Schroders	2,497
St. James's Place	1,603
Finance and Credit Services	
Paragon Banking Group	3,046
Closed End Investments	
Blackstone/GSO Loan Funding (Jersey)	1,629
Greencoat UK Wind	2,632
Tufton Oceanic Assets	1,807
Total Financials	**62,309**

REAL ESTATE	
Real Estate Investment Trusts	
Big Yellow	3,764
British Land	2,361
Land Securities	3,617
Total Real Estate	**9,742**

TECHNOLOGY	
Software and Computer Services	
Moneysupermarket.com	2,672
Technology Hardware and Equipment	
Texas Instruments (USA)	2,410
Total Technology	**5,082**

TOTAL EQUITIES	236,793

TOTAL	270,007

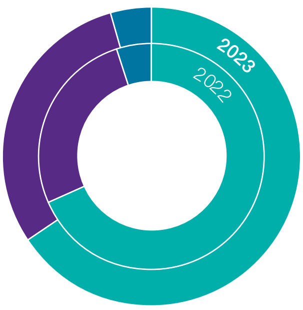
Strategic Report: Investment Portfolio (continued)

Percentage Breakdown of Investments by Sector

FIXED INTEREST	Total 31 December 2023 %	Total 31 December 2022 %
Preference shares	1.7	1.8
Other fixed interest	10.6	9.4
Total Fixed Interest	**12.3**	**11.2**
EQUITIES		
Energy		
Oil, gas and coal	5.6	5.6
Total Energy	**5.6**	**5.6**
Basic Materials		
Chemicals	1.7	1.6
Industrial metals and mining	4.5	5.7
Total Basic Materials	**6.2**	**7.3**
Industrials		
Construction and materials	0.8	–
Electronic and electrical equipment	1.0	0.8
General industrials	1.3	1.2
Industrial engineering	0.9	0.8
Industrial support services	2.7	1.2
Industrial transportation	–	0.9
Total Industrials	**6.7**	**4.9**
Consumer Discretionary		
Consumer services	1.7	1.6
Household goods and home construction	1.3	1.6
Media	3.0	2.7
Personal goods	1.2	1.4
Retailers	2.3	2.0
Travel and leisure	1.7	2.6
Total Consumer Discretionary	**11.2**	**11.9**
Healthcare		
Pharmaceuticals and biotechnology	4.0	4.9
Total Healthcare	**4.0**	**4.9**
Consumer Staples		
Beverages	4.4	5.1
Food producers	3.0	3.5
Personal care, drug and grocery stores	5.2	5.8
Tobacco	5.8	6.8
Total Consumer Staples	**18.4**	**21.2**

	Total 31 December 2023 %	Total 31 December 2022 %
Utilities		
Electricity	1.3	1.8
Gas, water and multiutilities	5.7	3.8
Total Utilities	**7.0**	**5.6**
Financials		
Banks	5.5	7.3
Closed end investments	2.3	2.3
Finance and credit services	1.1	1.1
Investment banking and brokerage services	8.7	7.0
Life insurance	3.0	2.5
Nonlife insurance	2.5	2.6
Total Financials	**23.1**	**22.8**
Technology		
Software and computer services	1.0	1.2
Technology hardware and equipment	0.9	0.9
Total Technology	**1.9**	**2.1**
Real Estate		
Real estate investment trusts	3.6	2.5
Total Real Estate	**3.6**	**2.5**
TOTAL INVESTMENTS	100.0	100.0

Distribution of the UK equity portfolio holdings at 31 December



	2023 %	2022 %
Large Companies:	**65.6**	68.5
Medium-sized Companies:	**30.1**	26.6
Small Companies:	**4.3**	4.9

Large companies = Market Cap of >£5bn
Medium-sized companies = Market Cap of <£5bn and >£500m
Small companies = Market Cap of <£500m
Source: Janus Henderson

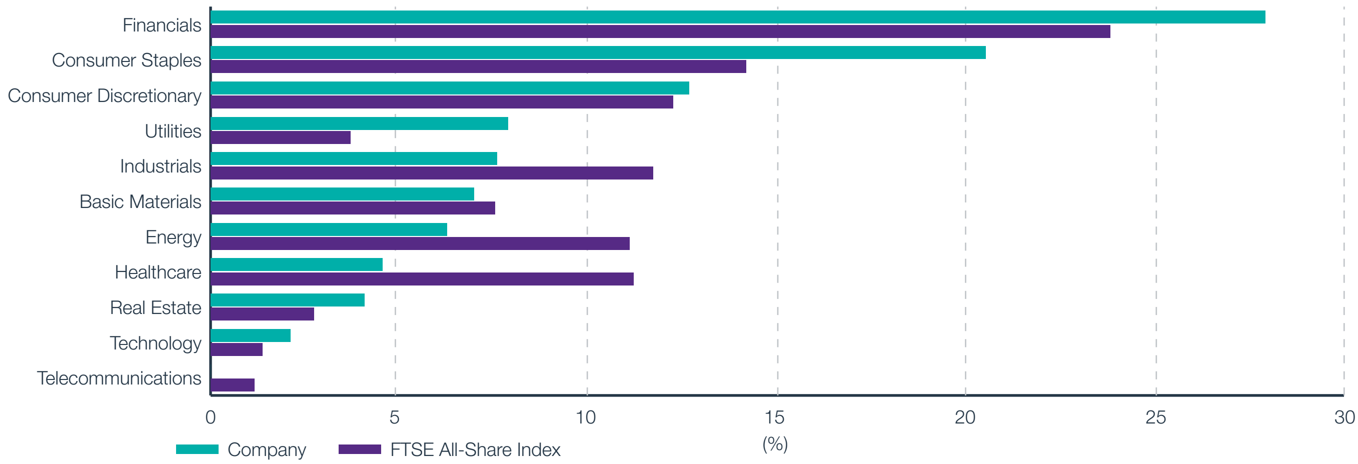
Strategic Report: Portfolio Information

Sector Exposure at 31 December

Excluding cash

Sector	2023 £'000	2023 % of portfolio	2022 £'000	2022 % of portfolio
Preference shares	4,470	1.7	4,585	1.8
Other fixed interest	28,744	10.6	24,491	9.4
Total Fixed Interest	**33,214**	**12.3**	**29,076**	**11.2**
Financials	62,309	23.1	59,345	22.8
Consumer Staples	49,625	18.4	55,213	21.2
Consumer Discretionary	30,344	11.2	30,933	11.9
Utilities	18,893	7.0	14,541	5.6
Industrials	18,179	6.7	12,667	4.9
Basic Materials	16,710	6.2	19,050	7.3
Energy	14,987	5.6	14,492	5.6
Healthcare	10,922	4.0	12,765	4.9
Real Estate	9,742	3.6	6,438	2.5
Technology	5,082	1.9	5,533	2.1
Total Equities	**236,793**	**87.7**	**230,977**	**88.8**
Total	**270,007**	**100.0**	**260,053**	**100.0**

Equity Portfolio Sector Weightings at 31 December 2023



Ten Largest Investments at 31 December

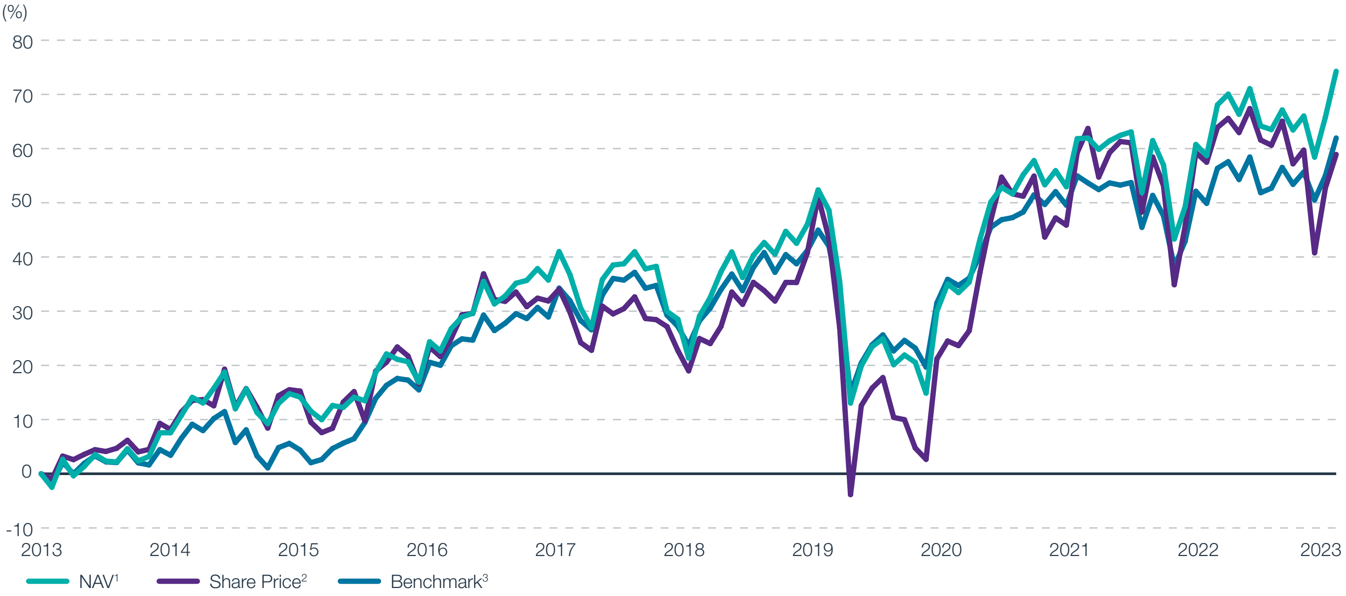
Position	Company	Sector	2023 £'000	2023 % of portfolio	2022 £'000	2022 % of portfolio
1	British American Tobacco	Consumer Staples	9,545	3.5	11,775	4.5
2	Unilever	Consumer Staples	8,747	3.2	9,628	3.7
3	RELX (Netherlands)	Consumer Discretionary	8,221	3.0	7,102	2.7
4	Rio Tinto	Basic Materials	8,025	3.0	6,034	2.3
5	HSBC	Financials	7,737	2.9	3,943	1.5
6	BP	Energy	6,399	2.4	6,114	2.4
7	Shell	Energy	6,310	2.3	4,845	1.9
8	Imperial Brands	Consumer Staples	5,927	2.2	5,984	2.3
9	3i	Financials	5,602	2.1	6,389	2.5
10	National Grid	Utilities	5,407	2.0	4,488	1.7
Total			**71,920**	**26.6**	**66,302**	**25.5**

Strategic Report: Historical Performance and Financial Information

Total Return Performance to 31 December

	1 year %	3 years %	5 years %	10 years %
NAV[1]	+9.8	+29.1	+43.6	+74.3
Share Price[2]	+0.9	+27.7	+33.6	+58.9
Benchmark[3]	+8.1	+19.2	+31.0	+62.0
ICE BofA Sterling Non-Gilts Index	+8.6	-13.4	+2.4	+31.6
FTSE All-Share Index	+7.9	+28.1	+37.7	+68.2

Total Return Performance over 10 years to 31 December 2023



Financial Information as at 31 December

	Net assets £m	NAV per ordinary share[4] p	Mid-market price per ordinary share p	Dividends per ordinary share p
2014	189.0	171.4	177.9	8.60
2015	197.1	175.3	180.5	8.90
2016	207.7	181.3	183.6	9.15
2017	257.2	195.7	190.0	9.40
2018	210.8	159.5	159.5	9.60
2019	251.1	189.8	191.8	9.80
2020	211.4	157.3	147.0	9.90
2021	236.2	177.9	177.5	9.95
2022	214.3	164.2	165.3	10.15
2023	**222.3**	**169.6**	**156.5**	**10.35**

1 Net asset value with debt at fair value total return (including dividends reinvested and excluding transaction costs)
2 Includes dividends reinvested
3 A composite of 80% of the FTSE All-Share Index (total return) and 20% of the ICE BofA Sterling Non-Gilts Index (total return) rebalanced annually
4 Based on net assets with debt at fair value as published by the AIC

Source: Janus Henderson, Morningstar Direct and LSEG Datastream

Business Model

Strategic Report: Business Model

Purpose and Strategy

The Company's purpose is to deliver consistently to shareholders a high level of income on a regular basis while also targeting capital growth over the longer term. This purpose is fulfilled by achieving the investment objective and applying the investment policy.

The Board has appointed Janus Henderson Investors ('the Manager') to manage the investment strategy within the parameters determined by the Board and approved by shareholders.

Investment Objective

The Company invests in a prudently diversified selection of both well-known and smaller companies to provide investors with a high dividend income stream while also maintaining the prospect of capital growth.

Investment Policy

In normal circumstances the Company will invest up to 80% of its gross assets in equities and up to 20% of its gross assets in fixed income (in companies of any size that are either listed in, registered in, or whose principal business is in the UK). Within these limits a maximum of 30% of gross assets may be invested outside of the UK.

No single investment will exceed 15% of total gross assets at the time of investment and no more than 15% of gross assets may be invested in other listed investment companies (including investment trusts) or collective investment schemes. The Company may from time to time use financial instruments known as derivatives for the purpose of efficient portfolio management or to generate additional income while maintaining a level of risk consistent with the risk profile of the Company.

Investment Selection

The selection process seeks to identify companies with strong balance sheets that are capable of paying dividends. There is a focus on well-managed companies whose qualities may have been temporarily overlooked and which offer potential for capital appreciation over the medium term.

Gearing[1]

The Company has an active policy of using appropriate levels of gearing, both in the form of bank and longer-term borrowings, with the objective of enhancing income returns and also achieving capital growth over time. A portion of gearing is usually employed with respect to the Company's fixed interest securities to generate additional income.

The Company can borrow up to 40% of gross assets. The drawdown of floating rate borrowings can be in non-sterling currencies, provided that these borrowings do not exceed the market value of non-sterling assets.

Gearing as at 31 December 2023 was 21.4% (2022: 21.4%).

1 Please refer to the Alternative Performance Measures on page 81

Company Structure

The Company operates as an investment company with a Board of Directors who appoint specialist third-party service providers to deliver the operations of the Company. Their performance is monitored and challenged by the Board who retain oversight of the Company's operations. The Board is comprised entirely of non-executive directors accountable to shareholders, who have the ability to remove a director from office where they deem it to be in the interests of the Company.

The framework of delegation provides a cost-effective mechanism for achieving the Company's objectives under section 1158/9 of the Corporation Tax Act 2010 ("s.1158/9"). The closed-end nature of the Company enables the Fund Manager to take a longer-term view on investments. It also supports a fully invested portfolio as the Company does not have to maintain or create sufficient cash balances to satisfy investor redemptions.

Investment trusts have two significant advantages over other investment fund structures: firstly, the ability to pay dividends out of revenue reserves to support the provision of income to shareholders, as necessary, and secondly, the ability to borrow to increase potential returns for shareholders.

Income

The investment objective underpins the Company's dividend policy, which is to pay quarterly interim dividends from current revenue and add to the revenue reserve where possible each year. The purpose of this reserve is to enable the Company to support dividend payments in difficult market conditions. When deciding on whether to pay each quarterly interim dividend, the Board has regard to a variety of factors, including current and forecast levels of income (including any special dividends received) and the historic dividend schedule. The Board also considers a range of stress tests which forecast revenue under different scenarios in order to form a view on the sustainability of the Company's dividends.

Borrowings

During the year under review, the Company had a committed loan facility of £45 million with The Bank of Nova Scotia, London Branch. This facility matured on 20 December 2023 and on that date the Company put in place an unsecured loan facility of £45 million with BNP Paribas, London Branch to replace the previous facility. This facility has an accordion of £25 million allowing the Company to borrow up to £70 million. As part of the combination with Henderson Diversified Income Trust plc, the facility was drawn down by approximately £60 million in January 2024.

The Company also has a 19-year £20 million fixed rate senior unsecured loan note with a sterling coupon of 3.67% which will mature on 8 July 2034.

Strategic Report: Business Model (continued)

Section 172(1) Statement

Service Providers

The Directors use their experience and knowledge to select and engage reputable organisations to carry out operations on behalf of the Company. The Board is responsible for effectively monitoring the services provided by the Company's third-party suppliers on an ongoing basis. The principal outsourced arrangement is the investment management service provided by the Manager.

The Board reviews and monitors the arrangements in place with all the Company's third-party service providers at least annually. As the Manager oversees the overall day-to-day relationship with the Company's other third-party suppliers, the Board places reliance on the Manager and is confident that the Manager has developed and maintains good working relationships with them. The Board receives appropriate information from the Manager to assess the third-party suppliers' performance, value for service, approach to ESG issues and their internal controls and risk management frameworks, including information security and business resilience. The Board also meets with representatives of the Depositary and Custodian on an annual basis, and other service providers, as and when it is deemed necessary. In addition, J.P. Morgan Cazenove Limited (Broker), Marten & Co Limited (Sponsored Research), Computershare Investor Services PLC (Registrar) and HSBC (Depositary and Custodian) provide an annual self-assessment covering value for money for the service provided and confirmation of adherence to the terms and conditions. This report confirms that each service provider has appropriate corporate governance and environmental, social and governance policies, processes and procedures in place.

Values and Culture

The Board expects all Directors to act with integrity and to apply their skill, care, due diligence and professional experience in the boardroom. The Board has a strong relationship with the Manager, in particular with the Fund Manager and the Company Secretary. The culture of the Board is one that promotes integrity and openness which is reciprocated by the Manager.

The Board expects the Company's third-party service providers, particularly the Manager who is responsible for the management of the Company's portfolio, to uphold the same values and high standard of conduct as the Board. To this end, the Board considered the Manager's corporate culture and values as part of its overall assessment of the service provided by them in the year under review.

Engagement and Communication with Stakeholders

The Board has drafted a stakeholder map to identify the relationships the Company has with each stakeholder group. The following table sets out how the Manager and/or the Board engages with stakeholders who are deemed to have a high level of stakeholder interest in the Company.

Who?	Why?	How?
Stakeholder	**Why it is important to engage?**	**How has the Manager and/or the Board engaged?**
Shareholders/ Potential Investors	• To allow investors to make informed investment decisions. • To retain existing shareholders and attract new ones. • To understand investors' requirements and expectations.	• Annual and Half Year Reports. • Monthly factsheets. • Fund Manager videos and commentary and webinars with professional investors. • Sponsored research notes. • AGM. • RNS announcements. • Website updates. • The Board receives shareholder feedback from its Broker, the Manager's Investment Trust Sales and Marketing Teams and the Fund Manager. • The Board and the Fund Manager are also happy to meet shareholders when requested.
Alternative Investment Fund Manager (AIFM) – Janus Henderson Fund Management UK Limited ("JHFM")	• To ensure that the Company complies with the AIFMD regulation.	• The AIFM confirms compliance with investment limits and restrictions each month. • Quarterly internal controls reports to provide the Board with regular reporting on the Manager's internal controls in operation over the services delivered to the Company.

Strategic Report: Business Model (continued)

Who?	Why?	How?
Stakeholder	**Why it is important to engage?**	**How has the Manager and/or the Board engaged?**
Fund Manager – Janus Henderson	• To ensure that the investments of the portfolio and the administration of the Company are well-managed.	• The Fund Manager and Company Secretary attend all meetings and provide specific reports.
Service Providers (including the Depositary, Broker, Registrar and Auditors)	• To monitor the quality and cost effectiveness of the services provided.	• Quarterly service review meetings with the Depositary and biannual service review meetings with the Registrar. • Self-assessment reports provided to the Board annually. • Review and discussion of reports on the effectiveness of internal controls and risk management. • Review of proposed audit plan and audit fee each year, as well as any audit findings, the auditors' letter of engagement and terms of business. • Regular attendance at meetings throughout the year with specialist input provided.
Portfolio Holdings	• The Fund Manager's decisions are key to the Company achieving its investment objective and policy. Direct communication with investee companies can lead to more informed decisions.	• The Manager votes at shareholder meetings of the portfolio holdings on behalf of the Company (engaging with companies as appropriate prior to voting e.g. on ESG matters/contentious resolutions). • The Fund Manager regularly engages with investee companies.
Lender	• The Company has an active policy of using appropriate levels of gearing, both in the form of bank and longer-term borrowings, with the objective of enhancing income returns and also achieving capital growth over time.	• The Manager confirms compliance with the loan covenants (to both the short-term and long-term lender) each month. • The Manager responds to audit requests from its Lenders.

Board Discussions and Decision Making

The following paragraphs provide some examples of the key discussions held and decisions made by the Board and its Committees during the year ended 31 December 2023.

- **Negotiations with the Manager in relation to Henderson Diversified Income Trust plc's scheme of reconstruction and voluntary winding up:** In its discussions and negotiations with the Manager, the Board focused on the financial terms of the scheme to ensure that they were in the best interests of the Company's existing shareholders. In particular, the Board ensured that any shares to be issued would be at a premium to net asset value and that the transaction costs would be substantially payable by the Manager under any level of rollover, thereby ensuring that the Company's existing shareholders would be protected and there would be no dilution to the Company's NAV per share.

  The Board considered that the scheme would offer a number of benefits to the Company's existing shareholders, including a lower ongoing charges ratio with the Company's fixed costs spread over a larger asset base and enhanced liquidity as the scale of the enlarged Company is expected to improve the marketability and liquidity of the Company's shares.

- **Dividends paid to shareholders:** The Company's investment objective is to provide investors with a high dividend income stream while also maintaining the prospect of capital growth. At each meeting, the Board carefully reviews the level of revenue income received and forecast as well as the available distributable reserves. For the year under review, dividends amounting to 10.35p were declared, compared to 10.15p in 2022, an increase of 2.0% and the Company's 11th consecutive annual increase.
- **Short-term debt:** The Board reviewed the Company's borrowing position. Taking into consideration the advantages of gearing for an investment trust, the Company's performance record over the longer term, and that the Company's £20 million fixed rate senior unsecured note is due to be repaid in 2034, the Board approved a one-year loan facility agreement with BNP Paribas, London Branch, after considering a number of indicative quotes from potential lenders, to take advantage of the most competitive rates and terms on offer.

As explained above, the Directors' overarching duty is to promote the success of the Company for the benefit of shareholders with consideration of stakeholders' interests. The Company's main stakeholders are the Company's shareholders, the Manager, its lenders and other service providers.

Liquidity and Discount Management

The Board's aim is for the Company's share price to reflect closely its underlying net asset value, and for the market in its shares to be liquid. The ability of the Company to influence this meaningfully over the longer term is, of course, limited since it is dependent on the market supply of, and demand for, the

Strategic Report: Business Model (continued)

Company's shares. However, the Board considers the issuance and buyback of the Company's shares where prudent, subject always to the overall impact on the portfolio, the pricing of other comparable investment companies and overall market conditions. The Board believes that flexibility is important and that it is not in shareholders' interests to set specific levels of premium and discount for its issuance and buyback policy.

Arrangements with the Manager

The Company is an Alternative Investment Fund and has appointed Janus Henderson Fund Management UK Limited ('JHFM') to act as its AIFM in accordance with an agreement which has been effective from July 2014 and is terminable on six months' notice. JHFM delegates investment management services to Janus Henderson Investors UK Limited, which acts as Manager. Both entities are wholly owned subsidiaries of Janus Henderson Group plc ('Janus Henderson') and are authorised and regulated by the FCA. References to Janus Henderson and the Manager within this report refer to the services provided by both entities. The Fund Management Team is led by David Smith, a portfolio manager on the Global Equity Income Team at Janus Henderson, a position he has held since 2008. David has been the Company's Fund Manager since July 2015.

Janus Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out on behalf of the Manager by BNP Paribas S.A. Janus Henderson Secretarial Services UK Limited acts as the Corporate Secretary.

Please refer to the Management Engagement Committee Report on page 45 for further details about how the Directors consider the continuing appointment of the Manager.

Management Fee

The base management fee is charged at 0.50% of adjusted average gross assets up to £325 million. A reduced management fee of 0.45% is applied to average adjusted gross assets above £325 million.

This average value is calculated by using the values on the last day of each of the two calendar years preceding the reporting year. Average adjusted gross assets are gross assets less current liabilities and less any Janus Henderson managed funds or Janus Henderson Group plc shares within the portfolio. Any debt used for investment purposes, including that recorded in current liabilities, is not deducted from gross assets.

The base management fee is payable quarterly in arrears. In addition, a supplemental base management fee is paid on any new funds in relation to share issues in the year they were raised, at the pro-rata annual rate. For the following year any funds raised are added to prior year assets for the purposes of calculating the base management fee.

Managing Risks

In accordance with the AIC Code of Corporate Governance (AIC Code) and FRC Guidance, the Board has established procedures to identify and manage the principal and emerging risks to which the Company is exposed in achieving its long-term objectives. The Company's principal risks are considered to be those that would threaten its business model, future performance, solvency, liquidity and reputation. In addition, it is the Board's responsibility to identify emerging risks which it defines as events, trends or uncertainties that are at an early stage of development but could pose a significant threat to the Company's future and therefore require further monitoring and investigation.

Principal Risks

The Board, with the assistance of the Manager, regularly carries out a robust assessment of the principal and emerging risks facing the Company and seeks assurance that the risks are appropriately evaluated and that effective mitigating controls are in place, where possible. To aid the process, the Company has drawn up a detailed risk matrix, where the individual risks and the application of any relevant controls are described. Such safeguarding measures may be established by the Board itself: for example, the Board has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, to which the Manager must adhere and report upon monthly. In addition, the design and application of controls may be delegated by the Board to the Company's third-party service providers, who report regularly to the Board on the effectiveness of their control environments. Using a colour coded traffic light system, each risk within the matrix is assessed, scored and prioritised according to the severity of its potential impact on the Company and its likelihood of occurrence. The principal risks which have been identified as part of this process, and the steps taken by the Board to mitigate these, are set out in the table below.

The Board does not consider these principal risks to have changed during the year under review and up to the date of this report.

Principal Risk	Mitigating Measures
Climate Change Risk Risk that investee companies within the Company's portfolio fail to respond to the pressures of the growing climate emergency and fail to limit their carbon footprint to regulated targets, resulting in reduced investor demand for their shares and falling market values.	ESG considerations are a fully integrated component of the investment process. The Fund Manager seeks to understand how a company is managing ESG risks through its policies and processes and where its investments are targeted, to ensure that its business model remains sustainable over the longer term. Please refer to Environmental, Social and Governance Matters on page 30 for further details.

Strategic Report: Business Model (continued)

Principal Risk	Mitigating Measures
Investment Risk Risk of long-term underperformance of the Company against the benchmark and/or peer group. This could result in the shares of the Company trading at a persistent discount to net asset value and/or reduced liquidity in the Company's shares. Risk that insufficient income generation could lead to a cut in the dividend.	The Manager provides the Board with regular investment performance statistics against the benchmark and the peer group. The implementation of the investment strategy and results of the investment process, for which the Fund Manager is responsible, are discussed with the Manager and reviewed at each Board meeting. The premium/discount to net asset value and the trading volume of the Company's shares are also regularly reviewed, taking account of market conditions. The Board regularly reviews and monitors the investment in marketing activities with the Manager. Both the Manager and the Board maintain close contact with the Company's Broker to understand the supply of and demand for shares. The Board reviews the Income Statement and revenue forecasts at each meeting and continually monitors the Company's revenue reserves.
Market/Financial Risk Risk that market conditions lead to a fall in the value of the portfolio (magnified by any gearing) and/or a reduction of income. Risks associated with rising interest rates and their impact on the broader financial system. These could result in a loss of capital value for shareholders and/or a cut in the dividend payment.	The Board reviews the Company's compliance with its loan covenants (for both the short-term and long-term facilities) on a monthly basis and additional covenant testing is undertaken in extreme market conditions to give comfort that the Company can meet its financial liabilities. The portfolio is diverse, containing a sufficient range of investments to ensure that no single investment puts undue risk on the sustainability of the income generated by the portfolio or indeed the capital value. Regard is also given to having a broad mix of companies in the portfolio, as well as a spread across a range of economic sectors. The Board reviews the portfolio on a monthly basis. The Manager operates within investment limits and restrictions set by the Board, including limits for gearing and derivatives and confirms compliance with these each month. Any particularly high risks are highlighted and discussed, and appropriate follow up action is taken where necessary. A detailed analysis of the Company's financial risk management policies and procedures can be found in the Financial Risk Management Policies and Procedures note on pages 70 to 75. The Board reviews the Income Statement and revenue forecasts at each meeting and continually monitors the Company's revenue reserves.
Operational Risks including cyber risks, pandemic risks and epidemic risks and risks relating to terrorism and international conflicts Risk of loss through inadequate or failed internal procedures, policies, processes, systems or human error. This includes risk of loss to the Company's third-party service providers. Risk of financial loss, disruption or damage to the reputation of the Company, the Manager and the Company's other key third-party service providers, as a result of failure of information technology systems. Risk of loss as a result of external events outside of the Board's control such as pandemic and/or epidemic risks and risks relating to terrorism and/or international conflicts that disrupt and impact the global economy. This includes the risk of loss to the Company's third-party service providers that are also disrupted and impacted by such events.	The Board receives a quarterly internal control report from the Manager to assist with the ongoing review and monitoring of the internal control and risk management systems it has in place. The Board regularly receives reports from the Manager's Internal Audit, Risk, Compliance, Information Security and Business Resilience teams. This provides assurance that the Manager has appropriate policies and procedures in place to be able to continue in operation and maintain stability in times of such risks. In particular, the Board asks the Manager to confirm that the Fund Manager can continue to manage the portfolio in these circumstances. The Board makes similar enquiries of its other key third-party service providers to gain assurance that they too have appropriate policies and procedures in place to be able to continue in operation and maintain stability in times of such risks. Please refer to the Internal Control and Risk Management section on page 41 for further details.

Strategic Report: Business Model (continued)

Principal Risk	Mitigating Measures
Tax, Legal and Regulatory Risk Risk that a breach of, or a change in laws and regulations, could materially affect the viability and appeal of the Company, in particular s.1158/9 which exempts capital gains from being taxed within investment trusts.	The Manager has been contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by the Manager on a quarterly basis, which confirm tax, legal and regulatory compliance.

Emerging Risks

With the help of the Manager's research resources and using its own market intelligence, the Board continually monitors the changing risk landscape and any emerging and increasing threats to the Company's business model. Such emerging risks could cause disruption for the Company if ignored, but if identified could provide business opportunities. Should an emerging risk become sufficiently clear, it may be moved to a principal risk.

Viability Statement

The Company seeks to provide superior income generation and long-term capital growth for its shareholders. The Board aims to achieve this by implementing the Company's business model and strategy through the investment objective and policy. The Board will continue to consider and assess how it can adapt the business model and strategy of the Company to ensure its long-term viability in relation to its principal and emerging risks. The Board also considers:

- the prospects for the Company including the liquidity of the portfolio (which is mainly invested in readily realisable listed securities);
- the level of borrowings (which are restricted);
- the closed-end nature as an investment company (therefore there are no issues arising from unexpected redemptions);
- a low ongoing charge (0.86% for the year-ended 31 December 2023 (2022: 0.84%)); and
- long-term borrowings in place in the form of the 3.67% senior unsecured loan note which matures in July 2034 (the value of this long-term borrowing is at 8.9% of net assets as at 31 December 2023, relatively small in comparison to the value of total net assets).

Furthermore, the Company retains title to all assets held by the Custodian (under the terms of the formal agreement with the Depositary), cash is held with approved banks and revenue and expenditure forecasts are reviewed at each Board meeting. The Fund Manager provides revenue scenario analysis at each Board meeting, modelling revenue forecasts over a five year time horizon under pessimistic, conservative and optimistic scenarios. This assists the Board in assessing the impact of any dividend decision over the short, medium and long term in various different scenarios. The Company's revenue reserves remain strong with approximately £8.9 million in revenue reserves as at 31 December 2023 providing additional comfort for any difficult years that may arise in the future.

The Board believes it is appropriate to assess the Company's viability over a five-year period in recognition of its long-term horizon and taking account of the Company's current position and the assessment factors detailed above.

When assessing the viability of the Company over the next five years the Directors considered its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's borrowing facilities and how a breach of any loan covenants could impact on the Company's net asset value and share price. The Directors also considered the impact of a global recession, rising inflation and risks associated with geopolitical conflicts. Whilst these currently present uncertainty and volatility in financial markets, they do not threaten the Company's viability.

The Board does not envisage any change in strategy or investment objective, or any events that would prevent the Company from continuing to operate over the next five years as the Company's assets are liquid, its commitments are limited, and the Company intends to continue to operate as an investment trust. The Board notes the Company's next continuation vote is due to take place at the AGM in 2025.

In 2023 the Board received feedback from the Fund Manager and the Janus Henderson Investment Trust Sales Team on meetings held with shareholders. The feedback suggested that the shareholders were supportive of the Company continuing in operation. The Board remains confident that shareholders remain supportive of the Company.

The Board takes comfort in the robustness of the Company's position, performance, liquidity and the well-diversified portfolio, as well as the Fund Manager's monitoring of the portfolio and therefore has a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due up to and including the year-ending 31 December 2028.

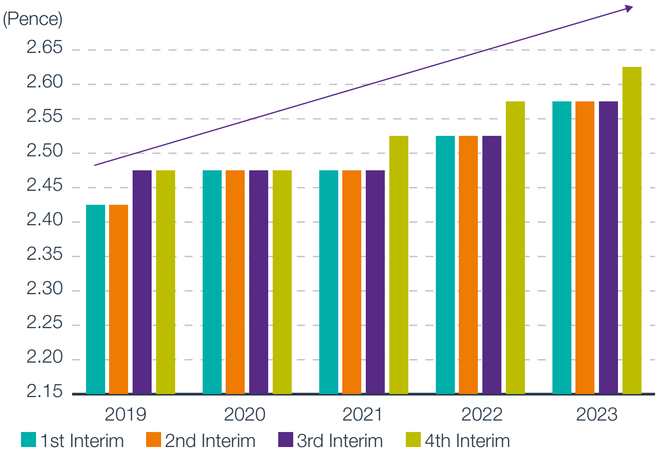
Strategic Report: Business Model (continued)

Key Performance Indicators

Measuring Performance

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Manager, the Directors consider a number of Key Performance Indicators (KPIs).

Dividend per share[1]

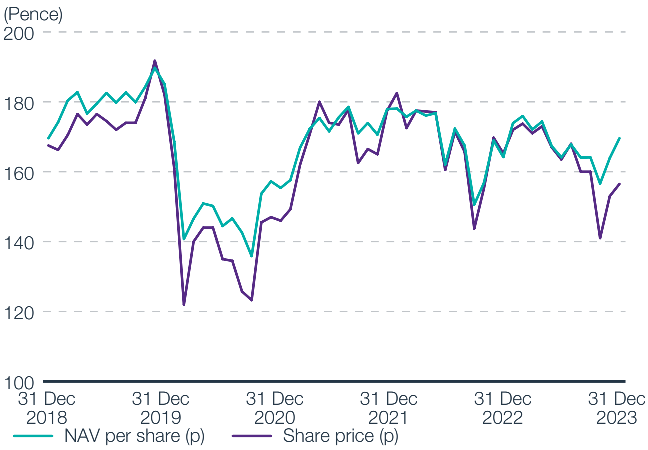


1 Based on the dividends paid or announced for the year. See Alternative Performance Measures on page 82
Source: Henderson High Income Trust plc Annual Reports

The Board places a high level of importance on maintaining the Company's quarterly dividend payments. The aim is to maintain a suitable asset allocation that will permit a sustainable high level of dividend distributions to shareholders with the potential to grow the capital value in the longer term. The Board reviews the Company's revenue account at each meeting, along with the appropriateness of its dividend payments. The Board also compares the yield on the Company's shares to other relevant sectors of the AIC.

Shareholders must, however, recognise that dividend payments can never be guaranteed, and that circumstances could arise when it would be necessary to reduce or pass a dividend payment. In 2023 £128,000 was added to revenue reserves. The Company has built up revenue reserves of around £8.9 million at the end of the year under review, which equates to approximately six months' worth of cover over the full year dividend on the enlarged shareholder base following the issue of equity due to the combination with HDIV in January 2024. This compares with reserves of around £8.8 million at the end of 2022 which represented approximately eight months' worth of dividend cover on the Company's shareholder base before the merger with HDIV. Equally, there may be instances when the level of payment must be increased in order to comply with s.1158/9 which requires an investment trust not to retain more than 15% of its total income. Where such instances would result in a payment going beyond the Board's policy, one-off special dividend payments could be announced and paid.

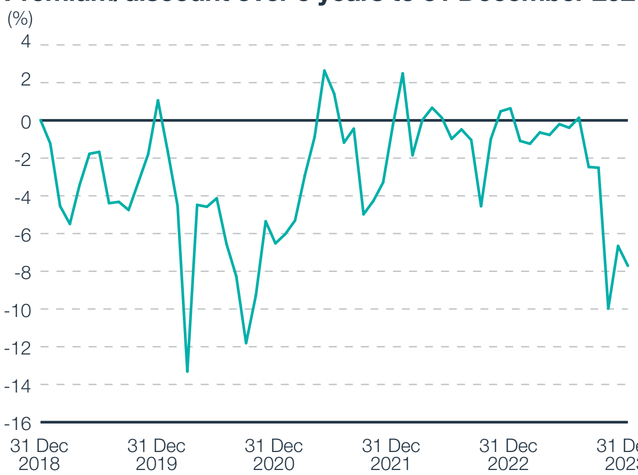
NAV[1] and Share Price per share



1 Net asset value with debt at fair value as published by the AIC

At each meeting, the Board reviews the performance of the portfolio as well as the Company's NAV (with debt at par value and fair value) and share price. The Board also compares the performance of the Company against its benchmark.

Premium/discount over 5 years to 31 December 2023[1]



1 Premium/discount based on net asset value with debt at fair value

At each meeting, the Board monitors the level of the Company's premium or discount to net asset value per share and reviews the average premium or discount for companies from the AIC Equity Income sector.

Ongoing Charge

The Board regularly reviews the ongoing charge and monitors all Company expenses, with a detailed schedule of expenses reviewed twice a year in conjunction with the half year and full year financial results. The ongoing charge for the year-ended 31 December 2023 was 0.86% (2022: 0.84%).

For and on behalf of the Board

Jeremy Rigg
Chairman
27 March 2024

Environmental, Social and Governance Matters

Environmental, Social and Governance Matters

Our Approach to Environmental, Social and Governance Matters

The Board believes that integrating environmental, social and governance (ESG) factors into the investment decision making and ownership practices is an important element in delivering the Company's investment objective. ESG considerations are a fully integrated component of the investment processes employed by the Fund Manager and the wider investment teams at Janus Henderson.

Defining ESG

- **Environmental** factors include climate change, energy efficiency, resource depletion and water and waste management.
- **Social** factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.
- **Governance** factors include mitigating risks such as bribery and corruption, questioning board diversity, executive pay, accounting standards and shareholder rights, and positively influencing corporate behaviour.

Investment Considerations

Companies that have a resilient business model is at the core of the investment strategy of the Company and its important to understand how ESG considerations impact those business models. As with managing a business's operational and financial risks, those companies with good processes for managing ESG risk factors tend to outperform. While no company is specifically excluded from investment on ESG grounds, the Fund Manager seeks to understand how a company is managing ESG risks through its policies and processes and where its investments are targeted to evolve its business model to remain durable over the longer term.

The analysis of ESG factors is integrated into the stock selection and monitoring process. As with understanding a company's fundamentals and financial health, the evaluation of ESG risks and opportunities is also integral in determining the value of a business.

When analysing ESG factors the Fund Manager will seek to:

1) Identify the risks and opportunities
Determining the underlying ESG risks and opportunities a company is exposed to is the first step in the process. Companies within similar sectors and industries will have common ESG risks associated with them but it is important to understand the specific risks to each company.

2) Analyse the controls and actions
Once the key and material ESG risks are identified, it is important to gain insight into the controls and actions a company performs to mitigate those risks. ESG risks are unavoidable for most companies but it is how a business adapts its processes and operations to minimise the impact of those risks which could have significant implications for a company's cash flow and dividend. While companies with severe ESG risk exposure are likely to be avoided, those companies that have high ESG risk exposure but demonstrate strong controls may be considered for investment.

ESG risks and opportunities are broken down into short and long term considerations:

Short term – Understanding the materiality of a failure in a company's operations in regard to ESG issues on its short term financials, reputation and regulatory backlash. Companies operating in higher risk sectors, such as oil & gas, where the materiality of a failure in operations is significant, require critical safety controls and processes. The use of third-party ESG research providers, such as MSCI, helps to identify the short term ESG risks and the level of controls and processes companies have in place to mitigate those risks. This is then followed up by detailed stock analysis.

Long term – Understanding how ESG issues could impact a business in the long term and its ability to continue to pay and grow a dividend. Those businesses that operate in contentious industries face structural pressure on their core products or services as a result of government legislation or consumer habits and it is important to understand the pace of that structural decline, how a company is investing or changing and what is currently discounted in the company's valuation. For instance, tobacco companies have faced declining volumes in traditional combustible cigarettes for many years but have managed that decline through higher pricing while investing in alternative products, such as vaping and heated tobacco, which are less harmful.

It is also important to understand how ESG factors could present an opportunity to companies in the long term. Clearly businesses which have exposure to ESG trends or thematics, such as renewable energy or recyclable packaging for example, should benefit but it is important to quantify the benefits versus what is already discounted in the valuation. The process of identifying and assessing the longer term ESG risks and opportunities forms part of our detailed stock analysis.

3) Assessing ESG targets
A resilient business model is imperative to the long-term value of a company which includes the consideration of ESG factors. Companies need to adapt their business models to changes in ESG attitudes and regulation to remain relevant and have realistic targets verified by independent institutions, such as the Science Based Targets Initiative (SBTi) for emissions, helps determine their ability and willingness. It also gives a good framework to hold management accountable for the success or failure in delivering on ESG goals. Ideally a portion of management's incentives should be linked to the delivery of short and/or medium term ESG targets.

4) Engage with management
Company engagement forms an important part of the Fund Manager's investment process and incorporates a wide range of topics including business strategy, capital allocation,

Environmental, Social and Governance Matters
(continued)

remuneration incentives, business risks, management succession as well as ESG issues. Senior management teams of the Company's portfolio holdings are engaged with on a regular basis, typically once or twice a year, or on an ad hoc basis if a specific issue, whether ESG related or not, has arisen that could potentially impact the value of a business.

The centralised Janus Henderson Responsible & Governance Team (the R&G Team) also assists with specific engagement matters, including those of an ESG nature, in respect of the positions held across the portfolio. The R&G Team screens portfolios for major ESG issues and works to highlight important ESG engagement topics ahead of company meetings or any communications with companies. In addition, the R&G Team directly engages with companies with or on behalf of the Fund Manager on a wide range of ESG themes including key topics such as climate change, social considerations and natural resource consumption. Engagement is an ongoing process between the team and senior management with the team monitoring the progress made on issues raised.

During the year Janus Henderson conducted 26 meetings with portfolio companies on dedicated ESG issues. These engagements were separate to the more regular meetings with management focusing on financials and business strategy.

ESG engagements during the year took various forms with the most common being:

1) Engagement on a specific ESG issue;
2) Engagement on an industry wide ESG topic;
3) Engagement to gain insight on a company's ESG policies.

Examples of each type of engagement during 2023 are below:

1) Engagement on a specific ESG issue

British American Tobacco (BAT) – Meeting on breaches of North Korea sanctions

While we continue to have ongoing ESG engagement with the company on a broad range of topics covering supply chain management, next generation products, water utilisation and vaping product waste, we had a separate ESG meeting with BAT post the announcement the company had paid out $635 million to resolve investigations by the US Department of Justice into the company's historical business activities in North Korea.

The objective of the meeting was to understand how this event happened and what has been changed internally as a result to ensure such breaches do not occur again. We wanted reassurances that better controls and practices on compliance and governance of subsidiaries in countries that are deemed high risk have significantly improved.

Due to the terms of the settlement the company could not go into details surrounding North Korea but discussed what policies and processes they have implemented. They were confident the changes are sufficient to make sure a similar incident could not happen again. We will continue to monitor and engage with the company on this.

2) Engagement on an industry wide ESG topic

Oil & Gas industry – Meetings on methane emissions

Janus Henderson has consistently engaged with the large energy companies, including **BP** and **Shell**, on issues relating to energy transition and climate. One area of engagement has been around the industry's methane emissions which occur through flaring, venting or leaks.

This is an area in which the large energy companies are making some progress. They all have put in place LDAR (leak detection and repair) programs, have started to use satellite data and are focusing their efforts on the 'worst offending' parts of their portfolio. Although methane emissions are still a significant problem, we are seeing improvement in transparency and reporting, particularly regarding non-operated assets which have historically been excluded from scope.

3) Engagement to gain insight on a company's ESG policy

Victrex – Meeting on the company's circular economy strategy

The objective of the meeting was to gain a better understanding of the company's circular economy strategy and related opportunities.

The nature of the company's core high performance plastic PEEK (Polyether ether keytone) product has clear sustainability advantages compared to metal but presents difficult challenges from a circular economy perspective (e.g. currently only 2% is recycled due to the long product life cycle). Progress is being made in completing life-cycle assessments across all products which is of increased importance with customers. The company's PEEK product has high stability so lends itself to being re-granulated and recycled multiple times. There are, however, a number of challenges to overcome including the volume of recoverable waste, legislative barriers and provenance of material. They are working closely with Value Added Resellers looking at various initiatives to improve recycling rates and helping customers understand the properties of the recycled product. We will continue to discuss and monitor the company's progress on these matters at future meetings.

Environmental, Social and Governance Matters
(continued)

ESG Ratings

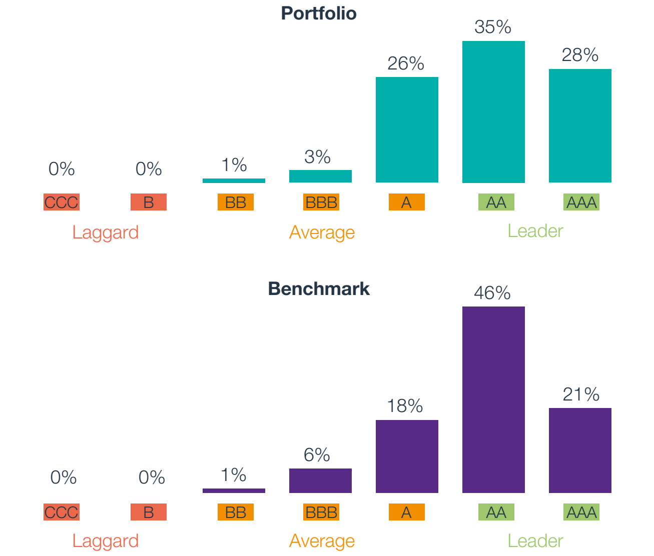
Janus Henderson engages MSCI, an independent leading firm researching and rating ESG factors globally, to support investment research. The Company's portfolio as at 31 December 2023 exhibited the following factors, as defined by MSCI's analysis.

Overall MSCI ESG quality score

Source: MSCI as at 31 December 2023

ESG Quality Score measures the ability of underlying holdings to manage key medium to long-term risks and opportunities arising from environmental, social, and governance factors. It is based on MSCI ESG Ratings and is measured on a scale of 0 to 10 (worst to best).

ESG Rating Distribution

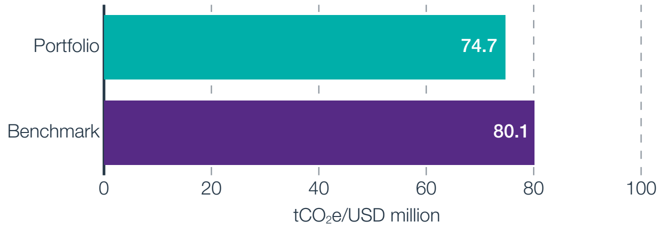


1 The benchmark is a composite of 80% of the FTSE All-Share Index (total return) and 20% of the ICE BofA Sterling Non-Gilts Index (total return) rebalanced annually

Source: MSCI as at 31 December 2023

ESG Ratings Distribution represents the percentage of a portfolio's market value coming from holdings classified as ESG Ratings Leaders (AAA and AA), Average (A, BBB and BB), and Laggards (B and CCC). ESG ratings are calculated based upon each company's exposure to key ESG risks across different components of a business's value chain: including core product/business segments, the locations of its operations, and other relevant measures such as outsourced production or reliance on government contracts. MSCI conducts systematic monitoring and quality review of information, as well as a formal committee review. There are 35 key metrics underlying the rating, each of which is centred on the intersection between a company's unique material issues and industry-specific issues. This means that the MSCI ESG ratings assess companies on their performance relative to peers within their industry.

Carbon intensity



Source: MSCI as at 31 December 2023

Carbon intensity (Scope 1 and 2) is a metric used to compare company emissions across industries. MSCI divides the absolute emissions by total revenue, meaning the figure is expressed in tonnes of carbon dioxide equivalent per US Dollar million of total revenue. The Company's overall portfolio is 6.7% less carbon intensive than the benchmark.

Stewardship and Company Engagement

Stewardship is an integral and natural part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices, such as management engagement and proxy voting, can help protect and enhance long-term shareholder value. Janus Henderson entities support a number of stewardship codes and broader initiatives around the world including being a founder signatory of the UN Principles for Responsible Investment. The intensive research of the portfolio managers and analysts involves conducting on an annual basis thousands of interviews with senior executives and chairmen of companies throughout the world. These teams naturally develop long-term relationships with the management of firms in which they invest. Should concerns arise over a firm's practices or performance, they seek to leverage these constructive relationships by engaging with company management or expressing their views through voting on management or shareholder proposals. Escalation of the engagement activities depends upon a company's individual circumstances.

Voting

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

Environmental, Social and Governance Matters
(continued)

Voting decisions are taken in keeping with the provisions of the Manager's ESG Investment Principles. These can be found on the Manager's website **www.janushenderson.com**.

Corporate governance regimes vary significantly as a function of factors such as the relevant legal system, extent of shareholder rights and level of dispersed ownership. The voting and engagement activities vary according to the market and pay close attention to local market codes of best practice.

However, there are certain core principles that are universal:

- disclosure and transparency;
- board responsibilities;
- shareholder rights; and
- audit and internal controls.

A key element of the Board's approach to proxy voting is to support these principles and to foster the long-term interests of the Company's shareholders.

In order to retain oversight of the process, the Board receives an annual report on how the Manager has voted the shares held in the Company's equity portfolio and reviews at least annually the Manager's ESG Corporate Statement and ESG Investment Principles.

In the period under review, investee companies held 72 general meetings. The shares held in the Company's equity portfolio were voted in respect of 97.2% of these meetings. 2.8% of the shares held were not voted due to voting impediments. The level of governance in leading global companies is generally of a high standard in terms of best practice which has meant that support in favour of the resolutions proposed by management was warranted. However, out of the 70 meetings voted there were eight where the Manager voted against or abstained from at least one resolution. In terms of the resolutions not supported, the majority of these related to approving compensation and environmental proposals.

Voting record

Number of votable meetings	72
Number of meetings voted	70
Number of resolutions voted	1,332
Number of meetings voted (%)	97.22%
Percentage of votes for	99.02%
Percentage of votes against	0.83%
Percentage of votes abstain	0.08%
Number of meetings with at least 1 vote against, withheld or abstain	11.11%

The Environment

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose energy and carbon information.

The Manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2019 the Manager committed to reducing its carbon footprint by 15% per full-time employee over three years based on 2018 consumption. In 2021 the Manager reached this target and set new five-year targets in 2022 in line with guidance from the SBTi to reduce Scope 1 (fuel) and Scope 2 (electricity) emissions by 29.4%, as well as Scope 3 (business travel, hotel stays, freight, paper consumption, water, waste) operational emissions by 17.5%.

In addition to this, the Manager has maintained a CarbonNeutral® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 operational emissions each year. Through this process, the Manager has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects the Manager supports have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits.

The Manager discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including Streamlined Energy and Carbon Reporting (SECR) and the Carbon Disclosure Project (CDP), as well as in its Annual Report and 2022 Impact Report, which provide more information.

Business Ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances at least annually from its service providers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010, Criminal Finances Act 2017 and the sanctions element of the Economic Crime (Transparency and Enforcement) Act 2022. The Company has received assurances from its main service providers that they maintain a zero-tolerance policy towards the provision of illegal services.

Governance

Board of Directors

The right balance of skills and knowledge

The Directors appointed to the Board at the date of this report and the specific reasons why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success are set out below.

The Nominations and Remuneration Committee is responsible for ensuring that on appointment each Director receives a letter of appointment that sets out, amongst other matters, what is expected of them in terms of time commitment. The annual board evaluation also considers the time commitment of the Directors. The Board considers that each Director appointed as at the date of this report allocates sufficient time to the Company to perform his/her responsibilities effectively.

Jeremy Rigg (Chairman)

Date of appointment: 1 April 2018 (appointed Chairman of the Board and Management Engagement Committee on 24 May 2021).

Committees: Chairman of the Management Engagement Committee and Member of the Nominations & Remuneration Committee and Audit & Risk Committee.

External appointments: Jeremy is a Director of Moorland Green Properties Limited.

Background: Jeremy was a Director of Schroder Investment Management (UK) Ltd and a Senior Investment Manager at Investec Asset Management Limited. In 2004, he was a Founding Partner of Origin Asset Management LLP, a boutique equity investment manager which grew successfully and was acquired by Principal Global Investors Limited in 2011. Jeremy graduated from St Andrews University in 1989.

Skills and experience: Jeremy provides an objective and broad view to board discussions and challenges the Manager on investment decisions. Jeremy has over 25 years' experience in the investment management industry and has proven himself as a key member of the Board.

Richard Cranfield (Independent Non-Executive Director)

Date of appointment: 1 March 2020.

Committees: Member of the Nominations & Remuneration Committee, Management Engagement Committee and Audit & Risk Committee.

External appointments: Richard is Chair of IntegraFin Holdings plc.

Background: Richard retired as a partner in law firm Allen & Overy LLP in October 2021 and became Senior Adviser, a role he held until April 2022. He was previously Global Chairman of the Corporate Practice and Co-Head of its Financial Institutions Group. Richard had been with Allen & Overy LLP since he joined them from university in 1978. In 2000, Richard was appointed Global Head of Corporate and in 2010 took a step back from management to focus on client relationships. In June 2019, Richard was appointed to the board of IntegraFin Holdings plc and became Chair in October 2019. IntegraFin Holdings plc is a FTSE 250 company, the ultimate owner of the investment platform provider Transact.

Skills and experience: Richard has spent 40 years at the highest levels of legal practice. He has extensive understanding of corporate governance and understands financial institutions from his career at Allen & Overy LLP and as the Chair of IntegraFin Holdings plc. This has also given him a good understanding of the workings of investment platforms which the Board believes is important as more of the Company's shareholders choose to hold their shares through platforms.

Zoe King (Senior Independent Director)

Date of appointment: 1 April 2016 (appointed Senior Independent Director on 23 June 2020).

Committees: Chairman of the Nominations & Remuneration Committee, Member of the Management Engagement Committee and Audit & Risk Committee.

External appointments: Zoe is a director of Evelyn Partners Investment Management Limited, specialising in the management of private client portfolios. She is also a member of the Trinity College Oxford Investment Committee, the Carvetian Capital Fund Investment Committee and the Stramongate S.A Shareholder Advisory Committee.

Background: Zoe was formerly Vice President at Merrill Lynch Mercury Asset Management and a Fund Manager at Foreign & Colonial Investment Management. She graduated from Oxford University in 1994.

Skills and experience: Zoe is an experienced investment professional and a director of Evelyn Partners Investment Management Limited, which ensures that her fund management skills and knowledge remain up to date. Zoe utilises her fund management background to bring an objective view to the Manager's investment strategy and to challenge the Manager on investment decisions, while her years of experience in looking after the capital of individuals bring a shareholder's perspective to Board discussions.

Board of Directors (continued)

Francesca Ecsery (Independent Non-Executive Director)

Date of appointment: 31 December 2022.

Committees: Member of the Nominations & Remuneration Committee, Management Engagement Committee and Audit & Risk Committee.

External appointments: Francesca is a non-executive director at the Association of Investment Companies (AIC), CT Automotive PLC, Haffner Energy SA and Air France S.A.

Background: Francesca was previously a non-executive director at F&C Investment Trust PLC, Marshall Motor Holdings PLC, Share PLC and Good Energy Group PLC and has held various senior positions in consumer-focused industries including the digital, retail, leisure and travel sectors. Her previous executive roles include McKinsey, PepsiCo, Thorn EMI, Thomas Cook and STA Travel.

Skills and experience: Francesca has over 30 years' experience working in both blue-chip companies and start-ups and has special expertise in multiplatform consumer marketing, branding and commercial strategies.

Jonathan Silver (Chairman of the Audit and Risk Committee)

Date of appointment: 2 January 2019 (appointed as Chairman of the Audit & Risk Committee on 8 May 2019).

Committees: Chairman of the Audit & Risk Committee, Member of the Nominations & Remuneration Committee and Management Engagement Committee.

External appointments: Jonathan is a non-executive director of Baillie Gifford China Growth Trust plc and a non-executive director and Chairman of the Audit Committee of Spirent Communications plc, a position he has held since 2015. Jonathan is also a non-executive director and Audit Committee Chair of East and North Hertfordshire NHS Trust.

Background: Jonathan is a member of the Institute of Chartered Accountants of Scotland. He has held various senior financial positions throughout his career, including 21 years as Chief Financial Officer on the main Board of Laird plc from 1994 until 2015.

Skills and experience: Jonathan is a qualified accountant and therefore brings financial and accounting skills and experience to the Board. He is an experienced non-executive director and in particular brings previous investment trust experience and leadership skills to the Board from his former and current roles as Chief Financial Officer of Laird plc, and as Audit Committee Chairman of Invesco Income and Growth Trust plc and Spirent Communications plc. Jonathan has recent and relevant financial experience, a principal requirement for the composition of an Audit Committee under the UK Corporate Governance Code. The Board also believes this experience is fundamental to an effective Board.

All Directors are members of the Insider Committee that meets when required in accordance with the Market Abuse Regulations.

Corporate Governance Report

Applicable Corporate Governance Codes

The Company maintains a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the UK Corporate Governance Code (UK Code) have been applied. The AIC Code of Corporate Governance (AIC Code) published in January 2019 has been endorsed by the Financial Reporting Council. This enables boards to report against the AIC Code and still meet their obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

Closed-end investment companies have particular factors which have an impact on their governance arrangements and the AIC Code adopts the principles and provisions of the UK Code to make them relevant for investment companies. The Board has therefore chosen to report under the AIC Code. The Company is governed entirely by a Board of non-executive Directors, therefore the Company has no executive directors or senior management remuneration packages.

Copies of the AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**.

Statement of Compliance

For the year-ended 31 December 2023 the Company has complied with all the provisions of the AIC Code with the exception of provision 9.2.37 to establish a separate Remuneration Committee. Instead, the Board has established a combined Nominations and Remuneration Committee comprising all the independent non-executive Directors.

Given the Board has a simple remuneration structure and does not need to consider executive remuneration, including bonuses and long-term incentive schemes, it was considered appropriate for a combined Nominations and Remuneration Committee to be formed.

The Board

Overview

The Articles of Association provide that the total number of Directors shall not be less than two nor more than ten in number. The Board currently consists of five non-executive Directors. The biographies of the Directors holding office at the date of this report, which are set out on pages 35 to 36, demonstrate the breadth of investment, commercial, legal, financial and other professional experience relevant to their positions as Directors.

The Board meets formally at least six times a year, with additional Board or Committee meetings arranged when required. The Directors have regular contact with the Manager between formal meetings. The Board has a formal Schedule of Matters Reserved for its decision which can be viewed at **www.hendersonhighincome.com**.

The terms of reference for each of the Committees of the Board are kept under regular review and are available at **www.hendersonhighincome.com**.

Board Leadership and Purpose

The Board is responsible for providing leadership, setting the investment objective and policy, appointing the Company's third-party service providers, establishing a robust internal control and risk management system and monitoring the performance delivered by its service providers within the established control framework.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's investment objective and policy, and is responsible for setting investment limits and restrictions, including gearing limits, within which the Manager has discretion to act. The Board has responsibility for the approval of any investments in in-house funds managed or advised by the Manager. It has adopted a procedure for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

The Board has engaged third-party service providers to deliver the operations of the Company. Management of the investment portfolio has been delegated contractually to Janus Henderson, which also provides the day-to-day accounting, company secretarial, administrative and sales and marketing activities. The Company has appointed a Depositary, who in turn appoints the Custodian who is responsible for the safe custody of the Company's assets. The Company has appointed a Registrar to maintain the Register of Members and assist shareholders with queries in respect of their holdings. The Company entered into each of these principal contracts after full and proper consideration of the quality and cost of the services offered, including the operation of their control systems in relation to the affairs of the Company. The Board and its Committees maintain oversight of the third-party service providers through regular and ad hoc reporting. The Board meets annually with representatives from the Depositary and Custodian to discuss amongst other matters performance, service levels, their value for money, and their approach to ESG matters, information security and business continuity plans.

In addition, the Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters which are then reported to the Board as necessary.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive all relevant management, regulatory and

Corporate Governance Report (continued)

financial information in a timely manner. Representatives of the Manager attend each Board meeting enabling the Directors to probe further on matters of interest or concern. The Directors have access to the advice and services of the Company Secretary, Janus Henderson Secretarial Services UK Limited. The Company Secretary is responsible to the Board for ensuring compliance both with Board and Committee duties and responsibilities, and applicable rules and regulations. The proceedings at all Board and Committee meetings are recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board and the Manager operate in a supportive, co-operative and open environment.

The Corporate Secretary, Janus Henderson Secretarial Services UK Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities, particularly when dealing with any conflicts of interest or issues between the Company and the Manager. Correspondence from shareholders addressed to the Chairman or the Board received at the registered office is forwarded to the Chairman in line with the audited procedures in place. Correspondence is provided to the full Board at the next meeting with any urgent or important correspondence circulated promptly at the request of the Chairman.

Meeting Attendance

The table below sets out the number of formal Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors attended the AGM on 16 May 2023. The Insider Committee did not meet during the year.

	Board	ARC	NRC	MEC
Number of Meetings	**6**	**3**	**2**	**1**
Jeremy Rigg	6	3	2	1
Jonathan Silver	6	3	2	1
Zoe King	6	3	2	1
Richard Cranfield	6	3	2	1
Francesca Ecsery	6	3	2	1

ARC: Audit and Risk Committee
NRC: Nominations and Remuneration Committee
MEC: Management Engagement Committee

An additional meeting of a Committee of the Board was held to approve the Company's year-end results.

There were also six ad hoc Board meetings held during the year to undertake business in relation to:

- the allocation of funds to support specific marketing activities for the Company; and
- the scheme of reconstruction and winding up of Henderson Diversified Income Trust plc (HDIV) under section 110 of the Insolvency Act 1986 and the associated transfer of part of the assets and undertaking of HDIV to the Company in exchange for the issue of new ordinary shares in the Company.

Arrangements with Directors

Policy on Tenure

No Director is expected to serve for more than nine years unless particular circumstances warrant it, for example to facilitate effective succession planning, or promote diversity. There may be occasions when the Board may decide to extend the tenure of the Chairman for the sake of continuity and/or historical knowledge of the Company. This may be so particularly if an existing non-executive Director is appointed as Chairman of the Board. In these exceptional cases an explanation for such a decision will be given to shareholders.

Directors' Independence

The independence of the Directors is determined with reference to the AIC Code. The Nominations & Remuneration Committee considers the independence of each Director at least annually by reviewing the Directors' other appointments and commitments, as well as their tenure of service and any connection they may have with the Manager. The Board does not believe that length of service on the Board necessarily compromises a Director's independence nor that it should necessarily disqualify a Director from seeking re-appointment.

There were no contracts subsisting during or at the end of the year in which any Director is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

In the year under review, the Nominations and Remuneration Committee determined that all Directors continued to be independent in character and judgment. The Committee believed that the Directors' skills, broad business experience and knowledge and understanding of the Company were of benefit to shareholders and its long-term sustainable success.

Directors' Re-appointment

Jeremy Rigg, Richard Cranfield, Francesca Ecsery, Zoe King and Jonathan Silver will offer themselves for re-appointment by the shareholders at the AGM in 2024.

Under the Articles of Association, shareholders may remove a Director before the end of his or her term by passing an ordinary resolution at a general meeting.

Directors' Professional Development

Newly appointed directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the Manager, including risk, compliance and internal audit, financial reporting oversight and bespoke sales and marketing specific to the Janus Henderson managed investment trusts.

Corporate Governance Report (continued)

Governance Structure

Board of Directors
Comprises independent non-executive Directors
Chairman: Jeremy Rigg

Non-executive oversight of the Company's operations; selection and appointment of service providers

Audit and Risk Committee
Chairman:
Jonathan Silver
Purpose: Ensure the integrity of the financial reporting, evaluate the effectiveness of the systems of internal control and risk management, and oversee the relationship with the external auditors.

Management Engagement Committee
Chairman:
Jeremy Rigg
Purpose: Formally evaluate the overall performance of the Manager and other third-party service providers engaged by the Company and consider whether their continuing appointment is in the interests of shareholders.

Nominations and Remuneration Committee
Chairman:
Zoe King
Purpose: Advise on the composition of the Board and its Committees, in making appointments to the Board and ensuring suitable succession plans are in place. It also has responsibility for setting the Remuneration Policy and setting remuneration levels for the non-executive Directors.

Company's operations carried out by specialised third-party service providers

Contractually engages third-party service providers

Janus Henderson
Fund Management: Led by David Smith as Fund Manager
Sales, Marketing, Company Secretary
Alternative Investment Fund Manager: Janus Henderson Fund Management UK Limited

HSBC Bank plc
Depositary and Custodian

Computershare Investor Services PLC
Registrar

J.P. Morgan Cazenove
Corporate Broker

Directors' Conflicts of Interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company (situational conflicts).

The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes.

The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the systems it has in place for reporting and considering situational conflicts continue to operate effectively. Furthermore, no conflicts of interest have been identified that would allow third parties to influence or compromise the individual Director's independent judgment.

Directors' Insurance and Indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the Directors against certain liabilities arising from carrying out their duties. Under the Company's Articles of Association and subject to the provisions of UK legislation, a qualifying third-party provision indemnity may be provided to Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted, or judgment is given in their favour by the Court. No indemnity was given during the year or up to the date of this report.

Corporate Governance Report (continued)

System of Internal Controls

How the system of internal control operates

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

The Company's principal third-party service providers are the Manager (Janus Henderson); the Depositary/Custodian (HSBC) and the accountants and administrators (BNP Paribas S.A.).

In respect of its principal providers, the Board receives quarterly reporting on compliance with the control environment and assesses the effectiveness of the control environment through review of the annual assurance reports (usually ISAE 3402) from each organisation. This reporting is supplemented by the view of the Manager's Operational Risk Team regarding the control environments in operation at the providers.

The Company's secondary providers report regularly to the Board. A failing in their services is deemed to have a minimal impact on the Company's value and therefore less stringent reporting is required.

The Management Engagement Committee formally evaluates the performance and service delivery of all third-party service providers at least annually.

The Audit and Risk Committee evaluates the performance of the statutory auditors on completion of each audit cycle.

Board of Directors

(comprised entirely of independent non-executive Directors)

Principal third-party service providers

The Directors:

- receive regular reporting at meetings;
- review the annual assurance report produced by each organisation;
- receive additional reporting on the control environment from the Manager's Operational Risk Team;
- receive reporting from the Manager's Internal Audit Team on areas relevant to investment trusts; and
- formally evaluate the performance on an annual basis.

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

Reporting

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

HSBC (Depositary/ Custodian)

Reporting

- Depositary's report (quarterly)
- Presentation from the Depositary and Custodian (annually)
- Effectiveness of control environment (biannually)

BNP Paribas S.A. (Accounting and administration services engaged by the Manager)

Reporting

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

Secondary third-party service providers

The Directors:

- receive regular reporting on their activities at meetings; and
- formally evaluate their performance on an annual basis.

Computershare Investor Services PLC (Registrar)

J.P. Morgan Cazenove Limited (Corporate Broker)

Marten & Co Limited (Sponsored Research)

PricewaterhouseCoopers LLP have been appointed as the Company's Statutory Auditors.

By order of the Board

For and on behalf of
Janus Henderson Secretarial Services UK Limited
Corporate Secretary
27 March 2024

Report of the Audit and Risk Committee

Membership

All Directors are members of the Committee, including the Chairman of the Board. Taking account of the size of the Board as a whole, the absence of any executive directors and the collaborative manner in which the Board and its Committees work, it was not considered practical or constructive to exclude the Chairman from being a member of the Committee. The Chairman of the Board was determined to be independent at the time of his appointment.

The Committee is chaired by Jonathan Silver, who is considered by the Board to have recent and relevant financial experience.

Meetings

The Committee met three times in the year under review. The Company's Auditors, the Fund Manager and the Manager's Financial Reporting Senior Manager for Investment Trusts are invited to attend meetings of the Committee on a regular basis. Other representatives of the Manager (including the Head of EMEA Operational Risk, Global Head of Compliance, Global Head of Internal Audit, Global Head of Business Resilience, Chief Information Security Officer and BNP Paribas S.A.) may also be invited to attend meetings if deemed necessary by the Committee.

Role and Responsibilities

The role of the Committee is to assist the Board with monitoring the integrity of the Company's financial reporting and monitoring and reviewing the internal controls and risk management systems in place at the Manager and the Company's other third-party service providers. The Committee also makes recommendations to the Board on the appointment, re-appointment and removal of the Company's Auditors. The Committee formally reports to the Board after each meeting and its responsibilities are set out in formal terms of reference which are regularly reviewed.

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

Financial Reporting

- the integrity of the financial statements of the Company, including its annual and half year reports, and any formal announcements relating to its financial performance;
- the significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, half year reports and related formal statements and challenging the Manager where necessary on the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Company had followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the Auditors;
- the clarity and completeness of disclosures in the Company's financial statements and the context in which these statements were made;
- all material information presented within the Annual Report insofar as it relates to audit and risk management;
- the Company's statement on Internal Control and Risk Management and Internal Audit Function (please refer to pages 42 to 43) prior to endorsement by the Board;
- the policies and processes used for identifying and assessing business risks and the management of those risks by the Company and other narrative statements made in the Annual Report and half year reports including the Viability Statement (please refer to page 27);
- whether the information presented in the Annual Report is, in the Committee's view, fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- any significant issues considered in relation to the financial statements and how these were addressed in the year under review.

Internal Controls and Risk Management Systems

- the adequacy and effectiveness of the Company's internal controls and risk management systems, including a review of the Company's key third-party suppliers' assurance reports;
- the Company's risk map including consideration of the principal and emerging risks;
- the remit and effectiveness of the Manager's Internal Audit, Compliance, Risk, Information Security and Business Resilience functions in the context of the Manager's overall risk management systems. The Committee met representatives of the Manager's Risk and Internal Audit Teams, at the half year and full year reporting stage and with representatives of the Manager's Compliance, Information Security and Business Resilience Teams; and
- the remit and effectiveness of the overall risk management systems of the Company's key third-party suppliers.

External Audit

- the relationship with the Auditors including (but not limited to):
  - consideration of their remuneration, whether for audit or non-audit services, and ensuring that the level of fees is sufficient to enable an adequate audit to be carried out and make recommendations to the Board on fees;

Report of the Audit and Risk Committee (continued)

  - approval of their terms of engagement, including any engagement letter and terms of business issued at the start of each audit and the scope of the audit;
  - independence and objectivity (please refer to Effectiveness and Independence of the Auditors on page 43), taking into account relevant professional and regulatory requirements and the relationship with the Auditors as a whole, including the provision of any non-audit services (please refer to the Policy on Non-Audit Services on page 43);
  - the need to include the risk of the withdrawal of the Auditors from the market in the Board's risk evaluation and planning; and
  - meeting regularly with the Auditors to discuss the Auditors' remit and any issues arising from the audit (including at least once a year without representatives of the Manager being present).
- the findings of the audit with the Auditors, including any accounting and audit judgments.

Compliance, Whistleblowing and Fraud

- the adequacy and security of the Manager's arrangements for its employees and service providers to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters to ensure that they are comfortable that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- the Manager's procedures for detecting fraud; and
- confirmations from the Manager and the Company's third-party suppliers of their adherence to the UK Bribery Act 2010, the Modern Slavery Act 2015, Criminal Finances Act 2017 and sanctions element of the Economic Crime (Transparency and Enforcement) Act 2022.

Internal Control and Risk Management

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Committee supports the Board in the continuous monitoring of the Company's internal control and risk management framework and that of its key service providers. Please refer to the System of Internal Controls on page 40.

The Committee uses an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. The process accords with the FRC's Guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls and risk management systems. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting;
- regular reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- the contractual agreements with the Manager and other third-party service providers. The Board reviews performance levels and adherence to relevant provisions of the agreements on a regular basis. The Management Engagement Committee conducts a formal evaluation of the overall level of services from third-party providers at least annually;
- the review of controls (including financial, operational and compliance) at the Manager and other third-party service providers; and
- the Board receives quarterly internal controls reports from the Manager and a quarterly report from the Depositary.

The Committee reviewed the assurance reports of the Manager, BNP Paribas S.A., HSBC (Custodian and Depositary) and Computershare Investor Services PLC (Registrar) that report on the effectiveness of the control environment in operation at these service providers.

The Committee also met with the Manager's Global Head of Internal Audit at the full year and half year stage to obtain comfort that the high standards of internal control and the risk management systems in place at the Manager were satisfactory. In particular, the Committee asked questions relating specifically to areas of the Manager's business that directly or indirectly affected investment trusts. The Committee did not identify nor has been advised of any failings or weaknesses relating to the Company's portfolio that have been determined as significant for the year under review. The Committee is therefore satisfied that the internal control and risk management systems in place at the Manager and its key service providers remain effective.

Internal Audit Function

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

The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principally among them, the Manager. The Board places reliance on the Company's framework of internal control and the Committee's view on reporting received from specific second and third line of defence teams at the Manager.

The Manager's Operational Risk Team supports the Committee in considering the independently audited

Report of the Audit and Risk Committee (continued)

assurance reports on the effectiveness of internal controls in place at the Company's third-party service providers. The Manager's Internal Audit Team provides regular reporting to the Board on the operations at the Manager and presents to the Committee at the full year and half year reporting stage. The Committee therefore concluded that it is not necessary at the present time for the Company to have its own internal audit function.

Appointment and Tenure of the Auditors

Regulations currently in force require the Company to change statutory auditor every 20 years and undertake an audit tender process after a period of ten years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. The Committee last carried out an audit tender process during the year-ended 31 December 2016 and PricewaterhouseCoopers LLP (PwC) has been appointed as Auditors since then. The Auditors are required to rotate partners every five years. This is the third year that the current audit partner, Jennifer March, has been in place. Subject to the audit remaining effective and the continuing agreement from shareholders on the appointment of the Auditors, the Committee envisages carrying out an audit tender process in respect of the year-ending 31 December 2026 at the latest.

Policy on Non-Audit Services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the Auditors. The policy sets out that the Company's Auditors will not be considered for non-audit work where this is prohibited by the current regulations and where it appears to affect their independence, effectiveness and objectivity. In addition, the provision of any non-audit services by the Auditors are not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit and Risk Committee, or the Chairman of the Committee, following due consideration of the proposed services.

No fees were paid, or are payable to the Auditors for non-audit services in the year under review (2022: none).

Effectiveness and Independence of the External Auditors

The Committee monitors the Auditors' independence, effectiveness and objectivity through three aspects of its work: approval of the Policy on Non-Audit Services; assessing the appropriateness of the fees paid to the Auditors for all work undertaken by them; and by reviewing the information and assurances provided by the Auditors on their compliance with the relevant ethical standards including confirmation of PwC's independence in accordance with the FRC's Ethical Standard.

PwC have been appointed as the Company's Auditor since the year-ended 31 December 2016. The Committee and the Manager have developed a strong working relationship with PwC over that time. The Committee is satisfied that auditor independence and objectivity are safeguarded as a result of the independence checks within PwC, the change of Audit Partner every five years and because PwC do not provide any non-audit services to the Company.

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

In assessing the effectiveness of the audit process, the Committee discussed the service provided by PwC with Janus Henderson's Financial Reporting Senior Manager for Investment Trusts and the Company Secretary, who have the most hands-on involvement in the audit each year. The Committee reviewed and assessed the robustness of the audit, level of challenge offered by the Audit Team, the quality of the Audit Team and timeliness of delivering the tasks required for the audit and reporting for the Committee and benchmarking PwC's performance against the Committee members' recent experience with other firms gained through their other commitments. The Committee also met privately with the Audit Partner to discuss how the audit operated from their perspective.

The Committee remain satisfied with the effectiveness of the audit provided by PwC and therefore recommended their continuing appointment to the Board. PwC have indicated their willingness to continue in office. Accordingly, resolutions re-appointing PwC as the Company's Auditors and authorising the Directors to determine their remuneration will be proposed at the AGM in 2024.

Disclosure of Information to the Auditors

Each of the Directors who were members of the Board at the date of approval of this report confirm that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report which the Company's Auditors are unaware of, and they have taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditors are aware of that information.

Report of the Audit and Risk Committee (continued)

In relation to the Annual Report for the year-ended 31 December 2023 the following significant issues were considered and addressed by the Committee:

Significant issues and audit matters	How it was addressed
Valuation and Ownership of the Company's Investments	The Directors have appointed Janus Henderson, who outsource some of the administration and accounting services to BNP Paribas S.A., to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, Janus Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Ownership of listed investments is verified by reconciliation to the Custodian's records and the Directors have received quarterly reports from the Depositary who has responsibility for overseeing operations of the Company, including verification of ownership and valuation of investments.
Recognition of Income	Income received has been accounted for in line with the Company's accounting policies (as set out in Note 1f on page 64). The Board reviews the revenue forecast at every meeting in support of the Company's future dividend. In respect of special dividends where there is a requirement to allocate between revenue and capital, the Committee reviews the rationale provided by Janus Henderson and approves the relevant treatment.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas S.A.
Maintaining Internal Controls	The Committee receives regular reports on internal controls from Janus Henderson Investors (Manager), BNP Paribas S.A. (Administrator), Computershare Investor Services PLC (Registrar) and HSBC (Depositary and Custodian) and has access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit. The Committee is satisfied that these key stakeholders have appropriate and effective internal control and risk management systems in place.

Audit for the Year-Ended 31 December 2023

In the year under review PwC challenged both the Manager's and the Board's judgments and exercised professional scepticism. The Audit Team required detailed evidence of all metrics, numbers and disclosures made within the Annual Report to support a robust assessment and evaluation of the financial information contained therein. Overall the Committee considers that the audit quality has been high and is satisfied that the Annual Report for the year-ended 31 December 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Jonathan Silver
Chairman of the Audit and Risk Committee
27 March 2024

Management Engagement Committee Report

Membership

All Directors are members of the Committee.
Jeremy Rigg is the Chairman of the Committee.

Meetings

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

Role and Responsibilities

The Committee is responsible for formally evaluating the overall performance of the Manager and other third-party service providers engaged by the Company, to consider whether their continuing appointment is in the interests of the Company and its long-term sustainable success.

The Board monitors the performance of the Manager by reviewing key performance indicators at each meeting. A separate formal review of the Manager is undertaken by the Committee each year. For the year under review this included a questionnaire that each Director was asked to complete about the Manager's performance.

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

- the Manager's compliance with legal and regulatory obligations;
- the key clauses of the Investment Management Agreement, how the Manager had fulfilled these and whether these continued to be appropriate;
- the composition of the Janus Henderson team that directly input to the work of the Company;
- fees and cumulative and annual performance figures in comparison to those in the AIC UK Equity Income sector with total assets under management of between £200 million and £700 million and the management fee;
- arrangements compared against the other Janus Henderson managed investment trusts; and
- the performance and fees of the Company's other third-party service providers, including the depositary, custodian, registrar, broker, research provider and the Company's accountants.

Continuing appointment of the Manager

The Committee has concluded that the continuing appointment of Janus Henderson as Manager to the Company on the existing terms continues to be in the best interests of the long-term success of the Company and its shareholders. The Committee was satisfied that the high standards of business conduct expected in the services of the Company's suppliers had been demonstrated.

Nominations & Remuneration Committee Report

Membership

All Directors are members of the Committee. Zoe King, the Company's Senior Independent Director, is the Chairman of the Committee.

Meetings

The Committee meets twice annually, with additional meetings scheduled when required.

Role and Responsibilities

The Committee advises the Board on the composition of the Board and its Committees, ensuring suitable succession plans are in place for the Directors and Fund Manager and has a formal, rigorous and transparent approach to the appointment of Directors to the Board. It also has responsibility for setting the Remuneration Policy (please refer to page 47) and determining the remuneration for all the independent non-executive Directors within the parameters determined by shareholders.

Annual Performance Evaluation

The Chairman of the Committee led the review of the annual performance evaluation process. The evaluation was conducted by way of a questionnaire circulated to each individual Director and the outcomes were presented to the Committee. The evaluation addressed board and committee meetings, board composition, board dynamics and culture, Directors' remuneration and training and development. The Directors considered that meetings were constructive and collaborative in nature and each Director made a valuable contribution to the Board and its discussions. All Directors remained independent in character and judgment and there was a good balance of skills and experience on the Board that encouraged diversity of thought. There is an orderly succession plan for appointments going forward to maintain an appropriate balance of skills and experience. The relationship with the Manager was also considered very good, in particular with the Fund Manager and the Company Secretary.

Board Diversity

The FCA's Listing Rules require companies to report on the following targets on board diversity: that at least 40% of the individuals on the board are women; at least one of the senior positions on the board is held by a woman; and that at least one individual on the board is from a minority ethnic background.

It is the Company's aim to have a diverse Board. At 31 December 2023, the Board complied with targets one and two with 40% of the Board membership being female and the role of the Senior Independent Director being held by a woman. None of the five Directors, as at 31 December 2023, were from a minority ethnic background. The Nominations and Remuneration Committee considers diversity generally when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths and experience. All Board appointments are subject to a formal, rigorous and transparent procedure.

The Board's prime responsibility is the strength of the Board and its overriding aim in making any new appointments upon rotation of Directors is to select the best candidate based on objective criteria and merit, which it did at the time the current Directors were selected. When the Board next recruits, it will request the relevant search firm retained to provide a diverse list of potential candidates.

Gender diversity	Number of Board members	% of the Board	Number of senior positions on the Board[1]
Men	3	60	2
Women	2	40	1
Ethnic diversity			
White British or other White (including minority white groups)	5	100	3

1 As a fully managed investment company, the Company does not have a CEO or CFO. Accordingly, only the roles of Chairman, Audit & Risk Committee Chairman and Senior Independent Director are applicable to this disclosure.

The information in the table was provided by individual Directors in response to a request from the Company.

The Board recognises the benefits of diversity and therefore takes an interest in the diversity initiatives in place at its other service providers and in particular, supports and encourages the Manager's diversity training and initiatives to improve any imbalances. These include Janus Henderson's gender and ethnicity pay gap analysis, returnship, trainee, apprenticeship and internship programmes, such as INROADS, Girls Who Invest, Investment 2020 and #100 Black Interns. The Board monitors the culture at Janus Henderson and appreciates that the Manager fosters and maintains an environment that values the unique talents and contributions of individuals, and strives to cultivate and practise inclusiveness for the long-term success of the business and for the benefit of its employees, investors and shareholders.

The Board is supportive of developing talent and recognises the challenges all organisations face to ensure there is a sufficient pipeline of talent. To assist the Manager in this regard the Board invites selected junior members of the Janus Henderson Global Equity Income Team and Investment Trust Secretariat Team to its meetings to gain experience and exposure to the boardroom.

Directors' Remuneration Report

Annual Report on Remuneration

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended ("the Regulations"). The report also meets the relevant requirements of the Companies Act 2006 ("the Act") and the Listing Rules of the FCA and describes how the Board has applied the principles relating to Directors' remuneration. As required by section 439 of the Act, an ordinary resolution to approve the Directors' Remuneration Policy was proposed at the 2023 AGM and was subsequently approved by shareholders.

The Company's Auditors are required to report on certain information contained within this report: where information set out below has been audited it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees. As such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board has established a Nominations and Remuneration Committee with responsibility for determining the Remuneration Policy and setting the individual remuneration of all Directors in accordance with the Articles of Association. Zoe King, the Senior Independent Director, is Chairman of the Nominations and Remuneration Committee.

The Board has not been provided with advice or services by any person in respect of its consideration of Directors' remuneration (although the Directors review annually the fees paid to the boards of directors of other comparable investment companies).

Remuneration Policy

Shareholders last approved the Remuneration Policy at the AGM in 2023. In accordance with section 439A of the Act, shareholders will next be asked to approve the Remuneration Policy at the 2026 AGM.

In determining the Remuneration Policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code and the AIC Code. The objective of the Remuneration Policy is to attract, retain and motivate non-executive Directors of the quality required to manage the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The Board obtains up-to-date information about remuneration in other companies of comparable scale and complexity in order to avoid and manage conflicts of interest in determining remuneration levels. The appropriateness and relevance of the Remuneration Policy is reviewed at least annually, particularly in terms of whether it supports the Company's long-term sustainable success.

Directors are remunerated in the form of fees, payable quarterly in arrears. In accordance with the Company's Articles of Association the aggregate remuneration of the Directors may not exceed £250,000 per annum.

All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit and Risk Committee, who are paid a higher fee in recognition of their additional responsibilities. From time to time the Board may approve one-off payments to Directors for specific work undertaken in addition to their regular responsibilities. Any feedback from shareholders would be taken into account when setting remuneration levels. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

No Director has a service contract with the Company. Directors' appointments may be terminated at any time by written notice with no compensation payable. No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

Statement from the Chairman

Zoe King, Chairman of the Nominations and Remuneration Committee, reports that the Committee carried out its annual review of the fees being paid to the Directors and as part of this it reviewed the fees paid to other investment companies in the AIC UK Equity Income Sector for companies with total assets under management of between £200 million and £700 million, the fees paid in other sectors and the other Janus Henderson managed investment trusts. The Committee also considered the changes in the retail prices index and the consumer prices index since the last fee increase in July 2022. Following consideration, it was agreed that an increase of approximately 5.6% should be made with effect from 1 July 2023 to ensure that the Directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new directors. The new rates are set out on the following page. The Board is satisfied that the changes to the remuneration of the Directors are compliant with the Directors' Remuneration Policy approved by shareholders at the 2023 AGM.

Directors' Remuneration Report (continued)

Directors' Interests in Shares (Audited)

	Ordinary shares of 5p	
	31 December 2023	1 January 2023
Beneficial		
Jeremy Rigg	**27,000**	20,000
Jonathan Silver	**30,000**	30,000
Zoe King	**9,000**	9,000
Francesca Ecsery	**3,481**	–
Non-Beneficial		
Richard Cranfield	**30,000**	30,000

Since the Company's year-end Francesca Ecsery purchased 57 shares in the Company bringing her total beneficial holding to 3,538 shares. There have been no further changes reported since the year end to the date of this Annual Report.

No Director is required to hold shares of the Company by way of qualification.

Table of Directors' Annual Fees

The current fees for specific responsibilities are set out in the table below.

	Rate from 1 July 2023	Rate from 1 July 2022	% increase
Chairman of the Board	**£42,750**	£40,500	5.6%
Chairman of the Audit & Risk Committee	**£34,200**	£32,400	5.6%
Directors	**£28,500**	£27,000	5.6%

Directors' Remuneration (Audited)

The total remuneration paid to the Directors who served during the years-ended 31 December 2023 and 31 December 2022 was as follows:

	Year-ended 31 December 2023 Total fees £	Year-ended 31 December 2022 Total fees £
Jeremy Rigg (Chairman of the Board)	41,625	39,000
Jonathan Silver (Chairman of the Audit and Risk Committee)	33,300	31,200
Zoe King	27,750	26,000
Richard Cranfield	27,750	26,000
Francesca Ecsery[1]	27,824	n/a
Penny Lovell[2]	n/a	19,250
Total	**158,249**	**141,450**

1 Appointed to the Board on 31 December 2022
2 Retired from the Board on 30 September 2022
The table above omits other columns set out in the relevant regulations because no payments of other types such as taxable benefits including expenses, performance related pay, vesting performance related pay and pension related benefits were made.

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

Relative importance of spend on pay

In order to show the relative importance of expenditure on pay, the table below sets out the total level of remuneration compared to the distributions to shareholders by way of dividends. There were no share buybacks during the year. There were no other significant distributions, payments or other uses of the Company's net return or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2023 £	2022 £	2018 £	1 year change £	1 year change %	5 year change £	5 year change %
Total remuneration paid to Directors[1]	158,249	141,450	137,893	16,799	11.9	20,356	14.8
Ordinary dividends paid during the year	13,369,017	13,054,505	12,280,945	314,512	2.4	1,088,072	8.9

1 Remuneration will fluctuate due to the number of directors in any one year

Directors' Remuneration Report (continued)

Annual Percentage Change in Directors' Remuneration

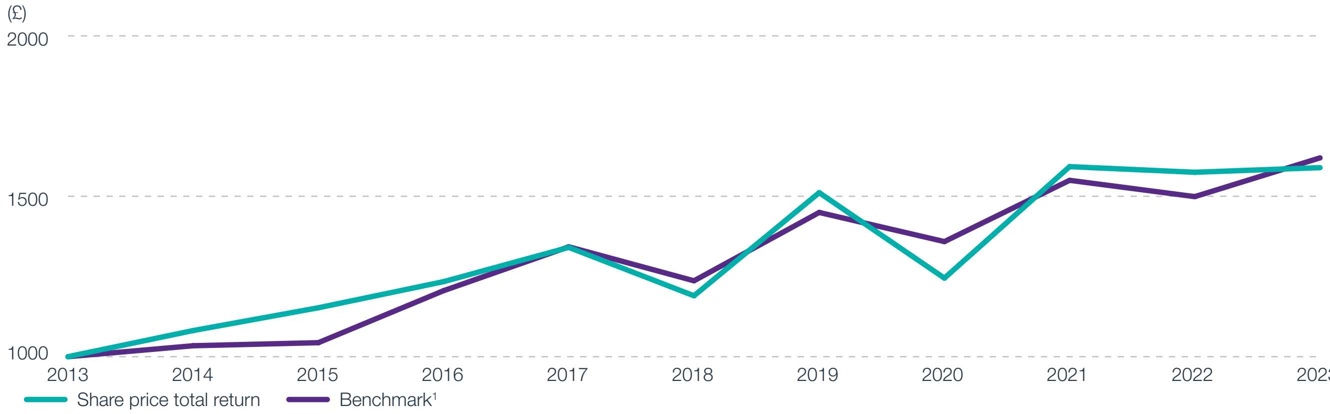
The table below sets out the annual percentage change in Directors' fees (excluding expenses paid) for the Directors for the last three years in respect of each Director who has served for a minimum of two financial years.

	Year to 31 December 2023 %	Year to 31 December 2022 %	Year to 31 December 2021 %	Year to 31 December 2020 %
Jeremy Rigg[1]	6.7	20.8[1]	31.8[1]	1.0
Jonathan Silver	6.7	5.1	1.0	7.6
Zoe King	6.7	5.1	1.0	1.0
Richard Cranfield	6.7	5.1	21.0	n/a[2]
Francesca Ecsery[3]	n/a	n/a	n/a	n/a

1 Appointed Chairman of the Board on 24 May 2021. The increase in Mr Rigg's remuneration reflects this appointment part way through the year to 31 December 2021 and the additional remuneration associated with this role. The year to 31 December 2022 was his first full year in this role
2 Appointed to the Board on 1 March 2020
3 Appointed to the Board on 31 December 2022

Performance

The Company's performance has been measured against the benchmark for the ten-year period ended 31 December 2023 on a total return basis in sterling terms. The graph compares the mid-market price of the Company's ordinary shares with the benchmark over the same period, assuming a notional investment of £1,000 on 31 December 2013 and the reinvestment of all dividends.



1 The benchmark is a composite of 80% of the FTSE All-Share Index (total return) and 20% of the ICE BofA Sterling Non-Gilts Index (total return) rebalanced annually
Source: Morningstar Direct

Statement of Voting at AGM

At the Company's last AGM held on 16 May 2023, shareholders approved the Directors' Remuneration Report and the Directors' Remuneration Policy in respect of the year ended 31 December 2022. The following proxy votes were received on the respective resolutions:

Resolution	**For (including discretionary)**	**% of total votes[1]**	**Against**	**% of total votes[1]**	**Withheld**
To receive the Directors' Remuneration Report	10,358,926	98.4	171,388	1.6	240,939
To approve the Directors' Remuneration Policy	10,349,367	98.4	171,388	1.6	250,498

1 Excluding votes withheld

For and on behalf of the Board

Zoe King
Chairman of the Nominations and Remuneration Committee
27 March 2024

Report of the Directors

The Directors who are listed on pages 35 to 36 present their report and financial statements for the year-ended 31 December 2023. The Company (a public limited company registered and domiciled in England & Wales with company registration number 02422514) was active throughout the year under review.

The Corporate Governance Report (pages 37 to 40 and 45 to 46), the Report of the Audit and Risk Committee (pages 41 to 44), the Statement of Directors' Responsibilities (page 51), the Glossary (page 80), the Alternative Performance Measures (pages 81 to 82) and General Shareholder Information (pages 83 to 84) all form part of the Report of the Directors.

Share Capital

The Company's share capital comprises ordinary shares with a nominal value of 5p. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits and capital of the Company (including accumulated revenue and capital reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro-rata to their holding of ordinary shares.

At the beginning of the year, there were 129,796,278 ordinary shares in issue. During the year no shares were issued or bought back. Therefore, at 31 December 2023 the number of ordinary shares in issue with voting rights was 129,796,278 (2022: 129,796,278).

On 16 January 2024 the Company issued 42,345,422 new shares at a price of 170.25p per share to Henderson Diversified Income Trust plc (HDIV) shareholders in consideration of the £72.1 million of net assets acquired from HDIV in accordance with the scheme of reconstruction and winding up of HDIV under section 110 of the Insolvency Act 1986.

Between 18 January 2024 and 27 March 2024, being the last practicable date prior to the publication of this Annual Report, no further ordinary shares have been issued. Accordingly, the number of shares in issue with voting rights as at 27 March 2024 was 172,141,700.

The Company will seek authority from its shareholders at the 2024 AGM to renew its authority to allot shares up to 10% of the issued share capital. Please refer to the Notice of Meeting that has been sent to shareholders with this report for further details. This is also available at **www.hendersonhighincome.com.**

Holdings in the Company's Shares

In accordance with the Disclosure Guidance and Transparency Rules there were no declarations of interest in the voting rights of the Company in the year under review. No changes have been notified in the period 1 January 2024 to the date of this report.

Related Party Transactions

The Company's transactions with related parties in the year were with the Directors and the Manager. There have been no material transactions between the Company and its Directors during the year. The only amounts paid to them were in respect of remuneration for which there were no outstanding amounts payable at the year-end. Directors' interests in shares are disclosed in the Directors' Remuneration Report on page 48. In relation to the provision of services by the Manager (other than fees payable by the Company in the ordinary course of business and the provision of marketing services) there have been no material transactions with the Manager affecting the financial position or performance of the Company during the year under review. More details on Transactions with Janus Henderson and Related Parties, including amounts outstanding at the year-end, are given in Note 21 on page 78.

Energy and Carbon Reporting

Details of the Company's disclosures with regard to energy and carbon reporting can be found on page 33.

Future Developments

While the future performance of the Company is mainly dependent on the performance of financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment objective and policy explained on page 22. The Chairman's Statement and Fund Manager's Report provide commentary on the outlook for the Company.

Annual General Meeting

The Annual General Meeting (AGM) will be held on **Tuesday, 14 May 2024 at 12 noon** at 201 Bishopsgate, London EC2M 3AE. The Notice of Meeting and details of the resolutions to be put to the AGM are contained in the separate document being sent to shareholders with this Annual Report.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard other than in accordance with Listing Rule 9.8.4(7), the information of which is detailed in the adjacent column under Share Capital.

Other Information

Information on dividends and financial risks are detailed in the Strategic Report.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
27 March 2024

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's financial statements published on the Company's website. This responsibility is delegated to Janus Henderson as Manager. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

Each of the Directors, whose names and functions are listed on pages 35 to 36, confirm that, to the best of their knowledge:

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

For and on behalf of the Board

Jeremy Rigg
Chairman
27 March 2024

Financial Statements

Independent Auditors' Report to the Members of Henderson High Income Trust plc

Report on the Audit of the Financial Statements

Opinion

In our opinion, Henderson High Income Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report 2023 (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2023; the Income Statement; the Statement of Cash Flows; the Statement of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope

- The Company is a standalone Investment Trust Company and engages Janus Henderson Fund Management UK Limited (the "Manager") to manage its assets.
- We conducted our audit of the Financial Statements using information from BNP Paribas S.A. (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.

Key audit matters	• Valuation and existence of investments. • Accuracy, occurrence and completeness of income from investments.
Materiality	• Overall materiality: £2,223,420 (2022: £2,142,767) based on 1% of net asset value. • Performance materiality: £1,667,565 (2022: £1,607,075).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Independent Auditors' Report to the Members of Henderson High Income Trust plc (continued)

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments Refer to the Report of the Audit and Risk Committee, Accounting Policy – 1d) and page the Notes to the Financial Statements – Note 11. The investment portfolio at the year-end comprised listed equity investments at £236.8 million and fixed interest investments valued at £33.2 million (£270 million total). We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position within the Financial Statements.	Our audit work on the valuation and existence of investments included the following: • We tested the valuation of 100% of the listed equity investments and fixed interest investments by agreeing the prices used in the valuation to independent third-party sources; and • We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. Based on the results of the audit procedures performed we are satisfied that the listed equity investments and fixed interest investments exist, and that the valuation of listed equity investments and fixed interest investments is not materially misstated.
Accuracy, occurrence and completeness of income from investments Refer to the Report of the Audit and Risk Committee, Accounting Policy – 1f) and the Notes to the Financial Statements – Note 3. ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). Income from investments comprised dividend income and fixed interest income. We focused on the accuracy, occurrence and completeness of dividend and fixed interest income recognition as incomplete, fictitious or inaccurate income could have a material impact on the Company's net asset value and dividend cover. In addition, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income. We also focused on the accounting policy for income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP') as incorrect application could indicate a misstatement in income recognition.	We responded to this risk by performing the following audit procedures: • We obtained an understanding of the processes and controls around income recognition and classification of special dividends by reviewing the internal controls reports of the Administrator; and • We assessed the appropriateness of the classification of special dividends as revenue or capital by the Directors with reference to publicly available information. For all dividends recorded by the Company, we performed our audit procedures through the use of our proprietary testing tool Halo: • We tested the accuracy of dividend income by agreeing the dividend rates from investments to independent market data; • We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings; and • To test for completeness, we investigated that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all investment holdings held within the year. We have no matters to report as a result of this testing. For all fixed interest income recorded by the Company, we have performed the following procedures: • We have tested interest income for the year by obtaining the bond standing data; • We tested the accuracy of fixed-interest income by agreeing a sample of coupon rates and maturity dates to third-party sources; and • We have recalculated the income received as well as tracing a sample of receipts to bank statements. We have no matters to report as a result of this testing.

Independent Auditors' Report to the Members of Henderson High Income Trust plc (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records. We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant controls reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgment to determine the extent of testing required over each balance in the Financial Statements.

The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors and Manager to understand the extent of the potential impact of climate change risk on the Company's financial statements. In conducting our audit, we made enquiries of the Directors and Manager to understand the extent of the potential impact of the climate change risk on the Company's Financial Statements. Both concluded that the impact on the measurement and disclosures within the Financial Statements is not material because the Company's investment portfolio is made up of Level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities. We also considered the consistency of the climate change disclosures included in the Strategic Report with the Financial Statements and our knowledge from our audit. Our procedures did not identify any material impact as a result of climate risk on the Company's Financial Statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall Company materiality	£2,223,420 (2022: £2,142,767).
How we determined it	1% of net asset value.
Rationale for benchmark applied	We have applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £1,667,565 (2022: £1,607,075) for the Company's Financial Statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £111,171 (2022: £107,138) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the Financial Statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in net asset value as a result of market performance on the ongoing ability of the Company to operate.

Independent Auditors' Report to the Members of Henderson High Income Trust plc (continued)

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

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2023 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the 'Reporting on other information' section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement included within the Corporate Governance Report is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

Independent Auditors' Report to the Members of Henderson High Income Trust plc (continued)

- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Report is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the ongoing qualification as an Investment Trust under the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase income or to overstate the value of investments and increase the net asset value of the Company. Audit procedures performed by the engagement team included:

Independent Auditors' Report to the Members of Henderson High Income Trust plc (continued)

- discussions with the Directors, the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluation of the controls implemented by the Manager and the Administrator designed to prevent and detect irregularities;
- assessment of the Company's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular year-end journal entries posted by the Administrator during the preparation of the Financial Statements;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- reviewing relevant meeting minutes, including those of the Audit and Risk Committee.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 Exception Reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the Directors on 14 December 2016 to audit the Financial Statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the years ended 31 December 2016 to 31 December 2023.

Jennifer March (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2024

Income Statement

Notes		Year-ended 31 December 2023 Revenue return £'000	Year-ended 31 December 2023 Capital return £'000	Year-ended 31 December 2023 Total £'000	Year-ended 31 December 2022 Revenue return £'000	Year-ended 31 December 2022 Capital return £'000	Year-ended 31 December 2022 Total £'000
2	Gains/(losses) on investments held at fair value through profit or loss	–	10,620	10,620	–	(22,469)	(22,469)
3	Income from investments held at fair value through profit or loss	14,859	–	14,859	14,632	–	14,632
4	Other interest receivable and similar income	538	–	538	307	–	307
	Gross revenue and capital gains/(losses)	**15,397**	**10,620**	**26,017**	**14,939**	**(22,469)**	**(7,530)**
5	Management fee	(565)	(846)	(1,411)	(557)	(836)	(1,393)
6	Other administrative expenses	(456)	–	(456)	(498)	–	(498)
	Net return before finance costs and taxation	**14,376**	**9,774**	**24,150**	**13,884**	**(23,305)**	**(9,421)**
7	Finance costs	(646)	(1,938)	(2,584)	(380)	(1,140)	(1,520)
	Net return before taxation	**13,730**	**7,836**	**21,566**	**13,504**	**(24,445)**	**(10,941)**
8	Taxation on net return	(247)	101	(146)	(81)	–	(81)
	Net return after taxation	**13,483**	**7,937**	**21,420**	**13,423**	**(24,445)**	**(11,022)**
9	Return/(loss) per ordinary share	10.39p	6.11p	16.50p	10.37p	(18.89p)	(8.52p)

The total columns of this statement represent the Income Statement of the Company. All capital and revenue items derive from continuing operations. No operations were acquired or discontinued during the year. The Company has no other comprehensive income other than those items recognised in the Income Statement.

The notes on pages 63 to 78 form part of these financial statements

Statement of Changes in Equity

Notes	Year-ended 31 December 2023	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 1 January 2023	6,490	128,827	26,302	43,870	8,788	214,277
	Net return after taxation	–	–	–	7,937	13,483	21,420
10	Dividends paid	–	–	–	–	(13,355)	(13,355)
	At 31 December 2023	**6,490**	**128,827**	**26,302**	**51,807**	**8,916**	**222,342**

Notes	Year-ended 31 December 2022	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 1 January 2022	6,430	126,783	26,302	68,315	8,404	236,234
	Net return after taxation	–	–	–	(24,445)	13,423	(11,022)
16	Issue of new shares	60	2,044	–	–	–	2,104
10	Dividends paid	–	–	–	–	(13,039)	(13,039)
	At 31 December 2022	**6,490**	**128,827**	**26,302**	**43,870**	**8,788**	**214,277**

The notes on pages 63 to 78 form part of these financial statements

Statement of Financial Position

Notes		At 31 December 2023 £'000	At 31 December 2022 £'000
	Fixed assets		
11	Investments held at fair value through profit or loss	270,007	260,053
	Current assets		
12	Debtors	2,092	1,928
	Cash at bank and in hand	1,990	2,873
		4,082	**4,801**
13	Creditors: amounts falling due within one year	(31,880)	(30,719)
	Net current liabilities	**(27,798)**	**(25,918)**
	Total assets less current liabilities	**242,209**	**234,135**
14	Creditors: amounts falling due after more than one year	(19,867)	(19,858)
	Net assets	**222,342**	**214,277**
	Capital and reserves		
16	Called up share capital	6,490	6,490
17	Share premium account	128,827	128,827
17	Capital redemption reserve	26,302	26,302
17	Other capital reserves	51,807	43,870
17	Revenue reserve	8,916	8,788
	Total shareholders' funds	**222,342**	**214,277**
18	**Net asset value per ordinary share (basic and diluted)**	171.30p	165.09p

The financial statements and corresponding notes on pages 59 to 78 were approved by the Board on 27 March 2024 and signed on its behalf by:

Jeremy Rigg
Chairman

The notes on pages 63 to 78 form part of these financial statements

Statement of Cash Flows

	Year-ended 31 December 2023 £'000	Year-ended 31 December 2022 £'000
Cash flows from operating activities		
Net return before taxation	21,566	(10,941)
Add back: finance costs	2,584	1,520
(Less)/add: (gains)/losses on investments held at fair value through profit or loss	(10,620)	22,469
Withholding tax on dividends deducted at source	(146)	(81)
(Increase)/decrease in debtors	(164)	6
(Decrease)/increase in creditors	(337)	287
Net cash inflow from operating activities[1]	**12,883**	**13,260**
Cash flows from investing activities		
Sales of investments held at fair value through profit or loss	66,925	60,179
Purchases of investments held at fair value through profit or loss	(67,282)	(51,435)
Net cash (outflow)/inflow from investing activities	**(357)**	**8,744**
Cash flows from financing activities		
Issue of ordinary share capital	–	2,104
Equity dividends paid	(13,355)	(13,039)
Drawdown/(repayment) of loans	1,649	(11,330)
Interest paid	(2,575)	(1,512)
Net cash outflow from financing activities	**(14,281)**	**(23,777)**
Net decrease in cash and cash equivalents	**(1,755)**	**(1,773)**
Cash and cash equivalents at beginning of year	2,873	3,942
Exchange movements	872	704
Cash and cash equivalents at end of year	**1,990**	**2,873**
Comprising:		
Cash at bank	**1,990**	**2,873**

1 Cash inflow from dividends was £13,528,000 (2022: £13,729,000) and cash inflow from interest was £1,395,000 (2022: £1,093,000)

The notes on pages 63 to 78 form part of these financial statements

Notes to the Financial Statements

1 Accounting Policies

a) Basis of Accounting

The Company is an investment company as defined in Section 833 of the Companies Act 2006 and is incorporated in the UK. It operates in England and Wales and is registered at 201 Bishopsgate, London EC2M 3AE. The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the AIC Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP).

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

The financial statements have been prepared under the historical cost basis except for the measurement at fair value of investments.

In applying FRS 102, financial instruments have been accounted for in accordance with Sections 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

b) Significant Judgments and Estimates

The decision to allocate special dividends as income or capital is a judgment but not deemed to be material. The allocation of expenses as income or capital is not material but has an impact on distributable reserves. The Directors do not consider these to be significant judgments or estimates and do not believe any accounting judgments or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

c) 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 the financial statements.

The Company's shareholders are asked every five years to vote for the continuation of the Company. An ordinary resolution to this effect was passed by the Shareholders at the annual general meeting held on 23 June 2020.

The Directors have considered the risks associated with rising interest rates and its impact on the broader financial system, as well as the risks arising from the wider ramifications of geopolitical conflicts, including cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio. They have concluded that they are able to meet their financial obligations, including the repayment of the bank loan, as they fall due for a period of at least twelve months from the date of issuance. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

d) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Directors. Accordingly, upon initial recognition the investments are included initially at fair value, which is taken to be their cost. Subsequently, the investments are valued at fair value, which is deemed to be the bid market prices or the last traded price as at close of business on the last business day of the accounting period depending on the convention of the exchange on which the investment is quoted.

All fair value movements in investments are taken to the Income Statement. In accordance with the SORP, the Company's profit and loss account is split between revenue and capital returns columns as can be seen in the Income Statement. Fair value movements on investments are taken to the capital column in the Income Statement.

e) Capital gains and losses

Profits or losses or disposal of investments and investment holding gains and losses are taken to the capital column in the Income Statement and transferred to other capital reserves.

The Company's capital reserves arising on investments sold and revenue reserve may be distributed by way of a dividend. The portion of the capital reserve arising on investments held is wholly non-distributable. There may be factors that restrict the value of reserves that can be distributed and these factors may be complex to determine. Amounts fully distributable may therefore not be the total of the revenue and the portion of capital reserve arising on investments sold.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

f) Income

Dividends receivable on equity shares are taken to the revenue return of the Income Statement on an ex-dividend basis except where, in the opinion of the Directors, based on the facts and circumstances the dividend is capital in nature in which case it is taken to the capital return. Income from fixed interest debt securities and preference shares with no fixed maturity date is recognised on a time-apportioned basis. Income from other fixed interest securities is recognised so as to reflect the effective interest rate on these securities.

g) Expenses

All expenses and finance costs are accounted for on an accruals basis. The Board's expectation is that over the long term three quarters of the Company's investment returns will be in the form of capital gains. The Directors have determined that the proportion of the annual management fees that relates to the maintenance or enhancement of the valuation of investments is 80%. On this basis, the Company charges to capital 60% of total management fees (i.e. 75% of 80%) and 75% of its finance costs. The balance of the management fees is charged to revenue. Expenses which are incidental to the acquisition of an investment are charged to the Income Statement and included within gains/losses on investments. Expenses which are incidental to the disposal of an investment are deducted from sale proceeds and go to the Income Statement indirectly.

h) Taxation

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

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

The tax effect of different items of expenditure is allocated between the capital return and revenue return using the Company's applicable rate of tax for the year. In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns on the Income Statement is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not been reversed by the Statement of Financial Position date, other than those differences regarded as permanent. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money. The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

i) Foreign Currency

The results and financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company. Sterling is the functional currency because the Company is listed in the UK with a predominantly UK shareholder base.

Transactions denominated in overseas currencies during the year are translated into sterling at the appropriate daily exchange rate.

Assets and liabilities denominated in overseas currencies at the Statement of Financial Position date are translated into sterling at the exchange rate ruling at that date. Differences arising from translation at this rate of exchange are included within the Income Statement as a capital item and then transferred to capital reserves.

j) Borrowings

Interest-bearing bank loans, overdrafts and the senior unsecured note are recorded as proceeds received, net of direct issue costs.

They are subsequently measured at amortised cost. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement, using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

k) Derivative financial instruments

The Company does not use derivative financial instruments for speculative purposes.

Derivative transactions which the Company may enter into comprise forward exchange contracts (the purpose of which is to hedge foreign currency exposure) and futures contracts on indices appropriate to sections of the portfolio (one purpose for which may be to provide protection against falls in the capital values of the holdings). The Company may also write options on shares represented in the portfolio where such options are priced attractively relative to Janus Henderson's expectations for the relevant share prices and to generate additional return for shareholders. The use of financial derivatives is governed by the Company's polices as approved by the Board.

Changes in the fair value of derivative financial instruments are recognised in the Income Statement as they arise. If based on circumstances and motive they are capital in nature, the associated change in value is presented as a capital item in the Income Statement.

Where options are written for the purpose of generating revenue, applicable premiums are recognised evenly over the life of the option and shown in the revenue return, with the appropriate amount shown as a capital return such that the total return reflects the overall change in the fair value of the option.

l) Dividends payable to shareholders

Interim dividends payable to shareholders are recognised in the financial statements when they are paid. The Company does not pay a final dividend.

Details of dividends provided are in the Statement of Changes in Equity on page 60 and Note 10 on pages 68 to 69.

m) Capital and reserves

Share capital represents the nominal value of shares issued.

The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

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

The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled.

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

Capital reserve arising on investments sold

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

Capital reserve arising on investments held

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

n) Distributable Reserves

The Company's capital reserve arising on investments sold and revenue reserve may be distributed by way of a dividend. The portion of the capital reserve arising on investments held is wholly non-distributable. There may be factors that restrict the value of reserves that can be distributed and these factors may be complex to determine. Amounts fully distributable may therefore not be the total of the revenue reserve and the portion of capital reserve arising on investments sold.

Notes to the Financial Statements (continued)

2 Gains/(losses) on Investments Held at Fair Value through Profit or Loss

	2023 £'000	2022 £'000
Gains on the sale of investments based on historical cost	4,360	1,102
Revaluation gains recognised in previous years	(2,523)	(3,655)
Gains/(losses) on investments sold in the year based on carrying value at previous Statement of Financial Position date	**1,837**	**(2,553)**
Net movement on revaluation of investments	7,722	(17,748)
Effective yield movement	38	6
Exchange gains/(losses)	1,023	(2,174)
	10,620	**(22,469)**

3 Income from Investments Held at Fair Value through Profit or Loss

	2023 £'000	2022 £'000
UK dividend income – listed	10,612	10,198
UK dividend income – special dividends	119	1,016
	10,731	**11,214**
Interest income – listed	1,328	1,082
Overseas and other dividend income – listed	2,678	2,245
Overseas and other dividend income – special dividends	122	91
	4,128	**3,418**
	14,859	**14,632**

4 Other Interest Receivable and Similar Income

	2023 £'000	2022 £'000
Deposit interest	84	18
Traded option premiums	454	289
	538	**307**

5 Management Fee

	2023			2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Management fee	565	846	1,411	557	836	1,393

A summary of the terms of the Investment Management Agreement is given in Arrangements with the Manager on page 25. An explanation of the split between revenue and capital is contained in Note 1g on page 64.

Notes to the Financial Statements (continued)

6 Other Administrative Expenses

	2023 £'000	2022 £'000
Directors' fees (please refer to the Directors' Remuneration Report on page 48)	158	141
Auditor's remuneration – for audit services (excluding VAT)	45	42
Depositary fees	23	23
Registrar fees	22	22
Sales and marketing expenses payable to the Manager	44	75
Listing fees	35	32
Printing and postage fees	24	25
Legal and professional fees	46	83
AIC subscriptions	17	16
Other expenses	42	39
	456	**498**

7 Finance Costs

	2023			2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Interest on bank loans repayable within one year	461	1,383	1,844	193	580	773
Interest on senior unsecured note	185	555	740	187	560	747
	646	**1,938**	**2,584**	**380**	**1,140**	**1,520**

8 Taxation on Net Return

	2023			2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Overseas withholding tax	146	–	146	81	–	81
Tax relief on management expenses allocated to capital	101	(101)	–	–	–	–
Total current tax charge for the year	**247**	**(101)**	**146**	**81**	**–**	**81**

a) Factors affecting tax charge for the year

The UK corporation tax rate was 19% until 31 March 2023 and 25% from 1 April 2023, giving an effective rate of 23.5% (2022 – applicable rate of 19%). The tax charge for the year is lower than the corporation tax rate. The differences are explained below:

	2023			2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net revenue before taxation	**13,730**	**7,836**	**21,566**	13,504	(24,445)	(10,941)
Corporation tax of 23.5% (2022: 19%)	3,227	1,841	5,068	2,566	(4,645)	(2,079)
Effects of:						
– UK dividends	(2,500)	–	(2,500)	(2,113)	–	(2,113)
– Non–taxable overseas dividends	(554)	–	(554)	(374)	–	(374)
– Utilised excess management expenses	(173)	654	481	(77)	376	299
– Tax relief on management expenses allocated to capital	101	(101)	–	–	–	–
– Irrecoverable overseas withholding tax	146	–	146	81	–	81
– Tax effect of expensed double taxation relief	–	–	–	(2)	–	(2)
– (Gains)/losses on investments held at fair value	–	(2,495)	(2,495)	–	4,269	4,269
Total current tax charge for the year	**247**	**(101)**	**146**	**81**	**–**	**81**

The Company is an investment trust and therefore its capital gains are not taxable.

Notes to the Financial Statements (continued)

8 Taxation on Net Return (continued)

b) Factors that may affect future tax charges

The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading "Utilised excess management expenses" in the table above. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts.

Consequently, the Company has not recognised a deferred tax asset totalling £6,118,000 (2022: £5,598,000) based on a prospective tax rate of 25% (2022: 25%) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits. These expenses will only be utilised, to any material extent if changes are made either to the tax treatment of the capital gains made by investment trusts or to the Company's investment profile which require them to be used.

9 Profit/(loss) for the year

Profit/(loss) attributable per ordinary share figure is based on the return attributable to the ordinary shares of £21,420,000 (2022 loss: £11,022,000) and on the 129,796,278 weighted average number of ordinary shares in issue during the year (2022: 129,401,141).

The Company had no securities in issue that could dilute the return per ordinary share. The return per ordinary share can be analysed between revenue and capital as shown below:

	2023 £'000	2022 £'000
Net revenue return	13,483	13,423
Net capital return/(loss)	7,937	(24,445)
Profit/(loss) for the year	**21,420**	**(11,022)**
Weighted average number of ordinary shares	**129,796,278**	**129,401,141**
Revenue return per ordinary share	10.39p	10.37p
Capital return/(loss) per ordinary share	6.11p	(18.89p)
Profit/(loss) attributable per ordinary share	**16.50p**	**(8.52p)**

10 Dividends Paid on Ordinary Shares

	Payment date	**2023 £'000**	2022 £'000
Fourth interim dividend (2.525p per share) for the year ended 31 December 2021	28 January 2022	–	3,247
First interim dividend (2.525p per share) for the year ended 31 December 2022	29 April 2022	–	3,255
Second interim dividend (2.525p per share) for the year ended 31 December 2022	29 July 2022	–	3,275
Third interim dividend (2.525p per share) for the year ended 31 December 2022	28 October 2022	–	3,277
Fourth interim dividend (2.575p per share) for the year ended 31 December 2022	27 January 2023	3,342	–
First interim dividend (2.575p per share) for the year ended 31 December 2023	28 April 2023	3,342	–
Second interim dividend (2.575p per share) for the year ended 31 December 2023	28 July 2023	3,342	–
Third interim dividend (2.575p per share) for the year ended 31 December 2023	27 October 2023	3,342	–
Unclaimed dividends		(13)	(15)
		13,355	**13,039**

Notes to the Financial Statements (continued)

10 Dividends Paid on Ordinary Shares (continued)

The total dividends payable in respect of the financial year which form the basis of the test under Section 1158 of the Corporation Tax Act 2010 are set out below:

	2023 £'000	2022 £'000
Revenue available for distribution by way of dividend for the year	13,483	13,423
First interim dividend of 2.575p (2022: 2.525p)	(3,342)	(3,255)
Second interim dividend of 2.575p (2022: 2.525p)	(3,342)	(3,275)
Third interim dividend of 2.575p (2022: 2.525p)	(3,342)	(3,277)
Fourth interim dividend 2.625p (2022: 2.575p)	(3,407)	(3,342)
	50	**274**

In accordance with FRS102, interim dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been paid to shareholders. All dividends have been paid out of revenue reserves or current year revenue profits and at no point during the year did the revenue reserve move to a negative position.

11 Investments Held at Fair Value through Profit or Loss

	2023 £'000	2022 £'000
Valuation at 1 January	260,053	289,091
Investment holding gains at 1 January	(25,734)	(47,124)
Cost at 1 January	**234,319**	**241,967**
Purchases at cost	67,282	51,435
Sales at cost	(62,527)	(59,083)
Cost at 31 December	**239,074**	**234,319**
Investment holding gains at 31 December	30,933	25,734
Valuation of investments at 31 December	**270,007**	**260,053**

Total transaction costs amounted to £257,000 (2022: £165,000) of which purchase transaction costs for the year-ended 31 December 2023 were £238,000 (2022: £147,000). Sale transaction costs for the year-ended 31 December 2023 were £19,000 (2022: £18,000). These comprise mainly stamp duty (purchases only) and commissions.

The Company received £66,925,000 (2022: £60,179,000) from investments sold in the year. The book cost of these investments when they were purchased was £62,527,000 (2022: £59,083,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

12 Debtors

	2023 £'000	2022 £'000
Taxation recoverable	565	508
Prepayments and accrued income	1,527	1,420
	2,092	**1,928**

13 Creditors: Amounts Falling Due Within One Year

	2023 £'000	2022 £'000
Bank loans	30,639	29,141
Accruals and deferred income	1,241	1,578
	31,880	**30,719**

Notes to the Financial Statements (continued)

13 Creditors: Amounts Falling Due Within One Year (continued)

On 20 December 2023, the short-term multi-currency loan facility with The Bank of Nova Scotia, London Branch expired. The Company entered into a short term multi-currency loan facility with BNP Paribas, London Branch. As at 31 December 2023 £30,639,000, repayable in January and February 2024 (2022: £29,141,000, repayable January and March 2023) of the facility was drawn down. The average interest rate payable on these loans was 5.61% (2022: 4.10%).

14 Creditors: Amounts Falling Due After More Than One Year

	2023 £'000	2022 £'000
Senior unsecured note	19,867	19,858
	19,867	**19,858**

On 8 July 2015 the Company issued £20 million (nominal) 3.67% senior unsecured note due 2034, net of issue costs totalling £204,000. The issue costs will be amortised over the life of the senior unsecured note by way of an effective interest rate method. The fair value methodology of the senior unsecured note is detailed in note 15.4 on page 74. Please refer to the Financial Calendar on page 85 for the senior unsecured note interest payment dates.

15 Financial Risk Management Policies and Procedures

As an investment trust, the Company invests in equities and other investments for the long-term so as to secure its investment objective and policy (please refer to page 22). In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks are: market risk (comprising market price risk, currency risk and interest rate risk), credit risk, liquidity risk and gearing. Details of these risks and of the Directors' approach to the management of these risks, are set out below and have not changed from the previous accounting year. The Board receives regular financial and other reporting to enable it to measure these risks. The Board and Janus Henderson co-ordinate the Company's risk management and there are various risk management systems in place as detailed below:

- Listed securities, exchange-traded derivatives and over the counter (OTC) derivatives contracts are processed, confirmed and reconciled using automated systems linked to counterparties and clearing houses;
- Portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, third-party software applications; and
- Fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas S.A.)

Janus Henderson Risk, Compliance and Operations Teams have access to and use a variety of in-house and third party databases and applications for independent monitoring and risk measurement and compliance purposes.

15.1 Market Risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises currency risk (see note 15.1.1), interest rate risk (see note 15.1.2) and other price risk (see note 15.1.3), in particular the risk of fluctuations in prices of securities. The Board reviews and agrees policies for managing these risks and agrees investment guidelines and restrictions for managing the portfolio; these have remained substantially unchanged from those applying in the previous year. The Fund Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis. This risk is mitigated through diversification of investments in the portfolio.

15.1.1 Currency Risk

A proportion of the Company's assets and income is denominated in currencies other than sterling (the Company's functional currency and the one in which it reports its results). Therefore, movements in exchange rates may affect the sterling value of these items. This may be partially offset by borrowing in foreign currencies. The Board regularly reviews currency risk.

Notes to the Financial Statements (continued)

15 Financial Risk Management Policies and Procedures (continued)

15.1.1 Currency Risk (continued)

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure as at 31 December 2023 and 2022 are shown below. Where the Company's investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

2023	EUR £'000	US$ £'000	SEK £'000
Cash and cash equivalents	50	13	–
Bank loans	(11,412)	(9,727)	–
Total foreign currency exposure on net monetary items	**(11,362)**	**(9,714)**	**–**
Investments at fair value through profit or loss that are equities	23,012	19,408	–
Total net foreign currency exposures	**11,650**	**9,694**	**–**

2022	EUR £'000	US$ £'000	SEK £'000
Cash and cash equivalents	3	–	–
Bank loans	(8,140)	(12,909)	–
Total foreign currency exposure on net monetary items	**(8,137)**	**(12,909)**	**–**
Investments at fair value through profit or loss that are equities	16,470	26,012	2,920
Total net foreign currency exposures	**8,333**	**13,103**	**2,920**

The above amounts are not necessarily representative of the exposure to risk during the year as levels of monetary foreign currency exposure may have changed significantly throughout the year.

If sterling depreciates against the currencies shown by 10%, the impact on the total return and net assets would be £2,844,000 (2022: £3,114,000). If sterling appreciates against the currencies shown by 10%, the impact on the total return and net assets would be (£2,327,000) (2022: (£2,548,000)).

15.1.2 Interest Rate Risk

Interest rate movements may affect:

- the fair value of investments on fixed interest securities;
- the level of income receivable from interest-bearing securities and cash at bank and on deposit; and
- the interest payable on the Company's variable rate borrowings.

Management of the risk

The possible effects of fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the multi-currency loan facility. The Company generally does not hold significant cash balances; short term borrowings are used when required. The Company finances part of its activities through borrowings at levels approved by the Board. Derivative contracts may sometimes be used to hedge against the exposure to interest rate risk.

Interest rate exposure

The exposure at 31 December of financial assets and financial liabilities to interest rate risk is shown by reference to:

- floating interest rates: when the interest rate is due to be re-set; and
- fixed interest rates: when the financial instrument is due for repayment.

Please refer to the Financial Calendar on page 85 for the senior unsecured note interest repayment dates.

Notes to the Financial Statements (continued)

15 Financial Risk Management Policies and Procedures (continued)

15.1.2 Interest Rate Risk (continued)

	2023 Within one year £'000	2023 More than one year £'000	2023 Total £'000	2022 Within one year £'000	2022 More than one year £'000	2022 Total £'000
Exposure to floating interest rates:						
Cash at bank	1,990	–	1,990	2,873	–	2,873
Creditors – within one year:						
Borrowings under multi-currency loan facility	(30,771)	–	(30,771)	(29,200)	–	(29,200)
	(28,781)	**–**	**(28,781)**	**(26,327)**	**–**	**(26,327)**
Exposure to fixed interest rates:						
Investments held at fair value through profit or loss	4,904	28,310	33,214	–	29,076	29,076
Creditors – more than one year:						
Senior unsecured note[1]	(740)	(27,334)	(28,074)	(747)	(28,061)	(28,808)
Total exposure to interest rates	**(24,617)**	**976**	**(23,641)**	**(27,074)**	**1,015**	**(26,059)**

1 The above figures show interest payable over the remaining term of the senior unsecured note. The figures in the 'more than one year' column also include the capital to be repaid

Interest receivable and finance costs are at the following rates:

- interest received on cash balances, or paid on bank overdrafts, is at a margin linked to SONIA or its foreign currency equivalent (2022: same);
- interest paid on borrowings under the multi-currency loan facility is at a margin over SONIA or its foreign currency equivalent for the type of loan. The weighted average interest rate of these was 5.61% at 31 December 2023 (2022: 4.10%);
- interest paid on the senior unsecured note is at a rate of 3.67% (2022: 3.67%); and
- the nominal interest rates on the investments held at fair value through profit and loss are shown above.

Interest rate risk sensitivity

The Company is primarily exposed to interest rate risk through its loan facility with BNP Paribas, London Branch, previously The Bank of Nova Scotia, London Branch, and its fixed interest investment portfolio. The sensitivity of each exposure is as follows:

- loan sensitivity: borrowings vary throughout the year as a result of the Board's borrowing policy. Borrowings at the year end were £30,639,000 (2022: £29,141,000) (see note 13 on pages 69 to 70) and if that level of borrowings were maintained for a full year, then a 100 basis points change in SONIA (up or down) would decrease or increase total return after taxation by approximately £306,000 (2022: £291,000). This level of change is considered to be reasonably possible based on changes that have been applied to interest rates and a reader of the financial statements can apply this to any future rate change. This is not representative of the year as a whole, since the exposure changes as investments are made; and
- Senior unsecured note: the senior unsecured note is at a fixed rate of interest so will not be impacted by any changes in SONIA or short term interest rates; and
- fixed interest investment sensitivity: the Company's fixed interest portfolio at the year end was valued at £33,214,000 (2022: £29,076,000), and it has a modified duration (interest rate sensitivity) of approximately 5.8 years (2022: 6.9 years). A 100 basis points change in short term interest rates (up or down), which is mirrored by an equivalent change in long term interest rates, would be expected to decrease or increase this portfolio's value by approximately £3,321,000 (2022: £2,908,000), all other factors being equal.

15.1.3 Other Price Risk

Other price risks (changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of quoted and unquoted investments.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from Janus Henderson. The Board meets regularly and at each meeting reviews investment performance. The Board monitors Janus Henderson's compliance with the Company's objectives, and is directly responsible for investment strategy and ultimately for asset allocation.

Notes to the Financial Statements (continued)

15 Financial Risk Management Policies and Procedures (continued)

15.1.3 Other Price Risk (continued)

When appropriate, the Company may buy/sell put or call options or futures on indices and on equity investments in its portfolio to manage its exposure to price risk or to generate income. At 31 December 2023 the Company had no open positions (2022: no open positions).

Concentration of exposure to other price risks

An analysis of the Company's investment portfolio is shown on pages 16 to 17. The majority of the investments are in UK companies. Accordingly, there is a concentration of exposure to the UK, particularly to financials and consumer staples (please refer to page 18). It is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Other price risk sensitivity

The following table illustrates the sensitivity of the net return after taxation for the year and the equity shareholders' funds to an increase or decrease in the fair values of the Company's investments. The level of change used in the table below is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at each Statement of Financial Position date, with all other variables held constant.

	2023		2022	
	10% increase in fair value £'000	**10% decrease in fair value £'000**	10% increase in fair value £'000	10% decrease in fair value £'000
Income Statement – net return after tax				
Revenue return	(40)	40	(42)	42
Capital return	26,906	(26,906)	25,917	(25,917)
Net return after tax for the year	**26,866**	**(26,866)**	**25,875**	**(25,875)**
Equity shareholders' funds	**26,866**	**(26,866)**	**25,875**	**(25,875)**

15.2 Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company has a one year multi-currency loan facility of £45 million with BNP Paribas, London Branch which will expire on 19 December 2024 (2022: £45 million with The Bank of Nova Scotia, London Branch). This facility has an accordion of £25 million allowing the Company to borrow up to £70 million. As part of the combination with Henderson Diversified Income Trust plc, the facility was drawn down by approximately £60 million in January 2024.

Liquidity risk exposure

The contractual maturities of the financial liabilities at 31 December, based on the earliest date on which payment can be required, were as follows:

	2023 Due within three months £'000	2022 Due within three months £'000
Bank loans	30,639	29,141
Other creditors and accruals	1,241	1,578
	31,880	**30,179**

15.3 Credit and Counterparty Risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

- transactions involving derivatives are entered into only with investment banks, whose creditworthiness is carefully assessed so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the Company's trades are usually on a delivery versus payment (DVP) settlement basis. This process mitigates the risk of loss during the settlement process;

Notes to the Financial Statements (continued)

15 Financial Risk Management Policies and Procedures (continued)

15.3 Credit and Counterparty Risk (continued)

Management of the risk (continued)

- Janus Henderson and the Board monitor the Company's risk by reviewing the Depositary's biannual assurance report. The Manager's Operational Risk Team also reports to the Board on these reports. They also engage with the Depositary to ensure that follow up action arising from any exceptions identified in the report are completed, and report back to the Board where necessary;
- cash at bank is held only with banks considered to be creditworthy; and
- with regards to the corporate bonds in the portfolio, there is a credit risk that the borrowers do not repay principal or make interest payments. This is managed through careful selection, supported by monitoring of credit ratings, and is reviewed regularly.

The percentages below represent the value of fixed interest investments included in the Statement of Financial Position which are exposed to credit and counterparty risk by credit rating.

Rating	2023 %	2022 %
AA	32.9	5.4
A	6.7	6.2
BBB	22.3	23.0
BB	20.8	44.6
B	4.8	3.9
Not rated	12.5	16.9
Total	**100.0**	**100.0**

Source: Bloomberg composite rating

None of the Company's financial assets or financial liabilities is secured by collateral or other credit enhancements. None of the Company's financial assets are past due or impaired, and any expected credit loss has not had a material impact on the Company.

15.4 Fair Values of Financial Assets and Financial Liabilities

The fair values of the financial assets and liabilities are either carried in the Statement of Financial Position at their fair value (investments and derivatives) or the Statement of Financial Position amount is a reasonable approximation of fair value (due from brokers, dividends, and interest receivable, due to brokers, accruals, cash at bank and amounts due under the multi-currency loan facility). At 31 December 2023 the fair value of the senior unsecured note has been estimated to be £18,696,000 (2022: £17,653,000) and is categorised as level 3 (see note 15.5 below) in the fair value hierarchy.

The current estimated fair value of the senior unsecured note is calculated using a discount rate based on the redemption yield of the relevant existing reference UK Gilt plus a suitable estimated credit spread. The estimated credit spread is based on the spread between the yield of the ICE BofA 10-15 Year A Sterling Non-Gilt Index and the redemption yield of the ICE BofA 10-15 Year UK Gilt Index. The discount rate is calculated and updated at each month end and applied daily to determine the Company's published fair value NAVs.

15.5 Fair Value Hierarchy Disclosures

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset:

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 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1; and

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in note 1d on page 63.

There have been no transfers during the year between levels.

The table overleaf sets out fair value measurements using the FRS 102 fair value hierarchy. Fixed interest investments have been included in level 1 because they are considered to be highly liquid and therefore trade in an active market.

Notes to the Financial Statements (continued)

15 Financial Risk Management Policies and Procedures (continued)

15.5 Fair Value Hierarchy Disclosures (continued)

Financial assets at fair value through profit or loss at 31 December 2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	236,793	–	–	236,793
Fixed interest instruments:				
Preference shares	4,470	–	–	4,470
Other	28,744	–	–	28,744
Total	**270,007**	**–**	**–**	**270,007**

Financial assets at fair value through profit or loss at 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	230,977	–	–	230,977
Fixed interest instruments:				
Preference shares	4,585	–	–	4,585
Other	24,491	–	–	24,491
Total	**260,053**	**–**	**–**	**260,053**

15.6 Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to provide investors with a high dividend income while also maintaining the prospect of capital growth.

The Company's capital is its equity share capital, reserves and debt that are shown in the Statement of Financial Position at a total of £272,848,000 (2022: £263,276,000).

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

- the planned level of gearing, which takes into account Janus Henderson's view on the market;
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the net asset value per ordinary share and the share price (i.e. the level of share price discount);
- the need for new issues of equity shares, including sales from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company is subject to several externally imposed capital requirements:

- under the multi-currency loan facility and the senior unsecured note agreement the total of these borrowings may not exceed one third of adjusted total assets (as defined in the facility agreement) and net assets must be more than £90 million;
- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital retention tests imposed on investment companies by company law and cannot retain more than 15% of income.

The Company has complied with these requirements in the year under review and the prior year.

Notes to the Financial Statements (continued)

16 Called Up Share Capital

	Shares entitled to dividend	Total shares in issue	Nominal value in issue £'000
Issued ordinary shares of 5p each			
At 1 January 2023	129,796,278	129,796,278	6,490
At 31 December 2023	**129,796,278**	**129,796,278**	**6,490**

	Shares entitled to dividend	Total shares in issue	Nominal value in issue £'000
Issued ordinary shares of 5p each			
At 1 January 2022	128,596,278	128,596,278	6,430
Issued during the year	1,200,000	1,200,000	60
At 31 December 2022	**129,796,278**	**129,796,278**	**6,490**

During the year the Company issued nil shares (2022: 1,200,000) for net proceeds of £nil (2022: £2,104,000).

On 16 January 2024 the Company issued 42,345,422 new shares to Henderson Diversified Income Trust plc (HDIV) shareholders in consideration of the £72.1 million of net assets acquired from HDIV in accordance with the scheme of reconstruction and winding up of HDIV under section 110 of the Insolvency Act 1986. Between 18 January and 27 March 2024, no further shares have been issued. Accordingly, the number of shares in issue with voting rights as at 27 March 2024 was 172,141,700.

17 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
At 1 January 2023	128,827	26,302	18,197	25,673	8,788
Transfer on disposal of investments	–	–	2,523	(2,523)	–
Net profit on investments	–	–	1,837	7,760	–
Foreign exchange gains	–	–	1,023	–	–
Management fee and finance costs charged to capital	–	–	(2,784)	–	–
Tax relief thereon	–	–	101	–	–
Net return after taxation	–	–	–	–	13,483
Dividends paid	–	–	–	–	(13,355)
At 31 December 2023	**128,827**	**26,302**	**20,897**	**30,910**	**8,916**

Notes to the Financial Statements (continued)

17 Reserves (continued)

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
At 1 January 2022	126,783	26,302	21,245	47,070	8,404
Transfer on disposal of investments	–	–	3,655	(3,655)	–
Net loss on investments	–	–	(2,553)	(17,742)	–
Foreign exchange losses	–	–	(2,174)	–	–
Issue of shares	2,044	–	–	–	–
Management fee and finance costs charged to capital	–	–	(1,976)	–	–
Net return after taxation	–	–	–	–	13,423
Dividends paid	–	–	–	–	(13,039)
At 31 December 2022	**128,827**	**26,302**	**18,197**	**25,673**	**8,788**

The capital reserve arising on investments sold is distributable. The amount of the capital reserve that is distributable is complex to determine and is not necessarily the full amount of the reserve as disclosed within these financial statements of £20,897,000 as at 31 December 2023 (2022: £18,197,000). The portion of the capital reserve arising on revaluation of investments held is wholly non-distributable.

The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed within these financial statements of £8,916,000 as at 31 December 2023 (2022: £8,788,000).

18 Net Asset Value per Ordinary Share (basic and diluted)

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £222,342,000 (2022: £214,277,000) and on the 129,796,278 ordinary shares in issue at 31 December 2023 (2022: 129,796,278).

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

	2023 £'000	2022 £'000
Net assets at start of year	214,277	236,234
Total net return/(loss) after taxation	21,420	(11,022)
Dividends paid in the year	(13,355)	(13,039)
Issue of ordinary shares less issue costs	–	2,104
	222,342	**214,277**

19 Contingent Liabilities

There were no partly paid shares or underwriting commitments or any other contingent liabilities at 31 December 2023 (2022: nil).

20 Net Debt Reconciliation

	Cash and cash equivalents £'000	**Bank loans repayable within one year £'000**	**Other debt repayable after more than one year £'000**	**Total £'000**
Net debt as at 1 January 2023	2,873	(29,141)	(19,858)	(46,126)
Cash flows	(1,755)	(1,649)	–	(3,404)
Exchange movements	872	151	–	1,023
Non cash flow:				
Effective interest movements	–	–	(9)	(9)
Net debt as at 31 December 2023	**1,990**	**(30,639)**	**(19,867)**	**(48,516)**

Notes to the Financial Statements (continued)

20 Net Debt Reconciliation (continued)

	Cash and cash equivalents £'000	Bank loans repayable within one year £'000	Other debt repayable after more than one year £'000	Total £'000
Net debt as at 1 January 2022	3,942	(37,593)	(19,849)	(53,500)
Cash flows	(1,773)	11,330	–	9,557
Exchange movements	704	(2,878)	–	(2,174)
Non cash flow:				
Effective interest movements	–	–	(9)	(9)
Net debt as at 31 December 2022	**2,873**	**(29,141)**	**(19,858)**	**(46,126)**

21 Transactions with Janus Henderson and Related Parties

Under the terms of an agreement effective from 22 July 2014 the Company has appointed wholly owned subsidiaries of Janus Henderson to provide investment management, accounting, administrative and company secretarial services. Janus Henderson has contracted with BNP Paribas S.A. to provide accounting and administration services. Details of the management fee arrangements for these services are given in the Strategic Report on page 25.

The total fees paid or payable under this agreement to Janus Henderson in respect of the year ended 31 December 2023 were £1,411,000 (2022: £1,393,000), of which £715,000 was outstanding as at 31 December 2023 (2022: £1,040,000). Please refer to the Directors' Remuneration Report on page 48 and in Note 6 on page 67 for the fees paid to the Directors.

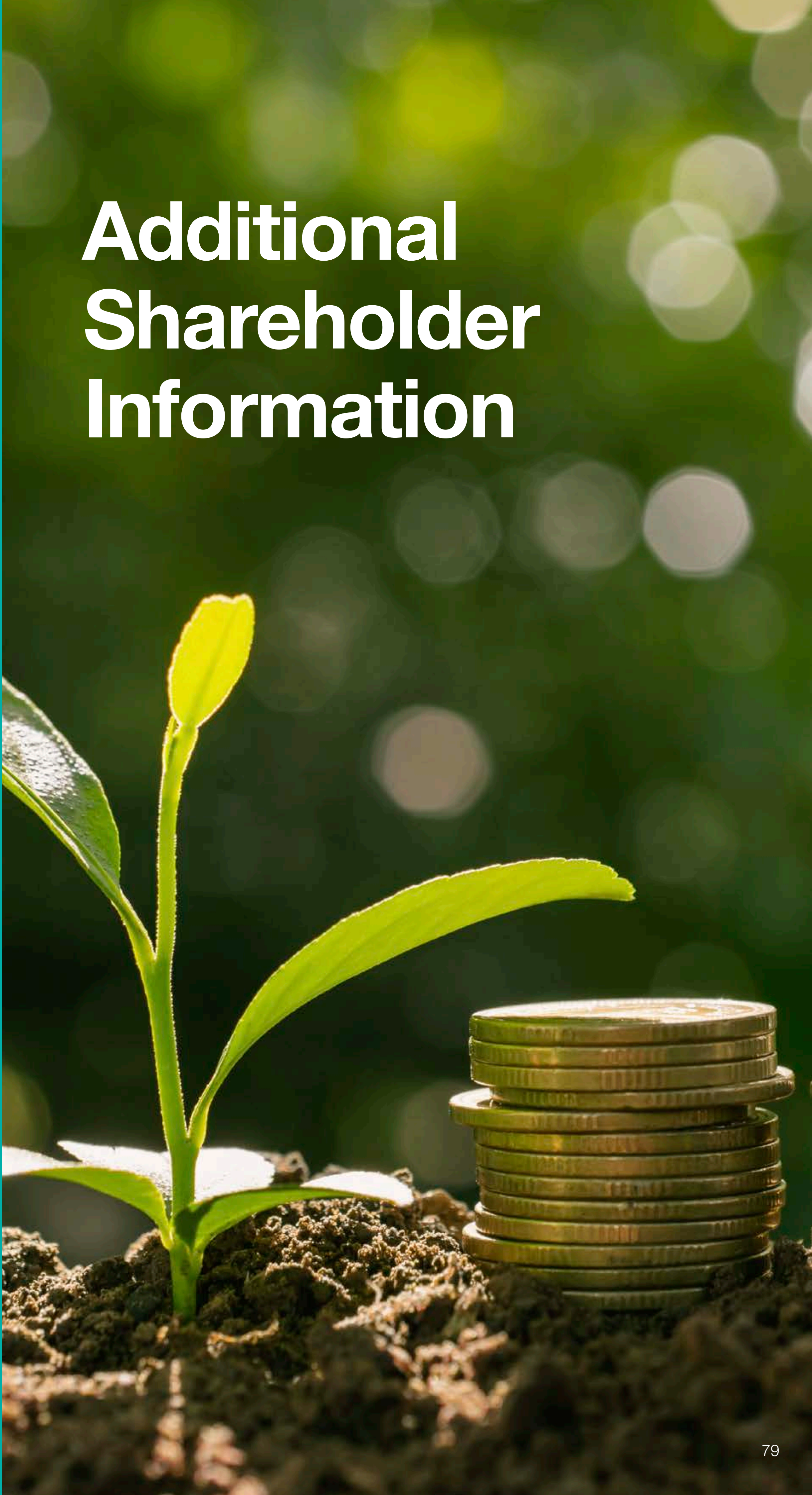
In addition to the above, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company.

22 Subsequent Events

Since the year-end, the Board announced a first interim dividend of 2.625p per ordinary share, in respect of the year-ending 31 December 2024. This will be paid on 26 April 2024 to holders registered at the close of business on 5 April 2024. This dividend is to be paid from the Company's revenue account. The Company's shares will become ex-dividend on 4 April 2024.

On 4 October 2023 the Company announced that the Board had agreed heads of terms with Henderson Diversified Income Trust plc (HDIV) in respect of a proposed combination of the Company with HDIV. The combination was approved by each company's shareholders at general meetings held on 8 January 2024. In accordance with the scheme of reconstruction and winding up of HDIV under section 110 of the Insolvency Act 1986, on 16 January 2024 the Company issued 42,345,422 new shares at a price of 170.25p per share to HDIV shareholders in consideration of the £72.1 million of net assets acquired from HDIV. Following the issue of the new shares, the total number of shares in issue with voting rights was 172,141,700 ordinary shares, with each ordinary share holding one voting right. No ordinary shares are held in treasury.

Additional Shareholder Information



Glossary

Alternative Investment Fund Managers Directive (AIFMD)

Agreed by the European Parliament and the Council of the European Union and adopted into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (AIFs) and requires them to appoint an Alternative Investment Fund Manager (AIFM) and Depositary to manage and oversee the operations of the investment vehicle. The Board of Directors retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies (AIC)

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

Benchmark

An index against which performance is compared. For the Company this is a composite of 80% of the FTSE All-Share Index (total return) and 20% of the ICE BofA Sterling Non-Gilts Index (total return) and is rebalanced annually.

Compounding

Compounding is the process whereby interest is credited to an existing principal amount as well as to interest already paid.

Custodian

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

Depositary

As an AIF the Company is required to appoint a Depositary which has responsibility for overseeing the operations of the Company, including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a Custodian. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets.
The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference.

Dividend Dates

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

Effective Interest Rate Method

The effective interest rate is a method used by a bond buyer to calculate the total yield to maturity including any capital loss if the bond is purchased above par, or capital gain if purchased at a discount to par.

Geometric Returns

A method for aggregating percentage returns over a holding period to include the impact of compounding.

Investment Trusts

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

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market Capitalisation

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

Mid-Market Price

The middle (or mid) market price is the price between the best offered price and the best bid price. It can simply be defined as the average of the current bid and offer prices being quoted.

Treasury Shares

Shares repurchased by the Company but not cancelled.

Alternative Performance Measures (Unaudited)

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

Discount or Premium to NAV

The NAV per ordinary share used in this calculation is the NAV published by the London Stock Exchange and by the AIC with the interim dividends deducted on the corresponding ex-dividend date and with debt at fair value, as defined below.

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

	NAV pence	Share price pence	(Discount)/ premium to NAV %
At 31 December 2023	169.58	156.50	(7.71)
At 31 December 2022	164.24	165.25	0.61

Gearing/(Net Cash)

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage reflects the amount of borrowings (e.g. bank loans and senior unsecured notes) the Company has used to invest in the market and also takes into account the exposure to hedging and derivatives which have a gearing effect. It is calculated by taking the difference between total investments (see Note 11 on page 69) and equity shareholders' funds (see Statement of Financial Position) and dividing by equity shareholders' funds and multiplying by 100.

		2023	2022
Investments held at fair value through profit or loss (£'000) (page 61)	(A)	270,007	260,053
Net assets (£'000) (page 61)	(B)	222,342	214,277
Gearing (C = A/B -1) (%)	(C)	21.4	21.4

NAV with debt at par and fair value

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss (see note 11)	270,007	260,053
Current assets (see page 61)	4,082	4,801
Creditors: amounts falling due within one year (see note 13)	(31,880)	(30,719)
Creditors: amounts falling due after more than one year (see note 14)	(19,867)	(19,858)
NAV with debt at par (A)	**222,342**	**214,277**
Less: fair value of senior unsecured note (see note 15.4)	(18,696)	(17,653)
Add back: amortised cost of senior unsecured note	19,867	19,858
NAV with debt at fair value (B)	**223,513**	**216,482**
Ordinary shares in issue (see note 16) (C)	**129,796,278**	**129,796,278**
NAV per ordinary share with debt at par (see page 61) (A/C x 100) (p)	**171.30**	**165.09**
NAV per ordinary share with debt at fair value (B/C x 100) (p)	**172.20**	**166.79**

The NAV per share is published daily and the year-end NAV as published by the AIC can be found on page 6. The NAV published to the London Stock Exchange and by the AIC will deduct interim dividends on the corresponding ex-dividend date. The NAV in the Company's financial statements will deduct the interim dividends on the corresponding dividend payment date.
The Company currently publishes two NAVs, one with debt at par and the other with debt at fair value and further information is available in Note 18.

Alternative Performance Measures (Unaudited)

(continued)

Ongoing Charge

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

	2023 £'000	2022 £'000
Management fee	1,411	1,393
Other administrative expenses (note 6)	456	498
Less: non-recurring expenses	(4)	(46)
Ongoing charge	**1,863**	**1,845**
Average net assets[1]	**217,464**	**218,505**
Ongoing charge ratio	**0.86%**	**0.84%**

1 Calculated using the average daily net asset value (with debt at fair value)

The ongoing costs provided in the Company's Key Investor Document (KID) is calculated in line with the PRIIPs regulations. The ongoing costs in the KID includes finance costs and look through to costs incurred by other investment trusts and funds that the Company invests in.

Total Return

The total return on the share price or NAV (with debt at fair value) takes into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV with debt at fair value total return). Dividends paid and payable are set out in note 10 on pages 68 to 69.

	NAV (with debt at fair value)	**Share price**
NAV/Share price per share at 31 December 2022 (pence)	164.24	165.25
NAV/Share price per share at 31 December 2023 (pence)	169.58	156.50
Change in the year (%)	3.3	(5.3)
Impact of dividends reinvested (%)	6.3	6.6
Total return for the year (%)[1]	**9.8**	**0.9**

1 Geometric returns

Income/Dividend Yield

The yield is the annual dividend (paid or announced for the year) expressed as a percentage of the year-end share price.

		31 December 2023	31 December 2022
Annual dividend (pence)	(A)	10.35	10.15
Share price (pence)	(B)	156.50	165.25
Yield (C=A/B) (%)	(C)	6.6	6.1

General Shareholder Information

Alternative Investment Fund Managers Directive (AIFMD) Disclosures

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of Janus Henderson, as the Company's Alternative Investment Fund Manager (AIFM) is required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document (AIFMD Disclosure) at: **www.hendersonhighincome.com**.

BACS

Dividends can be paid by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar, Computershare Investor Services PLC. Alternatively, shareholders can write to the Registrar (the address is given on page 85) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

Tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced with effect from 1 January 2016. The legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

Copies of this Annual Report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

You can contact the Registrar, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0370 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a Typetalk operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

Foreign Account Tax Compliance Act (FATCA)

FATCA is a United States federal law enacted in 2010 whose intent is to enforce the requirement for United States persons (including those living outside the U.S.) to file yearly reports on their non-U.S. financial accounts. As a result of HMRC's change of interpretation on the meaning of shares and securities 'regularly traded on an established securities market', investment trusts now need to monitor each year the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company therefore needs to make an annual assessment, before the FATCA return is due, to determine if the shares represent financial accounts and, where they do, will need to identify and report U.S. reportable accounts to HMRC, as required.

General Data Protection Regulation (GDPR)

A privacy statement can be found at **www.janushenderson.com**.

ISA

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

Non-Mainstream Pooled Investments (NMPI) Status

The Company currently conducts its affairs so that its ordinary shares of 5p each can be recommended by IFAs to ordinary retail investors in accordance with the FCA rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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

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

General Shareholder Information (continued)

Performance Details/Share Price Information

Details of the Company's share price and NAV per share can be found at **www.hendersonhighincome.com**. The Company's NAV is published daily.

The market price of the Company's ordinary shares is published daily in the Financial Times and the Daily Telegraph, which also show figures for the estimated net asset value per share.

The market price of the Company's shares can be found in the London Stock Exchange Daily Official List.

Shareholder Details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar, Computershare Investor Services PLC, via **www.computershare.com**. Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Taxonomy Regulation

Regulation (EU) 2020/852 establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company states that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call the Corporate Secretary on 0800 832 832.

You can also check the FCA Warning List at #BeScamSmart **https://www.fca.org.uk/scamsmart**

Corporate Information

Registered Office

201 Bishopsgate
London
EC2M 3AE
Telephone: 020 7818 1818

Service Providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London
EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London
EC2M 3AE
Telephone: 0800 832 832
Email: support@janushenderson.com

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Stockbrokers

J.P. Morgan Cazenove Limited
25 Bank Street
London
E14 5JP

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone: 0370 707 1039
Email: web.queries@computershare.co.uk

Investors with share certificates (i.e. not those in a share plan or ISA) can check their holdings at **www.computershare.com**.

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Financial Calendar

Annual General Meeting	Tuesday, 14 May 2024
First interim dividend payment	Friday, 26 April 2024
Second interim dividend payment	Friday, 26 July 2024
Third interim dividend payment	Friday, 25 October 2024
Fourth interim dividend payment	Friday, 31 January 2025
Half year results announced	September 2024
Senior unsecured note interest payment dates	8 July 2024 8 January 2025

Information Sources

For more information about the Company, visit the website at **www.hendersonhighincome.com**.

Follow Janus Henderson Investment Trusts on Twitter, YouTube and Facebook

Investing

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

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

Nominee Share Code

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

Henderson High Income Trust plc
Registered as an investment company in England and Wales
with registration number 02422514
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL number: 0958057
ISIN number: GB0009580571
London Stock Exchange (TIDM) Code: HHI

Global Intermediary Identification Number (GIIN): JBA08I.99999.SL.826
Legal Entity Identifier Number (LEI): 213800OEXAGFSF7Y6G11

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

www.hendersonhighincome.com

MANAGED BY
Janus Henderson
INVESTORS

The Association of
Investment Companies

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www.fsc.org
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