Annual Report 2024

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.

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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 fell by 0.4% in 2024 on an underlying basis[1] (ex special dividends and at constant currency). Despite 77% of companies in the UK market either growing their dividends or holding them flat, this was offset by the large mining companies reducing their dividends during the year. This highlights the concentration challenge for UK income investors. The top 20 dividend payers in the UK produced 73% of the FTSE 100 Index's income in 2024. 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 34% of aggregate income for the Company.

Concentration of income



Source: Janus Henderson and LSEG Datastream

Utilising Henderson High Income's unique structure



Source: Henderson High Income Trust plc's Annual Reports

1 Computershare UK Dividend Monitor

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:

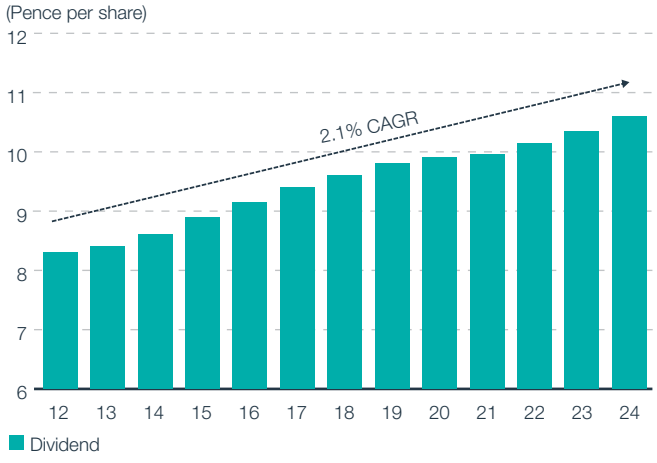
- It can invest 30% of gross assets in overseas markets.
- It can invest in listed alternative income investment trusts, such as renewables infrastructure funds.
- It can invest a larger proportion in medium sized companies given its size relative to much larger competitors.

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 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 2024 the Company paid dividends totalling 10.6p, growth of 2.4% on 2023, its twelfth consecutive year of dividend growth. The Company fully covered the dividend from earnings with a small surplus carried to revenue reserves, which increased to £10.2 million. With a diversified portfolio and healthy level of revenue reserves, the Company is in a good position going forward.

Twelve years of consecutive dividend growth



Source: Janus Henderson

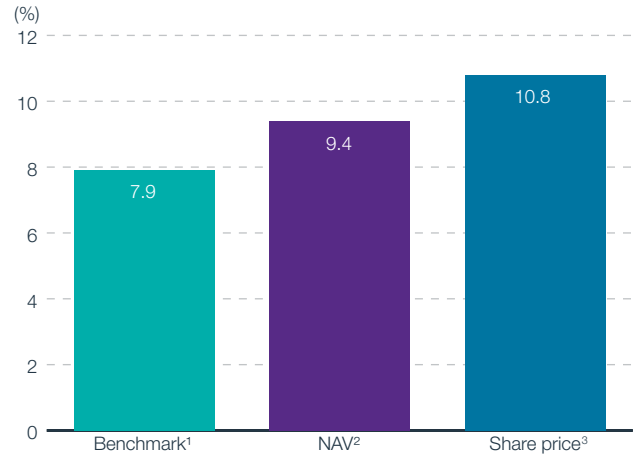
Performance Highlights



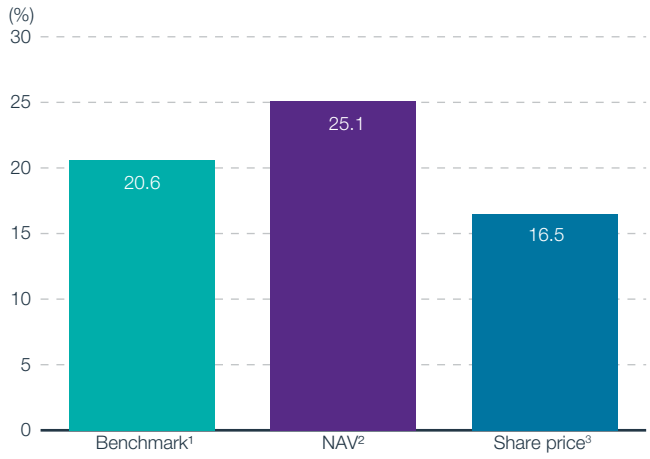
Strategic Report: Performance Highlights

Total return performance to 31 December 2024

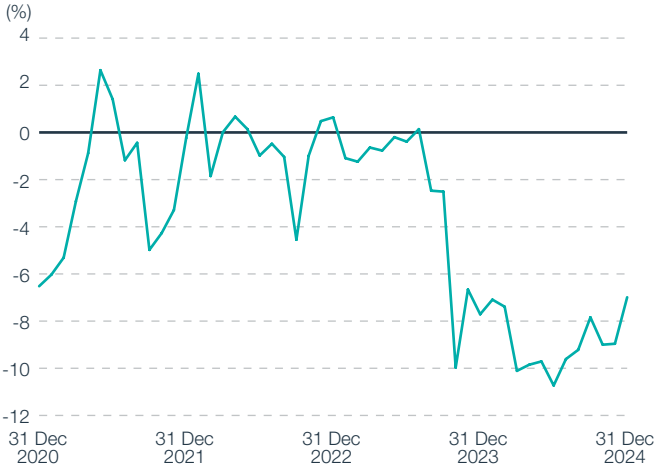
One year



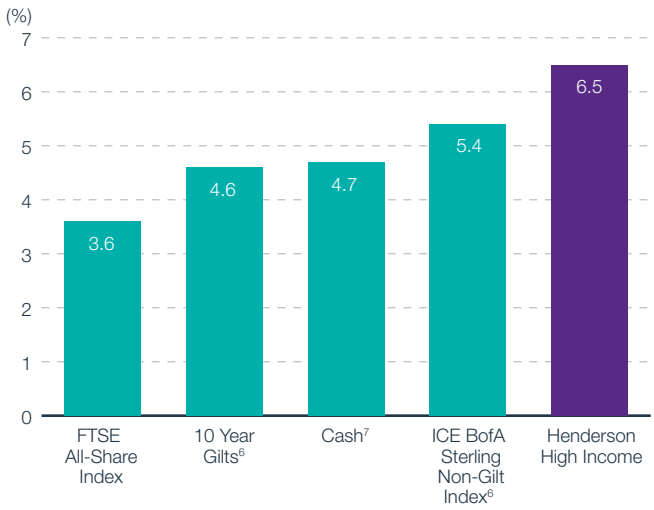
Five years



Premium/discount over 5 years to 31 December 2024[4]



Dividend yields as at 31 December 2024[5]



Attribution[8] – explanation of movement in net asset value (total return) in 2024



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 84
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 82 and pages 83 to 84 respectively

Sources: Morningstar Direct, Janus Henderson. All data is either as at 31 December 2024 or for the year-ended 31 December 2024

Strategic Report: Performance Highlights (continued)

NAV per share[1,4]

2024 174.72p

2023 169.58p

Mid-market price per share

2024 162.50p

2023 156.50p

Revenue return per share

2024 10.74p

2023 10.39p

Net assets

2024 £303.2m

2023 £222.3m

Dividend for the year

2024 10.60p

2023 10.35p

Dividend yield[2,4]

2024 6.5%

2023 6.6%

Ongoing charge for the year[3,4]

2024 0.74%

2023 0.86%

Gearing[4]

2024 21.0%

2023 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 83 to 84

A Glossary of Terms and Alternative Performance Measures can be found on page 82 and pages 83 to 84 respectively

Sources: Morningstar Direct, Janus Henderson. All data is either as at 31 December 2024 or for the year-ended 31 December 2024

Chairman's Statement



Strategic Report: Chairman's Statement



Jeremy Rigg
Chairman

Performance

I am pleased to be reporting on a positive year of investment performance for Henderson High Income Trust. In 2024, the Company's Net Asset Value (NAV) total return was +9.4% compared with the benchmark return of +7.9%, outperformance of +1.5%. The Company's share price total return was a little higher at +10.8% with the share price ending the year at a discount of 7.0% to NAV, compared with the average discount for the UK equity income sector of 5.6% at the end of 2024.

The year was characterised by continuing volatility in financial markets, ongoing geopolitical turmoil and of course the outcome of both the UK general election in July and the US Presidential Election in November. Global inflationary pressures abated as the year progressed which enabled policy makers to lower interest rates and provide a boost to financial asset valuations. Overall equity returns were better than bond returns although from a geographical perspective the returns from UK equities were lower than those from the US.

The Company's outperformance during 2024 versus the benchmark (80% FTSE All-Share Index, 20% ICE BofA Sterling Non-Gilts Index) was mainly due to asset allocation, gearing and a good relative return from the fixed interest portfolio.

Dividends

The Company's investment objective is to provide investors with a high dividend income stream while also maintaining the prospect of capital growth. In 2024, company dividend payouts remained robust given the strength of corporate balance sheets and healthy ongoing profitability. I am pleased to report that the Company's overall earnings during the year were sufficient to cover the full year dividend and a small amount was added to the revenue reserves. At the year-end reserves were sufficient to cover approximately six months of the full year dividend.

During 2024 the Board recommended the payment of dividends totalling 10.6 pence per share, an increase of 2.4% over the payment in 2023. This increase represented the 12th consecutive year of dividend growth from the Company. As usual the Board focused carefully on the revenue projections provided by the Fund Manager throughout the year and as we look forward the Board remains confident that the Company's portfolio will be able to generate a continuing high level of income for shareholders.

Gearing

The Company's policy on gearing is provided on page 23 of the Annual Report. Given higher interest rates and the increased cost of borrowing, the Board spent a good deal of time during the year discussing and evaluating with the Fund Manager the appropriate level of gearing to reflect the increased cost burden whilst ensuring that the overall capital structure could continue to deliver the required levels of income.

During 2024 the overall level of gearing remained in line with the level prevailing at the end of 2023 although the absolute level of borrowings increased due to the growth in the Company's size following the combination with Henderson Diversified Income Trust plc in January 2024 (see below). As a percentage of net assets, gearing finished the year at 21.0% which was a little lower than the level at the start of 2024, and gearing is expected to remain around this level in the near term.

Overall, asset allocation saw the Company continue to prefer equities over fixed interest investments with approximately 89% in equities and 11% in bonds at the year end (compared with the benchmark of 80% equities/20% bonds).

In December 2024 the Company renewed its loan facility of up to £85 million with BNP Paribas, London Branch. The facility has a duration of 12 months and the terms on which the facility was renewed remain competitive.

Combination with Henderson Diversified Income Trust plc (HDIV)

As previously reported the Company was able to issue some £72.1 million of new shares in January 2024 to shareholders in HDIV. The increase in size of the Company will help to improve the liquidity and marketability in the Company's shares and help to spread the Company's fixed costs across a larger shareholder base which is in the interests of all our shareholders.

In this respect I am pleased to say that the ongoing charge ratio for 2024 reflects the benefits of the Company's larger size at 0.74% versus the ongoing charge of 0.86% in 2023.

Continuation Vote

The Company's Articles of Association provide that shareholders should have the opportunity every fifth year to vote on whether they wish to continue the life of the Company or to wind it up. Shareholders will, therefore, be asked to vote on this at the forthcoming AGM, as an ordinary resolution, which requires a majority vote in favour to pass. The Board strongly recommends that you vote in favour so the Company can continue its objective of providing a regular high level of income while maintaining the prospect of capital growth over time. If the resolution fails to pass, the Board would be required to wind up the Company. If you are in any doubt as to what action you should take, please consult your financial advisor. The Directors will be voting their own holdings in favour and encourage all other shareholders to do the same.

Strategic Report: Chairman's Statement (continued)

Management Fee Arrangements

The Board regularly reviews the fee arrangements with the Company's Fund Manager to ensure that they remain competitive, particularly in the context of fees payable by similar UK equity income focused trusts.

In this respect the Company has agreed with the Manager that the fee scale will be lowered to a flat 0.45% of average adjusted gross assets per annum (previously 0.5% on the first £325 million of assets, 0.45% on assets above £325 million). The amended fee scale will apply from 1 January 2025.

Share buybacks

During the course of 2024 the Board regularly reviewed the Company's share price discount to NAV, particularly in the context of discounts prevailing across the wider UK equity income sector. The Company's discount at the start of 2024 was 7.7% and finished the year at 7.0%, compared with the average discount at the end of 2024 of 5.6% for the UK equity income sector. During the course of the year the discount widened, then narrowed in as the year drew to a close, but in the early part of 2025 had widened out again. In line with other trusts in the sector the Board has commenced buying back shares and as at 24 March 2025 the Company has purchased 960,130 shares representing 0.56% of the issued share capital. The shares will be held in treasury. The Board will continue to monitor closely the prevailing discount to NAV and the Company will continue to buy back shares if in the opinion of the Board it is appropriate to do so in the best interests of shareholders.

The Board

Zoe King will be retiring as a Director in May at the conclusion of the Company's AGM. Zoe joined the Board in April 2016 and has served as the Senior Independent Director since June 2020. During that time the Company has undertaken two successful corporate transactions with Threadneedle UK Select in 2017 and the recent HDIV combination in 2024 and of course has negotiated the challenging COVID period. On behalf of shareholders and directors past and present I would like to thank Zoe for her commitment, diligence and wise counsel during her tenure and we wish her well in her future endeavours. Francesca Ecsery who joined the Board in December 2022 will become the Senior Independent Director and Chairman of the Nominations and Remuneration Committee on Zoe's departure.

At the end of 2024 the Company welcomed Preeti Rathi as a Director. Preeti has 15 years' experience in wealth management as an Investment Director/Discretionary Portfolio Manager with Bank of America Merrill Lynch, Kleinwort Benson Private Bank and Investec Wealth & Investment across a broad range of asset classes. Her appointment will ensure that the Board retains the right balance of skills and expertise to successfully administer the Company's business.

Responsible investing

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 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 Responsibility Report and Responsible Investment Policy 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 the ESG Section in the 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, 13 May 2025 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/hhi-agm**.

Prospects and outlook

As we entered 2025 with continuing volatility in financial markets, the re-election of President Trump to the White House has provided a rather unpredictable backdrop to the global economy. In particular, the widespread imposition of tariffs on America's trading partners has caused inflation and interest rate expectations to remain higher with a potentially negative impact on global economic activity and there has been a significant financial impact across Europe from the decision to substantially increase defence spending commitments in light of the situation in Ukraine.

Strategic Report: Chairman's Statement (continued)

Closer to home in the UK, the growth mantra of the recently elected Labour government appears at odds with the substantial tax increase for the corporate sector announced in the Budget, and the cost of government borrowing has increased as investors worry about higher debt levels to fund investment and spending amid a further decline in productivity. The Bank of England has continued to trim interest rates in the early part of 2025 to support the economy as growth prospects have been lowered but they will have to tread a fine line between lowering interest rates further and keeping inflationary pressures under control.

Whilst the backdrop remains challenging, there is some good news for UK listed companies which retain healthy balance sheets and many are buying back their own shares, highlighting the relatively attractive valuation of UK companies versus their overseas peers. It is also important to remember that quoted UK companies derive a substantial proportion of their earnings from overseas activities providing good protection against the risk of weaker UK activity. Within the Company's portfolio, there continues to be a good balance between larger companies with more international exposure and attractively valued smaller and medium sized companies where our Fund Manager believes the share prices are reflecting too pessimistic a view of future prospects.

Overall, and as usual, the Board and the Company's Fund Manager remain steadfast in the commitment and objective of continuing to deliver the high level of income required by shareholders whilst also mindful of the longer term target of delivering capital growth.

Jeremy Rigg
Chairman
26 March 2025

Fund Manager's Report



Strategic Report: Fund Manager's Report

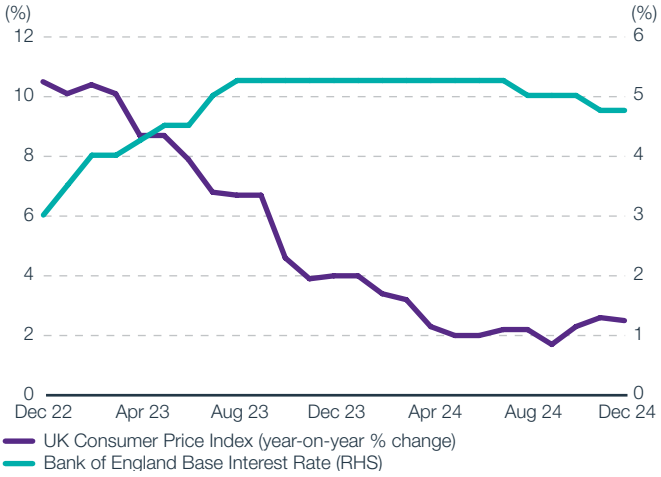


David Smith
Fund Manager

Market review

The UK equity market made positive gains during the year, with the FTSE All-Share Index increasing by 9.5% on a total return basis. Easing inflation prompted major central banks, including the Bank of England (BoE), to reduce interest rates globally. The BoE cut UK interest rates by 25 basis points in both August and November to end the year at 4.75%.

UK inflation fell during the year prompting the Bank of England to start reducing interest rates

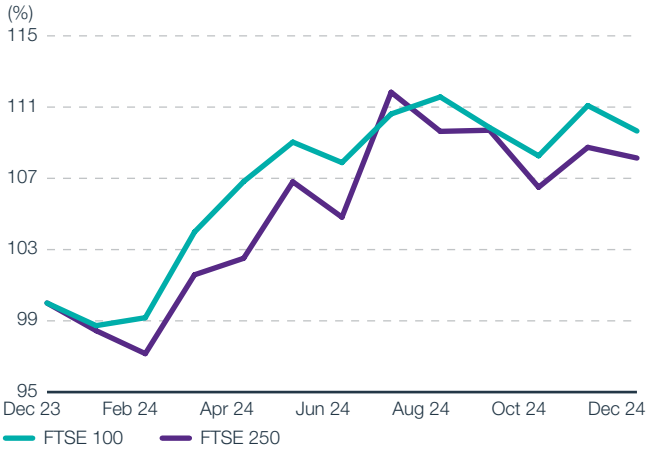


Source: LSEG DataStream as at 31 December 2024

The equity market gains were skewed to the first half of the year as UK economic growth generally proved better than expected. However, the negative rhetoric over the state of the country's finances the new Labour government had inherited, post July's General Election, saw markets consolidate in the second half of the year. Domestic companies were also impacted by the large tax increases announced by the new Chancellor in her first Budget. Businesses will be expected to fund a significant portion of the bill given the rise in employer National Insurance contributions, although the government also unveiled plans for a large rise in investment spending. Consumer and business confidence fell towards the end of the year while UK economic growth weakened with almost no growth in the second half of the year.

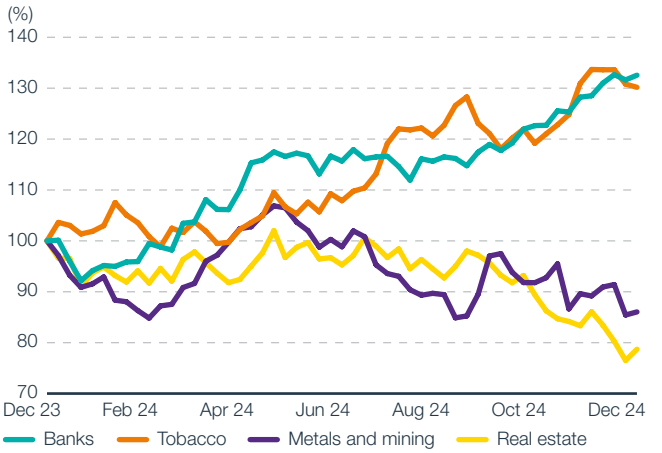
Larger companies outperformed medium sized businesses with the FTSE 100 Index returning +9.7% versus the more domestic orientated FTSE 250 Index's return of +8.1%. The best performing sectors were financials (led by banks), consumer staples and industrials, while energy, basic materials and real estate underperformed. While the consumer discretionary sector outperformed there was a large dispersion of performances, with travel and media companies performing well but the more interest rate sensitive sectors, such as retail and housebuilders, underperforming.

The UK equity market initially performed well before giving back gains towards the end of the year



Source: LSEG DataStream as at 31 December 2024
Notes: Rebased to 100 as at 31 December 2023

Banks and tobacco significantly outperformed while mining and real estate lagged



Source: LSEG DataStream as at 31 December 2024
Notes: Sector performance based on MSCI UK sector indicies. Rebased to 100 as at 31 December 2023

Government bonds were weak during the year as initially investors pared back their expectations over interest rate cuts as inflation, albeit falling, generally remained above central bank targets. Bond yields rose significantly in the fourth quarter globally, led by the US given fears over inflation from some of president-elect Donald Trump's proposed policies. The move in the UK was further exacerbated by the scale of government spending revealed in the Budget, along with concerns over the impact on inflation from tax hikes,

Strategic Report: Fund Manager's Report (continued)

increases to the minimum wage and further falls in productivity. The UK 10-year gilt yield rose from 3.6% at the start of the year to reach 4.6% at the end of December. Credit spreads tightened during the year which helped corporate bonds, both investment grade and high yield bonds, post positive returns and outperform government bonds.

Bond yields rose significantly after the UK Budget



Source: LSEG DataStream as at 31 December 2024

Performance review

The Company's NAV (debt at fair value) returned 9.4% on a total return basis, outperforming the benchmark's gain of 7.9%. Given the Company's overweight position to equities relative to bonds against the benchmark, asset allocation had a positive impact on performance due to equities outperforming. Gearing also aided performance given the positive market backdrop.

The equity portfolio gained 8.7% on a total return basis during the year, behind the 9.5% return from the FTSE All-Share Index. Within financials, the portfolio's holdings in NatWest, 3i and Intermediate Capital were positive for performance. NatWest delivered strong profit growth in the period benefitting from higher interest rates in the UK and stronger margins given the benign competitive environment, especially within savings and mortgage products. The company's robust capital position and strong cash flow also led to good dividend growth and a directed buyback which significantly reduced the government stake. Private equity group 3i has been a very strong performer for the Company over the longer term, driven by the success of its portfolio holding Action, the European discount retailer. Last year was another good year for the business given the strong profit growth delivered. Alternative asset manager Intermediate Capital, which specialises in private credit markets, performed well over the year as new fund raisings for its strategies beat expectations.

Within the consumer staples sector, the portfolio's positions in tobacco companies, Imperial Brands and British American Tobacco, and soft drink manufacturer Britvic were positive for performance. Both Imperial Brands and British American Tobacco benefitted in the period from delivering resilient earnings but also buying back their own shares at very attractive valuations. Britvic produced strong results in the period and then was subject to a bid approach from Carlsberg, as it looked to diversify away from beer and consolidate its European Pepsi bottling operations.

On the negative side the portfolio's holdings in Burberry, PageGroup and MONY Group (owner of MoneySuperMarket.com) detracted from returns. Burberry's profits were significantly impacted from a slowdown in luxury goods demand and a failed strategy to elevate the brand. While it was the correct decision for the company to change strategy and Chief Executive Officer, the turnaround is likely to be protracted and with the suspension of the dividend we decided to exit the holding. Recruiter PageGroup was weak during the year as profits came under pressure from a lacklustre global employment market with low candidate confidence impacting job turnover. MONY Group's share price was weak as investors feared that an easing in insurance premium price inflation would lead to fewer consumers switching their insurance providers. Elsewhere, not holding Rolls-Royce was detrimental to relative performance. Rolls-Royce is a large constituent of the benchmark and performed strongly in 2024 meaning not holding the company, due to the lack of a dividend, contributed negatively to relative performance against the benchmark.

The fixed income portfolio rose 6.7% on a total return basis during the year, outperforming the 1.7% return from the ICE BofA Sterling Non-Gilts Index. The portfolio's exposure to short duration bonds aided relative performance given these bonds are typically less vulnerable to rising bond yields. Also, the holdings in high yield bonds aided returns given spreads in this area of the bond market tightened significantly as global economic growth improved. In particular, holdings in bonds issued by Bupa, Center Parcs, the Co-op and Ziggo were positive, while bonds in Direct Line rose significantly after the bid approach from Aviva.

Income review

On an underlying basis, UK market dividends fell 0.4% in 2024 (according to the Computershare UK Dividend Monitor) driven by reductions in dividends from the mining sector as commodity prices fell during the year. Dividend growth excluding this sector was 4.0%, supported by good dividend increases from banks, insurers and food retailers.

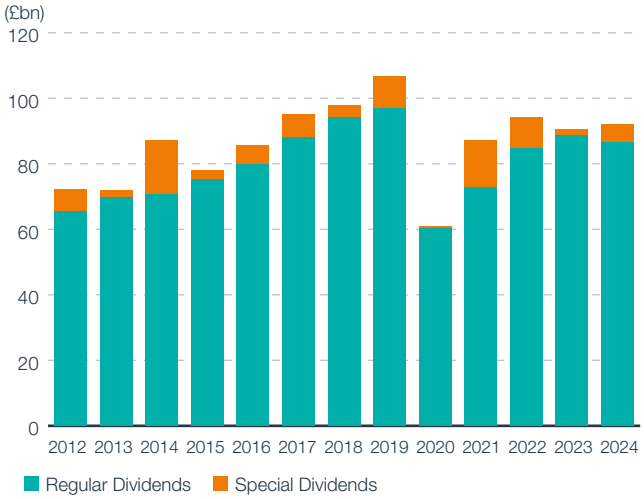
The income return for the Company increased 3.4% to 10.74 pence per share in 2024, up from 10.39 pence in 2023. Within the equity portfolio there was good dividend growth from some of the largest holdings including 3i (+15.6%), HSBC (+15.1%), Tesco (+14.7%) and NatWest (+12.9%). Along with the miners, the portfolio experienced dividend cuts from holdings in the utilities sector: National Grid rebased its dividend lower as part of its equity raise to fund future investment, while SSE also

Strategic Report: Fund Manager's Report (continued)

reduced its dividend during the year to support higher capital investment, albeit this had been well flagged to the market.

There has been a trend over the last couple of years for UK companies to return excess cash to shareholders via share buybacks, a recognition by management teams of the attractive valuations of their companies' shares. This has generally come at the expense of special dividends, hence, income earned from specials for the Company was relatively low versus previous years. The portfolio in total earned £347,000 in special dividends with payments from Dunelm, B&M and Sabre.

UK market underlying dividends modestly fell during the year



Source: Computershare UK Dividend monitor as at 31 December 2024

During the year the Board declared a full year dividend of 10.6p which was fully covered by earnings. This was an increase of 2.4% over the dividend in 2023 (10.35p) and represents the 12th 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 2.1% over those 12 years. Revenue reserves as at 31 December 2024 were £10.2 million, providing approximately 56% cover over the Company's dividend.

Portfolio activity

At the start of the year the Company completed the combination with Henderson Diversified Income Trust plc (HDIV). The £72.1 million of new assets taken on as part of the transaction were invested in line with the existing portfolio.

Gearing at the end of December was 21.0%, down slightly from the end of 2023 (21.4%). The bond portfolio was reduced by approximately £2 million through the year. Although all-in-yields remain attractive, credit spreads have tightened to historically low levels. New positions were initiated in both investment grade and high yield bonds but in typically higher quality, non-cyclical businesses such as Iliad (European telecommunications), Aviva and Teva Pharmaceuticals. Funding came from the sale of the short-dated US Treasury bond the Company held ahead of its maturity. Holdings in bonds issued by EDF (French utility) and Centene (US healthcare) were also sold. The bond portfolio represented 10.7% and 13.1% of gross and net assets respectively as at the end of December.

New positions were initiated in the equity portfolio in Reckitt Benckiser, Aviva and Tele2. Reckitt Benckiser is a global household goods and personal care business which has market leading brands in attractive categories. The new strategy to divest lower growth businesses to become more focused on its core faster growing products is sensible. Also, while there continues to be uncertainties around litigation in its instant milk formula division, we believe these are more than discounted in the current valuation. After a period of restructuring, Aviva is now a much simpler business with good market positions in its core operations in the UK and Canada. It is well diversified across both life and general insurance and generates good cash flow. Tele2 is the no.2 telecommunications operator in Sweden, with mobile and fixed networks, and is the market leading mobile operator in the Baltic countries. These regions should be able to generate stable growth, while continued cost savings and peaking capex is likely to lead to stronger cash generation which supports an attractive dividend yield.

Within the aerospace and defence sector, new positions were established in BAE Systems and Chemring towards the end of the year. Although there is a potential for a ceasefire in Ukraine, given rising geopolitical tensions governments across the world are likely to increase defence spending over the longer term, which should underpin future profit growth for the sector. BAE is well-diversified both globally and across product platforms. The valuation is attractive given the strong organic growth potential, high visibility on earnings given the size of the order backlog, and good cash flow generation. Chemring has strong market positions in specialised niche areas of defence. The company is split into two divisions: Countermeasures and Energetics, which manufactures products such as explosive materials and missile parts, and Sensors and Information, which develops technologies that detect threats whether explosive, biological, chemical, radio or cyber.

Within the retail sector we switched our holding in B&M European Value Retail into Dunelm at the beginning of the year. This was due to concerns that B&M was being run too aggressively to maintain its low pricing in a competitive space. Dunelm is the UK's leading homewares retailer in a fragmented market where it continues to invest to improve efficiencies and product offering. The broadening out of its product range into new categories and price points, while still offering value for money to customers, should drive further profitable growth. The company also has a robust balance sheet and high free cash flow that supports attractive dividends.

Strategic Report: Fund Manager's Report (continued)

Elsewhere the holdings in overseas companies Woodside Energy and E.ON were also sold. With the Liquefied Natural Gas (LNG) market likely to be in surplus over the next couple of years as new supply comes on stream, we took the decision to exit our holding in Woodside given 50% of the business is exposed to LNG. Also, the management team has significantly increased the capex guidance and recently bid for peer Santos. Although the proposed acquisition was ultimately dropped it highlighted that cash returns to shareholders were likely to be less of a priority going forward. E.ON had performed well last year and re-rated to reflect the qualities of its electricity distribution assets. With the valuation now fairly full and the dividend yield one of the lowest in the European utilities sector, we sold the position. Finally, the position in Britvic was also sold post the bid approach from Carlsberg.

Outlook

Over the last couple of years there has been a change in the macroeconomic and political regime. Globalisation has moved to protectionism and the return of inflation has led to 'higher for longer' interest rates. The global economic outlook now seems more uncertain given the threat of a global trade war while governments are prioritising fiscal spending on defence.

Although we expect further interest rates cuts this year, the impact of the UK Budget and Donald Trump's presidency will likely keep inflation above central banks' targets hence we believe there will be a more protracted pathway to normalised interest rates. Also, corporate margins in the UK are likely to come under some pressure for domestic companies from the increase in National Insurance contributions and minimum wage. However, consumers and companies have proved adept at dealing with significant cost inflation in the last few years, with UK economic growth in both 2023 and 2024 proving more resilient than originally expected. A function of this has been robust wage growth, as imbalances in the labour market continue, and the strength of personal finances and corporate balance sheets along with a very well capitalised banking system. Although UK economic growth is forecast to be lacklustre this year, strong balance sheets should continue to help support it from downside risks, while a pickup in confidence is probably needed for a better than expected outcome.

The UK market is attractively valued



Source: LSEG DataStream as at 31 December 2024

Sentiment towards UK equities remains bearish and while the UK economic outlook is subdued, the UK equity market is not necessarily a good proxy for the UK economy with 75% of revenues derived overseas. Interestingly, since interest rates started to increase at the end of 2021, the FTSE All-Share Index has returned 26.7% to the end of February 2025. Although this is behind the return of the US equity market over the same time period (+31.2%), it is still a reasonable performance given the economic and inflationary backdrop and the negative rhetoric surrounding UK equities. Despite this return, valuations are still attractive in the UK market, both compared to their own history and relative to global indices, hence we remain cautiously optimistic that UK equities can continue to make reasonable gains this year. 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
26 March 2025

Portfolio and Financial Information



Strategic Report: Investment Portfolio

Investments: Fixed Interest

PREFERENCE SHARES	Total 31 December 2024 £'000
General Accident 8.875%	1,068
National Westminster Bank 9%	348
Nationwide Building Society 10.25%	2,857
Total Preference Shares	**4,273**

OTHER FIXED INTEREST	
Allwyn Entertainment 7.25% 2030	1,017
Amazon 4.8% 2034 (USA)	1,075
Anheuser-Busch 4% 2025	497
Anheuser-Busch 4.75% 2029 (USA)	878
Aviva 4% 2055	230
Aviva 5.125% 2050	481
Aviva 6.125% 2054	983
B&M European Value Retail 8.125% 2030	1,065
Banijay Entertainment 7% 2029 (France)	1,088
Boost Newco Borrower 8.5% 2031	192
Broadcom 4.15% 2030 (USA)	244
Broadcom 4.926% 2037 (USA)	783
Bupa Finance 4.125% 2035	1,439
Bupa Finance 5% 2026	1,015
Charter Communications 5.05% 2029 (USA)	781
Co-operative Group 6.25% 2026	1,117
CPUK Finance 4.5% 2027	1,160
Deuce Finco 5.5% 2027	1,035
Direct Line Insurance 4% 2032	612
Direct Line Insurance 4.75% Variable Perpetual	456
Gartner 3.75% 2030 (USA)	1,605
GLP 5.3% 2029 (USA)	634
GLP 5.625% 2034 (USA)	550
Iliad 5.375% 2031	885
Iliad 7% 2032 (USA)	674
Iron Mountain 4.5% 2031 (USA)	679
MSCI 3.875% 2031 (USA)	688
Scottish Widows 7% 2043	876
Service Corp Intl 4.625% 2027 (USA)	1,301
Service Corp Intl 5.75% 2032 (USA)	639
Tesco Property Finance 5.744% 2040	862
Tesco Property Finance 6.0517% 2039	718
Teva Pharmaceuticals 6.75% 2028 (USA)	326
UK Treasury 5% 2025	4,903
VICI Properties 4.95% 2030 (USA)	391
VICI Properties 5.125% 2032 (USA)	544
Virgin Media 4.125% 2030	1,471
Virgin Media 4.875% 2028	951
Ziggo 4.875% 2030 (USA)	733
Total Other Fixed Interest	**35,578**

TOTAL FIXED INTEREST	39,851

Investments: Equities (including investment funds)

ENERGY	Total 31 December 2024 £'000
Oil, Gas and Coal	
BP	7,953
Shell	9,569
Total Energy	**17,522**

BASIC MATERIALS	
Chemicals	
Johnson Matthey	3,606
Victrex	2,740
Industrial Metals and Mining	
Anglo American	5,068
Rio Tinto	10,542
Total Basic Materials	**21,956**

INDUSTRIALS	
Aerospace and Defence	
BAE Systems	4,218
Chemring	2,885
Construction and Materials	
Genuit	2,560
Electronic and Electrical Equipment	
Spectris	1,984
General Industrials	
Bunzl	3,706
Mondi	2,864
Industrial Engineering	
Vesuvius	2,855
Industrial Support Services	
DCC	3,865
PageGroup	3,677
Total Industrials	**28,614**

CONSUMER DISCRETIONARY	
Consumer Services	
Compass	6,547
Household Goods and Home Construction	
Taylor Wimpey	3,769
Media	
RELX (Netherlands)	9,798
Retailers	
Dunelm	4,436
Next	3,955
Travel & Leisure	
Mobico	1,468
Sodexo (France)	5,369
Whitbread	3,290
Total Consumer Discretionary	**38,632**

Strategic Report: Investment Portfolio (continued)

Investments: Equities (including investment funds)

HEALTHCARE	Total 31 December 2024 £'000
Pharmaceuticals and Biotechnology	
AstraZeneca	4,264
GlaxoSmithKline	4,883
Sanofi (France)	3,056
Total Healthcare	**12,203**
CONSUMER STAPLES	
Beverages	
Coca-Cola HBC	3,632
Diageo	3,703
Food Producers	
Cranswick	4,657
Hilton Food Group	6,024
Personal Care, Drug and Grocery Stores	
Reckitt Benckiser	7,029
Tesco	7,535
Unilever	10,544
Tobacco	
British American Tobacco	17,709
Imperial Brands	11,761
Total Consumer Staples	**72,594**
UTILITIES	
Electricity	
SSE	3,386
Gas, Water and Multiutilities	
Engie (France)	3,948
National Grid	7,449
Severn Trent	6,023
Total Utilities	**20,806**
FINANCIALS	
Banks	
HSBC	12,546
Lloyds Banking	6,114
NatWest	8,112
Non-life Insurance	
ASR Nederland (Netherlands)	3,266
Conduit Re	3,046
Sabre Insurance	2,203
Life Insurance	
Aviva	4,846
Chesnara	4,096
Phoenix	7,836
Investment Banking and Brokerage Services	
3i	8,102
Ashmore	3,727
IG Group	2,932
Intermediate Capital	5,920

FINANCIALS	Total 31 December 2024 £'000
M&G	6,796
Schroders	3,194
Finance and Credit Services	
Paragon Banking Group	3,346
Closed End Investments	
Greencoat UK Wind	3,550
Tufton Oceanic Assets	2,733
Total Financials	**92,365**
REAL ESTATE	
Real Estate Investment Trusts	
Big Yellow	2,957
British Land	4,803
Land Securities	3,416
Total Real Estate	**11,176**
TECHNOLOGY	
Software and Computer Services	
MONY Group	3,641
Technology Hardware and Equipment	
Texas Instruments (USA)	3,114
Total Technology	**6,755**
TELECOMMUNICATIONS	
Telecommunications Service Providers	
Tele2 (Sweden)	4,316
Total Telecommunications	**4,316**
TOTAL EQUITIES	**326,939**
TOTAL	**366,790**

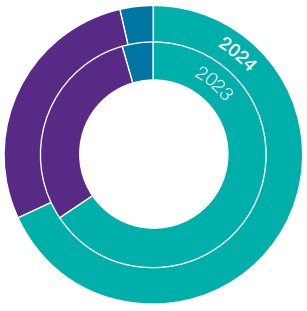
Strategic Report: Investment Portfolio (continued)

Percentage breakdown of investments by sector

	Total 31 December 2024 %	Total 31 December 2023 %
FIXED INTEREST		
Preference shares	1.2	1.7
Other fixed interest	9.7	10.6
Total Fixed Interest	**10.9**	**12.3**
EQUITIES		
Energy		
Oil, gas and coal	4.8	5.6
Total Energy	**4.8**	**5.6**
Basic Materials		
Chemicals	1.7	1.7
Industrial metals and mining	4.3	4.5
Total Basic Materials	**6.0**	**6.2**
Industrials		
Aerospace and defence	1.9	–
Construction and materials	0.7	0.8
Electronic and electrical equipment	0.5	1.0
General industrials	1.8	1.3
Industrial engineering	0.8	0.9
Industrial support services	2.1	2.7
Total Industrials	**7.8**	**6.7**
Consumer Discretionary		
Consumer services	1.8	1.7
Household goods and home construction	1.0	1.3
Media	2.7	3.0
Personal goods	–	1.2
Retailers	2.3	2.3
Travel and leisure	2.7	1.7
Total Consumer Discretionary	**10.5**	**11.2**
Healthcare		
Pharmaceuticals and biotechnology	3.3	4.0
Total Healthcare	**3.3**	**4.0**
Consumer Staples		
Beverages	2.0	4.4
Food producers	2.9	3.0
Personal care, drug and grocery stores	6.9	5.2
Tobacco	8.0	5.8
Total Consumer Staples	**19.8**	**18.4**
Utilities		
Electricity	0.9	1.3
Gas, water and multiutilities	4.8	5.7
Total Utilities	**5.7**	**7.0**

	Total 31 December 2024 %	Total 31 December 2023 %
Financials		
Banks	7.3	5.5
Closed end investments	1.8	2.3
Finance and credit services	0.9	1.1
Investment banking and brokerage services	8.4	8.7
Life insurance	4.5	3.0
Non-life insurance	2.3	2.5
Total Financials	**25.2**	**23.1**
Technology		
Software and computer services	1.0	1.0
Technology hardware and equipment	0.8	0.9
Total Technology	**1.8**	**1.9**
Real Estate		
Real estate investment trusts	3.0	3.6
Total Real Estate	**3.0**	**3.6**
Telecommunications		
Telecommunications service providers	1.2	–
Total Telecommunications	**1.2**	**–**
TOTAL INVESTMENTS	**100.0**	**100.0**

Distribution of the UK equity portfolio holdings at 31 December



	2024 %	2023 %
Large companies:	**68.2**	65.6
Medium-sized companies:	**28.3**	30.1
Small companies:	**3.5**	4.3

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

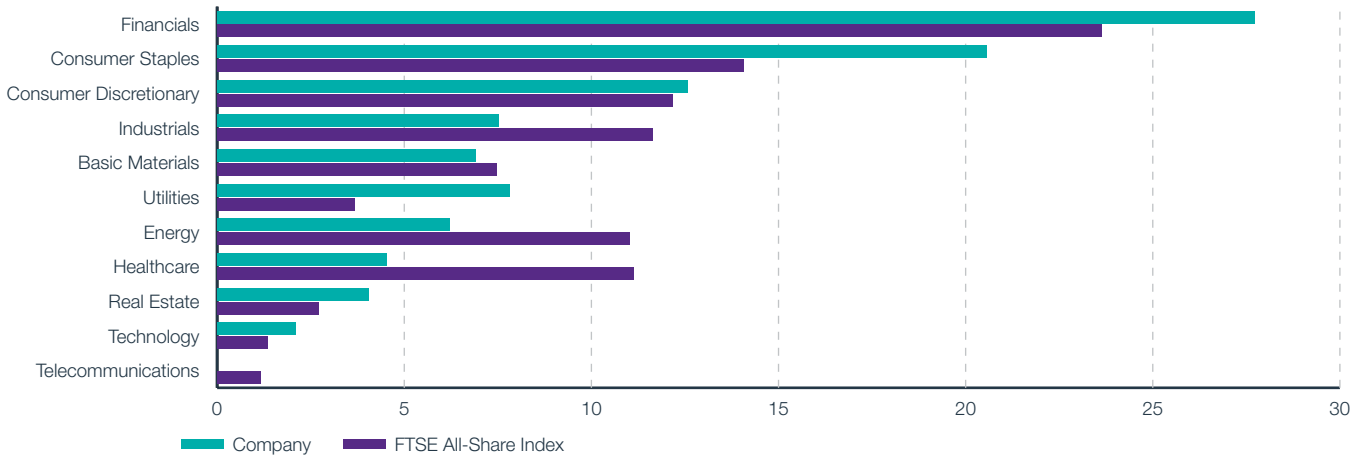
Strategic Report: Portfolio Information

Sector exposure at 31 December

Excluding cash

Sector	2024 £'000	2024 % of portfolio	2023 £'000	2023 % of portfolio
Preference shares	4,273	1.2	4,470	1.7
Other fixed interest	35,578	9.7	28,744	10.6
Total Fixed Interest	**39,851**	**10.9**	**33,214**	**12.3**
Financials	92,365	25.2	62,309	23.1
Consumer Staples	72,594	19.8	49,625	18.4
Consumer Discretionary	38,632	10.5	30,344	11.2
Industrials	28,614	7.8	18,179	6.7
Basic Materials	21,956	6.0	16,710	6.2
Utilities	20,806	5.7	18,893	7.0
Energy	17,522	4.8	14,987	5.6
Healthcare	12,203	3.3	10,922	4.0
Real Estate	11,176	3.0	9,742	3.6
Technology	6,755	1.8	5,082	1.9
Telecommunications	4,316	1.2	–	–
Total Equities	**326,939**	**89.1**	**236,793**	**87.7**
Total	**366,790**	**100.0**	**270,007**	**100.0**

Equity portfolio sector weightings at 31 December 2024



Ten largest investments at 31 December[1]

Position	Company	Sector	2024 £'000	2024 % of portfolio	2023 £'000	2023 % of portfolio
1	British American Tobacco	Consumer Staples	17,709	4.8	9,545	3.5
2	HSBC	Financials	12,546	3.4	7,737	2.9
3	Imperial Brands	Consumer Staples	11,761	3.2	5,927	2.2
4	Unilever	Consumer Staples	10,544	2.9	8,747	3.2
5	Rio Tinto	Basic Materials	10,542	2.9	8,025	3.0
6	RELX (Netherlands)	Consumer Discretionary	9,798	2.7	8,221	3.0
7	Shell	Energy	9,569	2.6	6,310	2.3
8	NatWest	Financials	8,112	2.2	3,026	1.1
9	3i	Financials	8,102	2.2	5,602	2.1
10	BP	Energy	7,953	2.2	6,399	2.4
Total			**106,636**	**29.1**	**69,539**	**25.7**

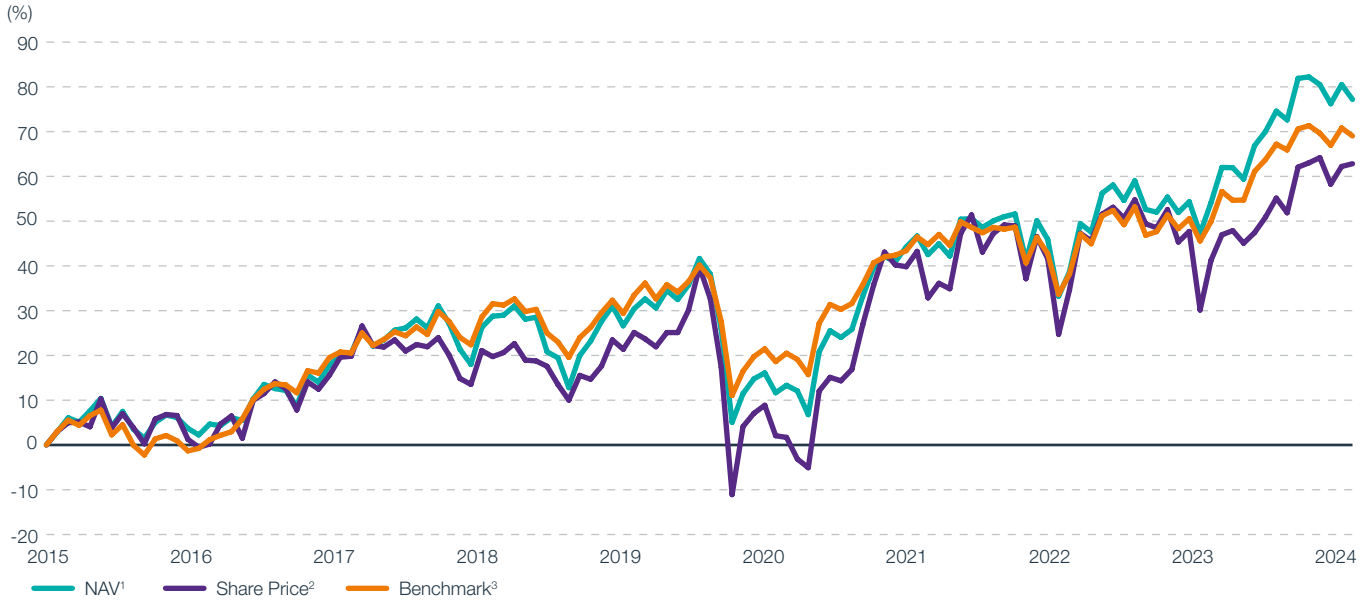
1 The increases for 2024 reflect the additional value invested following the completion of the HDIV transaction. See note 23 for further details

Strategic Report: Historical Performance and Financial Information

Total return performance to 31 December

	1 year %	3 years %	5 years %	10 years %
NAV[1]	+9.4	+17.8	+25.1	+77.2
Share Price[2]	+10.8	+10.6	+16.5	+62.8
Benchmark[3]	+7.9	+12.8	+20.6	+69.0
ICE BofA Sterling Non-Gilts Index	+1.7	-9.1	-4.8	+19.2
FTSE All-Share Index	+9.5	+18.5	+26.5	+81.9

Total return performance over 10 years to 31 December 2024



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
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
2024[5]	**303.2**	**174.7**	**162.5**	**10.60**

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
5 2024 includes the increase in assets following the completion of the HDIV transaction. See note 23 for further details

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 seeking capital growth over the longer term by investing primarily in UK equities. This purpose is fulfilled by achieving the investment objective and applying the investment policy.

The investment strategy is delegated to the Manager, Janus Henderson, 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 2024 was 21.0% (2023: 21.4%).

1 Alternative Performance Measure, see page 83

Company Structure

The Company operates as an investment company with a Board of Directors who delegate investment and operational matters to specialist third-party service providers. 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 s.1158/9 of the Corporation Tax Act 2010. 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, following the transaction with HDIV, the Company increased its committed loan facility from £45 million to £60 million with BNP Paribas, London Branch. This facility matured on 19 December 2024 and on that date the Company renewed the facility for a further 12 months. This facility has an accordion of £25 million allowing the Company to borrow up to £85 million.

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.

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 2024 was 0.74% (2023: 0.86%).

Strategic Report: Business Model (continued)

Promoting the Company's success

The Directors' overarching duty is to promote the success of the Company for the benefit of investors with consideration of stakeholders' interests. The Directors use their experience and knowledge to select and engage reputable organisations to carry out operations on behalf of the Company.

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 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 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. The Board and the Manager operate in a supportive, co-operative and open environment.

Engaging with stakeholders (s.172 Companies Act 2006)

The table below sets out the ways in which the Board engages with the Company's key stakeholders.

Stakeholder	Engagement
Shareholders and potential investors	Purpose: • To allow investors to make informed investment decisions. • To retain existing shareholders and attract new investors. • To understand investors' requirements and expectations. How we engage: • The annual report and half-year report are published to keep shareholders informed on the Company's financial performance, governance framework and any current issues. • Information on the Company, sponsored research notes and video updates from the Fund Manager are made available on the website to keep shareholders informed on the positioning of the portfolio. • Daily NAVs and monthly factsheets are published to keep shareholders up to date with the value of the portfolio. • Shareholders are encouraged to attend the annual general meeting where they can meet and speak with the Directors and Fund Manager. • The Board receives shareholder feedback from its corporate broker, the Manager's Investment Trust Sales and Marketing Teams and the Fund Manager to keep the Board informed of shareholders' views. • The Board and the Fund Manager meet with shareholders when requested. Outcome: • Shareholders are informed and there is regular demand for the Company's shares.
Service Providers • **Auditor** • **Corporate broker** • **Custodian** • **Depositary** • **Fund administrator** • **Registrar**	Purpose: • To monitor the quality and cost effectiveness of the services provided. How we engage: • Biannual service review meetings with the depositary and 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 auditor's letter of engagement and terms of business. • Regular attendance at meetings throughout the year with specialist input provided. Outcome: • The Board maintains effective oversight of the Company's operations and the services provided by its third-party service providers.

Strategic Report: Business Model (continued)

Stakeholder	Engagement
Investment manager	Purpose • To ensure that the investments in the portfolio and the administration of the Company are well-managed. • To ensure that the Company complies with the AIFMD regulation. How we engage: • The Fund Manager and Company Secretary attend all meetings and provide specific reports. • Representatives of the AIFM regularly attend meetings. • The AIFM confirms compliance with investment limits and restrictions each month. • Quarterly internal controls reports provide the Board with regular reporting on the Manager's internal controls in operation over the services delivered to the Company. • The Board takes a keen interest in the diversity initiatives in place at its 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, trainee, apprenticeship and internship programmes, such as Greenwood Project, Investment 2020 and #100 Black Interns. The Board monitors the culture at the Manager and appreciates how it 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. Outcome: • The Board is confident that the Company's assets are managed in line with the investment objective and policy, and the parameters established by the Board. • The Board has a good understanding of how the Company is perceived in the market and whether the investment objective remains relevant in prevailing market conditions.
Investee companies and the environment	Purpose: • The Fund Manager's investment decisions are key to the Company achieving its investment objective and policy. Direct communication with investee companies can lead to more informed decisions. How we engage: • 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. Outcome: • The Company is a responsible investor.
Lenders	Purpose: • 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. How we engage: • The Manager confirms compliance with the loan covenants (to both the short-term and long-term lenders) each month. • The Manager responds to audit requests from its lenders. Outcome: • The Company can use gearing to enhance long-term returns to shareholders.

Strategic Report: Business Model (continued)

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 2024.

Marketing: The Board approved a significant increase in the Company's marketing budget to promote the Company to a wider audience, primarily through targeted digital advertising. Using a clear messaging framework, this was initiated in February 2024 and is intended, in conjunction with a redesign of the Company's website, to increase understanding of the Company among its stakeholders as well as raising awareness of the Company among potential new investors.

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 10.60p have been declared, compared to 10.35p in 2023, an increase of 2.4% and the Company's twelfth 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 the renewal of the loan facility agreement with BNP Paribas, London Branch, for a further year after considering a number of indicative quotations from potential lenders, to take advantage of the most competitive rates and terms on offer.

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 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 policies.

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 Alternative Investment Fund Manager (AIFM). JHFM delegates investment management services to Janus Henderson Investors UK Limited. Both entities are authorised and regulated by the Financial Conduct Authority (FCA) and are part of the Janus Henderson group of companies. References to Janus Henderson refer to the services provided to the Company by the Manager's group.

The Manager is engaged under the terms of an agreement effective from 28 August 2024. The previous agreement dated July 2014 has been amended and restated to reflect current regulation and industry standards, with no changes to terms affecting the relationship with the Manager. The agreement is terminable on six months' notice.

The fund management team is led by David Smith, who 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.

Janus Henderson Secretarial Services UK Limited, a subsidiary of Janus Henderson Group plc, acts as the Corporate Secretary. It has 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 Corporate Secretary and Janus Henderson, particularly when dealing with any conflicts or issues between the Company and Janus Henderson.

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 Board at the next meeting with any urgent or important correspondence circulated promptly at the request of the Chairman.

Management fee

With effect from 1 January 2025, the management fee is charged at 0.45% of average adjusted gross assets per annum. Prior to this, the management fee was charged at 0.50% of average adjusted gross assets up to £325 million and a reduced management fee of 0.45% was 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 management fee is payable quarterly in arrears. In addition, a supplemental 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 management fee.

Strategic Report: Business Model (continued)

Managing 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. The Company's principal risks are considered to be those that would threaten its business model, future performance, solvency, liquidity and reputation. 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 31 for further details.
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 the Company's 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 interest rates and its impact on the broader financial system. This could result in 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 72 to 77. The Board reviews the Income Statement and revenue forecasts at each meeting and continually monitors the Company's revenue reserves.

Strategic Report: Business Model (continued)

Principal Risk	Mitigating Measures
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 Continuity 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.
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 section 1158/9 of the Corporation Tax Act 2010 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.

Strategic Report: Business Model (continued)

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);
- the ongoing charge ratio (0.74% for the year ended 31 December 2024 (2023: 0.86%)); 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 6.6% of net assets as at 31 December 2024, 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 an additional, conservative stress-tested revenue forecast at least once a year to assist the Board with its dividend decision making. The Company's revenue reserves remain strong with approximately six months' worth of dividend cover, which gives 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, 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.

In 2024 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 recognises that there is a continuation vote due to take place at the AGM in May 2025.

In light of the above consideration of the Company's viability and going concern and as no shareholders have indicated that they will not support the continuation vote, 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 2029.

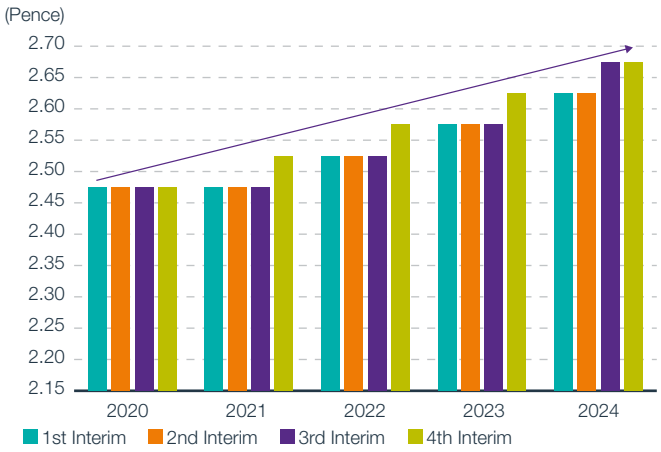
Strategic Report: Business Model (continued)

Key Performance Indicators

Measuring performance

The Board monitors the performance of the Manager by reviewing several key performance indicators at each meeting in order to measure the success of the Company in meeting its objectives.

Dividend per share[1]

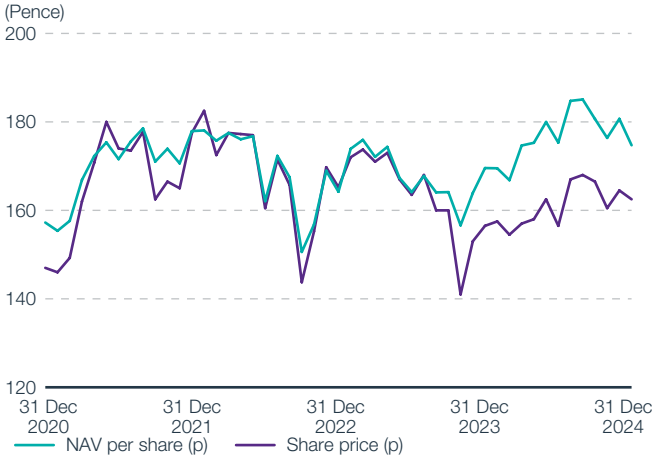


1 Based on the dividends paid or announced for the year
See Alternative Performance Measures on page 84
Source: Henderson High Income Trust plc Annual Reports

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 2024 £1.3 million was added to revenue reserves. The Company has built up revenue reserves of around £10.2 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. Equally, there may be instances when the level of payment must be increased in order to comply with section 1158/9 of the Corporation Tax Act 2010 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.

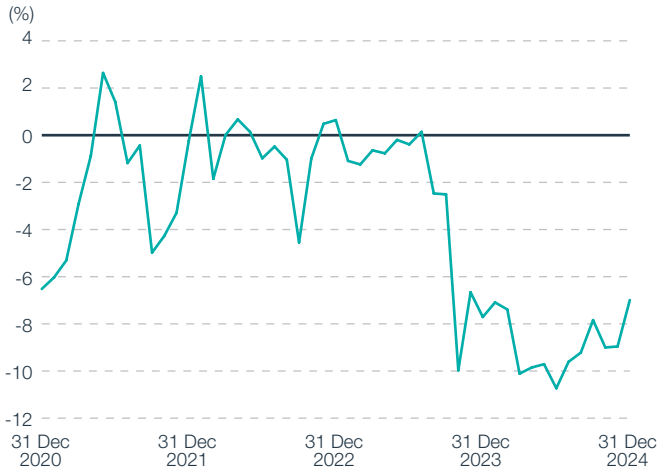
NAV[1] and Share Price per share



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 2024[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 other companies from the AIC Equity Income sector.

Approval

The Strategic Report, set out on pages 2 to 34 has been approved by the Board.

On behalf of the Board

Jeremy Rigg
Chairman
26 March 2025

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 an integrated component of the investment processes employed by the Fund Manager and the wider investment teams at Janus Henderson. The Company integrates ESG but does not pursue a sustainable investment objective or otherwise take ESG factors into account in a binding manner. ESG integration is the practice of incorporating material environmental/social and governance information or insights in a non-binding manner alongside traditional measures into the investment decision process to improve long-term financial outcomes of portfolios. ESG related research is one of many factors considered within the investment process.

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 it is important to understand how ESG considerations impact those business models. An important part of the investment process is identifying factors, including ESG factors, which may impact profits, cash flow and dividends and ensuring that investee companies have robust policies and processes in place to manage these.

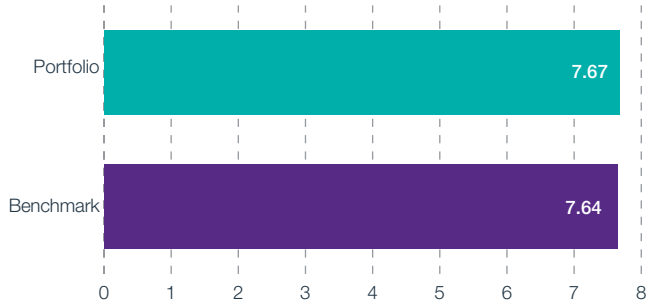
While no company is specifically excluded from investment on ESG considerations, the Fund Manager would seek to avoid companies where ESG risks are not sufficiently considered or managed. As the Fund Manager strives to understand all drivers of company performance, he also strives to understand the risks. An evaluation of ESG factors is integral to this.

Governance is a key part of fundamental factor analysis with good corporate governance supportive of long-term decision making and investment returns. The significance of environmental and social factors can vary depending on the sector and the region in which a company operates. Nonetheless, each ESG factor, in addition to the quantitative and qualitative assessments, is an important consideration when evaluating the opportunity in an equity investment.

ESG Ratings

Janus Henderson engages MSCI[1], an independent leading firm researching and rating ESG factors globally, to support investment research. MSCI can also be used to monitor the holdings within the Company and analyse its overall ESG risk exposure. The Company's portfolio as at 31 December 2024 exhibited the following factors, as defined by MSCI's analysis.

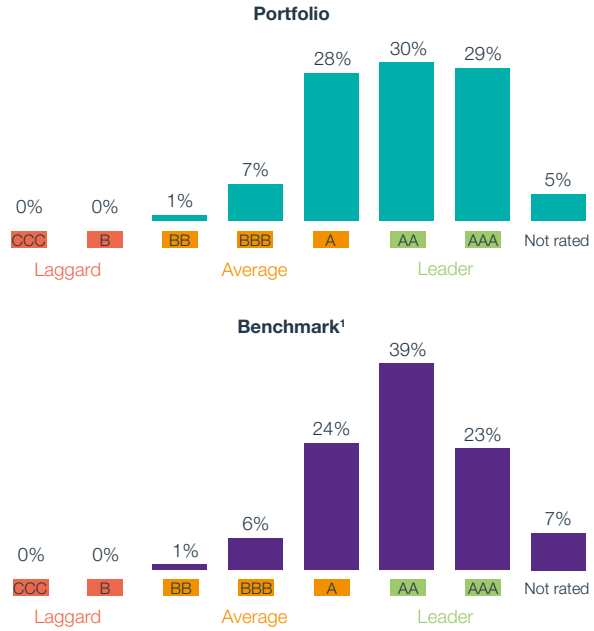
Overall MSCI ESG quality score



Source: MSCI as at 31 December 2024

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 2024

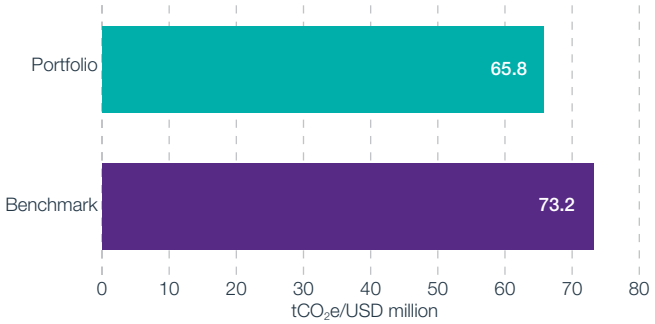
ESG Ratings Distribution represents the percentage of a portfolio's market value coming from holdings classified as ESG Ratings Leaders (AAA and AA), Average (A, BBB and

Environmental, Social and Governance Matters

(continued)

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 2024

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 10.1% less carbon intensive than the benchmark.

Stewardship

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.

Company engagement

Company engagement[2] incorporates a wide range of topics including business strategy, capital allocation, remuneration incentives, business risks and management succession as well as ESG issues.

The centralised Janus Henderson Responsible Investment & Governance Team (the RIG Team) also assists with specific engagement matters, including those of an ESG nature, in respect of the positions held across the portfolio. The RIG 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 RIG 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 44 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.

Examples of engagement during 2024 are below:

1) UK Life insurers – Consumer Duty regulations

The Financial Conduct Authority has introduced Consumer Duty regulations with the aim of setting higher standards for retail financial services customers. The Duty came into force for closed book products (those financial products still in existence but no longer being sold) in July 2024. Engagement between Janus Henderson and executives from investee companies with exposure to closed life insurance products, specifically Phoenix, Aviva, M&G and Chesnara were held ahead of the Duty coming into force. The aim was to understand how the companies had been preparing for the deadline and assessing their products to ensure they aligned with the regulation. This entailed evaluating products on pricing as well as on the clarity of communications with customers. From this engagement we gained comfort that the larger companies were as best prepared as possible and could articulate clear frameworks for assessing their products and service levels with a sufficient time frame for remediation.

2) Genuit – Climate targets, Future Homes Standard and other environmental topics

We engaged with Genuit on various topics including climate targets, the Future Homes Standard (FHS), recycling practices, and chemical use. Genuit is making strides in environmental sustainability, notably by moving towards science-based climate targets, engaging with the Carbon Disclosure Project for improved transparency, and utilising 91% renewable energy with an aim for 100%. Their focus on recycled polymers, alongside explorations into chemical recycling and biopolymers, demonstrates a commitment to

Environmental, Social and Governance Matters

(continued)

emission reduction. Genuit's alignment with FHS and Biodiversity Net Gain regulations, through innovative products like heat pumps, and rigorous chemical management practices, underscores their progress in environmental stewardship and product safety.

3) Severn Trent – Governance, company culture and regulatory landscape

We hosted a meeting with the Chair of Severn Trent to discuss the current management team, the company's culture, issues faced by the sector given the current political and regulatory landscape and its latest business plan submissions to the regulator Ofwat. The company maintains high employee engagement, outperforming UK and global utilities.
The company's focus on addressing industry challenges is supported by proactive management and engagement initiatives. Its business plan, approved by a significant proportion of surveyed customers, emphasises financial feasibility and customer-endorsed bill increases. Continuous dialogue with regulators, environmental agencies, and political parties ensures alignment on investment, bill management, and sewer overflow improvements, positioning Severn Trent favourably among stakeholders.

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. Voting decisions are taken in keeping with the provisions of the Manager's Responsible Investment Policy. This 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 Responsibility Report and Responsible Investment Policy.

In the period under review, investee companies held 69 general meetings. The shares held in the Company's equity portfolio were voted in respect of 95.7% of these meetings. 4.3% 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 66 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 approval of director elections.

2024 voting record

Number of votable meetings	69
Number of meetings voted	66
Number of resolutions voted	1,279
Number of meetings voted	95.7%
Percentage of votes for	99.3%
Percentage of votes against	0.5%
Percentage of votes abstain	0.2%
Number of meetings with at least 1 vote against, withheld or abstain	11.6%

Voting record for the period 1 January to 31 December 2024
Source: Janus Henderson

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.

Janus Henderson as Manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2021, Janus Henderson reached its three-year target to reduce its carbon footprint by 15% per full-time employee (FTE) from 2018 levels. In 2022, using guidance from the Science-Based Target Initiative, JHI set ambitious new five-year reduction targets versus a 2019 baseline and per FTE:

- reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions;
- reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste) emissions; and
- reduction target of 17.5% on water and waste consumption by FTEs.

In addition to this, JHI 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, JHI has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource

Environmental, Social and Governance Matters
(continued)

conservation projects that support reductions in greenhouse gas emissions. All projects JHI supports have been classified as 'additional' by an independent third party, meaning they would not happen without the sale of carbon credits.

JHI discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including the Carbon Disclosure Project (CDP), as well as in its 2023 Annual Report and 2023 Responsibility Report, which provide more information.

JHI produces product-level Task Force on Climate-Related Financial Disclosures (TCFD) reports. These reports include an overview of the climate-related governance, strategy, risk management, and metrics and targets of JHI and its portfolios. Product-level metrics include absolute carbon emissions, carbon footprint, weighted average carbon intensity, implied temperature rise and climate scenario analysis (Climate Value at Risk). JHI's TCFD Report specific to the Company is available at **www.hendersonhighincome.com**.

[1] Certain information contained herein (the "Information") is sourced from/copyright of MSCI Inc, MSCI ESG Research LLC, or their affiliates ("MSCI"), or information providers (together the "MSCI Parties") and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages

[2] References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned

Governance



Board of Directors

The right balance of skills and experience



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 non-executive director at The Global Smaller Companies Trust PLC and 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), 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, CT Automotive 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.

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, Spirent Communications plc and East and North Hertfordshire NHS Trust. 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.



Preeti Rathi (Independent Non-Executive Director)

Date of appointment: 31 December 2024.

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

External appointments: Preeti has been a Senior Investment Director at Investec for over nine years, specialising in the management of bespoke global investment strategies for high net worth private clients, offshore trusts and corporates. She also acts as an adviser to several charities.

Background: Preeti was formerly a Director of TIE London Limited and a Discretionary Portfolio Manager at Kleinwort Benson Private Bank.

Skills and experience: Preeti has 15 years' experience in wealth management as an Investment Director/Discretionary Portfolio Manager with Bank of America Merrill Lynch, Kleinwort Benson Private Bank and Investec Wealth & Investment across a broad range of asset classes including inter alia bonds, equities, unit trusts, investment trusts and ETFs.

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

Corporate Governance Report

Division of responsibilities

Role	Primary responsibilities
Shareholders/investors	The Company's shareholders are responsible for: • approving the Company's investment objective and policy; • making decisions regarding changes to the Company's constitution; • appointing and re-appointing Directors to the Board, or removing them from office if deemed appropriate; and • determining the overall limit for Directors' remuneration.
Chairman	The Chairman of the Board is responsible for: • leading and managing Board business and ensuring the timely flow of information from service providers to the Board. He facilitates open, honest and constructive debate among directors; • leading the Board in developing succession planning; • leading the Board in determining its governance framework, culture and values; • representing the Company, alongside the Fund Manager, externally; and • managing the relationship with the Manager.
Senior Independent Director	The senior independent director: • acts as a sounding board to the Chairman; • serves as an intermediary for the other directors and shareholders; and • is responsible for leading the performance evaluation of the Chairman.
Independent non-executive directors	The independent non-executive directors are responsible for: • providing constructive and effective challenge, especially to the decisions of the Manager; • scrutinising and holding to account the performance of the – fund management team in meeting the investment objective; – Manager in the promotion of the Company and day-to-day smooth operations of the Company's business; and • providing strategic guidance and offering specialist advice.
Committee Chairmen	The Committee Chairmen are responsible for: • the leadership and governance of their committee; • maintaining the relationships with specialist service providers delivering services within the remit of their committees; • reporting on the activities of their committee to the Board; and • seeking approval from the Board for the responsibilities set out in their respective terms of reference.
Manager	The Manager is the Company's appointed Alternative Investment Fund Manager and is responsible for: • promoting the Company's investment proposition to professional and retail investors; • making the necessary reporting to the FCA regarding the Company's status as an Alternative Investment Fund; • providing accounting, company secretarial and other administrative services to the Company ensuring compliance with the applicable statutory and regulatory provisions; and • coordinating the delivery of services provided by the Company's other third-party service providers.
Fund Manager	The Fund Manager and his team are responsible for: • selecting the stocks held within the portfolio; • diversification and risk management through stock selection and size of investment; • determining the volume and timing of acquisitions and disposals; and • determining the day-to-day level of gearing within the overall limits set by the Board.

Corporate Governance Report (continued)

Applicable Corporate Governance Codes

By virtue of the Company's listing on the London Stock Exchange, the Board is required to report on how the principles of the UK Corporate Governance Code have been applied. The AIC Code of Corporate Governance published in January 2019 has been endorsed by the Financial Reporting Council. This enables investment company boards to report against the AIC Code and still meet their obligations in relation to the UK Code and UK Listing Rule 6.6.6.

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 **www.theaic.co.uk** and **www.frc.org.uk**.

A new UK Code was published in January 2024, with an updated AIC Code published in August 2024. The new Codes will be applicable to financial years beginning on or after 1 January 2025.

Statement of compliance

For the year-ended 31 December 2024 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. Given the Board has a simple remuneration structure and does not need to consider executive remuneration, the Board has a combined Nominations and Remuneration Committee comprising all the independent non-executive Directors.

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 six non-executive Directors. The biographies of the Directors holding office at the date of this report 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 and the terms of reference for each of the Committees of the Board are kept under regular review. These documents are available to view 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.

The Company has a procedure for Directors to take independent professional advice at the expense of the Company in the furtherance of their duties. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

The Board has engaged specialist 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, in addition to ongoing monitoring by the Manager.

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 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 proceedings of all Board and committee meetings are minuted, with any concerns raised by the Directors appropriately recorded.

Corporate Governance Report (continued)

Board composition

Appointment, tenure and retirement of directors

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.

Diversity

As at 31 December 2024, three out of the six Directors (50%) were women with the role of Senior Independent Director being held by a woman. The Board also met the UK Listing Rules recommendation that at least one Director is from an ethnic minority background.

It is the Company's aim to have a diverse Board. 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.

Gender identity	Number of Board members	% of the Board	Number of senior positions on the Board[1]
Men	3	50	2
Women	3	50	1
Ethnic background			
White British or other White (including minority white groups)	5	83.3	3
Asian/Asian British	1	16.7	–

1 As an externally managed investment company, the Company does not have a CEO or CFO. Accordingly, only the roles of Chairman, Audit and 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

There have been no changes to the Board or the roles of the Directors between 31 December 2024 and the date of this report.

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' 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' re-appointment/appointment

Each of the Directors, being eligible, have stated that they will offer themselves for re-appointment at the AGM in 2025, with the exception of Zoe King who is to retire at the conclusion of the AGM. Preeti Rathi, who was appointed to the Board on 31 December 2024, will stand for appointment by shareholders at the 2025 AGM.

Recommendation for re-appointment is not automatic and follows a process led by the Nominations & Remuneration Committee of each Director's performance and consideration of the Director's independence, skills and experience. See page 47 for details of the Board evaluation process.

Corporate Governance Report (continued)

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.

Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Directors' individual training requirements are considered as part of the annual Board evaluation process which is led by the Nominations and Remuneration Committee Chairman.

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.

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, except for Preeti Rathi who joined the Board on 31 December 2024, attended the AGM on 14 May 2024. 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 three ad hoc Board meetings and two ad hoc Nominations & Remuneration Committee meetings held during the year to undertake business in relation to:

- 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; and
- the appointment of Preeti Rathi as a Director of the Company.

Corporate Governance Report (continued)

Framework 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).

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 third-party 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 auditor 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 (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[1] (Sponsored Research)

1 Kepler Partners LLP were appointed as the Company's Sponsored Research provider for 12 months with effect from 1 January 2025

PricewaterhouseCoopers LLP was appointed as the Company's statutory auditor for the year ended 31 December 2024. See pages 54 to 60 for further details.

Audit and Risk Committee Report

Role

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

Membership

The Committee is chaired by Jonathan Silver, who is considered by the Board to have recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector in which the Company operates and to the Company as an investment trust.

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.

Meetings

The Committee met three times in the year under review. The Company's auditor, 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 may also be invited to attend meetings if deemed necessary by the Committee.

Responsibilities

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

Financial Reporting

- the Company's annual report and half-year financial statements, appropriateness of the accounting policies applied and the use of the going concern basis for their preparation;
- the significant financial reporting issues and areas of judgement in the financial statements, taking into account the views of the auditor 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;
- 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 prior to endorsement by the Board; and
- 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.

Internal Controls and Risk Management Systems

- the assessment of the principal and emerging risks facing the Company and the long-term viability statement in light of these risks;
- 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 and risk management systems;
- monitoring and evaluating the effectiveness of the Company's system of internal control and assessing the need for a separate internal audit function;
- the use of artificial intelligence (AI) technology and effectiveness of cyber security controls in place at the Manager; and
- 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.

External Audit

- the appointment and evaluation of the effectiveness and objectivity of the auditor, approval of their terms of engagement, and determining their remuneration;
- agreeing the nature and scope of the statutory audit, meeting regularly with the auditor to discuss any issues arising, and reviewing the auditor's findings;
- the policy on the provision of non-audit services by the auditor and the auditor's independence;
- the need to include the risk of the withdrawal of the auditor from the market in the Board's risk evaluation and planning; and
- meeting regularly with the auditor 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).

Compliance, whistleblowing and fraud

- the whistleblowing arrangements in place at the Manager and other service providers enabling staff to raise concerns about possible improprieties in confidence and 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 service providers of their adherence to the UK

Audit and Risk Committee Report (continued)

Bribery Act 2010, the Modern Slavery Act 2015, the Criminal Finances Act 2017 and sanctions element of the Economic Crime (Transparency and Enforcement) Act 2022.

Risk management and internal control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Audit & Risk 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. The diagram on page 42 illustrates the Company's internal control framework.

The Audit & Risk 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, specifying levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting;
- regular financial 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;
- contractual agreements with the Manager and all other third-party service providers. The Board reviews performance levels and adherence to relevant provisions of the agreements on a regular basis through reporting to the Board and the Management Engagement Committee conducts a formal evaluation of the overall level of service provided at least annually;
- the review of internal controls (including financial, operational and compliance controls) at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and the depositary, and reviews assurance reports on the effectiveness of the control environments at the Company's key service providers.
- review of additional reporting provided by:
  - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the Manager's 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 Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 December 2024 and is satisfied that it has not identified or been advised of any failings or weaknesses that have been determined as significant. 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

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 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.

External audit

Appointment and tenure of the auditor

Regulations currently in force require the Company to tender the statutory audit every ten years and rotate audit firms every 20 years. PwC was appointed as the auditor in 2016 following a formal tender process and presented their first report in respect of the year ended 31 December 2016. Jennifer March is the audit partner and has been in place for four years. Subject to the continuing agreement from shareholders on the appointment of the auditor, the Committee envisages carrying out an audit tender process in respect of the year-ending 31 December 2026 at the latest.

Auditor's independence

The Committee monitors the auditor's independence through three aspects of its work: the approval of a policy regulating the non-audit services that may be provided by the auditor to the Company, assessing the appropriateness of the fees paid to the auditor and reviewing the information and assurances provided by the auditor on their compliance with the relevant ethical standards. PwC has confirmed that all of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standards.

Audit and Risk Committee Report (continued)

Policy on the provision of non-audit services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditor. The policy sets out that the Company's auditor 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 auditor is 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 Committee, or the Committee Chairman, following due consideration of the proposed services. Since the appointment of PwC in 2016, the auditor has not provided any non-audit services to the Company.

Directors' statement as to disclosure of information to the auditor

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

Significant issues

In relation to the annual report for the year-ended 31 December 2024 the following significant issues were considered by the Committee:

Significant issues and audit matters	How it was addressed
Valuation and ownership of investments	The Directors have appointed the Manager, who outsources some of the administration and accounting services to BNP Paribas, 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, the Manager 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.
Recognition of income	Income received has been accounted for in line with the Company's accounting policies. The Board reviews revenue forecasts in support of the Company's future dividends at every meeting and reviews the allocation between revenue and capital for special dividends as necessary.
Investment trust status	The Committee reviews the Manager's procedures for complying with relevant regulations so as to ensure that the Company maintains its investment trust status and regularly seeks confirmation of compliance with the relevant regulations.
Maintaining internal controls	The Committee receives regular reports on internal controls from its key third party service providers and has access to the relevant personnel of the Manager 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.
Accounting for transaction with HDIV	The Committee considered the appropriateness of the accounting and disclosures in respect of the Company's combination with HDIV.
Ability to continue as a going concern (continuation vote)	The Committee considered the Company's ability to continue as a going concern in relation to the upcoming continuation vote at the AGM in May 2025.

Audit for the year-ended 31 December 2024

In the year under review the auditor challenged both the Manager's and the Board's judgments and exercised professional scepticism. The auditor required detailed evidence of all material 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 2024, 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
26 March 2025

Management Engagement Committee Report

Role

The Management Engagement Committee is responsible for formally evaluating the overall performance and continuing appointment of the Manager and other third-party service providers engaged by the Company.

Membership

The Committee is chaired by the Chairman of the Board. All the independent non-executive Directors are members of the Committee.

Meetings

The Committee meets at least once a year.

Responsibilities

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

- the investment performance of the Company, taking account of the benchmark and performance of competitors;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-end competitors and other, similar sized investment companies;
- the key clauses of the investment management agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, custodian, registrar, legal counsel and accountants.

Re-appointment of the Manager

Following completion of its reviews, the Committee concluded that the continued appointment of the incumbent Manager remained in the best interests of the Company and the shareholders, and therefore recommended to the Board the re-appointment of JHI for a further year.

Nominations & Remuneration Committee Report

Role

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.

The Committee also has responsibility for setting the Remuneration Policy and determining the remuneration for all the independent non-executive Directors within the parameters determined by shareholders.

Membership

The Committee is chaired by Zoe King, the Senior Independent Director. All the independent non-executive Directors are members of the Committee.

Meetings

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

Responsibilities

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

Nominations

- the composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each Director and whether they continued to contribute to the success of the Company;
- the outcomes of the Board performance evaluation with a view as to whether adjustments should be made to the number of Directors or knowledge and skills represented on the Board;
- the tenure of each of the Directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming complacent;
- the independence of the Directors taking account of the guidelines established by the AIC Code as well as the Directors' other commitments;
- the time commitment of the Directors and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board taking account of the tenure of the current Directors and recommendations of the AIC Code;
- the recruitment of a new non-executive Director; and
- the performance and contribution of the Directors standing for re-appointment at the 2025 Annual General Meeting.

Remuneration

- the Company's remuneration policy with a view to ensuring this continued to reflect market practice and enable the Company to attract and retain an appropriate calibre of director; and
- the individual remuneration of the Chairman, Chairman of the Audit and Risk Committee, Senior Independent Director and the other Directors, making appropriate recommendations to the Board based on their findings. The changes to the Directors' fees are set out in the Remuneration Report on page 49.

Annual performance evaluation

The Committee Chairman led the review of the annual performance evaluation process, including the review of the Chairman. The evaluation was conducted by way of a questionnaire circulated to each individual Director and the outcomes were presented to the Committee. In addition, the Chairman and Senior Independent Director held separate private discussions with each Director individually.

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.

Director recruitment

Zoe King has reached nine years of service as a Director and, in accordance with the Company's tenure policy, will be retiring at the conclusion of the 2025 AGM. A search has therefore taken place for a new non-executive Director.

Following a review of several specialist recruitment agencies, Cornforth Consulting Limited was appointed to assist in the search. No open advertising was used as the Committee believes that targeted recruitment is the optimal way of recruiting. Cornforth does not undertake any other services for the Company and has no connection with any of the Directors. The specification was for a candidate with a strong background in investment management, as well as a demonstrable understanding of UK listed company governance.

The Committee discussed the long list provided by Cornforth, and the preferred candidates were invited for interviews with the Board. The candidates' other commitments were considered as part of the process.

Following the conclusion of the process, the Committee recommended to the Board the appointment of Preeti Rathi as a non-executive Director.

Preeti was appointed with effect from 31 December 2024 and is deemed to be independent of the Manager.

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 UK 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 auditor is 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 and 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 the 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, the Chairman of the Audit and Risk Committee and the Senior Independent Director, 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 investment company 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 2023.

Following consideration, it was agreed that an increase of approximately 5.3% should be made with effect from 1 July 2024 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 Board agreed that the Senior Independent Director should be paid an additional fee with effect from 1 July 2024 to reflect the responsibility of the role.

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. There will be no significant change in the way that the Remuneration Policy will be implemented in the course of the next financial year.

Directors' Remuneration Report (continued)

Directors' interests in shares (audited)

	Ordinary shares of 5p	
	31 December 2024	1 January 2024
Beneficial		
Jeremy Rigg	**27,000**	27,000
Jonathan Silver	**30,000**	30,000
Zoe King	**9,000**	9,000
Francesca Ecsery	**6,655**	3,481
Preeti Rathi[1]	**–**	n/a
Non-Beneficial		
Richard Cranfield	**40,000**	30,000

1 Preeti Rathi was appointed to the Board on 31 December 2024

Since the Company's year-end Francesca Ecsery purchased 107 shares in the Company bringing her total beneficial holding to 6,762 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 2024	Rate from 1 July 2023	% increase
Chairman of the Board	**£45,000**	£42,750	5.3%
Chairman of the Audit & Risk Committee	**£36,000**	£34,200	5.3%
Senior Independent Director[1]	**£33,000**	n/a	–
Directors	**£30,000**	£28,500	5.3%

1 The Board agreed that the Senior Independent Director should be paid an additional fee with effect from 1 July 2024 to reflect the responsibility of the role

Directors' remuneration (audited)

The total remuneration paid to the Directors who served during the years-ended 31 December 2024 and 31 December 2023 was as follows:

	Year-ended 31 December 2024 Total fees £	Year-ended 31 December 2023 Total fees £	**Year-ended 31 December 2024 Expenses and taxable benefits £**	Year-ended 31 December 2023 Expenses and taxable benefits £	**Year-ended 31 December 2024 Total £**	Year-ended 31 December 2023 Total £
Jeremy Rigg (Chairman of the Board)	43,875	41,625	3,311	–	47,186	41,625
Jonathan Silver (Chairman of the Audit and Risk Committee)	35,100	33,300	–	–	35,100	33,300
Zoe King (Senior Independent Director)	30,750	27,750	–	–	30,750	27,750
Richard Cranfield	29,250	27,750	689	–	29,939	27,750
Francesca Ecsery	29,250	27,824	190	–	29,440	27,824
Total	**168,225**	**158,249**	**4,190**	**–**	**172,415**	**158,249**

The table above omits other columns because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made. Taxable benefits – Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings

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.

	2024 £	**2023 £**	**2019 £**	**1 year change £**	**1 year change %**	**5 year change £**	**5 year change %**
Total remuneration paid to Directors[1]	168,225	158,249	146,662	9,976	6.3%	21,563	14.7%
Ordinary dividends paid during the year	17,049,382	13,369,017	12,538,137	3,680,365	27.5%	4,511,245	36.0%

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

Directors' Remuneration Report (continued)

Annual percentage change in Directors' remuneration

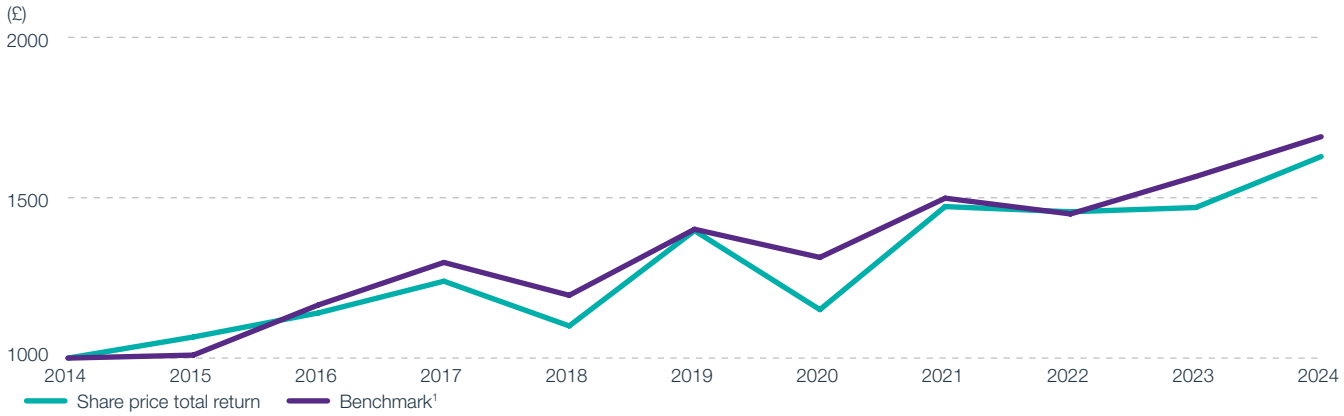
The table below sets out the annual percentage change in Directors' fees (excluding expenses paid) for the Directors for the last five years in respect of each Director who has served for a minimum of two financial years.

	Year to 31 December 2024 %	Year to 31 December 2023 %	Year to 31 December 2022 %	Year to 31 December 2021 %	Year to 31 December 2020 %
Jeremy Rigg[1]	5.4	6.7	20.8	31.8	1.0
Jonathan Silver	5.4	6.7	5.1	1.0	7.6
Zoe King[2]	10.8	6.7	5.1	1.0	1.0
Richard Cranfield[3]	5.4	6.7	5.1	21.0	n/a
Francesca Ecsery[4]	5.1	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 The increase in Mrs King's remuneration reflects the additional fee that the Board agreed should be paid for the role of Senior Independent Director with effect from 1 July 2024
3 Appointed to the Board on 1 March 2020
4 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 2024 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 2014 and the reinvestment of all dividends.



1 The benchmark is a composite of 80% of the FTSE All-Share Index and 20% of the ICE BofA Sterling Non-Gilts Index

Source: Morningstar Direct

Statement of voting at AGM

At the Company's last AGM held on 14 May 2024, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 December 2023. Shareholders approved the Directors Remuneration Policy at the AGM held on 16 May 2023 (shareholder approval of the policy is required every three years). 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	18,296,523	98.8	224,580	1.2	189,387
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
26 March 2025

Directors' Report

The Directors present their report and the Company's audited financial statements for the year-ended 31 December 2024.

The Corporate Governance Report, committee reports and additional information on pages 38 to 47 and 82 to 86, form part of the Directors' Report.

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. On 17 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 for 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. See note 23 on page 80 for further details.

During the year no further shares were issued or bought back. Therefore, at 31 December 2024 the number of ordinary shares in issue with voting rights was 172,141,700.

Between 1 January 2025 and 24 March 2025, being the last practicable date prior to the publication of this annual report, 960,130 shares were bought back and held in treasury. Accordingly, the number of shares in issue as at 24 March 2025 was 172,141,700, of which 960,130 were held in treasury. Therefore, the total voting rights in the Company at that date was 171,181,570.

The Company will seek authority from its shareholders at the 2025 AGM to renew its authority to allot shares up to 10% of the issued share capital and to buy back shares up to 14.99% of its issued share capital, in each case excluding treasury shares, as at the date of the 2025 AGM. Please refer to the Notice of Meeting that has been sent to shareholders with this report for further details. It 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 2025 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 49. 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 80.

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. The Chairman's Statement and Fund Manager's Report provide commentary on the outlook for the Company.

Annual General Meeting

The Annual General Meeting will be held on **Tuesday, 13 May 2025 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.

UK Listing Rule 6.6.4

UK Listing Rule 6.6.4 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 UK Listing Rule 6.6.1(6), 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
26 March 2025

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 36 to 37, 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.

On behalf of the Board

Jeremy Rigg
Chairman
26 March 2025

Financial Statements



Independent Auditor's 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 2024 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 2024 (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2024; the Income Statement, the Statement of Changes in Equity, the Statement of Cash Flows 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 (the "Administrator") to whom the Directors have delegated the provision of all 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 the Manager and Administrator and adopted a fully substantive testing approach using reports obtained from the Manager and Administrator.

Key audit matters	• Valuation and existence of investments. • Accuracy, occurrence and completeness of income from investments. • Ability to continue as a going concern (Continuation Vote). • Accounting treatment applied on initial recognition of the acquisition of assets from Henderson Diversified Income Trust plc.
Materiality	• Overall materiality: £3,032,070 (2023: £2,223,420) based on 1% of Net Assets. • Performance materiality: £2,274,053 (2023: £1,667,565).

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 Auditor's 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.

Ability to continue as a going concern (Continuation Vote) and Accounting treatment applied on initial recognition of the acquisition of assets from Henderson Diversified Income Trust plc are new key audit matters this year. Otherwise, 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 Policies and the Notes to the Financial Statements. The investment portfolio at 31 December 2024 comprised equity investments of £326.9 million and fixed interest instruments valued at £39.8 million (£366.8 million in 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 equity investments and fixed interest instruments by agreeing the prices used in the valuation to independent third-party sources; and • We tested the existence of all investments, by agreeing investment holdings at 31 December 2024 to an independent custodian confirmation. No material misstatements were identified from this testing.
Accuracy, occurrence and completeness of income from investments Refer to the Report of the Audit and Risk Committee, Accounting Policies and the Notes to the Financial Statements. We focused on the accuracy, completeness and occurrence of dividend income and fixed interest income recognition as incomplete 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 judgement 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 understood and assessed the design and implementation of key controls surrounding income recognition. We performed the below audit procedures for a sample of dividends recorded by the Company: • We tested the accuracy of dividend income by agreeing the dividend rates from investments to independent third party sources; • We tested occurrence of dividend income, by testing that dividend income recorded in the year had been declared in the market by investment holdings and we traced a sample of dividends received to bank statements; and • To test for completeness, we tested, for a sample of investment holdings in the portfolio, that all dividends declared in the market for these holdings had been recorded. We have no matters to report as a result of this testing. For fixed interest income recorded by the Company, we have tested a sample of interest income for the year by obtaining the bond standing data and completing the below; • 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. We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We have no matters to report as a result of this testing.

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

Key audit matter	How our audit addressed the key audit matter
Ability to continue as a going concern (Continuation Vote) Refer to the Going Concern section in the Directors' Report and the Viability Statement in the Strategic Report. A Continuation Vote is due to take place at the 2025 Annual General Meeting, which, if passed, will allow the Company to continue as an investment trust for a further five years. The Directors have considered and assessed the potential impact of the Continuation Vote on the ability of the Company to continue as a going concern. The Directors have concluded, based on their assessment and discussions with key investors, that they have no reason to believe that the shareholders will not vote for continuation. As such, they are satisfied that the Company will be able to continue its operations and meet its liabilities as they fall due for a period of at least 12 months from the date of approving the financial statements.	The procedures we performed and our conclusions on going concern are included in the Conclusions relating to going concern section below.
Accounting treatment applied on initial recognition of the acquisition of assets from Henderson Diversified Income Trust plc Refer to the Strategic Report, Directors' Report and Notes to the financial statements. There is an inherent risk due to the significant size and one off nature of the merger with Henderson Diversified Income Trust plc that the accounting on initial recognition is not in compliance with FRS 102 or does not reflect the approved agreement between the Company and Henderson Diversified Income Trust plc.	We assessed the accounting treatment to confirm the appropriateness as an acquisition of assets rather than a Business combination under section 19 of FRS 102. We reviewed the supporting documents and relevant board approvals, which included Board minutes, Circulars and Regulatory News Service (RNS) announcements per the London Stock Exchange, for consistency with the disclosures in the financial statements. We verified the accuracy of the number of shares expected to have been issued based on the agreed upon method per the circular and 'Companies Act s593 report'. We tested a sample of purchases of investments made as part of the transfer of assets to agree the existence of shares held at the transfer date and to confirm the price paid on the transfer date to verify the relevant book cost. We tested a sample of costs incurred (where material) as part of the transfer of assets to assess accounting treatment as at year end. Based on the audit procedures performed and evidence obtained, we concluded that the acquisition of assets from Henderson Diversified Income Trust plc has been appropriately accounted for.

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

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

with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the extent of the potential impact of climate risk on the Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. 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	£3,032,070 (2023: £2,223,420).
How we determined it	1% of Net Assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis.

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% (2023: 75%) of overall materiality, amounting to £2,274,053 (2023: £1,667,565) for the Company 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 at the upper 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 £152,000 (2023: £111,000) 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 including the wider macroeconomic uncertainty;
- 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
- reviewing the Directors' assessment of going concern in relation to the passing of the continuation vote, including assessing the stability of the shareholder register, engagement with key shareholders with regards to shareholders voting intentions, the financial performance of the Company compared to its benchmark and the result of previous continuation votes.

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.

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

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 Directors' Report, 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 Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2024 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 Directors' Report.

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;
- 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

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

- 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 statement 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, 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 breaches of section 1158 of 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:

- 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 where applicable;
- reviewing relevant meeting minutes, including those of the Audit and Risk Committee and the Board of Directors;
- assessing 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; and

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

- identifying and testing year-end journal entries, in particular any material manual journal entries posted during the preparation of the financial statements.
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- 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 nine years, covering the years ended 31 December 2016 to 31 December 2024.

Jennifer March (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 March 2025

Income Statement

Notes		Year-ended 31 December 2024 Revenue return £'000	Capital return £'000	Total £'000	Year-ended 31 December 2023 Revenue return £'000	Capital return £'000	Total £'000
2	Gains on investments held at fair value through profit or loss	–	11,155	11,155	–	10,620	10,620
3	Income from investments held at fair value through profit or loss	20,513	–	20,513	14,859	–	14,859
4	Other interest receivable and similar income	313	–	313	538	–	538
	Gross revenue and capital gains	**20,826**	**11,155**	**31,981**	**15,397**	**10,620**	**26,017**
5	Management fee	(666)	(999)	(1,665)	(565)	(846)	(1,411)
6	Other administrative expenses	(618)	–	(618)	(456)	–	(456)
	Net return before finance costs and taxation	**19,542**	**10,156**	**29,698**	**14,376**	**9,774**	**24,150**
7	Finance costs	(903)	(2,709)	(3,612)	(646)	(1,938)	(2,584)
	Net return before taxation	**18,639**	**7,447**	**26,086**	**13,730**	**7,836**	**21,566**
8	Taxation on net return	(338)	229	(109)	(247)	101	(146)
	Net return after taxation	**18,301**	**7,676**	**25,977**	**13,483**	**7,937**	**21,420**
9	Return per ordinary share	10.74p	4.50p	15.24p	10.39p	6.11p	16.50p

The total columns of this statement represent the Income Statement of the Company.

All capital and revenue items derive from continuing operations. Although no operations were acquired or discontinued during the period, see note 23 for further details on the HDIV transaction.

The Company has no other comprehensive income other than those items recognised in the Income Statement.

The notes on pages 65 to 80 form part of these financial statements

Statement of Changes in Equity

Notes	Year-ended 31 December 2024	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 2024	6,490	128,827	26,302	51,807	8,916	222,342
	Net return after taxation	–	–	–	7,676	18,301	25,977
10	Dividends paid	–	–	–	–	(17,031)	(17,031)
16,17	Issue of shares on the HDIV transaction	2,117	69,949	–	–	–	72,066
17	Issue costs of HDIV transaction	–	(3)	–	–	–	(3)
17	Listing fees in respect of the new shares issued following the HDIV transaction	–	(144)	–	–	–	(144)
	At 31 December 2024	**8,607**	**198,629**	**26,302**	**59,483**	**10,186**	**303,207**

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**

The notes on pages 65 to 80 form part of these financial statements

Statement of Financial Position

Notes		At 31 December 2024 £'000	At 31 December 2023 £'000
	Fixed assets		
11	Investments held at fair value through profit or loss	366,790	270,007
	Current assets		
12	Debtors	2,323	2,092
	Cash at bank and in hand	2,493	1,990
		4,816	**4,082**
13	Creditors: amounts falling due within one year	(48,520)	(31,880)
	Net current liabilities	**(43,704)**	**(27,798)**
	Total assets less current liabilities	**323,086**	**242,209**
14	Creditors: amounts falling due after more than one year	(19,879)	(19,867)
	Net assets	**303,207**	**222,342**
	Capital and reserves		
16	Called up share capital	8,607	6,490
17	Share premium account	198,629	128,827
17	Capital redemption reserve	26,302	26,302
17	Other capital reserves	59,483	51,807
17	Revenue reserve	10,186	8,916
	Total shareholders' funds	**303,207**	**222,342**
18	**Net asset value per ordinary share**	176.14p	171.30p

The financial statements and corresponding notes on pages 61 to 80 were approved by the Board on 26 March 2025 and signed on its behalf by:

Jeremy Rigg
Chairman

The notes on pages 65 to 80 form part of these financial statements

Statement of Cash Flows

	Year-ended 31 December 2024 £'000	Year-ended 31 December 2023 £'000
Cash flows from operating activities		
Net return before taxation	26,086	21,566
Add back: finance costs	3,612	2,584
Less gains on investments held at fair value through profit or loss	(11,155)	(10,620)
Withholding tax on dividends deducted at source	(109)	(146)
Increase in debtors	(231)	(164)
Decrease in creditors	(282)	(337)
Net cash inflow from operating activities[1]	**17,921**	**12,883**
Cash flows from investing activities		
Sales of investments held at fair value through profit or loss	101,287	66,925
Purchases of investments held at fair value through profit or loss	(147,956)	(67,282)
Net cash outflow from investing activities	**(46,669)**	**(357)**
Cash flows from financing activities		
Net cash acquired and received following the HDIV transaction	32,586	–
Listing fees in respect of the new shares issued following the HDIV transaction	(144)	–
Issue costs in respect of the HDIV transaction	(3)	–
Equity dividends paid	(17,031)	(13,355)
Drawdown of loans	17,932	1,649
Interest paid	(3,600)	(2,575)
Net cash inflow/(outflow) from financing activities	**29,740**	**(14,281)**
Net increase/(decrease) in cash and cash equivalents	**992**	**(1,755)**
Cash and cash equivalents at beginning of year	1,990	2,873
Exchange movements	(489)	872
Cash and cash equivalents at end of year	**2,493**	**1,990**
Comprising:		
Cash at bank	**2,493**	**1,990**

1 Cash inflow from dividends was £18,236,000 (2023: £13,528,000) and cash inflow from interest was £1,904,000 (2023: £1,395,000)

The notes on pages 65 to 80 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. The Directors have considered the substance of the combination with HDIV in determining whether this represents the acquisition of a business. In this case the combination is not judged to be an acquisition of a business, and therefore has not been treated as a business combination in accounting terms. Investments and cash were transferred from HDIV in exchange for shares issued by the Company, which have been recognised in share capital and share premium, as shown in the Statement of Changes in Equity. Further detail is set out in note 23.

c) Going concern

The Directors have considered the liquidity of the portfolio and concluded that the assets of the Company consist of securities that are readily realisable. They have also considered the impact of the risks associated with 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 the Company is able to meet its financial obligations, including the repayment of the bank loan, as they fall due for a period to 26 March 2026, which is at least 12 months from the date of the approval of the financial statements.

The Company's shareholders are asked every five years to vote on the continuation of the Company. An ordinary resolution to this effect will be put to shareholders at the AGM in 2025 and the Board has no reason to believe that this resolution will not be passed. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

e) Capital gains and losses

Profits or losses on disposal on 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.

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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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.

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 policies 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 62 and Note 10 on pages 70 to 71.

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 on investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Gains on the sale of investments based on historical cost	5,815	4,360
Revaluation gains recognised in previous years	(2,211)	(2,523)
Gains on investments sold in the year based on carrying value at previous Statement of Financial Position date	**3,604**	**1,837**
Net movement on revaluation of investments	7,046	7,722
Effective yield movement	(16)	38
Exchange gains	521	1,023
	11,155	**10,620**

3 Income from investments held at fair value through profit or loss

	2024 £'000	2023 £'000
UK dividend income – listed	14,946	10,612
UK dividend income – special dividends	189	119
	15,135	**10,731**
Interest income – listed	2,058	1,328
Overseas and other dividend income – listed	3,162	2,678
Overseas and other dividend income – special dividends	158	122
	5,378	**4,128**
	20,513	**14,859**

4 Other interest receivable and similar income

	2024 £'000	2023 £'000
Deposit interest	96	84
Traded option premiums	202	454
Underwriting commission	15	–
	313	**538**

5 Management fee

	2024			2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Management fee	**666**	**999**	**1,665**	**565**	**846**	**1,411**

A summary of the terms of the Investment Management Agreement is on page 26. An explanation of the split between revenue and capital is contained in Note 1g on page 66.

Notes to the Financial Statements (continued)

6 Other administrative expenses

	2024 £'000	2023 £'000
Directors' fees (please refer to the Directors' Remuneration Report on page 49)	168	158
Auditor's remuneration – for audit services (excluding VAT)	54	45
Depositary fees	33	23
Registrar fees	23	22
Sales and marketing expenses payable to the Manager	114	44
Listing fees	39	35
Printing and postage fees	22	24
Legal and professional fees	96	46
AIC subscriptions	19	17
Other expenses	50	42
	618	**456**

7 Finance costs

	2024			2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Interest on bank loans repayable within one year	717	2,150	2,867	461	1,383	1,844
Interest on senior unsecured note	186	559	745	185	555	740
	903	**2,709**	**3,612**	**646**	**1,938**	**2,584**

8 Taxation on net return

	2024			2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Overseas withholding tax	109	–	109	146	–	146
Tax relief on management expenses allocated to capital	229	(229)	–	101	(101)	–
Total current tax charge for the year	**338**	**(229)**	**109**	**247**	**(101)**	**146**

a) Factors affecting tax charge for the year

The UK corporation tax rate is 25% (2023 – effective rate 23.5%). The tax charge for the year is lower than the corporation tax rate. The differences are explained below:

	2024			2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net revenue before taxation	**18,639**	**7,447**	**26,086**	13,730	7,836	21,566
Corporation tax of 25% (2023: 23.5%)	4,660	1,862	6,522	3,227	1,841	5,068
Effects of:						
– UK dividends	(3,733)	–	(3,733)	(2,500)	–	(2,500)
– Non–taxable overseas dividends	(698)	–	(698)	(554)	–	(554)
– Utilised excess management expenses	(229)	927	698	(173)	654	481
– Tax relief on management expenses allocated to capital	229	(229)	–	101	(101)	–
– Irrecoverable overseas withholding tax	109	–	109	146	–	146
– Gains on investments held at fair value	–	(2,789)	(2,789)	–	(2,495)	(2,495)
Total current tax charge for the year	**338**	**(229)**	**109**	**247**	**(101)**	**146**

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 £6,816,000 (2023: £6,118,000) based on a prospective tax rate of 25% (2023: 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 for the year

Profit attributable per ordinary share figure is based on the return attributable to the ordinary shares of £25,977,000 (2023: £21,420,000) and on the 170,406,232 weighted average number of ordinary shares in issue during the year (2023: 129,796,278).

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:

	2024 £'000	2023 £'000
Net revenue return	18,301	13,483
Net capital return	7,676	7,937
Profit for the year	**25,977**	**21,420**
Weighted average number of ordinary shares	**170,406,232**	**129,796,278**
Revenue return per ordinary share	10.74p	10.39p
Capital return per ordinary share	4.50p	6.11p
Profit attributable per ordinary share	**15.24p**	**16.50p**

10 Dividends paid on ordinary shares

	Payment date	**2024 £'000**	2023 £'000
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
Fourth interim dividend (2.625p per share) for the year ended 31 December 2023	26 January 2024	3,407	–
First interim dividend (2.625p per share) for the year ended 31 December 2024	26 April 2024	4,519	–
Second interim dividend (2.625p per share) for the year ended 31 December 2024	26 July 2024	4,519	–
Third interim dividend (2.675p per share) for the year ended 31 December 2024	25 October 2024	4,605	–
Unclaimed dividends		(19)	(13)
		17,031	**13,355**

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, which sets out the maximum income that an investment trust can retain in any financial year, are set out below:

	2024 £'000	2023 £'000
Revenue available for distribution by way of dividend for the year	18,301	13,483
First interim dividend of 2.625p (2023: 2.575p)	(4,519)	(3,342)
Second interim dividend of 2.625p (2023: 2.575p)	(4,519)	(3,342)
Third interim dividend of 2.675p (2023: 2.575p)	(4,605)	(3,342)
Fourth interim dividend 2.675p (2023: 2.625p)	(4,605)	(3,407)
Transfer to revenue reserve	**53**	**50**

In accordance with FRS 102, 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

	2024 £'000	2023 £'000
Valuation at 1 January	270,007	260,053
Investment holding gains at 1 January	(30,933)	(25,734)
Cost at 1 January	**239,074**	**234,319**
Purchases at cost	147,956	67,282
Assets acquired in relation to the HDIV transaction	39,480	–
Sales at cost	(95,488)	(62,527)
Cost at 31 December	**331,022**	**239,074**
Investment holding gains at 31 December	35,768	30,933
Valuation of investments at 31 December	**366,790**	**270,007**

Total transaction costs amounted to £677,000 (2023: £257,000) of which purchase transaction costs for the year-ended 31 December 2024 were £654,000 (2023: £238,000). Sale transaction costs for the year-ended 31 December 2024 were £23,000 (2023: £19,000). These comprise mainly stamp duty (purchases only) and commissions. The increased level of transaction costs was due to the transaction with HDIV and the investment 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. See note 23 on page 80 for further details.

The Company received £101,288,000 (2023: £66,925,000) from investments sold in the year. The book cost of these investments when they were purchased was £95,488,000 (2023: £62,527,000). 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

	2024 £'000	2023 £'000
Taxation recoverable	532	565
Prepayments and accrued income	1,791	1,527
	2,323	**2,092**

Notes to the Financial Statements (continued)

13 Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank loans	47,561	30,639
Accruals and deferred income	959	1,241
	48,520	**31,880**

As at 31 December 2024 the Company had short term multi-currency loans under the BNP Paribas, London Branch loan facility amounting to £47,561,000, repayable in January and February 2025 (2023: £30,639,000, repayable January and February 2024).

The average interest rate payable on these loans was 4.91% (2023: 5.61%). Please refer to the Financial Calendar on page 86 for the senior unsecured note interest payment dates.

14 Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Senior unsecured note	19,879	19,867
	19,879	**19,867**

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 76. See the Financial Calendar on page 86 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 (see page 23). 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 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).

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.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

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.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure as at 31 December 2024 and 2023 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.

2024	EUR £'000	US$ £'000	SEK £'000
Cash and cash equivalents	69	50	–
Bank loans	(15,160)	(8,161)	–
Total foreign currency exposure on net monetary items	**(15,091)**	**(8,111)**	**–**
Investments at fair value through profit or loss that are equities	28,427	15,639	4,316
Total net foreign currency exposures	**13,336**	**7,528**	**4,316**

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**	**–**

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 £3,378,000 (2023: £2,844,000). If sterling appreciates against the currencies shown by 10%, the impact on the total return and net assets would be (£2,764,000) (2023: (£2,327,000)).

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.

See the Financial Calendar on page 86 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)

	2024			2023		
	Within one year £'000	**More than one year £'000**	**Total £'000**	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash at bank	2,493	–	2,493	1,990	–	1,990
Creditors – within one year:						
Borrowings under multi-currency loan facility	(47,715)	–	(47,715)	(30,771)	–	(30,771)
	(45,222)	**–**	**(45,222)**	**(28,781)**	**–**	**(28,781)**
Exposure to fixed interest rates:						
Investments held at fair value through profit or loss	5,400	34,451	39,851	4,904	28,310	33,214
Creditors – more than one year:						
Senior unsecured note[1]	(745)	(26,595)	(27,340)	(740)	(27,334)	(28,074)
Total exposure to interest rates	**(40,567)**	**7,856**	**(32,711)**	**(24,617)**	**976**	**(23,641)**

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 (2023: 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 4.91% at 31 December 2024 (2023: 5.61%);
- interest paid on the senior unsecured note is at a rate of 3.67% (2023: 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 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 £47,561,000 (2023: £30,639,000) (see note 13 on page 72) 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 £476,000 (2023: £306,000); 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 £39,851,000 (2023: £33,214,000), and it has a modified duration (interest rate sensitivity) of approximately 8.0 years (2023: 5.8 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 £3,985,000 (2023: £3,321,000), 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.

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 2024 the Company had no open positions (2023: no open positions).

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.3 Other price risk (continued)

Concentration of exposure to other price risks

An analysis of the Company's investment portfolio is shown on pages 17 to 19. 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 (see 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.

	2024		2023	
	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	(55)	55	(40)	40
Capital return	36,551	(36,551)	26,906	(26,906)
Net return after tax for the year	**36,496**	**(36,496)**	**26,866**	**(26,866)**
Equity shareholders' funds	**36,496**	**(36,496)**	**26,866**	**(26,866)**

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 £60 million with BNP Paribas, London Branch which will expire on 19 December 2025 (2023: £45 million) This facility has an accordion of £25 million allowing the Company to borrow up to £85 million.

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:

	2024 Due within three months £'000	2023 Due within three months £'000
Bank loans	47,561	30,639
Other creditors and accruals	959	1,241
	48,520	**31,880**

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	2024 %	2023 %
AA	15.0	32.9
A	3.4	6.7
BBB	33.7	22.3
BB	25.7	20.8
B	12.3	4.8
Not rated	9.9	12.5
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 2024 the fair value of the senior unsecured note has been estimated to be £17,722,000 (2023: £18,696,000) 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 5-10 Year A Sterling Non-Gilt Index and the redemption yield of the ICE BofA 5-10 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 65.

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 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	326,939	–	–	326,939
Fixed interest instruments:				
Preference shares	4,273	–	–	4,273
Other	35,578	–	–	35,578
Total	**366,790**	**–**	**–**	**366,790**

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**

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 £370,647,000 (2023: £272,848,000).

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 2024	129,796,278	129,796,278	6,490
Issued during the year	42,345,422	42,345,422	2,117
At 31 December 2024	**172,141,700**	**172,141,700**	**8,607**

	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**

On 17 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.

No further shares were issued during the year under review (year-ended 31 December 2023: nil). At 31 December 2024 there were 172,141,700 ordinary shares of 5p nominal value in issue. Between 1 January 2025 and 24 March 2025, being the last practicable date prior to the publication of this annual report, 960,130 shares were bought back and held in treasury. Accordingly, the number of shares in issue as at 24 March 2025 was 172,141,700, of which 960,130 were held in treasury. Therefore, the total voting rights in the Company at that date was 171,181,570.

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 2024	128,827	26,302	20,897	30,910	8,916
Transfer on disposal of investments	–	–	2,211	(2,211)	–
Net profit on investments	–	–	3,604	7,030	–
Foreign exchange gains	–	–	521	–	–
Management fee and finance costs charged to capital	–	–	(3,708)	–	–
Tax relief thereon	–	–	229	–	–
Net return after taxation	–	–	–	–	18,301
Dividends paid	–	–	–	–	(17,031)
Issue of shares on the HDIV transaction	69,949	–	–	–	–
Issue costs in respect of the HDIV transaction	(3)	–	–	–	–
Listing fees in respect of the new shares issued following the HDIV transaction	(144)	–	–	–	–
At 31 December 2024	**198,269**	**26,302**	**23,754**	**35,729**	**10,186**

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 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**

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 £23,754,000 as at 31 December 2024 (2023: £20,897,000). 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 £10,186,000 as at 31 December 2024 (2023: £8,916,000).

18 Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £303,207,000 (2023: £222,342,000) and on the 172,141,700 ordinary shares in issue at 31 December 2024 (2023: 129,796,278).

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

	2024 £'000	2023 £'000
Net assets at start of year	222,342	214,277
Total net return after taxation	25,977	21,420
Dividends paid in the year	(17,031)	(13,355)
Issue of shares on the HDIV transaction	72,066	–
Issue costs in respect of the HDIV transaction	(3)	–
Listing fees in respect of the new shares issued following the HDIV transaction	(144)	–
	303,207	**222,342**

19 Contingent liabilities

There were no partly paid shares or underwriting commitments or any other contingent liabilities at 31 December 2024 (2023: 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 2024	1,990	(30,639)	(19,867)	(48,516)
Cash flows	992	(17,932)	–	(16,940)
Exchange movements	(489)	1,010	–	521
Non cash flow:				
Effective interest movements	–	–	(12)	(12)
Net debt as at 31 December 2024	**2,493**	**(47,561)**	**(19,879)**	**(64,947)**

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 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)**

21 Transactions with Janus Henderson and related parties

Under the terms of an agreement effective from 28 August 2024 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 to provide accounting and administration services. Details of the management fee arrangements for these services are given in the Strategic Report on page 26.

The total fees paid or payable under this agreement to Janus Henderson in respect of the year ended 31 December 2024 were £1,665,000 (2023: £1,411,000), of which £421,000 was outstanding as at 31 December 2024 (2023: £715,000). See the Directors' Remuneration Report on page 49 and Note 6 on page 69 for the fees paid to the Directors.

During the period Janus Henderson contributed £442,000 towards the costs incurred in relation to the transaction with HDIV.

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 2.675p per ordinary share, in respect of the year ending 31 December 2025. This will be paid on 25 April 2025 to holders registered at the close of business on 4 April 2025. This dividend is to be paid from the Company's revenue account. The Company's shares will become ex-dividend on 3 April 2025.

23 Transaction with Henderson Diversified Income Trust plc (HDIV)

On 16 January 2024, the Company announced that it had acquired £72.1 million of net assets from HDIV in consideration for the issue of 42,345,422 new ordinary shares as part of a recommended section 110 scheme under the Insolvency Act 1986.

	£'000
Net assets acquired	
Investments and accrued income	39,480
Cash	32,586
Net assets	**72,066**
Satisfied by the value of new ordinary shares issued	**72,066**

There were no fair value adjustments of the combination made to the above figures.

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 2024	174.72	162.50	(6.99)
At 31 December 2023	169.58	156.50	(7.71)

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 71) and equity shareholders' funds (see Statement of Financial Position) and dividing by equity shareholders' funds and multiplying by 100.

		2024	2023
Investments held at fair value through profit or loss (£'000) (page 71)	(A)	366,790	270,007
Net assets (£'000) (page 63)	(B)	303,207	222,342
Gearing (C = A/B -1) (%)	(C)	21.0	21.4

NAV with debt at par and fair value

	2024 £'000	2023 £'000
Investments held at fair value through profit or loss (see note 11)	366,790	270,007
Current assets (see page 63)	4,816	4,082
Creditors: amounts falling due within one year (see note 13)	(48,520)	(31,880)
Creditors: amounts falling due after more than one year (see note 14)	(19,879)	(19,867)
NAV with debt at par (A)	**303,207**	**222,342**
Less: fair value of senior unsecured note (see note 15.4)	(17,722)	(18,696)
Add back: amortised cost of senior unsecured note	19,879	19,867
NAV with debt at fair value (B)	**305,364**	**223,513**
Ordinary shares in issue (see note 16) (C)	**172,141,700**	**129,796,278**
NAV per ordinary share with debt at par (see page 63) (A/C x 100) (p)	**176.14**	**171.30**
NAV per ordinary share with debt at fair value (B/C x 100) (p)	**177.39**	**172.20**

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.

	2024 £'000	2023 £'000
Management fee	1,665	1,411
Other administrative expenses (note 6)	618	456
Less: non-recurring expenses	(59)	(4)
Ongoing charge	**2,224**	**1,863**
Average net assets[1]	**300,583**	**217,464**
Ongoing charge ratio	**0.74%**	**0.86%**

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

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 page 70.

	NAV (with debt at fair value)	Share price
NAV/Share price per share at 31 December 2023 (pence)	169.58	156.50
NAV/Share price per share at 31 December 2024 (pence)	174.72	162.50
Change in the year (%)	3.0	3.8
Impact of dividends reinvested (%)	6.2	6.7
Total return for the year (%)[1]	**9.4**	**10.8**

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 2024	31 December 2023
Annual dividend (pence)	(A)	10.60	10.35
Share price (pence)	(B)	162.50	156.50
Yield (C=A/B) (%)	(C)	6.5	6.6

General Shareholder Information

AIFMD disclosures and remuneration

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of Janus Henderson, as the Company's 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 called 'AIFMD Disclosures' which can be found on the Company's website.

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 86), 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 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 or larger type as appropriate.

A 'typetalk' operator, provided by the Royal National Institute for Deaf People, is available to support speech and hearing-impaired people to make telephone calls. Please 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 intended to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. The Company makes an annual assessment, before the FATCA return is due, to determine whether the shares represent financial accounts. Where they do, US reportable accounts are notified to the local tax authority 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.

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 and the market prices of the Company's shares are published daily in the Financial Times, the Daily Telegraph and 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.investorcentre.co.uk.

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.

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: 020 7818 1818

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: WebCorres@computershare.co.uk

Investors with share certificates (i.e. not those in a share plan or ISA) can check their holdings at www.investorcentre.co.uk.

Independent Auditor

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Financial Calendar

Annual General Meeting	Tuesday, 13 May 2025
First interim dividend payment	Friday, 25 April 2025
Second interim dividend payment	Friday, 25 July 2025
Third interim dividend payment	Friday, 24 October 2025
Fourth interim dividend payment	Friday, 30 January 2026
Half year results announced	September 2025
Senior unsecured note interest payment dates	8 July 2025
	8 January 2026

Information Sources

For more information about the Company, visit:
www.hendersonhighincome.com

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

Follow the Janus Henderson Investment Trusts on LinkedIn – Janus Henderson Investment Trusts, UK

Investing

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

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

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

www.hendersonhighincome.com



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Janus Henderson
INVESTORS

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The Association of
Investment Companies

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