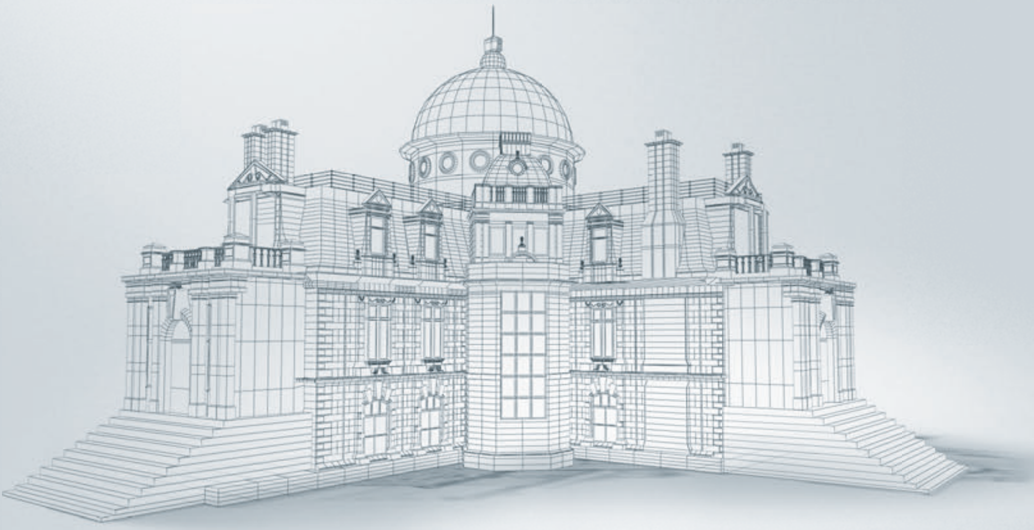
HENDERSON HIGH INCOME TRUST PLC

Update for the half-year ended 30 June 2018



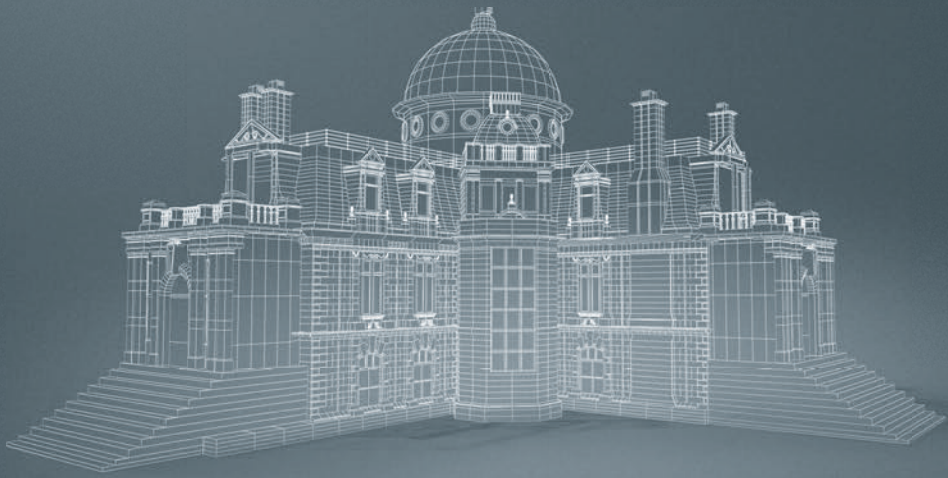
INVESTMENT WEEK
INVESTMENT COMPANY OF THE YEAR AWARDS 2017
WINNER
UK EQUITY & BOND INCOME
HENDERSON HIGH INCOME

moneywise Investment Trust awards 2017
WINNER
UK EQUITY & BOND INCOME
Henderson High Income

Janus Henderson
INVESTORS

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.



This update contains material extracted from the unaudited half-year results of the Company for the six months ended 30 June 2018. The unabridged results for the half-year are available on the Company's website:

www.hendersonhighincome.com

The image represents the Greenwich Royal Observatory, London

Performance highlights

Total return performance for the six months ended 30 June 2018

NAV[1]	Benchmark[2]	Share Price
-1.6%	+1.1%	-2.7%

NAV per share[3]

30 Jun 2018	187.5p
31 Dec 2017	195.7p

Discount to NAV (debt at fair value)

30 Jun 2018	4.0%
31 Dec 2017	2.9%

Mid-market price per share

30 Jun 2018	180.0p
31 Dec 2017	190.0p

Dividend yield

30 Jun 2018	5.3%
31 Dec 2017	4.9%

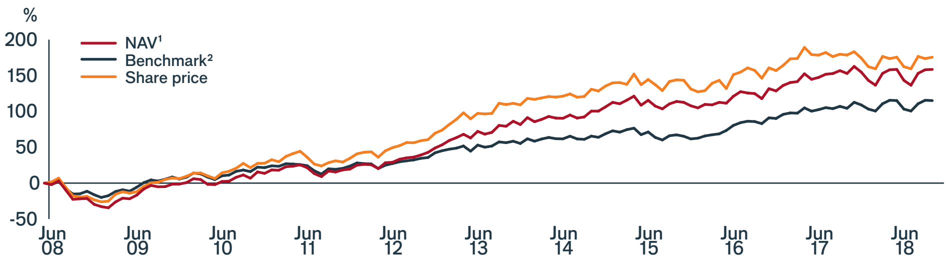
Net assets

30 Jun 2018	£246.7m
31 Dec 2017	£257.2m

Gearing

30 Jun 2018	21.4%
31 Dec 2017	21.0%

Total return performance over the ten years to 30 June 2018



[1] Net asset value total return (including dividends reinvested and excluding transaction costs) with debt at fair value.
[2] A composite of 80% of the FTSE All-Share Index (total return) and 20% of the ICE BofAML Sterling Non-Gilts Index (total return) rebalanced annually
[3] Net asset value per share with debt at fair value as published by the AIC
Sources: Morningstar for the AIC, Janus Henderson and Datastream

Chairman's Statement

Performance

Following a year of strong positive UK equity returns in 2017, the Company's net asset value total return (with debt at fair value) fell by 1.6% during the first six months of 2018. This compares with the Company's benchmark which rose marginally by 1.1% for the half-year, masking a significant market fall in the first quarter and subsequent rally during the second quarter. The discount at which the Company's shares traded to their net asset value (with debt at fair value) widened from 2.9% at 31 December 2017 to 4.0% at the end of this period, giving shareholders a total return of -2.7%. While the more recent fall in the Company's share price is disappointing, it should be viewed in the context of the Company's longer term track record which remains strong. As at 30 June 2018 the dividend yield on the Company's share price of 5.3% outstripped the 3.6% yield on the FTSE All-Share Index.

Gearing

In June 2018 we signed a new two year multi-currency loan facility of up to £57 million at an improved margin over LIBOR with our existing lender, Scotiabank. Our gearing policy, as set out in our Annual Report for the year ended 31 December 2017, remains unchanged. The ability to borrow differentiates closed-ended investment companies from their open-ended counterparts and, when applied judiciously, provides the potential for generating additional income and enhancing total returns to shareholders. The level of gearing employed by the Company over the period has remained fairly constant and was 21.4% at 30 June 2018 (21.0% at 31 December 2017). Approximately half of the borrowing is still being used to finance the Company's fixed interest holdings which currently represent nearly 10% of the investment portfolio and effectively yield 4.5% compared to the Company's average cost of borrowing of 2.2%.

Dividends

The first interim dividend of 2.375p per share was paid on 27 April 2018 and the second interim dividend for the same amount will be paid on 27 July 2018. Although the UK economy still faces significant economic and political challenges in the coming months, we still have confidence in our investee companies' ability to sustain and grow their underlying earnings. Therefore, I am pleased to announce that we have declared an increase in the third interim dividend to 2.425p for this financial year. This third interim dividend will be paid on 26 October 2018.

Board of Directors

Following many years of service to the Company, Andrew Bell retired from the Board at the Annual General Meeting in May. The Board and the Company benefited enormously from Andrew's commitment and guidance over the years and we wish him well for the future.

We are delighted that Jeremy Rigg joined the Board as a Director in April. More detail on Jeremy's investment skills and experience can be found in the last Annual Report.

Outlook

While global equity markets have recovered from their sharp falls earlier in the year, considerable uncertainty still remains ahead. In the US President Trump continues to court controversy and fears of an escalating tit-for-tat trade war have risen following his introduction of specific trade tariffs, particularly aimed at China. That said, current global economic growth is still relatively strong and inflationary pressures are beginning to prompt some central banks to consider increasing interest rates gradually, with the Federal Reserve leading the way. However, inflation in Japan and the Eurozone remains low.

Given the slow progress on Brexit negotiations and the recent sluggish performance of the UK economy, UK equities are still generally unpopular with international investors and sentiment is particularly negative towards domestic facing companies in this environment. This continues to provide our Fund Manager, David Smith, with some interesting opportunities to select overlooked, lower valued companies with solid cash generative business models. We have every confidence in David's ability to identify such companies to add to the Company's well diversified portfolio.

Margaret Littlejohns
Chairman
24 July 2018

Fund Manager's report

Markets

Although the FTSE All-Share Index returned +1.7% during the first half of the year, it masked a distinct increase in volatility with the UK market down almost 10% in the first quarter before staging a strong recovery in Q2. Concerns over a rise in wage growth and its subsequent impact on the pace of US monetary tightening, further fuelled by the rising trade tensions between the US and China, led to a sell-off in global equity markets. A good corporate results season, however, aided by the robust global economy drove the market rebound. With rising inflation expectations, bonds underperformed equities during the period with UK Gilts down 0.25%.

Economic data in the UK continued to slow with Q1 GDP growing at only 0.1% (quarter-on-quarter), its slowest in five years. While poor weather was partially responsible for the slowdown, it highlighted underlying signs of weakness amongst households and a lack of corporate investment. The rise in bond yields globally put pressure on traditional income sectors with the likes of tobacco, telecoms and utilities underperforming which impacted on the FTSE 100 Index return (+1.4%) versus the FTSE 250 Index return (+1.9%). Sectors exposed to the robust global economy performed well, such as mining, oil & gas and industrials. While the outlook for the UK economy remains uncertain, this did not put off some overseas companies from investing as there was a notable increase in mergers and acquisitions activity. Sky, Hammerson and Shire were bid for while foreign activist investors took stakes in Barclays and Whitbread in the first half of the year.

Portfolio activity

Within the equity portfolio, new positions were purchased in Bunzl and Ibstock. Distribution group Bunzl is the market leader in supplying non-food consumables to end markets such as food retail, food service, cleaning & hygiene, safety and health care. The valuation appears attractive for a high quality and resilient business with a strong balance sheet and good dividend growth prospects. Ibstock is the leading brick manufacturer in the UK. Volumes should be driven by the positive outlook for new build residential construction, underpinned by government support, while capacity constraints in the UK brick market should help prices. The company has a strong balance sheet and cash flow which could lead to increased cash returns to shareholders. Elsewhere we sold the holding in education publisher Pearson. With the shares having partially recovered, we felt the valuation reached a level that did not reflect the ongoing structural pressures facing the company.

Performance

The Company's NAV was down 1.6% during the period, underperforming the benchmark return of +1.1%. While the underperformance of traditional income sectors created a headwind for performance, disappointing stock selection within the equity portfolio was the main detractor of returns. Holdings in Standard Life Aberdeen ('SLA') and housebuilder Galliford Try were both negative to performance. SLA's shares came under pressure from the loss of a major client and the sale of its insurance division which raised concerns over its dividend sustainability. Galliford Try suffered from woes in its construction division ultimately leading the company to cut its dividend and raise equity. Elsewhere the Company's holdings in Hilton Food Group and Tesco benefitted performance. Both companies announced strong results in the period with dividend growth ahead of expectations.

David Smith
Fund Manager
24 July 2018

Financial summary

Extract from the Income Statement (unaudited)	Half-year ended 30 Jun 2018 Revenue return £'000	30 Jun 2018 Capital return £'000	30 Jun 2018 Total £'000	30 Jun 2017 Total £'000
(Losses)/gains on investments	-	(10,620)	**(10,620)**	4,806
Investment income	7,804	-	**7,804**	7,337
Other income	30	-	**30**	12
Gross revenue and capital (losses)/gains	7,834	(10,620)	**(2,786)**	12,155
Expenses, finance costs & taxation[1]	(744)	(899)	**(1,643)**	(1,409)
Net return after taxation	7,090	(11,519)	**(4,429)**	10,746
Return per ordinary share	5.51p	(8.95)p	**(3.44)p**	9.58p

[1] Expenses, finance costs & taxation includes no performance fee provision in respect of the six months to 30 June 2018.

The actual performance fee, if any, payable to the Manager for the year to 31 December 2018 requires outperformance above a hurdle of 1% over the full financial year. The performance fee is subject to a 0.4% cap of the average gross assets in any one year.

Extract from the Statement of Financial Position (unaudited except 31 December 2017 figures)	Half-year ended 30 Jun 2018 £'000	30 Jun 2017 £'000	Year ended 31 Dec 2017 £'000
Fair value of investments	**299,555**	297,188	311,295
Net current liabilities	**(33,032)**	(32,070)	(34,239)
Creditors: amounts falling due after more than one year	**(19,817)**	(19,809)	(19,813)
Net assets	**246,706**	245,309	257,243
Net asset value per ordinary share	**191.85p**	190.76p	200.04p

Financial summary (continued)

Dividends

In respect of the year ended 31 December 2017, a fourth interim dividend of 2.375p per share (2016: 2.325p) was paid on 26 January 2018 to shareholders on the register at close of business on 15 December 2017.

In respect of the year ending 31 December 2018, a first interim dividend of 2.375p per share (2017: 2.325p) was paid on 27 April 2018 to shareholders on the register at close of business on 6 April 2018.

These dividends are reflected in the half-year financial statements.

A second interim dividend of 2.375p per share (2017: 2.325p) will be paid on 27 July 2018 to shareholders on the register at close of business on 22 June 2018. The shares went ex-divided on 21 June 2018.

A third interim dividend of 2.425p per share (2017: 2.375p) will be paid on 26 October 2018 to shareholders on the register on 21 September 2018. The shares will go ex-dividend on 20 September 2018.

In accordance with FRS 102, the second and third interim dividends have not been accrued for in the half-year financial statements as they are paid after the period end.

Share capital

During the half-year ended 30 June 2018, no ordinary shares were issued (half-year ended 30 June 2017: 16,653,913 new ordinary shares were issued for net proceeds of £32,046,000; year ended 31 December 2017: 16,653,913 new ordinary shares were issued for net proceeds of £32,021,000). At 30 June 2018 there were 128,596,278 ordinary shares of 5p nominal value in issue. Since 30 June 2018, no further shares have been issued. The Company has no shares held in Treasury.

Principal risks and uncertainties

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

- Investment
- Market/Financial
- Operational
- Legal and Regulatory

Information on these risks and how they are managed is given in the Company's Annual Report for the year ended 31 December 2017. In the view of the Board these principal risks and uncertainties were unchanged over the last six months and are as applicable to the remaining six months of the financial year as they were to the six months under review.

Statement of Directors' responsibilities

Each of the Directors confirms that, to the best of their knowledge:

a) The condensed set of financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council;
b) this report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
c) this report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Margaret Littlejohns
Chairman
24 July 2018

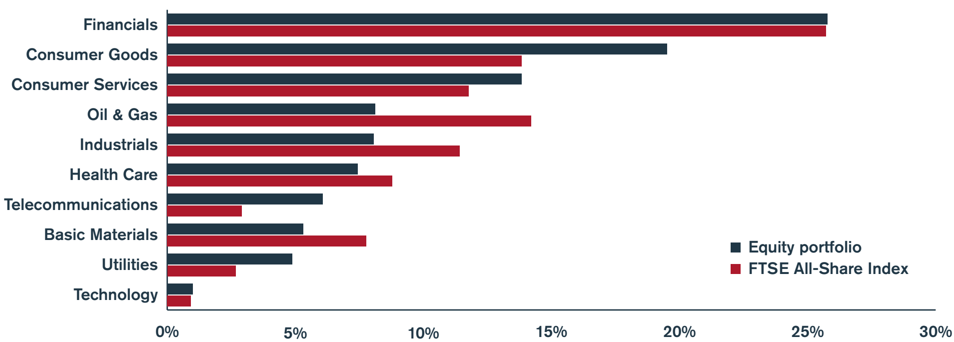
Portfolio information

Twenty largest investments

Company	Sector	Fair value 30 June 2018 £'000	% of portfolio 2018	Fair value 31 December 2017 £'000	% of portfolio 2017
Royal Dutch Shell B	Oil & Gas	12,228	4.1	11,304	3.6
Diageo	Consumer Goods	10,649	3.6	10,923	3.5
BP	Oil & Gas	9,723	3.2	8,789	2.8
British American Tobacco	Consumer Goods	9,499	3.2	12,446	4.0
GlaxoSmithKline	Health Care	8,931	3.0	4,846	1.6
AstraZeneca	Health Care	8,480	2.8	9,281	3.0
Tesco*	Consumer Services	7,687	2.6	5,669	1.8
Imperial Brands	Consumer Goods	7,547	2.5	7,910	2.5
HSBC+	Financials	7,371	2.5	8,943	2.9
Lloyds Banking Group*	Financials	7,273	2.4	7,556	2.4
Standard Life Aberdeen*	Financials	6,830	2.3	7,855	2.5
RELX	Consumer Services	6,548	2.2	6,905	2.2
Vodafone	Telecommunications	6,361	2.1	7,862	2.5
Rio Tinto	Basic Materials	6,040	2.0	6,175	2.0
Hilton Food Group	Consumer Goods	5,702	1.9	4,956	1.6
Informa	Consumer Services	5,263	1.8	5,025	1.6
BT	Telecommunications	4,691	1.6	5,180	1.7
Johnson Matthey	Basic Materials	4,497	1.5	3,821	1.2
National Grid	Utilities	4,202	1.4	4,103	1.3
Phoenix	Financials	4,151	1.4	4,786	1.5
Total Investments		**143,673**	**48.1**	**144,335**	**46.2**

*includes fixed interest
+includes fixed interest (2017 only)

Equity portfolio sector exposure at 30 June 2018



Investment portfolio

Classification of investments by sector

	30 June 2018 %	31 December 2017 %
FIXED INTEREST		
Preference shares	1.4	1.6
Other fixed interest	8.3	8.7
Total Fixed Interest	**9.7**	**10.3**
EQUITIES		
Oil & Gas		
Oil & gas producers	7.3	6.5
Total Oil & Gas	**7.3**	**6.5**
Basic Materials		
Chemicals	2.8	2.6
Mining	2.0	2.0
Total Basic Materials	**4.8**	**4.6**
Industrials		
Aerospace & defence	1.6	1.4
Construction & materials	0.8	0.2
General industrials	2.5	2.2
Support services	2.6	1.8
Total Industrials	**7.5**	**5.6**
Consumer Goods		
Beverages	4.6	4.5
Food producers	4.4	4.2
Household goods & home construction	1.4	1.5
Personal goods	1.5	1.5
Tobacco	5.7	6.5
Total Consumer Goods	**17.6**	**18.2**
Health Care		
Pharmaceuticals & biotechnology	6.7	5.3
Total Health Care	**6.7**	**5.3**

	30 June 2018 %	31 December 2017 %
EQUITIES (continued)		
Consumer Services		
Food & drug retailers	1.8	1.1
General retailers	1.7	2.3
Media	5.1	6.0
Travel & leisure	3.9	3.8
Total Consumer Services	**12.5**	**13.2**
Telecommunications		
Fixed line telecommunications	2.6	3.4
Mobile telecommunications	2.9	3.2
Total Telecommunications	**5.5**	**6.6**
Utilities		
Electricity	1.0	0.9
Gas, water & multiutilities	3.4	3.9
Total Utilities	**4.4**	**4.8**
Financials		
Banks	7.0	6.9
Nonlife insurance	2.5	2.3
Life insurance	4.0	4.6
Real estate investment trusts	3.3	2.5
Financial services	3.3	4.7
Equity investment instruments	3.0	2.9
Total Financials	**23.1**	**23.9**
Technology		
Software & computer services	0.9	1.0
Total Technology	**0.9**	**1.0**
TOTAL INVESTMENTS	**100.0**	**100.0**

Financial calendar

Financial calendar

Half-year results announced	**24 July 2018**
Third interim dividend payable	**26 October 2018**
Year end	**31 December 2018**

Information sources

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

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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
201 Bishopsgate
London EC2M 3AE

www.hendersonhighincome.com

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