

**HENDERSON HIGH INCOME TRUST PLC**

**HALF-YEAR REPORT  
(unaudited)  
for the six months ended 30 June 2021**

# HENDERSON HIGH INCOME TRUST PLC

## Unaudited results for the half-year ended 30 June 2021

### 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.

### PERFORMANCE HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

- Net asset value (NAV) total return (debt at fair value)<sup>1</sup> of 12.3% compared to a total return from the benchmark<sup>2</sup> of 8.4%
- Mid-market share price total return (including dividends reinvested) of 21.8%

	As at 30 June 2021	As at 31 December 2020
NAV per share <sup>3</sup>	171.6p	157.3p
Mid-market price per share	174.0p	147.0p
Net assets	£228.4m	£211.4m
Dividends paid/payable	4.95p	9.90p
Dividend yield	5.7%	6.7%
Gearing	23.3%	22.9%
Premium/(discount) to NAV (debt at fair value)	1.4%	(6.5%)

### TOTAL RETURN PERFORMANCE OVER THE TEN YEARS TO 30 JUNE 2021

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV total return (debt at fair value) <sup>1</sup>	<b>+12.3</b>	+21.4	+9.3	+33.7	+125.1
Share price total return	<b>+21.8</b>	+28.8	+16.2	+38.2	+121.8
Benchmark <sup>2</sup>	<b>+8.4</b>	+17.2	+8.5	+34.5	+85.4
FTSE All-Share Index	<b>+11.1</b>	+21.5	+6.3	+36.9	+85.5
ICE BofAML Sterling Non-Gilts Index	<b>-2.5</b>	+1.9	+14.9	+22.0	+76.1

<sup>1</sup> Net asset value with debt at fair value per ordinary share total return (including dividends reinvested and excluding transaction costs)

<sup>2</sup> The benchmark is 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

<sup>3</sup> Net asset value per share with debt at fair value as published by the AIC

Sources: Morningstar Direct, Janus Henderson and Refinitiv DataStream

## INTERIM MANAGEMENT REPORT

### CHAIRMAN'S STATEMENT

#### Performance

In my first statement to shareholders, I am pleased to report that the first half of 2021 has seen a positive period of performance for the Company and markets generally. The success of the UK's COVID-19 vaccination programme and a corresponding improvement in confidence levels amongst companies and consumers has provided a positive backdrop. Whilst there have been continuing restrictions to contend with, companies have learnt to adapt their business models to cope with the pandemic and policy makers have recognised the need to provide ongoing support and liquidity for the economy to function effectively.

With economic activity rebounding sharply around the globe, commodity prices have risen significantly, and supply chains have been under pressure, resulting in a jump in inflation. The UK consumer price index is up by 2.4% over the 12 months to the end of June 2021, and a number of companies have highlighted the increase in costs and impact on profit margins. Whether the increase in inflation is only temporary remains to be seen but after a rise in bond yields during the early part of the year investors hope that there will not be a material tightening of monetary policy.

For the first half of 2021 the Company delivered a Net Asset Value (NAV) total return (with debt at fair value) of 12.3% compared with the benchmark total return of 8.4%, an outperformance of 3.9%. With equity markets delivering positive returns, the Company's gearing and asset allocation (overweight equities and underweight bonds versus the Company's benchmark) aided performance. The Company's share price rose by 21.8% on a total return basis during the first half of the year, benefitting from improving investor demand for UK investments generally, which led to the Company's share price moving from a discount to NAV at the start of 2021 to a small premium of 1.4% at the end of June.

#### Gearing

The overall level of gearing has increased marginally during the first half of the year, with borrowings as a proportion of total assets starting the year at 22.9% and moving to 23.3% at the end of June 2021. Within the Company's portfolio, asset allocation has seen a notable increase in equities and reduction in bonds due to the improving prospects for economic growth and higher short term inflation expectations, a scenario which should favour equities over fixed interest investments.

As mentioned in the last Annual Report, the Company has a £45 million two-year revolving credit multicurrency loan facility (with an option to increase to £57 million) with Scotiabank, due to expire in December 2022. In May 2021, the Company entered into an amended facility with Scotiabank to formalise the use of a replacement reference rate, away from the London Interbank Offered Rate (LIBOR) to alternative risk free rates which are due to come into effect from the end of 2021.

#### Dividends

The first interim dividend of 2.475 pence per share was paid on 30 April 2021 and the second interim dividend for the same amount was paid on 30 July 2021.

A third interim dividend, to be paid from the Company's revenue account, of 2.475 pence per share was announced on 21 July 2021 and this dividend will be paid on 29 October 2021 to shareholders registered at the close of business on 17 September 2021 (with the shares being quoted ex-dividend on 16 September 2021).

Whilst the Company's revenue stream has of course been adversely impacted by the COVID-19 pandemic, there have been encouraging recent signs that company dividend prospects are improving, particularly in sectors such as mining and financials. The Board has made it clear that with the benefit of the Company's revenue reserves built up over a number of years, it will be its intention to utilise these reserves at least to maintain the total dividend for 2021 at 9.90 pence per share.

The Board remains committed to providing a high level of income to shareholders. David Smith, our Fund Manager, runs regular stress testing of the Company's revenue account under different scenarios and this gives the Board reassurance of the relative robustness of the Company's revenue reserves in the medium-term.

#### Board of Directors

Margaret Littlejohns retired as Chairman of the Company at the Annual General Meeting in May. She was appointed to the Board in 2008 and became Chairman in 2016. On behalf of shareholders and Directors past and present I would like to extend our thanks to Margaret for the tremendous contribution she made to the Company during her time on the Board and for her dedication, professionalism and wise counsel. We wish her well in her future endeavours.

#### Outlook

As we look forward, thanks largely to the tremendous success of the COVID-19 vaccination programme, the outlook and prospects for the UK and global economy have improved significantly. As previously highlighted, policy makers around the world have continued to provide the necessary financial support and liquidity to ensure that economies can function effectively and with the move towards a loosening of restrictions, economic activity has recovered sharply and corporate profitability has bounced back. Confidence amongst both companies and individuals has improved substantially and whilst continuing caution is warranted due to the risk of further COVID-19 variants emerging, there are certainly reasons to be more optimistic looking forward.

The disruption caused to supply chains during the pandemic and the rapid recovery in demand as economies have opened up has caused a short-term increase in inflation. The jury remains out on whether such pricing pressures will be temporary or become more embedded, although in the short-term at least, policy makers appear intent on keeping interest rates low to assist economic recovery.

With the prospects for corporate profitability improving, the Company's asset allocation has seen an increase in equity exposure and a reduction in fixed interest investments. Although the UK equity market, in common with other global markets, has recovered sharply

in the first half of 2021, it still appears to be attractively valued on a range of financial metrics. Our Fund Manager, David Smith, will continue to focus on positioning the Company's portfolio to deliver a high level of income for our shareholders whilst seeking to achieve long-term capital growth.

**Jeremy Rigg**  
**Chairman**  
**14 September 2021**

## FUND MANAGER'S REPORT

### Markets

Equity markets were strong over the first half of 2021, with the FTSE All-Share Index up 11.1% on a total return basis. Despite some concerns later in the period over the rise in COVID-19 infections caused by the delta variant, markets were supported by robust corporate earnings, the rapid vaccine roll out programme and the moves to start unwinding restrictions that have damaged economies. Economic growth rebounded strongly in the UK, with GDP in Q2 2021 up by 22.2% year on year. The Bank of England kept interest rates at the historically low levels of 0.1% and maintained its quantitative easing programme. Given the supportive economic backdrop and loose monetary policy, cyclical sectors such as mining, banks, energy and industrials performed well, while defensive sectors lagged, with food producers, tobacco and utilities underperforming.

UK government bond yields rose in the period caused by increased inflation expectations, with the 10 year gilt yield reaching 0.6% at the end of June, having finished last year at just 0.2%. Corporate bonds outperformed government bonds as the economic recovery continued to support the compression in credit spreads, especially in high yield bonds, which posted a positive total return in the period.

### Performance

The Company's NAV (with debt at fair value) was strong during the period, rising 12.3%, outperforming the benchmark's return of 8.4%. Given the positive equity market backdrop, gearing and the Company's overweight position in equities relative to bonds versus the benchmark were the main contributors to outperformance. Within the equity portfolio, holdings in financials, such as St James Place, Intermediate Capital Group and NatWest, all benefitted performance. St James Place repaid its previously suspended dividend and announced strong new business flows and updated long-term guidance with an increased focus on cost control. Intermediate Capital Group also reported robust results with greater than expected fund raisings in its fund management division, while better economic data, rising bond yields, lower impairments and a return to dividend payments all aided NatWest's share price. Elsewhere, industrial companies Johnson Matthey and TI Fluid Systems were positive for performance. Both companies were supported by strong underlying automotive data while Johnson Matthey also announced plans to increase capacity in its coated catalyst membrane facility, components used in the production of clean energy source green hydrogen, given strong underlying demand.

### Portfolio Activity

During the period the allocation to bonds was reduced, given that bond yields and credit spreads had fallen to very low levels. Specifically, bonds in Lloyds, Tesco, telecom towers owner Arqiva and US business services company Cintas were sold as their respective yields had fallen to unattractive levels. The bond portfolio represented 9.1% and 11.4% of gross and net assets respectively as at the end of June.

Within the equity portfolio, new holdings were established in Paragon and truck manufacturer Volvo. Paragon specialises in Buy-to-Let mortgages and commercial lending with a focus on strong credit quality. Loan pricing in these areas is attractive, given the lack of competition from the main high street banks, which should support upside to its net interest margin. The company has a strong capital position and an attractive dividend yield. Demand for Volvo's trucks should be robust as economies emerge from the pandemic, further supported by governments' infrastructure spending. The management team have also restructured the cost base which should lead to higher margins. The company has a strong balance sheet and cash flow which is likely to lead to further attractive dividend payments.

**David Smith**  
**Fund Manager**  
**14 September 2021**

## INVESTMENT PORTFOLIO

### CLASSIFICATION OF INVESTMENTS BY SECTOR

	Total 30 June 2021 %	Total 31 December 2020 %
<b>FIXED INTEREST</b>		
Preference shares	2.0	2.0
Other fixed interest	7.2	10.5
	-----	-----
<b>Total Fixed Interest</b>	<b>9.2</b>	<b>12.5</b>
	-----	-----
<b>EQUITIES</b>		
<b>Energy</b>		
Oil & gas producers	3.2	3.7
	-----	-----
<b>Total Energy</b>	<b>3.2</b>	<b>3.7</b>
	-----	-----
<b>Basic Materials</b>		
Chemicals	2.0	2.1
Forestry & paper	0.8	-
Mining	6.9	6.7
	-----	-----
<b>Total Basic Materials</b>	<b>9.7</b>	<b>8.8</b>
	-----	-----
<b>Industrials</b>		
General industrials	1.2	1.4
Industrial engineering	1.7	1.9
Industrial transportation	1.0	-
	-----	-----
<b>Total Industrials</b>	<b>3.9</b>	<b>3.3</b>
	-----	-----
<b>Consumer Discretionary</b>		
Automobiles & parts	0.9	0.9
Consumer services	1.3	1.3
Household goods & home construction	1.9	1.5
Media	3.4	3.0
Personal goods	1.4	1.2
Retailers	1.1	1.1
Travel & leisure	2.8	3.1
	-----	-----
<b>Total Consumer Discretionary</b>	<b>12.8</b>	<b>12.1</b>
	-----	-----
<b>Health Care</b>		
Pharmaceuticals & biotechnology	6.3	5.6
	-----	-----
<b>Total Health Care</b>	<b>6.3</b>	<b>5.6</b>
	-----	-----
<b>Consumer Staples</b>		
Beverages	6.7	6.3
Food producers	2.7	2.6
Personal care drug & grocery stores	5.7	5.8
Tobacco	5.3	5.6
	-----	-----
<b>Total Consumer Staples</b>	<b>20.4</b>	<b>20.3</b>
	-----	-----
<b>Telecommunications</b>		
Telecommunications service providers	1.7	1.9
	-----	-----
<b>Total Telecommunications</b>	<b>1.7</b>	<b>1.9</b>
	-----	-----
<b>Utilities</b>		
Electricity	2.1	1.8
Gas, water & multi-utilities	5.6	5.4
	-----	-----
<b>Total Utilities</b>	<b>7.7</b>	<b>7.2</b>
	-----	-----
<b>Financials</b>		
Banks	3.0	2.6
Closed end investments	2.0	2.1

Finance & credit services	1.1	-
Investment banking & brokerage services	8.5	9.4
Life insurance	2.3	2.6
Non-life insurance	3.5	3.4
	-----	-----
<b>Total Financials</b>	<b>20.4</b>	20.1
	-----	-----
<b>Technology</b>		
Software & computer services	1.2	0.9
Technology hardware & equipment	1.0	0.9
	-----	-----
<b>Total Technology</b>	<b>2.2</b>	1.8
	-----	-----
<b>Real Estate</b>		
Real estate investment trusts	2.5	2.7
	-----	-----
<b>Total Real Estate</b>	<b>2.5</b>	2.7
	-----	-----
<b>TOTAL INVESTMENTS</b>	<b>100.0</b>	100.0
	=====	=====

## TWENTY LARGEST INVESTMENTS

<b>Company</b>	<b>Sector</b>	<b>Fair value as at 30 June 2021 £'000</b>	<b>% of portfolio 2021</b>	<b>Fair value as at 31 December 2020 £'000</b>	<b>% of portfolio 2020</b>
British American Tobacco	Consumer Staples	10,888	3.9	10,530	4.0
Unilever	Consumer Staples	10,161	3.6	6,730	2.6
Rio Tinto	Basic Materials	9,386	3.3	9,135	3.5
Diageo	Consumer Staples	9,217	3.3	7,255	2.8
AstraZeneca	Health Care	8,212	2.9	2,922	1.1
GlaxoSmithKline	Health Care	7,477	2.7	8,233	3.2
Anglo American	Basic Materials	7,327	2.6	5,823	2.2
	Consumer				
RELX (Netherlands)	Discretionary	7,080	2.5	5,078	2.0
National Grid	Utilities	5,880	2.1	5,093	2.0
Tesco*	Consumer Staples	5,783	2.0	7,857	3.0
BP	Energy	5,296	1.9	4,284	1.6
3i Group	Financials	4,969	1.8	5,122	2.0
Vodafone	Telecommunications	4,790	1.7	4,978	1.9
M&G	Financials	4,667	1.7	3,835	1.5
Severn Trent	Utilities	4,505	1.6	3,833	1.5
Intermediate Capital Group	Financials	4,488	1.6	3,862	1.5
St James Place	Financials	4,353	1.5	3,536	1.4
Phoenix	Financials	4,287	1.5	4,226	1.6
Lloyds Banking*	Financials	4,273	1.5	4,004	1.5
NatWest	Financials	4,206	1.5	3,470	1.3
		-----	-----	-----	-----
<b>TOTAL</b>		<b>127,245</b>	<b>45.2</b>	<b>109,806</b>	<b>42.2</b>
		=====	=====	=====	=====

\*includes fixed interest

## EQUITY PORTFOLIO SECTOR EXPOSURE AS AT 30 JUNE 2021

	Equity portfolio weight %	FTSE All-Share Index %
Financials	23.5	22.7
Consumer Staples	22.1	15.7
Consumer Discretionary	14.0	12.3
Basic Materials	10.6	9.4
Utilities	8.4	3.0
Health Care	6.8	9.3
Industrials	4.2	12.7
Energy	3.5	7.5
Real Estate	2.7	3.1
Technology	2.4	2.0
Telecommunications	1.8	2.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

Source: Janus Henderson

### PRINCIPAL RISKS AND UNCERTAINTIES

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

Principal risks:

- Investment risk
- Market/financial risk
- Operational risks including cyber risk and risks relating to pandemics and epidemics, terrorism and international conflicts
- Tax, legal and regulatory risk

Emerging risks:

- Risks associated with the legacy of COVID-19
- Risks associated with climate change

Information on these risks and how they are managed is given in the Company's Annual Report for the year-ended 31 December 2020. In the view of the Board these principal and emerging risks have not changed 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 his or her 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**

**Jeremy Rigg**

**Chairman**

**14 September 2021**

## CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 30 June 2021			(Unaudited) Half-year ended 30 June 2020			(Audited) Year-ended 31 December 2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	-	18,124	18,124	-	(48,456)	(48,456)	-	(36,256)	(36,256)
Income from investments held at fair value through profit or loss	6,804	-	6,804	6,463	-	6,463	11,959	-	11,959
Other interest receivable and similar income	11	-	11	325	-	325	669	-	669
<b>Gross revenue and capital gains/(losses)</b>	<b>6,815</b>	<b>18,124</b>	<b>24,939</b>	<b>6,788</b>	<b>(48,456)</b>	<b>(41,668)</b>	<b>12,628</b>	<b>(36,256)</b>	<b>(23,628)</b>
Management and performance fees (note 2)	(281)	(421)	(702)	(285)	(429)	(714)	(572)	(858)	(1,430)
Other administrative expenses	(238)	-	(238)	(233)	-	(233)	(483)	-	(483)
<b>Net return before finance costs and taxation</b>	<b>6,269</b>	<b>17,703</b>	<b>23,999</b>	<b>6,270</b>	<b>(48,885)</b>	<b>(42,615)</b>	<b>11,573</b>	<b>(37,114)</b>	<b>(25,541)</b>
Finance costs	(143)	(428)	(571)	(155)	(465)	(620)	(307)	(920)	(1,227)
<b>Net return before taxation</b>	<b>6,153</b>	<b>17,275</b>	<b>23,428</b>	<b>6,115</b>	<b>(49,350)</b>	<b>(43,235)</b>	<b>11,266</b>	<b>(38,034)</b>	<b>(26,768)</b>
Taxation on net return	(83)	-	(83)	(160)	-	(160)	(231)	-	(231)
<b>Net return after taxation</b>	<b>6,070</b>	<b>17,275</b>	<b>23,345</b>	<b>5,955</b>	<b>(49,350)</b>	<b>(43,395)</b>	<b>11,035</b>	<b>(38,034)</b>	<b>(26,999)</b>
<b>Return/(loss) per ordinary share (note 3)</b>	<b>4.72p</b>	<b>13.43p</b>	<b>18.15p</b>	<b>4.63p</b>	<b>(38.38p)</b>	<b>(33.75p)</b>	<b>8.58p</b>	<b>(29.58p)</b>	<b>(21.00p)</b>

The total columns of this statement represent the Company's Income Statement, prepared in accordance with FRS 104. The revenue and capital columns are supplementary to this and are published under guidance from the Association of Investment Companies.

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

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

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

## CONDENSED STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Share premium account	Capital redemption reserve	Other capital reserves	Revenue reserve	Total
Half-year ended 30 June 2021 (unaudited)	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	6,430	126,783	26,302	42,685	8,991	211,371
Net return after taxation	-	-	-	17,275	6,070	23,345
Fourth interim dividend (2.475p per share) for the year-ended 31 December 2020, paid 29 January 2021	-	-	-	-	(3,183)	(3,183)
First interim dividend (2.475p per share) for the year-ending 31 December 2021, paid 30 April 2021	-	-	-	-	(3,183)	(3,183)
At 30 June 2021	6,430	126,783	26,302	60,140	8,695	228,350

	Called up share capital	Share premium account	Capital redemption reserve	Other capital reserves	Revenue reserve	Total
Half-year ended 30 June 2020 (unaudited)	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	6,430	126,783	26,302	80,899	10,674	251,088
Net return after taxation	-	-	-	(49,350)	5,955	(43,395)
Fourth interim dividend (2.475p per share) for the year-ended 31 December 2019, paid 31 January 2020	-	-	-	-	(3,183)	(3,183)
First interim dividend (2.475p per share) for the year-ending 31 December 2020, paid 24 April 2020	-	-	-	-	(3,183)	(3,183)
At 30 June 2020	6,430	126,783	26,302	31,549	10,263	201,327

	Called up share capital	Share premium account	Capital redemption reserve	Other capital reserves	Revenue reserve	Total
Year-ended 31 December 2020 (audited)	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	6,430	126,783	26,302	80,899	10,674	251,088
Net return after taxation	-	-	-	(38,034)	11,035	(26,999)
Fourth interim dividend (2.475p per share) for the year-ended 31 December 2019, paid 31 January 2020	-	-	-	-	(3,183)	(3,183)
First interim dividend (2.475p per share) for the year-ended 31 December 2020, paid 24 April 2020	-	-	-	-	(3,183)	(3,183)
Second interim dividend (2.475p per share) for the year-ended 31 December 2020, paid 31 July 2020	-	-	-	-	(3,183)	(3,183)
Third interim dividend (2.475p per share) for the year-ended 31 December 2020, paid 30 October 2020	-	-	-	-	(3,182)	(3,182)
Unclaimed dividends	-	-	-	-	13	13
At 31 December 2020	6,430	126,783	26,302	42,865	8,991	211,371

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

## CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30 June 2021 £'000	(Unaudited) 30 June 2020 £'000	(Audited) 31 December 2020 £'000
Investments held at fair value through profit or loss (note 4)	281,445	243,385	259,844
<b>Current assets</b>			
Debtors	2,033	1,773	1,897
Cash at bank and in hand	1,327	3,361	595
	3,360	5,134	2,492
<b>Creditors: amounts falling due within one year</b>	(36,611)	(27,358)	(31,126)
<b>Net current liabilities</b>	(33,251)	(22,224)	(28,634)
<b>Creditors: amounts falling due after more than one year</b>	(19,844)	(19,834)	(19,839)
<b>Net assets</b>	228,350	201,327	211,371
<b>Capital and reserves</b>			
Called up share capital (note 6)	6,430	6,430	6,430
Share premium account	126,783	126,783	126,783
Capital redemption reserve	26,302	26,302	26,302
Other capital reserves	60,140	31,549	42,865
Revenue reserve	8,695	10,263	8,991
<b>Total shareholders' funds</b>	228,350	201,327	211,371
<b>Net asset value per ordinary share (note 5)</b>	177.57p	156.56p	164.37p

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

## CONDENSED CASH FLOW STATEMENT

	(Unaudited) Half-year ended 30 June 2021 £'000	(Unaudited) Half-year ended 30 June 2020 £'000	(Audited) Year-ended 31 December 2020 £'000
<b>Cash flows from operating activities</b>			
Net return/(loss) before taxation	23,428	(43,235)	(26,768)
Add back: finance costs	571	620	1,277
Add: (gains)/losses on investments held at fair value through profit or loss	(18,124)	48,456	36,256
Withholding tax on dividends deducted at source	(83)	(160)	(231)
(Increase)/decrease in prepayments and accrued income	(8)	297	172
(Decrease)/increase in accruals and deferred income	(67)	391	303
	-----	-----	-----
<b>Net cash inflow from operating activities</b>	<b>5,717</b>	6,369	10,959
	-----	-----	-----
<b>Cash flows from investing activities</b>			
Sales of investments held at fair value through profit or loss	26,719	75,890	104,095
Purchases of investments held at fair value through profit or loss	(30,796)	(61,744)	(95,538)
	-----	-----	-----
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(4,007)</b>	14,146	8,557
	-----	-----	-----
<b>Cash flows from financing activities</b>			
Equity dividends paid (net of refund of unclaimed distributions)	(6,366)	(6,366)	(12,718)
Drawdown/(repayment) of loans	6,032	(13,639)	(8,463)
Interest paid	(566)	(615)	(1,216)
	-----	-----	-----
<b>Net cash outflow from financing activities</b>	<b>(900)</b>	(20,620)	(22,397)
	-----	-----	-----
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>740</b>	(105)	(2,881)
Cash and cash equivalents at beginning of period	595	2,701	2,701
Exchange movements	(8)	765	775
	-----	-----	-----
<b>Cash and cash equivalents at end of period</b>	<b>1,327</b>	3,361	595
	=====	=====	=====
Comprising:			
Cash at bank	1,327	3,361	595
	=====	=====	=====

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

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS:

### 1. Accounting policies – basis of accounting

The Company is a registered investment company as defined by Section 833 of the Companies Act 2006 and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010.

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

For the period under review the Company's accounting policies have not varied from those described in the Annual Report for the year-ended 31 December 2020. The condensed set of financial statements has been neither audited nor reviewed by the Company's auditor.

### 2. Management and performance fees

Management and performance fees are charged in accordance with the terms of the management agreement which are set out in the Company's Annual Report for the year-ended 31 December 2020. Performance fees are provided for based on the outperformance against the Company's net asset value versus the benchmark index. For the half-year ended 30 June 2021 there was no provision for a performance fee (half-year ended 30 June 2020: no provision; year-ended 31 December 2020: no provision). The actual performance fee, if any, payable to the Manager for the year to 31 December 2021 requires outperformance above a hurdle of 1% over the full financial year after covering any prior years' underperformance. The performance fee is subject to a 0.4% cap of the average gross assets in any one year.

### 3. Revenue return/(loss) per ordinary share

The revenue return/(loss) per ordinary share is based on the following figures:

	(Unaudited) Half-year ended 30 June 2021 £'000	(Unaudited) Half-year ended 30 June 2020 £'000	(Audited) Year-ended 31 December 2020 £'000
Net revenue return	6,070	5,955	11,035
Net capital return	17,275	(49,350)	(38,034)
<b>Total return</b>	<b>23,345</b>	<b>(43,395)</b>	<b>(26,999)</b>
Weighted average number of ordinary shares	128,596,278	128,596,278	128,596,278
Revenue return per ordinary share	4.72p	4.63p	8.58p
Capital return/(loss) per ordinary share	13.43p	(38.38p)	(29.58p)
<b>Total return/(loss) per ordinary share</b>	<b>18.15p</b>	<b>(33.75p)</b>	<b>(21.00p)</b>

The Company does not have any dilutive securities.

### 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, bank overdrafts and amounts due under the multi-currency loan facility). At 30 June 2021 the fair value of the senior unsecured note has been estimated to be to be £24,527,000 (30 June 2020: £24,985,000; 31 December 2020: £25,977,000) and is categorised as Level 3 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 BofAML 10-15 Year A Sterling Non-Gilt Index and the redemption yield of the ICE BofAML 10-15 Year UK Gilt Index. The discount rate is calculated and updated at each month end and applied daily to determine the Company's published fair value NAVs.

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 in 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 the accounting policies note 1(d) in the Company's Annual Report for the year-ended 31 December 2020. The Company does not hold any Level 2 or Level 3 financial assets.

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

#### Fair value hierarchy disclosures

The table below sets out fair value measurements using the FRS 102 fair value hierarchy.

Financial assets at fair value through profit or loss at 30 June 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Equity investments</b>	<b>255,499</b>	-	-	<b>255,499</b>
<b>Fixed interest investments:</b>				
- Preference shares	5,732	-	-	5,732
- Other	20,214	-	-	20,214
<b>Total</b>	<b>281,445</b>	-	-	<b>281,445</b>

Financial assets at fair value through profit or loss at 30 June 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	210,490	-	-	210,490
Convertibles	657	-	-	657
Fixed interest investments:				
- Preference shares	4,659	-	-	4,659
- Other	27,579	-	-	27,579
Written options	-	(244)	-	(244)
<b>Total</b>	<b>243,385</b>	<b>(244)</b>	-	<b>243,141</b>

Financial assets at fair value through profit or loss at 31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	227,246	-	-	227,246
Fixed interest investments:				
- Preference shares	5,263	-	-	5,263
- Other	27,335	-	-	27,335
<b>Total</b>	<b>259,844</b>	-	-	<b>259,844</b>

The Company's holdings in options are included within Level 2.

Premiums from written options during the half-year ended 30 June 2021 were £nil (half-year ended 30 June 2020: £319,000; year-ended 31 December 2020: £653,000).

#### 5. 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 £228,350,000 (30 June 2020: £201,327,000; 31 December 2020: £211,371,000) and on the 128,596,278 ordinary shares in issue at 30 June 2021 (30 June 2020: same and 31 December 2020: same).

## 6. Called up share capital

During the half-year ended 30 June 2021, no ordinary shares were issued (half-year ended 30 June 2020: none; year-ended 31 December 2020: none). At 30 June 2021 there were 128,596,278 ordinary shares of 5p nominal value in issue. Between 1 July 2021 and 14 September 2021, no further shares have been issued. The Company has no shares held in Treasury.

## 7. Dividends

In respect of the year-ended 31 December 2020, a fourth interim dividend of 2.475p per share (2019: 2.475p) was paid on 29 January 2021 to shareholders on the register at close of business on 11 December 2020. In respect of the year ending 31 December 2021, a first interim dividend of 2.475p per share (2020: 2.475p) was paid on 30 April 2021 to shareholders on the register at close of business on 6 April 2021. These dividends are reflected in the half-year financial statements.

A second interim dividend of 2.475p per share (2020: 2.475p) was paid on 30 July 2021 to shareholders on the register at close of business on 18 June 2021. A third interim dividend of 2.475p per share (2020: 2.475p) will be paid on 29 October 2021 to shareholders on the register on 17 September 2021. The shares will go ex-dividend on 16 September 2021. In accordance with FRS 102, the second and third interim dividends have not been accrued for in the half-year financial statements as they will be paid after the period end.

## 8. Net debt reconciliation

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Other debt repayable after more than one year £'000	Total £'000
<b>Net debt as at 1 January 2021</b>	<b>595</b>	<b>(29,872)</b>	<b>(19,840)</b>	<b>(49,117)</b>
<b>Cash flows</b>	<b>740</b>	<b>(6,032)</b>	<b>-</b>	<b>(5,292)</b>
<b>Exchange movements</b>	<b>(8)</b>	<b>480</b>	<b>-</b>	<b>472</b>
<b>Non cash flow:</b>				
<b>Effective interest movements</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>
<b>Net debt as at 30 June 2021</b>	<b>1,327</b>	<b>(35,424)</b>	<b>(19,844)</b>	<b>(53,941)</b>

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Other debt repayable after more than one year £'000	Total £'000
Net debt as at 1 January 2020	2,701	(37,967)	(19,829)	(55,095)
Cash flows	(105)	13,639	-	13,534
Exchange movements	765	(1,604)	-	(839)
Non cash flow:				
Effective interest movements	-	-	(5)	(5)
Net debt as at 30 June 2020	3,361	(25,932)	(19,834)	(42,405)

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Other debt repayable after more than one year £'000	Total £'000
Net debt as at 1 January 2020	2,701	(37,967)	(19,829)	(55,095)
Cash flows	(2,881)	8,463	-	5,582
Exchange movements	775	(368)	-	407
Non cash flow:				
Effective interest movements	-	-	(11)	(11)
Net debt as at 31 December 2020	595	(29,872)	(19,840)	(49,117)

## **9. Related party transactions**

The Company's transactions with related parties in the half year were with the Directors and Janus Henderson (Manager). There have been no material transactions between the Company and its Directors during the period. The only amounts paid to the Directors were in respect of remuneration for which there were no outstanding amounts payable at the period end. In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing activities, there have been no material transactions with the Manager affecting the financial position of the Company during the period under review.

## **10. Going concern**

The assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

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

The Directors have considered the impact of COVID-19, including cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio. They have concluded that they are able to meet their financial obligations, including the repayment of the bank loan, as they fall due for a period of at least twelve months from the date of issuance. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

## **11. Comparative information**

The financial information contained in this half-year report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The figures and financial information for the year-ended 31 December 2020 are extracted from the latest published accounts, and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## **12. General information**

### **Company status**

The Company is a UK domiciled investment trust company with registered number: 02422514  
London Stock Exchange Daily Official List (SEDOL): 0958057  
ISIN Number: GB0009580571  
London Stock Exchange (TIDM) Code: HHI  
Global Intermediary Identification Number (GIIN): JBA081.99999.SL.826

### **Registered office**

201 Bishopsgate, London EC2M 3AE

### **Directors**

The Directors of the Company are Jeremy Rigg (Chairman), Jonathan Silver (Chairman of the Audit & Risk Committee), Zoe King (Senior Independent Director), Penny Lovell and Richard Cranfield.

### **Corporate Secretary**

Henderson Secretarial Services Limited, represented by Hannah Gibson, FCG.

### **Website**

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at [www.hendersonhighincome.com](http://www.hendersonhighincome.com).

For further information please contact:

David Smith  
Fund Manager  
Henderson High Income Trust plc  
Telephone: 020 7818 4443

James de Sausmarez  
Director & Head of Investment Trusts  
Janus Henderson Investors  
Telephone: 020 7818 3349

Laura Thomas  
PR Manager, Investment Trusts  
Janus Henderson Investors  
Telephone: 020 7818 2636