Henderson International Income Trust plc – Annual Report 2020

Annual Report 2020

Henderson International Income Trust plc

MANAGED BY
Janus Henderson
INVESTORS

JHI9214/2020

Strategic Report

Objective

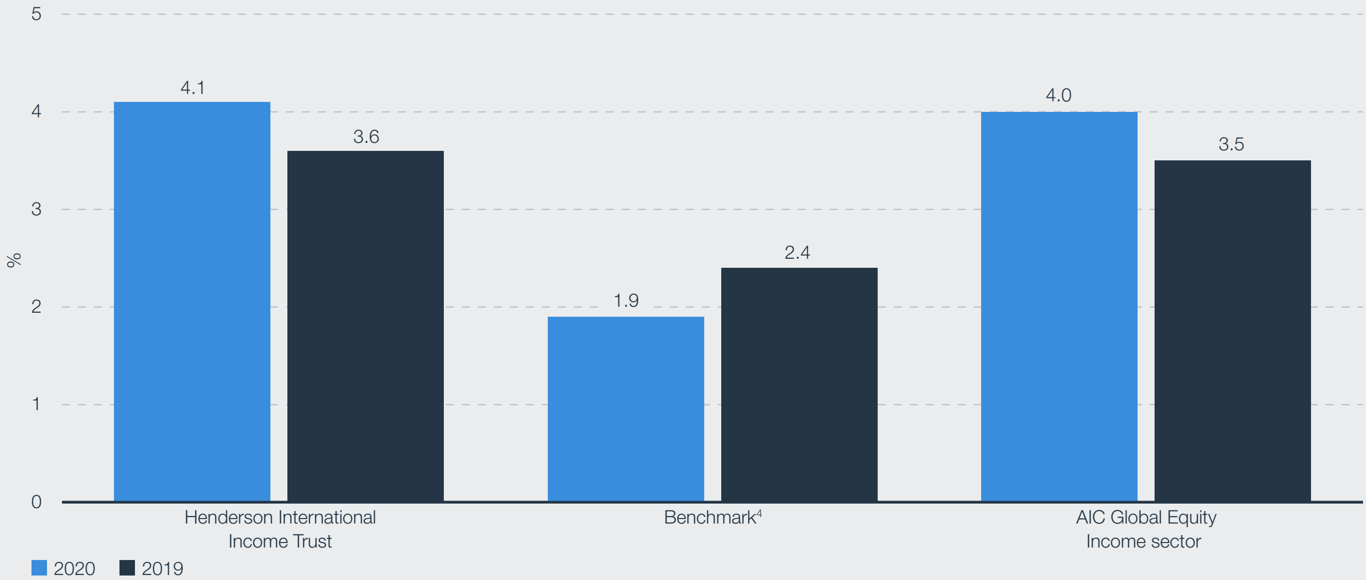
The Company's investment objective is to provide shareholders with a growing total annual dividend, as well as capital appreciation.

Performance at 31 August

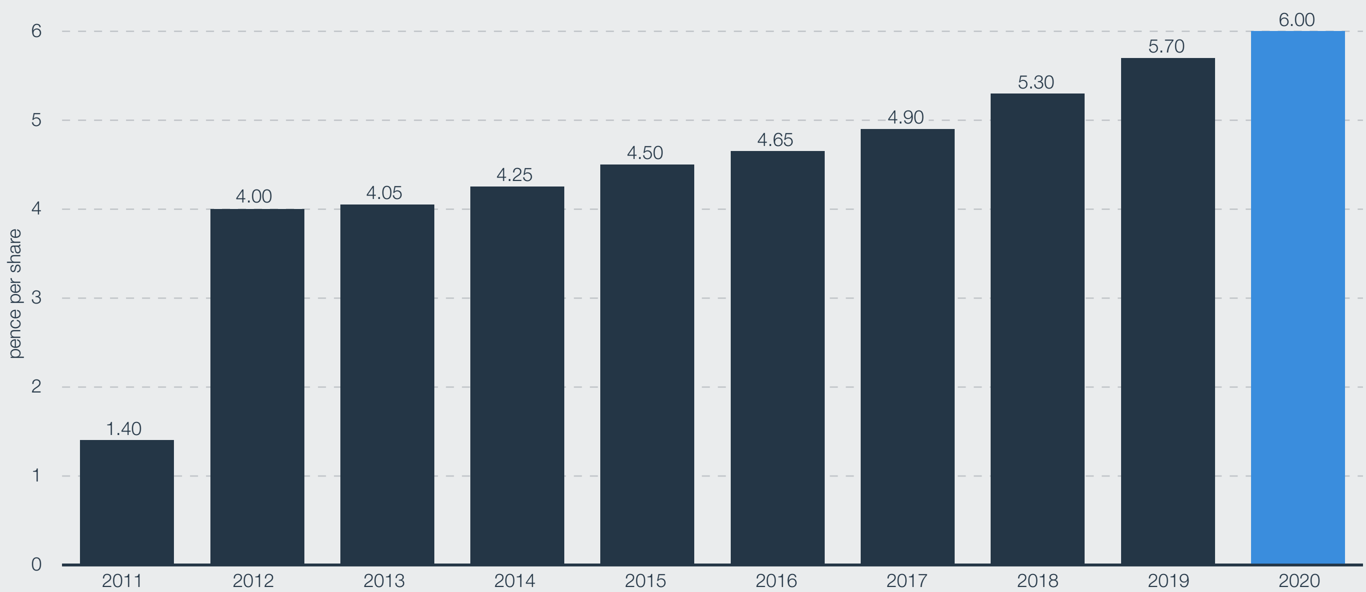
Total return performance for year to 31 August 2020

	At 31 August 2020 (%)
NAV[1] (debt at fair value)	(3.0)
NAV[1] (debt at par)	(3.3)
Share price[2]	(5.2)
Benchmark[3]	8.1
AIC Global Equity Income sector	(0.8)

Dividend yields at 31 August



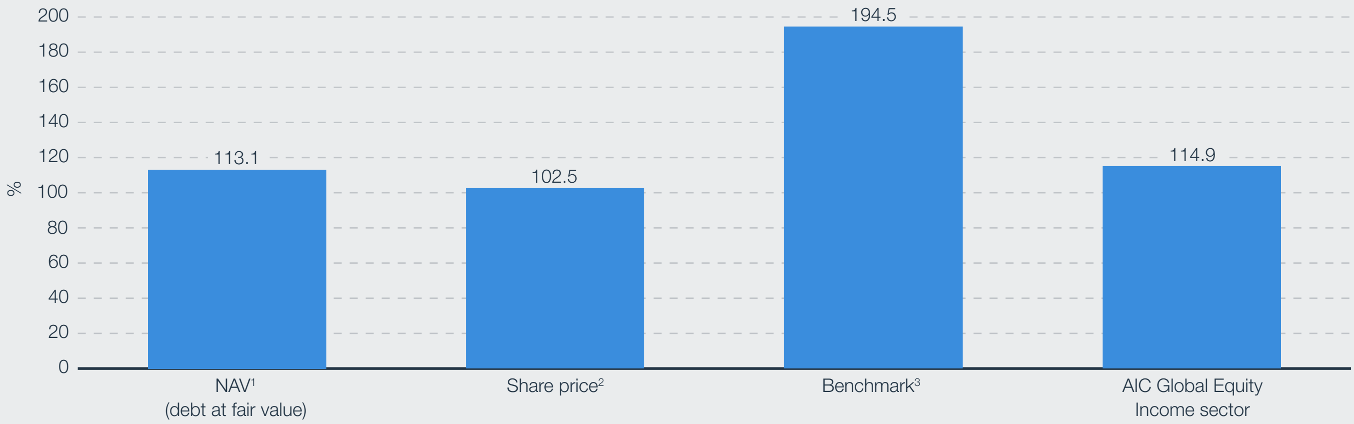
Dividend growth since launch to 31 August 2020



Performance at 31 August

	2020	2019
NAV (debt at par) per share at year end	153.5p	164.8p
Discount (debt at par)	(5.2)%	(3.2)%
NAV (debt at fair value) per share at year end	150.5p	161.3p
Discount (debt at fair value)	(3.3)%	(1.1)%
Share price at year end	145.5p	159.5p
Net assets	£300.9m	£309.2m
Dividend in respect of year[5]	6.00p	5.70p
Dividend yield at the year end[6]	4.1%	3.6%
Ongoing charge for year[7]	0.85%	0.84%
Gearing at year end	11.41%	3.25%

Total return performance since launch



1 Net asset value total return per share (including dividends per share reinvested)
2 The Company's share price total return (assuming the reinvestment of all dividends excluding dealing expenses)
3 MSCI World (ex UK) Index (sterling adjusted)
4 MSCI World (ex UK) Index in US$
5 Includes the fourth interim dividend in respect of the year ended 31 August 2020 declared on 28 October 2020 to be paid to shareholders on 30 November 2020
6 Calculated based on the share price at 31 August 2020
7 Calculated using the methodology prescribed by the Association of Investment Companies ("AIC")

A glossary of terms can be found on page 79. Alternative performance measures can be found on pages 77 and 78

Source: Morningstar, Funddata, Janus Henderson, Refinitiv Datastream

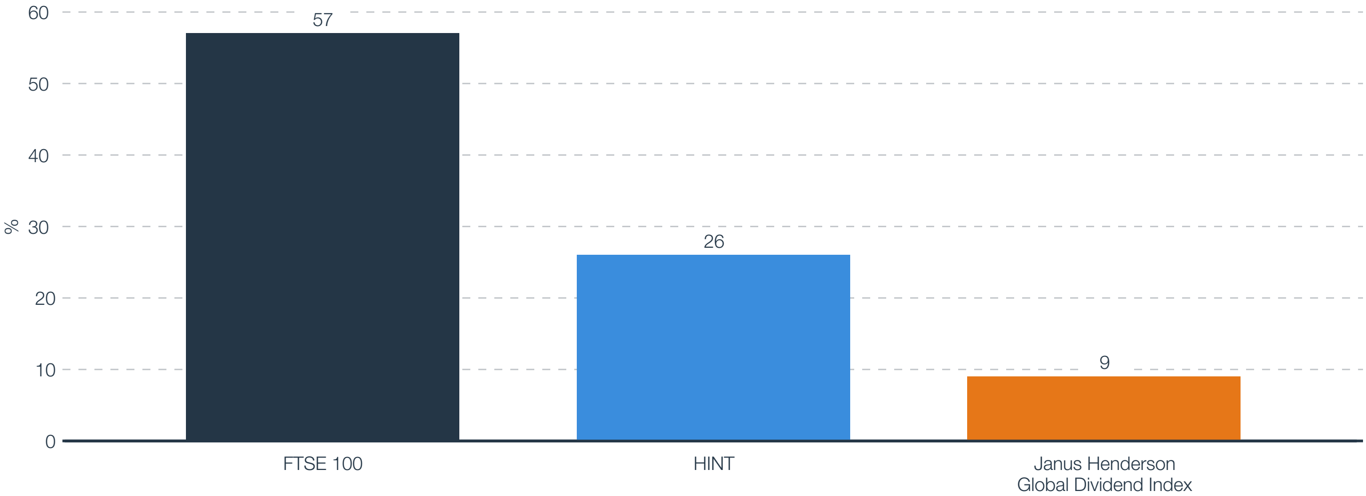
Introduction to Henderson International Income Trust plc

In 2011, Henderson International Income Trust ("HINT") was launched to provide an investment solution for investors seeking attractive income and capital growth opportunities in a low interest rate environment.

HINT's investment objective is to provide a high and rising level of dividends as well as long-term capital appreciation from a focused and internationally diversified portfolio of securities outside the UK.

The ex-UK aspect of the portfolio was designed to allow investors to be confident of true stock specific diversification as many global income funds are often overweight the UK FTSE dividend payers. As shown in the chart below, the dividends paid by UK companies (represented here by the FTSE 100) are highly reliant on a small number of companies. The same is not the case for a global index or for the HINT portfolio.

Contribution to dividend income for the top 10 dividend-paying stocks

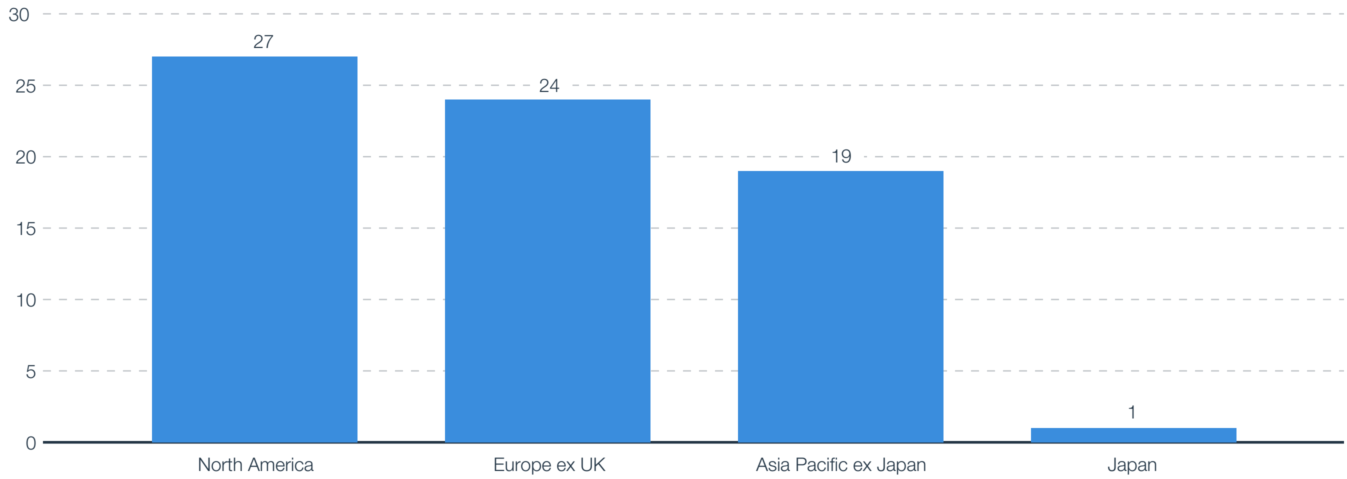


Source: Janus Henderson Global Dividend Index (JHGDI), Link Group UK Dividend Monitor, for the year to 31 December 2019. HINT dividend contribution for the 1-year period to 31 August 2020

Portfolio characteristics

The Company invests in the best global income ideas generated by the Janus Henderson Global Equity Income team. It also benefits from company research coverage by Janus Henderson's range of dedicated global research teams. It generally invests in 50-80 investments, which are well diversified by sector and region.

Number of holdings by region



Source: Janus Henderson, 31 August 2020
Note: chart shows the number of holdings per region

As the world changes over time, it is important to be able to adapt. HINT has a very flexible mandate that is designed to allow it to adjust to the changing investment environment. Investors in HINT benefit from:

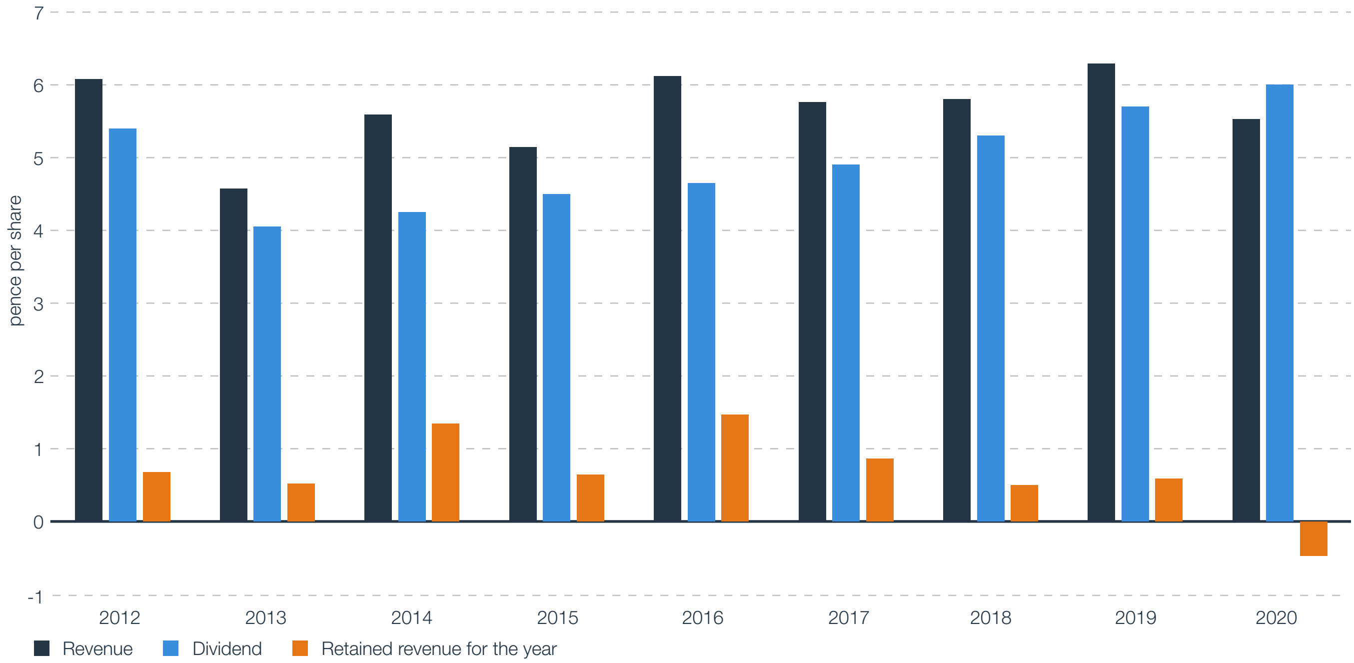
- A global universe of investment opportunities: different regions can offer different investment opportunities, and global diversification helps mitigate political and economic risks. This is hard in single region portfolios, particularly for regulated sectors such as utilities and financial services. The portfolio is split into three regions, North America, Europe and Asia Pacific, with none representing more than 50% of assets. No stock is over 5% of the portfolio at the time of investment.
- The ability to borrow to enhance returns: the Company can utilise borrowings of up to 25% of net assets to enhance returns over time.
- Asset allocation: in addition to borrowing, the mandate includes the ability to own up to 25% in fixed interest assets to enhance income generation and diversification.

Outcomes

HINT has established a track record of rising income delivery and strong total return performance, since inception.

1. The dividend has grown from 1p per quarter to 1.50p per quarter since launch.
2. The capital value of the Company has increased from 100p at launch to 153.5p as at 31 August 2020.[1]
3. Income sustainability – dividends have grown every year since launch at a greater rate than inflation. Some of the dividends received have been retained for future years, which allows the Company to smooth dividends during less benign periods.

Revenue and dividend history



Source: Janus Henderson, 31 August 2020

1 NAV (debt at par) per share

Simon Jeffreys
Chairman

Chairman's Statement

"Interest rates remain at record lows, and against this backdrop the Company's objective of delivering an appealing income from a diversified portfolio of holdings remains highly relevant."

Chairman's Statement

Performance and markets

The net asset value ("NAV") total return per ordinary share has fallen by 3.3% (debt at par) and by 3.0% (debt at fair value). The total return on the ordinary share price was -5.2%, this figure includes total dividends of 6.0p per ordinary share, an increase of 5.3% on the previous year. These returns compare to a total return of 8.1% for the MSCI World (ex UK) Index (sterling adjusted) ("MSCI World Index" or "benchmark").

The 2020 financial year started with a feeling of cautious optimism, driven by signs that the worst of the trade war might be over and encouraging economic data. In January, the Company's NAV reached its highest level since launch. That optimism has been replaced by tremendous uncertainty caused by the spread of the Covid-19 ("Covid") virus and the human and economic devastation that have resulted. There has been a considerable fall in economic activity in all economies around the world, although it has been cushioned by massive fiscal and monetary support from governments and central banks. Equity markets sold off when Covid hit, but have been recovering from their lows in response to this stimulus. Investor sentiment has also been helped by positive medical developments regarding the treatment of patients suffering from the virus and the emergence from government imposed lockdowns in several countries.

The sudden and extreme impact of Covid has caused an enormous divergence between the returns from different stocks, sectors and regions. The US equity market has been the best performer, but it has seen a dramatic contrast between the best and worst performers, and its recovery has been driven by lower yielding sectors and a few very large companies. Whilst some companies have benefited from the changes in society Covid has forced, others have been severely disrupted. There has been an unprecedented number of dividend cuts in some regions. At one point this year, for example, almost half of FTSE 100 companies passed or cut their dividends. Other regions have seen significantly less impact on dividends. Equity income strategies have underperformed the broader market this year. Whilst the benchmark has returned 8.1%, the MSCI World High Dividend Yield Index (ex-UK), a subset of the index that consists of higher yielding companies, has returned -7%. As a result of the Company's income objective, portfolio composition can differ significantly from the MSCI World Index, which can lead to significant variations in performance between the two, as is the case this year. Information about the drivers of this period's variation can be found in the fund manager's report on pages 12 to 16.

Overall, the board is pleased with the Company's performance since inception across the key performance indicators ("KPIs"), as detailed on page 20 of the report.

Strategy, growth and corporate activity

Since your Company's original listing, the board's strategy has been to provide a high and rising level of dividends as well as long-term capital appreciation from a focused and internationally diversified portfolio of securities outside the UK. We remain willing to issue further shares at appropriate times. This is to provide greater liquidity in our shares, to widen demand for them from wealth managers, and to lower our fixed costs per share. We have made good progress on this during the year, having issued 8,395,000 new shares in response to continuing investor demand. At 31 August 2020, there were 195,978,716 shares in issue. No shares have been issued since the year end. Since inception, management fee reductions and changes combined with the increase in the size of the Company have been the two principal factors that have led to a fall in the ongoing charge from 1.38% (as at 31 August 2012) to 0.85% this year.

Earnings and dividends

We are pleased to announce a total dividend increase from 5.70p to 6.00p per ordinary share for the year to 31 August 2020. The year consisted of a first, second and third interim dividend of 1.50p per ordinary share, and the fourth interim dividend of 1.50p will be paid on 30 November 2020.

In the half year report, we noted the fact that some of the companies held in the portfolio had been asked by their respective governments or regulators to delay or moderate their dividends until the impact of the current pandemic was clearer. We also indicated that the board intended to utilise the Company's revenue reserves to smooth any temporary shortfall between the Company's distributions and portfolio income. Whilst the majority of the portfolio's holdings have paid dividends, a number have reduced or withheld dividends and it has been necessary to use a relatively moderate amount of the reserves to support dividend payments this year (£917,000 of the £8,081,000 at the start of the year). Earnings have been retained every year since launch for a rainy day, so it is appropriate that they are used now in these unprecedented times.

We continue to recognise the importance of dividend income to our shareholders and will continue to use reserves to complement the income generated by the portfolio. The current revenue reserves would provide several years of dividend support based on 2020 results.

Gearing

Well-judged gearing enhances returns to shareholders. The board's current policy is to permit the fund manager to gear up to 25% of net assets at the time of drawdown or investment, as appropriate. Borrowing limits for this purpose include implied gearing through the use of derivatives. The gearing at the period end was 11.41% (31 August 2019: 3.25%).

Liquidity and discount management

The board continues to monitor the premium/discount to NAV and will consider appropriate action if the relationship between the NAV and share price moves and remains out of line with the Company's peer group. Nonetheless, there is a distinct limit to the board's ability to influence the premium or discount to NAV. We consider that it is not in shareholders' interests to have a specific issuance or buy-back policy. However, to retain flexibility, we reserve the ability to implement share issues

Chairman's Statement (continued)

or buy-backs within a narrow band relative to NAV, where appropriate, and subject to market conditions.

Ongoing charge

The ongoing charge for the year to 31 August 2020, as calculated in accordance with the Association of Investment Companies ("AIC") methodology was 0.85% (2019: 0.84%).

Continuation vote

The Company's articles of association give shareholders the opportunity every three years to vote on whether they wish to continue the life of the Company, or to wind it up. Such a resolution will be put to shareholders at this year's annual general meeting.

The Company is well positioned to take advantage of increased demand for its shares and to build on the strong portfolio of investments our fund manager has built since the Company was incorporated. Contact that has been had with shareholders suggests to the board that shareholders will support continuation. The board recommends that all shareholders vote in favour of continuing the Company. All directors intend to do so in respect of their own beneficial holdings.

Annual general meeting

The tenth annual general meeting of the Company will be held on 8 December 2020. Due to the ongoing restrictions on large gatherings, it will unfortunately not be possible for shareholders to attend the meeting in person. Voting on the resolutions to be proposed will be conducted on a poll, and shareholders are encouraged to submit their forms of proxy. If you have any questions in relation to the annual report or the Company's performance over the year, please email **ITSecretariat@janushenderson.com** in advance of the meeting. All questions received will be considered and responses will be available on the Company's website. A presentation from Ben Lofthouse, our fund manager, will be available to watch on the Company's website from the day of the meeting.

Board composition

As I indicated in my report last year, the board has agreed to deliberately phase the introduction of new directors, and the retirement of current directors, over the next three years to allow sufficient time for new directors to familiarise themselves with the Company whilst retaining the right balance of knowledge, skills, experience and corporate knowledge on the board.

In accordance with the succession plan, Bill Eason will retire at the conclusion of the 2020 annual general meeting, having been a director since the Company's launch in 2011. Kasia Robinski has also indicated that she will be retiring from the board at the forthcoming annual general meeting. I would like to thank both Bill and Kasia for their valuable contributions as directors.

Bill also acted as the Company's senior independent director. On his retirement, Richard Hills will be appointed as the new senior independent director.

I am delighted to welcome Lucy Walker to the board. Lucy was appointed on 1 September 2020. She was, until 7 August 2020, a fund manager and Head of Third Party Funds at Sarasin & Partners LLP, having joined as an analyst in January 2011, and previously worked in the multi-manager team at HSBC Global Asset Management.

The board is in the process of recruiting a new director, who would also act as the audit committee chair, to replace Kasia.

As I reported last year, I will be standing down as chairman of the board and a director of the Company at the conclusion of the annual general meeting in 2022. This will conclude five years' service as chairman of the board, following six years' service as audit committee chairman.

Outlook

These are challenging times for the world. There is no modern precedent for a pandemic such as this one and, in the short term, all focus will be on vaccines, infection rates and how economies and societies are dealing with Covid. Behind the headlines, many companies have adapted to this sudden economic and physical disruption better than expected, and some have even thrived during it. In the longer term, it seems reasonable to hope that things continue to improve and the world can move on from this crisis. It has been encouraging to see the adoption of so many innovative technologies to tackle the challenges that have emerged over the last nine months and many of them will permanently change companies and organisations for the better.

The Company is well equipped to weather periods of economic uncertainty. Since launch, annual revenues have exceeded dividend distributions, and a revenue reserve has been created to cover any temporary income disruptions. The global remit of the Company allows it to diversify its investments and income sources by sector and region. For example, the portfolio currently holds over 70 investments across 20 countries and has used the ability to purchase bonds when credit markets were dislocated earlier this year and dividend uncertainty was at its highest.

These are difficult times, but the board and investment team remain focused on delivering the Company's objectives and, where possible, taking advantage of opportunities as they arise. Interest rates remain at record lows, and against this backdrop the Company's objective of delivering an appealing income from a diversified portfolio of holdings remains highly relevant. The Company will continue with its existing strategy of identifying companies that are attractively valued, pay a sustainable dividend and have the capacity to grow their dividends over the medium to long term.

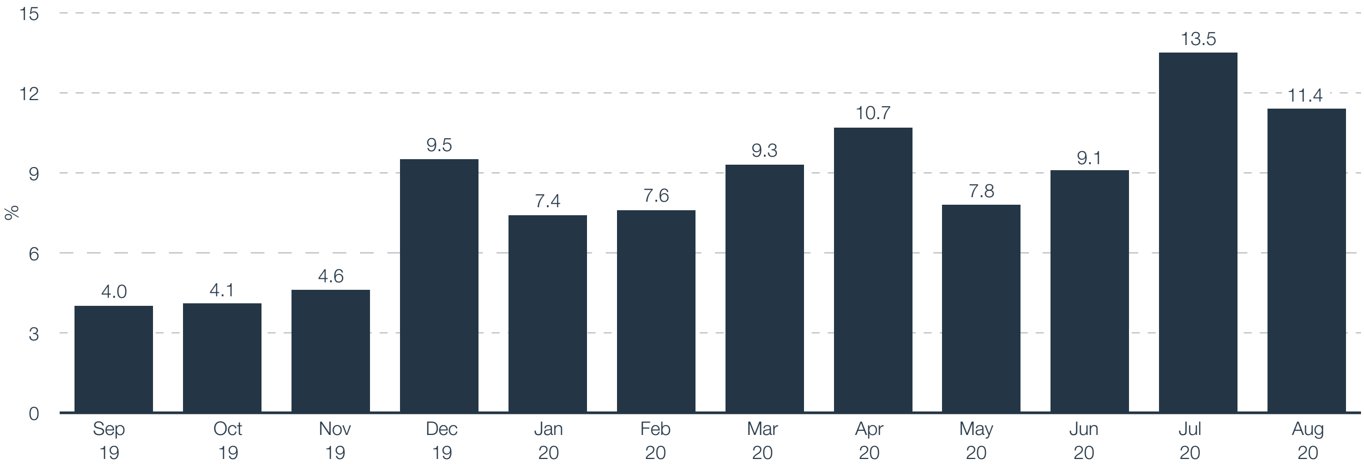
Simon Jeffreys
Chairman
28 October 2020

Portfolio Snapshot

Ten largest investments at 31 August 2020

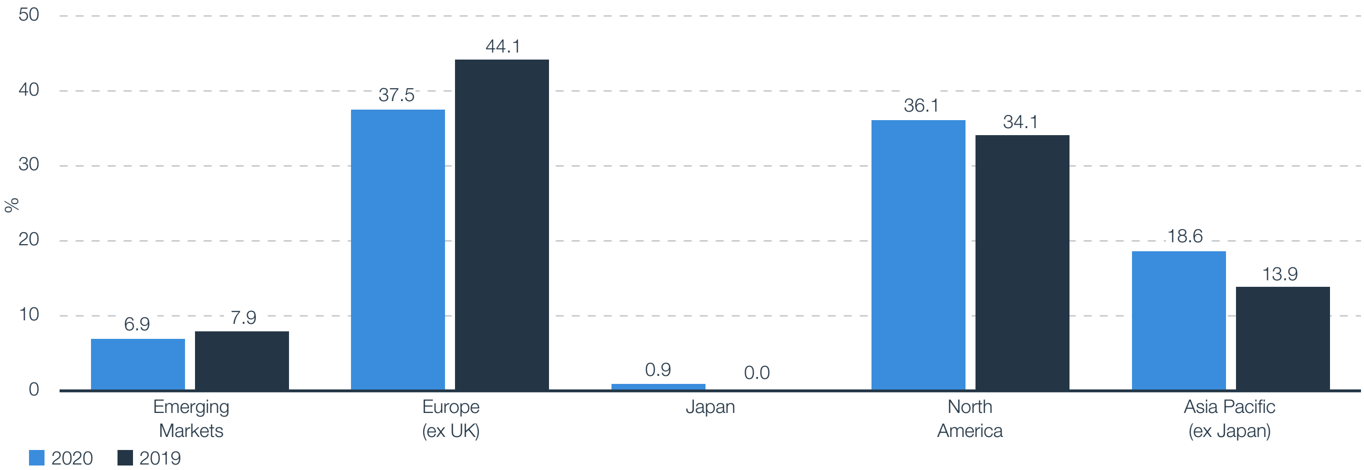
Ranking 2020	Ranking 2019	Company	Country	Sector	Market value £'000	% of portfolio	Market value at time of investment £'000
1	2	**Microsoft**	**US**	Technology	16,884	5.0	2,916
2	1	**Nestlé**	**Switzerland**	Consumer goods	13,563	4.0	9,140
3	11	**Taiwan Semiconductor Manufacturing**	**Taiwan**	Technology	10,998	3.3	2,790
4	8	**Verizon Communications**	**US**	Telecommunications	8,945	2.7	8,034
5	4	**Novartis**	**Switzerland**	Health care	8,808	2.6	7,507
6	14	**ABB**	**Switzerland**	Industrials	8,425	2.6	7,310
7	5	**Sanofi**	**France**	Health care	8,321	2.5	7,159
8	28	**Allianz**	**Germany**	Financials	7,774	2.3	7,619
9	13	**Pfizer**	**US**	Health care	7,639	2.3	6,176
10	3	**Coca-Cola**	**US**	Consumer goods	7,464	2.2	6,578
Top 10					**98,821**	**29.5**	**65,229**

Gearing levels over the year to 31 August 2020



Regional asset allocation weighting of portfolio at 31 August

As a percentage of the investment portfolio excluding cash

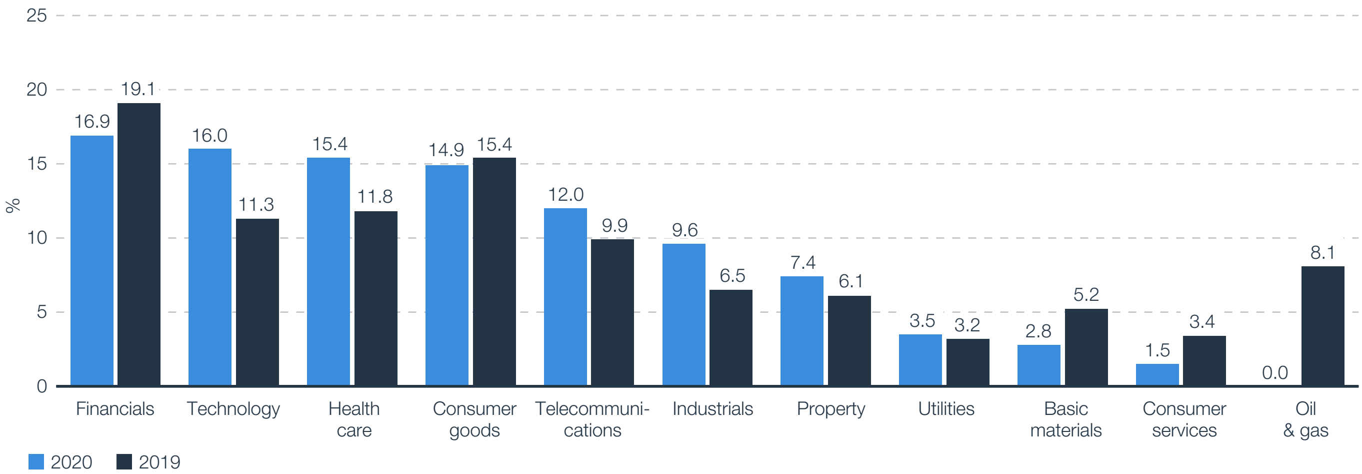


Source: Janus Henderson

Portfolio Snapshot (continued)

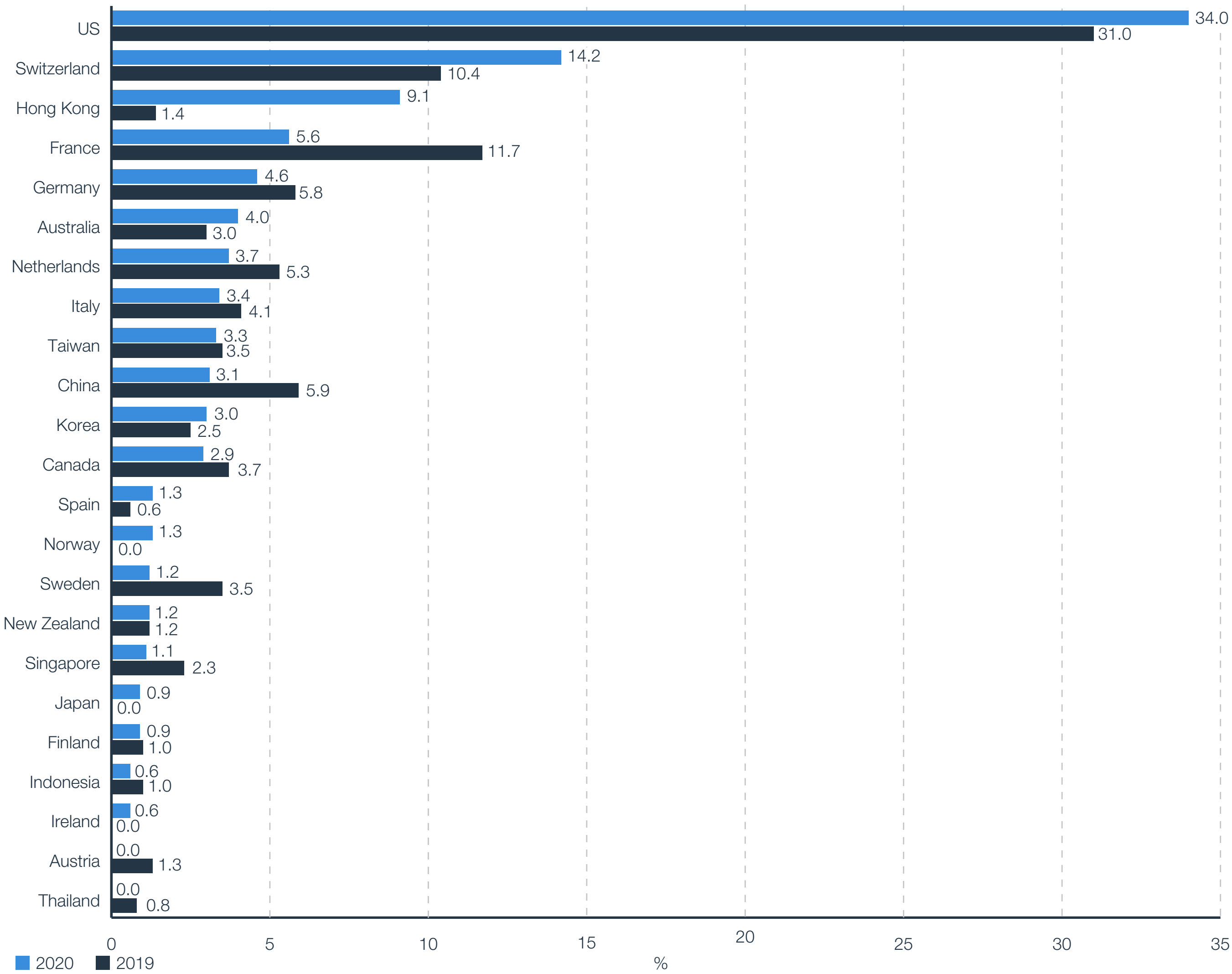
Sector exposure at 31 August

As a percentage of the investment portfolio excluding cash



Geographic exposure at 31 August

As a percentage of the investment portfolio excluding cash



Source: Janus Henderson

Portfolio Snapshot (continued)

Investment portfolio as at 31 August 2020

Company	Country	Market value £'000	% of portfolio
Basic materials			
OZ Minerals	Australia	6,451	1.9
UPM-Kymmene	Finland	3,036	0.9
		9,487	**2.8**
Consumer goods			
Nestlé	Switzerland	13,563	4.0
Coca-Cola	US	7,464	2.2
Samsung	Korea	6,686	2.0
Mondelez	US	5,146	1.5
Michelin	France	4,295	1.3
Hengan International	Hong Kong	4,236	1.3
Treasury Wine Estates	Australia	3,125	0.9
Panasonic	Japan	2,978	0.9
Anta Sports	China	2,833	0.8
		50,326	**14.9**
Consumer services			
Vivendi	France	3,014	0.9
McDonald's	US	2,073	0.6
		5,087	**1.5**
Financials			
Allianz	Germany	7,774	2.3
Zurich Insurance	Switzerland	5,371	1.6
Munich Re	Germany	5,207	1.6
AIA	Hong Kong	4,437	1.3
Citic Securities	Hong Kong	4,213	1.3
Macquarie	Australia	4,131	1.2
Travelers Companies	US	3,733	1.1
Manulife Financial	Canada	3,659	1.1
Van Lanschot	Netherlands	3,520	1.1
ING	Netherlands	3,193	1.0
Banca Farmafactoring	Italy	3,048	0.9
CME Group	US	3,011	0.9
AXA	France	3,006	0.9
DH Europe Finance[1]	US	2,104	0.6
		56,407	**16.9**
Health care			
Novartis	Switzerland	8,808	2.6
Sanofi	France	8,321	2.5
Pfizer	US	7,639	2.3
Bristol-Myers Squibb	US	6,165	1.8
Roche	Switzerland	6,076	1.8
Medtronic	US	4,551	1.4
Johnson & Johnson	US	3,870	1.2
Merck & Co	US	3,745	1.1
HCA[1]	US	2,321	0.7
		51,496	**15.4**

Company	Country	Market value £'000	% of portfolio
Industrials			
ABB	Switzerland	8,425	2.6
SGS	Switzerland	5,210	1.6
Anhui Conch	China	4,227	1.3
China Railway Construction	Hong Kong	3,698	1.1
Honeywell International	US	3,181	0.9
Sig Combibloc	Canada	2,842	0.8
Siemens	Germany	2,419	0.7
Ardagh[1]	Ireland	1,981	0.6
		31,983	**9.6**
Property			
Crown Castle	US	4,868	1.5
Vici Properties	US	4,409	1.3
Cyrusone	US	4,357	1.3
Sun Hung Kai Properties	Hong Kong	3,897	1.2
Ascendas	Singapore	3,855	1.1
China Vanke	China	3,188	1.0
		24,574	**7.4**
Technology			
Microsoft	US	16,884	5.0
Taiwan Semiconductor Manufacturing	Taiwan	10,998	3.3
Cisco Systems	US	6,496	1.9
Tencent Holdings	Hong Kong	6,012	1.8
BE Semiconductor	Netherlands	5,483	1.6
Texas Instruments	US	3,028	0.9
Corning	US	2,686	0.8
Vmware[1]	US	2,181	0.7
		53,768	**16.0**
Telecommunications			
Verizon Communications	US	8,945	2.7
Telenor	Norway	4,350	1.3
Spark New Zealand	New Zealand	4,137	1.2
Tele2	Sweden	4,032	1.2
HKT Trust and HKT Ltd	Hong Kong	3,806	1.1
SK Telecom	Korea	3,478	1.0
Telus	Canada	3,339	1.0
T-Mobile[1]	US	3,280	1.0
Ziggo[1]	US	1,980	0.6
Telekomunikasi	Indonesia	1,885	0.6
Infrastructure Wireless Italia	Italy	1,082	0.3
		40,314	**12.0**
Utilities			
Enel	Italy	7,360	2.2
Iberdola	Spain	4,441	1.3
		11,801	**3.5**
Total investments		**335,243**	**100.0**

1 Fixed interest

Fund Manager's Report

Ben Lofthouse

"The Company's investment process focuses on companies with attractive dividend yields, strong cash flow generation and the potential to grow both earnings and distributions in the future."

Fund Manager's Report

For the last few years one of the dominant themes in the world of business (and therefore investing) has been that of disruption, examples of which include new technology innovation, trade wars, climate change and its impact, and Brexit. This year the Covid-19 pandemic ("Covid") has resulted in probably the biggest global, societal disruption many of us will have seen in our lifetimes. We have been very cognisant of the opportunities and threats posed by technological changes, and over the last few years have proactively exited and reduced investments in impacted sectors, such as property, retail and oil. Investments have been made in companies and sectors that are beneficiaries of these trends. Examples of these include semiconductor and cloud computing businesses. One of the impacts of Covid has been to turbocharge technological adoption across all areas of business and society, and at the same time accelerate the demise of structurally challenged businesses. It has also been incredibly disruptive for any business relying on the free movement of people and out-of-home consumption, including most of the travel and leisure industry. It is not clear which of these changes will be permanent, but many businesses are likely to emerge from Covid significantly changed.

In purely financial terms, Covid has caused enormous economic disruption. The table below shows the Gross Domestic Product ("GDP") trends for the major regions and illustrates the forecasted impact of Covid on economic output.

Real GDP growth by region (%)

Region	2019	2020F	2021F
World	3.0	(3.9)	5.1
Developed	1.7	(6.1)	4.2
Emerging	4.3	(1.0)	5.0
US	2.3	(5.0)	3.7
Eurozone	1.2	(8.1)	5.7
UK	1.3	(9.9)	6.4
Japan	1.0	(5.3)	2.5
China	6.1	2.0	8.0

Source: Janus Henderson, Bloomberg, as at 3 September 2020

Performance review

The portfolio produced a total return of -3.0% in NAV per ordinary share over the period (debt at fair value). This return includes dividends totalling 6.0p per share, an increase of 5.3% as compared to the same period in 2019.

The Company's investment process focuses on companies with attractive dividend yields, strong cash flow generation and the potential to grow both earnings and distributions in the future. There has been no change in the fundamental investment process, but it has needed to be adapted to account for the dynamics of a Covid-impacted world. There have been two unique challenges for companies:

1. In some cases, a sudden, unanticipated slowdown in business triggered by lockdown rules; and
2. Non-financial considerations impacting dividend decisions. In some parts of the world, there has been political pressure to withhold dividends until the pandemic has been resolved (French companies and European financials are two groups that were particularly affected).

Dividend cuts were a headline topic in 2020, but the trends varied significantly across regions and sectors and we were able to proactively adjust the portfolio to ensure that the majority of companies in the portfolio increased or maintained their dividends this year. Of the top ten holdings, nine increased dividends and one company (ABB) paid the same as last year. The most significant increases came from technology companies Taiwan Semiconductor Manufacturing and Microsoft, which announced 25% and 10% quarterly increases respectively. Increases were not limited to technology companies: Nestlé announced a 10% increase and Novartis 3.5%. These examples highlight the fact that not all companies have been impacted in the same way by the pandemic. Some divisions of companies are benefiting from new trends, such as the move towards remote working and higher levels of food consumption at home. The utility companies and telecommunication companies owned in the portfolio will see much less of a direct impact than industrial and oil and gas sectors.

The biggest negative impact on portfolio income has come from the financial sector. Several holdings had announced dividends but were forced by their regulators to cancel them before they were due to be paid. Where dividend cuts have occurred, we are in communication with the companies to determine the drivers and the potential duration of the cuts. Insurance company AXA did pay a dividend, although at a lower rate than first announced. It was one of the few French financial companies to be allowed to pay. The portfolio owns three financial companies which have not been allowed to pay, but continue to accrue their 2019 dividends and are hopeful that they will be allowed to pay them in 2021.

This regulatory intervention was limited to a few regions and sectors. The investment portfolio is very diversified by region and sector, and the majority of companies' dividend payments were unaffected.

The flexibility of the Company's investment mandate has been used to generate additional income this year via the purchase of some corporate bonds when the credit market sold off in March and April. At a time when the dividend outlook was more uncertain, this gave increased income visibility. Higher equity market volatility also offered the opportunity to generate additional call option income.

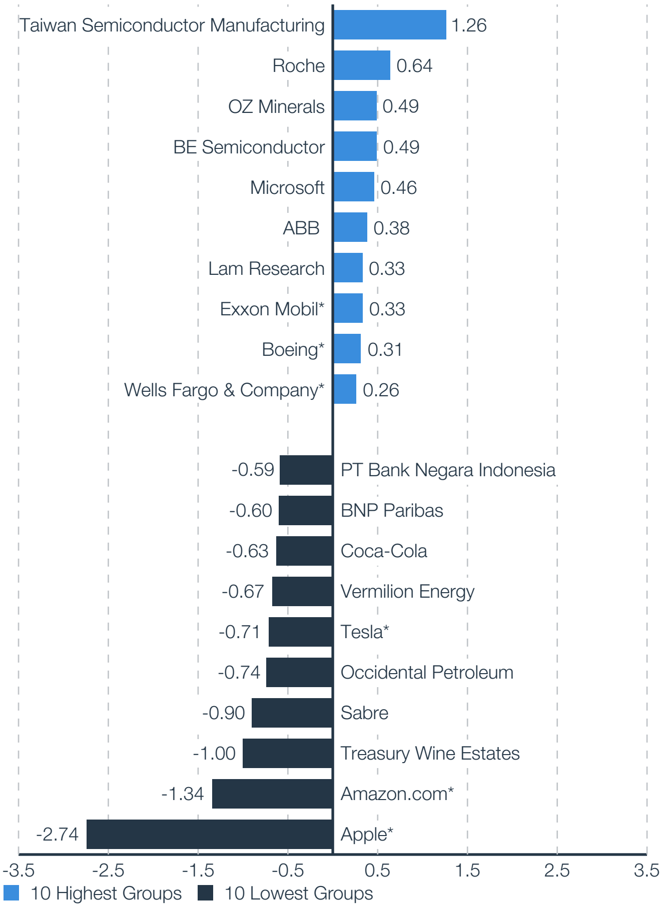
The Company's portfolio is relatively concentrated consisting typically of 50-80 positions, so performance can be impacted by stock specific news and events as well as regional equity market performance and sector news.

The table below highlights the most significant stock contributors to performance over the year. It shows relative return versus the benchmark, so registers the impact of both stocks held in the portfolio and those not held but which have

Fund Manager's Report (continued)

been significant drivers of the benchmark. The top performers all returned over 10% over the year. They are all industry leaders in their respective fields and are generally growing and/or exposed to structurally growing areas.

Top ten contributors to and bottom ten detractors from relative return vs benchmark (%)



* stock not held
Source: Janus Henderson, as at 31 August 2020

In such an uncertain environment, our investment bias toward income stocks, and value as a factor in stock selection, has detracted from performance relative to the benchmark. The most positive contributors to performance have all benefited from the technological adoption trends discussed above. There is growing understanding in equity markets that there is a structurally increased demand for semiconductor chips, and that the intellectual property barriers to entry in the design, manufacturing equipment and manufacturing process are high. This has resulted in a significant appreciation of the portfolio's holdings in Taiwan Semiconductor Manufacturing, BE Semiconductor, Lam Research and the takeover of Maxim Integrated Products. Covid has forced many workers to work remotely, which has resulted in an emergency upgrade of all companies' communications technology and infrastructure. This has benefited the portfolio's largest holding, Microsoft, which has leadership positions in cloud data storage, software and gaming and has performed strongly as a result.

Another area of focus during the pandemic has been the need for accelerated medical testing, treatment and vaccine development. This has shone a light on the skills and expertise possessed by the pharmaceutical industry in areas such as vaccines and diagnostics, which have often been under-recognised compared to large blockbuster drugs. Roche is one of the world leaders in diagnostics machines and tests, and Sanofi one of the leaders in vaccine manufacturing. Outside of the technology and pharmaceutical industries, there are stocks that have performed well due to some of the emerging longer-term thematic changes that innovation is driving. ABB, the Swiss engineering firm, has been gradually focusing itself on the area of process automation and selling non-core activities. Whilst an economically sensitive company, the share price has reacted well to signs that orders are returning more quickly than expected. There is a physical side to technological innovation, particularly in the arena of electrification and carbon reduction, which will be a demand driver for a number of different industries. The investment in copper miner OZ Minerals was made on the basis that copper demand is anticipated to be strong despite economic weakness. This is proving to be the case and OZ Minerals was one of the top performers this year. In the utilities sector, energy utility ENEL performed strongly, driven by the increasing investor awareness of the growth in renewable energy. Exxon, Boeing and Wells Fargo are shown as positive contributors because they were not held, but represent material stocks in the benchmark that fell considerably during the year.

The most significant relative detractors from performance generally fall into two camps: Covid-impacted companies and technology companies not owned. A number of companies that were perceived to be exposed to the potential impact of the pandemic were sold as it first emerged, but with the benefit of hindsight we did not anticipate the seriousness of this virus compared to previous ones. Sabre, Vermilion Energy and Occidental are examples of companies whose share prices fell before we had a chance to take action. They were subsequently sold as they are unlikely to pay dividends for some time. Sabre is a technology company focused on delivering services to the travel industry. It is well positioned in the industry but is impacted by lower travel bookings, which have impacted earnings. The energy sector was already under pressure from OPEC+ action to squeeze out new supply, but it has been acutely impacted by travel restrictions that have impacted both demand for oil and refined products. The portfolio's exposure to the sector had been reduced significantly before Covid struck, but remaining positions in Occidental and Vermilion Energy were impacted prior to being sold. Coca-Cola is not an obviously economically-sensitive company but it has been impacted by the pandemic as a significant proportion of its sales are made in restaurants, bars, sports events and travel concessions. The growth in at-home consumption has not been enough to offset the slowdown

Fund Manager's Report (continued)

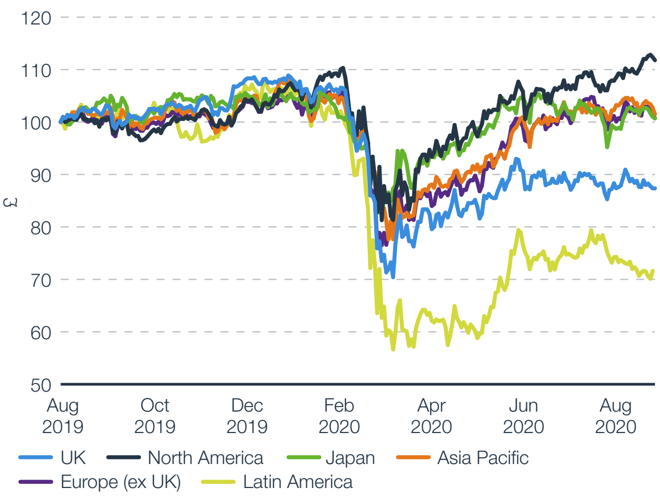
in its other operations, but we do not think the business is structurally impacted. Treasury Wine Estates has struggled to digest an acquisition made last year. Both Coca-Cola and Treasury Wines are still held.

Whilst a number of companies in the portfolio have benefited from technology shifts, it has been less exposed to these positive themes than the benchmark. Not owning Apple, Amazon, Tesla and some of the other technology giants has resulted in approximately 5% relative underperformance versus the benchmark. Amazon and Tesla do not pay dividends and are at the heavy investment state of their life cycles, and whilst we can appreciate their excellence, they are not natural fits for an income portfolio. Apple is a more obvious candidate for the portfolio as it is very cash generative, but we do feel the earnings growth is better in some of the other technology companies owned. What is true of all these companies is that they have captured investors' attention and imagination to such an extent that they are responsible for a significant percentage of stock markets' performance this year.

One of the impacts of Covid has been an enormous divergence in returns across sectors and regions. Whilst we view the price to earnings paid for a company as an important influence on the long-term total returns an investor will receive, this view seems out of favour at this time. Stock selection has been the most significant driver of relative underperformance versus the benchmark.

The chart below shows the performance of different regions of the world over the Company's financial year.

Regional equity market performance (£)



Source: Datastream, as at 31 August 2020. Rebased to 100

The US stock market has recovered most strongly from the Covid sell-off, driven mainly by the large technology and internet stocks. The portfolio is underweight the US and overweight the European and Asian regions relative to the benchmark, with a significant exposure to Chinese companies. In terms of asset allocation, the geographical positioning accounts for approximately 5% of the relative underperformance versus the benchmark. Whilst it was the first country to be affected by the virus, China reacted very quickly to control its spread and has been the first major economy to stabilise its economic activity. Numerous companies we meet here talk about levels of activity near or above the prior year. This has not yet resulted in any significant outperformance of many of the Asian stocks held, but we continue to see considerable value there.

Portfolio positioning

Stock selection for the portfolio is driven by a combination of the attractiveness of the company in question (competitive positioning, cash flow generation, sustainability of business model) combined with its valuation. Over the last 12-18 months there has been a considerable change in the operating environment for companies and we have made some significant changes to the portfolio in response. There have been several periods of market volatility since the Company was launched, and they have generally provided good long-term investment opportunities. Hopefully this will be the case this year as well.

The largest individual stock changes are shown below.

Purchases	
OZ Minerals	+1.9%
Tencent Holdings	+1.8%
Zurich Insurance	+1.6%
SGS	+1.6%
Munich Re	+1.6%

Sales	
Chevron	-2.4%
BASF	-2.0%
BNP Paribas	-1.6%
E.Sun Financial Holdings	-1.5%
Royal Caribbean	-1.4%

Source: Janus Henderson, as at 31 August 2020

There have been two specific sectors where we have reduced exposure significantly due to concerns about a deterioration of the balance between demand and supply. The first sector is energy, where we were increasingly concerned about the ongoing supply growth against lacklustre demand, even pre-Covid. Energy exposure at the period end was 0% versus 8.1% this time last year. The other sector was the travel and leisure sector within consumer goods. Positions in Chinese toll road operator Jiangsu Expressway, cruise operator Royal Caribbean Cruises and casino operator Las Vegas Sands were sold as soon as it became apparent that Covid represented a serious health risk that would curtail travel and tourism. These changes reduced exposure to the companies with the most direct exposure to the impact of Covid.

Fund Manager's Report (continued)

In response to the lower interest rate environment expected as a result of Covid and the dividend restrictions imposed in some countries, exposure to financial services was reduced with a particular focus on exposure to the banking sector. The fall in markets and provisions for insurance losses resulted in a considerable de-rating of the insurance sector. There are signs of improved discipline in some parts of the insurance market, and positions including Zurich and Munich Re have been added on the basis of the attractive valuations, strong balance sheets and dividend potential of the sector.

The largest sector increase was the technology sector, which increased from 11.3% to 16.0% of the portfolio. This increase was partly driven by the strong performance of the holdings as discussed above, but a position was added in Chinese technology company Tencent during the market correction. The company has many businesses that are exposed to Chinese consumer activity, including gaming, ecommerce, and music, and the sell-off was unwarranted.

Exposure to the health care sector was also increased, from 11.8% this time last year to 15.4% now. Positions in Merck and Johnson & Johnson were added on weakness on the basis that their defensive, growing revenue streams are undervalued.

The impact and duration of this pandemic is very hard to gauge, but we will continue to assess opportunities as they arise. The long-term gearing entered into last year means that we can be confident about the availability of funding regardless of conditions in the banking sector. Since the Covid pandemic started, the Company's borrowing facilities have been used to purchase a modest position in corporate bonds, the majority of which are investment grade rated.

It has been a very difficult period for company profits and dividends because of the Covid virus and associated lockdowns of economies. There are clear signs that the worst point has been experienced and an improvement should be seen going forward. In our view, the portfolio is predominantly invested in profitable, cash generative, relatively stable companies but also has some exposure to areas with significant recovery potential.

Ben Lofthouse
Fund Manager
28 October 2020

Historical Information

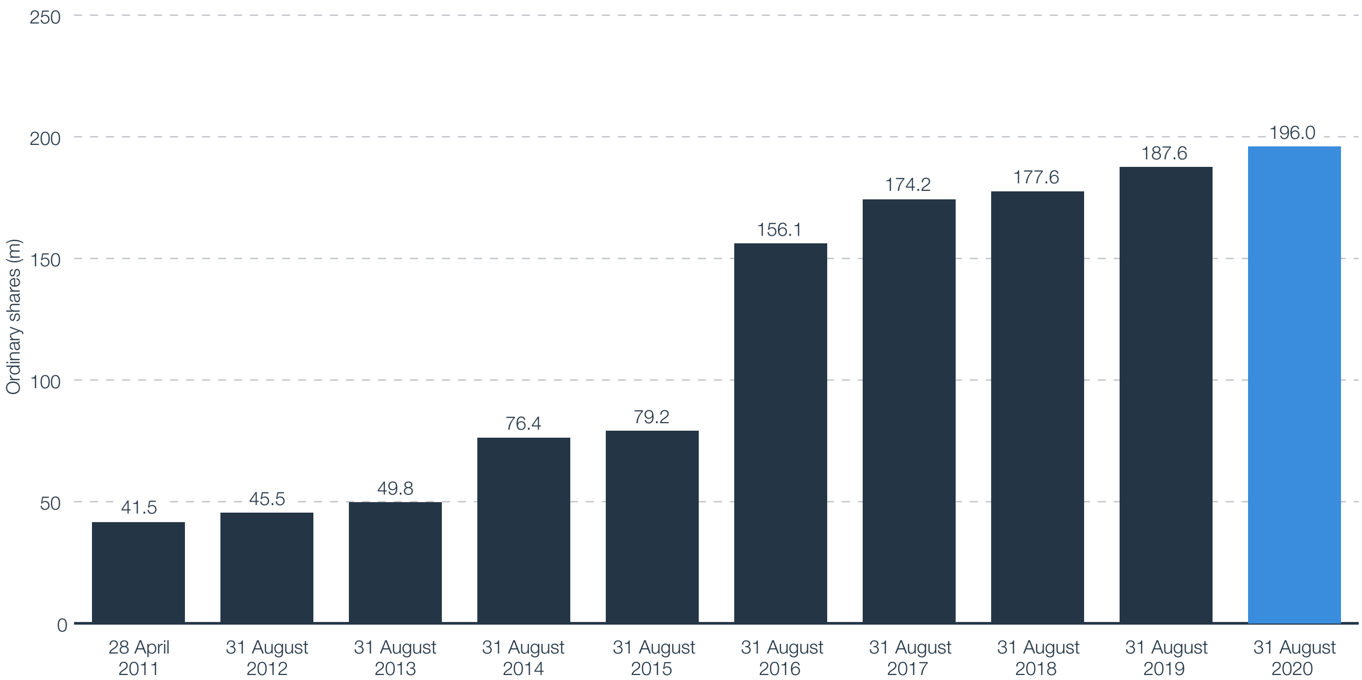
Total return performance to 31 August 2020[1]

	1 year %	3 years %	Since launch %
Diluted NAV[2] (debt at fair value)	(3.0)	2.6	113.1
Share price[3]	(5.2)	(1.3)	102.5
Benchmark[4]	8.1	32.3	194.5
Sector average[5]	(0.8)	10.7	114.9

Financial information for the year to 31 August

Date	Net assets £'000	NAV (debt at par) pence	Share price[3] pence	Premium/ (discount) %	Net return for year £'000	Revenue return pence	Capital return pence	Total return pence	Dividends per ordinary share pence	Ongoing charge %
2012[6]	44,268	97.2	100.5	(3.4)	1,655	6.08	(2.23)	3.85	5.40	1.38
2013	55,729	111.9	114.1	2.0	8,630	4.57	13.62	18.19	4.05	1.39
2014	85,787	118.4	109.8	(7.3)	7,077	5.59	5.99	11.58	4.25	1.09
2015	91,594	115.6	118.8	2.8	1,668	5.14	(2.98)	2.16	4.50	1.11
2016	220,904	141.5	141.8	0.2	37,570	6.12	29.14	35.26	4.65	1.01
2017	283,972	163.0	163.8	0.5	42,836	5.76	21.36	27.12	4.90	0.88
2018	296,748	167.1	167.5	0.2	16,386	5.80	3.50	9.30	5.30	0.83
2019	309,176	164.8	159.5	(3.2)	5,951	6.29	(2.98)	3.31	5.70	0.84
2020	**300,915**	**153.5**	**145.5**	**(5.2)**	**(10,353)**	**5.53**	**(10.91)**	**(5.38)**	**6.00**	**0.85**

Issued ordinary share capital since launch



1 Including dividends reinvested and excluding transaction costs
2 Calculated using published daily NAVs including current year revenue
3 The Company's closing share price
4 MSCI World (ex UK) Index (sterling adjusted)
5 AIC Global Equity Income sector
6 The first period was from launch on 28 April 2011 to 31 August 2012 and the dividends in this period represented 16 months of revenue
Sources: Morningstar, Janus Henderson and Refinitiv Datastream

Business Model

Business Model

Purpose and values

The Company's purpose is to pursue its investment objective and policy to provide shareholders with a growing total annual dividend as well as capital appreciation on their investment in the Company.

The board is intent on ensuring high standards of governance, with a culture based upon openness, mutual respect, integrity and trust. The board seeks always to act in the best interests of shareholders and wider stakeholders, making the most effective use possible of the diversity of skills and experience of its members. The directors are engaged and independent-minded and act in an open, positive and collegiate manner. This culture of openness and constructive challenge extends to the board's interaction with the manager, being the Company's most important service provider. The board expects the manager and all of the Company's other service providers to hold values which align with the high standards promoted by the board.

The Company aims to achieve its investment objective by following a disciplined process of investment within an acknowledged risk framework, and by controlling costs and using borrowings to enhance returns. The Company operates as an investment company enabling a board of directors ("board") to delegate operational matters to specialised third-party service providers. Their performance is monitored and challenged by the board who retain oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for delivering operations whilst allowing the Company to take advantage of the capital gains treatment afforded to investment trusts which are approved under s.1158/9 of the Corporation Tax Act 2010 ("s.1158/9"). The closed-ended nature of the Company enables the fund manager to take a longer-term view on investments and supports a fully invested portfolio as the Company has no redemptions to meet. A significant advantage over other investment fund structures is the ability to use gearing to increase returns for shareholders.

The board is comprised entirely of non-executive directors who are accountable to the Company's shareholders.

Status

The Company is registered as a public limited company. It is an investment company as defined in s.833 of the Companies Act 2006 ("Act") and operates as an investment trust in accordance with s.1158/9 as amended. The directors are of the opinion that the Company has conducted its affairs in compliance with s.1158/9 since approval was granted and intends to continue to do so.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority ("FCA").

The Company is a member of the Association of Investment Companies ("AIC").

The Company, and the board, is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution.

Investment objective

The Company's investment objective is to provide shareholders with a growing total annual dividend, as well as capital appreciation.

Investment policy

The Company will invest in a focused and internationally diversified portfolio of 50-80 companies that are either listed in, registered in, or whose principal business is in countries that are outside the UK and will be made up of shares (equity securities) and fixed interest asset classes that are diversified by factors such as geography, industry and investment size. A maximum of 25% of gross assets may be invested in fixed interest securities. The Company does not hold investments in unlisted companies unless it is through subsequent delisting of a listed security.

Investment in any single company (including any derivative instruments) will not, in gross terms, exceed 5% of net 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. No more than 10% of gross assets may be invested in companies that themselves invest more than 15% of their gross assets in UK listed investment companies or collective investment schemes.

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management, for investment purposes or to generate additional income while maintaining a level of risk consistent with the risk profile of the Company. The Company may hedge exposure to foreign currencies up to a maximum of 20% of gross assets and may generate up to a maximum of 20% of gross income through investment in traded options.

The Company can borrow to make additional investments with the aim of achieving a return that is greater than the cost of borrowing. The Company's articles of association allow borrowings up to 100% of net asset value. In normal circumstances, the manager may only utilise gearing up to 25% of net assets at the time of drawdown or investment (as appropriate) in accordance with the board's policy and for these purposes 'gearing' includes implied gearing through the use of derivatives.

Any material change to the investment policy would require the prior approval of both shareholders and the FCA.

Business Model (continued)

Investing

The Company sets out to be an attractive and straightforward long-term investment vehicle for private investors. As well as investing directly, shares can be purchased through various dealing platforms and held in share plans, ISAs or pensions. Links to some of these dealing platforms can be found on our website, **www.hendersoninternationalincometrust.com**.

Key performance indicators

In order to measure the success of the Company in meeting its objective and to evaluate the performance of the manager, the directors take into account the following key performance indicators ("KPIs"):

KPI	Action
Performance measured against the benchmark	At each meeting, the board reviews and compares the performance of both the NAV per share and share price for the Company and its benchmark.
Dividend sustainability and growth	At each board meeting, the board reviews the dividend income generating ability of the Company's portfolio, and monitors the dividend income received as the year progresses.
Discount/premium to NAV	At each board meeting, the board monitors the level of the Company's discount/premium to NAV per share (including income) and reviews the average discount/premium for the AIC Global Equity Income sector. The Company publishes its NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula, which includes current year revenue items.
Performance against the Company's peer group	The Company is included in the AIC Global Equity Income sector. In addition to comparing the Company against the stated benchmark, the board also considers at each meeting the performance of this AIC sector, as well as other investment trusts.

The charts and data on pages 2, 3 and 17 show how the Company has performed against these KPIs.

Promoting the Company's success

Section 172 statement

The directors' overarching duty is promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests, as set out in section 172 of the Act. The board regards a well governed business model as essential for the successful delivery of its investment proposition.

Shareholders' assets are managed taking account of the Company's stakeholders and their interests. The board has mapped who they are in order to support it in identifying and understanding its key stakeholders and fostering the appropriate level and form of interaction with them. The Company has no employees, premises, assets other than financial assets or operations.

The board seeks to secure the Company's success by engaging reputable third-party suppliers with established track records to deliver the day-to-day operations. The most important of these is the manager, and in particular the fund manager, who is responsible for the management of the Company's assets in line with the investment objective. The board maintains a close working relationship with the manager and holds it to account for the smooth running of the Company's day-to-day business. There is continuous engagement and dialogue between board meetings, with communication channels remaining open and information, ideas and advice flowing freely between the board and the manager. The board retains responsibility for decisions over corporate strategy, corporate governance, risk and internal control assessment, determining the overall limits and restrictions for the portfolio and in respect of gearing and asset allocation, investment performance monitoring and setting marketing budgets.

The fund manager promotes the Company with the support of the manager's dedicated investment trust sales team and the board makes additional spend available to support marketing activities aimed at raising the profile of the Company amongst retail investors in the UK.

As the manager holds the overall day-to-day relationship with the Company's other third-party suppliers, the board places reliance on the manager in this regard. The board is confident that Janus Henderson has developed and maintains good working relationships with all of the Company's third-party suppliers. To ensure the chosen service providers continue to deliver the expected level of service, the board receives regular reporting from them, evaluates the control environments in place at each service provider and formally

Business Model (continued)

assess their appointment annually. By doing so the board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the level of service that it expects from them.

The directors carry out their duties under section 172 of the Act to act in good faith to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decisions in the long term, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

The directors are responsive to the views of shareholders and the Company's wider stakeholders. Shareholders may contact the board via the corporate secretary (please refer to page 82 for contact details).

For more information about the responsibilities with which the board and its committees are charged, please refer to the corporate governance report (pages 32 to 37), the report of the audit committee (pages 38 to 40), the report of the nominations and remuneration committee (pages 41 and 42), the report of the management engagement committee (page 43), the directors' remuneration report (pages 44 to 46) and the directors' report (pages 30 and 31) in addition to the strategic report. The schedule of matters reserved for the board as well as the terms of reference for each of the committees of the board can be found on the Company's website.

Engagement with key stakeholders

The Company's key stakeholders are its shareholders and investors, the manager and other third-party service providers and the companies in which it invests. Wider stakeholders include the Company's lenders and regulatory and legislative bodies. Interaction is facilitated through meetings (both face-to-face and, particularly more recently, via video conferencing and other electronic means), seminars, presentations, publications and the Company's website. Set out below are examples of the way the board and the Company interacts with its stakeholders.

Stakeholders	Engagement	Outcome
Shareholders, investors (including through retail platforms) and potential investors	The board is committed to maintaining open channels of communication with shareholders in a manner which they find most meaningful. Unlike trading companies, the board appreciates that this often takes the form of meeting with the fund manager rather than members of the board. Shareholders are able to meet with the fund manager throughout the year and the manager provides information on the Company and videos of the fund manager on the Company's website and various social medial channels. The manager's sales and marketing team, the broker and external marketing research providers (Edison) also meet with shareholders and analysts. Feedback from all meetings with shareholders is shared with the board. The chairman or other members of the board are available, and have offered, to meet with shareholders where they wish to do so. The annual report and half-year results are circulated to shareholders wishing to receive them and made available on the Company's website. These provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by the daily calculation and publication of the NAV per share and a monthly fact sheet which is available on the website. The fund manager provides presentations to shareholders and analysts following the publication of the annual financial results. The fund manager attends the annual general meeting and provides a presentation on the Company's performance and the future outlook.	Shareholders are able to make informed decisions about their investments. Shareholders are able to contact the directors directly by writing to the chairman or the senior independent director at the registered office (see page 82) or by email to **ITSecretariat@janushenderson.com**. Correspondence from shareholders is shared with the chairman immediately and with the board at each meeting. Due to the ongoing restrictions on large gatherings, shareholders will be unable to attend the annual general meeting on 8 December 2020 in person and it will be held as a 'closed meeting'. Voting on the resolutions to be proposed will be conducted on a poll, and shareholders will be able to submit their forms of proxy electronically as well as by post. A presentation from the fund manager will be available to watch on the Company website from the day of the meeting at **www.hendersoninternationalincometrust.com**.

Business Model (continued)

Stakeholders	Engagement	Outcome
Manager	The fund manager attends all board meetings. The board receives timely and accurate information from the manager at meetings and engages with the fund manager and corporate secretary between meetings as well as with other representatives of the manager as and when it is deemed necessary. In addition to reporting at each meeting, the board meets with key representatives of the manager throughout the year to develop strategy and assess internal controls and risk management and also sales and marketing activities, to promote the success of the Company and raise its profile.	The board and the manager operate in a supportive, co-operative and open environment, resulting in an effective and strong working relationship. The Company is well managed and the board places great value on the expertise and experience of the fund manager to execute the investment objective and deliver returns for shareholders, and on the manager's internal controls and risk management. Throughout the course of the Covid-19 pandemic, the board has been in regular contact with the manager, receiving updates on areas such as portfolio activity, gearing and the impact on income and the Company's ability to meet its investment objective. Weekly update calls with the fund manager were put into place in March, at the beginning of the national lockdown, and were subsequently moved to fortnightly.
Third-party service providers	As an investment company, all services are outsourced to third-party service providers. The board considers the Company's key service providers to be the manager, broker, depositary, registrar, auditor and administrator. The board considers the support provided by the service providers including quality of service, succession planning and any potential interruption of service or other risks to provision. The board is conscious of the need to foster good business relationships with its suppliers as well as its shareholders and others.	The manager maintains the overall day-to-day relationship with the service providers and reports back to the board on performance at least annually. The board meets with the depositary/custodian at least annually and with other service providers as and when considered necessary. This regular interaction provides an environment where day-to-day matters, issues and business development needs can be dealt with efficiently and effectively. The corporate secretary contacted all of the Company's key third-party suppliers in the wake of the Covid-19 pandemic to seek clarification that the Company would continue to receive a 'business as usual' service, and to work collaboratively with them to find solutions in the event of any service disruption. There has been no change to the level of service provided by the manager or the Company's other third-party suppliers as a result of Covid to date and each relationship continues to be monitored closely.
Investee companies	The board sets the investment objective and discusses stock selection and asset allocation with the fund manager regularly. On behalf of the Company, the manager engages with the investee companies, exercising good stewardship practices, including a focus on ESG matters with an approach agreed with the board.	The manager has a dedicated Governance and Responsible Investment Team that the fund manager can utilise when making investment decisions and voting.
Communities and the environment	The board mandates the manager, supported by its governance function, to engage with investee companies, when and where appropriate, on ESG matters in line with good stewardship practices, and with an approach agreed with the board. The board is also conscious of the importance of providing an investment product which meets the needs of its investors, including retail investors.	An investment approach that meets the needs of investors provides a service valuable to the communities in which the Company operates. The board is also conscious of the need to take appropriate account of broader ESG concerns and for the Company to act as a good corporate citizen.

Business Model (continued)

Principal risks and uncertainties

The board, with the assistance of Janus Henderson, has carried out a robust assessment of the principal risks and uncertainties, including emerging risks, facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and reputation.

The board regularly considers the principal risks facing the Company and has drawn up a matrix of risks. The board has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified and the steps taken by the board to mitigate these are set out in the table below. The principal financial risks are detailed in note 16 to the financial statements.

The board has considered the impact of the Covid pandemic on the Company. Originally identified as an emerging risk, the pandemic developed significantly and quickly, triggering sharp falls in global stock markets and resulting in uncertainty about the ongoing impact on markets and companies, and around future dividend income. The risks associated with the pandemic were therefore moved from emerging into one of the principal risks facing the Company.

Other than the risks associated with the Covid pandemic, the board does not consider the principal risks to have changed during the course of the reporting period and up to the date of this report.

Risk	Mitigation
Global pandemic	
The consequences of Covid and the political and economic volatility could be far-reaching and increase all of the risks faced by the Company in both the investment and operational side of the business.	The fund manager maintains close oversight of the Company's portfolio and monitors the dividend flows from investee companies. Investment in fixed income stocks was made to provide additional income in light of the reductions/cancellations of dividends that were being suffered. The board monitors the effects of Covid on the operations of the Company and its service providers to ensure that they continue to be appropriate, effective and properly resourced.
Investment activity and performance risks	
An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group.	The board monitors investment performance at each board meeting and regularly reviews the extent of its borrowings, when in use.
Portfolio and market price risks	
Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds. Most of the Company's assets, liabilities, income and expenses are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.	The manager seeks to maintain a diversified portfolio to mitigate against this risk. The board regularly reviews the portfolio, activities and performance. The fund manager monitors the Company's exposure to foreign currencies daily and reports to the board at each meeting. The fund manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rates to which the Company's assets, liabilities, income and expenses are exposed. The board has set an investment limit on currency hedging to a maximum of 25% of gross assets to mitigate against this risk.
Brexit/political risks	
The UK's negotiations to leave the European Union ("Brexit") could lead to the portfolio being subject to greater market price risk volatility and specific stock risk. It could also impact the operations of the Company's third-party service providers.	The manager actively monitors political issues and this includes consideration of the market uncertainty arising from Brexit. The board is comfortable that the manager has detailed plans in place to continue in operation regardless of the final position. Importantly, the portfolio is well-diversified and will be relatively unaffected by Brexit in the short term given the nature of the investment objective.
Tax and regulatory risks	
A breach of s.1158/9 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act could lead to criminal proceedings, or financial or reputational damage.	The manager has contracted investment, company secretarial, administration and accounting services to qualified professionals. The board receives internal control reports produced by Janus Henderson on a quarterly basis, which confirm regulatory compliance.

Business Model (continued)

Risk	Mitigation
Operational and cyber risks	
Disruption to, or failure of, Janus Henderson's accounting, dealing or payment systems or the custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational and/or cyber risk that one or more of its service providers may not provide the required level of service in the event of a cyber attack.	The board monitors the services provided by the manager and its other third-party suppliers and receives reports on the key elements in place to provide effective internal controls, including the impact of Covid on their day-to-day operations. The board also receives assurances from the manager's chief information security officer that the manager maintains robust cyber and information security policies, processes and procedures. The board also monitors the principal business risks faced by the Company which are recorded in a risk map which is reviewed regularly. 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.
Risks associated with the senior unsecured notes	
A breach of the covenants of the senior unsecured notes would trigger an "event of default" clause in the note purchase agreement, at which point the outstanding amount may become automatically and immediately repayable.	The manager monitors the Company's compliance with the covenants of the senior unsecured notes through the Charles River compliance tool (see note 16 to the financial statements for further details). The senior unsecured notes are conservatively coded into this tool so that the manager would be alerted well in advance of a potential breach of covenant conditions. The board monitors compliance with the covenants of the senior unsecured notes through a monthly investment limits and restrictions schedule that is provided at each board meeting. Other "events of default" not relating to covenant conditions are also monitored.

Emerging risks

In addition to the principal risks facing the Company, the board also regularly considers potential emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be moved to a significant risk, as described above in relation to the coronavirus pandemic.

The board has identified the following as potential emerging risks:

Emerging risk	Mitigation
Continued consolidation of the wealth management industry resulting in a narrower customer base and the increasing importance of being on the "buy list".	The board, through the manager and corporate broker, maintains ongoing close contact with all wealth managers. A key focus is on performance and to ensure that the Company meets buy list requirements. The manager makes use of PR and marketing in order to reach individual buyers.
Consolidation of the investment trust sector leading to a greater average size of investment trusts becoming the norm.	The board regularly reviews the market to identify and grasp consolidation opportunities and looks to the manager to provide performance to improve the Company's chances for growth.
Unfavourable regulatory changes, including tax changes and the possible imposition of a wealth tax.	The board and the manager monitor potential changes on an ongoing basis.

Business Model (continued)

Viability statement

The AIC Code of Corporate Governance includes a requirement for the board to assess the future prospects for the Company, and to report on the assessment within the annual report. The board considered that certain characteristics of the Company's business model and strategy were relevant to this assessment:

- the board looks to ensure that the Company seeks to deliver long-term performance;
- the Company's investment objective, strategy and policy, which are subject to regular board monitoring, mean that the Company is invested mainly in readily realisable listed securities and that the level of borrowings is restricted;
- the Company is a closed-end investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions; and
- the Company has an ongoing charge of 0.85%.

Also relevant were a number of aspects of the Company's operational agreements:

- the Company retains title to all assets held by the custodian under the terms of the formal agreement with the depositary;
- long-term borrowing is in place, being the 2.43% senior unsecured notes 2044, which are also subject to a formal agreement, including financial covenants with which the Company complied in full during the period since issuance. The value of long-term borrowing is relatively small in comparison to the value of net assets, being 8.8%;
- revenue and expenditure forecasts are reviewed by the directors at each board meeting; and
- cash is held with an approved bank.

In addition, the directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's business model, including future performance, liquidity or solvency and reputation.

The principal risks identified as relevant to the viability assessment were those relating to investment activity and performance, portfolio and market price risks. The board took into account the liquidity of the Company's portfolio, the existence of the long-term fixed rate borrowings, the effects of any significant future falls in investment values and income receipts on the ability to repay and re-negotiate borrowings, grow dividend payments and retain investors and the potential need for share buy-backs to maintain a narrow share price discount. The directors assess viability over three-year rolling periods, taking account of foreseeable severe but plausible scenarios. In coming to this conclusion, the directors have considered the impact of the Covid pandemic, in particular the impact on income and the Company's ability to meet its investment objective, and the impact on loan covenants.

The directors believe that a rolling three-year period best balances the Company's long-term objective, its financial flexibility and scope with the difficulty in forecasting economic conditions affecting the Company and its shareholders.

The directors recognise that there is a continuation vote that is due to take place at the annual general meeting on 8 December 2020. The directors currently support the continuation of the Company and expect that the Company will continue to exist for the foreseeable future, and at least for the period of assessment. Contact that has been had with shareholders suggests to the board that shareholders will support continuation. In the unlikely event that the vote were not passed, the directors would follow the provisions in the articles of association to the effect that the Company be wound up, liquidated, reorganised or unitised.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 August 2023.

Fee arrangements with the manager

The board has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors Limited in accordance with an agreement which was effective from July 2014 and can be terminated on six months' notice. Both entities are authorised and regulated by the Financial Conduct Authority, and form part of the Janus Henderson group of companies. References to "Janus Henderson" or the "manager" refer to the services provided to the Company by the manager's group. References to the "fund manager" are to Ben Lofthouse.

The management fee is 0.65% per annum of net assets equal to or below £250m. The fee reduces to 0.60% per annum of the net assets in excess of £250m. The aggregate amount of fees charged by Janus Henderson on any assets in the portfolio that are invested in in-house funds and connected investment trusts is deducted from any fees charged. The fees are payable quarterly in arrears. There is no performance fee arrangement in place.

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 Securities Services. Henderson Secretarial Services Limited acts as the Corporate Secretary.

In accordance with the directors' policy on the allocation of expenses between income and capital, in each financial year 75% of the management fee payable is charged to capital and the remaining 25% to income.

Business Model (continued)

Borrowings

Where the fund manager believes that gearing will enhance returns to shareholders, the Company may borrow up to 25% of its gross assets at the time of drawdown or investment (as appropriate). Borrowings for these purposes would include implied gearing through the use of derivatives. The Company's short-term gearing facility allows borrowing of up to £30m in sterling and other currencies by way of an overdraft facility with HSBC Bank plc. Under this facility the Company borrowed in both sterling and euros in the year under review.

On 30 April 2019, the Company issued €30m fixed rate 25-year senior unsecured notes at an annualised coupon of 2.43%. This long-term fixed rate euro denominated financing was obtained at a price that the board considered attractive. The senior unsecured notes are expected to enhance long-term investment performance.

Within the terms of the senior unsecured notes are clauses that would be enacted in certain scenarios should the notes be prepaid by the Company before maturity. These clauses could impact the total amount repayable. The directors have assessed these and have concluded that these clauses are highly unlikely to occur.

Approach to environmental, social and governance matters

Responsible ownership and the Stewardship Code

The board has reviewed and fully supports the Janus Henderson Stewardship Statement and its ESG Investment Principles. Janus Henderson supports the UK Stewardship Code, and seeks to protect and enhance value for our shareholders through active management, integration of ESG factors into investment decision making, voting and company engagement. Janus Henderson is a signatory to the United Nations Principles of Responsible Investment and an active member of a wide range of organisations and initiatives that work to promote ESG integration and responsible investment. Janus Henderson is committed to becoming a signatory of the Stewardship Code and, as required by the FRC, will report on how they have applied the provisions in their annual Responsible Investment Review in early 2021.

Janus Henderson seeks to understand how investee companies are managing ESG risks, including climate change, through their policies and processes and where their investments are targeted to evolve their business models to remain sustainable over the long term. Janus Henderson engages actively with companies and their management teams and uses a variety of sources to help identify and monitor material ESG risks, including research from their fund managers and analysts, input from the Janus Henderson Governance and Responsible Investment team and third-party data providers.

The investment team uses this information to help identify companies that are actively improving their ESG profiles. Companies with weaker ESG risk profiles are not automatically excluded from the portfolio provided they are making progress in mitigating these risks. These companies can be good investments if they can address the ESG issues they face. Whilst companies with weaker ESG profiles are not automatically excluded from the portfolio, the team does avoid or disinvest from companies where the ESG risk is material and where the company is not willing or able to mitigate these risks, and hence remains on a deteriorating trajectory.

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 chosen to delegate responsibility to the manager for voting the rights attached to the shares held in the Company's portfolio and the manager actively votes at shareholder meetings and engages with companies as part of the voting process.

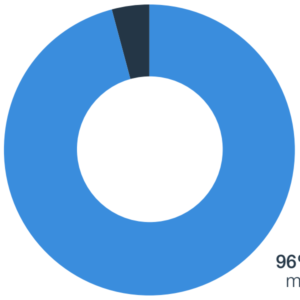
Voting decisions are guided by the best interests of the Company's shareholders and made in consultation with the fund manager, who has an in-depth understanding of the respective company's operations. Voting decisions are taken in keeping with the provisions of the manager's ESG Investment Principles, which set out the manager's approach to corporate governance, corporate responsibility and compliance with the Stewardship Code and are publicly available on the manager's website at **www.janushenderson.com**. To retain oversight of the process, the directors regularly receive reports on how the manager has voted the shares held in the Company's portfolio, and they review the ESG Investment Principles at least annually.

In the period under review, investee companies held 70 general meetings. The shares held in the Company's portfolio were voted in respect of 64 of these meetings. The level of governance in leading global companies is generally of a high standard in terms of best practice which meant support in favour of the resolutions proposed by management was warranted. However, in respect of 4% of the resolutions proposed, support was not warranted and, following discussion between the fund manager and Janus Henderson's governance team, the shares were voted against the passing of the resolution. The manager may take voting decisions after consultation with the chairman on behalf of the board.

In terms of the resolutions not supported, these covered two predominant themes relating to compensation and the re-election of directors. In terms of shareholder proposals supported, these covered proposals regarding corporate

Business Model (continued)

governance practices, shareholder rights, compensation policy, gender pay-gap reporting and lobbying.



The environment

As an investment company with all of its activities outsourced to third parties, 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.

Business ethics

As the Company's operations are delegated to third-party service providers, the board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

In the event shareholders wish to raise issues or concerns with the directors, they are welcome to do so at any time by writing to the chairman at the registered office. The senior independent director is also available to shareholders if they have concerns that have not been addressed through the normal channels.

Board diversity

It is the Company's aim to have an appropriate level of diversity in the boardroom. 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. The prime responsibility, however, is the strength of the board and the overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit. See page 42 for further details of the board's diversity policy.

Currently, the board comprises six directors, four male and two female. The Company has no employees and, therefore, there is nothing further to report in respect of gender representation within the Company. The board however recognises the benefits of diversity and therefore takes an interest in the diversity initiatives in place at the manager. Janus Henderson fosters and maintains an environment that values the unique talents and contributions of every individual. The manager strives to cultivate and practice inclusiveness for the long-term success of the business and for the benefit of its employees, clients, investors and shareholders.

Approval

The strategic report has been approved by the board.

On behalf of the board

Simon Jeffreys
Chairman
28 October 2020

Governance

Directors

The directors appointed to the board at the date of this report are:

Simon Jeffreys

Position: Chairman of the board and chairman of the management engagement committee and the nominations and remuneration committee

Date of appointment: 9 March 2011 (Chairman from 7 December 2017)

Simon is chairman of Aon UK Limited, a director and chair of the audit committees of St James's Place plc, SimCorp A/S and Templeton Emerging Markets Trust plc. He is also chair of the audit and risk committee of the Crown Prosecution Service. Simon was chief operating officer of the Wellcome Trust where he was responsible for a wide range of business services including finance, legal, human resources, information technology and operations. He was previously chief administrative officer for Fidelity International. For most of his professional life he was a partner in PricewaterhouseCoopers, where he was the global leader of the firm's investment management and real estate practice.

William (Bill) Eason

Position: Senior independent director

Date of appointment: 9 March 2011 (senior independent director from 29 October 2019)

Bill is a director of Regional REIT Limited and Institutional Protection Services Limited. He is a trustee to The Gordon Foundation and is also a business fellow of Gray's Inn. Bill is a former chairman of Henderson High Income Trust plc and was chief investment officer at Laing and Cruickshank as well as acting as trustee to Marshall's Charity and the John Hampden Fund. He was also a director of The European Investment Trust plc and the Charities & Trust Fund Department at Quilter Cheviot. He has been managing charitable and high net worth portfolios since 1973, and became a member of the London Stock Exchange in 1976. Bill holds a Fellowship of the Chartered Institute for Securities and Investment. He was also a governor of Henley Management College.

Bill will be retiring from the board at the forthcoming annual general meeting.

Richard Hills

Position: Director

Date of appointment: 25 April 2016

Richard's career has been in the investment management industry where he has held senior executive positions at two major houses. More recently he has been a non-executive director of a number of investment companies, both listed and private. He is currently Chairman of Strategic Equity Capital plc and a director of EQT Services (UK) Limited.

Aidan Lisser

Position: Director

Date of appointment: 25 April 2016

Aidan is head of strategy at Investec Wealth & Investment Limited, where he was previously chief marketing officer until June 2017. He has broad senior level brand and marketing experience across consumer products, banking, asset management and wealth, having been chief marketing officer at Allianz Global Investors and head of group brand at Standard Chartered Bank plc. From 1983 until 2005 he held various positions at Unilever, including four years based in China and three years in Thailand. Latterly, he was senior vice president of the Global Household Products category. He is also a non-executive director of JP Morgan Emerging Markets Investment Trust plc and a Marketing Ambassador for the Association of Investment Companies. He was previously a non-executive director of Henderson Global Trust plc.

Katarzyna (Kasia) Robinski

Position: Director and chair of the audit committee

Date of appointment: 1 November 2017 (chair of the audit committee from 7 December 2017)

Kasia has over 25 years' experience in private equity and investment banking including with Hanover Investors, Prospect Investment Management, the Sutton Company (now Sutton Trust) and Goldman Sachs. She has served on numerous international boards and has undertaken various operating roles, including CFO and CEO, in a broad range of sectors from media through to oil and gas. She recently retired as a director and audit committee chair of Gabelli Value Plus+ Trust PLC. She holds an MSc degree in Engineering/Economics from Cambridge University and an MBA from the Stanford Business School.

Kasia will be retiring from the board at the forthcoming annual general meeting.

Lucy Walker

Position: Director

Date of appointment: 1 September 2020

Lucy is a director of Aurora Investment Trust plc, an independent member of the audit & risk committee for SportsAid, and a trustee of KEEN London. Lucy has spent her career in the investment management industry, most recently as a fund manager and Head of Third Party Funds at Sarasin & Partners LLP, and before that at HSBC Global Asset Management. At Sarasin, Lucy managed the team responsible for researching over £1.2 billion of assets under management, as well as a range of funds, and the model portfolio service.

All directors are independent of Janus Henderson and are members of the audit committee, management engagement committee, nominations and remuneration committee and insider committee.

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 August 2020.

The corporate governance statement, report of the audit committee, report of the nominations and remuneration committee and report of the management engagement committee (pages 38 to 43) and the alternative performance measures and general shareholder information (pages 77 to 81) form part of the directors' report.

Results and dividends

The results for the year are set out in the financial statements. Four interim dividends of 1.50p each, totalling 6.0p per share, have been declared and/or paid in respect of the year to 31 August 2020. See note 10 on page 64 for more information. No final dividend is being proposed.

A review of the year and the outlook for the forthcoming year can be found in the Strategic Report.

Directors

The directors of the Company are listed on page 29. All served throughout the period under review with the exception of Lucy Walker, who was appointed as a non-executive director on 1 September 2020.

Bill Eason and Kasia Robinski will be retiring at the forthcoming annual general meeting and not seeking re-appointment. In accordance with the recommendations of the AIC Code of Corporate Governance, Ms Walker will stand for appointment at the annual general meeting and the remaining directors of the board will offer themselves for re-appointment.

The beneficial interests of the current directors and their connected persons in the securities of the Company as at 31 August 2020 are set out in the directors' remuneration report on page 46. Details of directors' insurance and indemnification are set out on page 35.

Share capital

There are no restrictions on the transfer of the Company's share capital and there are no shares or stock which carry specific rights with regards to control of the Company. The Company is not aware of any agreements or arrangements between holders of securities which would result in restrictions on the transfer of securities or voting rights.

The Company's share capital comprises ordinary shares of 1p nominal value. The voting rights of the shares on a poll are one vote for every share held. At the beginning of the year, there were 187,583,716 ordinary shares in issue. During the year, 8,395,000 shares (representing 4.5% of the number of shares in issue at the beginning of the year) were issued to Panmure Gordon & Co at a price range of 151.5p to 175.8p per share for total proceeds (net of issue costs) of £13,627,000.

At 31 August 2020, the number of ordinary shares in issue (with voting rights) was 195,978,716.

There has been no change to the issued share capital between 1 September 2020 and up to the date of this report.

Shareholder authorities

The directors seek annual authority from the shareholders to allot new ordinary shares, to dis-apply the pre-emption rights of existing shareholders, and to buy back, for cancellation or to be held in treasury, the Company's ordinary shares.

At the annual general meeting held on 5 December 2019, the directors were granted authority to allot up to 19,188,371 ordinary shares (with an aggregate nominal amount of £191,884) for cash and to repurchase 28,763,369 ordinary shares (with a nominal value of £287,634) for cancellation or to be held in treasury. 4,095,000 shares have been issued under the authority granted. During the year and up to the date of this report, the directors have not bought back any ordinary shares.

The directors will once again be seeking to renew the authorities to allot and repurchase the ordinary shares at the upcoming annual general meeting, when the existing authorities will expire.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 August 2020 in accordance with the FCA Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Rathbone Investment Management Ltd	10.8
Smith & Williamson Holdings Ltd	6.5
Brewin Dolphin Ltd	5.5

No changes have been notified in the period 1 September 2020 to 27 October 2020.

Duration of the Company

The Company's articles of association require that at every third annual general meeting of the Company an ordinary resolution be put to shareholders asking them to approve the continuation of the Company; the next such resolution will be proposed at the forthcoming annual general meeting on 8 December 2020.

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 expenses and remuneration for which there were no outstanding amounts payable at the year end. Directors' shareholdings are disclosed on page 35.

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

Directors' Report (continued)

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 the manager, including amounts outstanding at the year end, are given in note 21 on page 75.

Financial risk management

The principal risks and uncertainties facing the Company are set out on pages 23 and 24. The principal financial risks and the Company's policies and procedures for managing these risks are set out in note 16 to the financial statements on pages 67 to 72.

Greenhouse gas emissions

The Company's environmental statements are set out in the strategic report on page 27.

Annual general meeting

The annual general meeting will be held on Tuesday, 8 December 2020 at 2.30pm. The notice of meeting and details of the resolutions to be put at the annual general meeting are contained in the separate letter being sent to shareholders with this report.

Due to the ongoing restrictions on large gatherings, shareholders will be unable to attend the annual general meeting in person and it will be held as a 'closed meeting'. Voting on the resolutions to be proposed at the meeting will be conducted on a poll, and shareholders will be able to submit their forms of proxy electronically as well as by post. Shareholders with shares held in their own names will receive a form of proxy enabling them to vote. Shareholders holding shares on share dealing platforms should contact their platform directly to vote their shares for the upcoming annual general meeting. Shareholders can ask questions in relation to the annual report or the Company's performance over the year, by emailing **ITSecretariat@janushenderson.com** in advance of the meeting.

Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the board at the date of approval of this report confirms that to the best of their knowledge and belief, there is no information relevant to the preparation of the annual report of which the Company's auditors are unaware and they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Listing rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. The directors confirm that there are no disclosures to be made in this regard, other than in accordance with Listing Rule 9.8.4(7), the information of which is detailed in the share capital section above.

Appointment of auditors

Grant Thornton UK LLP ("GT") have been auditors to the Company since its launch. An audit tender has been carried out. The board, on the recommendation of the audit committee, following a competitive tender process, is recommending that BDO LLP be appointed as auditors. Further information about the tender process can be found in the report of the audit committee on page 39. As a result, GT will not be seeking re-appointment as auditors at the annual general meeting and a copy of their statement of the circumstances of their ceasing to hold office is enclosed with this report. A resolution to appoint BDO LLP as auditors to the Company will be proposed at the annual general meeting and will be effective immediately following that meeting.

Approval

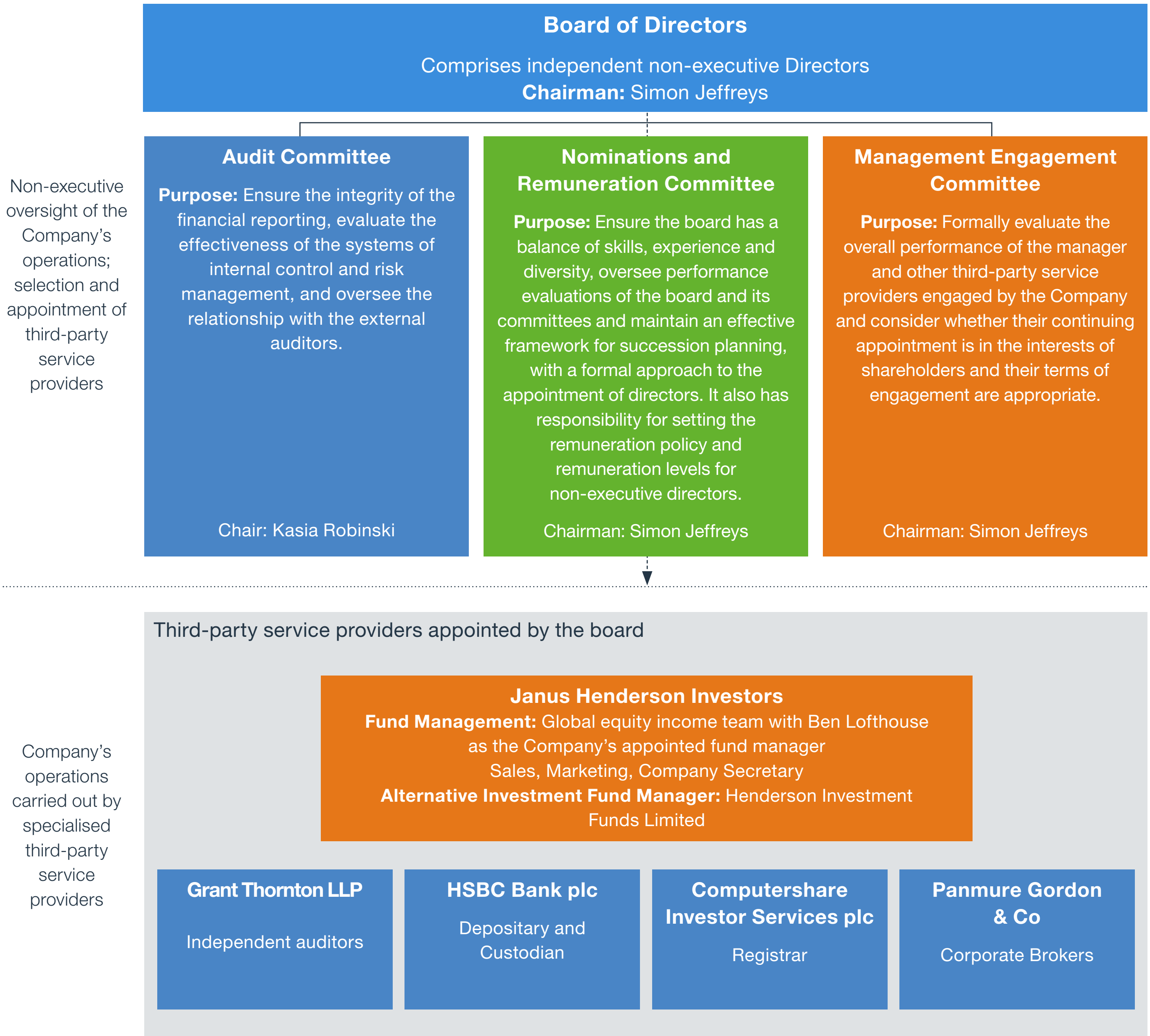
The directors' report has been approved by the board.

By order of the board

Henderson Secretarial Services Limited
Corporate Secretary
28 October 2020

Corporate Governance Report

Governance structure



Corporate governance

The board is accountable to shareholders for the governance of the Company's day-to-day affairs and is pleased to report to shareholders on the Company's governance arrangements and how the principles of the applicable codes have been applied during the year under review.

Applicable corporate governance codes

The Company maintains a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the 2018 UK Corporate Governance Code ("UK Code") have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations and all day-to-day activities are outsourced to external service providers. The board has therefore considered the principles and provisions of the Code of Corporate Governance published by the Association of Investment Companies in February 2019 ("AIC Code"). The AIC Code addresses the principles set out in the UK Code as well as additional principles and provisions on issues that are of specific relevance to investment companies. The Financial Reporting Council ("FRC") has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules. The board considers that reporting against the principles and provisions

Corporate Governance Report (continued)

of the AIC Code, which has been endorsed by the FRC, provides more relevant information to the Company's shareholders in terms of its governance arrangements.

Copies of the AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of compliance

The Company has complied with the principles and provisions of the 2019 AIC Code throughout the year to 31 August 2020 except as set out below.

Given the entirely non-executive nature of the board of directors of investment companies, the AIC Code includes a deviation from the UK Corporate Governance Code permitting the chairman of the board to be a member of the audit committee. The Company has taken advantage of this provision. The AIC Code also permits the tenure of the chairman of the board to exceed nine years. See page 34 for details of the Company's tenure policy.

The chairman of the board is also the chairman of the nominations and remuneration committee, but he would not chair the meeting when discussing his own performance or remuneration.

As the Company is an investment company, it has no chief executive or other executive directors and therefore has no need to consider the remuneration of executive directors. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the audit committee considers the need for such a function at least annually (see page 36 for further information).

The board

Board composition

The articles of association provide that the total number of directors shall not be subject to any maximum but shall not be less than two; the board currently consists of six non-executive directors. The biographies of the directors holding office at the date of this report, which are set out on page 29, demonstrate the breadth of investment, financial and other professional experience relevant to their positions as directors. All directors are considered by the board to be independent of the manager and free of any relationship which could materially interfere with the exercise of their independent judgement.

Chairman and senior independent director

The chairman was independent on appointment in accordance with the criteria set out in the AIC Code and has no relationships that may create a conflict of interest between his interests and those of shareholders. Details of his other significant commitments can be found on page 29. Following review by the nominations and remuneration committee as part of the performance evaluation, the board is satisfied that Simon Jeffreys has sufficient time to devote to the Company.

The role of the senior independent director is to fulfil the role of sounding board for the chairman and intermediary for the other directors as necessary and to lead the performance evaluation of the chairman, as well as acting as a channel of communication for shareholders in the event that contact through the chairman is inappropriate. Bill Eason is the senior independent director. Richard Hills will become the new senior independent director on Bill Eason's retirement at the annual general meeting.

Role descriptions for the chairman and senior independent director are available on the Company's website.

Role and operation of the board

The board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. The board is collectively 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 service providers within the established control framework. It is also responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and other stakeholders are understood and met. Information relating to the Company's purpose and values can be found on page 19 and to the board's engagement with stakeholders on pages 21 and 22.

The board meets formally at least five times a year, with additional board or committee meetings arranged when required. The directors have regular contact with the manager between formal meetings. All matters that are not delegated to the manager under the management agreement are reserved for the board's decision. The board has a formal schedule of matters reserved for its decision which includes strategy and management, structure and capital, financial reporting and controls, internal controls and risk management, contracts, communications, board membership and other appointments, delegation of authority, remuneration and corporate governance matters. A copy of the schedule of matters reserved is available on the Company's website.

At each meeting the board reviews the Company's investment performance and compliance with the approved investment policy, and also considers financial analyses and other reports of an operational nature. The board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and 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 (of which there are currently none). It also has adopted a procedure for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information.

Corporate Governance Report (continued)

The board has engaged third-party service providers to deliver the operations of the Company. Management of the investment portfolio has been delegated contractually to Janus Henderson, which also provides the day-to-day accounting, company secretarial, administrative, 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. Each of these principal contracts was entered into after full and proper consideration by the board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The board and its committees maintain oversight of the third-party service providers through regular and ad hoc reporting. The management engagement committee meets annually with representatives from the depositary and custodian to discuss amongst other matters performance, service levels, their value for money, information security and business continuity plans.

The board receives and considers regular reports from the manager and ad hoc reports and information are supplied to the board as required. In addition, the chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters which would then be reported to the board.

The manager takes decisions as to the purchase and sale of individual investments. The manager also ensures that all directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the manager attend each board meeting enabling the directors to probe further on matters of concern. The directors have access to the advice and services of the corporate secretary through its appointed representative who is responsible to the board for ensuring that board and committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all board and committee meetings are fully recorded through a process that allows any director's concerns to be recorded in the minutes.

The corporate secretary, Henderson Secretarial Services Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities, particularly when dealing with any conflicts or issues between the Company and Janus Henderson. Any correspondence from shareholders addressed to the chairman or the Company received at Janus Henderson's offices is forwarded to the chairman of the Company in line with the audited procedures in place. Any correspondence is submitted to the next board meeting.

Janus Henderson and BNP Paribas Securities Services, which acts for Janus Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

The board, the manager and the corporate secretary operate in a supportive, co-operative and open environment.

Arrangements with directors

Directors' appointment and retirement

The board may appoint directors to the board and any director so appointed must stand for election by the shareholders at the annual general meeting following appointment, in accordance with the articles of association.

In keeping with the provisions of the AIC Code, the board has adopted a policy for all directors to retire and stand for re-appointment annually at each annual general meeting.

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.

The board considers a potential candidate's other commitments on appointment and then annually through the performance evaluation process to ensure that directors have sufficient time to commit to the Company. A schedule of directors' other commitments is reviewed at each board meeting and directors are required to seek the chairman's approval prior to accepting further appointments.

Directors' tenure and policy on the tenure of the chairman

Notwithstanding the progressive refreshment of the board, the nominations and remuneration committee considered the independence of the current directors and concluded that all directors continued to be independent of the manager. The chairman took no part in the discussions or decision making associated with his tenure. In particular, the nominations and remuneration committee was satisfied that the chairman remained independent. It is anticipated that the chairman stands down at the conclusion of the annual general meeting in 2022, which means he will have served on the board for a total of eleven years, with five years as chairman, at the end of his tenure. The nominations and remuneration committee believes that directors with more than nine years' service can still form part of an independent majority and in particular their experience is beneficial to investment company boards.

Directors' independence

The independence of the directors is determined with reference to the AIC Code. The nominations and 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.

Corporate Governance Report (continued)

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. Following evaluation, the nominations and remuneration committee determined that all directors continued to be independent in character and judgement and that their individual skills, broad business experience and knowledge and understanding of the Company were of benefit to shareholders.

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 the compliance and risk management frameworks, accounting, sales and marketing, and other administration services provided by the manager.

Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the board as they arise. Directors also regularly participate in relevant training and industry seminars and may do so at the expense of the Company.

Directors' individual training requirements are considered as part of the annual evaluation process which is led by the chairman of the board.

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.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place in respect of the directors. 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.

Board attendance

The table below sets out the number of scheduled formal board and committee meetings held during the year under review and the number of meetings attended by each director. In addition, a strategy meeting was also held in the year. Four of the directors attended the 2019 annual general meeting. The insider committee did not meet during the year.

	Board	AC	MEC	NRC
Number of meetings	**5**	**2**	**1**	**1**
Simon Jeffreys	5 (5)	2 (2)	1 (1)	1 (1)
Bill Eason	4 (5)	2 (2)	1 (1)	1 (1)
Richard Hills	5 (5)	2 (2)	1 (1)	1 (1)
Aidan Lisser	5 (5)	2 (2)	1 (1)	1 (1)
Kasia Robinski	5 (5)	2 (2)	1 (1)	1 (1)

AC: audit committee
MEC: management engagement committee
NRC: nominations and remuneration committee
The number in brackets denotes the number of meetings each was entitled to attend.

During the Covid-19 pandemic, the board has held regular update meetings with the fund manager, initially on a weekly basis, then moving to fortnightly. 12 additional meetings were held over the year attended by all directors except that Ms Robinski, Mr Eason and Mr Hills were each unable to attend one of the update meetings. Five additional nominations and remuneration committee meetings were also held in relation to the appointment of a new director attended by all directors, with the exception of Mr Eason and Mr Lisser who were unable to attend one of these meetings.

Committees of the board

The board has three principal committees: the audit committee, the nominations and remuneration committee and the management engagement committee. The terms of reference for these committees are available on the Company's website. The Company has also constituted an insider committee to assist the board in meeting its obligations under the Market Abuse Regulation.

Audit committee

The audit 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.

Corporate Governance Report (continued)

The report of the audit committee can be found on pages 38 to 40.

Nominations and remuneration committee

The nominations and remuneration committee advises the board on the composition of the board and its committees, in making appointments to the board and ensuring suitable succession plans are in place for the directors and fund manager. It also considers directors' remuneration.

The report of the nominations and remuneration committee can be found on pages 41 and 42.

Management engagement committee

The management engagement committee reviews and monitors the engagement and performance of the manager and other third-party service providers and makes recommendations to the board in relation to their continuing appointment.

The report of the management engagement committee can be found on page 43.

Communication with shareholders

See page 21 for information about how the Company communicates with shareholders.

Internal control and risk management

The board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness, as set out in the chart below. The audit committee supports the board in the continuous monitoring of the internal control and risk management framework. Details of the principal risks facing the Company, including emerging risks, and how these are mitigated are set out on pages 23 and 24.

The board has established 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 was in operation throughout the period and up to the date of this report. 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. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria which specify levels of authority and exposure limits. The board reviews reports on compliance with the criteria at each meeting;
- regular reporting which allows the board to assess the Company's financial position. The management accounts and forecasts are reviewed by the board at each meeting;
- contractual agreements with the manager and other third-party service providers. The board reviews performance levels and adherence to relevant provisions of the agreements on a regular basis through reporting to the board and the management engagement committee conducts a formal evaluation of the overall level of service provided at least annually (see report of the management engagement committee on page 43);
- the review of controls (including financial, operational and compliance) at the manager and other third-party service providers. The board receives quarterly reporting from the manager and depositary and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting is provided by:
  - the manager's 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 internal audit team on operations which are relevant to the Company.

The board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 August 2020. During the course of its review the board has not identified or been advised of any failings or weaknesses relating to the Company that have been determined as significant.

Internal audit function

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

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

The manager's risk team support the audit committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The manager's internal audit department provides regular reporting to the board on the operations at the manager and presents at least annually to the audit committee. The board has therefore concluded that it is not necessary at the present time for the Company to have its own internal audit function.

Corporate Governance Report (continued)

System of internal controls

How the system of internal control operates

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

The Company's principal third-party service providers are the manager (Janus Henderson); the depositary/custodian (HSBC Bank plc) and the accountants (BNP Paribas Securities Services).

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 from each organisation. This reporting is supplemented by the view of the manager's risk team regarding the control environments in operation at the providers.

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

The management engagement committee formally evaluates the performance and service delivery of all third-party service providers at least annually.

The audit committee evaluates the performance of the auditors on completion of each audit cycle.

Grant Thornton UK LLP
(Independent auditors)

Board of Directors
(comprised entirely of non-executive Directors)

Principal third-party service providers

- 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 risk team;
- receive reporting from the manager's internal audit team on areas relevant to investment trusts; and
- formally evaluate performance on an annual basis.

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

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

HSBC
(Depositary & Custodian)

Reporting
- Depositary report (quarterly)
- Presentation from the depositary and custodian (annually)
- Effectiveness of control environment (annually)

BNP Paribas
(Accounting services (engaged by the Manager))

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

Secondary third-party service providers

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

Computershare
(Registrar)

Panmure Gordon & Co
(Corporate Broker)

Report of the Audit Committee

The audit 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 auditors.

Membership

All directors are members of the committee, including the chairman of the board. Taking account of the size of the board as a whole, the absence of any executive directors and the collaborative manner in which the board and its committees work, it is not considered practical or constructive to exclude the chairman from the membership of the committee. The chairman of the board was determined to be independent at the time of his appointment. The committee is chaired by Kasia Robinski, who is considered by the board to have recent and relevant financial experience. The committee as a whole has competence relevant to the sector in which the Company operates and to the Company as an investment trust.

Meetings

The committee meets twice a year to review the half-year results, the annual results and to review the Company's internal controls. The committee additionally met subsequent to the year end to consider the audit tender.

The Company's auditors, the fund manager and the manager's financial reporting manager for investment trusts are invited to attend meetings of the committee on a regular basis. Other representatives of the manager and BNP Paribas Securities Services may also be invited to attend if deemed necessary by the committee.

Role and responsibilities

The primary role of the committee is to assist the board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the auditors. The audit committee reports to the board. The committee's responsibilities are set out in formal terms of reference which are reviewed at least annually.

In discharging its duties over the course of the year, the committee considered the following matters:

- **Half year results and the annual report**
  The appropriateness of the Company's accounting policies and the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from the manager.

  The disclosures made in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy in order to make recommendations to the board. Each director reviewed the disclosures made, applying their respective knowledge and expertise. The internal controls over financial reporting were also considered, together with feedback from the Company's auditors, the fund manager and the corporate secretary.

- **Internal controls and risk management**
  The principal risks facing the Company, the risk management systems in place and the Company's risk map.

  The internal controls in place at Janus Henderson and BNP Paribas Securities Services as administrator, as described on pages page 36, including compliance with s.1158/9 and the manager's policies in relation to cyber risk and business continuity.

  The need for the Company to have its own internal audit function.

  The manager's whistleblowing policy and the arrangements that Janus Henderson has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence. The committee was satisfied that the policy included the necessary arrangements for independent investigation and follow up action.

  The Company's third-party suppliers' confirmations that they had appropriate policies and procedures in place in relation to anti-bribery and corruption and anti-tax evasion. The committee was satisfied that they were in compliance.

  The Company's anti-bribery policy and review of the Company's gifts and hospitality register. The committee was satisfied that the Company was in compliance throughout the year under review and up to the date of this report.

  The annual confirmation from the Company's depositary.

- **Dividend**
  The appropriate level of dividend to be paid by the Company, including review of the revenue forecasts in support of the Company's dividend.

- **External auditors**
  The appointment of the external auditors and their performance and remuneration (see page 39). An audit tender has been held (see page 39 for details)

  The nature and scope of the external audit, including agreeing with the external auditors the level of materiality (see page 50), and the findings therefrom.

  The external auditors' independence and objectivity and the reporting of the external auditors. The committee also considered its policy on non-audit services. The committee was satisfied with the arrangements (as explained further on page 39).

  The FRC's review of Grant Thornton UK LLP's ("GT's") audits and GT's internal quality reviews.

Report of the Audit Committee (continued)

In the year under review, the committee met with representatives of the manager's risk team to discuss internal controls and risk management. The discussion included a detailed overview of the manager's internal controls report and went on to provide a summary of the HSBC Bank, BNP Paribas Securities Services and Computershare Investor Services (the Company's other main third-party service providers) internal controls reports that had also been reviewed by the manager's risk team. The assurance reports for two of the Company's service providers were qualified by the respective service auditor. The Committee reviewed the instances giving rise to the qualifications and received confirmation that appropriate action to address the issues identified in the reports was being taken. The exceptions identified had no impact on the Company.

The committee also met with a representative of the manager's internal audit team to discuss the manager's internal audit plan, including an overview of those audits which had a direct or indirect relevance to the Janus Henderson managed investment trusts. The committee recommended to the board that it was appropriate to rely on the manager's internal audit function (see page 36).

The chair of the audit committee discussed and agreed the audit plan with the external audit partner. The chair also discussed the FRC's audit quality inspection report findings with the external audit partner.

Appointment and tenure of the auditors

Regulations currently in force require the Company to rotate audit firms after a period of 10 years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit.

The Company's external auditors, GT, have been the Company's auditors since the Company launched. As indicated in last year's report, a tender for audit services has been carried out. Five audit firms were invited to tender, including GT. Proposals were received from three audit firms, with GT declining to participate due to the tender process being conducted whilst the 2020 audit was being carried out. The audit committee considered each of the tender submissions in detail and received presentations from the three audit firms in September 2020. The committee found the proposals to be of high quality. Proposed fees had been compared, and the most recent Audit Quality Inspection Reports published by the FRC were also considered as part of the process. Following conclusion of the audit tender process and consideration of references received, the audit committee recommended to the board the appointment of BDO LLP as the external auditors. A resolution to that effect is included in the notice of annual general meeting. Subject to shareholder approval, the new auditors will be in place to carry out the statutory audit for the financial year ending 31 August 2021. The committee thanks GT for their audit work and assistance to the committee since the Company's launch.

Auditors' independence

The committee monitors the auditors' independence through three aspects of its work: the approval of a policy regulating the non-audit services that may be provided by the auditors to the Company; assessing the appropriateness of the fees paid to the auditors for all work undertaken by them; and by reviewing the information and assurances provided by the auditors on their compliance with the relevant ethical standards. GT 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 fees

The fees payable to the auditors for audit services were £43,000 (plus VAT) (2019: £29,000 (plus VAT), plus an additional £10,000 (plus VAT) agreed in relation to the supplementary audit work that had to be undertaken on the Company's transaction with The Establishment Investment Trust plc and the senior unsecured notes).

Policy on non-audit services

The committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditors. The policy sets out that the Company's auditors will not be considered for non-audit work where this is prohibited by the current regulations and where it appears to affect their independence and objectivity.

In addition, the provision of any non-audit services by the auditors is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods proceeding the financial period to which the cap applies. Such services require approval in advance by the audit committee, or the chair of the audit committee, following due consideration of the proposed services.

There were no fees paid or payable to the auditors for non-audit services in the year under review (2019: £nil).

Annual report for the year ended 31 August 2020

The committee is satisfied that the annual report for the year ended 31 August 2020, 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.

In relation to the annual report for the year ended 31 August 2020, the following significant issues were considered by the committee and discussed in depth with the external auditors:

Report of the Audit Committee (continued)

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	The directors have appointed the manager to perform the valuation of the assets of the Company in accordance with its responsibilities under the Alternative Investment Fund Managers Directive ("AIFMD") rules. As required under the AIFMD rules, Janus Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Ownership of listed investments is verified by reconciliation to the custodian's records and the directors receive quarterly reports from the depositary, who has responsibility for overseeing the Company's operations, including verification of ownership and valuation.
Recognition of income	Income received is accounted for in line with the Company's accounting policy (as set out in note 1e) on pages 59 and 60) and is reviewed by the committee at each meeting.
Accounting treatment for senior unsecured notes	The committee reviewed the accounting treatment and disclosures for the senior unsecured notes in line with relevant accounting standards and industry practice, including fair value calculation models presented by the manager for the fair value disclosures and the fair value NAV.
Maintaining internal controls	Information about the internal control and risk management framework adopted by the Company is set out in the corporate governance statement on pages 36 and 37.
Maintenance of investment trust status	The committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas Securities Services.

The audit committee discussed in detail the methodology employed by the auditor in the audit, and focused special attention on matters relating to bond valuation, appropriate alternative performance measures and certain line item disclosures in the financial statements.

Effectiveness of the external audit

The committee's process for evaluating the effectiveness of the external audit comprises two components: consideration is given to the findings of the FRC's audit quality inspection report and a post-audit assessment is carried out and led by the committee chair. The auditors are able to present and discuss the findings of the latest audit quality inspection report and report on the progress made by the firm in terms of addressing the areas identified for improvement in the prior year's report. In assessing the effectiveness of the audit process, the committee chair invites views from the directors, fund managers and other members of the manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the committee.

The chair also discussed the FRC's audit quality inspection report findings with the external audit partner, focusing in detail on matters raised in the report, and concluded that there was no reason to doubt the effectiveness of the audit provided by GT to the Company.

Kasia Robinski
Chair of the audit committee
28 October 2020

Nominations and Remuneration Committee Report

The nominations and remuneration committee was established on 1 September 2019. The remuneration committee advises the board on the composition of the board and its committees, in making appointments to the board and ensuring suitable succession plans are in place for the directors. It also has responsibility for setting the remuneration policy for the non-executive directors.

Membership

All directors are members of the committee. The chairman of the board is the chairman of the committee but would not chair meetings when the committee is considering the chairman's remuneration and would not be in attendance when the committee is considering appointments for his successor.

Meetings

The committee met six times during the year, which includes five additional meetings held in relation to the appointment of a new director. The committee has not engaged any service providers to provide advice to the Company during the period.

Role and responsibilities

The principal responsibilities of the committee include reviewing the structure, size and composition of the board and its committees and leading the search for suitable candidates to fill roles as required, taking into consideration the balance of skills, knowledge, experience and diversity on the board; ensuring annual performance evaluations are carried out, discussing the outcomes from those evaluations and making recommendations to the board; considering the proposed appointment and re-appointment of directors ahead of each annual general meeting; and setting the remuneration policy and levels of remuneration for board members, including the chairman of the board, the chair of the audit committee and the senior independent director.

In discharging its duties over the course of the year, the committee considered the following matters:

- the composition of the board and each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company;
- succession planning for appointments to the board taking account of the provisions of the articles regarding the retirement and rotation of directors, as well as the tenure of the current directors;
- the appointment of a new non-executive director;
- 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 appointments;
- the time commitment of the directors and whether this had been sufficient over the course of the period;
- the performance and contribution of all directors standing for re-appointment at the 2020 annual general meeting; and
- the level of directors' fees.

Succession planning and recruitment

When considering succession planning, the committee bears in mind the balance of skills, knowledge, experience and diversity existing on the board. Once a decision is made to recruit an additional director, a formal job description will be drawn up and an external recruitment agency will be engaged to facilitate the search. The committee will assess candidates against objective criteria and with due regard for the benefits of diversity on the board (including gender, social and ethnic backgrounds, as well as cognitive and personal strengths), taking care that any candidates recommended for appointment will be able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively.

In terms of succession planning, the committee has recommended to the board that it deliberately phase the introduction of new directors and the retirement of current directors, to allow sufficient time for new directors to familiarise themselves with the Company whilst retaining the right balance of knowledge, skills, experience and corporate knowledge on the board. As reported in last year's annual report, Bill Eason will be retiring at the conclusion of the 2020 annual general meeting, following nine years on the board, and a new director has been recently appointed. Kasia Robinski has advised that she will be retiring from the board at the 2020 annual general meeting, and the process for appointing a replacement director and chair of the audit committee has commenced. The chairman of the board will be standing down at the conclusion of the annual general meeting in 2022. This will be five years' service as chairman of the board, following six years' service as audit committee chairman. This complies with the AIC Code. It is anticipated that the committee will start looking for the chairman's replacement in early 2022.

The committee also reviews and recommends to the board the directors seeking re-appointment. Recommendation is not automatic and will follow a process of evaluation of each director's performance and consideration of the director's independence. The committee also takes into account the mix of skills and experience of the current board members.

Appointment of director

The process for appointment of a new non-executive director to replace Bill Eason was commenced during the year. Following a review of specialist recruitment agencies, Tyzack

Nominations and Remuneration Committee Report (continued)

Partners ("Tyzack") were appointed to assist in the search. No open advertising was used as the committee believes that targeted recruitment is the optimal way of recruiting. Tyzack do not undertake any other services for the Company and has no connection with any of the directors. A long list of candidates was prepared by Tyzack and discussed with the committee. The preferred candidates were invited for interviews initially with Simon Jeffreys and Kasia Robinski, and then with the other non-executive directors and the fund manager. Candidates were evaluated based on their business experience paying attention to the skills that the committee wished to retain on the board, their cognitive and personal strengths and their suitability to the role. The candidates' other commitments were also considered as part of the process.

Following the conclusion of the process the committee was pleased to recommend to the board the appointment of Lucy Walker. Lucy was appointed as a director with effect from 1 September 2020.

Performance evaluation

The performance evaluation of the board, its committees and individual directors was conducted through the use of an internal, online questionnaire and the outcomes presented to the committee. The appraisal of the chairman was led by Bill Eason, the senior independent director. The areas considered included board composition, expertise and dynamics, management and focus of meetings, investment strategy and performance, risk management, external relations including the quality of the board's understanding of shareholders' views and the manager's sales and marketing activities, remuneration and fees, priorities for change, a review of the committees of the board and each individual director. The committee also reviewed the independence of each director and their time commitment.

Following completion of the review, the committee concluded that the board, its committees and individual directors and the chairman continued to operate effectively with a clear understanding of the risks facing the Company and that each director continued to commit sufficient time to fulfilling their duties. Taking account of the performance of individual directors, the committee recommended to the board that it should support the re-appointment of those directors standing for re-election at the 2020 annual general meeting.

Diversity policy

All board appointments are subject to a formal, rigorous and transparent procedure. The Company seeks to ensure that any board vacancies are filled by the most qualified candidates based on objective criteria and merit and in the context of the skills, knowledge and experience that are needed for the board to be effective.

The board acknowledges and welcomes the recommendations from the Hampton-Alexander Review on gender diversity on boards and the Parker Review about ethnic representation on boards. Whilst the board does not feel that it would be appropriate to use specific diversity targets, given its small size, the directors acknowledge that diversity is important to ensure that the Company can draw on a broad range of backgrounds, skills, knowledge, experience and perspectives to achieve effective stewardship of the Company. An integral part of the appointment process includes the consideration of diversity generally, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths and experience. The committee ensures that long lists of potential non-executive Directors include diverse candidates of appropriate experience and merit.

In all of the committee's activities, there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Remuneration

Details of the committee's activities in relation to directors' remuneration are set out in the directors' remuneration report on pages 44 to 46, together with information on the fees paid to directors during the year under review.

Simon Jeffreys
Chairman of the nominations and remuneration committee
28 October 2020

Management Engagement Committee Report

The committee is responsible for formally evaluating the overall performance of the manager and other third-party service providers engaged by the Company, to consider whether their continuing appointment is in the interests of shareholders as a whole.

Membership

All directors are members of the committee. The chairman of the board is the chairman of the committee.

Meetings

The committee met once during the year. The committee has not engaged any service providers to provide advice to the Company during the period.

Role and responsibilities

The primary role of the committee is to review the management agreement and monitor the performance of the manager for the investment, company secretarial, financial reporting, administration, sales, marketing and support services that it provides under that agreement. Its review of the terms of the agreement include the level and structure of fees payable, the length of notice period and best practice provisions generally. The fees paid to the manager should be aligned with the Company's purpose and values and the successful delivery of its long-term strategy. The Committee is also responsible for formally evaluating the overall performance of third-party service providers engaged by the Company. The committee reports to the board and its responsibilities are set out in formal terms of reference which are reviewed at least annually.

In discharging its duties over the course of the year, the committee considered the following matters:

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the closed-ended sector, the share price, level of premium/discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-ended 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;
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, registrar, marketing and research providers, legal counsel and the Company's accountants;
- the Company's service providers in their role as stakeholders and whether there is an appropriate level of engagement with them; and
- any points of conflict which may arise between the providers of services to the Company.

Continued appointment of the manager

The board monitors investment performance at each meeting, receives updates in respect of professional sales and marketing activities carried out by the manager for the Company twice annually. The committee makes a formal recommendation to the board in respect of the continued appropriateness of the terms of the management agreement at least annually.

The committee's evaluation of the manager included consideration of the quality of the team involved in all aspects of servicing the Company, including company secretarial, administration, sales and marketing, the manager's use of gearing and management of the portfolio's risk profile, the stability of the management group and the priorities for change. Following completion of the review, the committee recommended to the board that the continued appointment of the manager on the terms agreed is in the interests of the Company's shareholders as a whole and its long-term sustainable success.

Performance of third-party service providers

At the end of 2019, the directors carried out a formal review of the services and terms of engagement of the corporate broker. A tender process was held and four firms invited to tender, including Panmure Gordon, the incumbent broker. Following presentations from the four firms, it was recommended to the board that Panmure Gordon should be retained as corporate broker,

Each year, the committee carries out an evaluation of the Company's key third-party service providers and their respective terms of engagement. Following this review, the committee recommended the continuation of the appointment of the key third-party service providers.

Simon Jeffreys
Chairman of the management engagement committee
28 October 2020

Directors' Remuneration Report

Remuneration policy

The remuneration policy ("policy") sets out the principles applied in the remuneration of the Company's directors. The policy was last approved by shareholders at the annual general meeting on 7 December 2017 and shareholders will be asked to re-approve the policy at the 2020 annual general meeting. If approved, the policy will continue into force until the annual general meeting in 2023.

The policy has been reviewed to meet the requirements of The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations and the annual aggregate limit of directors' fees as set out in the Company's articles of association has been incorporated into the policy. No substantive changes have been made to how the policy will be implemented. Further details can be found in the notice of meeting that has been sent to shareholders with this report. It is also available on the website: **www.hendersoninternationalincometrust.com**.

The nominations and remuneration committee is responsible for matters relating to directors' remuneration. Individual directors do not participate in discussions relating to their own remuneration. The appropriateness and relevance of the remuneration policy is reviewed at least annually, particularly in terms of whether the policy supports the Company's long-term sustainable success. In determining the policy, the board takes into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code and the AIC Code and fees paid to comparable investment trusts.

The objective of the policy is to attract, retain and motivate non-executive directors of the quality required to manage the Company successfully. The Company's approach is that directors' fees should:

- reflect the time spent on the Company's affairs;
- reflect the responsibilities borne by the directors; and
- be sufficient to promote the long-term success of the Company.

Directors are remunerated in the form of fees payable, to the director personally, quarterly in arrears. Fees are pro-rated where a change takes place during a financial year. The total annual aggregate fees payable to Directors shall not exceed £500,000, as set out in the Company's articles of association. Any change to this limit would require the approval of shareholders by way of an ordinary resolution.

The chairman of the board is paid a higher fee in recognition of his additional responsibilities, as is the chair of the audit committee and the senior independent director. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties. The level of fees paid to each director is reviewed annually, although such a review may not necessarily result in any change to the rates. The level of fees paid to the directors of other investment companies of a similar size and nature is taken into account when carrying out the review. The board may amend the level of remuneration paid to individual directors within the parameters of the policy.

No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

The policy, irrespective of any changes, will be put to shareholders at intervals of not more than three years with the next approval due to be sought at the annual general meeting in 2020.

Letters of appointment

All directors are non-executive and are appointed under a letter of appointment. No director has a service contract with the Company. There are no set notice periods. A director may resign by notice in writing to the board at any time and no compensation is payable for loss of office.

Recruitment principles

All directors, including any new appointments to the board, are paid at the same rate.

Views of shareholders

Any views expressed by shareholders on the fees being paid to directors would be taken into consideration by the board when reviewing levels of remuneration.

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 in August 2013 ("regulations"). The report also meets the relevant requirements of the Companies Act 2006 ("Act") and the Listing Rules of the Financial Conduct Authority and describes how the board has applied the principles relating to directors' remuneration.

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

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

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

Directors' Remuneration Report (continued)

Statement from the chairman

The board has established a nominations and remuneration committee, which is responsible for reviewing directors' remuneration. All directors are members of this committee.

Directors' remuneration in the year under review has been determined within the parameters of the remuneration policy approved by shareholders. As reported in last year's report, directors' fees were increased with effect from 1 September 2019. The increases were to ensure that the directors are properly remunerated for their services to the Company and so that the Company could remain competitive when seeking new directors. We also reported last year, that a senior independent director had been appointed, with effect from 29 October 2019 and that it had been determined that it was appropriate to pay the senior independent director an additional fee of £2,000 per annum to reflect the additional responsibilities of the role.

The committee has carried out its annual review of the fees being paid to directors and as part of this it looked at the fees paid to other investment companies in the peer group, the fees paid in other sectors and the other Janus Henderson managed investment trusts. The committee also took into consideration the impact of Covid-19. It was agreed that no change to directors' fees should be made at the current time.

There have been no other major decisions on directors' remuneration or any other changes to the remuneration paid to each individual director in the year under review.

Performance

The Directors' Remuneration Report Regulations require the Company to measure its performance against a "broad equity market index" on a total return basis. In this report the MSCI World (ex UK) Index (sterling adjusted) has been selected as the most appropriate market index for the Company's portfolio.

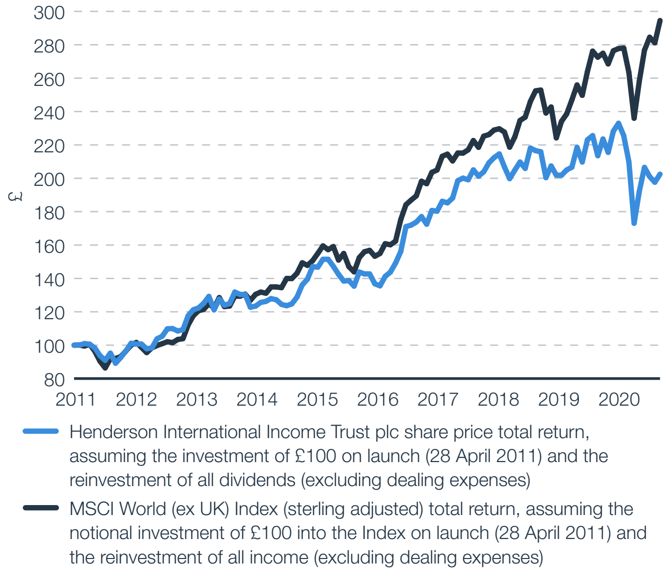


Table of directors' annual fees

The current fees for specific responsibilities are set out in the table below. No fees are payable for membership of the nominations and remuneration committee.

Role	**Rate at 31 August 2020**	Rate at 31 August 2019
Chairman of the board	41,000	39,000
Chair of the audit committee	32,500	29,000
Senior independent director	27,500	n/a
Other non-executive directors	25,500	24,000

Directors' fees and expenses (audited)

The fees and expenses paid to the directors who served during the years ended 31 August 2020 and 31 August 2019 were as follows:

	Year ended 31 August 2020 Total salary and fees £	Year ended 31 August 2019 Total salary and fees £	Change† %	**Year ended 31 August 2020 Taxable benefits* £**	Year ended 31 August 2019 Taxable benefits* £	**Year ended 31 August 2020 Total £**	Year ended 31 August 2019 Total £
Simon Jeffreys[1]	41,000	39,000	5.1	–	67	41,000	39,067
Kasia Robinski[2]	32,500	29,000	12.1	–	–	32,500	29,000
Bill Eason[3]	27,181	24,000	13.3	–	–	27,181	24,000
Richard Hills	25,500	24,000	6.3	1,942	1,184	27,442	25,184
Aidan Lisser	25,500	24,000	6.3	–	9	25,500	24,009
Total	**151,681**	**140,000**		**1,942**	**1,260**	**153,623**	**141,260**

The table above omits other columns in the relevant regulations because no payments of other types such as variable pay, performance related pay, vested performance related pay and remuneration related benefits were made.
1 Chairman of the board, management engagement and nominations and remuneration committees
2 Chair of the audit committee. 3 Senior independent director with effect from 29 October 2019
† In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, this column shows the annual percentage change over the preceding financial year and the relevant financial year in respect of each director that has served for a minimum of two financial years. The board will publish this annual percentage change cumulatively each year going forward until there is an annual percentage change over the five financial years preceding the relevant financial year to meet the legislative requirements
* Reimbursement of travel expenses to attend board meetings

Directors' Remuneration Report (continued)

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.

Lucy Walker was appointed as a director on 1 September 2020 and will be paid at the same rate as the other non-executive directors.

Directors' interests in shares (audited)

	Ordinary shares of 1p	
	31 August 2020	31 August 2019
Simon Jeffreys	206,276	168,150
Bill Eason	156,990	156,990
Richard Hills	39,604	39,604
Aidan Lisser	26,148	26,148
Kasia Robinski	60,000	60,000
Lucy Walker[1]	–	n/a

1 Appointed as a director on 1 September 2020

The interests of the directors and persons closely associated with them in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. There have been no changes to any of the directors' holdings in the period 1 September 2020 to the date of this report.

In accordance with the Company's articles of association, no director is required to hold shares of the Company by way of qualification.

Relative importance of spend on pay

In order to show the relative importance of spend 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 buy-backs or other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2020 £	2019 £	Change £	Change %
Total remuneration	153,623	141,260	12,363	8.8
Ordinary dividends paid	11,534,698	9,999,153	1,535,545	15.4

Statement of voting at annual general meeting

A binding ordinary resolution adopting the remuneration policy was approved at the annual general meeting held on 7 December 2017. The votes cast by proxy in favour of the resolution were 22,480,080 (98.7%), votes cast against the resolution were 204,274 (0.9%) and 94,472 (0.4%) were placed at the discretion of the chairman of the meeting or other proxy to vote. A total of 183,908 votes were withheld.

An ordinary resolution adopting the report on directors' remuneration was approved at the annual general meeting held on 5 December 2019. The votes cast by proxy in favour of the resolution were 61,649,607 (99.5%), votes cast against the resolution were 212,144 (0.3%) and 133,490 (0.2%) were placed at the discretion of the chairman of the meeting or other proxy to vote. A total of 199,989 votes were withheld.

The percentage of votes in favour, against and discretionary excludes the number of votes withheld.

Approval of the Annual Report on Remuneration

The Annual Report on Remuneration was approved by the board on 28 October 2020.

Simon Jeffreys
Chairman of the nominations and remuneration committee
28 October 2020

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report (which must be fair, balanced and understandable) and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company's financial statements in accordance with UK Accounting Standards. Under company law the 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 net return or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business for the next twelve months.

The directors are 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. They are also 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 consider that the annual report, 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.

Directors' responsibility statement

Each of the directors, who are listed on page 29, confirms that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the strategic report, directors' report and financial statements include 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

Simon Jeffreys
Chairman
28 October 2020

The financial statements are published on **www.hendersoninternationalincometrust.com** which is a website maintained by the manager.

The maintenance and integrity of the website is the responsibility of the manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the annual report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

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

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Henderson International Income Trust plc (the 'Company') for the year ended 31 August 2020, which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2020 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 23 and 24 that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated (including the impact of Covid-19 and Brexit);
- the directors' confirmation, set out on page 23 of the annual report, that they have carried out a robust assessment of the principal and emerging risks facing the company (including the impact of Covid-19 and Brexit), including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 47 of the financial statements, about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' 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;
- whether the directors' statements relating to going concern and the prospects of the Company required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) are materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 25 of the annual report, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their 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 their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

(continued)

Overview of our audit approach

- Overall materiality: £3,009,000, which represents 1% of the Company's net assets;
- Key audit matters were identified as existence and valuation of investments, completeness and occurrence of investment income and accuracy and valuation of senior unsecured notes; and
- Our audit approach was a risk based substantive audit focused on investments at the year end, investment income recognised during the year and on accuracy and valuation of senior unsecured notes at the year-end. There was no significant change in our audit approach from the prior year.

GrantThornton

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included those that 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 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.

Key Audit Matter	How the matter was addressed in the audit
Existence and valuation of investments The Company's investment objective is to provide shareholders with a growing total annual dividend as well as capital appreciation. The investment portfolio at the year-end had a carrying value of £335,243,000. Due to the nature of the Company's business there is an inherent risk that the investments shown in the Statement of Financial Position may not be owned by the company, do not exist or are incorrectly valued. We therefore identified existence and valuation of investments as a significant risk, which was one of the most significant risks of material misstatement.	Our audit work included, but was not restricted to: • assessing whether the Company's accounting policy for investments is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice ("SORP") issued by Association of Investment Companies ("AIC") and testing its consistent application during the year; • agreeing the valuation of all investments to an independent source of market prices; • confirming the existence of the investments by agreeing the nominal holding to the confirmation obtained directly from the custodian; and • substantively testing a sample of additions and disposals of investments during the year by agreeing to the underlying third-party supporting documentation and bank statements. The Company's accounting policy on fixed asset investments held at fair value through profit or loss is shown in note 1(c) to the financial statements and related disclosures are included in notes 2 and 11. The audit committee identified valuation and ownership of the Company's investments as a significant issue in its report on page 40, where the committee has also described the actions that it has taken to address this issue. **Key observations** Our audit testing did not identify any material misstatements in the valuation of the Company's investment portfolio as at the year-end nor were any issues noted with regards to the existence of the investments at the year end.

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

(continued)

Key Audit Matter	How the matter was addressed in the audit
Completeness and occurrence of investment income The company measures performance on a total return basis and investment income is one of the significant components of this performance measure. Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a presumption that there are risks of fraud in revenue recognition. Due to the significance of revenue to the company's performance evaluation, we have determined that there is a risk that revenue might not have occurred or is not recognised in the correct accounting period. We therefore identified completeness and occurrence of investment income as a significant risk, which was one of the most significant risks of material misstatement.	Our audit work included, but was not restricted to: • assessing whether the Company's accounting policy for revenue recognition is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the AIC SORP and testing its consistent application on revenue recognised during the year; for a sample of investments held during the year; • for a sample of investments held during the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the Income Statement, and agreeing a sample of dividend income recognised by the company to an independent source; and • agreeing the categorisation of corporate actions and special dividends to online sources and announcements to identify whether the accounting treatment is correct. The Company's accounting policy on income, including its recognition, is shown in note 1(e) to the financial statements and related disclosures are included in note 3. The audit committee identified recognition of income as a significant issue in its report on page 40, where the committee also described the action that it has taken to address this issue. **Key observations** Our audit testing did not identify any material misstatements in the completeness or occurrence of investment income recognised during the year.
Accuracy and valuation of senior unsecured notes On 30 April 2019, the Company issued €30m nominal value 2.43% fixed rate senior unsecured notes with a maturity date of 29 April 2044. At the year end, the balance recognised in the Statement of Financial Position is £26,626,000. There is a risk that the senior unsecured notes and any associated embedded derivatives are not appropriately valued. There is a significant judgement management has made in the preparation of the financial statements. Due to clauses within the senior unsecured notes agreement, an embedded derivative arises and depending on a high probability of early repayment, the company could end up repaying the loan at its fair value immediately. This could cause the financial statements to be materially misstated as the embedded derivative is likely to be material. We therefore identified accuracy and valuation of senior unsecured notes as a significant risk, which was one of the most significant risk of material misstatement.	Our audit work included, but was not restricted to: • assessing the Company's accounting policies for any potential changes in accounting treatment expected in accordance with the implementation of IFRS 9; • challenging management on the classification of the loan notes and specifically whether they should be accounted for as basic or non-basic financial instruments; and • performing recalculations of both the amortised cost and fair value of the senior unsecured notes to assess the disclosures in note 16.4 to the financial statement regarding the likelihood of the Company having to repay the notes early as a result of the senior unsecured notes agreement clauses The Company's accounting policy on senior unsecured notes is shown in notes 1(a) and 1(i) to the financial statements and related disclosures are included in notes 7, 14 and 16. The audit committee identified accounting treatment for senior unsecured notes as a significant issue in its report on page 40, where the committee also described the action that it has taken to address this issue. **Key observations** Based on our audit work, we have not identified any changes to the accounting policies or any material misstatements in the accuracy and valuation of the senior unsecured notes.

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

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

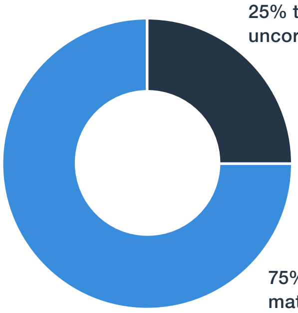
We determined materiality for the audit of the financial statements as a whole to be £3,009,000, which is 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which primarily comprise the company's investment portfolio, are considered to be the key driver of the Company's total return performance and form part of the net asset value calculation, which is the performance measure used by investors to assess the Company's performance.

Materiality for the current year is lower than the level that we determined for the year ended 31 August 2020 to reflect the lower net assets of the Company at the year end.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



We also determine a lower level of specific materiality for certain areas such as investment income, management fee and directors' remuneration.

We determined the threshold at which we will communicate misstatements to the audit committee to be £150,000. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based substantive approach founded on a thorough understanding of the Company's business, its environment and risk profile, focused on investments and senior unsecured notes held at the year end, and investment income recognised during the year, and in particular included:

- understanding management's processes to value quoted investments and senior unsecured notes, to recognise investment income and for posting journal entries through discussions with management and obtaining an understanding of relevant internal controls at both the company and its third-party service providers. This included obtaining and reviewing internal control reports prepared by the auditors of the third-party service providers on the description, design, and operating effectiveness of the internal controls at the company's investment manager, custodian and administrator;
- performing substantive audit procedures on specific transactions (including journal entries), individually material balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and our evaluation of the design and implementation of controls that address significant audit risk; and
- there was no significant change in our audit approach from the prior year.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and industry in which it operates. We determined that the following laws and regulations were most significant: FRS 102, Companies Act 2006, the UK Corporate Governance Code, the Corporation Tax Act 2010, the Investment Trust (Tax) Regulations 2011 and the AIC SORP.

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

(continued)

- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries to the investment manager, administrators and audit committee. We corroborated our inquiries through our review of board minutes and papers provided to the audit committee.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - obtaining an understanding of how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

We did not identify any key audit matters relating to irregularities, including fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 47 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on pages 38 to 40 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee is materially inconsistent with our knowledge obtained in the audit; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 33 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Our opinions on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

(continued)

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 47, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the members on 15 December 2011. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marcus Swales
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
28 October 2020

Income Statement

Notes		Year ended 31 August 2020 Revenue return £'000	Capital return £'000	Total £'000	Year ended 31 August 2019 Revenue return £'000	Capital return £'000	Total £'000
2	Losses from investments held at fair value through profit or loss	–	(19,672)	(19,672)	–	(2,432)	(2,432)
3	Income from investments held at fair value through profit or loss	12,482	188	12,670	13,415	–	13,415
	Profit/(loss) on foreign exchange	–	417	417	–	(1,301)	(1,301)
4	Other income	879	26	905	327	–	327
	Gross revenue and capital losses	**13,361**	**(19,041)**	**(5,680)**	**13,742**	**(3,733)**	**10,009**
5	Management fee	(481)	(1,444)	(1,925)	(462)	(1,385)	(1,847)
6	Other administrative expenses	(611)	–	(611)	(557)	–	(557)
	Net return before finance costs and taxation	**12,269**	**(20,485)**	**(8,216)**	**12,723**	**(5,118)**	**7,605**
7	Finance costs	(192)	(539)	(731)	(76)	(185)	(261)
	Net return before taxation	**12,077**	**(21,024)**	**(8,947)**	**12,647**	**(5,303)**	**7,344**
8	Taxation on net return	(1,459)	53	(1,406)	(1,357)	(36)	(1,393)
	Net return after taxation	**10,618**	**(20,971)**	**(10,353)**	**11,290**	**(5,339)**	**5,951**
9	**Return per ordinary share**	**5.53p**	**(10.91p)**	**(5.38p)**	**6.29p**	**(2.98p)**	**3.31p**

The total column of this statement represents the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement and therefore no Statement of Comprehensive Income has been presented as the net return after taxation is also the total comprehensive income for the year.

The notes on pages 59 to 75 form part of these financial statements

Statement of Changes in Equity

Notes	**Year ended 31 August 2020**	**Called up share capital £'000**	**Share premium account £'000**	**Special reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
	At 31 August 2019	1,876	181,007	45,732	72,480	8,081	309,176
17, 18	New shares allotted	84	13,543	–	–	–	13,627
	Net return for the year	–	–	–	(20,971)	10,618	(10,353)
10	Dividends paid	–	–	–	–	(11,535)	(11,535)
	At 31 August 2020	**1,960**	**194,550**	**45,732**	**51,509**	**7,164**	**300,915**

Notes	Year ended 31 August 2019	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 31 August 2018	1,776	164,631	45,732	77,819	6,790	296,748
17, 18	New shares allotted	100	16,376	–	–	–	16,476
	Net return for the year	–	–	–	(5,339)	11,290	5,951
10	Dividends paid	–	–	–	–	(9,999)	(9,999)
	At 31 August 2019	**1,876**	**181,007**	**45,732**	**72,480**	**8,081**	**309,176**

The notes on pages 59 to 75 form part of these financial statements

Statement of Financial Position

Notes		At 31 August 2020 £'000	At 31 August 2019 £'000
11	**Fixed asset investments held at fair value through profit or loss**	335,243	319,210
	Current assets		
12	Debtors	10,621	1,621
	Cash and cash equivalents	–	23,189
		10,621	**24,810**
	Bank overdraft	(4,900)	–
13	Creditors: amounts falling due within one year	(13,423)	(7,892)
	Net current (liabilities)/assets	**(7,702)**	**16,918**
	Total assets less current liabilities	**327,541**	**336,128**
14	Creditors: amounts falling due after more than one year	(26,626)	(26,952)
	Total net assets	**300,915**	**309,176**
	Capital and reserves		
17	Called up share capital	1,960	1,876
18	Share premium account	194,550	181,007
19	Special reserve	45,732	45,732
19	Other capital reserves	51,509	72,480
19	Revenue reserve	7,164	8,081
	Total shareholders' funds	**300,915**	**309,176**
15	**Net asset value per ordinary share**	**153.5p**	**164.8p**

The financial statements on pages 55 to 75 were approved and authorised for issue by the board of directors of Henderson International Income Trust plc on 28 October 2020 and signed on their behalf by:

Simon Jeffreys
Chairman

Registered number: 7549407

The notes on pages 59 to 75 form part of these financial statements

Statement of Cash Flows

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Cash flows from operating activities		
Net return before taxation	(8,947)	7,344
Add back: finance costs	731	261
Less: losses on investments held at fair value through profit or loss	19,672	2,432
Add: (gains)/losses on foreign exchange	(417)	1,301
Withholding tax on dividends deducted at source	(2,128)	(1,965)
Taxation recovered	39	110
Decrease/(increase) in debtors	88	(60)
Increase in creditors	30	512
Net cash inflow from operating activities	**9,068**	**9,935**
Cash flows from investing activities		
Purchase of investments	(173,890)	(114,653)
Sale of investments	135,281	114,175
Net cash outflow from investing activities	**(38,609)**	**(478)**
Cash flows from financing activities		
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(11,535)	(9,999)
Proceeds from issue of ordinary shares	13,627	3,482
Cash proceeds of Establishment Investment Trust transfer	–	866
Proceeds from issue of senior unsecured notes	–	25,921
Senior unsecured notes issue costs	–	(177)
Interest paid	(728)	(38)
Net cash inflow from financing activities	**1,364**	**20,055**
Net (decrease)/increase in cash and cash equivalents	**(28,177)**	**29,512**
Cash and cash equivalents at start of year	23,189	(6,227)
Effect of foreign exchange rates	88	(96)
Cash and cash equivalents at end of year	**(4,900)**	**23,189**
Comprising:		
Cash at bank	–	23,189
Bank overdraft	(4,900)	–
	(4,900)	**23,189**

The notes on pages 59 to 75 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

a) Basis of accounting

The Company is a registered investment company as defined in section 833 of the Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 82.

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 (which is effective for periods commencing on or after January 2018), and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in October 2019.

The principal accounting policies applied in the presentation of these financial statements are set out below.

Following the issue of the senior unsecured notes on 30 April 2019 it was determined that the Company would adopt the recognition and measurement provisions of IFRS 9 (Financial Instruments), as permitted by sections 11 and 12 of FRS 102. This was determined to better reflect the directors' assessment of the carrying value of the senior unsecured notes and has no impact on the carrying value of the Company's financial assets.

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

The preparation of the Company's financial statements on occasion requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in current and future periods, depending on circumstances. The directors have considered the accounting treatment of the senior unsecured notes as set out in accounting policy 1i) to be an area of judgement, in particular with reference to clauses that would be enacted should the notes be prepaid before maturity and concluded the adoption of IFRS 9 described above is the most appropriate and complies with accounting standards.

The directors do not believe there are any other accounting judgements or estimates that 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.

b) 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. Having assessed these factors, the principal risks, as well as considering the additional risks related to Covid-19 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.

c) Fixed asset investments held at fair value through profit or loss

Under IFRS 9, the classification and measurement criteria determine if financial instruments are measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. Investment assets are classified based on both the business model, and the contractual cash flow characteristics of the financial instruments. This approach determined that all investments are classified and measured at fair value through profit or loss, which is based on their quoted bid price at the Statement of Financial Position date, without deduction of the estimated future selling costs.

Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as 'Gains or losses from investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

d) Capital gains and losses

Capital gains and losses arising on investments sold and investments held, together with exchange differences arising on the translation of foreign currency assets and liabilities, are dealt with in capital reserves.

e) Income

Dividends receivable (including overseas withholding taxes) from equity shares are taken to revenue return on an ex-dividend basis except where, in the opinion of the directors, the dividend is capital in nature, in which case it is taken to the capital return. Bank deposit interest is taken to revenue on an accruals basis.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

e) Income (continued)

Income from fixed interest securities is recognised so as to reflect the effective interest rate on these securities.

Option premium income is recognised as revenue over the life of the contract and included in the revenue column of the Income Statement unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premiums arising are allocated to the capital column of the Income Statement.

f) Derivative financial instruments

Derivative transactions which the Company may enter into comprise forward exchange contracts (the purpose of which is to hedge foreign currency exposure). 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 Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Company's policies as approved by the board.

Derivatives are measured at fair value based on market process or at valuations based on market prices.

Changes in the fair value of derivative financial instruments are recognised in the Income Statement as they arise. If 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 capital return such that the total return reflects the overall change in the fair value of the option.

g) Expenses and finance costs

All expenses are accounted for on an accruals basis. Finance costs, including any 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 rate method. On the basis of the board's expected long-term split of returns in the form of capital gains and income of 75% and 25% respectively, the Company charges 75% of its finance costs and management fee to the capital return. The overdraft arrangement fee which is included in finance costs is charged 100% to the revenue return. All other expenses are charged to revenue return. All of these amounts are stated inclusive of any related irrecoverable value added tax.

h) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents have a term of three months or less from origination, are highly liquid investments that are readily convertible to known amounts of cash that are subject to insignificant risks of changes in value.

i) Borrowings

Senior unsecured notes are recorded initially at proceeds received, net of direct issue costs. They are subsequently re-measured at amortised cost. The issue costs will be amortised over the life of the notes. Finance costs, including interest payable, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

Within the terms of the senior unsecured notes are clauses relating to an embedded derivative that would be enacted should the notes be prepaid by the Company before maturity. These clauses could impact the total amount repayable. The directors have assessed these and have concluded these clauses are highly unlikely to occur. The value of such additional payments have therefore been deemed to be immaterial and have not been recognised in the financial statements.

j) Taxation

The tax expense represents the sum of the current tax and deferred tax arising from the accounting period.

The current tax 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 tax rates that were applicable at the Statement of Financial Position date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in 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 return 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 reversed by the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the rate of tax expected to apply based on tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

k) Foreign currency

The results and financial position of the Company are expressed in pounds sterling which is the functional currency and presentational currency of the Company. The board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined the functional currency to be sterling.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets and liabilities and equity investments held at fair value through profit or loss denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue return or capital return, depending on whether the gain or loss is of a revenue or capital nature. Gains or losses arising from a change in exchange rates in respect of investments are included within the gain or loss from investments held at fair value through profit or loss.

l) Dividends payable to shareholders

Interim dividends are recognised in the period in which they are paid. Final dividends are not recognised until approved by shareholders. Dividends are dealt with in the Statement of Changes in Equity.

m) Capital and reserves

Called up share capital represents the nominal value of ordinary 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 special reserve represents the value of the share premium account that was cancelled and transferred to distributable reserves on 28 February 2013.

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

Capital reserve arising on investments sold
The following are accounted for in this reserve:

- gains and losses on the disposal of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- costs of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held
The following are accounted for in this reserve:

- 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, special reserve and revenue reserve may be distributed by way of a dividend.

2 (Losses)/gains on investments held at fair value through profit or loss

	2020 £'000	2019 £'000
(Losses)/gains on investments sold in the year	(31,135)	5,768
Revaluation of investments held at 31 August	11,463	(8,200)
	(19,672)	**(2,432)**

Notes to the Financial Statements (continued)

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

	2020 £'000	2019 £'000
Dividend income	12,206	13,415
Bond and loan interest	276	–
Income credited to income	**12,482**	**13,415**
Income credited to capital[1]	188	–
	12,670	**13,415**

1 The income credited to capital relates to capital distributions from US real estate investment trusts

4 Other income

	2020 £'000	2019 £'000
Bank interest	9	17
Option premium income	870	310
Other income credited to income	**879**	**327**
Other income credited to capital[1]	26	–
	905	**327**

1 The other income credited to capital relates to a class action compensation

5 Management fee

	2020			2019		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Management fee	481	1,444	1,925	462	1,385	1,847

A summary of the terms of the management agreement is given in the strategic report on page 25.

6 Other administrative expenses

	2020 £'000	2019 £'000
Directors' fees (see the directors' remuneration report on page 45)	154	141
Auditors' remuneration – for audit services[1]	53	29
Marketing	114	108
Depositary fees	42	40
Custody fees	60	51
Broker fees	37	39
Registrar's fees	19	23
Printing and postage expenses	13	13
Legal and professional fees	36	20
Listing and subscription fees	52	51
Other expenses	31	42
	611	**557**

1 The fee for the audit of the Company for the year ended 31 August 2020 was £43,000. An additional fee of £10,000 in relation to the 2019 audit was agreed in relation to the supplementary audit work that had to be undertaken on the Company's transaction with The Establishment Investment Trust plc and the senior unsecured notes

Notes to the Financial Statements (continued)

7 Finance costs

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000
Bank interest on short-term overdraft facility	27	44	71	20	18	38
Interest on senior unsecured notes	164	492	656	55	165	220
Senior unsecured notes amortisation of issue costs	1	3	4	1	2	3
	192	**539**	**731**	**76**	**185**	**261**

8 Taxation

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000
Foreign withholding taxes	2,051	21	2,072	1,802	37	1,839
Overseas tax reclaimable	(666)	–	(666)	(446)	–	(446)
Tax relief to capital	74	(74)	–	1	(1)	–
Current tax charge for the year	**1,459**	**(53)**	**1,406**	**1,357**	**36**	**1,393**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

Factors affecting the tax charge for the year

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000
Net return before taxation	12,077	(21,024)	(8,947)	12,647	(5,303)	7,344
Corporation tax at an effective rate of 19% (2019: 19%)	2,295	(3,995)	(1,700)	2,403	(1,008)	1,395
Effects of:						
Non-taxable gains less losses on investments held at fair value through profit or loss and foreign exchange	–	3,659	3,659	–	709	709
Expenses not deductible for tax purposes	–	–	–	1	1	2
Non-taxable overseas dividends	(2,211)	–	(2,211)	(2,416)	–	(2,416)
Other non-taxable income	–	(41)	(41)	–	–	–
Overseas tax	1,385	21	1,406	1,356	37	1,393
Tax relief to capital	74	(74)	–	1	(1)	–
Tax effect of expensed double taxation relief	(10)	–	(10)	(5)	–	(5)
Excess management expenses	(74)	377	303	17	298	315
Current tax charge	**1,459**	**(53)**	**1,406**	**1,357**	**36**	**1,393**

Deferred tax

The Company has unrecognised deferred tax assets of £1,645,000 at 31 August 2020 (2019: £1,202,000) arising as a result of excess management expenses and loan relationship deficits (including interest on the bank overdraft). These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

Due to its status as an investment trust, the Company is exempt from UK corporation tax on disposal of its investments.

The Company intends to maintain approval as an investment trust company for the foreseeable future.

Notes to the Financial Statements (continued)

9 Return per ordinary share

	2020 £'000	2020 pence	2019 £'000	2019 pence
Revenue return	10,618	5.53	11,290	6.29
Capital return	(20,971)	(10.91)	(5,339)	(2.98)
Total return	**(10,353)**	**(5.38)**	**5,951**	**3.31**
Weighted number of ordinary shares	**192,134,317**		**179,379,411**	

10 Dividends paid on ordinary shares for the year to 31 August

	Record date	Payment date	Ex-dividend date	2020 £'000	2019 £'000
4th interim dividend – 1.50p	8 November 2019	29 November 2019	7 November 2019	2,814	–
1st interim dividend – 1.50p	14 February 2020	28 February 2020	13 February 2020	2,891	–
2nd interim dividend – 1.50p	11 May 2020	29 May 2020	7 May 2020	2,891	–
3rd interim dividend – 1.50p	31 July 2020	28 August 2020	30 July 2020	2,939	–
4th interim dividend – 1.40p	9 November 2018	30 November 2018	8 November 2018	–	2,486
1st interim dividend – 1.40p	8 February 2019	28 February 2019	7 February 2019	–	2,492
2nd interim dividend – 1.40p	10 May 2019	31 May 2019	9 May 2019	–	2,508
3rd interim dividend – 1.40p	12 July 2019	30 August 2019	11 July 2019	–	2,513
				11,535	**9,999**

A fourth interim dividend in respect of the year ended 31 August 2020 of 1.50p per ordinary share was declared on 28 October 2020 and will be paid to shareholders on 30 November 2020 with record date 6 November 2020. The Company's shares will go ex-dividend on 5 November 2020.

All dividends have been or will be paid out of revenue profits.

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

	2020 £'000	2019 £'000
Revenue available for distribution by way of dividend for the year	10,618	11,290
Interim dividends of 4.50p paid (2019: 4.20p)	(8,721)	(7,513)
Fourth interim dividend for the year to 31 August 2020 of 1.50p (based on 195,978,716 ordinary shares in issue as at 27 October 2020) (2019: 1.50p)	(2,939)	(2,814)
Undistributed revenue for section 1158 purposes[1]	**(1,042)**	**963**

1 The deficit of (£1,042,000) (2019: surplus of £963,000) has been taken (from)/to the revenue reserve

Notes to the Financial Statements (continued)

11 Fixed asset investments

2020	£'000
31 August 2019	278,895
Purchases at cost	179,391
Sales at cost	(174,821)
Cost of investments at 31 August 2020	**283,465**
Investment holding gains at 31 August 2020	51,778
Valuation at 31 August 2020	**335,243**

2019	£'000
31 August 2018	253,901
Purchases at cost	120,952
Investments acquired from Establishment Investment Trust	12,128
Sales at cost	(108,086)
Cost of investments at 31 August 2019	**278,895**
Investment holding gains at 31 August 2019	40,315
Valuation at 31 August 2019	**319,210**

The Company received £143,685,000 (2019: £113,855,000) from investments sold in the year. The book cost of these investments when they were purchased was £174,821,000 (2019: £108,086,000). 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.

Total transaction costs amounted to £221,000 (2019: £224,000) of which purchase transaction costs for the year ended 31 August 2020 were £125,000 (2019: £144,000) and comprise mainly brokers' commissions. Sales transaction costs for the year ended 31 August 2020 were £96,000 (2019: £80,000).

12 Debtors

	2020 £'000	2019 £'000
Sales for future settlement	8,405	–
Withholding tax recoverable	1,680	997
Prepayments and accrued income	518	480
VAT recoverable	18	28
Other debtors	–	116
	10,621	**1,621**

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Purchases for future settlement	12,237	6,736
Management fee	808	812
Other creditors and accruals	378	344
	13,423	**7,892**

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
2.43% senior unsecured notes	26,626	26,952
	26,626	**26,952**

On 30 April 2019 the Company issued €30,000,000 (nominal) 2.43% senior unsecured notes due 2044, net of issue costs totalling £177,000. The issue costs will be amortised on an effective yield basis over the life of the senior unsecured notes.

The senior unsecured notes are redeemable at par on 29 April 2044.

The interest rate on the senior unsecured notes is a fixed interest rate.

The Company has to comply with the following covenant conditions:

- total borrowings must not exceed 40% of adjusted net assets (as defined in the senior unsecured notes agreement)
- the Company's adjusted net assets shall not be less than £150m.

Within the terms of the senior unsecured notes are clauses that would be enacted in certain scenarios should the notes be prepaid by the Company before maturity. These clauses could impact the total amount repayable. The directors have assessed these and have concluded these clauses are highly unlikely to occur. The value of such additional payments have therefore been deemed to be immaterial and have not been recognised in the financial statements.

15 Net asset value per ordinary share

The net asset value per ordinary share and the net assets attributable to ordinary shares at the end of the year were as follows:

	2020	2019
Net assets attributable (£'000)	300,915	309,176
Number of ordinary shares in issue	195,978,716	187,583,716
Net assets per ordinary share	153.5p	164.8p

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

	2020 £'000	2019 £'000
Net assets at start of the year	309,176	296,748
Total net return after taxation	(10,353)	5,951
Dividends paid on ordinary shares in the period	(11,535)	(9,999)
Issue of ordinary shares less issue costs	13,627	16,476
Total net assets attributable to the ordinary shares at 31 August	**300,915**	**309,176**

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures

As an investment trust company the Company invests in equities and other investments for the long term so as to secure its investment objective as stated on page 19. In pursuing its investment objective, 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, market risk (compromising other price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of these risks, are set out below. The board of directors and Janus Henderson co-ordinate the Company's risk management and there are various risk management systems in place as detailed below:

- straight-through processing via a deal order and management system ("OMS") is utilised for listed securities, exchange-traded derivatives and OTC derivatives contracts with connectivity to third-party affirmation and trade repository services;
- portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine;
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises HiPortfolio software;
- the IT tools to which the Janus Henderson Risk, Compliance and Operations teams have access for independent monitoring and risk measurement purposes include:
  - Charles River Compliance module for investment restrictions monitoring;
  - Nasdaq Bwise operational risk database;
  - Riskmetrics, UBS Delta, Style Research, Cognity and Barra for market risk measurement;
  - Bloomberg for market data and price-checking; and
  - HiPortfolio for portfolio holdings and valuations.

These are supplemented by in-house developments: Derivatives Risk and Compliance database ("DRAC") and Counterparty Exposure ("CER") reports.

The board determines the objectives, policies and processes for managing the risks, and these are set out below under the relevant risk category. The policies for the management of risk have not changed since incorporation.

The Company has a spread of investments which by their nature are less risky than placing the entire amount of the Company's assets on one investment. By their nature, equity investments can be higher risk than some other investments but the longer-term return can be positive. Performance of equities has been and is likely to continue to be volatile over shorter periods.

16.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises other price risk (see note 16.1.1), currency risk (see note 16.1.2) and interest rate risk (see note 16.1.3). The fund manager assesses the exposure to market price 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.

16.1.1 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 the investments.

Management of the risk

The board of directors manages the risks inherent in the investment portfolio by ensuring that the portfolio is diversified and through full and timely reporting of relevant information from Janus Henderson. Investment performance is reviewed at each board meeting. The board monitors the fund manager's compliance with the Company's objectives, and is directly responsible for investment strategy, asset allocation and diversification.

Options and forward currency contracts may be used to limit exposure which might adversely affect the value of the portfolio of investments.

The Company's exposure to other changes in market prices at 31 August 2020 on its investments held at fair value through profit or loss was £335,243,000 (2019: £319,210,000).

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.1.1 Other price risk (continued)

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on pages 10 and 11. There is a concentration of exposure to Continental Europe and the US, though 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 return after taxation for the year, and the equity, to an increase or decrease of 20% in the fair values of the Company's investments. This level of change is considered to be possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at the Statement of Financial Position date, with all other variables held constant.

	2020		2019	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Impact statement – return after tax				
Revenue return	(101)	101	(96)	96
Capital return	66,747	(66,747)	63,555	(63,555)
Total return after tax for the period	**66,646**	**(66,646)**	**63,459**	**(63,459)**
Impact on net assets	**66,646**	**(66,646)**	**63,459**	**(63,459)**

16.1.2 Currency risk

Most of the Company's assets, liabilities, income and expenses are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk

The fund manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the board at each board meeting. The fund manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowings may be used to hedge the Company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. These borrowings are limited by the board to 20% of net asset value.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the year between the time that income is included in the financial statements and its receipt.

Foreign currency exposure

The carrying values of the Company's monetary items that have foreign currency exposure at 31 August 2020 are shown below. Where the Company's equity 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.

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.1.2 Currency risk (continued)

Foreign currency exposure and sensitivity

Currency	2020 Current assets £'000	2020 Current liabilities £'000	2020 Non-current liabilities £'000	2020 Equity investments £'000	2019 Current assets £'000	2019 Current liabilities £'000	2019 Non-current liabilities £'000	2019 Equity investments £'000
Australian dollar	–	–	–	17,844	–	–	–	13,273
Canadian dollar	38	(614)	–	6,998	63	(344)	–	10,329
Euro	2,508	(1,244)	(26,626)	65,199	436	(2,747)	(26,952)	95,188
Hong Kong dollar	2,912	(3,926)	–	40,547	112	–	–	23,443
Korean won	11	–	–	6,686	11	–	–	4,497
Swiss francs	4,617	(1,183)	–	50,295	424	(1,179)	–	34,676
US dollar	351	(5,489)	–	130,574	191	(2,685)	–	108,686
Other (non sterling)	152	–	–	17,100	213	–	–	29,118
	10,589	**(12,456)**	**(26,626)**	**335,243**	**1,450**	**(6,955)**	**(26,952)**	**319,210**

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

Foreign currency sensitivity

The following table illustrates the sensitivity of the total return after tax for the period and the net assets with regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates.

It is assumed that all exchange rates move by +/- 10% against sterling.

This percentage is deemed reasonable based on the average market volatility in exchange rates in the year. The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at the Statement of Financial Position date.

If sterling had depreciated against the currencies shown, the impact on the total return and net assets would have been as follows:

Impact on total returns year ended 2020	Swiss franc £'000	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Canadian dollar £'000	US dollar £'000	Other £'000	Total £'000
Revenue return	143	28	296	64	49	300	127	1,007
Capital return	5,005	1,775	3,839	4,035	697	12,994	2,367	30,712
Change in total return after taxation for the year and shareholders' funds	**5,148**	**1,803**	**4,135**	**4,099**	**746**	**13,294**	**2,494**	**31,719**

Impact on total returns year ended 2019	Swiss franc £'000	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Canadian dollar £'000	US dollar £'000	Other £'000	Total £'000
Revenue return	50	41	432	67	39	263	206	1,098
Capital return	3,451	1,321	6,776	2,333	1,028	10,820	3,347	29,076
Change in total return after taxation for the year and shareholders' funds	**3,501**	**1,362**	**7,208**	**2,400**	**1,067**	**11,083**	**3,553**	**30,174**

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.1.2 Currency risk (continued)

If sterling had appreciated against the currencies shown the impact on the total return and net assets would have been as follows:

Impact on total returns year ended 2020	Swiss franc £'000	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Canadian dollar £'000	US dollar £'000	Other £'000	Total £'000
Revenue return	(143)	(28)	(296)	(64)	(49)	(300)	(127)	(1,007)
Capital return	(5,005)	(1,775)	(3,839)	(4,035)	(697)	(12,994)	(2,367)	(30,712)
Change in total return after taxation for the year and shareholders' funds	**(5,148)**	**(1,803)**	**(4,135)**	**(4,099)**	**(746)**	**(13,294)**	**(2,494)**	**(31,719)**

Impact on total returns year ended 2019	Swiss franc £'000	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Canadian dollar £'000	US dollar £'000	Other £'000	Total £'000
Revenue return	(50)	(41)	(432)	(67)	(39)	(263)	(206)	(1,098)
Capital return	(3,451)	(1,321)	(6,776)	(2,333)	(1,028)	(10,820)	(3,347)	(29,076)
Change in total return after taxation for the year and shareholders' funds	**(3,501)**	**(1,362)**	**(7,208)**	**(2,400)**	**(1,067)**	**(11,083)**	**(3,553)**	**(30,174)**

In the opinion of the directors, the above sensitivity analyses are not necessarily representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

16.1.3 Interest rate risk

Management of the risk

The majority of the Company's financial assets are non-interest bearing. As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Interest rate exposure

The exposure at 31 August 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.

The exposure at 31 August of financial assets and financial liabilities to floating rates is shown below:

	2020 Within one year £'000	2020 Between one and five years £'000	2020 More than five years £'000	2019 Within one year £'000	2019 Between one and five years £'000	2019 More than five years £'000
Exposure to floating interest rates:						
(Short-term overdraft)/cash at bank	(4,900)	–	–	23,189	–	–
	(4,900)	**–**	**–**	**23,189**	**–**	**–**
Exposure to fixed interest rates:						
Investments held at fair value through profit or loss	–	–	13,847	–	–	–
Creditors – more than one year:						
Senior unsecured notes[1]	(657)	(2,628)	(38,923)	(659)	(2,637)	(40,311)
	(657)	**(2,628)**	**(25,076)**	**(659)**	**(2,637)**	**(40,311)**

1 Within the terms of the senior unsecured notes are clauses that would be enacted should the notes be prepaid before maturity and could impact the total amount repayable, although the directors have assessed these and have concluded these are highly unlikely to occur. Therefore, no provision for early repayment has been included in the table above

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.1.3 Interest rate risk (continued)

The figures on the previous page show interest payable over the remaining term of the senior unsecured notes. The figures in the "more than 5 years" column also include the capital to be repaid. Details of repayment are set out on page 66 and interest payment dates on page 82.

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 LIBOR or its foreign currency equivalent (2019: same); and
- interest paid on the senior unsecured notes is at a rate of 2.43%.

Interest rate risk sensitivity
The Company is not materially exposed to changes in interest rates.

16.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with 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 had available a multi-currency overdraft facility with HSBC Bank plc of the lesser of £50 million or 25% of custody assets. The facility has no expiry date but is reviewed annually.

The board gives guidance to the fund manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short-term borrowings be used to manage short-term cash requirements.

Liquidity risk exposure
The contractual maturities of the financial liabilities at 31 August based on the earliest date on which payment can be required is as follows:

	2020 Due within one month £'000	2019 Due within one month £'000
Other creditors and accruals	13,423	7,892
Bank overdraft[1]	4,900	–
	18,323	**7,892**

1 By virtue of the nature of the short-term overdraft facility with HSBC Bank plc, it is repayable on demand. Any amount drawndown for gearing purposes is repayable not later than 90 days after drawdown

The contractual maturities of the senior unsecured notes are included in note 16.1.3 above.

16.3 Credit 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
Credit risk is managed as follows:

- investment transactions are carried out with a large number of approved brokers, whose credit standard is reviewed periodically by Janus Henderson, and limits are set on the amount that may be due from any one broker;
- cash at bank is held only with banks considered to be creditworthy and is subject to continual review; and
- with regards to the corporate bonds in the portfolio, there is credit risk that the borrowers do not repay the principal or make interest payments. This is managed through careful selection, supported by monitoring of credit ratings, and is reviewed regularly.

None of the Company's financial assets or liabilities are secured by collateral or other credit enhancements.

At each reporting date, the Company measures the loss allowance on amounts due from brokers at an amount equal to expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the annual expected credit losses.

The Company has not been materially exposed to credit risk throughout the year.

Notes to the Financial Statements (continued)

16 Financial risk management policies and procedures (continued)

16.4 Fair values of financial assets and financial liabilities

The financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or the Statement of Financial Position amount is a reasonable approximation of fair value (debtors and creditors falling due within one year). The senior unsecured notes are carried in the Statement of Financial Position at amortised cost.

At 31 August 2020, the fair value of the senior unsecured notes was estimated to be £32,616,000 (2019: £33,549,000).

The fair value of the senior unsecured notes is calculated using a discount rate which reflects the yield of a euro swap of similar maturity plus a suitable credit spread. Within the terms of the senior unsecured notes are clauses that would be enacted in certain scenarios should the notes be prepaid by the Company before maturity. These clauses could impact the total amount repayable. The directors have assessed these and have concluded these clauses are highly unlikely to occur. The value of such additional payments have therefore been deemed to be immaterial and have not been recognised in the financial statements.

16.5 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 31 August 2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	321,396	–	–	321,396
Fixed interest investments	13,847	–	–	13,847
	335,243	**–**	**–**	**335,243**

Financial assets at fair value through profit or loss at 31 August 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	319,210	–	–	319,210
	319,210	**–**	**–**	**319,210**

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 as follows:

Level 1 – valued using quoted prices in active markets for identical assets;

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.

16.6 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 maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's total capital at 31 August 2020 was £327,541,000 (2019: £336,128,000) comprising £26,626,000 (2019: £26,952,000) of senior unsecured notes and £300,915,000 (2019: £309,176,000) of equity share capital and reserves.

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

- the need for new issues of equity shares or the need to buy-back equity shares, which takes account of the difference between the net asset value per share and the share price (the level of share discount or premium); and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged since incorporation.

The Company is subject to additional externally imposed capital requirements:

- 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 restriction tests imposed on investment companies by company law.

The Company's covenant conditions are set out in note 14 on page 66.

Notes to the Financial Statements (continued)

17 Called up share capital

2020	Number of shares	Number of shares entitled to dividend	£'000
Ordinary shares of 1p each			
At 31 August 2019	187,583,716	187,583,716	1,876
New shares allotted in year	8,395,000	8,395,000	84
At 31 August 2020	**195,978,716**	**195,978,716**	**1,960**

During the year, the Company issued 8,395,000 ordinary shares for a total consideration of £13,627,000 after deduction of issue costs of £83,000. Since the year end, no shares have been issued.

2019	Number of shares	Number of shares entitled to dividend	£'000
Ordinary shares of 1p each			
At 31 August 2018	177,581,306	177,581,306	1,776
New shares allotted in year	10,002,410	10,002,410	100
At 31 August 2019	**187,583,716**	**187,583,716**	**1,876**

During 2019, the Company issued 10,002,410 ordinary shares for a total consideration of £16,480,000 after deduction of issue costs of £20,000. Included in the issue of 10,002,410 ordinary shares during the year was 7,827,410 ordinary shares issued following the scheme of reconstruction and voluntary winding-up of The Establishment Investment Trust plc ("EIT") whereby investors in EIT were given the option of receiving shares in the Company. The net proceeds received from this transaction comprised £12,128,000 investments and £866,000 cash.

18 Share premium account

	2020 £'000	2019 £'000
At the start of the year	181,007	164,631
Ordinary shares allotted in year	13,626	16,396
Issue costs	(83)	(20)
At 31 August	**194,550**	**181,007**

Notes to the Financial Statements (continued)

19 Reserves

2020	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Total capital reserves £'000	Revenue reserve £'000
At 31 August 2019	45,732	32,165	40,315	72,480	8,081
Net movement on investments held at fair value through profit or loss	–	(31,135)	11,463	(19,672)	–
Dividend income charged to capital	–	188	–	188	–
Other income charged to capital	–	26	–	26	–
Net movement on foreign exchanges	–	417	–	417	–
Expenses and finance costs charged to capital	–	(1,930)	–	(1,930)	–
Net revenue return after taxation for the year	–	–	–	–	10,618
Dividends paid	–	–	–	–	(11,535)
At 31 August 2020	**45,732**	**(269)**	**51,778**	**51,509**	**7,164**

2019	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Total capital reserves £'000	Revenue reserve £'000
At 31 August 2018	45,732	29,304	48,515	77,819	6,790
Net movement on investments held at fair value through profit or loss	–	5,768	(8,200)	(2,432)	–
Net movement on foreign exchanges	–	(1,301)	–	(1,301)	–
Expenses and finance costs charged to capital	–	(1,606)	–	(1,606)	–
Net revenue return after taxation for the year	–	–	–	–	11,290
Dividends paid	–	–	–	–	(9,999)
At 31 August 2019	**45,732**	**32,165**	**40,315**	**72,480**	**8,081**

At the annual general meeting held in December 2012 the Company's articles of association were changed to allow it to distribute capital profit by way of a dividend or otherwise than by way of repurchase of the Company's shares. All sums carried and standing to the capital and special reserves may be applied for any of the purposes to which sums standing to any reserve under the articles are applicable.

20 Net debt reconciliation

2020	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 31 August 2019	23,189	–	(26,952)	(3,763)
Cash flows	(23,189)	(4,988)	–	(28,177)
Exchange movements	–	88	331	419
Non cash flow:				
Effective interest movements	–	–	(5)	(5)
Net debt at 31 August 2020	**–**	**(4,900)**	**(26,626)**	**(31,526)**

Notes to the Financial Statements (continued)

20 Net debt reconciliation (continued)

2019	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 31 August 2018	–	(6,227)	–	(6,227)
Cash flows	23,285	6,227	(25,744)	3,768
Exchange movements	(96)	–	(1,206)	(1,302)
Non cash flow:				
Effective interest movements	–	–	(2)	(2)
Net debt at 31 August 2019	**23,189**	**–**	**(26,952)**	**(3,763)**

21 Transactions with the management company and related parties

Under the terms of an agreement effective from 22 July 2014, the Company has appointed wholly owned subsidiaries of Janus Henderson to provide investment management, accounting, administrative and secretarial services. Janus Henderson has contracted with BNP Paribas Securities Services to provide accounting and administration services.

Details of the fee arrangements are given in the strategic report on page 25. The total of the management fees paid or payable under the management agreement to Janus Henderson in respect of the year ended 31 August 2020 was £1,925,000 (2019: £1,847,000), of which £808,000 (2019: £812,000) (per note 13) was outstanding at 31 August 2020.

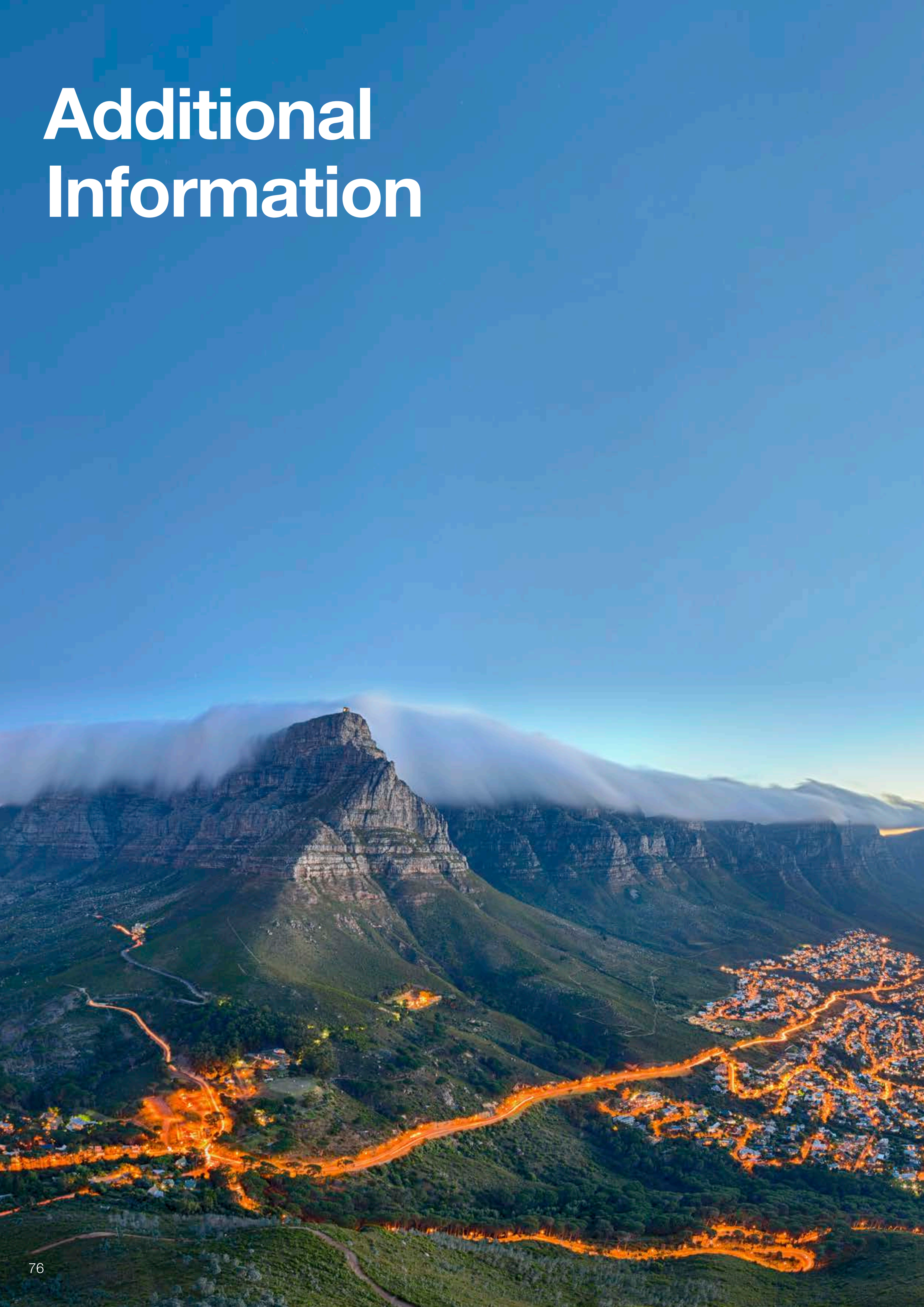
In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. The total fees, excluding VAT paid or payable for these services for the year ended 31 August 2020 amounted to £110,000 (2019: £104,000) of which £61,000 (2019: £38,000) was outstanding at 31 August 2020.

Fees paid to directors are considered to be a related party transaction. Details of the amounts paid are included in the directors' remuneration report on page 45 and in note 6 on page 62. These amounts do not include National Insurance contributions on directors' fees of £18,000 (2019: £14,000), which is included in other expenses.

22 Subsequent events

The board has evaluated the period since the year end and has not noted any subsequent events.

Additional Information



Alternative Performance Measures

The Company uses the following alternative performance measures ("APMs") throughout the annual report, 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

The amount by which the market price per ordinary 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 with debt at fair value pence	NAV with debt at par pence	Share price pence	Premium/ (discount) to fair value NAV %	Premium/ (discount) to par value NAV %
At 31 August 2019	161.3	164.8	159.50	(1.1)	(3.2)
At 31 August 2020	150.5	153.5	145.50	(3.3)	(5.2)

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 the Company has used to invest in the market, if the amount calculated is negative, this is a "net cash" position and no gearing. The Company can also use synthetic gearing through derivatives and foreign exchange hedging – none has been used during the year. The Company's gearing is calculated as follows:

		2020	2019
Investment held at fair value through profit or loss (page 57) (£'000)	(A)	335,243	319,210
Total net assets (page 57) (£'000)	(B)	300,915	309,176
Gearing (C = A / B -1) (%)	(C)	11.41	3.25

Net asset value (NAV) per ordinary share

The value of the Company's assets (i.e. investments (see note 11) and cash held (see Statement of Financial Position)) less any liabilities (i.e. bank overdraft and senior unsecured notes (see notes 13 and 14)) for which the Company is responsible divided by the number of ordinary shares in issue (see note 17). The aggregate NAV is also referred to as total shareholders' funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 3 and further information is available on page 66 in note 15 within the notes to the financial statements.

Net asset value (NAV) with debt at fair value

The Company's debt (bank overdraft and senior unsecured notes (further details can be found in notes 13 and 14 on pages 65 and 66)) is valued in the Statement of Financial Position at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as "debt at par". The fair value of the debt, which assumes it is repaid under current market conditions, is referred to as "debt at fair value". The fair value methodology is detailed in note 16.4 on page 72. The difference between fair and par values of the debt is subtracted from or added to the Statement of Financial Position to derive the NAV with debt at fair value.

Alternative Performance Measures (continued)

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total management fee and administrative expenses, expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2020	2019
Management fee (note 5) (£'000)	1,925	1,847
Other administrative expenses (note 6) (£'000)	611	557
Less: non-recurring expenses	(6)	–
Ongoing charges	**2,530**	**2,404**
Average net assets[1] (£'000)	**298,553**	**284,993**
Ongoing charges ratio (%)	**0.85**	**0.84**

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

The ongoing charges calculated above is different from ongoing costs provided in the Company's Key Information Document ("KID") which are calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs and costs of holding other investment companies or funds within the Company's investment portfolio.

Revenue return per ordinary share

The revenue return per ordinary share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year.

Total return

The return on the share price or NAV with debt at fair value taking 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 64.

	NAV per share (debt at fair value)	Share price
NAV/share price per ordinary share at 31 August 2020 (pence)	150.5	145.5
NAV/share price per ordinary share at 31 August 2019 (pence)	161.3	159.5
Change in the year (%)	(6.7)	(8.8)
Impact of dividends reinvested (%)	3.9	4.0
Total return for the year (%)	**(3.0)**	**(5.2)**

Yield

The yield is the annual dividend expressed as a percentage of the year end share price.

		31 August 2020	31 August 2019
Annual dividend (pence)	(A)	6.00	5.70
Share price (pence)	(B)	145.50	159.50
Yield (C = A / B) (%)	(C)	4.12	3.57

Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed 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 the Company retains responsibility for strategy, operations and compliance and the directors retain a fiduciary duty to shareholders.

Alternative performance measures

Alternative performance measures can be found on pages 77 and 78.

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. The Company is a constituent of the Global Equity Income sector.

Benchmark

An index against which performance is compared. For the Company this is the MSCI World (ex UK) Index (sterling adjusted).

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

With effect from 22 July 2014 AIFs were required to appoint a depositary who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation 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. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend dates

When declared or recommended, 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 will be disclosed ex-dividend.

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.

Key Information Document

Information in relation to the Company's disclosures in accordance with the Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation is contained in the "Key Information Document" which can be found on the Company's website.

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 ("market cap")

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

General Shareholder Information

AIFMD disclosures

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of Janus Henderson, as the Company's AIFM are 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 and interest can be paid to shareholders by means of BACS ("Bankers' Automated Clearing Services"); mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar (the address is given on page 19) 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

From 1 January 2016 tax legislation under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information 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 report and other documents issued by the Company are available from the corporate secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0370 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

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

Foreign Account Tax Compliance Act ("FATCA")

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

General Data Protection Regulation ("GDPR")

GDPR came into force on 25 May 2018. A privacy statement can be found on the website **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 1p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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

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

General Shareholder Information (continued)

Performance details/share price information

Details of the Company's share price and net asset value can be found on the website. The address is **www.hendersoninternationalincometrust.com**. The Company's NAV is published daily.

Shareholder details

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

Share price listings

The market price of the Company's ordinary shares is published daily in The Financial Times. The Financial Times also shows figures for the estimated NAV and the discount.

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

Warning to shareholders

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

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

If you are in any doubt about the veracity of an unsolicited phone call, please call the corporate secretary at the number provided on page 82.

Corporate Information

Registered office

201 Bishopsgate
London
EC2M 3AE
Email: support@janushenderson.com

Service providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate
London
EC2M 3AE

Corporate Secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London
EC2M 3AE
Telephone: 020 7818 1818

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Stockbroker

Panmure Gordon & Co
1 New Change
London
EC4M 9AF

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone: 0370 707 4033
Email: web.queries@computershare.co.uk

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

Independent auditors[1]

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

1 until the AGM

Financial calendar

Senior unsecured notes interest payment	30 October 2020
4th interim dividend ex-dividend date	5 November 2020
4th interim dividend record date	6 November 2020
4th interim dividend payable	30 November 2020
Annual general meeting	8 December 2020
1st interim dividend payable	26 February 2021
Half year results	April 2021
Senior unsecured notes interest payment	30 April 2021
2nd interim dividend payable	28 May 2021
3rd interim dividend payable	31 August 2021

Information sources

For more information about Henderson International Income Trust plc, visit the website at **www.hendersoninternationalincometrust.com**

To sign up for expert insights about investment trusts, updates from our fund managers as well as AGMs and Trust TV episodes please visit this page: **www.janushenderson.com/en-gb/investor/subscriptions/**

Follow the Janus Henderson Investment Trusts on Twitter, YouTube and Facebook.

Investing

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

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

Nominee share code

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

Henderson International Income Trust plc
Registered as an investment company in England and Wales
Registration number: 7549407
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: Ordinary Shares B3PHCS8/GB00B3PHCS86
London Stock Exchange (TIDM) Code: HINT
Global Intermediary Identification Number (GIIN): WRGF5X.99999.SL.826
Legal Entity Identifier (LEI): 2138006N35XWGK2YUK38

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MANAGED BY
Janus Henderson
INVESTORS

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The Association of
Investment Companies

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