

**Company Number: 7549407**

**HENDERSON INTERNATIONAL INCOME TRUST PLC**

**HALF-YEAR REPORT  
(unaudited)  
for the half-year ended 29 February 2020**

# HENDERSON INTERNATIONAL INCOME TRUST PLC

## UNAUDITED RESULTS FOR THE HALF-YEAR ENDED 29 FEBRUARY 2020

### INVESTMENT OBJECTIVE

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

### PERFORMANCE HIGHLIGHTS FOR THE SIX MONTHS TO 29 FEBRUARY 2020

- The first interim dividend payment for the year ending 31 August 2020 of 1.50p per ordinary share was paid to shareholders on 28 February 2020. A second interim dividend payment for the year ending 31 August 2020 of 1.50p per ordinary share has been declared and will be paid to shareholders on 29 May 2020. The dividend will be paid from the Company's revenue account.
- The share price at 29 February 2020 was 154.00p per share compared with 159.50p at 31 August 2019.
- The net asset value ("NAV") per share as at 29 February 2020 was 154.6p compared to 164.8p (with debt at par value) at 31 August 2019 and 151.6p at 29 February 2020 compared to 161.3p as at 31 August 2019 (with debt at fair value).
- The discount on the ordinary shares to the net asset value (with debt at par value) as at 29 February 2020 was 0.4% compared to a discount of 3.2% as at 31 August 2019.

**Total return performance** (including dividends reinvested and excluding transaction costs)

	<b>6 months</b>	<b>1 year</b>	<b>3 years</b>	<b>Since launch</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Diluted NAV (debt at par value) <sup>1</sup>	(4.5)	4.7	12.5	115.3 <sup>6</sup>
Diluted NAV (debt at fair value) <sup>2</sup>	(4.3)	2.8	10.4	110.3 <sup>6</sup>
Share price <sup>3</sup>	(1.7)	2.4	12.7	109.8
Benchmark <sup>4</sup>	(3.4)	10.4	23.5	163.4
Sector average <sup>5</sup>	(4.3)	5.7	14.1	106.7

<sup>1</sup> Calculated using published daily NAVs including current year revenue and debt at par value

<sup>2</sup> Calculated using published daily NAVs including current year revenue and debt at fair value

<sup>3</sup> Using mid-market share price

<sup>4</sup> MSCI World (ex UK) Index (sterling adjusted)

<sup>5</sup> The AIC Global Equity Income sector based on NAV

<sup>6</sup> Incorporating the dilution resulting from the impact of the subscription shares which were exercised on 31 August 2014

Sources: Morningstar Direct, Janus Henderson and Refinitiv Datastream

## **INTERIM MANAGEMENT REPORT CHAIRMAN'S STATEMENT**

### **Performance and markets**

During the six months to 29 February 2020, the net asset value ("NAV") total return per ordinary share was -4.5% (debt at par), and -4.3% (debt at fair value). The Company's return on the ordinary share price (on the same basis) was -1.7%. This included dividends totalling 3.0p per share, which increased by 7.1% as compared to the same period in 2019. In comparison, the Company's benchmark total return was -3.4% (MSCI World (ex UK) Index (sterling adjusted)).

During the six months covered by this report, investors analysed and assessed factors such as the potential impact of trade wars on the global economy, Chinese economic growth and the 2020 US election. The second half of 2019 was a relatively buoyant time for equities, driven by signs that the worst of the trade war might be over and the emergence of encouraging economic data. During this period, the Company's NAV reached its highest level since launch. At the date of this report, however, all these concerns have been rendered relatively insignificant in the face of the spread of the Covid-19 virus and the human and economic devastation that is unfolding. As a result of these concerns, markets remain volatile, and economically sensitive sectors have underperformed.

### **Earnings and dividends**

The revenue return per ordinary share during the six months to 29 February 2020 was 1.37p. A fourth interim dividend of 1.50p per ordinary share, for the year ended 31 August 2019, was paid to shareholders on 29 November 2019, bringing the total dividend paid in respect of the year ended 31 August 2019 to 5.70p per ordinary share (year ended 31 August 2018: 5.30p per ordinary share).

The board declared a first interim dividend payment for the year ending 31 August 2020 of 1.50p per ordinary share and this was paid to shareholders on 28 February 2020. Subsequently, we have declared a second interim dividend of 1.50p per ordinary share that will be paid to shareholders on 29 May 2020.

The long-term objective of your Company since launch has been to achieve a high and rising level of dividends as well as capital appreciation. To date, we have increased the dividend each year while setting aside part of the net return after taxation to build up revenue reserves to supplement dividends in difficult years. Revenue reserves amounted to £8.1m at 31 August 2019, and £5.0m (unaudited) at 28 February 2020.

It is worth noting that, since the period end, some of the companies held in the portfolio have been asked to delay or moderate their dividends until the impact of the current pandemic is clearer. We continue to recognise the importance of dividend income to our shareholders, and if need be we intend to utilise the Company's revenue reserves in the event of any temporary shortfall between the Company's distributions and portfolio income.

The board continues to monitor the level of dividend paid out to shareholders and currently aims to maintain the same level of dividend for the remaining six months of this financial year.

### **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 7.6% (31 August 2019: 3.3%).

### **Discount control**

The Company's share price has traded close to its NAV over the period. The board continues to monitor the premium/discount to NAV and will consider appropriate action if the relationship between NAV and share price moves and remains out of line with the Company's peer group. However, there is a distinct limit to the board's ability to influence the premium or discount to NAV. Accordingly, we believe it is not in shareholders' interests to have a specific share issuance or buy-back policy. We believe that it is sensible to retain flexibility; therefore, we shall consider share issuance and/or buy-backs where appropriate and subject to market conditions.

### **Material events and transactions during the period**

A total of 5,125,000 new shares were issued in the six months to 29 February 2020 and the proceeds were added to the portfolio.

### **Outlook**

The outcome of the current pandemic is far from clear, but as the extent of its impact becomes apparent, there is an unprecedented level of fiscal and monetary policy being deployed to try and mitigate its impact on both society and the economy. The immediate impact on the global economy is likely to be severe, but the long-term effects are hard to predict at this time.

That said, 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, it currently holds over 70 investments across 20 countries. The Company also has the opportunity to hold fixed income assets in the event it sees interesting opportunities arising outside of the equity markets. Since the period end, the fund manager has used this capability to take advantage of the volatility in credit markets to add some corporate bonds to the portfolio utilising its loan facilities.

These are difficult times, but the board and investment team remain focused on delivering the Company's objectives and where possible realising opportunities as they arise.

**Simon Jeffreys**  
**Chairman**  
**29 April 2020**

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

- Investment activity and performance risks;
- Portfolio and market price risks;
- Tax and regulatory risks;
- Operational and cyber risks; and
- Risks associated with the senior unsecured notes.

Information on these risks and how they are managed are given in the Annual Report for the year ended 31 August 2019. In the view of the board, the principal risks and uncertainties at the year end remain and are as applicable to the remaining six months of the financial year as they were to the six months under review. The additions are the risks relating to the Covid-19 pandemic and the uncertainty that this has created in global markets, both economically and politically, as set out in the chairman's statement. The alternative investment fund manager and the Company's other third-party service providers remain fully operational and have implemented appropriate business continuity plans to ensure that there has been no change in service while the majority of staff are working from home.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors confirm that, to the best of their knowledge:

- (a) the financial statements for the half-year ended 29 February 2020 have been prepared in accordance with 'FRS 104 Interim Financial Reporting';
- (b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

**For and on behalf of the board**

**Simon Jeffreys**  
**Chairman**  
**29 April 2020**

## FUND MANAGER'S REPORT

### Performance review

The portfolio produced a total return of -4.3% in NAV per ordinary share over the period (debt at fair value). The fund return includes dividends totalling 3.0p per share, which increased by 7.1% as compared to the same period in 2019.

Over the period, the strongest performing stocks in the portfolio came from a wide range of sectors. Investors' confidence in the long-term prospects for increased technology adoption across all industries drove share price rallies in semiconductor equipment manufacturers Lam Research and BE Semiconductor Industries, and software and data cloud giant Microsoft. In the utilities sector, energy utility ENEL and waste and water management company Veolia performed strongly, driven by the increasing investor awareness of the growth in their respective end markets of renewable energy and waste and water management. The pharmaceutical sector was also a good performer. Both Roche and Bristol-Meyers Squibb performed well on positive drug pipeline news during the period.

The most significant detractors to performance over the period came from the stocks with the business models most exposed to the reduction in travel caused by Covid-19, travel and leisure and the oil sector. Whilst we acted quickly to reduce exposure to these sectors, it was not before the stocks had started to react. In the oil sector, shale oil leader Occidental Petroleum and Canadian producer Vermilion both sold off as oil demand started to weaken. In the travel sector, cruise operator Royal Caribbean Cruises and travel software operator Sabre will both see their sales impacted by reduced demand. As detailed below, these positions have been sold due to the difficulty in assessing the extent of the impact the pandemic will have on them.

The Company has euro-denominated long-term financing. During this period, sterling strengthened against the euro. On a nominal debt basis, currency moves offset the potential negative impact of gearing from the fall in NAV over the period.

### 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, we have found a number of interesting opportunities arise as a result of market volatility, and this is reflected in the position changes over the period. In developed markets, the biggest changes have been the increased exposure to the healthcare sector, from 9.3% this time last year to 14.6% now. The consumer goods sector has also increased from 12.5% to 15.9% over the last 12 months. The increases were a combination of additions to existing names, such as pharmaceutical companies Roche and Novartis and confectionery company Mondelez, plus new positions including Johnson & Johnson and Chinese hygiene products company Hengan. In many cases, the companies mentioned had sold off or underperformed due to short-term factors and concerns, allowing attractive entry points. In contrast to these relatively defensive companies, in Asia opportunities have presented themselves due to economic concerns around Chinese growth. New positions were initiated in Chinese train manufacturer China Railway Construction and financial services company Citic Securities, which traded at very low valuations due to economic weakness but are well positioned to benefit from economic recovery.

At the other end of the spectrum, 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 have become increasingly concerned about the ongoing supply growth against lacklustre demand, even pre Covid-19. Energy exposure at the period end was 3.5% versus over 8.1% at the year end, after closing positions in ENI and Chevron. The other sector that was reduced considerably 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-19 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-19.

There have been several periods of market volatility since the Company was launched, and they have generally provided good long-term investment opportunities. 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 period end, the Company's loan facilities have been used to purchase a modest position in corporate bonds, the majority of which are investment grade rated. We constantly review the level of gearing utilised by the Company and are comfortable with the current level.

**Income trends**

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. In the period under review, income from the portfolio remained robust and the majority of companies increased or maintained their dividends. Examples of companies that have increased their dividends include Johnson & Johnson (6% increase over the equivalent period), Microsoft (11%), Canadian telecom operator Telus (7%) and IT hardware company Cisco (6%). Unfortunately, over the coming months the dividend trends are likely to be less positive due to both the slowdown in economic growth and some recent non-economic factors. In some parts of the world there is increasing political pressure to withhold dividends until the pandemic has been resolved. France, for example, is asking all companies to moderate their dividend payments this year regardless of whether they have benefited from direct state aid. In the financial sector, regional regulators are issuing hastily introduced guidance that ranges from suggestions to be prudent through to demands to defer and even cancel dividend payments, which are being interpreted and implemented in different ways by different local regulators. This is leading to considerable confusion at insurers and banks regarding their ability to pay dividends at this time. Whilst this will impact the portfolio's dividend income this year, the Company does benefit from a much diversified income base and these trends have so far been mainly experienced in some European countries. The majority of the portfolio has not been impacted by these factors.

Not all of the Company's holdings will be impacted in the same way by the pandemic. Some divisions of companies are benefiting from the move towards remote working (Microsoft and CyrusOne) and higher levels of food consumption at home (Nestlé, Danone). The utility companies and telecommunication companies owned in the portfolio will see much less of a direct impact than industrial and oil and gas holdings. Where dividend cuts are occurring, we are in communication with the companies to determine the drivers and the potential duration of the cuts.

**Ben Lofthouse**  
**Fund Manager**  
**29 April 2020**

**INVESTMENT PORTFOLIO**  
at 29 February 2020

<b>Company</b>	<b>Country</b>	<b>Market value £'000</b>	<b>% of portfolio</b>
<b>Basic materials</b>			
BASF	Germany	4,347	1.3
Oz Minerals	Australia	3,606	1.1
UPM-Kymmene	Finland	3,346	1.0
Dow	US	2,462	0.8
DuPont De Nemours	US	1,916	0.6
Indorama Ventures	Thailand	1,796	0.6
		<b>17,473</b>	<b>5.4</b>
<b>Consumer goods</b>			
Nestlé	Switzerland	10,443	3.3
Coca-Cola	US	8,471	2.6
Samsung	Korea	6,573	2.1
Mondelez	US	4,879	1.5
Henkel	Germany	4,498	1.4
Michelin	France	4,206	1.3
Hengan International	Hong Kong	4,184	1.3
Treasury Wine Estates	Australia	3,407	1.1
Anta Sports	China	2,417	0.8
Danone	France	1,472	0.5
		<b>50,550</b>	<b>15.9</b>
<b>Consumer services</b>			
Sabre	US	2,008	0.6
McDonald's	US	1,566	0.5
		<b>3,574</b>	<b>1.1</b>
<b>Financials</b>			
AXA	France	6,172	1.9
E.Sun	Taiwan	5,503	1.7
BNP Paribas	France	5,316	1.7
Bawag	Austria	4,810	1.5
Allianz	Germany	4,300	1.3
Banca Farmafactoring	Italy	4,270	1.3
Manulife Financial	Canada	4,254	1.3
United Overseas	Singapore	4,119	1.3
Macquarie	Australia	3,985	1.2
Citic Securities	Hong Kong	3,925	1.2
ING	Netherlands	3,889	1.2
Nordea	Sweden	3,634	1.1
NN Group	Netherlands	3,619	1.1
Van Lanschot	Netherlands	3,405	1.1
Banca Negara Indonesia	Indonesia	2,751	0.9
Swedbank	Sweden	2,681	0.8
JP Morgan Chase	US	2,528	0.8
		<b>69,161</b>	<b>21.4</b>
<b>Healthcare</b>			
Roche	Switzerland	9,454	2.9
Novartis	Switzerland	8,943	2.8
Sanofi	France	7,923	2.5
Pfizer	US	7,091	2.2
Bristol-Myers Squibb	US	6,143	1.9
Medtronic	US	3,802	1.2
Johnson & Johnson	US	3,558	1.1
		<b>46,914</b>	<b>14.6</b>



<b>Industrials</b>			
ABB	Switzerland	7,439	2.3
Anhui Conch	China	4,481	1.4
China Railway Construction	Hong Kong	4,362	1.4
Siemens	Germany	3,851	1.2
Sig Combibloc	Canada	2,097	0.7
Prosegur Cash	Spain	1,730	0.5
		<b>23,960</b>	<b>7.5</b>
<b>Oil &amp; gas</b>			
Total	France	3,680	1.1
Occidental	US	2,848	0.9
China Petroleum and Chemical	China	2,598	0.8
Vermilion	Canada	2,131	0.7
		<b>11,257</b>	<b>3.5</b>
<b>Property</b>			
CyrusOne	US	5,610	1.8
Crown Castle	US	4,493	1.4
China Vanke	China	4,124	1.3
Vici Properties	US	3,895	1.2
		<b>18,122</b>	<b>5.7</b>
<b>Technology</b>			
Microsoft	US	12,752	4.0
Taiwan Semiconductor Manufacturing	Taiwan	7,834	2.4
Cisco Systems	US	6,445	2.0
BE Semiconductor	Netherlands	4,625	1.4
Maxim	US	3,821	1.2
		<b>35,477</b>	<b>11.0</b>
<b>Telecommunications</b>			
Verizon Communications	US	6,263	2.0
Tele2	Sweden	5,426	1.7
HKT Trust and HKT Ltd	Hong Kong	4,176	1.3
Spark New Zealand	New Zealand	3,687	1.2
Telus	Canada	3,426	1.1
Orange	France	3,331	1.0
SK Telecom	Korea	3,050	1.0
Telekomunikasi	Indonesia	2,440	0.8
		<b>31,799</b>	<b>10.1</b>
<b>Utilities</b>			
Enel	Italy	6,278	2.0
Veolia	France	5,885	1.8
		<b>12,163</b>	<b>3.8</b>
<b>Total investments</b>		<b>320,450</b>	<b>100.0</b>

**TEN LARGEST INVESTMENTS**  
at 29 February 2020

<b>Company</b>	<b>Sector</b>	<b>Country</b>	<b>Market value £'000</b>	<b>% of portfolio</b>
Microsoft	Technology	US	12,752	4.0
Nestlé	Consumer goods	Switzerland	10,443	3.3
Roche	Healthcare	Switzerland	9,454	2.9
Novartis	Healthcare	Switzerland	8,943	2.8
Coca-Cola	Consumer goods	US	8,471	2.6
Sanofi	Healthcare	France	7,923	2.5
Taiwan Semiconductor Manufacturing	Technology	Taiwan	7,834	2.4
ABB	Industrials	Switzerland	7,439	2.3
Pfizer	Healthcare	US	7,091	2.2
Samsung	Consumer goods	Korea	6,573	2.1

These investments total £86,923,000 which represents 27.1% of the portfolio.

**Sector exposure** as a percentage of the investment portfolio excluding cash

	<b>29 February 2020</b>	<b>31 August 2019</b>
	<b>%</b>	<b>%</b>
Financials	<b>21.4</b>	19.1
Consumer goods	<b>15.9</b>	15.4
Healthcare	<b>14.6</b>	11.8
Technology	<b>11.0</b>	11.3
Telecommunications	<b>10.1</b>	9.9
Industrials	<b>7.5</b>	6.5
Property	<b>5.7</b>	6.1
Basic materials	<b>5.4</b>	5.2
Utilities	<b>3.8</b>	3.2
Oil & gas	<b>3.5</b>	8.1
Consumer services	<b>1.1</b>	3.4
	<b>100.0</b>	100.0

**Geographic exposure** as a percentage of the investment portfolio excluding cash

	<b>29 February 2020</b>	<b>31 August 2019</b>
	<b>%</b>	<b>%</b>
US	<b>28.3</b>	31.0
France	<b>11.8</b>	11.7
Switzerland	<b>11.3</b>	10.4
Hong Kong	<b>5.2</b>	1.4
Germany	<b>5.2</b>	5.8
Netherlands	<b>4.8</b>	5.3
China	<b>4.3</b>	5.9
Taiwan	<b>4.1</b>	3.5
Canada	<b>3.8</b>	3.7
Sweden	<b>3.6</b>	3.5
Australia	<b>3.4</b>	3.0
Italy	<b>3.3</b>	4.1
Korea	<b>3.1</b>	2.5
Indonesia	<b>1.7</b>	1.0
Austria	<b>1.5</b>	1.3
Singapore	<b>1.3</b>	2.3
New Zealand	<b>1.2</b>	1.2
Finland	<b>1.0</b>	1.0
Thailand	<b>0.6</b>	0.8
Spain	<b>0.5</b>	0.6
	<b>100.0</b>	100.0

Source: Janus Henderson

## CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 29 February 2020			(Unaudited) Half-year ended 28 February 2019			(Audited) Year ended 31 August 2019		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Losses on investments held at fair value through profit or loss	-	(16,958)	(16,958)	-	(22,429)	(22,429)	-	(2,432)	(2,432)
Income from investments held at fair value through profit or loss	3,672	-	3,672	3,633	-	3,633	13,415	-	13,415
Gain/(loss) on foreign exchange	-	1,179	1,179	-	(31)	(31)	-	(1,301)	(1,301)
Other income	9	-	9	2	-	2	327	-	327
<b>Gross revenue and capital gains/(losses)</b>	<b>3,681</b>	<b>(15,779)</b>	<b>(12,098)</b>	<b>3,635</b>	<b>(22,460)</b>	<b>(18,825)</b>	<b>13,742</b>	<b>(3,733)</b>	<b>10,009</b>
Management fee (note 3)	(253)	(759)	(1,012)	(218)	(654)	(872)	(462)	(1,385)	(1,847)
Other administrative expenses	(303)	-	(303)	(264)	-	(264)	(557)	-	(557)
<b>Net return before finance costs and taxation</b>	<b>3,125</b>	<b>(16,538)</b>	<b>(13,413)</b>	<b>3,153</b>	<b>(23,114)</b>	<b>(19,961)</b>	<b>12,723</b>	<b>(5,118)</b>	<b>7,605</b>
Finance costs	(82)	(246)	(328)	(5)	(14)	(19)	(76)	(185)	(261)
<b>Net return before taxation</b>	<b>3,043</b>	<b>(16,784)</b>	<b>(13,741)</b>	<b>3,148</b>	<b>(23,128)</b>	<b>(19,980)</b>	<b>12,647</b>	<b>(5,303)</b>	<b>7,344</b>
Taxation on net return	(434)	1	(433)	(315)	-	(315)	(1,357)	(36)	(1,393)
<b>Net return after taxation (note 5)</b>	<b>2,609</b>	<b>(16,783)</b>	<b>(14,174)</b>	<b>2,833</b>	<b>(23,128)</b>	<b>(20,295)</b>	<b>11,290</b>	<b>(5,339)</b>	<b>5,951</b>
<b>Return per ordinary share</b>	<b>1.37p</b>	<b>(8.82p)</b>	<b>(7.45p)</b>	<b>1.59p</b>	<b>(13.01p)</b>	<b>(11.42p)</b>	<b>6.29p</b>	<b>(2.98p)</b>	<b>3.31p</b>

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

The Company has no recognised gains or losses other than those disclosed in the Income Statement and Statement of Changes in Equity. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

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

## CONDENSED STATEMENT OF CHANGES IN EQUITY

Half-year ended 29 February 2020 (unaudited)	Called up share capital £'000	Share premium account £'000	Other capital reserves £'000	Special reserve £'000	Revenue reserve £'000	Total £'000
At 31 August 2019	1,876	181,007	72,480	45,732	8,081	309,176
New shares allotted (note 9)	51	8,592	-	-	-	8,643
Net return after taxation	-	-	(16,783)	-	2,609	(14,174)
Dividends paid (note 6)	-	-	-	-	(5,705)	(5,705)
<b>As at 29 February 2020</b>	<b>1,927</b>	<b>189,599</b>	<b>55,697</b>	<b>45,732</b>	<b>4,985</b>	<b>297,940</b>

  

Half-year ended 28 February 2019 (unaudited)	Called up share capital £'000	Share premium account £'000	Other capital reserves £'000	Special reserve £'000	Revenue reserve £'000	Total £'000
At 31 August 2018	1,776	164,631	77,819	45,732	6,790	296,748
New shares allotted	4	608	-	-	-	612
Net return after taxation	-	-	(23,128)	-	2,833	(20,295)
Dividends paid	-	-	-	-	(4,978)	(4,978)
<b>As at 28 February 2019</b>	<b>1,780</b>	<b>165,239</b>	<b>54,691</b>	<b>45,732</b>	<b>4,645</b>	<b>272,087</b>

  

Year ended 31 August 2019 (audited)	Called up share capital £'000	Share premium account £'000	Other capital reserves £'000	Special reserve £'000	Revenue reserve £'000	Total £'000
At 31 August 2018	1,776	164,631	77,819	45,732	6,790	296,748
New shares allotted	100	16,376	-	-	-	16,476
Net return after taxation	-	-	(5,339)	-	11,290	5,951
Dividends paid	-	-	-	-	(9,999)	(9,999)
<b>As at 31 August 2019</b>	<b>1,876</b>	<b>181,007</b>	<b>72,480</b>	<b>45,732</b>	<b>8,081</b>	<b>309,176</b>

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

## CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 29 February 2020 £'000	(Unaudited) As at 28 February 2019 £'000	(Audited) As at 31 August 2019 £'000
<b>Investments held at fair value through profit or loss (note 4)</b>			
Fixed asset investments held at fair value through profit or loss	320,450	277,606	319,210
<b>Current assets</b>			
Debtors	1,361	6,080	1,621
Cash at bank	2,471	979	23,189
	<b>3,832</b>	<b>7,059</b>	<b>24,810</b>
<b>Creditors: amounts falling due within one year</b>	<b>(716)</b>	<b>(12,578)</b>	<b>(7,892)</b>
<b>Net current assets/(liabilities)</b>	<b>3,116</b>	<b>(5,519)</b>	<b>16,918</b>
<b>Total assets less current liabilities</b>	<b>323,566</b>	<b>272,087</b>	<b>336,128</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>(25,626)</b>	<b>-</b>	<b>(26,952)</b>
<b>Total net assets</b>	<b>297,940</b>	<b>272,087</b>	<b>309,176</b>
<b>Capital and reserves</b>			
Called up share capital (note 9)	1,927	1,780	1,876
Share premium account	189,599	165,239	181,007
Other capital reserves	55,697	54,691	72,480
Special reserve	45,732	45,732	45,732
Revenue reserve	4,985	4,645	8,081
<b>Total shareholders' funds</b>	<b>297,940</b>	<b>272,087</b>	<b>309,176</b>
<b>Net asset value per ordinary share – basic and diluted (note 7)</b>	<b>154.6p</b>	<b>152.9p</b>	<b>164.8p</b>

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

## CONDENSED STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 29 February 2020 £'000	(Unaudited) Half-year ended 28 February 2019 £'000	(Audited) Year ended 31 August 2019 £'000
<b>Cash flows from operating activities</b>			
Net return before taxation	(13,741)	(19,980)	7,344
Add back: finance costs	328	19	261
Less: losses on investments held at fair value through profit or loss	16,958	22,429	2,432
Add: (gain)/loss on foreign exchange	(1,179)	31	1,301
Withholding tax on dividends deducted at source	(426)	(413)	(1,965)
Taxation recovered	38	4	110
Decrease/(increase) in debtors	216	223	(60)
(Decrease)/increase in creditors	(429)	376	512
<b>Net cash inflow from operating activities</b>	<b>1,765</b>	<b>2,689</b>	<b>9,935</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	(66,695)	(38,461)	(114,653)
Sale of investments	41,759	47,393	114,175
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(24,936)</b>	<b>8,932</b>	<b>(478)</b>
<b>Cash flows from financing activities</b>			
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(5,704)	(4,978)	(9,999)
Proceeds from issue of ordinary shares	8,643	612	3,482
Proceeds from issue of senior unsecured notes	-	-	25,921
Cash received from The Establishment Investment Trust plc	-	-	866
Senior unsecured notes issue costs	-	-	(177)
Interest paid	(337)	(18)	(38)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>2,602</b>	<b>(4,384)</b>	<b>20,055</b>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<b>(20,569)</b>	<b>7,237</b>	<b>29,512</b>
Cash and cash equivalents at start of year	23,189	(6,227)	(6,227)
Effect of foreign exchange rates	(149)	(31)	(96)
<b>Cash and cash equivalents at end of year</b>	<b>2,471</b>	<b>979</b>	<b>23,189</b>
<b>Comprising:</b>			
Cash at bank	2,471	979	23,189
Bank overdraft	-	-	-
	<b>2,471</b>	<b>979</b>	<b>23,189</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

The half-year financial statements cover the period from 1 September 2019 to 29 February 2020.

### 1. Principal activity

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

### 2. Accounting policies – basis of preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, issued in March 2015, the revised reporting standard for half-year reporting that was issued following the introduction of FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP"), "Financial Statements of Investment Trust Companies and Venture Capital Trusts," issued in October 2019.

The accounting policies applied are consistent with those of the most recent annual financial statements for the period ended 31 August 2019.

The condensed set of financial statements has been neither audited nor reviewed by the Company's auditor.

### 3. Management fee

The management fee is payable quarterly in arrears at the rate of 0.65% per annum of the Company's net assets up to £250 million and the rate reduces to 0.60% per annum of net assets in excess of £250 million. 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.

### 4. Financial instruments

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 par.

As at 29 February 2020, the fair value of the senior unsecured notes was estimated to be £31,445,000 (28 February 2019: £nil; 31 August 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 that these clauses are highly unlikely to occur. The value of such additional payments has therefore been deemed to be immaterial and has not been recognised in the financial statements.

The senior unsecured notes are categorised as level 3 in the fair value hierarchy.

The table below analyses fair value measurements for investments held at fair value through profit or loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on the valuation techniques used and are defined as follows under FRS 102:

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.

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

#### Financial assets at fair value through profit or loss at 29 February 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	320,450	-	-	320,450
<b>Total financial assets carried at fair value</b>	<b>320,450</b>	<b>-</b>	<b>-</b>	<b>320,450</b>

Financial assets at fair value through profit or loss at 28 February 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	277,606	-	-	277,606
<b>Total financial assets carried at fair value</b>	<b>277,606</b>	<b>-</b>	<b>-</b>	<b>277,606</b>

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
<b>Total financial assets carried at fair value</b>	<b>319,210</b>	<b>-</b>	<b>-</b>	<b>319,210</b>

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

## 5. Return per ordinary share

	(Unaudited) Half-year ended 29 February 2020 £'000	(Unaudited) Half-year ended 28 February 2019 £'000	(Audited) Year ended 31 August 2019 £'000
The return per ordinary share is based on the following figures:			
Revenue return	2,609	2,833	11,290
Capital return	(16,783)	(23,128)	(5,339)
<b>Total</b>	<b>(14,174)</b>	<b>(20,295)</b>	<b>5,951</b>
Weighted average number of ordinary shares in issue for each period			
	<b>190,262,287</b>	177,689,593	179,379,411
Revenue return per ordinary share	<b>1.37p</b>	1.59p	6.29p
Capital return per ordinary share	<b>(8.82p)</b>	(13.01p)	(2.98p)
<b>Total return per ordinary share</b>	<b>(7.45p)</b>	<b>(11.42p)</b>	<b>3.31p</b>

The Company does not have any dilutive securities, therefore, the basic and diluted returns per share are the same.

## 6. Dividends

	£'000
Fourth interim dividend of 1.50p for the year ended 31 August 2019 (paid 29 November 2019)	2,814
First interim dividend of 1.50p for the year ending 31 August 2020 (paid 28 February 2020)	2,891
<b>Total</b>	<b>5,705</b>

The board has declared a second interim dividend of 1.50p per ordinary share to be paid on 29 May 2020 to shareholders registered at the close of business on 11 May 2020. The shares will be quoted ex-dividend on 7 May 2020.

## 7. Net asset value per ordinary share

The net asset value per ordinary share as at 29 February 2020 is calculated on the net assets attributable to shareholders' funds of £297,940,000 (28 February 2019: £272,087,000; 31 August 2019: £309,176,000) and on 192,708,716 ordinary shares in issue as at 29 February 2020 (28 February 2019: 177,981,306; 31 August 2019: 187,583,716).

## 8. Bank overdraft

At 29 February 2020, the Company had an overdraft facility with HSBC which was not utilised (28 February 2019: £nil; 31 August 2019: £nil).



## 9. Called up share capital

	Number of shares in issue	Nominal value £'000
<b>Ordinary shares of 1p each</b>		
In issue at start of year	187,583,716	1,876
Allotment of new shares in the period	5,125,000	51
<b>As at 29 February 2020</b>	<b>192,708,716</b>	<b>1,927</b>

During the half-year to 29 February 2020, the Company issued 5,125,000 ordinary shares (half year to 28 February 2019: 400,000; year to 31 August 2019: 10,002,410) for a total consideration of £8,643,000 (28 February 2019: £612,000; 31 August 2019: £16,476,000) after deduction of issue costs.

## 10. Related party transactions

The Company's current related parties are its directors and Henderson Investment Funds Limited ("Janus Henderson"). There have been no material transactions between the Company and its directors during the period. The only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the period end.

In relation to the provision of services by Janus Henderson (other than fees payable by the Company in the ordinary course of business and the provision of marketing services) there have been no material transactions with Janus Henderson affecting the financial position of the Company during the period under review.

## 11. Going concern

The assets of the Company consist of securities that are readily realisable and exceed its liabilities significantly and 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. In accordance with the Company's articles of association, shareholders will be asked to vote at the next annual general meeting in December 2020 on the continuation of the Company and the directors have no reason to believe that the continuation resolution will not be passed. Having assessed these factors and the principal risks, the board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

## 12. Comparative information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The figures and financial information for the year ended 31 August 2019 are extracted from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the independent auditor, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

A glossary of terms and details of alternative performance measures can be found in the Annual Report for the year ended 31 August 2019.

## 13. Half-year report

The half-year report will shortly be available on the Company's website ([www.hendersoninternationalincometrust.com](http://www.hendersoninternationalincometrust.com)) or in hard copy from the Company's registered office. An abbreviated version of this half-year report, the 'update', will be circulated to shareholders in early May 2020.

## 14. General information

### Company status

Registered as an investment company in England and Wales.

London Stock Exchange (TIDM) Code: HINT

SEDOL/ISIN number: Ordinary shares B3PHCS8/GB00B3PHC586

Global Intermediary Identification Number (GIIN) is WRGF5X.99999.SL.826

Legal Entity Identifier (LEI): 2138006N35XWGK2YUK38

### Registered office

201 Bishopsgate, London EC2M 3AE

### Company registration number

7549407

### Directors

The directors of the Company are Simon Jeffreys (Chairman), Kasia Robinski (Chairman of the Audit Committee), William Eason, Richard Hills and Aidan Lisser.

### Corporate Secretary

Henderson Secretarial Services Limited, represented by Sally Porter, ACG.

### Website

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