

HENDERSON EUROTRUST PLC

HALF YEAR REPORT (unaudited) for the six months ended 31 January 2021

HENDERSON EUROTRUST PLC
Unaudited results for the half year ended 31 January 2021

Investment objective

Henderson EuroTrust plc ('the Company') aims to achieve a superior total return from a portfolio of high quality European (excluding the UK) investments.

Performance highlights

- The net asset value (NAV) per share total return (including dividends reinvested) was 11.0% compared to a total return from the benchmark index, the FTSE World Europe (ex UK) Index, of 9.9%.
- As at 31 January 2021 the Company's shares were trading at a discount to NAV of 8.7% in comparison to a discount of 11.4% at the year end.

	(Unaudited) Half year ended 31 January 2021	(Unaudited) Half year ended 31 January 2020	(Audited) Year ended 31 July 2020
NAV per share	1,528.0p	1,309.2p	1,393.2p
Share price	1,395.0p	1,200.0p	1,235.0p
Net assets	£323.7m	£277.4m	£295.2m
Dividends per share	8.0p	8.0p	25.0p
Revenue return per share	0.7p	2.6p	22.0p
Discount	8.7%	8.3%	11.4%

Total return performance to 31 January 2021

	6 months	1 year	3 years	5 years
	%	%	%	%
NAV ¹	11.0	19.0	33.3	97.4
Benchmark ²	9.9	8.0	14.5	68.3
Share price ³	14.5	18.7	23.4	86.6
Peer group NAV ⁴	11.8	11.9	21.3	77.0

1. Net asset value (NAV) per ordinary share total return (including dividends reinvested)

2. FTSE World Europe (ex UK) Index

3. Share price total return (including dividends reinvested)

4. AIC Europe Sector

Sources: Morningstar, Janus Henderson, Refinitiv Datastream

Interim Management Report

Chairman's Statement

My interim report last year was published in the eye of the storm, on 2 April 2020. I wrote that “we are still in the very midst of this crisis, perhaps only in its early stages”. This proved to be the case but, as we know now, stock markets were already past the worst. The FTSE World Europe (ex UK) Index bottomed on 16 March 2020; since then (as at 23 March 2021) the index has risen by 47.5% and the share price of Company by 66.4%. The portfolio was able to outperform the benchmark index in the downturn in the first quarter of 2020 but also, and by a much larger margin, in the period when economies struggled and, tragically, millions died, but equity markets performed strongly.

In the face of an extreme economic downturn due to the pandemic, the response of major governments and central banks has been to ensure ample liquidity via further purchases of government debt (quantitative easing), to keep interest rates ultra low and to support economies in other ways with direct subsidies and tax breaks. This has had a double benefit for equity investors. First, that of preventing an even sharper downturn in economic activity and second enabling companies which might otherwise have gone under to survive. However, the near-zero return on cash and very low yields on bonds have also driven up demand for risk assets, where there is at least a prospect of a material positive return.

Shareholders will be aware of the focus of the portfolio on Growth, Quality and Consistency. This stance, intended to generate performance over the long term, has been very beneficial to the Company's performance. The portfolio benefitted enormously in 2020 from the Fund Manager remaining fully invested (in fact modestly geared) through the crisis with a bias to companies whose businesses and valuations gained from the market circumstances. Typically, these companies are also well positioned in respect of sustainability.

The positive announcements beginning in early November 2020 about the efficacy of several newly developed vaccines created a different market dynamic. As Jamie Ross explains in his Fund Manager's Report, companies in industries such as travel and leisure and other economically sensitive areas such as energy and autos understandably saw a dramatic recovery, having performed poorly in the foregoing period. Even before the vaccine announcements the Fund Manager had already begun to take the opportunity to reduce exposure to the most expensive “COVID winners” and re-direct the proceeds to selected “reopeners”: companies with a significant recovery potential having originally been heavily impacted by COVID-19. The Fund Manager's Report covers this in some detail: these moves have been made within the Investment Framework and the portfolio as a whole retains a clear bias towards growth.

Markets do not always move in a conveniently gradual manner; sometimes, as in the year of the pandemic, there are binary decisions to be made – to stay invested or to cut total exposure; to hold on to increasingly expensive outperformers or to rebalance the portfolio. That is the job of the active manager: the actions taken in October and November 2020 have continued to benefit shareholders in both absolute terms and relative to the broader market index.

Performance

In the period from our year end on 31 July 2020 to 31 January 2021, the NAV was up 11.0% versus 9.9% for the benchmark index and 11.8% for the peer group (AIC Europe Sector). The share price total return was 14.5% as the discount to NAV narrowed from 11.4% to 8.7%.

Over the 12 months to 31 January 2021, the NAV total return was 19.0% and the share price total return 18.7%. These figures showed significant outperformance against the benchmark index total return, which was up 8.0%, and the NAV total return of the peer group, where the average was up 11.9%.

Share capital

No shares have been issued or bought back during the period.

Gearing

The portfolio has been modestly geared during the half year period, with an average level of 3.3%. This has added value. At 31 January 2021 gearing had been reduced to 1.4%. The decision to use

gearing is taken by the Fund Manager and is driven by his views on the individual holdings rather than a judgement on the short term direction of the market.

Dividend

The Board is pleased to declare a maintained interim dividend of 8.0p per ordinary share payable on 23 April 2021 to shareholders on the Register of Members on 9 April 2021; the shares will go ex-dividend on 8 April 2021.

Shareholders will be aware that we announced a change to our dividend policy when we announced the full year results in October 2020. Our new policy is to move over time to pay out broadly the level of actual income received, and to use the majority of the current revenue reserve over the next three to four years to smooth the transition to the new approach, consistent with our focus on capital growth.

We have been pleased that the reaction to this revised policy, which included a reduction in the final dividend for the year to 31 July 2020, has been broadly positive with most shareholders recognising the logic of the approach given the Company's focus on growth. Our caution on the final dividend has been borne out by subsequent events as in the first half of the current financial year dividend income was nearly a third lower as compared with 2020.

Environmental, Social and Governance (ESG) Policy

Clarifying and better articulating our ESG Policy has been a key focus of the Board over the past half year. In the 2020 Annual Report I explained that we had decided against reliance on external services to provide ratings for ESG factors. The same companies can be scored very differently by such providers and we are of the opinion that assessing ESG performance as an integral part of the analytical process is consistent with a focused portfolio of 35 to 55 companies which are analysed in detail by the Fund Manager. We plan to set out in more detail how this process works, and the role of the Board in ensuring that our process is robust and transparent. To that end, we plan to participate in the initiative by The Association of Investment Companies (AIC) to offer member companies the opportunity to publish their ESG policy on their dedicated 'member profile' page of the AIC website shortly, and will include this in our Annual Report later this year.

Outlook

Shareholders will be aware that investment decisions for the portfolio are driven by the analysis of the individual securities, not judgements on the likely direction of the market as a whole or of specific sectors or countries within it. Nonetheless, some circumstances are especially favourable for the types of companies we seek to own; we have been in such a period and shareholders have benefitted handsomely from it.

It may be that the market environment we now face will be less benign for the growth companies we seek to own. In his novel "The Leopard" Giuseppe di Lampedusa famously says that "for things to remain the same everything must change". One of the objectives of the Company is "Consistency". In order to remain consistent in our investment approach whilst remaining true to the focus on Growth and Quality, our active approach enables us to make the changes necessary to achieve the best possible balance in that endeavour.

Nicola Ralston
Chairman
24 March 2021

Fund Manager's Report

The interim report that I wrote in March 2020 contained the following text; *"I am writing this text whilst – like many others – working from home. This will continue for weeks or even months. Fortunately this does not affect my ability to manage the portfolio; I am meeting companies virtually, speaking to my team as often as I would do in the office and continuing to communicate with shareholders"*. Sitting here a year later, it is amazing to think that I have barely been into London, barely seen my colleagues and continue to work from my home-office. I am now hopeful that we are entering into the final stages of the COVID-19 crisis. I have made some changes to the portfolio in recent months to reflect this belief and I will describe these below.

Overall, the six months to the end of January 2021 has been another successful period for the Company. European equity markets have been strong, with our reference benchmark, the FTSE World Europe (ex-UK) Index, rising 9.9% in total return terms. We managed to outperform this, with our NAV increasing by 11.0% over the same period. The dominant theme of the last six months has been a rotation in investor sentiment away from those companies who had performed well during the early stages of the pandemic towards those companies who are perceived to be best placed to benefit from a gradual reopening in the global economy. As you will be aware, we had performed very strongly in the initial stages of this crisis. Therefore, it could have been expected that we might struggle to perform in the recovery stage as investors rotated away from the kind of companies that had helped us to outperform. Thankfully, this has not been the case and I attribute this largely to the changes in positioning that we made.

Our strongest performing positions in the half year included **Vestas Wind Systems**, **Aixtron** and **CNH Industrial**.

Vestas Wind Systems (Vestas), the Danish wind turbine company, has had an exceptional period of performance. We have talked many times in the past about the rise in importance of sustainability, both in our own analysis of companies, but also in a wider market context. Investors are increasingly willing to pay high multiples for companies deemed to be on the right side of the energy transition and ever lower multiples for those companies on the wrong side. Vestas, with a core business in manufacturing and servicing wind turbines, is firmly on the right side of this debate. Vestas is seeing strong operational performance, with an ever-growing order book for its products and services and is seeing strong support from increasing investor appetite. We remain very positive on the theme of sustainability and on the prospects for Vestas.

Aixtron, the German semiconductor equipment company, is a business that we initiated a position in towards the end of 2020. We see several attractions to the investment case. Aixtron is the global market leader in systems which are used to produce semiconductors for applications such as LEDs, power, 3D sensing and niche lighting technologies. The company is experiencing a very strong product cycle at a time of buoyant end market demand and the shares have moved significantly higher to reflect these positives. Having made a handsome return in a short period of time, we have moved to reduce our exposure but remain positive on the outlook for the company.

CNH Industrial is an Italian industrial business focused on tractors and trucks. We see the tractors business as very well placed to benefit from an upswing in the agricultural cycle and note the undervaluation of the shares when compared to US listed equivalents. We also see an eventual spin-off or sale of the 'on-highway' business as a potential positive catalyst. The last six months have seen the shares reacting favourably to recovering order volumes from US farmers and from heightened news flow surrounding the eventual solution for the 'on-highway' business.

In the interim period, our biggest detractors have been some of our highest quality, most defensive companies. In a market where investors have tried to reposition for a recovery, business quality has become inversely correlated with investment performance. We expect this to be a transient phenomenon and we will remain nimble in our positioning. **Cellnex**, **Worldline** and **Novo Nordisk** were notable underperformers. Ironically, all three have seen very attractive business developments whilst their shares have underperformed. For **Cellnex**, the Spanish telecoms towers business, the most notable development has been the continued flow of deals. For a business where scale matters, **Cellnex** has been able to sign deals with Hutch for their European towers, with Deutsche Telekom for their Dutch assets and, just after the end of the Company's first half year period, with SFR in France. All three deals will bring additional scale, further growth potential and synergy realisation.

Worldline has also experienced a lagging share price over the past six months. We see this French payments company as very well placed in a post-pandemic world. COVID-19 has accelerated the switch from cash to cashless payments and has seen a continuation of M&A within the payments space; we expect **Worldline** to benefit from both of these trends. The shares have underperformed partly because of the rotation away from high quality businesses and partly because of the ongoing COVID-19 related restrictions in **Worldline's** key geographies which will continue to impact the business.

Novo Nordisk is one of our longest standing positions. This Danish pharmaceutical company demonstrates the most attractive financial characteristics out of the companies that we own; margins are high, capital requirements are low and return on invested capital exceptionally strong. The company is providing a solution to some of the most pressing issues of global demographic change (ageing populations, increasing prevalence of obesity and diabetes). We are very excited by the progress that the company is making in finding a commercially and clinically viable product that effectively controls and reduces obesity. The shares have underperformed a recovering equity market, but we remain confident in the company's outlook and have recently added to our position.

A meaningful change to our positioning took place in October and November 2020. In the run up to the positive vaccine efficacy news from Pfizer and in the days that immediately followed, we orchestrated a large shift in positioning. Some of our 'COVID-beneficiaries' had performed exceptionally well and we increasingly felt that the overall investment outlook for a number of these companies had worsened due to their ever-higher valuation multiples and inflated earnings expectations. At the same time, we had been doing analytical work on a number of new companies who had been heavily impacted by COVID-19 (we call these 'reopeners'; companies where we see a significant recovery potential as restrictions ease) and we were starting to find compelling investment opportunities from amongst this group. Therefore, we initiated some new positions in selected 'reopeners', namely in **CNH Industrial, Dialog Semiconductor, International Airlines Group (IAG)** and **Faurecia** whilst reducing the weightings of some of our 'COVID-beneficiaries'. In total, these trades shifted the weighting of 'reopeners' within the portfolio from 13% of NAV to 28% (according to our own assessment). This period of trading activity highlights our willingness to move fast and in scale when we have done the due diligence and can sense an opportunity.

In recent months, we have talked and written extensively on the subject of sustainability and have highlighted companies within the portfolio that demonstrate, in our view, best-in-class sustainability credentials. Within this group of companies, I would include **Novo Nordisk, SIG Combibloc, Koninklijke DSM** and **Vestas**. However, to add balance, I would like to mention a couple of companies within the portfolio that do not yet meet the sustainability standards that we would like to see; namely, **IAG** and **RWE**. Being an airline company, **IAG** is inherently a heavily polluting company. However, the company is taking measures to reduce its net and gross emissions over time and these are worth highlighting. In 2019, **IAG** became the first airline group to commit to achieving net zero CO₂ emissions by 2050. This is something that we welcome and will be tracking with interest. They aim to achieve this both via the increasing use of sustainable aviation fuels and via the use of carbon offsetting measures. From a governance angle, we have few concerns and we believe that the company fulfils the valuable social function of enabling affordable travel. With **RWE**, we are again invested in a heavily polluting company. However, **RWE** represents a story of significant change. **RWE** is fast transitioning away from the use of thermal coal in power generation and is significantly ramping up its exposure to renewable energy sources. Over the last 7 years, **RWE** has cut its carbon emissions by over 50% and the group has committed to being carbon neutral by 2040. At the same time, a recent asset swap with E.ON has transformed **RWE** into one of the world's largest renewable energy producers. Renewables currently accounts for around half of earnings and this percentage share will continue to increase. Although **RWE** currently has to be attributed a low score for its environmental credentials, we see this materially improving on a medium term view. We will monitor this improvement closely, and will disinvest if we do not see the expected improvements.

I am confident in our positioning and will continue to retain balance in our exposures by predominantly considering two types of investment opportunities: first, in companies where we see high and sustainable returns that are undervalued by the market, and second, in companies where we can see a material improvement in medium term business prospects.

Jamie Ross
Fund Manager
24 March 2021

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
- Portfolio and market
- Regulatory
- Operational and cyber

Information on these risks and how they are managed is given in the Annual Report for the year ended 31 July 2020. In the view of the Board, the majority of these principal risks and uncertainties were unchanged over the last six months and are as applicable to the remaining six months of the financial year as they were to the six months under review.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (as listed in note 12) confirm that, to the best of their knowledge:

- (a) the condensed financial statements for the half year ended 31 January 2021 have been prepared in accordance with FRS 104 Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- (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 and condensed financial statements include a fair review of the information required by the Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board

Nicola Ralston

Chairman

24 March 2021

Investment portfolio as at 31 January 2021

Investment	Country	Sector	Valuation £'000	% of portfolio
Telecom Italia	Italy	Fixed Line Telecommunications	16,994	5.2
Prosus	Netherlands	Software and Computer Services	16,873	5.1
Roche	Switzerland	Pharmaceuticals and Biotechnology	14,455	4.4
Koninklijke DSM	Netherlands	Specialist Nutrition and Materials Supplier	13,684	4.2
Delivery Hero	Germany	General Retailers	12,450	3.8
Bawag	Austria	Banks	11,872	3.6
Novo Nordisk	Denmark	Pharmaceuticals and Biotechnology	11,691	3.6
Unicredit	Italy	Banks	11,456	3.5
Embracer	Sweden	Leisure Goods	11,228	3.4
Faurecia	France	Automobiles and Parts	10,843	3.3
Top 10			131,546	40.1
RWE	Germany	Gas, Water and Multiutilities	10,632	3.2
Cellnex	Spain	Mobile Telecommunications	10,539	3.2
CNH Industrial	Netherlands	Industrial Engineering	10,178	3.1
Total	France	Oil and Gas Producers	9,656	2.9
Vestas Wind Systems	Denmark	Wind Turbines	9,398	2.9
Munich Re.	Germany	Insurance	9,084	2.8
Nexi	Italy	Financial Services	8,248	2.5
Worldline	France	Financial Services	8,226	2.5
STMicroelectronics	France	Technology Hardware and Equipment	7,582	2.3
International Airlines Group	Spain	Travel and Leisure	7,493	2.3
Top 20			222,582	67.8
Hermès	France	Luxury Goods	7,367	2.3
Partners Group	Switzerland	Private Equity Asset Manager	7,155	2.2
Dialog Semiconductors	Germany	Technology Hardware and Equipment	6,605	2.0
Aixtron	Germany	Technology Hardware and Equipment	6,528	2.0
Moncler	Italy	Luxury Goods	6,269	1.9
Nestlé	Switzerland	Food Producer	6,242	1.9
SIG	Switzerland	Containers and Packaging	6,043	1.8
Kion	Germany	Industrial Engineering	6,027	1.8
Stillfront	Sweden	Leisure Goods	5,991	1.8
Vivendi	France	Media	5,760	1.8
Top 30			286,569	87.3
Grifols	Spain	Pharmaceuticals and Biotechnology	5,637	1.7
Enel	Italy	Electricity	5,634	1.7
Zur Rose	Switzerland	Pharmaceuticals and Biotechnology	5,398	1.7
Koninklijke KPN	Netherlands	Fixed Line Telecommunications	4,933	1.5
Hellofresh	Germany	Food and Drug Retailers	4,578	1.4
Stellantis	Italy	Automobiles and Parts	4,535	1.4
Brockhaus Capital Management	Germany	Financial Services	3,653	1.1
ASML	Netherlands	Technology Hardware and Equipment	3,636	1.1
Amundi	France	Bank and Asset Manager	3,516	1.1
Total			328,089	100.0

In addition to the above, the Company has a nil value position in OW Bunker. OW Bunker is unquoted.

Market capitalisation of the portfolio by weight at 31 January 2021

Market cap	% Portfolio Weight	% Benchmark Weight
>€20bn	47.5	67.4
€10bn - €20bn	18.4	16.1
€5bn - €10bn	21.9	12.2
€1bn - €5bn	11.1	4.3
<€1bn	1.1	0.0

Source: Morningstar, Janus Henderson, Refinitiv Datastream

Performance drivers over the six months ended 31 January 2021

	%
Benchmark Return	9.9
Sector Allocation	1.4
Stock Selection	-0.7
Currency Movements (relative to index)	0.6
Effect of Cash and Gearing	0.3
Effect of Ongoing Charge	-0.4
Residual (due to timing and rounding)	-0.1
NAV Total Return	11.0

Source: Morningstar, Janus Henderson, Refinitiv Datastream

Classification of holdings as at 31 January 2021

	Compounders Weighted Average	Improvers Weighted Average	Company Weighted Average	Index Weighted Average
Market Capitalisation (£m)	66,264	19,613	42,532	60,366
Price/book (x)	3.3	1.2	1.8	1.9
Trailing 12 month dividend yield (%)	1.1	2.2	1.7	2.4
Trailing 12 month price/earnings (x)	30.3	17.6	22.2	21.1
Forward 2021 price/earnings (x)	21.9	18.2	19.8	17.5
Historical 3 year earnings per share growth per annum (%)	22.4	9.9	16.1	6.2
Return on equity (%)	21.2	12.4	16.7	15.0
Operating margin (%)	17.8	5.8	11.7	16.8
Long Term Debt to Capital (%)	25.1	37.7	31.5	33.1
Number of Securities	20	19	39	489
Weight (%)¹	49.9	51.7		

Source: Factset/ Fundamentals in Sterling.

Fundamentals are based on weighted averages at the stock level, excluding cash/ gearing.

¹ The weight percentages of Compounders and Improvers are shown including gearing.

OW Bunker is not included in the analysis.

Top ten contributors to and detractors from absolute performance

	%
Top ten contributors	
Prosus	0.82
Embracer	0.70
STMicroelectronics	0.64
Delivery Hero	0.59
AMS	0.42
CNH Industrial	0.38
Moncler	0.35
Vestas Wind Systems	0.34
Aixtron	0.33
Telecom Italia	0.30
Top ten detractors	
Roche	-0.12
Atos	-0.15
Bayer	-0.21
Nestlé	-0.22
Deutsche Börse	-0.29
Cellnex	-0.29
Worldline	-0.31
JDE Peet's	-0.40
Nexi	-0.43
Stellantis	-0.50

Condensed Income Statement

	(Unaudited) Half year ended 31 January 2021			(Unaudited) Half year ended 31 January 2020			(Audited) Year ended 31 July 2020		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Gains from investments held at fair value through profit or loss	-	32,883	32,883	-	8,309	8,309	-	24,463	24,463
Investment income	706	-	706	1,049	-	1,049	6,146	-	6,146
Other income	-	-	-	3	-	3	3	-	3
Gross revenue and capital gains	706	32,883	33,589	1,052	8,309	9,361	6,149	24,463	30,612
Management fee (note 4)	(207)	(828)	(1,035)	(180)	(720)	(900)	(357)	(1,428)	(1,785)
Other administrative expenses	(236)	-	(236)	(226)	-	(226)	(482)	-	(482)
Net return before finance costs and taxation	263	32,055	32,318	646	7,589	8,235	5,310	23,035	28,345
Finance costs	(12)	(47)	(59)	(10)	(40)	(50)	(26)	(102)	(128)
Net return before taxation	251	32,008	32,259	636	7,549	8,185	5,284	22,933	28,217
Taxation on net return	(94)	-	(94)	(89)	-	(89)	(625)	-	(625)
Net return after taxation	157	32,008	32,165	547	7,549	8,096	4,659	22,933	27,592
Return per ordinary share - basic and diluted (note 2)	0.7p	151.1p	151.8p	2.6p	35.6p	38.2p	22.0p	108.2p	130.2p

The total return columns of this statement represent the Condensed Income Statement of the Company, prepared in accordance with FRS 104.

All revenue and capital items in the above statement derive from continuing operations.

The revenue and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Company had no recognised gains or losses other than those disclosed in the Condensed Income Statement and the Condensed Statement of Changes in Equity.

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

Condensed Statement of Changes in Equity

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
Half year ended 31 January 2021 (Unaudited)						
As at 1 August 2020	1,060	41,032	263	246,335	6,463	295,153
Net return after taxation	-	-	-	32,008	157	32,165
Final dividend for 2020 paid	-	-	-	-	(3,602)	(3,602)
As at 31 January 2021	1,060	41,032	263	278,343	3,018	323,716
Half year ended 31 January 2020 (Unaudited)						
As at 1 August 2019	1,060	41,032	263	223,402	8,372	274,129
Net return after taxation	-	-	-	7,549	547	8,096
Final dividend for 2019 paid	-	-	-	-	(4,873)	(4,873)
As at 31 January 2020	1,060	41,032	263	230,951	4,046	277,352
Year ended 31 July 2020 (Audited)						
As at 1 August 2019	1,060	41,032	263	223,402	8,372	274,129
Net return after taxation	-	-	-	22,933	4,659	27,592
Final dividend for 2019 paid	-	-	-	-	(4,873)	(4,873)
Interim dividend for 2020 paid	-	-	-	-	(1,695)	(1,695)
As at 31 July 2020	1,060	41,032	263	246,335	6,463	295,153

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

Condensed Statement of Financial Position

	(Unaudited) 31 January 2021 £'000	(Unaudited) 31 January 2020 £'000	(Audited) 31 July 2020 £'000
Fixed asset investments held at fair value through profit or loss	328,089	296,580	304,724
	-----	-----	-----
Current assets			
Debtors	3,796	1,558	6,546
Cash at bank and in hand	5,040	4,716	465
	-----	-----	-----
	8,836	6,274	7,011
Creditors: amounts falling due within one year (note 6)	(13,209)	(25,502)	(16,582)
	-----	-----	-----
Net current liabilities	(4,373)	(19,228)	(9,571)
	-----	-----	-----
Net assets	323,716	277,352	295,153
	=====	=====	=====
Capital and reserves			
Called up share capital	1,060	1,060	1,060
Share premium account	41,032	41,032	41,032
Capital redemption reserve	263	263	263
Capital reserves	278,343	230,951	246,335
Revenue reserve	3,018	4,046	6,463
	-----	-----	-----
Equity shareholders' funds	323,716	277,352	295,153
	=====	=====	=====
Net asset value per ordinary share - basic and diluted (note 3)	1,528.0p	1,309.2p	1,393.2p
	=====	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The condensed set of financial statements has been prepared in accordance with FRS 104 Interim Financial Reporting, FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts", issued in October 2019.

For the period under review the Company's accounting policies have not varied from those described in the annual report for the year ended 31 July 2020. These financial statements have been neither audited nor reviewed by the Company's auditors.

As an investment fund the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity's investments are highly liquid and are carried at market value; and where a statement of changes in equity is provided.

2. Return per ordinary share

The return per ordinary share is based on the following figures:

	(Unaudited) Half year ended 31 January 2021 £'000	(Unaudited) Half year ended 31 January 2020 £'000	(Audited) Year ended 31 July 2020 £'000
Revenue return	157	547	4,659
Capital return	32,008	7,549	22,933
Total	32,165 =====	8,096 =====	27,592 =====
Weighted average number of ordinary shares	21,185,541	21,185,541	21,185,541
Revenue return per ordinary share	0.7p	2.6p	22.0p
Capital return per ordinary share	151.1p	35.6p	108.2p
Total return per ordinary share	151.8p =====	38.2p =====	130.2p =====

The Company has no securities in issue that could dilute the return per ordinary share. Therefore, the basic and diluted return per ordinary share are the same.

3. Net asset value per ordinary share

Net asset value per ordinary share is based on 21,185,541 (half year ended 31 January 2020 and year ended 31 July 2020: 21,185,541) ordinary shares in issue.

4. Management fees

Management fees are charged in accordance with the terms of the management agreement and provided for when due. The base management fee has been calculated at the rate of 0.65% per annum of net assets up to £300 million and 0.55% for net assets above £300 million, payable quarterly in arrears.

5. **Investments held at fair value through profit or loss**

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: the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly

Level 3: inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability

Financial Assets held at fair value through profit or loss at 31 January 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	328,089	-	-	328,089
Total financial assets carried at fair value	328,089	-	-	328,089

Financial Assets held at fair value through profit or loss at 31 July 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	304,724	-	-	304,724
Total financial assets carried at fair value	304,724	-	-	304,724

Financial Assets held at fair value through profit or loss at 31 January 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	296,580	-	-	296,580
Total financial assets carried at fair value	296,580	-	-	296,580

The valuation techniques used by the Company are explained in the accounting policies note 1 (c) in the Company's Annual Report for the year ended 31 July 2020.

6. **Bank loan**

At 31 January 2021, the Company had drawn down £12,392,000 (half year ended 31 January 2020: £23,552,000; year ended 31 July 2020: £13,552,000) of its £25 million multi-currency loan facility.

7. **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 12 months from the date of approval of the Financial Statements. Having assessed these factors and the principal risks, as well as considering the additional risks related to COVID-19, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

8. **Related party transactions**

The Company's transactions with related parties in the period under review were with its Directors and the Manager. There have been no material transactions between the Company and its Directors during the half year and the only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the half year end. Directors' shareholdings are disclosed in the Annual Report.

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 facilitation of marketing activities with third parties, there have been no material transactions with the Manager affecting the financial position of the Company during the half year under review.

9. **Dividends**

An interim dividend of 8.0p (2020: 8.0p) per ordinary share has been declared payable from revenue on 23 April 2021 to shareholders on the Register of Members on 9 April 2021. The Company's shares will be quoted ex-dividend on 8 April 2021. Based on the number of shares in issue on 24 March 2021, the cost of the dividend is £1,695,000.

10. **Share capital**

At 31 January 2021, there were 21,205,541 shares in issue, of which 20,000 are held in treasury, resulting in 21,185,541 shares being entitled to a dividend. During the period ended 31 January 2021, no shares were issued or repurchased (half year ended 31 January 2020 and year ended 31 July 2020: no shares were issued or repurchased). No shares have been issued or repurchased since 31 January 2021.

11. **Comparative information**

The financial information contained in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 January 2021 and 31 January 2020 has not been audited or reviewed by the Company's auditor. The figures and financial information for the year ended 31 July 2020 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

12. **General information**

Company status

Henderson EuroTrust plc

Registered as an investment company in England and Wales.

Registration Number: 02718241

Registered Office: 201 Bishopsgate, London EC2M 3AE

SEDOL Number: 0419929

ISIN number: GB0004199294

London Stock Exchange (TIDM) Code: HNE

Global Intermediary Identification Number (GIIN): P560WP.99999.SL.826

Legal Entity Identifier (LEI) Number: 213800DAFFNXRBWOEF12

Directors and Corporate Secretary

The Directors of the Company are Nicola Ralston (Chairman), Katya Thomson (Chairman of the Audit and Risk Committee), Stephen King and Rutger Koopmans. The Corporate Secretary is Henderson Secretarial Services Limited.

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.hendersoneurotrust.com.

13. **Half Year Report**

The Half Year Report will be available in typed format on the Company's website, www.hendersoneurotrust.com or from the Company's registered office, 201 Bishopsgate, London EC2M 3AE. An abbreviated version, the 'Update', will be circulated to shareholders in early April.