Henderson Opportunities Trust plc

Annual Report 2022

MANAGED BY
Janus Henderson
INVESTORS

Strategic Report

Investment Objective

The Company aims to achieve capital growth in excess of the FTSE All-Share Index from a portfolio of primarily UK investments.

To receive insights into the Company scan the QR code and register with Janus Henderson

Performance highlights

Total return performance to 31 October 2022

	1 year %	3 years %	5 years %	10 years %
NAV[1]	-26.4	8.0	2.4	130.3
Share price[2]	-24.7	18.0	7.6	161.9
Benchmark[3]	-2.8	7.1	12.7	83.2
Peer group NAV[4]	-24.6	-2.2	-0.3	92.3

Year to 31 October

	2022	2021
NAV per share at year end[5]	1,173.7p	1,626.9p
Share price at year end	1,018.0p	1,382.5p
Total return per share[5]	(424.7p)	607.5p
Net assets	£92.7m	£128.5m
Discount at year end[5, 6]	13.3%	15.0%
Ongoing charge (excluding performance fee)[5]	0.90%	0.87%
Dividend for year[7]	34.0p	27.5p
Ongoing charge (including performance fee)[5, 8]	0.90%	1.85%

1 Net Asset Value ("NAV") per ordinary share total return (including dividends reinvested)
2 Share price total return (including dividends reinvested)
3 FTSE All-Share Index
4 AIC UK All Companies simple average
5 Alternative performance measure
6 Calculated based on the NAV per share and share price at year end
7 This represents three interim dividends of 7.0p each and a proposed final dividend of 13.0p which will be put to shareholders for approval at the Annual General Meeting on 8 March 2023. See page 47 for more details. The dividend yield[5] for the year ended 31 October 2022 was 3.3% (2021: 2.0%) based on the share price at the year end
8 No performance fee was payable in the year ended 31 October 2022 (2021: £1.2m)
Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream
A glossary of terms can be found on pages 74 and 75 and alternative performance measures can be found on pages 76 and 77

Chairman's statement

> "Steep falls in UK smaller company share prices have left valuations at attractive levels. Therefore, despite the current uncertainty, it is these low valuation levels and the belief that the companies held can grow over the long term that lead us to think there is currently considerable opportunity for the patient investor."

Chairman's statement

Performance review

Against a backdrop of considerable uncertainty, caused in particular by Russia's war in Ukraine and by a rapid acceleration in inflation, it was a very difficult year for absolute and relative performance of this portfolio. During periods of growing investor caution, it is often smaller companies that fall quickest and most steeply. This year was no exception. While the FTSE All-Share Index, the Company's benchmark index, fell a modest 2.8% (as seen in the table below), the FTSE 250 Index of medium sized companies fell 20.5%, the FTSE Small-Cap Index fell 18.6% and the AIM All-Share Index of the smallest listed UK businesses fell 33.2%. The Company has always looked across the whole of the UK market for the best return opportunities. This breadth of investment universe has often led the Fund Managers to invest more than the Company's benchmark in AIM where, in their view, some of the large companies of tomorrow can be found. While this approach has driven good absolute and relative performance over the long term (see 10 year figures below), the portfolio has historically had years of sharp drawdown, driven by volatility in smaller company share prices, on the route to good performance. It is the Fund Managers' view (shared by the Board) that steep falls in UK smaller company share prices have left valuations at attractive levels. Therefore, despite the current uncertainty, it is these low valuation levels and the belief that the companies held can grow over the long term that lead us to think there is currently considerable opportunity for the patient investor.

Percentage change in	1 year (%)	3 years (%)	5 years (%)	10 years (%)
NAV	-26.4	8.0	2.4	130.3
Share price	-24.7	18.0	7.6	161.9
Benchmark	-2.8	7.1	12.7	83.2
Peer group NAV	-24.6	-2.2	-0.3	92.3

Income review

While it was a challenging year in capital terms, we are pleased to report an ongoing strong recovery in investment income. Revenue return per share rose 64% to 40.6p. This compares to 24.7p last year and is above the 29.9p achieved in 2019 pre the pandemic. The 40.6p revenue return per share comfortably covers the Company's full year dividend of 34.0p, allowing the Company to add £523,000 to its revenue reserves.

Fees and expenses

The ongoing charge for the year was 0.90%. This is notably lower than 1.85% the previous year, with the fall due to no performance fee being paid during the year. As a reminder, no performance fee will be paid if either the share price or net asset value is lower than their value at the preceding financial year end. The Board continues to monitor fees and other costs closely.

Continuation vote

Following the three year cycle prescribed under the Company's Articles of Association ("Articles"), there will be a continuation vote at this year's Annual General Meeting ("AGM") (please see AGM details below). The NAV total return of the Company over the last three years has been 8.0%, while the FTSE All-Share total return was 7.1% and the AIC UK All Companies sector returned -2.2%. The dividend per share over the last three years has grown 30.8%, equivalent to compound annual growth of 9.3%.

It is the Fund Manager's view (shared by the Board) that the valuations of the stocks held within the portfolio are low, and that there is an attractive return opportunity particularly within UK smaller companies. The Directors recommend a vote in favour of continuation of the Company, and the Directors and Fund Managers will be voting their shares accordingly. If shareholders vote in favour, the next continuation vote will be in Spring 2026.

The discount level and share buybacks

During the year the Company's shares remained at a discount to net asset value, with the discount ranging from 8.6% to 20.5% and finishing the year at 13.3%. While it is frustrating for the shares to be trading at a persistent (albeit fluctuating) discount, weak sentiment towards UK equities (and in particular smaller companies) led to the AIC UK All Companies sector finishing the year at an average discount of 10.0%, and the AIC UK Smaller Companies sector finishing at an average discount of 14.5%.

There was no share issuance and no shares were bought back during the financial year. It remains the Board's position that were buybacks to be considered, this would be with the aim of enhancing the NAV for existing shareholders rather than seeking to maintain the discount at any specific level. The Board and the Fund Managers believe that the discount situation will improve once investor sentiment towards the UK equity market becomes more positive.

Gearing

Gearing was roughly unchanged over the year, finishing at 13.9% of net assets compared to 13.2% at the start of the year. Within this the Fund Managers were modest net sellers, with purchasing activity over the year being low partially as a result of the very limited Initial Public Offering ("IPO") activity in the UK market. The gearing level remains approximately in line with the Company's long-term average and reflects the fact that the Fund Managers continue to find good value opportunities within the UK equity market, and in particular within UK smaller companies, following the substantial underperformance seen in this area recently.

Chairman's statement (continued)

Annual General Meeting

Our AGM will be held on Wednesday 8 March 2023 at 2.30pm at Janus Henderson Investors' offices at 201 Bishopsgate, London EC2M 3AE. I hope as many shareholders as possible will be able to attend to take the opportunity to meet the Board and to hear a presentation from James Henderson. However, if you are unable to attend in person, you can watch the Meeting live by visiting **www.janushenderson.com/trustslive**. Full details are set out in the Notice of Meeting which has been sent to shareholders with this report and both are also available online at **www.hendersonopportunitiestrust.com**.

If shareholders would like to submit any questions in advance of the AGM, you are welcome to send these to the Corporate Secretary at **itsecretariat@janushenderson.com**.

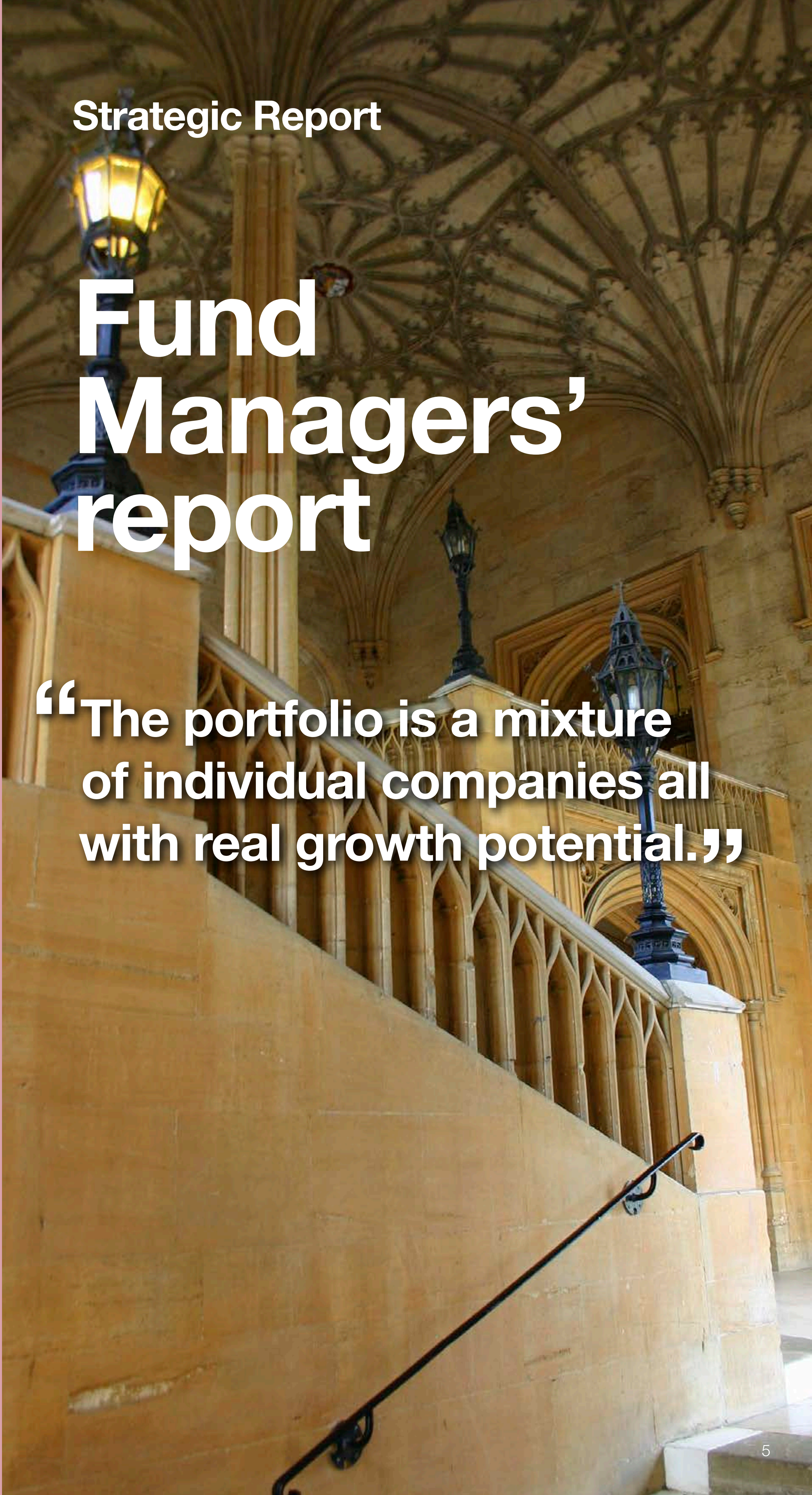
Outlook

This portfolio should not be seen as a proxy for the UK economy. Within the breadth of the Company's investment universe there are many companies that are capable of growing substantially despite the wider backdrop. It is the Fund Managers' view that a significant number of these growth opportunities can be found in the smaller company area (and in particular on AIM), where current investor caution has resulted in very attractive valuations. In our view, for those like the Company who can invest flexibly across these opportunities and who continue to pay close attention to individual company fundamentals and dynamics, patience will be rewarded.

Wendy Colquhoun
Chairman
2 February 2023

Fund Managers' report

"The portfolio is a mixture of individual companies all with real growth potential."



Fund Managers' report

Investment backdrop

Russia's invasion of Ukraine has had a very considerable impact on the economy and therefore on equities. It has put upward pressure on prices, most notably energy. The upward move in oil and gas reverberates around the whole economy. The consumer has less to spend, and manufacturers find their costs going up. There is no escaping the havoc it causes. It should be understood that some inflationary problems were already becoming apparent before Russia's invasion of Ukraine. For example, the belated ending of quantitative easing and the ending of lockdown restrictions saw a rise in supply chain problems. Some of the problems were obvious and were therefore rapidly discounted. Others were a surprise: for instance, towards the end of the period the Bank of England had to step in and intervene as some in the pension fund industry had failed correctly to model what would happen to their portfolios on a rapid rise in bond yields. This led them to become forced sellers of UK Government bonds until the Bank of England provided liquidity. By the end of the period some calm had returned helped by a change of personnel at the Treasury.

Through all this economic noise many companies in the portfolio continued to increase their profits and dividends. Evidence of this can be seen in the jump in earnings of the portfolio. However, the share prices of companies seen as sensitive to the economy fell sharply. Smaller companies are especially vulnerable to a swing in investor sentiment. The fear is how long and deep the recession will be and for this to be answered how far interest rates will rise needs to be understood. In the meantime, companies with able management teams and a robust business model have fallen to very low valuations and this provides real opportunity to the patient investor.

Attribution

It was a very difficult year for managing a multi-cap fund relative to a concentrated index made up of predominantly large companies. As can be seen in the table below (Index total return column), larger companies in the FTSE 100 significantly outperformed smaller companies, with a difference in relative returns of more than 20% between the FTSE 100 and small/medium sized companies (and more than 30% underperformance in the case of AIM stocks).

Percentage change in	Company weighting (%)	Benchmark weighting (%)	Index total return (%)
FTSE 100	27.9	83.3	1.7
FTSE 250	10.5	14.1	-20.5
FTSE Small-Cap	7.8	2.6	-18.6
FTSE AIM All-Share	52.6	n/a	-33.2

Note portfolio and index weights are as at financial year end, 31 October 2022. The portfolio weights do not add up to 100% as a small portion of the portfolio sits outside of major UK indices

The key reason for the size differential in performance this year was the make-up of the FTSE 100 Index, with its significant weighting in natural resources stocks that benefitted from rising commodity prices, as well as more defensive sectors such as consumer staples, utilities and pharmaceuticals (where there are significant economies of scale therefore these types of defensive companies tend mostly to exist as very large companies). For this portfolio, with its significant weighting in smaller companies and particularly those on AIM, the size distribution of the portfolio was therefore a significant headwind to performance. On our estimates, the size of the companies held within the portfolio drove the majority of the Company's underperformance relative to its benchmark this year.

Before looking in more detail at the stock-specific elements of performance, it is also worth noting the effect of gearing on underperformance. On our estimates gearing detracted 3.0% from NAV total return during the year and therefore drove a notable, though minority, portion of the underperformance. From a longer-term perspective gearing has been a positive contributor to returns and we continue to see its use as one of the key advantages of the investment trust structure.

Turning to stocks, it is notable that three of the top five performers came from the natural resources sector as energy prices (and particularly natural gas) prices rose. Outside of this, the best performers were companies with stock-specific drivers of earnings growth. For example, **ZOO Digital** (see share price graph since first purchase below), which provides subtitling and dubbing services to content producers such as Disney, grew sales and earnings materially as the market for global content continues to grow. **IQGeo** also grew sales substantially (both organically and via acquisitions) and this allowed it to become EBITDA (earnings before interest, taxes, depreciation and amortisation) positive in the first half of this year.

ZOO Digital share price (pence)

Source: Bloomberg. Share price shown since first purchase on 16 July 2018

Fund Managers' report (continued)

The top 10 contributors to relative return during the financial year were:

Company name	Contribution to relative return (%)	Share price total return (%)	Portfolio Classification
1. Serica Energy	1.9	54.8	Natural resources
2. Jersey Oil & Gas	1.5	101.0	Natural resources
3. ZOO Digital	0.6	30.4	Growth small cap
4. Deltic Energy	0.4	36.0	Natural resources
5. Scottish Mortgage Investment Trust (not held)	0.4	-51.3	n/a
6. IQGeo	0.4	26.2	Growth small cap
7. NatWest	0.3	10.9	Large cap
8. Ashtead Group (not held)	0.3	-24.7	n/a
9. Ocado Group (not held)	0.3	-73.8	n/a
10. Flutter Entertainment*	0.3	-16.1	Large cap

*Positive contribution relates to timing of purchases, with shares underperforming for the financial year as a whole

The top 10 detractors from relative return during the financial year were:

Company name	Contribution to relative return (%)	Share price total return (%)	Portfolio Classification
1. Shell (underweight)	-1.7	48.2	Natural resources
2. Ceres Power	-1.4	-73.7	Early stage
3. AFC Energy	-1.2	-64.6	Early stage
4. Springfield Properties	-1.2	-34.1	Small & mid cap compounders
5. Studio Retail	-1.2	-100.0	Small & mid cap compounders
6. SigmaRoc	-1.1	-50.6	Small & mid cap compounders
7. BP (not held)	-1.1	43.2	n/a
8. British American Tobacco (not held)	-1.0	44.4	n/a
9. Mirriad Advertising	-1.0	-83.4	Early stage
10 RWS Holdings	-1.0	-49.4	Small & mid cap compounders

In contrast to natural resources, a number of the largest underperformers were in the alternative energy area such as fuel cell companies **Ceres Power** and **AFC Energy**. Neither company has had material operational disappointments (Ceres has had some licence fee revenue from a joint venture deferred to early 2023 rather than late 2022, but this is a timing issue rather than a permanent loss of sales). The reason for the share price falls this year has been (in our view) related to a broader reduction in risk appetite in the market at the same time as a rise in interest rates is shifting investor focus towards companies producing cash today rather than those potentially capable of producing sizeable amounts of cash in the future. The alternative energy sector (which sits within the Company's 'early stage' allocation) is now a less than 2% aggregate weight in the portfolio. We believe that there will, for example, be a role for hydrogen to play in the energy transition in 'hard to electrify' areas such as heavy transportation. We therefore continue to think it is right to have a foothold in the area with companies that have the potential to become market leaders across different sectors (for example AFC Energy could become one of the market leaders in a fuel cell replacement for diesel generators).

Outside of alternative energy, the underperformers during the year tended to be cyclically exposed companies such as Scottish housebuilder **Springfield Properties** and European building materials company **SigmaRoc**. In both cases we think the businesses have good scope to grow sales and earnings over the medium term driven by, in Springfield's case, a sizeable landbank to work through and in SigmaRoc's case rising infrastructure spend (as well as the potential for further acquisitions). In the short term, however, the share prices of both have fallen materially on concerns of an economic slowdown impacting demand for their products.

Portfolio review

For a number of years, we have divided the portfolio into the classifications in the table below. This serves a dual purpose. Firstly, the guidance ranges around the percentage of the portfolio held in each classification help to ensure diversity, with different classifications expected to perform well in different economic backdrops. Secondly, we have found the classifications help our shareholders to understand the broad nature of the portfolio, with very different fundamental drivers depending on which classification the companies are in.

Fund Managers' report (continued)

At the beginning of this financial year, we decided to go a step further and split the portfolio into two broader classifications of 'tomorrow's leaders' and 'stabilisers', which are split out in the table below. Tomorrow's leaders are companies which, in our view, have the capacity to grow sales and earnings materially over the long term. These companies exist across all stages of the company lifecycle, spanning from early-stage businesses operating in nascent but structurally growing end markets to companies which have existed for a long time but which we think have the potential to recover (whether through their own 'self-help' or an end market recovery). Stabilisers, on the other hand, span large companies and natural resource businesses. These are held with the aim of smoothing volatility in the overall portfolio (as well as generating an attractive total return), as we recognise that smaller companies, while on average good performers over the long term, go through periods of large drawdowns as we have seen this financial year. The stabilisers therefore provide exposure to different end markets, whether it is more defensive exposure as is often the case with larger companies or commodity-price exposure with the natural resource companies. The current split of the portfolio across classifications is shown below:

	Total (gross assets)[1] %	Indicative range %	Largest three holdings
Stabilisers			
Large cap (£1b+) These stocks are usually familiar to all investors. They are ballast for the portfolio and often generators of income as individual companies. We believe they remain capable of long-term earnings growth.	**24 (+3)**	10-30	Barclays, NatWest, HSBC
Natural resources These are companies that will benefit from rising commodity prices. The majority of this classification are smaller companies (outside of the FTSE 100) that are less well understood and where, in our view, we can add more value by paying close attention.	**17 (+6)**	5-15	Jersey Oil & Gas, Serica Energy, Anglo American
Tomorrow's Leaders			
Growth small cap These are companies that in our view can be substantially larger businesses in time. They have strong management capability and they operate in fast growing end markets or are disruptors within more established markets.	**17 (-3)**	20-40	ZOO Digital, Next Fifteen Communications, Boku
Recovery Some of these companies, for example those exposed to the aerospace industry, have fallen into the recovery classification as a result of the pandemic. However, as the global economy recovers, earnings should be able to grow from current suppressed levels.	**10 (-1)**	0-30	Redcentric, STV, Babcock
Early stage companies These are companies that could serve large end markets with potentially disruptive technologies, however they are at an early stage of their life cycle and whether the technology becomes fully commercialised remains, to a degree, binary. They should perform largely independently of the broader economic cycle.	**7 (-6)**	0-20	Surface Transforms, Ilika, AFC Energy
Small & mid cap compounders These are good quality, long-term holdings with experienced management teams. Over time we expect them to steadily grow sales and earnings.	**25 (+1)**	20-40	Springfield Properties, Vertu Motors, Van Elle

1 The number in brackets is the change in percentage compared to the previous financial year end

This financial year, the stabilisers substantially outperformed tomorrow's leaders. While the position in stabilisers provided some cushion to the Company's performance relative to, for example, the FTSE AIM All-Share Index, this exposure was not enough to offset the Company's significantly larger than benchmark holding in smaller companies (which tend to fall within tomorrow's leaders from the Company's portfolio perspective).

During the previous financial year, we added to the holdings in stabilisers, which consisted largely of adding to holdings in large banks such as **Barclays** as well as a number of natural resource companies such as **Jersey Oil & Gas** (these are described in more detail on page 7 of last year's annual report). While these additions were helpful for relative performance in the current financial year, in hindsight (as is often the case) we should have gone further in this portfolio

Fund Managers' report (continued)

rotation. This financial year, given the scale of performance difference between the two broader classifications, additions have largely been focused in the opposite direction (in other words adding to tomorrow's leaders) given the scale of de-rating we have seen in this area. We go into more detail on this in the section below.

Portfolio activity

During the year we were modest net sellers, purchasing £15.8m in aggregate and selling £20.6m. As a result of the fall in the Company's net asset value, this kept gearing approximately flat during the year, ending at 13.9% net assets relative to 13.2% at the previous year end. Purchasing activity was modest relative to the previous year (when we purchased £35.5m). This was partly a result of very subdued IPO activity in the UK, with the Company participating in only one IPO during the year in domestic appliance retailer **Marks Electrical**.

Unusually for this portfolio, which has a low average turnover, the largest new purchase for the year was also among the largest sales. **Shell** was purchased in December 2021 at approximately £17 per share and sold between March and September 2022 at between £19 and £22 per share. The purchase was driven by a combination of attractive cash generation and thinking the Shell integrated portfolio looked well placed during the period of energy transition. While both of these attributes still exist, the scale of the de-rating seen elsewhere in the UK equity market means that (in our view) there are better opportunities available. We also trimmed the natural resources exposure elsewhere, with **Serica Energy** being the largest individual sale during the year (despite this it remained a top five holding at the year end). As can be seen in the attribution tables set out earlier in this report, while Shell was a good performer in absolute terms for the portfolio, from a relative perspective it was the single largest detractor. This is because Shell forms such a significant weight in the FTSE All-Share Index, averaging 6.6% during the financial year and serves to highlight the challenge in managing a broad multi-cap fund relative to a concentrated benchmark.

Outside of Shell and Marks Electrical, the other new positions established during the year were **Finsbury Food**, **Flutter Entertainment**, **Haleon** (which was inherited from the holding in GlaxoSmithKline), **Halfords**, **i3 Energy**, **Reckitt Benckiser** and **Renold**. There were also sizable additions to existing positions such as **Morgan Advanced Materials** and **Springfield Properties**. Of these, all but two of the active additions were outside of larger companies (the exceptions being Flutter Entertainment and Reckitt Benckiser), as we sought to take advantage of the sharp underperformance and subsequent de-rating in the smaller company area. While these additions have no common attributes in terms of their end markets (they span areas as broad as food production, housebuilding, retailing and industrial components), what they share is having a degree of 'self help' that can help to offset often challenging end markets and a path to becoming substantially larger businesses in time.

Including Shell, six positions were sold in full during the year (the other five being **Blue Prism**, **Franchise Brands**, **Sensyne Health**, **Lloyds Banking** and **Quixant**). Of these the largest individual sale was Blue Prism which was sold following a bid approach from US peer SS&C. We also took profits in some long held smaller company positions such as transportation software provider **Tracsis** and utilities/telecommunications software provider **IQGeo**. In both cases we continue to see a visible pathway to future sales and earnings growth but they had performed strongly so were reduced for portfolio balance reasons.

Income

This financial year saw a marked recovery in investment income, with earnings per share rising to 40.6p compared to 24.7p last year (and 29.9p in the 2019 financial year to provide a pre-pandemic context). This rise in investment income was helped by material special dividends received during the year, the largest of which was **NatWest** as it chose to distribute a portion of its excess capital. Excluding special dividends, the earnings per share figure was 37.1p. Stock lending also continued to be a good contributor to income, providing £197,000 income (net of fees) during the year (which compares to £267,000 last year).

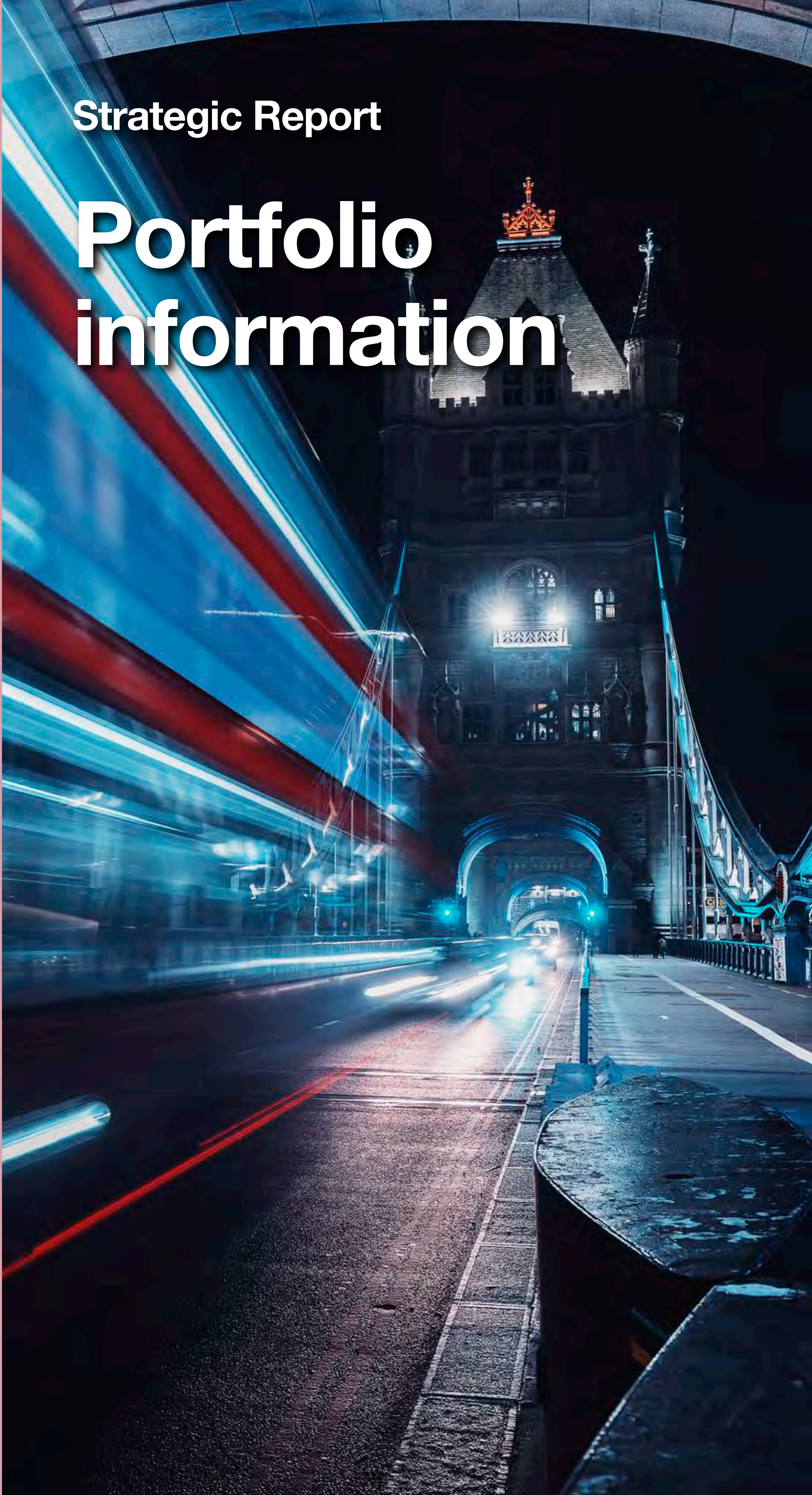
Outlook

There are about a thousand companies quoted on the main list and AIM that we could invest in. Some of them over the next few years will become substantially larger regardless of the economic backdrop. The successes will come from many different areas of activity. They will have two things in common – dynamic management and strong business propositions. They will seize the opportunities that come along as well as having long-term strategies. There will also be many corporate failures. The current low valuation of the average company suggests the balance of probabilities is very much in the investors' favour as the corporate successes have current share prices that do not price in the prize of success. This is because despondency is high among investors with general concerns about the economy colouring appraisal of individual companies. The portfolio is a mixture of individual companies all with real growth potential. We need to pay attention to the individual companies and what they are achieving. We will keep with the approach of investing in UK companies of all sizes. We will buy companies when the valuation does not reflect their potential and recycle into the emerging success stories by selling those that have a valuation that appears to reflect the prospects.

James Henderson and Laura Foll
Fund Managers
2 February 2023

Strategic Report

Portfolio information



Twenty largest holdings at 31 October 2022

The stocks in the portfolio are a diverse mix of businesses operating in a wide range of end markets.

Ranking 2022 (2021)	Company	% of portfolio	Approximate market capitalisation	Valuation 2021 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	**Valuation 2022 £'000**
1 (1)	**Barclays** A leading retail, commercial and investment bank.	3.4	£23.4b	4,955	–	–	(1,335)	**3,620**
2 *	**Jersey Oil & Gas[1]** An oil exploration and production business focused on the North Sea. Its largest asset is the Buchan field which, if production resumes, will be one of the largest producing fields in the North Sea.	3.3	£95.2m	1,762	–	(102)	1,817	**3,477**
3 (2)	**Serica Energy[1]** An oil exploration and production business focused on the North Sea. Assets were bought at attractive prices from BP at a time when oil majors were reducing capital expenditure.	3.3	£818.4m	4,635	–	(3,444)	2,253	**3,444**
4 (17)	**ZOO Digital[1]** A provider of localisation services (such as dubbing and subtitling) for content producers.	2.9	£146.5m	2,388	–	–	706	**3,094**
5 (3)	**Springfield Properties[1]** A Scottish housebuilder that builds both private and affordable housing, growing volumes quickly.	2.9	£110.8m	4,226	678	–	(1,814)	**3,090**
6 (4)	**Next Fifteen Communications[1]** A marketing and PR company with a focus on the faster growing technology industry.	2.9	£864.1m	3,981	205	–	(1,113)	**3,073**
7 (6)	**NatWest** One of the largest retail and commercial lenders in the UK. In recent years it has re-focused on its original areas of strength, particularly small and medium-sized business lending.	2.7	£22.7b	3,538	–	(699)	(4)	**2,835**
8 (11)	**HSBC** A global bank that provides international banking and financial services.	2.7	£89.3b	2,784	–	–	37	**2,821**
9 (7)	**Boku[1]** A mobile payments company, which allows customers including Apple and Spotify to charge for their services via an individual's mobile phone bill.	2.5	£390.6m	3,490	–	–	(845)	**2,645**
10 (13)	**Anglo American** A diversified mining company with exposure to commodities including copper, iron ore and diamonds.	2.4	£32.0b	2,713	–	–	(170)	**2,543**

* Not in the top 20 largest investments last year
1 Quoted on AIM

Twenty largest holdings at 31 October 2022 (continued)

Ranking 2022 (2021)	Company	% of portfolio	Approximate market capitalisation	Valuation 2021 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	**Valuation 2022 £'000**
11 (5)	**Vertu Motors**[1] A UK car dealer with brands including Ford and Vauxhall. The management team has a successful track record and the balance sheet is strong.	2.4	£159.3m	3,968	–	(690)	(773)	**2,505**
12 (20)	**Rio Tinto** A miner of aluminium, coal, copper, gold, iron ore, uranium, zinc and diamonds, operating good quality assets from a relatively low cost base.	2.2	£74.9b	2,280	–	–	(11)	**2,269**
13 (8)	**Tracsis**[1] A developer of technology and services that solve mission critical resource management problems in the transport sector, particularly rail.	2.1	£255.6m	3,413	–	(1,095)	(108)	**2,210**
14 *	**Standard Chartered** A global bank that provides international banking and financial services.	1.9	£15.1b	1,905	–	–	98	**2,003**
15 *	**Deltic Energy**[1] An oil exploration and production business focused on the North Sea.	1.8	£61.6m	1,427	–	–	516	**1,943**
16 (18)	**IQGeo**[1] A specialist software provider for the utilities and telecommunications industries.	1.7	£102.9m	2,347	–	(995)	449	**1,801**
17 (19)	**Surface Transforms**[1] A producer of high performance ceramic brakes for the motor industry.	1.6	£102.1m	2,330	–	–	(643)	**1,687**
18 *	**Direct Line Insurance** A UK insurer with a strong customer-facing brand. The company has a history of disciplined pricing, allowing good historic returns.	1.5	£2.6b	1,754	457	–	(597)	**1,614**
19 *	**K3 Capital**[1] A diversified services provider to UK small and medium sized businesses. The company has grown well both organically and via acquisitions in recent years.	1.5	£204.0m	1,597	291	–	(322)	**1,566**
20 *	**Van Elle**[1] A provider of ground services such as piling to the UK construction industry, with end markets including newbuild housing and infrastructure.	1.4	£40.5m	1,987	–	–	(465)	**1,522**

At 31 October 2022 these investments totalled £49,762,000 or 47.1% of the portfolio.

* Not in the top 20 largest investments last year
1 Quoted on AIM

Investment portfolio at 31 October 2022

Ranking 2022	Company	Main activity	Valuation 2022 £'000
1	Barclays	Retail, commercial and investment banking services	3,620
2	Jersey Oil & Gas[1]	Oil and gas exploration and production	3,477
3	Serica Energy[1]	Oil and gas exploration and production	3,444
4	ZOO Digital[1]	Dubbing and subtitling services	3,094
5	Springfield Properties[1]	Scottish housebuilder	3,090
6	Next Fifteen Communications[1]	Digital marketing agency	3,073
7	NatWest	UK retail and corporate bank	2,835
8	HSBC	Banking	2,821
9	Boku[1]	Mobile payment software provider	2,645
10	Anglo American	Diversified miner	2,543
	10 largest		**30,642**
11	Vertu Motors[1]	Motor retailer	2,505
12	Rio Tinto	General mining	2,269
13	Tracsis[1]	Logistics software and services	2,210
14	Standard Chartered	Banking	2,003
15	Deltic Energy[1]	Oil and gas exploration	1,943
16	IQGeo[1]	Software for telecommunications and utility industries	1,801
17	Surface Transforms[1]	Braking systems	1,687
18	Direct Line Insurance	UK car, home and commercial insurance	1,614
19	K3 Capital[1]	UK corporate services	1,566
20	Van Elle[1]	Construction services	1,522
	20 largest		**49,762**
21	SigmaRoc[1]	Construction materials	1,521
22	Cohort[1]	Military products and services	1,519
23	Aviva	General insurance	1,509
24	Morgan Advanced Materials	Specialist materials producer	1,473
25	Tesco	Food retailer	1,452
26	Redcentric[1]	IT managed services	1,425
27	RWS Holdings[1]	Patent translation services	1,423
28	Flowtech[1]	Industrial distributor	1,394
29	Redde Northgate	Flexible vehicle hire	1,386
30	Vodafone	Telecommunications	1,372
	30 largest		**64,236**
31	Oxford Instruments	Scientific instruments	1,332
32	GlaxoSmithKline	Global pharmaceuticals	1,315
33	CML Microsystems	Specialist semiconductors	1,170
34	Flutter Entertainment	Global gambling services	1,158
35	BT Group	Fixed and mobile telecommunications	1,103
36	STV	Scottish free to air TV broadcaster	1,088
37	Tribal Group[1]	Educational sector software and services	1,088
38	Babcock	Defence services	1,033
39	Jadestone Energy[1]	Oil and gas production	1,030
40	Mondi	Paper and packaging production	1,024
	40 largest		**75,577**

1 Quoted on AIM
2 Unlisted

Investment portfolio at 31 October 2022 (continued)

Ranking 2022	Company	Main activity	Valuation 2022 £'000
41	Prudential	Insurance	1,013
42	Ricardo	Automotive technology consultancy	1,012
43	Finsbury Food Group[1]	UK and European baked foods producer	990
44	Halfords Group	Auto parts and cycling retailer	970
45	Johnson Matthey	Advanced materials technology	967
46	M&G	UK financial services	963
47	Ilika[1]	Advanced materials	950
48	IntegraFin Holdings	Adviser platform	926
49	Jubilee Metals[1]	Platinum metals producer	923
50	Workspace	London office real estate investment trust	898
	50 largest		**85,189**
51	AFC Energy[1]	Fuel cell technology	892
52	Reckitt Benckiser	Consumer healthcare and hygiene products	867
53	GB Group[1]	Identity data intelligence	855
54	The Gym Group	Affordable gyms	850
55	Rolls-Royce	Aero engines and power systems	847
56	Marks & Spencer	Clothing and food retailer	843
57	Senior	Aerospace and industrial engineer	821
58	IP Group	Portfolio of early stage companies from universities	786
59	Hollywood Bowl	Bowling centres	773
60	XP Power	Electrical power components	753
	60 largest		**93,476**
61	International Personal Finance	Sub prime and digital lending	688
62	Kier Group	Construction services	669
63	Orcadian Energy[1]	North Sea oil and gas	657
64	Ceres Power[1]	Fuel cell technology	655
65	Provident Financial	Sub prime lending	653
66	i3 Energy[1]	Predominantly Canadian oil and gas	579
67	Marks Electrical[1]	Online electricals retailer	573
68	Oxford Science Enterprises (formerly named Oxford Sciences Innovation)[2]	Portfolio of companies from Oxford University	517
69	Premier Miton Group[1]	Fund management	492
70	Deltex Medical[1]	Medical monitoring equipment	479
	70 largest		**99,438**
71	International Consolidated Airlines	Airline	456
72	Creo Medical[1]	Surgical devices	450
73	Haleon	Consumer healthcare products	442
74	Reabold Resources[1]	Oil and gas exploration	437
75	Dianomi[1]	Digital advertising technology	409
76	Chamberlin[1]	Iron casting	407
77	Westminster Group[1]	Security services	384
78	Accsys Technologies[1]	Wood treatment technology	358
79	Revolution Bars[1]	UK bars and restaurants	356
80	IQE[1]	Semiconductor components	314
	80 largest		**103,451**

1 Quoted on AIM
2 Unlisted

Investment portfolio at 31 October 2022 (continued)

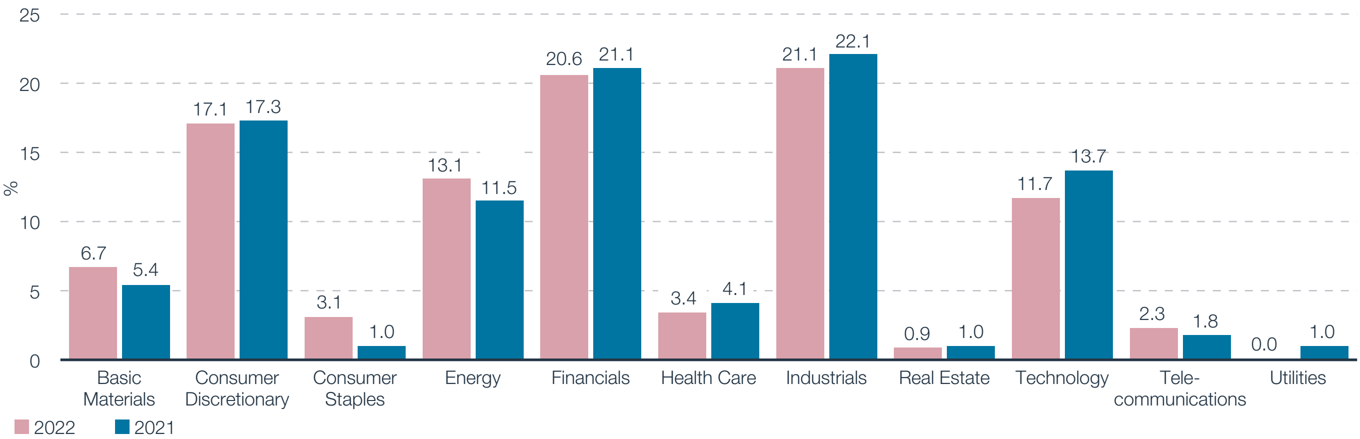
Ranking 2022	Company	Main activity	Valuation 2022 £'000
81	Oxford Nanopore Technology	DNA sequencing technology	306
82	Indus Gas[1]	Gas production in India	260
83	KRM22[1]	Risk monitoring system	246
84	Mirriad Advertising[1]	Advertising technology	242
85	Safestyle[1]	UPVC windows and doors	237
86	Renold[1]	Industrial chains	214
87	ITM Power[1]	Green energy technology	183
88	Harbour Energy	Oil and gas explorer and producer	163
89	GRC International[1]	Data protection and cyber security	116
90	Oxford BioDynamics[1]	Drug and technology	81
	90 largest		**105,499**
91	Velocys[1]	Early stages gas to liquids technology	70
92	Atlantis[1]	Renewable energy generation	70
93	Glantus[1]	Accounts payable software	56
	Total Investments		**105,695**

1 Quoted on AIM
2 Unlisted

Portfolio information

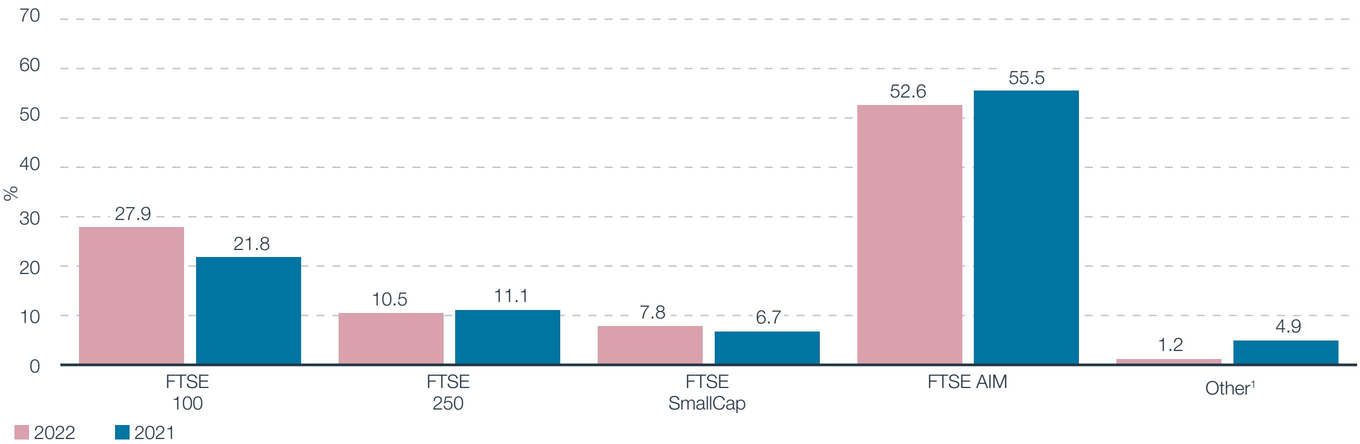
Portfolio by sector at 31 October

As a percentage of the investment portfolio excluding cash



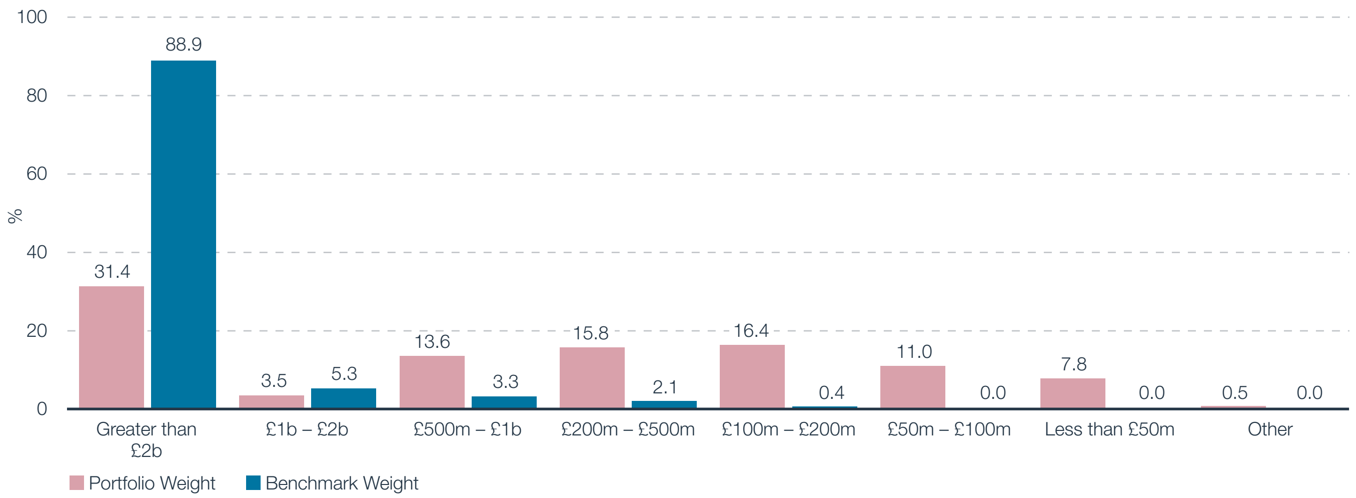
Portfolio by index at 31 October

As a percentage of the investment portfolio excluding cash



1 Other also includes AIM investments outside the FTSE AIM Index and shares listed on the main market which are not included in the FTSE All-Share Index

Market capitalisation of the portfolio at 31 October 2022

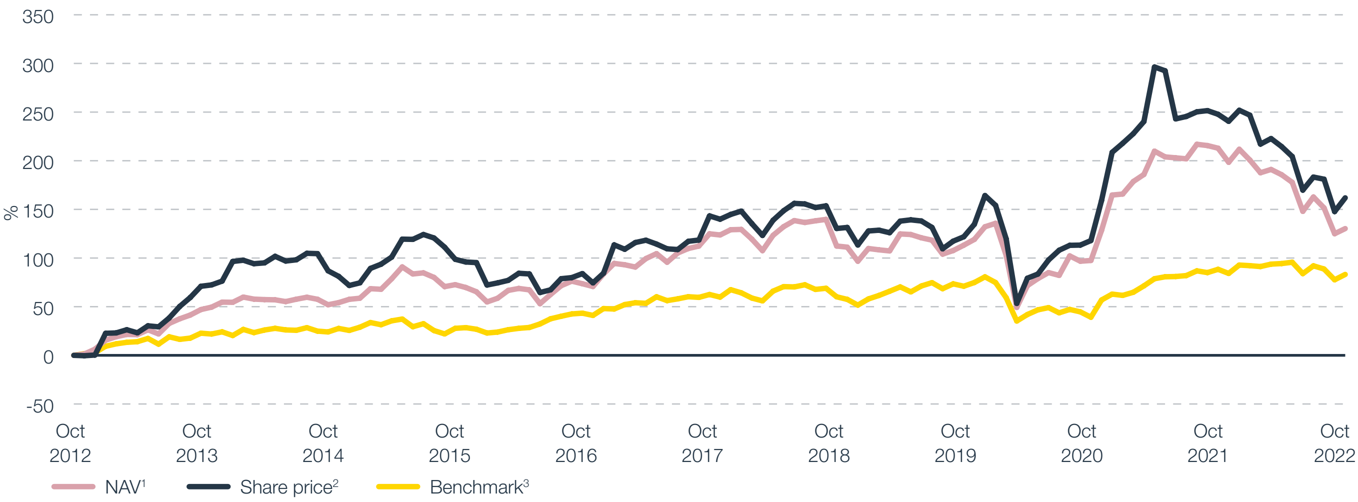


A glossary of terms can be found on pages 74 and 75

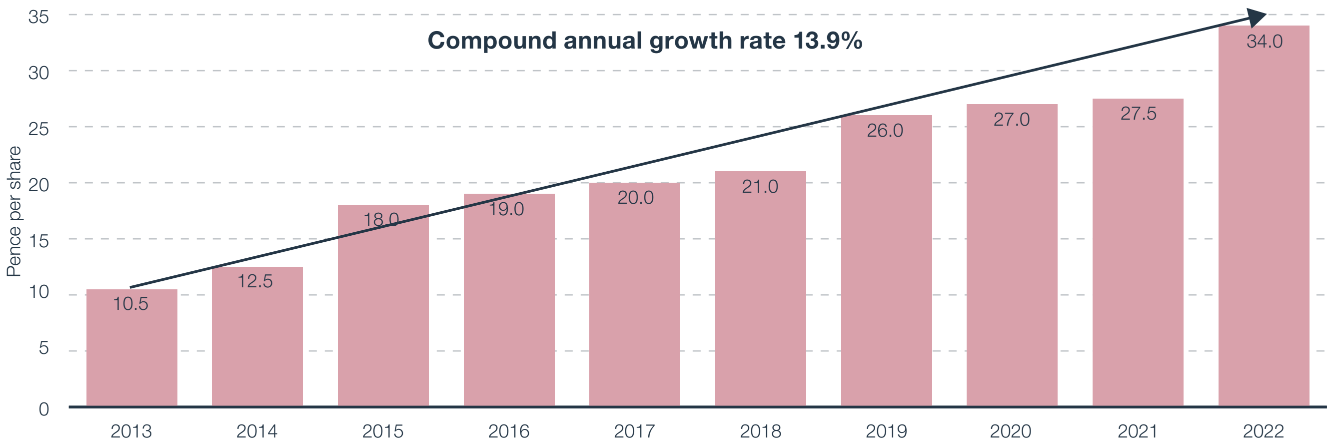
Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

Portfolio information (continued)

Total return performance over the last 10 years



Dividend



Financial information

Year ended 31 October	Total net assets £'000	Net asset value per ordinary share pence	Net revenue return per ordinary share pence
2013	70,434	884.3	12.5
2014	72,302	903.7	15.2
2015	81,007	1,012.5	22.5
2016	79,782	997.2	20.5
2017	101,599	1,269.9	21.8
2018	94,360	1,179.4	20.2
2019	91,798	1,161.8	29.9
2020	82,643	1,046.3	12.8
2021	128,497	1,626.9	24.7
2022	**92,701**	**1,173.7**	**40.6**

1 NAV per ordinary share total return (including dividends reinvested)
2 Share price total return (including dividends reinvested)
3 FTSE All-Share Index

A glossary of terms can be found on pages 74 and 75 and alternative performance measures can be found on pages 76 and 77

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

Key performance indicators

Measuring our performance

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").

The Chairman's statement and Fund Managers' report (on pages 2 to 9) and the charts, tables and data on pages 1 and 17 provide information on how the Company has performed against those KPIs, and a glossary of terms and alternative performance measures is included on pages 74 to 77.

KPI	Action
Absolute performance	The Board reviews, at each of its meetings, the performance of the portfolio, gearing levels, the net asset value per share and the Company's share price.
Performance measured against the benchmark	The Board reviews and compares, at each of its meetings, the performance of the portfolio as well as the net asset value and share price for the Company and compares them with the performance of the Company's benchmark, the FTSE All-Share Index.
Performance against the Company's peer group	The Company is included in the AIC's UK All Companies Sector, which represents the Company's peer group. In addition to comparison against the stated benchmark, the Board also considers the performance against the peer group at each Board meeting.
Discount/premium to the NAV per share	The Board monitors the level of the Company's share price premium/discount to NAV and looks at ways of managing this. The Board reviews the average premium/discount of the peer group companies in the AIC UK All Companies Sector. In accordance with the authority granted at the last AGM, and which the Directors seek to renew at the forthcoming Meeting, the Company retains the flexibility to repurchase shares when it sees fit. The Fund Managers consider whether to use share buybacks to enhance shareholder value. Shares are only bought back at a price below the prevailing NAV, thereby increasing the NAV for the remaining shareholders. The Fund Managers will continue to instruct purchases under authority given by the Board as required and in accordance with the authority granted. 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 and includes current financial year revenue, the same basis as that calculated for the Financial Statements.
Dividend per share growth	The Board reviews and compares at each of its meetings the progression of the earnings per share over the course of the year and uses this information to declare dividends to shareholders.

Strategic Report

Business model

Business model

Strategy

The purpose of Henderson Opportunities Trust plc (the "Company") is to achieve capital growth in excess of the FTSE All-Share Index for the Company's shareholders from a portfolio of primarily UK investments. This is achieved through the Company's operation as an investment company with a Board of Directors that delegates investment and operational matters to specialist third-party service providers. These third-party service providers operate in accordance with the Company's Investment Policy following a disciplined process of investment, controlling costs and using borrowings to enhance returns. Their performance is monitored and challenged by the Board which retains oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for achieving the Company's obligations as an investment trust under Section 1158/9 of the Corporation Tax Act 2010, as amended ("Section 1158").

The Company's status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 (the "Act"). The Company operates as an investment trust in accordance with Section 1158. The Company has obtained approval from HM Revenue & Customs ("HMRC") of its status as an investment trust under Section 1158; the Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

The Company and the Board are governed by the Articles, amendments to which must be approved by shareholders by way of a special resolution. The Board is comprised entirely of non-executive directors who are accountable to the Company's shareholders. The Company is not a close company.

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

Benefits

The Company's business model offers numerous advantages:

- it provides investors with access to a professionally and actively managed portfolio of assets;
- it enables investors to spread the risks of investing;
- it enhances returns to investors by operating as an approved investment trust by taking advantage of the capital gains treatment afforded to investment trusts which are approved under Section 1158;
- the ability to pay dividends out of reserves to support the provision of income, as necessary, to shareholders;
- the closed end structure allows the Fund Managers to take a longer-term view on investments and remain fully invested as the Company does not have to maintain or create sufficient cash balances to satisfy investor redemptions;
- the ability to use gearing to increase returns for investors; and
- oversight by a Board of Directors wholly independent of the investment manager.

Investment Objective

The Company aims to achieve capital growth in excess of the FTSE All-Share Index from a portfolio of primarily UK investments.

Investment Policy

Asset allocation

The following investment ranges apply:

Equities: 70% to 100%;
Fixed Income and Cash: 0% to 30%

Stock selection is not constrained by the FTSE All-Share Index and there are no limits on investment by sector or market capitalisation. Therefore, the makeup and weighting of the portfolio will differ materially from the FTSE All-Share Index.

Investment restrictions

There will be at least 60 individual holdings in the portfolio.

No more than 10% of the Company's gross assets will be invested in companies outside of the UK.

No single investment will represent more than 10% of gross assets (at the time of investment).

The Company can, but normally will not, invest up to 15% of its gross assets in investment companies (including listed investment trusts).

The Company may invest up to a maximum of 10% of its gross assets in private securities not quoted on an exchange (at the time of investment).

Dividend

Income growth is a secondary objective to capital growth. However, the Company does seek dividend growth over time.

Derivatives

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management while maintaining a level of risk consistent with the risk profile of the Company.

Business model (continued)

Gearing

Net gearing (defined as all borrowings less cash balances and investments in cash funds) is limited by the Board to a maximum of 25% of the Company's net assets.

Other restrictions

As noted In the Investment Policy above, it is the Company's policy to invest no more than 15% of its gross assets in other listed closed-ended investment funds. Accordingly, the Company's shares are an eligible investment under Listing Rule 15.2.5(R) for other listed closed-ended investment funds.

Management

The Company qualifies as an Alternative Investment Fund in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").

The Company does not have any employees. The Company has an independent Board of Directors which has appointed Janus Henderson Fund Management UK Limited (formerly named Henderson Investment Funds Limited) to act as its Alternative Investment Fund Manager. Janus Henderson Fund Management UK Limited delegates investment management services to Janus Henderson Investors UK Limited (formerly named Henderson Global Investors Limited) in accordance with an agreement which became effective on 22 July 2014. The management agreement with Janus Henderson Fund Management UK Limited is reviewed annually by the Management Engagement Committee (see page 38), and can be terminated on six months' notice. Both entities are authorised and regulated by the FCA. References to the Manager within this report refer to the services provided by Janus Henderson Fund Management UK Limited and Janus Henderson Investors UK Limited. Both entities are wholly owned subsidiaries of Janus Henderson Group plc, referred to as Janus Henderson.

Janus Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration, accounting and cash management services are carried out, on behalf of Janus Henderson, by BNP Paribas. Melanie Stoner (Fellow of the Chartered Governance Institute) acts as Company Secretary on behalf of the Corporate Secretary, Janus Henderson Secretarial Services UK Limited (formerly named Henderson Secretarial Services Limited).

Fund Managers

The portfolio is managed by James Henderson and Laura Foll.

James was appointed as a joint Fund Manager of the Company's portfolio in 2007. He joined Janus Henderson in 1984 and has been involved with investment trusts throughout his career. He has been the fund manager of Lowland Investment Company plc since 1990 and has been responsible for the investment portfolio of The Law Debenture Corporation plc since 2003. He is also deputy fund manager of the Janus Henderson UK Equity Income & Growth Fund.

Laura was appointed as a joint Fund Manager of the Company's portfolio in September 2018. She joined Janus Henderson in 2009 as part of the graduate scheme. During this time, she worked in various teams including fixed income, performance, marketing and equities. Laura then became a global analyst in the value and income team and later an assistant fund manager. In 2013 she became deputy fund manager of Lowland Investment Company plc and joint fund manager in November 2016. She was appointed as co-manager of the Janus Henderson UK Equity Income & Growth Fund in 2014 and became lead manager of that fund in September 2020.

Fees

The management agreement provides for the payment of a composite management fee which is calculated and paid quarterly in arrears. The base management fee is charged at 0.55% of net assets per annum payable quarterly at a rate of 0.1375% based on net assets at the end of the previous quarter.

The management agreement also provides for the payment of a performance fee, calculated as 15% of any outperformance of the NAV over the benchmark, subject to a limit on the total management and performance fees payable in any one year of 1.5% of the average net assets (calculated quarterly) during the year. No performance fee will be paid if either the share price or net asset value is lower than their value at the preceding financial year end. Any underperformance relative to the benchmark, or any unrewarded outperformance (for example, as a result of the cap), will be carried forward and set against any outperformance or underperformance respectively in subsequent years. No performance fee is payable for the year ended 31 October 2022. Performance fee arrangements were reviewed during the year and it was agreed that these currently remained appropriate; as the performance fee hurdle remained high and a performance fee was therefore not paid out on a regular basis.

Dividend approach

Income growth is a secondary objective to capital growth. However, the Company does seek dividend growth over time. The Board is optimistic that the progressive dividend policy of recent years can be maintained, although this may from time to time require utilisation of the revenue reserve.

The Company pays quarterly dividends. When deciding dividends the Board has regard to a variety of factors, including the current and forecast levels of dividend income from the portfolio, the sustainability of that income, cash resources and any macro and economic risks. The Fund Managers provided portfolio updates together with a projected schedule in respect of the income generated by the underlying investments to assist the Board's decision.

Business model (continued)

Ongoing charges

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments and performance fees. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs. The Board reviews the ongoing charges and monitors the expenses incurred by the Company on a regular basis.

For the year ended 31 October 2022 the ongoing charge was 0.90% (2021: 0.87%) of net asset value excluding the performance fee and 0.90% including the performance fee as no performance fee was payable for the year ended 31 October 2022 (2021: 1.85%) including the performance fee.

Borrowings

The Company has an unsecured loan facility in place which allows it to borrow as and when appropriate. £30m (2021: £30m) is available under the facility. Net gearing is limited by the Board to 25% of net assets. The maximum amount drawn down in the period under review was £21.4m (2021: £19.8m), with borrowing costs for the year totalling £345,000 (2021: £150,000). £14.1m (2021: £18.4m) of the facility was in use at the year end. Net gearing at 31 October 2022 was 13.9% (2021: 13.2%) of net asset value.

Viability statement and going concern

The Company is a long-term investor. The Board believes it is appropriate to assess the Company's viability over a five year period in recognition of its long-term investment horizon and what the Board believes to be investors' investment horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties as documented in this Strategic Report on pages 27 to 28.

The assessment considered the impact and likelihood of the principal risks and uncertainties facing the Company. Key areas of focus were investment strategy and performance against benchmark, including a consideration of the risks around asset allocation, stock selection and gearing. Market risk was also assessed in terms of the impact of severe but plausible scenarios and the effectiveness of the mitigating controls in place.

The Directors took into account the liquidity of the portfolio and the borrowings in place when considering the viability of the Company over the next five years and its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's borrowing facilities, consideration of the impact of rising interest rates and how a breach of any covenants could impact the Company's net asset value and share price.

The Directors do not expect there to be any significant change to the principal risks and adequacy of the mitigating controls in place. Large cap stocks are held as ballast for the portfolio and for liquidity, and the percentage of the portfolio holding of these stocks generally exceeds the gearing percentage. The Board actively monitors investment performance and even with the significant falls in the NAV at the height of the COVID-19 pandemic (which exceeded 25% in March 2020), liquidity requirements and covenant restrictions were all met. Other recent factors, for example Brexit and the heightened macroeconomic uncertainty following Russia's invasion of Ukraine, have not materially affected the long-term viability of the Company. The Board is therefore confident that significant market collapses would not impact the Company's viability. Also, the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the majority of the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. In coming to this conclusion, the Board has considered the residual impact of COVID-19, Russia's ongoing invasion of Ukraine and the rise in interest rates. Indications are that income has recovered to historic income levels. The Board does not believe that the factors aforementioned will have a long-term impact on the viability of the Company and its ability to continue in operation, notwithstanding the short-term uncertainty they have caused in the markets.

The Directors recognise that there is a continuation vote that is due to take place at the AGM in March 2023. In the light of the above consideration of the Company's viability and going concern and as no shareholders have indicated that they will not support the continuation vote, the Directors currently believe that the Company will continue to exist for the foreseeable future, and at least for the period of assessment.

Based on this assessment, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five year period.

The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements (see page 59 for further details).

Section 172 statement

The Board is responsible for approving the Company's long-term objectives and commercial strategy and for promoting the Company's success. The Board devotes time in at least one of its meetings each year to reviewing overall strategy and progress is monitored throughout the year. The Directors' overarching duty is to 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. The Directors consider the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account. The Company manages shareholders' assets with constant awareness of the Company's stakeholders and their interests. The Board

Business model (continued)

uses a map to support the Directors in identifying and understanding the Company's stakeholders and fostering the appropriate level and form of interaction with them. The Directors regard the Company's key stakeholders to be the Company's shareholders and potential investors, the Manager and other key third-party service providers.

The Board engages 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 Managers, who are 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. The Board retains responsibility for decisions regarding 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 Managers promote 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 among retail investors in the UK.

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 assesses their appointment annually. By doing so the Board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the expected level of service.

Engagement with key stakeholders

The Company's key stakeholders are listed below and on the next page with examples of the way the Board and the Company has interacted with them in the year under review.

Stakeholders	Engagement	Outcome
Shareholders 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 shareholders meeting with the Fund Managers rather than members of the Board. The Manager provides information on the Company, press releases and videos of the Fund Managers on the Company's website and via social media. Feedback from all meetings between the Fund Managers and shareholders is shared with the Board. The Chairman is available to meet with shareholders to understand their views on governance and the Company's performance where they wish to do so. With assistance from the Manager, the Chairman seeks meetings with shareholders who might wish to meet with her. The annual report and half-year results are circulated to shareholders 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 factsheet which is available on the website. The Fund Managers provide presentations to shareholders and analysts following the publication of the annual financial results. The Fund Managers attend the AGM and provide a presentation on the Company's performance and the future outlook. The Board encourages shareholders to attend and participate in the AGM which is also available to watch live and shareholders have the opportunity to address questions to the Chairman of the Board, the Fund Managers and all Directors. During the discussions with shareholders none have indicated that they will not support the continuation vote.	Clear communication of the Company's strategy and performance against its objective helps shareholders to make informed decisions about their investments. Close interaction with shareholders enables the Board to run the Company in line with shareholders' interests as a whole and for the Company's long-term success. 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 or by email to **itsecretariat@janushenderson.com**. Correspondence from shareholders is shared with the Chairman and the Board. Other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels.

Business model (continued)

Stakeholders	Engagement	Outcome
Janus Henderson as Manager • Fund Manager • Sales and marketing • Company secretarial • Financial reporting • Internal controls functions • Internal audit • Investment accounting and administration (outsourced by Janus Henderson to BNP Paribas)	The most important of the Company's third-party service providers is the Manager, and in particular the Fund Managers, who are responsible for the management of the Company's assets in line with the Investment Objective. Representatives of the Manager attend Board meetings, providing the opportunity for the Manager and the Board to reinforce further their mutual understanding of what is expected from all parties. Through receipt of timely and accurate information (including monthly performance and compliance reporting against a schedule of investment limits and restrictions determined by the Board and Fund Managers) and regular engagement with representatives of the Manager, the Board is able to provide timely and constructive feedback to the Manager in order that the Manager can meet the Company's Investment Objective to the best of its ability and thereby ensuring that the interests of the Manager are also protected.	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 Managers to execute the Investment Objective and deliver returns for shareholders, and on the Manager's internal controls and risk management. The Board is in regular contact with the Manager, receiving updates from the Fund Managers on areas such as portfolio activity (to manage the volatility in the market and to take advantage of opportunities), gearing and the ability to meet the ongoing income requirements of shareholders.
Other third-party service providers	As an investment company, all services are outsourced to third-party service providers. The Board relies on the Manager to provide the third-party service providers with the information required to meet the Company's requirements. The Company's third-party service suppliers' performance is assessed in detail at least annually by the Management Engagement Committee. The Corporate Secretary and Financial Reporting Manager for Investment Trusts, in particular, engage with the key suppliers on a regular and continuous basis and the Manager provides the third-party service providers with feedback from the Board about the day-to-day service provided by each of the third-party suppliers.	The Board meets directly with representatives of the Depositary and Custodian on an annual basis and with other service providers as and when considered necessary. The Audit and Risk Committee reviews the internal controls and risk management systems in place at BNP Paribas, the Registrar, Depositary and Custodian predominantly through the assessment of each supplier's internal controls and assurance reports. This regular interaction provides an environment where day-to-day matters, issues and business development needs can be dealt with efficiently and effectively.

Business model (continued)

Board discussions and decision-making

The Board is aware that not all decisions made by the Board will result in a positive outcome for all of the Company's stakeholders. The Board takes into consideration the Company's purpose, Investment Objective and Investment Policy as well as the interests of the Company's stakeholders when discussing matters and making decisions. The following are examples of the key discussions held and decisions made by the Board during the financial year ended 31 October 2022.

Shareholder information

Through the presentation of the Company's half-year and annual results to shareholders and by meeting with shareholders, the Company has provided information in order that shareholders and potential investors are able to make informed decisions about their investment in the Company.

The Directors use shareholder feedback and act in a way they consider to be for the benefit of the Company's members as a whole. The Directors considered the amount to be paid to shareholders in dividends (providing income to investors) versus the revenue received during the year and the reserves available for distribution.

Another aspect of shareholder interests is management of the Company's discount. The Chairman and Manager discuss this matter regularly, taking into account feedback from shareholders and potential investors, in order to agree how best to approach the management of the Company's discount.

The Chairman has included more information regarding matters considered by the Board during the year in her statement (see pages 3 and 4).

The Fund Managers present the impact of their decisions relating to the portfolio to the Board at each meeting, and to shareholders at the AGM and other arranged meetings during the year, as well as through the half-year and annual results announcements. The Board's engagement with the Manager is necessary to evaluate the Company's portfolio's performance against the stated strategy and benchmark and to understand any risks or opportunities this may present to the Company.

Culture

As explained in the Section 172 statement on pages 22 and 23, the Directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests.

The Board applies various policies, practices and behaviour to ensure that the Board's culture is in line with the Company's purpose, values and strategy. The Directors promote and encourage a culture of transparency and honesty between the Board and the Manager. The Manager is considered by the Board to be the Company's most significant third-party service provider therefore the relationship with key individuals, in particular the Fund Managers, the Company Secretary, the Head of Investment Trusts and the Financial Reporting Manager for Investment Trusts, are paramount to the success of the Company. There is continuous engagement and dialogue between these key individuals and the Directors between Board meetings (in particular with the Chairman and Chairman of the Audit and Risk Committee). Communication channels are open and information, ideas and advice flow between the Board and the Manager with the aim of delivering better results for shareholders and other stakeholders and ultimately driving the Company's long-term sustainable success. The need to foster, maintain and continually evolve corporate culture is taken into account when making decisions and is therefore integral to the Company's policies and practices.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to Directors' conflicts of interest and Directors' dealings in the Company's shares, as well as those related to bribery and tax evasion. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process.

The Board appoints appropriate service providers – and evaluates their service on a regular basis as described on page 38. The Board considers the culture of the Manager and other service providers through regular reporting and by receiving regular presentations from these stakeholders. The Board has been advised that the Manager fosters and maintains an environment that values the unique talents and contributions of individuals, and strives to cultivate and practice inclusiveness for the long-term success of the business and for the benefit of its own employees and shareholders. The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's shareholders (see Ongoing charge on page 22 and Other administrative expenses (see Note 6 on page 63).

Directors are required to consider the Company's impact on the community and environment. The Board describes the Company's and Manager's approach to environmental, social and governance matters on pages 29 and 30.

Board diversity policy

It is the Company's aim to have an appropriate level of diversity in the boardroom. The current Directors are broad in their experience and skills, bringing knowledge of investment markets, business, financial services and stakeholder expertise to discussions on the Company's business.
The Board recognises that having a diverse and inclusive culture is essential to its long-term success. The Board discusses matters in such a way as to facilitate a culture of inclusivity among Board members and encourages active contributions from all Directors. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's Investment Objective.

Business model (continued)

The Nominations Committee considers diversity when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths, and experience. The Board uses search firms that access talent from wide and diverse pools and whose values and approach in identifying and proposing suitable candidates is aligned with the Board's aims.

The FCA's Listing Rules require companies, with accounting periods starting on or after 1 April 2022, to report on whether they have met the following targets on board diversity: that at least 40% of the individuals on the board are women; at least one of the senior positions on the board is held by a woman; and that at least one individual on the board is from a minority ethnic background.

At 31 October 2022, three out of the four Directors (75%) are women and they held the Board's two senior positions – those of Chairman and Audit and Risk Committee Chairman. As an investment company with a Board of only non-executive Directors, the Company has no employees and therefore does not have senior executive positions, such as a chief executive officer or chief financial officer. Accordingly, there are no disclosures about executive management positions to be included.

Given the size of the Company, the Board is small, focused and experienced. None of the four Directors, as at 31 October 2022, were from a minority ethnic background. The Board's prime responsibility is the strength of the Board and its overriding aim in making any new appointments upon rotation of Directors is to select the best candidate based on objective criteria and merit which it did at the time the current Directors were selected. When the Board next recruits, it will request the relevant search firm retained to provide a diverse list of potential candidates.

The following tables show the breakdown of the Board in terms of gender and ethnic background:

Gender diversity	Number of Directors	Percentage of the Board	Number of senior positions on the Board
Men	1	25	0/2
Women	3	75	2/2
Ethnic diversity			
White British or other White (including minority white groups)	4	100	2/2

The information in the tables was provided by individual Directors in response to a request from the Company.

There have been no changes to the Board or the roles of the Directors between 31 October 2022 and the date of publication of this report.

As the Manager is considered by the Board to be the Company's most significant third party service provider, the Board takes an interest in what is offered by the Manager in terms of diversity training and initiatives. The diversity training and initiatives offered by the Manager include Janus Henderson's ethnicity pay gap analysis, returnship, trainee, apprenticeship and internship programmes, such as INROADS, GAIN, Greenwood Project, Girls Who Invest, Investment 2020 and #10000 Black Interns.

Managing our risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency, liquidity and reputation. The principal risks and uncertainties facing the Company relate to investing in the shares of companies that are listed in the United Kingdom, including small companies. Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly, whether upwards or downwards, and it may not be possible to realise an investment at the Manager's assessment of its value. Falls in the value of the Company's investments can be caused by unexpected external events. The companies in which investments are made may operate unsuccessfully, or fail entirely, such that shareholder value is lost. The Company is also exposed to the operational risk that one or more of its contractors or sub-contractors may not provide the required level of service.

The Board considers regularly the principal risks facing the Company in order to mitigate them as far as practicable. The Board monitors the Manager, its other service providers and the internal and external environments in which the Company operates to identify new and emerging risks. The Board's policy on risk management has not materially changed from last year.

The Board has drawn up a risk map which identifies the substantial risks to which the Company is exposed. The Board has also put in place a schedule of investment limits and restrictions, appropriate to the Company's Investment Objective and Investment Policy. These principal risks fall broadly under the following categories:

Business model (continued)

Risk	Trend	Controls and mitigation
Investment activity and strategy An inappropriate investment strategy (for example, in terms of asset allocation, stock selection, failure to anticipate external shocks or the level of gearing) may lead to a reduction in NAV, underperformance against the Company's benchmark and the Company's peer group; it may also result in the Company's shares trading on a wider discount to NAV.	↑	The Manager provides the Directors with management information including performance data reports and portfolio analyses on a monthly basis. The Board monitors the implementation and results of the investment process with the Fund Managers, who attend all Board meetings, and reviews regularly data that monitors risk factors in respect of the portfolio. The Manager operates in accordance with investment limits and restrictions determined by the Board; these include limits on the extent to which borrowings may be used. The Board reviews its investment limits and restrictions regularly and the Manager confirms its compliance with them each month. The Board reviews investment strategy at each Board meeting. The Board seeks to manage these risks by ensuring a diversification of investments. The Board has regular meetings with the Fund Managers to review performance and the extent of borrowings.
Financial instruments and the management of risk By its nature as an investment trust, the Company is exposed in varying degrees to market risk, interest rate risk, liquidity risk, currency risk and credit and counterparty risk. Market risk arises from uncertainty about the future prices of the Company's investments.	↔	An analysis of these financial risks, including liquidity and gearing, and the Company's policies for managing them are set out in Note 15 on pages 66 to 70.
Operational and cyber Disruption to, or failure of, the Manager's accounting, dealing or payment systems or the Custodian or the Depositary's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its services providers may not provide the required level of service. The Company may also be exposed to the risk of cyber-attack on its service providers.	↔	The Manager has contracted some of its operational functions, principally those relating to trade processing, investment administration, accounting and cash management, to BNP Paribas. The Board monitors the services provided by the Manager and its other suppliers and receives reports on the key elements in place to provide effective internal control. During the year the Board received reports on the Manager's approach to information security and cyber attack defence.
Accounting, legal and regulatory A breach of Section 1158 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 FCA's Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act 2006 could lead to criminal proceedings, or financial or reputational damage.	↔	The Manager is contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal controls reports produced by Janus Henderson on a quarterly basis, which confirm regulatory compliance.

Business model (continued)

Risk	Trend	Controls and mitigation
Failure of Janus Henderson A failure of the Manager's business, whether or not as a result of regulatory failure, cyber risk or other failure could result in the Manager being unable to meet its obligations and its duty of care to the Company.	⟷	The Board meets regularly with representatives of the Manager's Investment Management, Risk, Compliance, Internal Audit and Investment Trust teams and reviews internal control reports from the Manager on a quarterly basis. The failure of the Manager would not necessarily lead to a loss of the Company's assets, however, this risk is mitigated by the Company's ability to change its investment manager if necessary, subject to the terms of its management agreement.

Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Governance report on page 37 and the Audit and Risk Committee report on pages 41 and 42.

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.

The Board has identified the following as potential emerging risks:

Demographic change

Ageing population, increasing financial inequality and new trends in social attitudes.

Technological change

Artificial intelligence, sector disruption, changes to existing job roles, ethical oversight of technological change, autonomous vehicles, electrification and healthcare impact.

Environmental sustainability

Climate change, decarbonisation, extreme bad weather events, increasing legislation/political action, resource scarcity and reputational consequences.

Political change

Tax risk (including impact on dividends paid by the Company to shareholders) and impact on performance if the UK were to remain out of favour.

The Company's emerging risks are macro-economic and political in nature and over which the Company has no control. The Board monitors these emerging risks and, if specific action relating to the investments, or the Company's marketing approach were to arise the Board would take appropriate action.

Our approach to ESG matters

Defining ESG

- Environmental factors include climate change, energy efficiency, resource depletion and water and waste management.
- Social factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.
- Governance factors include mitigating risks such as bribery and corruption, questioning board diversity, executive pay, accounting standards and shareholder rights, and positively influencing corporate behaviour.

Environmental, social and governance ("ESG") policy

Investment approach and ESG engagement

Responsible Investment is the term used to cover the Manager's work on ESG issues in the Company's investee companies. It is very wide ranging and all investment decisions are made with consideration of the ESG context. It is an important part of the investment process, and is incorporated at both the Board and Fund Managers' level and in conjunction with the Janus Henderson Governance & Stewardship team.

In some ESG areas the issues are easily measurable and considerable progress can be seen.

The governance of many businesses has improved. Board composition has become more diverse and gender equality is gradually being tackled by the business community. Remuneration packages are (broadly) being set with careful consideration in dialogue with shareholders, and many of the investee companies within this portfolio have good levels of management ownership so shareholders and management teams are well aligned.

There are, however, some ESG issues that are more subjective and as a result progress is difficult to monitor. The environmental area is particularly challenging. We prefer dialogue with, rather than the exclusion of, companies or sectors that do not score as highly in environmental screening so as to try and understand the issues. For example, the portfolio continues to hold companies with exposure to fossil fuels. It is our view that in the current energy transition there will continue to be a need for fossil fuels, particularly lower carbon emission fuels such as natural gas.

One of the ways an awareness of these issues colours all investment decisions is in the search for companies that are positively helping to provide the answers. When viewed in this context, ESG issues are both a challenge and also an investment opportunity. For example, many of the early stage companies held within the portfolio are addressing the need for de-carbonisation through a variety of technologies including solid state batteries, renewable energy and fuel cells. There are also companies held within the portfolio where their end products could have a material societal benefit if they become fully commercialised. For example, companies developing less invasive surgical tools, or low cost gene sequencing that would allow more personalised medicine.

Janus Henderson seeks to protect and enhance value for the Company's shareholders through active management, integration of ESG factors into investment decision making, company engagement and voting.

Voting and the Stewardship Code

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 investee companies' shareholders and made in consultation with the Fund Managers, who have an in-depth understanding of the respective company's operations. On occasion, the Manager might make a voting decision following consultation with the Chairman of the Board. Voting decisions are taken in keeping with the provisions of the Manager's ESG Investment Principles (see **www.janushenderson.com**) which set out the Manager's approach to corporate governance and compliance with the Stewardship Code (see **www.frc.org.uk**). The Manager is also a signatory to the Principles for Responsible Investment (see **www.unpri.org**) and an active member of a wide range of organisations and initiatives that work to promote ESG integration and responsible investment.

In the year to 31 October 2022, investee companies held 122 general meetings and the shares held in the Company's portfolio were voted at 99.2% of these meetings. The level of governance in the companies held in the portfolio is generally of a high standard which meant support in favour of the majority of resolutions proposed by management was warranted and the Company voted with management on the majority of occasions (1,462 resolutions). However, in respect of 2% of the resolutions proposed, the Fund Managers believed that support in line with management recommendation was not warranted so the shares were voted against management recommendation on 28 resolutions, with abstentions recorded for 7 resolutions.

During the year the Manager and Fund Managers engaged with management and non-executives of companies held by the Company to discuss corporate governance issues and to help shape their policies on such matters. We go into three case studies of recent engagements below. These engagements have taken place either directly via the Fund Management team and/or via the Governance & Stewardship team at Janus Henderson.

Marks & Spencer (M&S)

Categories: Social

The Fund Managers and Governance & Stewardship team held a meeting with the M&S responsible sourcing team to discuss supply chain practices. The discussion was wide ranging, covering oversight and monitoring of working practises, policies around fair wages for workers and which geographies are high risk to operate in. The reason for hosting the meeting was that Sustainalytics (a third-party system which Janus Henderson uses to monitor ESG risks) identified that M&S had issues in relation to supply chain practices. The Fund Managers therefore wanted to follow up directly with the company in order to better understand these issues. The conclusion reached following the meeting was that M&S have good, and improving, oversight of their supply chain (while

Our approach to ESG matters (continued)

acknowledging that in a retailer of this size, the breadth of the supply chain creates a challenge for monitoring).

Rio Tinto

Categories: Environmental, Social

The Governance & Stewardship team alongside the investment team have engaged with Rio Tinto throughout the year, holding wide-ranging discussions on ESG. Discussions encompassed the company's decarbonisation targets, which it aims to meet through increasing its use of renewables and through research and development of new technologies. Discussions also covered the changes the company has made following the destruction of ancient rock shelters in the Juukan Gorge in 2020. The Juukan Gorge is located in the Pilbara region of Western Australia, and the rock shelters destroyed were of huge cultural and archaeological significance having had Aboriginal occupation for an estimated 46,000 years. Following the tragedy, the company has changed some of its processes and is willing to spend the time and money to ensure that they operate appropriately.

More recently the team held a call with the company's Chief People Officer, where the Work Place Culture Report was discussed. The report, released in February 2022, is an independent, transparent report addressing Rio's workplace culture and a framework for action. The 8-month study saw more than 10,000 people share their workplace experiences and documented numerous accounts of sexual harassment, attempted rape, as well as flagging systemic racism, bullying and sexism. The Report has been well-received internally for its transparency, and the company has seen an uptick in employees raising concerns, which is viewed positively as it shows that employees recognise that leaders are acknowledging their experiences. However, the key performance indicators ("KPIs") are not yet tangible, and there is currently no commitment to increase alignment with leadership short term incentives ("STIs"). The team continue to engage with the company and monitor the action taken to ensure that it is acting appropriately in this area.

Aviva

Categories: Social

Sometimes, company engagements prove to be a robust exchange of views and sometimes they are a positive update of what the company is doing. An example being Aviva. The Governance & Stewardship team alongside the investment team held a call with Aviva's Chief People Officer to assess the initiatives taken by Aviva on diversity, equity and inclusion ("DE&I"). Aviva discussed their programmes aimed at increasing diversity in the workplace, including an equal parental leave policy, a returners programme and its reverse mentoring programmes, which aim to foster relationships between senior leadership and more junior ethnic minority and LGBTQ+ employees. They provided detailed reporting on diversity metrics, highlighting their commitment and the progress already made on increasing diversity within the business.

Climate change/the environment

As an investment company, 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 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The Fund Managers engage with investee companies on environmental matters where they arise. The Company's indirect impact occurs through the investments it makes, and the Fund Managers monitor the carbon footprint of the portfolio as a measure of its carbon intensity.

Janus Henderson recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2019, Janus Henderson committed to reducing its carbon footprint by 15% per full-time employee over three years based on 2018 consumption. In 2021, Janus Henderson reached this target and set new five-year targets in 2022 in line with guidance from the Science-Based Target Initiative to reduce Scope 1 (fuel) and Scope 2 (electricity) emissions by 29.4%, as well as Scope 3 (business travel, hotel stays, freight, paper consumption, water, waste) operational emissions by 17.5%. In addition to this, Janus Henderson has maintained a CarbonNeutral® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 emissions each year. Through this process, Janus Henderson has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects Janus Henderson supports have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits. Janus Henderson discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including the Streamlined Energy and Carbon Reporting regulations and CDP, as well as in its Annual Report and in its 2021 Impact Report, which provide more 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. The Company has received assurances from its main suppliers that they maintain a zero-tolerance policy towards the provision of illegal services.

Approval

The Strategic Report has been approved by the Board.

On behalf of the Board

Wendy Colquhoun
Chairman
2 February 2023

Governance

Board of Directors

The Directors appointed to the Board at the date of this Annual Report are:

Wendy Colquhoun

Position: Chairman

Date of appointment: 1 September 2018 (Chairman 11 March 2021)

Relevant skills and experience: Wendy was previously a senior corporate partner at international law firm CMS Cameron McKenna Nabarro Olswang LLP and advised investment trust boards for over 25 years on advisory and transactional matters. She has also previously held positions at Dickson Minto and Linklaters.

External appointments: Wendy is a non-executive director of Schroder UK Mid Cap Fund plc and Capital Gearing Trust P.l.c.

Davina Curling

Position: Independent non-executive Director

Date of appointment: 1 November 2019

Relevant skills and experience: Davina has over 25 years of fund management experience. Davina was managing director and head of Pan European equities at Russell Investments. Prior to that she was head of European equities at F&C, ISIS and Royal & SunAlliance. Davina has also previously held positions at Nikko Capital Management (UK) and Kleinwort Benson.

External appointments: Davina is currently a non-executive director of Invesco Select Trust plc and BlackRock Greater Europe Investment Trust plc and a member of the investment committee of St James's Place. She is currently a trustee of the Rosanna Hospital Charity.

Frances Daley

Position: Audit and Risk Committee Chairman

Date of appointment: 18 June 2015

Relevant skills and experience: Frances is a Chartered Accountant (FCA) with significant financial and commercial experience having held several senior finance and general management positions in accountancy, investment banking and corporate sector companies over the last 30 years.

External appointments: Frances is the chairman of Barings Emerging EMEA Opportunities PLC and a non-executive director of Regional REIT Limited.

Harry Morgan

Position: Independent non-executive Director

Date of appointment: 1 August 2021

Relevant skills and experience: Harry has over 30 years' experience of investment management for private clients, financial advisers and charities. Harry was previously a director of investment management and head of key clients (Scotland) for Tilney and a non-executive director of the Association of Investment Companies. Harry has also held senior investment management positions at Adam & Company, Newton and Edinburgh Fund Managers. He is a Fellow of the Chartered Institute for Securities and Investment, and holds an MBA from the Edinburgh Business School.

External appointments: Harry is a non-executive director of Mid Wynd International Investment Trust plc. He is also a member of the investment committees of the Robertson Trust, the Royal Society of Edinburgh and the National Trust for Scotland.

All Directors are non-executive and independent of Janus Henderson. All are members of the Audit and Risk Committee, chaired by Frances Daley, and the Insider Committee, Management Engagement Committee and Nominations Committee, chaired by Wendy Colquhoun.

Corporate governance report

Corporate governance

The Board is accountable to shareholders for the governance of the Company's day-to-day affairs and is pleased to report 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") issued by the Financial Reporting Council ("FRC") 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 AIC Code of Corporate Governance ("AIC Code") issued in February 2019. The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders about the Company's governance arrangements, and that by reporting against the AIC Code the Company has met its obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The UK Code is available on the FRC website (**www.frc.org.uk**). The AIC Code is available on the AIC website (**www.theaic.co.uk**) and includes an explanation of how the AIC Code adapts the UK Code's principles and provisions for investment companies.

Statement of compliance

No senior independent director has been appointed; as the Chairman of the Audit and Risk Committee leads the annual evaluation of the Chairman's performance and shareholders are invited to raise any concerns with either the Chairman of the Audit and Risk Committee or with any of the other Directors, each of whom has areas of expertise on which they lead.

The Company has no chief executive or other executive directors and has therefore not reported further in respect of these provisions.

In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the Audit and Risk Committee considers the need for such a function at least annually (see page 42 for further information).

As the Company has no employees and has a small Board of solely non-executive Directors, the Board has not established a separate Remuneration Committee. The remuneration of Directors is dealt with by the Board as a whole.

The Company has complied with all other principles and provisions of the AIC Code throughout the year to 31 October 2022.

Directors

The Board has set, and each Director has agreed to adopt, generic terms and conditions of appointment of non-executive Directors of the Company.

Any shareholder wishing to inspect the terms and conditions can do so by making a request to the Corporate Secretary at **itsecretariat@janushenderson.com**.

Appointment and retirement

The Board may appoint Directors to the Board without shareholder approval. Any Director so appointed must stand for appointment by the shareholders at the next AGM in accordance with the Articles.

In accordance with the AIC Code, all Directors will stand for re-appointment annually.

The contribution and performance of the Directors seeking re-appointment was reviewed by the Nominations Committee at its meeting in December 2022, which recommended their continuing appointment to the Board.

Under the Articles shareholders may remove a Director before the end of his or her term by passing a special resolution at a meeting. A special resolution is passed if more than 75% of the votes cast, in person or by proxy, are in favour of the resolution.

Chris Hills retired from the Board with effect from the conclusion of the AGM in March 2022.

Tenure

Whilst there is no requirement to implement a formal tenure policy for Directors (other than the Chairman), it is not anticipated that any of the Directors would normally serve in excess of nine years. In exceptional circumstances, which would be fully explained to shareholders at the time, a one or two year extension might be necessary.

Chairman tenure policy

Given the entirely non-executive nature of the Board and as the Chairman may not be appointed as such at the time of their initial appointment as a Director, the Chairman's tenure may be longer than nine years where this is considered by the Board to be in the best interests of the Company. As with all Directors, the continuing appointment of the Chairman is subject to satisfactory performance evaluation and annual re-appointment by shareholders and may be further subject to the particular circumstances of the Company at the time

Corporate governance report (continued)

he or she intends to retire from the Board. The Directors are cognisant of the benefits of Board diversity and the regular refreshment of the Board's membership and seek to refresh the Board while retaining a balance of knowledge of the Company, diversity and the relationship with the Fund Managers.

Directors' independence

All Directors are non-executive and have a range of other interests. At the Nominations Committee meeting in December 2022, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of the Manager. The Board has determined that all Directors are independent in character and judgement and that their individual skills, broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

There were no contracts in force during or at the end of the year in which a Director of the Company 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.

Directors' conflicts of interest

The Company's Articles 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 for consideration by those Directors who have no interest in the matter. In deciding whether to authorise the situational conflict, the non-conflicted Directors must act honestly and in good faith in 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 minutes of the relevant meeting and the register of directors' interests. The prescribed procedures would be followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the system it has in place for reporting and considering situational conflicts continues to operate effectively. The Chairman has had no relationships that may have created a conflict between her interests and those of the Company's shareholders.

Directors' professional development

When a new Director is appointed he or she attends an induction seminar which is held 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 are also able to attend external training facilities and industry seminars at the expense of the Company and each Director's individual training requirements are considered as part of the annual performance evaluation.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover was in place throughout the financial year and remains in place at the date of this report. The Company's Articles provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising from their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Corporate governance report (continued)

The Board's Committees

The Board has three principal Committees: the Audit and Risk Committee, the Management Engagement Committee and the Nominations Committee.

Board of Directors
comprises four independent non-executive directors

Chairman: Wendy Colquhoun

Audit and Risk Committee
Chairman: Frances Daley

Purpose: Ensure the integrity of the financial reporting, evaluate the effectiveness of the systems of internal control and risk management and oversee the relationship with the external auditor

Management Engagement Committee
Chairman: Wendy Colquhoun

Purpose: Ensure that the performance of third-party service providers meet expectations and their terms of engagement remain appropriate

Nominations Committee
Chairman: Wendy Colquhoun

Purpose: Ensure the Board has a balance of skills, experience and diversity, oversee performance evaluations of the Board and its Committees, a formal approach to the appointment of directors and ensure the maintenance of an effective framework for succession planning

Third-party service providers appointed by the Board

Janus Henderson
Fund Managers: James Henderson and Laura Foll

Investment Management, Sales, Marketing, Corporate Secretary

Alternative Investment Fund Manager:
Janus Henderson Fund Management UK Limited

Janus Henderson has contracted with BNP Paribas to provide accounting and administration services

HSBC Bank plc
Depositary and Custodian

J. P. Morgan Cazenove
Corporate Broker

Computershare Investor Services plc
Registrar

The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules. All Directors are members of the Insider Committee, which is chaired by the Chairman of the Board.

The terms of reference for each Committee are kept under regular review by the Board and are available on the Company's website **www.hendersonopportunitiestrust.com**. The reports on the activities of each of the Board's principal Committees are set out on pages 38 to 42.

Corporate governance report (continued)

Board of Directors

The Board comprises four non-executive Directors. Their biographies are included on page 32. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their position as Directors. All of the current Directors served throughout the year. All Directors are resident in the UK. Chris Hills was a Director until his retirement at the conclusion of the AGM in March 2022.

Role of the Board

The Board is collectively responsible for the success of the Company. Its role is to provide leadership within a framework of prudent and effective controls that enables risk to be assessed and managed. The Board is responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and others are understood and met. The Board sets the Company's strategic aims (subject to the Company's Articles, and to such approval of the shareholders in general meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

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 Fund Managers and representatives of the Corporate Secretary between formal meetings.

The Chairman is responsible for leading the Board and for ensuring that it continues to deal effectively with all aspects of its responsibilities. Further detail on the Role of the Chairman is available on the Company's website **www.hendersonopportunitiestrust.com**.

The Board has a formal schedule of matters specifically reserved for its decision, which include: strategy and management; structure and capital; financial reporting and controls; internal controls and risk management; contracts; communications and public relations; Board membership and other appointments; delegation of authority; remuneration; corporate governance; and policies. The schedule of matters reserved for the Board is available on the website **www.hendersonopportunitiestrust.com**.

The Board is responsible for the approval of annual and half year results and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects.

At each meeting the Directors follow a formal agenda, which includes a review of the Company's NAV, share price, discount, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure control is maintained over the affairs of the Company. The Board monitors compliance with the Company's Investment Objective and is responsible for setting asset allocation, investment and gearing limits within which the Manager has discretion to act, and regularly reviews investment strategy. The Board receives regular reports from the Manager on marketing and investor relations.

The Board has adopted a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company. To enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Board attendance

The table below sets out the number of scheduled Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors appointed to the Board at that time attended the AGM in March 2022.

	Board	ARC	MEC	NC
Number of meetings	**5**	**3**	**1**	**1**
Wendy Colquhoun	5/5	3/3	1/1	1/1
Davina Curling	5/5	3/3	1/1	1/1
Frances Daley	5/5	3/3	1/1	1/1
Chris Hills[1]	3/3	2/2	n/a	1/1
Harry Morgan	5/5	3/3	1/1	1/1

ARC: Audit and Risk Committee
MEC: Management Engagement Committee
NC: Nominations Committee
1 Retired 10 March 2022

The Insider Committee did not meet during the year.

The Directors and Committees of the Board also met during the year to undertake business such as the approval of the Company's results and dividends and to consider other ad hoc matters.

Performance evaluation

The Nominations Committee has conducted a review of the Board's performance, together with that of its Committees, the Chairman and each individual Director for the year under review. The Nominations Committee met without the Chairman present to discuss the performance of the Chairman. The evaluation of the Board, its Committees and each individual Director was conducted by way of an evaluation questionnaire. The results of the questionnaires were supplied to the Chairman who collated the results and provided a summary to the Board. The Chairman of the Audit and Risk Committee led the Chairman's evaluation. It was concluded that the performance of the Board, its Committees, the Chairman and each individual Director was satisfactory and the Board has a good balance of skills and experience. In particular, it is considered that each Director makes a significant contribution to the affairs of the Company, the Chairman continues to display effective leadership and Directors seeking re-appointment at the Company's AGM merit re-appointment by shareholders.

Corporate governance report (continued)

Audit, risk and internal control

The Board has established an Audit and Risk Committee, whose report is on pages 40 to 42. The report explains why the Company does not have its own internal audit function, how the independence and effectiveness of the external auditor is assessed, and how the Board satisfies itself on the integrity of the financial statements. The report covers the process by which the Board satisfied itself that the Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. It also describes risk management procedures, as well as how the Board oversees the internal control framework and determines the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

Relationship with Janus Henderson

The Board has contractually delegated to external third parties the management of the investment portfolio, the custodial services (which include the safeguarding of the assets delegated through the appointment of the Depositary as explained on page 74), the day-to-day accounting and cash management, company secretarial and administration requirements and registration services. Each of these 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 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 invited to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson. This provides a forum to discuss industry matters which are then 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 Janus Henderson attend Board meetings 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 minuted, ensuring that any Director's concerns are recorded. The Board and the Manager operate in a supportive, co-operative and open environment.

The Corporate Secretary, Janus Henderson Secretarial Services UK 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 Janus Henderson Secretarial Services UK Limited and Janus Henderson, 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 established procedures in place.

Janus Henderson and BNP Paribas, 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.

Continuing appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager are contained on pages 20 and 21.

In addition to the monitoring of investment performance at each Board meeting, the Management Engagement Committee undertakes an annual review of the Company's investment performance over both the short and longer term, together with the quality of other services provided by the Manager including company secretarial and accounting.

Following the annual review (see Management Engagement Committee on page 38 for more detail), it is the Directors' opinion that the continuing appointment of the Manager on the existing terms is in the best interests of the Company and the shareholders as a whole.

Corporate governance report (continued)

Management Engagement Committee

The Management Engagement Committee is responsible for reviewing the management contract on a regular basis, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders and also for reviewing the performance and cost effectiveness of the Company's other service providers.

Membership

All Directors are members of the Management Engagement Committee, which is chaired by the Chairman of the Board.

Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the AIC peer group, the share price total return, NAV total return, dividend growth and dividend yield;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its competitors in the AIC peer group and other Janus Henderson managed investment trusts;
- the key clauses of the management agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the Broker, Depositary, Custodian, Registrar, research providers, auditors, legal counsel and the Company's accountants.

Continuing appointment of the Manager

Following completion of its annual review of the Manager in September 2022, the Committee concluded that the continued appointment of the Manager remained in the best interests of the Company and the shareholders, and therefore recommended to the Board the continued appointment of Janus Henderson for a further year. More detail can be found on page 36.

Committee evaluation

The activities of the Management Engagement Committee were considered as part of the Board appraisal process.

Nominations Committee

The Nominations Committee is responsible for reviewing Board succession planning and tenure policy, the performance of the Board as a whole and the Board Committees and any recommendation to the Board on the appointment of new Directors through an established formal procedure.

Membership

The Committee is chaired by the Chairman of the Board, except when the Chairman's performance or successor is being considered. All Directors are members of the Committee; the Board believes that this is appropriate as the Board comprises only four directors, and to lose the contribution of any Director to the Committee's deliberations would not be in the best interests of shareholders.

Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the composition of the Board and each of its Committees, taking account of the skills, experience and knowledge of each Director, continued to contribute to the success of the Company (see also Board diversity policy on pages 25 and 26);
- the outcome 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 use of an independent external facilitator for the Board evaluation, concluding that it was not necessary for the year under review. The Chairman will consider the merit of using an external facilitator again in 2023;
- the tenure of each of the Directors, giving consideration as to whether the Board retained a sufficient balance of tenure without becoming complacent;
- the independence of the Directors taking account of the Directors' other commitments, in line with the guidelines established by the AIC Code;
- the time commitment of the Directors, in the context of their other business commitments and appointments, and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board, the tenure of the current Directors and the recommendations of the AIC Code in respect of the length of service of Directors and the Chairman; and
- the performance and contribution of the Directors standing for re-appointment at the forthcoming AGM.

Corporate governance report (continued)

Following completion of its reviews, the Committee concluded that the Board continued to operate effectively. No Director was considered to be ‘overboarded’.

Taking account of the performance of individual Directors, the Committee recommended to the Board that it should support the re-appointment of all Directors at the AGM in March 2023.

When considering succession planning and tenure policy, the Nominations Committee bears in mind the balance of skills, knowledge, experience, gender and diversity of Directors, the achievement of the Company’s Investment Objective and compliance with the Company’s Articles and the AIC Code. Individual performance and the contribution of each Director remain a key element of the Company’s approach in making determinations on tenure.

The Nominations Committee considers diversity as part of the annual performance evaluation and it is considered that there is a broad range of backgrounds, and that each Director brings different qualities to the Board and its discussions. Given the small size of the Board, it is not considered appropriate for the Company to have set targets for gender diversity; candidates are assessed in relation to the relevant needs of the Company at the time of appointment.

The Nominations Committee will make recommendations when the recruitment of additional non-executive Directors is required. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Company may use external agencies as and when recruitment becomes necessary. No such agency was used during the year ended 31 October 2022.

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

The Nominations Committee also reviews any Directors seeking appointment and re-appointment at the AGM and makes recommendations to the Board as to whether this is appropriate. Recommendation is not automatic and will follow a process of evaluation of each Director’s performance and consideration of the Director’s independence. The Nominations Committee also takes into account the mix of skills and experience of the current Board members. The Committee considers the time commitment of the Directors including other business commitments and appointments. Having considered the performance of individual Directors, the Committee recommended to the Board that it should support the re-appointment of the Directors at the 2023 AGM.

The Nominations Committee meets in December each year to carry out its annual review of the Board and its Committees. The results of the performance evaluation are detailed on page 36.

Committee evaluation

The activities of the Nominations Committee were considered as part of the Board appraisal process.

Audit and Risk Committee report

The Audit and Risk 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 oversees the relationship with the external auditor.

Composition

The Audit and Risk Committee comprises all Directors and is chaired by Frances Daley, who is a Chartered Accountant. The other Audit and Risk Committee members have a combination of financial, investment and other experience gained throughout their careers and the Board is satisfied that at least one of the Audit and Risk Committee members has recent and relevant financial experience. The Audit and Risk Committee as a whole is considered to have competence relevant to the financial services sector. The biographies of the Audit and Risk Committee members are shown on page 32. All members of the Audit and Risk Committee are independent. The Board believes that it is appropriate for the Chairman of the Board to be a member of the Audit and Risk Committee. This is because the Board comprises only four directors, and to lose the Chairman's contribution to the Audit and Risk Committee's deliberations would not be in the best interests of shareholders, given her experience and expertise. The Audit and Risk Committee will monitor the situation and take into account shareholder views on the matter.

Meetings

The Audit and Risk Committee met formally three times during the year under review: in advance of the publication of both the annual and the half year results and on one other occasion with an agenda that was focused on its broader responsibilities. The Company's auditor is invited to attend meetings as necessary. Representatives of the Manager (including representatives of the Operational Risk, Internal Audit and Business Continuity functions, and the Chief Information Security Officer), BNP Paribas and the Depositary/ Custodian may also be invited.

Role and responsibilities

The role of the Audit and Risk Committee is to assist the Board in applying the financial reporting and internal control principles and to maintain an appropriate relationship with the auditor.

In the year under review the main duties undertaken were:

- consideration of the appropriateness of the Company's accounting policies and of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from Janus Henderson;
- a review of the half year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model, strategy and continued operation (including advising the Board on whether the Company is able to meet its liabilities as they fall due) in order to make recommendations to the Board. In assessing whether the report is fair, balanced and understandable, 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 auditor, the Manager and the Corporate Secretary;
- consideration of the valuation of the Company's unquoted and nil value investments for recommendation to the Board;
- consideration of the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- consideration of the internal controls in place at Janus Henderson and the Company's other principal third-party service providers;
- consideration of Janus Henderson's policies in relation to information security and business continuity, meeting with representatives of Janus Henderson's internal audit, information security and risk departments periodically;
- consideration of the key risks, risk management systems in place and the Company's risk map;
- consideration of the Company's Anti-Bribery Policy and the policies and procedures in place to prevent tax evasion;
- annual consideration of whether there is a need for an internal audit function;
- consideration of the appointment of the auditor, the auditor's independence, objectivity, effectiveness, provision of any non-audit services and tenure of appointment;
- consideration of the audit plan, including the principal areas of focus;
- consideration of the nature, scope and cost of the external audit and the findings therefrom;
- consideration of Janus Henderson's whistleblowing policy for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence;
- consideration of the management fee and performance fee calculations; and
- consideration of the annual confirmation from the Company's Depositary in respect of the safe-keeping of the Company's assets.

Committee evaluation

The Committee's responsibilities are set out in formal terms of reference which are reviewed at least annually. The Committee formally reports to the Board after each of its meetings and the Committee's activities were considered as part of the Board appraisal process.

Audit and Risk Committee report (continued)

Annual report for the year ended 31 October 2022

In relation to the Annual Report for the year ended 31 October 2022 the following significant issues were considered by the Audit and Risk Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	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 have received quarterly reports and an annual confirmation from the Depositary who has responsibility for overseeing operations of the Company, including verification of ownership and valuation.
Recognition of income	Income received is accounted for in line with the Company's accounting policies, as set out on page 60, and is reviewed by the Committee.
Compliance with Section 1158 of the Corporation Tax Act 2010	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.
Maintaining internal controls	The Committee receives regular reports on internal controls from Janus Henderson and its delegates and has access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit. The assurance report for one of the Company's service providers was qualified by their service auditor. The Committee reviewed the instances giving rise to the qualification and received confirmation that the exceptions identified had no impact on the Company.
Performance fee	The calculation of the performance fee payable to Janus Henderson is reviewed by the Audit and Risk Committee before being approved by the Board. No performance fee was payable in respect of the year ended 31 October 2022.
Resource risk	The Company's day-to-day activities are delegated to third parties. The Committee monitors the performance of third party suppliers on an ongoing basis.

The Committee is satisfied that the annual report for the year ended 31 October 2022, 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.

Internal control and risk management

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Audit and Risk Committee supports the Board in the continuous monitoring of the internal control and risk management framework (see Managing our risks on pages 27 to 28).

The Board has established an ongoing process for identifying, evaluating and managing the principal and new or emerging 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;
- the 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 reports received and conducts a formal evaluation of the overall level of service provided at least annually (see Management Engagement Committee on page 38);
- the review of controls 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 provided by:
  - the Manager's Operational 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 areas of operation which are relevant to the Company.

Audit and Risk Committee report (continued)

The Board has reviewed the Company's system of internal controls for the year ended 31 October 2022. During the course of its review the Board has not identified or been advised of any failings or weaknesses relating to the Company's portfolio 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 and Risk Committee's view on reporting received from specific second and third line of defence teams at the Manager.

The Manager's Operational Risk team supports the Audit and Risk 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 and Risk 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.

Auditor appointment and tenure

Regulations currently in force require the Company to rotate audit firms after a period of ten 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 Committee last carried out an audit tender process in 2017 which led to the appointment of BDO LLP ("BDO") for the statutory audit for the financial year ended 31 October 2018 and the audits since that date.

The auditor is required to rotate partners every five years. This is the fifth year that the current audit partner has been in place. A new audit partner will be in place for the statutory audit from the financial year ended 2023.

Auditor review and independence

The Committee monitors the auditor's objectivity and independence through the approval of a policy regulating the non-audit services that may be provided by the auditor to the Company, assessing the appropriateness of audit fees paid and by reviewing the information and assurances provided by the auditor on their compliance with the relevant ethical standards.

BDO confirmed that all 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.

Non-audit services policy

The Audit and Risk Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditor. The Audit and Risk Committee has determined that the statutory auditor will not be engaged to provide any non-audit services without the approval of the Audit and Risk Committee. The statutory auditor is not pre-approved to provide any non-audit services. The Audit and Risk Committee may approve the provision of non-audit services if they consider such services to be:

- relevant to the statutory audit work;
- more efficiently provided by the statutory audit firm than by a third party; and
- at low risk of impairing the independence, objectivity and effectiveness of the audit.

The Audit and Risk Committee will refer to the Board any engagement with a cost or potential cost greater than £10,000. All engagements for non-audit services will be determined on a case-by-case basis. 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 preceding the financial period to which the cap applies.

No non-audit services have been provided by BDO since their appointment.

Effectiveness of the external audit

The Audit and Risk Committee has the opportunity to discuss the audit process with the auditor without representatives of the Manager present and considers the effectiveness of the audit process.

The Committee considers the effectiveness of the audit process after each audit. The FRC's Audit Quality Inspection Report is supplied to the Audit and Risk Committee for information to assist with the assessment of the auditor's effectiveness.

The Audit and Risk Committee remained satisfied with the performance of BDO for the year ended 31 October 2022 and recommended their continuing appointment to the Board. A resolution to re-appoint BDO as statutory auditor will be put shareholders at the AGM in March 2023.

Fees

Fees paid or payable to the auditor are detailed in Note 6 on page 63.

Frances Daley
Audit and Risk Committee Chairman
2 February 2023

Directors' remuneration report

Annual statement

As Chairman, Wendy Colquhoun reports that following an annual review of fees in June 2022, Directors' fees were increased with effect from 1 July 2022 to £35,300 for the Chairman, £29,800 for the Audit and Risk Committee Chairman and £24,200 for other Directors. When making the decision to increase remuneration the Directors reviewed the fees paid to the boards of directors of other comparable investment trust companies. The Directors consider a relatively small but focused Board to be appropriate given the size of the Company and since the conclusion of the AGM in March 2022 there have been four Directors on the Board.

As required by Section 439 of the Act, an ordinary resolution to approve the Directors' remuneration report will be proposed at the AGM on 8 March 2023. The vote is advisory.

The Company's remuneration policy was last approved by shareholders at the AGM in 2020. In accordance with section 439A of the Act, the remuneration policy will be put to shareholders at the forthcoming AGM. Subject to approval the policy will remain in place until 2026, unless amended by way of an ordinary resolution put to shareholders at a general meeting. No changes to the policy are proposed and there will be no significant change in the way that the remuneration policy will be implemented in the course of the next financial year.

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.

Report on implementation

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 (the "Regulations"). The report also meets the relevant requirements of the Act and the Listing Rules of the FCA and describes how the Board has applied the principles relating to Directors' remuneration.

The Board may amend the level of remuneration paid to individual Directors within the parameters of the remuneration policy.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties. The Board has agreed that the Directors can currently claim up to a cap of £250 per Director per Board meeting.

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

All Directors are non-executive and the Company has no chief executive officer or employees; therefore 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 as a whole considers the Directors' remuneration. The Board has not appointed a remuneration committee to consider such matters. 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 directors of other comparable investment trust companies).

In determining the remuneration policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements, the AIC Code and whether the policy supports the Company's long-term sustainable success.

Remuneration policy

Directors are remunerated in the form of fees, payable quarterly in arrears. The Company's Articles limit the fees payable to the Directors in aggregate to £150,000 per annum. Subject to the overall limit, the Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to promote the long-term success of the Company.

All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit and Risk Committee who are paid a higher fee in recognition of their additional responsibilities. The policy is to review fee rates annually, although such review will not necessarily result in any change to the rates, and account is taken of fees paid to the Directors of other investment trust companies.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

No Director has a service contract with the Company. Directors' appointments may be terminated at any time by written notice with no compensation payable.

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

Directors' remuneration report (continued)

Directors' interests in shares (audited)

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the table below.

	Ordinary shares of 25p	
	31 October 2022 or date of retirement, if earlier	1 November 2021
Wendy Colquhoun	**2,000**	1,000
Davina Curling	**800**	800
Frances Daley	**2,000**	2,000
Chris Hills[1]	**4,000**	4,000
Harry Morgan	**1,983**	1,250

1 Retired on 10 March 2022

Harry Morgan received 5 shares under a dividend reinvestment plan on 12 January 2023. There have been no other changes to the Directors' holdings in the period 1 November 2022 to the date of this Annual Report.

In accordance with the Company's Articles no Director is required to hold any shares in the Company by way of qualification.

Directors' remuneration (audited)

The remuneration paid to the Directors who served during the years ended 31 October 2022 and 31 October 2021 was as follows:

	Year ended 31 October 2022 Total salary and fees £	Year ended 31 October 2021 Total salary and fees £	**Year ended 31 October 2022 Expenses and taxable benefits £**	Year ended 31 October 2021 Expenses and taxable benefits £	**Year ended 31 October 2022 Total £**	Year ended 31 October 2021 Total £
Wendy Colquhoun[1]	33,183	26,869	500	250	33,683	27,119
Davina Curling	22,735	20,668	80	86	22,815	20,754
Frances Daley[2]	27,976	25,444	–	–	27,976	25,444
Chris Hills[3]	7,864	20,687	–	–	7,864	20,687
Peter Jones[4]	–	10,467	–	–	–	10,467
Harry Morgan[5]	22,735	5,500	186	–	22,921	5,500
Total	**114,493**	**109,635**	**766**	**336**	**115,259**	**109,971**

Notes:
The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made.

1 Chairman and Highest Paid Director
2 Audit and Risk Committee Chairman
3 Retired on 10 March 2022
4 Retired on 11 March 2021
5 Appointed on 1 August 2021

For the years ended 31 October 2022 and 31 October 2021, the fees paid to Directors were:

Period	Chairman (per annum)	Audit and Risk Committee Chairman (per annum)	Directors (per annum)
1 November 2020 to 30 June 2021	£29,200	£24,600	£20,000
1 July 2021 to 30 June 2022	£32,120	£27,060	£22,000
from 1 July 2022	£35,300	£29,800	£24,200

Directors' remuneration report (continued)

Relative importance of spend on pay

Annual percentage change in Directors' remuneration

The table below sets out the annual percentage change in fees (excluding expenses) for each Director who served during the year ended 31 October 2022:

	Year to 31 October 2022 %	Year to 31 October 2021 %	Year to 31 October 2020 %
Wendy Colquhoun[1]	**23.5**	34.3	0.0
Davina Curling[2]	**10.0**	3.3	n/a
Frances Daley	**10.0**	3.4	0.0
Chris Hills[3]	**n/a**	3.4	0.0
Harry Morgan[4]	**n/a**	n/a	n/a

1 Became Chairman on 11 March 2021
2 Percentage not calculated as joined Board on 1 November 2019
3 Retired from the Board on 10 March 2022
4 Percentages not calculated as joined the Board on 1 August 2021

Expenditure by the Company on remuneration and distributions to shareholders

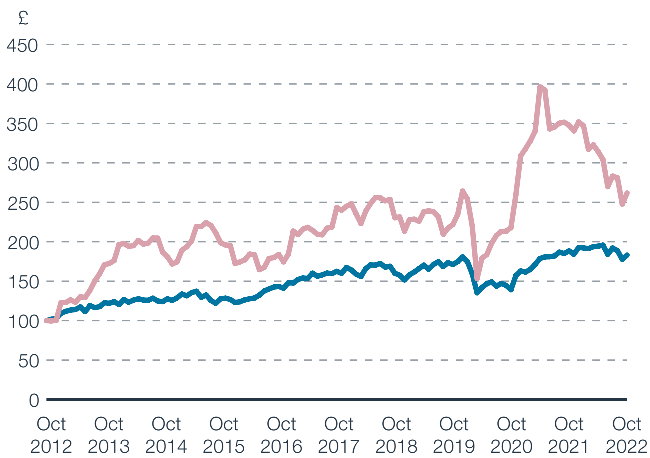
The table below compares the total level of remuneration paid to Directors to the distributions made to shareholders in each year.

	Year ended 31 October 2022 £	Year ended 31 October 2021 £	Change £	%
Total remuneration paid to Directors[1]:	115,259	109,971	5,288	4.8
Distributions to shareholders:				
– Ordinary dividends	2,251,037	2,132,561	118,476	5.6

1 Amounts paid will fluctuate due to the number of Directors in any one year

Performance

The graph below compares the mid-market price of the Company's ordinary shares over the ten year period ended 31 October 2022 with the return from the benchmark, the FTSE All-Share Index, over the same period.



Henderson Opportunities Trust plc share price total return, assuming the investment of £100 on 31 October 2012 and the reinvestment of all dividends (excluding dealing expenses) (source: Morningstar Direct)

FTSE All-Share Index total return, assuming the notional investment of £100 on 31 October 2012 and the reinvestment of all income (excluding dealing expenses) (source: Morningstar Direct)

Statement of voting at AGM

At the 2022 AGM 1,556,235 votes (99.58%) were received in favour (including discretionary) of the resolution seeking approval of the Directors' Remuneration Report, 6,516 (0.42%) were against and 13,738 were withheld. In relation to the approval of the Remuneration Policy, last voted on at the 2020 AGM, 2,483,567 votes (98.88%) were in favour (including discretionary) of the resolution, 24,512 (0.97%) were against, 3,700 (0.15%) were discretionary and 13,318 were withheld. All percentages of votes exclude votes withheld.

Approval

The Directors' remuneration report has been approved by the Board.

On behalf of the Board

Wendy Colquhoun
Chairman
2 February 2023

Directors' report

The Directors present the audited Financial Statements of Henderson Opportunities Trust plc (the "Company") and their report for the year from 1 November 2021 to 31 October 2022. The Company (a public limited company registered and domiciled in England & Wales with company registration number 01940906) was active throughout the year under review and was not dormant.

The Corporate governance statement (see pages 33 to 45) and Viability statement and going concern (see page 22) form part of the Directors' report.

Directors

Details of the Directors and their appointments can be found on page 32. All Directors served throughout the period under review with the exception of Chris Hills who retired as a Director at the conclusion of the AGM on 10 March 2022.

Share capital

The Company's share capital comprises ordinary shares with a nominal value of 25p each. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions on the transfer of the Company's ordinary shares or voting rights, no shares which carry specific rights with regard to the control of the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves and capital reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

At 31 October 2022 and 31 October 2021 there were 8,000,858 ordinary shares in issue (of which 102,483 were held in treasury). No shares were issued or bought back during the year or in the period from 1 November 2022 to 2 February 2023. Shares in treasury do not carry voting rights, therefore, as at 31 October 2022 and 2 February 2023 the number of shares in issue (with voting rights) was 7,898,375.

The Directors seek annual authority from shareholders to allot new ordinary shares, to disapply pre-emption rights of existing shareholders and to buyback ordinary shares for cancellation or to be held in treasury. At the AGM held in March 2022 the Directors were granted authority to allot relevant securities up to an aggregate nominal amount of £197,459 and buyback 1,183,966 shares (being 10% and 14.99% of the issued ordinary share capital, excluding treasury shares, as at 10 March 2022). £197,459 remains available in the allotment authority and 1,183,966 ordinary shares remain available within the buyback authority granted in 2022. These authorities will expire at the conclusion of the 2023 AGM. The Directors intend to renew these authorities subject to shareholder approval.

Fund Managers' interests

James Henderson has a beneficial interest in 85,950 (2021: 85,950) ordinary shares. Laura Foll has a beneficial interest in 2,162 (2021: 1,665) ordinary shares.

Five largest shareholders

As at 31 October 2022 the Company's five largest shareholders were:

	% of voting rights
Hargreaves Lansdown	15.2
Interactive Investor	14.6
Halifax Share Dealing	12.8
Saba Capital Management	7.1
Cazenove Capital Management	5.8

Source: RD:IR

As at 31 October 2022, the Company's share register was estimated to be held 54.9% by retail shareholders and 45.1% by institutional shareholders.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 October 2022 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Saba Capital Management	7.1
Janus Henderson Investors	5.1

The Company has not been notified of any changes in the period 1 November 2022 to 2 February 2023.

Related party transactions

The Company's transactions with related parties in the year were with its Directors and the Manager. There have been no material transactions between the Company and its Directors during the 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 year end. Directors' shareholdings are disclosed on page 44.

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 year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in Note 21 on page 72.

Directors' report (continued)

Dividend

See Note 10 to the Financial Statements which sets out details relating to the dividends paid on the ordinary shares and the recommended final dividend for the year ended 31 October 2022.

Energy and carbon reporting

Details of the Company's disclosures with regard to energy and carbon reporting can be found on page 30.

Post balance sheet events

The Company has no post balance sheet events to report.

Future developments

While the future performance of the Company is mainly dependent on the performance of financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated Investment Objective and strategy explained on pages 20 and 21. The Chairman's statement and Fund Managers' report provide commentary on the outlook for the Company. A continuation vote will be held at the AGM in March 2023. The Directors and the Fund Managers, in respect to their own holdings, intend to vote in favour of this resolution.

Annual General Meeting

The Company's AGM is scheduled to take place at 2.30pm on Wednesday 8 March 2023 at the Company's registered office.

The Notice of Meeting and details of the resolutions to be put to the AGM are contained in the Notice of Meeting being sent to shareholders with this Annual Report.

The meeting will include a presentation by James Henderson and will be broadcast live on the internet. Therefore, shareholders who are unable to attend in person, can watch the meeting by visiting **www.janushenderson.com/trustslive**. If shareholders would like to submit any questions in advance of the AGM, they are welcome to send these to the Corporate Secretary at **itsecretariat@janushenderson.com**.

Re-appointment of auditors

BDO were appointed as auditors at the AGM on 15 March 2018. BDO have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their re-appointment and authorising the directors to determine their remuneration for the ensuing year will be put to shareholders at the forthcoming AGM. Further information in relation to their re-appointment can be found in the Audit and Risk Committee report on page 42.

Directors' statement as to disclosure of information to auditors

Each of the Directors who was a member of the Board at the date of approval of this Report confirms that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's auditor is unaware and he or she has 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 auditor is 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.

Securities financing transactions

As the Company undertakes securities lending it is required to report on securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the accounting period ended 31 October 2022 are detailed on pages 78 to 80.

Other information

Information on financial risk management is detailed on pages 66 to 70.

Approval

The Directors' report has been approved by the Board.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
2 February 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and applicable law). 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Director's report, a strategic report and Director's remuneration report which comply with the requirements of the Companies Act 2006.

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 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 and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. The Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the Directors, who are listed on page 32, confirms that, to the best of his or her knowledge:

- the Company's Financial Statements, which have been prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Annual 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

Wendy Colquhoun
Chairman
2 February 2023

Financial Statements

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2022 and of its loss 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.

We have audited the financial statements of Henderson Opportunities Trust plc (the "Company") for the year ended 31 October 2022, which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the 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 ("UK GAAP")).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the shareholders at the Annual General Meeting on 15 March 2018 to audit the financial statements for the year ended 31 October 2018 and subsequent financial periods. The period of total uninterrupted engagement including reappointments is five years, covering the years ended 31 October 2018 to 31 October 2022. We remain 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 listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the Directors' going concern assessment in light of current market uncertainty and volatility, by:
  - challenging the key assumptions and judgements made such as the investment income forecasts with reference to current year actuals and post year end results;
  - challenging the assumptions and judgements made by the Directors in their stress-tests and considering the impact on covenant compliance of the facility agreement by performing a reverse stress test on the forecast and recalculating covenant requirements to assess compliance with the covenants associated with the facility agreement;
  - calculating financial ratios, including the liquidity of the portfolio of investments to ascertain the financial health of the Company; and
  - in respect of the forthcoming continuation vote, we challenged the Directors on their conclusion that shareholders would vote in favour of continuation considering their efforts to discuss with major shareholders and reviewed past voting history.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc (continued)

Overview

Key audit matters		2022	2021
	Valuation and ownership of investments	✓	✓
Materiality	Financial statements as a whole £0.93m (2021: £1.28m) based on 1% (2021: 1%) of net assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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, including those which 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 scope of our audit addressed the key audit matter
Valuation and ownership of investments (Note 1(d) page 59 and Note 11 page 65 to the financial statements) The investment portfolio at the year end comprised of investments held at fair value through profit or loss of which 99% was quoted. The investment portfolio is the most significant balance in the financial statements and is the key driver of performance therefore there is a potential risk of overstatement of investment valuations. There is a risk that the Company does not legally own the investments at the year end or that the bid prices used to value the investments are incorrect. We therefore determined this to be a key audit matter.	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures on valuation: • confirmed that bid price has been used by agreeing to externally quoted prices; • recalculated the investment valuation by multiplying the number of shares held per the statement obtained from the Custodian by the valuation per share; • reviewed trading volumes around year end to check that there are no contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value, considering the realisation period for individual holdings; • in respect of the ownership of investments, we have obtained direct confirmation from the Custodian regarding all investments held at the Statement of Financial Position date; • in respect of the unquoted investment: assessed whether the assumptions and underlying evidence supporting the year end valuations are in line with UK GAAP and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and challenged management's estimates and judgements in valuing the investment considering the economic environment in which the investment operates; and • ensured that the valuation was based on recent financial information and reviewed the arithmetic accuracy of the valuation. Key observations: Based on our procedures performed we consider the valuation and ownership of investments to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc (continued)

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2022	**2021**
Materiality	£0.93m	£1.28m
Basis for determining materiality	1% of net assets	1% of net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	£0.70m	£0.96m
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment.	

Lower testing threshold

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, could influence the economic decisions of users. As a result, we determined a lower testing threshold for these items of £321,000 (2021: £200,000) based on 10% (2021: 10%) of revenue return before tax.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £46,000 (2021: £60,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc (continued)

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 59; and • the Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 22.
Other Code provisions	• The Directors' statement on fair, balanced and understandable set out on page 48; • the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 27 and 28; • the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 41 and 42; and • the section describing the work of the Audit and Risk Committee set out on pages 40 to 42.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

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

As explained more fully in the statement of Directors' responsibilities, 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.

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA Listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the Company's qualification as an Investment Trust under UK tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud, and considered the fraud risk areas to be management override of controls and valuation of investments.

Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- making enquiries of management and those charged with governance as to their knowledge of any actual or suspected non-compliance with laws and regulations and fraud;
- reviewing correspondence with the relevant authorities to identify any non-compliance with laws and regulations;
- reviewing minutes of Board meetings throughout the period to corroborate responses to enquiries;
- testing the appropriateness of journal entries in the general ledger and adjustments made in the preparation of the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that are outside the normal course of the business for the Company and those that appear to be unusual; and
- the procedures set out in the Key Audit Matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
2 February 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

Notes		Year ended 31 October 2022 Revenue return £'000	Year ended 31 October 2022 Capital return £'000	Year ended 31 October 2022 Total return £'000	Year ended 31 October 2021 Revenue return £'000	Year ended 31 October 2021 Capital return £'000	Year ended 31 October 2021 Total return £'000
2	(Losses)/gains on investments held at fair value through profit or loss	–	(36,112)	(36,112)	–	47,667	47,667
	Gain on foreign exchange	–	–	–	–	1	1
3	Income from investments held at fair value through profit or loss	3,715	–	3,715	2,317	108	2,425
4	Other interest receivable and other income	205	–	205	268	–	268
	Gross revenue and capital gains/(losses)	**3,920**	**(36,112)**	**(32,192)**	**2,585**	**47,776**	**50,361**
5	Management and performance fees	(173)	(404)	(577)	(203)	(1,642)	(1,845)
6	Other administrative expenses	(433)	–	(433)	(379)	–	(379)
	Net return/(loss) before finance costs and taxation	**3,314**	**(36,516)**	**(33,202)**	**2,003**	**46,134**	**48,137**
7	Finance costs	(104)	(241)	(345)	(45)	(105)	(150)
	Net return/(loss) before taxation	**3,210**	**(36,757)**	**(33,547)**	**1,958**	**46,029**	**47,987**
8	Taxation	(1)	–	(1)	(4)	–	(4)
	Net return/(loss) after taxation	**3,209**	**(36,757)**	**(33,548)**	**1,954**	**46,029**	**47,983**
9	Net return/(loss) per ordinary share – basic and diluted	40.63p	(465.37p)	(424.74p)	24.74p	582.77p	607.51p

The total columns of this statement represent the Profit and Loss Account 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 in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

The notes on pages 59 to 72 form part of these financial statements

Statement of Changes in Equity

Notes	Year ended 31 October 2022	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
	At 1 November 2021	2,000	14,838	2,431	107,496	1,732	128,497
10	Ordinary dividends paid	–	–	–	–	(2,251)	(2,251)
10	Refund of unclaimed dividends over 12 years old	–	–	–	–	3	3
	Net (loss)/return after taxation	–	–	–	(36,757)	3,209	(33,548)
	At 31 October 2022	**2,000**	**14,838**	**2,431**	**70,739**	**2,693**	**92,701**

Notes	Year ended 31 October 2021	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
	At 1 November 2020	2,000	14,838	2,431	61,467	1,907	82,643
10	Ordinary dividends paid	–	–	–	–	(2,131)	(2,131)
10	Refund of unclaimed dividends over 12 years old	–	–	–	–	2	2
	Net return after taxation	–	–	–	46,029	1,954	47,983
	At 31 October 2021	**2,000**	**14,838**	**2,431**	**107,496**	**1,732**	**128,497**

The notes on pages 59 to 72 form part of these financial statements

Statement of Financial Position

Notes		31 October 2022 £'000	31 October 2021 £'000
	Fixed assets		
11	**Investments held at fair value through profit or loss**		
	Listed at market value	50,786	65,075
	Quoted on AIM at market value	54,392	81,536
	Unlisted at market value	517	493
		105,695	**147,104**
	Current assets		
12	Investment held at fair value through profit or loss	2	2
13	Debtors	216	90
	Cash at bank and in hand	1,219	1,360
		1,437	**1,452**
14	Creditors: amounts falling due within one year	(14,431)	(20,059)
	Net current liabilities	**(12,994)**	**(18,607)**
	Total assets less current liabilities	**92,701**	**128,497**
	Net assets	**92,701**	**128,497**
	Capital and reserves		
16	Called up share capital	2,000	2,000
	Share premium account	14,838	14,838
17	Capital redemption reserve	2,431	2,431
17	Other capital reserves	70,739	107,496
	Revenue reserve	2,693	1,732
	Total shareholders' funds	**92,701**	**128,497**
19	Net asset value per ordinary share – basic and diluted	1,173.7p	1,626.9p

These financial statements on pages 55 to 72 were approved and authorised for issue by the Board of Directors on 2 February 2023 and were signed on their behalf by:

Wendy Colquhoun
Chairman

The notes on pages 59 to 72 form part of these financial statements

Statement of Cash Flows

	Year ended 31 October 2022 £'000	Year ended 31 October 2021 £'000
Cash flows from operating activities		
Net (loss)/return before taxation	(33,547)	47,987
Add: finance costs	345	150
Add/(less): losses/(gains) on investments held at fair value through profit or loss	36,112	(47,667)
Add: gains on foreign exchange	–	1
Increase in other debtors	(127)	(28)
(Decrease)/increase in creditors	(1,361)	1,295
Net cash inflow from operating activities	**1,422**	**1,738**
Cash flows from investing activities		
Purchase of investments	(15,811)	(36,086)
Sale of investments	20,625	30,812
Proceeds from capital dividends	483	–
Net cash inflow/(outflow) from investing activities	**5,297**	**(5,274)**
Cash flows from financing activities		
Equity dividends paid	(2,248)	(2,129)
Net loans (repaid)/drawn down	(4,261)	4,263
Interest paid	(351)	(120)
Net cash (outflow)/inflow from financing activities	**(6,860)**	**2,014**
Net decrease in cash and cash equivalents	(141)	(1,522)
Cash and cash equivalents at start of year	1,360	2,882
Cash and cash equivalents at end of year	**1,219**	**1,360**
Comprising:		
Cash at bank	**1,219**	**1,360**

The notes on pages 59 to 72 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 83.

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 and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (the "SORP") issued in April 2021.

The principal accounting policies applied in the presentation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented. The Financial Statements have been prepared under the historical cost basis except for the measurement of fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with Section 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

b) Going concern

The Company's Articles of Association require that at the AGM of the Company held in 2008, and every third year thereafter, an ordinary resolution be put to approve the continuation of the Company. The resolution put to the AGM in 2020 was duly passed. The next triennial continuation resolution will be put to the AGM in 2023. In the light of the Directors' consideration of the Company's viability and going concern and as no shareholders have indicated that they will not support the continuation vote, the Directors believe that the Company will continue to exist for the foreseeable future.
The assets of the Company consist almost entirely of securities that are listed (or quoted on AIM) and are readily realisable. The net current liabilities are primarily due to borrowings under the loan facility, and the Company's portfolio is sufficiently liquid to meet the net current liabilities in the unlikely event that the loan needed to be fully repaid. The Board has considered the portfolio's liquidity and covenant compliance in event of significant and prolonged market falls. The securities lending programme entered into by the Company is supported by indemnification and therefore does not impact the liquidity of the portfolio or the Company's going concern. 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 and the principal risks, as well as considering the residual impact of COVID-19, Russia's ongoing invasion of Ukraine and the rise in interest rates, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

c) Significant judgements and areas of estimation uncertainty

Considerations in respect of the classification of any dividends as revenue or capital are set out in accounting policy f) and the valuation policy of any unlisted investments is set out in accounting policy d). There have been no other significant judgements or estimations applied to the Financial Statements.

d) Investments held at fair value through profit or loss

Listed investments, including quoted AIM stocks, are held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid prices or the last trade price depending on the convention of the exchange on which the investment is quoted.

Unlisted investments are held at fair value through profit or loss and are valued by the Directors with regard to the International Private Equity and Venture Capital Guidelines ("IPEV") using primary valuation techniques such as recent transactions and net assets. Where fair value cannot reliably be measured the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired, in which case the value will be reduced. All such valuations are reviewed by both Janus Henderson's EMEA Pricing Committee and by the Directors.

Changes in the 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 on investments held at fair value through profit or loss'. Transaction costs in relation to the purchase or sale of investments are also expensed within this line. All purchases and sales are accounted for on a trade date basis.

e) Foreign currency

The results and financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss, which are denominated in foreign currencies at the Statement of Financial Position date, are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital return or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

f) Income

Dividends receivable from equity shares are taken to the 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. When a dividend received is capital in nature, the associated proportion of the investment's underlying book cost relating to the capital reduction of the investment is allocated to the dividend and the book cost adjusted accordingly. This results in the realised profits from the capital dividend being the value of the dividend received less the underlying book cost allocated to the dividend. Income from fixed interest debt securities and preference shares is recognised using the effective interest rate method in accordance with the SORP. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Bank interest is accounted for on an accruals basis and shown in the revenue return based on amounts to which the Company is entitled.

Fees earned from stock lending are accounted for on an accruals basis and shown in the revenue return based on amounts to which the Company is entitled. This is after deduction of amounts withheld by the counterparty arranging the stock lending facility.

Where the Company enters into a commitment to sub-underwrite an issue of securities, in exchange for the receipt of commission, a derivative financial instrument is recognised initially at fair value. The derivative is re-measured subsequently at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from these derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

g) Management fee, performance fee, administrative expenses and finance costs

All expenses and finance costs are accounted for on an accruals basis.

The Board has determined that the capital return should reflect the indirect costs of earning capital returns. The Company allocates 70% of its management fee and finance costs to the capital return of the Income Statement with the remaining 30% being allocated to the revenue return.

The management fee is calculated quarterly in arrears, as 0.55% per annum of the net assets. No performance fee was accrued in the period (2021: £1,168,000). Performance fees payable are allocated 100% to the capital return. The performance fee is accrued as a liability throughout the year whenever the criteria for a performance fee to be payable are met. The performance fee crystallises and becomes payable at the Company's year end.

All other administrative expenses are charged to the revenue return of the Income Statement.

Expenses which are incidental to the purchase or sale of an investment are recognised immediately in the capital return of the Income Statement, and are included within the gains/losses from investments held at fair value through profit or loss.

h) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable 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 the applicable rate of corporation tax for the accounting period.

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 average 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.

i) Bank borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently remeasured at amortised cost. Finance costs, including interest payable, premiums 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 and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

j) Cash and liquid resources

For the purposes of the Statement of Cash Flows, cash comprises bank deposits that are repayable on demand and bank overdrafts. Liquid resources comprise readily disposable shares of value that do not qualify as cash, and include investments in money market funds as explained more fully in Note 12.

k) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by shareholders. Dividends are recognised within the Statement of Changes in Equity.

l) The issue and repurchase of ordinary shares and the associated costs

The proceeds from the issue of new ordinary shares (including those relating to the sale of shares out of treasury), and the aggregate cost of repurchasing ordinary shares (including those to be held in treasury) are taken directly to equity. Issue costs incurred in respect of new ordinary shares are offset against the proceeds received and dealt with in the share premium account. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in the share premium account. Share issue and repurchase transactions are accounted for on a trade date basis.

m) Capital 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 capital redemption reserve represents the nominal value of ordinary shares that have been repurchased and cancelled.

Other capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on 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 disposals of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- cost 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) Distributions

Distributions can be made from the ‘revenue reserve’ and from realised gains in ‘other capital reserves’. Distributions cannot be made from the ‘share premium account’ or the ‘capital redemption reserve’.

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

	2022 £'000	2021 £'000
Gains on the sale of investments based on historical cost	8,286	11,553
Revaluation losses recognised in previous years	(6,736)	(1,075)
Gains on investments sold in the year based on carrying value at previous Statement of Financial Position date	**1,550**	**10,478**
Revaluation (losses)/gains on investments held at 31 October	(37,662)	37,189
	(36,112)	**47,667**

Included within (losses)/gains on investments are special capital dividends of £483,000 (2021: £149,000). These are accounted for in accordance with accounting policy 1f).

Notes to the Financial Statements (continued)

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

	2022 £'000	2021 £'000
UK:		
Dividends from listed investments	2,668	1,737
Dividends from AIM investments	979	518
	3,647	**2,255**
Non-UK:		
Dividends from listed investments	68	62
	68	**62**
	3,715	**2,317**

4 Other interest receivable and other income

	2022 £'000	2021 £'000
Deposit interest	7	–
Stock lending commission	197	267
Underwriting commission (allocated to revenue)	1	1
	205	**268**

At 31 October 2022, the total value of securities on loan by the Company for stock lending purposes was £9,691,000 (2021: £14,011,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2022 was £17,350,000 (2021: £27,450,000). The Company's agent holds collateral at 31 October 2022 with the value of £10,203,000 (2021: £14,789,000) in respect of securities on loan, the value of which is reviewed on a daily basis and comprises CREST Delivery By Value ("DBVs") and Government Bonds with a market value of 105% (2021: 106%) of the market value of any securities on loan.

During the year the Company was not required to take up shares in respect of underwriting commission; no commission was taken to capital (2021: same).

5 Management and performance fees

	2022			2021		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	173	404	577	203	474	677
Performance fee	–	–	–	–	1,168	1,168
	173	**404**	**577**	**203**	**1,642**	**1,845**

The basis on which the management fee is calculated is set out on page 21 in the Strategic Report. The performance fee is accrued as a liability throughout the year whenever the criteria for a performance fee to be payable are met. The performance fee crystallises and becomes payable at the Company's year end. The allocation between revenue return and capital return is explained in Note 1g) on page 60.

Notes to the Financial Statements (continued)

6 Other administrative expenses

	2022 £'000	2021 £'000
Auditors' remuneration for audit services	38	28
Directors' fees and expenses (see the Directors' remuneration report on page 44)	115	110
Directors' and officers' liability insurance	13	5
Listing and regulatory fees	18	18
Custody fees	7	9
Depositary fees	11	12
Printing and postage	19	11
Registrar's fees	13	11
Marketing expenses recharged by Janus Henderson	30	30
Bank facilities: arrangement and non-utilisation fees	57	71
Other expenses	78	48
Irrecoverable VAT	34	26
	433	**379**

All transactions with Directors are disclosed in the Directors' remuneration report and are related party transactions.

7 Finance costs

	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total £'000
On bank loans and overdrafts	**104**	**241**	**345**	**45**	**105**	**150**

The allocation between revenue return and capital return is explained in Note 1g) on page 60.

8 Taxation

Approved investment trusts are exempt from tax on capital gains.

The tax assessed for the year is the same as (2021: the same as) the applicable rate of corporation tax in the UK for the year ended 31 October 2022 of 19.00% (2021: 19.00%).

The tax charge for the year ended 31 October 2022 is £1,000 (2021: £4,000).

The differences are explained below:

	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total £'000
Net return/(loss) before taxation	**3,210**	**(36,757)**	**(33,547)**	1,958	46,029	47,987
Corporation tax at 19.00% (2021: 19.00%)	610	(6,984)	(6,374)	372	8,746	9,118
Non-taxable UK dividends	(692)	–	(692)	(426)	–	(426)
Non-taxable overseas dividends	(6)	–	(6)	(6)	–	(6)
Other non-taxable income	–	–	–	–	(21)	(21)
Excess management expenses	88	123	211	60	332	392
Irrecoverable overseas withholding tax	1	–	1	4	–	4
Capital losses/(gains) not subject to tax	–	6,861	6,861	–	(9,057)	(9,057)
Total tax charge	**1**	**–**	**1**	**4**	**–**	**4**

No provision for deferred taxation has been made in the current or prior accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax on these items because of its investment trust status. The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers

Notes to the Financial Statements (continued)

8 Taxation (continued)

to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading 'Excess management expenses' in the table on the previous page. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts. Consequently, the Company has not recognised a deferred tax asset totalling £6,222,000 (2021: £5,944,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £24,886,000 (2021: £23,776,000), and based on a prospective tax rate of 25% (2021: 25%). The corporation tax rate will be 25% with effect from 1 April 2023.

9 Net (loss)/return per ordinary share – basic and diluted

The total loss per ordinary share is based on the total loss attributable to the ordinary shares of £33,548,000 (2021: total return of £47,983,000) and on 7,898,375 ordinary shares (2021: 7,898,375) being the weighted average number of shares in issue during the year.

The (loss)/return per ordinary share can be further analysed as follows:

	2022 £'000	2021 £'000
Revenue return	3,209	1,954
Capital (loss)/return	(36,757)	46,029
Total (loss)/return	**(33,548)**	**47,983**
Weighted average number of ordinary shares	**7,898,375**	**7,898,375**

	2022	2021
Revenue return per ordinary share	40.63p	24.74p
Capital (loss)/return per ordinary share	(465.37p)	582.77p
Total (loss)/return per ordinary share – basic and diluted	**(424.74p)**	**607.51p**

10 Ordinary dividends paid

	Record date	Payment date	**2022 £'000**	2021 £'000
Amounts recognised as distributions to equity holders in the year:				
Third Interim dividend for the year ended 31 October 2020 of 6.5p	20 November 2020	18 December 2020	–	513
Final dividend for the year ended 31 October 2020 of 7.5p	19 February 2021	26 March 2021	–	592
First Interim dividend for the year ended 31 October 2021 of 6.5p	21 May 2021	25 June 2021	–	513
Second Interim dividend for the year ended 31 October 2021 of 6.5p	20 August 2021	24 September 2021	–	513
Third Interim dividend for the year ended 31 October 2021 of 6.5p	19 November 2021	17 December 2021	513	–
Final dividend for the year ended 31 October 2021 of 8.0p	18 February 2022	25 March 2022	632	–
First Interim dividend for the year ended 31 October 2022 of 7.0p	20 May 2022	24 June 2022	553	–
Second Interim dividend for the year ended 31 October 2022 of 7.0p	19 August 2022	23 September 2022	553	–
Unclaimed dividends			(3)	(2)
			2,248	**2,129**

Notes to the Financial Statements (continued)

10 Ordinary dividends paid (continued)

The Board declared a third interim dividend of 7.0p per ordinary share, paid on 16 December 2022 to shareholders on the register of the Company at the close of business on 18 November 2022. The ex-dividend date was 17 November 2022. Based on the number of ordinary shares in issue on 31 October 2022, the cost of this dividend was £553,000.

Subject to approval at the AGM, the proposed final dividend of 13.0p per ordinary share will be paid on 24 March 2023 to shareholders on the register of members at the close of business on 17 February 2023. The shares will be quoted ex-dividend on 16 February 2023.

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

	Year ended 31 October 2022 £'000	Year ended 31 October 2021 £'000
Revenue available for distribution by way of dividends for the year	3,209	1,954
First interim dividend for the year ended 31 October 2022: 7.0p (2021: 6.5p)	(553)	(513)
Second interim dividend for the year ended 31 October 2022: 7.0p (2021: 6.5p)	(553)	(513)
Third interim dividend for the year ended 31 October 2022: 7.0p (2021: 6.5p)	(553)	(513)
Proposed final dividend for the year ended 31 October 2022: 13.0p (based on the 7,898,375 ordinary shares in issue at 2 February 2023) (2021: 8.0p on 7,898,375 ordinary shares)	(1,027)	(632)
Transferred to/(from) revenue reserve[1]	**523**	**(217)**

All dividends have been paid or will be paid out of revenue profit and the revenue reserve.

1 Undistributed revenue comprises 13.3% of income from investments (2021: no undistributed revenue)

11 Investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Valuation at 1 November	147,104	94,759
Investment holding (gains)/losses at 1 November	(33,699)	2,414
Cost at 1 November	**113,405**	**97,173**
Purchases at cost	15,811	35,491
Sales at cost	(12,453)	(19,259)
Cost allocated to capital dividends	(369)	–
Cost at 31 October	**116,394**	**113,405**
Investment holding (losses)/gains at 31 October	(10,699)	33,699
Valuation of investments at 31 October	**105,695**	**147,104**

The Company received £20,625,000 (2021: £30,812,000) from investments sold in the year. The book cost of these investments when they were purchased was £12,453,000 (2021: £19,259,000). 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.

All the investments were equity investments (2021: same).

Total transaction costs amounted to £70,000 (2021: £128,000) of which purchase transaction costs for the year ended 31 October 2022 were £61,000 (2021: £114,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the year ended 31 October 2022 were £9,000 (2021: £14,000).

Substantial interests in investments

As at 31 October 2022 the Company held an interest in 3% or more of any class of share capital in Chamberlin, Deltex Medical, Deltic Energy, Jersey Oil & Gas, Orcadian Energy, Van Elle and Westminster (2021: Chamberlin, Deltex Medical, Deltic Energy, IQGeo, Jersey Oil & Gas, Orcadian Energy, Van Elle and Westminster). These investments are not considered material in the context of these financial statements for either year.

Notes to the Financial Statements (continued)

12 Current asset investment

The Company has a holding in Deutsche Global Managed Platinum Income Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short term deposit. At 31 October 2022 this holding had a value of £2,000 (2021: £2,000).

13 Debtors

	2022 £'000	2021 £'000
Prepayments and accrued income	210	83
Tax recoverable	6	7
	216	**90**

14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Unsecured sterling bank loans (see Note 15.6)	14,106	18,367
Bank loan interest payable	29	35
Other creditors	296	1,657
	14,431	**20,059**

15 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its Investment Objective and Investment Policy as stated on pages 20 and 21. In pursuing its Investment Objective and Investment Policy, 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 (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk, and the Directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and Janus Henderson co-ordinate the Company's risk management and there are various risk management systems in place.

The Board determines the objectives, policies and processes for managing risks, and these are set out below under the relevant risk category. The policies for management of risk have not changed from the previous accounting period and are the same for the Company except where separate disclosures are made.

15.1 Market risk

The fair value of a financial instrument held by the Company will fluctuate due to changes in market prices. This market risk comprises market price risk (see Note 15.1.1), currency risk (see Note 15.1.2) and interest rate risk (see Note 15.1.3). The Board reviews and agrees policies for managing these risks. The Fund Managers assess the exposure to market risk when making each investment decision, and monitor the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

15.1.1 Market price risk

Market price risk (i.e. changes in market prices other than those arising from interest rate risk or currency risk) will affect the fair value of investments.

The Company's exposure to market price risk at 31 October 2022 and at 31 October 2021, is represented by the investments it holds, as shown on the Statement of Financial Position on page 57 under the heading 'Investments held at fair value through profit or loss'.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from Janus Henderson. The Board meets regularly and at each meeting reviews investment performance. The Board monitors Janus Henderson's compliance with the Company's objective and is responsible for investment strategy and asset allocation.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.1 Market price risk (continued)

Concentration of exposure to market price risk

An analysis of the Company's investment portfolio is shown on pages 13 to 15. This shows that the value of the investments is primarily in companies that are listed in the UK. Accordingly, there is a concentration of exposure to market price risk in the UK, although 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.

Market price risk sensitivity

The table below illustrates the sensitivity of the total return after taxation for the year and the net assets to an increase or decrease of 20% in the fair values of the Company's investments. This level of change is considered to be reasonable based on historic market conditions.

Sensitivity analysis

	2022		2021	
	If prices go up 20% £'000	If prices go down 20% £'000	If prices go up 20% £'000	If prices go down 20% £'000
Investments (excluding investments in money market funds)	105,695	105,695	147,104	147,104
Impact on the income statement:				
Revenue return	(35)	35	(49)	49
Capital return	21,058	(21,058)	29,308	(29,308)
Impact on net assets and total return	**21,023**	**(21,023)**	**29,259**	**(29,259)**

15.1.2 Currency risk

A small proportion of the Company's assets, liabilities and income 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 Company had no cash at bank at 31 October 2022 (2021: none) denominated in foreign currency.

Management of the risk

Janus Henderson monitors the Company's exposure to foreign currencies and reports any significant changes to the Board. Janus Henderson 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.

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 period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure and sensitivity

The Company's investments are predominately in sterling-based securities and its exposure to currency risk is not considered material.

15.1.3 Interest rate risk

Interest rate movements may affect:

- the level of income receivable from interest-bearing securities, money market funds and cash at bank and on deposit; and
- the interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the Company's bank loan facility. The Company, generally, may make use of money market fund placings and does not hold significant cash balances; it uses short-term borrowings when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.3 Interest rate risk (continued)

Management of the risk

Interest rate exposure

The Company's exposure at 31 October 2022 and at 31 October 2021 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 reset.

	2022 Within one year £'000	2021 Within one year £'000
Exposure to floating interest rates:		
Cash at bank	1,219	1,360
Money market funds	2	2
Creditors – within one year:		
Borrowings under loan facility	(14,106)	(18,367)
Total exposure to interest rates	**(12,885)**	**(17,005)**

Interest receivable and finance costs are at the following rates:

- interest received on cash balances and money market funds, or paid on bank overdrafts, is at a margin linked to interest rates (2021: same); and
- interest paid on borrowings under the loan facility is at a margin over SONIA for the type of loan. The weighted average interest rate of these is 3.1% as at 31 October 2022 (2021: 1.1%).

Interest rate risk sensitivity

The Company is exposed to interest rate risk primarily through its loan facility with The Royal Bank of Scotland International Limited (London Branch) and money market funds balances. The sensitivity is as follows: borrowings vary throughout the year as a result of the Board's borrowing policy. Net borrowings at the year end were £12,885,000 (2021: £17,005,000) and if that level of borrowings was maintained for a full year, then a 200 basis points change in interest rates (up or down) would decrease or increase total net return after taxation and shareholders' funds by £258,000 (2021: £340,000).

15.2 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 listed securities that are readily realisable. The Company had unsecured sterling loan facilities totalling £30m (2021: £30m) and an overdraft facility with the sub custodian, the extent of which is determined by the Custodian on a regular basis by the value of the securities held by it on behalf of the Company. The facilities are subject to regular review.

The Board gives guidance to Janus Henderson as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company's assets should generally remain fully invested in equities. Any short term cash requirements will generally be met by short term borrowings.

The Board monitors the Company's exposure to smaller companies on a monthly basis and reviews this in detail at Board meetings. The liquidity of the whole portfolio is also considered at Board meetings.

The contractual maturities of the financial liabilities at 31 October based on the earliest date on which payment can be required are as follows:

	2022		2021	
	Due within one month £'000	**Due between one and three months £'000**	Due within one month £'000	Due between one and three months £'000
Bank overdraft, loans and interest	11,082	3,053	3,013	15,389
Other creditors	296	–	1,657	–
	11,378	**3,053**	**4,670**	**15,389**

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.3 Credit and counterparty 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

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed regularly by Janus Henderson, and limits are set on the amount that may be due from any one broker; and
- cash at bank is held only with reputable banks with high quality external credit ratings or through a money market fund that uses such banks.

Stock lending transactions are carried out with a number of approved counterparties, whose credit rating is reviewed regularly by Janus Henderson and limits are set on the amount that may be lent to any one counterparty. Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed future date. Stock lending revenue is received for making the investments available to the borrower, which increases the returns on the portfolio. In all cases securities lent continue to be recognised in the Statement of Financial Position. Details of the value of securities on loan at the year end, and the collateral held, can be found in Note 4.

HSBC's Securities Lending Programme provides broad market access supported by indemnification. This indemnification covers replacement of loaned securities (and all ancillary benefits such as outstanding income and fees) in the event of a borrower default. HSBC will make whole any shortfall between the value realised out of selling collateral and value of the loaned securities.

In summary, the exposure to credit risk at 31 October 2022 was to cash at bank and money market funds of £1,221,000 (2021: £1,362,000) and to debtors of £216,000 (2021: £90,000) (see Note 13).

15.4 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 (investments) or the Statement of Financial Position amount is a reasonable approximation of fair value (sales for future settlement, dividends and interest receivable, purchases for future settlement, accruals, cash at bank, bank overdrafts and amounts due under the loan facility).

15.5 Fair value hierarchy disclosures

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 technique used and are defined as follows:

Categorisation within the hierarchy has been determined on the basis of the lowest level of 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.

Fair value hierarchy at 31 October 2022	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	105,178	–	517	105,695
Current asset investments	2	–	–	2
	105,180	**–**	**517**	**105,697**

Fair value hierarchy at 31 October 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	146,611	–	493	147,104
Current asset investments	2	–	–	2
	146,613	**–**	**493**	**147,106**

There have been no transfers during the year between any of the levels.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.5 Fair value hierarchy disclosures (continued)

The total carrying value of receivables, as stated in Note 13, is a reasonable approximation of their fair value as at the year end date. The total carrying value of financial liabilities, as disclosed in Note 14, is a reasonable approximation of their fair value at the year end date.

A reconciliation of movements within Level 3 is set out below:

	2022 £'000	2021 £'000
Opening balance at 1 November	493	407
Revaluation	24	86
Closing balance at 31 October	**517**	**493**

The investment valuation of the Company's holding in Oxford Science Enterprises (formerly named Oxford Sciences Innovation) has been reviewed and revalued accordingly.

15.6 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 revenue and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 31 October 2022 comprised its equity share capital, reserves and loans (as shown in Note 14) that are included in the Statement of Financial Position at a total of £106,807,000 (2021: £146,864,000).

The Board, with the assistance of Janus Henderson, monitors and reviews the structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account Janus Henderson's view on the market;
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium) as well as the discount of the peer group and the level of the equity market;
- the need for new issues of equity shares, including allotments from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company is subject to externally imposed capital requirements:

- borrowings under the loan facility must not exceed 30% of the adjusted investment portfolio value (as defined by the bank providing the loan facility) and the consolidated net tangible asset value must not be less than £70m at any time;
- 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 the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

The Company has a revolving credit facility of £30m with The Royal Bank of Scotland International Limited (London Branch).

The maximum drawn down position in the year was £21,432,000 and the lowest position in the year was £14,084,000.

The Board reviews the level of net gearing at each Board meeting in the light of the liquidity of the portfolio and ensures that it is well within the covenants so that the risk of breaching the covenants or the gearing range determined by the Board leading the Company to become a forced seller of investments with possible losses for shareholders is unlikely to arise.

Notes to the Financial Statements (continued)

16 Called up share capital

	2022 £'000	2021 £'000
Allotted and issued ordinary shares of 25p each 7,898,375 (2021: 7,898,375)	1,974	1,974
Ordinary shares of 25p each held in treasury 102,483 (2021: 102,483)	26	26
	2,000	**2,000**

During the year ended 31 October 2022 no ordinary shares of 25p each were issued or repurchased by the Company (2021: none). Shares held in treasury do not carry a right to receive dividends.

17 Capital redemption reserve and other capital reserves

	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Other capital reserves total £'000
At 1 November 2021	2,431	73,788	33,708	107,496
Transfer on disposal of investments	–	6,736	(6,736)	–
Net gains/(losses) on investments	–	1,550	(37,662)	(36,112)
Expenses and finance costs allocated to capital	–	(645)	–	(645)
At 31 October 2022	**2,431**	**81,429**	**(10,690)**	**70,739**

	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Other capital reserves total £'000
At 1 November 2020	2,431	63,874	(2,407)	61,467
Transfer on disposal of investments	–	1,075	(1,075)	–
Net gains on investments	–	10,478	37,189	47,667
Gains on foreign exchange	–	–	1	1
Income allocated to capital	–	108	–	108
Expenses and finance costs allocated to capital	–	(1,747)	–	(1,747)
At 31 October 2021	**2,431**	**73,788**	**33,708**	**107,496**

The capital reserve arising on revaluation of investments held includes £3,151,000 of unrealised losses on nil valued investments (2021: £781,000). Any distributions from capital reserve arising on investments sold would be restricted by this amount.

18 Net debt reconciliation

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 October 2021	1,360	(18,367)	(17,007)
Cash flows	(141)	4,261	4,120
Net debt as at 31 October 2022	**1,219**	**(14,106)**	**(12,887)**

Notes to the Financial Statements (continued)

18 Net debt reconciliation (continued)

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 October 2020	2,882	(14,104)	(11,222)
Cash flows	(1,522)	(4,263)	(5,785)
Net debt as at 31 October 2021	**1,360**	**(18,367)**	**(17,007)**

19 Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share at the year end was 1,173.7p (2021: 1,626.9p). The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £92,701,000 (2021: £128,497,000) and on the 7,898,375 ordinary shares in issue at 31 October 2022 (2021: 7,898,375). There are no dilutive securities so the basic and diluted net asset value per ordinary share are the same.

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

	2022 £'000	2021 £'000
Total net assets at 1 November	128,497	82,643
Total net (loss)/return	(33,548)	47,983
Dividends paid in the year	(2,248)	(2,129)
Total net assets at 31 October	**92,701**	**128,497**

20 Capital commitments and contingent commitments

Capital commitments

There were no capital commitments at 31 October 2022 (2021: none).

Contingent commitments

As at 31 October 2022 there were no commitments (2021: none).

21 Transactions with Janus Henderson

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

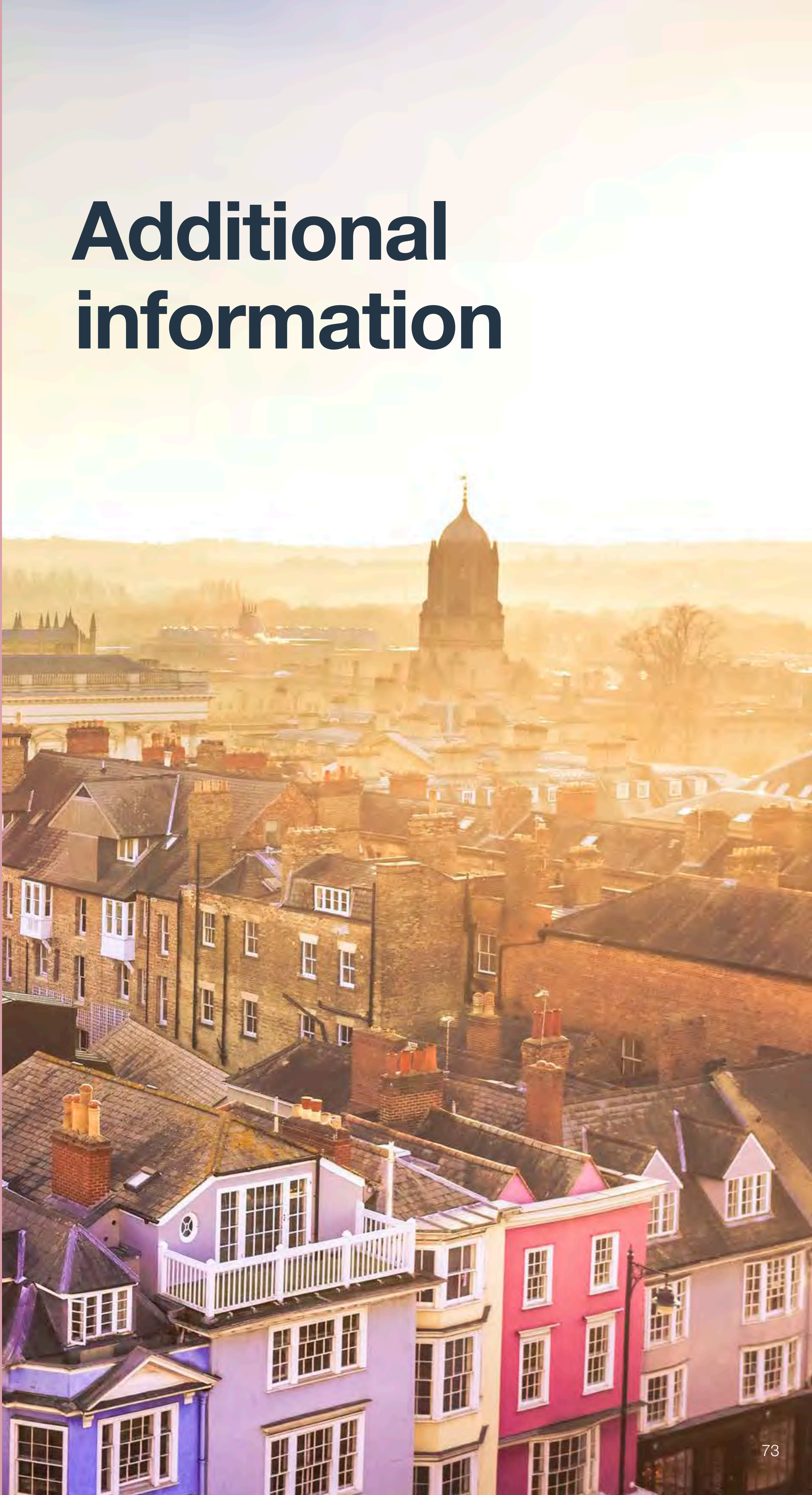
Details of the management fee arrangements for these services are given in the Strategic Report on page 21. The total of the management fees paid or payable under this agreement to Janus Henderson in respect of the year ended 31 October 2022 was £577,000 (2021: £677,000) of which £165,000 was outstanding at 31 October 2022 (2021: £404,000). No performance fee is payable to Janus Henderson in respect of the year ended 31 October 2022 (2021: £1,168,000).

Janus Henderson also provides certain sales and marketing services for which there is no separate charge.

In addition to the above, Janus Henderson facilitates marketing activities with third parties which are recharged by Janus Henderson to the Company. The total amount in respect of these third party marketing activities, including VAT paid or payable for these services, for the year ended 31 October 2022 amounted to £30,000 (2021: £30,000) of which £14,000 was outstanding at 31 October 2022 (2021: £10,000).

Details of fees paid to Directors are included in the Directors' remuneration report on page 44 and in Note 6 on page 63.

Additional information



Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and adopted 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

A glossary of alternative performance measures can be found on pages 76 and 77.

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 in the UK All Companies Sector.

Benchmark

An index against which performance is compared. For the Company this is the FTSE All-Share Index.

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

As an AIF the Company is required to appoint a Depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings 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 announced, 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 Registrar 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 NAV and share price 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.

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.

Glossary (continued)

Market capitalisation

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

Securities financing transactions

Securities financing transactions include activities such as repurchase agreements, securities or commodities lending, securities or commodities borrowing, buy or sell back transactions and margin lending transactions. When a company carries out such activities, there are disclosures that are required to be made under Regulation (EU) 2015-2365. The Company carries out stock lending activities, so needs to disclose the following under these regulations: the value of securities as a proportion of total lendable assets and net assets ("Global Data"), the ten largest collateral issuers and counterparties ("Concentration Data"), a summary by counterparty of collateral received from securities on loan ("Aggregate Transaction Data"), whether any re-use of collateral is carried out and the gross income and costs from securities lending ("Return and Cost").

Treasury shares

Shares repurchased by the Company but not cancelled.

Alternative performance measures (unaudited)

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 and benchmark.

Discount or premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per ordinary share.

		31 October 2022	31 October 2021
Net asset value per ordinary share (pence)	(A)	1,173.7	1,626.9
Share price per share (pence)	(B)	1,018.0	1,382.5
(Discount) or Premium (C=(B-A)/A) (%)	(C)	(13.3)	(15.0)

Net gearing

The net gearing reflects the amount of borrowings (see Note 14) (i.e. bank loans or overdrafts) the Company has used to invest in the market less cash and investment in cash funds (see Statement of Financial Position), divided by net assets.

		2022	2021
Bank loans or overdrafts (Note 14) (£'000)	(A)	14,106	18,367
Less:			
Cash at bank	(B)	(1,219)	(1,360)
Investment in cash funds	(C)	(2)	(2)
Net gearing (£'000)	(D)	**12,885**	**17,005**
Net assets (see page 57) (£'000)	(E)	**92,701**	**128,497**
Gearing (F=D/E) (%)	(F)	13.9	13.2

NAV per ordinary share

The value of the Company's assets (i.e. investments held at fair value through profit or loss (see Note 11) and cash held (see Statement of Financial Position)) less any liabilities (i.e. bank borrowings (see Note 14)) for which the Company is responsible divided by the number of shares in issue (see Note 16). 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 1 and further information is available on page 72 in Note 19 within the Notes to the Financial Statements.

Alternative performance measures (unaudited)

(continued)

Ongoing charge

The ongoing charge ratio has been calculated in accordance with the guidance issued by the AIC as the total investment management fees and administrative expenses and expressed as a percentage of the average daily net asset values throughout the year.

	2022 £'000	2021 £'000
Management fee (Note 5)	577	677
Other administrative expenses (Note 6)	433	379
Less: non-recurring expenses	–	(24)
Ongoing charge	**1,010**	**1,032**
Performance fee	–	1,168
Ongoing charge including performance fee	**1,010**	**2,200**
Average net assets[1]	**112,224**	**118,949**
Ongoing charge ratio	**0.90%**	**0.87%**
Ongoing charge ratio including performance fee	**0.90%**	**1.85%**

1 Calculated using the average daily net asset value

The ongoing costs provided in the Company's Key Information Document ("KID") is calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs and look through to costs incurred by other investment trusts and funds the Company invests in.

Revenue return per share

The revenue return per 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 (see Note 9 on page 64).

Total return

The return on the share price or NAV taking into account both the rise and fall of NAV/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 total return). Dividends paid and payable are set out in Note 10 on pages 64 and 65.

	NAV per share	**Share price**
NAV/share price per share at 31 October 2021 (pence)	1,626.9	1,382.5
NAV/share price per share at 31 October 2022 (pence)	1,173.7	1,018.0
Change in the year (%)	(27.9)	(26.4)
Impact of dividends reinvested (%)	2.0	2.3
Total return for the year (%)	(26.4)	(24.7)

Dividend yield

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

		31 October 2022	31 October 2021
Annual dividend (pence)	(A)	34.0	27.5
Share price (pence)	(B)	1,018.0	1,382.5
Yield (C=A/B) (%)	(C)	3.3	2.0

Securities financing transactions (unaudited)

The Company engages in securities financing transactions (as defined in Article 3 of Regulation (EU) 2015-2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the year ended 31 October 2022 are detailed below.

Global data

The amount of securities on loan as a proportion of total lendable assets and the Company's net assets as at 31 October 2022 are disclosed below:

Stocklending

Market value of securities on loan £'000	% of lendable assets	% of assets under management
9,691	9.17	10.45

Concentration data

The ten largest collateral issuers across all the securities financing transactions as at 31 October 2022 are disclosed below:

Issuer	Market value of collateral received £'000
Government of Japan	4,762
US Treasury	1,056
Vodafone	268
Haleon	268
National Grid	268
NatWest	268
BP	268
Pershing	268
GlaxoSmithKline	268
Smurfit Kappa	268
	7,962

The top ten counterparties of each type of securities financing transactions as at 31 October 2022 are disclosed below:

Counterparty	Market value of securities on loan £'000
Barclays	4,694
HSBC	2,560
Merrill Lynch International	941
JP Morgan	695
UBS	333
Macquarie Bank	174
Credit Suisse International	116
BNP Paribas	88
Bank of Nova Scotia	53
Morgan Stanley	37
	9,691

All counterparties have been included.

Securities financing transactions (unaudited)

(continued)

Aggregate transaction data

The following table discloses a summary of aggregate transaction data related to the collateral received from securities on loan as at 31 October 2022:

Stock lending

Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
BNP Paribas	United Kingdom	Equity	Main Market Listing	HKD	Tri-party	HSBC	93
Barclays	United Kingdom	Government Debt	Investment Grade	JPY	Tri-party	HSBC	4,719
		Equity	Main Market Listing	GBP	Tri-party	HSBC	212
Credit Suisse	Switzerland	Equity	Main Market Listing	USD	Tri-party	HSBC	106
		Equity	Main Market Listing	CHF	Tri-party	HSBC	13
		Equity	Main Market Listing	JPY	Tri-party	HSBC	12
HSBC	Hong Kong	Equity	Main Market Listing	GBP	Tri-party	HSBC	2,685
		Equity	Main Market Listing	USD	Tri-party	HSBC	2
		Equity	Main Market Listing	AUD	Tri-party	HSBC	1
JP Morgan	United Kingdom	Equity	Main Market Listing	EUR	Tri-party	HSBC	369
		Equity	Main Market Listing	JPY	Tri-party	HSBC	83
		Equity	Main Market Listing	CAD	Tri-party	HSBC	74
		Equity	Main Market Listing	USD	Tri-party	HSBC	72
		Equity	Main Market Listing	GBP	Tri-party	HSBC	72
		Government Debt	Investment Grade	USD	Tri-party	HSBC	67
Macquarie Bank	United Kingdom	Government Debt	Investment Grade	USD	Tri-party	HSBC	989
		Equity	Main Market Listing	HKD	Tri-party	HSBC	128
		Equity	Main Market Listing	AUD	Tri-party	HSBC	37
		Equity	Main Market Listing	JPY	Tri-party	HSBC	20
Morgan Stanley	United Kingdom	Equity	Main Market Listing	USD	Tri-party	HSBC	30
		Equity	Main Market Listing	JPY	Tri-party	HSBC	4
		Government Debt	Investment Grade	JPY	Tri-party	HSBC	3
		Equity	Main Market Listing	HKD	Tri-party	HSBC	2
Bank of Nova Scotia	Canada	Equity	Main Market Listing	USD	Tri-party	HSBC	22
		Equity	Main Market Listing	CAD	Tri-party	HSBC	17
		Equity	Main Market Listing	GBP	Tri-party	HSBC	12
		Equity	Main Market Listing	EUR	Tri-party	HSBC	5
UBS	Switzerland	Equity	Main Market Listing	HKD	Tri-party	HSBC	103
		Equity	Main Market Listing	EUR	Tri-party	HSBC	71
		Equity	Main Market Listing	USD	Tri-party	HSBC	71
		Government Debt	Investment Grade	JPY	Tri-party	HSBC	39
		Equity	Main Market Listing	CAD	Tri-party	HSBC	35
		Equity	Main Market Listing	GBP	Tri-party	HSBC	35
							10,203

Re-use of collateral

The Company does not engage in any re-use of collateral.

Securities financing transactions (unaudited)

(continued)

Return and cost

The return and cost of engaging in securities lending by the Company and the securities lending agent in absolute terms and as a percentage of overall returns are disclosed below:

Total gross amount of securities lending income £'000	Direct and indirect costs and fees deducted by securities lending agent £'000	% return of the securities lending agent	Net securities lending income retained by the Company £'000	% return of the Company
246	49	20	197	80

General shareholder information

AIFMD disclosures

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of Janus Henderson Fund Management UK Limited, as the Company's AIFM is required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document "AIFMD Disclosure" which can be found on the Company's website **www.hendersonopportunitiestrust.com**.

BACS

Dividends 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 83) 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 ("CRS")

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 has to be 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

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 or larger type as appropriate.

You can contact the Registrar, 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 United States persons (including those living outside the USA) to file yearly reports on their non-USA financial accounts. 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, identify and report USA reportable accounts to HMRC, as required.

General Data Protection Regulation ("GDPR")

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 Investment ("NMPI") status

The Company currently conducts its affairs so that its ordinary shares of 25p each can be recommended by IFAs and wealth managers to ordinary retail investors in accordance with the FCA's 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 ("PRIIPs") Regulation/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 legislation. 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 NAV per share can be found on the website. The address is **www.hendersonopportunitiestrust.com**.
The Company's NAV is published daily.

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

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar via **www.computershare.com**.

Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Taxonomy Regulation

Regulation (EU) 2020/852 ("Taxonomy Regulation") establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company states that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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 83. You can also check the FCA Warning List at #BeScamSmart **https://www.fca.org.uk/scamsmart**.

Corporate information

Registered office

201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Service providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
Email: **support@janushenderson.com**

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Broker

J. P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Registrar

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1059
Email: **web.enquiries@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 auditor

BDO LLP
55 Baker Street
London W1U 7EU

Financial calendar

Annual results	announced February 2023
Final ex dividend date	16 February 2023
Final dividend record date	17 February 2023
Annual General Meeting	8 March 2023
2022 final dividend payable on	24 March 2023
Half year results	announced June 2023
First interim dividend payable	June 2023
Second interim dividend payable	September 2023
Third interim dividend payable	December 2023
2023 final dividend payable	March 2024

Information sources

For more information about Henderson Opportunities Trust plc, visit the website at **www.hendersonopportunitiestrust.com.**

To receive regular insights on investment trusts from the Manager, visit: **https://www.janushenderson.com/en-gb/investor/subscriptions/** or scan the QR code and register with Janus Henderson.

Follow Janus Henderson Investment Trusts LinkedIn – Janus Henderson Investment Trusts, UK.

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.

Henderson Opportunities Trust plc
Registered as an investment company in England and Wales
Registration number 01940906
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: 0853657/GB0008536574
London Stock Exchange (TIDM) Code: HOT
Legal Entity Identifier (LEI): 2138005D884NPGHFQS77

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

Telephone: **0800 832 832**
Email: **support@janushenderson.com**

www.hendersonopportunitiestrust.com

MANAGED BY
Janus Henderson
INVESTORS

aic
The Association of Investment Companies

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

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