

Henderson Opportunities Trust plc

Annual Report 2021



MANAGED BY

Janus Henderson
— INVESTORS —

Strategic Report

Strategic Report

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Performance highlights

Total return performance to 31 October 2021

	1 year %	3 years %	5 years %	10 years %
NAV¹	58.4	47.3	80.2	285.7
Share price²	59.5	51.0	89.0	332.5
Benchmark³	35.4	17.6	31.4	106.9
Peer group NAV⁴	43.8	36.7	66.8	202.5

Year to 31 October

NAV per share at year end⁵		Share price at year end	
2021	2020	2021	2020
1,626.9p	1,046.3p	1,382.5p	885.0p
Total return per share⁵		Net assets	
2021	2020	2021	2020
607.5p	(83.6p)	£128.5m	£82.6m
Discount at year end^{5, 6}		Ongoing charge (excluding performance fee)⁵	
2021	2020	2021	2020
15.0%	15.4%	0.87%	0.88%
Dividend for year⁷		Ongoing charge (including performance fee)^{5, 8}	
2021	2020	2021	2020
27.5p	27.0p	1.85%	0.88%

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 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 6.5p each and a proposed final dividend of 8.0p which will be put to shareholders for approval at the Annual General Meeting on 10 March 2022. See page 3 for more details. The dividend yield⁵ for the year ended 31 October 2021 was 2.0% (2020: 3.1%) based on the share price at the year end

8 No performance fee was payable in the year ended 31 October 2020

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

A glossary of terms can be found on pages 73 and 74 and alternative performance measures can be found on pages 75 and 76

Chairman's statement

“We are pleased to be reporting on a strong year of absolute and relative performance, with the Company's portfolio returning 58.4% during the year compared with the benchmark's return of 35.4%.”

Chairman's statement

Performance review

After a fall in net asset value in the previous financial year during the peak of the pandemic, we are pleased to be reporting on a strong year of absolute and relative performance, with the Company's portfolio returning 58.4% during the year compared with the benchmark's return of 35.4%. Despite the challenges of the ongoing pandemic, throughout the year our Fund Managers have continued to manage the Company's capital in a calm and considered manner retaining their focus on long-term investee company fundamentals and analysis. On behalf of the Board, I would like to thank them for their successful efforts on behalf of the Company. The following table illustrates the Company's outperformance record over the last 10 years.

	1 year (%)	3 years (%)	5 years (%)	10 years (%)
NAV Total Return	58.4	47.3	80.2	285.7
Share Price Total Return	59.5	51.0	89.0	332.5
FTSE All-Share Total Return	35.4	17.6	31.4	106.9

This performance is due to the Company's deliberately diverse portfolio and breadth of UK companies held, not to any particular theme. Some of these investee companies are addressing relatively nascent but fast-growing end markets, such as the need to de-carbonise the global economy. Others are seeking to grow market share in already established end markets by bringing a different approach. However, all of them have strong management teams and many have been identified by the Fund Managers as potential next generation leaders in the UK in their particular sector areas. It is this blend of different companies held within the portfolio that has allowed the Company to outperform over the long term.

Income review

We are also pleased to report a healthy income recovery this year, with revenue return per share rising to 24.7p compared to 12.8p last year. This has not quite reached the 29.9p generated in the 2019 financial year as some companies in the portfolio (particularly in the 'recovery' classification) are yet to restore dividends. These companies operate in areas such as hospitality or aerospace that remain highly impacted by the pandemic. In last year's Annual Report we stated that we would be prepared to use the revenue reserve of the Company to support the Company's dividend distributions until the dividend income from the portfolio was fully recovered. We see no reason to change course and we are therefore announcing a modest increase to the final dividend, taking it to 8.0p per share (relative to a 7.5p final dividend in the previous financial year). This will mean a full year dividend of 27.5p, as compared to the 27.0p paid last year and will involve utilising £217,000 from the Company's revenue reserve. Subject to shareholder approval, the dividend will be paid on 25 March 2022 to shareholders on the register as at 18 February 2022.

Fees and expenses

The ongoing charge for the year was 1.85%. This was higher than the 0.88% charge in the previous financial year and reflects the performance fee paid. As a reminder, there is a limit on the total management and performance fee in any one year of 1.5% of the average net assets (calculated quarterly) during the year, and 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. Ongoing charges include all fees and expenses (not just management and performance fees) and can therefore be higher than any cap applied to management and performance fees alone. The Board continues to monitor fees and other costs.

The discount level and share buybacks

Although it was encouraging to see the discount narrow substantially during the year to 0.1%, the shares finished the year at a 15.0% discount to the cum income NAV, approximately in line with the discount at the previous year end. The persistent (albeit fluctuating) discount is a source of concern and focus for the Board and the Fund Managers given the Company's strong long and short-term performance and it is difficult to pinpoint exactly why this performance is not influencing the share price more positively. At the same time, the Board is very conscious of an ongoing transition in the Company's share register with some wealth managers gradually selling their positions and more individuals buying and holding their shares on trading platforms. This is an issue many investment trusts are facing, and the resulting challenge for boards and fund managers is how they increase awareness of their companies and find a way of communicating more effectively with the individuals investing through platforms who now own, or may wish to buy, their shares. We have very recently appointed a specialist communications agency to help us progress this.

There were no share issuances or shares bought back during the financial year. It remains the Board's position that buybacks will primarily be undertaken with the aim of enhancing the NAV for shareholders rather than maintaining the discount at any specific level.

Gearing

Gearing ended the year at 13.2% of net assets, modestly lower than the 13.6% at the previous financial year end. This very modest fall in gearing came about despite the Fund Managers being net investors of approximately £4.7m during the year as the rise in the Company's net asset value outpaced net investment. The gearing level remains broadly in line with the Company's long term average and reflects the fact that the Fund Managers are continuing to find a broad range of attractive valuation opportunities in the UK market.

Chairman's statement (continued)

Changes to the Investment Objective and Investment Policy

We are seeking permission from shareholders to make amendments to the Investment Objective and Investment Policy of the Company at the Annual General Meeting ("AGM"). The principal amendment will allow flexibility for the Company to invest up to 10% of its gross asset value in companies outside of the UK. This proposed change should not be seen as indicating any alteration to the Company's investment strategy or process. The change is designed to address issues arising from corporate actions (such as spin-outs from existing holdings) that could result in the Company holding shares in an overseas entity. Rather than making the Company a forced seller in these circumstances, we want to ensure that the Fund Managers have the flexibility to retain any holding if they consider this to be in the best interests of shareholders. Other amendments are designed to provide some flexibility in the number of individual investments held and to make the current investment policy clearer and are considered to be immaterial in their nature.

ESG

The Board understands the increasing importance of environmental, social and governance ("ESG") concerns to investors. While the Company does not automatically exclude sectors or particular companies based on specific ESG metrics, ESG factors are incorporated into the Fund Managers' investment decision making process. In general, the Fund Managers prefer to rely on company engagement and dialogue rather than metrics alone which, particularly in the smaller company area, can sometimes be subjective. More information on the Fund Managers' approach to ESG can be found on pages 27 and 28.

The Board

Chris Hills will be stepping down from the Board at the conclusion of the March 2022 AGM having been a Director since June 2010. During his time on the Board Chris has contributed a wealth of industry experience and his calm inputs to Board discussions, particularly at times of great upheaval such as during the pandemic, have always been hugely valuable. The Board extends its thanks and best wishes for the future to Chris.

In August we appointed Harry Morgan to the Board. Harry has highly relevant experience of both investment trusts (as a current non-executive director of Mid Wynd International Investment Trust plc) and of the wealth management industry having previously been a director of investment management and head of key clients in Scotland for Tilney.

AGM

Last year, along with taking precautionary action by amending the Company's Articles of Association to allow a combination of virtual and physical shareholder meetings to be held in the future, the Board committed to holding physical meetings when restrictions were not in place and these could be held safely.

The Company's AGM is currently scheduled to take place at 2.30 pm on Thursday 10 March 2022 at 201 Bishopsgate, London EC2M 3AE (the offices of Janus Henderson Investors). For shareholders unable to travel and attend in person, the meeting will also be broadcast live on the internet at www.janushenderson.com/trustslive.

Whilst we hope to be able to hold the AGM as a physical meeting, please note that it may be necessary to change the arrangements for the AGM depending on the advice of the public health authorities and the UK government closer to the time. If any such changes are required, these will be detailed on the Company's website at www.hendersonopportunitiestrust.com and additionally an announcement will be released to the Stock Exchange.

The AGM will include a presentation by our Fund Managers, James Henderson and Laura Foll. 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.

Outlook

While it now appears inevitable that interest rates will rise further, it seems likely that they will remain low if looked at in the context of the last fifty years. The Board believes that investing in companies that provide excellent goods or services to their customers should work as a good hedge against inflation as these companies can increase their prices to prevent margins being eroded by input cost increases. Given the fast rate of change in the economy the Fund Managers' focus also needs to be on companies that are capable of adapting. Both the size of the Company and its highly flexible mandate allow the Fund Managers to pursue the best opportunities across the breadth of the UK market and to take the measures required to enable the Company to invest in the next generation of successful companies. For all of these reasons, the Board remains positive about the outlook for the Company.

Wendy Colquhoun
Chairman
28 January 2022



Fund Managers' report

“The portfolio is a blend of very different businesses. Diversity of businesses and end markets together give us the opportunity to invest in the next generation of successful companies. We remain positive about the opportunities for the portfolio.”

Fund Managers' report

Investment backdrop

The COVID-19 vaccination programme and the re-opening of much of the economy had a beneficial impact on the portfolio. After the three 'lockdowns' there have been labour shortages and supply problems and this led to inflationary pressures picking up. However, well positioned companies that have good management teams were able to respond by putting their own prices up and therefore protecting their margins. These margins were also enhanced by companies focusing hard on their costs during the pandemic which meant they were leaner coming out of it.

The virus accelerated trends that were already in place before it. The move to online retailing away from traditional stores is a notable and obvious example. The desire to create a better, more sustainable environment has also gained greater impetus. Some of the stocks in the portfolio benefited, for example, companies working to provide alternatives to fossil fuels have received greater investor support as they

make progress in their product development. Some of the best contributors to portfolio performance this year came from this area. However, it was not only young companies that performed well. Some more established businesses came back with renewed vigour after the pandemic. Certain of the banks and large retailers are examples. The portfolio retained a reasonable level of gearing throughout the year in order to take advantage of this breadth of opportunities.

Portfolio review

The portfolio is divided into the classifications below. These classifications are not meant to be prescriptive and are, to a degree, subjective, with companies having the potential to move between classifications over time. For example, as a company matures it may progress from an early stage company, to growth small cap, to a 'compounder'. The aim of the classifications alongside the indicative ranges is to ensure the portfolio remains diverse, as different classifications will perform differently depending on the economic backdrop.

Classification	Total (gross assets) ¹ %	Indicative portfolio range %	Largest three holdings
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.	21 (+6)	10-30	Barclays, NatWest, HSBC
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.	20 (-7)	20-40	Next Fifteen Communications, Boku, Tracsis
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.	11 (+5)	0-30	Marks & Spencer, Rolls-Royce, Redcentric
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.	11 (+3)	5-15	Serica Energy, Anglo American, Rio Tinto
Early stage companies/university spin-outs 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.	13 (-4)	0-20	AFC Energy, Ceres Power, Surface Transforms
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.	24 (-3)	20-40	Springfield Properties, Vertu Motors, SigmaRoc

¹ The number in brackets is the change in percentage compared to the previous financial year end. The special situations classification, used in 2020, has been incorporated into the recovery classification

Fund Managers' report (continued)

The most significant changes in the portfolio from a classifications perspective since the previous financial year end are the increases in weight in large cap and recovery companies, and the reduction in growth small cap companies.

In the large cap and recovery companies classifications, we increased the weight significantly in banks (see more detail in the portfolio activity section) and added new holdings in **BT Group** and **Tesco**. While these are more established companies than much of the portfolio, in all cases there needs to be a clear total return opportunity and the positions need to bring a different exposure to the portfolio. For example, BT, as a result of its significant investment in fibre to the home, has a potential route to sustainable earnings growth as that capital investment generates a future return.

Within the recovery allocation, new positions included contractor **Kier Group** and retailer **Marks & Spencer**. What we are looking for within the recovery classification is companies which have under-appreciated potential to either return to historic strengths or apply their strengths to new end markets. For example, Kier, under a new leadership team and with a much improved balance sheet, is returning to its historic focus on disciplined local contracting. Other companies within this classification are seeking to diversify into new end markets, for example **STV** is aiming to transition much of its advertising revenue to online, and **International Personal Finance** is taking lessons from a long history of door-to-door lending and applying these to its digital lending business.

Within growth small cap, the reduction in weight came about partially due to underperformance of some holdings (such as **Blue Prism**) and partially due to sales in the area, including full sales of **Learning Technologies**, **AVEVA** and **Keystone Law** and reductions in positions such as **Boku**. In recent years this area of the portfolio has performed well and in many cases shares have materially re-rated. This has led us to reduce or exit some holdings on valuation grounds, without finding the same quantum of attractive opportunities to replace them and therefore the weight has come down gradually over time.

Portfolio activity

During the year we were net investors, investing £35.5m in aggregate and selling £30.8m. While we were net investors, the rise in net asset value outpaced net investment and as a result gearing ended the year modestly lower at 13.2%, relative to 13.6% at the end of last year. The gearing level for the Company is driven by valuation opportunities across the breadth of the UK market, rather than our view of the

macroeconomic backdrop. The current low to mid-teens gearing level for the Company demonstrates that we are continuing to find a broad spread of attractive opportunities.

It was an active year for the portfolio in which there were 20 new purchases, five of which we invested in at the point of IPO (**Oxford Nanopore Technology**, **Glantus**, **Auction Technology Group** (which has since been sold), **Orcadian Energy** and **Dianomi**) and others at the point where they were raising additional capital (for example **Revolution Bars**). Offsetting these new purchases were 17 full portfolio sales, three of which (**Scapa**, **Horizon Discovery** and **Bacanora Lithium**) were driven by takeover offers and two of which (**Jackson Financial** and **Thungela Resources**) were driven by sales of small spin-outs from portfolio holdings. The portfolio finished the year with 92 holdings (2020: 87), not including those written down to zero.

Purchases

The largest new purchase during the year was **Barclays**, which was initially purchased in November 2020 and ended the year as the Company's largest holding. While Barclays was a new purchase for the portfolio, we also added to the Company's existing positions in several other banks. This broad addition to the banks was driven by both valuation, with all still trading at a discount to historic averages, and macroeconomic considerations, with all having the potential to benefit from the economic recovery and (at some stage) the potential for higher interest rates.

Another area that was added to steadily during the course of the year was natural resources, with several new positions established including **Orcadian Energy** and **Jubilee Metals**, as well as additions to existing holdings such as **Jersey Oil & Gas**, **Jadestone Energy** and **Anglo American**. Smaller natural resource companies continue to be an area where we are finding attractive valuation opportunities. These companies are run by experienced management teams with material pre-production or producing assets, often acquired from large companies at low valuations as part of disposal programmes. An example of this which has been held in the portfolio since 2013 is **Serica Energy**, which was one of the best performers this financial year (see separate attribution section overleaf). This was bought as a small company (below £50m market capitalisation) and as a small (approximately 0.5%) holding. It remained a small position until late 2017, when it acquired stakes in material North Sea assets from BP. It has gone on to be one of the largest gas producers in the UK and one of the largest positions in the portfolio. It is this type of less well known but entrepreneurial smaller natural resource company that we are seeking to identify.

Fund Managers' report (continued)

Serica Energy share price since first purchase (pence)



Source: Bloomberg at 31 October 2021

Sales

A number of the largest sales during the year were in the alternative energy area, with material reductions to the position in **Ceres Power** and a full sale of the position in **EQTEC**. Ceres Power had been the largest contributor to performance in the previous financial year, and while we continue to think that the quality of their partnerships (for example with Bosch) suggests they could be among the future leaders within fuel cells, the valuation has moved materially from the point of purchase and for portfolio balance reasons the holding was reduced.

Another material reduction during the year was building materials company **SigmaRoc**. This was originally purchased

for the portfolio in December 2017. It is a 'buy and build' model, with the company acquiring heavy building materials companies with strong incumbent market positions. Following good performance (and further additions) it has become one of the Company's largest holdings. In the summer of 2021, it announced the acquisition of a Nordic company called Nordkalk. This was by far its largest acquisition to date, moving the company from a sub £100m market cap company at the point at which its shares were purchased by the Company to a company with a market cap of over £500m. While we saw the strategic logic, a deal of this size always comes with a degree of integration risk and for this reason, as well as portfolio balance considerations, we reduced the holding.

SigmaRoc share price since first purchase (pence)



Source: Bloomberg at 31 October 2021

Attribution

Top 10 absolute contributors to return during the financial year:

Company name	Share price total return (%)	Contribution to NAV (%)	Classification
Ceres Power	77.5	3.5	Early stage company
SigmaRoc	111.6	3.3	Compounder
Next Fifteen Communications	180.0	2.9	Growth small cap
AFC Energy	247.7	2.5	Early stage company
Serica Energy	103.3	2.4	Natural resources
EQTEC	228.3	2.2	Early stage company
Springfield Properties	58.8	1.9	Compounder
Zoo Digital	129.2	1.9	Growth small cap
Vertu Motors	108.9	1.9	Compounder
Tracsis	78.6	1.8	Growth small cap

While there is little commonality of end markets among the top ten best performers, were there to be a theme it is that they all have experienced, ambitious management teams combined with the potential to be much larger businesses in time. This could be because the end markets themselves are at an early stage and could become much larger (this would be the case for

Fund Managers' report (continued)

Ceres Power and **AFC Energy**, which produce fuel cells) or because they are challenging traditional business models and seeking to grow market share, whether organically or inorganically. This would be the case for **Zoo Digital**, which is challenging traditional dubbing studios with its cloud-based model, and **Vertu Motors**, which continues to acquire other motor dealerships and integrate them into its platform.

Top 10 absolute detractors from return during the financial year:

Company name	Share price total return (%)	Contribution to NAV (%)	Classification
LoopUp	-61.9	-1.8	Growth small cap
Blue Prism	-26.9	-0.9	Growth small cap
SIMEC Atlantis Energy	-92.0	-0.8	Early stage company
Reabold Resources	-67.7	-0.6	Natural resources
Sensyne Health	-35.8	-0.5	Early stage company
4D Pharma	-43.7	-0.4	Early stage company
AVEVA	-6.3	-0.1	Large cap
Oxford BioDynamics	-39.3	-0.1	Early stage company
Glantus	-12.3	-0.1	Growth small cap
Redcentic	0.5	-0.1	Recovery

The most material detractor from performance was **LoopUp**, having in the previous financial year been among the best performers as its conference call software saw uptake increase materially during the peak of the pandemic. The position was sold in December 2020 following a disappointing trading update in which it was clear that the competitive environment had materially changed with Microsoft taking market share. Given the scale of this competitor we decided that the risk was that there would be further disappointments and exited the holding. Another detractor during the year was robotic process automation software provider **Blue Prism**, which did not achieve the revenue growth it set out to at the beginning of the year. This was partially pandemic driven as potential customers were (understandably) reluctant to make material automation decisions at a time when a substantial portion of staff were working from home. In recent months its board has recommended a takeover approach from private equity.

Income

2021 saw a strong recovery in dividend payments as company earnings recovered from the peak of the pandemic. As a result, the Company earnings per share rose to 24.7p, relative to 12.8p the previous year (and 29.9p in the 2019 financial year to provide pre-pandemic context). The rise in earnings per share was also helped by the net investment during the year and by stock lending which contributed £267,000 during the financial year relative to £163,000 in the previous year.

Outlook

We invest across the UK market in companies of all sizes. This allows us a greater set of opportunities. Large company investors have little exposure to dynamic technology stocks, while small cap investors will have little exposure to the banking sector, where substantial value can be found. We have the flexibility within this Company to invest in both areas. Some of the large companies we hold are reinventing themselves. They are adapting to a much changed economy, while the smaller companies are utilising their ability to be nimble.

It is an exciting time to be investing in the UK. Rapid changes within the economy are creating real opportunities for those companies with the ability to grasp them. For instance, the alternative energy companies have extraordinary potential if they have the technology that will help the world move away from fossil fuel, while the step up in infrastructure spend within the UK is creating opportunities for more traditional construction based businesses. The portfolio is a blend of very different businesses. Diversity of businesses and end markets together give us the opportunity to invest in the next generation of successful companies. We remain positive about the opportunities for the portfolio and intend to maintain a reasonable level of gearing.

James Henderson and Laura Foll
Fund Managers
28 January 2022

Portfolio Information



Twenty largest holdings at 31 October 2021

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

Ranking 2021 (2020)	Company	% of portfolio	Approximate market capitalisation	Valuation 2020 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation 2021 £'000
1 *	Barclays A leading retail, commercial and investment bank.	3.4	£34b	–	3,673	–	1,282	4,955
2 (6)	Serica Energy¹ 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.	3.1	£554m	2,510	334	(937)	2,728	4,635
3 (8)	Springfield Properties¹ A Scottish housebuilder that builds both private and affordable housing, growing volumes quickly.	2.9	£153m	2,445	391	(166)	1,556	4,226
4 (12)	Next Fifteen Communications¹ A marketing and PR company with a focus on the faster growing technology industry.	2.7	£1.1b	2,007	–	(1,137)	3,111	3,981
5 (17)	Vertu Motors¹ A UK car dealer with brands including Ford and Vauxhall. The management team has a successful track record and the balance sheet is strong.	2.7	£224m	1,766	359	(271)	2,114	3,968
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.	2.4	£25.2b	683	1,662	–	1,193	3,538
7 (3)	Boku¹ A mobile payments and identity company, which allows customers including Apple and Spotify to charge for their services via an individual's mobile phone bill.	2.4	£560m	3,079	–	(1,140)	1,551	3,490
8 (10)	Tracsis¹ A developer of technology and services that solve mission critical resource management problems in the transport sector, particularly rail.	2.3	£270m	2,168	–	(540)	1,785	3,413
9 (5)	SigmaRoc¹ A heavy building materials company with a strategy of growth via acquisitions. The management team is targeting companies with good asset backing and high market shares in the geographies they operate.	2.1	£606m	2,618	128	(2,677)	2,986	3,055
10 (1)	Blue Prism¹ One of the pioneers of the rapidly growing market for robotic process automation software.	2.0	£1.1b	4,081	–	–	(1,100)	2,981

* Not in the top 20 largest holdings last year

¹ Quoted on the Alternative Investment Market ("AIM")

Twenty largest holdings at 31 October 2021 (continued)

Ranking 2021 (2020)	Company	% of portfolio	Approximate market capitalisation	Valuation 2020 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation 2021 £'000
11 *	HSBC A global bank that provides international banking and financial services.	1.9	£90.1b	1,073	1,337	–	374	2,784
12 (7)	RWS Holdings¹ The world's leading provider of high-quality translation, intellectual property and language support services to a broad range of companies.	1.9	£2.4b	2,458	–	–	275	2,733
13 *	Anglo American A diversified mining company with exposure to commodities including copper, iron ore and diamonds.	1.8	£34.5b	860	1,308	–	545	2,713
14 *	Lloyds Banking One of the leading retail and commercial lenders in the UK.	1.8	£35.7b	336	1,548	–	728	2,612
15 *	AFC Energy¹ A designer of fuel cells with potential use across a broad range of areas including marine transportation, construction and data centres.	1.7	£443m	626	253	(23)	1,651	2,507
16 (2)	Ceres Power¹ A designer of fuel cells for use across a wide range of end markets including transportation and commercial buildings.	1.7	£2.4b	3,685	–	(3,679)	2,482	2,488
17 *	Zoo Digital¹ A provider of localisation services (such as dubbing and subtitling) for content producers.	1.6	£111m	1,412	–	(872)	1,848	2,388
18 *	IQGeo¹ A specialist software provider for the utilities and telecommunications industries.	1.6	£76m	1,079	160	–	1,108	2,347
19 (14)	Surface Transforms¹ A producer of high performance ceramic brakes for the motor industry.	1.6	£114m	1,875	266	(157)	346	2,330
20 (9)	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.	1.5	£75.3b	2,179	–	–	101	2,280

At 31 October 2021 these investments totalled £63,424,000 or 43.1% of the portfolio.

* Not in the top 20 largest holdings last year

¹ Quoted on the Alternative Investment Market ("AIM")

Investment portfolio at 31 October 2021

Ranking 2021	Company	Main activity	Valuation 2021 £'000
1	Barclays	Retail, commercial and investment banking services	4,955
2	Serica Energy ¹	Oil and gas exploration and production	4,635
3	Springfield Properties ¹	Scottish housebuilder	4,226
4	Next Fifteen Communications ¹	Digital marketing agency	3,981
5	Vertu Motors ¹	Motor retailer	3,968
6	NatWest	UK retail and corporate bank	3,538
7	Boku ¹	Mobile payment software provider	3,490
8	Tracsis ¹	Logistics software and services	3,413
9	SigmaRoc ¹	Construction materials	3,055
10	Blue Prism ¹	Robotic process automation software	2,981
10 largest			38,242
11	HSBC	Banking	2,784
12	RWS Holdings ¹	Patent translation services	2,733
13	Anglo American	Diversified miner	2,713
14	Lloyds Banking	UK retail and corporate bank	2,612
15	AFC Energy ¹	Fuel cell technology	2,507
16	Ceres Power ¹	Fuel cell technology	2,488
17	Zoo Digital ¹	Dubbing and subtitling services	2,388
18	IQGeo ¹	Software for telecoms and utility industries	2,347
19	Surface Transforms ¹	Braking systems	2,330
20	Rio Tinto	General mining	2,280
20 largest			63,424
21	Ilika ¹	Advanced materials	2,204
22	Integrafin Holdings	Adviser platform	2,100
23	Oxford Instruments	Scientific instruments	2,089
24	Marks & Spencer	Clothing and food retailer	2,018
25	GB Group ¹	Identity data intelligence	1,995
26	Van Elle ¹	Construction services	1,987
27	Cohort ¹	Military products and services	1,937
28	Standard Chartered	Banking	1,905
29	The Gym Group	Affordable gyms	1,886
30	Aviva	General insurance	1,875
30 largest			83,420
31	Prudential	Insurance	1,868
32	Flowtech ¹	Industrial distributor	1,862
33	Redde Northgate	Flexible vehicle hire	1,854
34	Jersey Oil & Gas ¹	Oil and gas exploration and production	1,762
35	Direct Line Insurance	UK car, home and commercial insurance	1,754
36	GlaxoSmithKline	Global pharmaceuticals and consumer healthcare	1,735
37	XP Power	Electrical power components	1,726
38	Tribal Group ¹	Educational sector software and services	1,649
39	IP Group	Portfolio of early stage companies from universities	1,607
40	Mirriad Advertising ¹	Advertising technology	1,601
40 largest			100,838

¹ Quoted on the Alternative Investment Market ("AIM")

² Unlisted

Investment portfolio at 31 October 2021 (continued)

Ranking 2021	Company	Main activity	Valuation 2021 £'000
41	K3 Capital ¹	UK corporate services	1,597
42	Redcentric ¹	IT managed services	1,569
43	Studio Retail	UK online retail	1,548
44	Franchise Brands ¹	Franchise operation	1,538
45	Tesco	Food retailer	1,484
46	Vodafone	Telecoms	1,458
47	Rolls-Royce	Aero engines and power systems	1,428
48	Deltic Energy ¹	Oil and gas exploration	1,427
49	Workspace	London office real estate investment trust	1,400
50	Ricardo	Automotive technology consultancy	1,386
50 largest			115,673
51	Morgan Advanced Materials	Specialist materials producer	1,382
52	Johnson Matthey	Advanced materials technology	1,366
53	Dianomi ¹	Digital advertising technology	1,330
54	Jubilee Metals ¹	Platinum metals producer	1,295
55	STV	Scottish free to air TV broadcaster	1,294
56	Jadestone Energy ¹	Oil and gas production	1,291
57	Kier Group	Construction services	1,193
58	BT Group	Fixed and mobile telecoms	1,180
59	International Personal Finance	Sub prime and digital lending	1,147
60	M&G	UK financial services	1,099
60 largest			128,250
61	ITM Power ¹	Green energy technology	1,085
62	Westminster Group ¹	Security services	1,043
63	Premier Miton Group ¹	Fund management	1,042
64	Provident Financial	Sub prime lending	1,014
65	Senior	Aerospace and industrial engineer	1,011
66	Creo Medical ¹	Surgical devices	1,001
67	Hollywood Bowl	Bowling centres	927
68	Mondi	Paper and packaging production	912
69	Revolution Bars ¹	UK bars and restaurants	911
70	Orcadian Energy ¹	North Sea oil and gas	860
70 largest			138,056
71	Sensyne Health ¹	Healthcare AI technology	859
72	Quixant ¹	Gaming hardware and software	841
73	CML Microsystems	Specialist semiconductors	820
74	4D Pharma ¹	Novel drug development platform	717
75	Oxford Nanopore Technology	DNA sequencing technology	643
76	International Consolidated Airlines	Airline	614
77	Glantus ¹	Accounts payable software	512
78	Oxford Sciences Innovation ²	Portfolio of companies from Oxford University	493
79	Deltex Medical ¹	Medical monitoring equipment	453
80	Safestyle ¹	UPVC windows and doors	395
80 largest			144,403

¹ Quoted on the Alternative Investment Market ("AIM")

² Unlisted

Investment portfolio at 31 October 2021 (continued)

Ranking 2021	Company	Main activity	Valuation 2021 £'000
81	Accsys Technologies ¹	Wood treatment technology	358
82	IQE ¹	Semiconductor components	352
83	Reabold Resources ¹	Oil and gas exploration	323
84	Babcock	Defence services	319
85	Chamberlin ¹	Iron casting	271
86	Indus Gas ¹	Gas production in India	226
87	Oxford BioDynamics ¹	Drug and technology	204
88	GRC International ¹	Data protection and cyber security	182
89	Harbour Energy	Oil and gas explorer and producer	151
90	KRM22 ¹	Risk monitoring system	149
90 largest			146,938
91	Atlantis ¹	Renewable energy generation	94
92	Velocys ¹	Early stages gas to liquids technology	72
Total Investments			147,104

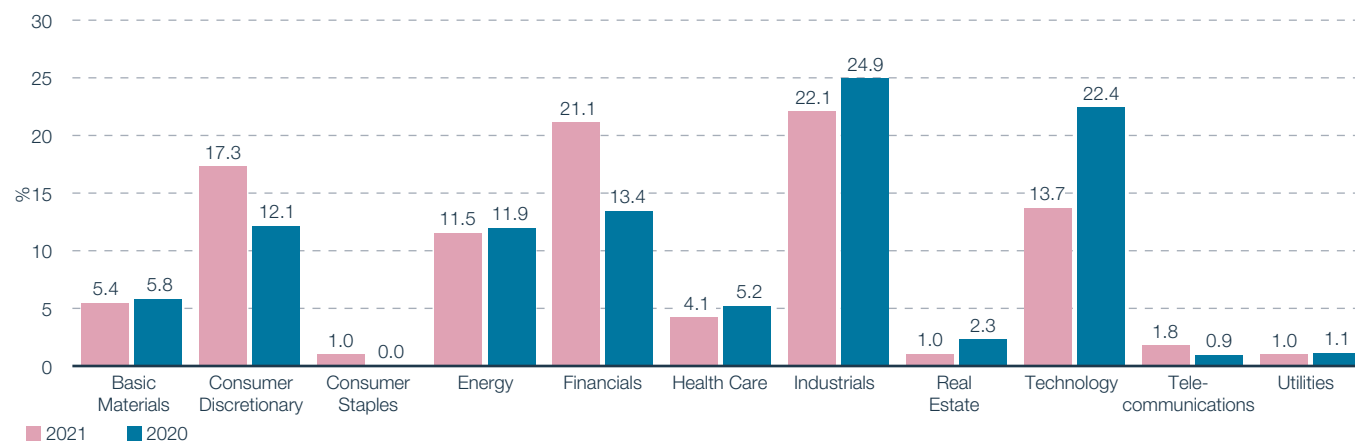
¹ Quoted on the Alternative Investment Market ("AIM")

² Unlisted

Portfolio information

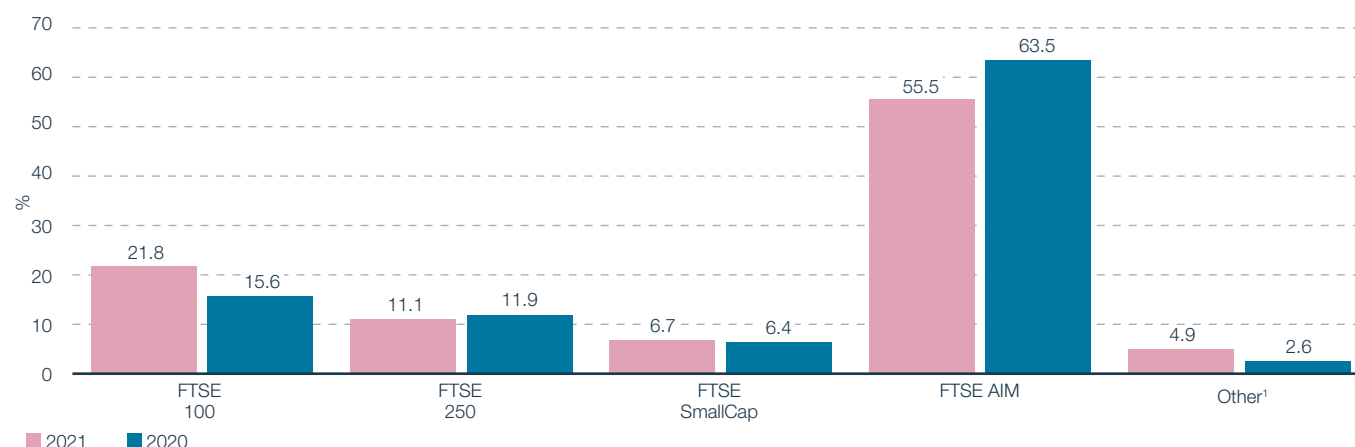
Portfolio by sector at 31 October

As a percentage of the investment portfolio excluding cash



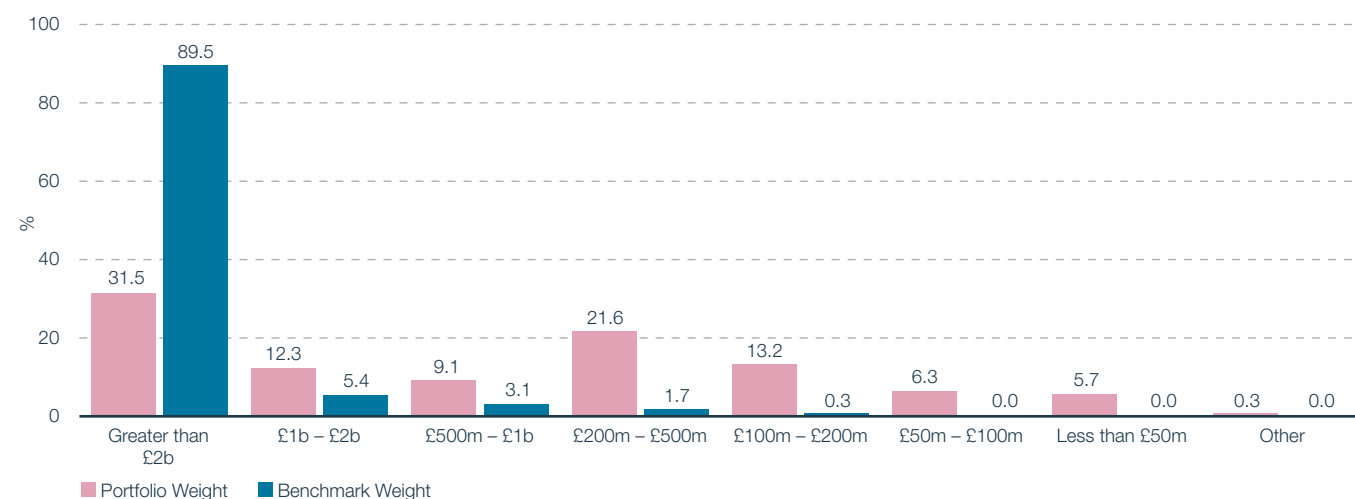
Portfolio by index at 31 October

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

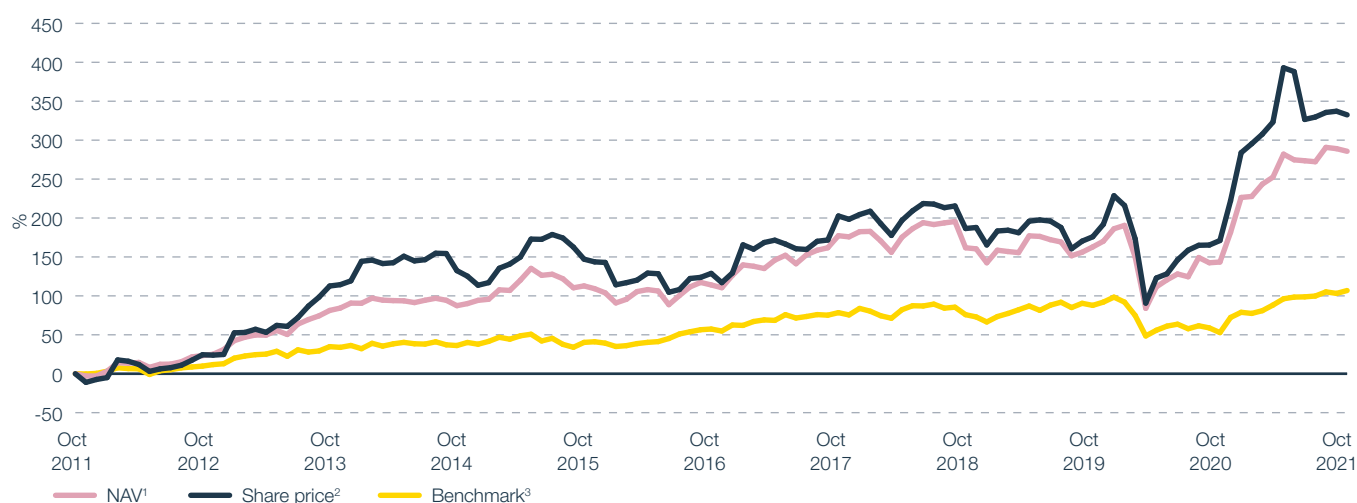
Market capitalisation of the portfolio at 31 October 2021



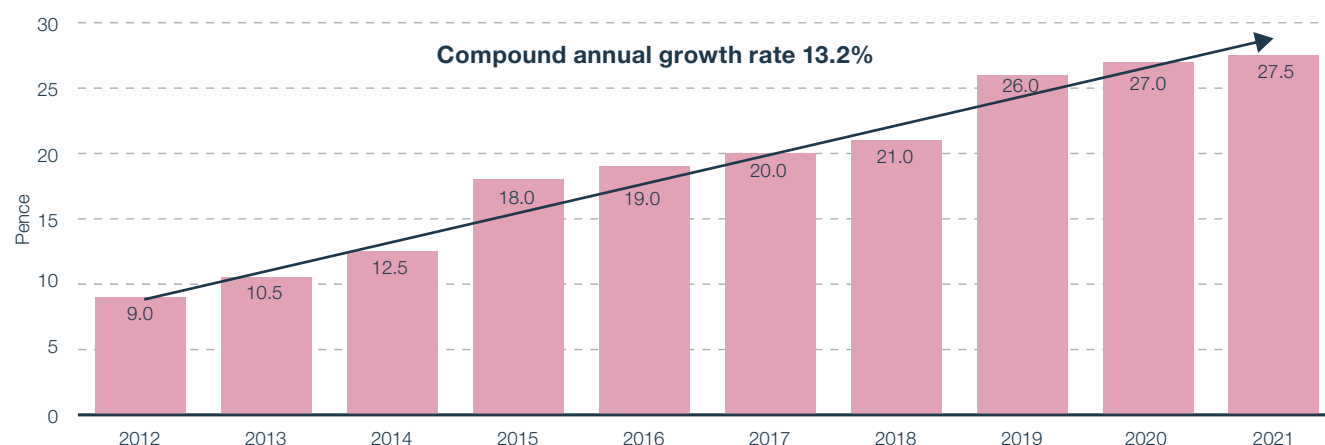
A glossary of terms can be found on pages 73 and 74
Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

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
2012	48,490	608.8	10.9
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

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 73 and 74 and alternative performance measures can be found on pages 75 and 76

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

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 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, by 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 ("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 as amended. The Company has obtained approval from 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 leverage 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 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.

The Company will invest in a portfolio of 70 to 100 investments on an unconstrained basis across the whole range of market capitalisations. Excluding investments written down to zero.

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

The Company may invest in unlisted securities up to a maximum of 10% of gross assets 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.

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, calculated on a fully diluted basis.

Business model (continued)

As set out in the Chairman's statement, we are seeking permission from shareholders to make amendments to the Investment Objective and Investment Policy of the Company at the AGM. The inclusion of the investment restriction that no more than 10% of the Company's gross assets will be invested in companies outside of the UK is designed to address issues arising from corporate actions (such as spin-outs from existing holdings) that could result in the Company holding shares in an overseas entity. Rather than making the Company a forced seller in these circumstances, we want to ensure that the Fund Managers have the flexibility to retain any holding if they consider this to be in the best interests of shareholders. The other amendments are designed to provide some flexibility in the number of individual investments held and to make the current Investment Policy clearer. The proposed changes in Investment Objective and Investment Policy should not be seen as indicating any alteration to the Company's investment strategy or process.

The proposed alterations to the Investment Objective and Investment Policy are shown in tracked changes below.

The Company has received approval from the FCA to make the amendments to the Company's Investment Objective and Investment Policy, if shareholders approve the changes.

Proposed amendment to the Investment Objective

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

Proposed amendments to the 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. The Company will invest in a portfolio of 70 to 100 investments on an unconstrained basis across the whole range of market capitalisations. Excluding investments written down to zero.~~

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 ~~does~~ will not, invest up to 15% of its gross assets in investment companies (including listed investment trusts).

The Company may invest in ~~unlisted securities~~ 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.

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, ~~calculated on a fully diluted basis.~~

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 Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors Limited ("HGIL") in accordance with an agreement which became effective on 22 July 2014. The management agreement with HIFL is reviewed annually by the Management Engagement Committee (see page 37), 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 HIFL and HGIL. 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 Securities Services. Melanie Stoner (Fellow of the Chartered Governance Institute) acts as Company Secretary on behalf of the Corporate Secretary, Henderson Secretarial Services Limited.

Business model (continued)

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. A performance fee of £1,168,000 is payable for the year ended 31 October 2021. Performance fee arrangements were reviewed during the year and it was agreed that these currently remained appropriate.

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.

Since the beginning of the 2020 financial year the Company has paid 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.

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 2021 the ongoing charge was 0.87% (2020: 0.88%) of net asset value excluding the performance fee and 1.85% (2020: 0.88% (no performance fee was payable in the year ended 31 October 2020)) including the performance fee.

Borrowings

The Company has an unsecured loan facility in place which allows it to borrow as and when appropriate. £30m (2020: £20m) 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 £19.8m (2020: £14.1m), with borrowing costs for the year totalling £150,000 (2020: £131,000). £18.4m (2020: £14.1m) of the facility was in use at the year end. Net gearing at 31 October 2021 was 13.2% (2020: 13.6%) 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 horizon and what the Board believes to be investors' 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.

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

Business model (continued)

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 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 against 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 pandemic (which exceeded 25% in March 2020), liquidity requirements and covenant restrictions were all met. 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 impact of COVID-19. The Company's revenue stream was severely impacted in the 2020 financial year by widespread dividend cuts in the UK market as a result of the COVID-19 pandemic. The Board believes that income will recover to historic income levels within a two to three year period and the Company has sufficient distributable reserves to meet any dividend distributions until dividend income fully recovers. The Board does not believe that these factors 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. 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 58 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 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.

To this end, the Board secures the Company's success by engaging reputable third-party suppliers with established track records to deliver the day-to-day operations. The most important of these is the Manager, and in particular the Fund 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.

Business model (continued)

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	<p>The Board is committed to maintaining open channels of communication with shareholders in a manner which they find most meaningful. Unlike trading companies, the Board appreciates that this often takes the form of meeting with the Fund 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 various social media channels. 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.</p> <p>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.</p> <p>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.</p>	<p>Clear communication of the Company's strategy and performance against its objective helps shareholders to make informed decisions about their investments.</p> <p>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.</p> <p>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.</p>

Business model (continued)

Stakeholders	Engagement	Outcome
<p>Janus Henderson as Manager</p> <ul style="list-style-type: none"> • 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 Securities Services) 	<p>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.</p> <p>Representatives of the Manager regularly 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.</p> <p>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.</p>	<p>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.</p> <p>Throughout the course of the COVID-19 pandemic and following the easing of restrictions the Board was, and remains, 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.</p>
<p>Other third-party service providers</p>	<p>As an investment company, all services are outsourced to third-party service providers. Whilst there is an interdependency between the Company's key third-party service providers (i.e. the Manager (and indirectly BNP Paribas Securities Services who provide accounting and administration services to the Company), the Broker, Depositary, Registrar and Auditor), the Board considers these key third-party service providers to also be one of the Company's key stakeholder groups.</p> <p>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.</p>	<p>The Board meets directly with representatives of the Depositary 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 Securities Services, the Registrar and Depositary predominantly through the assessment of each supplier's internal controls and assurance report.</p> <p>This regular interaction provides an environment where day-to-day matters, issues and business development needs can be dealt with efficiently and effectively.</p> <p>The Manager provided information and assurances to the Board at the beginning of the pandemic to confirm that all its employees (including the Fund Managers) could work from home without disruption to 'business as usual'. The Manager obtained similar confirmations from the Company's other third-party service providers. The Directors were reassured by the transition to new working arrangements at Janus Henderson and other service providers.</p>

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 2021:

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)

Business model (continued)

versus the revenue received during the year and the reserves available for distribution.

The Board considered the Investment Objective and Investment Policy and are proposing a change designed to address issues arising from corporate actions (such as spin-outs from existing holdings) that could result in the Company holding shares in an overseas entity. Rather than making the Company a forced seller in these circumstances, the Board wants to ensure that the Fund Managers have the flexibility to retain any holding if they consider this to be in the best interests of shareholders. Other changes have been proposed which are considered to be immaterial in their nature. More information is set out in the Chairman's statement.

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.

Monitoring the impact of COVID-19

The Company aims to return income on shareholder investments in the Company. The Board facilitates this through the approval of the Company's quarterly dividends. The Company's revenue stream was severely impacted in the 2020 financial year by widespread dividend cuts in the UK market as a result of the COVID-19 pandemic. The Board continues to monitor revenue closely and believes that income will recover to historic income levels within two years and the Company has sufficient distributable reserves to meet any dividend distributions until dividend income fully recovers. The revenue reserve of the Company will be used this year to support the Company's dividend distributions.

Environmental, social and governance

ESG is a rapidly evolving area. The Board and Fund Managers monitor the Company's approach to investing sustainably. This includes analysis of the environmental, social and governance impact the companies in the portfolio have on the wider community and the environment. The Manager and Fund Managers actively engage with investee companies to discuss corporate governance issues and help to shape their policies on ESG matters. More information is set out in the Our approach to ESG matters section on pages 27 and 28.

The Chairman has included more information regarding a number of these matters 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 page 21, 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 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 Director and 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 with these key individuals and the Directors (in particular with the Chairman and Chairman of the Audit and Risk Committee) between Board Meetings. 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 decision-making 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, Directors' dealings in the Company's shares, as well as those related to bribery (including the acceptance of gifts and hospitality) and tax evasion. The Board assesses and monitors compliance with these and other policies regularly through Board meetings and the annual evaluation process (for more information see the performance evaluation section on pages 35 and 36).

The Board seeks to appoint the best possible service providers and evaluates the service on a regular basis as described on page 37. The Board considers the culture, values and standards of the Manager and other service providers through regular reporting and by receiving regular presentations from these stakeholders. The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's shareholders.

Directors are also required to consider the Company's impact on the community and environment. The Board further describes the Company and Manager's approach to environmental, social and governance matters on pages 27 and 28.

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

Business model (continued)

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 inherent likelihood of the occurrence of poor investment performance, failure or serious difficulties of one of the Company's third-party

service providers, the loss of bank borrowing facilities and failure of the Manager to manage financial or administrative controls due to the increased possibility of cyberattacks or issues with bandwidth, as many employees worked from home, continued to be increased due to the COVID-19 pandemic.

The Board has received regular updates from the Fund Managers during the pandemic. These have enabled the Directors to monitor and manage risks related to the pandemic. COVID-19 continues to affect the value of the Company's investments due to the disruption of supply chains and demand for products and services, increased costs and cash flow problems, and changed legal and regulatory requirements. The Board notes that the Fund Managers' investment process remains unchanged by the COVID-19 pandemic and they continue to focus on long-term company fundamentals and detailed analysis of current and future investments.

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:

Risk	Controls and mitigation
<p>Investment activity and strategy</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<p>Financial instruments and the management of risk</p> <p>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.</p>	<p>An analysis of these financial risks, including liquidity and gearing (which were shown as separate principal risks in the 2020 Annual Report), and the Company's policies for managing them are set out in Note 15 on pages 65 to 69.</p>

Business model (continued)

Risk	Controls and mitigation
<p>Operational and cyber</p> <p>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.</p>	<p>The Manager has contracted some of its operational functions, principally those relating to trade processing, investment administration, accounting and cash management, to BNP Paribas Securities Services.</p> <p>The risk of failure of the Manager to manage financial or administrative controls due to the increased possibility of cyber-attacks or issues with bandwidth as many employees worked from home was increased due to the COVID-19 pandemic. The Directors report that, despite the COVID-19 pandemic, there has been no change to the level of service provided by the Manager or the Company's other third-party suppliers and the pandemic served to highlight the resilience and high quality of the services provided.</p>
<p>Accounting, legal and regulatory</p> <p>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.</p>	<p>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.</p>
<p>Failure of Janus Henderson</p> <p>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.</p>	<p>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.</p>

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 pages 36 and 40. Further details of the Company's exposure to market risk (including market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk and how they are managed are contained in Note 15 on pages 65 to 69.

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.

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

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 integral 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 screens 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 on behalf 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 2021, investee companies held 107 general meetings and the shares held in the Company’s portfolio were voted at all 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 (1,305 resolutions). However, in respect of 2% of the resolutions proposed, support in line with management recommendation was not warranted and, following discussion between the Fund Managers and Janus Henderson’s Governance & Stewardship team, the shares were voted against management recommendation on 20 resolutions and abstentions were recorded for 4 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. Meetings of note where ESG issues were an important component (and key issues covered) included climate change and reducing carbon emissions, board succession planning, diversity and culture, pay disclosure and performance metrics, workforce engagement, labour shortages and employee incentives, portfolio actions, capital allocation decisions, improvement of research and design success rates, chief executive bonus earnings hurdle rates and the use of share options for non-executive directors.

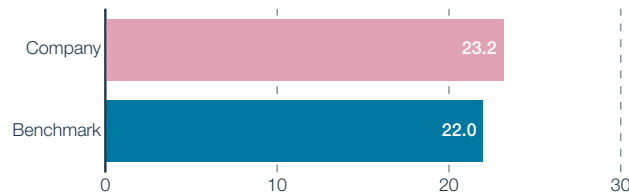
Our approach to ESG matters (continued)

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.

Overall ESG risk rating

The ESG risk rating measures the degree to which a company’s economic value is at risk due to ESG factors, as assessed through Sustainalytics’ calculation of a company’s unmanaged ESG risks. The risk ratings are aggregated for both the Company’s portfolio and the benchmark, the FTSE All-Share Index. The Company’s portfolio’s ESG risk is 1.2 higher than the benchmark.

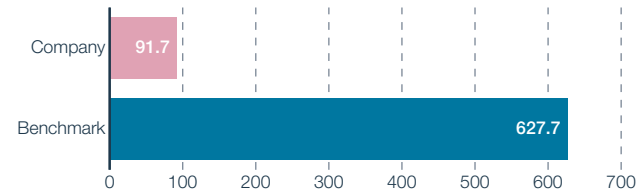


Source: Sustainalytics at 29 October 2021. Sustainalytics is an independent ESG and corporate governance research, ratings and analytics firm

Climate change

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 2019. 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. The Company’s carbon intensity versus the benchmark, the FTSE All-Share Index is as follows:

Carbon intensity (tonnes of carbon dioxide equivalent tCO₂e/USD million)



Source: Sustainalytics at 29 October 2021

Janus Henderson has set goals, measured their impact and invested in projects indicative of their commitment to climate change. Janus Henderson has been Carbon Neutral since 2007, achieving this by measuring unavoidable emissions from their buildings and business travel, purchasing renewable energy, investing in technology and recycling all waste where possible.

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.

Board diversity and experience

Currently the Board comprises five Directors: three female (60%) and two male (40%). Whilst the Company has no employees and, therefore, has nothing further to report in respect of gender representation within the Company, the Company reports that the Manager fosters and maintains an environment that values the unique talents and contributions of every individual. The Manager strives to cultivate and practice inclusiveness for the long-term success of the business and for the benefit of its employees, clients and shareholders.

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, charts, tables and data on pages 1 and 17 provide more information on how the Company has performed against those KPIs, and a glossary of terms and alternative performance measures is included on pages 73 to 76.

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.
Discount/premium to the net asset value per share (“NAV”)	<p>The Board monitors the level of the discount to the NAV at which the Company’s shares trade and reviews the average discount for the AIC UK All Companies Sector. The Board considers whether to use share buy backs to enhance shareholder value. Shares are only bought back at a price materially below the prevailing NAV, thereby increasing the NAV for the remaining shareholders.</p> <p>The Company publishes a 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.</p>
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.
Dividend per share growth	The Board reviews and compares at each of its meetings the progression of the revenue per share over the course of the year.

Approval

The Strategic Report has been approved by the Board.

On behalf of the Board

Wendy Colquhoun
Chairman
28 January 2022

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

Committees: Chairman of the Board since 11 March 2021. Chairman of the Insider Committee, Nominations Committee and Management Engagement Committee. Member of the Audit and Risk Committee.

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 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

Committees: Member of the Audit and Risk Committee, Insider Committee, Nominations Committee and Management Engagement Committee

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 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

Committees: Audit and Risk Committee Chairman since 15 March 2018. Member of the Insider Committee, Nominations Committee and Management Engagement Committee

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, an emerging markets investment trust listed on the London Stock Exchange and a non-executive director of Regional REIT Limited.

Chris Hills

Position: Independent non-executive Director

Date of appointment: 17 June 2010

Committees: Member of the Audit and Risk Committee, Insider Committee, Nominations Committee and Management Engagement Committee

Relevant skills and experience: Chris is currently chief investment consul, previously having been chief investment officer, of Investec Wealth and Investment Limited, a position he held (originally with Carr Sheppards) for over 20 years. He was formerly a director of Baring Fund Management and a non-executive director of the Association of Investment Companies until January 2021.

External appointments: Chris is a member of the investments committee of University College London.

Harry Morgan

Position: Independent non-executive Director

Date of appointment: 1 August 2021

Committees: Member of the Audit and Risk Committee, Insider Committee, Nominations Committee and Management Engagement Committee

Relevant skills and experience: Harry has over 30 years' experience of investment management for private clients, financial advisers and charities. Harry was a director of investment management and head of key clients (Scotland) for Tilney until September 2020 and a non-executive director of the Association of Investment Companies until January 2020. Harry has also previously 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 Bequest Fund for Ministers of the Church of Scotland.

Corporate governance report

The corporate governance report and the Audit and Risk Committee report form part of the Directors' 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 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 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 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 principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of compliance

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. No senior independent director has therefore been appointed.

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 41 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 2021.

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 letters of appointment is requested to contact the Company 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 of Association.

In accordance with the AIC Code, all Directors are standing for re-appointment at the AGM, with the exception of Chris Hills who will retire at the conclusion of the AGM. Peter Jones retired from the Board with effect from the conclusion of the AGM in March 2021.

The contribution and performance of each of the Directors seeking re-appointment was reviewed by the Nominations Committee at its meeting in December 2021, which recommended their continuing appointment to the Board.

Under the Articles of Association shareholders may remove a Director before the end of their 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.

Tenure

Whilst there is no requirement to implement a formal tenure policy for Directors (other than the Chairman), it is anticipated that Directors would not 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.

As indicated in the 2020 Annual Report, Chris Hills reached his nine year anniversary in June 2019 and will retire from the Board at the conclusion of the AGM in March 2022.

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

Corporate governance report (continued)

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, annual re-appointment by shareholders and may be further subject to the particular circumstances of the Company at the time 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 ongoing relationship with the Fund Managers.

Directors' independence

All Directors are non-executive, have a wide range of other interests and are not dependent on the Company itself. At the Nominations Committee meeting in December 2021, 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 subsisting 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 service contract 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 of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for Directors to declare situational conflicts for consideration by those Directors who have no interest in the matter. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes and the register of interests. 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 conflicts continues to operate effectively. The Chairman has had no relationship 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 is offered an induction seminar which is held by the Manager. Harry Morgan attended such an induction following his appointment in November 2021. 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 in respect of the Directors throughout the financial year and remains in place at the date of this report. The Company's Articles of Association 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 out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Diversity and experience

It is the Company's aim to have an appropriate level of diversity in the boardroom. The Board acknowledges and supports the recommendations from the Hampton-Alexander Review on gender diversity on boards and the Parker Review on ethnic representation on boards.

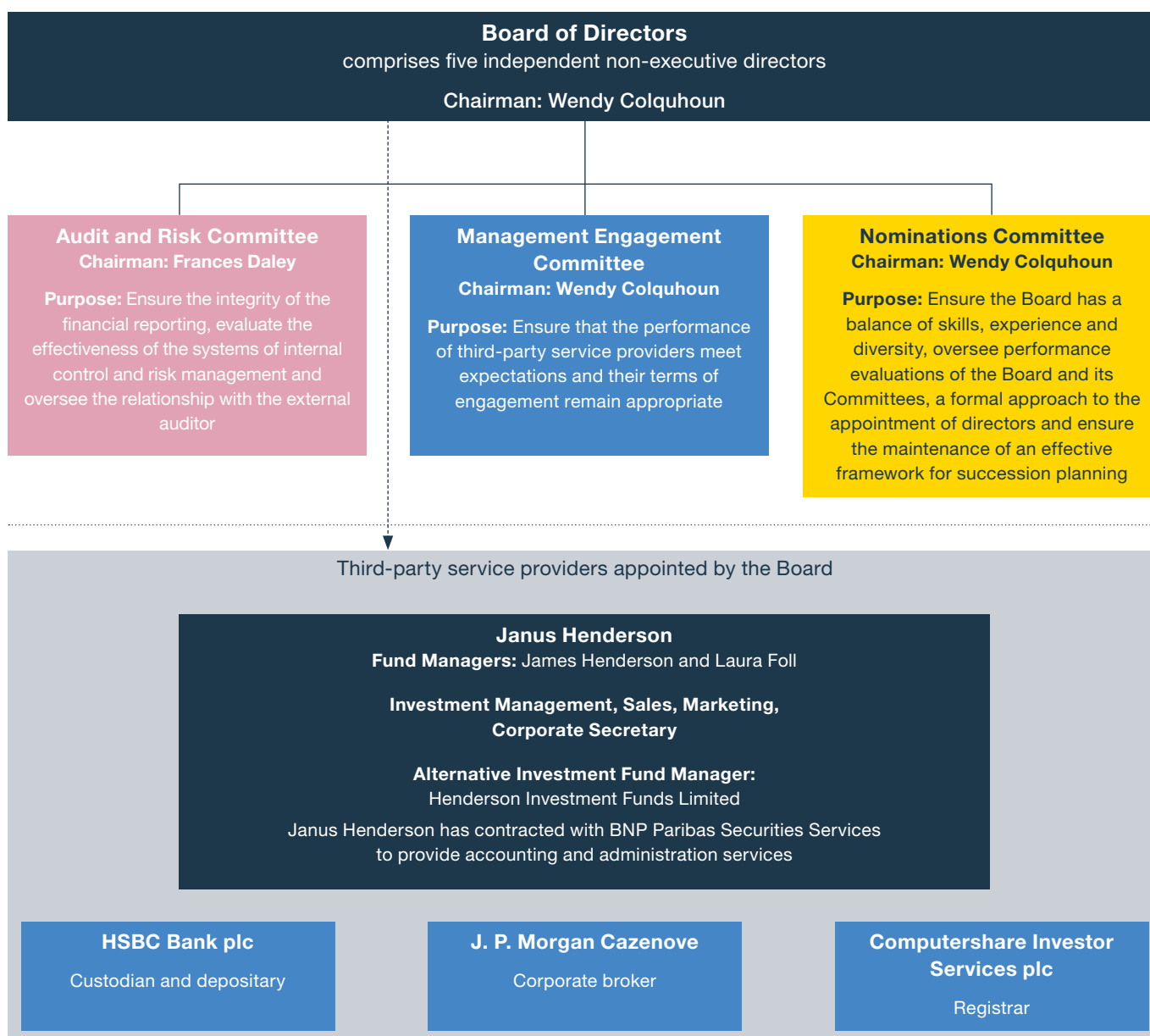
The Directors are broad in their experience and skills, bringing knowledge of investment markets, business, financial services and stakeholder expertise to discussions on the Company's business. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's Investment Objective.

The Nominations Committee considers diversity generally when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths, and experience. The Board's prime responsibility, however, is the strength of the Board and its overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit.

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.



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 37 to 41.

Corporate governance report (continued)

Board of Directors

Composition

The Board comprises five non-executive Directors and their biographies are included on page 31. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors. All Directors served throughout the year.

All Directors are resident in the UK. Peter Jones was a Director until his retirement at the conclusion of the AGM in March 2021. Chris Hills will be retiring from the Board at the conclusion of the Annual General Meeting 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 of Association, 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 that the affairs of the Company are monitored and controlled. 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 2021, which was held as a 'closed meeting' due to the ongoing government restrictions on larger gatherings as a result of the COVID-19 pandemic.

	Board	ARC	MEC	NC
Number of meetings	5	3	1	1
Peter Jones ¹	3/3	n/a	n/a	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	5/5	3/3	1/1	1/1
Harry Morgan ²	1/1	n/a	1/1	n/a

ARC: Audit and Risk Committee

MEC: Management Engagement Committee

NC: Nominations Committee

¹ Retired 11 March 2021

² Appointed 1 August 2021

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, the increase of the Loan Facility, the appointment of Harry Morgan and to consider other ad hoc matters.

Performance evaluation

The performance of the Company is considered in detail at each Board meeting. 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

Corporate governance report (continued)

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 retains 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 appointment and re-appointment by shareholders.

Audit, risk and internal control

The Board has established an Audit and Risk Committee, whose report is on pages 39 to 41. The report explains why the Company does not have its own internal control 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 the management of the investment portfolio, day-to-day accounting and cash management, company secretarial and administration requirements to Janus Henderson and the custodial services (which include the safeguarding of the assets which is delegated through the appointment of the Depositary as explained on page 73) and registration services to other external third parties. 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 which provide a forum to discuss industry matters which would then be reported to the Board.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of

Janus Henderson attend each Board meeting enabling the Directors to probe further on matters of concern.

The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are 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, Henderson Secretarial Services Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between Henderson Secretarial Services 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 audited procedures in place.

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

Continued 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 19 and 20.

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 37 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 its 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 companies;
- 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 brokers, depositary, custodian, registrar, sales, marketing and 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 2021, 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 re-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 five directors (which will reduce to four at the conclusion of the AGM in March 2022), 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 and whether the diversity of these continued to contribute to the success of the Company;
- 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 2022;
- the tenure of each of the Directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming complacent;
- the independence of the Directors taking account of the 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 appointment and re-appointment at the upcoming AGM.

Corporate governance report (continued)

Following completion of its reviews, the Committee concluded that the Board continued to operate effectively. Taking into account the FRC's guidance, the Committee considered that no Director was 'overboarded'.

Taking account of the performance of individual Directors, the Committee recommended to the Board that it should support the appointment and re-appointment of all Directors at the AGM in March 2022.

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 of Association and the AIC Code. Individual performance and the contribution of each Director remains a key element of the Company's approach in making determinations on tenure.

Board Diversity and experience

It is the Company's aim to have an appropriate level of diversity in the boardroom. The Board acknowledges and supports the recommendations from the Hampton-Alexander Review on gender diversity on boards and the Parker Review on ethnic representation on boards.

Whilst the Board does not feel that it would be appropriate to use specific diversity targets, given its small size, the Directors acknowledge that diversity is important to ensure that the Company can draw on a broad range of backgrounds, skills, knowledge, experience and perspectives to achieve effective stewardship of the Company. An integral part of the appointment process includes the consideration of diversity generally, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths and experience. The Board regularly considers the leadership needs of the Company, taking account of the specific skills required to provide effective oversight of the Company's activities. The Board believes that a Board that is diverse in its broadest sense is important to the long-term sustainable success of the Company. The Nominations Committee ensures that long lists of potential non-executive Directors should include diverse candidates of appropriate experience and merit. The Board's overall approach to the appointment of non-executive Directors is always to appoint the best person for the role and the Board's prime responsibility is the strength of the Board and its overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit.

All appointments to the Board are subject to a formal, rigorous and transparent procedure led by the Nominations Committee and are based on objective criteria and merit.

The Directors bring a range of knowledge and experience to discussions regarding the Company's business. In terms of diversity, the Board membership comprises one Director with

investment trust specific legal experience, three Directors with an investment background and one Director with significant financial and commercial experience.

The Directors believe that, between them, they have the requisite level and range of investment, financial, commercial and professional experience and skills and knowledge of the Company which enable the Board to provide effective strategic leadership and proper governance of the Company.

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 and did so with the recruitment of Harry Morgan who joined the Board on 1 August 2021. Fletcher Jones Limited was selected to assist with this search, and has not provided any other services to the Company or individual Directors.

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.

The Nominations Committee meets in December each year to carry out its annual review of the Board and its Committees. The results of the most recent performance evaluation are detailed on pages 35 and 36.

As the Company has no employees it does not maintain a formal policy on diversity and inclusion, and therefore has not reported further in respect of gender representation within the Company.

Committee evaluation

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

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.

Audit and Risk Committee report

Composition

Until the conclusion of the AGM in March 2021, the Audit and Risk Committee comprised all of the Directors, with the exception of the Chairman of the Board. Following the conclusion of the AGM in March 2021, and as the number of Directors on the Board reduced to four at that time, the Chairman of the Board became a member of the Audit and Risk Committee. To lose the Chairman's contribution to the Audit and Risk Committee's deliberations was not considered to be in the best interests of shareholders, given her experience and expertise. The Audit and Risk Committee 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's members has recent and relevant financial experience. The Audit and Risk Committee as a whole is considered to have competence relevant to the sector in which the Company operates and to the Company as an investment trust. The biographies of the Audit and Risk Committee members are shown on page 31. All members of the Audit and Risk Committee are independent.

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 Risk, Internal Audit and Business Continuity functions, and the Chief Information Security Officer), BNP Paribas Securities Services 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 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 2021

In relation to the Annual Report for the year ended 31 October 2021 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 59, 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 Securities Services.
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 reports 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.
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.

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 24 to 26).

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 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 37);
- 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 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 2021. 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 investment 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 defence teams at the Manager.

The Manager's 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 Committee 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").

The auditor is required to rotate partners every five years. This is the fourth year that the current audit partner, Peter Smith, has been in place.

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 of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standards. Having

considered the above, the performance and behaviour of the auditors during the audit process and the assurances received from BDO, the committee is satisfied that auditor independence and objectivity are safeguarded.

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.

There have been no non-audit services 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 2021.

Fees

Fees paid or payable to the auditor are detailed in Note 6 on page 62.

Frances Daley
Audit and Risk Committee Chairman
28 January 2022

Directors' remuneration report

Annual statement

As Chairman, Wendy Colquhoun reports that following an annual review of fees in June 2021, Directors' fees were increased with effect from 1 July 2021 to £32,120 for the Chairman, £27,060 for the Audit and Risk Committee Chairman and £22,000 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 at the conclusion of the AGM in March 2022 the number of Directors on the Board will reduce to four. The overall fees paid to Directors will therefore reduce in the financial year ended 31 October 2022.

As required by Section 439 of the Act, an ordinary resolution to approve the Directors' remuneration report will be proposed at the Annual General Meeting ("AGM") on 10 March 2022. The vote is advisory.

The Company's remuneration policy was last approved by shareholders at the AGM in 2020. 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.

The Company's remuneration policy states that Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties, however the majority of Directors had historically not claimed expenses. In September 2021, the Board agreed that, in order not to disincentivise future Board candidates, but taking into account the relatively small size of the Company, Directors be authorised to claim expenses up to a cap of £250 per Director per Board meeting.

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 Companies Act 2006 (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.

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; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board 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 the boards of directors of other comparable investment trust companies).

Remuneration policy

Directors are remunerated in the form of fees, payable quarterly in arrears. The Company's Articles of Association 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' 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 2021 or date of retirement, if earlier	1 November 2020 or date of appointment, if later
Wendy Colquhoun	1,000	1,000
Davina Curling	800	–
Frances Daley	2,000	2,000
Chris Hills	4,000	4,000
Peter Jones ¹	18,500	18,500
Harry Morgan ²	1,250	–

1 Retired on 11 March 2021

2 Appointed 1 August 2021

Harry Morgan received 5 shares under a dividend reinvestment plan on 12 January 2022. There have been no other changes to the Directors' holdings in the period 1 November 2021 to the date of this Annual Report.

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

Directors' remuneration report (continued)

Directors' remuneration (audited)

The remuneration paid to the Directors who served during the years ended 31 October 2021 and 31 October 2020 was as follows:

	Year ended 31 October 2021 Total salary and fees £	Year ended 31 October 2020 Total salary and fees £	Year ended 31 October 2021 Expenses and taxable benefits £	Year ended 31 October 2020 Expenses and taxable benefits £	Year ended 31 October 2021 Total £	Year ended 31 October 2020 Total £
Wendy Colquhoun ¹	26,869	20,000	250	–	27,119	20,000
Davina Curling	20,668	20,000	86	–	20,754	20,000
Frances Daley ²	25,444	24,600	–	–	25,444	24,600
Chris Hills	20,687	20,000	–	–	20,687	20,000
Peter Jones ³	10,467	29,200	–	–	10,467	29,200
Max King ⁴	–	7,674	–	–	–	7,674
Harry Morgan ⁵	5,500	n/a	–	–	5,500	n/a
Total	109,635	121,474	336	–	109,971	121,474

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 With effect from 11 March 2021, Chairman and Highest Paid Director; 2 Audit and Risk Committee Chairman; 3 Retired on 11 March 2021; 4 Retired on 19 March 2020; 5 Appointed on 1 August 2021

For the year ended 31 October 2020, the fees paid to Directors were: Chairman £29,200 per annum, Audit and Risk Committee Chairman £24,600 per annum and other Directors £20,000 per annum. From 1 July 2021, the fees paid to Directors were Chairman £32,120, Audit and Risk Committee Chairman £27,060 and other Directors £22,000 per annum.

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions to shareholders by way of dividends. There were no share buybacks during the year ended 31 October 2021. There were no other significant distributions, payments or other uses of the Company's net return or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2021 £	2020 £	2016 £	1 year change £	1 year change %	5 year change £	5 year change %
Total remuneration paid to Directors ¹	109,971	121,474	112,135	(11,503)	(9.5)	(2,614)	(1.9)
Ordinary dividend paid during the year ²	2,132,561	2,527,480	1,480,159	(394,919)	(15.6)	652,402	44.1
Buyback of ordinary shares	–	26,831	–	(26,831)	(100.0)	–	–

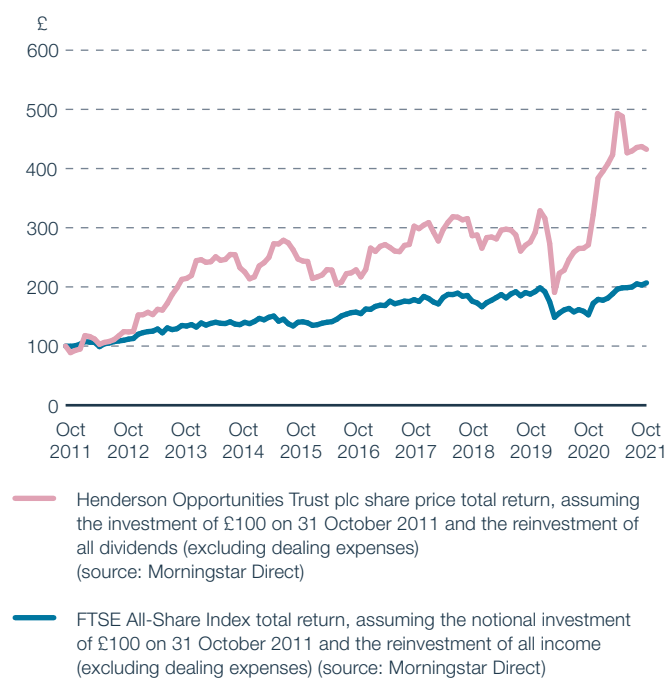
1 Increases will fluctuate due to the number of Directors in any one year

2 The Company has paid quarterly dividends from the start of the 2020 financial year, the timing of the dividend payments affects the total amount paid in the year

Directors' remuneration report (continued)

Performance

The graph below compares the mid-market price of the Company's ordinary shares over the ten year period ended 31 October 2021 with the return from the benchmark, the FTSE All-Share Index, over the same period.



Statement of voting at AGM

At the 2021 AGM 1,787,100 votes (99.03%) were received in favour of the resolution seeking approval of the Directors' Remuneration Report, 17,463 (0.97%) were against and 19,094 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 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 Director's remuneration report has been approved by the Board.

On behalf of the Board

Wendy Colquhoun
Chairman
28 January 2022

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 2020 to 31 October 2021. 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.

Directors

Details of the Directors and their appointments can be found on page 31. All Directors served throughout the period under review with the exception of Harry Morgan who was appointed as a Director on 1 August 2021 and Peter Jones who resigned as a Director on 11 March 2021.

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 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 2021 and 31 October 2020 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 2021 to 28 January 2022. Shares in treasury do not carry voting rights, therefore, as at 31 October 2021 and 28 January 2022 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 2021 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 11 March 2021). £197,459 remains available in the allotment authority and 1,183,966 ordinary shares remain available within the buyback authority granted in 2021. This authority will expire at the conclusion of the 2022 AGM. The Directors intend to renew this authority subject to shareholder approval.

Fund Managers' interests

James Henderson has a beneficial interest in 85,950 (2020: 85,950) ordinary shares. Laura Foll has a beneficial interest in 1,665 (2020: 1,167) ordinary shares.

Five largest shareholders

As at 31 October 2021 the Company's five largest shareholders were:

	% of voting rights
Hargreaves Lansdown	14.8
Interactive Investor	14.6
Halifax Share Dealing	13.6
Cazenove Capital Management	5.9
Janus Henderson Investors	5.1

Source: RD:IR

As at 31 October 2021, the Company's share register was estimated to be held 53.5% by retail shareholders and 46.5% by institutional shareholders.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 October 2021 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Janus Henderson Investors	5.1

The Company has not been notified of any changes in the period 1 November 2021 to 28 January 2022.

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 42.

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 71.

Directors' report (continued)

Energy and carbon reporting

Details of the Company's disclosures with regard to energy and carbon reporting can be found on page 28.

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 18 and 19. The Chairman's statement and Fund Managers' report provide commentary on the outlook for the Company.

Annual General Meeting ("AGM")

The Company's AGM is scheduled to take place at 2.30pm on Thursday 10 March 2022 at the Company's registered office.

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

The meeting will include a presentation by our Fund Managers, James Henderson and Laura Foll, and will be broadcast live on the internet. Therefore, if you are unable to attend in person, you 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 Annual General Meeting 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 Annual General Meeting. Further information in relation to their re-appointment can be found in the Audit and Risk Committee report.

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 2021 are detailed on pages 77 to 79.

Other information

Information on recommended dividends and financial risk management are detailed on pages 63 to 69.

Approval

The Directors' report has been approved by the Board.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
28 January 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' remuneration 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 a 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 and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the Directors, who are listed on page 31, 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 on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic 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
28 January 2022

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 2021 and of its profit for the year then ended;
- have been 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 2021, 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).

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 committee.

Independence

Following the recommendation of the audit 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 is four years, covering the years ended 31 October 2018 to 31 October 2021. 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 obtaining the Directors' assessment of the going concern status of the Company and performing the following:

- evaluating the Director's method of assessing going concern forecasts in light of market volatility and the present unpredictability;
- challenging the key assumptions and judgements made such as the revenue growth rate with reference to current year actuals and post year end results;
- challenging the assumptions and judgements made with regards to stress-testing forecasts; and
- calculating financial ratios to ascertain the financial health of the Company.

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	Valuation and Ownership of Investments	2021 ✓	2020 ✓
	Revenue Recognition	2021 ✗	2020 ✓
Materiality	£1.28m (2020: £0.83m) based on 1% (2020: 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. This matter was 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 this matter.

Revenue recognition is not considered a key audit matter this year since it relates to dividend income and stock lending income derived from listed securities so aside from classification of dividend income between capital and revenue, there is minimal estimation uncertainty.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation and ownership of investments (Note 1(d) page 58 and Note 11 page 64 to the financial statements)</p> <p>The investment portfolio at the year end comprised of investments held at fair value through profit or loss of which 99% was quoted.</p> <p>The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. The investment manager's fee is based on the value of the net assets of the Company. As the investment manager is responsible for valuing investments for the financial statements, there is a potential risk of misstatement of investment valuations.</p>	<p>We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments.</p> <p>We performed the following procedures on valuation:</p> <ul style="list-style-type: none"> confirmed that bid price has been used by agreeing to externally quoted prices. recalculated the investment valuation as at year end by multiplying the independently confirmed holdings with external bid prices. considered the adequacy of the relevant controls at the custodian through review of the latest available assurance reporting addressing the relevant controls in place at the custodian. 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. <p>In respect of the ownership of investments we have obtained direct confirmation from the custodian regarding all investments held at the year-end date.</p> <p>Key observations: Based on our procedures performed we consider the valuation and ownership of investments to be appropriate.</p>

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:

Overall materiality

	Company financial statements – 2021	Company financial statements – 2020
Materiality	£1.28m	£0.83m
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.	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
Performance materiality	£0.96m	£0.62m
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment.	75% of materiality based on our risk assessment and consideration of the control environment.

Specific materiality

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items to be £200,000 (2020: £100,000) based on 10% of revenue return before tax. We further applied a performance materiality level of 75% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the audit committee that we would report to them all individual audit differences in excess of £60,000 (2020: £40,000). For items impacting revenue return, we agreed that we will report any audit differences above £10,000 (2020: £40,000). We also agreed to report differences below these thresholds 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 58; 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 pages 20 and 21.

Other Code provisions

- Directors' statement on fair, balanced and understandable set out on page 47;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 25 and 26;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 40 and 41; and
- the section describing the work of the audit committee set out on pages 39 to 41.

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 the Company 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;
- enquiries of management and those charged with governance;
- reviewed correspondence with the relevant authorities;
- 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 that appear to be unusual;
- review of minutes of board meetings throughout the period; 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
28 January 2022

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

Income Statement

Notes	Year ended 31 October 2021			Year ended 31 October 2020			
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	
2	Gains/(losses) on investments held at fair value through profit or loss	–	47,667	47,667	–	(7,215)	(7,215)
	Gain on foreign exchange	–	1	1	–	–	–
3	Income from investments held at fair value through profit or loss	2,317	108	2,425	1,329	–	1,329
4	Other interest receivable and other income	268	–	268	166	–	166
	Gross revenue and capital gains/(losses)	2,585	47,776	50,361	1,495	(7,215)	(5,720)
5	Management and performance fees	(203)	(1,642)	(1,845)	(130)	(305)	(435)
6	Other administrative expenses	(379)	–	(379)	(312)	–	(312)
	Net return/(loss) before finance costs and taxation	2,003	46,134	48,137	1,053	(7,520)	(6,467)
7	Finance costs	(45)	(105)	(150)	(40)	(91)	(131)
	Net return/(loss) before taxation	1,958	46,029	47,987	1,013	(7,611)	(6,598)
8	Taxation	(4)	–	(4)	(3)	–	(3)
	Net return/(loss) after taxation	1,954	46,029	47,983	1,010	(7,611)	(6,601)
9	Net return per ordinary share – basic and diluted	24.74p	582.77p	607.51p	12.78p	(96.36p)	(83.58p)

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.

Statement of Changes in Equity

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

Notes	Year ended 31 October 2020	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 2019	2,000	14,838	2,431	69,105	3,424	91,798
10	Ordinary dividends paid	–	–	–	–	(2,527)	(2,527)
	Net (loss)/return after taxation	–	–	–	(7,611)	1,010	(6,601)
17	Purchase of 2,813 ordinary shares to be held in treasury	–	–	–	(27)	–	(27)
	At 31 October 2020	2,000	14,838	2,431	61,467	1,907	82,643

Statement of Financial Position

Notes	31 October 2021 £'000	31 October 2020 £'000
	Fixed assets	
11	Investments held at fair value through profit or loss	
	Listed at market value	65,075
	Quoted on AIM at market value	81,536
	Unlisted at market value	493
	147,104	94,759
	Current assets	
12	Investment held at fair value through profit or loss	2
13	Debtors	90
	Cash at bank and in hand	1,360
		1,452
14	Creditors: amounts falling due within one year	(20,059)
	Net current liabilities	(18,607)
	Total assets less current liabilities	128,497
	Net assets	128,497
	Capital and reserves	
16	Called up share capital	2,000
	Share premium account	14,838
17	Capital redemption reserve	2,431
17	Other capital reserves	107,496
	Revenue reserve	1,732
	Total shareholders' funds	128,497
19	Net asset value per ordinary share – basic and diluted	1,626.9p
		1,046.3p

These financial statements on pages 54 to 71 were approved and authorised for issue by the Board of Directors on 28 January 2022 and were signed on their behalf by:

Wendy Colquhoun
Chairman

Statement of Cash Flows

	Year ended 31 October 2021 £'000	Year ended 31 October 2020 £'000
Cash flows from operating activities		
Net return/(loss) before taxation	47,987	(6,598)
Add: finance costs	150	131
(Less)/add: (gains)/losses on investments held at fair value through profit or loss	(47,667)	7,215
Add: gains on foreign exchange	1	–
Withholding tax on dividends deducted at source	–	(5)
(Increase)/decrease in other debtors	(28)	167
Increase/(decrease) in creditors	1,295	(27)
Net cash inflow from operating activities	1,738	883
Cash flows from investing activities		
Purchase of investments	(36,086)	(12,719)
Sale of investments	30,812	14,938
Net cash (outflow)/inflow from investing activities	(5,274)	2,219
Cash flows from financing activities		
Equity dividends paid	(2,129)	(2,527)
Net loans drawn down	4,263	1,501
Buyback of ordinary shares	–	(27)
Interest paid	(120)	(138)
Net cash inflow/(outflow) from financing activities	2,014	(1,191)
Net (decrease)/increase in cash and cash equivalents	(1,522)	1,911
Cash and cash equivalents at start of year	2,882	971
Cash and cash equivalents at end of year	1,360	2,882
Comprising:		
Cash at bank	1,360	2,882

Notes to the Financial Statements

1 Accounting policies

(a) Basis of accounting

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

The Financial Statements have been prepared in accordance with the Companies Act 2006, FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (the “SORP”) issued in October 2019.

The principal accounting policies applied in the presentation of these Financial Statements are set out below. 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 Annual General Meeting 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 Annual General Meeting in 2023. 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 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 impact of COVID-19 on the Company, 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.

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. 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 fees, performance fees, 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. Since 1 November 2013, the Company has allocated 70% of its management fees 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. A performance fee of £1,168,000 was accrued in the period (2020: £nil). 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 Gains/(losses) on investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Gains on the sale of investments based on historical cost ¹	11,553	5,303
Revaluation losses recognised in previous years	(1,075)	5,315
Gains on investments sold in the year based on carrying value at previous Statement of Financial Position date	10,478	10,618
Revaluation gains/(losses) on investments held at 31 October	37,189	(17,833)
	47,667	(7,215)

¹ Also includes special capital dividends of £149,000 (2020: £110,000)

Notes to the Financial Statements (continued)

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

	2021 £'000	2020 £'000
UK:		
Dividends from listed investments	1,737	876
Dividends from AIM investments	518	348
	2,255	1,224
Non-UK:		
Dividends from listed investments	62	101
Dividends from AIM investments	–	4
	62	105
	2,317	1,329

4 Other interest receivable and other income

	2021 £'000	2020 £'000
Deposit interest	–	1
Stock lending commission	267	163
Underwriting commission (allocated to revenue)	1	2
	268	166

At 31 October 2021, the total value of securities on loan by the Company for stock lending purposes was £14,011,000 (2020: £16,590,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2021 was £27,450,000 (2020: £20,075,000). The Company's agent holds collateral at 31 October 2021 with the value of £14,789,000 (2020: £17,545,000) 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 106% (2020: 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 (2020: same).

5 Management and performance fee

	2021			2020		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	203	474	677	130	305	435
Performance fee	–	1,168	1,168	–	–	–
	203	1,642	1,845	130	305	435

The basis on which the management fee is calculated is set out on page 20 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 1(g) on page 59.

Notes to the Financial Statements (continued)

6 Other administrative expenses

	2021 £'000	2020 £'000
Auditor's remuneration for audit services	28	26
Directors' fees (see the Directors' remuneration report on page 43)	110	121
Directors' and officers' liability insurance	5	5
Listing and regulatory fees	18	16
Custody fees	9	6
Depositary fees	12	9
Printing and postage	11	19
Registrar's fees	11	11
Marketing expenses recharged by Janus Henderson ¹	30	(2)
Bank facilities: arrangement and non-utilisation fees	71	27
Other expenses	48	54
Irrecoverable VAT	26	20
	379	312

¹ Prior period was negative due to an over accrual in 2019

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

7 Finance costs

	Revenue return £'000	2021 Capital return £'000	Total £'000	Revenue return £'000	2020 Capital return £'000	Total £'000
On bank loans and overdrafts	45	105	150	40	91	131

The allocation between revenue return and capital return is explained in Note 1(g) on page 59.

8 Taxation

Approved investment trusts are exempt from tax on capital gains.

The tax assessed for the year is the same as (2020: the same as) the applicable rate of corporation tax in the UK for the year ended 31 October 2021 of 19.00% (2020: 19.00%).

The tax charge for the year ended 31 October 2021 is £4,000 (2020: £3,000).

The differences are explained below:

	Revenue return £'000	2021 Capital return £'000	Total £'000	Revenue return £'000	2020 Capital return £'000	Total £'000
Net return before taxation	1,958	46,029	47,987	1,013	(7,611)	(6,598)
Corporation tax at 19.00% (2020: 19.00%)	372	8,746	9,118	192	(1,446)	(1,254)
Non-taxable UK dividends	(426)	–	(426)	(228)	–	(228)
Non-taxable overseas dividends	(6)	–	(6)	(8)	–	(8)
Other non-taxable income	–	(21)	(21)	–	–	–
Excess management expenses	60	332	392	44	75	119
Irrecoverable overseas withholding tax	4	–	4	3	–	3
Capital (gains)/losses not subject to tax	–	(9,057)	(9,057)	–	1,371	1,371
Total tax charge	4	–	4	3	–	3

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 £5,944,000 (2020: £4,125,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £23,776,000 (2020: £21,713,000), and based on a prospective tax rate of 25% (2020: 19%). The corporation tax rate will be 25% with effect from 1 April 2023.

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

The total return per ordinary share is based on the total return attributable to the ordinary shares of £47,983,000 (2020: total loss of £6,601,000) and on 7,898,375 ordinary shares (2020: 7,898,521) being the weighted average number of shares in issue during the year.

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

	2021 £'000	2020 £'000
Revenue return	1,954	1,010
Capital return/(loss)	46,029	(7,611)
Total return/(loss)	47,983	(6,601)
Weighted average number of ordinary shares	7,898,375	7,898,521

	2021	2020
Revenue return per ordinary share	24.74p	12.78p
Capital return/(loss) per ordinary share	582.77p	(96.36p)
Total return/(loss) per ordinary share – basic and diluted	607.51p	(83.58p)

10 Ordinary dividends paid

	Record date	Payment date	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:				
Final dividend for the year ended 31 October 2019 of 19.0p	21 February 2020	27 March 2020	–	1,501
First Interim dividend for the year ended 31 October 2020 of 6.5p	22 May 2020	26 June 2020	–	513
Second Interim dividend for the year ended 31 October 2020 of 6.5p	21 August 2020	25 September 2020	–	513
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	–
Unclaimed dividends			(2)	–
			2,129	2,527

The Board decided to pay quarterly dividends from the beginning of the 2020 financial year, to make dividends as predictable for shareholders as possible.

Notes to the Financial Statements (continued)

10 Ordinary dividends paid (continued)

The Board declared a third interim dividend of 6.5p per ordinary share, paid on 17 December 2021 to shareholders on the register of the Company at the close of business on 19 November 2021. The ex-dividend date was 18 November 2021. Based on the number of ordinary shares in issue on 31 October 2021, the cost of this dividend was £513,000.

Subject to approval at the Annual General Meeting, the proposed final dividend of 8.0p per ordinary share will be paid on 25 March 2022 to shareholders on the register of members at the close of business on 18 February 2022. The shares will be quoted ex-dividend on 17 February 2022.

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 2021 £'000	Year ended 31 October 2020 £'000
Revenue available for distribution by way of dividends for the year	1,954	1,010
First interim dividend for the year ended 31 October 2021: 6.5p (2020: 6.5p)	(513)	(513)
Second interim dividend for the year ended 31 October 2021: 6.5p (2020: 6.5p)	(513)	(513)
Third interim dividend for the year ended 31 October 2021: 6.5p (2020: 6.5p)	(513)	(513)
Proposed final dividend for the year ended 31 October 2021: 8.0p (based on the 7,898,375 ordinary shares in issue at 28 January 2022) (2020: 7.5p on 7,898,375 ordinary shares)	(632)	(592)
Transferred from revenue reserve¹	(217)	(1,121)

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

¹ There is no undistributed revenue in the current year (2020: no undistributed revenue)

11 Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Valuation at 1 November	94,759	103,598
Investment holding losses/(gains) at 1 November	2,414	(10,104)
Cost at 1 November	97,173	93,494
Purchases at cost	35,491	13,314
Sales at cost	(19,259)	(9,635)
Cost at 31 October	113,405	97,173
Investment holding gains/(losses) at 31 October	33,699	(2,414)
Valuation of investments at 31 October	147,104	94,759

The Company received £30,812,000 (2020: £14,893,000) from investments sold in the year. The book cost of these investments when they were purchased was £19,259,000 (2020: £9,635,000). 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 (2020: same).

Total transaction costs amounted to £128,000 (2020: £33,000) of which purchase transaction costs for the year ended 31 October 2021 were £114,000 (2020: £27,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the year ended 31 October 2021 were £14,000 (2020: £6,000). These comprise mainly commissions.

Substantial interests in investments

As at 31 October 2021 the Company held an interest in 3% or more of any class of share capital in Chamberlin, Deltex Medical, Deltic Energy, IQGeo, Jersey Oil & Gas, Orcadian Energy, Van Elle and Westminster (2020: Deltex Medical, Deltic Energy, IQGeo, Jersey Oil & Gas, Van Elle and Zoo Digital). 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 2021 this holding had a value of £2,000 (2020: £2,000).

13 Debtors

	2021 £'000	2020 £'000
Prepayments and accrued income	83	55
Tax recoverable	7	11
	90	66

14 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Unsecured sterling bank loans (see Note 15.6)	18,367	14,104
Purchases for future settlement	–	595
Bank loan interest payable	35	5
Other creditors	1,657	362
	20,059	15,066

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 18 and 19. 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 2021 and at 31 October 2020, is represented by the investments it holds, as shown on the Statement of Financial Position on page 56 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

	2021		2020	
	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)	147,104	147,104	94,759	94,759
Impact on the income statement:				
Revenue return	(49)	49	(31)	31
Capital return	29,308	(29,308)	18,879	(18,879)
Impact on net assets and total return	29,259	(29,259)	18,848	(18,848)

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 £nil cash at bank at 31 October 2021 (2020: £nil) 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 2021 and at 31 October 2020 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.

	2021 Within one year £'000	2020 Within one year £'000
Exposure to floating interest rates:		
Cash at bank	1,360	2,882
Money market funds	2	2
Creditors – within one year:		
Borrowings under loan facility	(18,367)	(14,104)
Total exposure to interest rates	(17,005)	(11,220)

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; 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 1.1% as at 31 October 2021 (2020: 0.8%).

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 £17,005,000 (2020: £11,220,000) 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 £340,000 (2020: £224,000).

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 (2020: £20m) 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:

	2021		2020	
	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	3,013	15,389	8,599	5,510
Other creditors	1,657	–	957	–
	4,670	15,389	9,556	5,510

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 2021 was to cash at bank and money market funds of £1,362,000 (2020: £2,884,000) and to debtors of £90,000 (2020: £66,000) (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 overleaf 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 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
Fair value hierarchy at 31 October 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	94,352	–	407	94,759
Current asset investments	2	–	–	2
	94,354	–	407	94,761

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:

	2021 £'000	2020 £'000
Opening balance at 1 November	407	400
Revaluation	86	7
Closing balance at 31 October	493	407

The investment valuation of the Company's holding in 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 2021 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 £146,864,000 (2020: £96,747,000).

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 £19,841,000 and the lowest position in the year was £14,105,000.

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

	2021 £'000	2020 £'000
Allotted and issued ordinary shares of 25p each 7,898,375 (2020: 7,898,375)	1,974	1,974
Ordinary shares of 25p each held in treasury 102,483 (2020: 102,483)	26	26
	2,000	2,000

During the year ended 31 October 2021 no ordinary shares of 25p each were issued or repurchased by the Company (2020: 2,813 shares were repurchased, and placed in treasury, at a cost of £27,000). 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 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

	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 2019	2,431	58,994	10,111	69,105
Transfer on disposal of investments	–	(5,315)	5,315	–
Net gains/(losses) on investments	–	10,618	(17,833)	(7,215)
Buyback of 2,813 ordinary shares	–	(27)	–	(27)
Expenses and finance costs allocated to capital	–	(396)	–	(396)
At 31 October 2020	2,431	63,874	(2,407)	61,467

The capital reserve arising on revaluation of investments held includes £781,000 of unrealised losses on nil valued investments (2020: £1,633,000). 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 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)

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 2019	971	(12,603)	(11,632)
Cash flows	1,911	(1,501)	410
Net debt as at 31 October 2020	2,882	(14,104)	(11,222)

19 Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share at the year end was 1,626.9p (2020: 1,046.3p). The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £128,497,000 (2020: £82,643,000) and on the 7,898,375 ordinary shares in issue at 31 October 2021 (2020: 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:

	2021 £'000	2020 £'000
Total net assets at 1 November	82,643	91,798
Total net return/(loss)	47,983	(6,601)
Dividends paid in the year	(2,129)	(2,527)
Buyback of shares	–	(27)
Total net assets at 31 October	128,497	82,643

20 Capital commitments and contingent commitments

Capital commitments

There were no capital commitments at 31 October 2021 (2020: £nil).

Contingent commitments

As at 31 October 2021 there were no commitments (2020: £nil).

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 Group plc (“Janus Henderson”) to provide investment management, accounting, administrative and secretarial services. Janus Henderson has contracted with BNP Paribas Securities Services to provide accounting and administration services.

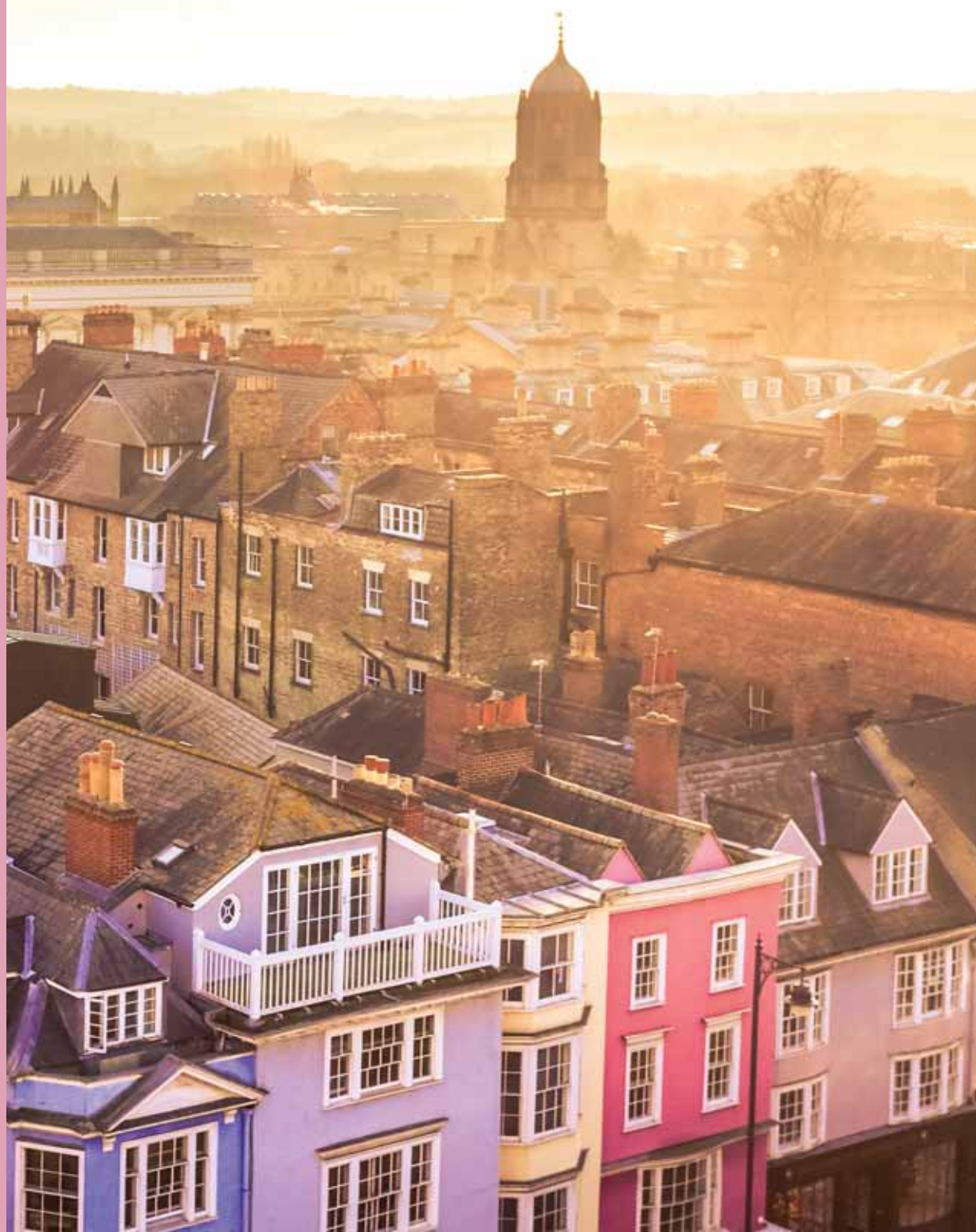
Details of the management fee arrangements for these services are given in the Strategic Report on page 20. The total of the management fees paid or payable under this agreement to Janus Henderson in respect of the year ended 31 October 2021 was £677,000 (2020: £435,000) of which £404,000 was outstanding at 31 October 2021 (2020: £255,000). A performance fee of £1,168,000 is payable to Janus Henderson in respect of the year ended 31 October 2021 (2020: £nil).

Janus Henderson also provides 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 2021 amounted to £30,000 (2020: nil) of which £10,000 was outstanding at 31 October 2021 (2020: nil).

Details of fees paid to Directors are included in the Directors’ remuneration report on page 43 and in Note 6 on page 62.

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

Alternative performance measures can be found on pages 75 and 76.

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 who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring, 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 recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company’s 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 net asset value will be disclosed ex-dividend.

Investment trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

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 2021	31 October 2020
Net asset value per ordinary share (pence)	(A)	1,626.9	1,046.3
Share price per share (pence)	(B)	1,382.5	885.0
(Discount) or Premium (C=(B-A)/A) (%)	(C)	(15.0)	(15.4)

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.

		2021	2020
Bank loans or overdrafts (Note 14) (£'000)	(A)	18,367	14,104
Less:			
Cash at bank	(B)	(1,360)	(2,882)
Investment in cash funds	(C)	(2)	(2)
Net gearing (£'000)	(D)	17,005	11,220
Net assets (see page 56) (£'000)	(E)	128,497	82,643
Gearing (F=D/E) (%)	(F)	13.2	13.6

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 ordinary 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 71 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 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.

	2021 £'000	2020 £'000
Management fees (Note 5)	677	435
Other administrative expenses (Note 6)	379	312
Less: non-recurring expenses	(24)	(5)
Ongoing charge	1,032	742
Performance fee	1,168	–
Ongoing charge including performance fee	2,200	742
Average net assets¹	118,949	83,989
Ongoing charge ratio	0.87%	0.88%
Ongoing charge ratio including performance fee	1.85%	0.88%

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 PRIIP 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 63).

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 63 and 64.

	NAV per share	Share price
NAV/share price per share at 31 October 2020 (pence)	1,046.3	885.0
NAV/share price per share at 31 October 2021 (pence)	1,626.9	1,382.5
Change in the year (%)	55.5	56.2
Impact of dividends reinvested (%)	1.9	2.1
Total return for the year (%)	58.4	59.5

Dividend yield

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

		31 October 2021	31 October 2020
Annual dividend (pence)	(A)	27.5	27.0
Share price (pence)	(B)	1,382.5	885.0
Yield (C=A/B) (%)	(C)	2.0	3.1

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 2021 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 2021 are disclosed below:

	Stocklending	
Market value of securities on loan £'000	% of lendable assets	% of assets under management
14,011	9.5	10.9

Concentration data

The ten largest collateral issuers across all the securities financing transactions as at 31 October 2021 are disclosed below:

Issuer	Market value of collateral received £'000
Government of Japan	3,096
UK Treasury	2,893
Government of France	420
Tencent	416
Itochu	348
Alibaba	335
Shopify	312
Government of Germany	300
Mediobanca	195
BHP Group	192
	8,507

The top ten counterparties of each type of securities financing transactions as at 31 October 2021 are disclosed below:

Counterparty	Market value of securities on loan £'000
Barclays	3,242
Merrill Lynch International	2,709
Macquarie Bank	1,888
JP Morgan	1,670
Credit Suisse Dublin	1,540
Bank of Nova Scotia	1,423
Morgan Stanley	649
Credit Suisse International	436
UBS	251
HSBC	203
	14,011

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 2021:

Stock lending							Market value of collateral received
Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	£'000
Barclays	United Kingdom	Government Debt	Investment Grade	USD	Tri-party	HSBC	75
		Government Debt	Investment Grade	EUR	Tri-party	HSBC	792
		Government Debt	Investment Grade	GBP	Tri-party	HSBC	2,101
		Equity	Main Market Listing	USD	Tri-party	HSBC	15
		Equity	Main Market Listing	JPY	Tri-party	HSBC	426
Credit Suisse	Ireland	Equity	Main Market Listing	AUD	Tri-party	HSBC	714
		Equity	Main Market Listing	CAD	Tri-party	HSBC	161
		Equity	Main Market Listing	EUR	Tri-party	HSBC	39
		Equity	Main Market Listing	GBP	Tri-party	HSBC	127
		Equity	Main Market Listing	HKD	Tri-party	HSBC	145
		Equity	Main Market Listing	SEK	Tri-party	HSBC	14
		Equity	Main Market Listing	USD	Tri-party	HSBC	409
		Equity	Main Market Listing	GBP	Tri-party	HSBC	13
		Government Debt	Investment Grade	EUR	Tri-party	HSBC	10
		Credit Suisse	Switzerland	Equity	Main Market Listing	AUD	Tri-party
Equity	Main Market Listing			EUR	Tri-party	HSBC	380
Equity	Main Market Listing			JPY	Tri-party	HSBC	5
Equity	Main Market Listing			NOK	Tri-party	HSBC	30
Equity	Main Market Listing			SEK	Tri-party	HSBC	43
Equity	Main Market Listing			USD	Tri-party	HSBC	2
HSBC	Hong Kong	Government Debt	Investment Grade	GBP	Bilateral	HSBC	213
JP Morgan	United Kingdom	Equity	Main Market Listing	AUD	Tri-party	HSBC	6
		Equity	Main Market Listing	CAD	Tri-party	HSBC	1
		Equity	Main Market Listing	EUR	Tri-party	HSBC	1,057
		Equity	Main Market Listing	HKD	Tri-party	HSBC	351
		Equity	Main Market Listing	JPY	Tri-party	HSBC	30
		Equity	Main Market Listing	NOK	Tri-party	HSBC	118
		Equity	Main Market Listing	GBP	Tri-party	HSBC	197
		Equity	Main Market Listing	USD	Tri-party	HSBC	10
Macquarie Bank	United Kingdom	Equity	Main Market Listing	AUD	Tri-party	HSBC	641
		Equity	Main Market Listing	EUR	Tri-party	HSBC	124
		Equity	Main Market Listing	HKD	Tri-party	HSBC	541
		Equity	Main Market Listing	JPY	Tri-party	HSBC	88
		Equity	Main Market Listing	USD	Tri-party	HSBC	8
		Equity	Main Market Listing	GBP	Tri-party	HSBC	414
		Government Debt	Investment Grade	JPY	Tri-party	HSBC	185
Merrill Lynch International	United Kingdom	Government Debt	Investment Grade	JPY	Tri-party	HSBC	2,835
		Government Debt	Investment Grade	EUR	Tri-party	HSBC	9
Morgan Stanley	United Kingdom	Government Debt	Investment Grade	GBP	Tri-party	HSBC	502
		Government Debt	Investment Grade	EUR	Tri-party	HSBC	106
		Government Debt	Investment Grade	JPY	Tri-party	HSBC	75

Securities financing transactions (unaudited)

(continued)

Stock lending							
Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
Bank of Nova Scotia	Canada	Equity	Main Market Listing	CAD	Tri-party	HSBC	537
		Equity	Main Market Listing	GBP	Tri-party	HSBC	647
		Equity	Main Market Listing	USD	Tri-party	HSBC	41
		Equity	Main Market Listing	EUR	Tri-party	HSBC	1
		Equity	Main Market Listing	JPY	Tri-party	HSBC	202
		Government Debt	Investment Grade	GBP	Tri-party	HSBC	78
UBS	Switzerland	Government Debt	Investment Grade	JPY	Tri-party	HSBC	2
		Equity	Main Market Listing	AUD	Tri-party	HSBC	17
		Equity	Main Market Listing	CAD	Tri-party	HSBC	5
		Equity	Main Market Listing	CHF	Tri-party	HSBC	21
		Equity	Main Market Listing	EUR	Tri-party	HSBC	75
		Equity	Main Market Listing	HKD	Tri-party	HSBC	75
		Equity	Main Market Listing	JPY	Tri-party	HSBC	4
		Equity	Main Market Listing	SGD	Tri-party	HSBC	49
		Equity	Main Market Listing	USD	Tri-party	HSBC	16
		Equity	Main Market Listing	GBP	Tri-party	HSBC	4

Re-use of collateral

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

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
334	67	20	267	80

General shareholder information

Alternative Investment Fund Managers Directive (“AIFMD”) disclosures

In accordance with the AIFMD, information in relation to the Company’s leverage and remuneration of Henderson Investment Funds Limited, as the Company’s Alternative Investment Fund Manager (“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 called “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 82) 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 is provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act

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 707 1059. 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 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 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 82.

Corporate information

Registered office

201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Service providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
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 January 2022
Final ex dividend date	17 February 2022
Final dividend record date	18 February 2022
Annual General Meeting	10 March 2022
2021 final dividend payable on	25 March 2022
Half year results	announced June 2022
First interim dividend payable	June 2022
Second interim dividend payable	September 2022
Third interim dividend payable	December 2022
2022 final dividend payable	March 2023

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/>.

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.

Nominee share code

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

Henderson 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



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