

# **HENDERSON OPPORTUNITIES TRUST PLC**

**Report for the half year ended  
30 April 2020**  
*(unaudited)*

**HENDERSON OPPORTUNITIES TRUST PLC**  
**Unaudited results for the half year ended 30 April 2020**

**Investment Objective**

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

**Performance summary**

	(Unaudited) 30 April 2020	(Unaudited) 30 April 2019	(Audited) 31 October 2019
Net Asset Value (NAV) per ordinary share	921.3p	1,232.6p	1,161.8p
Ordinary share price	740.0p	1,007.5p	932.0p
Net assets	£72.8m	£97.4m	£91.8m
Discount to NAV <sup>1</sup>	19.7%	18.3%	19.8%
Total return per ordinary share	(221.6p)	64.5p	1.0p
Revenue return per share - basic and diluted	8.0p	13.4p	29.9p
Dividends per share <sup>2</sup>	13.0p	7.0p	26.0p
Net Gearing <sup>3</sup>	15.3%	14.0%	12.7%

<sup>1</sup> NAV including income reinvested

<sup>2</sup> The dividends per ordinary share for the period 1 November 2019 to 30 April 2020 include a first interim dividend payable of 6.5p per ordinary share payable on 26 June 2020 and a second interim dividend payment of 6.5p per ordinary share payable on 25 September 2020. See the Chairman's Statement and Note 3 for further details.

<sup>3</sup> The net gearing percentage reflects the amount of borrowings (bank loans or overdrafts) the Company has used to invest in the market less cash and investment cash funds, divided by net assets multiplied by 100.

**Total Return Performance to 30 April 2020**

	6 Months	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	%
NAV per share <sup>1</sup>	-19.7	-23.8	-14.2	-4.2	123.4
Benchmark <sup>2</sup>	-17.0	-16.7	-7.5	4.8	63.4
Share price <sup>3</sup>	-19.2	-24.7	-17.9	-10.8	135.0
Sector average NAV <sup>4</sup>	-19.7	-20.4	-14.1	3.7	91.9

Sources: Morningstar for the AIC, Refinitiv Datastream and Janus Henderson

1. NAV total return per ordinary share (including income reinvested)

2. FTSE All-Share Index total return with income reinvested

3. Share price total return (including income reinvested) using mid-market closing price

4. Arithmetic average NAV total return of the Association of Investment Companies (AIC) UK All Companies Sector with income reinvested

## INTERIM MANAGEMENT REPORT

### CHAIRMAN'S STATEMENT

#### Performance

The period under review was dominated by the impact of Covid-19 and the Company's NAV total return fell by 19.7% over the first half of the financial year while the FTSE All-Share benchmark was down 17.0%. The unprecedented slowdown in activity and the consequential falls in equity values seen in February and March 2020 were particularly severe for small businesses geared to the UK economy where the Company's portfolio carries a heavy weighting. In the near term the economic outlook is inevitably tied to progress on control of the pandemic with the expectation that the virus will eventually be overcome and economic activity will recover. The most resilient UK companies, those that offer excellent goods or services, should again prosper as the economy recovers and we believe your Company's portfolio is strongly focused around such companies.

The following table illustrates the Company's record against the benchmark over the ten year period to 30 April 2020:

	1 year %	3 years %	5 years %	10 years %
NAV (total return)	-23.8	-14.2	-4.2	123.4
FTSE All-Share (total return)	-16.7	-7.5	4.8	63.4
Outperformance (+)/ Underperformance (-)	-7.1	-6.7	-9.0	60.0

#### Earnings and Dividends

The revenue return in the period was £628,000, compared to £1,061,000 in the corresponding period last year.

In February 2020, we announced that, from the beginning of the 2020 financial year, quarterly dividends would be paid to shareholders in order to make dividends as predictable for shareholders as possible. The first quarterly dividend of 6.5p per ordinary share for the financial year ending 31 October 2020 was declared on 19 March 2020 and will be paid on 26 June 2020. When we released the 2019 annual results announcement in February 2020 we said we expected to be able to declare a second quarterly dividend of 6.5p per ordinary share. We are pleased to announce that our expectation to be able to pay this amount has not altered and the Company therefore declares a second interim dividend of 6.5p per ordinary share, in respect of the quarter to 30 April 2020 for the financial year ending 31 October 2020, payable on 25 September 2020 to shareholders registered at the close of business on 21 August 2020. The Company's shares will be quoted ex-dividend on 20 August 2020.

The Directors appreciate the importance of dividend payments to shareholders. The dividend going forward will be under review given that many of the underlying holdings are reducing or suspending their dividend payments this year due to the extreme levels of uncertainty. The Company has a revenue reserve of £1.9m following payment of the 2019 final dividend and this is available for use in the current circumstances. It is unclear at present whether these revenue reserves will allow the Company's quarterly dividend to remain at this level until the payments of the dividends by the stocks held in the portfolio lead again to the Company's dividend being covered by earnings.

#### Gearing

The gearing started the period at 12.7% and at the period end was 15.3%. It detracted approximately 2% from the NAV over the 6 months. However, the gearing has been a positive contributor to the Company's long-term NAV return and it helps position the portfolio to benefit strongly from a return of investor confidence as economic growth picks up.

### **Share Capital**

During the period 2,813 shares were bought back under the authority given by shareholders at the Company's Annual General Meeting in 2019, at an average price of 953.3p. The shares are being held in treasury. We purchased these shares to marginally enhance the NAV. We will continue to be opportunistic in our approach to buybacks with the main objective of increasing the NAV rather than reducing the discount. It may help reduce the discount if it coincides with a general return of confidence and good performance.

### **Continuation Vote**

At the AGM in March the Continuation Vote was passed. It will next occur at the AGM in March 2023 on its triennial cycle.

### **Outlook**

The economic scars from the crisis will clearly take some time to heal and, in particular, the debts incurred in both the public and private sectors will take a long time to pay down. However, the lockdown is slowly being eased and that is the first prerequisite for economic recovery. Timing remains uncertain but once the recovery takes hold it is likely that stronger growth will emerge in certain areas of the economy. Adaptable companies which respond fast will benefit in a changed operating environment. The companies held in the portfolio have the advantage over some unquoted competitors of having easier access to equity capital. The ones that need it are using the market to raise capital and therefore place themselves in a strong position for the recovery. The Company is participating in selected placings and some of them will in time prove very good investments we believe. The valuations across the portfolio could prove to be very attractive as economic growth returns.

Since the period end to 16 June 2020 the NAV total return has risen 7.3%, while the benchmark has gone up 2.9%. Such a sharp movement in share prices reflects the tendency for stock market investors to attempt to foreshadow trends in the real economy and, on this occasion, the magnitude of the bounce belies any equivalent improvement in the outlook for the global economy.

**Peter Jones**  
**Chairman**  
**17 June 2020**

## FUND MANAGERS' REPORT

### Overview

The Company's net asset value fell 19.7% during the six months under review, while the FTSE All-Share benchmark fell 17.0% (both on a total return basis). This underperformance was concentrated in March, when the Company's net asset value fell 26.4% relative to a 15.1% fall in the benchmark. It then recovered strongly in April, when the net asset value rose 14.7% versus a rise in the FTSE All-Share of 4.9%, in what was an exceptionally volatile period.

With its material exposure to small and medium sized companies, the portfolio is more tied into the performance of and expectations for the domestic economy than the FTSE All-Share benchmark, which is highly international. This can be seen in the stock level detractors from performance financial year to date, which include retail property owner **Hammerson**, UK building materials company **Sigmaroc** and Scottish housebuilder **Springfield Properties**. At a time when large parts of the domestic economy have effectively been mothballed as a result of the Covid-19 (for example Scottish housebuilding has stopped entirely) this will naturally have an impact on the earnings of the companies affected.

We go into more detail in the activity section below on recent portfolio changes, but we have left the shape of the portfolio largely unchanged in recent months. The companies held are deliberately diverse in their exposure. Some will benefit from the current 'lockdown'; others will see earnings materially reduced, at least in the short term. The attributes they share is they have experienced management teams and are specialists in the service or product they provide, often they are one of if not the market leader. We have spoken to the management teams of many companies in recent weeks, and are encouraged by how quickly they have responded to the current circumstances. It is speaking to management teams and seeing how quickly companies are adapting that gives us confidence in the current positioning.

### Portfolio Attribution

The largest active contributor to performance during the period was **Ceres Power**, a fuel cell technology company. This received further validation of its technology via a manufacturing licence agreement with Bosch, which added to its existing stake in Ceres (taking it to 18%) and took a seat on the Ceres board. This leaves Ceres with a number of impressive partners including Doosan in South Korea and Weichai in China as they move towards full-scale commercialisation of their technology. While their fuel cells are likely to be used first in buses as a range extender (where hydrogen can be used alongside traditional fossil fuels), there are a number of potentially large end market applications including datacentres and heavy-duty trucks.

Technology companies held including **Blue Prism**, **LoopUp** and **Zoo Digital** were also strong contributors to performance. All have resilient business models that in some cases are benefitting from the current environment. For example LoopUp, a competitor to Zoom and WebEx in conference calls, is gaining a substantial number of new customers as a result of its secure, easy to use and reliable technology. Zoo Digital, which provides dubbing and subtitling services to content producers, is also finding that customers are more willing to use their flexible, freelance dubbing technology at a time when traditional dubbing studios are closed.

The largest detractor from performance was retail property company **Hammerson**. This owns shopping centres in the UK and Europe including the Bullring in Birmingham and a stake in Bicester Village. With the shift to shopping online it is widely appreciated that rents and valuations of retail properties are likely to fall further. This has recently been exacerbated by the effects of the virus, with the majority of retailers being closed and therefore a significant portion of quarterly rental payments being deferred. The reason the Company continues to hold the position is that we think the demise of physical retail is understood, and to a large degree factored into the current share price. For example the published net asset value per share was £6, versus the share price at the end of April of 71p.

### Activity

During the period positions were sold or exited in **Eland Oil & Gas**, **Aggregated Micro Power** (in both cases following a takeover), **BT Group**, **Renewi**, **Royal Mail** and **Character Group**. BT, Royal Mail and Character Group were sold on concerns around a lack of visible earnings growth. Therefore while they looked attractively valued, in our view they lacked a catalyst that could cause them to re-rate. Renewi, a waste management company, was sold as a result of balance sheet concerns as they were highly

indebted. There were also two mergers within the period as the holding in fund management group Miton merged with Premier to become **Premier Miton Group**, and the holding in insurance services provider Redde merged with van rental company Northgate to create **Redde Northgate**. In both cases we have maintained the holdings.

A number of purchases during the period were placings from companies seeking extra headroom once the scale of disruption from the virus became apparent. This included adding to existing holdings in **The Gym Group**, **Hollywood Bowl**, **Franchise Brands**, **Van Elle** and **Safestyle**. In all cases we think the companies will emerge from the current environment in a strong competitive position.

### **Outlook**

The severity of the slowdown in economic activity and the level of commitment to spending by government to alleviate some of the disruption is on an unprecedented scale for peacetime. The old economic models of how the economy should respond to events are of little help in predicting what will happen. In time the virus will wane, and economic activity will recover. The shape of the recovery will result in an economy that will be different to the past. Greater flexibility in work practices and large advances in the digital space will be evident, but so will higher debt levels and inflation may be higher than in the recent past. For the equity investor there will be multiple opportunities and pitfalls. This portfolio has the scope to be responsive to the changing investment landscape and hold companies that will succeed in moving forward in this changed world.

**James Henderson and Laura Foll**  
**Fund Managers**  
**17 June 2020**

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

- investment activity and strategy;
- financial instruments and the management of risk;
- operational;
- accounting, legal and regulatory;
- liquidity;
- net gearing; and
- failure of Janus Henderson.

Detailed information on these risks is given in the Strategic Report and in the Notes to the Financial Statements in the Company's Annual Report for the year to 31 October 2019.

In the view of the Board, these principal risks and uncertainties at the year-end remain and are as applicable to the remaining six months of the financial year as they were to the six months under review.

The Board notes that there are also a number of emerging risks stemming from the Covid-19 pandemic and the uncertainty that this has created in global markets, both economically and politically, that may impact the operation of the Company. Some of these are set out in more detail in the Chairman's Statement but the medical and epidemiological implications of Covid-19 are yet to be fully understood; neither an effective treatment nor a vaccine are likely to be available in the short term. A second wave of infections could result in even worse economic effects. Changing consumer behaviour, additional administrative burdens and new regulations could significantly alter and negatively affect business operations in the medium to longer term with unknown consequences for affected industries. The Fund Managers will continue to review carefully the composition of the Company's portfolio and be proactive in taking investment decisions where necessary. The Manager and the Company's other third-party service providers remain fully operational and have implemented appropriate business continuity plans to ensure that there has been no change in service while the majority of staff are working from home.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) the condensed financial statements for the half year ended 30 April 2020 have been prepared in accordance with Financial Reporting Standard 104 Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- (b) this Interim Management Report and condensed financial statements include a fair review of the information required by the Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) this Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

**For and on behalf of the Board**

**Peter Jones**

**Chairman**

**17 June 2020**

## INVESTMENT PORTFOLIO at 30 April 2020

Company	Valuation £'000	% of portfolio	Company	Valuation £'000	% of portfolio
RWS Holdings <sup>1</sup>	3,523	4.2	Eurocell	588	0.7
Blue Prism <sup>1</sup>	3,431	4.1	Quixant <sup>1</sup>	576	0.7
Ceres Power <sup>1</sup>	3,176	3.8	Keystone Law <sup>1</sup>	574	0.7
Tracsis <sup>1</sup>	2,507	3.0	Reabold Resources <sup>1</sup>	563	0.7
Learning Technologies <sup>1</sup>	2,483	3.0	Surface Transforms <sup>1</sup>	563	0.7
Springfield Properties <sup>1</sup>	2,472	2.9	IP Group	517	0.6
Serica Energy <sup>1</sup>	2,282	2.7	K3 Capital <sup>1</sup>	481	0.6
Oxford Instruments	2,218	2.6	Horizon Discovery <sup>1</sup>	479	0.5
Cohort <sup>1</sup>	1,941	2.3	Cluff Natural Resources <sup>1</sup>	455	0.5
Zoo Digital <sup>1</sup>	1,935	2.3	Creo Medical <sup>1</sup>	455	0.5
<b>10 Largest</b>	<b>25,968</b>	<b>30.9</b>	<b>60 Largest</b>	<b>77,689</b>	<b>92.5</b>
GlaxoSmithKline	1,910	2.3	Jersey Oil & Gas <sup>1</sup>	420	0.5
Sigmaroc <sup>1</sup>	1,845	2.2	CML Microsystems	414	0.5
Rio Tinto	1,842	2.2	Mirriad Advertising <sup>1</sup>	413	0.5
Integrafin Holdings	1,821	2.2	Senior	410	0.5
XP Power	1,757	2.1	Hammerson	406	0.5
Assura	1,670	2.0	Jadestone Energy <sup>1</sup>	401	0.5
Boku <sup>1</sup>	1,644	1.9	Oxford Sciences Innovation <sup>2</sup>	400	0.5
Johnson Matthey	1,594	1.9	Lloyds Banking	387	0.4
SDL	1,533	1.8	International Consolidated		
Prudential	1,411	1.7	Airlines	333	0.4
<b>20 Largest</b>	<b>42,995</b>	<b>51.2</b>	Oxford Biodynamics <sup>1</sup>	330	0.4
Redcentric <sup>1</sup>	1,375	1.6	<b>70 Largest</b>	<b>81,603</b>	<b>97.2</b>
HSBC	1,356	1.6	<b>14 Remaining (excluding</b>		
GB Group <sup>1</sup>	1,350	1.6	<b>cash and investments</b>		
Workspace	1,330	1.6	<b>written down to zero)</b>	<b>2,367</b>	<b>2.8</b>
Next Fifteen Communications <sup>1</sup>	1,295	1.6	<b>Total</b>	<b>83,970</b>	<b>100.0</b>
Direct Line Insurance	1,294	1.5			
Aveva Group	1,250	1.5			
The Gym Group	1,225	1.5			
Ricardo	1,186	1.4			
Franchise Brands <sup>1</sup>	1,184	1.4			
<b>30 Largest</b>	<b>55,840</b>	<b>66.5</b>			
Standard Chartered	1,161	1.4			
Vertu Motors <sup>1</sup>	1,113	1.3			
IQGeo <sup>1</sup>	1,015	1.2			
Tribal Group <sup>1</sup>	977	1.2			
LoopUp <sup>1</sup>	963	1.2			
Vodafone	953	1.1			
Studio Retail	945	1.1			
4D Pharma <sup>1</sup>	860	1.0			
Van Elle <sup>1</sup>	857	1.0			
Rolls Royce	825	1.0			
<b>40 Largest</b>	<b>65,509</b>	<b>78.0</b>			
Flowtech <sup>1</sup>	797	1.0			
Ilika <sup>1</sup>	760	0.9			
IG Group	754	0.9			
Mondi	705	0.8			
Scapa <sup>1</sup>	702	0.8			
Redde Northgate	659	0.8			
Premier Miton Group <sup>1</sup>	659	0.8			
Deltex Medical <sup>1</sup>	647	0.8			
Hollywood Bowl	638	0.8			
Royal Bank of Scotland	608	0.7			
<b>50 Largest</b>	<b>72,438</b>	<b>86.3</b>			

<sup>1</sup>Quoted on the Alternative Investment Market ('AIM')

<sup>2</sup>Unlisted



## Attribution Analysis to 30 April 2020

The table below sets out the top five contributors and top five detractors to NAV:

<b>Top Five Contributors</b>	<b>Total Return %</b>	<b>Contribution to NAV %</b>
Ceres Power	+105.9	+1.4
Blue Prism	+57.9	+0.8
LoopUp	+76.7	+0.8
Integrafin Holdings	+35.8	+0.5
Zoo Digital	-12.2	+0.5

  

<b>Top Five Detractors</b>	<b>Total Return %</b>	<b>Contribution to NAV %</b>
Hammerson	-75.6	-1.3
Sigmaroc	-30.7	-1.2
Rolls Royce	-53.5	-1.1
Ricardo	-37.1	-0.9
Senior	-64.8	-0.9

Source: Janus Henderson

## Portfolio by Index at 30 April 2020

As a percentage of the portfolio excluding cash

<b>Index</b>	<b>FTSE All-Share Index %</b>	<b>Portfolio %</b>
FTSE 100	80.5	17.2
FTSE 250	16.3	14.7
FTSE SmallCap	3.2	7.8
FTSE AIM	-	58.0
OTHER	-	2.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Factset

## Portfolio by Market Capitalisation at 30 April 2020

As a percentage of the portfolio excluding cash

<b>Index</b>	<b>FTSE All-Share Index %</b>	<b>Portfolio %</b>
Greater than £2bn	86.4	19.6
£1bn - £2bn	6.9	15.5
£500m - £1bn	3.5	12.5
£200m - £500m	2.5	17.0
£100m - £200m	0.6	11.2
£50m - £100m	0.1	13.2
Less than £50m	-	10.5
Other	-	0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Factset

## CONDENSED INCOME STATEMENT

	(Unaudited) Half Year ended 30 April 2020			(Unaudited) Half Year ended 30 April 2019			(Audited) Year ended 31 October 2019		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
(Losses)/gains from investments held at fair value through profit or loss	-	(17,925)	(17,925)	-	4,277	4,277	-	(1,824)	(1,824)
Investment income held at fair value through profit or loss	810	-	810	1,095	-	1,095	2,538	-	2,538
Interest receivable and other income	86	-	86	228	-	228	379	-	379
<b>Gross revenue and capital (losses)/gains</b>	<b>896</b>	<b>(17,925)</b>	<b>(17,029)</b>	<b>1,323</b>	<b>4,277</b>	<b>5,600</b>	<b>2,917</b>	<b>(1,824)</b>	<b>1,093</b>
Management fee (note 2)	(64)	(149)	(213)	(71)	(166)	(237)	(147)	(342)	(489)
Administrative expenses	(178)	-	(178)	(167)	-	(167)	(347)	-	(347)
<b>Net return/(loss) before finance costs and taxation</b>	<b>654</b>	<b>(18,074)</b>	<b>(17,420)</b>	<b>1,085</b>	<b>4,111</b>	<b>5,196</b>	<b>2,423</b>	<b>(2,166)</b>	<b>257</b>
Finance costs	(24)	(56)	(80)	(23)	(54)	(77)	(53)	(124)	(177)
<b>Net return/(loss) before taxation</b>	<b>630</b>	<b>(18,130)</b>	<b>(17,500)</b>	<b>1,062</b>	<b>4,057</b>	<b>5,119</b>	<b>2,370</b>	<b>(2,290)</b>	<b>80</b>
Taxation on net return	(2)	-	(2)	(1)	-	(1)	(4)	-	(4)
<b>Net return/(loss) after taxation</b>	<b>628</b>	<b>(18,130)</b>	<b>(17,502)</b>	<b>1,061</b>	<b>4,057</b>	<b>5,118</b>	<b>2,366</b>	<b>(2,290)</b>	<b>76</b>
<b>Return/(loss) per ordinary share – basic and diluted (note 4)</b>	<b>7.95p</b>	<b>(229.53p)</b>	<b>(221.58p)</b>	<b>13.36p</b>	<b>51.11p</b>	<b>64.47p</b>	<b>29.88p</b>	<b>(28.92p)</b>	<b>0.96p</b>

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

All revenue and capital items in the above statement derive from continuing operations. The revenue and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. The Company had no recognised gains or losses other than those disclosed in the Income Statement and Statement of Changes in Equity. The accompanying notes are an integral part of the condensed financial statements.

## CONDENSED STATEMENT OF CHANGES IN EQUITY

(Unaudited)  
Half Year ended 30 April 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
Ordinary dividends paid	-	-	-	-	(1,501)	(1,501)
Net (loss)/return after taxation	-	-	-	(18,130)	628	(17,502)
Buyback of ordinary shares into treasury	-	-	-	(27)	-	(27)
At 30 April 2020	2,000	14,838	2,431	50,948	2,551	72,768

(Unaudited)  
Half Year ended 30 April 2019

	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 2018	2,000	14,838	2,431	72,334	2,757	94,360
Ordinary dividends paid	-	-	-	-	(1,146)	(1,146)
Net return after taxation	-	-	-	4,057	1,061	5,118
Buyback of ordinary shares into treasury	-	-	-	(939)	-	(939)
At 30 April 2019	2,000	14,838	2,431	75,452	2,672	97,393

(Audited)  
Year ended 31 October 2019

	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 2018	2,000	14,838	2,431	72,334	2,757	94,360
Ordinary dividends paid	-	-	-	-	(1,699)	(1,699)
Net (loss)/return after taxation	-	-	-	(2,290)	2,366	76
Buyback of ordinary shares into treasury	-	-	-	(939)	-	(939)
At 31 October 2019	2,000	14,838	2,431	69,105	3,424	91,798

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

## CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) Half year ended 30 April 2020 £'000	(Unaudited) Half year ended 30 April 2019 £'000	(Audited) Year ended 31 October 2019 £'000
<b>Investments held at fair value through profit or loss</b>			
Listed at market value	34,676	44,347	45,684
Quoted on AIM at market value	48,894	66,130	57,514
Unlisted at market value	400	400	400
	<b>83,970</b>	<b>110,877</b>	<b>103,598</b>
<b>Current assets</b>			
Investments held at fair value through profit or loss	2	2	2
Debtors	327	579	231
Cash at bank and in hand	506	935	971
	<b>835</b>	<b>1,516</b>	<b>1,204</b>
<b>Creditors: amounts falling due within one year</b>			
Bank loans	(11,635)	(14,552)	(12,603)
Other creditors	(402)	(448)	(401)
	<b>(11,202)</b>	<b>(13,484)</b>	<b>(11,800)</b>
<b>Net current liabilities</b>			
	<b>(11,202)</b>	<b>(13,484)</b>	<b>(11,800)</b>
<b>Net assets</b>	<b>72,768</b>	<b>97,393</b>	<b>91,798</b>
<b>Capital and reserves</b>			
Called up share capital (note 6)	2,000	2,000	2,000
Share premium account	14,838	14,838	14,838
Capital redemption reserve	2,431	2,431	2,431
Other capital reserves	50,948	75,452	69,105
Revenue reserves	2,551	2,672	3,424
	<b>72,768</b>	<b>97,393</b>	<b>91,798</b>
<b>Total shareholders' funds</b>	<b>72,768</b>	<b>97,393</b>	<b>91,798</b>
<b>Net asset value per ordinary share – basic and diluted (note 7)</b>	<b>921.3p</b>	<b>1,232.6p</b>	<b>1,161.8p</b>

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

## CONDENSED STATEMENT OF CASH FLOWS

	(Unaudited) Half Year ended 30 April 2020 £'000	(Unaudited) Half Year ended 30 April 2019 £'000	(Audited) Year ended 31 October 2019 £'000
<b>Cash flows from operating activities</b>			
Net (loss)/return before taxation	(17,500)	5,119	80
Add back: finance costs	80	77	177
Add: losses/(gains) on investments held at fair value through profit or loss	17,925	(4,277)	1,824
Withholding tax on dividends deducted at source	(4)	(2)	(7)
Decrease/(increase) in debtors	135	(203)	(81)
(Decrease)/increase in creditors	(180)	(34)	132
<b>Net cash inflow from operating activities</b>	<b>456</b>	<b>680</b>	<b>2,125</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	(4,938)	(15,115)	(28,081)
Sale of investments	6,595	9,268	23,431
<b>Net cash inflow/(outflow) from investing activities</b>	<b>1,657</b>	<b>(5,847)</b>	<b>(4,650)</b>
<b>Cash flows from financing activities</b>			
Equity dividends paid (net of refund or unclaimed distributions and reclaimed distributions)	(1,501)	(1,146)	(1,699)
Buyback of ordinary shares into treasury	(27)	(939)	(939)
Net loans (repaid)/drawn down	(968)	7,551	5,602
Interest paid	(82)	(71)	(175)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(2,578)</b>	<b>5,395</b>	<b>2,789</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(465)</b>	<b>228</b>	<b>264</b>
Cash and cash equivalents at start of year	971	707	707
<b>Cash and cash equivalents at end of period</b>	<b>506</b>	<b>935</b>	<b>971</b>
<b>Comprising:</b>			
Cash at bank	506	935	971

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

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1 Accounting policies – basis of preparation

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

For the period under review, the Company's accounting policies have not varied from those described in the annual report for the year ended 31 October 2019. These financial statements have been neither audited nor reviewed by the Company's auditor.

### 2 Management and performance fees

Henderson Investment Funds Limited ("HIFL") is appointed to act as the Company's Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors Limited ("HGIL"). References to Janus Henderson or the Manager within these results refer to the services provided by both HIFL and HGIL.

Management and performance fees are charged in accordance with the terms of the management agreement and provided for when due. The management fee is calculated, quarterly in arrears, as 0.55% per annum on the net assets. Arrangements are in place for the Manager to earn a performance fee. The cap on total fees that can be earned in a financial year is 1.5% of the average net assets over the year. There is no performance fee accrual for the current period (30 April 2019 and 31 October 2019: £nil).

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. Performance fees payable are allocated 100% to the capital return.

### 3 Dividends

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

In March 2020, the Board declared a first interim dividend of 6.5p per ordinary share, to be paid out of revenue on 26 June 2020 to shareholders on the register of the Company at the close of business on 22 May 2020. The cost of this dividend will be £513,000.

The Board has declared a second interim dividend of 6.5p per ordinary share, to be paid out of revenue on 25 September 2020 to shareholders on the register of the Company at the close of business on 21 August 2020. The ex-dividend date will be 20 August 2020. Based on the number of ordinary shares in issue on 17 June 2020, the cost of this dividend will be £513,000.

In February 2020, the Board advised that, in the absence of any adverse changes in conditions, it expected to be able to declare a Q3 2020 dividend of 6.5p per ordinary share (to be confirmed in September 2020) to be paid in December 2020 and a final dividend of 7.5p per ordinary share (to be confirmed in January / February 2021) to be paid in March 2021. The anticipated total dividend for 2020 was 27.0p per ordinary share. The dividends for the remainder of the year remain under review.

The interim dividend for the year ended 31 October 2019 was 7.0p; the final dividend for the year ended 31 October 2019 was 19.0p. The total dividend for the year ended 31 October 2019 was 26.0p.

No provision has been made for the interim dividends in these condensed financial statements. The final dividend of 19.0p per ordinary share, paid on 27 March 2020 in respect of the year ended 31 October 2019, has been recognised as a distribution in this period.

#### 4 Return/(loss) per ordinary share – basic and diluted

The return/(loss) per ordinary share is based on the following figures:

	(Unaudited) Half Year ended 30 April 2020 £'000	(Unaudited) Half Year ended 30 April 2019 £'000	(Audited) Year ended 31 October 2019 £'000
Revenue return	628	1,061	2,366
Capital (loss)/return	(18,130)	4,057	(2,290)
Total (loss)/return	(17,502)	5,118	76
Weighted average number of ordinary shares in issue for the period	7,898,669	7,938,225	7,919,555
Revenue return per ordinary share	7.95p	13.36p	29.88p
Capital (loss)/return per ordinary share	(229.53p)	51.11p	(28.92p)
Total (loss)/return per ordinary share	(221.58p)	64.47p	0.96p

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

#### 5 Investments held at fair value through profit or loss

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

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

Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1

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

Investments held at fair value through profit or loss at 30 April 2020 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	83,570	-	400	83,970
Current asset investments	2	-	-	2
<b>Total</b>	<b>83,572</b>	<b>-</b>	<b>400</b>	<b>83,972</b>
Investments held at fair value through profit or loss at 30 April 2019 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	110,477	-	400	110,877
Current asset investments	2	-	-	2
<b>Total</b>	<b>110,479</b>	<b>-</b>	<b>400</b>	<b>110,879</b>
Investments held at fair value through profit or loss at 31 October 2019 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	103,198	-	400	103,598
Current asset investments	2	-	-	2
<b>Total</b>	<b>103,200</b>	<b>-</b>	<b>400</b>	<b>103,600</b>

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

The valuation techniques used by the Company are explained in the accounting policies note 1(d) in the Company's Annual Report for the year ended 31 October 2019.

## **6 Called up share capital**

During the half year ended 30 April 2020, no shares were issued and 2,813 shares were repurchased to be held in treasury at a cost of £27,000 (half year ended 30 April 2019 and year ended 31 October 2019: no shares issued and 99,670 shares repurchased at a cost of £939,000). At 30 April 2020 there were 8,000,858 ordinary shares of 25p each in issue (30 April 2019 and 31 October 2019: 8,000,858) of which 102,483 were held in treasury (30 April 2019 and 31 October 2019: 99,670 shares held in treasury) resulting in 7,898,375 shares being entitled to a dividend (30 April 2019 and 31 October 2019: 7,901,188).

## **7 Net asset value per ordinary share – basic and diluted**

Net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £72,768,000 (30 April 2019: £97,393,000; 31 October 2019: £91,798,000) and on the 7,898,375 ordinary shares of 25p each in issue at 30 April 2020 (half year ended 30 April 2019 and year ended 31 October 2019: 7,901,188).

## **8 Transaction costs**

Purchase transaction costs for the half-year ended 30 April 2020 were £8,000 (30 April 2019: £43,000; 31 October 2019: £74,000); these comprise mainly stamp duty and commissions. Sale transaction costs for the half-year ended 30 April 2020 were £2,000 (30 April 2019: £4,000; 31 October 2019: £11,000); these comprise mainly commissions.

## **9 Related party transactions**

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

In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there have been no material transactions with the Manager affecting the financial position of the Company during the half year period.

## **10 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 resolutions put to the Annual General Meetings in 2011, 2014, 2017 and 2020 were 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. 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 additional risks related to Covid-19, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.



## 11 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 2019	971	(12,603)	(11,632)
Cash flows	(465)	968	503
Net debt as at 30 April 2020	506	(11,635)	(11,129)

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 October 2018	707	(7,001)	(6,294)
Cash flows	228	(7,551)	(7,323)
Net debt as at 30 April 2019	935	(14,552)	(13,617)

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 October 2018	707	(7,001)	(6,294)
Cash flows	264	(5,602)	(5,338)
Net debt as at 31 October 2019	971	(12,603)	(11,632)

## 12 General information

### Company Status:

Henderson Opportunities Trust plc is registered in England and Wales No. 01940906, has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London Stock Exchange.

SEDOL/ISIN: 0853657/Gb0008536574

London Stock Exchange (TIDM) Code: HOT

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

Legal Entity Identifier (LEI): 2138005D884NPGHFQS77

### Directors and Corporate Secretary:

The Directors of the Company are Peter Jones (Chairman), Frances Daley (Audit Committee Chairman), Chris Hills, Wendy Colquhoun and Davina Curling. The Corporate Secretary is Henderson Secretarial Services Limited, represented by Melanie Stoner (Fellow of the Chartered Governance Institute).

### Website:

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

## 13 Comparative information

The financial information contained in the half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half year periods ended 30 April 2020 and 30 April 2019 has not been audited or reviewed by the Company's auditors. The figures and financial information for the year ended 31 October 2019 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

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

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*Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) are incorporated into, or form part of, this report.*