Company Number: 00025526

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Report for the half-year ended 30 November 2021

(unaudited)

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26 JANUARY 2022

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2021

"In the six months to 30 November 2021, smaller companies underperformed larger companies; principally due to the rise in bond yields and a gravitation towards value over growth stocks. Your Company outperformed its benchmark, continuing what has been a consistent strong long term track record."

Penny Freer
Chairman

INVESTMENT OBJECTIVE

The Company aims to maximise shareholders' total returns (capital and income) by investing in smaller companies that are quoted in the United Kingdom.

PERFORMANCE

- Net asset value ('NAV') total return[1] of -2.1% compared to a total return from the benchmark[2] of -2.8%
- Share price[3] total return of -7.9%
- Interim dividend[4] of 7.0p (30 November 2020: 7.0p)

TOTAL RETURN PERFORMANCE (including dividends reinvested)

	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %
NAV[1]	**-2.1**	28.7	57.0	96.9	372.6
Benchmark[2]	**-2.8**	24.0	31.8	47.8	196.4
Share price[3]	**-7.9**	22.0	62.5	112.8	476.6
Average sector NAV[5]	**2.5**	32.1	42.4	70.4	261.6
Average sector share price[6]	**0.8**	31.9	41.2	83.5	307.8
FTSE All-Share Index	**1.9**	17.4	16.9	30.6	103.0

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

1 Net asset value ('NAV') per ordinary share total return with income reinvested
2 Numis Smaller Companies Index (excluding investment companies) total return
3 Share price total return using mid-market closing price
4 Interim dividend of 7.0p (30 November 2020: 7.0p) to be paid to shareholders on 7 March 2022
5 Average NAV total return of the AIC UK Smaller Companies sector
6 Average share price total return of the AIC UK Smaller Companies sector

FINANCIAL SUMMARY

	(Unaudited) 30 November 2021	(Unaudited) 30 November 2020	(Audited) 31 May 2021
Net assets	**£960.8m**	£760.0m	£992.9m
NAV per ordinary share	**1,286.2p**	1,017.4p	1,329.1p
Share price per ordinary share	**1,164.0p**	972.0p	1,280.0p
Total return per ordinary share	**(26.2p)**	174.8p	493.5p
Revenue return per ordinary share	**9.30p**	5.00p	13.86p
Dividend per ordinary share	**7.00p**	7.00p	23.75p
Gearing	**10.6%**	9.9%	8.8%

CHAIRMAN'S STATEMENT

In my first statement as your Chairman, I would like to begin by paying tribute to Jamie Cayzer-Colvin's decade of leadership. Jamie stepped down as Chairman at our AGM on 1 October 2021 leaving your Company well positioned for the future.

COVID-19 continues to impact businesses and individuals. After a period of increasing positivity stemming from the vaccination rollout we have, more recently, again been affected by rising cases from new variants and a return to some measure of restrictions. Clearly the crisis is not over, although with greater numbers vaccinated and seemingly milder symptoms, we are gradually seeing a return to some degree of normality.

Performance

During the six months to 30 November 2021, UK equity markets were broadly flat, although smaller companies underperformed larger stocks as investor sentiment shifted from growth-oriented companies to those with more value type characteristics. Against this backdrop, your Company's net asset value total return fell during the period under review by 2.1%, outperforming the Numis Smaller Companies Index by 0.7% over the period. However, it underperformed the AIC UK Smaller Companies sector average, which rose by 2.5% and the share price underperformed the NAV during the period, delivering a total return of -7.9%, as the discount widened to 9.5% (31 May 2021: 3.7%) reflecting weaker investor sentiment towards smaller companies. Nevertheless, the longer-term performance record of the Company remains consistently strong, reflecting an unchanged strategy adopted by the Fund Manager and his team.

Dividend

Your Board has decided to maintain the interim dividend at 7.0p per ordinary share (30 November 2020: 7.0p).This will be paid on 7 March 2022 to shareholders on the register on 11 February 2022. The shares will be marked ex-dividend on 10 February 2022. This dividend is to be paid from the Company's revenue account.

Additional Loan Notes

I am pleased to announce that the Board has agreed to issue a further £20 million of fixed-rate 30-year unsecured private placement notes (the "Notes") at an annualised coupon of 2.77%. These Notes will be in addition to the £30 million unsecured notes currently in issue. This transaction will obtain fixed-rate long-dated sterling-denominated financing at pricing that the Board and Manager consider attractive and is expected to enhance long term investment performance.

The funding date is expected to be 2 February 2022, subject to customary closing conditions, with interest payable semi-annually. The Notes are due to be repaid on 2 February 2052. The Notes will be unsecured, which gives the Company increased flexibility to manage its borrowings in the future. There has been no change in the Company's policy on gearing, as set out on page 17 of the 2021 Annual Report. Gearing ended the period under review at 10.6% (31 May 2021: 8.8%).

Outlook

The economic background remains uncertain and changeable in the face of new COVID-19 variants, but corporate earnings continue to recover from the lows of 2020 and the health of the corporate sector is much better than during the 2008-9 financial crisis. Strong balance sheets and better than expected earnings recoveries post the initial impact of COVID-19 give cause for optimism. Corporate activity is high with M&A opportunities arising from the impact of the pandemic. Tempering this is the prospect of tightening monetary policy to counter higher inflation. Against this background, your fund management team maintains a disciplined, long term approach to investment and is focused on selecting the companies which will emerge stronger from this period. I have confidence that your Company can continue to deliver successful outcomes for its investors in the years ahead.

Penny Freer
Chairman

FUND MANAGER'S REPORT

Market Review – Six Months to 30 November 2021

UK equity markets were broadly flat over the period. In the UK, whilst most COVID-19 restrictions were relaxed on "freedom day", rhetoric from the government remained cautious as the Delta variant continued to spread. Towards the end of the period, discovery of the new Omicron variant raised fears that restrictions would have to be re-introduced. Global bond yields oscillated during the period which resulted in a change of factor leadership in equity markets. In the US, the Federal Reserve stepped away from its initial view that inflation was transitory and became increasingly hawkish. In September it announced that asset purchase tapering would begin soon and by November the market was projecting three interest rate rises in 2022. In the UK, the Bank of England decided not to raise rates in November. Oil rallied initially but fell sharply in November while sterling depreciated against the dollar.

Smaller companies underperformed larger companies over the period. This was driven principally by a rise in bond yields and a gravitation towards value over growth stocks.

Fund Performance

The Company outperformed its benchmark during the period. The net asset value fell by 2.1% on a total return basis. This compares with a decline of 2.8% (total return) in the Numis Smaller Companies Index (excluding investment companies).

Gearing

Gearing started the period at 8.8% and ended it at 10.6%. Debt facilities are a combination of £30 million 20-year unsecured loan notes at an interest rate of 3.33% and £85 million of short term bank borrowings.

Attribution Analysis

The following tables show the top five contributors to, and detractors from, the Company's relative performance. Some of the stocks are included in the benchmark index but not held by the Company. These have an effect on relative performance.

Top five contributors	6-month return %	Relative contribution %
Future	+26.2	+0.8
Impax Asset Management	+18.7	+0.7
Marshall Motors Holdings	+121.3	+0.5
Watches of Switzerland	+72.1	+0.5
CMC Markets*	-49.2	+0.4

Top five detractors	6-month return %	Relative contribution %
Playtech*	+62.2	-0.6
Clinigen	-29.5	-0.6
Investec*	+24.5	-0.4
Indivior*	+46.9	-0.3
Drax Group*	+28.5	-0.3

*** In benchmark index but not held by the Company.**

Principal Contributors

Future is a special interest media group; Impax Asset Management is a specialist fund manager; Marshall Motors Holdings is an automotive retailer; Watches of Switzerland is a luxury watch retailer; and CMC Markets is a financial derivatives dealer.

Principal Detractors
Playtech is a provider of technology and services to the gambling industry; Clinigen is a pharmaceutical services and products group; Investec is an international specialist bank and asset manager; Indivior is a pharmaceutical group; and Drax Group is a renewable power generation company.

Portfolio Activity
Our approach is to consider our investments as long term in nature and to avoid unnecessary turnover. The focus has been on adding stocks to the portfolio that have good growth prospects, sound financial characteristics and strong management, at a valuation level that does not reflect these strengths. Likewise, we have been employing strong sell disciplines to dispose of stocks that fail to meet these criteria.

During the period, we have added to a number of positions in our portfolio and increased exposure to those stocks which we feel have further catalysts to drive strong performance.

New additions to the portfolio include: Access Intelligence, a software provider for the public relations and marketing services industries; Bridgepoint, a private equity manager; Devolver Digital, a video game publisher; RPS, an engineering consultancy group; Sigmaroc, an aggregates and construction materials group; Stelrad, a steel radiator manufacturer; and Wickes, a home improvement retailer.

To balance the additions to our portfolio, we have disposed of positions in companies which we felt were set for poor price performance or where the valuation had become extended, including the holdings in Coats, Go-Ahead Group, Johnson Service Group and Rotork. Additionally we sold our holdings in Sanne, St Modwen and Vectura, after these companies received agreed takeover bids.

Market Outlook
The COVID-19 outbreak dramatically changed expectations for global economic growth. The lockdown measures we have seen across the globe have had a profound effect on economic activity. Government actions to protect consumers and businesses from the worst impact of the shock softened the blow but ultimately can only be short term in nature given the scale of the bail-out required.

The positive vaccine news announced in November 2020 and the subsequent successful vaccination programme has meant life has returned to some sort of normality with a consequent rebound in economic activity. Conditions remain fragile though and subsequent ‘waves’ of COVID-19 and new variants of the virus serve as reminders that the crisis is not over.

One of the major concerns facing the equity market is the threat of higher inflation and the need for central banks to start tightening monetary policy. There is much debate as to whether current indications of inflation, led by commodity, energy and logistic costs, are temporary or are of a more permanent nature**.** A sustained pick up in wage inflation will probably force monetary authorities to act more quickly. The recent increase in UK base interest rates and indications from the Federal Reserve of higher rates gives a good indication as to the likely direction of central bank policy in 2022.

In the corporate sector, conditions are intrinsically stronger than they were during the financial crisis of 2008-9. Balance sheets, in particular, are more robust. On the whole, so far, the UK corporate sector has performed well during the crisis and most companies are beating their initial post COVID-19 earnings and cash expectations.

We are seeing a noticeable pickup in corporate activity. The IPO market, after a quiet 2020, has exploded into life in recent months. Given the amount of companies looking to float onto public markets it is important to remain disciplined when sifting through the multitude of new investment opportunities we have in front of us. Likewise, we are also seeing a significant increase in M&A activity as private equity, in particular, looks to exploit opportunities thrown up by COVID-19. We expect this upsurge to continue in the coming months as UK equity market valuations remain markedly depressed versus other developed markets.

In terms of valuations, the equity market is now trading in line with long term averages if we apply pre COVID-19 earnings. Corporate earnings were sharply down in 2020 although we have seen a sharp recovery in 2021 which is likely to continue into 2022.

Although uncertainty remains around short term economic conditions, the virus will pass and corporate profitability and economies are recovering. The movements in equity markets have thrown up some fantastic buying opportunities and we expect many listed companies to emerge stronger from the downturn. However, it is important to be selective as any recovery will be uneven and strength of franchise, market positioning and balance sheet will determine the winners from the losers in a post COVID-19 world.

Neil Hermon
Fund Manager

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company's business fall broadly under the following categories:

• investment activity and strategy;
• legal and regulatory;
• operational; and
• financial instruments and the management of risk.

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 ended 31 May 2021.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting;

- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and

- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related-party transactions and changes therein).

For and on behalf of the Board
Penny Freer
Chairman

INVESTMENT PORTFOLIO
at 30 November 2021

Company	Valuation £'000	Portfolio %
Impax Asset Management*	38,568	3.63
Future	37,411	3.52
Watches Of Switzerland	32,042	3.01
Bellway	25,256	2.38
Oxford Instruments	23,575	2.22
RWS*	22,344	2.10
Synthomer	19,874	1.87
Learning Technologies*	19,741	1.86
Ultra Electronics	19,596	1.84
Team17*	19,520	1.84
10 largest	**257,927**	**24.27**
OneSavings Bank	19,038	1.79
Paragon	18,759	1.76
GB Group*	18,408	1.73
Gamma Communications*	17,955	1.69
Dechra Pharmaceuticals	17,388	1.64
Clinigen*	17,342	1.63
Savills	17,009	1.60
Mitchells & Butlers	16,541	1.56
Softcat	15,801	1.49
Ascential	15,588	1.47
20 largest	**431,756**	**40.63**
IntegraFin	15,448	1.45
Computacenter	14,689	1.38
Luceco	14,629	1.38
Liontrust Asset Management	14,076	1.33
Volution	14,069	1.32
Vesuvius	13,952	1.31
Renishaw	13,847	1.30
TI Fluid Systems	13,750	1.30
Tyman	12,518	1.18
Balfour Beatty	11,845	1.12
30 largest	**570,579**	**53.70**
Cairn Energy	11,466	1.08
Brewin Dolphin	11,371	1.07
Alpha Financial Markets*	11,175	1.05
Bodycote	10,992	1.03
XP Power	10,928	1.03
Midwich*	10,868	1.02
Victrex	10,858	1.02
Vitec	10,513	0.99
Bytes Technology	10,369	0.98
Foresight Group	10,297	0.97
40 largest	**679,416**	**63.94**
Just Group	10,257	0.97
Euromoney Institutional Investor	10,245	0.96
DFS	9,984	0.94
Spectris	9,983	0.94
Inspecs*	9,927	0.94
Chemring	9,384	0.88
Redde Northgate	9,271	0.87
Serco	9,212	0.87
Restore*	9,168	0.86
Wickes	9,016	0.85
50 largest	**775,863**	**73.02**
Next Fifteen Communications*	8,690	0.82
CLS	8,526	0.80
Serica Energy*	8,443	0.79
Crest Nicholson	8,261	0.78
Auction Technology	8,143	0.76
Countryside	7,509	0.71
Moneysupermarket.com	7,344	0.69
SThree	7,202	0.68
Gym Group	7,198	0.68
Moonpig	7,118	0.67
60 largest	**854,297**	**80.40**
Remaining 47	**208,301**	**19.60**
Total	**1,062,598**	**100.00**

***** Quoted on the Alternative Investment Market ('AIM')

STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Half-year ended 30 November 2021			(Unaudited) Half-year ended 30 November 2020			(Audited) Year ended 31 May 2021		
	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
Investment income	**8,088**	**-**	**8,088**	4,555	-	4,555	12,269	-	12,269
(Losses)/gains on investments held at fair value through profit or loss	**-**	**(24,756)**	**(24,756)**	-	128,062	128,062	-	365,577	365,577
Total income	**8,088**	**(24,756)**	**(16,668)**	4,555	128,062	132,617	12,269	365,577	377,846
Expenses									
Management and performance fees (note 3)	**(506)**	**(1,182)**	**(1,688)**	(323)	(754)	(1,077)	(749)	(6,284)	(7,033)
Other expenses	**(366)**	**-**	**(366)**	(299)	-	(299)	(726)	-	(726)
Profit/(loss) before finance costs and taxation	**7,216**	**(25,938)**	**(18,722)**	3,933	127,308	131,241	10,794	359,293	370,087
Finance costs	**(249)**	**(579)**	**(828)**	(200)	(465)	(665)	(427)	(995)	(1,422)
Profit/(loss) before taxation	**6,967**	**(26,517)**	**(19,550)**	3,733	126,843	130,576	10,367	358,298	368,665
Taxation	**(1)**	**-**	**(1)**	-	-	-	(14)	-	(14)
Profit/(loss) for the period and total comprehensive income	**6,966**	**(26,517)**	**(19,551)**	3,733	126,843	130,576	10,353	358,298	368,651
Earnings per ordinary share (note 4)	**9.33p**	**(35.50p)**	**(26.17p)**	5.00p	169.80p	174.80p	13.86p	479.64p	493.50p

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with UK adopted international accounting standards.

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

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

STATEMENT OF CHANGES IN EQUITY

Half-year ended 30 November 2021 (unaudited)	**Share capital £'000**	**Capital redemption reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total equity £'000**
Total equity at 1 June 2021	**18,676**	**26,745**	**935,307**	**12,170**	**992,898**
Total comprehensive income:					
(Loss)/profit for the period	**-**	**-**	**(26,517)**	**6,966**	**(19,551)**
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	**-**	**-**	**(343)**	**(12,170)**	**(12,513)**
Total equity at 30 November 2021	**18,676**	**26,745**	**908,447**	**6,966**	**960,834**

Half-year ended 30 November 2020 (unaudited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2020	18,676	26,745	577,009	19,366	641,796
Total comprehensive income:					
Profit for the period	-	-	126,843	3,733	130,576
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(12,326)	(12,326)
Total equity at 30 November 2020	18,676	26,745	703,852	10,773	760,046

Year ended 31 May 2021 (audited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2020	18,676	26,745	577,009	19,366	641,796
Total comprehensive income:					
Profit for the year	-	-	358,298	10,353	368,651
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(17,549)	(17,549)
Total equity at 31 May 2021	18,676	26,745	935,307	12,170	992,898

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

BALANCE SHEET

	(Unaudited) Half-year ended 30 November 2021 £'000	(Unaudited) Half-year ended 30 November 2020 £'000	(Audited) Year ended 31 May 2021 £'000
Non current assets			
Investments held at fair value through profit or loss	**1,062,598**	834,939	1,080,358
Current assets			
Securities sold for future settlement	**4,730**	-	3,079
Taxation recoverable	**-**	16	9
Prepayments and accrued income	**1,340**	1,060	1,908
Cash and cash equivalents	**5,262**	5,331	2,962
	11,332	6,407	7,958
Total assets	**1,073,930**	841,346	1,088,316
Current liabilities			
Securities purchased for future settlement	**(2,221)**	(1,159)	(474)
Accruals and deferred income	**(876)**	(1,154)	(715)
Performance fee	**-**	-	(4,537)
Bank loans	**(80,162)**	(49,159)	(59,860)
	(83,259)	(51,472)	(65,586)
Total assets less current liabilities	**990,671**	789,874	1,022,730
Non current liabilities	**(29,837)**	(29,828)	(29,832)
Net assets	**960,834**	760,046	992,898
Equity attributable to equity shareholders			
Called up share capital (note 6)	**18,676**	18,676	18,676
Capital redemption reserve	**26,745**	26,745	26,745
Retained earnings:			
Capital reserves (note 7)	**908,447**	703,852	935,307
Revenue reserve	**6,966**	10,773	12,170
Total equity	**960,834**	760,046	992,898
Net asset value per ordinary share (note 8)	**1,286.2p**	1,017.4p	1,329.1p

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

STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 30 November 2021 £'000	(Unaudited) Half-year ended 30 November 2020 £'000	(Audited) Year ended 31 May 2021 £'000
(Loss)/gain before taxation	**(19,550)**	130,576	368,665
Add back interest payable	**828**	665	1,422
Gains/(losses) on investments held at fair value through profit or loss	**24,756**	(128,062)	(365,577)
Purchases of investments	**(79,124)**	(54,357)	(157,850)
Sales of investments	**72,129**	59,810	155,399
Decrease in receivables	**3**	14	20
(Increase)/decrease in amounts due from brokers	**(1,651)**	2,740	(340)
Decrease/(increase) in accrued income	**573**	(692)	(1,546)
(Decrease)/increase in payables	**(4,402)**	671	4,743
Increase/(decrease) in amounts due to brokers	**1,747**	(1,842)	(2,527)
Net cash (outflow)/inflow from operating activities before interest	**(4,691)**	9,523	2,409
Interest paid	**(798)**	(659)	(1,392)
Net cash (outflow)/inflow from operating activities	**(5,489)**	8,864	1,017
Financing activities			
Equity dividends paid	**(12,513)**	(12,326)	(17,549)
Drawdown of bank loans	**20,302**	4,052	14,753
Net cash inflow/(outflow) from financing activities	**7,789**	(8,274)	(2,796)
Increase/(decrease) in cash and cash equivalents	**2,300**	590	(1,779)
Cash and cash equivalents at the start of the period	**2,962**	4,741	4,741
Cash and cash equivalents at the period end	**5,262**	5,331	2,962

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. **Accounting Policies – Basis of Preparation**

The Henderson Smaller Companies Investment Trust plc (the 'Company') is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006.

These condensed financial statements comprise the unaudited results of the Company for the half-year ended 30 November 2021. They have been prepared on a going concern basis and in accordance with UK adopted international accounting standards and with the Statement of Recommended Practice for Investment Trusts ('SORP') dated April 2021, where the SORP is consistent with the requirements of UK adopted international accounting standards.

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 May 2021.

These financial statements have been neither audited nor reviewed by the Company's auditor.

2. **Going Concern**

The assets of the Company consist of securities that are readily realisable and, accordingly, the directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The directors have also considered the impact of COVID-19, including cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio. They have concluded that they are able to meet their financial obligations, including the repayment of the bank loan, as they fall due for a period of at least twelve months from the date of issuance. Having assessed these factors, the principal risks and other matters discussed in connection with the Viability Statement in the Annual Report for the year ended 31 May 2021, the directors confirm that the financial statements have been prepared on a going concern basis. The Company's shareholders are asked every three years to vote for the continuation of the Company. The next continuation vote will take place at the AGM in 2022.

3. **Expenses**

Expenses, finance costs and taxation include provision for a performance fee when the relevant criteria have been met. There was no performance fee provision for the six months to 30 November 2021 (30 November 2020 £nil; 31 May 2021: £4,537,000). Any provision for a performance fee is charged 100% to capital. The actual performance fee, if any, payable to Janus Henderson for the year to 31 May 2022 will depend on outperformance over the full financial year, subject to a cap on the total fees paid to Janus Henderson of 0.9% of the average value of the net assets of the Company during the year. No performance fee is payable if on the last day of the accounting year the Company's share price or net asset value ('NAV') is lower than the share price and NAV at the preceding year end. Details of the performance fee arrangements are set out in the Annual Report for the year ended 31 May 2021.

4. **Earnings per Ordinary Share**

The earnings per ordinary share figure is based on the net loss for the half-year ended 30 November 2021 of £19,551,000 (half-year ended 30 November 2020: net profit of £130,576,000; year ended 31 May 2021: net profit of £368,651,000) and on 74,701,796 (half-year ended 30 November 2020: 74,701,796; year ended 31 May 2021: 74,701,796) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	(Unaudited) 30 November 2021 £'000	(Unaudited) 30 November 2020 £'000	(Audited) 31 May 2021 £'000
Net revenue profit	**6,966**	3,733	10,353
Net capital (loss)/gain	**(26,517)**	126,843	358,298
Net total (loss)/profit	**(19,551)**	130,576	368,651
Weighted average number of ordinary shares in issue during the period	**74,701,796**	74,701,796	74,701,796
	Pence	Pence	Pence
Revenue earnings per ordinary share	**9.33**	5.00	13.86
Capital (loss)/earnings per ordinary share	**(35.50)**	169.80	479.64
Total (loss)/earnings per ordinary share	**(26.17)**	174.80	493.50

5. **Dividends**

The Board has declared an interim dividend of 7.0p (30 November 2020: 7.0p) to be paid on 7 March 2022 to shareholders on the register at the close of business on 11 February 2022. The ex-dividend date will be 10 February 2022. This dividend is to be paid from the Company's revenue account. No provision has been made for the interim dividend in these condensed financial statements.

The final dividend of 16.75p per ordinary share, paid on 11 October 2021, in respect of the year ended 31 May 2021, has been recognised as a distribution in the period.

6. **Share Capital**

At 30 November 2021 there were 74,701,796 ordinary shares in issue (30 November 2020: 74,701,796; 31 May 2021: 74,701,796). During the half-year ended 30 November 2021 the Company did not buy back or issue any shares (half-year ended 30 November 2020: nil; year ended 31 May 2021: nil). No shares have been bought back or issued since the period end.

7. **Capital Reserves**

The capital reserve includes the capital reserve arising on investments sold of £515,498,000 (30 November 2020: £461,076,000; 31 May 2021: £482,446,000) and the capital reserve arising on revaluation of investments held of £392,949,000 (30 November 2020: £242,776,000; 31 May 2021: £452,861,000).

The Company's capital reserve arising on investments sold (i.e. realised capital profits) and revenue reserve may be distributed by way of a dividend.

8. **Net Asset Value ('NAV') per Ordinary Share**

The NAV per ordinary share is based on the net assets attributable to the equity shareholders of £960,834,000 (30 November 2020: £760,046,000; 31 May 2021: £992,898,000) and on 74,701,796 (30 November 2020: 74,701,796; 31 May 2021: 74,701,796) ordinary shares, being the number of ordinary shares in issue at the period end.

9. **Transaction Costs**

Purchase transaction costs for the half-year ended 30 November 2021 were £204,000 (half-year ended 30 November 2020: £202,000; year ended 31 May 2021: £487,000). These comprise mainly stamp duty and commission. Sale transaction costs for the half-year ended 30 November 2021 were £34,000 (half-year ended 30 November 2020: £26,000; year ended 31 May 2021: £68,000).

10. **Financial Instruments**

The investments are held at fair value through profit or loss. All the net current liabilities are held in the Balance Sheet at a reasonable approximation of fair value. At 30 November 2021 the fair value of the Preference Stock was £4,000 (30 November 2020: £4,000; 31 May 2021: £4,000). The fair value of the Preference Stock is estimated using the prices quoted on the exchange on which the investment trades. The Preference Stock is carried in the Balance Sheet at par.

The unsecured loan notes are carried in the Balance Sheet at par less the issue costs which are amortised over the life of the notes. In order to comply with fair value accounting disclosures only, the fair value of the unsecured loan notes has been estimated to be £34,681,000 (30 November 2020: £36,719,000; 31 May 2021: £34,035,000) and is categorised as Level 3 in the fair value hierarchy as described below. However, for the purpose of the daily NAV announcements, the unsecured loan notes are valued at par in the fair value NAV because they are not traded and the directors have assessed that par value is the most appropriate value to be applied for this purpose.

The fair value of the unsecured loan notes is calculated using a discount rate which reflects the yield of a UK Gilt of similar maturity plus a suitable credit spread.

Fair value hierarchy

The table below sets out the fair value measurements using the IFRS 13 fair value hierarchy.

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

As at 30 November 2021	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	**1,062,598**	**-**	**-**	**1,062,598**
	1,062,598	**-**	**-**	**1,062,598**

As at 30 November 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	834,939	-	-	834,939
	834,939	-	-	834,939

As at 31 May 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,080,358	-	-	1,080,358
	1,080,358	-	-	1,080,358

The valuation techniques used by the Company are explained in the accounting policies note 1(c) of the Annual Report for the year ended 31 May 2021.

11. **Related-Party Transactions**

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position of the Company during the period. Details of related-party transactions are contained in the Annual Report for the year ended 31 May 2021.

12. **Comparative Information**

The financial information contained in this half-year financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-years ended 30 November 2021 and 30 November 2020 has not been audited.

The information for the year ended 31 May 2021 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies. The report of the auditor on those accounts was unqualified and contained no statement under either section 498(2) or section 498(3) of the Companies Act 2006.

13. **General Information**

The Henderson Smaller Companies Investment Trust plc is registered in England and Wales.

Company Number: 00025526.
Registered Office: 201 Bishopsgate, London EC2M 3AE
London Stock Exchange (TIDM) Code: HSL
SEDOL Number: 0906506
Global Intermediary Identification Number (GIIN): WZD8S7.99999.SL.826
Legal Entity Identifier (LEI): 213800NE2NCQ67M2M998

Directors and Corporate Secretary

The directors of the Company are Penny Freer (Chairman of the Board), Alexandra Mackesy (Chairman of the Audit and Risk Committee), David Lamb (Senior Independent Director), Victoria Sant, Michael Warren and Kevin Carter. The Corporate Secretary is Henderson Secretarial Services Limited, represented by Johana Woodruff, ACG.

Website

Details of the Company's share price and NAV, 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.hendersonsmallercompanies.com.

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