

Company Number: 00025526

**THE HENDERSON SMALLER COMPANIES
INVESTMENT TRUST PLC**

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

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2020

KEY HIGHLIGHTS

The Henderson Smaller Companies Investment Trust plc has outperformed its AIC sector peer group average by 6.3% (on a NAV total return basis) and is maintaining its interim dividend of 7.0 pence per share.

Chairman Jamie Cayzer-Calvin said:

“Over the six months under review, the net asset value total return per ordinary share rose 20.6%, just behind our benchmark Numis Smaller Companies Index which increased by 20.8%. This was 6.3% better than the average of our peers in the AIC UK Smaller Companies sector due to the strength of our fund management team, their disciplined approach and stock-picking ability. The share price rose by 27.7% on a total return basis, reflecting strong performance with the discount narrowing from 9.6% at 31 May 2020 to 4.5% at 30 November 2020.”

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 return¹ of 20.6% compared to a total return from the benchmark² of 20.8%
- Share price³ total return of 27.7%
- Interim dividend⁴ of 7.0p (30 November 2019: 7.0p)

TOTAL RETURN PERFORMANCE (including dividends reinvested)

	6 Months	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	%
NAV ¹	20.6	3.1	13.6	55.4	278.9
Benchmark ²	20.8	-3.1	-1.7	26.7	143.3
Share price ³	27.7	2.4	26.6	66.4	354.5
Average sector NAV ⁵	14.3	-0.5	-0.7	36.4	176.4
Average sector share price ⁶	10.6	-8.5	-8.2	9.5	163.2
FTSE All-Share Index	6.9	-10.3	-1.9	22.1	77.3

Sources: Morningstar for the AIC, 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 2019: 7.0p) to be paid to shareholders on 8 March 2021

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 2020	(Unaudited) 30 November 2019	(Audited) 31 May 2020
Net assets	£760.0m	£755.6m	£641.8m
NAV per ordinary share	1,017.4p	1,011.4p	859.1p
Share price per ordinary share	972.0p	975.0p	777.0p
Total return per ordinary share	174.8p	69.2p	(76.0)p
Revenue return per ordinary share	5.0p	11.4p	16.73p
Dividend per ordinary share	7.0p	7.0p	23.5p
Gearing	9.9%	9.1%	11.0%

CHAIRMAN'S STATEMENT

Introduction

In my statement in last year's annual report, I commented that it is extraordinary how quickly things can change with a severe market correction following the rapid spread of Covid-19 across the globe. I am pleased to report that over the six months under review and subsequently, your Company's share price and net asset value have steadily recovered thanks to renewed optimism from the roll-out of vaccines, a Brexit deal being agreed and a consensus view that the UK economy is well placed for recovery.

Performance

Over the six months under review, the net asset value total return per ordinary share rose 20.6%, just behind our benchmark Numis Smaller Companies Index which increased by 20.8%. This was 6.3% better than the average of our peers in the AIC UK Smaller Companies sector due to the strength of our fund management team, their disciplined approach and stock-picking ability. The share price rose by 27.7% on a total return basis, reflecting strong performance with the discount narrowing from 9.6% at 31 May 2020 to 4.5% at 30 November 2020.

Dividend

The Board has decided to maintain the interim dividend at 7.0p per share (30 November 2019: 7.0p). The income from your Company's investment portfolio has inevitably been adversely hit by dividend cuts as our investee companies seek to manage their businesses in these extraordinary times. However, investment trust companies have the benefit of being able to build revenue reserves in the good years which can be used to support dividend payments in years where income from the portfolio falls. Your Board will consider dipping into these reserves if necessary, but will not decide the level of final dividend until the year end when the trajectory of the current economic recovery is better known.

Board changes

I am pleased to report that significant progress has been made in refreshing your Board in accordance with good corporate governance. Following a detailed review, Penny Freer will step up to succeed me as Chairman of the Board from the conclusion of our AGM in October 2021 when I retire after ten years on the Board. Her skills and experience in the investment world make her very well suited for the role. In addition, two new directors will be appointed to the Board in 2021: Michael Warren will be appointed with effect from 1 March 2021 and Kevin Carter will join the Board on 1 May 2021. Both have had distinguished careers in the asset management industry. Michael in particular has expertise in the areas of sales and marketing whilst Kevin is a former CEO of Old Mutual Asset Managers with a background in asset management consulting and a wealth of experience as a non-executive director of investment trusts.

Outlook

Looking forward into 2021, I think there are many reasons to be optimistic about the prospects for UK smaller companies. The roll out of the Covid-19 vaccines may result in a return to some sort of normality and the Brexit free trade deal means that business can continue with Europe, albeit with an increase in paperwork. Strength of franchise, market positioning and balance sheet will determine the winners from the losers in the post Covid-19 world and, thanks to the diligence of our Fund Managers, these companies are well represented in our portfolio.

Jamie Cayzer-Colvin
Chairman

FUND MANAGER'S REPORT

Market Review – Six Months to 30 November 2020

UK and global equity markets rallied strongly in the period. Despite a summer marked by increasing virus caseloads globally which saw the re-imposition of local lockdowns, news that three separate vaccine trials had passed the first efficacy and safety hurdles marked a turning point in the world's fight against Covid-19. Value stocks rallied at the expense of growth stocks and oil and commodity prices rose. At the virtually held annual Jackson Hole meeting, the Federal Reserve stated that it was willing to tolerate inflation above the 2% target in a signal that rates were likely to stay lower for longer. After a protracted vote count in the US, Joe Biden was proclaimed the winner of the presidential election which raised hopes of further fiscal stimulus. Elsewhere the UK and EU continued their trade negotiations with a deal signed just before the end of the transition period of 31 December 2020.

Smaller companies outperformed larger companies over the period. This was driven principally by a recovery from the significant underperformance of smaller companies during the initial phase of the Covid-19 crisis as investors took a more positive view on the likelihood of an economic recovery in 2021.

Fund Performance

The Company performed broadly in line with the benchmark during the period. The net asset value rose by 20.6% on a total return basis. This compares with an increase of 20.8% (total return) in the Numis Smaller Companies Index (excluding investment companies).

Gearing

Gearing started the period at 11.0% and ended it at 9.9%. Debt facilities are a combination of £30 million 20-year unsecured loan notes at an interest rate of 3.33% and £60 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 %
Centamin*	-30.3	+0.8
Renishaw	+45.4	+0.5
Impax Asset Management	+50.8	+0.5
Codemasters	+63.5	+0.5
Team17	+41.4	+0.4

Top five detractors	6 month return %	Relative contribution %
Clinigen	-24.9	-1.2
William Hill*	+100.8	-0.8
S4 Capital*	+107.8	-0.8
RWS Holdings	-12.9	-0.8
AO World*	+155.1	-0.8

* In benchmark index but not held by the Company.

Principal Contributors

Centamin is an Egyptian gold miner; Renishaw is a manufacturer of high technology precision measuring and calibration equipment; Impax Asset Management is a specialist fund manager; Codemasters is a video games company specialising in the development of racing titles; and Team17 is a video game publisher and developer.

Principal Detractors

Clinigen is a pharmaceutical services and products group; William Hill is a gaming and licensed betting company; S4 Capital is a marketing services and advertising business; RWS Holdings is a specialist translation company; and AO World is an online retailer of electrical products.

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: De La Rue, a supplier of banknotes and security products; Empiric Student Property, a provider of student accommodation; Gresham House: an alternative asset manager; Headlam, a floorcoverings distributor; Volex, a provider of integrated manufacturing services and power products; and Youngs Brewery, an owner and operator of pubs.

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 Safestore, Scapa and Tekmar. Additionally we sold our holdings in AA Group and Urban & Civic, after these companies received agreed takeover bids, and our position in Intermediate Capital, after the company was elevated to the FTSE 100 Index.

Market Outlook

The Covid-19 outbreak has dramatically changed expectations for global economic growth. The lockdown measures we have seen across the globe are having a profound effect on economic growth and have caused an unprecedented demand shock. Government actions to protect consumers and businesses from the worst impact of this shock will soften the blow but ultimately can only be short-term in nature given the scale of the bail-out required.

The virus will pass and the global economy should recover. However, the shape and magnitude of the recovery are, at this point, uncertain. In the UK social distancing measures and national lockdown had an initial positive impact on infection and death rates but a 'Second Wave' has seen restrictions tighten again. The positive vaccine news announced in November has raised the very real possibility that life may return to some sort of 'normal' during 2021 with a consequent sharp rebound in economic activity.

Outside of Covid-19 there has been positive progress on other key matters. The EU and the UK have finally agreed on a trade deal removing the threat of the damaging implications of a hard deal Brexit. The US election outcome was closer than expected but a definitive resolution has now been reached. Hopefully a Biden presidency should see a more conciliatory and pragmatic approach to US foreign and trade policy.

In the corporate sector, conditions are intrinsically stronger than they were during the financial crisis of 2008-2009. Balance sheets are, in particular, more robust. However, the scale of economic shock means that this 'strength' will be severely tested and key questions for investors today revolve around a company's available liquidity, leverage, bank covenants and ability to see the economic downturn through. 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.

In terms of valuations, the equity market is now trading below long-term averages if we apply historic earnings. However, corporate earnings will be sharply down in 2020 and the extent of recovery in 2021 and beyond is uncertain. Additionally a significant proportion of corporates have suspended or cancelled dividends, preserving cash to shore up their balance sheets.

Although much uncertainty remains around short-term economic conditions, the virus will pass and we should see a recovery. 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;
- accounting, 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 2020.

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
Jamie Cayzer-Colvin
Chairman

INVESTMENT PORTFOLIO

at 30 November 2020

Company	Valuation Portfolio		Company	Valuation Portfolio	
	£'000	%		£'000	%
Bellway	23,356	2.80	XP Power	10,595	1.27
Team17*	22,869	2.74	Tyman	10,546	1.26
RWS*	19,686	2.36	Sanne	10,402	1.25
Oxford Instruments	19,065	2.28	Cairn Energy	10,234	1.23
GB Group*	17,323	2.07	Victrex	9,960	1.19
Impax Asset Management*	17,100	2.05	Luceco	9,207	1.10
Gamma Communications*	16,972	2.03	Brewin Dolphin	9,027	1.08
Renishaw	16,800	2.01	CLS	8,967	1.07
Avon Rubber	16,224	1.94	Goco Group	8,941	1.07
Clinigen*	15,763	1.89	DFS	8,720	1.04
10 largest	185,158	22.17	40 largest	538,146	64.43
Learning Technologies*	15,698	1.88	Chemring	8,715	1.04
Ultra Electronics	15,264	1.83	St Modwen Properties	8,712	1.04
Synthomer	15,064	1.80	Euromoney Institutional Investor	8,415	1.01
Paragon	14,782	1.77	Spectris	7,983	0.96
OSB Group	14,376	1.72	Crest Nicholson	7,639	0.91
Dechra Pharmaceuticals	13,733	1.64	Bodycote	7,487	0.90
IntegraFin	13,225	1.58	Midwich*	7,480	0.90
Balfour Beatty	13,153	1.58	Just Group	7,280	0.87
TI Fluid Systems	13,126	1.57	Liontrust Asset Management	7,099	0.85
Ascential	12,684	1.52	Gym Group	6,752	0.81
20 largest	326,263	39.06	50 largest	615,708	73.72
Vesuvius	12,495	1.50	Coats	6,736	0.81
Future	12,238	1.47	Frontier Developments*	6,403	0.77
Codemasters*	12,000	1.44	Vitec	6,293	0.75
Savills	11,730	1.40	Alpha Financial Markets*	6,215	0.74
John Laing	11,707	1.40	Volution	6,153	0.74
Watches Of Switzerland	11,577	1.39	Redde Northgate	6,098	0.73
Computacenter	11,454	1.37	Howden Joinery	5,993	0.72
Mitchells & Butlers	10,761	1.29	Rotork	5,849	0.71
Countryside	10,685	1.28	Helical	5,642	0.68
Softcat	10,637	1.27	Grainger	5,572	0.67
30 largest	441,547	52.87	60 largest	676,662	81.04
			Remaining 46	158,277	18.96
			Total	834,939	100.00
				=====	=====

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

STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Half-year ended 30 November 2020			(Unaudited) Half-year ended 30 November 2019			(Audited) Year ended 31 May 2020		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	4,555	-	4,555	9,354	-	9,354	14,194	-	14,194
Other income	-	-	-	14	-	14	37	-	37
Gains/(losses) on investments held at fair value through profit or loss	-	128,062	128,062	-	47,876	47,876	-	(66,571)	(66,571)
Total income/(loss)	4,555	128,062	132,617	9,368	47,876	57,244	14,231	(66,571)	(52,340)
Expenses									
Management and performance fees (note 3)	(323)	(754)	(1,077)	(366)	(4,130)	(4,496)	(731)	(1,706)	(2,437)
Other expenses	(299)	-	(299)	(288)	-	(288)	(560)	-	(560)
Profit/(loss) before finance costs and taxation	3,933	127,308	131,241	8,714	43,746	52,460	12,940	(68,277)	(55,337)
Finance costs	(200)	(465)	(665)	(220)	(513)	(733)	(438)	(1,019)	(1,457)
Profit/(loss) before taxation	3,733	126,843	130,576	8,494	43,233	51,727	12,502	(69,296)	(56,794)
Taxation	-	-	-	-	-	-	(5)	-	(5)
Profit/(loss) for the period and total comprehensive income	3,733	126,843	130,576	8,494	43,233	51,727	12,497	(69,296)	(56,799)
Earnings per ordinary share (note 4)	5.00p	169.80p	174.80p	11.37p	57.87p	69.24p	16.73p	(92.76p)	(76.03p)

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

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 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
	=====	=====	=====	=====	=====

Half-year ended 30 November 2019 (unaudited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2019	18,676	26,745	646,305	24,419	716,145
Total comprehensive income:					
Profit for the period	-	-	43,233	8,494	51,727
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(12,326)	(12,326)
Refund of unclaimed dividends over 12 years old	-	-	-	5	5
	-----	-----	-----	-----	-----
Total equity at 30 November 2019	18,676	26,745	689,538	20,592	755,551
	=====	=====	=====	=====	=====

Year-ended 31 May 2020 (audited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2019	18,676	26,745	646,305	24,419	716,145
Total comprehensive income:					
(Loss)/profit for the period	-	-	(69,296)	12,497	(56,799)
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(17,555)	(17,555)
Refund of unclaimed dividends over 12 years old	-	-	-	5	5
	-----	-----	-----	-----	-----
Total equity at 31 May 2020	18,676	26,745	577,009	19,366	641,796
	=====	=====	=====	=====	=====

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

BALANCE SHEET

	(Unaudited) Half-year ended 30 November 2020 £'000	(Unaudited) Half-year ended 30 November 2019 £'000	(Audited) Year ended 31 May 2020 £'000
Non current assets			
Investments held at fair value through profit or loss	834,939	824,007	712,330
	-----	-----	-----
Current assets			
Securities sold for future settlement	-	1,878	2,739
Taxation recoverable	16	21	16
Prepayments and accrued income	1,060	1,808	381
Cash and cash equivalents	5,331	1,679	4,741
	-----	-----	-----
	6,407	5,386	7,877
	-----	-----	-----
Total assets	841,346	829,393	720,207
	-----	-----	-----
Current liabilities			
Securities purchased for future settlement	(1,159)	(2,239)	(3,001)
Accruals and deferred income	(1,154)	(1,330)	(480)
Performance fee	-	(3,275)	-
Bank loans	(49,159)	(37,169)	(45,107)
	-----	-----	-----
	(51,472)	(44,013)	(48,588)
	-----	-----	-----
Total assets less current liabilities	789,874	785,380	671,619
	-----	-----	-----
Non current liabilities	(29,828)	(29,829)	(29,823)
	-----	-----	-----
Net assets	760,046	755,551	641,796
	=====	=====	=====
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	703,852	689,538	577,009
Revenue reserve	10,773	20,592	19,366
	-----	-----	-----
Total equity	760,046	755,551	641,796
	=====	=====	=====
Net asset value per ordinary share (note 7)	1,017.4p	1,011.4p	859.1p
	=====	=====	=====

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

STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 30 November 2020 £'000	(Unaudited) Half-year ended 30 November 2019 £'000	(Audited) Year ended 31 May 2020 £'000
Profit/(loss) before taxation	130,576	51,727	(56,794)
Interest payable	665	733	1,457
(Gains)/losses on investments held at fair value through profit or loss	(128,062)	(47,876)	66,571
Purchases of investments	(54,357)	(56,646)	(125,705)
Sales of investments	59,810	56,747	123,037
Decrease/(increase) in receivables	14	5	(26)
Decrease/(increase) in amounts due from brokers	2,740	(1,669)	(2,530)
(Increase)/decrease in accrued income	(692)	1,193	2,651
Increase/(decrease) in payables	671	3,997	(127)
Decrease in amounts due to brokers	(1,842)	(2,434)	(1,672)
	-----	-----	-----
Net cash inflow from operating activities before interest	9,523	5,777	6,862
	-----	-----	-----
Interest paid	(659)	(731)	(1,463)
	-----	-----	-----
Net cash inflow from operating activities	8,864	5,046	5,399
	=====	=====	=====
Financing activities			
Equity dividends paid	(12,326)	(12,321)	(17,550)
Drawdown of bank loans	4,052	8,082	16,020
	-----	-----	-----
Net cash outflow from financing activities	(8,274)	(4,239)	(1,530)
	-----	-----	-----
Increase in cash and cash equivalents	590	807	3,869
Cash and cash equivalents at the start of the period	4,741	872	872
	-----	-----	-----
Cash and cash equivalents at the period end	5,331	1,679	4,741
	=====	=====	=====

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 2020. They have been prepared on a going concern basis and in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union, and with the Statement of Recommended Practice for Investment Trusts ('SORP') dated October 2019, where the SORP is consistent with the requirements of IFRS.

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 2020.

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

2. **Going Concern**

The assets of the Company consist mainly of securities that are listed and readily realisable. The directors have performed a Covid-19 impact analysis which included 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 and have concluded that the Company has adequate financial resources to meet its financial obligations, including repayment of the revolving loan facility, as they fall due for a period of at least twelve months from the date of approval of the financial statements. Having assessed these factors, as well as the principal risks and other matters discussed in connection with the Viability Statement in the Annual Report for the year ended 31 May 2020, the directors confirm that the financial statements have been prepared on a going concern basis.

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 2020 (30 November 2019 £3,275,000; May 2020: £nil). 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 2021 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 2020.

4. **Earnings per Ordinary Share**

The earnings per ordinary share figure is based on the net profit for the half-year of £130,576,000 (half-year ended 30 November 2019: net profit of £51,727,000; year ended 31 May 2020: net loss of £56,799,000) and on 74,701,796 (half-year ended 30 November 2019: 74,701,796; year ended 31 May 2020: 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 2020 £'000	(Unaudited) 30 November 2019 £'000	(Audited) 31 May 2020 £'000
Net revenue profit	3,733	8,494	12,497
Net capital gain/(loss)	126,843	43,233	(69,296)
	-----	-----	-----
Net total profit/(loss)	130,576	51,727	(56,799)
	=====	=====	=====
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	5.00	11.37	16.73
Capital earnings/(loss) per ordinary share	169.80	57.87	(92.76)
	-----	-----	-----
Total (loss)/earnings per ordinary share	174.80	69.24	(76.03)
	=====	=====	=====

5. Dividends

The Board has declared an interim dividend of 7.0p (2019: 7.0p) to be paid on 8 March 2021 to shareholders on the register at the close of business on 12 February 2021. The ex-dividend date will be 11 February 2021. No provision has been made for the interim dividend in these condensed financial statements.

The final dividend of 16.5p per ordinary share, paid on 12 October 2020, in respect of the year ended 31 May 2020, has been recognised as a distribution in the period.

6. Share Capital

At 30 November 2020 there were 74,701,796 ordinary shares in issue (30 November 2019: 74,701,796; 31 May 2020: 74,701,796). During the half-year ended 30 November 2020 the Company did not buy back or issue any shares (half-year ended 30 November 2019: nil; year ended 31 May 2020: nil). No shares have been bought back or issued since the period end.

7. Net Asset Value ('NAV') per Ordinary Share

The NAV per ordinary share is based on the net assets attributable to the equity shareholders of £760,046,000 (30 November 2019: £755,551,000; 31 May 2020: £641,796,000) and on 74,701,796 (30 November 2019: 74,701,796; 31 May 2020: 74,701,796) ordinary shares, being the number of ordinary shares in issue at the period end.

8. Transaction Costs

Purchase transaction costs for the half-year ended 30 November 2020 were £202,000 (half-year ended 30 November 2019: £222,000; year ended 31 May 2020: £461,000). These comprise mainly stamp duty and commission. Sale transaction costs for the half-year ended 30 November 2020 were £26,000 (half-year ended 30 November 2019: £22,000; year ended 31 May 2020: £51,000).

9. 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 2020 the fair value of the Preference Stock was £4,000 (30 November 2019: £4,000; 31 May 2020: £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 £36,719,000 (30 November 2019: £35,190,000; 31 May 2020: £37,244,000) 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 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	834,939	-	-	834,939
	-----	-----	-----	-----
	834,939	-	-	834,939
	=====	=====	=====	=====
As at 30 November 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	824,007	-	-	824,007
	-----	-----	-----	-----
	824,007	-	-	824,007
	=====	=====	=====	=====
As at 31 May 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	712,330	-	-	712,330
	-----	-----	-----	-----
	712,330	-	-	712,330
	=====	=====	=====	=====

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 2020.

10. 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 2020.

11. 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 2020 and 30 November 2019 has not been audited.

The information for the year ended 31 May 2020 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.

12. General Information

The Henderson Smaller Companies Investment Trust plc is registered in England and Wales, company number 00025526.

Registered office at 201 Bishopsgate, London EC2M 3AE
London Stock Exchange (TIDM) Code: HSL
SEDOL Number: 090650
Global Intermediary Identification Number (GIIN): WZD8S7.99999.SL.826
Legal Entity Identifier (LEI): 213800NE2NCQ67M2M998

Directors and Corporate Secretary

The directors of the Company are Jamie Cayzer-Colvin (Chairman of the Board), Alexandra Mackesy (Chairman of the Audit Committee), David Lamb (Senior Independent Director), Penelope Freer and Victoria Sant. 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.

13. **Financial Report for the Half-Year Ended 30 November 2020**

The half-year report will shortly be available on the Company's website or from the Company's registered office. An abbreviated version, the 'Update', will be circulated to shareholders in February 2021 and will be available from the Corporate Secretary at the Company's registered office, 201 Bishopsgate, London EC2M 3AE.

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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 announcement.