

Company Number: 00025526

**THE HENDERSON SMALLER COMPANIES  
INVESTMENT TRUST PLC**

**Report for the half-year ended  
30 November 2019**  
*(unaudited)*

# THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

## Unaudited Results for the Half-Year Ended 30 November 2019

### 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<sup>1</sup> of 7.5% compared to a total return from the benchmark<sup>2</sup> of 4.9%
- Share price<sup>3</sup> total return of 16.0%
- Interim dividend<sup>4</sup> increase of 7.7% to 7.0p (30 November 2018: 6.5p)

### TOTAL RETURN PERFORMANCE (including dividends reinvested)

	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %
NAV <sup>1</sup>	7.5	18.3	48.4	81.7	399.0
Benchmark <sup>2</sup>	4.9	9.6	23.0	46.2	203.7
Share price <sup>3</sup>	16.0	30.0	70.2	101.9	508.4
Average sector NAV <sup>5</sup>	1.4	7.0	25.7	61.3	259.1
Average sector share price <sup>6</sup>	4.3	8.1	38.9	71.8	313.2
FTSE All-Share Index	5.8	11.0	24.0	37.0	120.4

Sources: Morningstar Direct, Janus Henderson

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 2018: 6.5p) to be paid to shareholders on 9 March 2020

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 2019	(Unaudited) 30 November 2018	(Audited) 31 May 2019
Net assets	£755.6m	£655.0m	£716.1m
NAV per ordinary share	1,011.4p	876.8p	958.7p
Share price per ordinary share	975.0p	772.0p	858.0p
Total return per ordinary share	69.2p	(155.1)p	(66.8)p
Revenue return per ordinary share	11.4p	10.0p	23.59p
Dividend per ordinary share	7.0p	6.5p	23.0p
Gearing	9.1%	6.1%	8.4%

## **INTERIM MANAGEMENT REPORT**

### **CHAIRMAN'S STATEMENT**

At long last the political uncertainty regarding Europe and Westminster seems to have abated with Boris Johnson's resounding victory in the General Election. However, we still have a long way to go, but we do have a Prime Minister who is clear on his intent and has the mandate and political power to finally "Get Brexit Done". As I have commented in previous statements, the uncertainty that has hung over the United Kingdom these past three years has not been helpful to British businesses. Local investment has not been forthcoming and foreign investors have bypassed the United Kingdom. This is beginning to change with the principal beneficiary being the smaller companies sector as investors seek the good value and growth opportunities that can be found in this area.

#### **Performance**

I am pleased to report that for this reporting period our Company's net asset value has risen on a total return basis by 7.5%, 2.6% more than the Numis Smaller Companies Index (excluding investment companies), which rose by 4.9%. Our Company's share price rose by 16.0% on a total return basis for the period, outstripping its peer group, which increased by an average of 10.7%. The Company's discount narrowed from 10.5% at 31 May 2019 to 3.6% at 30 November 2019. I am delighted to say that the Company's share price has more than doubled over the past five years, rising by 101.9% on a total return basis.

#### **Dividend**

The Board has decided to increase the interim dividend by 7.7% to 7.0p per share (30 November 2018: 6.5p). This reflects the continuing strong growth in dividend payments from our portfolio companies. In the absence of any unforeseen circumstances, it is expected that the Board will also increase the final dividend. The final dividend for the year ended 31 May 2019 was 16.5p.

**Jamie Cayzer-Colvin**  
**Chairman**  
**January 2020**

## **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 2019.

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**  
**January 2020**

## FUND MANAGER'S REPORT

### Market Review – Six Months to 30 November 2019

UK equity markets rose in the period. Boris Johnson won the Conservative Party leadership contest and was installed as Prime Minister. A revised Withdrawal Agreement was negotiated with the EU. Parliament, however, refused to debate the bill within the time frame required to get approval by 31 October 2019. Consequently, an extension to Article 50 was requested by the UK and granted by the EU; the new deadline is 31 January 2020. With the risk of “no deal” Brexit avoided once again, sterling strengthened. Elsewhere the US Federal Reserve cut base rates in what was deemed a “mid-cycle adjustment to policy” which dampened investors’ hopes of a more aggressive cycle of monetary easing. Mario Draghi warned that the global economy faced “protracted weakness” going into 2020 at his last meeting as President of the ECB. Stalling trade negotiations between the US and China, in conjunction with deteriorating economic data and flattening yield curves, increased global recessionary fears.

Smaller companies outperformed larger companies over the period. This was driven principally by investors taking a more positive view on the outlook for the UK economy and an end to political and Brexit uncertainty which favoured the more domestically focused smaller company universe over the more internationally diverse constituents of the FTSE 100.

### Fund Performance

The Company outperformed the benchmark during the period. The net asset value rose by 7.5% on a total return basis. This compares with an increase of 4.9% (total return) in the Numis Smaller Companies Index (excluding investment companies). The outperformance came from a combination of underlying positive portfolio performance and a positive contribution from gearing in the Company.

### Gearing

Gearing started the period at 8.4% and ended it at 9.1%. 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 tables below show the top five contributors to, and detractors from, the Company's relative performance. Some of the following 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 %
Bellway	+25.4	+0.6
Learning Technologies	+43.0	+0.5
Intermediate Capital	+19.6	+0.5
Sirius Minerals <sup>1</sup>	-76.9	+0.4
Ferrexpo <sup>1</sup>	-34.9	+0.4

Top five detractors	6 month return %	Relative contribution %
Burford Capital	-52.5	-1.0
Cineworld	-21.6	-0.7
Clinigen	-13.1	-0.5
Mitchells and Butlers	+62.1	-0.4
Rank Group <sup>1</sup>	+67.1	-0.3

<sup>1</sup> In benchmark index but not held by the Company.

### **Principal Contributors**

Bellway is a national UK housebuilder; Learning Technologies is a provider of e-learning services and technologies; Intermediate Capital is a provider and asset manager of alternative credit; Sirius Minerals is a mining development company; and Ferrexpo is a Ukrainian iron-ore producer.

### **Principal Detractors**

Burford Capital is a provider of litigation finance; Cineworld is an international cinema chain; Clinigen is a provider of pharmaceutical services and specialist drugs; Mitchells and Butlers is a UK pub chain; and Rank Group is a UK bingo and casino operator.

### **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 we feel have further catalysts to drive strong performance.

New additions to the portfolio include AB Dynamics, an advanced testing and measurement products business for the automotive industry; Chemring, an energetic materials, countermeasures and sensors products company for the defence industry; Frontier Developments, a computer games developer and publisher; Liontrust, an investment management company; and Volution, an international manufacturer and supplier of ventilation products.

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 AJ Bell, Ibstock and Unite. Additionally we sold our holding in Tarsus, after the company had received an agreed takeover bid, and our position in Aveva, after the company was elevated to the FTSE 100 Index.

### **Market Outlook**

The Conservative election victory has given a significant boost to the UK small and mid-cap equity market. The result has provided political clarity and removed the risk of a market unfriendly Corbyn government. It has also provided more certainty to our negotiations over Brexit. However, it is still unclear as to what our future trading relationship with Europe is and what trade deal can be negotiated.

The UK economy has been flirting with recession. The political and Brexit uncertainty has weighed on consumer and business confidence, delaying and postponing investment and purchasing decisions, and dampening economic growth. One would hope that now some of this uncertainty has cleared, the UK economy will strengthen, helped also by potential tax cuts and boosts to public spending.

Globally economic conditions are challenging. Europe, in particular, is showing signs of economic weakness. Trade tensions are providing additional negative commentary and the volatility of relations between the US and China is not helpful. However, recent progress on a stage 1 deal raises hopes that trade tensions can be de-escalated in 2020. After a rise in US interest rates last year, 2019 has seen that policy reverse although the commentary from the Federal Reserve would now indicate we are currently in a mid-cycle pause.

In the corporate sector, conditions are intrinsically stronger than they were during the financial crisis of 2008-9. Balance sheets are more robust and dividends are growing.

In terms of valuations, the equity market is now trading below long-term averages. M&A remains a supportive feature for the smaller companies sector. If corporate confidence improves, M&A will increase, especially as little or no return can currently be generated from cash and the cost of debt is historically low. We have seen significant interest in UK corporates from abroad and from private equity, and given the relatively low valuation of UK equities and a weak currency, we expect this trend to continue.

**Neil Hermon**  
**Fund Manager**  
**January 2020**

## INVESTMENT PORTFOLIO

at 30 November 2019

Company	Valuation Portfolio		Company	Valuation Portfolio	
	£'000	%		£'000	%
Intermediate Capital	29,089	3.53	Avon Rubber	9,414	1.14
Bellway	25,877	3.14	CLS	9,203	1.12
Clinigen Group <sup>1</sup>	17,420	2.11	Spectris	9,110	1.11
Paragon	17,348	2.11	Premier Oil	8,903	1.08
RWS <sup>1</sup>	16,400	1.99	Future	8,898	1.08
Oxford Instruments	16,339	1.98	Impax Asset Management <sup>1</sup>	8,880	1.08
John Laing	16,295	1.98	Brewin Dolphin	8,876	1.08
Ultra Electronic	15,019	1.82	Computacenter	8,850	1.07
Dechra Pharmaceuticals	14,597	1.77	Grainger	8,721	1.06
Victrex	14,375	1.74	Ascential	8,712	1.06
<b>10 largest</b>	<b>182,759</b>	<b>22.17</b>	<b>40 largest</b>	<b>505,925</b>	<b>61.40</b>
Cineworld	14,338	1.74	Midwich <sup>1</sup>	8,673	1.05
Renishaw	13,997	1.70	Just Group	8,215	1.00
Learning Technologies Group <sup>1</sup>	13,725	1.67	Coats	8,182	0.99
GB Group <sup>1</sup>	13,646	1.66	Jupiter Fund Management	8,106	0.98
Gamma Communications <sup>1</sup>	13,218	1.60	Scapa <sup>1</sup>	8,004	0.97
TI Fluid Systems	12,711	1.54	Codemasters <sup>1</sup>	7,975	0.97
Sanne	12,455	1.51	Savills	7,891	0.96
SoftCat	12,153	1.47	Northgate	7,584	0.92
Vesuvius	11,907	1.45	Bodycote	7,573	0.92
IntegraFin	11,860	1.44	Rotork	7,048	0.86
<b>20 largest</b>	<b>312,769</b>	<b>37.95</b>	<b>50 largest</b>	<b>585,176</b>	<b>71.02</b>
OneSavings Bank	11,610	1.41	GoCo	7,035	0.85
St Modwen Properties	10,968	1.33	Hunting	7,027	0.85
Balfour Beatty	10,819	1.31	Vitec Group	6,902	0.84
Synthomer	10,502	1.27	XP Power	6,784	0.82
Consort Medical	10,450	1.27	Helical	6,557	0.80
SIG	10,205	1.24	DFS	6,372	0.77
Team 17 <sup>1</sup>	10,050	1.22	SDL	6,351	0.77
Cairn Energy	9,895	1.20	Restore <sup>1</sup>	6,230	0.76
Euromoney Institutional Investor	9,610	1.17	Hyve	6,215	0.75
Countryside Properties	9,480	1.15	Howden Joinery	5,991	0.73
<b>30 largest</b>	<b>416,358</b>	<b>50.52</b>	<b>60 largest</b>	<b>650,640</b>	<b>78.96</b>
			<b>Remaining 46</b>	<b>173,367</b>	<b>21.04</b>
			<b>Total</b>	<b>824,007</b>	<b>100.00</b>
				=====	=====

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



## STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Half-year ended 30 November 2019			(Unaudited) Half-year ended 30 November 2018			(Audited) Year ended 31 May 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
Investment income	9,354	-	9,354	8,345	-	8,345	19,431	-	19,431
Other income	14	-	14	51	-	51	80	-	80
Gains/(losses) on investments held at fair value through profit or loss	-	47,876	47,876	-	(121,889)	(121,889)	-	(64,758)	(64,758)
<b>Total income/(loss)</b>	<b>9,368</b>	<b>47,876</b>	<b>57,244</b>	<b>8,396</b>	<b>(121,889)</b>	<b>(113,493)</b>	<b>19,511</b>	<b>(64,758)</b>	<b>(45,247)</b>
<b>Expenses</b>									
Management and performance fees (note 3)	(366)	(4,130)	(4,496)	(393)	(917)	(1,310)	(736)	(1,719)	(2,455)
Other expenses	(288)	-	(288)	(329)	-	(329)	(723)	-	(723)
<b>Profit before finance costs</b>	<b>8,714</b>	<b>43,746</b>	<b>52,460</b>	<b>7,674</b>	<b>(122,806)</b>	<b>(115,132)</b>	<b>18,052</b>	<b>(66,477)</b>	<b>(48,425)</b>
Finance costs	(220)	(513)	(733)	(225)	(525)	(750)	(431)	(1,006)	(1,437)
<b>Profit/(loss) for the period and total comprehensive income/(expense)</b>	<b>8,494</b>	<b>43,233</b>	<b>51,727</b>	<b>7,449</b>	<b>(123,331)</b>	<b>(115,882)</b>	<b>17,621</b>	<b>(67,483)</b>	<b>(49,862)</b>
<b>Earnings per ordinary share</b> (note 4)	<b>11.37p</b>	<b>57.87p</b>	<b>69.24p</b>	<b>9.97p</b>	<b>(165.10)p</b>	<b>(155.13)p</b>	<b>23.59p</b>	<b>(90.34p)</b>	<b>(66.75p)</b>

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 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
Half-year ended 30 November 2018 (unaudited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2018	18,676	26,745	713,788	22,859	782,068
Total comprehensive income:					
(Loss)/profit for the period	-	-	(123,331)	7,449	(115,882)
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(11,205)	(11,205)
Total equity at 30 November 2018	18,676	26,745	590,457	19,103	654,981
Year-ended 31 May 2019 (audited)	Share capital £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2018	18,676	26,745	713,788	22,859	782,068
Total comprehensive income:					
(Loss)/profit for the period	-	-	(67,483)	17,621	(49,862)
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(16,061)	(16,061)
Total equity at 31 May 2019	18,676	26,745	646,305	24,419	716,145

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

**BALANCE SHEET**

	(Unaudited) Half-year ended 30 November 2019 £'000	(Unaudited) Half-year ended 30 November 2018 £'000	(Audited) Year ended 31 May 2019 £'000
<b>Non current assets</b>			
Investments held at fair value through profit or loss	824,007	694,819	776,233
	-----	-----	-----
<b>Current assets</b>			
Securities sold for future settlement	1,878	261	209
Taxation recoverable	21	19	19
Prepayments and accrued income	1,808	1,760	3,006
Cash and cash equivalents	1,679	1,100	872
	-----	-----	-----
	5,386	3,140	4,106
	-----	-----	-----
<b>Total assets</b>	<b>829,393</b>	<b>697,959</b>	<b>780,339</b>
	-----	-----	-----
<b>Current liabilities</b>			
Securities purchased for future settlement	(2,239)	(1,474)	(4,673)
Accruals and deferred income	(1,330)	(602)	(611)
Performance fee	(3,275)	-	-
Bank loans	(37,169)	(11,084)	(29,087)
	-----	-----	-----
	(44,013)	(13,160)	(34,371)
	-----	-----	-----
<b>Total assets less current liabilities</b>	<b>785,380</b>	<b>684,799</b>	<b>745,968</b>
	-----	-----	-----
<b>Non current liabilities</b>	<b>(29,829)</b>	<b>(29,818)</b>	<b>(29,823)</b>
	-----	-----	-----
<b>Net assets</b>	<b>755,551</b>	<b>654,981</b>	<b>716,145</b>
	=====	=====	=====
<b>Equity attributable to equity shareholders</b>			
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	689,538	590,457	646,305
Revenue reserve	20,592	19,103	24,419
	-----	-----	-----
<b>Total equity</b>	<b>755,551</b>	<b>654,981</b>	<b>716,145</b>
	=====	=====	=====
<b>Net asset value per ordinary share (note 7)</b>	<b>1,011.4p</b>	<b>876.8p</b>	<b>958.7p</b>
	=====	=====	=====

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

## STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 30 November 2019 £'000	(Unaudited) Half-year ended 30 November 2018 £'000	(Audited) Year ended 31 May 2019 £'000
Profit/(loss) before taxation	51,727	(115,882)	(49,862)
Interest payable	733	750	1,437
(Gains)/losses on investments held at fair value through profit or loss	(47,876)	121,889	64,758
Purchases of investments	(56,646)	(70,689)	(135,343)
Sales of investments	56,747	101,978	142,682
Decrease/(increase) in receivables	5	(17)	207
Increase in amounts due from brokers	(1,669)	(66)	(14)
Decrease/(increase) in accrued income	1,193	1,526	(74)
Increase in payables	3,997	(3,453)	(3,646)
Decrease/(increase) in amounts due to brokers	(2,434)	(2,876)	323
	-----	-----	-----
<b>Net cash inflow from operating activities before interest</b>	<b>5,777</b>	33,160	20,468
	-----	-----	-----
Interest paid	(731)	(750)	(1,432)
	-----	-----	-----
<b>Net cash inflow from operating activities</b>	<b>5,046</b>	32,410	19,036
	=====	=====	=====
<b>Financing activities</b>			
Equity dividends paid (net of refund of unclaimed dividends)	(12,321)	(11,205)	(16,061)
Drawdown/(repayment) of bank loans	8,082	(24,994)	(6,992)
	-----	-----	-----
<b>Net cash outflow from financing activities</b>	<b>(4,239)</b>	(36,199)	(23,053)
	-----	-----	-----
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>807</b>	(3,789)	(4,017)
Cash and cash equivalents at the start of the period	872	4,889	4,889
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<b>Cash and cash equivalents at the period end</b>	<b>1,679</b>	1,100	872
	=====	=====	=====

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 2019. 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 2019.

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

### 2. Going Concern

Having reassessed the principal risks and uncertainties, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The assets of the Company consist almost entirely of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in existence for the foreseeable future.

### 3. Expenses

Expenses, finance costs and taxation include provision for a performance fee when the relevant criteria have been met. For the six months to 30 November 2019 the performance fee provision is £3,275,000 (30 November 2018: £nil; 31 May 2019: £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 2020 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 2019.

### 4. Earnings per ordinary share

The earnings per ordinary share figure is based on the net profit for the half-year of £51,727,000 (half-year ended 30 November 2018: net loss of £115,882,000; year ended 31 May 2019: net loss of £49,862,000) and on 74,701,796 (half-year ended 30 November 2018: 74,701,796; year ended 31 May 2019: 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 2019 £'000	(Unaudited) 30 November 2018 £'000	(Audited) 31 May 2019 £'000
Net revenue profit	8,494	7,449	17,621
Net capital gain/(loss)	43,233	(123,331)	(67,483)
Net total profit/(loss)	<u>51,727</u>	<u>(115,882)</u>	<u>(49,862)</u>
Weighted average number of ordinary shares in issue during the period	74,701,796	74,701,796	74,701,796
	<b>Pence</b>	Pence	Pence
Revenue earnings per ordinary share	11.37	9.97	23.59
Capital earnings/(loss) per ordinary share	57.87	(165.10)	(90.34)
Total (loss)/earnings per ordinary share	<u>69.24</u>	<u>(155.13)</u>	<u>(66.75)</u>

5. **Dividends**

The Board has declared an interim dividend of 7.0p (30 November 2018: 6.5p) to be paid on 9 March 2020 to shareholders on the register at the close of business on 14 February 2020. The ex-dividend date will be 13 February 2020. 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 8 October 2019, in respect of the year ended 31 May 2019, has been recognised as a distribution in the period.

6. **Share Capital**

At 30 November 2019 there were 74,701,796 ordinary shares in issue (30 November 2018: 74,701,796; 31 May 2019: 74,701,796). During the half-year ended 30 November 2019 the Company did not buy back or issue any shares (half-year ended 30 November 2018: nil; year ended 31 May 2019: 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 £755,551,000 (30 November 2018: £654,981,000; 31 May 2019: £716,145,000) and on 74,701,796 (30 November 2018: 74,701,796; 31 May 2019: 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 2019 were £222,000 (half-year ended 30 November 2018: £239,000; year ended 31 May 2019: £469,000). These comprise mainly stamp duty and commission. Sale transaction costs for the half-year ended 30 November 2019 were £22,000 (half-year ended 30 November 2018: £48,000; year ended 31 May 2019: £68,000).

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 2019 the fair value of the Preference Stock was £4,000 (30 November 2018: £4,000; 31 May 2019: £4,000) and is categorised as Level 1 in the fair value hierarchy. 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 valued at par in the Balance Sheet. In order to comply with fair value accounting disclosures only, the fair value of the loan notes at 30 November 2019 has been estimated to be £35,190,000 (30 November 2018: £31,207,000; 31 May 2019: £33,607,000) 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 amortised cost in the fair value NAV because it is not traded and the directors expect it to be held to maturity and, accordingly, the directors have assessed that this is the most appropriate value to be applied for this purpose.

As there is no material difference between the fair value of the Preference Stock and the par value of the Preference Stock, a single NAV is published.

The following table analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

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.

<b>As at 30 November 2019</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Equity investments	824,007	-	-	824,007
	-----	-----	-----	-----
	824,007	-	-	824,007
	=====	=====	=====	=====
<b>As at 30 November 2018</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Equity investments	694,819	-	-	694,819
	-----	-----	-----	-----
	694,819	-	-	694,819
	=====	=====	=====	=====
<b>As at 31 May 2019</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Equity investments	776,233	-	-	776,233
	-----	-----	-----	-----
	776,233	-	-	776,233
	=====	=====	=====	=====

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 2019.

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 2019.

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 2019 and 30 November 2018 has not been audited.

The information for the year ended 31 May 2019 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), Victoria Sant and Penelope Freer. 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](http://www.hendersonsmallercompanies.com)

13. **Financial Report for the Half-Year ended 30 November 2019**

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 2020 and will be available from the Corporate Secretary at the Company's registered office, 201 Bishopsgate, London EC2M 3AE.