Henderson Opportunities Trust plc

Annual Report 2023

MANAGED BY
Janus Henderson
INVESTORS

Strategic Report

Investment Objective

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

Strategic Report

Governance

Financial Statements

Additional information

To receive insights into the Company scan the QR code and register with Janus Henderson

Performance highlights

Total return performance to 31 October 2023

	1 year %	3 years %	5 years %	10 years %
NAV[1, 5]	-9.3	5.7	-1.7	42.0
Share price[2]	-12.2	5.4	-0.2	34.4
Benchmark[3]	5.9	39.4	21.1	58.0
Peer group NAV[4]	3.0	13.6	7.7	44.1

Year to 31 October

	2023	2022
NAV per share at year end[5]	1,035.2p	*1,173.7p*
Share price at year end	865.0p	*1,018.0p*
Total return per share[5]	(103.5p)	*(424.7p)*
Net assets	£81.8m	*£92.7m*
Discount at year end[5, 6]	16.4%	*13.3%*
Ongoing charge (excluding performance fee)[5]	1.02%	*0.90%*
Dividend for year[7]	35.5p	*34.0p*
Ongoing charge (including performance fee)[5, 8]	1.02%	*0.90%*

1 Net asset value ("NAV") per ordinary share total return (including dividends reinvested)
2 Share price total return (including dividends reinvested)
3 FTSE All-Share Index
4 AIC UK All Companies simple average
5 Alternative performance measure
6 Calculated based on the NAV per share and share price at year end
7 This represents three interim dividends of 7.5p each and a proposed final dividend of 13.0p which will be put to shareholders for approval at the Annual General Meeting on 7 March 2024. See page 3 for more details. The dividend yield[5] for the year ended 31 October 2023 was 4.1% (2022: 3.3%) based on the share price at the year end
8 The Board announced on 8 November 2023 that the performance fee arrangements had been removed with effect from 20 October 2023. No performance fee was payable in the year ended 31 October 2023 (2022: £nil)

Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

A glossary of terms can be found on pages 76 and 77 and alternative performance measures can be found on pages 78 and 79

Strategic Report

Chairman's statement

"In due course the UK market will anticipate a recovery of the economy and smaller company share prices are likely to rebound. The Company's portfolio of quality companies is well positioned to prosper in these circumstances and the Board shares the Fund Managers' belief that there is considerable potential for gains in coming years"

Chairman's statement

Performance review

Over the past year the Company has faced significant headwinds. Against a backdrop of high interest rates and persistent inflation, continued and significant market volatility and negative sentiment towards the UK equity market and smaller companies in particular, it has been a very disappointing year for the Company in both absolute and relative terms. The NAV total return for the year was -9.3% and the share price total return over the period was -12.2%. In comparison, over the same period the FTSE All-Share Index, the Company's benchmark index, rose by 5.9%, the FTSE 250 Index of medium-sized companies fell by 1.3%, the FTSE SmallCap Index rose by 1.3% and the AIM All-Share Index of the smallest listed UK businesses fell by 14.1%. The performance of both the Company's NAV and share price over the longer term are illustrated in the table on page 7 of the Fund Managers' Report.

On a more positive note, it does seem as though October may have marked the low point of sentiment towards the UK equity market. Since then, we have had a well-received Autumn Statement from the UK Chancellor, as well as a succession of commentators lining up to highlight the UK's relatively attractive valuation versus its international peers. Encouragingly, the Company's share price delivered a total return of 10.8% in November and 5.4% in December, outperforming the 3.0% and 0.9% return from the FTSE All-Share in those months respectively.

The Fund Managers' report discusses in more detail the weakness last year in smaller UK companies and in particular those quoted on the AIM Index which at the year end made up 44.2% of the Company's portfolio. Last year saw a perfect storm for smaller companies. Institutional investors were concerned about the uncertain economic outlook for the UK and focused on liquidity shunned companies below certain market capitalisations, favouring investments perceived as being less risky. At the same time, many smaller companies have also been under intense pressure due to rising interest rates and their share prices have fallen as a result. The combined effect is that the valuations of many AIM stocks are now very low. The Fund Managers do not believe that these valuations reflect the prospects or potential of the companies held in the portfolio, which overall have been operating satisfactorily, with many reporting growing earnings and dividends.

During the year, the Board has taken a close look at the Company's investment approach and has worked with the Fund Managers in scrutinising the level of the Company's exposure to small companies and AIM stocks. We have also considered the large cap and natural resource companies held in the portfolio as "stabilisers" and their effectiveness in smoothing volatility in the overall portfolio. The Fund Managers are very aware of the importance of ensuring that every stock is held for its long-term growth prospects. They also rightly recognise that there are times when stocks have to be sold. However, the Board has noted that if the current investment approach is maintained there should be good returns to be made when the headwinds abate. The UK small company and AIM sectors are full of vibrant companies that can be expected to lead the UK economy's future growth. Therefore, to be invested in them at the current very depressed valuation levels will, we believe, prove rewarding over the medium to longer term. A question the Board of course asks is "when will this recovery happen?". Unsurprisingly, there is never a very satisfactory answer as the outlook for the UK remains very uncertain. However, since our financial year end, and as mentioned above, the UK market is showing signs of recovery. Inflation is falling, and the belief seems to be that the next move in interest rates will be downwards. This anticipated good news may have unleashed the start of a recovery in some share prices, but only time will tell.

Income review

The Fund Managers' focus is on buying companies with strong balance sheets and good management which have the capacity to grow substantially over the long term. Dividend growth is in the first instance an output of the portfolio rather than a primary consideration of the Fund Managers and the Company's earnings profile will therefore fluctuate from year to year. However, the Company does seek dividend growth over time and so income growth is a secondary objective. One advantage of the investment trust structure is the Company's ability to use its revenue reserves to support dividend distributions and the Board will use these reserves to smooth the dividends paid to shareholders where it considers such use to be appropriate. The Board's intention remains for the dividend to grow progressively. We have declared a final dividend of 13.0p per share for the year ended 31 October 2023. This brings total dividends for the year to 35.5p and represents an increase of 4.4% over last year's total dividend payment for the year of 34.0p. At the current share price of 1,002.5p (as at 30 January 2024) this represents a yield of 3.5%. A resolution to approve the payment of the final dividend for the year ended 31 October 2023 will be proposed at the forthcoming Annual General Meeting ("AGM"). If the resolution is passed, the dividend will be paid on 22 March 2024 to shareholders on the register on 16 February 2024. The shares will be quoted ex-dividend on 15 February 2024.

Fees and expenses

In November 2023, the Board announced that the performance fee arrangements in favour of the Manager had been removed with effect from 20 October 2023. The removal of the performance fee is designed to ensure that shareholders receive the full benefit of any capital gains by the Company at such time as there is a change in sentiment towards, and a potential re-rating of, UK equities and smaller companies in particular. The management fee remains at its previous level of 0.55% of net assets per annum. This is payable quarterly at the rate of 0.1375% based on net assets at the end of the previous quarter. The ongoing charge for the full year was 1.02%, compared to 0.90% in respect of the previous financial year.

Gearing

Given the continued market volatility and as gearing detracted from the NAV total return during 2022, the Board and the Fund Managers decided to reduce gearing slightly this year and at the year end net gearing was 9.6% (2022: 13.9%). From a longer-term perspective gearing has been a positive contributor to returns and the Board and the Fund Managers continue to see its use as one of the key advantages of the investment trust structure, albeit that the benefits now need to be balanced against the increased cost of debt. The intention of the Fund Managers will be to continue to use some gearing where appropriate to take advantage of attractive new investment opportunities.

Chairman's statement (continued)

Continuation vote and share split

At the AGM in March 2023, although 75.8% of the votes cast were voted in favour of the triennial resolution for the continuation of the Company, 24.2% of the votes cast (approximately 6% of the total voting rights) were voted against. Despite the Company encouraging shareholders to vote, only 26.6% of the Company's total voting rights were cast. The Company also received significant votes against the resolutions regarding the authority to allot relevant securities and the authority to disapply pre-emption rights. The Board believes these two additional significant votes against were connected to the votes against the continuation of the Company. The Board has listened to shareholders and it understands their frustration with the Company's performance, the persistent discount to NAV at which the Company's shares trade and the limited share liquidity. The Board does however believe that the Company remains relevant and that the performance will turn round, which will in time attract new long-term investors. There will be another continuation vote in 2026.

Meanwhile, the Board and the Fund Managers are explaining the Company's strategy to existing and potential investors and are working hard to make the Company attractive to retail investors who, as at 31 December 2023, held 77.0% of the Company's issued shares. Measures taken include removing the performance fee, as referred to above, and an increased focus on marketing. The Board is also now proposing a share split.

In the half year results announcement made in June 2023, the Board noted that, in order to assist monthly savers and those who reinvest their dividends, or those who are looking to invest smaller amounts (such as younger investors), it was considering proposing a share split of the Company's ordinary shares. The price of the Company's ordinary shares of 25p each (as at 30 January 2024) has more than doubled over the last 10 years. The Directors believe that a sub-division may also improve the liquidity in and marketability of the Company's shares, which would benefit all shareholders. At the Company's AGM in March 2024, approval from shareholders will be sought to sub-divide each existing ordinary share of 25p each into five new ordinary shares of 5p each (the "new Ordinary Shares") (the "Sub-division"). There will be no interruption to trading in the Company's shares on the London Stock Exchange when the sub-division takes place. The new Ordinary Shares will rank equally with each other and will carry the same rights and be subject to the same restrictions (save as to nominal value) as the existing ordinary shares, including the same rights to participate in dividends paid by the Company. Further details of the proposed sub-division can be found in the notice convening this year's AGM which accompanies this report and can also be found on the Company's website.

The discount level

During the year the Company's shares remained at a discount to net asset value with the discount ranging from 20.2% to 7.2% and finishing the year at 16.4%. This was largely reflective of the widening average discount levels seen across the investment trust sector as a whole, with the AIC UK All Companies sector finishing the year at an average discount of 13.9%, and the AIC UK Smaller Companies sector finishing the year at an average discount of 15.4%.

There were no shares bought back during the financial year and no new shares were issued. Given the size of the Company and its limited capacity for buybacks, it remains the Board's view that were share buybacks to be considered, this would be with the objective of enhancing the NAV for existing shareholders rather than seeking to maintain any specific discount level. It remains the Board and the Fund Managers' belief that market cyclicality over time, the AIM market returning to favour, an increase in investor confidence in the UK and strong performance by the Company are all likely to be key factors in narrowing the discount.

Annual General Meeting

Our AGM will be held on Thursday, 7 March 2024 at 2.30pm at Janus Henderson Investors' offices at 201 Bishopsgate, London EC2M 3AE. I hope as many shareholders as possible will be able to attend to take the opportunity to meet the Board and to hear a presentation from the Fund Managers. However, if you are unable to attend in person, you can listen to the Fund Managers' presentation and watch the Meeting live by visiting **www.janushenderson.com/trustslive**. Full details are set out in the Notice of Meeting.

The Board is keen to encourage shareholders to vote on the resolutions being put to the AGM. Shareholders on the main register can do this by completing and returning the proxy form which has been sent to them. If you hold your shares on a platform via a nominee, please note that the AIC has provided helpful information on how to vote investment company shares held on some of the major platforms. This information can be found at **www.theaic.co.uk/how-to-vote-your-shares**.

If shareholders have any questions for the Board or the Fund Managers, I would encourage you to submit these in advance of the AGM to the Corporate Secretary at **itsecretariat@janushenderson.com**.

Outlook

The period under review has undoubtedly been a very challenging one for the Company.

As uncertainty about the economy persists, many good quality smaller companies, with sound long-term plans, are trading on very undemanding valuations. However, we know that stockmarkets are cyclical and this gives us confidence that today's valuations will at some point be the basis of good future returns. In due course (and if this is not already starting to happen) the UK market will anticipate a recovery of the economy and smaller company share prices are likely to rebound. The Company's portfolio of quality companies is well positioned to prosper in these circumstances and the Board shares the Fund Managers' belief that there is considerable potential for gains in coming years when the current clouds affecting the economic outlook eventually clear. This should benefit shareholders over the medium to longer term.

Finally, your views matter. Your Board greatly values shareholder comments and I would encourage you to email me with your views at **itsecretariat@janushenderson.com**.

Wendy Colquhoun
Chairman
31 January 2024

Strategic Report

Fund Managers' report

"It has been an exceptionally challenging year for performance. While the UK economy has not fallen into the feared recession, company valuations have fallen further, reflecting a deep malaise towards UK smaller companies. This very weak performance is, in our view, more reflective of poor sentiment and the associated outflows from UK equities rather than a fundamental reflection of the health of UK companies."

Fund Managers' report

Introduction

It has been an exceptionally challenging year for performance. While the UK economy has not fallen into the feared recession, company valuations have fallen further, reflecting a deep malaise towards UK smaller companies. This very weak performance is, in our view, more reflective of poor sentiment and the associated outflows from UK equities rather than a fundamental reflection of the health of UK companies.

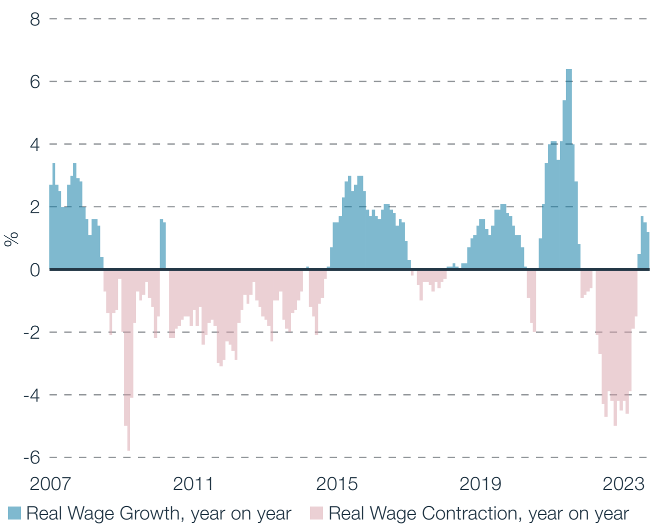
	1 year %	3 years %	5 years %	10 years %
Company NAV	-9.3	5.7	-1.7	42.0
Company share price	-12.2	5.4	-0.2	34.4
FTSE All-Share (Benchmark)	5.9	39.4	21.1	58.0
AIC UK All Companies NAV (Peer Group)	3.0	13.6	7.7	44.1

Investment backdrop

Before going into more detail on the performance of the Company, it is worth (briefly) setting out the UK economic backdrop.

The key debates in the UK market over the last twelve months have been how fast inflation will come down and the resilience of the economy in the face of rising interest rates. Inflation is now successfully being brought down, finishing the financial year at 4.6%. More importantly from a consumer perspective, real wages are now back in modest growth (see chart below).

Real Wages – year on year

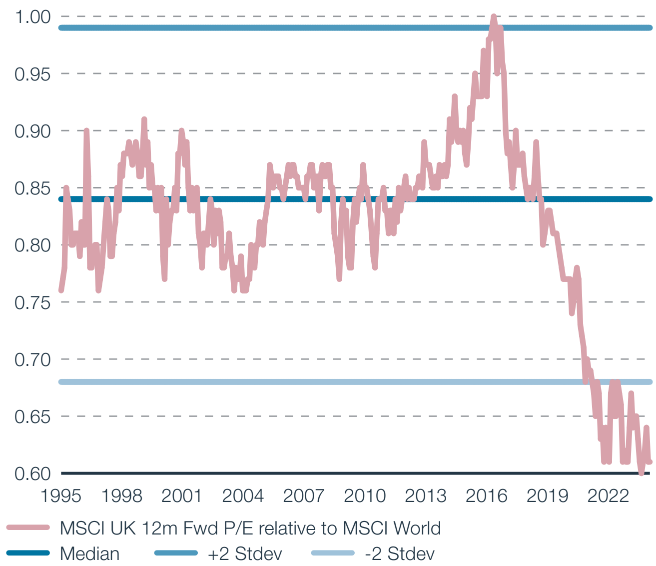


Source: Panmure Gordon, ONS

The consumer, and indeed the wider UK economy, has been more resilient than was feared at the start of the year. When thinking about why this is, we need to consider both sides of the household balance sheet, in other words the boost to interest income on household savings as well as higher interest costs on consumer borrowings. It is possible that this time last year the effect of the former was being underestimated versus the latter. While the two effects will be distributed unevenly across the UK population, there are undoubtedly some households that have seen a net benefit from the current interest rate backdrop. This can help to explain why, for example, retail sales have proved more resilient than some anticipated. In looking at the best performing stocks for this Company over the past year, we can see some reflection of this. **Marks & Spencer**, for example, was one of the best performers.

This more resilient economic backdrop is yet to be reflected in UK valuations, which remain at a historic low relative to other global equity markets (see chart below). Therefore, we would summarise the domestic economic backdrop as "ok" (if not stellar), but with the equity market valued as though the actual outcome will be much worse. This strikes us as anomalous.

UK valuations



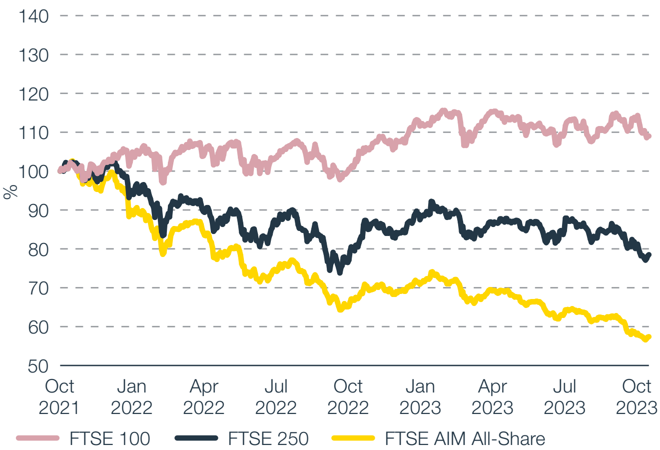
Source: JP Morgan

Attribution

Turning in more detail to performance, it has been an exceptionally challenging year for managing a portfolio with small and medium-sized company exposure. This comes on the back of an already poor financial year ended 31 October 2022 and reflects very weak sentiment towards UK equities. This sentiment is at its most extreme in domestic, smaller companies. As the chart on the next page shows, medium-sized UK companies have underperformed the FTSE 100 by more than 30% over the last two years and smaller companies by more than 50%.

Fund Managers' report (continued)

Performance of large, medium and small companies over the last two years



Source: LSEG Datastream as at 31 October 2023. Total return, GBP, rebased to 100 as at 31 October 2021

In the previous financial year there were clear reasons for the FTSE 100 outperformance. Following the war in Ukraine, sharp rises in commodity prices caused large benchmark weights such as **Shell** and **BP** to materially outperform. This year, the FTSE 100 outperformance reflects weaker sentiment towards the domestic economy, with FTSE 100 company earnings being significantly more international than those of smaller companies. With interest rates rising and real wages (until recently) declining, the concern has been that domestic earnings will come under pressure. Markets are always forward looking and therefore these concerns are reflected in share prices ahead of earnings being adjusted downwards. While we are now seeing some earnings downgrades coming through in select areas such as building materials and media, it is interesting to note that both of those concerns could now have come to an end – real wages are rising again, and interest rate rises (at least for now) appear to have stopped.

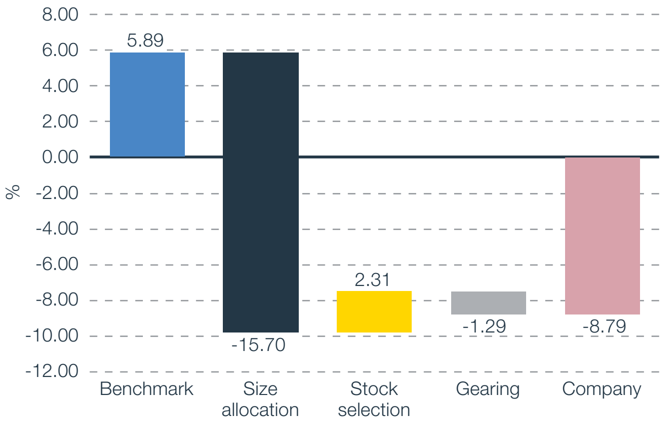
Before we go into the stock specific drivers of performance, it is worth looking at the size allocation of the portfolio and the effect this has had on performance. This Company has enviable flexibility in being able to invest across the breadth of the UK market. It remains our view that the best opportunities for long-term sales and earnings growth can be found outside of the FTSE 100, and indeed on a long-term basis almost all of the top relative contributors to performance have been smaller companies. Therefore, while the portfolio holds more than it has done in previous years in the FTSE 100, it remains significantly "underweight" large companies relative to its benchmark (comparing the first and second columns in the table in the next column). This means that the biggest drag on performance this year has been size allocation rather than stock selection, as shown by the waterfall chart in the next column.

It is very important to make clear that this is not justification for the portfolio's underperformance. We have no set market cap allocation, therefore it was entirely within our gift to have more than we have had in the FTSE 100. However, while we were adding to the large company weight and reducing fast growing smaller companies in the period following the Covid recovery, in practice we did not go far enough.

Index:	Company weighting (%)	Benchmark weighting (%)	Index total return (%)
FTSE 100	31.7	84.8	7.2
FTSE 250	13.3	13.0	-1.3
FTSE SmallCap	9.4	2.2	1.3
FTSE AIM All-Share	44.2	–	-14.1

Company and Benchmark weights are as at financial year end, 31 October 2023. The Company weights do not add up to 100 as a small portion of the portfolio sits outside of major UK indices.

Attribution Returns



Source: Janus Henderson Investors, Factset

Turning to the stock specific drivers of performance, there is a clear recurring theme in the best performers – four of the top ten were what we class as "Recovery" shares, in other words companies in the midst of a turnaround, whether because of historic self-inflicted errors or challenging end markets. (It could even be argued that five of the top ten are in Recovery – we have taken **Marks & Spencer** out of the category given its recent turnaround in profitability, but there is arguably further to go). The reason for "Recovery" outperformance this year could be that in a challenging economic backdrop, in order to outperform companies needed to have a strong self-help element. That could include sizeable cost cutting (such as **Rolls-Royce** and **Babcock**) and a return to their core area of focus (for example **Kier** focusing on smaller regional projects). Where smaller companies performed well outside of recovery was often where sizeable share buybacks were taking place – **Vertu Motors** was frequently in the market buying back its own shares. In the face of low valuations, we have seen several smaller companies enter the market this year and initiate buybacks.

Fund Managers' report (continued)

The top 10 contributors to relative return during the financial year were:

Company name	Contribution to relative return to Benchmark (%)	Share price total return (%)	Portfolio classification
1. Vertu Motors	1.5	72.1	Small & mid cap compounders
2. British American Tobacco (not held)	1.0	-22.5	n/a
3. Rolls-Royce	0.9	175.4	Recovery
4. Marks & Spencer	0.7	105.5	Large cap
5. Diageo (not held)	0.6	-11.6	n/a
6. International Personal Finance	0.5	83.3	Recovery
7. IQGeo	0.5	22.6	Growth small cap
8. Kier	0.4	68.3	Recovery
9. Glencore (not held)	0.3	-4.3	n/a
10. Babcock	0.3	41.9	Recovery

The top 10 detractors from relative return during the financial year were:

Company name	Contribution to relative return to Benchmark (%)	Share price total return (%)	Portfolio classification
1. ZOO Digital	-2.4	-74.8	Recovery
2. Deltic Energy	-1.4	-67.5	Natural resources
3. Springfield Properties	-1.4	-41.5	Small & mid cap compounders
4. Jersey Oil & Gas	-1.2	-31.1	Natural resources
5. Next 15	-0.9	-26.5	Growth small cap
6. Surface Transforms	-0.8	-40.6	Early stage companies
7. HSBC (underweight)	-0.6	40.2	Large cap
8. Serica Energy	-0.6	-13.8	Natural resources
9. Jadestone Energy	-0.6	-56.6	Natural resources
10. Jubilee Metals	-0.6	-53.4	Natural resources

Turning to the detractors, there are a few themes to draw out. Firstly, natural resource companies were a clear detractor, with five of the top ten largest detractors in the area as commodity prices normalised (to a degree) following the war in Ukraine. Therefore, from a top down perspective, one of the "stabilisers" within the portfolio did not act as a stabiliser, instead falling alongside some of the faster growing companies within "tomorrow's leaders" (see more details on these classifications in the section on the next page). The other theme to draw out from the detractors is that there are effectively recessionary conditions in some end markets such as housebuilding (**Springfield Properties**) and advertising (**Next 15**).

As the largest detractor it is worth discussing **ZOO Digital** in more detail. ZOO provides media services (such as dubbing and subtitling) to global content producers, the largest of which is Disney. This financial year two factors came together that caused ZOO sales to roughly half. The first was the US writer and actors strike, which caused an abrupt fall in the volume of content production (and therefore pipeline of work for ZOO). These strikes have now been materially resolved, which bodes well for work restarting in 2024. The second, and more structural factor, was that global content producers, having been in almost an arms race of producing more and more content, had cost discipline forced upon them as global interest rates rose. Disney was not immune from this and reduced its spend with ZOO as a result. While this is a disappointment, in our view ZOO is still in the foothills of its potential growth – Disney is one (albeit very large) customer and there are other significant content producers with whom ZOO has the potential to gain market share.

ZOO Digital share price (pence)

Source: Bloomberg. Share price since first purchase in July 2018

Fund Managers' report (continued)

Portfolio review

As the portfolio is flexible in its approach, with the ability to invest across the breadth of the UK market, we divide it into the classifications below. This serves two purposes. Firstly, from a portfolio construction perspective, it helps to create a framework for the portfolio and serves to challenge us if the current portfolio weight falls outside of the indicative ranges in the table below. Secondly, from the perspective of our shareholders, we find the below descriptions to be helpful in understanding the diverse nature of the portfolio. The current split of the portfolio across classifications is shown below:

	Total (gross assets)[1] %	Indicative range %	Largest three holdings
Stabilisers			
Large cap (£1b+) These stocks are usually familiar to all investors. They are ballast for the portfolio and often generators of income as individual companies. We believe they remain capable of long-term earnings growth.	**25 (+1)**	10-30	Barclays, HSBC, Standard Chartered
Natural resources These are companies that will benefit from rising commodity prices. The majority of this classification are smaller companies (outside of the FTSE 100) that are less well understood and where, in our view, we can add more value by paying close attention.	**13 (-4)**	5-15	Serica Energy, Rio Tinto, Jersey Oil & Gas
Tomorrow's leaders			
Growth small cap These are companies that in our view can be substantially larger businesses in time. They have strong management capability and they operate in fast growing end markets or are disruptors within more established markets.	**13 (-4)**	20-40	Boku, Next 15, Tracsis
Recovery Some of these companies, for example those exposed to the aerospace industry, have fallen into the recovery classification as a result of the pandemic. However, as the global economy recovers, earnings should be able to grow from current suppressed levels.	**16 (+6)**	0-30	Rolls-Royce, Redcentric, International Personal Finance
Early stage companies These are companies that could serve large end markets with potentially disruptive technologies, however they are at an early stage of their life cycle and whether the technology becomes fully commercialised remains, to a degree, binary. They should perform largely independently of the broader economic cycle.	**6 (-1)**	0-20	Surface Transforms, AFC Energy, Creo Medical
Small & mid cap compounders These are good quality, long-term holdings with experienced management teams. Over time we expect them to steadily grow sales and earnings.	**27 (+2)**	20-40	Vertu Motors, Springfield Properties, Van Elle

1 The number in brackets is the change in percentage compared to the previous financial year end

As discussed in the attribution section of this report, Recovery was the best performing classification this year, led by holdings such as **Rolls-Royce**. Larger company shares, such as **Marks & Spencer** and **HSBC**, also performed well. In contrast the worst performing areas were early stage companies, natural resources and growth smaller companies.

Fund Managers' report (continued)

Portfolio activity

The largest five purchases during the financial year were:

1. Marshalls
2. Legal & General
3. Hvivo
4. Reach
5. Oxford Nanopore

The main purchases are a diverse list of companies with **Marshalls** being the largest. They are a very high quality operation. Marshalls invest well into their assets and the management is forward thinking. It is a changed business from the past, but it remains cyclical and this has concerned investors and has created the investment opportunity. There is economic cyclicality also with **Reach** (tied to advertising spend), while **Oxford Nanopore** depends on the quality of its technology which we believe is world leading. Financials generally have been oversold and **Legal & General** have been added to the mix as, in spite of the headwinds, they continue to grow their book of business.

The largest five sales during the financial year were:

1. K3 capital
2. IQGeo
3. Vodafone
4. NatWest
5. Finsbury Food

Takeover activity has resulted in **K3** and **Finsbury Foods** leaving the portfolio while **Vodafone** and **NatWest** were sold to make room for better growth opportunities. There was some profit taking in **IQGeo**.

Income

This financial year saw a fall in revenue per share from elevated levels the previous year – earnings per share fell to 33.5p including special dividends, compared to 40.6p in the financial year ended 31 October 2022. In a broader context, investment income remained above its 2019 pre pandemic level of 29.9p per share. The Company also received £183,000 (2022: £197,000) net income from its participation in the securities lending programme (see Notes 4 and 15.3 on pages 64 and 71 for more information). The Board has used the flexibility of the investment trust structure to smooth dividends and the dividend paid to shareholders has continued to grow, totalling 35.5p during the year.

Looking in more detail at what caused the fall in investment income:

- In the previous financial year, there were special dividends from banks such as NatWest that did not repeat. This year special dividends totalled £32,000 (comprised of special dividends from **Hollywood Bowl** and **Hvivo**), compared to £278,000 the previous year.
- A fall in some commodity prices caused the miners held to significantly reduce their dividend payments. For example **Anglo American** reduced its ordinary dividend by 47% in the calendar year 2023 compared to 2022.
- There were selective dividend cuts elsewhere in challenging end markets. For example Scottish housebuilder **Springfield Properties** cancelled its dividend as buyers held back on making house purchases in the face of rising interest rates.

Outlook

We are hoping that in the above reports we are talking about a period that has passed. In the period since the year end the market backdrop appears to have altered; those that were first are last and last are first. The bear market might have ended but we will not know for sure for a while. Every bear market has short violent bull runs within it. When we look back in time, if the autumn proves to have been the bottom we will say the catalyst was the peaking of rates. It is really that simple. At the moment, rather than keep worrying about the market phase, we need to keep focused on stocks as, for many, things are changing fast. In the big companies there has in recent months been a major change of view about **Rolls-Royce** and **Marks & Spencer**. We had bought worthwhile holdings in both in advance of the recovery, recognising that change was underway. In hindsight, we should have bought more, as the recovery came faster than we expected. The speed of change at both the operating level and in stock market perception is fast. We recognise this and will build some new positions, and also cut some old ones if the market has genuinely moved into a new phase of economic recovery.

James Henderson and Laura Foll
Fund Managers
31 January 2024

Strategic Report

Portfolio information

Twenty largest holdings at 31 October 2023

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

Ranking 2023 (2022)	Company	% of portfolio	Approximate market capitalisation	Valuation 2022 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	**Valuation 2023 £'000**
1 (1)	**Barclays** A leading retail, commercial and investment bank.	3.6	£19.8b	3,620	–	–	(396)	**3,224**
2 (11)	**Vertu Motors**[1] A UK car dealer with brands including Ford and Vauxhall. The management team has a successful track record and the balance sheet is strong.	3.5	£259.0m	2,505	–	(1,029)	1,644	**3,120**
3 (9)	**Boku**[1] A mobile payments company, which allows customers including Apple and Spotify to charge for their services via an individual's mobile phone bill.	3.2	£408.1m	2,645	68	–	144	**2,857**
4 (3)	**Serica Energy**[1] An oil exploration and production business focused on the North Sea. Assets were bought at attractive prices from BP at a time when oil majors were reducing capital expenditure.	3.0	£910.9m	3,444	–	–	(767)	**2,677**
5 (12)	**Rio Tinto** A miner of aluminium, coal, copper, gold, iron ore, uranium, zinc and diamonds, operating good quality assets from a relatively low cost base.	2.9	£88.5b	2,269	–	–	358	**2,627**
6 (8)	**HSBC** A global bank that provides international banking and financial services.	2.8	£115.3b	2,821	–	(1,129)	858	**2,550**
7 (14)	**Standard Chartered** A global bank that provides international banking and financial services.	2.7	£16.9b	2,003	–	–	423	**2,426**
8 (2)	**Jersey Oil & Gas**[1] An oil exploration and production business focused on the North Sea. Its largest asset is the Buchan field which, if production resumes, will be one of the largest producing fields in the North Sea.	2.7	£65.6m	3,477	–	–	(1,103)	**2,374**
9 *	**Rolls-Royce** A manufacturer of aerospace, marine and industrial gas turbines for civil and military aircraft, often servicing them through the engine's working life.	2.6	£18.1b	847	–	–	1,483	**2,330**
10 (6)	**Next 15**[1] A marketing and PR company with a focus on the faster growing technology industry.	2.5	£630.6m	3,073	–	–	(864)	**2,209**

* Not in the top 20 largest investments last year
1 Quoted on AIM

Twenty largest holdings at 31 October 2023 (continued)

Ranking 2023 (2022)	Company	% of portfolio	Approximate market capitalisation	Valuation 2022 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	**Valuation 2023 £'000**
11 (10)	**Anglo American** A diversified mining company with exposure to commodities including copper, iron ore and diamonds.	2.3	£25.7b	2,543	–	–	(499)	**2,044**
12 *	**Tesco** A leading UK food retailer.	2.0	£19.1b	1,452	–	–	368	**1,820**
13 (13)	**Tracsis**[1] A developer of technology and services that solve mission critical resource management problems in the transport sector, particularly rail.	2.0	£208.8m	2,210	–	–	(416)	**1,794**
14 *	**Marks & Spencer** A clothing and home and food retailer.	1.9	£4.3b	843	–	–	891	**1,734**
15 (5)	**Springfield Properties**[1] A Scottish housebuilder that builds both private and affordable housing, growing volumes quickly.	1.9	£61.6m	3,090	–	–	(1,377)	**1,713**
16 (20)	**Van Elle**[1] A provider of ground services such as piling to the UK construction industry, with end markets including newbuild housing and infrastructure.	1.8	£42.1m	1,522	–	–	85	**1,607**
17 *	**Cohort**[1] A provider of warfare operational support, secure communications systems and data management predominantly for the defence and security sector.	1.7	£198.7m	1,519	–	(118)	96	**1,497**
18 *	**Redcentric**[1] A provider of cloud, network and data services to their clients.	1.7	£168.1m	1,425	176	–	(117)	**1,484**
19 *	**Babcock** A predominantly UK defence contractor with expertise in areas such as submarine support.	1.6	£2.0b	1,033	–	–	433	**1,466**
20 *	**SigmaRoc**[1] A heavy building materials producer with exposure to the UK and Continental Europe.	1.6	£337.2m	1,521	–	(143)	80	**1,458**

At 31 October 2023 these investments totalled £43,011,000 or 48.1% of the portfolio.

* Not in the top 20 largest investments last year
1 Quoted on AIM

Investment portfolio at 31 October 2023

Ranking 2023	Company	Main activity	Valuation 2023 £'000
1	Barclays	Retail, commercial and investment banking services	3,224
2	Vertu Motors[1]	Motor retailer	3,120
3	Boku[1]	Mobile payment software provider	2,857
4	Serica Energy[1]	Oil and gas exploration and production	2,677
5	Rio Tinto	General mining	2,627
6	HSBC	Banking	2,550
7	Standard Chartered	Banking	2,426
8	Jersey Oil & Gas[1]	Oil and gas exploration and production	2,374
9	Rolls-Royce	Aero engines and power systems	2,330
10	Next 15[1]	Digital marketing agency	2,209
	10 largest		**26,394**
11	Anglo American	Diversified minor	2,044
12	Tesco	Food retailer	1,820
13	Tracsis[1]	Logistics software and services	1,794
14	Marks & Spencer	Clothing and food retailer	1,734
15	Springfield Properties[1]	Scottish housebuilder	1,713
16	Van Elle[1]	Construction services	1,607
17	Cohort[1]	Military products and services	1,497
18	Redcentric[1]	IT managed services	1,484
19	Babcock	Defence services	1,466
20	SigmaRoc[1]	Construction materials	1,458
	20 largest		**43,011**
21	Aviva	General insurance	1,435
22	Morgan Advanced Materials	Specialist materials producer	1,429
23	Redde Northgate	Flexible vehicle hire	1,399
24	GlaxoSmithKline	Global pharmaceuticals	1,341
25	Flutter Entertainment	Global gambling services	1,290
26	NatWest	UK retail and corporate bank	1,260
27	Oxford Instruments	Scientific instruments	1,253
28	Halfords Group	Auto parts and cycling retailer	1,204
29	International Personal Finance	Sub prime and digital lending	1,161
30	Kier	Construction services	1,125
	30 largest		**55,908**
31	M&G	UK financial services	1,090
32	Tribal[1]	Educational sector software and services	1,081
33	Prudential	Insurance	1,072
34	Workspace	London office real estate investment trust	1,062
35	CML Microsystems	Specialist semiconductors	1,050
36	Marks Electrical[1]	Online electricals retailer	1,049
37	Marshalls	Building materials producer	1,029
38	Ricardo	Automotive technology consultancy	1,007
39	Senior	Aerospace and industrial engineer	987
40	Surface Transforms[1]	Braking systems	984
	40 largest		**66,319**

1 Quoted on AIM
2 Unlisted

Investment portfolio at 31 October 2023 (continued)

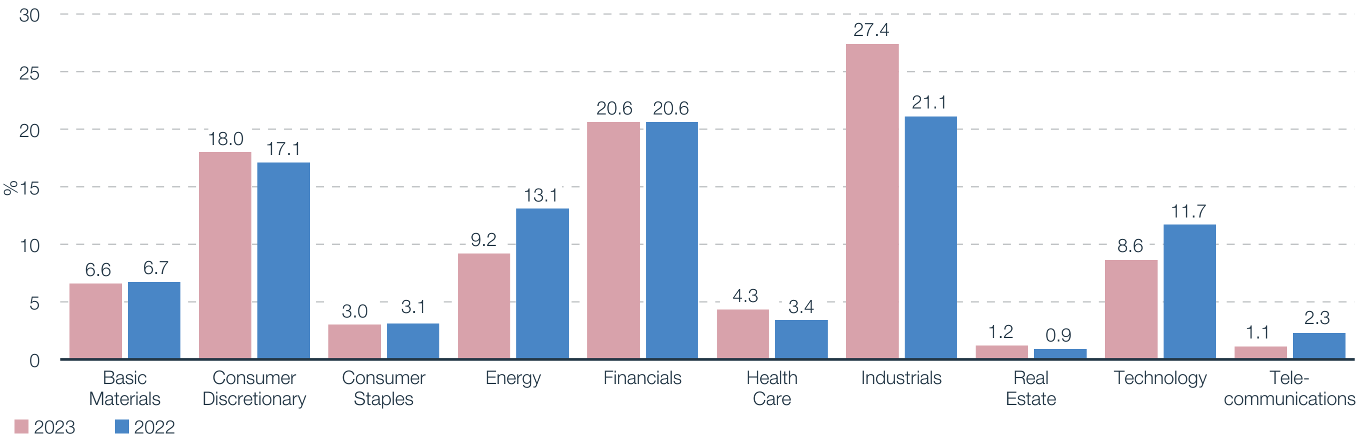
Ranking 2023	Company	Main activity	Valuation 2023 £'000
41	Hollywood Bowl	Bowling centres	974
42	RWS Holdings[1]	Patent translation services	965
43	BT	Fixed and mobile telecommunications	958
44	IQGeo[1]	Software for telecoms and utility industries	863
45	Hvivo[1]	Clinical research organisation	836
46	Direct Line Insurance	UK car, home and commercial insurance	832
47	Renold[1]	Industrial chains	810
48	IntegraFin Holdings	Advisor platform	804
49	STV	Scottish free to air TV broadcaster	792
50	Legal & General	UK financial services	791
	50 largest		**74,944**
51	ZOO Digital[1]	Dubbing and subtitling services	783
52	Johnson Matthey	Advanced materials technology	747
53	The Gym Group	Affordable gyms	741
54	AFC Energy[1]	Fuel cell technology	692
55	Deltic Energy[1]	Oil and gas exploration	690
56	Flowtech[1]	Industrial distributor	676
57	Creo Medical[1]	Surgical devices	674
58	Accsys Technologies[1]	Wood treatment technology	657
59	Oxford Nanopore Technology	DNA sequencing technology	644
60	IP Group	Portfolio of early stage companies from universities	605
	60 largest		**81,853**
61	Ilika[1]	Advanced materials	570
62	International Consolidated Airlines	Airline	540
63	GB Group[1]	Identity data intelligence	538
64	Vanquis Banking	Sub prime lending	520
65	Oxford Science Enterprises[2]	Portfolio of companies from Oxford University	513
66	Premier Miton Group[1]	Fund management	499
67	Jubilee Metals[1]	Platinum metals producer	482
68	XP Power	Electrical power components	471
69	Jadestone Energy[1]	Oil and gas production	446
70	Reach	News publisher	436
	70 largest		**86,868**
71	Ceres Power[1]	Fuel cell technology	396
72	ITM Power[1]	Green energy technology	304
73	I3 Energy[1]	Predominantly Canadian oil and gas	288
74	Chamberlin[1]	Iron casting	231
75	Westminister[1]	Security services	224
76	Deltex Medical[1]	Medical monitoring equipment	219
77	Reabold Resources[1]	Oil and gas exploration	170
78	Oxford BioDynamics[1]	Drug and technology	154
79	Dianomi[1]	Digital advertising technology	147
80	KRM22[1]	Risk monitoring system	144
	80 largest		**89,145**
81	Indus Gas[1]	Gas production in India	120
82	IQE[1]	Semiconductor components	102
83	Atlantis Resources[1]	Renewable energy generation	55
84	Revolution Bars[1]	UK bars and restaurants	32
85	GRC[1]	Data protection and cyber security	28
86	Velocys[1]	Early stages gas to liquids technology	4
	Total Investments		**89,486**

1 Quoted on AIM
2 Unlisted

Portfolio information

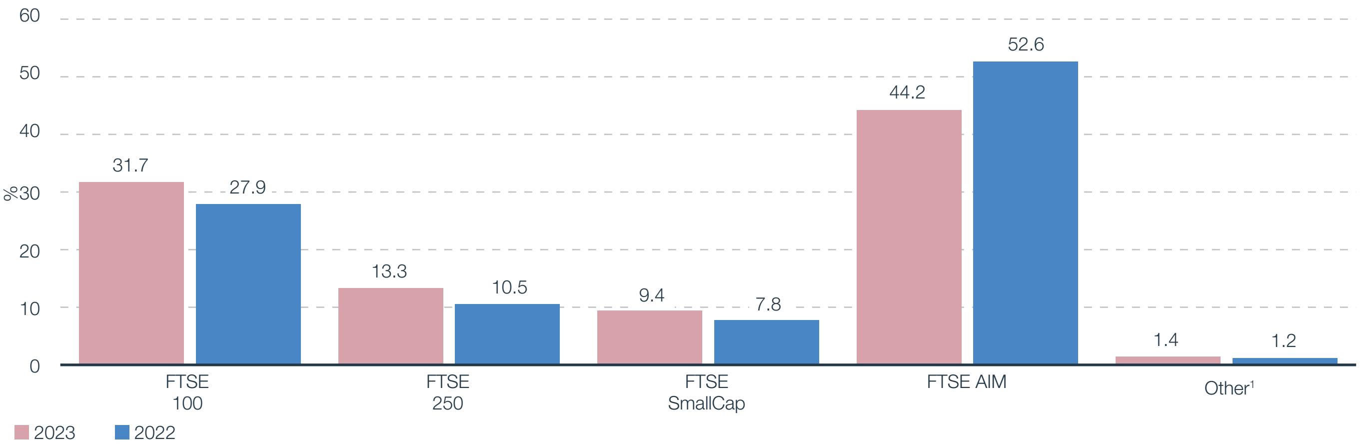
Portfolio by sector at 31 October

As a percentage of the investment portfolio excluding cash



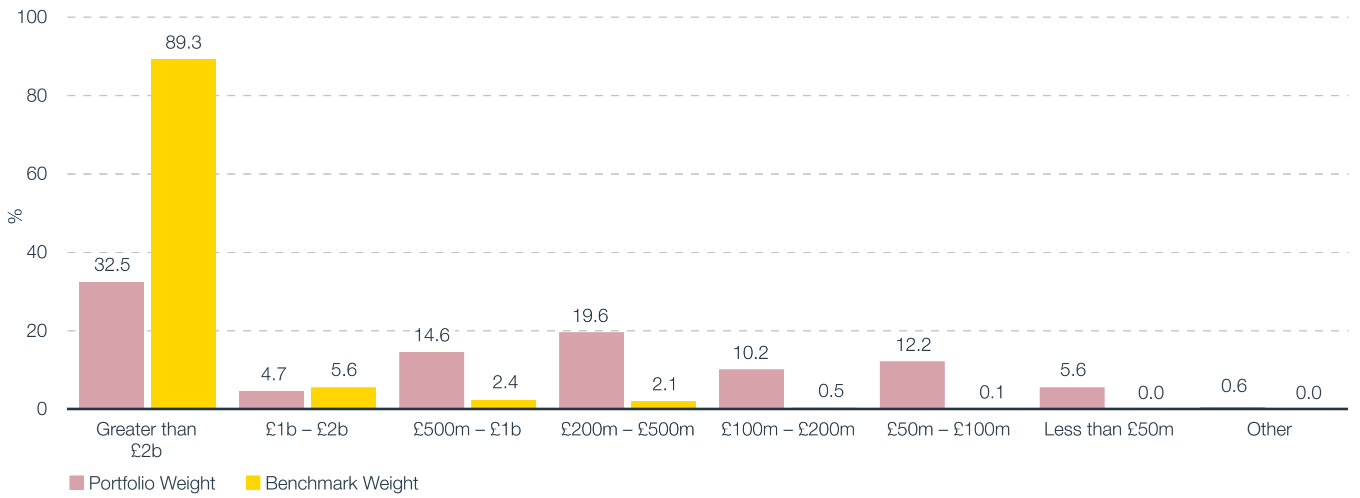
Portfolio by index at 31 October

As a percentage of the investment portfolio excluding cash



1 Other also includes AIM investments outside the FTSE AIM Index and shares listed on the main market which are not included in the FTSE All-Share Index

Market capitalisation of the portfolio at 31 October 2023

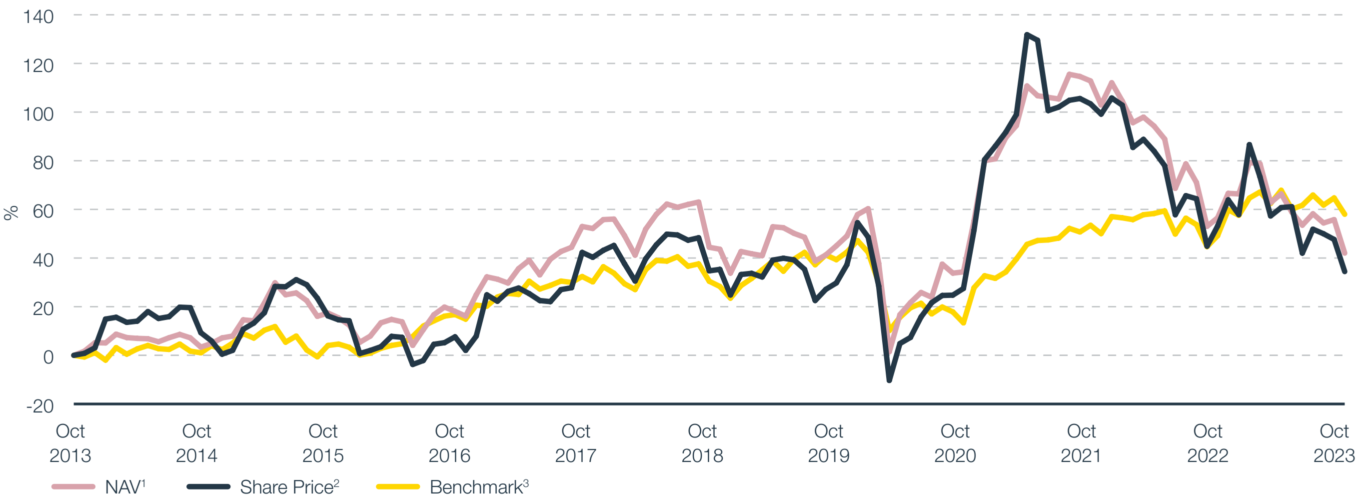


A glossary of terms can be found on pages 76 and 77

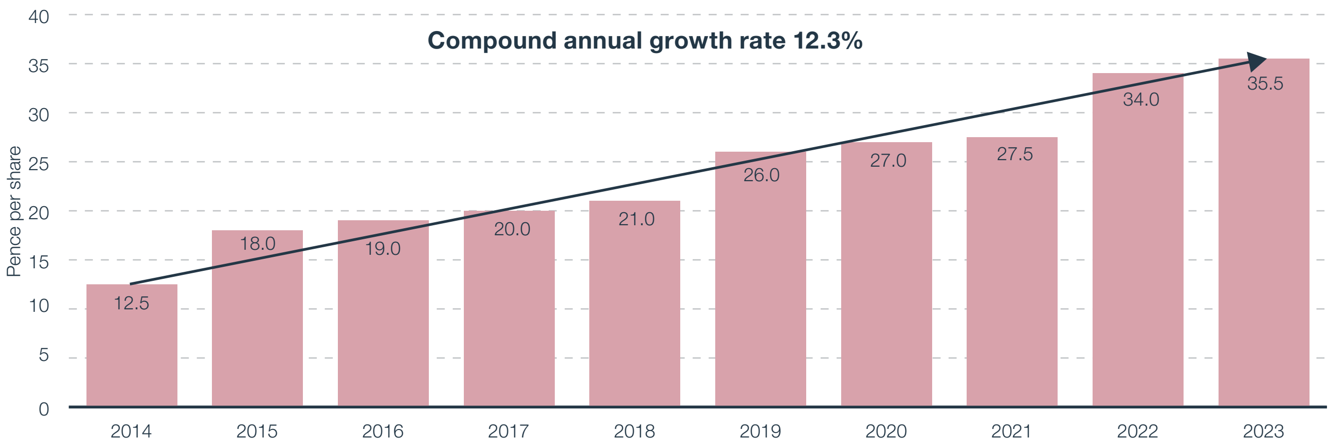
Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

Historical record

Total return performance over the last 10 years



Dividend



Financial information

Year ended 31 October	Total net assets £'000	Net asset value per ordinary share pence	Net revenue return per ordinary share pence
2014	72,302	903.7	15.2
2015	81,007	1,012.5	22.5
2016	79,782	997.2	20.5
2017	101,599	1,269.9	21.8
2018	94,360	1,179.4	20.2
2019	91,798	1,161.8	29.9
2020	82,643	1,046.3	12.8
2021	128,497	1,626.9	24.7
2022	92,701	1,173.7	40.6
2023	**81,765**	**1,035.2**	**33.5**

1 NAV per ordinary share total return (including dividends reinvested)
2 Share price total return (including dividends reinvested)
3 FTSE All-Share Index
A glossary of terms can be found on pages 76 and 77 and alternative performance measures can be found on pages 78 and 79
Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

Key performance indicators

Measuring our performance

To measure the success of the Company in meeting its objective and to evaluate the performance of the Manager, the Directors take into account the following key performance indicators ("KPIs").

The Chairman's statement and Fund Managers' report (on pages 3 to 10) and the charts, tables and data on pages 1 and 16 provide information on how the Company has performed against those KPIs, and a glossary of terms and alternative performance measures is included on pages 76 to 79.

KPI	Action
Absolute performance*	The Board reviews, at each of its meetings, the performance of the portfolio, gearing levels, the net asset value per share and the Company's share price.
Performance measured against the benchmark*	The Board reviews at each of its meetings, the performance of the portfolio as well as the net asset value and share price for the Company and compares them with the performance of the Company's benchmark, the FTSE All-Share Index.
Performance against the Company's peer group*	The Company is included in the AIC's UK All Companies Sector, which represents the Company's peer group. In addition to comparison against the stated benchmark, the Board also considers the performance against the peer group at each Board meeting.
Discount/premium to the NAV per share*	The Board monitors the level of the Company's share price discount/premium to NAV and looks at ways of managing this. The Board reviews the average discount/premium of the peer group companies in the AIC UK All Companies Sector. In accordance with the authority granted at the last AGM, and which the Directors seek to renew at the forthcoming Meeting, the Company retains the flexibility to repurchase shares when it sees fit. The Fund Managers consider whether to use share buybacks to enhance shareholder value. Shares are only bought back at a price below the prevailing NAV, thereby increasing the NAV for the remaining shareholders. The Fund Managers will continue to instruct purchases under authority given by the Board as required and in accordance with the authority granted. The Company publishes its NAV per share figure on a daily basis, through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula and includes current financial year revenue, the same basis as that calculated for the Financial Statements.
Earnings per share growth	The Board reviews and compares at each of its meetings the progression of the earnings per share over the course of the year and uses this information to declare dividends to shareholders.

* Alternative performance measure. Details of alternative performance measures can be found on pages 78 and 79

Strategic Report

Business model

Business model

Strategy

The purpose of Henderson Opportunities Trust plc (the "Company") is to achieve capital growth in excess of the FTSE All-Share Index for the Company's shareholders from a portfolio of primarily UK investments. This is achieved through the Company's operation as an investment company with a Board of Directors that delegates investment and operational matters to specialist third-party service providers. These third-party service providers operate in accordance with the Company's Investment Policy following a disciplined process of investment, controlling costs and using borrowings to enhance returns. Their performance is monitored and challenged by the Board which retains oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for achieving the Company's obligations as an investment trust under Section 1158/9 of the Corporation Tax Act 2010, as amended ("Section 1158").

The Company's status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 (the "Act"). The Company operates as an investment trust in accordance with Section 1158. The Company has obtained approval from HM Revenue & Customs ("HMRC") of its status as an investment trust under Section 1158; the Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

The Company and the Board are governed by the Articles, amendments to which must be approved by shareholders by way of a special resolution. The Board is comprised entirely of non-executive directors who are accountable to the Company's shareholders. The Company is not a close company.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and the Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority ("FCA"). The Company is a member of the Association of Investment Companies ("AIC").

Benefits

The Company's business model offers numerous advantages:

- it provides investors with access to a professionally and actively managed portfolio of assets;
- it enables investors to spread the risks of investing;
- it enhances returns to investors by operating as an approved investment trust by taking advantage of the capital gains treatment afforded to investment trusts which are approved under Section 1158;
- the ability to pay dividends out of reserves to support the provision of income, as necessary, to shareholders;
- the closed end structure allows the Fund Managers to take a longer-term view on investments and remain fully invested as the Company does not have to maintain or create sufficient cash balances to satisfy investor redemptions;
- the ability to use gearing to increase returns for investors; and
- oversight by a Board of Directors wholly independent of the investment manager.

Investment Objective

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

Investment Policy

Asset allocation

The following investment ranges apply:

Equities: 70% to 100%;
Fixed Income and Cash: 0% to 30%

Stock selection is not constrained by the FTSE All-Share Index and there are no limits on investment by sector or market capitalisation. Therefore, the makeup and weighting of the portfolio will differ materially from the FTSE All-Share Index.

Investment restrictions

There will be at least 60 individual holdings in the portfolio.

No more than 10% of the Company's gross assets will be invested in companies outside of the UK.

No single investment will represent more than 10% of gross assets (at the time of investment).

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

The Company may invest up to a maximum of 10% of its gross assets in private securities not quoted on an exchange (at the time of investment).

Dividend

Income growth is a secondary objective to capital growth. However, the Company does seek dividend growth over time.

Derivatives

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management while maintaining a level of risk consistent with the risk profile of the Company.

Gearing

Net gearing (defined as all borrowings less cash balances and investments in cash funds) is limited by the Board to a maximum of 25% of the Company's net assets.

Business model (continued)

Other restrictions

As noted In the Investment Policy above, it is the Company's policy to invest no more than 15% of its gross assets in other listed closed-ended investment funds. Accordingly, the Company's shares are an eligible investment under Listing Rule 15.2.5(R) for other listed closed-ended investment funds.

Management

The Company qualifies as an Alternative Investment Fund in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").

The Company does not have any employees. The Board appointed Janus Henderson Fund Management UK Limited to act as its Alternative Investment Fund Manager. Janus Henderson Fund Management UK Limited delegates investment management services to Janus Henderson Investors UK Limited in accordance with an agreement which became effective on 22 July 2014. The management agreement with Janus Henderson Fund Management UK Limited is reviewed annually by the Management Engagement Committee (see page 40), and can be terminated on six months' notice. Both entities are authorised and regulated by the FCA. References to the Manager within this report refer to the services provided by Janus Henderson Fund Management UK Limited and Janus Henderson Investors UK Limited. Both entities are wholly owned subsidiaries of Janus Henderson Group plc, referred to as Janus Henderson.

Janus Henderson and its subsidiaries also provide accounting, corporate secretarial and general administrative services. Some of the administration, accounting and cash management services are carried out, on behalf of Janus Henderson, by BNP Paribas. Melanie Stoner (Fellow of the Chartered Governance Institute) acts as Company Secretary on behalf of the Corporate Secretary, Janus Henderson Secretarial Services UK Limited.

Fund Managers

The portfolio is managed by James Henderson and Laura Foll.

James was appointed as a joint Fund Manager of the Company's portfolio in 2007. He joined Janus Henderson in 1984 and has been involved with investment trusts throughout his career. He has been the fund manager of Lowland Investment Company plc since 1990 and has been responsible for the investment portfolio of The Law Debenture Corporation plc since 2003. He is also deputy fund manager of the Janus Henderson UK Equity Income & Growth Fund.

Laura was appointed as a joint Fund Manager of the Company's portfolio in September 2018. She joined Janus Henderson in 2009 as part of the graduate scheme. During this time, she worked in various teams including fixed income, performance, marketing and equities. Laura then became a global analyst in the value and income team and later an assistant fund manager. In 2013 she became deputy fund manager of Lowland Investment Company plc and joint fund manager in November 2016. She was appointed as co-manager of the Janus Henderson UK Equity Income & Growth Fund in 2014 and became lead manager of that fund in September 2020.

Fees

The management agreement provides for the payment of a base management fee which is calculated and paid quarterly in arrears. The base management fee is charged at 0.55% of net assets per annum payable quarterly at a rate of 0.1375% based on net assets at the end of the previous quarter.

As set out in the Chairman's statement, performance fee arrangements were removed with effect from 20 October 2023. No performance fee is payable for the year ended 31 October 2023 (2022: nil).

Dividend approach

Income growth is a secondary objective to capital growth. However, the Company does seek dividend growth over time. The Board is optimistic that the progressive dividend policy of recent years can be maintained, although this may from time to time require utilisation of the revenue reserve.

The Company pays quarterly dividends. When deciding dividends the Board has regard to a variety of factors, including the current and forecast levels of dividend income from the portfolio, the sustainability of that income, cash resources and any macro and economic risks. The Fund Managers provided portfolio updates together with a projected schedule in respect of the income generated by the underlying investments to assist the Board's decision.

Ongoing charges

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments and performance fees. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs. The Board reviews the ongoing charges and monitors the expenses incurred by the Company on a regular basis.

For the year ended 31 October 2023 the ongoing charge was 1.02% (2022: 0.90%) of net asset value.

Borrowings

The Company has an unsecured loan facility in place which allows it to borrow as and when appropriate. £30m (2022: £30m) is available under the facility. Net gearing is limited by the Board to 25% of net assets. The maximum amount drawn down in the period under review was £18.2m

Business model (continued)

(2022: £21.4m), with borrowing costs for the year totalling £817,000 (2022: £345,000). £10.2m (2022: £14.1m) of the facility was in use at the year end. Net gearing at 31 October 2023 was 9.6% (2022: 13.9%) of net asset value.

Section 172 statement

The Directors refer to section 172 of the Companies Act 2006 ("Section 172") and the factors for consideration upon making decisions. In particular, that the Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees (the Company has no employees);
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct;
- The need to act fairly as between members of the Company.

The Board is responsible for approving the Company's long-term objectives and commercial strategy and for promoting the Company's success. The Board devotes time in at least one of its meetings each year to reviewing overall strategy and progress is monitored throughout the year. The Directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests, as set out in Section 172. The Board regards a well governed business model as essential for the successful delivery of its investment proposition. The Directors consider the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account. The Company manages shareholders' assets with constant awareness of the Company's stakeholders and their interests. The Board uses a map to support the Directors in identifying and understanding the Company's stakeholders and fostering the appropriate level and form of interaction with them. The Directors regard the Company's key stakeholders to be the Company's shareholders and potential investors, the Manager and other key third-party service providers.

The Board engages reputable third-party suppliers with established track records to deliver the day-to-day operations. The most important of these is the Manager, and in particular the Fund Managers, who are responsible for the management of the Company's assets in line with the Investment Objective and Investment Policy. The Board maintains a close working relationship with the Manager and holds it to account for the smooth running of the Company's day-to-day business. The Board retains responsibility for decisions regarding corporate strategy, corporate governance, risk and internal control assessment, determining the overall limits and restrictions for the portfolio and in respect of gearing and asset allocation, investment performance monitoring and setting marketing budgets.

To ensure the chosen service providers continue to deliver the expected level of service, the Board receives regular reporting from them, evaluates the control environments in place at each service provider and formally assesses their appointment annually. By doing so the Board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the expected level of service.

Business model (continued)

Engagement with key stakeholders

The Company's key stakeholders are listed below and on the next page with examples of the way the Board and the Company has interacted with them in the year under review.

Stakeholders	Engagement	Outcome
Shareholders and potential investors	The Board is committed to maintaining open channels of communication with shareholders in a manner which they find most meaningful. Unlike trading companies, the Board appreciates that this often takes the form of shareholders meeting with the Fund Managers rather than members of the Board. The Manager provides information on the Company, press releases and videos of the Fund Managers on the Company's website and via LinkedIn. Feedback from all meetings between the Fund Managers and shareholders is shared with the Board. The Chairman is available to meet with shareholders to understand their views on governance and the Company's performance where they wish to do so. With assistance from the Manager, the Chairman seeks meetings with shareholders who might wish to meet with her. The annual report and half-year results are circulated to shareholders and made available on the Company's website. These provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by the daily calculation and publication of the NAV per share and a monthly factsheet which is available on the website. The Fund Managers provide presentations to shareholders and analysts following the publication of the annual financial results. The Fund Managers attend the AGM and provide a presentation on the Company's performance and the future outlook. The Board encourages shareholders to attend and participate in the AGM which is also available to watch live and shareholders have the opportunity to address questions to the Chairman of the Board, the Fund Managers and all Directors. The Fund Managers promote the Company with the support of the Manager's dedicated investment trust sales team and the Board makes additional spend available to support marketing activities aimed at raising the profile of the Company among retail investors in the UK.	Clear communication of the Company's strategy and performance against its objective helps shareholders to make informed decisions about their investments. Close interaction with shareholders enables the Board to run the Company in line with shareholders' interests as a whole and for the Company's long-term success. In the event shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chairman at the registered office or by email to **itsecretariat@janushenderson.com**. Correspondence from shareholders is shared with the Chairman and the Board. Other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels.

Business model (continued)

Stakeholders	Engagement	Outcome
Janus Henderson as Manager • Fund Manager • Sales and marketing • Corporate secretarial • Financial reporting • Internal controls functions • Internal audit • Investment accounting and administration (outsourced by Janus Henderson to BNP Paribas)	The most important of the Company's third-party service providers is the Manager, and in particular the Fund Managers, who are responsible for the management of the Company's assets in line with the Investment Objective and Investment Policy. Representatives of the Manager attend Board meetings, providing the opportunity for the Manager and the Board to reinforce further their mutual understanding of what is expected from all parties. Through receipt of timely and accurate information (including monthly performance and compliance reporting against a schedule of investment limits and restrictions determined by the Board and Fund Managers) and regular engagement with representatives of the Manager, the Board is able to provide timely and constructive feedback to the Manager in order that the Manager can meet the Company's Investment Objective to the best of its ability and thereby ensuring that the interests of the Manager are also protected.	The Board and the Manager operate in a supportive, co-operative and open environment, resulting in an effective and strong working relationship. The Company is well managed and the Board places great value on the expertise and experience of the Fund Managers to execute the Investment Objective and deliver returns for shareholders, and on the Manager's internal controls and risk management. The Board is in regular contact with the Manager, receiving updates from the Fund Managers on areas such as portfolio activity (to manage the volatility in the market and to take advantage of opportunities), gearing and the ability to meet the ongoing income requirements of shareholders.
Other third-party service providers	As an investment company, all services are outsourced to third-party service providers. The Board relies on the Manager to provide the third-party service providers with the information required to meet the Company's requirements. The Company's third-party service suppliers' performance is assessed in detail at least annually by the Management Engagement Committee. The Corporate Secretary and Financial Reporting Manager for Investment Trusts, in particular, engage with the key suppliers on a regular and continuous basis and the Manager provides the third-party service providers with feedback from the Board about the day-to-day service provided by each of the third-party suppliers.	The Audit and Risk Committee meets directly with representatives of the Depositary and Custodian on an annual basis and with other service providers as and when considered necessary. The Audit and Risk Committee reviews the internal controls and risk management systems in place at BNP Paribas, the Registrar, Depositary and Custodian predominantly through the assessment of each supplier's internal controls and assurance reports. This regular interaction provides an environment where day-to-day matters, issues and business development needs can be dealt with efficiently and effectively.

Board discussions and decision-making

The Board is aware that not all decisions made by the Board will result in a positive outcome for all of the Company's stakeholders. The Board takes into consideration the Company's purpose, Investment Objective and Investment Policy as well as the interests of the Company's stakeholders when discussing matters and making decisions. The following are examples of the key discussions held and decisions made by the Board during the financial year ended 31 October 2023:

- **Investment in additional marketing**
  Our investment in additional marketing, as evidenced by high profile positive comment about the Company in such financial media as the Financial Times, Citywire, Mail on Sunday, Trustnet and Sky News.
- **Engagement with Fund Managers**
  Our positive engagement with the Fund Managers about investment process, assessing allocation across the market segments, stock selection and gearing.
- **Annual General Meeting**
  Directors are required to act in a way they consider to be for the benefit of its members as a whole. Consideration and approval of the resolutions put to shareholders at the AGM in 2023 and to be put to shareholders at the AGM in 2024, including the final dividend payment (providing income to investors), the increase in the aggregate Director fees (to attract and retain a high calibre of individual) and the proposed sub-division of the Company's existing ordinary shares are considered by the Directors to be for the benefit of its members as a whole.

Business model (continued)

- **Shareholder information**
  Through the presentation of the Company's half-year and annual results to shareholders and by meeting with shareholders, the Company has provided information in order that shareholders and potential investors are able to make informed decisions about their investment in the Company.

  The Directors use shareholder feedback and act in a way they consider to be for the benefit of the Company's members as a whole. The Directors considered the amount to be paid to shareholders in dividends (providing income to investors) versus the revenue received during the year and the reserves available for distribution.

  Another aspect of shareholder interests is management of the Company's discount. The Chairman and Manager discuss this matter regularly, taking into account feedback from shareholders and potential investors, in order to agree how best to approach the management of the Company's discount.

The Chairman has included more information regarding matters considered by the Board during the year in her statement (see pages 3 and 4).

The Fund Managers present the impact of their decisions relating to the portfolio to the Board at each meeting, and to shareholders at the AGM and other arranged meetings during the year, as well as through the half-year and annual results announcements. The Board's engagement with the Manager is necessary to evaluate the Company's portfolio's performance against the stated strategy and benchmark and to understand any risks or opportunities this may present to the Company.

Culture

As explained in the Section 172 statement on page 22, the Directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests.

The Board applies various policies, practices and behaviour to ensure that the Board's culture is in line with the Company's purpose, values and strategy. The Directors promote and encourage a culture of transparency and honesty between the Board and the Manager. The Manager is considered by the Board to be the Company's most significant third-party service provider therefore the relationship with key individuals, in particular the Fund Managers, the Company Secretary, the Head of Investment Trusts and the Financial Reporting Manager for Investment Trusts, are paramount to the success of the Company. There is continuous engagement and dialogue between these key individuals and the Directors between Board meetings (in particular with the Chairman and Chairman of the Audit and Risk Committee). Communication channels are open and information, ideas and advice flow between the Board and the Manager with the aim of delivering better results for shareholders and other stakeholders and ultimately driving the Company's long-term sustainable success. The need to foster, maintain and continually evolve corporate culture is taken into account when making decisions and is therefore integral to the Company's policies and practices.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to Directors' conflicts of interest and Directors' dealings in the Company's shares, as well as those related to bribery and tax evasion. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process.

The Board appoints appropriate service providers and evaluates their service on a regular basis as described on page 40. The Board considers the culture of the Manager and other service providers through regular reporting and by receiving regular presentations from these stakeholders. The Board has been advised that the Manager fosters and maintains an environment that values the unique talents and contributions of individuals, and strives to cultivate and practice inclusiveness for the long-term success of the business and for the benefit of its own employees and shareholders. The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's shareholders (see Ongoing charge on page 21 and Other administrative expenses (see Note 6 on page 65).

Board diversity policy

It is the Company's aim to have an appropriate level of diversity in the boardroom. The current Directors are broad in their experience and skills, bringing knowledge of investment markets, business, financial services and stakeholder expertise to discussions on the Company's business. The Board recognises that having a diverse and inclusive culture is essential to its long-term success. The Board discusses matters in such a way as to facilitate a culture of inclusivity among Board members and encourages active contributions from all Directors. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's Investment Objective.

The Nominations Committee considers diversity when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths, and experience. The Board uses search firms that access talent from wide and diverse pools and whose values and approach in identifying and proposing suitable candidates is aligned with the Board's aims.

Business model (continued)

The FCA's Listing Rules require companies to report on whether they have met the following targets on board diversity: that at least 40% of the individuals on the board are women; at least one of the senior positions on the board is held by a woman; and that at least one individual on the board is from a minority ethnic background.

At 31 October 2023, three out of the four Directors (75%) were women. As an investment company with a Board of only non-executive Directors, the Company has no employees and therefore does not have senior executive positions, such as a chief executive officer or chief financial officer. Accordingly, there are no disclosures about executive management positions to be included.

Given the size of the Company, the Board is small, focused and experienced. None of the four Directors, as at 31 October 2023, were from a minority ethnic background. The Board's prime responsibility is the strength of the Board and its overriding aim in making any new appointments upon rotation of Directors is to select the best candidate based on objective criteria and merit, which it did at the time the current Directors were selected. When the Board next recruits, it will request the relevant search firm retained to provide a diverse list of potential candidates.

The following tables show the breakdown of the Board in terms of gender and ethnic background:

Gender identity	Number of Directors	Percentage of the Board	Number of senior positions on the Board[1]
Men	1	25	–
Women	3	75	2
Ethnic diversity			
White British or other White (including minority white groups)	4	100	2

1 This column is not applicable as the Company is externally managed and does not have executive management functions, specifically the roles of CEO and CFO. However, as the Board considers that chairing the Board, its permanent committees and the role of senior independent director are senior positions in an investment company context. The positions of Chairman of the Board and Chairman of the Audit and Risk Committee are both women and these individuals consider themselves "White British or Other White (including minority white groups)"

The information in the tables was provided by individual Directors in response to a request from the Company.

There have been no changes to the Board or the roles of the Directors between 31 October 2023 and the date of publication of this report.

The Board takes a keen interest in the diversity initiatives in place at its service providers and in particular, supports and encourages the Manager's diversity training and initiatives to improve any imbalances. These include Janus Henderson's gender and ethnicity pay gap analysis, returnship, trainee, apprenticeship and internship programmes, such as INROADS, Girls Who Invest, Investment 2020 and #100 Black Interns.

Managing our risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency, liquidity and reputation. The principal risks and uncertainties facing the Company relate primarily to investing in the shares of companies that are listed in the UK, including small companies. Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly, whether upwards or downwards, and it may not be possible to realise an investment at the Manager's assessment of its value. Falls in the value of the Company's investments can be caused by unexpected external events. The companies in which investments are made may operate unsuccessfully, or fail entirely, such that shareholder value is lost. The Company is also exposed to the operational risk that one or more of its contractors or sub-contractors may not provide the required level of service.

The Board considers regularly the principal risks facing the Company in order to mitigate them as far as practicable. The Board monitors the Manager, its other service providers and the internal and external environments in which the Company operates to identify new and emerging risks. The Board's policy on risk management has not materially changed from last year. "Shareholder base and voting on platforms" has been added as a new category.

The Board has drawn up a risk map which identifies the substantial risks to which the Company is exposed. The Board has also put in place a schedule of investment limits and restrictions, appropriate to the Company's Investment Objective and Investment Policy. These principal risks fall broadly under the following categories:

Business model (continued)

Risk	Trend	Controls and mitigation
Investment activity and strategy An inappropriate investment strategy (for example, in terms of asset allocation, stock selection, failure to anticipate external shocks or the level of gearing) may lead to a reduction in NAV, underperformance against the Company's benchmark and the Company's peer group; it may also result in the Company's shares trading on a wider discount to NAV.		The Manager provides the Directors with management information including performance data reports and portfolio analyses on a monthly basis. The Board monitors the implementation and results of the investment process with the Fund Managers, who attend all Board meetings, and reviews regularly data that monitors risk factors in respect of the portfolio. The Manager operates in accordance with investment limits and restrictions determined by the Board; these include limits on the extent to which borrowings may be used. The Board reviews its investment limits and restrictions regularly and the Manager confirms its compliance with them each month. The Board reviews investment strategy at each Board meeting. The Board seeks to manage these risks by ensuring a diversification of investments. The Board has regular meetings with the Fund Managers to review performance and the extent of borrowings.
Shareholder base and voting on platforms The Company has a large number of retail shareholders, many of whom hold their shares via platforms. The Company has no way of communicating directly with these shareholders or encouraging them to vote at general meetings. If these shareholders do not vote, there is a risk that the outcome of any votes may represent the views of a relatively small number of shareholders and that the decision reached may not reflect the views of, or be in the best interests of, the majority of the Company's shareholders	NEW	The Manager, Board and Fund Managers regularly consider shareholder views and look to implement initiatives that benefit all shareholders. Through general communications in Company documents they also seek to identify ways of assisting shareholders with voting through platforms, for example, by referring shareholders to guidance made available by the Association of Investment Companies.
Financial instruments and the management of risk By its nature as an investment trust, the Company is exposed in varying degrees to market risk, interest rate risk, liquidity risk, currency risk and credit and counterparty risk. Market risk arises from uncertainty about the future prices of the Company's investments.		An analysis of these financial risks, including liquidity and gearing, and the Company's policies for managing them are set out in Note 15 on pages 68 to 72.

Business model (continued)

Risk	Trend	Controls and mitigation
Operational and cyber Disruption to, or failure of, the Manager's accounting, dealing or payment systems or the Custodian or the Depositary's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its services providers may not provide the required level of service. The Company may also be exposed to the risk of cyber-attack on its service providers.	⟷	The Board monitors the services provided by the Manager and its other suppliers and receives reports on the key elements in place to provide effective internal control. During the year the Board received reports on the Manager's approach to information security and cyber attack defence.
Accounting, legal and regulatory A breach of Section 1158 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the FCA's Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act 2006 could lead to criminal proceedings, or financial or reputational damage.	⟷	The Manager is contracted to provide investment, corporate secretarial, administration and accounting services through qualified professionals. The Board receives internal controls reports produced by Janus Henderson on a quarterly basis, which confirm regulatory compliance.
Failure of Janus Henderson A failure of the Manager's business, whether or not as a result of regulatory failure, cyber risk or other failure could result in the Manager being unable to meet its obligations and its duty of care to the Company.	⟷	The Board meets regularly with representatives of the Manager's Investment Management, Risk, Compliance, Internal Audit and Investment Trust teams and reviews internal control reports from the Manager on a quarterly basis. The failure of the Manager would not necessarily lead to a loss of the Company's assets, however, and this risk is mitigated by the Company's ability to change its investment manager if necessary, subject to the terms of its management agreement.

Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Governance report on page 39 and the Audit and Risk Committee report on pages 43 and 44.

Emerging risks

In addition to the principal risks facing the Company, the Board also regularly considers potential emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be moved to a significant risk.

The Board has identified the following as potential emerging risks:

- **Decline in popularity of the investment trust sector**
  Interest rate rises and external pressures.
- **Demographic change**
  Ageing population, increasing financial inequality and new trends in social attitudes.
- **Technological change**
  Artificial intelligence, sector disruption, changes to existing job roles, ethical oversight of technological change, autonomous vehicles, electrification and healthcare impact.
- **Environmental sustainability**
  Climate change, decarbonisation, extreme bad weather events, increasing legislation/political action, resource scarcity and reputational consequences.
- **Political and economic change**
  Tax risk (including impact on dividends paid by the Company to shareholders) and impact on performance if the UK were to remain out of favour.

Business model (continued)

The Company's emerging risks are macro-economic and political in nature and over which the Company has no control (including ongoing heightened macro-economic uncertainty from political events such as Brexit, Russia's invasion of Ukraine and the conflict in the Middle East). The Board monitors these emerging risks and, if specific action relating to the investments, or the Company's marketing approach were to arise, the Board would take appropriate action.

Viability statement and going concern

The Company is a long-term investor. The Board believes it is appropriate to assess the Company's viability over a five year period in recognition of its long-term investment horizon and what the Board believes to be investors' investment horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties as documented in this strategic report on pages 27 to 28.

The assessment considered the impact and likelihood of the principal risks and uncertainties facing the Company. Key areas of focus were investment strategy and performance against benchmark, including a consideration of the risks around asset allocation, stock selection and gearing. Market risk was also assessed in terms of the impact of severe but plausible scenarios and the effectiveness of the mitigating controls in place.

The Directors took into account the liquidity of the portfolio and the borrowings in place when considering the viability of the Company over the next five years and its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's borrowing facilities and the ability to renew such facilities, consideration of the impact of rising interest rates and how a breach of any covenants could impact the Company's net asset value and share price. The Board has reviewed three additional model scenarios which evaluate the impact on the revenue forecast and reserves. These range from a worst case scenario which includes a 5% reduction in income and net assets, through to a scenario where there is no income growth and no reduction in income or net assets. Increasing dividends to shareholders could continue under all three scenarios, although the Company would need to use its capital reserves in some cases. None of the results of the scenarios used would therefore threaten the viability of the Company.

The Directors do not expect there to be any significant change to the principal risks and adequacy of the mitigating controls in place. Large cap stocks are held as ballast for the portfolio and for liquidity, and the percentage of the portfolio holding of these stocks generally exceeds the gearing percentage. The Board actively monitors investment performance and considers factors such as significant falls in the NAV, ongoing heightened macro-economic uncertainty from political events such as Brexit, Russia's invasion of Ukraine and the conflict in the Middle East. Any recent experience has not materially affected the long-term viability of the Company, including the significant falls in the NAV at the height of the Covid-19 pandemic (which exceeded 25% in March 2020) when liquidity requirements and covenant restrictions were all met. The Board is therefore confident that significant market collapses would not impact the Company's viability. Also, the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the majority of the Company's assets are liquid, its commitments are limited, and the Company intends to continue to operate as an investment trust. In coming to this conclusion, the Board has considered the factors aforementioned and does not believe that they will have a long-term impact on the viability of the Company and its ability to continue in operation, notwithstanding the short-term uncertainty they have caused in the markets.

Whilst the Directors recognise that there is a continuation vote that is due to take place at the AGM in 2026, the Directors currently believe that the Company will continue to exist for the foreseeable future, and at least for the period of assessment.

Based on this assessment, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five-year period.

The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements (see page 61 for further details).

Approval

The Strategic Report has been approved by the Board.

On behalf of the Board

Wendy Colquhoun
Chairman
31 January 2024

Our approach to ESG matters

Defining ESG

- Environmental factors include climate change, energy efficiency, resource depletion and water and waste management.
- Social factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.
- Governance factors include mitigation of risks such as bribery and corruption, board diversity, executive pay, accounting standards and shareholder rights, and corporate behaviour.

Environmental, social and governance (“ESG”) policy

Investment approach and ESG engagement

Responsible Investment is the term used to cover the Manager’s work on ESG issues in the Company’s investee companies. It is very wide ranging and all investment decisions are made with consideration of the ESG context. It is an important part of the investment process, and is incorporated at both the Board and Fund Managers’ level and in conjunction with the Janus Henderson Responsible Investment & Governance (“RI&G”) team, as a specialist resource on ESG issues.

In some ESG areas the issues are easily measurable and considerable progress can be seen.

The governance of many businesses has improved. Board composition has become more diverse and gender equality is gradually being tackled by the business community. Remuneration packages are (broadly) being set with careful consideration in dialogue with shareholders, and many of the investee companies within the Company’s portfolio have good levels of management ownership so shareholders and management teams are well aligned.

There are, however, some ESG issues that are more subjective and as a result progress is difficult to monitor. The environmental area is particularly challenging. We prefer dialogue with, rather than the exclusion of, companies or sectors that do not score as highly in environmental screening so as to try and understand the issues. For example, the portfolio continues to hold companies with exposure to fossil fuels. It is our view that in the current stage of the energy transition there is a need for fossil fuels, particularly lower carbon emission fuels such as natural gas.

One of the ways an awareness of these issues colours all investment decisions is in the search for companies that are helping to provide answers. When viewed in this context, ESG issues are both a challenge and also an investment opportunity. For example, many of the early-stage companies held within the portfolio are addressing the need for de-carbonisation through a variety of technologies including solid state batteries, renewable energy and fuel cells. There are also companies held within the portfolio where their end products could have a material societal benefit if they become fully commercialised. For example, companies developing less invasive surgical tools, or low-cost gene sequencing that would allow more personalised medicine. Janus Henderson seeks to protect and enhance value for the Company’s shareholders through active management, integration of ESG factors into investment decision making, company engagement and voting.

Voting and the Stewardship Code

The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. The Board has chosen to delegate responsibility to the Manager for voting the rights attached to the shares held in the Company’s portfolio, and the Manager actively votes at shareholder meetings and engages with companies as part of the voting process. Voting decisions are guided by the best interests of the investee companies’ shareholders and made in consultation with the Fund Managers, who have an in-depth understanding of the respective company’s operations. On occasion, the Manager might make a voting decision following consultation with the Chairman of the Board. Voting decisions are taken in keeping with the provisions of the Manager’s ESG Investment Policy (see **www.janushenderson.com**) which sets out the Manager’s approach to corporate governance and compliance with the Stewardship Code (see **www.frc.org.uk**). The Manager is also a signatory to the Principles for Responsible Investment (see **www.unpri.org**) and an active member of a wide range of organisations and initiatives that work to promote ESG integration and responsible investment.

In the year to 31 October 2023, investee companies held 112 general meetings and the shares held in the Company’s portfolio were voted at 98.2% of these meetings. The level of governance in the companies held in the portfolio is generally of a high standard which meant support in favour of the majority of resolutions proposed by management was warranted and the Company voted with management on the majority of occasions (1,425 resolutions). However, in respect of 2.6% of the resolutions proposed, the Fund Managers believed that support in line with management recommendation was not warranted so the shares were voted against management recommendation on 39 resolutions, which included abstentions recorded for 27 resolutions.

During the year the Manager and Fund Managers engaged with management and non-executives of companies held by the Company to discuss corporate governance issues and to help shape their policies on such matters. We go into three case studies of recent engagements on the next page. These engagements have taken place either directly via the Fund Management team and/or via the RI&G team at Janus Henderson.

Our approach to ESG matters (continued)

Anglo American & Rio Tinto

In 2021 the Western Australia government launched a review into the sexual harassment of women in the fly in fly out mining industry. The report highlighted significant levels of harassment for women at these sites. Following this, in 2022 Rio Tinto commissioned an independent report and following a survey of 10,000 employees, found systemic bullying, sexism and racism were common across the business, with employees at the remote fly in fly out sites experiencing the most frequent harassment.

The Fund Managers engaged with Rio Tinto following this report last year to better understand the steps being taken to improve employee safety in the business. In the meeting the company was pushed on the causes of these systemic culture issues which had led to such ingrained harassment and why these had not been detected earlier – leadership blamed under reporting and heuristic behaviour. The company has now taken on board all of the recommendations from the report, and this had been well received by employees. There will be another independent workplace culture report in 2024.

Given this issue appears to be sector wide, the Fund Managers also reached out to mining company Anglo American. The company has been conducting employee surveys covering safety, inclusion and diversity since 2017. The company has also partnered with a non-governmental organisation, International Alert, to conduct baseline studies to understand the experiences of women and girls at the company's mines in South Africa.

Anglo American's first inclusion and diversity survey in 2018 highlighted that 55% of people did not believe that their team was free from bullying, harassment and victimisation; by 2021 this had improved to 19%. The company believes this improvement is due to launching a group policy on Bullying, Harassment and Victimisation ("BHV") and mandatory face-to-face training for every Anglo American contracted colleague in the organisation. The BHV policy includes detailed guidance on how to report incidents, victim-centric approaches to managing incidents, investigation processes and timelines, special arrangements that may need to be implemented during the course of a case and disciplinary measures.

The Fund Managers were encouraged to see the companies take these reports seriously and put into place policies which are having measurable and improving results. The Fund Managers will continue to monitor the companies and engage on issues around employee safety and wellbeing.

Kier Group

The company reached out to the Fund Managers to get feedback on company strategy, executive management and remuneration policy. The Fund Managers discussed capital allocation including dividend policy, board and management team composition and succession planning with the company. Additional topics covered were remuneration policy, disclosure, the use of ESG metrics, biodiversity considerations in project management, merger and acquisition, audit tender and labour management.

STV Group

The Fund Managers engaged with the remuneration committee chair and head of human resources to discuss potential revisions to the company's remuneration policy. We discussed a wide range of issues including management retention, long-term incentive plans versus option schemes, ESG targets and broader ESG governance including employee engagement and environmental management.

Climate change/the environment

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The Company is also not required to report against the recommendations of the Task Force on Climate related Financial Disclosures ("TCFD"). Many of these recommendations are relevant to "trading" companies, but the Company acknowledges that it has a look-through responsibility in assessing how its investee companies approach ESG matters. The FCA has published regulations that require the Company's investment manager to report against TCFD both at the AIFM and product level by 2024 so more information in this respect should be available to shareholders in the future.

The Fund Managers engage with investee companies on environmental matters where they arise. The Company's indirect impact occurs through the investments it makes, and the Fund Managers monitor the carbon footprint of the portfolio as a measure of its carbon intensity.

Janus Henderson recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2021, Janus Henderson reached its 3-year target to reduce its carbon footprint by 15% per full-time employee from 2018 levels. In 2022, using guidance from the Science Based Target Initiative, Janus Henderson set ambitious new 5-year reduction targets:

- Reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions;
- Reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste, etc.) emissions; and
- Reduction target of 17.5% on water and waste consumption by full time employees.

In addition to this, Janus Henderson has maintained a CarbonNeutral® certification since 2007 and offsets all its Scope 1, Scope 2 and Scope 3 operational emissions

Our approach to ESG matters (continued)

(see **www.carbonneutral.com** for more information) each year. Through this process, Janus Henderson has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects Janus Henderson supports have been classified as "additional" by an independent third party, meaning that they would not happen without the sale of carbon credits. Janus Henderson discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including SECR and CDP, as well as in its 2022 Annual Report and in its 2022 Impact Report.

Business ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010, Criminal Finances Act 2017 and the sanctions element of the Economic Crime (Transparency and Enforcement) Act 2022. The Company has received assurances from its main suppliers that they maintain a zero-tolerance policy towards the provision of illegal services.

Governance

Board of Directors

The Directors appointed to the Board at the date of this Annual Report are:

Wendy Colquhoun

Position: Chairman

Date of appointment: 1 September 2018 (Chairman 11 March 2021)

Relevant skills and experience: Wendy was previously a senior corporate partner at international law firm CMS Cameron McKenna Nabarro Olswang LLP and advised investment trust boards for over 25 years on advisory and transactional matters. She has also previously held positions at Dickson Minto and Linklaters.

External appointments: Wendy is a non-executive director of Schroder UK Mid Cap Fund plc, Murray International Trust plc and Capital Gearing Trust P.l.c.

Davina Curling

Position: Independent non-executive Director

Date of appointment: 1 November 2019

Relevant skills and experience: Davina has over 25 years of fund management experience. Davina was managing director and head of Pan European equities at Russell Investments. Prior to that she was head of European equities at F&C, ISIS and Royal & SunAlliance. Davina has also previously held positions at Nikko Capital Management (UK) and Kleinwort Benson.

External appointments: Davina is currently a non-executive director of Invesco Select Trust plc and BlackRock Greater Europe Investment Trust plc and a member of the investment committee of St James's Place. She is currently a trustee of the Rosanna Hospital Charity. Davina will join the board of abrdn Asia Focus plc as the senior independent director on 1 March 2024.

Frances Daley

Position: Audit and Risk Committee Chairman

Date of appointment: 18 June 2015

Relevant skills and experience: Frances is a Chartered Accountant (FCA) with significant financial and commercial experience having held several senior finance and general management positions in accountancy, investment banking and corporate sector companies over the last 30 years.

External appointments: Frances is the chairman of Barings Emerging EMEA Opportunities PLC and a non-executive director of Regional REIT Limited.

Harry Morgan

Position: Independent non-executive Director

Date of appointment: 1 August 2021

Relevant skills and experience: Harry has over 30 years' experience of investment management for private clients, financial advisers and charities. Harry was previously a director of investment management and head of key clients (Scotland) for Tilney and a non-executive director of Mid Wynd International Investment Trust plc and the Association of Investment Companies. Harry has also held senior investment management positions at Adam & Company, Newton and Edinburgh Fund Managers. He is a Fellow of the Chartered Institute for Securities and Investment, and holds an MBA from the Edinburgh Business School.

External appointments: Harry is a member of the investment committees of the Robertson Trust and the National Trust for Scotland.

All Directors are non-executive and independent of Janus Henderson. All are members of the Audit and Risk Committee, chaired by Frances Daley, and the Insider Committee, Management Engagement Committee and Nominations Committee, chaired by Wendy Colquhoun.

Corporate governance report

Corporate governance

The Board is accountable to shareholders for the governance of the Company's day-to-day affairs and is pleased to report on the Company's governance arrangements and how the principles of the applicable codes have been applied during the year under review.

Applicable corporate governance codes

The Company maintains a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the 2018 UK Corporate Governance Code ("UK Code") issued by the Financial Reporting Council ("FRC") have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations and all day-to-day activities are outsourced to external service providers. The Board has therefore considered the principles and provisions of the AIC Code of Corporate Governance ("AIC Code") issued in February 2019. The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders about the Company's governance arrangements, and that by reporting against the AIC Code the Company has met its obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The UK Code is available on the FRC website (**www.frc.org.uk**). The AIC Code is available on the AIC website (**www.theaic.co.uk**) and includes an explanation of how the AIC Code adapts the UK Code's principles and provisions for investment companies.

Statement of compliance

No senior independent director has been appointed; the Chairman of the Audit and Risk Committee leads the annual evaluation of the Chairman's performance and shareholders are invited to raise any concerns with either the Chairman of the Audit and Risk Committee or with any of the other Directors, each of whom has areas of expertise on which they lead.

The Company has no chief executive or other executive directors and has therefore not reported further in respect of these provisions.

In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the Audit and Risk Committee considers the need for such a function at least annually (see page 39 for further information).

As the Company has no employees and has a small Board of solely non-executive Directors, the Board has not established a separate Remuneration Committee. The remuneration of Directors is dealt with by the Board as a whole.

The Company has complied with all other principles and provisions of the AIC Code throughout the year to 31 October 2023.

Directors

The Board has set, and each Director has agreed to adopt, generic terms and conditions of appointment of non-executive Directors of the Company.

Any shareholder wishing to inspect the terms and conditions can do so by making a request to the Corporate Secretary at **itsecretariat@janushenderson.com**.

Appointment and retirement

The Board may appoint Directors to the Board without shareholder approval. Any Director so appointed must stand for appointment by the shareholders at the next AGM in accordance with the Articles.

In accordance with the AIC Code, all Directors will stand for re-appointment annually.

The contribution and performance of the Directors seeking re-appointment was reviewed by the Nominations Committee at its meeting in December 2023, which recommended their continuing appointment to the Board.

Under the Articles shareholders may remove a Director before the end of his or her term by passing a special resolution at a meeting. A special resolution is passed if more than 75% of the votes cast, in person or by proxy, are in favour of the resolution.

Tenure

Whilst there is no requirement to implement a formal tenure policy for Directors (other than the Chairman), it is not anticipated that any of the Directors would normally serve in excess of nine years. In exceptional circumstances, which would be fully explained to shareholders at the time, a one or two year extension might be necessary.

Chairman tenure policy

Given the entirely non-executive nature of the Board and as the Chairman may not be appointed as such at the time of their initial appointment as a Director, the Chairman's tenure may be longer than nine years where this is considered by the Board to be in the best interests of the Company. As with all Directors, the continuing appointment of the Chairman is subject to satisfactory performance evaluation and annual re-appointment by shareholders and may be further subject to the particular circumstances of the Company at the time he or she intends to retire from the Board. The Directors are cognisant of the benefits of Board diversity and the regular

Corporate governance report (continued)

refreshment of the Board's membership and seek to refresh the Board while retaining a balance of knowledge of the Company, diversity and the relationship with the Fund Managers.

Directors' independence

All Directors are non-executive and have a range of other interests. At the Nominations Committee meeting in December 2023, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of the Manager. The Board has determined that all Directors are independent in character and judgement and that their individual skills, broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

There were no contracts in force during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' conflicts of interest

The Company's Articles permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for Directors to declare situational conflicts for consideration by those Directors who have no interest in the matter. In deciding whether to authorise the situational conflict, the non-conflicted Directors must act honestly and in good faith in the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the minutes of the relevant meeting and the register of directors' interests. The prescribed procedures would be followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the system it has in place for reporting and considering situational conflicts continues to operate effectively. The Chairman has had no relationships that may have created a conflict between her interests and those of the Company's shareholders.

Directors' professional development

When a new Director is appointed he or she attends an induction seminar which is held by the Manager. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors are also able to attend external training facilities and industry seminars at the expense of the Company and each Director's individual training requirements are considered as part of the annual performance evaluation.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover was in place throughout the financial year and remains in place at the date of this report. The Company's Articles provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising from their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Corporate governance report (continued)

The Board's Committees

The Board has three principal Committees: the Audit and Risk Committee, the Management Engagement Committee and the Nominations Committee.

Board of Directors
comprises four independent non-executive directors

Chairman: Wendy Colquhoun

Audit and Risk Committee
Chairman: Frances Daley

Purpose: Ensure the integrity of the financial reporting, evaluate the effectiveness of the systems of internal control and risk management and oversee the relationship with the external auditor

Management Engagement Committee
Chairman: Wendy Colquhoun

Purpose: Ensure that the performance of the Manager and other third-party service providers meet expectations and consider whether their continuing appointment is in the interests of shareholders and their terms of engagement remain appropriate

Nominations Committee
Chairman: Wendy Colquhoun

Purpose: Ensure the Board has a balance of skills, experience and diversity, oversee performance evaluations of the Board and its Committees, a formal approach to the appointment of directors and ensure the maintenance of an effective framework for succession planning

Third-party service providers appointed by the Board

Janus Henderson
Fund Managers: James Henderson and Laura Foll

Investment Management, Sales, Marketing, Corporate Secretary

Alternative Investment Fund Manager:
Janus Henderson Fund Management UK Limited

Janus Henderson has contracted with BNP Paribas to provide accounting and administration services

HSBC Bank plc
Depositary and Custodian

J.P. Morgan Cazenove
Corporate Broker

Computershare Investor Services plc
Registrar

The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules. All Directors are members of the Insider Committee, which is chaired by the Chairman of the Board.

The terms of reference for each Committee are kept under regular review by the Board and are available on the Company's website **www.hendersonopportunitiestrust.com**. The reports on the activities of each of the Board's principal Committees are set out on pages 40 to 44.

Corporate governance report (continued)

Board of Directors

The Board comprises four non-executive Directors. Their biographies are included on page 34. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their position as Directors. All of the current Directors served throughout the year. All Directors are resident in the UK.

Role of the Board

The Board is collectively responsible for the success of the Company. Its role is to provide leadership within a framework of prudent and effective controls that enables risk to be assessed and managed. The Board is responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and others are understood and met. The Board sets the Company's strategic aims (subject to the Company's Articles, and to such approval of the shareholders in general meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

The Board meets formally at least five times a year, with additional Board or Committee meetings arranged when required. The Directors have regular contact with the Fund Managers and representatives of the Corporate Secretary between formal meetings.

The Chairman is responsible for leading the Board and for ensuring that it continues to deal effectively with all aspects of its responsibilities. Further detail on the Role of the Chairman is available on the Company's website **www.hendersonopportunitiestrust.com**.

The Board has a formal schedule of matters specifically reserved for its decision, which include: strategy and management; structure and capital; financial reporting and controls; internal controls and risk management; contracts; communications and public relations; Board membership and other appointments; delegation of authority; remuneration; corporate governance; and policies. The schedule of matters reserved for the Board is available on the website **www.hendersonopportunitiestrust.com**.

The Board is responsible for the approval of annual and half year results and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects.

At each meeting the Directors follow a formal agenda, which includes a review of the Company's NAV, share price, discount, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure control is maintained over the affairs of the Company. The Board monitors compliance with the Company's Investment Objective and is responsible for setting asset allocation, investment and gearing limits within which the Manager has discretion to act, and regularly reviews investment strategy. The Board receives regular reports from the Manager on marketing and investor relations.

The Board has adopted a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company. To enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Board attendance

The table below sets out the number of scheduled Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors attended the AGM in March 2023.

	Board	ARC	MEC	NC
Number of meetings	**5**	**3**	**1**	**1**
Wendy Colquhoun	5/5	3/3	1/1	1/1
Davina Curling	5/5	3/3	1/1	1/1
Frances Daley	5/5	3/3	1/1	1/1
Harry Morgan	5/5	3/3	1/1	1/1

ARC: Audit and Risk Committee
MEC: Management Engagement Committee
NC: Nominations Committee

The Insider Committee did not meet during the year.

The Directors and Committees of the Board also met during the year to undertake business such as the approval of the Company's results and dividends and to consider other ad hoc matters.

Performance evaluation

The Nominations Committee has conducted a review of the Board's performance, together with that of its Committees, the Chairman and each individual Director for the year under review. The Nominations Committee met without the Chairman present to discuss the performance of the Chairman. The evaluation of the Board, its Committees and each individual Director was conducted by way of an evaluation questionnaire. The results of the questionnaires were supplied to the Chairman who collated the results and provided a summary to the Board. The Chairman of the Audit and Risk Committee led the Chairman's evaluation. It was concluded that the performance of the Board, its Committees, the Chairman and each individual Director was satisfactory and the Board has a good balance of skills and experience. In particular, it is considered that each Director makes a significant contribution to the affairs of the Company, the Chairman continues to display effective leadership and Directors seeking re-appointment at the Company's AGM merit re-appointment by shareholders.

Corporate governance report (continued)

Audit, risk and internal control

The Board has established an Audit and Risk Committee, whose report is on pages 42 to 44. The report explains why the Company does not have its own internal audit function, how the independence and effectiveness of the external auditor is assessed, and how the Board satisfies itself on the integrity of the financial statements. The report covers the process by which the Board satisfied itself that the Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. It also describes risk management procedures, as well as how the Board oversees the internal control framework and determines the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

Relationship with Janus Henderson

The Board has contractually delegated to external third parties the management of the investment portfolio, the custodial services (which include the safeguarding of the assets delegated through the appointment of the Depositary as explained on page 76), the day-to-day accounting and cash management, corporate secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is invited to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson. This provides a forum to discuss industry matters which are then reported to the Board.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of Janus Henderson attend Board meetings enabling the Directors to probe further on matters of concern.

The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are minuted, ensuring that any Director's concerns are recorded. The Board and the Manager operate in a supportive, co-operative and open environment.

The Corporate Secretary, Janus Henderson Secretarial Services UK Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between Janus Henderson Secretarial Services UK Limited and Janus Henderson, particularly when dealing with any conflicts or issues between the Company and Janus Henderson. Any correspondence from shareholders addressed to the Chairman or the Company received at Janus Henderson's offices is forwarded to the Chairman of the Company in line with the established procedures in place.

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

Continuing appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager can be found on pages 20 to 22.

In addition to the monitoring of investment performance at each Board meeting, the Management Engagement Committee undertakes an annual review of the Company's investment performance over both the short and longer term, together with the quality of other services provided by the Manager including corporate secretarial and accounting.

Following the annual review (see Management Engagement Committee on page 40 for more detail), it is the Directors' opinion that the continuing appointment of the Manager on the existing terms is in the best interests of the Company and the shareholders as a whole.

Corporate governance report (continued)

Management Engagement Committee

The Management Engagement Committee is responsible for reviewing the management contract on a regular basis, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders and also for reviewing the performance and cost effectiveness of the Company's other service providers.

Membership

All Directors are members of the Management Engagement Committee, which is chaired by the Chairman of the Board.

Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the AIC peer group, the share price total return, NAV total return, dividend growth and dividend yield;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its competitors in the AIC peer group and other Janus Henderson managed investment trusts;
- the key clauses of the management agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the Broker, Depositary, Custodian, Registrar, research providers, auditors, legal counsel and the Company's accountants.

Continuing appointment of the Manager

Following completion of its annual review of the Manager in September 2023, the Committee concluded that the continued appointment of the Manager remained in the best interests of the Company and the shareholders, and therefore recommended to the Board the continued appointment of Janus Henderson for a further year. More detail can be found on page 38.

Committee evaluation

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

Nominations Committee

The Nominations Committee is responsible for reviewing Board succession planning and tenure policy, the performance of the Board as a whole and the Board Committees and any recommendation to the Board on the appointment of new Directors through an established formal procedure.

Membership

The Committee is chaired by the Chairman of the Board, except when the Chairman's performance or successor is being considered. All Directors are members of the Committee; the Board believes that this is appropriate as the Board comprises only four directors, and to lose the contribution of any Director to the Committee's deliberations would not be in the best interests of shareholders.

Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the composition of the Board and each of its Committees, taking account of the skills, experience and knowledge of each Director, and the contribution of the Directors to the success of the Company (see also Board diversity policy on pages 25 and 26);
- the outcome of the Board performance evaluation with a view as to whether adjustments should be made to the number of Directors or knowledge and skills represented on the Board;
- the use of an independent external facilitator for the Board evaluation, concluding that it was not necessary for the year under review. The Chairman will consider the merit of using an external facilitator again in 2024;
- the tenure of each of the Directors, giving consideration as to whether the Board retained a sufficient balance of tenure without becoming complacent;
- the independence of the Directors taking account of the Directors' other commitments, in line with the guidelines established by the AIC Code;
- the time commitment of the Directors, in the context of their other business commitments and appointments, and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board, the tenure of the current Directors and the recommendations of the AIC Code in respect of the length of service of Directors and the Chairman; and

Corporate governance report (continued)

- the performance and contribution of the Directors standing for re-appointment at the forthcoming AGM.

Following completion of its reviews, the Committee concluded that the Board continued to operate effectively. No Director was considered to be “overboarded”.

When considering succession planning and tenure policy, the Nominations Committee bears in mind the balance of skills, knowledge, experience, gender and diversity of Directors, the achievement of the Company’s Investment Objective and compliance with the Company’s Articles and the AIC Code. Individual performance and the contribution of each Director remain a key element of the Company’s approach in making determinations on tenure.

The Nominations Committee considers diversity as part of the annual performance evaluation and it is considered that there is a broad range of backgrounds, and that each Director brings different qualities to the Board and its discussions. Given the small size of the Board, it is not considered appropriate for the Company to have set targets for gender diversity; candidates are assessed in relation to the relevant needs of the Company at the time of appointment.

The Nominations Committee will make recommendations when the recruitment of additional non-executive Directors is required. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Company may use external agencies as and when recruitment becomes necessary. No such agency was used during the year ended 31 October 2023.

In all the Committee’s activities there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

The Nominations Committee also reviews any Directors seeking appointment and re-appointment at the AGM and makes recommendations to the Board as to whether this is appropriate. Recommendation is not automatic and will follow a process of evaluation of each Director’s performance and consideration of the Director’s independence. The Nominations Committee also takes into account the mix of skills and experience of the current Board members. The Committee considers the time commitment of the Directors including other business commitments and appointments. Having considered the performance of individual Directors, the Committee recommended to the Board that it should support the re-appointment of the Directors at the 2024 AGM.

The Nominations Committee meets in December each year to carry out its annual review of the Board and its Committees. The results of the performance evaluation are detailed on page 38.

Committee evaluation

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

Audit and Risk Committee report

The Audit and Risk Committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and oversees the relationship with the external auditor.

Composition

The Audit and Risk Committee comprises all Directors and is chaired by Frances Daley, who is a Chartered Accountant. The other Audit and Risk Committee members have a combination of financial, investment and other experience gained throughout their careers and the Board is satisfied that at least one of the Audit and Risk Committee members has recent and relevant financial experience. The Audit and Risk Committee as a whole is considered to have competence relevant to the financial services sector. The biographies of the Audit and Risk Committee members are shown on page 34. All members of the Audit and Risk Committee are independent. The Board believes that it is appropriate for the Chairman of the Board to be a member of the Audit and Risk Committee. This is because the Board comprises only four directors, and to lose the Chairman's contribution to the Audit and Risk Committee's deliberations would not be in the best interests of shareholders, given her experience and expertise. The Audit and Risk Committee will monitor the situation and take into account shareholder views on the matter.

Meetings

The Audit and Risk Committee met formally three times during the year under review: in advance of the publication of both the annual and the half year results and on one other occasion with an agenda that was focused on its broader responsibilities. The Company's auditor is invited to attend meetings as necessary. Representatives of the Manager (including representatives of the Operational Risk, Internal Audit and Business Resilience functions, and the Chief Information Security Officer), BNP Paribas and the Depositary/ Custodian may also be invited.

Role and responsibilities

The role of the Audit and Risk Committee is to assist the Board in applying the financial reporting and internal controls and to maintain an appropriate relationship with the auditor.

In the year under review the main duties undertaken were:

- consideration of the appropriateness of the Company's accounting policies and of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from Janus Henderson;
- a review of the half year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model, strategy and continued operation (including advising the Board on whether the Company is able to meet its liabilities as they fall due) in order to make recommendations to the Board. In assessing whether the report is fair, balanced and understandable, each Director reviewed the disclosures made, applying their respective knowledge and expertise. The internal controls over financial reporting were also considered, together with feedback from the Company's auditor, the Manager and the Corporate Secretary;
- consideration of the valuation of the Company's unquoted and nil value investments for recommendation to the Board;
- consideration of the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- consideration of the internal controls in place at Janus Henderson and the Company's other principal third-party service providers;
- consideration of Janus Henderson's policies in relation to information security and business resilience, meeting with representatives of Janus Henderson's internal audit, information security and risk departments periodically;
- consideration of the key risks, risk management systems in place and the Company's risk map;
- consideration of the Company's Anti-Bribery Policy and the policies and procedures in place to prevent tax evasion;
- annual consideration of whether there is a need for an internal audit function;
- consideration of the appointment of the auditor, the auditor's independence, objectivity, effectiveness, provision of any non-audit services and tenure of appointment;
- consideration of the audit plan, including the principal areas of focus;
- consideration of the nature, scope and cost of the external audit and the findings therefrom;
- consideration of Janus Henderson's whistleblowing policy for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence;
- consideration of the management fee and performance fee calculations; and
- consideration of the annual confirmation from the Company's Depositary in respect of the safe-keeping of the Company's assets.

Committee evaluation

The Committee's responsibilities are set out in formal terms of reference which are reviewed at least annually. The Committee formally reports to the Board after each of its meetings and the Committee's activities were considered as part of the Board appraisal process.

Audit and Risk Committee report (continued)

Annual report for the year ended 31 October 2023

In relation to the Annual Report for the year ended 31 October 2023 the following significant issues were considered by the Audit and Risk Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Ownership of listed investments is verified by reconciliation to the Custodian's records and the Directors have received quarterly reports and an annual confirmation from the Depositary who has responsibility for overseeing operations of the Company, including verification of ownership and valuation.
Recognition of income	Income received is accounted for in line with the Company's accounting policies, as set out on page 62, and is reviewed by the Committee.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas.
Maintaining internal controls	The Committee receives regular reports on internal controls from Janus Henderson and its delegates and has access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit. The assurance report for one of the Company's service providers was qualified by their service auditor. The Committee reviewed the instances giving rise to the qualification and received confirmation that the exceptions identified had no impact on the Company.
Performance fee	The calculation of the performance fee payable to Janus Henderson is reviewed by the Audit and Risk Committee before being approved by the Board. Performance fee arrangements were removed with effect from 20 October 2023. No performance fee was payable in respect of the year ended 31 October 2023.

The Committee is satisfied that the annual report for the year ended 31 October 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal control and risk management

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Audit and Risk Committee supports the Board in the continuous monitoring of the internal control and risk management framework (see Managing our risks on pages 26 to 28).

The Board has established an ongoing process for identifying, evaluating and managing the principal and new or emerging risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the period and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting;
- regular reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- the contractual agreements with the Manager and other third-party service providers. The Board reviews performance levels and adherence to relevant provisions of the agreements on a regular basis through reports received and conducts a formal evaluation of the overall level of service provided at least annually (see Management Engagement Committee on page 40);
- the review of controls at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and Depositary and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting provided by:
  - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has reviewed the Company's system of internal controls for the year ended 31 October 2023. During the course of its review the Board has not identified or been advised of any failings or weaknesses relating to the Company's portfolio that have been determined as significant.

Audit and Risk Committee report (continued)

Internal audit function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable.

The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principally among them, the Manager, Janus Henderson.

The Board places reliance on the Company's framework of internal control and the Audit and Risk Committee's view on reporting received from specific second and third line of defence teams at the Manager.

The Manager's Operational Risk team supports the Audit and Risk Committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The Manager's Internal Audit department provides regular reporting to the Board on the operations at the Manager and presents at least annually to the Audit and Risk Committee. The Board has therefore concluded that it is not necessary at the present time for the Company to have its own internal audit function.

Auditor appointment and tenure

Regulations currently in force require the Company to rotate audit firms after a period of ten years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. The Committee last carried out an audit tender process in 2017 which led to the appointment of BDO LLP ("BDO") for the statutory audit for the financial year ended 31 October 2018 and the audits since that date.

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

Auditor review and independence

The Committee monitors the auditor's objectivity and independence through the approval of a policy regulating the non-audit services that may be provided by the auditor to the Company, assessing the appropriateness of audit fees paid and by reviewing the information and assurances provided by the auditor on their compliance with the relevant ethical standards.

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

Non-audit services policy

The Audit and Risk Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditor. The Audit and Risk Committee has determined that the statutory auditor will not be engaged to provide any non-audit services without the approval of the Audit and Risk Committee. The statutory auditor is not pre-approved to provide any non-audit services. The Audit and Risk Committee may approve the provision of non-audit services if they consider such services to be:

- relevant to the statutory audit work;
- more efficiently provided by the statutory audit firm than by a third party; and
- at low risk of impairing the independence, objectivity and effectiveness of the audit.

The Audit and Risk Committee will refer to the Board any engagement with a cost or potential cost greater than £10,000. All engagements for non-audit services will be determined on a case-by-case basis. In addition, the provision of any non-audit services by the auditors is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies.

No non-audit services have been provided by BDO since their appointment.

Effectiveness and quality of the external audit

The auditors attended one Committee meeting in the year, when the Committee considered the annual results. This included a review of BDO's policies and procedures, including an assessment of their quality assurance procedures and independence, which the Committee concluded were satisfactory. The Audit and Risk Committee has the opportunity to discuss the audit process with the auditor without representatives of the Manager present.

The Committee considers the effectiveness and quality of the audit process after each audit including how the auditor demonstrated professional scepticism and challenge of management's assumptions, where necessary. Following review of the plan for the audit for the year ended 31 October 2023 the Audit and Risk Committee was satisfied that there were no additional areas for the auditors to focus upon. The FRC's Audit Quality Inspection Report is supplied to the Audit and Risk Committee for information to assist with the assessment of the auditor's effectiveness.

The Audit and Risk Committee remained satisfied with the performance of BDO and the effectiveness of the audit for the year ended 31 October 2023 and recommended their continuing appointment to the Board. A resolution to re-appoint BDO as statutory auditor will be put shareholders at the AGM in March 2024.

Fees

Fees paid or payable to the auditor are detailed in Note 6 on page 65.

Frances Daley
Audit and Risk Committee Chairman
31 January 2024

Directors' remuneration report

Annual statement

As Chairman, Wendy Colquhoun reports that following an annual review of fees in June 2023, Directors' fees were increased with effect from 1 July 2023 to £37,000 for the Chairman, £32,000 for the Audit and Risk Committee Chairman and £25,500 for other Directors. When making the decision to increase remuneration the Directors reviewed the fees paid to the boards of directors of other comparable investment trust companies.

The Directors consider a relatively small but focused Board to be appropriate given the size of the Company and since the conclusion of the AGM in March 2022 there have been four Directors on the Board. The Company's Articles of Association currently state that the aggregate remuneration of the Directors may not exceed £150,000 per annum. The Board proposes an alteration of the aggregate remuneration of Directors to increase that amount by 10% to £165,000 per annum. With the increases effective from 1 July 2023, the total remuneration to Directors for a year would be £120,000 for four directors and the rise is proposed to cater for succession planning and future Director recruitment and to allow headroom for annual Directors' fee reviews (where these are considered appropriate). The remuneration policy would be updated accordingly if the resolution to update the aggregate remuneration of Directors is approved by shareholders at this year's AGM.

As required by Section 439 of the Act, an ordinary resolution to approve the Directors' remuneration report will be proposed at the AGM on 7 March 2024. The vote is advisory.

The Company's remuneration policy was last approved by shareholders at the AGM in 2023. Other than the change to the increase in the aggregate fee limit as described above, no changes to the policy are proposed and there will be no significant change in the way that the remuneration policy will be implemented in the course of the next financial year.

There have been no other major decisions on Directors' remuneration or any other changes to the remuneration paid to each individual Director in the year under review.

Report on implementation

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the "Regulations"). The report also meets the relevant requirements of the Act and the Listing Rules of the FCA and describes how the Board has applied the principles relating to Directors' remuneration.

The Board may amend the level of remuneration paid to individual Directors within the parameters of the remuneration policy.

The Board has agreed that the Directors can currently claim expenses (see Remuneration Policy for more detail) up to £250 per Director per Board or other meeting in respect of travel and accommodation expenses.

The Company's auditor is required to report on certain information contained within this report; where information set out has been audited it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees; therefore some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board as a whole considers the Directors' remuneration. The Board has not appointed a remuneration committee to consider such matters. The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration (although the Directors review annually the fees paid to directors of other comparable investment trust companies).

In determining the remuneration policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements, the AIC Code and whether the policy supports the Company's long-term sustainable success.

Remuneration policy

Directors are remunerated in the form of fees, payable quarterly in arrears. The Company's Articles limit the fees payable to the Directors in aggregate to £150,000 per annum (as described above an increase in this amount, to £165,000, is proposed). Subject to the overall limit, the Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to promote the long-term success of the Company.

All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit and Risk Committee who are paid a higher fee in recognition of their additional responsibilities. The policy is to review fee rates annually, although such review will not necessarily result in any change to the rates, and account is taken of fees paid to the Directors of other investment trust companies.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

No Director has a service contract with the Company. Directors' appointments may be terminated at any time by written notice with no compensation payable.

No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

Directors' remuneration report (continued)

Directors' interests in shares (audited)

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the table below.

	Ordinary shares of 25p	
	31 October 2023	1 November 2022
Wendy Colquhoun	**2,000**	2,000
Davina Curling	**800**	800
Frances Daley	**2,000**	2,000
Harry Morgan	**2,037**	1,983

Harry Morgan received 15 shares under a dividend reinvestment plan on 11 January 2024. There have been no other changes to the Directors' holdings in the period 1 November 2023 to the date of this Annual Report.

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

Directors' remuneration (audited)

The remuneration paid to the Directors who served during the years ended 31 October 2023 and 31 October 2022 was as follows:

	Year ended 31 October 2023 Total salary and fees £	Year ended 31 October 2022 Total salary and fees £	**Year ended 31 October 2023 Expenses and taxable benefits £**	Year ended 31 October 2022 Expenses and taxable benefits £	**Year ended 31 October 2023 Total £**	Year ended 31 October 2022 Total £
Wendy Colquhoun[1]	35,868	33,183	1,931	500	37,799	33,683
Davina Curling	24,635	22,735	369	80	25,004	22,815
Frances Daley[2]	30,535	27,976	–	–	30,535	27,976
Harry Morgan	24,634	22,735	286	186	24,920	22,921
Chris Hills[3]	–	7,864	–	–	–	7,864
Total	**115,672**	**114,493**	**2,586**	**766**	**118,258**	**115,259**

Notes:
The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made.

1 Chairman and Highest Paid Director
2 Audit and Risk Committee Chairman
3 Retired on 10 March 2022

For the years ended 31 October 2023 and 31 October 2022, the fees paid to Directors were:

Period	Chairman (per annum)	Audit and Risk Committee Chairman (per annum)	Directors (per annum)
1 November 2021 to 30 June 2022	£32,120	£27,060	£22,000
1 July 2022 to 30 June 2023	£35,300	£29,800	£24,200
from 1 July 2023	£37,000	£32,000	£25,500

Directors' remuneration report (continued)

Relative importance of spend on pay

Annual percentage change in Directors' remuneration

The table below sets out the annual percentage change in fees (excluding expenses) for each Director who served during the year ended 31 October 2023:

	Year to 31 October 2023 %	Year to 31 October 2022 %	Year to 31 October 2021 %	Year to 31 October 2020 %
Wendy Colquhoun[1]	**8.1**	23.5	34.3	0.0
Davina Curling[2]	**8.4**	10.0	3.3	n/a
Frances Daley	**9.1**	10.0	3.4	0.0
Harry Morgan[2]	**8.4**	n/a	n/a	n/a

1 Became Chairman on 11 March 2021
2 Percentages not calculated as joined the Board during the previous year

Expenditure by the Company on remuneration and distributions to shareholders

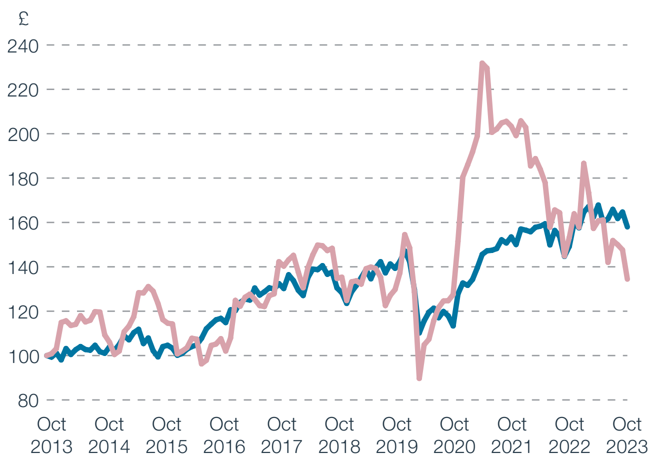
The table below compares the total level of remuneration paid to Directors to the distributions made to shareholders in each year. There were no share buybacks during the year ended 31 October 2023. There were no other significant distributions, payments or other uses of the Company's net return or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	Year ended 31 October 2023 £	Year ended 31 October 2022 £	Change £	Change %
Total remuneration paid to Directors[1]:	118,258	115,259	2,999	2.6
Distributions to shareholders:				
– Ordinary dividends	2,764,431	2,251,037	513,394	22.8

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

Performance

The graph below compares the mid-market price of the Company's ordinary shares over the ten year period ended 31 October 2023 with the return from the benchmark, the FTSE All-Share Index, over the same period.



Henderson Opportunities Trust plc share price total return, assuming the investment of £100 on 31 October 2013 and the reinvestment of all dividends (excluding dealing expenses) (source: Morningstar Direct)

FTSE All-Share Index total return, assuming the notional investment of £100 on 31 October 2013 and the reinvestment of all income (excluding dealing expenses) (source: Morningstar Direct)

Statement of voting at AGM

At the 2023 AGM 2,036,179 votes (99.34%) were received in favour of the resolution seeking approval of the Directors' Remuneration Report, 13,506 (0.66%) were against and 32,002 were withheld. In relation to the approval of the Remuneration Policy, last voted on at the 2023 AGM, 2,032,720 votes (99.34%) were in favour of the resolution, 13,506 (0.66%) were against and 35,461 were withheld. All percentages of votes exclude votes withheld.

Approval

The Directors' remuneration report has been approved by the Board.

On behalf of the Board

Wendy Colquhoun
Chairman
31 January 2024

Directors' report

The Directors present the audited Financial Statements of Henderson Opportunities Trust plc (the "Company") and their report for the year from 1 November 2022 to 31 October 2023. The Company (a public limited company registered and domiciled in England & Wales with company registration number 01940906) was active throughout the year under review and was not dormant.

The corporate governance statement (see pages 35 to 47) and viability statement and going concern (see page 29) form part of the Directors' report.

Directors

Details of the Directors and their appointments can be found on page 34. All Directors served throughout the period under review.

Share capital

The Company's share capital comprises ordinary shares with a nominal value of 25p each. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions on the transfer of the Company's ordinary shares or voting rights, no shares which carry specific rights with regard to the control of the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves and capital reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

At 31 October 2023 and 31 October 2022 there were 8,000,858 ordinary shares in issue (of which 102,483 were held in treasury). No shares were issued or bought back during the year or in the period from 1 November 2023 to 31 January 2024. Shares in treasury do not carry voting rights, therefore, as at 31 October 2023 and 31 January 2024 the number of shares in issue with voting rights was 7,898,375.

The Directors seek annual authority from shareholders to allot new ordinary shares, to disapply pre-emption rights of existing shareholders and to buyback ordinary shares for cancellation or to be held in treasury. At the AGM held in March 2023 the Directors were granted authority to allot relevant securities up to an aggregate nominal amount of £197,459 and buyback 1,183,966 shares (being 10% and 14.99% respectively of the issued ordinary share capital, excluding treasury shares, as at 8 March 2023). No shares have been issued or bought back under these authorities. These authorities will expire at the conclusion of the 2024 AGM. The Directors intend to renew these authorities subject to shareholder approval.

Shareholders will be asked to approve the sub-division of each existing ordinary share of 25p each into 5 new ordinary shares of 5p each. See the Chairman's statement on page 4 and the Notice of Meeting (sent separately with this Annual Report) for more information.

Fund Managers' interests

James Henderson has a beneficial interest in 85,950 (2022: 85,950) ordinary shares. Laura Foll has a beneficial interest in 2,162 (2022: 2,162) ordinary shares.

Five largest shareholders

As at 31 October 2023 the Company's five largest shareholders were:

	% of voting rights
Hargreaves Lansdown	14.5
Interactive Investor	14.0
Halifax Share Dealing	12.5
Saba Capital Management L.P.	6.4
Cazenove Capital Management	5.9

Source: RD:IR

As at 31 December 2023, the Company's share register was estimated to be held 77.0% by retail shareholders and 23.0% by professional shareholders.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 October 2023 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Saba Capital Management L.P.	6.4
Janus Henderson Investors	5.1

The Company has not been notified of any changes in the period 1 November 2023 to 31 January 2024.

Related party transactions

The Company's transactions with related parties in the year were with its Directors and the Manager. There have been no material transactions between the Company and its Directors during the year and the only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the year end. Directors' shareholdings are disclosed on page 46.

In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there have been no material transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in Note 21 on page 74.

Directors' report (continued)

Dividend

See Note 10 on pages 66 and 67 to the Financial Statements which sets out details relating to the dividends paid on the ordinary shares and the recommended final dividend for the year ended 31 October 2023.

Energy and carbon reporting

Details of the Company's disclosures with regard to energy and carbon reporting can be found on pages 31 and 32.

Post balance sheet events

The Company has no post balance sheet events to report.

Future developments

While the future performance of the Company is mainly dependent on the performance of financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated Investment Objective and strategy explained on page 20. The Chairman's statement and Fund Managers' report provide commentary on the outlook for the Company.

Annual General Meeting

The Company's AGM is scheduled to take place at 2.30pm on Thursday, 7 March 2024 at the Company's registered office.

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

The meeting will include a presentation by the Fund Managers and will be broadcast live on the internet. Therefore, shareholders who are unable to attend in person, can watch the meeting by visiting **www.janushenderson.com/trustslive.** If shareholders would like to submit any questions in advance of the AGM, they are welcome to send these to the Corporate Secretary at **itsecretariat@janushenderson.com**.

Re-appointment of auditor

BDO were appointed as auditor at the AGM on 15 March 2018. BDO have indicated their willingness to continue in office as auditor to the Company and a resolution proposing their re-appointment and authorising the directors to determine their remuneration for the ensuing year will be put to shareholders at the forthcoming AGM. Further information in relation to their re-appointment can be found in the Audit and Risk Committee report on page 44.

Directors' statement as to disclosure of information to auditors

Each of the Directors who was a member of the Board at the date of approval of this Report confirms that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's auditor is unaware and he or she has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Securities financing transactions

As the Company undertakes securities lending it is required to report on securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the accounting period ended 31 October 2023 are detailed on pages 80 and 81.

Other information

Information on financial risk management is detailed in Note 15 to the Financial Statements on pages 68 to 72.

Approval

The Directors' report has been approved by the Board.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
31 January 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Director's report, a strategic report and Director's remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. The Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the Directors, who are listed on page 34, confirms that, to the best of his or her knowledge:

- the Company's Financial Statements, which have been prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and returns of the Company; and
- the Annual Report and Financial Statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Wendy Colquhoun
Chairman
31 January 2024

Financial Statements

Independent Auditor’s Report to the Members of Henderson Opportunities Trust plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 October 2023 and of its returns for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Henderson Opportunities Trust plc (the ”Company”) for the year ended 31 October 2023 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the shareholders at the Annual General Meeting on 15 March 2018 to audit the financial statements for the year ended 31 October 2018 and subsequent financial periods. The period of total uninterrupted engagement including reappointments is six years, covering the years ended 31 October 2018 to 31 October 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors’ method of assessing going concern in light of market volatility by reviewing the information used by the Directors in completing their assessment;
- Assessing the liquidity of the investment portfolio, which underpins the ability to meet the future obligations and operating expenses for a period of 12 months from the date of approval of these financial statements;
- Reviewing the loan agreements to identify relevant covenants and assessing the likelihood of them being breached based on the Directors’ forecast and sensitivity analysis;
- Assessing the projected management fees for the year to check that it was in line with the current assets under management levels and the projected market growth forecasts for the following year; and
- Checking the accuracy of historical forecasting by agreeing to actual results.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company’s reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors’ statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc (continued)

Overview

		2023	2022
Key audit matters	Valuation and ownership of quoted investments	✓	✓
Materiality	Company financial statements as a whole £0.82m (2022: £0.93m) based on 1% (2022:1%) of net assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of quoted investments (Note 11 on Page 67) The investment portfolio at the year-end comprised of equity investments held at fair value through profit or loss of which 99% is quoted. There is a risk that the prices used for the listed investments held by the Company are not reflective of fair value and the risk that errors made in the recording of investment holdings result in the incorrect reflection of investments owned by the Company. Therefore, we considered the valuation and ownership of quoted investments together with the related disclosures to be the most significant audit area as the quoted investments also represent the most significant balance in the financial statements and underpin the principal activity of the entity.	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures: • Confirmed the year-end bid price was used by agreeing to externally quoted prices; • Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price was not the most appropriate indication of fair value by considering the theoretical realisation period for individual holdings; • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date; • Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and • We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standards. Key observations: Based on our procedures performed we found that the valuation and ownership of quoted investments to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2023 £m	2022 £m
Materiality	0.82	0.93
Basis for determining materiality	1% of Net assets	
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	0.62	0.70
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £40,000 (2022: £46,000) for the financial statements as a whole. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 61; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 29.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 50; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 26; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 43 and 44; and • The section describing the work of the Audit and Risk Committee set out on pages 42 to 44.

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc (continued)

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including

Independent Auditor's Report to the Members of Henderson Opportunities Trust plc (continued)

fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA Listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and the Company's qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to any instances of non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period for instances of non-compliance with laws and regulations; and
- reviewing the calculation in relation to the Company's Investment Trust compliance to check that the Company was meeting its requirements to retain its Investment Trust Status.

Fraud

We assessed the susceptibility of the financial statements to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment we considered the fraud risk areas to be management override of controls.

Our tests included:

- Reviewing activity to identify transactions outside of the normal course of business;
- Considering the opportunity and incentive to manipulate accounting entries and testing material journals recorded in the period end financial reporting process in the preparation of the financial statements, with a focus on identifying those which might increase net asset value; and
- Stand back reviews to identify areas of significant judgement or estimate and any related indication of bias in our audit as a whole.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chris Meyrick (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
31 January 2024

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

Income Statement

Notes		Year ended 31 October 2023 Revenue return £'000	Year ended 31 October 2023 Capital return £'000	Year ended 31 October 2023 Total return £'000	Year ended 31 October 2022 Revenue return £'000	Year ended 31 October 2022 Capital return £'000	Year ended 31 October 2022 Total return £'000
2	Losses on investments held at fair value through profit or loss	–	(9,892)	(9,892)	–	(36,112)	(36,112)
3	Income from investments held at fair value through profit or loss	3,269	–	3,269	3,715	–	3,715
4	Other interest receivable and other income	242	–	242	205	–	205
	Gross revenue and capital losses	**3,511**	**(9,892)**	**(6,381)**	**3,920**	**(36,112)**	**(32,192)**
5	Management and performance fees	(151)	(351)	(502)	(173)	(404)	(577)
6	Other administrative expenses	(466)	–	(466)	(433)	–	(433)
	Net return before finance costs and taxation	**2,894**	**(10,243)**	**(7,349)**	**3,314**	**(36,516)**	**(33,202)**
7	Finance costs	(245)	(572)	(817)	(104)	(241)	(345)
	Net return before taxation	**2,649**	**(10,815)**	**(8,166)**	**3,210**	**(36,757)**	**(33,547)**
8	Taxation	(6)	–	(6)	(1)	–	(1)
	Net return after taxation	**2,643**	**(10,815)**	**(8,172)**	**3,209**	**(36,757)**	**(33,548)**
9	**Net return per ordinary share – basic and diluted**	**33.46p**	**(136.92p)**	**(103.46p)**	40.63p	(465.37p)	(424.74p)

The total columns of this statement represent the Profit and Loss Account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

The notes on pages 61 to 74 form part of these financial statements

Statement of Changes in Equity

Notes	Year ended 31 October 2023	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
	At 1 November 2022	2,000	14,838	2,431	70,739	2,693	92,701
10	Ordinary dividends paid	–	–	–	–	(2,764)	(2,764)
	Net return after taxation	–	–	–	(10,815)	2,643	(8,172)
	At 31 October 2023	**2,000**	**14,838**	**2,431**	**59,924**	**2,572**	**81,765**

Notes	Year ended 31 October 2022	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
	At 1 November 2021	2,000	14,838	2,431	107,496	1,732	128,497
10	Ordinary dividends paid	–	–	–	–	(2,251)	(2,251)
10	Refund of unclaimed dividends over 12 years old	–	–	–	–	3	3
	Net return after taxation	–	–	–	(36,757)	3,209	(33,548)
	At 31 October 2022	**2,000**	**14,838**	**2,431**	**70,739**	**2,693**	**92,701**

The notes on pages 61 to 74 form part of these financial statements

Statement of Financial Position

Notes		31 October 2023 £'000	31 October 2022 £'000
	Fixed assets		
11	**Investments held at fair value through profit or loss**		
	Listed at market value	50,270	50,786
	Quoted on AIM at market value	38,703	54,392
	Unlisted at market value	513	517
		89,486	**105,695**
	Current assets		
12	Investment held at fair value through profit or loss	2	2
13	Debtors	487	216
	Cash at bank and in hand	2,315	1,219
		2,804	**1,437**
14	Creditors: amounts falling due within one year	(10,525)	(14,431)
	Net current liabilities	**(7,721)**	**(12,994)**
	Total assets less current liabilities	**81,765**	**92,701**
	Net assets	**81,765**	**92,701**
	Capital and reserves		
16	Called up share capital	2,000	2,000
	Share premium account	14,838	14,838
17	Capital redemption reserve	2,431	2,431
17	Other capital reserves	59,924	70,739
	Revenue reserve	2,572	2,693
	Total shareholders' funds	**81,765**	**92,701**
19	**Net asset value per ordinary share – basic and diluted**	**1,035.2p**	**1,173.7p**

These financial statements on pages 57 to 74 were approved and authorised for issue by the Board of Directors on 31 January 2024 and were signed on their behalf by:

Wendy Colquhoun
Chairman

The notes on pages 61 to 74 form part of these financial statements

Statement of Cash Flows

	Year ended 31 October 2023 £'000	Year ended 31 October 2022 £'000
Cash flows from operating activities		
Net loss before taxation	(8,166)	(33,547)
Add: finance costs	817	345
Add: losses on investments held at fair value through profit or loss	9,892	36,112
Increase in other debtors	(81)	(127)
Decrease in creditors	(12)	(1,361)
Net cash inflow from operating activities	**2,450**	**1,422**
Cash flows from investing activities		
Purchase of investments	(7,527)	(15,811)
Sale of investments	13,647	20,625
Proceeds from capital dividends	–	483
Net cash inflow from investing activities	**6,120**	**5,297**
Cash flows from financing activities		
Equity dividends paid	(2,764)	(2,248)
Net loans repaid	(3,937)	(4,261)
Interest paid	(773)	(351)
Net cash outflow from financing activities	**(7,474)**	**(6,860)**
Net increase/(decrease) in cash at bank and in hand	1,096	(141)
Cash at bank and in hand at start of year	1,219	1,360
Cash at bank and in hand at end of year	**2,315**	**1,219**
Comprising:		
Cash at bank and in hand	**2,315**	**1,219**

The notes on pages 61 to 74 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

(a) Basis of accounting

The Company is a registered investment company as defined in Section 833 of the Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 84.

The Financial Statements have been prepared in accordance with the Companies Act 2006, FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (the "SORP") issued in July 2022 by the Association of Investment Companies.

The principal accounting policies applied in the presentation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented. The Financial Statements have been prepared under the historical cost basis except for the measurement of fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with Sections 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

b) Going concern

The Company's Articles of Association require that at every third AGM, an ordinary resolution be put to approve the continuation of the Company. The resolution put to the AGM in 2023 was duly passed. The next triennial continuation resolution will be put to the AGM in 2026. The assets of the Company consist almost entirely of securities that are listed (or quoted on AIM) and are readily realisable. The net current liabilities are primarily due to borrowings under the loan facility, and the Company's portfolio is sufficiently liquid to meet the net current liabilities in the unlikely event that the loan needed to be fully repaid. The Board has considered the portfolio's liquidity and covenant compliance in event of significant and prolonged market falls. The securities lending programme entered into by the Company (see Note 15.3 on page 71 for more information) is supported by indemnification and therefore does not impact the liquidity of the portfolio or the Company's going concern. Accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the Financial Statements. Having assessed these factors and the principal risks, as well as considering the ongoing macro-economic factors referred to in the viability statement on page 29, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements.

c) Significant judgements and areas of estimation uncertainty

Considerations in respect of the classification of any dividends as revenue or capital are set out in accounting policy f) and the valuation policy of any unlisted investments is set out in accounting policy d). There have been no other significant judgements or estimations applied to the Financial Statements.

d) Investments held at fair value through profit or loss

Listed investments, including quoted AIM stocks, are held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid prices or the last trade price depending on the convention of the exchange on which the investment is quoted.

Unlisted investments are held at fair value through profit or loss and are valued by the Directors with regard to the International Private Equity and Venture Capital Guidelines ("IPEV") using primary valuation techniques such as recent transactions and net assets. Where fair value cannot reliably be measured the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired, in which case the value will be reduced. All such valuations are reviewed by both Janus Henderson's EMEA & APAC Pricing Committee and by the Directors.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "gains or losses on investments held at fair value through profit or loss". Transaction costs in relation to the purchase or sale of investments are also expensed within this line. All purchases and sales are accounted for on a trade date basis.

e) Foreign currency

The results and financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss, which are denominated in foreign currencies at the Statement of Financial Position date, are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital return or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

f) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of the Directors, the dividend is capital in nature, in which case it is taken to the capital return. When a dividend received is capital in nature, the associated proportion of the investment's underlying book cost relating to the capital reduction of the investment is allocated to the dividend and the book cost adjusted accordingly. This results in the realised profits from the capital dividend being the value of the dividend received less the underlying book cost allocated to the dividend. Income from fixed interest debt securities and preference shares is recognised using the effective interest rate method in accordance with the SORP. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Bank interest is accounted for on an accruals basis and shown in the revenue return based on amounts to which the Company is entitled.

Fees earned from stock lending are accounted for on an accruals basis and shown in the revenue return based on amounts to which the Company is entitled. This is after deduction of amounts withheld by the counterparty arranging the stock lending facility.

Where the Company enters into a commitment to sub-underwrite an issue of securities, in exchange for the receipt of commission, a derivative financial instrument is recognised initially at fair value. The derivative is re-measured subsequently at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from these derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

g) Management fee, performance fee, administrative expenses and finance costs

All expenses and finance costs are accounted for on an accruals basis.

The Board has determined that the capital return should reflect the indirect costs of earning capital returns. The Company allocates 70% of its management fee and finance costs to the capital return of the Income Statement with the remaining 30% being allocated to the revenue return.

The management fee is calculated quarterly in arrears, as 0.55% per annum of the net assets. No performance fee was accrued in the period (2022: £nil). Performance fee provisions were removed with effect from 20 October 2023 and no performance fee was payable in the year ended 31 October 2023.

All other administrative expenses are charged to the revenue return of the Income Statement.

Expenses which are incidental to the purchase or sale of an investment are recognised immediately in the capital return of the Income Statement, and are included within the gains/losses from investments held at fair value through profit or loss.

h) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the applicable rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

i) Bank borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently remeasured at amortised cost. Finance costs, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

j) Cash and liquid resources

For the purposes of the Statement of Cash Flows, cash comprises bank deposits that are repayable on demand and bank overdrafts. Liquid resources comprise readily disposable shares of value that do not qualify as cash, and include investments in money market funds as explained more fully in Note 12.

k) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by shareholders. Dividends are recognised within the Statement of Changes in Equity.

l) The issue and repurchase of ordinary shares and the associated costs

The proceeds from the issue of new ordinary shares (including those relating to the sale of shares out of treasury), and the aggregate cost of repurchasing ordinary shares (including those to be held in treasury) are taken directly to equity. Issue costs incurred in respect of new ordinary shares are offset against the proceeds received and dealt with in the share premium account. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in the share premium account. Share issue and repurchase transactions are accounted for on a trade date basis.

m) Capital reserves

Called up share capital represents the nominal value of ordinary shares issued.

The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

The capital redemption reserve represents the nominal value of ordinary shares that have been repurchased and cancelled.

Other capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on investments held. The following analyses what is accounted for in each of these components.

Capital reserve arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- cost of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

n) Distributions

Distributions can be made from the revenue reserve and from realised gains in other capital reserves. Distributions cannot be made from the share premium account or the capital redemption reserve.

2 Losses on investments held at fair value through profit or loss

	2023 £'000	2022 £'000
(Losses)/gains on the sale of investments based on historical cost	(3,497)	8,286
Revaluation gains/(losses) recognised in previous years	4,342	(6,736)
Gains on investments sold in the year based on carrying value at previous Statement of Financial Position date	**845**	**1,550**
Revaluation losses on investments held at 31 October	(10,737)	(37,662)
	(9,892)	**(36,112)**

Included within (losses)/gains on investments are special capital dividends of £nil (2022: £483,000). These are accounted for in accordance with accounting policy 1f).

Notes to the Financial Statements (continued)

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

	2023 £'000	2022 £'000
UK:		
Dividends from listed investments	1,384	2,668
Dividends from AIM investments	1,795	979
	3,179	**3,647**
Non-UK:		
Dividends from listed investments	90	68
	90	**68**
	3,269	**3,715**

4 Other interest receivable and other income

	2023 £'000	2022 £'000
Deposit interest	56	7
Stock lending commission	183	197
Underwriting commission (allocated to revenue)	3	1
	242	**205**

At 31 October 2023, the total value of securities on loan by the Company for stock lending purposes was £11,760,000 (2022: £9,691,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2023 was £19,850,000 (2022: £17,350,000). The Company's agent holds collateral at 31 October 2023 with the value of £12,380,000 (2022: £10,203,000) in respect of securities on loan, the value of which is reviewed on a daily basis and comprises CREST Delivery By Value ("DBVs") and Government Bonds with a market value of 105% (2022: 105%) of the market value of any securities on loan.

During the year the Company was not required to take up shares in respect of underwriting commission; no commission was taken to capital (2022: same).

5 Management and performance fees

	2023			2022		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	151	351	502	173	404	577
Performance fee	–	–	–	–	–	–
	151	**351**	**502**	**173**	**404**	**577**

The basis on which the management fee is calculated is set out on page 21 in the strategic report. Performance fee provisions were removed with effect from 20 October 2023 and no performance fee was payable in the year ended 31 October 2023 (2022: £nil).

Notes to the Financial Statements (continued)

6 Other administrative expenses

	2023 £'000	2022 £'000
Auditor's remuneration for audit services	45	38
Directors' fees and expenses (see the Directors' remuneration report on page 46)	118	115
Directors' and officers' liability insurance	14	13
Listing and regulatory fees	17	18
Custody fees	17	7
Depositary fees	9	11
Printing and postage	18	19
Registrar's fees	15	13
Marketing expenses recharged by Janus Henderson	20	30
Bank facilities: arrangement and non-utilisation fees	79	57
Other expenses	80	78
Irrecoverable VAT	34	34
	466	**433**

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

7 Finance costs

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000
On bank loans and overdrafts	**245**	**572**	**817**	**104**	**241**	**345**

The allocation between revenue return and capital return is explained in Note 1g) on page 62.

8 Taxation

Approved investment trusts are exempt from tax on capital gains.

The effective rate of UK corporation tax for the year was 22.50% (2022: effective rate of 19.00%). The tax charge for the year is lower than the corporation tax rate of 25%.

The tax charge for the year ended 31 October 2023 is £6,000 (2022: £1,000).

The differences are explained below:

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000
Net return before taxation	**2,649**	**(10,815)**	**(8,166)**	**3,210**	**(36,757)**	**(33,547)**
Corporation tax at 22.50% (2022: 19.00%)	596	(2,433)	(1,837)	610	(6,984)	(6,374)
Non-taxable UK dividends	(715)	–	(715)	(692)	–	(692)
Non-taxable overseas dividends	(7)	–	(7)	(6)	–	(6)
Excess management expenses	126	207	333	88	123	211
Irrecoverable overseas withholding tax	6	–	6	1	–	1
Capital losses not subject to tax	–	2,226	2,226	–	6,861	6,861
Total tax charge	**6**	**–**	**6**	**1**	**–**	**1**

No provision for deferred taxation has been made in the current or prior accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax on these items because of its investment trust status. The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers

Notes to the Financial Statements (continued)

8 Taxation (continued)

to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading “Excess management expenses” in the table on the previous page. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts. Consequently, the Company has not recognised a deferred tax asset totalling £6,593,000 (2022: £6,222,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £26,374,000 (2022: £24,886,000), and based on a prospective tax rate of 25% (2022: 25%).

9 Net return per ordinary share – basic and diluted

The total loss per ordinary share is based on the total loss attributable to the ordinary shares of £8,172,000 (2022: total loss of £33,548,000) and on 7,898,375 ordinary shares (2022: 7,898,375) being the weighted average number of shares in issue during the year.

The return per ordinary share can be further analysed as follows:

	2023 £’000	2022 £’000
Revenue return	2,643	3,209
Capital loss	(10,815)	(36,757)
Total loss	**(8,172)**	**(33,548)**
Weighted average number of ordinary shares	**7,898,375**	**7,898,375**

	2023	2022
Revenue return per ordinary share	33.46p	40.63p
Capital loss per ordinary share	(136.92p)	(465.37p)
Total loss per ordinary share – basic and diluted	**(103.46p)**	**(424.74p)**

10 Ordinary dividends paid

	Record date	Payment date	**2023 £’000**	2022 £’000
Amounts recognised as distributions to equity holders in the year:				
Third interim dividend for the year ended 31 October 2021 of 6.5p	19 November 2021	17 December 2021	–	513
Final dividend for the year ended 31 October 2021 of 8.0p	18 February 2022	25 March 2022	–	632
First interim dividend for the year ended 31 October 2022 of 7.0p	20 May 2022	24 June 2022	–	553
Second interim dividend for the year ended 31 October 2022 of 7.0p	19 August 2022	23 September 2022	–	553
Third interim dividend for the year ended 31 October 2022 of 7.0p	18 November 2022	16 December 2022	553	–
Final dividend for the year ended 31 October 2022 of 13.0p	17 February 2023	24 March 2023	1,027	–
First interim dividend for the year ended 31 October 2023 of 7.5p	19 May 2023	23 June 2023	592	–
Second interim dividend for the year ended 31 October 2023 of 7.5p	18 August 2023	22 September 2023	592	–
Refund of unclaimed dividends over 12 years old			–	(3)
			2,764	**2,248**

Notes to the Financial Statements (continued)

10 Ordinary dividends paid (continued)

The Board declared a third interim dividend of 7.5p per ordinary share, paid on 15 December 2023 to shareholders on the register of the Company at the close of business on 17 November 2023. The ex-dividend date was 16 November 2023. Based on the number of ordinary shares in issue on 31 October 2023, the cost of this dividend was £592,000.

Subject to approval at the AGM, the proposed final dividend of 13.0p per ordinary share will be paid on 22 March 2024 to shareholders on the register of members at the close of business on 16 February 2024. The shares will be quoted ex-dividend on 15 February 2024.

The total dividends payable in respect of the financial year, which form the basis of the test under Section 1158 of the Corporation Tax Act 2010, are set out below:

	Year ended 31 October 2023 £'000	Year ended 31 October 2022 £'000
Revenue available for distribution by way of dividends for the year	2,643	3,209
First interim dividend for the year ended 31 October 2023: 7.5p (2022: 7.0p)	(592)	(553)
Second interim dividend for the year ended 31 October 2023: 7.5p (2022: 7.0p)	(592)	(553)
Third interim dividend for the year ended 31 October 2023: 7.5p (2022: 7.0p)	(592)	(553)
Proposed final dividend for the year ended 31 October 2023: 13.0p (based on the 7,898,375 ordinary shares in issue at 31 January 2024) (2022: 13.0p on 7,898,375 ordinary shares)	(1,027)	(1,027)
Transferred (from)/to revenue reserve[1]	**(160)**	**523**

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

1 Undistributed revenue comprises nil% of income from investments (2022: 13.3%)

11 Investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Valuation at 1 November	105,695	147,104
Investment holding losses/(gains) at 1 November	10,699	(33,699)
Cost at 1 November	**116,394**	**113,405**
Purchases at cost	7,527	15,811
Sales at cost	(17,340)	(12,453)
Cost allocated to capital dividends	–	(369)
Cost at 31 October	**106,581**	**116,394**
Investment holding losses at 31 October	(17,095)	(10,699)
Valuation of investments at 31 October	**89,486**	**105,695**

The Company received £13,843,000 (2022: £20,625,000) from investments sold in the year. The book cost of these investments when they were purchased was £17,340,000 (2022: £12,453,000). These investments have been revalued over time and until they were sold. Any unrealised gains/losses were included in the fair value of the investments.

All the investments were equity investments (2022: same).

Total transaction costs amounted to £29,000 (2022: £70,000) of which purchase transaction costs for the year ended 31 October 2023 were £24,000 (2022: £61,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the year ended 31 October 2023 were £5,000 (2022: £9,000).

Substantial interests in investments

As at 31 October 2023 the Company held an interest in 3% or more of any class of share capital in Chamberlin, Deltex Medical, Deltic Energy, Jersey Oil & Gas, Van Elle and Westminster (2022: Chamberlin, Deltex Medical, Deltic Energy, Jersey Oil & Gas, Orcadian Energy, Van Elle and Westminster). These investments are not considered material in the context of these Financial Statements for either year.

Notes to the Financial Statements (continued)

12 Current asset investment held at fair value through profit or loss

The Company has a holding in Deutsche Global Managed Platinum Income Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short-term deposit. At 31 October 2023 this holding had a value of £2,000 (2022: £2,000).

13 Debtors

	2023 £'000	2022 £'000
Sales for future settlement	196	–
Prepayments and accrued income	291	210
Tax recoverable	–	6
	487	**216**

14 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Unsecured sterling bank loans (see Note 15.6)	10,169	14,106
Bank loan interest payable	72	29
Other creditors	284	296
	10,525	**14,431**

15 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its Investment Objective and Investment Policy as stated on page 20. In pursuing its Investment Objective and Investment Policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk, and the Directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and Janus Henderson co-ordinate the Company's risk management and there are various risk management systems in place.

The Board determines the objectives, policies and processes for managing risks, and these are set out below under the relevant risk category. The policies for management of risk have not changed from the previous accounting period and are the same for the Company except where separate disclosures are made.

15.1 Market risk

The fair value of a financial instrument held by the Company will fluctuate due to changes in market prices. This market risk comprises market price risk (see Note 15.1.1), currency risk (see Note 15.1.2) and interest rate risk (see Note 15.1.3). The Board reviews and agrees policies for managing these risks. The Fund Managers assess the exposure to market risk when making each investment decision, and monitor the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

15.1.1 Market price risk

Market price risk (i.e. changes in market prices other than those arising from interest rate risk or currency risk) will affect the fair value of investments.

The Company's exposure to market price risk at 31 October 2023 and at 31 October 2022, is represented by the investments it holds, as shown on the Statement of Financial Position on page 59 under the heading "Investments held at fair value through profit or loss".

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from Janus Henderson. The Board meets regularly and at each meeting reviews investment performance. The Board monitors Janus Henderson's compliance with the Company's objective and is responsible for investment strategy and asset allocation.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.1 Market price risk (continued)

Concentration of exposure to market price risk

An analysis of the Company's investment portfolio is shown on pages 14 to 15. This shows that the value of the investments is primarily in companies that are listed in the UK. Accordingly, there is a concentration of exposure to market price risk in the UK, although it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

The table below illustrates the sensitivity of the total return after taxation for the year and the net assets to an increase or decrease of 20% in the fair values of the Company's investments. This level of change is considered to be reasonable based on historic market conditions.

Sensitivity analysis

	2023		2022	
	If prices go up 20% £'000	If prices go down 20% £'000	If prices go up 20% £'000	If prices go down 20% £'000
Investments (excluding investments in money market funds)	89,486	89,486	105,695	105,695
Impact on the income statement:				
Revenue return	(29)	29	(35)	35
Capital return	17,828	(17,828)	21,058	(21,058)
Impact on net assets and total return	**17,799**	**(17,799)**	**21,023**	**(21,023)**

15.1.2 Currency risk

A small proportion of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items. The Company had no cash at bank and in hand at 31 October 2023 (2022: none) denominated in foreign currency.

Management of the risk

Janus Henderson monitors the Company's exposure to foreign currencies and reports any significant changes to the Board. Janus Henderson measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure and sensitivity

The Company's investments are predominately in sterling-based securities and its exposure to currency risk is not considered material.

15.1.3 Interest rate risk

Interest rate movements may affect:

- the level of income receivable from interest-bearing securities, money market funds and cash at bank and in hand and on deposit; and
- the interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the Company's bank loan facility. The Company, generally, may make use of money market fund placings and does not hold significant cash balances; it uses short-term borrowings when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.3 Interest rate risk (continued)

Management of the risk

Interest rate exposure

The Company's exposure at 31 October 2023 and at 31 October 2022 of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be reset.

	2023 Within one year £'000	2022 Within one year £'000
Exposure to floating interest rates:		
Cash at bank and in hand	2,315	1,219
Money market funds	2	2
Creditors – falling due within one year:		
Borrowings under loan facility	(10,169)	(14,106)
Total exposure to interest rates	**(7,852)**	**(12,885)**

Interest receivable and finance costs are at the following rates:

- interest received on cash balances and money market funds, or paid on bank overdrafts, is at a margin linked to interest rates (2022: same); and
- interest paid on borrowings under the loan facility is at a margin over SONIA in line with the terms of the agreement. The weighted average interest rate of these is 6.2% as at 31 October 2023 (2022: 3.1%).

Interest rate risk sensitivity

The Company is exposed to interest rate risk primarily through its loan facility with The Royal Bank of Scotland International Limited (London Branch) and money market funds balances. The sensitivity is as follows: borrowings vary throughout the year as a result of the Board's borrowing policy. Net borrowings at the year end were £7,852,000 (2022: £12,885,000) and if that level of borrowings was maintained for a full year, then a 200 basis points change in interest rates (up or down) would decrease or increase total net return after taxation and shareholders' funds by £157,000 (2022: £258,000).

15.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in listed securities that are readily realisable. The Company had unsecured sterling loan facilities totalling £30m (2022: £30m) and an overdraft facility with the sub custodian, the extent of which is determined by the Custodian on a regular basis by the value of the securities held by it on behalf of the Company. The facilities are subject to regular review. The Company's unsecured sterling loan facility is due to expire in March 2024 and the Board has secured pricing for its renewal.

The Board gives guidance to Janus Henderson as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company's assets should generally remain fully invested in equities. Any short term cash requirements will generally be met by short term borrowings.

The Board monitors the Company's exposure to smaller companies on a monthly basis and reviews this in detail at Board meetings. The liquidity of the whole portfolio is also considered at Board meetings.

The contractual maturities of the financial liabilities at 31 October based on the earliest date on which payment can be required are as follows:

	2023		2022	
	Due within one month £'000	Due between one and three months £'000	Due within one month £'000	Due between one and three months £'000
Bank overdraft, loans and interest	4,123	6,118	11,082	3,053
Other creditors	284	–	296	–
	4,407	**6,118**	**11,378**	**3,053**

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.3 Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed regularly by Janus Henderson, and limits are set on the amount that may be due from any one broker; and
- cash at bank is held only with reputable banks with high quality external credit ratings or through a money market fund that uses such banks.

Stock lending transactions are carried out with a number of approved counterparties, whose credit rating is reviewed regularly by Janus Henderson and limits are set on the amount that may be lent to any one counterparty. Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed future date. Stock lending revenue is received for making the investments available to the borrower, which increases the returns on the portfolio. In all cases securities lent continue to be recognised in the Statement of Financial Position. Details of the value of securities on loan at the year end, and the collateral held, can be found in Note 4.

HSBC's Securities Lending Programme provides broad market access supported by indemnification. This indemnification covers replacement of loaned securities (and all ancillary benefits such as outstanding income and fees) in the event of a borrower default. HSBC will make whole any shortfall between the value realised out of selling collateral and value of the loaned securities.

In summary, the exposure to credit risk at 31 October 2023 was to cash at bank and in hand and money market funds of £2,317,000 (2022: £1,221,000) and to debtors of £487,000 (2022: £216,000) (see Note 13).

15.4 Fair values of financial assets and financial liabilities

The financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments) or the Statement of Financial Position amount is a reasonable approximation of fair value (sales for future settlement, dividends and interest receivable, purchases for future settlement, accruals, cash at bank and in hand, bank overdrafts and amounts due under the loan facility).

15.5 Fair value hierarchy disclosures

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

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

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

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

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

Fair value hierarchy at 31 October 2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	88,973	–	513	89,486
Current asset investments	2	–	–	2
	88,975	**–**	**513**	**89,488**

Fair value hierarchy at 31 October 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	105,178	–	517	105,695
Current asset investments	2	–	–	2
	105,180	**–**	**517**	**105,697**

There have been no transfers during the year between any of the levels.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.5 Fair value hierarchy disclosures (continued)

The total carrying value of receivables, as stated in Note 13, is a reasonable approximation of their fair value as at the year end date. The total carrying value of financial liabilities, as disclosed in Note 14, is a reasonable approximation of their fair value at the year end date.

A reconciliation of movements within Level 3 is set out below:

	2023 £'000	2022 £'000
Opening balance at 1 November	517	493
Revaluation	(4)	24
Closing balance at 31 October	**513**	**517**

The investment valuation of the Company's holding in Oxford Science Enterprises has been reviewed and revalued accordingly.

15.6 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the revenue and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 31 October 2023 comprised its equity share capital, reserves and loans (as shown in Note 14) that are included in the Statement of Financial Position at a total of £91,934,000 (2022: £106,807,000).

The Board, with the assistance of Janus Henderson, monitors and reviews the structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account Janus Henderson's view on the market;
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium) as well as the discount of the peer group and the level of the equity market;
- the need for new issues of equity shares, including allotments from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company is subject to externally imposed capital requirements:

- borrowings under the loan facility must not exceed 30% of the adjusted investment portfolio value (as defined by the bank providing the loan facility) and the consolidated net tangible asset value must not be less than £70m at any time;
- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

The Company has a revolving credit facility of £30m with The Royal Bank of Scotland International Limited (London Branch).

The maximum drawn down position in the year was £18,170,000 and the lowest position in the year was £10,121,000. The facility is due to expire in March 2024 and the Board has secured pricing for its renewal.

The Board reviews the level of net gearing at each Board meeting in the light of the liquidity of the portfolio and ensures that it is well within the covenants so that the risk of breaching the covenants or the gearing range determined by the Board leading the Company to become a forced seller of investments with possible losses for shareholders is unlikely to arise.

Notes to the Financial Statements (continued)

16 Called up share capital

	2023 £'000	2022 £'000
Allotted and issued ordinary shares of 25p each 7,898,375 (2022: 7,898,375)	1,974	1,974
Ordinary shares of 25p each held in treasury 102,483 (2022: 102,483)	26	26
	2,000	**2,000**

During the year ended 31 October 2023 no ordinary shares of 25p each were issued or repurchased by the Company (2022: none). Shares held in treasury do not carry a right to receive dividends or vote.

17 Capital redemption reserve and other capital reserves

	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Other capital reserves total £'000
At 1 November 2022	2,431	81,429	(10,690)	70,739
Transfer on disposal of investments	–	(4,342)	4,342	–
Net gains/(losses) on investments	–	845	(10,737)	(9,892)
Expenses and finance costs allocated to capital	–	(923)	–	(923)
At 31 October 2023	**2,431**	**77,009**	**(17,085)**	**59,924**

	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Other capital reserves total £'000
At 1 November 2021	2,431	73,788	33,708	107,496
Transfer on disposal of investments	–	6,736	(6,736)	–
Net gains/(losses) on investments	–	1,550	(37,662)	(36,112)
Expenses and finance costs allocated to capital	–	(645)	–	(645)
At 31 October 2022	**2,431**	**81,429**	**(10,690)**	**70,739**

The capital reserve arising on revaluation of investments held includes £3,151,000 of unrealised losses on nil valued investments (2022: £3,151,000). Any distributions from capital reserve arising on investments sold would be restricted by this amount.

18 Net debt reconciliation

	Cash at bank and in hand £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 October 2022	1,219	(14,106)	(12,887)
Cash flows	1,096	3,937	5,033
Net debt as at 31 October 2023	**2,315**	**(10,169)**	**(7,854)**

Notes to the Financial Statements (continued)

18 Net debt reconciliation (continued)

	Cash at bank and in hand £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 October 2021	1,360	(18,367)	(17,007)
Cash flows	(141)	4,261	4,120
Net debt as at 31 October 2022	**1,219**	**(14,106)**	**(12,887)**

19 Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share at the year end was 1,035.2p (2022: 1,173.7p). The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £81,765,000 (2022: £92,701,000) and on the 7,898,375 ordinary shares in issue at 31 October 2023 (2022: 7,898,375). There are no dilutive securities so the basic and diluted net asset value per ordinary share are the same.

The movements during the year of the assets attributable to the ordinary shares were as follows:

	2023 £'000	2022 £'000
Total net assets at 1 November	92,701	128,497
Total net loss	(8,172)	(33,548)
Dividends paid in the year	(2,764)	(2,248)
Total net assets at 31 October	**81,765**	**92,701**

20 Capital commitments and contingent commitments

Capital commitments

There were no capital commitments at 31 October 2023 (2022: none).

Contingent commitments

As at 31 October 2023 there were no commitments (2022: none).

21 Transactions with Janus Henderson

Under the terms of an agreement effective from 22 July 2014, the Company appointed a wholly owned subsidiary company of Janus Henderson to provide investment management, accounting, administrative and corporate secretarial services. Janus Henderson has contracted with BNP Paribas to provide accounting and administration services.

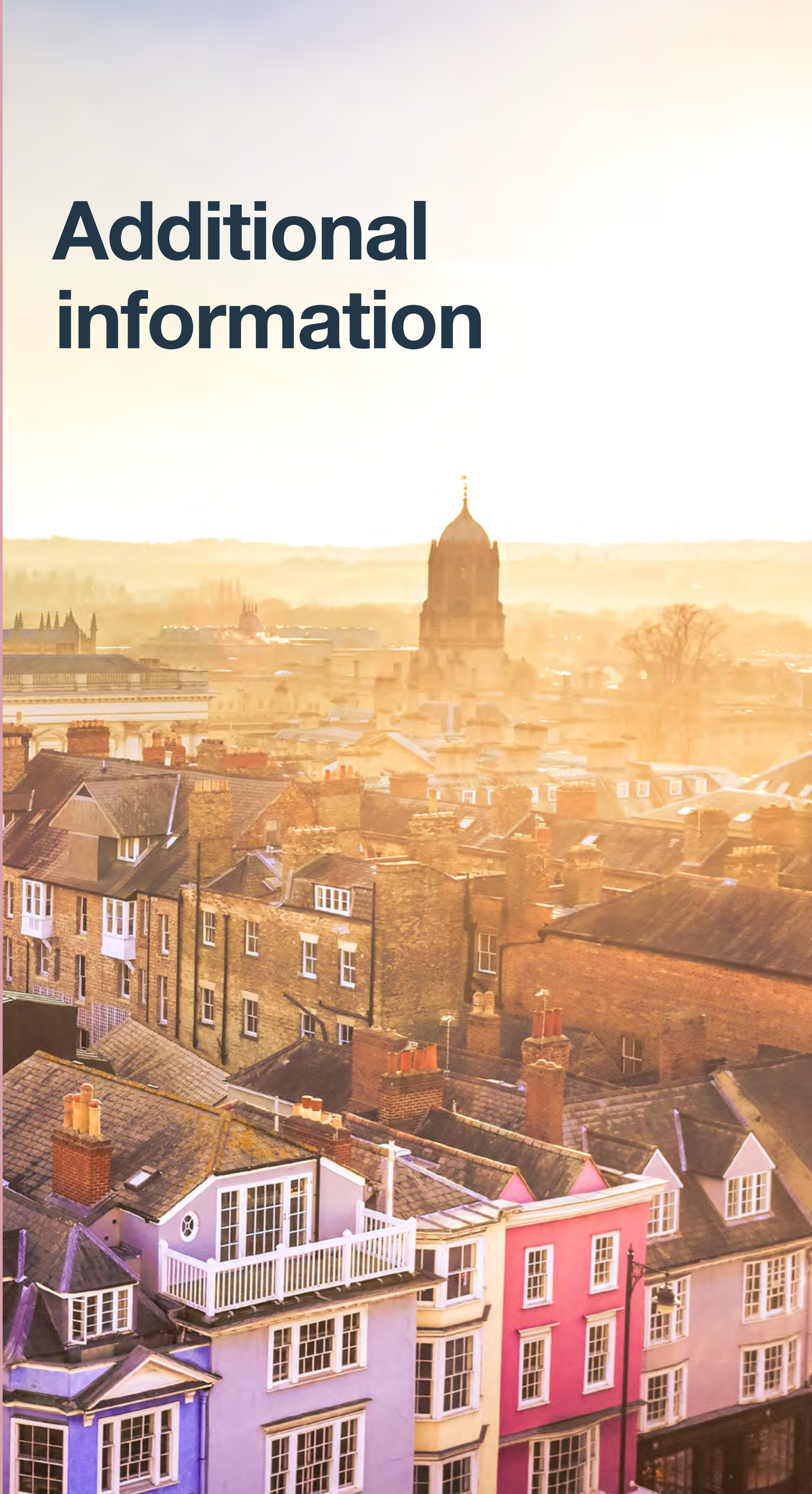
Details of the management fee arrangements for these services are given in the strategic report on page 21. The total of the management fees paid or payable under this agreement to Janus Henderson in respect of the year ended 31 October 2023 was £502,000 (2022: £577,000) of which £161,000 was outstanding at 31 October 2023 (2022: £165,000). With effect from 20 October 2023, the performance fee was removed. No performance fee was payable for the 2023 year end (2022: none).

Janus Henderson also provides certain sales and marketing services for which there is no separate charge.

In addition to the above, Janus Henderson facilitates marketing activities with third parties which are recharged by Janus Henderson to the Company. The total amount in respect of these third party marketing activities for the year ended 31 October 2023 amounted to £20,000 (2022: £30,000) of which £10,000 was outstanding at 31 October 2023 (2022: £14,000).

Details of fees paid to Directors are included in the Directors' remuneration report on page 46 and in Note 6 on page 65.

Additional information



Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and adopted into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and Depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Alternative performance measures

A glossary of alternative performance measures (including discount, premium, net gearing, NAV per ordinary share, ongoing charge, revenue return per share, total return and dividend yield) can be found on pages 78 and 79.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities. The Company is in the UK All Companies Sector.

Benchmark

An index against which performance is compared. For the Company this is the FTSE All-Share Index.

Custodian

The Custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

As an AIF the Company is required to appoint a Depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a Custodian. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend dates

When declared or announced, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's Registrar to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's NAV and share price will be disclosed ex-dividend.

Investment trusts

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

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Glossary (continued)

Market capitalisation

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Securities financing transactions

Securities financing transactions include activities such as repurchase agreements, securities or commodities lending, securities or commodities borrowing, buy or sell back transactions and margin lending transactions. When a company carries out such activities, there are disclosures that are required to be made under Regulation (EU) 2015-2365. The Company carries out stock lending activities, so needs to disclose the following under these regulations: the value of securities as a proportion of total lendable assets and net assets ("Global Data"), the ten largest collateral issuers and counterparties ("Concentration Data"), a summary by counterparty of collateral received from securities on loan ("Aggregate Transaction Data"), whether any re-use of collateral is carried out and the gross income and costs from securities lending ("Return and Cost").

Treasury shares

Shares repurchased by the Company but not cancelled.

Alternative performance measures (unaudited)

The Company uses the following Alternative Performance Measures ("APMs") throughout the Annual Report, Financial Statements and Notes to the Financial Statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group and benchmark.

Discount or premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per ordinary share.

		31 October 2023	31 October 2022
Net asset value per ordinary share (pence)	(A)	1,035.2	1,173.7
Share price per share (pence)	(B)	865.0	1,018.0
(Discount) or premium (C=(B-A)/A) (%)	(C)	(16.4)	(13.3)

Net gearing

The net gearing reflects the amount of borrowings (see Note 14) (i.e. bank loans or overdrafts) the Company has used to invest in the market less cash and investment in cash funds (see Statement of Financial Position), divided by net assets.

		2023	2022
Bank loans or overdrafts (Note 14) (£'000)	(A)	10,169	14,106
Less:			
Cash at bank and in hand	(B)	(2,315)	(1,219)
Investment in cash funds	(C)	(2)	(2)
Net gearing (£'000)	(D)	**7,852**	**12,885**
Net assets (see page 59) (£'000)	(E)	**81,765**	**92,701**
Gearing (F=D/E) (%)	(F)	9.6	13.9

NAV per ordinary share

The value of the Company's assets (i.e. investments held at fair value through profit or loss (see Note 11) and cash held (see Statement of Financial Position)) less any liabilities (i.e. bank borrowings (see Note 14)) for which the Company is responsible divided by the number of shares in issue (see Note 16). The aggregate NAV is also referred to as total shareholders' funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 1 and further information is available on page 74 in Note 19 within the Notes to the Financial Statements.

Alternative performance measures (unaudited)

(continued)

Ongoing charge

The ongoing charge ratio has been calculated in accordance with the guidance issued by the AIC as the total investment management fees and administrative expenses and expressed as a percentage of the average daily net asset values throughout the year.

	2023 £'000	2022 £'000
Management fee (Note 5)	502	577
Other administrative expenses (Note 6)	466	433
Ongoing charge	**968**	**1,010**
Performance fee	–	–
Ongoing charge including performance fee	**968**	**1,010**
Average net assets[1]	**94,737**	**112,224**
Ongoing charge ratio	**1.02%**	**0.90%**
Ongoing charge ratio including performance fee	**1.02%**	**0.90%**

1 Calculated using the average daily net asset value

The ongoing costs provided in the Company's Key Information Document ("KID") is calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs and look through to costs incurred by other investment trusts and funds the Company invests in.

Revenue return per share

The revenue return per share, is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see Note 9 on page 66).

Total return

The return on the share price or NAV taking into account both the rise and fall of NAV/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in Note 10 on pages 66 and 67.

	NAV per share	**Share price**
NAV/share price per share at 31 October 2022 (pence)	1,173.7	1,018.0
NAV/share price per share at 31 October 2023 (pence)	1,035.2	865.0
Change in the year (%)	(11.8)	(15.0)
Impact of dividends reinvested (%)	2.9	3.3
Total return for the year (%)	(9.3)	(12.2)

Dividend yield

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

		31 October 2023	31 October 2022
Annual dividend (pence)	(A)	35.5	34.0
Share price (pence)	(B)	865.0	1,018.0
Yield (C=A/B) (%)	(C)	4.1	3.3

Securities financing transactions (unaudited)

The Company engages in securities financing transactions (as defined in Article 3 of Regulation (EU) 2015-2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the year ended 31 October 2023 are detailed below.

Global data

The amount of securities on loan as a proportion of total lendable assets and the Company's net assets as at 31 October 2023 are disclosed below:

Stocklending		
Market value of securities on loan £'000	% of lendable assets	% of assets under management
11,760	13.14	14.38

Concentration data

The ten largest collateral issuers across all the securities financing transactions as at 31 October 2023 are disclosed below:

Issuer	Market value of collateral received £'000
Government of Japan	5,795
US Treasury	3,407
Vodafone	142
BT Group	142
Haleon	142
Tesco	142
National Grid	142
GlaxoSmithKline	142
IMI	142
Hikma Pharmaceuticals	142
	10,338

The top ten counterparties of each type of securities financing transactions as at 31 October 2023 are disclosed below:

Counterparty	Market value of securities on loan £'000
Goldman Sachs	3,245
Barclays	2,303
Merrill Lynch International	2,103
JP Morgan	1,338
Morgan Stanley	1,112
BNP Paribas	774
UBS	416
Bank of Nova Scotia	309
Citi Group	126
HSBC	34
	11,760

All counterparties have been included.

Securities financing transactions (unaudited)

(continued)

Aggregate transaction data

The following table discloses a summary of aggregate transaction data related to the collateral received from securities on loan as at 31 October 2023:

Stock lending

Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
BNP Paribas	United Kingdom	Equity	Main Market Listing	HKD	Tri-party	HSBC	821
Barclays	United Kingdom	Government Debt	Investment Grade	JPY	Tri-party	HSBC	2,418
Citi Group	United Kingdom	Equity	Main Market Listing	USD	Tri-party	HSBC	13
		Government Debt	Main Market Listing	JPY	Tri-party	HSBC	120
Goldman Sachs	United Kingdom	UK Gilts	Main Market Listing	GBP	Tri-party	HSBC	3,407
HSBC	Hong Kong	Equity	Main Market Listing	GBP	Tri-party	HSBC	36
JP Morgan	United Kingdom	Equity	Main Market Listing	GBP	Tri-party	HSBC	1,419
Merrill Lynch	United Kingdom	Government Debt	Main Market Listing	JPY	Tri-party	HSBC	2,208
Morgan Stanley	United Kingdom	Government Debt	Investment Grade	JPY	Tri-party	HSBC	1,169
Bank of Nova Scotia	Canada	Equity	Main Market Listing	USD	Tri-party	HSBC	33
		Equity	Main Market Listing	CAD	Tri-party	HSBC	132
		Equity	Main Market Listing	GBP	Tri-party	HSBC	98
		Equity	Main Market Listing	CHF	Tri-party	HSBC	65
UBS	Switzerland	Equity	Main Market Listing	HKD	Tri-party	HSBC	107
		Equity	Main Market Listing	USD	Tri-party	HSBC	53
		Government Debt	Investment Grade	JPY	Tri-party	HSBC	108
		Equity	Main Market Listing	SGD	Tri-party	HSBC	12
		Equity	Main Market Listing	GBP	Tri-party	HSBC	161
							12,380

Re-use of collateral

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

Return and cost

The return and cost of engaging in securities lending by the Company and the securities lending agent in absolute terms and as a percentage of overall returns are disclosed below:

Total gross amount of securities lending income £'000	Direct and indirect costs and fees deducted by securities lending agent £'000	% return of the securities lending agent	Net securities lending income retained by the Company £'000	% return of the Company
229	46	20	183	80

General shareholder information

AIFMD disclosures

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of Janus Henderson Fund Management UK Limited, as the Company's AIFM is required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document "AIFMD Disclosure" which can be found on the Company's website **www.hendersonopportunitiestrust.com**.

BACS

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 84) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard ("CRS")

Tax legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information has to be provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act

Copies of this report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate.

You can contact the Registrar, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0370 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a "typetalk" operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

Foreign Account Tax Compliance Act ("FATCA")

FATCA is a United States federal law whose intent is to enforce the requirement for United States persons (including those living outside the USA) to file yearly reports on their non-USA financial accounts. Investment trusts need to monitor each year the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company makes an annual assessment, before the FATCA return is due, to determine if the shares represent financial accounts and, where they do, identify and report USA reportable accounts to HMRC, as required.

General Data Protection Regulation ("GDPR")

A privacy statement can be found on the website **www.janushenderson.com**.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Non-Mainstream Pooled Investment ("NMPI") status

The Company currently conducts its affairs so that its ordinary shares of 25p each can be recommended by IFAs and wealth managers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation/Key Information Document ("KID")

Investors should be aware that the PRIIPs Regulation requires the Manager, as the PRIIP manufacturer, to prepare a key information document in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by legislation. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

General shareholder information (continued)

Performance details/share price information

Details of the Company's share price and NAV per share can be found on the website. The address is **www.hendersonopportunitiestrust.com**. The Company's NAV is published daily.

The market price of the Company's shares can also be found in the London Stock Exchange Daily Official List.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar via **www.computershare.com**.

Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Taxonomy Regulation

Regulation (EU) 2020/852 ("Taxonomy Regulation") establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company states that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services plc, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice".

If you are in any doubt about the veracity of an unsolicited phone call, please call the Corporate Secretary at the number provided on page 84. You can also check the FCA Warning List at #BeScamSmart **https://www.fca.org.uk/scamsmart**.

Corporate information

Registered office

201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Service providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
Email: **support@janushenderson.com**

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Broker

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Registrar

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1059
Email: **web.enquiries@computershare.co.uk**

Investors with share certificates (i.e. not those in a share plan or ISA) can check their holdings at **www.computershare.com.**

Independent auditor

BDO LLP
55 Baker Street
London W1U 7EU

Financial calendar

Annual results	announced February 2024
Final dividend ex dividend date	15 February 2024
Final dividend record date	16 February 2024
Annual General Meeting	7 March 2024
2023 final dividend payable on	22 March 2024
Half year results	announced June 2024
First interim dividend payable	June 2024
Second interim dividend payable	September 2024
Third interim dividend payable	December 2024
2024 final dividend payable	March 2025

Information sources

For more information about Henderson Opportunities Trust plc, visit the website at **www.hendersonopportunitiestrust.com.**

To receive regular insights on investment trusts from the Manager, visit: **https://www.janushenderson.com/en-gb/investor/subscriptions/** or scan the QR code and register with Janus Henderson.

Follow Janus Henderson Investment Trusts LinkedIn – Janus Henderson Investment Trusts, UK.

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Voting on shares

The AIC has provided information on how to vote investment company shares on some major platforms. This information can be found at **www.theaic.co.uk/how-to-vote-your-shares**.

Henderson Opportunities Trust plc
Registered as an investment company in England and Wales
Registration number 01940906
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: 0853657/GB0008536574
London Stock Exchange (TIDM) Code: HOT
Legal Entity Identifier (LEI): 2138005D884NPGHFQS77

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

Telephone: **0800 832 832**
Email: **support@janushenderson.com**

www.hendersonopportunitiestrust.com

MANAGED BY
Janus Henderson
INVESTORS

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The Association of
Investment Companies

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

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Designed and typeset by 2112 Communications, London

Printed by Paragon, London.

JHI9216/2023