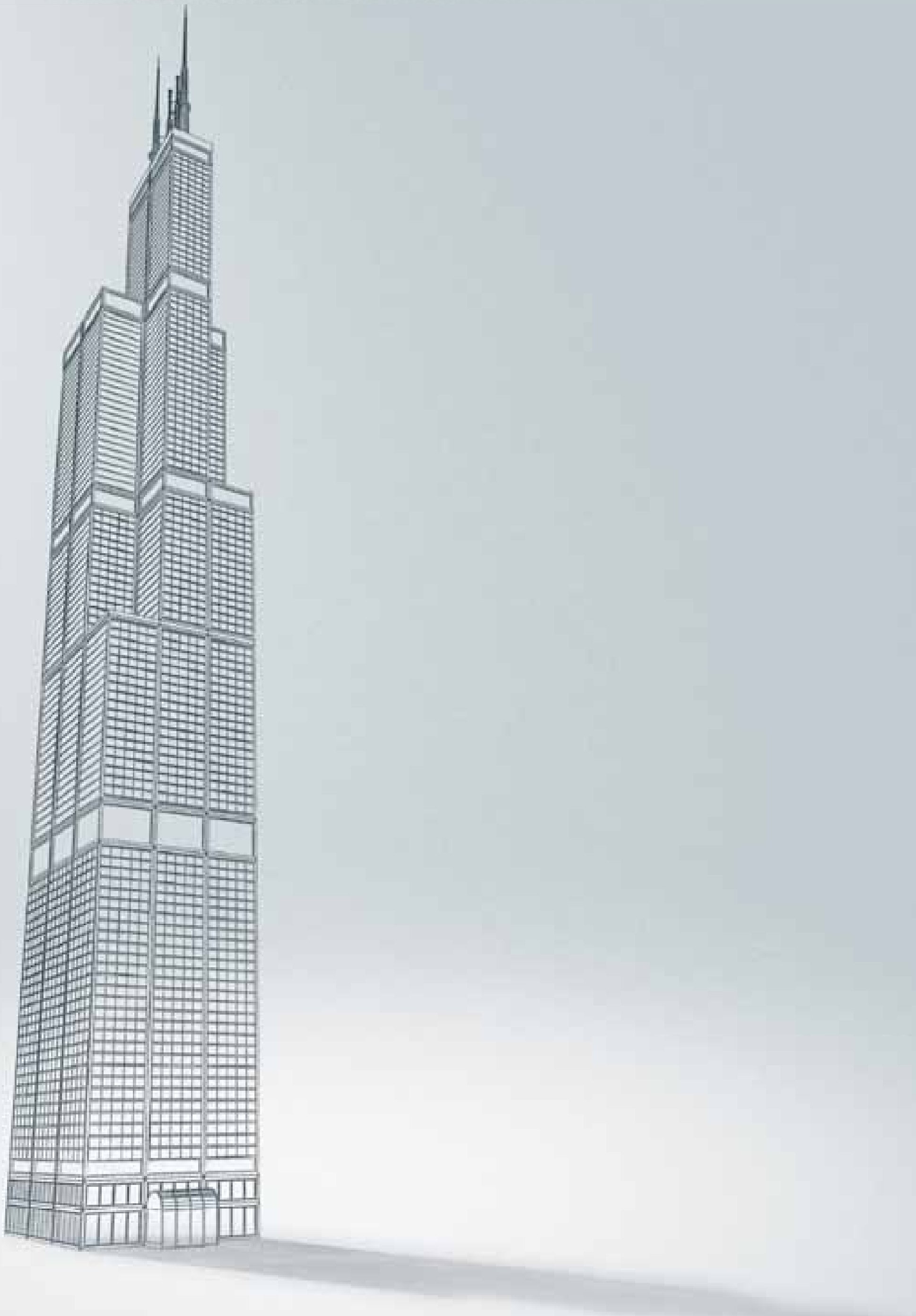
HENDERSON INTERNATIONAL INCOME TRUST PLC

Annual Report 2018



MANAGED BY
Janus Henderson
INVESTORS

Contents

The image on the front cover is based on the Willis Tower, Chicago.

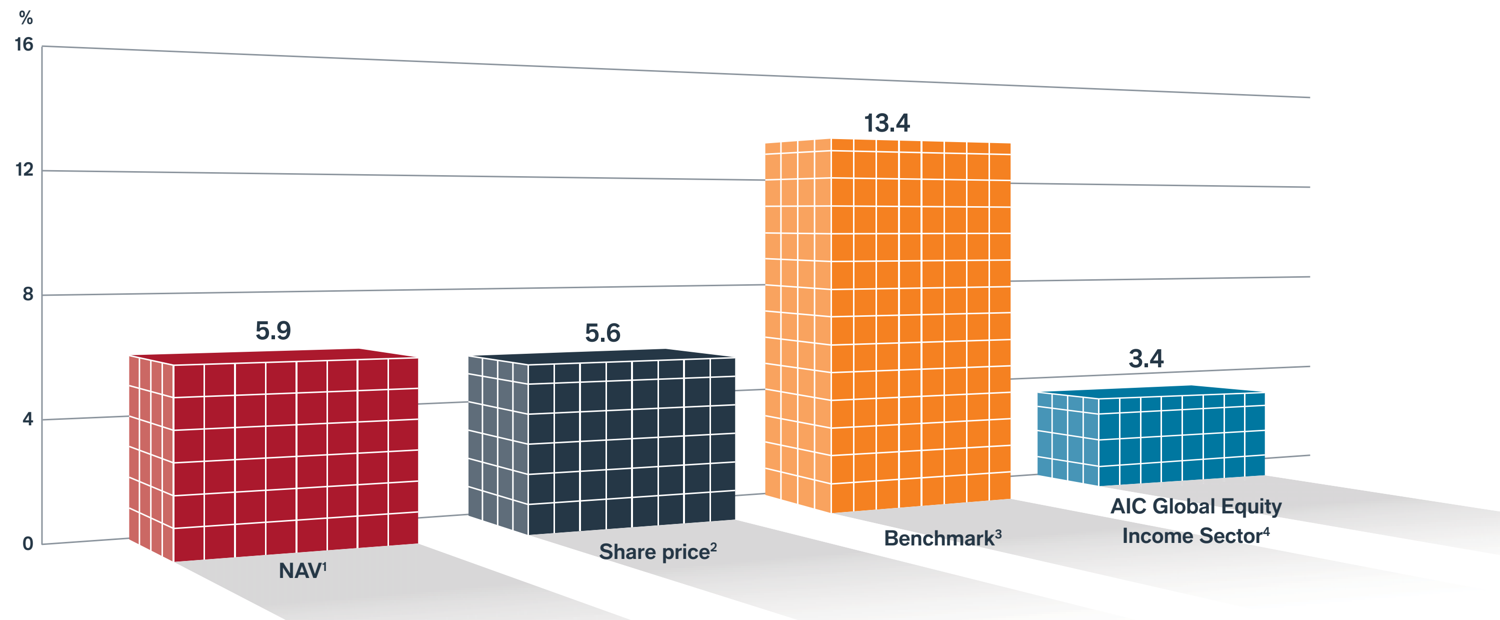
Strategic Report

"We judge that well positioned, cash generating, companies with good dividend yields will remain attractive to investors seeking growing income streams and the potential for capital growth."

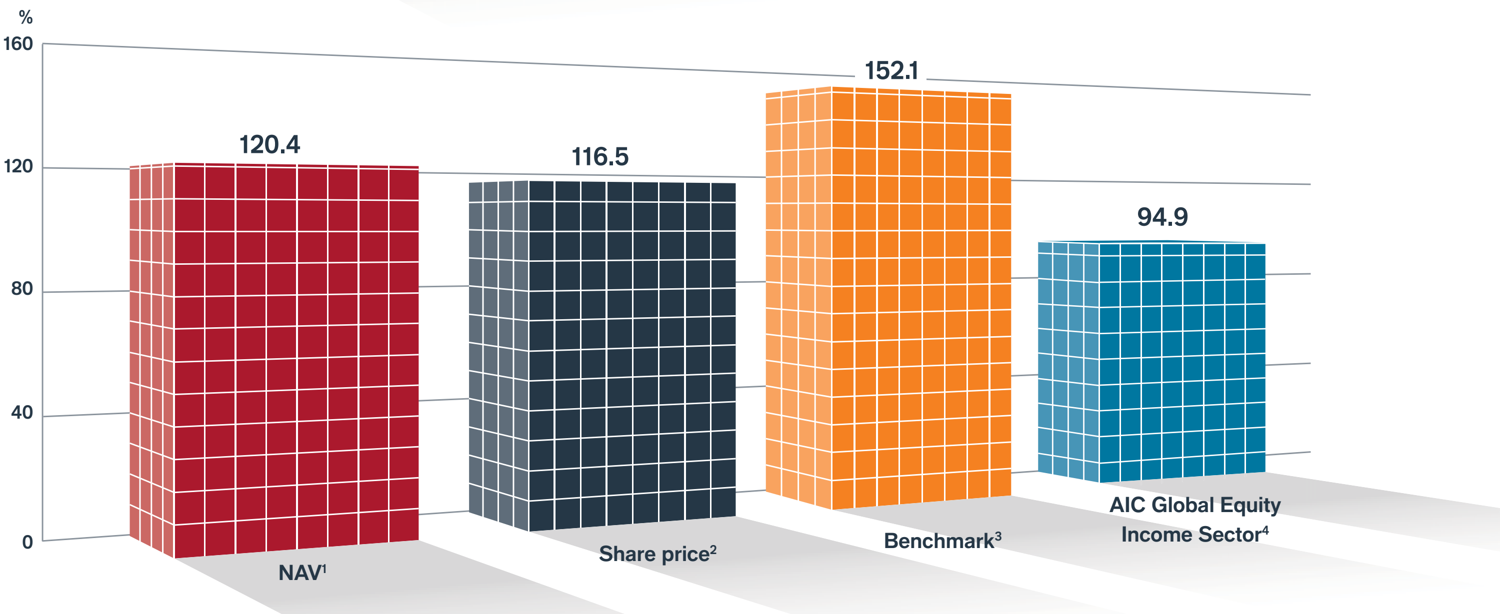
Simon Jeffreys, chairman

Strategic Report: Performance Highlights

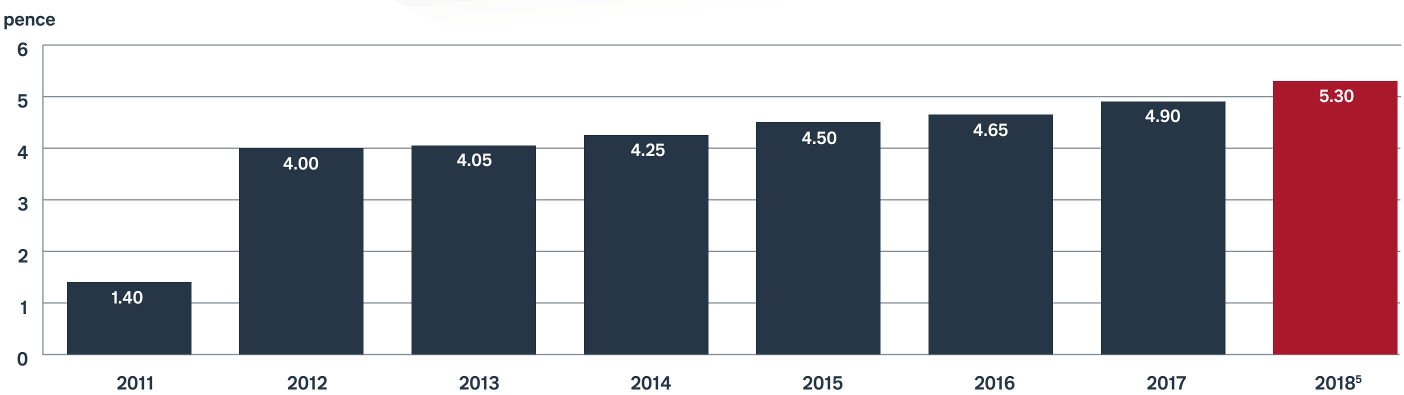
Total return performance for year to 31 August 2018



Total return performance since launch on 28 April 2011



Dividend growth since launch



Strategic Report: Performance Highlights (continued)

NAV per share at year end

2018 **167.1p**

2017 163.0p

Net assets

2018 **£296,748,000**

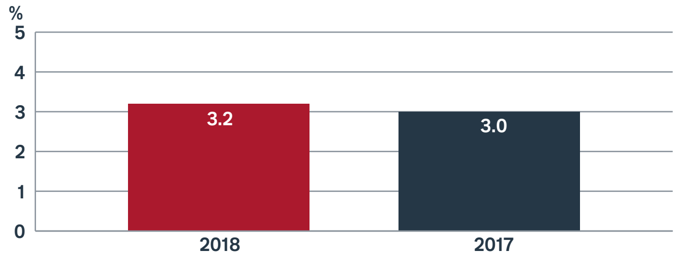
2017 £283,972,000

Dividend in respect of year[5]

2018 **5.3p**

2017 4.9p

Dividend yield for the year end[6]



Ongoing charge for year

2018 **0.83%**

2017 0.88%

Gearing at year end

2018 **1.9%**

2017 0.3%

Share price at year end

2018 **167.50p**

2017 163.75p

Shares in issue at year end

2018 **177,581,306**

2017 174,206,306

1 Net asset value total return per share (including dividends per share reinvested)
2 The Company's share price total return, assuming the reinvestment of all dividends excluding dealing expenses
3 MSCI World (ex UK) Index (sterling adjusted)
4 AIC Global Equity Income sector size weighted average net asset value total return
5 Includes the fourth interim dividend in respect of the year ended 31 August 2018 declared on 29 October 2018 to be paid to shareholders on 30 November 2018. In the prior year an additional dividend of 0.75p per C share was paid on 31 August 2017
6 Calculated based on the share price as at 31 August 2018

Source: Morningstar, Funddata, Janus Henderson, Datastream

Strategic Report: Business Model

Strategy

The strategy of the Company is to pursue its investment objective by operating as an investment trust company. The investment trust structure allows the shareholders, whether institutions or private investors, to access a diversified portfolio of investments that is professionally managed. The principal activity remained unchanged throughout the year ended 31 August 2018.

Investment objective

The Company's investment objective is to provide shareholders with a growing total annual dividend, as well as capital appreciation.

Investment policy

The Company will invest in a focused and internationally diversified portfolio of 50-80 companies that are either listed in, registered in, or whose principal business is in countries that are outside the UK and will be made up of shares (equity securities) and fixed interest asset classes that are diversified by factors such as geography, industry and investment size. A maximum of 25% of gross assets may be invested in fixed interest securities. The Company does not hold investments in unlisted companies unless it is through subsequent delisting of a listed security.

Investment in any single company (including any derivative instruments) will not, in gross terms, exceed 5% of net assets at the time of investment and no more than 15% of gross assets may be invested in other listed investment companies (including investment trusts) or collective investment schemes. No more than 10% of gross assets may be invested in companies that themselves invest more than 15% of their gross assets in UK listed investment companies or collective investment schemes.

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management, for investment purposes or to generate additional income while maintaining a level of risk consistent with the risk profile of the Company. The Company may hedge exposure to foreign currencies up to a maximum of 20% of gross assets and may generate up to a maximum of 20% of gross income through investment in traded options.

The Company can borrow to make additional investments with the aim of achieving a return that is greater than the cost of borrowing. The Company's articles of association allow borrowings up to 100% of net asset value. In normal circumstances, the Manager may only utilise gearing up to 25% of net assets at the time of drawdown or investment (as appropriate) in accordance with the board's policy and for these purposes 'gearing' includes implied gearing through the use of derivatives.

Management

The Company has appointed Henderson Investment Funds Limited ('HIFL') to act as its Alternative Investment Fund Manager (the 'Manager'). The Company qualifies as an Alternative Investment Fund in accordance with the Alternative Investment Fund Manager's Directive. HIFL delegates investment management services to Henderson Global Investors Limited in accordance with an agreement which was effective from 22 July 2014 and which is terminable on six months' notice. Both entities are wholly owned subsidiaries of Janus Henderson Group plc, referred to as Janus Henderson, following the merger of Henderson Group plc and Janus Capital Group Inc. on 30 May 2017. They are both authorised and regulated by the FCA. References to the Manager within this annual report refer to the services provided by both entities.

Fund management is led by Ben Lofthouse, who has been in place since incorporation.

Under the terms of the management agreement, the Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The Manager also receives a marketing fee from the Company to cover promotional activities.

The management fee is 0.65% per annum of net assets equal to or below £250 million. The fee reduces to 0.60% per annum of the net assets in excess of £250 million. The aggregate amount of fees charged by Janus Henderson on any assets in the portfolio that are invested in in-house funds and connected investment trusts is deducted from any fees charged. The fees are payable quarterly in arrears. There is no performance fee arrangement in place.

Janus Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of Janus Henderson, by BNP Paribas Securities Services.

Wendy King FCIS acts as Company Secretary on behalf of the Corporate Secretary, Henderson Secretarial Services Limited.

In accordance with the directors' policy on the allocation of expenses between income and capital, in each financial year 75% of the management fee payable is charged to capital and the remaining 25% to income.

Investing

The Company sets out to be an attractive and straightforward long-term investment vehicle for private investors. As well as investing directly, shares can be purchased through various dealing platforms and held in share plans, ISAs or pensions. Links to some of these dealing platforms can be found on our website, **www.hendersoninternationalincome.com**.

Strategic Report: Chairman's Statement

The chairman of the Company, Simon Jeffreys, reports on the year to 31 August 2018

Performance and markets

The net asset value ('NAV') per ordinary share (on a total return basis) has increased by 5.9%. The return on the ordinary share price (on the same basis) was 5.6%. These returns compare to a total return of 13.4% for the MSCI World (ex UK) Index (sterling adjusted).

The global economy has continued its steady growth over the period, which is driving good dividend growth and capital returns from the portfolio.

The impact of rising interest rates in the US does not appear to have slowed economic growth and sentiment has been buoyed by significant cuts in US corporate tax rates.

Global economic growth has strengthened, and political events continue to play a significant part in equity markets' performance. The second half of the Company's year has seen a sharp divergence between the relative performance of the US equity market and the rest of the world. The list of political events is long, ranging from a new Italian political coalition, through to emerging market crises in Argentina and Turkey. The newest challenge to the status quo is the US President's determination to change the terms upon which the US trades with the rest of the world. Whilst the Company has achieved both capital and income growth over the last twelve months, this uncertainty has impacted the performance of the Company relative to its benchmark as a result of the Company's significant weights in higher yielding non-US equities.

Currency can have an impact on the Company's performance as it reports in sterling but has no sterling assets. In the first half of the year sterling strength was a drag on total return, but subsequent weakness neutralised the impact over the financial year.

Strategy, growth and corporate activity

Since your Company's original listing, the board's strategy has been to provide a high and rising level of dividends as well as long-term capital appreciation from a focused and internationally diversified portfolio of securities outside the UK.

We remain willing to issue further shares at appropriate points. This is to provide greater liquidity in our shares, to widen demand for them from wealth managers and to lower our Ongoing Charge. We have made good progress on this during the year, having issued 3,375,000 new shares in response to continuing investor demand. At 31 August 2018 there were 177,581,306 shares in issue. No shares have been issued since the year end and up to the date of this report. This increase in size has continued to lead to a fall in the Ongoing Charge (see overleaf for details).

On 18 September 2018, your board held a special meeting exclusively to review strategy. Key matters we considered were our existing strategy, our plans for future growth, our approach to gearing, the relevance of our benchmark and our approach to paying dividends. In summary, we concluded that our existing strategy and approach has served shareholders and the Company well and should be retained. We also reviewed the Company's performance and formulated a number of actions to enhance the coordination of our activities and those of our service providers.

Strategic Report: Chairman's Statement (continued)

Earnings and dividends

We are pleased to announce a dividend increase from 4.90p to 5.30p per ordinary share for the year to 31 August 2018. The year consisted of a first, second and third interim dividend of 1.30p per ordinary share, and a larger than normal fourth interim dividend of 1.40p per ordinary share in the light of our increased earnings. The fourth interim dividend of 1.40p per ordinary share will be paid on 30 November 2018. Given the earnings growth being produced by the portfolio and in the absence of an adverse change in conditions, the board intends to maintain the quarterly dividend at its new level during the year to 31 August 2019.

The board aims to make progressive and steady increases in annual total dividend payments. However, shareholders must recognise that such increases can never be guaranteed or assumed to be repeated in the future. The dividend is well covered by the income generated by the portfolio. Despite the year-on-year dividend increase, the revenue reserve has increased again, and makes some provision for the risk of less benign conditions in future.

Gearing

Well-judged gearing enhances returns to shareholders. The board has reconfirmed its current policy to permit the fund manager to gear up to 25% of net assets at the time of drawdown or investment, as appropriate. Borrowing limits for this purpose include implied gearing through the use of derivatives.

To date the Company has used gearing to invest in specific stock opportunities. At 31 August 2018 the Company had an overdraft with HSBC of £6,227,000 (2017: £nil). There was 1.9% gearing in place at the year-end (2017: 0.3%).

Discount control

The board continues to monitor the premium/discount to NAV and will consider appropriate action if the relationship between the NAV and share price moves and remains out of line with the Company's peer group. Nonetheless there is a distinct limit to the board's ability to influence the premium or discount to NAV. We consider that it is not in shareholders' interests to have a specific issuance or buy-back policy. However, to retain flexibility, we reserve the right to implement share issues or buy-backs within a narrow band relative to NAV, where appropriate, and subject to market conditions.

Ongoing Charge

As a direct result of the reduction in the management fee in 2016, and the growth of the Company, the Ongoing Charge for the year to 31 August 2018, as calculated in accordance with the Association of Investment Companies (the 'AIC') methodology, has fallen to 0.83% (2017: 0.88%).

Annual general meeting

The eighth annual general meeting of the Company will be held at 2.30 pm on Friday, 7 December 2018 at the Company's registered office, 201 Bishopsgate, London EC2M 3AE. The notice of meeting and the resolutions to be proposed are set out in a separate document which accompanies this annual report. Ben Lofthouse, the fund manager, will give a presentation at the meeting, which will be followed by light refreshments. The directors welcome shareholders' attendance at the meeting and recommend shareholders support all the resolutions to be proposed. Those who cannot attend are encouraged to vote on all resolutions by completing their proxy forms.

The Company's annual general meeting will be broadcast live on the internet. If you are unable to attend in person you can watch the meeting in real time by visiting **www.janushenderson.com/trustslive**.

Outlook

It is not an easy environment for investors. Interest rates remain low in most major developed economies, and whilst current economic data suggests continuing, albeit moderate, economic growth, Brexit and political developments both close to home and further afield threaten major changes to trading relationships and economic alliances. However, the Company has a very flexible mandate, allowing it to change sector, geographic and even asset exposure in response to changes in the environment. Unused capacity in the current level of gearing provides the potential to take advantage of any opportunities that present themselves as a result of political uncertainty. In the meantime, we judge that well positioned, cash generating, companies with good dividend yields will remain attractive to investors seeking growing income streams and the potential for capital growth.

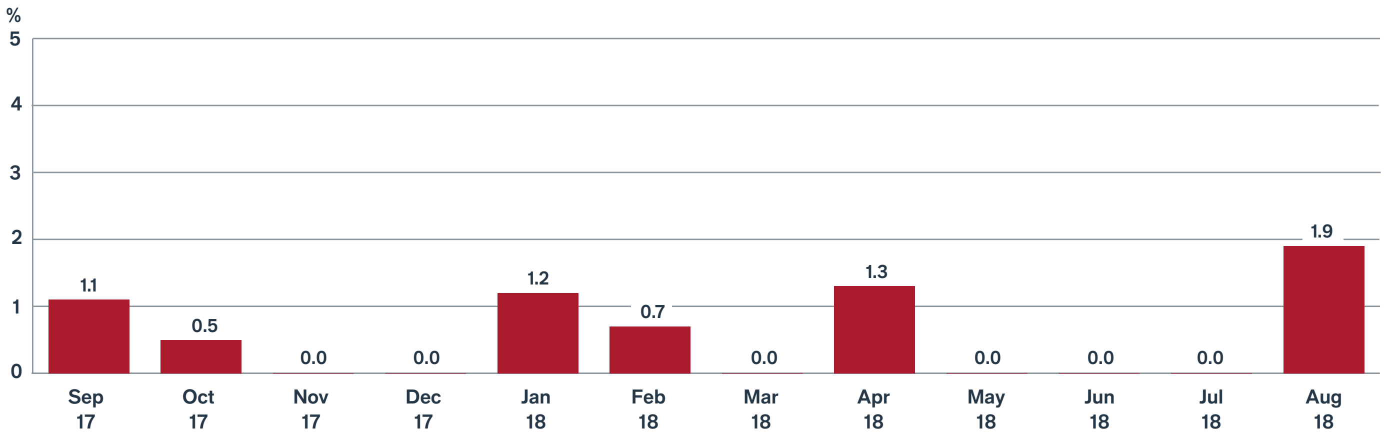
Simon Jeffreys
Chairman
29 October 2018

Strategic Report: Portfolio Information

Ten largest investments at 31 August

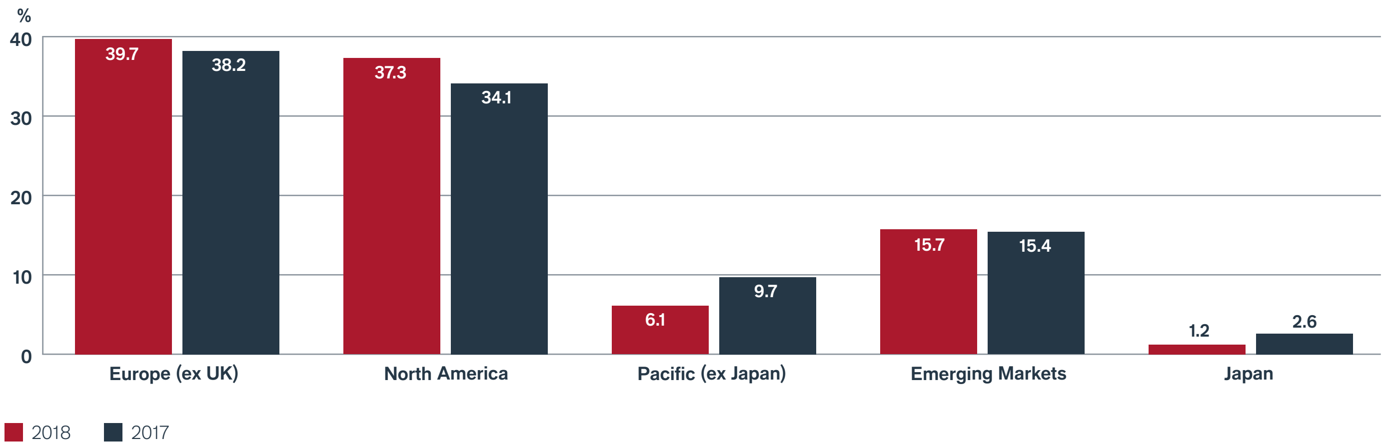
Ranking 2018	Ranking 2017	Company	Country	Sector	Market value 2018 £'000	% of portfolio
1	1	**Microsoft**	**US**	Technology	13,502	4.5
2	2	**Taiwan Semiconductor Manufacturing**	**Taiwan**	Technology	9,386	3.1
3	–	**Nestlé**	**Switzerland**	Consumer goods	7,938	2.6
4	4	**Chevron**	**US**	Oil & gas	7,272	2.4
5	25	**Cisco Systems**	**US**	Technology	6,351	2.1
6	5	**Coca-Cola**	**US**	Consumer goods	6,327	2.1
7	17	**Pfizer**	**US**	Health care	6,239	2.0
8	–	**BASF**	**Germany**	Basic materials	5,893	2.0
9	6	**Deutsche Telekom**	**Germany**	Telecommunications	5,731	1.9
10	3	**ING**	**Netherlands**	Financials	5,453	1.8
Top 10					**74,092**	**24.5**

Gearing levels over the year to 31 August



Asset allocation weighting of portfolio at 31 August

By region

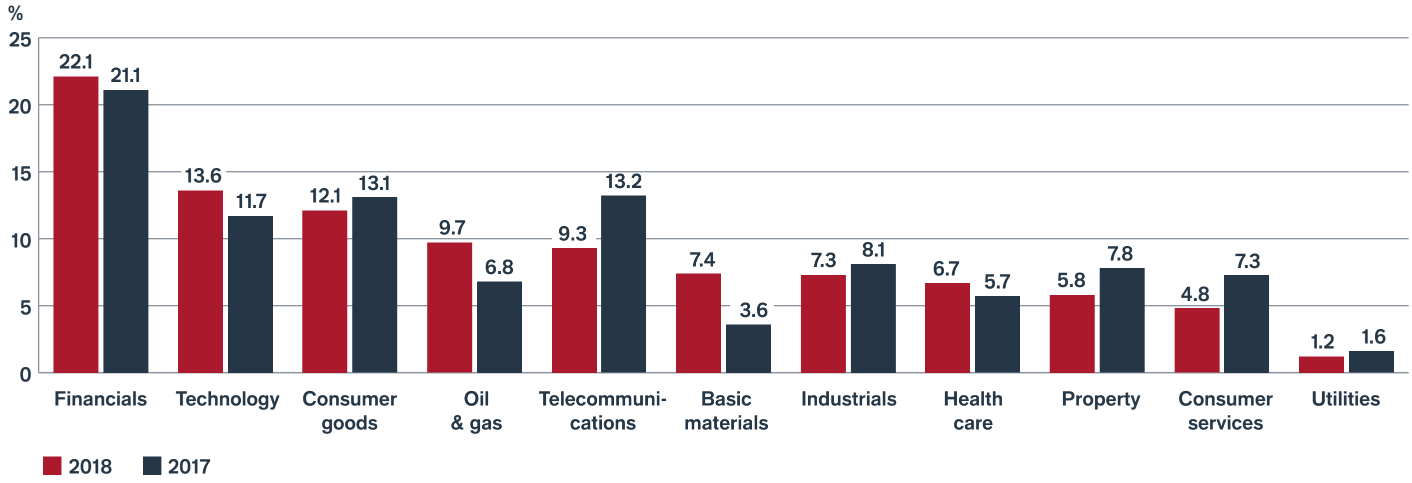


Source: Janus Henderson

Strategic Report: Portfolio Information (continued)

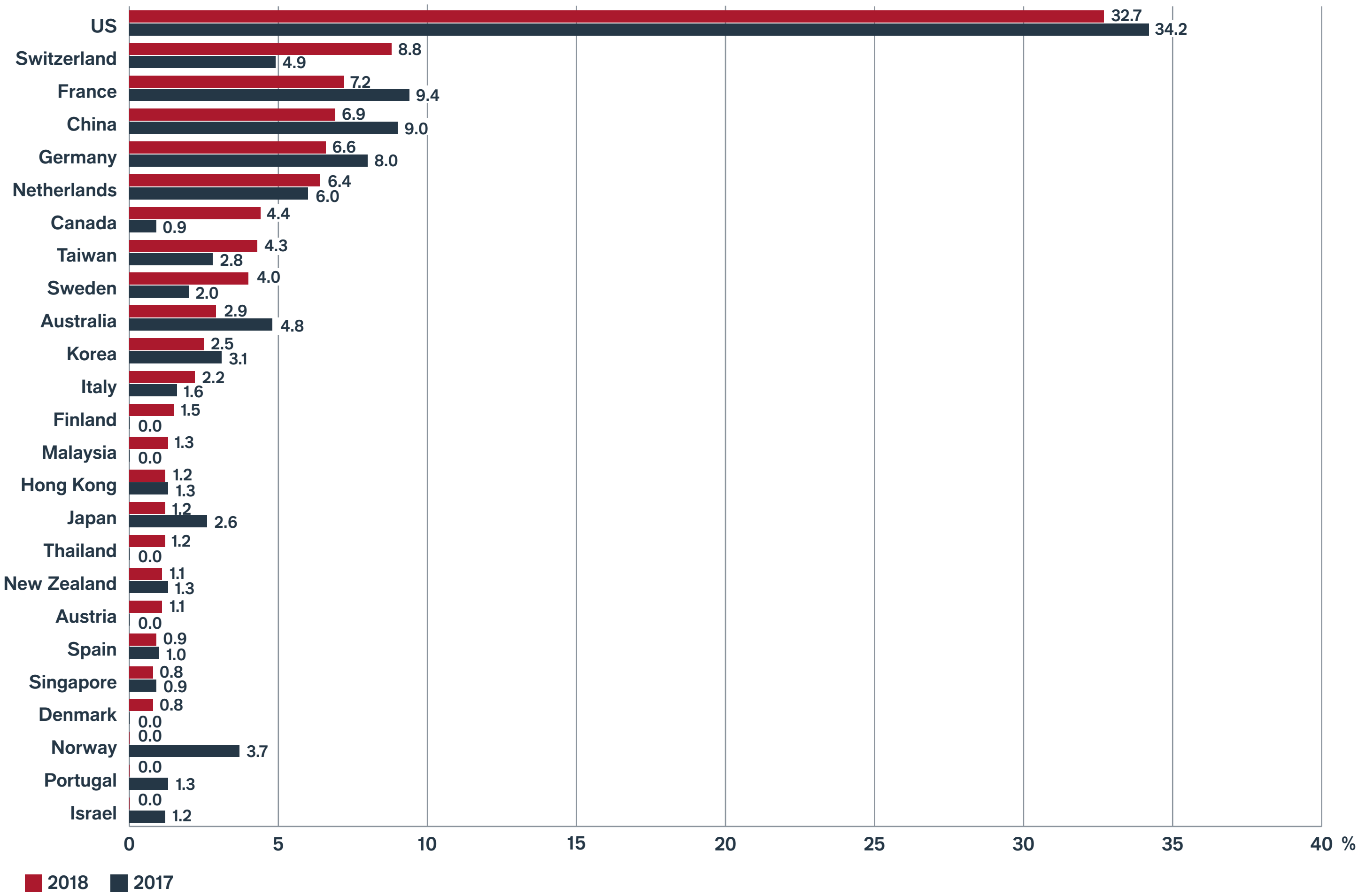
Sector exposure at 31 August

As a percentage of the investment portfolio excluding cash



Geographic exposure at 31 August

As a percentage of the investment portfolio excluding cash



Source: Janus Henderson

Strategic Report: Investment Portfolio as at 31 August 2018

Company	Country	Market value £'000	% of portfolio
Basic materials			
BASF	Germany	5,893	2.0
DowDuPont	US	4,699	1.5
UPM-Kymmene	Finland	4,558	1.5
Nutrien	Canada	4,451	1.5
Amcor	Australia	2,686	0.9
		22,287	**7.4**
Consumer goods			
Nestlé	Switzerland	7,938	2.6
Coca-Cola	US	6,327	2.1
Samsung	Korea	4,057	1.3
Anta Sports	China	4,039	1.3
Hanesbrands	US	2,971	1.0
Dali	China	2,566	0.9
General Motors	US	2,497	0.8
Pandora	Denmark	2,344	0.8
Zhengzhou Yutong Bus	China	2,261	0.8
Hasbro	US	1,472	0.5
		36,472	**12.1**
Consumer services			
Best Buy	US	5,157	1.7
Royal Caribbean	US	3,695	1.2
CVS Health	US	2,978	1.0
Las Vegas Sands	US	2,690	0.9
		14,520	**4.8**
Financials			
ING	Netherlands	5,453	1.8
Nordea	Sweden	4,617	1.5
Manulife Financial	Canada	4,354	1.4
Van Lanschot	Netherlands	4,220	1.4
AXA	France	4,136	1.4
Malayan Banking	Malaysia	4,102	1.3
Cathay Financial	Taiwan	3,801	1.2
Mitsubishi Financial	Japan	3,696	1.2
Bank of China	China	3,539	1.2
Credit Suisse	Switzerland	3,526	1.2
JP Morgan Chase	US	3,339	1.1
Macquarie	Australia	3,336	1.1
Bawag	Austria	3,257	1.1
Swedbank	Sweden	3,183	1.1
Blackstone	US	2,996	1.0
Banca Farmafactoring	Italy	2,932	1.0
Société Générale	France	2,224	0.7
BNP Paribas	France	2,135	0.7
Natixis	France	2,045	0.7
		66,891	**22.1**
Health care			
Pfizer	US	6,239	2.0
Novartis	Switzerland	5,430	1.8
Roche	Switzerland	5,143	1.7
Medtronic	US	3,578	1.2
		20,390	**6.7**

Company	Country	Market value £'000	% of portfolio
Industrials			
Siemens	Germany	5,353	1.8
ABB	Switzerland	4,469	1.5
Jiangsu Expressway	China	3,660	1.2
Watsco	US	2,962	1.0
Deutsche Post	Germany	2,780	0.9
Prosegur Cash	Spain	2,720	0.9
		21,944	**7.3**
Oil & gas			
Chevron	US	7,272	2.4
Total	France	4,860	1.6
China Petroleum and Chemical	China	4,627	1.5
Occidental	US	4,436	1.5
Vermilion	Canada	4,368	1.5
Star Petroleum Refining	Thailand	3,739	1.2
		29,302	**9.7**
Property			
Eurocommercial	Netherlands	4,006	1.3
Crown Castle	US	3,878	1.3
Scentre	Australia	2,783	0.9
Mapletree Greater China	Singapore	2,519	0.8
Nexity	France	2,291	0.8
Cyrusone	US	2,106	0.7
		17,583	**5.8**
Technology			
Microsoft	US	13,502	4.5
Taiwan Semiconductor Manufacturing	Taiwan	9,386	3.1
Cisco Systems	US	6,351	2.1
Maxim	US	3,175	1.0
Sabre	US	3,016	1.0
ASML	Netherlands	2,944	1.0
BE Semiconductor	Netherlands	2,891	0.9
		41,265	**13.6**
Telecommunications			
Deutsche Telekom	Germany	5,731	1.9
Tele2	Sweden	4,293	1.4
Orange	France	3,969	1.3
SK Telecom	Korea	3,588	1.2
Verizon Communications	US	3,549	1.2
HKT Trust and HKT Ltd	Hong Kong	3,536	1.2
Spark New Zealand	New Zealand	3,423	1.1
		28,089	**9.3**
Utilities			
Enel	Italy	3,673	1.2
		3,673	**1.2**
Total investments		**302,416**	**100.0**

Strategic Report: Fund Manager's Report

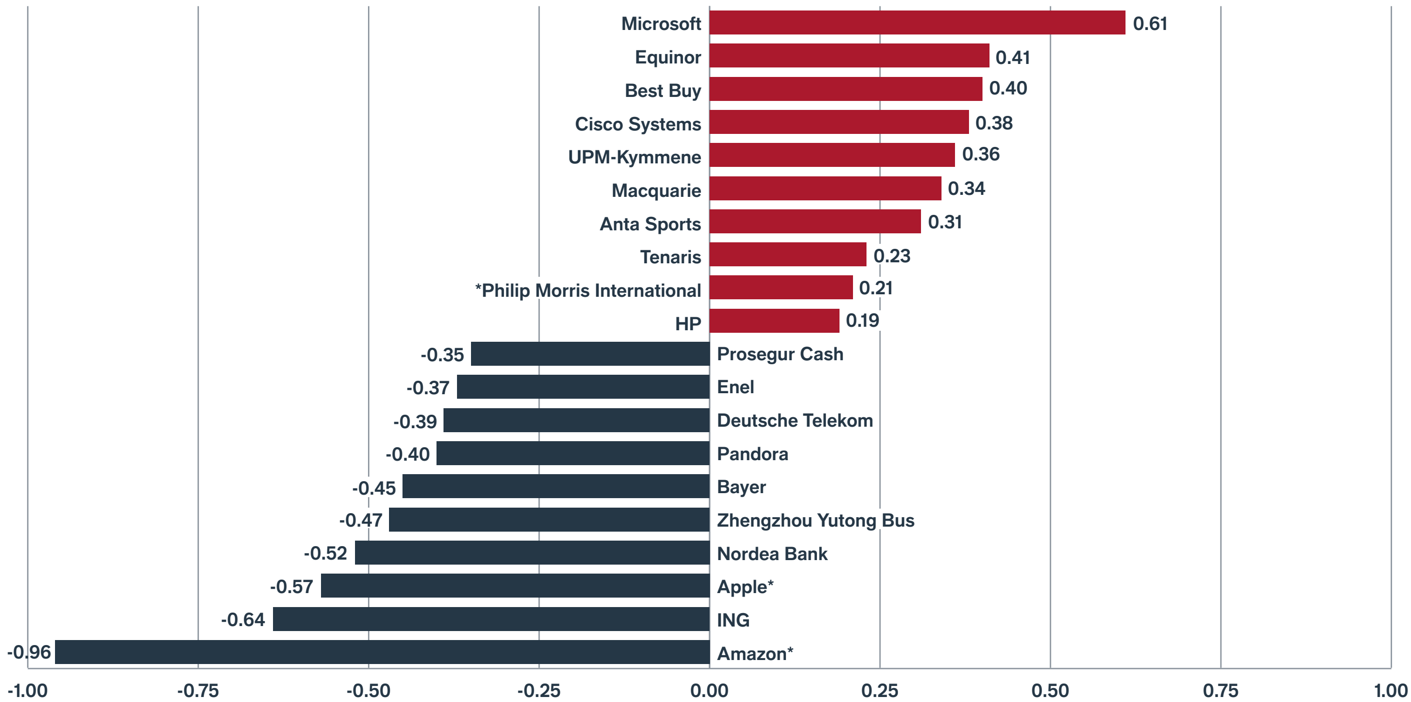
The fund manager of the portfolio, Ben Lofthouse, reports on the year to 31 August 2018

Performance review

The portfolio produced positive returns over the period, generating a total return of 5.9% in net asset value ('NAV') per ordinary share, including dividends of 5.3p per share, which increased by 8% as compared to the same period in 2017.

The Company's investment process focuses on companies with attractive dividend yields, strong cash flow generation and the potential to grow both earnings and distributions in the future. The dividend growth from the portfolio has been excellent over the period. The majority of companies in the portfolio have increased or maintained their dividends and the dividend growth has been widely spread across sectors and regions. Dividend growth has been driven by both earnings growth and by increases in the proportion of earnings paid out as dividends. Examples of large increases in dividends include Korean technology company Samsung (60% year-on-year increase in dividends received over the reporting period), Italian utility Enel (30%), US retailer Best Buy (27%), and Finnish paper and packaging company UPM-Kymmene (21%). Whilst each stock has its own circumstances, there are a number of common factors that are driving their dividend growth. Economic growth was experienced across a wide range of countries through 2017 and this fed through to cyclical industries, strengthening, in particular, the earnings of the commodity and industrial sectors. Some industries have seen demand outstripping supply, either for cyclical or structural reasons. China's clamp down on environmental pollution, for example, has been a positive driver of pulp prices. OPEC's supply constraints have been positive for the portfolio's energy stocks (9.7% of the portfolio). Many companies are in the midst of a technological revolution, driven by improved connectivity and enhanced data processing power, and investment is being undertaken in technological capability. Technology is the portfolio's second largest sector (13.6%), and companies such as Taiwan Semiconductor Manufacturing and Samsung have benefited from very strong volume and pricing for their chips and computer memory. For the US holdings specifically, the US government passed a tax reform at the start of 2018 which lowers the US corporate tax rates and encourages the repatriation of earnings and cash that have been generated outside the US. This change in taxation has increased the earnings for many of the US holdings, which represent 33% of the portfolio, and has the potential to result in faster dividend growth as the full benefit of the change takes effect.

Top ten contributors to and bottom ten detractors from relative return vs benchmark (%)



Source: FactSet. *Not held in portfolio

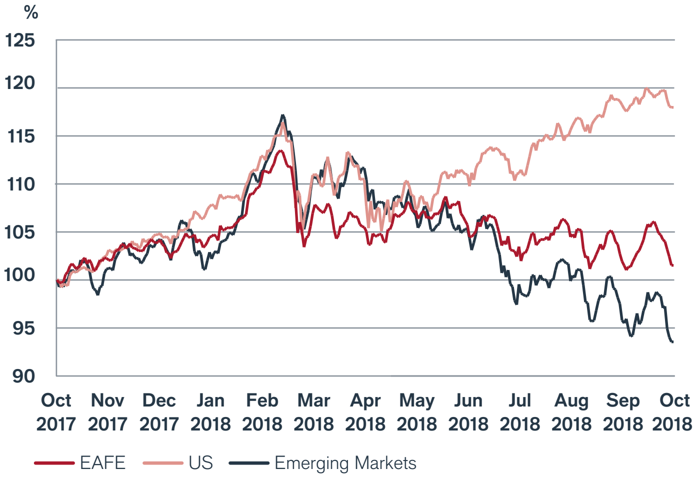
Strategic Report: Fund Manager's Report (continued)

All of the factors mentioned above are driving cash flow, and in some cases significantly reducing company debt levels or increasing cash levels. All of the Company's holdings contribute to income generation, and diversification across sectors and geographies is designed to enhance the portfolio's dividend stability. Based on the underlying trends within the portfolio the outlook for dividend growth remains good.

The Company's portfolio is relatively concentrated consisting typically of 60-80 positions, performance can thus be impacted by stock specific news and events, as well as regional equity market movements and sector news. The team's investment process is driven by stock selection, based on fundamental qualitative analysis and a strong valuation discipline. Dividends from these companies allow investors to be paid to remain invested until a valuation anomaly is corrected.

The table on page 10 highlights the most significant stock contributors to performance over the year. It shows relative return versus the benchmark, so registers the impact of both stocks held in the portfolio and those not held but which have been significant drivers of the benchmark. There are three stocks detailed that were not held in the portfolio. The portfolio has not held tobacco stocks, and in this period has benefited from not holding Philip Morris, which has been impacted by concerns around new competitors in the industry. Apple and Amazon were not held in the portfolio and have performed strongly. Technology shares have been particularly strong over the last few years and have become a much larger driver of the US market. Whilst the portfolio has not held the above specific stocks, it has benefited from sizeable holdings in Microsoft and Cisco Systems, which are exposed to increased information technology spending in response to technological advances, in particular cloud computing trends. Shares of printer manufacturer HP rallied as a result of its restructuring plans and subsequent earnings improvement. The portfolio has a significant exposure to the oil and gas sector. These holdings have benefited from a renewed focus on efficiency and the recovery in the oil price. The positions were added on the understanding that management teams were focusing on restructuring and cash flows, which is starting to bear fruit. The sector has benefited recently from a strong oil price due to supply constraints. Norwegian integrated oil company Equinor (previously Statoil) and oil services company Tenaris have rerated significantly over the last year as a result of these factors. Anta Sports, a Chinese sportswear manufacturer and retailer, is benefiting from growth in the disposable income of the Chinese consumer.

Regional equity market performance(£)



Source: Bloomberg, August 2018
Note: Total returns, rebased to 100 at end of August 2018

Regional equity market performance has not been as broadly spread as dividend growth. Several of the most significant relative performance detractors have been impacted by geographical exposure rather than to corporate news flow. The chart above highlights the divergence between the US equity market and the rest of the World since April (simplified here to Emerging Markets and Europe, Africa and the Far East ('EAFE')).

There has been no significant change in relative economic trends between the regions, but there is evidence of substantial loss of confidence in their perceived future paths of growth. This loss of confidence has been caused by a number of factors. The US President's focus on trade terms and the introduction of trade tariffs has impacted investor sentiment regarding net exporting regions, including Europe and China. With regard to European markets the new Italian coalition government's desire to use fiscal policy to stimulate growth has raised questions about European stability. The portfolio has a significant exposure to European companies on the basis that many of them trade at more attractive valuations than counterparts listed elsewhere in the world, and have significantly higher dividend yields. During the second half of the year this asset allocation has been the biggest single detractor to performance relative to the benchmark. Although the portfolio has not held any Italian financial companies, banks have been sensitive to developments in Italy and the broader sector sell off has impacted positions such as ING and Nordea. Defensive companies such as Deutsche Telekom and utility Enel, have also been affected by the sell off in

Strategic Report: Fund Manager's Report (continued)

European markets. Since the Company's 2011 launch we have seen similar periods of uncertainty, which have generated good opportunities for patient investors to buy good companies at attractive valuations. Some of the detractors have more stock specific causes such as Pandora and Prosegur Cash.

Portfolio positioning

The geographic weightings of the portfolio have not changed significantly over the period. Gearing remains low. Profits have been taken in a number of companies that have performed strongly in order to invest in new opportunities. Positions closed included printer manufacturer HP, oil company Equinor, and oil services company Tenaris. New positions initiated include Nestlé, ABB and BASF, which have sold off with the European market and are attractively valued compared to global peers. The largest change in sector positioning is the increased exposure to the oil sector. The fall in the price of oil in recent years has forced a previously generally undisciplined sector to focus on cash flow and profitability. Positions added include oil exploration and production companies Occidental Petroleum and Vermilion. The increased exposure was funded by the sale of certain telecommunication holdings, including Telenor, China Mobile and Portuguese operator NOS.

Ben Lofthouse
Fund Manager
29 October 2018

Strategic Report: Historical Performance and Financial Information

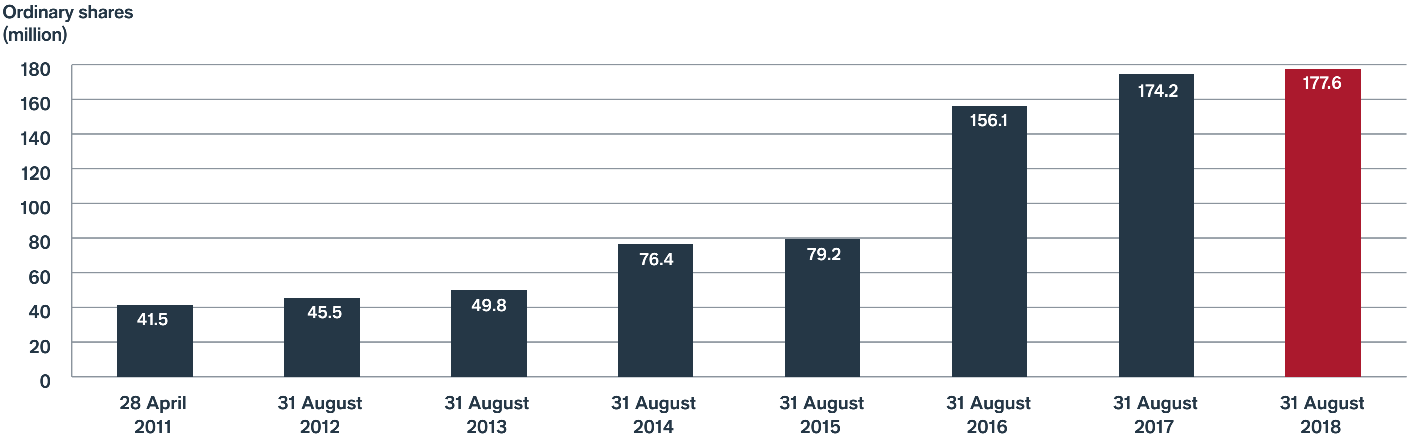
Total return performance[1]

	1 year %	3 years %	Since launch %
Diluted NAV[2, 3]	5.9	59.8	120.4
Undiluted NAV[2]	5.9	59.8	119.8
Share price[4]	5.6	56.1	116.5
Benchmark[5]	13.4	71.7	152.1
Sector average[6]	3.4	49.3	94.9

Financial information for the year end 31 August

Date	Net assets £'000	NAV[7] pence	Share price[4] pence	Premium/ (discount) %	Net return for year £'000	Revenue return pence	Capital return pence	Total return pence	Dividends per ordinary share pence	Ongoing charge %
2012[8]	44,268	97.2	100.5	(3.4)	1,655	6.08	(2.23)	3.85	5.40	1.38
2013	55,729	111.9	114.1	2.0	8,630	4.57	13.62	18.19	4.05	1.39
2014	85,787	118.4	109.8	(7.3)	7,077	5.59	5.99	11.58	4.25	1.09
2015	91,594	115.6	118.8	2.8	1,668	5.14	(2.98)	2.16	4.50	1.11
2016	220,904	141.5	141.8	0.2	37,570	6.12	29.14	35.26	4.65	1.01
2017	283,972	163.0	163.8	0.5	42,836	5.76	21.36	27.12	4.90	0.88
2018	**296,748**	**167.1**	**167.5**	**0.2**	**16,386**	**5.80**	**3.50**	**9.30**	**5.30**	**0.83**

Issued ordinary share capital since launch



1 Including dividends reinvested and excluding transaction costs
2 Calculated using published daily NAVs including current year revenue
3 As the remaining subscription shares were exercised on 4 September 2014, there is no dilutive effect on the net assets per ordinary share as at 31 August 2018 and therefore the diluted NAV and undiluted NAV as at that date are the same. In the years prior to 31 August 2015, the diluted NAV was calculated in accordance with guidelines issued by the AIC and assumed that all outstanding subscription shares were converted into ordinary shares at the year end
4 Middle market closing price
5 MSCI World (ex UK) Index (sterling adjusted)
6 AIC Global Equity Income Sector
7 Undiluted NAV
8 The first period was from launch on 28 April 2011 to 31 August 2012 and the dividends represented 16 months of revenue

Sources: Morningstar, Janus Henderson and Datastream

Strategic Report: Corporate Information

Directors

The directors appointed to the board are:

Simon Jeffreys

Position: Chairman of the board
Date of appointment: 9 March 2011
(Chairman from 7 December 2017)

Simon is chairman of Aon UK Limited, a director and chair of the audit committees of St James's Place plc, SimCorp A/S and Templeton Emerging Markets Trust plc. Simon was chief operating officer of the Wellcome Trust until July 2014 where he was responsible for a wide range of business services including finance, legal, human resources, information technology and operations. He was previously chief administrative officer for Fidelity International and for most of his professional life was a partner in PricewaterhouseCoopers, where he was the global leader of the firm's investment management and real estate practice.

William (Bill) Eason

Position: Director
Date of appointment: 9 March 2011

Bill is a director of The European Investment Trust PLC, Regional Reit Limited and Institutional Protection Services Limited. He is a trustee to The Gordon Foundation and is also a business fellow of Gray's Inn. Bill is a former chairman of Henderson High Income Trust plc and was chief investment officer at Laing and Cruickshank as well as acting as trustee to Marshall's Charity and the John Hampden Fund. He was also a director of the Charities & Trust Fund Department at Quilter Cheviot. He has been managing charitable and high net worth portfolios since 1973, and became a member of the London Stock Exchange in 1976. Bill is an associate of the Society of Investment Professionals and holds a Fellowship of the Chartered Institute for Securities and Investment. He was also a governor of Henley Management College.

Richard Hills

Position: Director
Date of appointment: 25 April 2016

Richard has substantial investment experience, having held senior positions at two major investment companies. He is currently chairman of Strategic Equity Capital plc and the SQN Secured Income Fund and a director of JP Morgan Multi-Asset Trust plc. He was chairman of Henderson Global Trust plc.

Aidan Lisser

Position: Director
Date of appointment: 25 April 2016

Aidan has had many years' experience at a senior level, across international consumer and financial services organisations. He is Head of Strategy at Investec Wealth & Investment, having previously been the firm's Chief Marketing Officer. Prior to that he was employed by Allianz Global Investors AG, Standard Chartered Bank plc and Unilever plc. He was a director of Henderson Global Trust plc.

Katarzyna (Kasia) Robinski

Position: Director and Chairman of the audit committee
Date of appointment: Appointed 1 November 2017 (audit chair from 7 December 2017)

Kasia has over 25 years' experience in private equity and investment banking including with Hanover Investors, Prospect Investment Management, the Sutton Company (now Sutton Trust) and Goldman Sachs. She has served on numerous international boards and has undertaken various operating roles, including CFO and CEO, in a broad range of sectors from media through to oil and gas. Ms Robinski is currently a director of Gabelli Value Plus+ Trust PLC and Premier Global Infrastructure Trust PLC. She holds an MSc degree in Engineering/Economics from Cambridge University and an MBA from the Stanford Business School.

All directors are independent of Janus Henderson and are members of the audit committee, management engagement committee, nominations committee and insider committee.

Strategic Report: Corporate Information (continued)

Registered office

201 Bishopsgate
London
EC2M 3AE
Email: support@janushenderson.com

Service providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate
London
EC2M 3AE

Corporate secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London
EC2M 3AE
Telephone: 020 7818 1818

Depositary and custodian

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Stockbroker

Panmure Gordon & Co
1 New Change
London
EC4M 9AF

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone: 0370 707 4033
Email: web.queries@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 auditors

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Information sources

For more information about Henderson International Income Trust plc, visit the website at **www.hendersoninternationalincometrust.com**

Financial calendar

Annual results announced	29 October 2018
4th interim ex-dividend date	8 November 2018
4th interim dividend record date	9 November 2018
4th interim dividend payable on	30 November 2018
Annual general meeting[1]	7 December 2018
1st interim dividend payable on	28 February 2019
Half year results	April 2019
2nd interim dividend payable on	31 May 2019
3rd interim dividend payable on	30 August 2019

1 At the Company's registered office at 2.30 pm

HGi

HGi is a content platform provided by Janus Henderson that offers online personalisation where you can 'follow' investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Janus Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi: http://HGi.co/rb

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For alternative access to Janus Henderson's insight you can follow us on Twitter, YouTube and Facebook.

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. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone on 03457 22 55 25, email **Customercare.HSDL@Halifax.co.uk** or visit their website **www.halifax.co.uk/sharedealing**.

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.

Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the chairman.

Investors in Halifax Share Dealing Limited receive all shareholder communications and a voting instruction form is provided to facilitate voting at general meetings of the Company.

Strategic Report: Corporate Information (continued)

Status

The Company is an investment company as defined in section 833 of the Companies Act 2006 (the 'Act') and operates and has been approved as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 ('section 1158') as amended. It is subject to the Listing Rules of the Financial Conduct Authority and is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company.

The directors are of the opinion that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company (Tax)) Regulations 2011. 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 the regulations.

Principal risks and uncertainties

The board, with the assistance of the Manager, has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. In carrying out this assessment, the board has considered the market uncertainty arising from the UK's negotiations to leave the European Union. The board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, which have not changed from last year, and the steps taken by the board to mitigate these, and whether the board considers the impact of such risks has changed over the past year, are as follows:

Risk	Mitigation
Investment activity and performance risks An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group.	The board monitors investment performance at each board meeting and regularly reviews the extent of its borrowings when in use.
Portfolio and market price risks Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds. Most of the Company's assets, liabilities, income and expenses 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 Manager seeks to maintain a diversified portfolio to mitigate against this risk. The board regularly reviews the portfolio, activities and performance. The fund manager monitors the Company's exposure to foreign currencies daily and reports to the board at each meeting. The fund manager 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. The board has set an investment limit on currency hedging to a maximum of 25% of gross assets to mitigate against this risk.
Tax and regulatory risks A breach of section 1158 of the Corporation Tax Act 2010 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 UK Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act could lead to criminal proceedings, or financial or reputational damage.	The Manager has contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The board receives internal control reports produced by Janus Henderson on a quarterly basis, which confirm regulatory compliance.
Operational risks Disruption to, or failure of, Janus Henderson's accounting, dealing or payment systems or the custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational and cyber risk that one or more of its service providers may not provide the required level of service.	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. The board also monitors the principal business risks faced by the Company which are recorded in a risk map which is reviewed regularly. 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 board considers these risks to have remained unchanged throughout the year under review.

Strategic Report: Corporate Information (continued)

Borrowings

Where the fund manager believes that gearing will enhance returns to shareholders, the Company may borrow up to 25% of its gross assets at the time of drawdown or investment (as appropriate). Borrowings for these purposes would include implied gearing through the use of derivatives. The Company's gearing facility allows borrowing in sterling and other currencies. In the year under review the Company borrowed in both sterling and euros.

Viability statement

The directors have assessed the viability of the Company over a three year period, taking account of the Company's current position and the potential impact of the principal risks and uncertainties documented in this strategic report.

The assessment has considered the impact of the likelihood of the principal risks and uncertainties facing the Company. In particular, investment activity and performance, portfolio, market and currency risks, in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The directors also took into account the liquidity of the portfolio, the gearing and the income stream from the portfolio in considering the viability of the Company over the next three years and its ability to meet liabilities as they fall due. This included consideration of how the forecast income stream, expenditure and levels of reserves could impact on the Company's ability to pay dividends to shareholders over that period in line with its current dividend policy. Whilst detailed forecasts are only made over a shorter time frame, the nature of the Company's business as an investment trust means that such forecasts are equally valid to be considered over the longer three year period as a means of assessing whether the Company can continue in operation. This included consideration of the duration of the Company's overdraft facility and how a breach of the overdraft facility covenants could impact on the Company's net asset value and share price.

The directors conducted this review for a period of three years. They consider this to be an appropriate period over which they do not expect there to be any significant change in the current principal risks and adequacy of the mitigating controls in place. 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 because the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. Only a substantial financial crisis affecting the global economy could have an impact on this assessment. Whilst there is currently uncertainty in the markets due to the UK's negotiations to leave the European Union, the board does not believe that this will have a long term impact on the viability of the Company and its ability to continue in operation.

The directors recognise that there is a continuation vote that is due to take place at the annual general meeting following the 31 August 2020 year end. The directors currently support the continuation of the Company and expect that the Company will continue to exist for the foreseeable future, and at least for the period of assessment. However if such a vote were not passed, the directors would follow the provisions in the articles of association to the effect that the Company be wound up, liquidated, reorganised or unitised.

Based on this assessment, the directors expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three year period.

Key performance indicators

In order to measure the success of the Company in meeting its objective and to evaluate the performance of Janus Henderson, the directors take into account the following key performance indicators ('KPIs'):

KPI	Action
Performance measured against the benchmark	At each meeting the board reviews and compares the performance of both the NAV per share and share price for the Company and its benchmark.
Dividend sustainability and growth	At each board meeting, the board reviews the dividend income generating ability of the Company's portfolio, and monitors the dividend income received as the year progresses.
Discount/premium to NAV	At each board meeting, the board monitors the level of the Company's discount/premium to NAV per share (including income) and reviews the average discount/premium for the AIC global equity income sector. The Company publishes a 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, which includes current year revenue items.
Performance against the Company's peer group	The Company is included in the AIC global equity income sector. In addition to comparison against the stated benchmark, the board also considers at each meeting the performance of this AIC sector, as well as other investment trusts.

The charts and tables on pages 2, 3 and 13 show how the Company has performed against these KPIs.

Strategic Report: Corporate Information (continued)

Future developments

While the future performance of the Company is mainly dependent on the performance of international financial markets the board's intention is that the Company will continue to pursue its stated investment objective and strategy explained earlier. The chairman's statement and fund manager's report provide commentary on the outlook for the Company.

Ongoing Charge

The board regularly reviews the Ongoing Charge and monitors Company expenses. For the year ended 31 August 2018 the Ongoing Charge as a percentage of shareholders' funds was 0.83% (2017: 0.88%).

Corporate responsibility

Responsible Investment

Janus Henderson is responsible for reporting on its work on corporate governance and corporate responsibility issues in the companies in which it invests on its clients' behalf, across all funds as part of its management duties. In May 2005 Henderson became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance ('ESG') issues into mainstream investment decision-making and ownership practices. The way companies respond to ESG issues can affect their business performance, both directly and indirectly. ESG factors are considered by Janus Henderson investment teams, but investments are not necessarily ruled out on ESG grounds only.

The responsible investment policy and further details of responsible investment activities can be found on the website **www.janushenderson.com**.

Employees, social, community, human rights and environmental matters

The Company's core activities are undertaken by Janus Henderson, which has implemented environmental management practices. These include systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment and is focused on reducing greenhouse gas emissions and minimising waste, where possible. The Company has therefore not reported on these, or social, community or human rights issues here. Janus Henderson's corporate responsibility statement is included on the Janus Henderson website.

The Company's annual report is printed on paper produced using 60% recycled post-consumer waste and 40% wood fibre from fully sustainable forests with certification by the Forest Stewardship Council; the printing company used is certified as Carbon Neutral®.

Voting policy and the UK stewardship code

The Manager has a responsible investment policy in place which sets out its approach to corporate governance and corporate responsibility for all the companies in which it invests. The policy also sets out how the Stewardship Code is implemented. The Company has reviewed the policy and has delegated responsibility for voting to the Manager. The board receives regular reports on the voting undertaken by the Manager on behalf of the Company. The board and the Manager believe 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. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the fund manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale therefore are given to the investee company prior to voting.

Practical difficulties may prevent voting in some markets. In particular, various factors, including restrictions on dealing and costs, may inhibit voting in some international markets and must be taken into account.

Modern Slavery Act 2015

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Board diversity

It is the Company's aim to have an appropriate level of diversity in the boardroom. The nominations committee considers diversity generally when making appointments to the board, taking into account relevant skills, experience, knowledge and gender. Our prime responsibility, however, is the strength of the board and our overriding aim in making any new appointments must always be to select the best candidate. Currently the board comprises five directors, four male and one female. The Company has no employees and, therefore, there is nothing further to report in respect of gender representation within the Company.

For and on behalf of the board

Simon Jeffreys
Chairman
29 October 2018

Strategic Report: Glossary and Alternative Performance Measures

Alternative Investment Fund Managers Directive ('AIFMD')

Agreed by the European Parliament and the Council of the European Union and transposed 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.

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.

Benchmark

An index against which performance is compared. For the Company this is the MSCI World (ex UK) Index (sterling adjusted).

C Shares

A class of share capital which has the right to receive notice of and attend and vote at any general meeting of the Company. The voting rights of the C shares are the same as that applying to holders of existing ordinary shares. C shares convert to ordinary shares at a date and time determined by the board pursuant to the terms of their issue.

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

With effect from 22 July 2014 all AIFs were required to appoint a depositary who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation 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 recommended, 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 registrars 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 net asset value will be disclosed ex-dividend.

Gearing

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage is calculated by taking the difference between total investments (see note 11) and equity shareholders' funds, dividing this by equity shareholders' funds and multiplying by 100. The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

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.

Key Investor Document

Information in relation to the Company's disclosures in accordance with the Packaged Retail and Insurance-based Investment Products ('PRIIPs') Regulation is contained in the 'Key Investor Document' which can be found on the Company's website.

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.

Market capitalisation ('market cap')

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

Strategic Report: Glossary and Alternative Performance Measures (continued)

Net asset value ('NAV') per share

The value of the Company's assets (i.e. investments (see note 11) and cash held) less any liabilities (i.e. bank borrowings and debt securities) (see note 13) 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 on the Statement of Financial Position.

The NAV is published daily.

Ongoing Charge

The Ongoing Charge reflects 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 Company as a collective fund, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. The Ongoing Charge is based on actual costs incurred in the year as being the best estimate of future costs, excluding any performance fees in accordance with the AIC methodology, and is the annualised Ongoing Charge expressed as a percentage of the average aggregate NAV in the year.

Premium/discount

The amount by which the market price per share (see page 3) of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Revenue return per share

The revenue return per share is the revenue return profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Total return performance

This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest 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 page 47.

Yield

The annual dividend (see note 10) expressed as a percentage of the share price (see page 3).

References to 'notes' refers to the Notes to the Financial Statements contained in the Company's 2018 Annual Report.

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 15.

Corporate Report

Report of the Directors

The directors present the audited financial statements of the Company and their report for the year from 1 September 2017 to 31 August 2018. The Company was registered in England & Wales on 2 March 2011 with company registration number 7549407 and became actively trading as a listed company on 28 April 2011. The Company was active throughout the year under review and was not dormant.

Directors' remuneration and shareholdings

The directors' remuneration report on pages 25 and 26 provides information on the remuneration and share interests of the directors.

Directors' conflicts of interest

The Company's articles of association 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 to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors must act honestly and in good faith with a view to 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. All situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the board believes that the systems it has in place for reporting and considering situational conflicts continue to operate effectively.

Related party transactions

The Company's current related parties are its directors and the Manager. There have been no material transactions between the Company and its directors during the year. 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 25.

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 provision of marketing services) there have been no material transactions with the Manager affecting the financial position or performance 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 19 on page 55.

Share capital

The Company's share capital comprises ordinary shares with a nominal value of 1p. The voting rights of the shares on a poll are one vote for every ordinary share held. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to 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 and capital of the Company (including accumulated revenue 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 the beginning of the year, there were 174,206,306 ordinary shares in issue. During the year 3,375,000 ordinary shares were issued to Panmure Gordon & Co in the price range of 155.0p – 167.0p for total proceeds (net of commissions and issue costs) of £5,530,000.

At 31 August 2018 the number of ordinary shares in issue with voting rights was 177,581,306.

Since 31 August 2018 and up to the date of the annual report, no ordinary shares have been issued.

The Company will seek authority from its shareholders at the 2018 annual general meeting to renew its authority to allot shares up to 10% of the issued share capital as at 7 December 2018. Please refer to the notice of meeting that accompanies this annual report for further details. This can also be found on the Company's website at **www.hendersoninternationalincometrust.com.**

Subject to annual shareholder approval the Company may purchase its own ordinary shares at a discount to NAV per share. At the annual general meeting in December 2017 shareholders gave the board authority to buy-back 23,467,685 ordinary shares during the following 15 months for cancellation or to be held in treasury. To date this authority has not been used. A resolution to renew this authority will be put to shareholders for approval at the 2018 annual general meeting.

Report of the Directors (continued)

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 August 2018 in accordance with the FCA Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Brewin Dolphin Limited	5.6
Smith & Williamson	5.3
Quilter Investors	5.0

No changes have been notified in the period between 1 September 2018 and 26 October 2018, being the latest practicable date prior to the publication of the annual report.

At 31 August 2018, 5.9% of the issued ordinary shares were held on behalf of participants in Halifax Share Dealing products run by Halifax Share Dealing Limited ('HSDL'), which is part of Lloyds Banking Group. In accordance with the arrangements made between HSDL and Janus Henderson, the participants in this scheme are given the opportunity to instruct the relevant nominee company to exercise voting rights appertaining to their shares in respect of all general meetings of the Company.

Duration of the Company

The Company's articles of association require that at every third annual general meeting of the Company an ordinary resolution be put to shareholders asking them to approve the continuation of the Company; the next such resolution will be proposed at the annual general meeting in 2020.

Corporate governance

The corporate governance statement set out on pages 27 to 31 forms part of the report of the directors.

Annual general meeting

The annual general meeting will be held on Friday, 7 December 2018 at 2.30 pm at the Company's registered office. The notice of meeting and details of the resolutions to be put at the annual general meeting are contained in the separate letter being sent to shareholders with this report.

Other information

Information on recommended dividends, future developments and financial risks are detailed in the strategic report.

Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the board at the date of approval of this report confirms that to the best of their knowledge and belief, there is no information relevant to the preparation of the annual report which the Company's auditors are unaware and they have 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 auditors are aware of that information.

Global greenhouse gas emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 31 August 2018 (2017: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

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, other than in accordance with Listing Rule 9.8.4(7), the information of which is detailed on page 22 under share capital.

By order of the board

Henderson Secretarial Services Limited
Corporate Secretary
29 October 2018

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report (which must be fair, balanced and understandable), the directors' remuneration 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 UK Accounting Standards. 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business for the next twelve months.

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 and the directors' remuneration report 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, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the directors, who are listed on page 14, confirms that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the strategic report, report of the directors 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.

For and on behalf of the board

Simon Jeffreys
Chairman
29 October 2018

The financial statements are published on **www.hendersoninternationalincometrust.com** which is a website maintained by the Manager.

The maintenance and integrity of the website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the annual report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Remuneration Report

Introduction

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 in August 2013 (the 'Regulations'). The report also meets the relevant requirements of the Companies Act 2006 (the 'Act') and the Listing Rules of the Financial Conduct Authority and describes how the board has applied the principles relating to directors' remuneration. The Company's remuneration policy was approved by shareholders at the annual general meeting in 2014 and again in 2017, in accordance with section 439A of the Act. The current policy will continue in force until the AGM in 2020.

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

All directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on. These include 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 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 the boards of directors of other comparable investment trust companies).

Remuneration policy

Directors are remunerated in the form of fees, payable quarterly in arrears. In accordance with the Company's articles of association the aggregate remuneration of the directors may not exceed £500,000 per annum. Subject to this overall limit, the board's policy is that the fees payable to the directors should be reasonable in relation to market rates, 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 committee who are paid a higher fee in recognition of their additional responsibilities. The level of remuneration paid to each director is reviewed annually, although such review will not necessarily result in any change to the rate; any feedback from shareholders would be taken into account when setting remuneration levels. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

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

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

This policy is unchanged and will remain in place until the annual general meeting in 2020 unless it is amended by way of an ordinary resolution put to shareholders in a general meeting. The board may amend the level of remuneration paid to individual directors within the parameters of the remuneration policy.

Annual statement

As chairman, Simon Jeffreys reports that directors' fees were last increased on 1 September 2016, which was the first since the Company's launch and was made after consideration of the fees paid to other investment trusts in the sector of an equivalent size and also in relation to the fees paid to the directors of other trusts managed by Janus Henderson. These increases were to ensure that the directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new directors. The directors' fees were reviewed during the year but no increase was proposed.

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.

Annual report on remuneration

Directors' interests in shares (audited)

	Ordinary shares of 1p	
	31 August 2018	31 August 2017
Simon Jeffreys	168,150	168,150
Bill Eason	156,990	156,990
Richard Hills	39,604	39,604
Christopher Jonas, CBE[1]	–	191,720
Aidan Lisser	26,148	19,798
Kasia Robinski[2]	60,000	n/a

[1] Retired on 17 December 2017

[2] Appointed on 1 November 2017

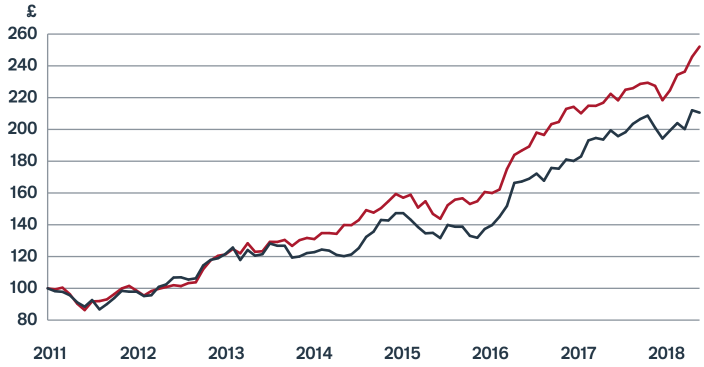
The interests of the directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. There were no changes since the year end to the date of this report.

In accordance with the Company's articles of association, no director is required to hold any shares of the Company by way of qualification.

Directors' Remuneration Report (continued)

Performance

The graph compares the mid-market price of the Company's ordinary shares since launch to the year ended 31 August 2018 with the return from the MSCI World (ex UK) Index (sterling adjusted) over the same period.



Henderson International Income Trust plc share price total return, assuming the investment of £100 on launch (28 April 2011) and the reinvestment of all dividends (excluding dealing expenses)

MSCI World (ex UK) Index (sterling adjusted) total return, assuming the notional investment of £100 into the Index on launch (28 April 2011) and the reinvestment of all income (excluding dealing expenses)

Source: Datastream

Directors' fees and expenses (audited)

The fees and expenses paid to the directors who served during the years ended 31 August 2018 and 31 August 2017 were as follows:

	Year ended 31 August 2018 Total salary and fees £	Year ended 31 August 2017 Total salary and fees £	Year ended 31 August 2018 Expenses including taxable benefits £	Year ended 31 August 2017 Expenses including taxable benefits £	Year ended 31 August 2018 Total £	Year ended 31 August 2017 Total £
Simon Jeffreys[1]	36,319	29,000	–	55	36,319	29,055
Peregrine Banbury[2]	–	7,022	–	–	–	7,022
Bill Eason	24,000	24,000	–	–	24,000	24,000
Richard Hills	24,000	24,000	318	779	24,318	24,779
Christopher Jonas[3]	10,536	39,000	–	824	10,536	39,824
Aidan Lisser	24,000	24,000	43	42	24,043	24,042
Kasia Robinski[4]	23,637	–	–	–	23,637	–
Total	**142,492**	**147,022**	**361**	**1,700**	**142,853**	**148,722**

[1] Chairman of the board, management engagement, nominations and insider committees. He became chairman on 7 December 2017
[2] Retired on 16 December 2016
[3] Retired on 7 December 2017
[4] Appointed on 1 November 2017, became chairman of audit committee on 7 December 2017

The table above omits other columns in the relevant regulations because no payments of other types such as performance related pay, vested performance related pay and remuneration related benefits were made.

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions to shareholders by way of dividends. There were no share buy-backs or other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2018 £	2017 £	Change £	Change %
Total remuneration	142,853	148,722	(5,869)	-3.9
Dividends paid[5]	9,173,128	7,722,659	1,450,469	18.8

[5] Includes the C share dividend paid in 2017

Statement of voting at annual general meeting

At the 2017 annual general meeting 22,480,299 (98.7%) votes were received for the resolution seeking approval for the directors' remuneration report, 200,092 (0.9%) were against, 85,007 (0.4%) were discretionary and 197,336 were withheld. The percentage of votes excludes votes withheld.

In relation to the approval of the Company's remuneration policy, also approved at the 2017 annual general meeting 22,480,080 (98.7%) votes were received voting for the resolution, 204,274 (0.9%) were against, 94,472 (0.4%) were discretionary and 183,908 were withheld.

For and on behalf of the board

Simon Jeffreys
Chairman
29 October 2018

Corporate Governance Statement

The corporate governance statement forms part of the report of the directors.

Applicable corporate governance codes

The board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties; the Company has no employees and the directors are all non-executive. Therefore not all the provisions of the UK Corporate Governance Code (the 'UK code') issued by the Financial Reporting Council ('FRC') in April 2016 are directly applicable to the Company. The board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in July 2016 (the 'AIC code') by reference to the AIC corporate governance guide for Investment Companies (the 'AIC guide'). The AIC code, as explained by the AIC guide, addresses all the applicable principles set out in the UK code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The FRC has confirmed that by following the AIC guide, boards of investment companies should fully meet their obligations in relation to the UK code and paragraph 9.8.6 of the Listing Rules.

Copies of the AIC code, the AIC guide and the UK code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**.

The board has noted the new UK Corporate Governance Code published in July 2018 which the Company will report against for the year ending 31 August 2020.

Statement of compliance

The directors believe that the Company has complied with the recommendations of the AIC code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report and thereby the provisions of the UK code except as set out below. The UK code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC guide, and as explained in the UK code, the board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

The board

Board composition

The board currently consists of five non-executive directors; and the biographies of those holding office at the date of this report are included on page 14. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their positions as directors. All directors served throughout the year with the exception of Christopher Jonas who retired on 7 December 2017 and Kasia Robinski, who was appointed on 1 November 2017. All directors are resident in the UK.

Responsibilities of the board and its committees

The board is responsible for providing leadership, setting the investment objective of the Company, establishing an appropriately robust internal control framework enabling effective risk management and monitoring the performance delivered by the Company's Manager and third party service providers in meeting the objective within the control framework.

The board is chaired by Simon Jeffreys who is an independent non-executive director and 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 manager and representatives of the corporate secretary between formal meetings.

The board has a formal schedule of matters reserved for its decision which include strategy and management, structure and capital, financial reporting and controls, internal controls and risk management, contracts, communications, board membership and other appointments, delegation of authority, remuneration and corporate governance matters. It 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. The directors confirm that they are satisfied that the annual report and financial statements for the year ended 31 August 2018, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

At each meeting the directors follow a formal agenda, which includes a review of the Company's net asset value, share price, discount/premium, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters. The board monitors compliance with the Company's 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. It has adopted a procedure for directors to take independent professional advice where necessary in the furtherance of their duties at the expense of the Company.

In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information.

Internal controls

The board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

The board has established an ongoing process for identifying, evaluating and managing the principal 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 year and up to the date of this report. The system is

Corporate Governance Statement (continued)

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, specifying levels of authority and exposure limits. The board reviews reports on investment performance against and compliance with the criteria at each meeting.
- regular financial 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.
- contractual agreements with the Manager and all other third party service providers. The board reviews performance levels and adherence to relevant provisions in the agreements on a regular basis through reporting to the board and conducts a formal evaluation of the overall level of service provided at least annually.
- 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.
- 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.
  - the Manager's internal audit team on areas of operation which are relevant to the Company.

The board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 August 2018. During the course of its review the board has not identified or been advised of any failings or weaknesses that have been determined as significant.

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's management functions are delegated to third parties and the board monitors the controls in place with support from the Manager's internal audit department. As such the board has determined that there is currently no need for the Company to have its own internal audit function. The board will continue to review on an annual basis.

Directors

Directors' appointment and retirement

The board may appoint directors to the board without shareholder approval. Any director so appointed must stand for election by the shareholders at the next annual general meeting in accordance with the articles of association. The Company's articles of association state that all directors must retire by rotation at intervals of not more than three years. However, the board has decided that each director will retire annually and stand for re-election at the annual general meeting.

Christopher Jonas retired from the board at the conclusion of the 2017 annual general meeting.

Simon Jeffreys took over as chairman and ceased to be the audit committee chairman on taking up the chair.

Kasia Robinski succeeded Simon Jeffreys as audit committee chairman on 7 December 2017.

Under the articles of association shareholders may remove a director before the end of his/her term by passing an ordinary resolution at a general meeting. An ordinary resolution is passed if more than 50% of the votes cast, in person or by proxy, are in favour of the resolution.

Directors' independence

In accordance with the AIC Code of Corporate Governance, the board has reviewed the independent status of each individual director and the board as a whole. All directors have a wide range of other interests and are not dependent on the Company itself. At the nominations committee meeting in July 2018, 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 of Janus Henderson both 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.

A senior non-executive director has not been identified as the board considers that all the directors have different qualities and areas of expertise on which they may lead where issues arise.

There were no contracts subsisting 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' professional development

When a new director is appointed he or she is offered an induction seminar which is held by Janus Henderson at the request of the chairman. 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 is in place in respect of the directors. The Company's articles of association provide, subject to the provisions of UK legislation, an indemnity out of the assets of the Company for every director or other officer of the Company against

Corporate Governance Statement (continued)

any liability which he or she may incur as a director or other officer of the Company in defending any proceedings (whether civil or criminal) in which judgement is given in his or her favour, or he or she is acquitted, or in connection with any application under the Companies Act 2006 in which he or she is granted relief by the court.

The board has three principal committees: the audit committee, the management engagement committee and the nominations committee. The terms of reference for these committees are available on the website **www.hendersoninternationalincometrust.com** or via the corporate secretary. The Company also has an insider committee to assist in meeting the disclosure obligations of the Market Abuse Regulations.

A separate remuneration committee has not been established as the board consists of only non-executive directors. The whole board is responsible for setting directors' fees in line with the remuneration policy set out on page 25, which is subject to periodic shareholder approval.

Audit committee

The audit 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 monitoring the effectiveness and objectivity of the external auditors.

The committee comprises all of the directors and is chaired by Kasia Robinski, who has the appropriate experience and training. The other committee members have a combination of financial, investment and other experience gained throughout their careers and the board is satisfied overall that the committee has recent and relevant financial experience. All members of the committee are considered to be independent. The report of the audit committee, which forms part of this corporate governance statement can be found on pages 32 and 33.

Nominations committee

The nominations committee is responsible for ensuring the board retains an appropriate balance of skills, experience and diversity, has a formal, rigorous and transparent approach to the appointment of directors and maintains an effective framework for succession planning.

The committee is chaired by the chairman of the board (although he would not chair the committee when his reappointment or his successor are being considered). All of the independent non-executive directors are members of the committee. 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 whether the diversity of these continued to contribute to the success of the Company. However, given the size of the board, it is not considered appropriate for the Company to have set targets in this regard; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. Once a decision is made to recruit additional directors to the board, a formal job description will be drawn up. The committee may use external agencies as and when the requirement to recruit an additional board member becomes necessary;
- the outcomes 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 results of the annual performance evaluation are detailed below;
- whether any training was required by the directors;
- the tenure of each of the directors, giving consideration as to whether the board retained a sufficient balance of length of service without becoming ossified;
- the independence of the directors taking account of the guidelines established by the UK code and AIC code as well as the directors' other commitments;
- the time commitment of the directors and whether this had been sufficient over the course of the year;
- succession planning for appointments to the board taking account of the provisions of the Company's articles regarding the retirement and rotation of directors, the tenure of the current directors and recommendations of the 2018 UK Code; and
- the performance and contribution of the directors standing for re-election at the 2018 AGM.

Following completion of its reviews (see Performance evaluation below), the committee concluded that no changes to the composition of the board were required at present and that each director continued to commit sufficient time to fulfilling their duties. Taking account of the performance of individual directors, the committee recommended to the board that it should support the re-appointment of all directors at the 2018 AGM.

Performance evaluation

The directors recognise the importance of the AIC code's recommendation in respect of evaluating the performance of the board as a whole, the committees and individual directors. During the year, the directors undertook a review of the board structure, including an evaluation of the performance of the board, the committees and of individual directors. This year, Lintstock Limited, who are unconnected to the Company, facilitated an external review.

Management engagement committee

The management engagement committee is responsible for formally evaluating the overall performance of the Manager and other third-party service providers engaged by the Company to consider whether their continuing appointment is in the interest of shareholders as a whole. The committee is chaired by the chairman of the board. All of the independent non-executive directors are members of the committee.

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 closed-ended sector, the share price, level of premium/discount and gearing;

Corporate Governance Statement (continued)

- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-ended competitors and other, similar sized investment companies;
- the key clauses of the investment 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 brokers, depositary, registrar, marketing and research providers, legal counsel and the Company's accountants.

Continued appointment of the Manager

Following completion of its reviews, 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 the Manager.

Insider committee

The committee was formed to assist in meeting the disclosure obligations under the Market Abuse Regulations, which came into force on 3 July 2016.

All directors are members of the insider committee, which is chaired by the chairman of the board.

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 annual general meeting in December 2017.

	Board	AC	MEC	NC	IC
Number of meetings	**5**	**2**	**1**	**1**	**Ad hoc**
Simon Jeffreys	5	2	1	1	–
Bill Eason	5	2	1	1	–
Richard Hills	5	2	1	1	–
Christopher Jonas, CBE[1]	1	1	–	–	–
Aidan Lisser	5	2	1	1	–
Kasia Robinski[2]	4	1	1	1	–

1 Retired on 7 December 2017
2 Appointed 1 November 2017
AC: Audit Committee
MEC: Management Engagement Committee
NC: Nominations Committee
IC: Insider Committee which did not meet during the year

The directors and committees of the board also met as needed during the year to undertake business such as the approval of the Company's financial results and dividends.

Accountability and relationship with Janus Henderson

The statement of directors' responsibilities in respect of the financial statements is set out on page 24, the independent auditors' report on pages 34 to 37 and the viability statement on page 17.

The board has delegated contractually to external third parties, including Janus Henderson, the management of the investment portfolio, the depositary services (which include the safeguarding of the assets), the day-to-day accounting, company 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. Further details of the management agreement can be found on page 4.

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 able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters which would then be reported to the board. Directors are also able to attend a similar periodic directors' briefing.

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 each board meeting enabling the directors to probe further on any 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 fully recorded through a process that allows any director's concerns to be recorded in the minutes. The board and the Manager operate in a supportive, co-operative and open environment.

The corporate secretary, Henderson Secretarial Services 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 the two entities, 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 audited procedures in place. Any correspondence is submitted to the next board meeting.

Janus Henderson and BNP Paribas Securities Services, 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.

Corporate Governance Statement (continued)

Bribery Act 2010

The board has reviewed the implications of the Bribery Act 2010, and confirmed its zero tolerance to bribery and corruption in its business activities. It has received assurances from the Company's main contractors and suppliers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Criminal Finances Act 2017

The Board has also considered the changes made by the Criminal Finances Act 2017, which came into effect in September 2017, which introduced a new corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion. The Company has received assurances from the Company's main contractors and suppliers that they maintain a zero tolerance policy towards the provision of illegal services, including the facilitation of tax evasion.

Share capital

Please see the report of the directors on page 22.

Relations with shareholders

Shareholder relations are given high priority by the board. The prime medium by which the Company communicates with its shareholders is through the half year results and annual report which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the daily calculation and publication of the NAV per share to a regulatory information service and a monthly fact sheet which is available on the website: **www.hendersoninternationalincometrust.com**

Janus Henderson also provides information on the Company and fund manager videos on the website, via various social media channels and through its HGi content platform, more details of which are included on page 15.

The board considers that shareholders should be encouraged to attend and participate at the annual general meeting, which will again this year be available to watch live as it happens by visiting **www.janushenderson.com/trustslive**. Shareholders have the opportunity to address questions to the chairman of the board, the chairman of the audit committee and all other directors at the meeting and the fund manager will make a presentation to shareholders. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the board that the annual report and notice of annual general meeting be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also included on the Company's website. Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time, are invited to do so by writing to the chairman at the registered office address given on page 15 of this report.

General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between the Manager and shareholders are reported to the board.

By order of the board

For and on behalf of
Henderson Secretarial Services Limited
Corporate Secretary
29 October 2018

Report of the Audit Committee

I have pleasure in presenting the report of the audit committee for the year ended 31 August 2018.

Meetings

The audit committee which is chaired by myself, Kasia Robinski, met twice during the year under review. The Company's auditors are invited to attend meetings. Representatives of the Manager and BNP Paribas Securities Services may also be invited.

Role and responsibilities

The role of the audit committee is to assist the board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the external auditors. The responsibilities are set out in formal terms of reference which are regularly reviewed. In the year under review the main duties undertaken were:

- confirmation of the appropriateness of the Company's accounting policies;
- 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 and strategy in order to make recommendations to the board;
- consideration 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;
- consideration of the appropriate level of dividend to be paid by the Company;
- consideration of the internal controls in place at Janus Henderson and BNP Paribas Securities Services as administrator, as described on pages 27 and 28 including compliance with s1158 of the Corporation Tax Act 2010, and Janus Henderson's policies in relation to cyber risk and business continuity;
- the committee met with representatives of Janus Henderson's risk team to discuss internal controls and risk management. The discussion included a detailed overview of the Manager's internal controls reports and went on to provide a summary of the HSBC Securities Services and BNP Paribas Securities Services (the Company's main third party service providers) internal controls reports that the Janus Henderson risk team had reviewed. The committee received reassurances from the risk team and the committee concurred with their judgement that the findings were satisfactory with no material breaches to report that affected the Company;
- the audit committee chairman discussed and agreed the audit plan with the auditor;
- discussion of audit materiality at the audit planning meeting;
- ensuring that the auditor reported all errors;
- consideration of the FRC review of Grant Thornton UK LLP and Grant Thornton's internal quality reviews and concluded that there were no matters arising of concern for the Company;
- 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 review of the Company's gifts and hospitality register and was satisfied that the Company was in compliance;
- consideration of the Company's anti-tax evasion policy and was satisfied that the Company was in compliance;
- consideration of the nature and scope of the external audit and the findings therefrom;
- consideration of whether there is a need for an internal audit function in order to make a recommendation to the board, as described on page 28;
- the committee met with a representative of Janus Henderson's internal audit team to discuss Janus Henderson's internal audit plan including those audits which had a direct or indirect relevance to Janus Henderson's investment trusts. The committee concluded that it was appropriate to rely on Janus Henderson's internal audit function;
- consideration of the appointment of the external auditors and their performance and remuneration (see page 33);
- consideration of the external auditors' independence and objectivity and the reporting of the external auditor. The committee also considered its policy on non-audit services. The committee was satisfied with the arrangements (as explained further on page 33);
- consideration of the whistle blowing policy that Janus Henderson has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence. The committee was satisfied that the policy includes the necessary arrangements for independent investigation and follow up action;
- in assessing whether the annual 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 auditors, the fund manager and the company secretary; and
- consideration of the annual confirmation from the Company's depositary.

Report of the Audit Committee (continued)

Audit for the year ended 31 August 2018

In relation to the annual report for the year ended 31 August 2018 the following significant issues were considered by the committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	The directors have appointed the Manager to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, Janus Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Ownership of listed investments are verified by reconciliation to the custodian's records.
Recognition of income	Income received is accounted for in line with the Company's accounting policy (as set out in note 1e) on page 42) and is reviewed by the committee at each meeting.

Policy on non-audit services

The provision of non-audit services by the Company's auditors is considered and approved by the audit committee on a case by case basis by considering them against the criteria set out in the FRC's Revised Ethical Standard 2016 and the FRC's guidance on Audit Committees. The policy set by the audit committee, which is kept under review, ensures that consideration is given to the following factors when considering the provision of non-audit services by the auditors:

- the level of non-audit fees paid to the audit firm in relation to the statutory audit fee;
- whether the audit firm is the most suitable supplier of non-audit services;
- the impact on the auditors' independence and objectivity and what safeguards can be put in place to eliminate or reduce any threat in this regard; and
- the cost-effectiveness of the services.

The board has determined that the auditors will never be considered for the provision of services related to accounting and preparation of the financial statements, internal audit and custody.

There were no fees paid or payable to the auditors for non-audit services in the year under review (2017: £nil).

External audit, review and re-appointment

Grant Thornton UK LLP have been the Company's auditors since the Company was launched. The Statutory Auditors and Third Country Auditors Regulations require the Company to rotate its audit firm after a period of 10 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. Grant Thornton UK LLP has been the Company's auditor for less than 10 years. The auditor is required to rotate partners every five years and this is the first year that Andrew Heffron is in place. Under transitional provisions, the Company will be required to put the external audit out to tender for the 2021 financial year end.

At its October 2018 meeting the audit committee discussed in detail the effectiveness and quality of the audit provided by Grant Thornton UK LLP for the financial year ended 31 August 2018. The committee assessed the performance of Grant Thornton UK LLP through discussions, with the auditor present and privately with the fund manager, company secretary and Janus Henderson's financial reporting manager, to provide feedback on the audit process. The committee concluded that it was content that the audit for the year ended 31 August 2018 had been professionally delivered and high standards adhered to and it therefore recommended Grant Thornton UK LLP's continuing appointment to the board.

The auditors have indicated their willingness to continue in office. Accordingly, resolutions to confirm the re-appointment of Grant Thornton UK LLP as auditors to the Company and to authorise the directors to determine their remuneration will be proposed at the forthcoming annual general meeting.

Fees paid or payable to the auditors are detailed in note 6 on page 45.

Kasia Robinski
Audit committee chairman
29 October 2018

Independent Auditors' Report to the Members of Henderson International Income Trust plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Henderson International Income Trust plc (the 'Company') for the year ended 31 August 2018, which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2018 and of its net return 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.

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 are 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 16 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 16 of the annual report, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 24 of the financial statements, about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 17 of the annual report, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

- Overall materiality: £2,967,000, which represents 1% of the Company's net assets.
- Key audit matters were identified as existence, ownership and valuation of investments, and completeness and occurrence of investment income.
- Our audit approach was a risk based substantive audit focused on investments at the year end and investment income recognised during the year. There was no change in our approach from the prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were 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 these matters.

Independent Auditors' Report to the Members of Henderson International Income Trust plc (continued)

Key Audit Matter	How the matter was addressed in the audit
Existence, ownership and valuation of investments The Company's investment objective is to provide shareholders with a growing total annual dividend as well as capital appreciation. The investment portfolio at the year end had a carrying value of £302,416,000. Due to the nature of the Company's business there is an inherent risk that the investments shown in the Statement of Financial Position may not be owned by the Company, do not exist or are incorrectly valued. We therefore identified existence, ownership and valuation of investments as a significant risk, which was one of the most significant risks of material misstatement.	Our audit work included, but was not restricted to: • agreeing the valuation of investments to an independent source of market prices; • agreeing the nominal holding to the custodian confirmation; • substantively testing a sample of additions and disposals of investments during the year by agreeing to the underlying supporting documentation and bank statements; • obtaining trading volumes of the investments held at the year end to assess whether the investments are actively traded; and • assessing whether the Company's accounting policy for investments is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice ('SORP') issued by the Association of Investment Companies (AIC) and testing its consistent application during the year. The Company's accounting policy on fixed asset investments held at fair value through profit or loss is shown in note 1(c) to the financial statements and related disclosures are included in notes 2 and 11. The audit committee identified valuation and ownership of the Company's investments as a significant issue in its report on page 33, where the committee has also described the actions that it has taken to address this issue. **Key observations** Our audit testing did not identify any material misstatements in the valuation of the Company's investment portfolio as at the year end nor were any issues noted with regards to the existence or the Company's ownership of the underlying investments at the year end.
Completeness and occurrence of investment income The Company measures performance on a total return basis and investment income is one of the significant components of this performance measure. Under International Standard on Auditing (UK) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk of fraud in revenue recognition. Due to the significance of revenue to the Company's performance evaluation we have determined that there is a risk that revenue might not have occurred or is not recognised in the correct accounting period. We therefore identified completeness and occurrence of investment income as a significant risk, which was one of the most significant risks of material misstatement.	Our audit work included, but was not restricted to: • for a sample of investments held during the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the Income Statement and agreeing a sample of dividend income recognised by the Company to an independent source; • checking the categorisation of corporate actions and special dividends to identify whether the treatment is correct; and • assessing whether the Company's accounting policy for revenue recognition is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the AIC SORP and testing its consistent application on revenue recognised during the year. The Company's accounting policy on income, including its recognition, is shown in note 1(e) to the financial statements and related disclosures are included in note 3. The audit committee identified recognition of income as a significant issue in its report on page 33, where the committee has also described the actions that it has taken to address this issue. **Key observations** Our audit testing did not identify any material misstatements in the completeness or occurrence of investment income recognised during the year.

Independent Auditors' Report to the Members of Henderson International Income Trust plc (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £2,967,000, which is 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which primarily comprise the Company's investment portfolio, are considered to be the key driver of the Company's total return performance and form part of the net asset value calculation, being the performance measure investors use to assess the Company's performance.

Materiality for the current year is higher than the level that we determined for the year ended 31 August 2017 to reflect the increased value of the Company's investment portfolio at the year end.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

We also determine a lower level of specific materiality for certain areas such as investment income, management fee and directors' remuneration.

We determined the threshold at which we will communicate misstatements to the audit committee to be £148,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Company's business, its environment and risk profile and in particular included:

- understanding management's process to value quoted investments, investment income recognition and journal entries posting through discussions with management and obtaining an understanding of relevant internal controls at both the Company and third-party service providers. This included obtaining and reading internal control reports prepared by the third-party service providers on the description, design, and operating effectiveness of the internal controls at the investment manager, custodian, and administrator; and

- performing substantive audit procedures on specific transactions, which included journal entries, individual material balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and our evaluation of the design and implementation of controls that address significant audit risk.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 24 – the statement given by the directors that they consider the annual report and financial statements 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, is materially inconsistent with our knowledge obtained in the audit; or

- Audit committee reporting set out on pages 32 and 33 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee is materially inconsistent with our knowledge obtained in the audit; or

- Directors' statement of compliance with the UK Corporate Governance Code set out on page 27 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Independent Auditors' Report to the Members of Henderson International Income Trust plc (continued)

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

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 report of the directors.

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 for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 24, 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.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

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

Other matters which we are required to address

We were appointed by the members on 15 December 2011. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 7 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Andrew Heffron
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
29 October 2018

Income Statement

Notes		Year ended 31 August 2018 Revenue return £'000	Year ended 31 August 2018 Capital return £'000	Year ended 31 August 2018 Total £'000	Year ended 31 August 2017 Revenue return £'000	Year ended 31 August 2017 Capital return £'000	Year ended 31 August 2017 Total £'000
2	Gains from investments held at fair value through profit or loss	–	7,481	7,481	–	35,101	35,101
3	Income from investments held at fair value through profit or loss	12,500	–	12,500	10,882	–	10,882
	Profit/(loss) on foreign exchange	–	85	85	–	(170)	(170)
4	Other income	220	–	220	297	–	297
	Gross revenue and capital gains	**12,720**	**7,566**	**20,286**	**11,179**	**34,931**	**46,110**
5	Management fee	(458)	(1,374)	(1,832)	(409)	(1,229)	(1,638)
6	Other administrative expenses	(559)	–	(559)	(530)	–	(530)
	Net return before finance costs and taxation	**11,703**	**6,192**	**17,895**	**10,240**	**33,702**	**43,942**
7	Finance costs	(25)	(31)	(56)	(28)	(40)	(68)
	Net return before taxation	**11,678**	**6,161**	**17,839**	**10,212**	**33,662**	**43,874**
8	Taxation on net return	(1,456)	3	(1,453)	(1,116)	78	(1,038)
	Net return after taxation	**10,222**	**6,164**	**16,386**	**9,096**	**33,740**	**42,836**
9	Return per ordinary share	5.80p	3.50p	9.30p	5.76p	21.36p	27.12p

The total column of this statement represents the Income Statement 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 derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

The notes on pages 42 to 55 form part of these financial statements

Statement of Changes in Equity

Notes	Year ended 31 August 2018	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 31 August 2017	1,742	159,102	45,732	71,655	5,741	283,972
16, 17	New shares allotted	34	5,529	–	–	–	5,563
	Net return for the year	–	–	–	6,164	10,222	16,386
10	Dividends paid	–	–	–	–	(9,173)	(9,173)
	At 31 August 2018	**1,776**	**164,631**	**45,732**	**77,819**	**6,790**	**296,748**
Notes	**Year ended 31 August 2017**	**Called up share capital £'000**	**Share premium account £'000**	**Special reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
	At 31 August 2016	1,561	131,328	45,732	37,915	4,368	220,904
16, 17	New shares allotted	44	6,778	–	–	–	6,822
	Issue of ordinary shares from C share conversion	137	20,996	–	–	–	21,133
	Net return for the year	–	–	–	33,740	9,096	42,836
10	Dividends paid	–	–	–	–	(7,723)	(7,723)
	At 31 August 2017	**1,742**	**159,102**	**45,732**	**71,655**	**5,741**	**283,972**

The notes on pages 42 to 55 form part of these financial statements

Statement of Financial Position

Notes		At 31 August 2018 £'000	At 31 August 2017 £'000
11	**Fixed asset investments held at fair value through profit or loss**	302,416	284,920
	Current assets		
12	Debtors	1,420	1,375
	Cash and cash equivalents	–	4,099
		1,420	**5,474**
13	**Creditors: amounts falling due within one year**	(7,088)	(6,422)
	Net current liabilities	**(5,668)**	**(948)**
	Total net assets	**296,748**	**283,972**
	Capital and reserves		
16	Called up share capital	1,776	1,742
17	Share premium account	164,631	159,102
18	Special reserve	45,732	45,732
18	Other capital reserves	77,819	71,655
18	Revenue reserve	6,790	5,741
	Total shareholders' funds	**296,748**	**283,972**
14	Net asset value per ordinary share	167.1p	163.0p

The financial statements on pages 38 to 55 were approved and authorised for issue by the board of directors on 29 October 2018 and signed on their behalf by:

Simon Jeffreys
Chairman

The notes on pages 42 to 55 form part of these financial statements

Cash Flow Statement

	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Cash flows from operating activities		
Net return before taxation	17,839	43,874
Add back: finance costs	56	68
Less: gains on investments held at fair value through profit or loss	(7,481)	(35,101)
Add: (gain)/loss on foreign exchange	(85)	170
Withholding tax on dividends deducted at source	(1,617)	(1,318)
Taxation recovered	55	75
Decrease/(increase) in debtors	386	(303)
Decrease in creditors	(9)	(209)
Net cash inflow from operating activities	**9,144**	**7,256**
Cash flows from investing activities		
Purchase of investments	(123,621)	(112,706)
Sale of investments	107,765	82,907
Net cash outflow from investing activities	**(15,856)**	**(29,799)**
Cash flows from financing activities		
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(9,173)	(7,723)
Proceeds from issue of ordinary shares	5,530	6,840
Proceeds from issue of ordinary shares from C share conversion	–	21,106
Interest paid	(56)	(68)
Net cash (outflow)/inflow from financing activities	**(3,699)**	**20,155**
Net decrease in cash and cash equivalents	(10,411)	(2,388)
Cash and cash equivalents at start of year	4,099	6,657
Effect of foreign exchange rates	85	(170)
Cash and cash equivalents at end of year	**(6,227)**	**4,099**
Comprising:		
Cash at bank	–	4,099
Bank overdraft	(6,227)	–
	(6,227)	**4,099**

The notes on pages 42 to 55 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 15.

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102, the Financial Report 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 November 2014 and updated in February 2018 with consequential amendments.

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 at fair value of investments. In applying FRS102, 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.

The preparation of the Company's financial statements on occasion requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The directors do not believe that any accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

b) Going concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

c) Fixed asset investments held at fair value through profit or loss

All investments are held at fair value through profit or loss. Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments is based on their quoted bid price at the Statement of Financial Position date, without deduction of the estimated future selling costs.

Changes in the fair 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 from investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

d) Capital gains and losses

Capital gains and losses arising on investments sold and investments held, together with exchange differences arising on the translation of foreign currency assets and liabilities, are dealt with in capital reserves.

e) Income

Dividends receivable (including overseas withholding taxes) from equity shares are taken to 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. Bank deposit interest is taken to revenue on an accruals basis.

Option premium income is recognised as revenue over the life of the contract and included in the revenue column of the Income Statement unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premiums arising are allocated to the capital column of the Income Statement.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

f) Derivative financial instruments

Derivative transactions which the Company may enter into comprise forward exchange contracts (the purpose of which is to hedge foreign currency exposure). The Company may also write options on shares represented in the portfolio where such options are priced attractively relative to Janus Henderson's expectations for the relevant share prices and to generate additional return for shareholders. The Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Company's policies as approved by the board.

Derivatives are measured at fair value based on market process or at valuations based on market prices.

Changes in the fair value of derivative financial instruments are recognised in the Income Statement as they arise. If capital in nature, the associated change in value is presented as a capital item in the Income Statement.

Where options are written for the purpose of generating revenue, applicable premiums are recognised evenly over the life of the option and shown in the revenue return, with the appropriate amount shown as capital return such that the total return reflects the overall change in the fair value of the option.

g) Expenses and finance costs

All expenses are accounted for on an accruals basis. Finance costs, including any premiums payable 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. On the basis of the board's expected long-term split of returns in the form of capital gains and income of 75% and 25% respectively, the Company charges 75% of its finance costs and management fee to the capital return. The overdraft arrangement fee which is included in finance costs is charged 100% to the revenue return. All other expenses are charged to revenue return. All of these amounts are stated inclusive of any related irrecoverable value added tax.

h) Taxation

The tax expense represents the sum of the current tax and deferred tax arising from the accounting period.

The current tax 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 tax rates that were applicable at the Statement of Financial Position date.

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) Foreign currency

The results and financial position of the Company are expressed in pounds sterling which is the functional currency and presentational currency of the Company. The board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined the functional currency to be sterling.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets and liabilities and equity investments held at fair value through profit or loss denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue return or capital return, depending on whether the gain or loss is of a revenue or capital nature. Gains or losses arising from a change in exchange rates in respect of investments are included within the gain or loss from investments held at fair value through profit or loss.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

j) Dividends payable to shareholders

Interim dividends are recognised in the period in which they are paid. Final dividends are not recognised until approved by shareholders. Dividends are dealt with in the Statement in Changes in Equity.

k) 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 special reserve represents the value of the share premium account that was cancelled and transferred to distributable reserves on 28 February 2013.

Other capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on revaluation of 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 disposals of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- costs 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.

l) Distributable reserves

The Company's capital reserve arising on investments sold, capital reserve arising on revaluation of investments held, special reserve and revenue reserve may be distributed by way of a dividend.

Notes to the Financial Statements (continued)

2 Gains/(losses) from investments held at fair value through profit or loss

	2018 £'000	2017 £'000
Gains on investments sold in the year	13,100	15,605
Revaluation of investments held at 31 August	(6,352)	20,241
Movement in appreciation of traded options held	733	(745)
	7,481	**35,101**

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

	2018 £'000	2017 £'000
Dividend income	12,500	10,882
	12,500	**10,882**

4 Other income

	2018 £'000	2017 £'000
Bank interest	2	1
Option premium income	218	296
	220	**297**

5 Management fee

	2018			2017		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Management fee	458	1,374	1,832	409	1,229	1,638
	458	**1,374**	**1,832**	**409**	**1,229**	**1,638**

A summary of the terms of the management agreement is given in the strategic report on page 4.

6 Other administrative expenses (including irrecoverable VAT)

	2018 £'000	2017 £'000
Directors' fees (see the directors' remuneration report on page 26)	142	149
Auditors' remuneration – for audit services*	29	28
Marketing fees	94	89
Depositary fees	48	44
Custody fees	52	43
Broker fees	41	37
Registrar's fees	20	25
Printing and postage expenses	14	19
Legal and professional fees	18	19
Listing and subscription fees	41	29
Other expenses	60	48
	559	**530**

*The fee for the audit of the Company was £28,325 plus expenses for the current year.

7 Finance costs

	2018			2017		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Bank interest	25	31	56	28	40	68
	25	**31**	**56**	**28**	**40**	**68**

Notes to the Financial Statements (continued)

8 Taxation

	2018			2017		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Foreign withholding taxes	1,703	–	1,703	1,322	–	1,322
Overseas tax reclaimable	(250)	–	(250)	(284)	–	(284)
Tax relief to capital	3	(3)	–	78	(78)	–
Current tax charge for the year	**1,456**	**(3)**	**1,453**	**1,116**	**(78)**	**1,038**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.58%). The differences are explained below:

Factors affecting the tax charge for the year

	2018			2017		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return before taxation	11,677	6,161	17,838	10,212	33,662	43,874
Corporation tax at an effective rate of 19% (2017: 19.58%)	2,219	1,171	3,390	2,000	6,591	8,591
Effects of:						
Non-taxable gains less losses on investments held at fair value through profit or loss and foreign exchange	–	(1,438)	(1,438)	–	(6,840)	(6,840)
Non-taxable overseas dividends	(2,205)	–	(2,205)	(1,891)	–	(1,891)
Overseas tax	1,453	–	1,453	1,038	–	1,038
Tax relief to capital	3	(3)	–	78	(78)	–
Tax effect of expensed double taxation relief	(12)	–	(12)	(20)	–	(20)
Income taxable in different periods	–	–	–	(4)	–	(4)
Excess management expenses	(2)	267	265	(85)	249	164
Current tax charge	**1,456**	**(3)**	**1,453**	**1,116**	**(78)**	**1,038**

Deferred tax

The Company has unrecognised deferred tax assets of £919,000 at 31 August 2018 (2017: £682,000) arising as a result of excess management expenses and loan relationship deficits (including interest on the bank overdraft). These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

Due to its status as an investment trust, the Company is exempt from UK corporation tax on disposal of its investments.

The Company intends to maintain approval as an investment trust company for the foreseeable future.

9 Return per ordinary share

	2018		2017	
	£'000	pence	£'000	pence
Revenue return	10,222	5.80	9,096	5.76
Capital return	6,164	3.50	33,740	21.36
Total return	**16,386**	**9.30**	**42,836**	**27.12**
Weighted average number of ordinary shares		176,164,731		157,944,441

Notes to the Financial Statements (continued)

10 Dividends paid on ordinary shares for the year ended 31 August

	Ex-dividend date	Record date	Payment date	2018 £'000	2017 £'000
4th interim dividend – 1.20p	27 October 2016	28 October 2016	30 November 2016	–	1,879
1st interim dividend – 1.20p	9 February 2017	10 February 2017	28 February 2017	–	1,879
2nd interim dividend – 1.20p	27 April 2017	28 April 2017	31 May 2017	–	1,879
3rd interim dividend – 1.20p	27 July 2017	28 July 2017	31 August 2017	–	1,925
4th interim dividend – 1.30p	26 October 2017	27 October 2017	30 November 2017	2,275	–
1st interim dividend – 1.30p	8 February 2018	9 February 2018	28 February 2018	2,291	–
2nd interim dividend – 1.30p	3 May 2018	4 May 2018	31 May 2018	2,298	–
3rd interim dividend – 1.30p	9 August 2018	10 August 2018	31 August 2018	2,309	–
				9,173	**7,562**

Dividends paid on C shares for the year ended 31 August

	Ex-dividend date	Record date	Payment date	2018 £'000	2017 £'000
Interim dividend – 0.75p	10 August 2017	11 August 2017	31 August 2017	–	161
				–	**161**

A fourth interim dividend in respect of the year ended 31 August 2018 of 1.40p per share was declared on 29 October 2018 and will be paid to shareholders on 30 November 2018 with the record date 9 November 2018. The Company's shares will go ex-dividend on 8 November 2018.

All dividends have been or will be paid out of revenue profits.

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

	2018 £'000	2017 £'000
Revenue available for distribution by way of dividend for the year	10,222	9,096
First three interim dividends totalling 3.90p paid (2017: 4.35p)	(6,898)	(5,844)
Fourth interim dividend for the year ended 31 August 2018 of 1.40p (based on 177,581,306 ordinary shares in issue as at 29 October 2018) (2017: 1.30p)	(2,486)	(2,275)
Undistributed revenue for section 1158 purposes[1]	**838**	**977**

[1] Comprises 7.2% of taxable income (2017: 9.9%)

11 Fixed asset investments

2018	Listed investments £'000	Total £'000
31 August 2017	230,052	230,052
Purchases at cost	118,835	118,835
Sales at cost	(94,986)	(94,986)
Cost of investments at 31 August 2018	**253,901**	**253,901**
Investment holding gains at 31 August 2018	48,515	48,515
Valuation at 31 August 2018	**302,416**	**302,416**

2017	Listed investments £'000	Total £'000
31 August 2016	179,541	179,541
Purchases at cost	117,813	117,813
Sales at cost	(67,302)	(67,302)
Cost of investments at 31 August 2017	**230,052**	**230,052**
Investment holding gains at 31 August 2017	54,868	54,868
Valuation at 31 August 2017	**284,920**	**284,920**

Total transaction costs amounted to £175,000 (2017: £260,000) of which purchase transaction costs for the year ended 31 August 2018 were £94,000 (2017: £162,000) and comprise mainly brokers' commissions. Sales transaction costs for the year ended 31 August 2018 were £81,000 (2017: £98,000).

Included in the 2017 purchase transactions costs above are those relating to the C share pool amounting to £16,000.

Notes to the Financial Statements (continued)

12 Debtors

	2018 £'000	2017 £'000
Share issue proceeds	–	27
Sales for future settlement	321	–
Withholding tax recoverable	535	425
Prepayments and accrued income	554	905
VAT recoverable	10	18
	1,420	**1,375**

13 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Bank overdraft	6,227	–
Purchases for future settlement	437	5,107
Management fee	324	310
Other creditors	100	156
Derivatives at fair value – traded option contracts	–	849
	7,088	**6,422**

14 Net asset value per ordinary share

The net asset value per ordinary share and the net assets attributable to ordinary shares at the end of the year were as follows:

	2018	2017
Net assets attributable (£'000)	296,748	283,972
Number of ordinary shares in issue	177,581,306	174,206,306
Net assets per ordinary share (pence)	167.1	163.0

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

	2018 £'000	2017 £'000
Net assets at start of the year	283,972	220,904
Total net return after taxation	16,386	42,836
Dividends paid	(9,173)	(7,723)
Issue of ordinary shares less issue costs	5,563	27,955
Total net assets attributable to the ordinary shares at 31 August	**296,748**	**283,972**

15 Risk management policies and procedures

As an investment trust company the Company invests in equities and other investments for the long-term so as to secure its investment objective as stated on page 4. In pursuing its investment objective, 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 (compromising other price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of these risks, are set out below. The board of directors and Janus Henderson co-ordinate the Company's risk management and there are various risk management systems in place as detailed below:

- straight-through processing via a deal order and management system ('OMS') is utilised for listed securities, exchange-traded derivatives and OTC derivative contracts with connectivity to third-party affirmation and trade repository services;
- portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine;
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises HiPortfolio software;

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

- the IT tools to which the Janus Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:

  – Charles River Compliance module for investment restrictions monitoring;
  – Nasdaq Bwise (previously OneSumX) operational risk database;
  – Riskmetrics for VaR statistics, stress-testing and back-testing;
  – UBS Delta, Style Research, FinAnalytica and Barra Aegis for market risk measurement;
  – Bloomberg for market data and price-checking; and
  – HiPortfolio for portfolio holdings and valuations.

  These are supplemented by in-house developments: Derivatives Risk and Compliance database and Counterparty Exposure reports.

The board determines the objectives, policies and processes for managing the risks, and these are set out below under the relevant risk category. The policies for the management of risk have not changed since incorporation.

The Company has a spread of investments which by their nature are less risky than placing the entire amount of the Company's assets in one investment. By their nature, equity investments can be higher risk than some other investments but the longer-term return can be positive. Performance of equities has been and is likely to continue to be volatile over shorter periods.

15.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises other price risk (see note 15.1.1), currency risk (see note 15.1.2) and interest rate risk (see note 15.1.3). The fund manager assesses the exposure to market price risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

15.1.1 Other price risk

Other price risks (changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the investments.

Management of the risk

The board of directors manages the risks inherent in the investment portfolio by ensuring that the portfolio is diversified and through full and timely reporting of relevant information from Janus Henderson. Investment performance is reviewed at each board meeting. The board monitors the fund manager's compliance with the Company's objectives, and is directly responsible for investment strategy, asset allocation and diversification.

Options and forward currency contracts may be used to limit exposure which might adversely affect the value of the portfolio of investments.

The Company's exposure to other changes in market prices at 31 August 2018 on its investments held at fair value through profit or loss was £302,416,000 (2017: £284,920,000).

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on page 9. There is a concentration of exposure to Continental Europe and the US, though it 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.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.1 Other price risk (continued)

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year, and the equity, to an increase or decrease of 20% in the fair values of the Company's investments. This level of change is considered to be possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at the Statement of Financial Position date, with all other variables held constant.

	2018		2017	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Impact statement – return after tax				
Revenue return	(98)	98	(93)	93
Capital return	60,188	(60,188)	56,706	(56,706)
Total return after tax for the period	**60,090**	**(60,090)**	**56,613**	**(56,613)**
Impact on net assets	**60,090**	**(60,090)**	**56,613**	**(56,613)**

15.1.2 Currency risk

Most of the Company's assets, liabilities, income and expenses 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.

Management of the risk

The fund manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the board at each board meeting. The fund manager 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.

Foreign currency borrowings may be used to hedge the Company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. These borrowings are limited by the board to 20% of net asset value.

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 year between the time that income is included in the financial statements and its receipt.

Foreign currency exposure

The carrying values of the Company's monetary items that have foreign currency exposure at 31 August 2018 are shown below. Where the Company's equity investments, which are not monetary items, are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

Foreign currency exposure and sensitivity

	2018			2017		
Currency	Current assets £'000	Current liabilities £'000	Equity investments £'000	Current assets £'000	Current liabilities £'000	Equity investments £'000
Australian dollar	–	–	12,228	74	–	17,203
Euro	455	(437)	78,071	107	(4,007)	77,694
Hong Kong dollar	102	–	21,967	332	–	22,382
Norwegian krone	93	–	–	129	–	10,666
US dollar	175	(1)	118,571	282	(1,949)	114,412
Swiss francs	328	–	26,506	212	–	13,809
Other (non sterling)	232	8	45,073	137	–	28,754
	1,385	**(430)**	**302,416**	**1,273**	**(5,956)**	**284,920**

The above amounts are not necessarily representative of the exposure to risk during the period as levels of monetary foreign currency exposure may change significantly during the year.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.2 Currency risk (continued)

Foreign currency sensitivity

The following table illustrates the sensitivity of the total return after tax for the period and the net assets with regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates.

It is assumed that all exchange rates move by +/- 10% against sterling:

This percentage is deemed reasonable based on the average market volatility in exchange rates in the year. The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at the Statement of Financial Position date.

Assets held in foreign currencies may also be further exposed to other exchange rate risk and currency sensitivity at an underlying level due to the geographical exposure of their business.

If sterling had depreciated against the currencies shown the impact on the total return and net assets would have been as follows:

Impact on total returns year ended 2018	Swiss franc £'000	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Norwegian krone £'000	US dollar £'000	Other £'000	Total £'000
Revenue return	46	63	335	72	31	297	222	1,066
Capital return	2,638	1,217	7,769	2,186	–	11,799	4,486	30,095
Change in total return after taxation for the year and shareholders' funds	**2,684**	**1,280**	**8,104**	**2,258**	**31**	**12,096**	**4,708**	**31,161**

Impact on total returns year ended 2017	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Norwegian krone £'000	US dollar £'000	Other £'000	Total £'000
Revenue return	64	279	57	30	291	153	874
Capital return	1,712	7,731	2,227	1,062	11,385	4,235	28,352
Change in total return after taxation for the year and shareholders' funds	**1,776**	**8,010**	**2,284**	**1,092**	**11,676**	**4,388**	**29,226**

If sterling had appreciated against the currencies shown the impact on the total return and net assets would have been as follows:

Impact on total returns year ended 2018	Swiss franc £'000	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Norwegian krone £'000	US dollar £'000	Other £'000	Total £'000
Revenue return	(46)	(63)	(335)	(72)	(31)	(297)	(222)	(1,066)
Capital return	(2,638)	(1,217)	(7,769)	(2,186)	–	(11,799)	(4,486)	(30,095)
Change in total return after taxation for the year and shareholders' funds	**(2,684)**	**(1,280)**	**(8,104)**	**(2,258)**	**(31)**	**(12,096)**	**(4,708)**	**(31,161)**

Impact on total returns year ended 2017	Australian dollar £'000	Euro £'000	Hong Kong dollar £'000	Norwegian krone £'000	US dollar £'000	Other £'000	Total £'000
Revenue return	(64)	(279)	(57)	(30)	(291)	(153)	(874)
Capital return	(1,711)	(7,730)	(2,227)	(1,062)	(11,384)	(4,234)	(28,348)
Change in total return after taxation for the year and shareholders' funds	**(1,775)**	**(8,009)**	**(2,284)**	**(1,092)**	**(11,675)**	**(4,387)**	**(29,222)**

In the opinion of the directors, the above analyses are not necessarily representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.3 Interest rate risk

Management of the risk

The majority of the Company's financial assets are non-interest bearing. As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Interest rate exposure

The exposure at 31 August of financial assets and financial liabilities to floating rates is shown below:

	2018 Total £'000	2017 Total £'000
Exposure to floating interest rates:		
(Overdraft)/net cash at bank	(6,227)	4,099
	(6,227)	**4,099**

Interest rate risk sensitivity

The Company utilised its multi-currency overdraft facility and therefore was exposed to interest rate risk. If interest rates had been 50 basis points higher or lower and all other variables were held constant the Company's net interest for the year ended 31 August 2018 would increase/decrease by £31,000.

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 quoted securities that are readily realisable. The Company had available a multi-currency overdraft facility with HSBC Bank plc of the lesser of £60 million or 25% of custody assets. The facility has no expiry date but is reviewed annually.

The board gives guidance to the fund manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short-term borrowings be used to manage short-term cash requirements.

Liquidity risk exposure

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

	2018 Due within one month £'000	2017 Due within one month £'000
Other creditors and accruals	861	6,422
Bank overdraft	6,227	–
	7,088	**6,422**

15.3 Credit 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

Credit risk is managed as follows:

- investment transactions are carried out with a large number of approved brokers, whose credit standard is reviewed periodically 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 banks considered to be credit worthy and is subject to continual review.

None of the Company's financial assets or liabilities are secured by collateral or other credit enhancements.

The Company has not been materially exposed to credit risk throughout the year.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.4 Fair values of financial assets and financial liabilities

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 due to their short-term to maturity (amounts due from brokers, dividends and interest receivable and amounts due to brokers accruals, cash at bank and bank overdrafts).

15.5 Fair value hierarchy disclosures

The table below sets out fair value measurements using the FRS 102 fair value hierarchy.

Financial assets at fair value through profit or loss at 31 August 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	302,416	–	–	302,416
	302,416	**–**	**–**	**302,416**

Financial assets at fair value through profit or loss at 31 August 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	284,920	–	–	284,920
Traded option contracts	–	(849)	–	(849)
	284,920	**(849)**	**–**	**284,071**

Categorisation within the hierarchy has been determined on the basis of the lowest level 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.

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 income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 31 August 2018 comprised its equity share capital and reserves that are shown in the Statement of Financial Position at a total of £296,748,000 (2017: £283,972,000).

The board, with the assistance of the fund manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need for new issues of equity shares;
- the need to buy-back equity shares to be held in treasury or for cancellation, which takes account of the difference between the net asset value per share and the share price (the level of share discount or premium); and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are shown on page 4.

The Company is subject to additional externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- shareholders have given authority for the Company to make distributions from capital profit.

Notes to the Financial Statements (continued)

16 Called up share capital

2018	Number of shares	Number of shares entitled to dividend	£'000
Ordinary shares of 1p each			
At 31 August 2017	174,206,306	174,206,306	1,742
New shares allotted in year	3,375,000	3,375,000	34
At 31 August 2018	**177,581,306**	**177,581,306**	**1,776**

During the year, the Company issued 3,375,000 ordinary shares for a total consideration of £5,530,000 after deduction of issue costs of £22,000. In addition, £33,000 was written back following the removal of a provision for issue costs relating to the issue of C shares which was not utilised.

2017	Number of shares	Number of shares entitled to dividend	£'000
Ordinary shares of 1p each			
At 31 August 2016	156,080,606	156,080,606	1,561
New shares allotted in year	4,370,000	4,370,000	44
New shares allotted from conversion of C shares	13,755,700	13,755,700	137
At 31 August 2017	**174,206,306**	**174,206,306**	**1,742**

During 2017, the Company issued 4,370,000 ordinary shares for a total consideration of £6,822,000 after deduction of issue costs of £64,000.

During 2017, the Company also issued 21,500,000 C shares for a total consideration of £21,133,000 after deduction of issue costs of £367,000. These were converted into 13,755,700 new ordinary shares on 18 August 2017.

17 Share premium account

	2018 £'000	2017 £'000
At the start of the year	159,102	131,328
Ordinary shares allotted in year	5,518	6,842
Issue costs	(22)	(64)
Ordinary shares allotted from C share issue	–	20,996
Write back provision for C share issue costs	33	–
At 31 August	**164,631**	**159,102**

Notes to the Financial Statements (continued)

18 Reserves

2018	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Total capital reserves £'000	Revenue reserve £'000
At 31 August 2017	45,732	17,521	54,134	71,655	5,741
Net movement on investments held at fair value through profit or loss	–	13,100	(6,352)	6,748	–
Net movement on traded options	–	–	733	733	–
Net movement on foreign exchanges	–	85	–	85	–
Expenses, finance costs and taxation charged to capital	–	(1,402)	–	(1,402)	–
Net revenue return after taxation for the year	–	–	–	–	10,222
Dividend paid	–	–	–	–	(9,173)
At 31 August 2018	**45,732**	**29,304**	**48,515**	**77,819**	**6,790**

2017	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Total capital reserves £'000	Revenue reserve £'000
At 31 August 2016	45,732	3,296	34,619	37,915	4,368
Reallocation of realised/unrealised profit/(loss)	–	(19)	19	–	–
Net movement on investments held at fair value through profit or loss	–	15,605	20,241	35,846	–
Net movement on traded options	–	–	(745)	(745)	–
Net movement on foreign exchanges	–	(170)	–	(170)	–
Expenses, finance costs and taxation charged to capital	–	(1,191)	–	(1,191)	–
Net revenue return after taxation for the year	–	–	–	–	9,096
Dividends paid	–	–	–	–	(7,723)
At 31 August 2017	**45,732**	**17,521**	**54,134**	**71,655**	**5,741**

The Company's articles of association allow it to distribute capital profit by way of a dividend or otherwise than by way of repurchase of the Company's shares. All sums carried and standing to the capital and special reserves may be applied for any of the purposes to which sums standing to any reserve under the articles are applicable.

19 Transactions with the management company and related parties

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

Details of the fee arrangements are given in the strategic report on page 4. The total of the management fees paid or payable under the management agreement to Janus Henderson in respect of the year ended 31 August 2018 was £1,832,000 (2017: £1,638,000), of which £324,000 (2017: £310,000) (per note 13) was outstanding at 31 August 2018.

In addition to the above services, Janus Henderson has provided the Company with marketing services during the year. The total fees, excluding VAT paid or payable for these services for the year ended 31 August 2018 amounted to £94,000 (2017: £89,000) of which £19,000 (2017: £38,000) was outstanding at 31 August 2018.

Fees paid to directors are considered to be a related party transaction. Details of the amounts paid are included in the directors' remuneration report on page 26 and in note 6 on page 45. These amounts do not include National Insurance contributions on directors' fees of £10,475 (2017: £4,517), which is included in other expenses.

20 Subsequent events

The board have evaluated the period since the year end and have not noted any subsequent events.

General Shareholder Information

AIFMD disclosures

In accordance with the Alternative Investment Fund Managers Directive ('AIFMD'), information in relation to the Company's leverage and remuneration of Janus Henderson, as the Company's Alternative Investment Fund Manager ('AIFM') are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document called 'AIFMD Disclosures' which can be found on the Company's website.

BACS

Dividends and interest 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 15) 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

From 1 January 2016 tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is 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 2010

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, audio tape or larger type as appropriate. You can contact the registrar, Computershare Investor Services PLC, 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 US) to file yearly reports on their non-US financial accounts. As a result of HMRC's change of interpretation on the meaning of shares and securities 'regularly traded on an established securities market', 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, will need to identify and report US reportable accounts to HMRC as required.

General Data Protection Regulation ('GDPR')

GDPR came into force on 25 May 2018. 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 Investments ('NMPI') status

The Company currently conducts its affairs so that its ordinary shares of 1p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ('FCA') 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 Regulation ('PRIIPs')/ 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 the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Performance details/share price information

Details of the Company's share price and net asset value can be found on the website. The address is
www.hendersoninternationalincometrust.com.
The Company's NAV is published daily.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Computershare Investor Services PLC, 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.

Share price listings

The market price of the Company's ordinary shares is published daily in The Financial Times. The Financial Times also shows figures for the estimated NAV and the discount.

Henderson International Income Trust plc
Registered as an investment company in England and Wales
Registration number: 7549407
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: Ordinary Shares B3PHCS8/ GB00B3PHCS86
London Stock Exchange (TIDM) Code: HINT
Global Intermediary Identification Number (GIIN): WRGF5X.99999.SL.826
Legal Entity Identifier (LEI): 2138006N35XWGK2YUK38

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MANAGED BY
Janus Henderson
INVESTORS

aic
The Association of
Investment Companies

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

moneywise Investment Trust awards 2017
WINNER
INVESTMENT TRUST GROUP OF THE YEAR
Henderson Global Investors

aic Shareholder Communication Awards 2017 WINNER

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