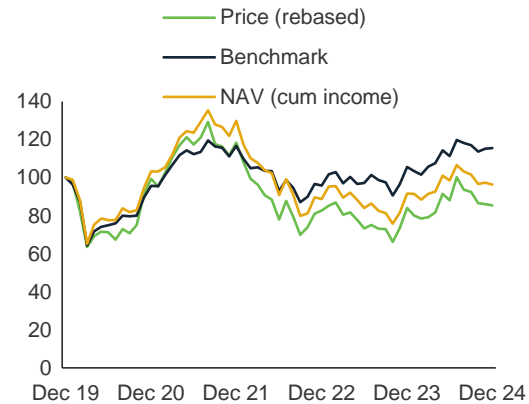
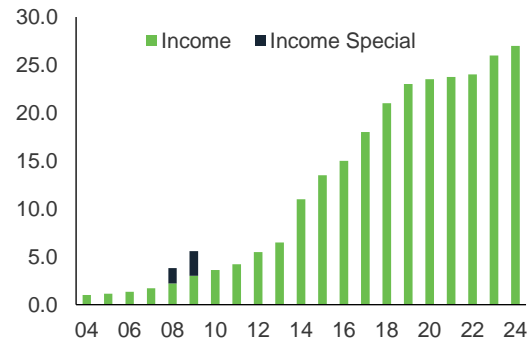


Share price performance (total return)



Dividend history (pence/share)



Please note that this chart could include dividends that have been declared but not yet paid.

Performance over (%)

	6m	1y	3y	5y	10y
Share price (Total return)	-3.1	1.6	-27.8	-14.6	89.7
NAV (Total return)	-2.2	5.1	-25.9	-3.7	84.9
Benchmark (Total return)	3.8	9.5	-1.0	15.6	79.8
Relative NAV (Total return)	-6.0	-4.4	-24.9	-19.3	5.1

Discrete year performance (%)

Discrete year performance (%)	Share price (total return)	NAV (total return)
31/12/2023 to 31/12/2024	1.6	5.1
31/12/2022 to 31/12/2023	1.7	3.3
31/12/2021 to 31/12/2022	-30.1	-31.7
31/12/2020 to 31/12/2021	19.1	25.8
31/12/2019 to 31/12/2020	-0.6	3.3

All performance, cumulative growth and annual growth data is sourced from Morningstar.

Source: at 31/12/24. © 2025 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns.**

Commentary at a glance

Performance

In the month under review the Company's NAV total return was -1.0% and the Deutsche Numis Smaller Companies ex Investment Companies Index total return was 0.3%.

Contributors/detractors

Raspberry Pi contributed positively following strong institutional buying. Bellway detracted from performance amid concerns over higher-for-longer mortgage rates in the UK.

Outlook

Although uncertainty remains around short-term economic conditions, we believe the portfolio is well positioned to withstand current challenging economic conditions and participate in any upswing as it may occur.

See full commentary on page 3.

References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

Company overview

Objective

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

Company information

NAV (cum income)	937.3p
NAV (ex income)	924.1p
Share price	812.0p
Discount(-)/premium(+)	-13.4%
Yield	3.3%
Net gearing	11%
Net cash	-
Total assets	£781m
Net assets	£696m
Market capitalisation	£603m
Total voting rights	74,235,442
Total number of holdings	102
Ongoing charges (year end 31 May 2024)	0.45%
Benchmark	Deutsche Numis Smaller Companies ex Investment Companies Index

Source: BNP Paribas for holdings information and Morningstar for all other data. Differences in calculation may occur due to the methodology used.

Please note that the total voting rights in the Company do not include shares held in Treasury.

Please remember that past performance does not predict future returns. The value of an investment and the income from it can rise as well as fall as a result of market and currency fluctuations, and you may not get back the amount originally invested. Please refer to the glossary for the definition of share price total return.

How to invest

Go to www.janushenderson.com/howtoinvest

Find out more

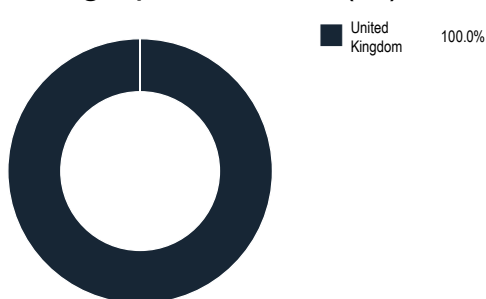
Go to www.hendersonsmallercompanies.com

Top 10 holdings (%)

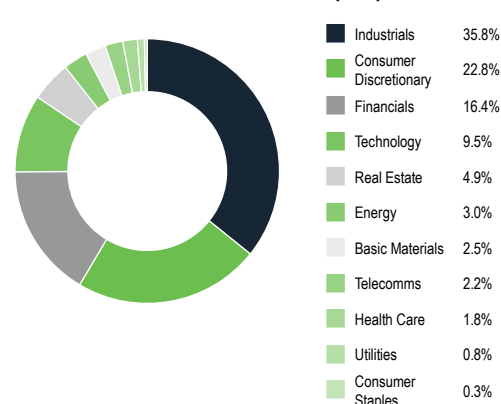
Balfour Beatty	3.2
Paragon Banking	3.0
Bellway	2.9
Just Group	2.8
Future	2.5
Mitchells & Butlers	2.5
Oxford Instruments	2.3
Vesuvius	2.2
Gamma Communications	2.2
OSB Group	2.1

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Geographical focus (%)



Sector breakdown (%)

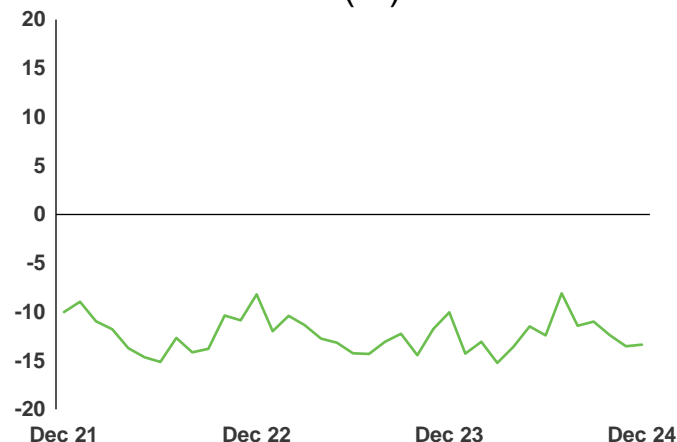


The above sector breakdown may not add up to 100% due to rounding.

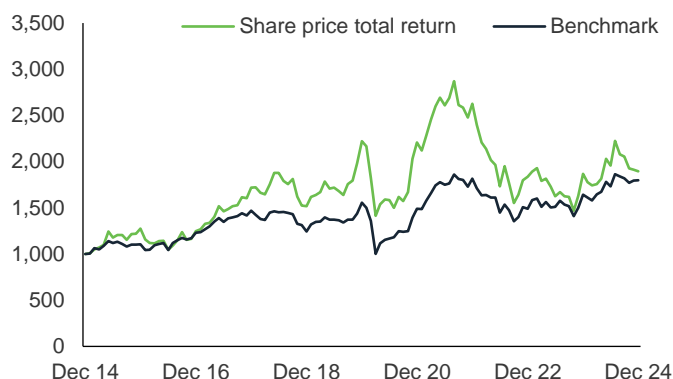
Key information

Stock code	HSL
AIC sector	AIC UK Smaller Companies
Benchmark	Deutsche Numis Smaller Companies ex Investment Companies Index
Company type	Conventional (Ords)
Launch date	1887
Financial year	31-May
Dividend payment	March, October
Management fee	0.35% of net assets
Performance fee	Yes
<small>(See Annual Report & Key Information Document for more information)</small>	
Regional focus	UK
Fund manager appointment	Neil Hermon 2002 Indriatti van Hien 2016

Premium/(discount) of share price to NAV at fair value (%)



10 year total return of £1,000



All performance, cumulative growth and annual growth data is sourced from Morningstar. Share price total return is calculated using mid-market share price with dividends reinvested.

Please remember that past performance does not predict future returns. The value of an investment and the income from it can rise as well as fall as a result of market and currency fluctuations, and you may not get back the amount originally invested. Please refer to the glossary for the definition of share price total return.

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Customer services

0800 832 832



Neil Hermon
Fund Manager



Indriatti van Hien, ACA, CFA
Deputy Fund Manager

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Fund Manager commentary (for the quarter)

Investment environment

UK equities fell over the fourth quarter as investors worried about the impact of large tax rises announced in the new government's first Budget in early October. Signs of economic weakness, some poor corporate results and anxiety about tighter-for-longer monetary policy (higher interest rates) in the US also unsettled the market.

The Bank of England (BoE) lowered its benchmark rate just once, by 25 basis point (bps) to 4.75% in November, while in December the BoE appeared to be cautious about further reductions.

Annual inflation hit a new three-and-a-half-year low of 1.7% in September, although it re-accelerated in the following months to reach 2.6% in November. Monthly gross domestic product (GDP) shrank by 0.1% in both September and October, while the economy achieved no growth over the third quarter, compared with a 0.4% gain in the second quarter.

Oil prices were volatile amid geopolitical tensions in the Middle East and new Western sanctions on major producers Russia and Iran.

Sterling retreated against the US dollar due to worries about the economy and inflation. The US dollar strengthened considerably against many other major currencies and hit a two-year high in December as the US Federal Reserve (Fed) signalled fewer interest rate reductions in 2025.

The Deutsche Numis Small Companies Index underperformed the FTSE All-Share Index.

Portfolio review

The biggest positive contributors to performance included Raspberry Pi, Just Group and Balfour Beatty. Shares in Raspberry Pi, a designer of single-board computers, microcontrollers and accessories, performed well after some strong institutional buying towards the end of the quarter. Just Group, a specialist financial services firm and provider of enhanced annuities and lifetime mortgages, issued a positive trading statement, which showed continued strong revenue growth. The company also completed its largest bulk annuity transaction in November, highlighting momentum in the business. Balfour Beatty's share price benefited from strong earnings growth and improved sentiment in both the UK and US construction markets. Its share price was also bolstered by an ongoing share buyback programme.

The key detractors from performance included Bellway, Impax Asset Management and Mitchells and Butlers. Shares in Bellway, a UK housebuilder, weakened amid concerns that higher-for-longer mortgage rates may dampen the UK housing market. Impax experienced net outflows. In December, one of its major clients, St James's Place, terminated its mandate with the company, leading to a substantial fall in its assets under management (AUM). The share price of UK pub group Mitchells and Butlers also fell as the potential impact on its cost base of the planned increase to employer's National Insurance contributions weighed on its stock price. The group employs more than 50,000 people across the UK and Germany.

In terms of activity, we initiated new positions in Currys, 4imprint and Cohort. We believe Currys, a leading electrical retailer, could benefit from increased consumer confidence and the less competitive market conditions in its core Nordic and UK markets. We believe 4Imprint, a supplier of professional merchandise, could benefit from good growth prospects in the US, and we think it has the potential to gain market share given its strong balance sheet position. Cohort, a specialist electronics and warfare equipment company, has a strong outlook for its business and a healthy order book.

We sold the position in Ascential after the business was taken over by Informa. We also took the opportunity to exit the position in Learning Technologies following a takeover bid from private equity firm General Atlantic. We closed the position in UK asset manager Liontrust as its business continued to experience net outflows across its core product range.

Manager outlook

Inflation has fallen significantly, and we have seen the start of interest rate cuts around the globe. What is not clear is the timing of when rates will be cut further and the speed of their descent. Optimism of a rapid decline in rates has faded, particularly in the UK and the US, as a consequence of the inflationary risks of the recent UK Budget and the Trump and Republican 'Red Sweep' election victory in the US.

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In the meantime, the delayed transmission mechanism of past interest rates and their impact means that economic conditions look set to remain challenging in the short term. Notwithstanding this, we think the prospect of a monetary policy easing cycle is likely to support global equities.

Geopolitics remain challenging with the ongoing conflicts in Ukraine and the Middle East, and heightened tensions between China and the US. In the US, Donald Trump will start his second term as president with a full agenda focused on cutting domestic taxes and government spending, raising tariffs, cutting immigration, de-regulation and the ending of current global military conflicts. This will probably lead to significant volatility for global financial markets. In the UK, the Labour government's 'honeymoon period' following its landslide election victory was short-lived and culminated in a Budget which some viewed as anti-business and potentially inflationary. We, however, welcome Labour's commitment to "boost investment" and in particular its pledge to "increase investment from pension funds in UK markets". Any incremental flow into the UK could breathe life into what we see as a generally under-owned and, more importantly, undervalued UK equity market.

In the corporate sector, we are encouraged by the fact that conditions are intrinsically stronger than they were during the Global Financial Crisis of 2008-2009. Companies' balance sheets are more robust and, in recognition of the deep undervaluation of their own equity, we are seeing an increasing number of companies buying back stock.

The initial public offering (IPO) market has been exceptionally quiet as confidence in the UK equity market has diminished. The successful float of Raspberry Pi in June, however, did provide evidence that the UK equity market remains open for attractive, growing businesses. Merger and acquisition (M&A) activity has remained robust as acquirers, particularly private equity, look to exploit opportunities thrown up by the recent equity market falls. We expect this to continue in the coming months as UK equities' valuations remain markedly depressed versus other developed markets.

In terms of valuations, the equity market has been trading below its long-term averages. In addition, smaller companies are trading at a historically high discount to their larger counterparts. A sharp rebound in corporate earnings following the pandemic-induced shock in 2020 has now faded. Weak economic activity and higher interest costs are leading to currently subdued corporate earnings growth.

Although uncertainty remains around short-term economic conditions, we think that the portfolio is both well-positioned to withstand the current challenging environment and participate in any potential upswing. We think the significant movements in equity prices have thrown up some fantastic buying opportunities. However, we believe it is important to be selective as the strength of franchise, market positioning and balance sheets will likely determine the winners from the losers.

Glossary

Discount/Premium

The amount by which the price per share of an investment company is either lower (at a discount) or higher (at a premium) than the net asset value per share (cum income), expressed as a percentage of the net asset value per share.

Gearing

The effect of borrowing money for investment purposes (financial gearing). The amount a company can "gear" is the amount it can borrow in order to invest. Gearing is used in the expectation that the returns on the investments bought will exceed the costs of the borrowings that funded the purchase. This Company can also use synthetic gearing through derivatives and foreign exchange hedging and/or other non-fully funded instruments or techniques.

Leverage

The Company's leverage is the sum of financial gearing and synthetic gearing. Details of the Company's leverage limits can be found in both the Key Information Document and Annual Report. Where a company utilises leverage, the profits and losses incurred by the company can be greater than those of a company that does not use leverage.

Market capitalisation

Share price multiplied by the number of shares in issue, excluding treasury shares, at month end. Shares typically priced mid-market at month-end closing.

Net Asset Value (NAV)

The total value of a Company's assets less its liabilities.

NAV (Cum Income)

The value of investments and cash, including current year revenue, less liabilities (prior charges such as loans, debenture stock and preference shares at fair value).

NAV (Ex Income)

The value of investments and cash, excluding current year revenue, less liabilities (prior charges such as loans, debenture stock and preference shares at fair value).

NAV total return

The theoretical total return on shareholders' funds per share reflecting the change in Net Asset Value (NAV) assuming that dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in discounts/premiums.

Net assets

Total assets minus any liabilities such as bank loans or creditors.

Net cash

A company's net exposure to cash/cash equivalents expressed as a percentage of shareholders' funds, after any offset against its gearing. This is only shown for companies that have gearing in place.

Net gearing

A company's total assets (less cash/cash equivalents) divided by shareholders' funds expressed as a percentage.

Ongoing charges

The total expenses for the financial year (excluding performance fee), divided by the average daily net assets, multiplied by 100.

Share price

Closing mid-market share price at month end.

Share price total return

The theoretical total return to the investor assuming that all dividends received were reinvested in the shares of the company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

Total assets

Cum Income NAV multiplied by the number of shares, plus prior charges at fair value.

Yield

Calculated by dividing the current financial year's dividends per share (this will include prospective dividends) by the current price per share, then multiplying by 100 to arrive at a percentage figure.

For a full list of terms please visit:

<https://www.janushenderson.com/en-gb/investor/glossary/>

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Marketing Communication

Source for fund ratings/awards

Overall Morningstar Rating™ is shown for an investment company achieving a rating of 4 or 5.

Company specific risks

- This Company is suitable to be used as one component of several within a diversified investment portfolio. Investors should consider carefully the proportion of their portfolio invested in this Company.
- Active management techniques that have worked well in normal market conditions could prove ineffective or negative for performance at other times.
- The Company could lose money if a counterparty with which it trades becomes unwilling or unable to meet its obligations to the Company.
- Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result.
- The return on your investment is directly related to the prevailing market price of the Company's shares, which will trade at a varying discount (or premium) relative to the value of the underlying assets of the Company. As a result, losses (or gains) may be higher or lower than those of the Company's assets.
- If a Company's portfolio is concentrated towards a particular country or geographical region, the investment carries greater risk than a portfolio that is diversified across more countries.
- Most of the investments in this portfolio are in smaller companies shares. They may be more difficult to buy and sell, and their share prices may fluctuate more than those of larger companies.
- Using derivatives exposes the Company to risks different from - and potentially greater than - the risks associated with investing directly in securities. It may therefore result in additional loss, which could be significantly greater than the cost of the derivative.
- The Company may use gearing (borrowing to invest) as part of its investment strategy. If the Company utilises its ability to gear, the profits and losses incurred by the Company can be greater than those of a Company that does not use gearing.

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