Annual Report 2023

Henderson European Focus Trust plc

MANAGED BY
Janus Henderson
INVESTORS

Keeping in touch

We know how important it is to receive up-to-date information about the Company.
Visit our website at **www.hendersoneuropeanfocus.com**

Register for updates, insights and factsheets about the Company:

Register here to watch this year's Annual General Meeting by webinar:

The Board also welcomes you in person to the AGM. Please see more details about the AGM, attending in person or by webinar, in the Chair's Statement.

Please send your general enquiries about the Company to the Company Secretary at: **itsecretariat@janushenderson.com**.

AJBell INVESTMENT AWARDS 2023 WINNER European Equity – Active HENDERSON EUROPEAN FOCUS TRUST PLC

Kepler GROWTH RATING

Strategic Report

Governance

Financial Statements

Notice of Annual General Meeting ("AGM")

Additional Information

Strategic Report

Objective

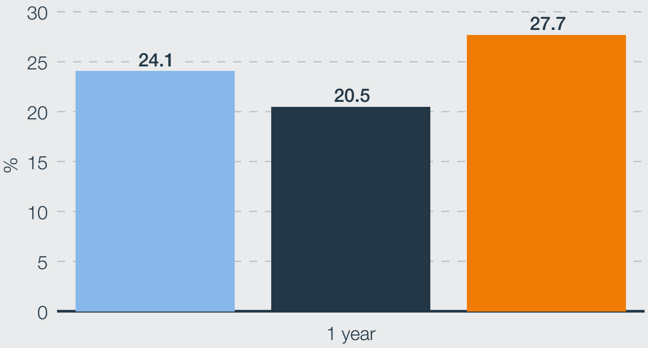
The Company seeks to maximise total return (a combination of income and capital growth) from a portfolio of stocks listed in Europe.

Photo: UPM Kymmene, Finnish-owned UPM pulp mill in Uruguay

Performance Highlights

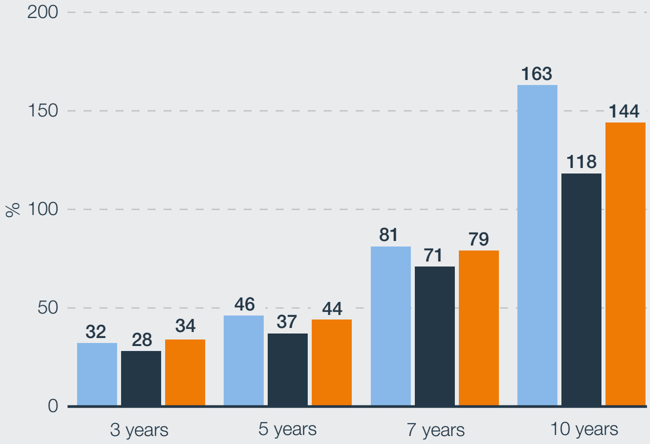
Year to 30 September

Total return performance over one year[1]

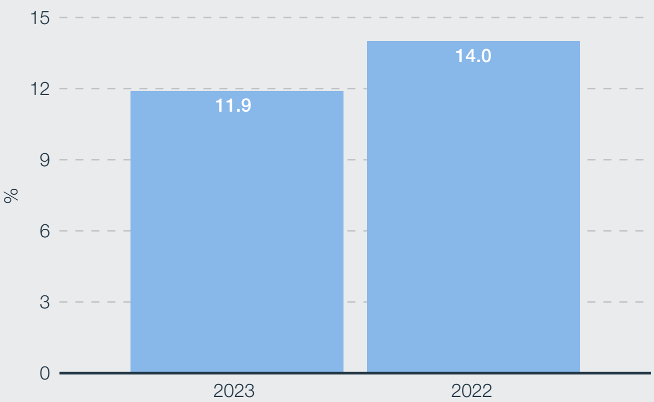


Company net asset value ("NAV") per ordinary share
FTSE World Europe (ex UK) Index in sterling terms
Company share price using mid-market closing prices
Total returns include dividends reinvested and exclude any costs of reinvestment

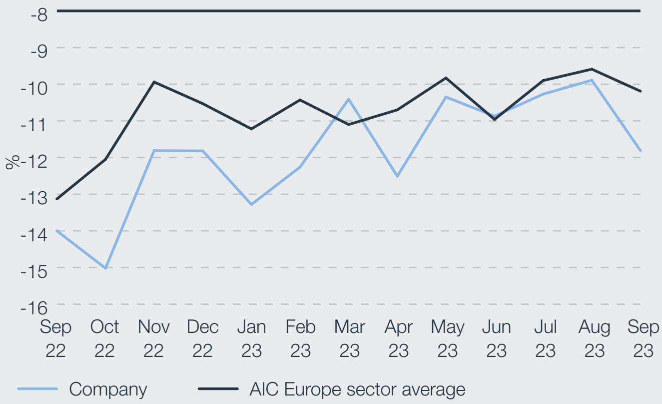
Total return performance over multiple years[1]



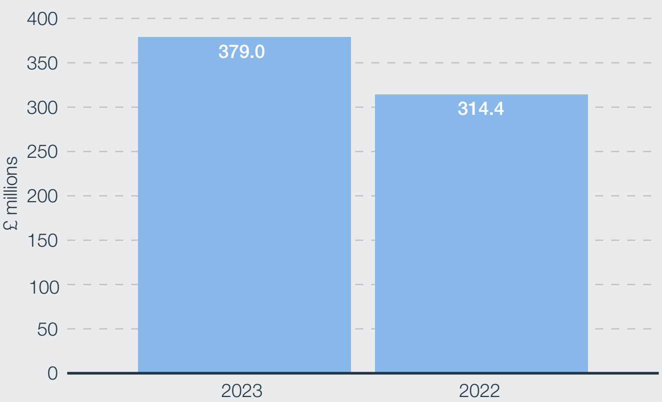
Discount at year end[1, 2]



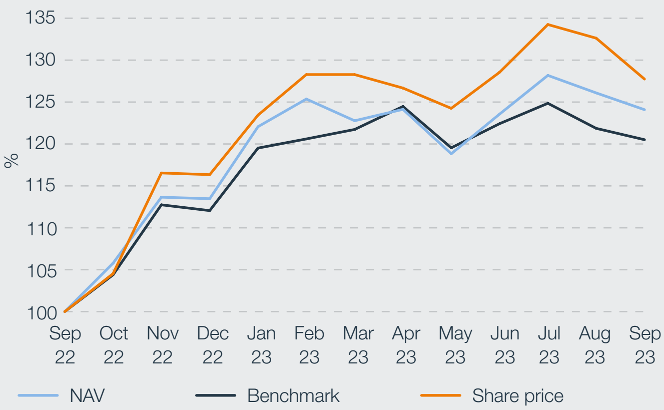
Discount over one year[1,2,3]



Net assets at year end



Performance versus benchmark over one year[1,4]



1 Alternative performance measure, explained on pages 92-93
2 Calculated using mid-market closing price(s)
3 Graph shows the Company's share price discount per ordinary share as at each month end compared to the AIC Europe sector average of seven companies over the year to 30 September 2023, including the Company
4 Graph shows the Company's NAV total return per ordinary share and share price total return compared to the total return of the benchmark (FTSE World Europe (ex UK) Index) over the year to 30 September 2023 (rebased to 100)

Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

Performance Highlights

Year to 30 September

NAV per ordinary share at year end[1]

2023
178.1p

2022
147.7p

Share price at year end

2023
157.0p

2022
127.0p

Dividend for year[2]

2023
4.35p

2022
4.35p

2022 Special
0.50p

Dividend yield[3, 4]

2023
2.8%

2022
3.4%

Ongoing charge for year[4]

2023
0.80%

2022
0.77%

Net gearing at year end[4]

2023
(3.8)%

2022
1.9%

Average number of investments in the year

2023
41

2022
45

1 NAV is calculated with debt at par value
2 Comprising an interim dividend of 1.30p paid in June 2023 and a recommended final dividend of 3.05p due for payment on 5 February 2024
3 Based on the dividends paid or recommended for the year and the share price at the year end, being the interim of 1.30p and final dividend of 3.05p
4 Alternative performance measure, explained on pages 92-93

Sources: Janus Henderson

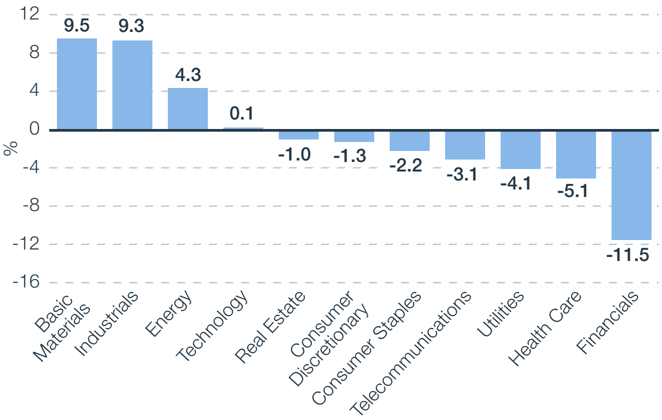
A glossary of terms and alternative performance measures is included on pages 91-93

Portfolio Information

Sector exposure at 30 September

	2023 %	2022 %
Industrials	**26.7**	18.4
Basic Materials	**14.1**	11.5
Consumer Discretionary	**12.0**	11.1
Health Care	**11.6**	14.7
Energy	**8.9**	14.7
Technology	**8.9**	4.4
Consumer Staples	**6.5**	11.6
Financials	**6.2**	10.9
UK Government Bonds	**5.1**	–
Utilities	**–**	2.7

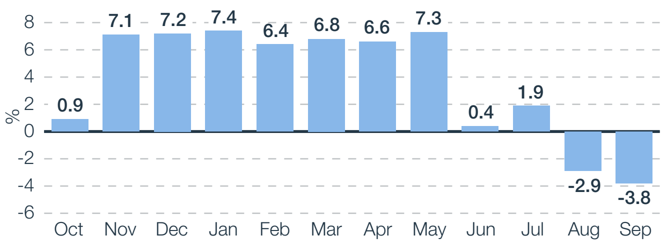
Sector overweights/underweights at 30 September 2023[1]



Currency exposure at 30 September

	2023 %	2022 %
Euro	**74.7**	66.8
Sterling	**6.8**	10.3
Danish Krone	**6.0**	6.4
Swedish Krona	**3.5**	2.0
Swiss Franc	**3.3**	11.9
Norwegian Krone	**2.9**	2.6
US Dollar	**2.8**	–

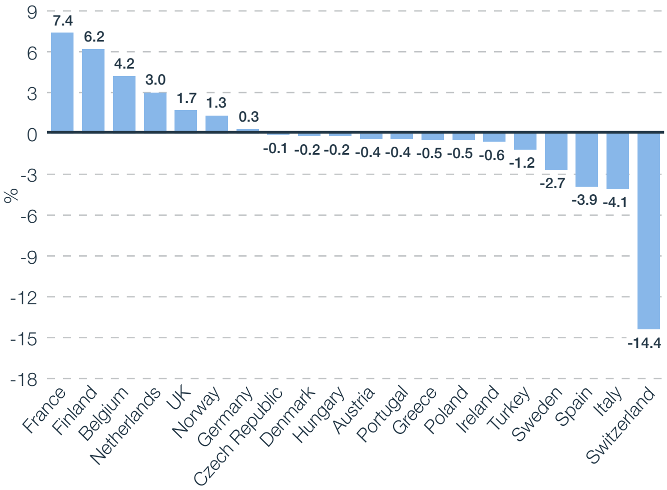
Net gearing levels in the year to 30 September 2023[2]



Geographic exposure at 30 September

	2023 %	2022 %
France	**30.5**	27.8
Germany	**16.8**	13.7
Netherlands	**11.2**	10.5
Finland	**8.4**	8.1
United Kingdom	**6.8**	10.3
Belgium	**6.2**	1.9
Denmark	**6.0**	6.5
Switzerland	**5.0**	11.8
Sweden	**3.4**	2.0
Norway	**2.9**	2.6
Italy	**1.4**	1.3
Spain	**1.4**	2.2
Portugal	**–**	1.3

Country overweights/underweights at 30 September 2023[1]



Key performance influences over the year to 30 September[3]

	2023 %	2022 %
Return of the portfolio of investments		
from sector allocation (ex cash)	**(1.9)**	**0.1**
from stock selection (ex cash)	**5.5**	**1.4**
from currency effect	**0.6**	**(1.2)**
Impact of gearing (net)	**0.2**	**0.1**
Impact of share buybacks	**0.0**	**0.1**
Impact of expenses	**(0.8)**	**(0.8)**
NAV return relative to the benchmark	**3.6**	**(0.3)**

1 Relative to the FTSE World Europe (ex UK) Index at 30 September 2023, and excluding cash and government bonds
2 Net gearing at each month end. See definition in alternative performance measures on pages 92-93
3 Relative to the FTSE World Europe (ex UK) Index for the year

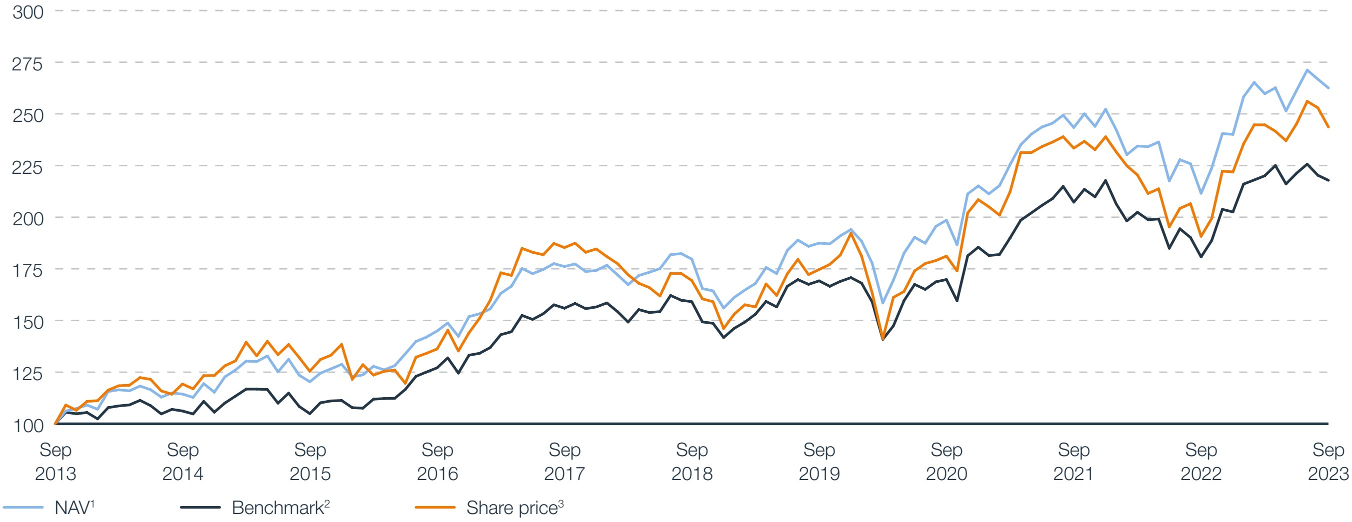
Sources: Janus Henderson and Factset

Historical Information

Total return performance to 30 September 2023

	1 year %	3 years %	5 years %	7 years %	10 years %
Company NAV[1]	24.1	32.2	46.1	81.1	162.5
Benchmark[2]	20.5	28.3	36.9	71.4	117.8
Company share price[3]	27.7	34.5	43.9	78.9	143.7
AIC Europe sector NAV[4]	19.5	19.7	34.7	74.9	137.5
IA OEIC Europe ex-UK sector average[5]	19.0	22.3	29.0	60.4	105.5

Total return performance over 10 years to 30 September 2023 (rebased to 100)



Financial information

At 30 September	Net assets £'000	NAV* p	Mid-market price per ordinary share* p	Profit/(loss) for year £'000	Revenue return per share* p	Capital return per share* p	Total return per share* p	Dividend* p	Expenses[6] %
2014	170,988	95.7	96.20	21,010	2.21	9.84	12.05	2.35	0.88
2015	194,914	98.2	98.78	7,459	2.36	1.64	3.99	2.47	0.89
2016	237,551	115.3	104.55	40,186	2.69	16.91	19.59	2.64	0.90
2017	292,398	137.1	138.90	50,559	3.38	20.96	24.34	2.95[7]	0.87
2018	293,790	136.7	124.00	5,822	3.16	(0.45)	2.71	3.10	0.84
2019	299,010	139.1	124.50	11,906	2.68	2.86	5.54	3.13	0.84
2020	308,166	144.1	126.00	17,330	2.41	5.65	8.07	3.13	0.82
2021	370,736	173.4	159.00	69,182	3.31	29.05	32.36	3.31	0.80
2022	314,419	147.7	127.00	(47,428)	5.11	(27.32)	(22.21)	4.35[8]	0.77
2023	**378,997**	**178.1**	**157.00**	**75,293**	**4.32**	**31.07**	**35.39**	**4.35**	**0.80**

1 NAV per ordinary share with dividends reinvested and excluding reinvestment costs
2 FTSE World Europe (ex UK) Index in Sterling terms
3 Share price using mid-market closing prices
4 Simple average NAV for the AIC Europe sector which currently comprises seven investment trusts
5 Investment Association Europe ex-UK sector for open-ended investment companies ("OEICs"), which comprised 143 funds at the year end
6 Using the ongoing charge methodology prescribed by the Association of Investment Companies
7 Excludes the special dividend of 1.40p per ordinary share paid in respect of the year ended 30 September 2017
8 Excludes the special dividend of 0.50p per ordinary share in respect of the year ended 30 September 2022

*Comparative figure for the years to 2021 have been restated due to the subdivision of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022

Sources: Janus Henderson, Morningstar Direct, LSEG Datastream

Chair's Statement

"For active stockpickers, when markets are volatile and uncertainty increases, opportunities arise and good investment returns can accrue..."

Chair of the Board, Vicky Hastings,
reporting on the year to 30 September 2023

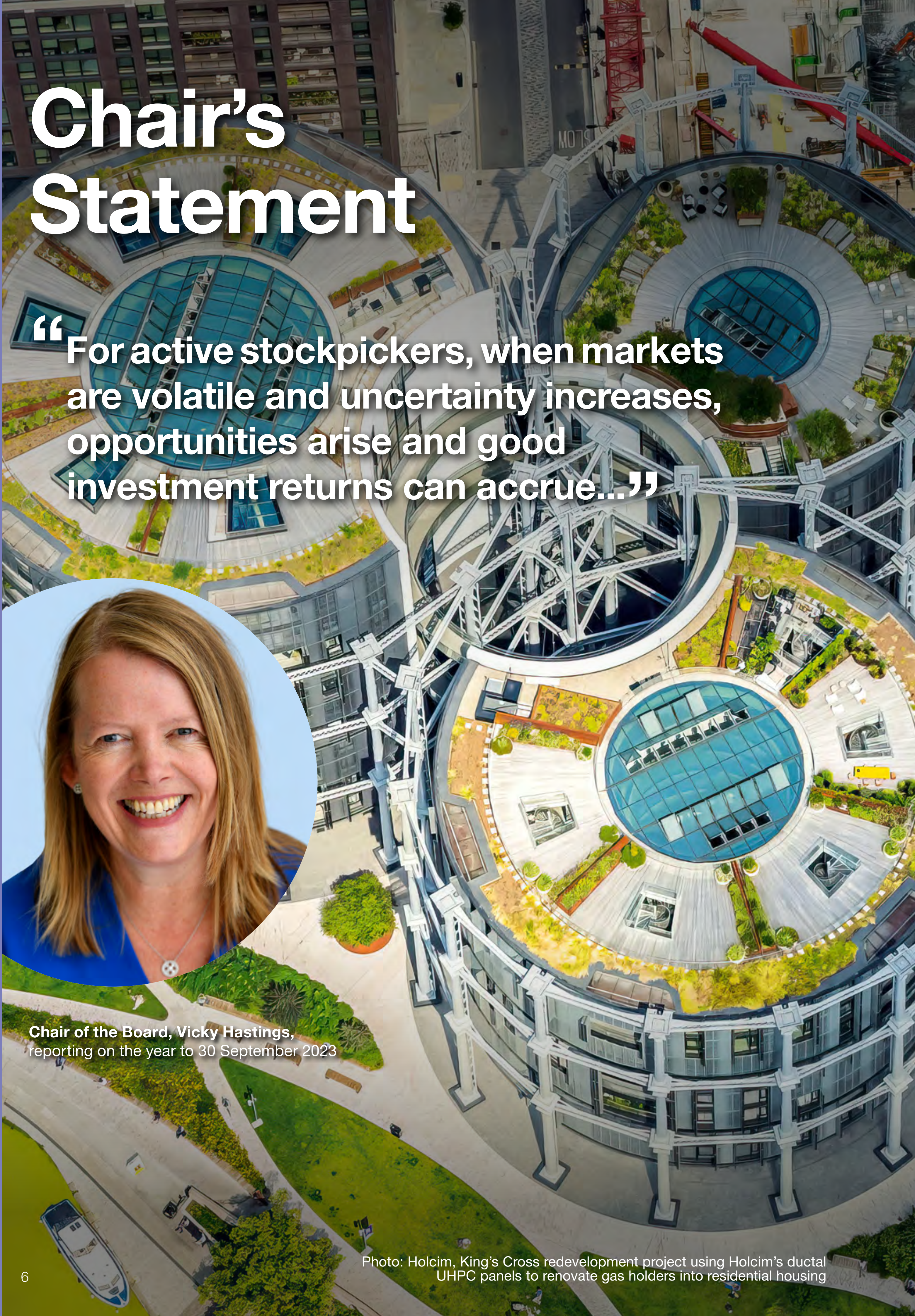


Photo: Holcim, King's Cross redevelopment project using Holcim's ductal UHPC panels to renovate gas holders into residential housing

Chair's Statement

Geopolitical risk has dominated the past financial year and with the recent appalling events unfolding in the Middle East this looks likely to continue. In economic terms, the jury is still out as to whether we are headed for a hard landing or not across the region, but it certainly seems that market participants have come round to our Fund Managers' way of thinking that 'higher for longer' prevails. As governments and corporates look to security of supply, whether for energy or for product lines, the inherent capital redeployment will be inflationary. Hence with inflation looking stickier than many envisaged, especially in the US, the question now is how these elevated interest rates will impact in the US, the world's largest economy, and what the implications will be for Europe, facing a slowdown of its own.

The Fund Managers' Report explains how they consider this macro backdrop when assessing our investee companies, as well as potential investments, alongside some generational shifts underway, particularly in the role of technology. Much has been written about the advance of artificial intelligence ("AI") this year but when you look at the numbers around what it could mean, both in terms of implications for some companies' revenues as well as the investment required to make it happen, you start to get a feel for how it will impact every area of our lives.

Our Fund Managers have been talking for some time now of investing in 'Global Champions that just happen to be based in Europe'. Many of our investments fall into this category rather than simply being domestic plays, and are leaders in industries as diverse as semiconductors, healthcare, aerospace, luxury consumer goods, and electrical components, as well as aiding the transition to 'greener', more sustainable products in building materials and energy supply.

With this challenging backdrop, I am pleased to report continued net asset value ("NAV") outperformance of both benchmark and peers after the extremely strong appreciation we saw in the first half of the financial year. It was gratifying for Tom O'Hara and John Bennett to be voted winners of the European Equity (Active) category at the AJ Bell Investor Awards in September 2023, particularly as these awards are voted on by AJ Bell customers, some of whom are our investors.

Performance[1]

The Company's NAV total return per share was 24.1% (2022: -13.1%), significantly outperforming the Company's benchmark index, which returned 20.5% (2022: -12.8%) for the year to 30 September 2023. The share price total return was 27.7% (2022: -18.3%), as the discount at which the shares traded relative to NAV narrowed over the year.

The Company's long-term track record is excellent, with NAV and share price total return outperforming the benchmark over one, three, five, seven and ten years. Our results compare favourably with our competitors, be they in the investment trust or the Investment Association OEIC (open-ended funds) sector. The average NAV total return of the AIC Europe investment company sector (comprising seven companies) was 19.5% in the year under review, and the OEIC Europe ex-UK sector average (comprising 143 funds) was 19.0% for the same period.

Dividends

The Board is pleased to recommend a final dividend for the year of 3.05p per share which, subject to shareholder approval at the Annual General Meeting ("AGM"), will be paid on 5 February 2024 to shareholders on the register at 5 January 2024. When added to the interim payment in June 2023 of 1.30p, this brings the full-year dividend to 4.35p per share, which is the same total dividend as the 2022 full-year distribution of 4.35p per share, excluding the special dividend (2022: interim at 1.20p and final at 3.15p).

Income from investments declined by around 10% in the year under review compared with the year to 30 September 2022, primarily as a result of lower exposure to higher-dividend-yielding stocks in sectors such as energy. The Company has a policy of paying progressive dividends, and we would include the maintenance of dividend levels in tougher times as consistent with this approach. We are fortunate to have built up revenue reserves in previous years which we can draw on where necessary and, with the recommendation of this final dividend, propose to use a very small amount of these. It is worth noting that whilst income is an important component, total return remains our primary focus.

With the year-end share price at 157p (2022: 127p), the yield of the aggregate dividends paid and proposed for the year is 2.8%.

Share rating

Discounts have been wider throughout the investment company sector this year than at any point since the Global Financial Crisis (2007-08), with the average (ex 3i Group) reaching a low of 19% in October and now currently trading at 15.5%. There has been an inevitable knock-on to the European sector, including our Company, hence frustratingly our shares have made only a little progress relative to NAV from when we last reported to you in March. Our discount to NAV ended the year at 11.9%, a small but noteworthy improvement from the end of the previous year (30 September 2022: 14.0%), given this backdrop.

1 See the glossary and alternative performance measures on pages 91-93 for explanations of terms

Chair's Statement (continued)

During the year, the Company bought back 145,000 shares (2022: 912,658) to be held in treasury, at an aggregate cost of £183,000, representing 0.01% of the issued capital of the Company at the start of the year. This small amount of repurchase is only marginally enhancing to NAV, but the willingness to buy back signals that the Board is prepared to be active in the market should the discount widen excessively, whilst being mindful not to shrink assets needlessly. In our view, share repurchase and issuance remain useful structural tools in the closed-ended sector, both in helping manage the supply and demand for shares and pricing, and as deployment of capital. Ultimately we believe it is investment performance, investor sentiment and demand for a company's shares that principally determine rating.

Capital structure and use of debt

The Company issued long-term structural debt (25 and 30-year) by way of private placement loan notes in January 2022. With a weighted average interest rate of 1.57%, it was fortuitously timed and gives us welcome flexibility.

Fully utilised, the debt provided gearing of some 8% (at the time it was taken on) but it is of sufficiently low-interest cost that, should the Fund Managers want to move to cash and take out the leverage, they can without suffering from a cash drag from the cost of debt. The Fund Managers' Report explains in more detail how they have done just this and have managed the level of gearing over the course of the year from a high of nearly 11% in March to a current net cash level of 4%, taking into account the short-dated gilts as cash equivalents rather than investments.

Fund management changes

A significant piece of news to report, not least since many will have been shareholders in the Company for a long time, is that John Bennett intends to retire next year, leaving behind an excellent performance record, a strong team and long-standing investment philosophy to continue looking after the Janus Henderson European funds, including the Company. John became the Fund Manager in November 2010. Since then, shareholders have enjoyed significant NAV outperformance of the benchmark, with an annualised total shareholder return of 10.6% per annum.

The Board extends their heartfelt thanks to John for his tremendous stewardship of the Company and the orderly way in which he is handing over the leadership reins to his well-established colleagues, including Tom O Hara, his Co-Manager. We wish him all the very best.

Board changes

Following Eliza Dungworth's retirement in May 2023, and in line with our long-term succession plan, we have now returned to a Board of five members through the appointment of Melanie Blake who joined on 3 July 2023. With over 20 years' experience in the financial services industry, Melanie brings deep insight and expertise across risk, compliance and governance, a valuable addition to the Board following Eliza's departure.

Our Senior Independent Director, Robin Archibald, has succeeded Eliza as Audit and Risk Committee Chair, and Stephen Macklow-Smith has taken on the role of the Board's marketing representative. We consider that we have a well-balanced and experienced Board, succession planning firmly in our sights, as well as governance guidelines on Board constitution, which we meet in every respect. Please refer to page 48 for a fuller disclosure on Board constitution.

Governance, shareholder engagement and AGM

We are pleased to invite shareholders to attend the AGM in person at our registered office on Thursday, 25 January 2024 at 11.30 am and join us afterwards for refreshments. This is an opportunity to meet the Fund Managers and our Board. We hope that an earlier time than in previous years may suit some shareholders better. Shareholders who prefer to join virtually may do so via Zoom. There will be live voting only for those physically present at the AGM and we would encourage all shareholders to have their say and vote their shares on all resolutions put forward. All the resolutions are recommended and supported by your directors. Shareholders holding their shares through investor platforms are also encouraged to attend, and to vote, ahead of the proxy voting deadline of Tuesday 23 January 2024 through their nominee platforms. Do be aware that the deadlines for voting through platforms may be earlier than our proxy voting deadline.

In addition to the routine business to be considered at this year's AGM, the Company is also proposing resolutions to its shareholders to cancel the amounts standing to the credit of the share premium account and the capital redemption reserve and which, subject to confirmation by the Court, will be credited to a new special distributable reserve. Cancelling such reserves is a routine procedure that is undertaken by investment trusts and was last carried out by the Company in July 2007. The cancellation of these reserves (as explained in more detail on pages 87-88) to create distributable reserves is an administrative matter which will provide the Board with flexibility to use such distributable reserves should it wish to do so for shareholder distributions in the future.

Please see pages 83-89 for the AGM Notice and more information on joining and voting.

If you have questions for either the Board or the Fund Management team in advance of the AGM – or indeed at any time of the year – please get in touch (contact details on page 95). Do visit our website at **www.hendersoneuropeanfocus.com** which has regular updates, and subscribe for regular information using the sign-up function. In particular, I would highlight the video on the website of Tom O'Hara discussing these results and performance during the year.

Chair's Statement (continued)

Outlook

With US bond yields not far off the levels last seen in the Global Financial Crisis, geopolitical risks that have continued to rise and the very real threat of recessionary forces, it is not a surprise that your Fund Managers are erring on the side of caution and, for the first time that I can remember, investing in UK gilts (albeit for the very short term) to de-gear the Company. However, for active stockpickers (as opposed to index huggers or passive funds), when markets get volatile and uncertainty increases, opportunities arise and good investment returns can accrue for the medium to longer term. Indeed, this is the environment we now face and which your Fund Managers are embracing. Meetings with the underlying company management teams continue and, for some, the future is very bright. Your Board remains confident in your Fund Managers' ability to uncover these opportunities and for the Company to continue to prove a good long-term investment for its shareholders.

Vicky Hastings
Chair of the Board
12 December 2023

Fund Managers' Report

> "Europe's big, beautiful, global champions offer a compelling opportunity set"

Photo: Shell, Offshore Deepwater Platform, Gulf of Mexico

Fund Managers

Tom O'Hara
Co-Fund Manager

Tom is a Portfolio Manager at Janus Henderson, a position he has held since 2020. He is a portfolio manager on the Janus Henderson Continental European and Pan-European long-only strategies. Before joining Janus Henderson as a research analyst in 2018, Tom was an equity research analyst specialising in metals and mining with Exane BNP Paribas from 2016. He held similar mining and steel sector positions with Redburn, Citigroup Global Markets and Metal Bulletin Research between 2008 and 2016. He began his career in 2006 in the treasury department of Northern Rock plc.

John Bennett
Co-Fund Manager

John is Director of European Equities at Janus Henderson, and portfolio manager on the Janus Henderson Continental European and Pan-European long-only and long/short strategies. John has held these roles since 2011 when his previous company, Gartmore, was acquired by Henderson. Prior to Gartmore, he served as fund manager at Global Asset Management for 17 years. During this time, he managed their flagship European long-only and European equity long/short hedge funds. Before this, he was a fund manager at Ivory & Sime.

Fund Managers' Report

Hard-landing? Soft-landing? No landing? Peak interest rates?

These questions have dominated market discourse during the financial year. The obvious truth is that neither we nor anyone else can be certain if, when, or how deep any contraction might be. Moreover, whilst we have started to see some cracks in the hitherto resilient US consumer demand – causing weakness in share prices spanning clothing, luxury goods, spirits and other discretionary goods – economic activity has generally surprised positively. Accordingly, the market has had to regularly recalibrate its view of the likely duration of high inflation levels and correspondingly elevated interest rates ('elevated', that is, relative to only recent history).

Much of the market commentary still calls for a hard-landing, followed by an inevitable central bank capitulation to lower rates. This cannot be eliminated as a risk, especially if the speed of rate hikes causes an accident somehow, somewhere in the financial system (the UK Gilt tantrum of late 2022 and the mini-banking crisis of early 2023 serve as cautionary reminders that something can lurk out of sight). But it is always worth considering the motive of those making such a forecast; many participants wish for a hard-landing, having made a lucrative career out of zero interest rates (think fixed-income managers, or equity investors with growth, technology or ESG mandates). They would understandably wish for those good times to return. If it must come via a painful economic contraction, then so be it.

It is also worth taking a step back from the never-ending cycle of macro-monetary noise emanating from media outlets such as Bloomberg, which are of course incentivised to make you as insecure, as reactive and as trigger happy as possible in financial markets; you need live pricing, you need access to research and datasets and you need live analysis of the latest earth-shattering event, be it a CPI print, a non-farm payrolls figure or the latest utterance of 'Fedspeak' by a central bank official at a random conference. This is the edge you need to make money. No serious investor could possibly operate without it – or so they would have you think.

A new capex supercycle – de-globalisation and artificial intelligence will define geopolitics

There is a lot to constantly distract an investor from more meaningful developments. When we as a team debate the outlook for inflation and the corresponding cost of capital, we try to take a longer-term view of changes across society and their potential impact on economic activity. In this respect, political discourse – and increasingly policy action – suggests something different and powerful is going on underneath the near-term focused chatter. Yes, central banks are raising rates and reversing that great 'innovation' of the financial crisis – quantitative easing ("QE") – in order to rein in inflation by cooling economic activity. But many governments, not least that of the United States, are making their job much harder. Economic hardship does not go down well with voters. De-globalisation and pro-labour populism are strong mandates for those who command the national coffers. The US is running an historically high budget deficit of 7%, as various stimulus packages – collectively known as 'Bidenomics' – splurge over $1 trillion on highways, rail and other infrastructure, while providing generous incentives for corporates to deploy their capital into the 'onshoring' of critical supply chains in everything from semiconductors to electric vehicles and energy security. This is more than the US government mobilised in response to the Global Financial Crisis. Not even the profligate Europeans are engaging in such fiscal largesse; France and Italy are 'only' running budget deficits of around 5%. The OECD is averaging over 4%. We have never seen the likes of this government activity during peacetime (although it may be optimistic to describe the current geopolitical backdrop as such).

These trends don't appear to be fads, just as zero-interest rate policy ("ZIRP") and QE were not short-lived phenomena. There are currently 35,000 trade protectionist measures in place globally, up from only 9,000 a decade ago, according to Global Trade Alert. Supply chains must adjust to new constraints, often through capital redeployment. Many of our investee companies are either seeing evidence of this in their order books and/or utilising their own strong balance sheets to invest. Construction spend on manufacturing facilities in the US has already reached almost 0.6% of GDP, a level not seen since before the World Trade Organisation was established in the early 1990s. Furthermore, a record 67% of Americans have a favourable view of trade unions, suggesting that 'America First' is a policy objective likely to be pursued, regardless of who secures the White House in 2024. In turn, other major economic blocs such as Europe feel obliged to follow with their own measures. One of the strands of our investment 'DNA' (for which we have introduced a dedicated section this year) is 'Believe in Cycles'. We believe that we are at an inflection point in the long-cycle politics of globalisation, with corresponding long-duration implications for capital expenditure, wages, inflation and interest rates. Capital investment cycles tend to be long term in nature, for the simple reason that building stuff takes time. This affords many of our exposed investee companies a good degree of visibility under all but the most extreme scenarios for near-term economic momentum. Hard-landing or not, there will probably be 'shovels going into the ground'.

Aside from industrial policy objectives, it is worth considering the strength of private sector capital deployment, as it highlights a key segment of the opportunities we are pursuing in European equities. It is well known that Europe does not possess the 'Big Tech' superstars. But, importantly, it does possess many of the enablers, or 'picks and shovels', that will be necessary as this exclusive club embarks on an unprecedented period of capital intensity. In 2019 the combined capital expenditure of Microsoft, Google, Meta (formerly Facebook), Amazon and Apple was around $70bn. In 2024 it will reach around $190bn, up by $35bn on 2023. The magnitude of this should not be understated; it equates

Fund Managers' Report (continued)

to almost 20% of the 'Bidenomics' bazooka: a sizeable spend even when set against an historic stimulus package in the largest economy on Earth. Moreover, it will be repeated each year for the foreseeable future, so that cumulatively it is likely to eclipse the fiscal programme.

To repeat: this is the capex outlook for only five companies. Dominant though they are, there is also a long tail of large, cash-generative, well-financed companies across the globe which are investing into a critical juncture in both geopolitics and technological progress. This will create change.

Europe's globally dominant 'picks and shovels'

The pursuit of the vast AI and cloud computing opportunity is both fixed asset and energy intensive for the titans of tech. Microsoft, which is lifting capex as a percentage of sales from 11% in 2019 to 19% in 2024, plans to build an additional 120 or so data centres, filled with leading AI-ready semiconductors. Most of those chips will be bought from US stock market darling, Nvidia, which does not produce its own chips, but outsources it to manufacturing specialists like Taiwan Semiconductor ("TSMC"). TSMC in turn must procure the latest manufacturing equipment for its 'fabs' (factories) to fulfil Nvidia's requirements. Enter Europe's 'Global Champions' in semiconductor capital equipment – ASML, ASM International and BE Semiconductor – which provide the 'picks and shovels' to enable the production of ever more complex chips. Atlas Copco, another portfolio company, supplies vacuum technology to this highly demanding manufacturing environment.

Digging a little deeper, we find that European 'Global Champions' abound all along the 'capex supercycle' supply chain.

Data centres and semiconductor factories, which are resource intensive, require robust foundations and supporting water, energy and telecommunications infrastructure. Irish-headquartered but US-heavy construction materials business, CRH, has already flagged healthy orderbooks as shovels go into the ground for these facilities (CRH is also arguably the number one beneficiary of all the highway investments being made in the US, acting as a one-stop-shop for state departments of transport).

The average data centre has the same energy requirement as 80,000 households, meaning Microsoft's plan alone will add the equivalent power demand of a city of over 10 million people. Energy efficiency is therefore critical to operating costs; Siemens and Schneider Electric supply the infrastructure management hardware and software to optimise these hungry facilities (they also happen to be global leaders in industrial automation, another secular growth category as supply chains are 'on-shored' in the years ahead).

'Big is beautiful' continued

We have written about our belief that a return to zero interest rates is unlikely. Accordingly, one must be sensitive to valuation when selecting stocks. Thankfully, the desire to not overpay has always been part of our DNA and has, at times, been to our detriment, notably during peak-ZIRP. However, the real economy implications of this shift will take time to bear out. This will present opportunities to stockpickers. As economic rationality returns from a lengthy absence, the threat of disruption – from lavishly funded, unprofitable startups – will recede. The powerful, well-funded incumbents across many industries are likely to become yet more powerful in the era ahead of us.

Regular readers will be familiar with our 'Big is beautiful' mantra for this new investment paradigm. We used Anheuser-Busch InBev – the world's biggest brewer – as an example of this theme at work in the portfolio. More recently we purchased German software company SAP, which commands a high global market share in the boring but business-critical world of Enterprise Resource Planning ("ERP"). We had avoided this company for a long time owing to poor governance and poor capital discipline. It sells the software that forms the operating backbone of mid to large companies: supply chain, logistics, payroll and finance – all fundamental functions of the modern corporate. Many of these companies are in the process of transitioning their ERP systems from 'on premises' to the 'cloud' (another reason for all that data centre capex). This process has proven a lucrative opportunity for SAP to 'cross-sell' additional applications such as HR services, travel and expenses management and, soon, new AI-augmented tools. We see strong prospects for well over 10% annual earnings growth in the coming years, driven by this transition.

The end of the free money era is likely to make SAP's clients – who are eager to be digitally optimised and AI-ready – more reluctant to bear the risk of changing their ERP supplier through such a complex and critical project, while also reducing the likelihood of a startup competitor to SAP given the vast amounts of funding – and patience – that would be required to erode the incumbent's economic moat. Of course, being 'big' alone does not bestow a divine right to success upon a company. There must be a value proposition to customers. SAP possesses the scale and the resources (and a net-cash balance sheet) to invest in developing the applications its corporate customers require in the era of cloud-hosted, AI-augmented ERP. Helpfully, once the client has transitioned their system to the cloud, new innovations can be more easily adopted via download, practically overnight.

We hope these provide some good examples of our investment thinking in what many would consider challenging times and times of change, with the spectre of geopolitical risk hanging over world markets, just after Covid and compounded by recent events in the Middle East.

Fund Managers' Report (continued)

Performance

The NAV of the Company increased by 24.1% during the financial year, 3.6% ahead of the 20.5% benchmark return. Major contributors included our semiconductor capital equipment stocks BE Semiconductor and ASM International, along with long-term holding Holcim and diabetes and obesity 'category killer' Novo Nordisk, which has now become Europe's largest company by market capitalisation.

Detractors included insurer ASR Nederland, which became mired in a potential historic mis-selling scandal, oil major Shell, which we sold in June and recycled into TotalEnergies and AkerBP (though have recently reintroduced) and Finnish pulp and paper manufacturer UPM Kymmene.

It is worth noting the somewhat distorting effect of the period of measurement. The September end of financial year 2022 coincided, almost to the day, with the European market trough, following which we saw a sustained rally in almost everything through to spring 2023, with the previous laggards outperforming. Two of our bigger detractors – Shell and UPM – were less due to investments gone wrong (both stocks actually gained during financial year 2023), but courtesy of large position sizes that lagged the rapid recovery in the benchmark during 2023. It provides a good example of why we always encourage performance to be judged on at least three years. Even good investments can have a 'bad' 12 months measured against a benchmark. UPM remains our largest overweight position, while we also retain a sizeable overweight exposure to oil and gas, which we view as strategically critical given the geopolitical backdrop. Energy also provides us with a useful tool in protecting our shareholders' capital against the inflationary effects of what will probably be more frequent commodity spikes. Oil and semiconductors, both held in size, offer a true economic barbell for the multipolar world.

Activity

It is useful to begin with an explanation of our year-end net gearing levels (or lack thereof). We ended the financial year with a net cash position of 4%. This means that not only was the available structural gearing (equivalent to over 7% of NAV) undeployed, but we also held additional cash. Part of this was a result of selling activity late in the financial year. We took some profits in semiconductor stocks during late August/early September, while also starting to reduce our holding in Hugo Boss and fully exiting shortly after the year end, as we feel the brand turnaround story is now relatively well appreciated and the stock will be more sensitive to general consumer sentiment. We also sold the last of our banks in early September as we think the near-term tailwinds from net-interest margin expansion have peaked and the long-term threat of greater regulatory scrutiny and government constraint has only intensified. In the era of increased statism, not only do we think it wise to gain exposure to the many quality 'enablers' we have listed, but it is equally important to avoid the 'donors.' Banks will continue to be a source of funds for hungry governments, likely via recurring 'one-off' taxes on profits. On a related note, we own no utility companies on a similar basis; profits mandated by the government are never wholly reliable profits. They are likely to be even less so in the years ahead. As a sector it also benefitted from an abundance of cheap debt to fund projects. Not anymore.

Our net-cash position therefore was partially temporary. At the time of writing we have returned to a neutral position, with the gearing undeployed. We feel no urgency to wade into the market; we are near-term cautious on market direction given the rapid rise in interest rates (during the writing of this commentary the US 10-year treasury yield touched 5% for the first time since 2007), nor do we feel any stocks or sectors have reached the 'valuation margin of safety' threshold that warranted full deployment of the gearing in September 2022. We will be patient and we can afford to be; the interest rate payable on our loan notes is 1.57%, locked in for 25 and 30 years across two tranches. We can earn 2.75% by depositing the cash in the bank. More interestingly (and another indication of the challenge to banks) we can earn 5% in short-dated UK gilts. At the time of writing, we have approximately 5% of NAV – around two-thirds of the value of the loan notes – deployed into these 'cash equivalent' sovereign debt instruments. They are 'cash equivalent' as they are held to maturity (early 2024) and therefore both interest and capital value are determined. We are enjoying 'positive carry' and will therefore bide our time for more attractive equity opportunities.

Outlook

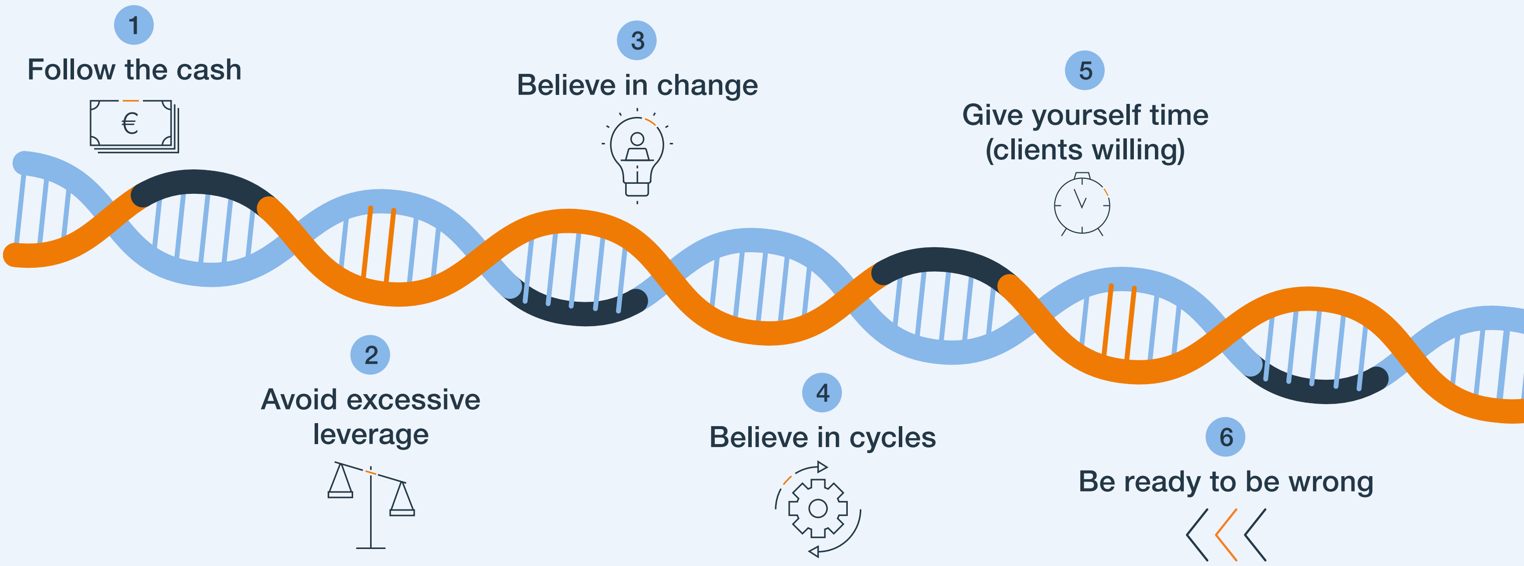
We have illustrated why we believe Europe's 'makers' and 'doers' will stand to benefit – and are benefitting already – from the profound growth in both publicly funded capital expenditure and the utilisation of enormous reserves of 'dry powder' sat on corporate balance sheets. This may, in part, explain the absence of the much-feared hard-landing, at least so far. But, even if it does not prevent a painful economic downturn, it serves as a reminder that economies are not binary, but always nuanced. There will always be attractive opportunities for businesses to pursue. There will always be areas of economic resilience. Thus, where there is nuance, there is opportunity for stockpickers. Whatever the macroeconomic backdrop, we want to be invested in the right companies, which are competing in the right places and – critically – at the right share price. Europe's big, beautiful, global champions offer a compelling opportunity set.

Tom O'Hara and John Bennett
Fund Managers
12 December 2023

Our Investment DNA

As we wrote in our 2020 Annual Report, we have always maintained that a portfolio of stocks should reflect the ‘investment DNA’ of its Fund Managers. We apply this philosophy to the Company.

The key strands of this investment DNA include the following:



Strands 1 and 2

Strands one and two are, probably, our most vital. A focus on cash-generative businesses, combined with ample, but not excessive, balance sheet leverage, has, over time, served us and our investors well. It is a focus that makes us wary of businesses and industries hobbled by overcapacity, weak balance sheets or poor cash conversion, such as airlines, banks, retail and the hospitality and leisure sectors.

In a nutshell, we prefer our investee companies to self-fund their growth.

Strand 3

Believe in change

This is vitally important in the context of the ESG challenge. There is no shortage of rating agencies and consultants prepared to ‘rank’ companies based upon their ESG credentials. This, in our opinion, has two major flaws:

1. If something ‘scores highly’ it is more likely to be fully valued.
2. A ‘spot’ approach to investing risks ignoring that things can change.

If we combine the two points above, we allow ourselves the freedom, the openness and flexibility of mind to identify companies which might not be today’s highest achievers, according to, often subjective, ESG scorecards. What is important is that these companies are embracing the era of sustainability, and often at an underappreciated pace. In other words, by believing in change, we can identify a delta: a rate of change. This strand has always informed our thinking. We have typically applied it to the financial metrics of a company and will continue to do so. Today, with equal rigour, we apply the same strand to how companies approach the challenges and opportunities presented by the age of sustainability.

By combining our preference for self-funded growth with the ‘change’ candidates, we believe we optimise the opportunity to apply sustainable investing, without the pitfalls of falling for concept stocks or overvalued situations.

This is not an exhaustive list. Crucially, as indicated by strand six, it is not tantamount to a religion. As a team, we often say: "investing must never be a religion". This is merely a health (and wealth) warning to self: in investing, it is crucial not to box oneself in, never to become so wedded to a position that it 'must work'. Those who know us will know this is why we resolutely refuse to become ardent, inflexible 'style' managers.

Strand 4

Believe in cycles

Our sense of risk starts with the fundamental risk inherent in a business. Assuming management of the business is both honest and competent, the key risks then become the market position, cyclicality and, crucially, financial indebtedness of the company. It then behoves us not to overpay. Such factors can be considered as components of DNA strands one to four.

Our commentaries in recent years have discussed the inflection points we believe have been passed, in, for example, the energy sector and, more broadly, in the price of money. This is consistent with our belief in cycles.

Strand 5

Give yourself time (clients willing)

When asked to offer an outlook, fund managers often feel the pressure to translate it into some form of forecast: of market level or direction and, madly (as well as maddeningly), over a short period, such as one year. It's at this point that the fund manager should send a memo to self. It should read: there are two types of forecaster: one who doesn't know and one who doesn't know that they don't know. In other words forecasting is a mug's game. When we think in terms of outlook, we tend to think of what could challenge, disrupt or derail the prevailing investment consensus.

Strand 6

Be ready to be wrong

We do not concentrate a portfolio in 'things that must work' – we are ready to be wrong. Likewise, when something challenges our investment thesis on a specific stock, we don't 'dig in' and allow 'thesis creep'. This doesn't mean selling a stock when it has a 'bad quarter' relative to sell-side or hedge fund investor expectations. But if something has changed in the longer-term prospects for the business, on which our initial investment was predicated, should we still own it?

Investment Portfolio as at 30 September 2023

Ranking 2023	Ranking 2022	Company	Sector	Country of listing	Valuation 2023 £'000	Percentage of portfolio
1	3	**UPM–Kymmene**	Forestry and Paper	Finland	24,022	6.25
2	2	**Novo Nordisk**	Pharmaceuticals and Biotechnology	Denmark	23,175	6.03
3	–	**UK Government Bond 0.125% 31/01/24**	Government Bonds	United Kingdom	19,682	5.12
4	6	**TotalEnergies**	Oil, Gas and Coal	France	16,572	4.31
5	24	**Saint–Gobain**	Construction and Materials	France	15,636	4.07
6	30	**Safran**	Aerospace and Defence	France	13,692	3.56
7	11	**Airbus**	Aerospace and Defence	France	13,389	3.49
8	8	**LVMH Moët Hennessy Louis Vuitton**	Personal Goods	France	13,154	3.43
9	4	**Holcim**	Construction and Materials	Switzerland	12,684	3.30
10	18	**Schneider Electric**	Electronic and Electrical Equipment	France	11,724	3.05
		10 largest			**163,730**	**42.61**
11	27	Aker BP	Oil, Gas and Coal	Norway	11,088	2.89
12	14	Linde	Chemicals	Germany	10,860	2.82
13	–	Adidas	Personal Goods	Germany	10,628	2.77
14	29	Arkema	Chemicals	France	9,658	2.51
15	23	Solvay	Chemicals	Belgium	9,522	2.48
16	16	Danone	Food Producers	France	9,314	2.42
17	–	SAP	Software and Computer Services	Germany	9,196	2.39
18	25	L'Oréal	Personal Goods	France	8,575	2.23
19	–	Siemens	General Industrials	Germany	8,528	2.22
20	5	ASR Nederland	Non–life Insurance	Netherlands	8,173	2.13
		20 largest			**259,272**	**67.47**
21	–	Euronext	Investment Banking and Brokerage Services	Netherlands	8,147	2.12
22	28	Metso	Industrial Engineering	Finland	8,146	2.12
23	–	Koninklijke Ahold Delhaize	Personal Care, Drug and Grocery Stores	Netherlands	7,953	2.07
24	–	Anheuser-Busch InBev	Beverages	Belgium	7,716	2.01
25	15	Deutsche Boerse	Investment Banking and Brokerage Services	Germany	7,662	2.00
26	20	Hugo Boss	Personal Goods	Germany	7,109	1.85
27	22	Atlas Copco	Industrial Engineering	Sweden	6,694	1.74
28	32	BE Semiconductor	Technology Hardware and Equipment	Netherlands	6,577	1.71
29	1	Shell	Oil, Gas and Coal	United Kingdom	6,564	1.71
30	34	Universal Music	Media	Netherlands	6,533	1.70
		30 largest			**332,373**	**86.50**
31	–	Sandvik	Industrial Engineering	Sweden	6,508	1.70
32	–	UCB	Pharmaceuticals and Biotechnology	Belgium	6,382	1.66
33	45	STMicroelectronics	Technology Hardware and Equipment	Switzerland	6,273	1.63
34	–	Infineon	Technology Hardware and Equipment	Germany	6,222	1.62
35	41	ASM International	Technology Hardware and Equipment	Netherlands	5,806	1.51
36	37	Interpump	Industrial Engineering	Italy	5,501	1.43
37	43	Grifols	Pharmaceuticals and Biotechnology	Spain	5,274	1.37
38	17	Essilor Luxottica	Medical Equipment and Services	France	5,235	1.36
39	38	Siemens Healthineers	Medical Equipment and Services	Germany	4,675	1.22
		Total listed investments at fair value			**384,249**	**100.00**

Top Ten Holdings

1. UPM-Kymmene

Percentage of portfolio: 6.25%

Sector: Forestry and Paper

Fund Managers' view: UPM-Kymmene is a leading producer of wood-based products. It has an excellent management team with a strong record of value-creating capital allocation. With a balance sheet in net cash, UPM is in a phase of transformational organic growth in the areas of pulp, biofuel from wood, and replacing oil-based PET plastic with wood-based material. Including all indirect effects, UPM is committed to reducing its carbon emissions by at least 65% by 2030. Based simply on its direct emissions, the company is already carbon negative, given its significant forestry assets.

2. Novo Nordisk

Percentage of portfolio: 6.03%

Sector: Pharmaceuticals and Biotechnology

Fund Managers' view: A specialist pharmaceutical company focused on diabetes and obesity with a historical bias to insulin products. The focus has been shifting to the GLP-1 area, where Novo provides injectable and oral products that control blood sugar level, body weight and other health issues. Market structure (duopoly in GLP-1, high levels of demand growth) may drive sustainable return on investment capital, with obesity treatment also representing a compelling growth opportunity.

3. TotalEnergies

Percentage of portfolio: 4.31%

Sector: Oil, Gas and Coal

Fund Managers' view: TotalEnergies explores for, produces, refines, transports and markets oil and natural gas. The company also operates a chemical division, along with gasoline filling stations in Europe and Africa. The company is investing in renewables and low-carbon businesses to diversify its cash flow, and is targeting 35GW of renewables capacity by 2025 (one of the most aggressive targets in the broader renewables peer group).

4. Saint Gobain

Percentage of portfolio: 4.07%

Sector: Construction and Materials

Fund Managers' view: Saint-Gobain is a diversified light-side materials manufacturer and distributor. It is among global market leaders in flat glass, insulation, gypsum, pipes, ceramics, refractories and abrasives, with leading regional roles in American building materials and European builders merchanting. The company trades on a valuation discount to peers, is in the midst of a restructuring programme and should see increased demand for its insulation products as building efficiency moves up the political agenda.

5. Safran

Percentage of portfolio: 3.56%

Sector: Aerospace and Defence

Fund Managers' view: Safran is a global aerospace, defence and security group. It manufactures and services engines, supplies mechanical and electrical systems for civil and military aircraft, and is a leader in biometric and detection systems. The company is benefiting from air travel returning to its pre-pandemic activity levels and growth trend.

6. Airbus

Percentage of portfolio: 3.49%

Sector: Aerospace and Defence

Fund Managers' view: Airbus is a leading commercial aircraft manufacturer. Airbus is well positioned in the large commercial aircraft market with a strong portfolio. Domestic markets are recovering from the Covid-19 pandemic and international travel routes remain depressed but are catching up. Underlying demand for new aircraft remains healthy, in particular in the narrowbody sector, and production rates are rising again. Airbus's dominant position with the A320 will likely drive long-term growth and cash generation.

Note: The third largest investment in the portfolio is a short-dated UK Government Bond 0.125% 31/01/24, which is invested as a cash equivalent, as shown on page 16.

Top Ten Holdings (continued)

7. LVMH Moët Hennessy Louis Vuitton

Percentage of portfolio: 3.43%

Sector: Personal Goods

Fund Managers' view: LVMH is the world leader in luxury goods. Leather Goods & Fashion (Louis Vuitton in particular, but also Fendi and Loro Piana) and Wines & Spirits (Hennessy cognac, Moët & Chandon, Veuve Clicquot) are the group's most important divisions. LVMH continues to demonstrate superior execution on its largest brands, as well as its ability to turn around new assets brought into the group.

8. Holcim

Percentage of portfolio: 3.30%

Sector: Construction and Materials

Fund Managers' view: Holcim is a world leader in the production of building materials. At first glance a 'dirty' business, Holcim is in the throes of demonstrating to investors and the wider community that it is a genuine champion of sustainability within the building materials industry. On its way to becoming a net-zero company, Holcim offers global solutions such as ECOPact, enabling carbon-neutral construction. Additionally, with its circular business model, the company is a global leader in repurposing waste as a source of energy and raw materials through products like Susteno, the world's most circular cement.

9. Schneider Electric

Percentage of portfolio: 3.05%

Sector: Electronic and Electrical Equipment

Fund Managers' view: Schneider is the world's leading electrical power distribution and automation provider. The company has a dominant market position and is seeing growth driven by increased electrification and structural tailwinds across its end markets.

10. AkerBP

Percentage of portfolio: 2.89%

Sector: Oil, Gas and Coal

Fund Managers' view: AkerBP is a Norway-based exploration and production company. AkerBP has a high quality relatively low-cost portfolio and a strong balance sheet. The introduction of the 2030 net-zero target during the trusts financial year has also been a positive.

Business Model

Purpose and values

The Company's purpose is to provide shareholders with long-term growth through investing in a portfolio of stocks listed in Europe and to make this form of investment widely accessible to investors large and small. We do this by following a disciplined process of investment and by controlling costs and using borrowings to enhance returns.

As a Board of directors, we follow high standards of governance, with a culture based on openness, mutual respect, integrity, constructive challenge and trust, as described further on page 31. The Board seeks always to act in the best interests of shareholders, making the most effective use possible of the diversity of skills and experience of its members. This culture of openness and constructive challenge extends to the Board's interaction with the Manager, being the Company's most important service provider. The Board expects the Manager and all other service providers to hold values which align with the high standards promoted by the Board.

Strategy

The Company fulfills its purpose by doing business as an investment trust, and maintains a premium listing on the London Stock Exchange. Investment trusts are collective investment vehicles constituted as closed-ended public limited companies. The Company is governed by a board of independent non-executive directors and the management of the Company's investments is delegated to the Manager. The Company's day-to-day functions, including administrative, financial and share registration services, are carried out by duly appointed third-party service providers.

The framework of delegation provides the Company with a cost-effective mechanism for delivering operations whilst allowing the Company to benefit from the capital gains treatment afforded to investment trusts, which are approved under section 1158/59 of the Corporation Tax Act 2010 (as amended). The closed-ended nature of the Company permits the Fund Managers to hold a longer-term view on investments and remain fully invested while taking advantage of any illiquidity in normal and volatile market conditions, as redemptions do not arise in the way they would for an open-ended vehicle. The Company is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ("FCA").

Investment objective

The Company seeks to maximise total return (a combination of income and capital growth) from a portfolio of stocks listed in Europe.

Investment policy

Asset allocation

The portfolio is predominantly invested in stocks listed in Continental Europe and has a bias to larger capitalised companies but may, within limits, be invested in the stocks of mid and smaller capitalised companies or in companies listed elsewhere, including UK, providing Continental European exposure.

Stock selection is not constrained by the benchmark and the stock weighting in the portfolio may be materially higher or lower than the weighting of any index used for performance comparisons, including in respect of geographical allocation. Actual weightings of stocks held in the Company's portfolio are based upon the Manager's views of total return prospects. The portfolio is not constructed with a yield target.

Diversification

The portfolio contains between 35 to 45 stocks with a maximum single stock weighting of 10% of net asset value ("NAV") of the portfolio at the time of investment. Stocks weighted at 5% of the portfolio or more are not expected to exceed 50% of NAV in aggregate. The typical minimum stock weight is 1% of NAV.

Continental European listed stocks will consist of not less than 80% of NAV at the time of investment, with the remaining exposure being in stocks listed elsewhere with exposure to Continental European economies. The exposure to smaller capitalised stocks at the time of investment is limited to 10% of NAV. (Smaller capitalised companies are considered to be those with a market capitalisation of less than €1 billion.)

Derivatives

The Company may use financial instruments, known as derivatives, for the purpose of investment and for efficient portfolio management for up to 10% of NAV at the time of entering into the contract.

Gearing

The Company can borrow with the aim of achieving a return that is greater than the cost of the borrowing. The Company can borrow up to 20% of net assets at the time the borrowing is assumed.

Investment strategy

Stock selection

The Fund Managers use rigorous research to identify high quality, attractively valued companies with strong balance sheet and cash flow potential. Free cash flow yields are an important valuation metric, rather than price/earnings ratios. The benchmark is the FTSE World Europe (ex UK) Index in Sterling terms.

Business Model (continued)

The Company does not invest more than 15% of its total assets in other listed closed-ended investment funds. Accordingly, the Company's shares are an eligible investment under LR 15.2.5 (R) for other listed closed-ended investment funds.

Company engagement

The Janus Henderson European Equities team's experience in the European market has created a deep knowledge base. Management analysis is further supplemented by a body of increasingly sophisticated data related to environmental, social and governance ("ESG") factors, broker research and company meetings. The European Equities team works closely with the in-house Governance and Responsible Investment team to screen portfolios for ESG issues and to identify broader themes for discussion in making and holding investments.

The Fund Managers believe that if they were to invest in companies they judged to be systemically low scoring or failing businesses from an ESG perspective, this would detract from investment performance as well. They consider there to be a clear link between good corporate governance – in each of the E, S and G – and the cost of capital applied by global investors.

Their approach is built upon fundamental stockpicking blended with sector themes. This allows them to isolate investment decisions from market noise; however, the resulting approach can be contrarian, and can lead to investing in change. ESG factors can play a role in identifying these trends in corporate change and sector development.

It is during the in-depth research stage of the investment process where the Fund Managers will make an assessment on ESG considerations for each stock or sector. Their analysis tends to focus on the rate of change rather than existing scores. They want to gain a good understanding of what procedures and initiatives the company is putting in place to improve their ESG practices. This research is often far ranging, including topics such as board composition and staff remuneration as well as carbon targets and green financing.

Whilst headline ratings from external providers can be a useful starting point, the Fund Managers caution investors from giving them too much significance. They are often backward looking and external providers face huge difficulties in aligning subjective topics contained within the ESG arena with a scoring system used to compare stocks. This has resulted in a high level of dispersion in ratings depending on the agency.

These are just a few of the reasons why the Fund Managers choose to focus on the delta as well as the absolute when it comes to ESG integration in stock selection. Further information on the Company's ESG approach is available at **www.hendersoneuropeanfocus.com**.

ESG integration in practice: the importance of transition

Case Study: Big oil and gas

The necessity of big oil in the transition to net zero

It is a simple fact that society cannot go cold turkey on hydrocarbons, as much as the more extreme ends of the green lobby would like to believe. While we understand the sentiment behind 'Stop Oil', any attempt to do this must happen in an orderly fashion that takes society with it. Such a journey will take time. The oil & gas industry has in place the infrastructure, technology, cash flow and ability to fund new investment, which makes the industry essential for change to happen.

Big oil sets ambitious climate targets

In recent years big oil has aggressively pivoted to align corporate strategy to a net zero world, setting increasingly ambitious emissions targets; yet as recently as 2019, none of the three largest European oil majors had set a 2030 emissions target. We should note, however, that these targets are not set in stone. Rather, they are likely to shift as the realities of achieving an 'orderly' transition sets in. This was most recently the case in February 2023 when BP moderated its climate targets to meet immediate energy requirements in response to limited supply from Russia. It would not surprise us to see other oil majors scale up and down the intensity of their climate targets as required. Disclosure and consistency (different base years for example) will also remain a challenge for comparing ambitions. Regardless, the direction for oil companies is clear.

Environmental targets for oil and gas companies tend to come in two forms:

- absolute carbon emissions targets (in MtCO2e) using Scope 1, 2 &/or 3; and
- carbon intensity targets of products (in gCO2e/MJ) which considers the company's absolute carbon emissions emitted per MJ of energy provided from its defined products.

Scope 1 emissions are generated directly through a company's own operations. For oil firms, the main ways to reduce these emissions involve reducing flaring (capturing excess gas rather than burning it or simply managing the oil

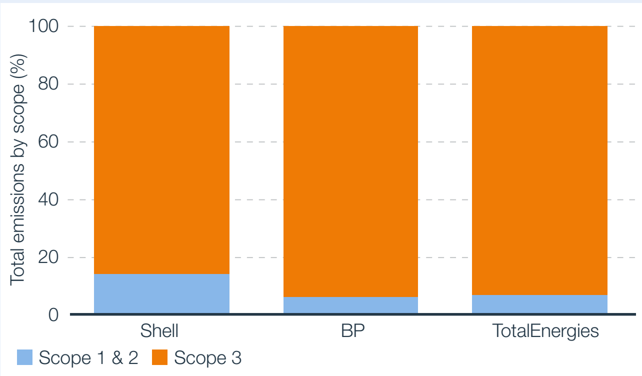
Business Model (continued)

field more efficiently) and exiting from carbon-intensive projects. Scope 2 emissions include those indirectly produced from power consumption. In this case, many oil companies are using electricity provided from low carbon sources, fuel switching, recycling heat and increasing energy efficiency.

Focusing on emissions reduction from the companies' own operations is usually considered the easiest win and it is therefore in these first two scopes that we have seen the most aggressive targets. By 2030, Shell and BP have targeted a 50% reduction in scope 1 and 2 emissions, and TotalEnergies a 40% reduction. However, while these emission reductions should be material by 2030, they are somewhat limited and comprise a relatively small portion of overall emissions – chart 1.

Scope 3 emissions are those associated with the consumption of products sold. These represent the vast majority of 'well to wheel' emissions and are those where a longer transition is required. By their nature, scope 3 reduction targets are more difficult to control and therefore make up a much smaller portion of overall reduction targets.

Chart 1: Scope 3 emissions versus scope 1 and 2 for big oil



Source: MSCI, Janus Henderson, as at 30 December 2022*

As is the case for many sectors, the method to calculate scope 3 emissions is not consistent across the oil & gas industry. Regardless of the exact methodology, we know that scope 3 represents a significant portion of emissions and is therefore key to long-term decarbonisation.

The driver of scope 3 emission reductions lies in the company's sales and production mix. The main ways for oil companies to reduce scope 3 emissions include:

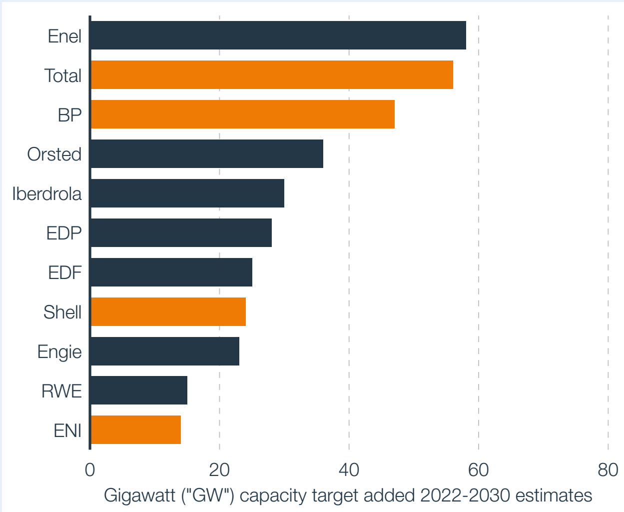
- shifting production from oil to gas (liquified natural gas releases approximately 20-25% less emissions than traditional fossil fuels)
- expanding downstream integration in gas (with production refining, retail marketing and power supplied from gas)
- increasing sales of biofuels and carbon capture
- natural sinks to reduce net emissions
- replacing fossil fuel sales with renewables

Renewables roll out

The scale and commitment of energy companies to increase solar and wind in their production mix often gets overlooked due to its low base versus traditional fuels. However, in absolute terms the shifts are far more dramatic.

In 2022, Shell, TotalEnergies and BP had a combined low-carbon capital expenditure (capex) in the region of $9 billion, and these numbers are set to grow, with targets of 20-50% capex by 2025/2030. This expenditure translates to the oil majors having some of the largest renewable energy growth plans in Europe. Chart 2 shows big oil growth plans compared to the incumbent developers, utilities.

Chart 2: European players have big growth plans



Source: MSCI, Janus Henderson, Exane BNP Research, Credit Suisse Research, as at 30 December 2022*. Orange bars indicate oil company; black bars indicate utilities company

In addition, these companies have become disciplined when it comes to exploring/extracting for new oil projects which will see the percentage of renewables increase in the mix even further. To supplement this renewable-led electrification of our energy supply, we are also seeing companies with large retail networks committing to charging-point roll-outs – Shell targets 2.5 million by 2030, aiding the demand side of the equation as well as the supply side.

Solutions for hard-to-abate sectors

While electrification is often touted as the main solution to reduce dependence on hydrocarbons, the energy density of electricity is far less than hydrocarbons which could prove troublesome in some instances. Currently, the battery size required for a plane to reach take-off speed would hinder the ability to take off at all. Other hard-to-abate sectors alongside aviation include steel, shipping, cement and similar chemical processes. The solutions, some of which are noted below, also look likely to heavily involve the oil majors.

*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.

Business Model (continued)

- **Carbon Capture, Utilisation and Storage (CCUS)** involves the capture of CO_2 from large point sources that release emissions – such as power generation, oil wells or industrial facilities – and has been used by energy companies for many years to reduce their own emissions. CCUS can also capture CO_2 directly from the atmosphere. If not utilised on-site, captured CO_2 is compressed and transported to be used in a range of applications or injected into deep geological formations which trap the CO_2 for permanent storage. Until recently, this process was considered a cost of doing business. Many oil majors are now looking to increase their CCUS capabilities to start selling the service externally by charging per tonne of CO_2 captured for external carbon emitters. Given their history in this area, oil companies are uniquely positioned for this opportunity.
- **Biofuels** are created using an organic material ('feedstock'), typically blended with traditional diesel/aviation fuel. While these fuels still release emissions on combustion, they are considered sustainable because of the carbon captured during the growth of the organic material. Although biofuels might not be the ultimate solution, they could certainly be part of the transition, especially as the primary feedstocks (sugar-starch crops and oils from rapeseed or palm oil) can put the process at odds with food security. Other feedstocks being explored include agricultural waste (cow manure) and sea algae. Both European pulp and paper company UPM and Neste have been pioneering technology in this area, but it is also a significant element of the oil majors' transition strategies.
- **Hydrogen** could be considered the ultimate solution. Green hydrogen (produced using purely renewable energy and electrolysis) has no emissions at point of use and can be stored for long periods and transported large distances compared to electricity. The main problem is that much of the existing property, plant, equipment and devices for hydrogen production are currently running on fossil fuels and will need to be completely replaced. Again, oil companies' experience in the operation of upstream and midstream infrastructure necessary to deliver a gas to market will be vital in this transition.

For us, how these processes can interact in tandem is where the scale of the oil majors shows their benefit. Through their trading businesses, oil firms could be a one-stop shop for a company's energy needs – working with them to reach the best combination to meet their specific energy needs.

Conclusion

The complexity of the carbon chain in society means that the transition to lower carbon solutions cannot happen overnight. The good news is that the technology is either ready (the cost of wind and solar is competitive with traditional fuels) or fast approaching (hydrogen and biofuels). Oil majors are committing huge amounts of capital to aide this shift, thus far in a way that largely aligns all stakeholders. Ultimately, these companies are fast moving from being major oil companies to integrated energy companies with whom the energy transition is totally reliant. We prefer those names that exhibit firm capital discipline whilst showing a strong commitment to a transformational shift within their businesses.

Management

The Company qualifies as an 'alternative investment fund' in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). The Board has appointed Janus Henderson Fund Management UK Limited ("JHFM") to act as its alternative investment fund manager ("AIFM"). JHFM delegates investment management services to Janus Henderson Investors UK Limited in accordance with an agreement effective from 22 July 2014. The management agreement with JHFM is reviewed annually and can be terminated on six months' notice. Both entities are authorised and regulated by the FCA and are part of the Janus Henderson group of companies. References to 'Janus Henderson' or the 'Manager' refer to the services provided to the Company by the Manager's group.

The Fund Management team is led by Tom O'Hara and John Bennett. The Fund Managers' combined holding in the Company at the year end comprised 4,071,565 shares.

Ongoing charge and fees

The management agreement provides for the payment of a composite management fee. The fee is charged at 0.65% per annum of net assets up to £300 million, and 0.55% of net assets above £300 million. Any holdings in funds managed by Janus Henderson, of which there were none in the year, are excluded from the calculation of the management fee. There is no performance fee. For a further breakdown, see notes 5 and 6 on page 71.

The higher ongoing charge ratio at 0.80% (2022: 0.77%) is partially due to timing of the management fee calculation, as NAV was higher at quarter ends when the fee was calculated than it was over the average for the year, which is the basis for the calculation of the ongoing charges ratio. The management fee is charged based on quarter-end net assets while the ongoing charge is calculated on the basis of the average daily net assets. The other half of the increase was predominantly due to returning to a full complement of Board members and an engagement exercise with underlying shareholders. This took the form of letters to shareholders on platforms via a s793 exercise (see page 30) and an increase in marketing costs. Further information on the ongoing cost ratio and expenses is on page 93. As a key performance indicator, the ongoing charge is a measure of cost and competitiveness. The Board scrutinises all costs borne by the Company, and compares the ongoing charge ratio to that of its peers in the AIC Europe sector, against which it is competitive.

Business Model (continued)

Borrowings

The Company has borrowings of EUR 35 million through privately placed loan notes as well as access to a multi-currency overdraft facility with HSBC Bank plc which allows borrowings up to the lesser of £30 million and 10% of custody assets. At the year end, no borrowings were drawn under the HSBC overdraft facility (2022: zero). The Company may use leverage to increase returns for shareholders, which provides a significant advantage over other investment fund structures. The Board has delegated responsibility to the Fund Managers for deciding on the currency mix of the borrowings. The Company may 'de-gear' its investment exposure by investing part of the portfolio in cash or cash equivalents if it is thought appropriate to do so.

Measuring performance

To measure the success of the Company in meeting its objective and to evaluate the performance of the Manager, the directors consider the following key performance indicators ("KPIs"). The charts, tables and data on pages 2 to 5 show how the Company has performed against these KPIs, and a glossary of terms and alternative performance measures is on pages 91 to 93.

Performance measurement	Whilst the portfolio is not constrained by the benchmark, the Board measures performance of NAV total return and share price total return against the FTSE World Europe (ex UK) Index (in Sterling) and against both the AIC and Investment Association OEIC Europe sectors as its peer groups. The portfolio is not constructed with a yield target.
Discount or premium of share price to NAV per share	This is the level of discount or premium at which the ordinary shares trade relative to the NAV per share. The Board has a pragmatic approach to both allotting shares and to share buybacks and keeps its policy under review. The Board's objective is to support an orderly market in the Company's shares in a manner that is beneficial to the long-term interests of shareholders.
Ongoing charge	The costs of running the Company calculated using the AIC ongoing charge methodology, including fees payable to the Manager.

Managing our risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks facing the Company, including those which would threaten its business model, future performance, solvency, liquidity in its shares and reputation. The assessment includes consideration of economic and political risks, most of which are outside the Board's direct control. The Board has drawn up a detailed matrix of risks facing the Company, together with a strategic heat map charting the top ten risks, which it has distilled into six categories of principal risks, as shown on pages 24 and 25. To assist in mitigating the decision-taking risks as far as practicable, it has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, which it reviews at each board meeting.

The Board considers closely changes to the risk profile of the Company, arising from both internal and external triggers, and examines emerging risks as part of its regular review of the Company's risk profile. The Board defines emerging risks as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of occurrence probability and possible effects on the Company. Once the emerging risks become sufficiently clear, they may be treated as specific risks and enter the Company's matrix of risks. The conflict in the Middle East is considered an emerging risk with implications for greater instability in markets and pressure on oil prices, with inflationary pressures and impact on political uncertainty affecting much wider parts of the global economy, not ignoring the human tragedy of warring conflict when it arises, wherever it arises.

The impacts of geopolitical tensions continue to affect the investment landscape, and specific issues such as continuing inflation and significantly increased interest rates during the year have to be factored into investment risks and opportunities.

The Board receives regular and detailed reporting on specific and emerging risks from the Manager and other service providers. In addition, the Board receives reports on specialist topics from professional advisers, including lawyers and tax agents. These reports, as well as the directors' own experience, enable effective monitoring of the risk landscape and changes to it. The Board encourages a culture of anticipating and scanning for direct and indirect market events and constructive challenge to identify and manage risk, where it can, including external risks which need a rapid response.

The Board has concluded that the portfolio, investment approach and operational requirements of the Company have, to date, proven resilient and the investment approach remains unchanged.

Business Model (continued)

Principal risks

The Company's principal risks and mitigating steps are as follows:

Risk	Controls and mitigation
Market The Company's absolute performance in terms of net asset value total return and share price total return is dependent on the performance of the investee companies and markets in which the Company invests. Performance is also impacted by currency and interest rate movements, as well as by political and economic events.	Investment risk is spread by holding a diversified portfolio of investee companies, typically with strong balance sheets and good growth prospects. The Company does not currently embark on any currency or market movement hedging strategies, though it has the ability to do so. The Company's investment strategy is reviewed formally by the Board at least annually, and takes into account shareholder views, developments in the marketplace and how the structure of the Company is positioned to meet them.
Investment performance The relative performance of the Company against its benchmark and European open and closed-ended peers depends principally on asset allocation and stock selection, which, in turn, require investment skills. In exercising these skills, the Manager is responsible for adhering to the investment policy and investment guideline restrictions set by the Board and amended from time to time.	The Board is responsible for ensuring that the investment policy is met. The day-to-day management of the Company's assets is delegated to the Manager under investment guidelines, with close monitoring of the guidelines. The Board meets the Manager on a regular basis and keeps investment performance, in terms of both capital and income returns, under close review. The Management Engagement Committee reviews the Manager's performance annually. Although the Company is not invested against any income criteria, the net income of the Company and the revenue reserves are monitored against dividend pay-outs and anticipated future net income. Investment performance is monitored over the short, medium and longer term against the Company's benchmark and against a wider peer group of open and closed-ended investment vehicles investing in listed European equities. The Board also reviews the performance attribution analysis against benchmark in detail, to understand the main drivers of performance in reporting periods. The Fund Managers keep the global political and economic picture under review as part of the investment process and provide the Board with frequent updates to enable the directors to monitor and manage risks of geopolitical disruption and global economic risks. Climate risk is assessed within the individual stock selection process and is reported within quarterly Fund Manager board reports.
Business strategy and market rating A number of factors, including the setting of an appropriate investment proposition, changing investor demand or investment performance may lead to an increase or decrease in demand for and/or supply of the Company's shares and will impact how the shares are priced in relation to the Company's underlying net asset value per share.	The Board monitors the Company's ordinary share price relative to net asset value per share and reviews changes in shareholdings in the Company to understand short or longer-term trends in demand for and supply of the shares. The Company is able, when appropriate, to issue or to buy back shares in order to help maintain an orderly secondary market in the Company's shares, but not against any prescribed discount or premium levels, other than avoiding dilution to existing shareholders' interests through share issuance at a discount. The Board also monitors the rating of the Company's shares against other closed-ended investment companies in the sector. The Company is 'evergreen' and does not have a liquidity event, such as periodic tenders or continuation votes. The liquidity of the portfolio is monitored and is considered sufficient for the purposes of a closed-ended fund, including where the Company buys back its own shares.

Business Model (continued)

Risk	Controls and mitigation
Gearing The Fund Managers have authority to use gearing in line with the Company's investment policy. In the event of a significant or prolonged fall in equity markets any gearing in place would exacerbate the effect of the falling market on the Company's net asset value and, consequently, its share price. Gearing would have the opposite effect in the event of a significant or prolonged rise in equity markets in which the Company is invested.	The Company's investment policy sets a limit on borrowing of 20% of net assets at the time the borrowing is assumed, and the Board monitors the level of gearing at each meeting. The Manager makes active use of the Company's gearing with close oversight of borrowings and cash management from the Board when gearing is extended or contracted in relation to different market conditions and as applied to different investment and disinvestment opportunities.
Operational The Company is reliant on third-party service providers for all its operational activities, including reliance on Janus Henderson as investment manager, corporate secretary and administrator to the Company. The Company depends on the diligence, skill and judgement of the Manager's investment team. Continuity of service of the team and individuals in the team could impact the future success of the Company. Failure of third parties' operational or internal control systems could prevent the accurate reporting or monitoring of the Company's financial position. Janus Henderson subcontracts some of the operational functions (principally those relating to trade processing, investment administration and accounting) to BNP Paribas. Failure of controls could also impact the Company meeting its regulatory obligations.	The Management Engagement Committee reviews each service provider at least annually, and, in conjunction with the Audit and Risk Committee, considers reports on internal controls, including any reported breaches, throughout the year, from all the service providers. This reporting covers such matters as business resilience and cyber security risk as well as matters that are subject to review as part of the annual audit of the Company. Janus Henderson has a strong European Equities team, which supports the Fund Managers in the management of the Company's portfolio. Constructive challenge, succession and continuity planning are key elements of the management of the team and are reported closely to the Board with consultation on any major changes. The Board reviews the internal control structure and reporting for the Company from all agents and meets with their representatives throughout the year to make enquiry on the systems and controls. The Board considers climate risk in respect of operational capability in its review meetings with service providers.
Regulatory and reporting The Company operates in a highly regulated environment which could inter alia affect the listing of the Company's shares and the Company's tax status, as well as how the Company conducts its affairs in the market more generally. The Company has strict reporting requirements that need to be adhered to both internally and externally to the market.	The Board is apprised regularly of impending regulatory and reporting changes and monitors closely, through its various agents, the Company's adherence to existing requirements, including maintaining investment trust and listed company status. The Board is also kept apprised of corporate governance developments and, as far as practicable, adheres to corporate governance guidelines that are applicable to an investment company.

Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further on pages 40 to 44. Note 15 contains further details on the Company's exposure to market risk (including market price risk, currency risk and interest rate risk), liquidity risk, credit risk and how they are managed.

Business Model (continued)

The Company's viability

The AIC Code of Corporate Governance includes a requirement for the Board to assess the future prospects for the Company, and to report on that assessment within the Annual Report. The Board considers that certain characteristics of the Company's business model and strategy are relevant to this assessment:

- the Board aims to ensure that the Company seeks to deliver long-term performance;
- the Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is invested mainly in readily realisable, listed securities and that the level of borrowings is restricted; and
- the Company is a closed-ended investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions.

Also relevant were a number of aspects of the Company's operational agreements:

- the Company retains title to all assets held by the custodian under the terms of formal agreements with the custodian and depositary;
- revenue and expenditure forecasts are reviewed by the directors at each board meeting; and
- cash is held with approved banks.

In addition, the directors have carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's business model, including future performance, liquidity and solvency, and climate change, and considered emerging risks that could have a future impact on the Company. The Board takes into account the liquidity of the portfolio, short-term and structural gearing, the income stream from the portfolio, and the Company's ability to meet its liabilities as they fall due. This includes consideration of how the forecast income stream, expenditure and levels of reserves could impact the Company's ability to pay dividends to shareholders over that period. Detailed income and expense forecasts are made over a shorter time frame. However, the nature of the Company's business means that such forecasts are equally valid to be considered over the longer five-year period as a means of assessing whether the Company can continue in operation.

The directors assess viability over five-year rolling periods, taking account of foreseeable severe but plausible scenarios. This includes consideration of the duration of the Company's loan and borrowing facilities and how a breach of any covenants could impact the Company's NAV and share price.

The Board has assessed the risks associated with the various geopolitical, economic and health crises in recent years and has concluded that these events have not affected the long-term viability of the Company, and its ability to continue in operation, notwithstanding any short-term uncertainty they have caused in the markets.

In common with investment companies generally, the viability statement does not take into account corporate events which might be initiated by the Company or to which the Company might be subject, and where the Company's circumstances might be dramatically changed. An investment company has relatively liquid assets, compared to industrial or commercial companies, and can, therefore, be subject to major and unexpected strategic change. No such event or change affecting the Company's viability is known or currently in contemplation by the Company. The directors believe that a rolling five-year period best balances the Company's long-term objective, its financial flexibility and scope with the difficulty in forecasting economic conditions affecting the Company and its shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out on the previous pages, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to September 2028.

Promoting the Company's success

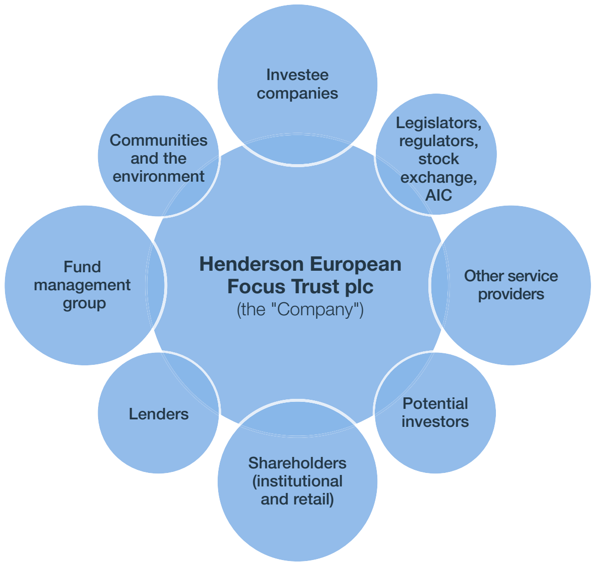
Section 172 statement

The directors act to promote the success of the Company for the benefit of its shareholders as a whole. In so doing, they have regard to the matters set out in s172(1) Companies Act 2006 ("CA06"). This includes likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account. The Board's strategy is facilitated by engaging with a wide range of stakeholders through direct meetings, research and presentations and through service providers' interactions within the investment and financial services community.

As an investment company with no employees, our key stakeholders are our shareholders and investors, service providers (in particular our Manager), investee companies, lenders, the AIC, London Stock Exchange and regulatory bodies. Understanding stakeholders, their interests and views, enables the Company to fulfil its purpose and enables the directors to promote the success of the Company for the benefit of shareholders as a whole, with constant awareness of other stakeholders and their interests.

Business Model (continued)

The Board has adopted a map to support identification and understanding of our stakeholders and helps determine the appropriate level and form of interaction with them.



Set out below are examples of the ways in which the Board and the Company have interacted with key stakeholders in the year under review, in line with s172 CA06.

Stakeholders	Engagement	Outcome
Shareholders	The Board communicates with shareholders through the annual and half-yearly reports, factsheets and monthly commentary, quarterly ESG reports, press releases, videos recorded by the Fund Managers and articles, all made available on the Company's website. The Company also publishes regulatory announcements which are linked through its website. The directors meet with shareholders at the AGM which provides a forum for face-to-face debate with the Board and Fund Managers with in person and online access to view the AGM. The Board addresses shareholder correspondence and reviews voting patterns at general meetings. The Chair meets with shareholders at their request, and always welcomes conversations. The Fund Manager discusses the Company's results and performance during the year in a video available at **www.hendersoneuropeanfocus.com** and is a regular contributor to investor and broker forums.	The Board undertook an 'outreach' programme to make direct contact as far as possible with the Company's many indirect shareholders holding shares through platforms, so they can be as well informed as possible about the Company's position and prospects, and can communicate their views directly to the Company. We sent letters to 2,854 underlying shareholders, resulting in a good increase in website registrations for regular updates and AGM attendance. The Board continues to promote direct sign-up for information from underlying shareholders and encourages them to vote on Company business at the AGM. Clear communication of strategy and the Company's performance against its objective helps shareholders make informed decisions about their investments, based on information on short, medium and longer-term aspects of the Company and its performance. This should also help support a consistent rating in the secondary market for the Company's shares. Close interaction with shareholders enables the Board to operate the Company aligned with shareholders' interests as a whole and for the Company's long-term success.

Business Model (continued)

Stakeholders	Engagement	Outcome
Fund management group (Janus Henderson, providing investment management, administration and secretarial services as well as expertise in sales and marketing)	The Board regularly reviews performance against the investment objective, policy and guidelines, and receives presentations from the Fund Managers and other representatives of the Manager at each board meeting to exercise effective oversight of the portfolio, performance and strategic objectives. The Manager's performance in all respects is reviewed formally by the Management Engagement Committee ("MEC") each year. The directors work closely with Janus Henderson outside scheduled board meetings on matters relating to portfolio management, administration and governance oversight, including relationships with third parties and engagement with other stakeholders. They meet to develop strategy, including a sales and marketing plan to promote the Company with the aim of raising its profile which in turn helps raise its rating.	The Company is well managed and receives appropriate and timely advice and guidance for a competitive cost. The directors monitor succession planning within Janus Henderson for all key positions supporting the Company. At the MEC meeting in 2023, the directors assessed the Manager's performance and service to the Board, with a focus on the forthcoming retirement of John Bennett, Co-Fund Manager, and its potential impact on the management of the Company's portfolio. After thorough consideration and review of the ongoing management of the Company, with Tom O' Hara maintaining his lead responsibility for the portfolio, the directors were satisfied with the continued resource being applied to a highly successful investment process, supported by a well-regarded European Equities team. The Manager's portfolio activities and the impact of the Fund Managers' decisions are set out in the Fund Managers' Report on pages 10 to 13.
Other service providers, including: • **BNP Paribas as accountant and administrator (outsourced by the Manager)** • **HSBC Bank plc as custodian and depositary** • **Equiniti Limited as registrar** • **Winterflood Securities Limited as broker** • **Kepler Partners LLP as independent research provider** • **Grant Thornton LLP as tax advisor for legacy 'Fokus Bank' withholding tax reclaims**	Representatives of all the main service provider functions present regularly to the Board. The Company contracts directly with certain service providers for custodian, depositary and registrar services, and indirectly with BNP Paribas for fund administration and accounting services. The Manager maintains the day-to-day relationship with all service providers. The Board and Manager work with the broker, including their research and sales teams to provide access to the market and liquidity in the Company's shares. The Board invites representatives of the broker, research provider and the Manager's marketing and sales teams, to provide regular updates on shareholders and is provided with analyses of shareholder movements. All of the service providers are subject to an annual performance review at the MEC.	The Company is an attractive investment and there is liquidity in its shares. It is supported by experienced and capable third parties for all the services required to be a well-functioning Company.

Business Model (continued)

Stakeholders	Engagement	Outcome
Investee companies	The Board sets the investment objective, with shareholder approval, and discusses stock selection, asset allocation, performance and prospects pertaining to investee companies, including strategy, current trading and ESG issues, with the Fund Managers at each board meeting. The Manager has a dedicated Corporate Governance and Responsible Investment Team which supports the Fund Managers in the investment process, and engages with investee companies on behalf of the Company to exercise good stewardship practices on matters including ESG and voting at company meetings.	The Fund Managers have conducted meetings with all portfolio companies' management teams in the past year to enable them to interrogate current trading and prospects for their businesses and engage over any issues. In this way the Company is a responsible and engaged investor.
Lenders • **Loan noteholder** • **HSBC Bank**	The Company maintains borrowings at low rates through the use of loan notes and an overdraft facility with HSBC to enhance returns. The Company confirms compliance with the loan covenants of both its short-term and long-term gearing facilities on a monthly basis. Janus Henderson provides the Board with regular financial covenant compliance validation and financial reports. The Company maintains a good relationship with its lenders.	The Board monitors borrowing, and through its financial reporting to stakeholders, provides validation of compliance with lending limits. The Company holds loan notes at a blended rate of 1.57%, as the directors believe this financing provides very attractively priced, long-term capital for the benefit of shareholders (see page 23 for more details).
Communities and the environment	The Board mandates the Manager, supported by its governance function, to engage with investee companies, when and where appropriate, on ESG matters in line with good stewardship practices, and with an approach agreed with the Board. The Board is also conscious of the importance of providing an investment product which meets the needs of its investors, including retail investors.	The Board is conscious of the need to take appropriate account of broader ESG concerns and for the Company to act as a good corporate citizen. An investment approach that meets the needs of investors provides a service valuable to the communities in which the Company operates. See the ESG engagement section on pages 20 to 22 for more details.
Potential investors	The Board and Manager liaise to engage with the wider investor community through various forums to understand their requirements in addition to those of the current shareholders. The material made available to current shareholders, as set out at the top of this table on page 27, is also publicly available for the benefit of potential investors.	By understanding the Company's activities, performance, risks and prospects, potential investors will be able to make informed decisions about their investments.
Legislators, regulators, stock exchanges, Association of Investment Companies ("AIC")	Where required, the Board, or its agents on behalf of the Company, consult or seek clearance from the appropriate regulatory authority. The Company is a member of the AIC, as representative body for investment companies. The AIC supports members by providing guidance on issues specific to investment companies, including on accounting and company law matters, and running events for directors and company secretaries of its member companies. The directors also participate in AIC consultations on key industry topics that may affect the Company and AIC work programmes.	The Company conducts its business as a good and active corporate citizen. The AIC's support to members assists the Board in its discussions and decision making, and helps disseminate information about the Company more widely, e.g. forthcoming investment company AGMs: **www.theaic.co.uk/upcoming-meetings** During the year, the Board worked with the Manager and registrar to participate in the Government's Digitisation Taskforce consultation, giving the Company a voice in the regulatory environment.

Business Model (continued)

Board decision making

The Board aims to act in the best interests of shareholders as a whole and to have regard to other s172 factors which have a broader impact on stakeholders and the wider community. The Board takes into consideration the Company's purpose, investment objective and investment policy as well as the interests of the Company's stakeholders when discussing matters and making decisions. In addition to regular, detailed discussions about the Company's investment portfolio, strategy and market performance, the following are examples of the key discussions held and decisions made by the Board during the financial year ended 30 September 2023:

- The directors held specific discussions about the **deteriorating macroeconomic and geopolitical environment**, notably the ongoing conflict in Ukraine, continuing tensions between the US, Europe and China and the related disruption to global supply chains, and the broader impact of the cost-of-living crisis in the UK. Since the year end, the Board has been monitoring the new conflict in the Middle East and its impact on the Company's interests.

- Following a detailed **recruitment process** with specific skills and experience being sought from a diverse and wide list of potential candidates which was conducted with the assistance of an experienced independent external search consultancy, Melanie Blake joined the Board on 3 July 2023. Mel is a chartered accountant, with expertise in risk and compliance roles, all of which will be valuable to the Company's continued progress and the mix of competencies and experience on the Board.

- **Ensuring the Company's directors, suppliers and culture remain appropriate.** During the year, the Board reviewed its own effectiveness, including that of its committees, using an external evaluator, Lintstock Ltd. The external review was as objective and in depth as practical and an important means of obtaining objective evidence on the operations of the Board and its committees. As part of the wider effectiveness review process, the directors received updates on the staff working for the Company among the various service providers, and any changes in suppliers' culture, mission, values and purpose, and changes in governance structures. The results of the review are described on page 47. The Board encourages and supports an open and diverse culture, with its own collegiate, competent and committed approach to oversight reflected in what it expects from those working with the Company and how they support the Company's activities.

- **Annual dividends** paid are an important part of Board decision taking, both for the current year and looking ahead, with income forecasting and revenue reserves to provide for sustainability of dividends paid. The directors assessed the quantum of the dividends proposed at interim and final stages and the strength of the Company's income generation. On the basis of the Fund Managers' expectations for income generation from the current portfolio structure, the Board proposes the use of a small amount of reserves to maintain the total dividend level for the current year.

- At each board meeting, the directors discussed **the Fund Managers' approach to investing responsibly**, including their analysis of the impact that the portfolio companies' approach to ESG matters has on the wider community. A case study on the role of oil companies in the transition to net zero is on pages 20 to 22.

- The Board agreed **resolutions to be put to shareholders at the AGM in 2024** including the remuneration policy vote, which arises at least every three years, and the nominations required for each director to either be elected or re-elected based on their contribution to the Board and the operations of the Company. The Board has also been engaged in an exercise, under s793 Companies Act 2006, aimed at increasing engagement with the Company, particularly from private investors who make up a significant proportion of the share register, many of whom are invested through investor platforms.

- The Board arranged for the **Company's half-year and annual results** to be prepared, and approved these for release to the market and to shareholders. By presenting the financial results to shareholders in the Half-Year Update and Annual Report as well as the market announcements, and making them available on the website to other stakeholders, the Company enabled shareholders and potential investors to make informed decisions about their investment in the Company.

- The Audit and Risk Committee conducted an **audit tender**, as incumbent statutory auditor Ernst & Young LLP ("EY") reached its tenth year in office during the year under review. Following a rigorous tender process, EY was selected to continue in office, in line with legislation and good governance practice. See pages 41 to 42 for more information.

- The Board remains aware of the challenges for investing and the specific challenges of investing using a closed-ended structure, where the rating of the shares can have a material impact on value, as can the liquidity in the shares more generally. Consequently, **the Board continues to explore ways that might be in the best interests of shareholders to help liquidity**, with share buy-back being only one of those means, and how the marketplace for closed-ended funds develops in general with competitive costs and liquidity being to the forefront of developments.

Business Model (continued)

Culture and diversity

As explained on page 26, the directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of other stakeholders' interests. The directors promote mutual respect combined with constructive challenge, informed enquiry and a strong focus on shareholder interests. Integrity, fairness and diligence are defining characteristics of the Board's culture. All directors seek to properly discharge their responsibilities and meet shareholder expectations in an open, transparent manner with the commitment of time and effort as required. The Company has policies and procedures in place to assist with maintaining a culture of good governance including those relating to directors' conflicts of interest, dealings in the Company's shares, bribery and tax evasion. At the date of this report, the Board comprises five directors, of whom three are male and two are female.

The Board welcomes diversity and considers the culture of the Manager and other service providers through regular reporting and presentations to ensure cultural alignment. The Board appreciates that the Manager fosters and maintains an environment that values the unique talents and contributions of individuals, and strives to cultivate and practise inclusiveness for the long-term success of the business and for the benefit of its employees, investors and shareholders.

Engagement and stewardship

Stewardship is a fundamental part of the Manager's long-term, active approach to investment management. Strong ownership practices, including engagement with management and boards, can help protect and enhance long-term shareholder value. Janus Henderson is a signatory to the UK Stewardship Code and is a founding member of the UN Principles of Responsible Investment ("UN PRI"). Additionally, Janus Henderson is a supporter of broader ESG initiatives such as the Access to Medicine Index, which aims to improve availability of healthcare in developed and emerging markets, and Climate Action 100+, an investor-led initiative to engage with heavily emitting companies to reduce their greenhouse gas emissions. Pages 20 to 22 outline the Fund Managers' approach to ESG matters.

Voting and the Stewardship Code

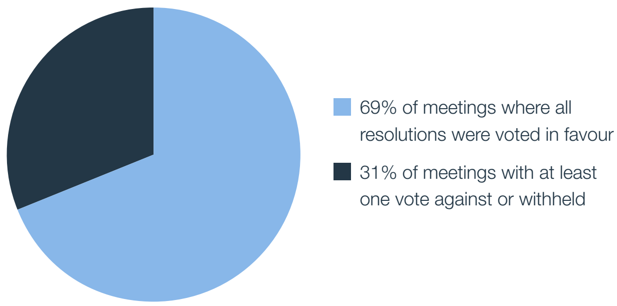
The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Responsibility for voting the rights attached to the shares held in the Company's portfolio has been delegated to the Manager, who actively votes at shareholder meetings and engages with companies as part of the voting process.

The decision on how to vote is guided by the best interests of investors and based on an in-depth understanding of the respective companies' operations. Voting decisions are made in keeping with the provisions of the Manager's ESG Investment Policy and is publicly available at **www.janushenderson.com**. To retain oversight of the process, the directors receive reporting at each board meeting on how the Manager has voted the shares held in the Company's portfolio. The directors review the Manager's ESG Investment Policy, Stewardship Policy, Proxy Voting Policy and Procedures at least annually.

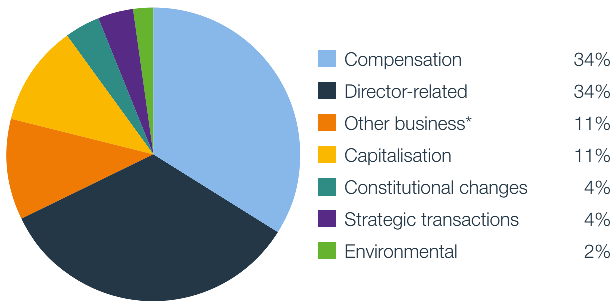
Voting record

In the period under review, the shares in the Company's portfolio were voted in respect of 96% of meetings (43 of 45). The level of governance in leading global companies is generally of a high standard in terms of best practice, which meant support for the resolutions proposed by management was often warranted. However, in respect of 8% of resolutions at general meetings of the Company's investees during the year, support was not warranted and, following discussion between the Fund Managers and Janus Henderson's governance team, the resolutions were not supported. These resolutions related inter alia to the remuneration and re-election of directors, concerns about leadership, overboarding, inappropriate practice around meeting governance, issuance of securities and inappropriate ESG targets.

Voting record



In terms of resolutions not supported, these covered two primary areas: compensation and director-related.



Source: Janus Henderson using Institutional Shareholder Services ("ISS") categories

Note: Some meetings had more than one vote against management.

* The Manager routinely votes against proposals labelled 'other business'. Several European companies put forward proposals labelled 'other business' which is a request to allow the board and shareholders to raise other issues and discuss them at the meeting. It is often a routine request, however as it could potentially lead to subsequent approval of items without prior disclosure to minority shareholders, we routinely vote against these items.

Business Model (continued)

The environment

As part of their fundamental assessment of an investee company's prospects, the Fund Managers engage with management on environmental matters as a matter of course. The companies themselves now report directly on their emissions (scope 1 and scope 2) and increasingly on the emissions of those who use their products (scope 3). Fund Managers engage with investee companies on environmental matters where they arise, and the companies themselves report directly on their own emissions. As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal, occurring through the investments it makes. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources.[1] For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting ("SECR") regulations and therefore is not required to disclose energy and carbon information.

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

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

In addition to this, Janus Henderson has maintained a CarbonNeutral® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 emissions each year. Through this process, Janus Henderson has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects Janus Henderson supports have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits.

Janus Henderson discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including SECR and CDP, as well as in its **Annual Report** and in its **Impact Report**.

Business ethics

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

Approval

The Strategic Report has been approved by the Board.

On behalf of the Board

Vicky Hastings
Chair of the Board
12 December 2023

1 Under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013

Governance

Photo: Siemens, cybersecurity with circuitry

Board of Directors

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

Victoria (Vicky) Hastings

Position: Chair of the Board

Date of appointment: 1 September 2018 (appointed as Chair on 25 September 2020)

Experience and contribution: Vicky has over 35 years' experience in the investment management industry in both executive and non-executive roles. She is an experienced finance professional and board director, who brings a deep understanding of investment process and oversight, corporate governance and investment company expertise to the Board. Over the last 20 years Vicky has served on a number of investment company boards, most recently Edinburgh Investment Trust plc and Impax Environmental Markets plc, as well as JPMorgan Asset Management UK Limited and JPMorgan Asset Management International Limited. In her executive career, Vicky was a European equity fund manager and held investment leadership roles at Merrill Lynch Investment Managers and JO Hambro Capital Management.

Other current appointments: Vicky is a non-executive director of Alliance Trust PLC and will be concluding her term as a trustee of Moorfields Eye Charity at the end of 2023.

Robin Archibald

Position: Senior Independent Director ("SID") and Audit and Risk Committee Chairman

Date of appointment: 1 March 2016 (Senior Independent Director from 10 February 2021, Audit and Risk Committee Chairman from 1 June 2023)

Experience and contribution: Robin brings in-depth knowledge, specialist expertise and extensive senior-level experience in all areas of the UK closed-ended funds sector. Robin's executive career spanned over 30 years as a corporate financier and chartered accountant, and now over ten years as a non-executive director on seven investment companies. Robin was Head of the Corporate Team at Winterflood Investment Trusts until 2014 and has worked for other advisory firms including Samuel Montagu, SG Warburg Securities and NatWest Markets. Robin retired from chairing Albion Technology & General VCT PLC and from being SID and audit chairman of Ediston Property Investment Company plc earlier in 2023.

Other current appointments: Robin is SID and audit committee chairman of Capital Gearing Trust P.l.c. and of Shires Income PLC, and a non-executive director of AEW UK REIT plc, all of which are investment companies.

Stephen Macklow-Smith

Position: Director

Date of appointment: 9 July 2021

Experience and contribution: With over 30 years' experience in the asset management industry, and as a former investment trust fund manager, Stephen brings extensive investment knowledge, expertise and experience in European equity markets. He was a portfolio manager responsible for core Europe portfolios with JPMorgan for 24 years, and held various senior positions, including as managing director and strategist in the Equity Behavioural Finance Team. Stephen was previously head of the European team at HSBC Asset Management. Prior to this, he was a fund manager of European pension fund assets at Henderson from 1986 to 1991.

Other current appointments: Stephen is a trustee of the John Fisher Network charity.

Marco Maria Bianconi

Position: Director

Date of appointment: 1 June 2022

Experience and contribution: Marco brings a wealth of asset management and corporate leadership expertise, having been portfolio manager at Fidelity International Ltd. and having served as a non-executive on the boards of banks (Banca Antonveneta), industrial companies, a public utility (ACEA) and a wide range of financial services firms. As an Italian national, Marco contributes a European perspective.

Other current appointments: Marco is Group Chief M&A and Investor Relations Officer at Cementir Holding N.V. a dutch multinational listed in Milan. Marco is a non-executive director of Cimentas and Cimbeton, both of which are subsidiaries of Cementir Holding and form part of Marco's executive role, and is audit committee chairman at Gabelli Merger Plus+ Trust Plc.

Melanie Blake

Position: Director

Date of appointment: 3 July 2023

Experience and contribution: Melanie is a chartered accountant and risk and compliance professional with over 20 years' experience in the asset management industry. Melanie brings a deep understanding of governance, risk, compliance and financial reporting to Board deliberations. Melanie audited asset management companies and investment funds at KPMG in Cape Town, before moving to KPMG in London, where she advised the asset management sector on financial reporting, risk and compliance matters for nine years. Melanie worked in senior risk and compliance roles with Barclays Wealth and Investment Management and most recently, Aberforth Partners.

Other current appointments: Melanie is a trustee of the Hemat Gryffe Women's Aid charity.

Corporate Governance Report

Chair's statement on corporate governance

Your Board is pleased to report below on the Board's approach to the governance of your Company. As a Board, we believe that good governance creates value and we are committed to high standards of corporate governance, business ethics and transparency.

Compliance with corporate governance codes

By virtue of its premium listing on the London Stock Exchange, the Board is required to report on how the principles of the UK Corporate Governance Code (the "UK Code") have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations. The Board has therefore considered the principles and recommendations of the AIC Code, being the 2019 Code of Corporate Governance published by the Association of Investment Companies, of which the Company is a member. The AIC Code addresses the principles set out in the UK Code as well as additional principles and recommendations on issues that are of specific relevance to investment companies. The Financial Reporting Council ("FRC") has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should fully meet their obligations under the UK Code and paragraph 9.8.6 of the Listing Rules. The AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of compliance

The Board confirms that the Company has applied the principles and adhered to the provisions of the AIC Code throughout the year under review and to the date of this report. The Company has no chief executive or other executive directors and therefore has no need to consider the remuneration of executive directors. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function, though the Audit and Risk Committee considers the need for such a function at least annually.

A separate remuneration committee has not been established as the Board consists of only five non-executive directors and the Company has no employees. The Board has expanded the remit of the Nominations Committee to include review of remuneration (see the Nominations Committee Report on pages 46 to 48). The Board Chair does not act as Chair of the Nominations Committee when it considers matters relating to the performance, succession or remuneration of the Chair.

The Board

The Board comprises five non-executive directors, whose biographies are included on page 34. These details demonstrate the breadth of investment, financial, commercial and professional experience relevant to their position as directors. Together as a Board they have overall responsibility for the Company's affairs and for promoting the long-term success of the Company. All directors in office at the date of this report served throughout the year, other than Melanie Blake who joined on 3 July 2023.

The Board meets formally at least six times a year, with additional board or committee meetings arranged when required. The directors have regular contact with the Fund Managers, representatives of the corporate secretary and other employees of the Manager between formal meetings. The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and providing oversight of performance against agreed measures. All matters that are not delegated to the Manager under the management agreement are reserved for the Board's decision. It approves any changes to the structure and capital arrangements for the Company, has oversight of financial reporting and assesses the effectiveness of the internal control framework. The Board approves annual and half-year results, communications with shareholders, the appointment of new directors, oversees corporate governance matters and, is responsible for determining the remuneration of directors.

The Board has three principal committees: the Audit and Risk Committee, the Management Engagement Committee and the Nominations Committee, as set out in the governance structure chart on page 36. The Board keeps its schedule of matters reserved and terms of reference for each committee under regular review, and these are available at **www.hendersoneuropeanfocus.com**. Reports on the activities undertaken by each committee during the reporting period are set out on pages 40 to 48.

Corporate Governance Report (continued)

Governance structure

Board of Directors

Comprises independent non-executive directors

Chair: Vicky Hastings

Senior Independent Director: Robin Archibald

Audit and Risk Committee ("ARC")

Chair:
Robin Archibald

Purpose: Ensures the integrity of financial reporting, evaluates the effectiveness of systems of internal control and risk management, and oversees the relationship with external auditors

Management Engagement Committee ("MEC")

Chair:
Vicky Hastings

Purpose: Ensures that the performance of the Manager and other service providers meets expectations and their terms of engagement remain appropriate

Nominations Committee ("NC")

Chair:
Vicky Hastings

Purpose: Ensures the Board has a balance of skills, experience and diversity, oversees effectiveness reviews of the Board and its committees, reviews directors' fees and maintains an effective framework for succession planning, with a formal approach to the appointment of directors

Third-party service providers appointed by the Board

Janus Henderson Investors
Fund Management: European Equities team with Tom O'Hara and John Bennett as the Company's appointed Fund Managers
Sales, Marketing, Administration
Corporate Secretary: Janus Henderson Secretarial Services UK Limited
Alternative Investment Fund Manager: Janus Henderson Fund Management UK Limited

Ernst & Young LLP
Auditor

HSBC Bank plc
Custodian and depositary

Equiniti Limited
Registrar

Winterflood Securities Limited
Corporate broker

Kepler Partners LLP
Third-party research provider

Corporate Governance Report (continued)

Leadership and division of responsibilities

Role	Primary responsibilities
Shareholders/ investors	• Approving material changes to the Company's investment policy • Making decisions regarding changes to the Company's constitution • Electing and re-electing directors to the Board, or removing them from office if deemed appropriate • Determining the overall limit for directors' remuneration
Board	• Responsible for providing leadership of the Company's affairs • Setting the Company's investment objective, policy and strategy • Establishing a robust internal control framework enabling effective risk management • Appointing and monitoring the performance of service providers within the parameters of the control framework • Setting the Company's culture and values • Ensuring that obligations to shareholders and other stakeholders are understood and met • All directors are non-executive and independent of the Manager • No directors are linked via any other directorships
Chair	• Leading and managing Board business and ensuring the timely flow of information from service providers to the Board • Providing effective leadership of the Board including setting its agenda and determining its governance framework, culture and values, with the support of other directors and the corporate secretary • Leading the Board's relationship and engagement with shareholders and other stakeholders • Managing the relationship with the Manager • As Chair, Vicky Hastings was independent on appointment in accordance with the AIC Code criteria and has no relationships that may create a conflict between her interests and those of shareholders
Committee Chairs	• The leadership and governance of their Committee • Maintaining the relationships with specialist service providers delivering services within the remit of their Committee • Reporting on the activities of their Committee to the Board • Seeking approval from the Board for the responsibilities set out in their respective terms of reference
Senior Independent Director	• Fulfilling the role of sounding board for the Chair and intermediary for the other directors as necessary • Leading the effectiveness review of the Chair • Acting as a channel of communication for shareholders in the event that contact through the Chair is inappropriate
Independent non-executive directors	• Providing constructive and effective challenge, especially to the decisions of the Manager • Scrutinising and holding to account the performance of: – the Fund Managers in meeting the investment objective – Janus Henderson in the promotion of the Company and day-to-day smooth operations of the Company's business • Providing strategic guidance and offering specialist advice
Manager (AIFM)	• Promoting the Company's investment proposition to professional and retail investors • Making the necessary reporting to the FCA regarding the Company's status as an AIF • Providing accounting, company secretarial and administrative services to the Company ensuring compliance with the applicable statutory and regulatory provisions • Coordinating the delivery of services provided by the Company's other third-party service providers
Fund Managers	• Selecting the stocks held within the portfolio • Diversification and risk management through stock selection and size of investment • Determining the volume and timing of acquisitions and disposals • Determining the frequency and level of gearing within the overall limits set by the Board

Corporate Governance Report (continued)

Operation of the Board

Each board meeting follows a formal agenda, which includes a review of the Company's investment performance, financial position, compliance with the investment parameters, a review of shareholder movements along with any sales and marketing activities undertaken and any other relevant business matters in order to ensure that control is maintained over the Company's affairs. Employees of the Manager attend relevant sections of board meetings enabling the directors to discuss the affairs of the Company and to probe further on any matters of concern. The Board receives and considers regular reports from the Manager and ad hoc reports and information from other parties as required.

The Board has engaged third-party service providers to deliver the operations of the Company. Janus Henderson has been appointed to provide investment management services, and also provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a depositary, HSBC Bank plc, which in turn appoints the custodian responsible for the safe custody of the Company's assets. The Company has appointed a registrar, Equiniti Limited, to maintain the register of members and assist shareholders with queries in respect of their holdings. Each of these principal contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board and its committees maintain oversight of the third-party service providers through regular and ad hoc reporting. The Board meets annually with representatives of service providers to discuss amongst other matters performance, service levels, their value for money, information security and business resilience.

The Manager ensures that all directors receive, in a timely manner, relevant management, regulatory and financial information, to allow them to discharge their responsibilities and enable smooth functioning of the Board and its committees.

The Board has direct access to the advice and services of the nominated chartered secretary, Johana Woodruff FCG, who represents the Corporate Secretary Janus Henderson Secretarial Services UK Limited, 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.

The Corporate Secretary is responsible to the Board for ensuring compliance with Board and committee procedures and applicable rules and regulations. The proceedings at all board and committee meetings are fully minuted, with any director's concerns recorded in the minutes. The Board has the power to appoint or remove the Secretary in accordance with the terms of the management agreement.

Any correspondence from shareholders addressed to the Chair or to the Company received by Janus Henderson is forwarded to the Chair in line with the established procedures in place, and is submitted to the next board meeting as appropriate.

The Board, the Fund Managers and the Corporate Secretary operate in a supportive, co-operative and open environment.

Arrangements with directors

Appointment, tenure and retirement

The Board may appoint directors at any time. Any director so appointed stands for election by shareholders at the next annual general meeting in accordance with the provisions of the Company's articles of association (the "Articles").

The Board considers a potential candidate's other commitments on appointment and then annually through the performance evaluation process to ensure that directors have sufficient time to commit to the Company. A schedule of directors' other commitments is reviewed at each board meeting and directors are required to seek the Chair's approval prior to accepting further appointments. The Chair seeks the Senior Independent Director's approval before accepting further appointments.

The directors, including the Chair of the Board, are generally expected to serve for no more than nine years, other than in exceptional circumstances, subject to a satisfactory Board effectiveness review. This ensures the regular refreshment of the Board and its committees and forms an integral part of the Board's succession planning. All directors stand for re-election by shareholders annually in keeping with the provisions of the AIC Code. The Articles permit shareholders to remove a director before the end of their term by passing an ordinary resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

Independence

The independence of the directors is determined by reference to the AIC Code and is reviewed by the Board at least annually. The Board considers each director's external commitments, as well as their tenure of service and any connections they may have with the Manager. Following completion of the annual Board effectiveness review and assessment by the Nominations Committee, the Board has concluded that all directors continue to be independent in character and judgement.

Induction and ongoing training

Newly appointed directors are offered an induction programme bespoke to their role which covers the legal and regulatory framework for investment companies and the operations of the Manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services.

Corporate Governance Report (continued)

Directors are provided with information on the Company's policies, regulatory and statutory requirements affecting the Company, as well as changes to the directors' responsibilities as they arise. Directors are encouraged to attend bespoke training for investment trust directors provided by the Manager, as well as external training and industry seminars. Relevant external training may be undertaken at the expense of the Company.

In addition, the Chair is able to attend meetings of all the chairs of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters which would then be reported back to the Board. The Company has a procedure for directors to take independent professional advice in the furtherance of their duties at the expense of the Company.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the directors against certain liabilities when carrying out their duties. The Company's Articles provide for an indemnity in respect of costs which directors may incur relating to the defence of any proceedings brought against them arising from their position as directors, where they are acquitted or judgment is given in their favour. The Company has granted an indemnity to each director to the extent permitted by law regarding their potential liabilities as directors of the Company.

Directors' conflicts of interest

The Articles permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for directors to declare situational conflicts for 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. The directors may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any conflicts are recorded in the minutes and reviewed at each board meeting.

Board attendance

The table below sets out the number of scheduled board and committee meetings held during the year under review and attended by each director. Each director attended every board and committee meeting to which they were entitled throughout the year.

	Number of meetings			
	Board	ARC	NC	MEC
Vicky Hastings[1]	6	3	3	1
Robin Archibald	6	3	3	1
Stephen Macklow-Smith	6	3	3	1
Marco Bianconi	6	3	3	1
Melanie Blake[2]	2	1	1	1

1 Though not a member, Vicky Hastings attended each of the meetings of the Audit and Risk Committee during the year by invitation

2 Appointed as director on 3 July 2023

All directors in office in January 2023 attended the Annual General Meeting. Outside the formal meetings identified above, the Board or committees had regular interaction over the year on various corporate activities, and met additionally to undertake business such as the approval of the Company's results and dividends, Fund Manager succession planning, to agree marketing activities and the appointment of Melanie Blake as director.

Audit, risk and internal control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness, as set out in the chart on page 43.

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 30 September 2023. During the course of its review the Board did not identify and was not advised of any failings or weaknesses that were determined as significant. The Audit and Risk Committee supports the Board in the continuous monitoring of the internal controls and risk management framework. Its considerations in this respect, including why the Company does not have its own internal audit function, are set out on pages 43 and 44.

The depositary has confirmed that it has not discharged liability in relation to any of the Company's assets, and that, in all material respects, the Company has been managed in accordance with the FCA's Investment Funds Sourcebook, the Company's articles of association and as required by the Alternative Investment Fund Managers Directive.

Audit and Risk Committee Report

The Chairman of the Audit and Risk Committee, Robin Archibald, reports to shareholders on the year to 30 September 2023.

Role and responsibilities

The Audit and Risk Committee (the "Committee") is responsible for ensuring the integrity of the Company's financial reporting, the appropriateness of service providers' systems of internal control and risk management, and the effectiveness and objectivity of the external auditor. The Committee oversees the relationship with the external auditor, recommending the terms of their appointment or their removal.

The Committee Chair formally reports to the Board after each Audit and Risk Committee meeting, and makes recommendations for approval where relevant. The Committee's responsibilities are set out in formal terms of reference, available on the website, which are reviewed at each meeting.

Membership

The members of the Committee are Robin Archibald, Stephen Macklow-Smith, Marco Bianconi and Melanie Blake. Vicky Hastings as Chair of the Board attends the Committee's meetings by invitation only, in accordance with the AIC Code. The Committee is chaired by Robin Archibald, who is a chartered accountant and corporate financier by profession. The Committee as a whole has competence relevant to the sector in which the Company operates and to the Company as an investment trust.

Meetings

The Committee met formally four times during the year under review: in advance of publication of the annual and the half-year results, to focus on its broader risk and internal control responsibilities, and conducting an audit tender for the Company's financial year ending 30 September 2024.

The Company's auditor is invited to attend meetings as appropriate. Representatives of the Manager attend at least on an annual basis, including the Financial Reporting Manager and representatives of the Operational Risk, Internal Audit and Business Resilience functions and the Chief Information Security Officer.

The Committee Chairman also meets with the audit firm as part of the audit planning process and to keep the audit firm up to date with corporate developments, as well as being informed of any accounting or reporting changes envisaged.

Committee effectiveness review

The activities of the Committee were considered as part of the external Board effectiveness review, with the conclusion that the Committee continues to be effective in its operation.

Activities during the year

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

Annual and half-year reports

- accounting policies and the quality and effectiveness of the accounting records and management information maintained on behalf of the Company;
- half-year and annual results and the Annual Report. This included disclosures on internal controls, risk management, viability, going concern and related parties, and consideration of whether the report was fair, balanced and understandable and provided the information necessary for the Company's shareholders to assess the Company's position and performance, business model and strategy;
- appropriate level of dividend to be paid by the Company, including sufficiency of revenue reserves, for recommendation to the Board;
- appropriateness of the allocation of the management fee and finance costs between revenue and capital;
- the Company's taxation affairs, including withholding tax recoverability and the Committee Chairman's meeting with the Manager's Fund Tax team on taxation matters;
- management fee calculations; and
- clarity and appropriateness of the presentation of debt and value of the Company's loan notes in the Company's financial statements and daily net asset value announcements.

Internal controls and risk management

- internal controls and the resilience of operations at Janus Henderson ("JHI"), BNP Paribas as administrator, HSBC Bank as depositary and custodian and Equiniti as registrar;
- JHI's policies and activities regarding information security and business resilience, meeting with representatives of JHI's Internal Audit, Information Security, Business Resilience and Operational Risk departments;
- key risks, risk management systems and the Company's risk map as modified to reflect changes to the risk environment;
- the Company's Anti-Bribery Policy, approach to tax evasion, and confirmations from service providers that they have appropriate procedures in these respects;
- any need for an internal audit function;
- the Manager's and other key service providers' whistleblowing policies for staff to raise concerns about possible improprieties, in confidence; and
- annual confirmation from the Company's depositary.

Audit and Risk Committee Report (continued)

Independent auditor

- appointment of the auditor, their performance, resource applied to the audit, remuneration and tenure of appointment, their independence, objectivity and effectiveness, and the reporting of the external auditor;
- audit plan, including the principal areas of focus;
- nature and scope of the external audit and its findings;
- requirements for an audit tender and the process to be undertaken; and
- reviewing potential audit firms and their audit tender presentations.

Audit appointment and tender

Regulation requires the Company to rotate audit firms after a period of ten years, which may be extended to a maximum of 20 years where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. Ernst & Young LLP ("EY") was appointed as the Company's auditor in July 2014 following the previous formal tender process, prior to which Grant Thornton UK LLP had been in office as auditor. The auditor is required to rotate partners every five years. The year under review is the fifth and final year in which Mike Gaylor acted as Audit Partner.

As indicated in last year's report, the Committee carried out a tender for audit services was carried out during the year under review. Four audit firms were invited to tender, including two 'Big Four' firms and two 'Challenger' firms. Proposals were received from three firms. The Committee considered each of the tender submissions in detail and received presentations from all three firms. They found all proposals and presentations to be of high quality. The Committee discussed the FRC's most recent audit quality inspection reports with each firm as part of the process. Each firm's and proposed audit team's experience as auditors of investment trusts were reviewed and their fees compared.

Following conclusion of the audit tender process, the Committee recommended to the Board the reappointment of EY as external auditor on the basis of continuity, knowledge of the Company and its sector and cost effectiveness, whilst taking into account objectivity and independence of approach. A resolution to that effect is included in the Notice of AGM on page 84. Subject to shareholder approval, EY will carry out the statutory audit for the financial year ending 30 September 2024 at an audit fee of £54,500 plus VAT, reflective of current market rates for the audit of an investment trust.

Auditor's independence

The Committee monitors the auditor's independence through three aspects of its work:

- approval of a policy regulating the non-audit services that may be provided by the auditor to the Company;
- assessing the appropriateness of the fees paid to the auditor for their work; and
- reviewing the information and assurances provided by the auditor on their compliance with the relevant ethical standards.

For the year ended 30 September 2023, EY confirmed that all its partners and staff involved with the audit were independent of any links to the Company, and that these individuals complied with their ethics and independence policies and procedures, which are fully consistent with the FRC's ethical standards. Having considered these assurances and EY's performance and behaviour during the audit process, the Committee is satisfied that auditor independence and objectivity are safeguarded.

Policy on non-audit services

The Committee regularly reviews its policy for the provision of non-audit services by the auditor. The policy sets out that the Company's auditor will only be considered for non-audit work where allowed by current regulations and where it would not affect the auditor's independence and objectivity. In addition, the provision of any non-audit services by the auditor is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial years preceding the financial year to which the cap applies. Such services require approval in advance by the Committee, or Committee Chair, following due consideration of the proposed services. No non-audit services were provided in the year under review or in the previous year.

Audit fees

The fees payable to EY for audit services during the year were £52,000 (2022: £45,000) plus VAT.

Audit and Risk Committee Report (continued)

Audit for the year ended 30 September 2023

The following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	There is a risk that assets are incorrectly valued or ownership of assets is not secured. Actively traded investments are valued using stock exchange prices provided by third-party pricing providers and the portfolio valuation is reviewed at each meeting of the Board. Ownership of listed investments is verified by BNP Paribas via reconciliation to the custodian's records and the Board receives quarterly reports from the depositary.
Recognition of income	Income received is accounted for in line with the Company's accounting policies (as set out on page 69). The Committee considered the treatment of the special dividends received during the course of the year and foreign withholding tax recoverability.
Compliance with s1158 Corporation Tax Act 2010	The Committee reviews the Manager's procedures for ensuring compliance with relevant regulations so the Company maintains its investment trust status, and regularly seeks confirmation of compliance with the relevant regulations.
Maintaining internal controls	The Committee carries out the annual assessment of the effectiveness of the Company's internal control and risk management systems by reviewing the framework and summary of the reporting received from its service providers throughout the financial year. All assurance reports were unqualified by their service auditors.
Viability and going concern	The Committee scrutinised assumptions around the viability and going concern statements respectively, as set out on pages 26 and 68, especially factors behind pandemic disruption, macro inflation and geopolitical disruption, to satisfy itself of the Company's resilience over the five-year timeframe.

In the year under review, EY challenged both the Manager's and the Board's judgements and exercised professional scepticism. The audit team required detailed evidence of all metrics, numbers and disclosures made in the Annual Report to support a robust assessment and evaluation of its financial information. As an example, the Manager provided the Committee and auditor with an analysis of special dividends and the rationale for whether these should be treated as income or capital. The auditor's review included challenge to the Manager to provide additional justification or background to the dividends before confirming whether they concurred with the proposed treatment.

As an investment trust investing in listed equities, management has limited areas of judgement. Areas where the Committee would challenge the Manager include the likelihood of recoverability of withholding tax in other European jurisdictions, and stress testing of the revenue forecast to support the dividend payment policy and the assumptions included in making the viability statement. The Committee did not consider it necessary to request the auditors to look at any specific areas in relation to the audit for the year ended 30 September 2023.

The Committee is satisfied that the Annual Report for the year ended 30 September 2023, 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.

Effectiveness of the external audit

The Committee's process for evaluating the effectiveness of the external audit comprises two components: scrutiny of the FRC's latest Audit Quality Inspection Report and a post-audit assessment led by the Committee Chair.

The auditor attended two meetings of the Committee in the year to present their audit plan and present the findings from their annual audit. The Committee Chairman also met with the audit partner to review the audit results prior to these being presented to the Committee. The auditor presented and discussed the findings of the latest Audit Quality Inspection Report to the Committee and reported on the progress made by the firm in addressing the areas identified for improvement in the prior year's report.

The Committee Chairman invited views from the directors, Fund Managers and other members of the Manager's staff to support the Committee's assessment of the robustness of the audit, level of challenge offered by the audit team, quality of the audit team, timeliness of delivering the tasks required for the audit and reporting to the Committee. The Committee also met privately with the audit partner to discuss how the audit operated from his perspective.

Overall, the Committee considers that the audit quality for the year ended 30 September 2023 has been high and that the Manager and EY have worked together effectively. Following completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by EY which was an important factor in retaining EY as audit firm following the audit tender process.

Audit and Risk Committee Report (continued)

System of Internal Controls

Ernst & Young LLP
(Statutory auditor)

Board of Directors
(comprises independent, non-executive directors)

How the system of internal control operates

The Board delegates contractually to third-party service providers for all the Company's operational requirements. It maintains oversight of these providers throughout the year by receiving regular reporting on their activities. All are considered key stakeholders.

The Management Engagement Committee formally evaluates the performance and service delivery of all service providers annually.

The Audit and Risk Committee evaluates the performance of the auditor on completion of each audit cycle, and monitors the effectiveness of the control environment of the Manager, Equiniti, HSBC and BNP Paribas on an annual basis through review of their annual assurance reports, supplemented by the view of the Manager's Operational Risk team.

Janus Henderson
(Investment management, company secretarial, sales, marketing, PR and administration)

Reporting
- Investment performance update (at each meeting)
- Compliance with investment limits and restrictions (monthly)
- Internal controls report (quarterly)
- Effectiveness of control environment (annually)

HSBC
(Depositary and custodian)

Reporting
- Depositary report (quarterly)
- Presentation from the depositary and custodian (annually)
- Effectiveness of control environment (annually)

BNP Paribas
(Administration and accounting services engaged by the Manager)

Reporting
- Balance sheet
- Liquidity and gearing
- Revenue forecasts
- Portfolio valuation
- Portfolio transactions
- Effectiveness of control environment (annually)

Equiniti Limited
(Registrar)

Reporting
- Voting and scrutineer reports pre- and post-shareholder meetings
- Shareholder correspondence
- Operational service updates
- Effectiveness of control environment (annually)

Internal control and risk management

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Committee supports the Board in the continuous monitoring of the internal control and risk management framework.

The Board has established an ongoing process for identifying, evaluating and managing the principal and new or emerging risks faced by the Company, as set out on pages 23 to 25. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014.

The system was in operation throughout the period and up to the date of this report and is designed to mitigate the specific risks faced by the Company, taking account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting;
- regular reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;

Audit and Risk Committee Report (continued)

- contractual agreements with the Manager and other service providers. The Management Engagement Committee reviews performance levels and adherence to relevant provisions of the agreements on a regular basis through reports received and conducts a formal evaluation of the overall level of service provided at least annually;
- review of controls at the Manager and other third-party service providers, complementing the review of their performance and contracts by the Management Engagement Committee, as set out on page 45. The Board receives quarterly reporting from the Manager and depositary and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting provided by:
  - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Committee has reviewed the Company's system of internal controls for the year ended 30 September 2023. Following its review, it determined and reported to the Board that it had not identified any failings or weaknesses relating to the Company that were 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. Being an investment company with no employees, all executive activities are delegated to service providers, principally among them, the Manager, Janus Henderson. The Board places reliance on the Company's framework of internal control and the Committee's view on reporting received from specific second and third line of defence teams at the Manager.

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

Robin Archibald
Chairman of the Audit and Risk Committee
12 December 2023

Management Engagement Committee Report

Role and responsibilities

The Management Engagement Committee ("MEC") is responsible for reviewing the management agreement and monitoring the performance of the Manager in respect of the investment, company secretarial, financial reporting, administration, sales, marketing and support services it provides and how that impacts on the performance of the Company. The MEC is also responsible for evaluating the overall performance of third-party service providers engaged by the Company, particularly in relation to tasks required of them during the year and for ongoing services.

The MEC's purpose is to ensure the services and fees paid to the Manager and other service providers are consistent with the successful delivery of the Company's long-term strategy and that each service provider's continuing appointment is in the best interests of the Company.

The MEC reports to the Board and its responsibilities are set out in formal terms of reference which are reviewed at least annually and amended as appropriate.

Membership

All directors are members of the MEC, which is chaired by the Chair of the Board.

Meetings

The MEC met formally once during the year.

Activities during the year

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

- the investment performance of the Company over the short, medium and longer term, taking account of the benchmark and performance of competitors in the AIC and Investment Association OEIC peer groups, the Company's share price total return, NAV total return, dividend growth, dividend yield and discount versus the peer group and wider universe of European funds;
- risk and attribution analysis to contribute to assessment of the Manager's performance, and the skill of the Fund Managers, in managing the portfolio;
- the quality of the company secretarial service and independence of the corporate secretary from the Manager in providing services to the Board, noting the processes and procedures in place to separate functions within the Manager;
- the quality of other services provided by the Manager, including shareholder relations, promotional activities and fund accounting;
- the quality and experience of the team involved in managing all aspects of the Company's business, including sub-contracted administration and reporting services and internal controls over the functioning of the Manager's business;
- total fees and costs incurred by the Company were compared with the fee structures of its competitors in the AIC peer group, other Janus Henderson-managed investment companies as well as open-ended funds investing in Europe managed by Janus Henderson as a benchmarking exercise;
- the key clauses of the management agreement, how the Manager had fulfilled these and whether they continued to be appropriate. The MEC's review of the terms of the agreement covers the services rendered under the agreement, level and structure of fees payable, length of notice period and best practice provisions generally; and
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, custodian, registrar, research provider and lawyers and any instructions for ad hoc work required by the Company from external professional agents.

The performance of certain service providers is also reviewed as part of normal Board business, given the nature of the service and Board reporting they provide. No new service providers were engaged to provide advice to the Company during the period.

During the year, close attention was given to succession planning for the portfolio management team and how John Bennett's impending retirement was handled and communicated, to provide confidence over the continuity of the investment process and the sustainability of the investment performance delivered by the portfolio management team.

Continued appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. Following completion of the annual review and on the MEC's recommendation, it is the Board's opinion that the continuing appointment of the Manager and other service providers on the existing terms is in the interests of the Company and its shareholders as a whole.

MEC effectiveness review

The activities of the MEC were considered as part of the Board effectiveness review, with the conclusion that the MEC continues to be effective in its operation.

Vicky Hastings
Chair of the Management Engagement Committee
12 December 2023

Nominations Committee Report

Role and responsibilities

The Nominations Committee ("NC") is responsible for reviewing Board succession planning and tenure policy, the effectiveness of the Board as a whole (and its committees) and the appointment of new directors through an established recruitment procedure. The NC is responsible for nominating directors for election or re-election at the AGM each year.

The NC is also responsible for reviewing Board remuneration, which includes the costs and expenses associated with the Board, reporting of Board remuneration and policy and future directors' fees.

Membership

The NC is chaired by the Chair of the Board, except when the Chair's effectiveness, successor or fees are being considered. All directors are members of the NC.

Meetings

The NC meets at least annually, with further meetings scheduled when required. In the year under review the NC held additional meetings for the purpose of succession planning and implementation of recruitment activities.

Activities during the year

In discharging its duties over the course of the year, the NC considered and made recommendations for approval by the Board as appropriate:

- composition of the Board and each of its committees, taking account of the contribution of the skills, experience and knowledge of each director to the success of the Company, and using the Board's skills matrix as a guide to collective competencies and experiences on the Board;
- directors' and the Chair's tenure policy, giving consideration as to whether the Board retained a sufficient balance of tenure and rotation without losing the collective experience of the Company and its activities;
- independence of the directors, taking account of the directors' other commitments, in line with the guidelines established by the AIC Code;
- time commitment required of the directors, in the context of their other business commitments and appointments, and whether this had been sufficient over the course of the year to meet the time commitments required of the Company;
- reviewing directors' remuneration policy in the remuneration report and considering directors' fees for the financial year ahead;
- succession planning for appointments to the Board;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment;
- the specific recruitment and appointment of a candidate for the role of non-executive director, led by the Chair;
- review of the formal diversity policy with the aim of increasing ethnic diversity on the Board; and
- the effectiveness and contribution of the directors standing for election and re-election at the forthcoming AGM.

Succession planning and diversity policy

When considering tenure policy and succession, the NC bears in mind the balance of skills, knowledge, experience, gender and diversity of the Board. The aim is to produce a non-executive board with the competence and engagement to oversee the Company's investment objective and operations, whilst compliant with various governance guidelines. Individual performance and the contribution of each director remain an integral element of the Company's approach.

The NC also reviews and recommends to the Board the directors seeking re-election. Re-election is not automatic and will follow a process of evaluation of each director's performance and consideration of the director's independence, as well as the mix of skills and experience of the current Board members. As part of this process, the NC considers the time commitment of the directors, including other business commitments and appointments and diversity of gender, social and ethnic backgrounds, cognitive and personal strengths and experience. See page 48 for more details on the Board's commitment to diversity.

When considering new appointments, the NC will consider diversity generally, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths and experience.

The major role changes during the year, considered by the NC, as explained in the Chair's Statement on page 8, were Eliza Dungworth's retirement, the appointment of Melanie Blake as a new non-executive director, Robin Archibald's appointment as Audit and Risk Committee Chair, and Stephen Macklow-Smith taking on the role of the Board's marketing representative. These were accomplished in an orderly way, resulting in a competent Board with the requisite skills to fulfil its duties.

Appointment of director

In line with the Board's succession plan to seek a replacement director, given Eliza's retirement from the Board in May 2023, a formal job description was drawn up to ensure that the search for a new director took place under clearly defined criteria. The recruitment search focused on accounting/financial reporting skills and risk/compliance expertise, as well as potential to help in the development of the Company's overall strategy. It was also a priority that the Company's ethnic diversity composition be broadened with the right candidate, in accordance with the Board's diversity policy.

Nominations Committee Report (continued)

Trust Associates was chosen as external recruitment agent after a tender process for executive search firms. They drew up a long list of candidates with diverse characteristics which was used to identify specific candidates who were interviewed by the Board and Fund Managers. Impressed by the quality of candidates interviewed, the Committee determined that Melanie Blake, whose biography is set out on page 34, be recommended to the Board for approval. The NC found that Melanie's addition would meet the objective and subjective criteria set by the NC and governance requirements, and would contribute to a well-functioning and diversified Board.

The services provided by Trust Associates were for the sole purpose of recruiting the eventual appointee. Trust Associates has not provided any other services to the Company and has no connection with any of the directors.

Board effectiveness review

The Company engaged Lintstock to conduct an external review of Board performance. Lintstock is an advisory firm that specialises in Board reviews and had no pre-existing connections with the Company. The first stage of the exercise involved Lintstock engaging with the Chair and the Corporate Secretary to set the context for the review, and to tailor the scope of the review. All Board members completed an online survey addressing the performance of the Board, its committees and the Chair, as well as their own contributions and performance.

The questions asked by Lintstock covered investment activities, Board oversight and dynamics, committee effectiveness and individual director performance. For example, they included: how the Board assesses the Fund Manager's performance and that of other service providers; what it considers to be the main risks and how it mitigates them; and how effective it considers investor relations and marketing activities.

Lintstock presented its reports to the NC and discussed the key findings, which were positive. Lintstock also provided a comparison with the Lintstock Governance Index, which helped to place the performance of the Board into context, with over 60 other similar reviews that Lintstock had conducted recently for UK investment companies. Following the review, the Board considered opportunities to increase effectiveness. The key priorities identified for the coming year, which the Board has adopted, were:

- Board succession and transition, being particularly mindful of the Audit and Risk Committee Chair transition; and
- share performance and rating with further investigation into improving marketing effectiveness.

The effectiveness review did not identify any causes for concern and helped to confirm areas which the Board was already prioritising.

External commitments

Marco Bianconi has an executive role at Cementir Holding NV, a building materials manufacturer. This role also includes associated external appointments and Marco holds another investment company directorship. Following careful consideration of Marco's interests and appointments as an employee of Cementir, and being conscious of the reduced obligations and time commitment required as an investment company director, the NC firmly believes that Marco has sufficient time available and has demonstrated clear commitment and expertise for his role as director of the Company.

The same exercise was carried out in respect of the time available of the other non-executive directors to the Company, and no concerns were identified for any of our directors.

NC recommendations to the Board

On the basis of the NC's recommendations, the Board concluded that:

- each director makes a significant contribution to the affairs of the Company and brings different qualities to the Board;
- the Chair displays effective, inclusive leadership and strong stakeholder engagement;
- the Board has an effective devolved committee structure and the committees continue to support the Board efficiently in fulfilling its duties;
- the bespoke investment trust director training sessions provided by the Manager were helpful and valued;
- no director is 'overboarded' under the FRC's guidelines or in any practical way, and each director continues to dedicate the time required to fulfil their duties to the Company effectively, including for any non-standard activities;
- the Board's size and composition remain appropriate for the Company and the Board retains a good balance of skills and business experience, as set out on page 34;
- the Board continues to operate effectively; and
- each director merited nomination for election or re-election by shareholders as appropriate and was duly recommended for shareholder election/re-election at the forthcoming AGM.

Nominations Committee Report (continued)

Board diversity at 30 September 2023

The Board meets the relevant FCA diversity targets on gender and ethnicity: 40% of individuals on the Board are women and one Board member is from a non-white minority ethnic background. The Board will aim to ensure it comprises individuals with diverse and complementary thought, skills and experience to meet the Company's objectives. The directors confirm that, in all the activities of the Board and its committees, there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age, physical ability or socio-economic background. In accordance with Listing Rule 9.8.6R (9), (10) and (11), and using the AIC's definitions, the Board provides the following information about its diversity:

Gender identity and sex

	Number of directors	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
Men	3	60%	Not applicable – see note*
Women	2	40%	
Not specified/ prefer not to say	0	0%	

Ethnic background

	Number of directors	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
White British or other White (including minority white groups)	4	80%	Not applicable – see note*
Mixed/Multiple Ethnic Groups	1	20%	

Note:
*This column is not applicable as the Company is externally managed and does not have executive management functions, specifically the roles of CEO and CFO. The Board considers that chairing the Board, its permanent committees and the role of senior independent director are all senior positions in an investment company context. Accordingly, the Chair of the Board and of the Nominations and Management Engagement Committees is a woman. The Audit and Risk Committee Chairman and Senior Independent Director is a man. These positions are currently held by individuals who consider themselves 'White British or Other White (including minority white groups)'

The information included in the above tables has been obtained through questionnaires completed by the individual directors. The categories for ethnic groups which are not represented on the Board are not included in the ethnic background table. No changes have occurred between 30 September 2023 up to the date of approval of this Report which could affect the Company's ability to meet the targets in LR 9.8.6R (9)(a).

NC effectiveness review

The activities of the NC were considered as part of the Board effectiveness review, with the conclusion that the NC continues to be effective in its operation.

Vicky Hastings
Chair of the Nominations Committee
12 December 2023

Directors' Remuneration Report

Remuneration

The Remuneration Policy (the "Policy") sets out the principles applied in the remuneration of the Company's directors. Shareholders last approved the Remuneration Policy at the January 2021 AGM and will be asked to approve the Policy again at the January 2024 AGM, being a triennial vote. No changes to the Policy are proposed, and the Board may amend the level of remuneration paid to individual directors only within the parameters of the Policy.

In determining the Remuneration Policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the AIC Code of Corporate Governance.

The Board's approach is that fees payable to the directors should:

- reflect the time spent by them on the Company's affairs;
- reflect the responsibilities borne by them as directors;
- be sufficient to promote the long-term success of the Company and comparable to the remuneration paid by other investment trusts of a similar size with a similar capital structure and investment objective; and
- not exceed the current aggregate remuneration limit of £250,000 per annum.

Remuneration policy

Directors are remunerated in the form of fees which are payable quarterly in arrears. No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties and may be eligible to receive additional remuneration, in specific circumstances, for services which go beyond the ordinary duties of a non-executive director. The level of remuneration paid to each director is reviewed annually, particularly in terms of whether the Policy supports the Company's long-term sustainable success, though such review will not necessarily result in a change to the rates. The review incorporates analysis of up-to-date information about remuneration in other companies of comparable scale and complexity, in order to avoid and manage conflicts of interest in determining fee levels and reflects the actual responsibilities and roles borne by directors.

Shareholders' views

Any feedback from shareholders on the fees paid to directors would be taken into account by the Board when reviewing remuneration policy and levels.

Letters of appointment

All directors are appointed under a letter of appointment, which is an engagement for services and not a contract for employment. The appointment may be terminated at any time by written notice, with no compensation payable. The Company has no executive directors or employees.

Recruitment principles

All directors, including any new appointments to the Board, are paid at the same rate. The Chair of the Board, Senior Independent Director and the Chair of the Audit and Risk Committee are paid a higher fee in recognition of their additional responsibilities. When the roles of Senior Independent Director and Chair of the Audit and Risk Committee are carried out by the same individual, remuneration is paid accordingly to reflect the duties of both roles.

The Chair of the Board, the Senior Independent Director and Audit and Risk Committee Chair do not participate in decisions to determine their own remuneration.

Report on implementation

The Directors' Remuneration Report (the "Report") is prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the "Regulations"). An ordinary resolution to approve the Report will be put to shareholders at the January 2024 AGM.

Annual Statement from the Chair

As the Company has no employees and the Board comprises entirely non-executive directors, the Board has not established a separate remuneration committee. Directors' remuneration is determined by the Board as a whole within the parameters of the Policy approved by shareholders. The Nominations Committee reviews directors' fees and makes recommendations to the Board for its decision as to the appropriate level of fees.

During the year the directors reviewed the fees paid by other investment companies in the AIC Europe sector (the Company's peer group), fees paid to similar-sized investment companies and those paid by other investment trusts managed by Janus Henderson. The directors also took into consideration the time commitment required of the role which has grown substantially in recent years, predominantly as a result of regulation and good governance practice. Following careful consideration, the Board agreed an increase in directors' fees as set out in the table below.

Role	From 1 October 2023 £	At 30 September 2023 £	At 30 September 2022 £
Chair	43,000	40,000	38,000
Chair of Audit and Risk Committee ("ARC")	–	33,500	32,000
Senior Independent Director ("SID")	–	30,500	29,500
Combined ARC and SID*	39,000	36,000	–
Director	30,000	28,000	27,000

*The combined role of SID and ARC Chair was created on 1 June 2023 when Robin Archibald became both SID and ARC Chair. To reflect the duties of both roles, Robin receives the additional fee increments for both roles. Until Eliza Dungworth's retirement on 31 May 2023, the role of SID was filled by Robin and the role of ARC Chair was filled by Eliza

Directors' Remuneration Report (continued)

The Board believes that both the individual remuneration and the aggregate fee levels take account of the needs of a very engaged non-executive board of experienced practitioners in the sector. 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. There will be no significant change in the way that the remuneration policy will be implemented in the course of the new financial year.

Directors' interests in shares (audited)

	Ordinary shares of 5p each	
	30 September 2023 (or date of resignation, if earlier)	1 October 2022
Vicky Hastings	**75,000**	75,000
Robin Archibald	**26,030**	26,030
Stephen Macklow-Smith	**3,947**	3,832
Marco Bianconi	**3,000**	–
Melanie Blake[1]	**3,058**	n/a
Eliza Dungworth[2]	**4,800**	4,800

1 Appointed on 3 July 2023
2 Resigned on 31 May 2023

The interests of the directors in the shares of the Company at the beginning and end of the financial year are shown in the table. There have been no changes to any of the current directors' holdings since the year end in the period up to the date of this report. Directors are not required to hold shares of the Company by way of qualification to serve on the Board.

Directors' remuneration (audited)

The remuneration paid to the directors who served during the years ended 30 September 2023 and 30 September 2022 is as follows:

	Year ended 30 September 2023 Total salary and fees £	Year ended 30 September 2022 Total salary and fees £	**Year ended 30 September 2023 Taxable benefits† £**	Year ended 30 September 2022 Taxable benefits† £	**Year ended 30 September 2023 Total £**	Year ended 30 September 2022 Total £
Vicky Hastings[1]	40,000	38,000	–	–	40,000	38,000
Robin Archibald[2]	30,167	29,500	1,165	589	31,332	30,089
Stephen Macklow-Smith	28,000	27,000	–	–	28,000	27,000
Marco Bianconi[3]	28,000	9,000	6,813	1,130	34,813	10,130
Melanie Blake[4]	7,000	–	370	–	7,370	–
Eliza Dungworth[5]	22,333	32,000	1,731	–	24,064	32,000
Total	**155,500**	**135,500**	**10,079**	**1,719**	**165,579**	**137,219**

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

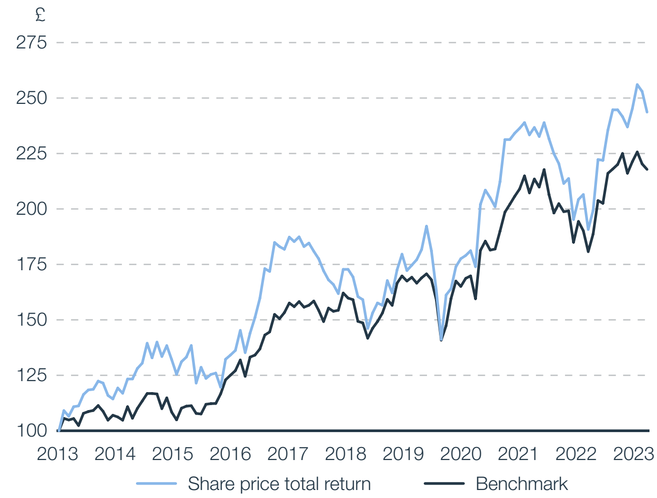
1 Chair and highest paid director
2 Senior Independent Director and Chair of the Audit and Risk Committee – combined role since 1 June 2023
3 Appointed director 1 June 2022
4 Appointed director 3 July 2023
5 Retired from the Board 31 May 2023

† Reimbursement of travel expenses to attend board business. The expenses are reimbursed through payroll and in certain circumstances are subject to personal taxation and national insurance which are 'grossed up'. No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former directors or third parties specified by any of them.

Directors' Remuneration Report (continued)

Performance

The graph compares the share price total return of the Company's shares over the ten-year period ended 30 September 2023 with the return from the FTSE World Europe (ex UK) Index on the same basis in Sterling terms, assuming the investment of £100 on 30 September 2013 and reinvestment of all dividends and income (excluding dealing expenses). During the 10-year period the net assets of the Company increased from £145.8 million to £379.0 million, and dividends increased from 2.13p per share (with the subdivision of shares in February 2022 taken into account) to 4.35p per share, if approved by shareholders for the year ended 30 September 2023. The annualised share price total return for the 10-year period is 9.3%.



Sources: Morningstar Direct and LSEG Datastream

Annual change in directors' remuneration

The table below sets out the annual percentage change in fees over the previous four years for each director who served for at least two complete financial years.

Director	**Year to 30 September 2023[1] %**	Year to 30 September 2022 %	Year to 30 September 2021 %	Year to 30 September 2020 %
Vicky Hastings	**5.3**	No change	46.6[2]	3.7
Robin Archibald	**2.3[3]**	2.9[4]	14.6[4]	No change
Stephen Macklow-Smith[5]	**3.7**	n/a	n/a	n/a
Marco Bianconi[5]	**n/a**	n/a	n/a	n/a
Melanie Blake[5]	**n/a**	n/a	n/a	n/a
Eliza Dungworth[6]	**n/a**	No change	10.3[6]	No change

1 The increase in the year to 2023 reflects the increase in fees for all directors from 1 October 2022
2 Reflects Vicky Hasting's appointment as Chair of the Board on 25 September 2020 and increase in fees for all directors from 1 October 2020
3 Reflects Robin Archibald's appointment as combined Senior Independent Director and Audit and Risk Committee Chairman on 1 June 2023
4 The increase in the years to 2021 and 2023 reflects Robin's appointment as Senior Independent Director on 10 February 2021 and increase in fees for all directors from 1 October 2020
5 Appointed director respectively: 9 July 2021 (Stephen Macklow-Smith), 1 June 2022 (Marco Bianconi), 3 July 2023 (Melanie Blake)
6 Resigned as director 31 May 2023. The increase in the year to 2021 reflects the increase in fees for all directors from 1 October 2020

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 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.

	Year to 30 September 2023 £	Year to 30 September 2022 £	Change £	Change %
Total remuneration	**165,579**	137,219	28,360	20.7
Dividends paid	**10,532,022**	7,565,000	2,967,022	39.2

Note: Total remuneration will fluctuate due to the number of directors in office in any one year

Directors' Remuneration Report (continued)

Statement of voting at annual general meeting

At the Company's annual general meeting held on 26 January 2023, shareholders approved the Directors' Remuneration Report in respect of the year ended 30 September 2022. Shareholders last approved the Remuneration Policy at the AGM on 28 January 2021. The following votes were received on the two resolutions, both of which were held on a poll:

Resolution	For (including discretionary)	% of votes (excluding votes withheld)	Against	% of votes (excluding votes withheld)	Withheld
Remuneration policy	10,820,415	99.94	6,141	0.06	8,496
Remuneration report	111,548,110	99.86	159,828	0.14	42,930

Note: The voting figures for the last remuneration policy vote in 2021 do not reflect the subsequent subdivision of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022

On behalf of the Board

Vicky Hastings
Chair
12 December 2023

Directors' Report

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2023. The Company is a public limited company registered and domiciled in England & Wales with company number 427958. It was active throughout the year.

The Investment Portfolio on page 16, Corporate Governance Report and each committee's report on pages 33 to 48, Statement of Directors' Responsibilities on page 55 and the additional information on pages 91 onwards form part of the Directors' Report.

Share capital

As at 30 September 2023, and at the date of this report, the Company's paid-up share capital comprises 216,389,910 ordinary shares of 5p each, of which 3,621,788 shares were held in treasury. Holders of the Company's shares are entitled to one vote for every share. Shares in treasury do not carry voting rights.

The directors seek annual authority from the shareholders to allot new shares, to disapply pre-emption rights of existing shareholders and to buy back shares for cancellation or to be held in Treasury. At the AGM held on 26 January 2023, shareholders authorised the directors to allot up to 21,276,812 new shares. Shareholders further authorised directors to repurchase up to 31,893,941 shares where the Company's shares trade at a discount to net asset value. The authority to allot and repurchase shares will expire at the earlier of 15 months from the date of the passing of the resolution and the next AGM. During the year to 30 September 2023, the Company repurchased 145,000 shares to hold in treasury at a total cost including expenses of £183,000, constituting 0.1% of issued share capital. Shares are not bought back unless the result is an increase in net asset value per share.

The Company's articles of association permit the Company to purchase its own shares and to fund such purchases from its accumulated realised capital reserves. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no restrictions on voting, no agreements between holders of securities regarding their transfer known to the Company and no agreement to which the Company is party that affects its control following a takeover bid. Where they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the 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 shares.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 30 September 2023 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
1607 Capital Partners LLC	12.5
Rathbones Group	9.1*
City of London Investment Management	8.5
Allspring Global Investments	7.1

*Investec and Rathbones merged with effect from September 2023

Holdings by private individuals and indirect shareholders through platforms, which together form above 5% in size:

	% of voting rights
Hargreaves Lansdown, stockbrokers	6.5
Interactive Investor	6.1

Related-party transactions

The Company's transactions with related parties in the year were with the directors and the Manager. There were no material transactions between the Company and its directors during the year other than amounts paid to them in respect of remuneration and expenses, for which there were no outstanding amounts payable at the year end. Directors' shareholdings in the Company are disclosed on page 50.

In respect of the provision of services by Janus Henderson, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there were no material transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 23 on page 81.

Other information and future developments

The directors and their appointments are listed on page 34. Information on directors' insurance and indemnification is given on page 39. Each director in office 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 of which the Company's auditor is unaware and that 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 auditor is aware of that information.

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. There are no disclosures to be made in this regard. Information is detailed in the Strategic Report regarding the

Directors' Report (continued)

recommended final dividend, future developments, financial risks and instruments. The Company's environmental statements are set out in the Strategic Report on pages 20 to 22 and pages 31 to 32. There are no post-balance sheet events to report.

Annual general meeting ("AGM")

Shareholders are invited to attend our AGM on Thursday, 25 January 2024 at 11.30 am at 201 Bishopsgate, London EC2M 3AE. If shareholders prefer to attend virtually, we welcome you to join by conferencing software Zoom. Attending either in person or by Zoom will allow you to watch a presentation from your Fund Managers and ask questions. To join the AGM by videoconference, please visit **www.janushenderson.com/trustslive** to register.

Voting will be carried out on a poll among those physically present at the meeting. We are not able to offer live voting by Zoom, so we encourage all shareholders, particularly those who are not able to attend in person, to submit their votes via proxy, ahead of the deadline of 11.30 am on Tuesday, 23 January 2024. Voting on a poll gives all shareholders the opportunity to participate in the decision-making of the Company and have their votes recorded in proportion to the number of shares they own. The results of the poll will be published on the Company's website later in the day. The Board is keen to have as high a voting participation as possible, including from private investors.

Investors holding shares through share dealing platforms, such as Hargreaves Lansdown, Halifax Share Dealing and Interactive Investor, may find this link, which outlines how you can vote your shares, useful: **www.theaic.co.uk/how-to-vote-your-shares**.

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by 11.30 am on Tuesday, 23 January 2024 to be valid.

The Notice of AGM is on pages 83 to 89, together with an explanation of each resolution. If shareholders would like to submit any questions in advance of the AGM, you are welcome to send these to the corporate secretary at **itsecretariat@janushenderson.com**.

Reappointment of auditor

Ernst & Young LLP has indicated willingness to continue in office as auditor to the Company, and resolutions 10 and 11 proposing their reappointment and authorising the directors to determine their remuneration for the ensuing year will be put to shareholders at the AGM. Further information about the audit tender and their reappointment can be found in the Audit and Risk Committee Report on pages 40 to 44.

Voting recommendation

Your Board considers that the resolutions to be proposed at the AGM are in the best interests of the shareholders as a whole. The Board therefore recommends that shareholders vote in favour of each resolution, as the directors intend to do in respect of their own beneficial holdings.

This Directors' Report has been approved by the Board.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
12 December 2023

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102, the financial reporting standard applicable in the United Kingdom and Republic of Ireland and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 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 DTR 4.1.12

Each director, as listed on page 34, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 and applicable law) give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Vicky Hastings
Chair of the Board
12 December 2023

Financial Statements

Photo: Airbus, H160 helicopter maintenance

Independent Auditor's Report to the Members of Henderson European Focus Trust plc

Opinion

We have audited the financial statements of Henderson European Focus Trust plc ('the Company') for the year ended 30 September 2023 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position and Cash Flow Statement and the related notes 1 to 24, 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 FRS 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 Company's affairs as at 30 September 2023 and of its profit 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 the audit.

Conclusions relating to going concern

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

- We confirmed our understanding of the Company's going concern assessment process and engaged with the directors and the Company Secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- We inspected the directors' assessment of going concern, including the revenue forecast. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We have reviewed the factors and assumptions, including the impact of the current economic environment, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment of the Company.
- We assessed the risk of breaching the debt covenants applicable to the Company's debt arrangements as a result of a reduction in the value of the Company's investment portfolio. We calculated the Company's compliance with debt covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching those covenants.
- We considered of the mitigating factors included in the revenue forecasts and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement. • Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	• Overall materiality of £3.79m which represents 1% of net assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the most significant future impacts from climate change on its operations will be from how climate change could affect the Company's investments and overall investment process. This is explained on page 24 in the principal risks and uncertainties. This disclosure forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 1a and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by United Kingdom Generally Accepted Accounting Practice. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

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

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

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement *(as described on page 42 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 69).* The total revenue for the year to 30 September 2023 was £11.43m (2022: £12.55m), consisting primarily of dividend income from listed equity investments. The investment income receivable by the Company during the year directly affects the Company's revenue return. There is therefore a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	**We have performed the following procedures:** We obtained an understanding of the processes and controls surrounding revenue recognition, including the classification of special dividends, by performing walkthrough procedures. For 100% of dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed a sample of dividends received and accrued to bank statements. Where dividends were received or accrued in foreign currency, we translated the amount into the reporting currency of the Company using exchange rates sourced from an independence data vendor. For all dividends accrued, we reviewed the investee company announcements to assess whether the dividend entitlements arose prior to 30 September 2023. To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all investments held during the year, we reviewed the type of dividends paid with reference to an external data vendor to identify those which were special. Based on the work performed, we identified two special dividends received during the year, both classified as revenue. One was above our testing threshold and we assessed the appropriateness of management's classification as revenue by reviewing the underlying rationale for the distribution.	The results of our procedures identified no material misstatement in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.

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

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incorrect valuation or ownership of the investment portfolio *(as described on page 42 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 68).* The valuation of the investment portfolio at 30 September 2023 was £384.25m (2022: £320.29m) consisting of listed investments. The fair value of investments is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date. The valuation of the assets held in the investment portfolio is the primary driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.	**We have performed the following procedures:** We obtained an understanding of the processes and controls surrounding investment valuation and legal title of listed investments by performing walkthrough procedures. For all investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. For all investments in the portfolio, we obtained the market prices from an independent pricing vendor for five business days pre and post the year end date and calculated the day-on-day movements to identify any stale prices. We verified that the listed prices are valid fair values through review of trading activity. We compared the Company's investment holdings at 30 September 2023 to an independent confirmation received directly from the Company's Custodian and Depositary.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £3.79m (2022: £3.14m), which is 1% (2022: 1%) of net assets. We believe that net assets provides us provide us with a materiality aligned to the key measure of the Company's performance.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation at year end.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £2.84m (2022: £2.36m).

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £0.50m (2022: £0.57m) being 5% (2022: 5%) of the revenue profit before taxation.

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

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.19m (2022: £0.16m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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 directors' report.

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.

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

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 55;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on page 26;
- Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities, set out on page 26;
- Directors' statement on fair, balanced and understandable set out on 42 and 55;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 26;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 39; and
- The section describing the work of the Audit and Risk Committee set out on pages 40 and 41.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 55, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Listing Rules, UK Corporate Governance Code, the Associate of Investment Companies' Code and Statement of Recommended Practice, section 1158 of the Corporation Tax Act 2010 and the Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and the Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through the incorrect classification of special dividends in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 25 July 2014 to audit the financial statements for the year ending 30 September 2014 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 10 years, covering the years ending 30 September 2014 to 30 September 2023.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

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

Mike Gaylor (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12 December 2023

Income Statement

Notes		Year ended 30 September 2023 Revenue return £'000	Year ended 30 September 2023 Capital return £'000	Year ended 30 September 2023 Total return £'000	Year ended 30 September 2022 Revenue return £'000	Year ended 30 September 2022 Capital return £'000	Year ended 30 September 2022 Total return £'000
2	Gains/(losses) on investments held at fair value through profit or loss	–	68,293	68,293	–	(55,148)	(55,148)
	Exchange losses on currency transactions	–	(5)	(5)	–	(1,142)	(1,142)
3	Income from investments	11,206	–	11,206	12,529	–	12,529
4	Other income	224	–	224	25	–	25
	Gross revenue and capital gains/(losses)	**11,430**	**68,288**	**79,718**	**12,554**	**(56,290)**	**(43,736)**
5	Management fee	(587)	(1,762)	(2,349)	(548)	(1,642)	(2,190)
6	Other fees and expenses	(639)	–	(639)	(561)	–	(561)
	Net return before finance costs and taxation	**10,204**	**66,526**	**76,730**	**11,445**	**(57,932)**	**(46,487)**
7	Finance costs	(129)	(385)	(514)	38	(272)	(234)
	Net return before taxation	**10,075**	**66,141**	**76,216**	**11,483**	**(58,204)**	**(46,721)**
8	Taxation on net return	(887)	(36)	(923)	(570)	(137)	(707)
	Net return after taxation	**9,188**	**66,105**	**75,293**	**10,913**	**(58,341)**	**(47,428)**
9	**Return per ordinary share**	**4.32p**	**31.07p**	**35.39p**	**5.11p**	**(27.32p)**	**(22.21p)**

The total columns 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 in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

The notes on pages 68 to 82 form part of these financial statements

Statement of Changes in Equity

Notes	Year ended 30 September 2023	Called-up share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Other reserves £'000	Total £'000
	At 30 September 2022	10,819	41,995	151,154	13,840	96,611	314,419
	Net return after taxation	–	–	66,105	9,188	–	75,293
	Buyback of ordinary shares for treasury	–	–	(183)	–	–	(183)
10	Ordinary dividends paid	–	–	–	(10,532)	–	(10,532)
	At 30 September 2023	**10,819**	**41,995**	**217,076**	**12,496**	**96,611**	**378,997**

Notes	Year ended 30 September 2022	Called-up share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Other reserves £'000	Total £'000
	At 30 September 2021	10,819	41,995	210,819	10,492	96,611	370,736
	Net return after taxation	–	–	(58,341)	10,913	–	(47,428)
	Buyback of ordinary shares for treasury	–	–	(1,324)	–	–	(1,324)
10	Ordinary dividends paid	–	–	–	(7,565)	–	(7,565)
	At 30 September 2022	**10,819**	**41,995**	**151,154**	**13,840**	**96,611**	**314,419**

The notes on pages 68 to 82 form part of these financial statements

Statement of Financial Position

Notes		At 30 September 2023 £'000	At 30 September 2022 £'000
	Fixed assets		
11	Investments held at fair value through profit or loss	384,249	320,289
	Current assets		
12	Debtors	11,745	7,355
	Cash at bank	15,857	21,272
		27,602	28,627
13	**Creditors:** amounts falling due within one year	(2,655)	(3,949)
	Net current assets	**24,947**	**24,678**
	Total assets less current liabilities	**409,196**	**344,967**
14	**Creditors:** amounts falling due after one year	**(30,199)**	**(30,548)**
	Net assets	**378,997**	**314,419**
	Capital and reserves		
16	Called-up share capital	10,819	10,819
17	Share premium account	41,995	41,995
18	Capital reserve	217,076	151,154
19	Revenue reserve	12,496	13,840
20	Other reserves	96,611	96,611
	Shareholders' funds	**378,997**	**314,419**
21	**Net asset value per ordinary share**	**178.13p**	**147.67p**

These financial statements were approved and authorised for issue by the Board of Directors on 12 December 2023 and were signed on its behalf by:

Vicky Hastings
Chair of the Board

The notes on pages 68 to 82 form part of these financial statements

Cash Flow Statement

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Cash flows from operating activities		
Net return/(loss) before taxation	76,216	(46,721)
Add back: finance costs	514	234
(Gains)/losses on investments held at fair value through profit or loss	(68,293)	55,148
Losses on foreign exchange	5	1,142
Taxation paid	(1,389)	(780)
Increase in debtors	(163)	(87)
Increase/(decrease) in creditors	1,099	(144)
Net cash inflow from operating activities[1]	**7,989**	**8,792**
Cash flows from investing activities		
Sales of investments held at fair value through profit or loss	288,351	277,186
Purchases of investments held at fair value through profit or loss	(290,172)	(273,147)
Net cash (outflow)/inflow from investing activities	**(1,821)**	**4,039**
Cash flows from financing activities		
Buyback of ordinary shares for treasury	(183)	(1,324)
Equity dividends paid	(10,532)	(7,565)
Repayment of bank overdraft	–	(10,558)
Issue of unsecured loan notes	–	29,275
Costs relating to issue of unsecured loan notes	–	(173)
Interest paid	(863)	(271)
Net cash (outflow)/inflow from financing activities	**(11,578)**	**9,384**
Net (decrease)/increase in cash at bank	(5,410)	22,215
Cash at bank at beginning of period	21,272	199
Losses on foreign exchange	(5)	(1,142)
Cash at bank at end of period	**15,857**	**21,272**
Comprising:		
Cash at bank	**15,857**	**21,272**

1 Cash inflow from dividends was £9,394,000 (2022: £11,266,000) and cash inflow from interest was £213,000 (2022: £25,000)

The notes on pages 68 to 82 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

(a) Basis of preparation

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 95.

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

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

The financial statements have been prepared under the historical cost basis except for the measurement of investments at fair value. In applying FRS102, financial instruments have been accounted for in accordance with section 11 and 12 of the Standard. All the Company's operations are of a continuing nature.

The preparation of the Company's financial statements 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 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. Nor do they believe that there are any estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. In line with UK GAAP, the fair values of investments are used, whereby quoted prices are used to value the investments in active markets and thereby reflect participants' views of climate change risk.

(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 these financial statements. In coming to this conclusion, the directors have considered the nature of the portfolio, being that the securities held are readily realisable, the strength of its distributable reserves, and the ongoing costs of the Company. The directors have also reviewed the revenue forecast and size of the Company's long-term debt and stress-tested its financial covenants.

As part of their usual assessment of risks facing the Company, the directors have further considered the global economic and geopolitical environment including the repercussions of the Covid-19 pandemic, the ongoing war in Ukraine and conflict in the Middle East, the impact of these on supply chains and the possible impact of climate change risk on the value of the portfolio. The directors have concluded that the Company is able to meet its financial obligations, including the interest payments for its loan notes, as they fall due for a period of at least twelve months from the date of this report.

(c) Investments held at fair value through profit or loss

Investment purchases are accounted for and initially recognised at the trade date of the acquisition. All investments are measured upon initial recognition as held at fair value through profit or loss. Sales of investments are accounted for 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 investments 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 in this caption are transaction costs incurred on the purchase and disposal of assets. All purchases and sales are accounted for on a trade date basis.

(d) Foreign currency

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

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

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(e) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of directors, the dividend is capital in nature in which case it is taken to the capital return. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Bank interest is accounted for on an accruals basis.

(f) Management and administrative expenses and finance costs

All expenses and finance costs are accounted for on an accruals basis. The annual management fee and borrowing interest charges are allocated 75% to capital and 25% to revenue in line with the Board's expected long-term split of returns in the form of capital and income profits respectively. All the other administrative expenses are charged to the revenue return of the Income Statement.

(g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Primarily this relates to overseas irrecoverable withholding tax.

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

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

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

(h) Borrowings

Interest-bearing bank loans, overdrafts and unsecured loan notes are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently remeasured at amortised cost. Amortised cost is calculated by taking into account any costs that are an integral part of the effective interest rate. Such costs, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

(i) Dividends payable to shareholders

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

(j) Issue and repurchase of ordinary shares and associated costs

The proceeds from issuing ordinary shares less issue costs are taken to equity and the costs of repurchasing ordinary shares, including related stamp duty and transaction costs, are taken directly to equity and reported through the Statement of Changes in Equity, with the cost of repurchase being charged to a capital distributable reserve. Share issues and repurchase transactions are accounted for on a trade-date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve, in accordance with section 733 of the Companies Act 2006. Where shares are repurchased and held in treasury, the transfer to the capital redemption reserve is made if and when such shared are subsequently cancelled.

(k) Capital and reserves

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

The share premium account represents the excess received (subsequent to 11 July 2007) where treasury shares are sold for more than the Company paid to purchase the shares placed in treasury and the excess over the nominal value for new ordinary shares issued, less the costs of issue.

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(k) Capital and reserves (continued)

Capital reserve arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- other capital charges and credits charged to this account in accordance with the above policies;
- realised foreign exchange differences of a capital nature; and
- cost of repurchasing ordinary share capital.

Capital reserve arising on 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.

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

Other reserves comprise the following reserves:

- The special distributable reserve was created on 11 July 2007 following the cancellation of the share premium account and the capital redemption reserve and is available to fund market purchases and the subsequent cancellation of own shares.
- The merger reserve represents the premium over the nominal value of ordinary shares issued in March 1997 in connection with the acquisition of The German Investment Trust plc.
- The capital redemption reserve represents the nominal value of ordinary shares that have been repurchased and cancelled.

(l) Distributable reserves

The Company's special distributable reserve, capital reserve arising on investments sold and revenue reserve may be distributed by way of dividend or used for share buy backs.

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

	2023 £'000	2022 £'000
Gains/(losses) on the sale of investments based on historical cost	22,854	(2,064)
Revaluation gains/(losses) recognised in previous years	16,663	(29,841)
Gains/(losses) on investments sold in the year based on carrying value at previous Statement of Financial Position date	**39,517**	**(31,905)**
Revaluation gains/(losses) on investments held at 30 September	28,776	(23,243)
Gains/(losses) on investments held at fair value through profit or loss	**68,293**	**(55,148)**

3 Income from investments

	2023 £'000	2022 £'000
Listed investments:		
Overseas dividends	10,143	12,181
UK dividends	969	348
UK fixed-interest income	94	–
	11,206	**12,529**

Notes to the Financial Statements (continued)

4 Other income

	2023 £'000	2022 £'000
Deposit interest	**224**	**25**

5 Management fee

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Management fee	**587**	**1,762**	**2,349**	**548**	**1,642**	**2,190**

A description of the basis for calculating the management fee is given in the Business Model on page 22. Management fees are allocated 25% to revenue and 75% to capital in the Income Statement.

6 Other fees and expenses

	2023 £'000	2022 £'000
Revenue:		
Directors' fees and taxable benefits (see Directors' Remuneration Report on page 50)	166	137
Directors' and officers' liability insurance	14	12
Marketing expenses recharged by Janus Henderson	84	64
Custody charges	67	69
Legal and professional fees	67	63
Fees payable to the Company's auditor – for audit services	52	45
Depositary charges	40	32
Registrar's fees	38	49
Printing and postage	30	9
Listing fees	29	32
AIC subscriptions	21	21
Other expenses	31	28
	639	**561**

7 Finance costs

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total return £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total return £'000
On bank overdrafts payable within one year	8	24	32	12	35	47
On unsecured loan notes – after 5 years[1]	121	361	482	79	237	316
Interest payable to HMRC due to refund of French withholding tax	–	–	–	(129)	–	(129)
	129	**385**	**514**	**(38)**	**272**	**234**

1 Includes amortisation of issue costs and may therefore vary from year to year

Interest payable is allocated 25% to revenue and 75% to capital in the Income Statement. Interest rates on the bank overdraft facility are set at the time drawings are made based on the bank's base rate, plus a margin of 1.25% per annum.

In January 2022, the trust issued EUR35,000,000 of unsecured loan notes, with interest payable on EUR25,000,000 at 1.53% and interest payable on EUR10,000,000 at 1.66%.

During the year to 30 September 2017 the Company received a refund of French withholding tax relating to tax suffered in 2007 and 2008. A provision was made for potential corporation tax payable and interest payment thereon to HMRC. As explained further in note 8, the settlement of other tax claims led to this provision no longer being required. The interest payable and corporation tax provision were therefore removed in the prior year.

Notes to the Financial Statements (continued)

8 Taxation

(a) Analysis of charge for the year

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Corporation tax prior-year adjustment	–	–	–	(584)	–	(584)
Overseas tax suffered	887	36	923	1,154	137	1,291
Total taxation for the year	**887**	**36**	**923**	**570**	**137**	**707**

(b) Factors affecting the tax charge for the year

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Return before taxation	**10,075**	**66,141**	**76,216**	**11,483**	**(58,204)**	**(46,721)**
Corporation tax at effective rate of 22.0% (2022: 19.0%)	2,217	14,551	16,768	2,182	(11,059)	(8,877)
Effects of:						
Non-taxable capital (profits)/losses	–	(15,023)	(15,023)	–	10,695	10,695
Non-taxable overseas income	(2,445)	–	(2,445)	(2,375)	–	(2,375)
Expenses not deductible for tax purposes	–	–	–	1	–	1
Tax effect of expensed double-taxation relief	–	–	–	(5)	–	(5)
Corporation tax prior-year adjustment	–	–	–	(584)	–	(584)
Current-year expenses not utilised	228	472	700	197	364	561
Overseas tax	887	36	923	1,154	137	1,291
	887	**36**	**923**	**570**	**137**	**707**

The UK corporation tax rate is an effective rate of 22.0% (2022: 19.0%). The tax charge for the year is lower than the corporation tax rate.

In the prior year, the Company filed a claim with HMRC, on the basis of the principles set out in the Franked Investment Income Group Litigation Order ("FII/GLO") claim, for corporation tax unduly paid in respect of periods prior to 1 July 2009. The claim was filed on the basis that the relevant UK tax legislation was in breach of EU law for these periods.

Additionally a claim was successfully settled with HMRC and the provision for corporation tax previously provided and the associated interest thereon (relating to the refund of French withholding tax received in 2017) was removed and this was accounted for in the year ended 30 September 2022.

The total of the claim and the write-back of tax previously accrued for is £584,000 and reflected in the 2022 tax charge.

No provision for deferred tax has been made in the current or prior accounting year. At the period end, after offset against income taxable on receipt, there is a potential deferred tax asset of £8,389,000 (2022: £7,597,000) in relation to surplus management expenses. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

Notes to the Financial Statements (continued)

9 Return per ordinary share

The return per ordinary share is based on the net return attributable to the ordinary shares of £75,293,000 (2022: net loss of £47,428,000) and on 212,776,067 ordinary shares (2022: 213,530,236) being the weighted average number of ordinary shares in issue during the year excluding shares held in treasury. The return per ordinary share can be further analysed between revenue and capital as below.

	2023 £'000	2022 £'000
Net revenue return	9,188	10,913
Net capital return/(loss)	66,105	(58,341)
Net total return/(loss)	**75,293**	**(47,428)**
Weighted average number of ordinary shares in issue during the year	212,776,067	213,530,236
Revenue return per ordinary share	4.32p	5.11p
Capital return per ordinary share	31.07p	(27.32p)
Total return per ordinary share	**35.39p**	**(22.21p)**

The Company does not have any dilutive securities and therefore the basic and diluted returns per share are the same.

10 Dividends paid and payable on the ordinary shares

Dividends on ordinary shares	Record date	Payment date	**2023 £'000**	2022 £'000
Final dividend (2.35p[1]) for the year ended 30 September 2021	7 January 2022	4 February 2022	–	5,019
Interim dividend (1.20p) for the year ended 30 September 2022	6 June 2022	27 June 2022	–	2,563
Final dividend (3.15p) for the year ended 30 September 2022	6 January 2023	6 February 2023	6,702	–
Special dividend (0.50p) for the year ended 30 September 2022	6 January 2023	6 February 2023	1,064	–
Interim dividend (1.30p) for the year ended 30 September 2023	2 June 2023	27 June 2023	2,766	–
Unclaimed dividends over 12 years old			–	(17)
			10,532	**7,565**

1 Figures have been restated due to the subdivision of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022

The final dividend for the year ended 30 September 2023 has not been included as a liability in these financial statements. The total dividend payable in respect of the financial year, which forms the basis of the retention test under section 1158 of Corporation Tax Act, is set out below.

	2023 £'000	2022 £'000
Revenue available for distribution by way of dividend for the year	9,188	10,913
Interim dividend (1.30p) for the year ended 30 September 2023 (based on 212,768,122 ordinary shares in issue at 2 June 2023)	(2,766)	–
Final dividend (3.05p) for the year ended 30 September 2023 (based on 212,768,122 ordinary shares in issue at 8 December 2023)	(6,489)	–
Interim dividend (1.20p) for the year ended 30 September 2022 (based on 213,565,480 ordinary shares in issue at 6 June 2022)	–	(2,563)
Final dividend (3.15p) for the year ended 30 September 2022 (based on 212,768,122 ordinary shares in issue at 6 January 2023)	–	(6,702)
Special dividend (0.50p) for the year ended 30 September 2022 (based on 212,768,122 ordinary shares in issue at 6 January 2023)	–	(1,064)
Undistributed revenue for section 1158 purposes	**(67)**	**584**

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

Notes to the Financial Statements (continued)

11 Investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Valuation at 1 October	320,289	382,205
Investment holding gains at 30 September	(3,786)	(56,871)
Cost at 1 October	**316,503**	**325,334**
Additions at cost	287,856	273,392
Disposals at cost	(269,335)	(282,223)
Cost at 30 September	**335,024**	**316,503**
Investment holding gains at 30 September	49,225	3,786
Valuation at 30 September	**384,249**	**320,289**

The Company received £292,189,000 (2022: £280,160,000) from investments sold in the year. The book cost of these investments when they were purchased were £269,335,000 (2022: £282,223,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

The Company's investments are registered in the name of nominees of, and held to the order of, HSBC Bank plc, as custodian to the Company. There were no contingent liabilities in respect of the investments held at the year end.

Purchase transaction costs for the year ended 30 September 2023 were £325,000 (2022: £439,000). These comprise mainly stamp duty and commission. Sale transaction costs for the year ended 30 September 2023 were £114,000 (2022: £103,000).

12 Debtors

	2023 £'000	2022 £'000
Amounts receivable within one year:		
Investments sold awaiting settlement	7,587	3,748
Accrued income	175	196
Prepaid expenses	51	6
Overseas withholding tax recoverable	3,534	3,071
Other receivables	398	334
	11,745	**7,355**

Overseas withholding tax recoverable, may be recovered in more than one year due to the claim and recovery process in place with overseas tax authorities. As this recovery is expected within the normal course of repayment for those jurisdictions, these balances are classified as current assets.

13 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Amounts payable within one year:		
Investments purchased awaiting settlement	269	2,663
Accrued expenses	2,305	1,206
Interest on loan notes	81	80
	2,655	**3,949**

The Company has an uncommitted, secured multi-currency overdraft facility equal to the lesser of £30,000,000 and 10% of custody assets with HSBC Bank plc. Interest is charged at the bank's fluctuating base rate, plus a margin of 1.25% per annum. Borrowings are repayable on demand.

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Borrowings: Loan notes (unsecured)		
1.53% unsecured loan notes 2047 (Euro)	21,572	21,820
1.66% unsecured loan notes 2052 (Euro)	8,627	8,728
	30,199	**30,548**

The EUR 25,000,000 1.53% unsecured loan notes 2047 were issued on 31 January 2022 and are redeemable at par on 31 January 2047. They are shown on the balance sheet on the effective interest basis. The unsecured loan notes were issued net of costs totalling £124,000.

The EUR 10,000,000 1.66% unsecured loan notes 2052 were issued on 31 January 2022 and are redeemable at par on 31 January 2052. They are shown on the balance sheet on the effective interest basis. The unsecured loan notes were issued net of costs totalling £50,000.

The issue costs on both series of loan notes will be amortised over the life of the notes.

15 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective and policy as stated on page 19. In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

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

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

15.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 15.1.1), currency risk (see note 15.1.2) and interest rate risk (see note 15.1.3). The Board reviews and agrees policies for managing these risks. The Manager assesses the exposure to market 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 Market price risk

The Company is an investment company and as such its performance is dependant on the valuation of its investments. Consequently, market price risk is the most significant risk to which the Company is exposed. The Company's investment objective and policy require it to invest mainly in listed Continental Europe.

At 30 September 2023 the fair value of the Company's assets exposed to market price risk was £384,249,000 (2022: £320,289,000). The fair value of the investments in the portfolio is normally their quoted bid price. The market price of investee companies' shares is subject to their performance, supply and demand for the shares and investor sentiment regarding the companies, their industry sectors and the countries in which they operate.

The Company invests in a diversified portfolio of investments. In accordance with the Company's investment objective and policy the portfolio contains between 35 and 45 stocks, with a maximum single stock weighting of 10% of the net asset value ("NAV") of the portfolio at the time of investment. Stocks weighted at 5% of the portfolio or more are not expected to exceed 50% of NAV in aggregate. The typical minimum stock weight is 1% of NAV at the time of investment. The largest individual stock at the year end represented 6.3% (2022: 5.6%) of the value of the portfolio. The Company may use derivative instruments (such as futures and options) for the purpose of efficient portfolio management up to 10% of net assets. As at 30 September 2023 the Company had no exposure to such instruments.

The level of risk relative to the benchmark is increased by over or underweighting industry sectors and, to a lesser extent, country exposures and stock exposures relative to the benchmark, which tends to concentrate risk in those over and underweighted areas. Likewise, adding structural debt adds market price risk to the extent that Fund Managers take full advantage of that debt to have a net geared portfolio.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.1 Market price risk (continued)

To illustrate the Company's sensitivity to market prices, a 10% change to the market value (in Sterling terms) of the equity portfolio at 30 September 2023 would generate a corresponding increase or decrease in the NAV per ordinary share of 10.1% or £38.4 million (2022: 10.2% or £32.0 million).

15.1.2 Currency risk

The majority of the Company's assets are denominated in currencies other than Sterling so the Company's total return and Statement of Financial Position can be significantly affected by currency fluctuations. No hedging of the currency exposure is currently undertaken. Revenue received in currencies other than Sterling is converted into Sterling on, or shortly after, the date of receipt. Whilst the Board and the Fund Manager monitor geographical and currency exposure it is not a key determinant of investment decisions. At the year end 89.4% (2022: 83.0%) of the Company's net assets were denominated in currencies other than Sterling, the largest proportion being Euro, at 70.4% (2022: 57.2%) of net assets.

The table below shows, by currency, the split of the Company's non-Sterling monetary assets and investments at the year end:

	2023 £'000	2022 £'000
Monetary assets		
Cash and short-term receivables:		
Norwegian Krone	81	2,717
Euro	10,254	2,411
Swiss Franc	822	835
Swedish Krona	–	740
Danish Krone	280	279
US Dollar	9	45
Monetary liabilities		
Bank overdraft and short-term payables:		
Euro	(350)	(892)
Swiss Franc	–	(1,851)
Long-term payables:		
Euro	(30,199)	(30,548)
Non-monetary assets		
Non-current asset investments held at fair value:		
Euro	286,994	208,859
Swiss Franc	12,684	36,410
Danish Krone	23,175	20,724
Swedish Krona	13,202	12,979
Norwegian Krone	11,087	8,339
US Dollar	10,860	–
Total	**338,899**	**261,047**

The level of assets exposed to currency risk increased by approximately 29.8% during the year, primarily as a result of the Company's increase in assets. The relative levels of exposure to currencies at the beginning and end of the year were broadly representative of levels through the period.

As can be seen from the table above the most significant currency exposures are to the Euro and Danish Krone.

The following table illustrates the Company's sensitivity to movements in exchange rates relative to Sterling. The sensitivity analysis is based on the Company's non-Sterling monetary assets and investments held at the Statement of Financial Position date and assumes a 10% appreciation or depreciation of Sterling against each of the currencies to which the Company is exposed, with all other variables held constant. If Sterling depreciated against the currencies shown, the net assets and revenue would have increased by these amounts. If Sterling appreciated against the currencies shown, the net assets and revenue would have decreased by these amounts.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.2 Currency risk (continued)

	2023 Net assets £'000	2023 Revenue £'000	2022 Net assets £'000	2022 Revenue £'000
Euro	24,245	860	16,348	815
Danish Krona	2,132	25	–	–
Swiss Francs	1,228	45	3,218	136
Other currencies	2,217	88	4,166	144
	29,822	**1,018**	**23,732**	**1,095**

The effect on capital return would be materially the same as the effect on net assets.

It should be noted that a number of investee companies derive a proportion of their profits from markets subject to currencies other than that in which their shares are denominated, so changes in the relevant currency exchange rates relative to each other are also likely to have an indirect impact. The above illustration is based on exposures at the year end. Exposures may be subject to change during the year as a result of investment decisions.

15.1.3 Interest rate risk

The Company finances part of its activities through the use of a secured uncommitted multi-currency overdraft facility provided by HSBC Bank plc equal to the lesser of £30,000,000 and 10% of net assets. Interest rates are set at the time drawings are made based on the bank's base rate, plus a margin of 1.25% per annum. During the year, there was nothing drawn under the facility (2022: maximum drawn £12,251,000) and the weighted average interest rate for the period was nil (2022: 1.41%). No hedging of the interest rate is undertaken. At 30 September 2023 there were drawings of £nil outstanding, of which £nil were in foreign currencies (2022: £nil of which £nil was in foreign currencies). Interest is paid on the cash and short-term deposits. Overdraft drawings and deposits are rarely fixed for periods of more than one week.

To illustrate the potential sensitivity to changes in interest rates, if £30 million was drawn from the uncommitted multi-currency overdraft facility (based on the maximum overdraft limit set by the Board), a change of 1.0% in the rate of interest charged would, over the course of a year, amount to £300,000 (ignoring any exchange rate movements), less than 0.1% of year end net assets.

In January 2022, the Company issued EUR 35,000,000 of unsecured loan notes, with interest payable on EUR 25,000,000 at 1.53% and interest payable on EUR 10,000,000 at 1.66%. As the interest rates are fixed, there is no sensitivity to changes in rates.

15.2 Credit risk

Credit risk is the Company's exposure to financial loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits, or the failure of the Company's custodian. The Company manages credit risk by using brokers from a database of approved financial institutions who have undergone rigorous due diligence tests by the Manager's risk management team and by dealing through Janus Henderson with banks authorised by the Financial Conduct Authority.

At 30 September 2023, the maximum exposure to credit risk was as follows:

	2023 £'000	2022 £'000
Cash at bank	15,857	21,272
Debtors (see note 12)	11,745	7,355

The Company is exposed to credit risk through its cash position. Bankruptcy or insolvency of banks may cause the Company's rights with respect to cash held by banks to be delayed or limited. The Company's cash balances are held by its custodian, HSBC Bank Plc. The directors believe the counterparty is of high credit quality and, therefore, the Company has minimal exposure to credit risk. Exposure to debtors is primarily exposure to outstanding trades and overseas withholding tax recoverable.

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of default is considered to be low.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.3 Liquidity risk

Liquidity risk is the possibility of the Company failing to realise sufficient assets to meet its financial obligations. The Company minimises this risk by having a bias to larger capitalised companies, by investing in listed companies and by ensuring that it has adequate cash and credit facilities in place to meet its obligations. Exposure to debtors is primarily exposure to outstanding trades and overseas withholding tax recoverable. Deposits are rarely fixed for terms in excess of one week and are limited to 10% of net assets with any one bank or institution. Cash requirements are monitored on a regular basis by the Manager.

At 30 September 2023, the value of financial liabilities was £2,655,000 and long-term liabilities of £30,199,000 (2022: £3,949,000 and £30,548,000).

The table below analyses the Company's contractual liabilities.

	2023			2022		
	Within one year £'000	**Between one and five years £'000**	**More than five years £'000**	Within one year £'000	Between one and five years £'000	More than five years £'000
Unsecured loan notes[1]	476	1,904	39,644	471	1,886	39,989
Other creditors and accruals	2,655	–	–	3,949	–	–
	3,131	**1,904**	**39,644**	4,420	1,886	39,989

1 The above figures show interest payable over the remaining term of the secured notes. The figures in the 'more than 5 years' column also include the capital to be repaid. Details of repayment are set out in note 14

The year-end amounts are not representative of the exposure to interest rates either during the year just ended nor for the year ahead, since the level of borrowings and/or cash held will be affected by the strategy being followed in response to the Board's and Fund Managers' perception of market prospects and the investment opportunities available at any particular time.

15.4 Fair value hierarchy

The table below analyses fair value measurements for investments held at fair value through profit or loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on the valuation techniques used and are defined as follows under FRS 102:

- Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss:				
Quoted equities	364,567	–	–	364,567
Short-dated government bonds	19,682	–	–	19,682
Total	**384,249**	**–**	**–**	**384,249**

2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Quoted equities	320,289	–	–	320,289
Total	**320,289**	**–**	**–**	**320,289**

The fair value of the Company's investments in quoted equities and short-dated government bonds has been determined by reference to their quoted bid prices at the reporting date. Quoted equities and short-dated government bonds included in Level 1 are actively traded on recognised stock exchanges. Short-term balances are excluded as their carrying value at the reporting date approximates their fair value.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.4 Fair value hierarchy (continued)

In order to comply with fair value accounting disclosures only, the fair value of the unsecured loan notes has been estimated to be £17,508,000 (2022: £20,774,000) and is categorised as Level 3 in the fair value hierarchy as described below. However, for the purpose of the daily NAV announcements, the unsecured loan notes are valued at par in the NAV because they are not traded and the directors expect them to be held to maturity and, accordingly, the directors have assessed that this is the most appropriate value to be applied for this purpose.

The estimate of the fair value of each unsecured loan note is calculated by aggregating the discounted value of future cash flows, being the contractual interest payments and the repayment of capital at maturity as each note falls due. The discount rate used for each note is based on the yield of the reference instrument that was used in the pricing of the loan notes plus the same credit spread applied at the issue. The net assets including the loan notes at fair value would have been £391,688,000 at 30 September 2023 (compared to £378,997,000 with the loan notes at par value), equivalent to a NAV per ordinary share of 184.09p (compared to 178.13p with loan notes at par value).

In the event that the Company decided to pay back the loan notes earlier than the maturity date, the loan note agreements include certain clauses that may require additional payments to be made. These clauses are primarily to protect the lender from any losses suffered from early repayment. Such 'make-whole amounts' are based on any excess of the discounted value of the remaining scheduled payments over the life of the loan notes above the value of the principal. The make-whole amount cannot be less than zero. The directors have assessed that the likelihood of early repayment is considered to be highly unlikely to occur.

15.5 Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise the revenue and capital return to its equity shareholders. This is achieved through an appropriate balance of equity capital and debt.

The Company's total capital at 30 September 2023 was £378,997,000 (2022: £314,419,000) comprising equity share capital of £10,819,000 (2022: £10,819,000) and reserves of £368,178,000 (2022: £303,600,000). Details of distributable reserves are set out on page 70.

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

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

The Company is subject to several externally imposed capital requirements:

- borrowings under the overdraft facility are not to exceed the lesser of £30 million and 10% of custody assets;
- as a public company, the Company has a minimum share capital of £50,000;
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law; and
- in terms of the secured notes include financial covenants in relation to the level of borrowings.

The Company has complied with these requirements.

The Company's objectives, policies and procedures for managing capital are unchanged from last year. See the Chair's Statement on page 8 and Notice of AGM on page 83 to 89 for an explanation of the proposed cancellation of the share premium account and capital redemption reserve, subject to shareholder approval at the AGM on 25 January 2024.

Notes to the Financial Statements (continued)

16 Called-up share capital

	Number of shares entitled to dividend	Shares held in treasury	Total number of shares	Nominal value of shares £'000
At 30 September 2022	212,913,122	3,476,788	216,389,910	10,819
Buyback into treasury of 145,000 shares	(145,000)	145,000	–	–
At 30 September 2023	**212,768,122**	**3,621,788**	**216,389,910**	**10,819**

	Number of shares entitled to dividend	Shares held in treasury	Total number of shares	Nominal value of shares £'000
At 30 September 2021	21,382,578	256,413	21,638,991	10,819
Buyback in to treasury of 26,030 shares	(26,030)	26,030	–	–
	21,356,548	**282,443**	**21,638,991**	**10,819**
Issue of new ordinary shares following 10 for 1 stock split	192,208,932	2,541,987	194,750,919	–
Buyback into treasury of 652,358 shares	(652,358)	652,358	–	–
At 30 September 2022	**212,913,122**	**3,476,788**	**216,389,910**	**10,819**

During the year to 30 September 2023, the Company repurchased 145,000 (2022: 26,030 prior to the 10 for 1 share split and 652,358 following the 10 for 1 share split). Ordinary shares at a cost of £183,000 including expenses (2022: £1,324,000). The ordinary shares held in treasury have no voting rights and are not entitled to dividends.

17 Share premium account

	2023 £'000	2022 £'000
Balance brought forward	41,995	41,995
Balance at 30 September	**41,995**	**41,995**

18 Capital reserve

	2023			2022		
	Capital reserve arising on investments sold[1] £'000	Capital reserve arising on investments held £'000	Capital reserves total £'000	Capital reserve arising on investments sold[1] £'000	Capital reserve arising on investments held £'000	Capital reserves total £'000
Balance brought forward	147,454	3,700	151,154	154,035	56,784	210,819
Transfer on disposal of investments	(16,663)	16,663	–	29,841	(29,841)	–
Movement in fair value of investments	39,517	28,776	68,293	(31,905)	(23,243)	(55,148)
Exchange losses on currency transactions	(5)	–	(5)	(1,142)	–	(1,142)
Management fee allocated to capital	(1,762)	–	(1,762)	(1,642)	–	(1,642)
Interest payable allocated to capital	(385)	–	(385)	(272)	–	(272)
Buyback of ordinary shares for treasury	(183)	–	(183)	(1,324)	–	(1,324)
Irrecoverable withholding tax deducted at source	(36)	–	(36)	(137)	–	(137)
Balance at 30 September	**167,937**	**49,139**	**217,076**	**147,454**	**3,700**	**151,154**

1 Reserve available for distribution as a dividend or share buyback

Notes to the Financial Statements (continued)

19 Revenue reserve[1]

	2023 £'000	2022 £'000
Balance brought forward	13,840	10,492
Net revenue return for the year after tax	9,188	10,913
Dividends paid (note 10)	(10,532)	(7,565)
Balance at 30 September	**12,496**	**13,840**

1 Reserve available for distribution as a dividend or share buyback

20 Other reserves

	2023				2022			
	Special distributable reserve[1] £'000	Merger reserve £'000	Capital redemption reserve £'000	Total £'000	Special distributable reserve[1] £'000	Merger reserve £'000	Capital redemption reserve £'000	Total £'000
Balance at 30 September	**25,846**	**61,344**	**9,421**	**96,611**	**25,846**	**61,344**	**9,421**	**96,611**

1 Reserves available for distribution as a dividend or share buyback

See the Chair's Statement on page 8 and Notice of AGM on pages 83 to 89 for an explanation of the proposed cancellation of the share premium account and capital redemption reserve and reclassified as distributable reserves, subject to shareholder approval at the AGM on 25 January 2024.

21 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £378,997,000 (2022: £314,419,000) and on 212,768,122 (2022: 212,913,122) shares in issue on 30 September 2023, excluding treasury shares.

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

	2023 £'000	2022 £'000
Total net assets at start of year	314,419	370,736
Net return for the year after tax	75,293	(47,428)
Buyback of ordinary shares for treasury	(183)	(1,324)
Dividends paid on ordinary shares	(10,532)	(7,565)
Net assets attributable to the ordinary shares at 30 September	**378,997**	**314,419**

22 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 30 September 2023 (2022: nil).

23 Transactions with the Manager and related parties

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

The management fee is charged at 0.65% per annum of net assets up to £300 million, and 0.55% of net assets above £300 million. Any holdings in funds managed by Janus Henderson, of which there were none in the year, are excluded from the calculation of the management fee. The management fees payable to Janus Henderson under the agreement in respect of the year ended 30 September 2023 were £2,349,000 (2022: £2,190,000). The amount outstanding at 30 September 2023 was £1,189,000 payable to Janus Henderson (2022: £1,028,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. Total amounts paid to Janus Henderson in respect of sales and marketing for the period ended 30 September 2023 amounted to £84,000 (2022: £64,000).

Details of fees paid to directors are included in the Directors' Remuneration Report on page 50 and in note 6 on page 71.

Notes to the Financial Statements (continued)

24 Changes in financial liabilities

The following table shows the movements during the period of net debt in the statement of financial position:

	At 1 October 2022 £'000	Cash flows £'000	Non-cash changes Amortisation of issue costs £'000	Foreign exchange movement £'000	At 30 September 2023 £'000
Financing activities					
Unsecured loan notes	(30,548)	–	(5)	354	(30,199)
Closing liabilities from financing activities	**(30,548)**	**–**	**(5)**	**354**	**(30,199)**

	At 1 October 2021 £'000	Cash flows £'000	Non-cash changes Amortisation of issue costs £'000	Foreign exchange movement £'000	At 30 September 2022 £'000
Financing activities					
Bank overdraft	(10,558)	10,558	–	–	–
Unsecured loan notes	–	(29,102)	(4)	(1,442)	(30,548)
Closing liabilities from financing activities	**(10,558)**	**(18,544)**	**(4)**	**(1,442)**	**(30,548)**

Notice of Annual General Meeting

Photo: Saint-Gobain, France's first low-energy-consuming Multi-Comfort House, producing more energy than it consumes through materials from 15 Saint-Gobain brands. © Saint-Gobain –Saint-Gobain Multi-Comfort House (2011, Beaucouzé, France) – Arch. ARCHIfact – Ph. Thierry Mercier

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of Henderson European Focus Trust plc will be held at **11.30 am on Thursday, 25 January 2024** at 201 Bishopsgate, London EC2M 3AE for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed, in the case of resolutions 1 to 12, as ordinary resolutions, and in the case of resolutions 13 to 17, as special resolutions.

Ordinary resolutions

1. To receive the Annual Report and the audited financial statements for the year ended 30 September 2023.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2023.
3. To approve the Directors' Remuneration Policy.
4. To approve a final dividend of 3.05p per ordinary share.
5. To elect Melanie Blake as a director of the Company.
6. To re-elect Victoria (Vicky) Hastings as a director of the Company.
7. To re-elect Robin Archibald as a director of the Company.
8. To re-elect Stephen Macklow-Smith as a director of the Company.
9. To re-elect Marco Maria Bianconi as a director of the Company.
10. To re-appoint Ernst & Young LLP as the statutory auditor of the Company.
11. To authorise the directors to determine the statutory auditor's remuneration.
12. THAT in substitution for all existing authorities, the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 5p each in the capital of the Company ("ordinary shares") and to grant rights to subscribe for, or to convert any security into, ordinary shares up to an aggregate nominal amount of £1,063,840 (or such other amount representing 10% of the issued share capital (excluding treasury shares) as at the date of the passing of this resolution) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the AGM of the Company in 2025, save that the directors may make an offer or agreement which would or might require ordinary shares to be allotted or rights to be granted after expiry of this authority and the directors may allot ordinary shares and grant rights in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

Special resolutions

13. THAT in substitution for all existing authorities and, subject to the passing of resolution 12, the directors be empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot ordinary shares or make offers or agreements to allot ordinary shares (within the meaning of section 560 of the Act) for cash, and to sell ordinary shares which are held by the Company in treasury, as if section 561(1) of the Act did not apply to any such allotments or sale. This power shall be limited to the allotment or sale of ordinary shares:

    (a) whether by way of a rights issue, open offer or otherwise to ordinary shareholders on the Register of Members at such record date(s) as the directors may determine where the ordinary shares respectively attributable to the interests of all ordinary shareholders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares held by them (or are otherwise allotted in accordance with the rights attaching to such ordinary shares) subject in either case to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever;

    (b) up to a maximum aggregate nominal value of £1,063,840 (or such other amount representing 10% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of the passing of this resolution); and

    (c) at a price not less than the net asset value per ordinary share as at the latest practicable date before such allotment of ordinary shares as determined by the directors in their reasonable discretion;

and shall expire at the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the AGM of the Company in 2025 unless previously renewed, varied or revoked by the Company in general meeting, save that the directors may before such expiry make an offer or agreement which would or might require ordinary shares to be allotted or sold after such expiry and the directors may allot or sell ordinary shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

14. THAT in substitution for all existing authorities, the Company be generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares on such terms and in such manner as the directors may from time to time determine, provided that:

Notice of Annual General Meeting (continued)

(a) the maximum aggregate number of ordinary shares authorised to be purchased is 14.99% of the Company's issued ordinary share capital at the date of the resolution (equivalent to 31,893,941 ordinary shares (excluding treasury shares) as at 8 December 2023 being the latest practicable date prior to publication of this Notice);

(b) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed the higher of:

(i) 105% of the average of the middle market quotations for an ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and

(ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange when the purchase is carried out;

(c) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 5 pence, being the nominal value per share;

(d) the authority hereby conferred shall expire at the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2025, unless such authority is renewed before that expiry;

(e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of ordinary shares pursuant to any such contract; and

(f) any ordinary shares so purchased shall be cancelled, or in accordance with the provisions of the Act, if the directors so determine, be held, sold, transferred or otherwise dealt with as treasury shares.

15. THAT a general meeting other than an AGM may be called on not less than 14 clear days' notice, such authority to expire on conclusion of the AGM of the Company in 2025.

16. THAT, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled, and the amount by which the share capital is so reduced be credited to a reserve of the Company.

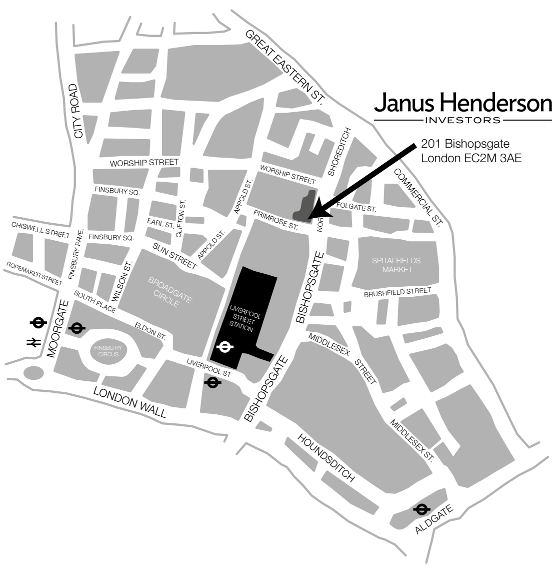
17. THAT, subject to the sanction of the High Court, the amount standing to the credit of the capital redemption reserve of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled, and the amount by which the share capital is so reduced be credited to a reserve of the Company.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
12 December 2023

Registered office:
201 Bishopsgate, London EC2M 3AE

AGM venue



The AGM will be held at 201 Bishopsgate, London EC2M 3AE. It is a few minutes' walk from Liverpool Street Station and from Moorgate Station.

Notice of Annual General Meeting (continued)

Explanation of resolutions

The information set out below is an explanation of the business to be considered at the 2024 Annual General Meeting ("AGM"). You are welcome to join the AGM in person or by conferencing software Zoom. If you wish to join by Zoom, please visit **www.janushenderson.com/trustslive** to register.

Resolutions 1 to 12 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 13 to 17 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

Resolution 1: Annual Report and audited financial statements

The directors must present the audited financial statements, Strategic Report, Directors' Report and the Independent Auditor's Report for the previous financial period to shareholders at the AGM. Shareholders will have the opportunity to ask questions and at the end of the discussion, shareholders will be invited to receive the Annual Report and audited financial statements.

Resolutions 2 and 3: Approval of the Directors' Remuneration Report and Remuneration Policy

Shareholders are asked to approve the Remuneration Report and Remuneration Policy (see page 49 which describes the Remuneration Policy). The vote on the Remuneration Report is advisory and does not affect the remuneration payable to any individual director, though the Board welcomes feedback from shareholders and will incorporate this into future remuneration discussions. In accordance with legislation on remuneration, shareholders are asked to approve the Company's Remuneration Policy every three years. Shareholders last approved the Remuneration Policy at the AGM in 2020, and there have been no changes to the policy since that date. The vote on this resolution is binding.

Resolution 4: Final Dividend

The directors propose a final dividend of 3.05p per ordinary share. The payment of a final dividend is subject to the approval of shareholders, although the scope to pay a lesser amount would be restricted by the Company's status as an investment trust. If approved, the dividend will be paid on 5 February 2024 to shareholders on the register on 5 January 2024. The shares will be quoted ex-dividend on 4 January 2024.

Resolutions 5 to 9: Election and re-election of directors

As is governance best practice, directors are expected to stand for re-election by shareholders annually. During the year, the Nominations Committee reviewed the performance, contribution and commitment of the members of the Board and concluded that each director standing for election and re-election brought extensive, current and relevant business experience that allows them to contribute effectively to the stewardship of the Company, in terms of both performance and time commitment.

The biographies of each director, including their skills, experience and qualifications relevant for the sustainable success of the Company are set out on page 34. All directors standing for re-election held office throughout the year under review. Melanie Blake is standing for election for the first time by shareholders, having taken office as a director on 3 July 2023.

Resolutions 10 and 11: Statutory auditor

Shareholders are required to re-appoint an auditor at each general meeting at which accounts are presented. Resolution 10 proposes the re-appointment of Ernst & Young LLP as the Company's auditor. The Board is pleased to ask shareholders to re-appoint Ernst & Young LLP as the Company's auditor for what would be their eleventh year in office. Resolution 11 gives the directors authority to determine the remuneration of the auditor. See page 41 for an explanation of the audit tender carried out in the year.

Resolutions 12 and 13: Authority to issue new shares and disapply pre-emption rights

If the directors wish to re-issue ordinary shares from treasury for cash, company law requires these shares be offered first to existing shareholders in proportion to their current holdings (known as 'pre-emptive' rights). At the 2023 AGM, the directors were granted authority either to issue from treasury or to allot up to 21,276,812 ordinary shares on a non-pre-emptive basis. No shares have been issued under this authority, which will expire at the forthcoming AGM.

Resolutions 12 and 13 seek to renew the directors' authority either to issue from treasury or to allot shares with a nominal value of up to £1,063,840 (or such other amount being 10% of the issued share capital (excluding shares held in treasury) as at the date of the passing of this resolution) on a non-pre-emptive basis. The directors intend to use the authority to issue ordinary shares only if they believe it to be advantageous to the Company's existing shareholders to do so. In particular, shares, whether new shares or shares held in treasury, will never be allotted or sold other than at a premium to the net asset value per ordinary share. If renewed, the authority will expire at the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the AGM in 2025.

Resolution 14: Repurchase of the Company's ordinary shares

This resolution seeks authority for the Company to make market purchases of its own ordinary shares for cancellation or to be held in treasury, and is proposed as a special resolution. We have not made use of this authority since the January 2023 AGM.

Notice of Annual General Meeting (continued)

If the resolution is passed, it will allow the Company to purchase up to 31,893,941 of its ordinary shares, representing 14.99% of the Company's issued ordinary share capital as at 8 December 2023. The directors believe that the ability of the Company to purchase its own ordinary shares in the market will potentially benefit all shareholders of the Company, giving the Company more flexibility to manage any discount and to help balance supply and demand. The purchase of shares at a discount to the underlying net asset value ("NAV") would enhance the NAV per share of the remaining shares. The Company will only sell shares from treasury at prices greater than the prevailing NAV per share at the date of issue.

The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire on the earlier of 15 months after the passing of this resolution and the Company's AGM that will be held in 2025.

The directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of shareholders generally and consider the effect will be to increase NAV per share.

Resolution 15: Notice of general meetings

The Board believes that it is in the best interests of shareholders of the Company to have the ability to call meetings on 14 clear days' notice should a matter require urgency. Under the Companies (Shareholders' Rights) Regulations 2009, companies are only able to opt for a notice period of 14 days in respect of general meetings other than AGMs if authorised annually by shareholders, and if shareholders have the opportunity to vote at such a meeting by electronic means. The Board will therefore, as last year, propose a resolution at the AGM to approve the reduction in the minimum notice period from 21 clear days to 14 clear days for all general meetings other than AGMs. The directors do not intend to use the authority unless immediate action is required.

Resolutions 16 and 17: Cancellation of statutory share capital reserves

Resolution 16 is a special resolution to cancel the entire amount standing to the credit of the Company's share premium account ("Share Premium Account"). Resolution 17 is a special resolution to cancel the entire amount standing to the credit of the capital redemption reserve ("Capital Redemption Reserve") of the Company. The cancellation of the Share Premium Account and the Capital Redemption Reserve are proposed to be completed together by means of a Court-approved capital reduction as described below (the "Capital Reduction") subject to the passing of Resolutions 16 and 17.

Background to the Capital Reduction

The Share Premium Account represents the excess received (subsequent to 11 July 2007) where treasury shares are sold for more than the Company paid to purchase the shares placed in treasury and the excess over the nominal value for new ordinary shares issued, less the costs of issue. The Capital Redemption Reserve represents the nominal value of ordinary shares that have been repurchased and cancelled by the Company. The reserves represented by the Share Premium Account and the Capital Redemption Reserve can only be used for very limited applications and cannot, for example, be used to pay dividends or apply against future buybacks. By cancelling the amounts standing to the credit of these reserves through the Capital Reduction the Company will increase its distributable reserves which can be used for the future payment of dividends to shareholders or to carry out share buybacks should it be desirable to do so.

On completion of the Capital Reduction, the Company's entire Share Premium Account and Capital Redemption Reserve will be cancelled and, subject to the Court being satisfied with the Company's approach to creditors as outlined below, an equivalent amount will be added to the Company's distributable reserves.

The completion of the Capital Reduction will not affect the rights attaching to the ordinary shares and will not result in any change to the number of ordinary shares in issue. Neither will the Capital Reduction involve a return of capital to shareholders nor any reduction in the Company's net assets.

Procedure for completing the Capital Reduction

Under the Act, the Capital Reduction is conditional upon (a) the sanction of the special resolutions of shareholders, (b) the confirmation of the Court, (c) the registration of the Court's order confirming the Capital Reduction (the "Court Order") and (d) the Capital Reduction not otherwise being unlawful.

In considering the Company's application for the Court Order, the Court will need to be satisfied that the interests of any creditors (including contingent creditors) of the Company, whose debts remain outstanding on the date on which the Court Order is registered, are not prejudiced by the Capital Reduction. The Directors intend to take such steps to satisfy the Court in this regards as they consider appropriate.

The Company intends that an application will be made for the Court to approve the Capital Reduction as soon as reasonably practicable after the Annual General Meeting, provided that Resolutions 16 and 17 are, in each case, passed as special resolutions.

Provided that the Capital Reduction is approved by shareholders and the Court, and subject to any direction given by the Court in confirming the Capital Reduction and/or the terms of any undertaking given by the Company in relation to the reserve which arises, the amounts standing to the credit of the Share Premium Account and the Capital Redemption Reserve so cancelled will be credited to a new special distributable reserve of the Company. The distributable reserves so created would then be available to be applied, in accordance with Part 23 of the Act, towards the future payment of dividends and for the purposes of future share buybacks.

Notice of Annual General Meeting (continued)

If the special resolutions to approve the Capital Reduction are not passed by the requisite majority of shareholders at the AGM or Court approval is not obtained, the Capital Reduction will not proceed. The Directors also retain the right not to proceed with the Capital Reduction, at their sole discretion, in circumstances where they consider that to do so would be inappropriate or inadvisable or no longer in the best interests of shareholders, including where any unforeseen event arises or in circumstances where the Court imposes conditions on the confirmation of the Capital Reduction that are not satisfactory to the Company. In these circumstance the distributable reserves intended to be created by the Capital Reduction will not be available for use by the Company for the purposes described above.

Notes to the Notice of AGM

1. Voting record date

Only shareholders registered in the register of members of the Company at close of business on Tuesday, 23 January 2024 (the "voting record date") shall be entitled to vote at the AGM in respect of the number of voting rights registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend, speak and vote at the AGM.

If the AGM is adjourned for no more than 48 hours after the original time, the same voting record date will also apply for the purpose of determining the entitlement of members to attend, speak and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If the AGM is adjourned for more than 48 hours then the voting record date will be close of business on the day which is two days (excluding non-working days) before the day of the adjourned meeting or, if the Company gives notice of the adjourned meeting, at any time specified in that notice.

In the case of joint holders of a voting right, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

2. Right to attend and vote

Holders of ordinary shares are entitled to attend and vote at the AGM or at any adjournment(s) thereof. On a poll vote, each ordinary shareholder has one vote for each share held. On a vote on a show of hands, each ordinary shareholder or proxy has one vote.

If a proxy is appointed by more than one member and all such members have instructed the proxy to vote in the same way, the proxy will only be entitled on a show of hands to vote 'for' or 'against' as applicable. If a proxy is appointed by more than one member, but such members have given different voting instructions, the proxy may on a show of hands vote both 'for' and 'against' in order to reflect the different voting instructions.

On a poll all or any of the voting rights of the members may be exercised by one or more duly appointed proxies. However, where a member appoints more than one proxy, section 285(4) of the Companies Act 2006 (the "Act") does not authorise the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member in person.

3. Voting by corporate representation

Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with section 323 of the Act. Shareholders are invited to send their letters of corporate representation in advance of the AGM to **itsecretariat@janushenderson.com**.

4. Votes withheld

A vote withheld on any resolution is not a vote in law. This means that the vote will not be counted in the votes cast 'for' or 'against' the respective resolution.

5. Right to appoint proxies

Pursuant to section 324 of the Act, a member entitled to attend and vote at the AGM may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares held by him or her. A proxy need not be a member of the Company. A form of proxy is enclosed. The completion of the form of proxy or any CREST proxy instruction (described below) will not preclude a shareholder from attending and voting in person at the meeting.

6. Nominated persons

The right to appoint a proxy does not apply to persons whose ordinary shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("Nominated Persons"). Nominated Persons may have a right under an agreement with the member who holds the ordinary shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the ordinary shares as to the exercise of voting rights. Any statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons as these rights can only be exercised by shareholders of the Company.

7. Receipt and termination of proxies

A form of proxy is enclosed and to be valid must be lodged with the Company's registrar, Computershare, before 11.30 am on Tuesday, 23 January 2024.

You may appoint a proxy (or proxies) electronically to exercise all or any of your rights to attend, to speak and to vote on your behalf at the meeting through the website of our registrar, EQ at **www.shareview.co.uk**. You will need your voting reference numbers (the voting ID, Task ID and shareholder reference number shown on your form of proxy). If you have registered for a Shareview portfolio, please log onto your portfolio using

Notice of Annual General Meeting (continued)

your usual user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions.

A member may terminate a proxy's authority at any time before the commencement of the AGM. Termination must be provided in writing and submitted to the Company's registrar. In accordance with the Company's articles of association, in determining the time for delivery of proxies, no account shall be taken of any part of a day that is not a working day.

8. Electronic receipt of proxies

To appoint your proxy or give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Company's agent (ID number RA19) no later than 11.30 am on Tuesday, 23 January 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001. Instructions on how to vote through CREST can be found at **www.euroclear.com**.

9. Proxymity

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by 11.30 am on Tuesday, 23 January 2024 to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

10. Communication with the Company

Members may not use any electronic address provided either in the Notice of AGM or any related documents to communicate with the Company for any purpose other than those expressly stated.

11. Questions at the AGM

Section 319A of the Act requires the directors to answer any question raised at the AGM which relates to the business of the AGM, though no answer need be given:

(a) if to do so would interfere unduly with the preparation of the AGM or involve disclosure of confidential information;

(b) if the answer has already been given on the Company's website; or

(c) if it is undesirable in the best interests of the Company or the good order of the AGM that the question be answered.

Shareholders are welcome to ask questions in advance of the AGM by contacting the corporate secretary at **itsecretariat@janushenderson.com**.

12. Members' statement of audit concerns

Members satisfying the thresholds in s527 of the Act can oblige the Company to publish a statement on its website setting out any matter relating to:

(a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or

(b) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the AGM.

The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time at which it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website.

13. Total voting rights

As at 8 December 2023 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 216,389,910 ordinary shares. The total number of voting rights on that date was 212,768,122 (3,621,788 shares being held in treasury). Each share carries one vote, other than those held in treasury.

14. Documents available for inspection

The directors' letters of appointment may be inspected at the registered office of the Company, 201 Bishopsgate, London EC2M 3AE, during normal business hours on any business day and will be available at the AGM from 15 minutes prior to its commencement until its conclusion. No director has a contract of service with the Company.

15. Website

The Company's Annual Report, which contains this Notice of AGM, is available at **www.hendersoneuropeanfocus.com**, together with these explanatory notes.

Additional Information

Photo: Safran commercial aeronautics

Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

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 retains responsibility for strategy, operations and compliance. The directors retain a fiduciary duty to shareholders.

Association of Investment Companies

The Company is a member of the AIC which is the trade body for investment companies and represents the industry on matters which impact the regulation of such entities.
The Company is a constituent of the AIC Europe sector.

Benchmark

An index against which performance is compared. For the Company this is the FTSE World Europe (ex UK) Index on a total return basis in Sterling terms.

Continental Europe

For the purpose of the Company's investment policy, this is defined as every country in Europe except the UK, the Channel Islands and the Isle of Man.

Custodian

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

Depositary

As an AIF, the Company is required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a custodian. The depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets.

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 on which the Company's net asset value per ordinary share will be disclosed ex-dividend.

Environmental, social and governance

Matters relating to environmental, social and governance ("ESG") activities, which are increasingly factored into the analysis of how corporate entities, including investment companies, conduct their activities.

Gearing

Gearing reflects the amount of borrowings that the Company has invested and indicates the extra amount by which net assets, or shareholders' funds, would move if the value of a company's investments were to rise or fall. This can be positive and would indicate the extent to which net assets are geared; nil gearing shows a company is ungeared. Negative gearing would indicate that a company is not fully invested and is holding net cash as described below. There are several methods of calculating gearing, such as:

Gross gearing

This reflects the amount of gross borrowings (bank overdraft and loan notes) used by a Company and takes no account of any cash balances, as a percentage of net assets.

Net gearing

Net gearing represents the excess amount above shareholders' funds of total investments (less short-dated government bonds which are classified as cash equivalents for this purpose), expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a 'net cash' position and there is no gearing. For further details please see the Alternative Performance Measures on page 92.

Investment trusts/investment companies

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

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers 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 or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buyback powers to assist market liquidity in their shares.

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.

Treasury shares

Shares repurchased by the Company, but not cancelled, and available for re-issue under the appropriate circumstances.

Alternative Performance Measures

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

Capital return per share

The capital return per share is the capital profit/(loss) for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 73).

Discount or premium

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

		30 September 2023	30 September 2022
Net asset value per share (pence)	(A)	178.13	147.67
Price per share (pence)	(B)	157.00	127.00
(Discount) or premium (C=(B-A)/A) (%)	(C)	(11.9)	(14.0)

Net gearing

Net gearing reflects the Company's borrowings as a percentage of net assets as defined on page 91.

		2023	2022
Investments at fair value through profit or loss (page 66) (£'000)	(A)	384,249	320,289
Less:			
Investment in short-dated government bonds (£'000)	(B)	19,682	–
Net investment portfolio (£'000) (C= A-B)	(C)	364,567	320,289
Net assets (see page 66) (£'000)	(D)	378,997	314,419
Gearing (E = ((C/D)-1 (%)	(E)	(3.8)	1.9

Net asset value ("NAV") per ordinary share

The value of the Company's assets less any liabilities for which the Company is responsible, divided by the number of ordinary shares in issue, excluding shares held in treasury (see note 16) and calculated with debt at par. The aggregate NAV is also referred to as shareholders' funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 3 and further information is available on page 81 in note 21 within the Notes to the Financial Statements.

The basis of preparation of the Statement of Financial Position on page 66 is to recognise the value of the debt liability as the nominal amount that will be repaid at maturity (or NAV with debt at par). For the EUR 35 million of unsecured loan notes, this recognises a liability of EUR 35 million. However, we also provide an estimate of the NAV with debt at fair value in the interim and year-end financial statements to provide further information to shareholders. This NAV with debt at fair value estimates the current value of the debt liability rather than the amount to be repaid at maturity. Further detail of the valuation method is set out in note 15.4 on pages 78 and 79.

Alternative Performance Measures (continued)

Ongoing charge

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

	2023 £'000	2022 £'000
Management fee (Note 5)	2,349	2,190
Other administrative expenses (note 6)	639	561
Less: non-recurring expenses	(31)	(33)
Ongoing charges	**2,957**	**2,718**
Average net assets[1]	371,700	354,575
Ongoing charges ratio (%)	**0.80**	**0.77**

1 Calculated using the average daily net asset value at par

The ongoing costs provided in the Company's key information document ("KID") is calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs.

Revenue return per share

The revenue earnings per share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (page 73).

Total return performance

The total return performance on the NAV or share price taking into account both the rise and/or fall of NAV/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in note 10 on page 73.

	NAV per share	**Share price**
NAV per share/Share price per share at 30 September 2022 (pence)	147.67	127.00
NAV per share/Share price per share at 30 September 2023 (pence)	178.13	157.00
Change in the year (%)	20.6	23.6
Impact of dividends reinvested (%)	2.9	3.3
Total return for the year (%)	**24.1**	**27.1**

The returns in the table above are calculated on a geometric rather than an arithmetic basis and therefore do not give an arithmetic total.

Yield

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

		30 September 2023	30 September 2022
Annual dividend excluding special dividend (pence)	(A)	4.35	4.35
Share price (pence)	(B)	157.0	127.0
Yield (C=A/B) (%)	(C)	2.8	3.4

General Shareholder Information

AIFMD Disclosures

In accordance with the AIFMD, information about the Company's leverage, the remuneration and remuneration policy of Janus Henderson Investment Fund Management UK Limited, as the Company's alternative investment fund manager ("AIFM"), are available to investors. These disclosures are provided in the AIFMD disclosure document, which can be found at **www.hendersoneuropeanfocus.com**.

BACS

Dividends can be paid via BACS, and mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar Equiniti ("EQ") at the address on page 95 to give their instructions, which must include the bank account details to which payments are to be made.

Common Reporting Standard and FATCA

Tax legislation under the OECD's 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 non-UK-based certificated shareholders and corporate entities.

The Foreign Account Tax Compliance Act ("FATCA") is a United States law which requires investment trusts to monitor the trading volume and frequency of their securities to assess whether they have financial accounts for US persons. The Company makes an annual assessment to determine if the shares represent financial accounts and would report any US accounts to HMRC.

Equality Act 2010

This Annual Report and other documents issued by the Company are available from the corporate secretary and can be provided in alternative formats, including Braille or larger type, as appropriate. For deaf and speech-impaired customers, we welcome calls via Relay UK. Please see **www.relayuk.bt.com** for more information. 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.

GDPR

A privacy statement can be found at **www.janushenderson.com**.

ISA

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

Non-mainstream pooled investments ("NMPI") status

The Company currently conducts its affairs so that its ordinary shares of 5p each can be recommended by independent financial advisors to ordinary retail investors in accordance with the Financial Conduct Authority's rules about non-mainstream investment products and intends 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")

PRIIPs requires the Manager, as the PRIIPs manufacturer, to prepare a KID 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. Procedures for calculating the risks, costs and potential returns are prescribed by law and will indicate different cost numbers from those provided in the Company's financial statements. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Performance/share price publication

The Company's NAV is published daily. Details of the Company's share price and NAV per share can be found on the website **www.hendersoneuropeanfocus.com**, on the London Stock Exchange Daily Official List, in the Financial Times and on Trustnet.

Taxonomy Regulation

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

Corporate Information

Registered office

201 Bishopsgate
London EC2M 3AE

Service providers

Alternative investment fund manager ("AIFM")

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE
Support@janushenderson.com

Corporate secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
ITSecretariat@Janushenderson.com

Depositary and custodian

HSBC Bank Plc
8 Canada Square
London E14 5HQ

Corporate broker

Winterflood Securities Limited
The Atrium Building
Cannon Bridge House, 25 Dowgate Hill
London EC4R 2GA

Registrar

Equiniti Limited ("EQ")
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: +44 (0)371 384 2457
Lines are open 8.30 am to 5.30 pm UK time,
Monday to Friday.

There is a range of shareholder information online. You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk.**

Independent auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Financial calendar

Annual results announced	December 2023
Ex-dividend date	4 January 2024
Dividend record date	5 January 2024
Annual General Meeting	25 January 2024
Final dividend payable	5 February 2024
Half-year results announced	May 2024
Interim dividend payable	June 2024

Information sources

For more information about the Company, visit the website at **www.hendersoneuropeanfocus.com.** This includes factsheets, interviews and current information on the Company and up-to-date share price and net asset value information.

To receive regular insights on investment trusts from the Manager, visit: **https://www.janushenderson.com/en-gb/investor/subscriptions/**

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

Investing

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

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

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 persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. Please note that it is unlikely that either the Company or the Company's registrar, Equiniti, would make unsolicited telephone calls to shareholders. 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 95. You can also check the FCA Warning List at **#BeScamSmart**.

Henderson European Focus Trust plc
Registered as an investment company in England and Wales with registration number 427958
Registered office: 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number: Ordinary Shares: BLSNGB0/GB00BLSNGB01
London Stock Exchange (TIDM) Code: HEFT
Global Intermediary Identification Number (GIIN): THMNPN.99999.SL.826
Legal Entity Identifier (LEI): 213800GS89AL1DK3IN50

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www.hendersoneuropeanfocus.com

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MANAGED BY
Janus Henderson
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