Henderson European Trust plc

Accessing another world of growth in Europe

MANAGED BY Janus Henderson INVESTORS

Annual Report 2024

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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.

Henderson European Trust at a glance

The Company invests in a concentrated portfolio of 35 to 45 stocks predominantly listed in Europe (excluding the UK). The portfolio has a bias towards large-cap companies but may, within limits, invest in small or mid-cap companies or companies listed outside Europe.

Average portfolio holdings

43

41 (2023)

Investment focus

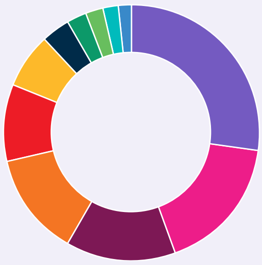
Total return

Regional focus

Europe (ex UK)

p.12 Portfolio snapshot

Global champions listed in Europe



Sector	%
Industrials	27.3%
Health Care	17.4%
Technology	13.7%
Financials	13.2%
Consumer Discretionary	9.6%
Consumer Staples	7.0%
Energy	3.5%
Basic Materials	2.5%
Utilities	2.3%
Telecommunications	1.9%
Real Estate	1.6%

p.13 Portfolio listing

Ongoing charge[1] KPI

0.70%

As at 30/09/2024

0.80% (2023)

Net Assets

£663.5M

As at 30/09/2024

£379.0M (2023)

Dividend yield[2]

2.4%

As at 30/09/2024

2.8% (2023)

p.2–3 Performance highlights

MANAGED BY Janus Henderson INVESTORS

1 Alternative performance measure, explained on pages 96–97. This figure has been calculated on a forward-looking basis which differs from the standard Association of Investment Companies methodology.

2 Based on the dividends paid or recommended for the year and the share price at the year end, being the interim of 3.05p and final dividend of 1.30p. See also alternative performance measures on pages 96–97.

Sources: Janus Henderson. A glossary of terms and alternative performance measures are included on pages 94–97.

Performance highlights

Year to 30 September 2024

Total return

p.8–11 Fund Manager's report

NAV per share[1] KPI
Total return 2024

16.6%

(2023) 24.1%

Share price[2] KPI
Total return 2024

20.5%

(2023) 27.7%

Discount[3] KPI
Debt at par 2024

9.1%

(2023) 11.9%

NAV per share[1]
At year end 2024

201.4p

(2023) 178.1p

Share price[2]
At year end 2024

183.0p

(2023) 157.0p

KPI This indicates a key performance indicator (KPI). KPIs are used to measure the success of your Company in meeting its objective and by the directors to evaluate the performance of the Manager.

p.19–20 Key performance indicators

Dividends

Dividend[3]
2024

4.35p

(2023) 4.35p

Dividend yield[4]
2024

2.4%

(2023) 2.8%

p.5 Chair's Statement

Performance attribution

Key performance influences over the year to 30 September[5]

	2024 %	2023 %
Return of the portfolio investments		
from sector allocation (ex cash)	–1.5	–1.9
from stock selection (ex cash)	2.4	5.5
from currency effect	0.3	0.6
Impact of gearing (net)	0.4	0.2
Impact of share buybacks and tender offer	0.5	0.0
Impact of costs of combination with HNE[6]	–0.2	n/a
Impact of contribution from JHI[6]	0.2	n/a
Impact of expenses	–0.8	–0.8
NAV return relative to the benchmark	1.3	3.6

1 Net asset value ("NAV") per ordinary share with dividends reinvested and excluding reinvestment costs. See alternative performance measures on pages 96–97.
2 Calculated using mid-market closing price(s). See alternative performance measures on pages 96–97.
3 Comprising an interim dividend of 3.05p paid in June 2024 and a recommended final dividend of 1.30p due for payment on 3 February 2025.
4 Based on an interim dividend of 3.05p paid in June 2024 and a recommended final dividend of 1.30p due for payment on 3 February 2025. See alternative performance measures on pages 96–97.
5 Relative to the FTSE World Europe (ex UK) Index for the year
6 Assets of £310m were transferred to the Company from Henderson EuroTrust plc on 4 July 2024. Further details about the contribution from Janus Henderson ("JHI") are in note 23 to the Financial Statements.

Performance highlights continued

Total return performance

Total return performance to 30 September 2024

	1 year %	3 years %	5 years %	10 years %
Company NAV[1]	16.6	25.8	63.3	167.6
Benchmark[2]	15.3	21.2	48.4	136.4
Company share price[3]	20.5	25.8	68.1	146.2
AIC Europe sector NAV[4]	15.4	11.3	50.1	154.5
AIC Europe sector share price[5]	15.2	8.5	50.8	148.4
IA OEIC Europe ex-UK sector average[6]	14.6	14.5	44.7	126.5

Total performance return for 10 years

Total performance return for 10 years to 30 September 2024

Source: NAV and Price from Morningstar Direct; Benchmark from LSEG Datastream

1 NAV per ordinary share with dividends reinvested and excluding reinvestment costs. See alternative performance measures on pages 96–97.
2 FTSE World Europe (ex UK) Index in Sterling terms
3 Share price using mid-market closing prices. See alternative performance measures on pages 96–97.
4 Simple average NAV for the AIC Europe sector which currently comprises six investment trusts
5 Average share price total return of the AIC Europe sector
6 Investment Association ("IA") Europe (ex-UK) sector for open-ended investment companies ("OEICs"), which comprised 138 funds at the year end

Sources: Janus Henderson, Morningstar Direct and LSEG Datastream
A glossary of terms and alternative performance measures are on pages 94–97.

Chair's statement

A new chapter for Henderson European Trust

Summary

- These are the first results following the successful combination of Henderson EuroTrust and Henderson European Focus Trust to form Henderson European Trust ("HET"). The combination has created a trust with combined assets of £664m, FTSE 250 membership and a lowered management fee.
- Despite challenging market conditions, including interest rate volatility and geopolitical concerns, the Company recorded a strong NAV total return of 16.6%, above the benchmark FTSE World Europe (ex UK) index.
- The Board is actively seeking to address the trust's recently widened discount through share buybacks, alongside new discount control mechanisms introduced as part of the combination.

Dear Shareholder,

This has been an eventful year for the Company and I would like to begin by welcoming former Henderson EuroTrust plc ("HNE") shareholders to Henderson European Trust plc ("HET") and to thank shareholders of both HNE and Henderson European Focus Trust plc ("HEFT") for their support in combining the two companies in early July, effected by way of a scheme of reconstruction (the "HEFT/HNE combination"). With circa £663.5 million in assets, promotion to the FTSE250 Index, proven stock picking skills supplied by Co-Fund Managers Tom O'Hara and Jamie Ross, improved liquidity in our shares and a lowered management fee for shareholders, the Board believes the Company is well positioned for its purpose of generating a good total return from investing in Europe. It is critical that investment companies evolve and are 'fit for purpose' to meet investor requirements – this was a driving force for boards of both HEFT and HNE and remains at the heart of what we hope to achieve for HET's shareholders.

Reporting on our performance, it is notable that whilst we outperformed peers and the index over 12 months (see comparative figures below), our performance was earned in the first six months of our financial year. The gyrations in the markets since we reported our interim results in May have been harder to navigate: heightened interest rate volatility amid concerns about global politics, potential impact from a greater slowdown in the US economy and problems in the Chinese property markets all ensured that the rotation between stocks was cautious in nature, with the shares of 'defensive' companies (those whose earnings prospects tend not to suffer much in recessions) vastly outperforming those of the more economically sensitive companies. Added to this, an episode of 'AI-angst' by investors after a period of exceptional returns led to a correction in the European semiconductor equipment shares that had been such strong long-term contributors to your Company's returns.

> *"It is critical that investment companies evolve and are 'fit for purpose' to meet investor requirements."*

Performance

Investment performance for the year was good: NAV total return was 16.6%, outperforming the Company's benchmark index total return of 15.3% with the share price total return higher again at 20.5% reflecting a small narrowing of the discount.

The long-term track record (which is that of HEFT, now HET) continues to be strong, 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 sector or the IA OEIC (open-ended funds) sector. The average NAV total return of the AIC Europe investment company sector (comprising six companies) was 15.4% in this period, and the OEIC Europe ex-UK sector average (comprising 138 funds) was 14.6%.

Combination with Henderson EuroTrust plc

Having formally combined on 4 July 2024 (see page 28 for details of the combination), the Board would like to thank all those involved in the transaction, including Janus Henderson for their financial support to ensure no costs to shareholders of either company, a reduction in ongoing management fee rates and support in promoting the Company as a flagship European investment trust.

As part of this transaction, the Company's name changed from 'Henderson European Focus Trust plc' to 'Henderson European Trust plc'. The management fee was reduced and more attractive tiered rates put in place (see page 18 for more details). As a result, the expenses for the year to 30 September 2024 were 0.75%, compared to 0.80% for HEFT and 0.79% for HNE in the year prior to the combination, and the estimated ongoing charge for the year to 30 September 2025 is 0.70%, as detailed on pages 96–97.

Dividends

The Board is recommending a final dividend for the year of 1.30p per share which, subject to shareholder approval at the Annual General Meeting ("AGM"), will be paid on 3 February 2025 to shareholders on the register on 3 January 2025. When added to the interim dividend paid in June 2024, this will bring the full-year dividend to 4.35p per share, which is the same total dividend as that paid by HEFT for the 2023 full-year distribution. This proposed distribution provides a yield of 2.4% on the year end share price of 183p.

HEFT declared a higher-than-normal dividend of 3.05p per share at the interim stage. We explained that due to the HEFT/HNE combination, we needed to ensure that all HEFT shareholders received the income which had been generated during their tenure, and that the final dividend would be smaller to reflect the lower amount of income received by the Company in the second half of the financial year and the larger number of shares in issue following the combination.

> *"Our results compare favourably with our competitors, be they in the investment trust or the Investment Association OEIC (open-ended funds) sector."*

We expect that dividends will return to a pattern of smaller interim and larger final dividends in the future.

Share rating and discount management policy

Our discount to NAV at the end of the financial year of 9.1% was a small but noteworthy improvement from the end of the previous year (30 September 2023: 11.9%). The average discount over the 12 months was 10.9%.

However, the discount at which the shares have traded to NAV in recent weeks has been at the wider end of our 12-month range. We believe this reflects a broader malaise affecting the whole investment company sector which, while we very much hope will be temporary, continues to be driven by a variety of macro factors that present challenges to buying demand. The Board considers share buybacks when the discount is deemed excessive, which is assessed on absolute and relative bases, and to that end 2,376,191 shares were bought back during the financial year, to be held in treasury (representing 0.7% of share capital). Since the year end (and as at 9 December 2024) a further 5,780,287 shares have been bought back (representing 1.6% of share capital), partly in response to increased selling pressure driven by investors' concerns around changes to capital gains tax ahead of the UK budget at the end of October.

The Board also reviewed the Company's discount management policy for the medium term. In addition to potentially using share buybacks, the Board has now introduced a five-yearly conditional performance-related tender of up to 25% of issued share capital, excluding treasury shares.

This will be made at a 2% discount to NAV less costs if, over the five years to 30 September 2029 (and over subsequent five-year periods to 30 September 2034 and beyond), the NAV per share total return does not equal or exceed the total return of the benchmark index. Any conditional tender offer would be subject to shareholder approval and prevailing legal and regulatory requirements.

Chair's statement continued

Finally, after the initial three-year period following the combination of assets, the Board will consider whether it would be in the interests of shareholders to offer additional opportunities to realise some of their investment, irrespective of net asset value return compared to benchmark, and will exercise discretion on what form these might take, subject to market circumstances at the time.

Capital structure and use of debt

The Company's total borrowing capacity remains at EUR 35 million in long-term structural debt by way of private placement loan notes with a weighted average interest rate of 1.57%, and an HSBC Bank overdraft facility of £30 million (or 10% of net assets if lower). At the year end the Company had not drawn on the overdraft and net gearing was approximately 4% of net assets.

We provide the Fund Managers with flexibility to manage actual gearing levels in light of their view on the prevailing investment opportunity. The Fund Managers' Report explains how they consider gearing, and the chart on page 99 provides further detail on month end gearing levels over the course of the year.

Fund management changes

John Bennet retired during the year, not only from his portfolio management role at HEFT, but also from leading the highly successful European team at Janus Henderson and indeed from a lengthy and distinguished fund management career. The Board would like to thank John for his tremendous stewardship of HEFT over a ten-year period, his mentorship and development role of a now 11-strong team of portfolio managers, and for instilling in Tom and Jamie a style and approach to active management in Europe that we expect to continue to serve HET so well.

Board changes

The combination of HNE and HEFT required considerable oversight by both boards. I would like to welcome Stephen King and Rutger Koopmans to the Board of HET, previously directors at HNE. Stephen, as an economist, brings macroeconomic expertise and market insight, and Rutger brings European perspective as well as corporate governance expertise from a long career in financial services.

As part of the transition, Stephen Macklow-Smith from HEFT and Stephen White from HNE stood down when the transaction completed, and Katya Thomson (ex HNE) stood down shortly after completion; Robin Archibald (ex HEFT), having completed almost nine years, will not stand for re-election at the forthcoming AGM. I would like to thank all respective directors for their significant contributions, both during their tenure, and especially in the months leading up to the combination.

Particularly noteworthy, Robin has been involved in HET since the early 1990s, originally as an advisor and latterly as a non-executive director, Audit and Risk Committee ("ARC") Chairman and Senior Independent Director ("SID"). We are deeply grateful for Robin's tireless and valuable commitment to the Company and the Board over the last nine years, with his wise counsel, extensive knowledge of accounting and corporate issues and familiarity with the investment trust sector.

Melanie Blake will be appointed ARC Chair when Robin Archibald stands down, and an appointment of a SID will follow during the next year.

Governance, shareholder engagement and AGM

We are pleased to invite shareholders to attend the AGM in person at our registered office on Wednesday, 29 January 2025 at 11.30 am and to join us afterwards for refreshments. This is an opportunity to meet the Fund Managers and the Board. 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 Monday, 27 January 2025 through their nominee platforms.

The HEFT/HNE combination created a large amount of share premium through the issuance of new shares. Shareholder approval is being sought at the AGM to reclassify the share premium account as a distributable reserve. This will provide greater flexibility in the future.

Please see pages 89–93 for the AGM Notice, more information on all the resolutions, and 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. Visit our website at www.hendersoneuropeantrust.com where you can subscribe for updates.

Outlook

As 2024 draws to a close, market conditions are unusually volatile. The US 10-year Treasury yield – the benchmark for borrowing costs worldwide – is midway between the last 12 months' high (4.7%) and low (3.6%). Fears associated with a sustained outbreak of 'tariff wars' are higher than in many a year. For European investors, additional challenges include Germany's 'sick man of Europe' status, the war in Ukraine and the emergence of new, more populist, political movements.

Yet Europe is replete with world-class companies. As Tom and Jamie, your Fund Managers, highlight in their report, the companies in the Henderson European Trust portfolio draw their revenues from geographically diversified sources. Europe may be out of favour among many investors but, in circumstances where European companies look remarkably cheap relative to their international rivals, we believe, for those willing to recognise that corporate Europe is not the same as the European economy, exposure to the region will reap benefits.

Vicky Hastings
Chair of the Board

11 December 2024

> *"We believe, for those willing to recognise that corporate Europe is not the same as the European economy, exposure to the region will reap benefits."*

Fund managers' report

Seismic shifts in stock markets

Summary

- HET achieved NAV growth of over 16% for the year to 30 September 2024, outperforming its benchmark despite a period of underperformance in the latter half of the year. Effective use of gearing and the impact of the strategic portfolio reorganisation as part of the combination of Henderson European Focus Trust and Henderson EuroTrust underscored the benefits of the transaction.
- Global markets were marked by volatility over the year to 30 September 2024, as inflation began to normalise in most economies. Three core trends emerged that have impacted our thinking over the year.
- Looking forward, Chinese economic policy efforts, the normalisation of interest rates and positive indicators from the US economy will provide opportunities for cyclical areas of the market we anticipate.

The combination of Henderson European Focus Trust plc ("HEFT") and Henderson EuroTrust plc ("HNE") completed successfully in July 2024. The environment since then has been anything but benign. We have navigated a market that seems to be agitating for change; notably, a sudden sell-off in technology shares over the summer and the corresponding race into the smaller and medium-sized companies that would be expected to benefit from looming interest rate cuts. Several big themes – and the uncertainty surrounding them – have dominated share price behaviour.

In our view, the events of the last year can be broadly organised into three core challenges:

1. An increasingly price-sensitive consumer
2. The structural challenges facing China's economy
3. A changeable interest rate cycle

We will also discuss how the participation of passive and short-termist investors is impacting our market as a whole – spoiler: we believe it is a positive for long-term, active investors like ourselves and it directly informed our response to the market turnover in the summer.

Performance

The Company generated NAV growth of 16.6% in the year to 30 September 2024, 1.3% ahead of the performance of the benchmark, the FTSE World Europe (ex UK) Index. Readers of the 2024 half-year report will recall a robust performance period. For the second half of 2024 specifically (1 April to 30 September), we gave back some of this outperformance, lagging the +0.3% benchmark return by 1.5%. This short period of underperformance will be evaluated in the context of the themes outlined above.

Net gearing stood at 4.2% at the end of September, effectively a full deployment of the long-term loan notes placed by HEFT in January 2022 at a very favourable average interest rate of 1.57%. Over the year gearing was mildly accretive to our performance (see the performance attribution table on page 2). We have the flexibility to take gearing higher through use of an overdraft facility, when we perceive a compelling stock, sector or market opportunity. We consider our neutral stance to be our current position of fully deploying our low-cost loan notes.

Finally, the combination of two companies required the two respective portfolios be focused into one and that we raise cash to fund two partial tender offers. As such, there is optically a significantly higher level of portfolio activity during the period. However, the direct trading costs of reorganising two portfolios into one formed of our 'best ideas' were minimal. We consider that this was achieved

Fund managers' report continued

successfully without adverse financial impact on either company and demonstrated one of the key benefits of the combination of the companies: the drawing together of two similar approaches to obtaining returns from Continental European stocks.

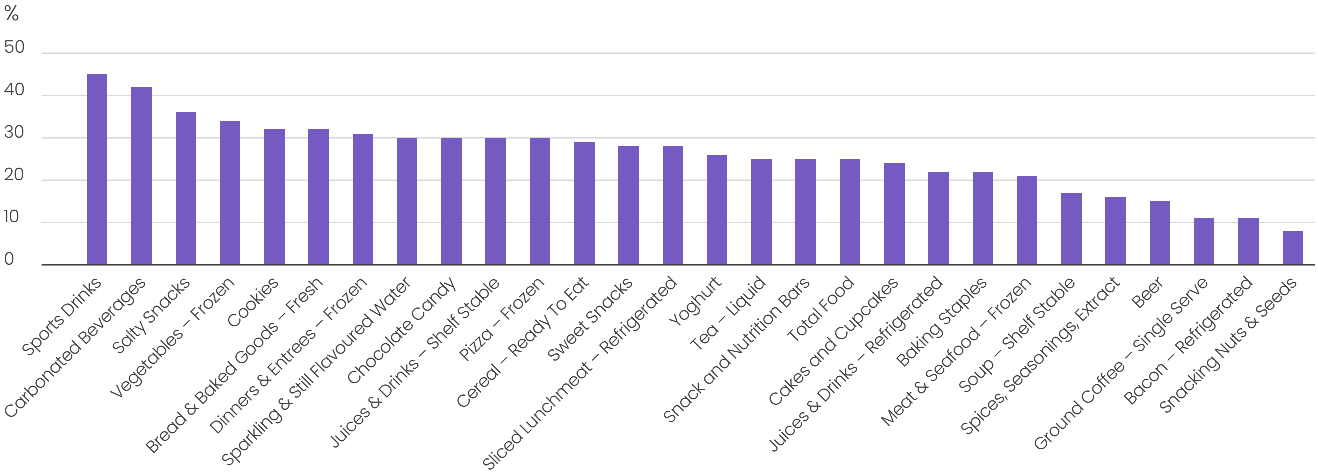
A more selective consumer

As a rule, stocks tend to matter more than sectors in our investment process. Nonetheless, at times events outside of our control can necessitate taking a top-down view. Over the last year, the travails of the consumer have been one such event.

The effects of inflation, following Covid and the Ukraine war, have continued to impact both consumer and corporate behaviour.

The impact on pricing, though, has varied widely within the consumer space. This variation has framed our perspective on consumer companies. We have chosen to specifically focus on 'cumulative pricing' since pre-Covid, as a metric through which we can usefully analyse how aggressive companies have been with pricing and the tolerance of consumers to accept these price hikes. The chart below offers an illustration of the level of variation across a range of consumer product categories.

Category EQ Price Change – 2023 vs 2020



Source: NielsenIQ and TD Cowen

In addition to the product categories above, we have observed luxury goods companies pushing through significant price increases, of up to 40-60% for core product lines. Yet, roughly-speaking, economy-wide inflation – measured by CPI and wage growth – was closer to 15%. Consumers have demonstrably been squeezed, and they know it.

A second metric we consider is gross profit margin, a company's revenues minus the direct costs involved in production like ingredients, energy, factory labour and so on. In LVMH's case, gross profit margins actually rose during the inflationary spike. Many of its peers broadly maintained profitability. This suggested to us that the price increases may be excessive and could prompt a significant and lasting shift in consumer behaviour. We reduced our luxury goods exposure and the sector fell around 14% over the second half of our financial year.

On the contrary, beer companies were considerably, cheeringly kinder to their consumers. We invest in global behemoth Anheuser-Busch InBev, which is currently circa 2.7% of the portfolio. The company saw its gross margin decline from over 60% pre-Covid to a low of less than 54% in 2024, due to its costs rising in excess of its price increases. While this is a short-term challenge to profitability, they should be able to raise prices and profit margins steadily over the longer term – having avoided alienating consumers. Of course, there is a level of loyalty to beer brands and taste profiles which is a further positive for us as investors – people tend not to feel too enticed by supermarket-branded beers, whatever the price.

Fund managers' report continued

Of course, not all consumer trends can be captured by the relationship between profit margin and price increases. The streaming companies have been universally hit by a surprise slowdown in music subscriptions earlier in the year, despite prices barely rising over the last few years. This in turn hit shares in Universal Music Group ("UMG") in dramatic fashion in July. While the streamers are intending a rare moment of collaboration to reignite growth, the uncertainty was not tenable given UMG's share price and we have fully exited the stock.

China's economic challenges

Chinese companies and consumers have been a notable source of revenues for European businesses over the last decade and a half. With that in mind, a series of speedbumps in the road of Chinese growth has caused some concern for investors. This has been most evident in the failure of 'cylical' stock prices to recover even as interest rates began to fall (historically, cyclical stocks – those most sensitive to economic growth – have seen their fortunes move in lockstep with rates).

At the same time, the Chinese government has made concerted efforts to establish a presence in premium export markets – notably electric vehicles, solar panels and wind turbines. These efforts have had the explicit goal of counteracting the slowdown in growth driven by a faltering consumer market. The prospect of further protectionism from Europe and the US therefore prompted a direct response from the Chinese authorities in the form of late September's stimulus package.

How do we navigate such a critical theme for the global economy? We have generally avoided European automakers as the structural challenges from an efficient, competitive Chinese auto-complex look genuine. As already mentioned, we reduced our luxury goods exposure, where so much growth in recent years has depended on Chinese wealth-creation. However, we took a contrarian stance in buying elevator company, KONE, in January. The company has been viewed as a China-proxy – but selling new elevators to China is now only 15% of its profit (down from 50% in 2016). That means its share price can reflect changes in sentiment regarding the Chinese economy, even as its financial performance doesn't. Instead, the company derives revenue from servicing elevators and is using new technology to anticipate future servicing needs.

> *"There is much geopolitical uncertainty across the globe, but sombre as it may sound, that has been a constant in recent years and one that has, thus far, not constrained strong equity market performance."*

Legacy HEFT readers may be familiar with the term 'Big is Beautiful', our framework for assessing the ability of large incumbents to further bolster their market-leadership through scale and expertise. KONE is a classic example in this niche.

As for China, we expect it to be a key determinant of market behaviour in 2025. We lean towards an improvement in sentiment, which should benefit those cyclical companies we own across industrials and materials, some of which have been the biggest laggards in the 2024 financial year due to their direct or indirect exposure to the country. We note some encouraging datapoints suggesting there may be sizeable stimulus ammunition already in the pipeline. Watch this space.

A changeable interest rate cycle

The catalyst for the summer turmoil in markets, or the 'rotation' to use the market vernacular, started with the US Federal Reserve more overtly indicating that interest rates could soon start coming down. Lower interest rates tend to be taken as good news for markets, increasing risk appetite.

It is reckless to chase short-term momentum in the markets, especially when so much of it is driven by short-term speculation, but we were certainly cognisant of the potential for lower interest rates to fundamentally improve the outlook for certain business models: those in which the cost of debt is a key determinant of profitability and equity value. This environment informed our decision to buy Spanish-listed telecommunication towers operator Cellnex and UK-listed utility company National Grid. The latter appealed in part due to the increased policy stability in the UK and the fact the company derives half its revenues from the US.

Legacy HNE readers may recognise Cellnex as a previous holding: the pressure on the share price of this company when interest rates started to rise in 2022 remains a vivid memory, but also reminds us that a similar reversal is possible as rates start to ease again. It is also helpful that during the interim, Cellnex has, in our view, seen an upgrade to its management, governance and strategy. We expect it to be a very shareholder-friendly company in the months ahead, through the initiation of share buybacks.

There is rampant speculation on the impact on the US interest rate cycle of the recent re-election of Donald Trump as US president. We believe that his sparse policy programme during campaigning provides limited evidence on which to base assumptions. Instead, we will be watching, along with the world, to see what emerges as his policy agenda in the early days of his presidency.

How today's market structure informs our thinking

Fundamental active investors now account for only 10-20% of daily traded volumes in the European equity market. As such, we are minority participants in a market which is dominated by passive funds and hedge funds with very short-term strategies. Neither of these are equipped to take the long-term view, to take the other side of the trade when panic sets in. The result is outsized reactions to economic, market or company news that are not reflective of long-term prospects or value. Conversely though, that means there is opportunity for those of us with the ability – the luxury – to express a long-term view. Our summer purchase of Ryanair is a case in point. We bought shares on the days when the numbers of sellers vastly outweighed the buyers.

We also believe that this is the lens through which we should view the changeable fortunes of technology shares over the summer. For example, shares in ASML – a major player in the AI supply chain and one of Europe's largest companies – suddenly declined by 30%. This was despite so-called 'hyperscalers', the technology giants like Microsoft and Alphabet ploughing billions into AI, indicating that they are planning to maintain or even grow their expenditure on the technology.

As such, a narrative emerged explaining that the sell-off stemmed from concern over a lack of return on investment for the hyperscalers. Our simple view is: it is too early to tell what the return will be, but either way we do not expect them to stop investing. That alone is sufficient to ensure plentiful revenues flow to the supply chain, such as our investments across semiconductor capital equipment, building materials and industrial equipment (which collectively add up to over 15% of the Company's NAV). As for that summer sell-off, it reaffirmed the 'blunt tool' that is the short-termism of a majority of participants in the market.

Outlook

We believe that we are seeing the conditions for a catch-up in those underperforming cyclical areas of the equity market thanks to: 1) China's recent efforts to stabilise its economy, 2) lower interest rates filtering through the global economy, and 3) encouraging datapoints suggesting ongoing vigour in the US economy. There is much geopolitical uncertainty across the globe, but, sombre as it may sound, that has been a constant in recent years and one that has, thus far, not constrained strong equity market performance.

Finally, a word on our home continent, which is suffering an identity crisis of sorts relating to its role in the world, its poor demographics, its high public debt levels and its lagging economic growth. While you may have expected us to dwell in this commentary on the state of the European political landscape at a time of great uncertainty, the impact of this on our portfolio is relatively limited. This reflects the very nature of the companies we invest in – global operators that happen to be listed in Europe. The most pertinent factor is the geographies from which they draw revenues, which are happily very diversified. As such, your Company is positioned to benefit from any improvement in economic sentiment and activity.

Tom O'Hara and Jamie Ross
Fund Managers

11 December 2024

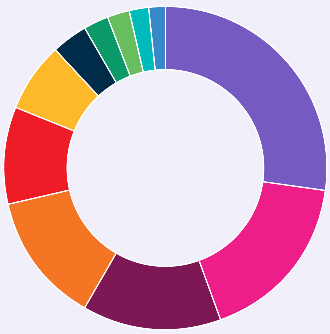
"We believe that we are seeing the conditions for a catch-up in those underperforming cyclical areas of the equity market."

A snapshot of our portfolio

Classification of investments and portfolio weighting as at 30 September 2024

Sector breakdown

Sector exposure at 30 September
As a percentage of the investment portfolio excluding cash

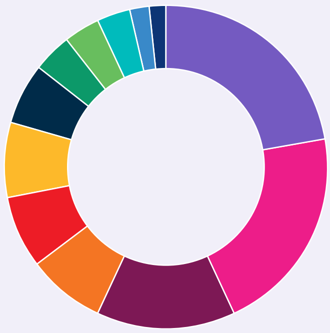


	2024 %	Sector over / underweight[1] %	2023 %
Industrials	**27.3**	8.7	26.7
Health Care	**17.4**	0.8	11.6
Technology	**13.7**	3.9	8.9
Financials	**13.2**	-6.3	6.2
Consumer Discretionary	**9.6**	-2.5	12.0
Consumer Staples	**7.0**	-0.3	6.5
Energy	**3.5**	0.1	8.9
Basic Materials	**2.5**	-1.9	14.1
Utilities	**2.3**	-1.7	–
Telecommunications	**1.9**	-1.2	–
Real Estate	**1.6**	0.4	–
UK Govt bonds	**–**	–	5.1

1 Relative to the FTSE World Europe (ex UK) Index at 30 September 2024, excluding cash

Regional breakdown

Geographic exposure at 30 September
As a percentage of the investment portfolio excluding cash



	2024 %	Country over / underweight[1] %	2023 %
France	**22.4**	1.2	30.5
Germany	**20.8**	3.5	16.8
Switzerland	**13.8**	-5.3	5.0
Netherlands	**7.8**	-1.1	11.2
Denmark	**7.4**	1.2	6.0
United Kingdom	**7.4**	7.4	6.8
Ireland	**6.1**	5.5	–
Belgium	**4.0**	2.0	6.2
Spain	**3.6**	-2.0	1.4
Italy	**3.3**	-2.5	1.4
Finland	**1.8**	-0.2	8.4
Austria	**1.6**	1.1	–
Norway	**–**	-1.2	2.9
Sweden	**–**	-6.7	3.4

1 Relative to the FTSE World Europe (ex UK) Index at 30 September 2024, excluding cash

Sources: Janus Henderson and Factset

A snapshot of our portfolio continued

Investment portfolio as at 30 September 2024

Ranking 2024	Ranking 2023	Company	Sector	Country of listing	Valuation 2024 £'000	% of portfolio
1	2	Novo Nordisk	Pharmaceuticals and Biotechnology	Denmark	41,930	6.07
2	–	ASML	Technology Hardware and Equipment	Netherlands	34,798	5.03
3	17	SAP	Software and Computer Services	Germany	31,184	4.51
4	4	TotalEnergies	Oil, Gas and Coal	France	24,622	3.56
5	19	Siemens	General Industrials	Germany	23,147	3.35
6	–	UniCredit	Banks	Italy	23,012	3.33
7	25	Deutsche Boerse	Investment Banking and Brokerage Services	Germany	19,999	2.89
8	–	Munich Re	Non-life Insurance	Germany	19,512	2.82
9	24	Anheuser-Busch InBev	Beverages	Belgium	18,885	2.73
10	–	CRH	Construction and Materials	Ireland	18,877	2.73
11	–	Sanofi	Pharmaceuticals and Biotechnology	France	18,857	2.73
12	–	BNP Paribas	Banks	France	17,815	2.58
13	10	Schneider Electric	Electronic and Electrical Equipment	France	17,192	2.49
14	–	Novartis	Pharmaceuticals and Biotechnology	Switzerland	17,036	2.46
15	–	Alcon	Medical Equipment and Services	Switzerland	16,833	2.43
16	6	Safran	Aerospace and Defence	France	16,448	2.38
17	–	National Grid	Gas, Water and Multi-utilities	United Kingdom	16,195	2.34
18	7	Airbus	Aerospace and Defence	France	15,578	2.25
19	–	Compass	Travel and Leisure	United Kingdom	15,493	2.24
20	8	LVMH Moët Hennessy Louis Vuitton	Personal Goods	France	15,141	2.19
21	34	Infineon	Technology Hardware and Equipment	Germany	14,905	2.15
22	–	SGS	Industrial Support Services	Switzerland	14,327	2.07
23	35	ASM International	Technology Hardware and Equipment	Netherlands	13,782	1.99
24	–	Cellnex Telecom	Telecommunications Service Providers	Spain	12,982	1.88
25	–	Aena	Industrial Transportation	Spain	12,179	1.76
26	–	KONE	Industrial Engineering	Finland	12,163	1.76
27	–	Ryanair	Travel and Leisure	Ireland	11,974	1.73
28	16	Danone	Food Producers	France	11,697	1.69
29	–	Roche	Pharmaceuticals and Biotechnology	Switzerland	11,592	1.68
30	9	Holcim	Construction and Materials	Switzerland	11,387	1.65
31	–	British Land	Real Estate Investment Trusts	United Kingdom	11,252	1.63
32	–	Smurfit Westrock	General Industrials	Ireland	11,087	1.60
33	–	BAWAG	Banks	Austria	10,607	1.54
34	13	Adidas	Personal Goods	Germany	10,392	1.50
35	–	Beiersdorf	Personal Care, Drug and Grocery Stores	Germany	10,390	1.50
36	–	VAT Group	Electronic and Electrical Equipment	Switzerland	10,143	1.47
37	5	Saint-Gobain	Construction and Materials	France	9,829	1.42
38	–	DSV	Industrial Transportation	Denmark	9,267	1.34
39	–	Syensqo	Chemicals	Belgium	8,991	1.30
40	–	Anglo American	Industrial Metals and Mining	United Kingdom	8,085	1.17
41	–	Hermès	Personal Goods	France	7,529	1.09
42	–	Rheinmetall	Aerospace and Defence	Germany	7,456	1.08
43	–	Nestlé	Food Producers	Switzerland	7,222	1.04
44	–	Galderma	Pharmaceuticals and Biotechnology	Switzerland	7,028	1.02
45	–	Bayer	Pharmaceuticals and Biotechnology	Germany	6,988	1.01
46	–	Stellantis	Automobiles and Parts	Netherlands	5,689	0.82
		Total listed equity investments at fair value			**691,497**	**100.00**

The number of stocks held may increase above 45 for a limited time period if necessary to enable operational settlement of sales and purchases in the portfolio. For this reason the portfolio temporarily held 46 stocks as at 30 September 2024.

Case studies

Ryanair

Travel & Leisure

Country of listing

Ireland

Proportion of portfolio

1.73%

What do they do?

Ryanair operates low-fares/no-frills short-haul routes in Europe. In operation since 1985, and based in Dublin, Ryanair began to introduce the low-fares operating model between Ireland and the United Kingdom in 1991.

Investment case

We are cautious about prospects for companies selling consumer products including food, luxury goods, spirits and so on, especially those that appear to have pushed hard on pricing. However, we also need to be aware that lower interest rates could improve consumer sentiment, particularly amongst lower-income households. Our logic is that as inflation eases, wage growth catches up and mortgage and loan rates come down, consumers might feel more inclined toward the odd treat. A meal and drinks out, some clothing, a holiday, or perhaps all three in combination. We think the companies selling these more modest 'discretionary' items could be first to see the benefit of improving consumer sentiment. This notion prompted our purchase of Ryanair in the wake of its profit warning in July (when it indicated summer ticket prices would be down on the prior year). Ryanair is a high-quality business in a tough sector, the lowest cost operator in short-haul European flights, in which 'value for money' is a key competitive edge. There are some important features to its business model: it uses 'dynamic pricing' algorithms, meaning ticket prices change in response to consumer demand on its website. It also sells around 50% of the seats for a flight around 4-6 weeks before take-off. In other words, consumer sentiment is rapidly reflected in Ryanair's revenue and operating profits. The panic-stricken sell-off presented us with a great opportunity to buy a long-term winner in anticipation of brighter days for the consumer. It also helped that, as Ryanair is solely European-focused, we were not required to take a view on the Chinese economy.

Case studies continued

SGS

Industrial Support Services

Country of listing

Switzerland

Proportion of portfolio

2.07%

What do they do?

SGS is the world leader in inspection, verification, testing and certification, in industries such as resources, consumer companies and agriculture. SGS's business is operated across 11 major industries through five business lines. The group has a network of over 2,600 offices and laboratories in 116 countries and employs around 99,600 people.

Investment case

SGS shows the importance of company management in our investment decisions. SGS is undoubtedly a high-quality company. It is a clear beneficiary of increasingly complex regulatory compliance across a raft of industries. Over the last decade, SGS has produced near best-in-class organic growth, but has moved from earning among the highest margins in the industry to among the lowest. In our view, this suggests a period of undermanagement; we believe that the company can significantly improve its operational performance over time. The catalyst for improvement arrived in December 2023 when Geraldine Picaud joined the company, becoming CEO in March this year. Her prior track record (as CFO) was exceptional, especially given that her previous industry is renowned as difficult to navigate with strong competitive pressures. Since joining SGS, she has made significant changes to the management team, has improved the financial incentive structure, laid out a credible plan for improving cost efficiency and has refocused the organisation on structural growth. We expect this to be rewarding for shareholders over time.

How we build our portfolio

Fundamental stock picking approach

We are stock pickers; most of our analytical effort is spent trying to find the right businesses to back. Over time, much of our outperformance has been driven by picking the right companies, and in Europe we have an excellent, varied and reasonably valued universe within which to search for ideas. Typically, we like companies that generate enough cash to self-fund their growth but we try to avoid overpaying for this, and other quality characteristics.

Sectors and themes also matter

In addition to picking the right stocks, we also spend time thinking about how we should be positioning the portfolio on a sectoral and thematic basis. Often, our sector and thematic exposure is driven by our stock picking approach rather than the other way around. We aim to generate outperformance through these decisions as well as through our stock selection. We believe in cycles and will often look to invest at points of positive inflection.

Style is an output, not an input

We see ourselves as a core proposition. At times we may look 'value' in nature, and at times 'growth' or 'quality' in nature. We deliberately do not have a fixed style – any overall style characteristics at any given time are determined by the underlying investments within the portfolio.

Company access, varied sources of research

Meeting with management teams is crucial; we conduct over 1,300 meetings every year. We try to identify compelling leaders and look for a history of strong capital allocation. Spreadsheet-based analysis only gets you so far. We also produce our own research, we speak to experts, we use AI-powered functionality to improve our own productivity. An open minded and flexible approach.

Be ready to be wrong, manage risk

You cannot invest successfully without being willing to be wrong. We do not focus on trying to get everything right; instead, we focus on trying to minimise the damage caused by the mistakes that we inevitably do make. Thesis creep is not tolerated, position sizing is closely monitored, and overall exposures are carefully analysed.

Business model

Investment objective

The Company aims to maximise total return from a portfolio of stocks predominantly listed in Europe (excluding the UK).

Purpose

The Company's purpose is to provide shareholders with long-term growth in income and capital through investing in a portfolio of stocks listed in Europe and to make this form of investment widely accessible to investors large and small.

Investment policy

Asset allocation

The portfolio is predominantly invested in stocks listed in Europe (excluding the UK) 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 the UK.

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 Investment Manager's views of total return prospects.

The Company has adopted the following limits:

- The portfolio will contain between 35 and 45 stocks.
- European (excluding the UK) listed stocks will consist of not less than 80% of net asset value ("NAV") at the time of investment.
- The Company will not hold more than 10% of the share capital of any company at the time of investment.
- The portfolio has a maximum single stock weighting of 10% of NAV of the portfolio at the time of investment.
- Exposure to smaller companies (with a market capitalisation of less than €1 billion) is limited to 10% of NAV at the time of investment.
- The portfolio is not constructed with a yield target.

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 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 NAV at the time the borrowing is assumed.

Other restrictions

It is the Company's policy to invest no more than 15% of its total assets in other listed closed-ended investment funds.

Structure

The Company fulfils its purpose by doing business as an investment company under s833 Companies Act 2006, and as a closed-ended investment vehicle, approved by HMRC as an investment trust under s1158/59 Corporation Tax Act 2010. The Company is also a public limited company listed on the main market of the London Stock Exchange, and as such is subject to the UK Listing Rules, Prospectus Regulation Rules, Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ("FCA") and the provisions of the City Code on Takeovers and Mergers. A board of independent non-executive directors governs the Company, delegates management of the Company's investments to the Manager, and controls costs. The Company's day-to-day functions, including administrative, financial and share registration services, are carried out by reputable third-party service providers with established track records to deliver the necessary services to the Company.

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. 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. A significant advantage over other investment fund structures is the ability to use leverage to potentially increase returns for shareholders.

The Board is accountable to the Company's shareholders and directors are independent of the Manager. Shareholders vote annually on the re-election of directors.

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 simply price/earnings ratios or other performance measures. The benchmark is the FTSE World Europe (ex UK) Index in Sterling terms.

Business model continued

Values and culture

The board of directors follows high standards of governance, with a culture based on openness and integrity, combined with constructive challenge, informed enquiry and a strong focus on shareholder interests. The Board seeks to act in the best interests of shareholders, making the most effective use possible of the diversity of skills and experience of its members, with consideration of the wider stakeholders' interests. 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.

The Company has policies and procedures in place to maintain a culture of good governance, including regular scheduled board meetings using wide-ranging agendas, committee meetings on specific areas such as audit and risk, and directorial activities such as conflicts of interest, dealings in the Company's shares, bribery and tax evasion.

At the date of this report, the Board comprises six directors, four of whom are male and two are female. All directors seek to properly discharge their responsibilities and meet shareholder expectations in a transparent manner with commitment of time and effort as required.

Apart from focusing on experience and collective competence to task, the Board welcomes diversity of views and experiences. The Board considers the culture of the Manager and other service providers through regular reporting and presentations to ensure constructive engagement and challenge. The Board recognises that the Manager fosters and maintains an environment that values the 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 stakeholders more generally.

Management

The Company is 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 ("JHUK") in accordance with an agreement effective from July 2014. The management agreement with JHFM is reviewed annually and can be terminated on six months' notice. During the year to 30 September 2024, the management agreement was reviewed and the fee rates reduced as part of the combination of assets of Henderson European Focus Trust plc ("HEFT") and Henderson EuroTrust plc ("HNE"), referred to in this Annual Report as the "HEFT/HNE combination".

JHFM and JHUK are authorised and regulated by the FCA and are part of the Janus Henderson Investors group of companies. References to 'Janus Henderson', 'JHI' or the 'Manager' refer to the services provided to the Company by the Janus Henderson Investors' group of companies.

The Fund Managers are Tom O'Hara and Jamie Ross, who draw on the resources of a wider European team at JHI. The Fund Managers' combined shareholding in the Company at the year end comprised 186,500 shares.

The management agreement provides for the payment of a composite management fee. Until 3 July 2024, the fee was charged at 0.65% per annum of net assets up to £300 million, and 0.55% of net assets above £300 million. From 4 July 2024, on completion of the HEFT/HNE combination, the management fee was reduced to 0.60% of net assets up to £500 million, 0.475% of net assets from £500 million up to £ 1 billion, and 0.45% of net assets equal to and above £1 billion. Any holdings in funds managed by Janus Henderson, of which there were none in the year, are excluded from calculation of the management fee. There are no performance fees and no separate administration charges payable to Janus Henderson.

Ongoing charges

The Board believes that the forward-looking ongoing charge ratio of 0.70% (2023: 0.80%) represents a competitive cost for shareholders. As an alternative performance measure, the calculation of the ongoing charge is explained on page 97. The Board scrutinises costs borne by the Company and compares the ongoing charge ratio to that of its immediate peers in the AIC Europe sector, against which it is competitive. The expected decrease from the HEFT/HNE combination is only partially reflected in the year ended 30 September 2024, as shown by the 0.75% impact of expenses that is set out on page 97. The combination took place in the final quarter and the Board expects the full impact in line with the 0.70% ongoing charge to be reflected in 2025.

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 (2023: 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 also 'de-gear' its investment exposure by investing part of the portfolio in cash or cash equivalents, if it is thought appropriate to do so given the market circumstances at the time.

Key performance indicators

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"):

KPI	Action
Performance measurement	Whilst portfolio construction is not constrained by the benchmark, the Board measures performance of net asset value ("NAV") total return and share price total return against the FTSE World Europe (ex UK) Index (in Sterling) and against both the AIC Europe sector and IA Europe ex-UK sector for open-ended investment companies ("OEICs") as its peer groups. The portfolio is not constructed with a yield target.

NAV total return outperformance

During the year

1.3%

(compared to the benchmark)

1.2%

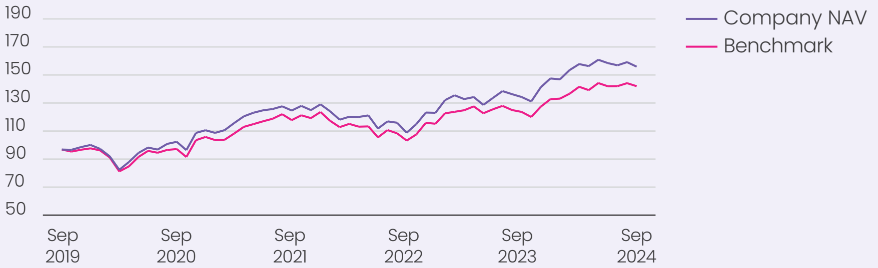
(compared to AIC Europe)

2.0%

(compared to IA OEIC Europe)

During the year under review, the Company's NAV outperformed the benchmark by 1.3% on a total return basis. Over five years, the Company's NAV outperformed the benchmark by 14.9%.

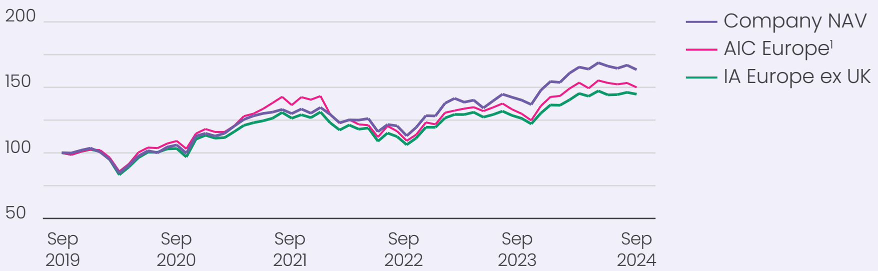
NAV total return against benchmark



During the year under review, the Company's NAV outperformed the AIC and OEIC Europe sectors by 1.2% and 2.0% respectively. Over five years, the Company's NAV outperformed the AIC and OEIC Europe sectors by 13.2% and 18.6% respectively.

NAV total return against peers

GBP



1 Simple average NAV for the AIC Europe sector

Key performance indicators continued

KPI	Action

Performance measurement continued

During the year under review, the Company's share price outperformed the AIC Europe sector by 5.3% on a total return basis. Over five years, the Company's share price outperformed the AIC Europe sector by 17.3%, as shown in the graph below.

Share price total return performance[1]

Discount or premium of share price to NAV per share[2]

Repurchased shares

2,376,191

(0.7% of issued share capital)

This is the level of discount or premium at which the ordinary shares trade relative to 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 beneficial to the long-term interests of shareholders. The directors review the level of the Company's discount to NAV per share and average discount for the AIC sector at each board meeting and regularly between meetings.

At 30 September 2024, the Company's shares were trading at a discount to NAV of 9.1%.

Discount over 5 years against AIC sector weighted average

In the year under review, the Company bought back 2,376,191 shares, being 0.7% of issued share capital as at 30 September 2024.[3]

Ongoing charge

The ongoing charge calculation is explained on pages 96–97. The Board presents an alternative calculation to represent forward-looking costs of 0.70%, compared to the impact of expenses on the current year of 0.75%, due to the HEFT/HNE combination taking place during the year and the traditional calculation not being representative of costs on an ongoing basis. The 2023 ongoing charge was 0.80%.

The charts and data on pages 1–3 also show how the Company has performed against these KPIs. These KPIs are also explained in the alternative performance measures on pages 96–97.

1 Share price using mid-market closing prices
2 Calculated using mid-market closing prices
3 This figure does not include the 31,915,217 shares repurchased as part of the HEFT/HNE combination.

Managing 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 21–23. To assist in mitigating the decision-taking risks as far as practicable, the Board has also 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.

Emerging risks

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.

For example, during the last 12 months the combination of Henderson Eurotrust plc assets into the Company constituted a specific risk to costs and performance. The transaction was monitored very closely, managed effectively and is no longer considered a specific operational or performance risk.

The recent changes in the fiscal environment in the UK are however considered a general risk of a heightened nature, over which the Company has no direct control but may have to engage in mitigating actions. Previously, a perceived key risk was the transition of the lead fund manager for the Company. With the retirement of John Bennett, the transition to co-fund manager Tom O'Hara, and latterly the addition of Jamie Ross as co-fund manager, this has been managed successfully over the last 18 months or more.

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 may 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. The impacts of geopolitical tensions affect the investment landscape, as do borrowing levels in economies, relatively low growth in developed economies and the threat of inflation, all of which are factored into investment decisions. There are specific risks in the UK environment that might impact on investors and demand for the Company's shares which are also taken into consideration in managing the Company's share price rating, where possible.

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

Risk	Controls and mitigation
Market The Company's absolute performance in terms of NAV 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, including changes to the fiscal environment for UK investors.	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 undertake 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.

Managing risks continued

Risk	Controls and mitigation
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 NAV per share.	The Board monitors the Company's ordinary share price relative to NAV per share and reviews changes in shareholdings in the Company to understand short or longer-term trends in supply of and demand for the shares. The Company is able, when appropriate, to issue or to buy back shares 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 or buybacks at a premium. The Board also monitors the rating of the Company's shares against other closed-ended investment companies in the sector. 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. During the year and since the year end, the Company has bought back shares to help manage the demand for and supply of shares and the market rating. As part of the HEFT/HNE combination in 2024, the Company has introduced the prospect of a periodic tender offer to shareholders in the event that the Company underperforms its benchmark. There will also be consideration of how the Company's rating has performed relative to the market in three years' time. See pages 28–29 for more details.

Managing risks 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 NAV 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 and environmental risks 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 aware of fiscal and other developments that might affect shareholders' interests. The Board is kept informed 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 43–48. 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.

The Company's viability

The AIC Code of Corporate Governance includes a requirement for the Board to assess 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 for the Company 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 liquidity issues arising from unexpected redemptions.

Also relevant are 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. Detailed income and expense forecasts are made over a shorter time frame. 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 notes and borrowing facility and how a breach of any covenants could impact the Company's NAV and share price. The Board has assessed the risks associated with geopolitical, economic and health crises in recent years, including the escalating conflict in the Middle East and the ongoing war in Ukraine, 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 and the application of periodic tender offers does not affect that assessment.

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.

Following completion of the HEFT/HNE combination in July 2024, the Board has introduced a five-yearly conditional performance-related tender offer, and an additional discretionary tender mechanism following the year ended 30 September 2027. See pages 28–29 for more details.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements above, 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 2029.

The directors have also concluded that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements being 31 December 2025, and it is therefore appropriate to prepare these financial statements on a going concern basis.

Engaging with our stakeholders

Section 172 statement

The directors have the success of the Company for the benefit of members as a whole foremost in mind when making decisions. Decisions are taken with the aim of achieving the Company's objective and are based on information provided by a range of sources. The impact on stakeholders is assessed as part of the deliberations, and different stakeholders may be affected differently by each decision.

The table below sets out the primary ways in which the Board has engaged with the Company's key stakeholders during the year under review, in line with directors' duties under s172 Companies Act 2006.

Stakeholder	Engagement	Outcome
Shareholders	The Board communicates with shareholders through the annual and half-yearly reports, factsheets and monthly commentary, 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 as well as online access to view the AGM. The Board addresses shareholder correspondence and reviews voting patterns at general meetings. The Chair and other directors meet with shareholders at their request, and always welcome conversations. The Fund Managers discuss the Company's results and performance during the year in a video available at www.hendersoneuropeantrust.com and are regular contributors to investor and joint broker forums. The Fund Managers also have a programme of investor (and potential investor) meetings with institutions and wealth managers throughout the year as well as being available on certain retail investor forums. The Chair invites shareholders and other stakeholders to make contact directly. Shareholders can write to the Chair at the registered office (see page 100), or by email to itsecretariat@janushenderson.com with any feedback, queries or concerns. The Board reviews all shareholder correspondence addressed to it. The Board is pleased to invite shareholders to attend the AGM and Fund Managers' presentation for the year ended 30 September 2024. More details are on page 58, and in the AGM Notice on pages 89–93.	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. During the year there was discussion with shareholders in connection with the HEFT/HNE combination, and amongst directors and advisers on how the Company could be best positioned following the transaction. This included a reduced cost ratio, amendments to liquidity provisions and a review of investment policy and style, all designed to give the Company an improved platform going forward.

Engaging with our stakeholders continued

Stakeholder	Engagement	Outcome
Fund management group Janus Henderson Investors, providing: • investment management • accounting administration • professional sales and retail marketing • corporate secretarial services	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 JHI 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. There was considerable activity during the year with JHI in reviewing strategy against the backdrop of the HEFT/HNE combination.	The Company is managed well and receives appropriate and timely advice and guidance for a competitive cost, which was reduced during the year. The directors monitor succession planning within JHI for all key positions supporting the Company. At the MEC meeting in 2024, the directors assessed the Manager's performance and service to the Board during the year, its management of the HEFT/HNE combination, as well as how fund management responsibilities would be shared following the combination. The Board is pleased with the joint fund management provided by Tom O'Hara and Jamie Ross, supported by JHI's well-regarded European Equities team, following completion of the combination in July 2024. John Bennett, Fund Manager of the Company since 2010, retired from asset management during the year, having been of considerable assistance in the transition of management responsibilities. After thorough consideration and review of the ongoing management of the Company, the directors were satisfied with the resource being applied to a successful investment process. The Manager's portfolio activities and the impact of the Fund Managers' decisions are set out in the Fund Managers' Report on pages 8–11.
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 and Deutsche Numis as joint corporate brokers • Kepler Partners LLP as independent research provider	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. Deutsche Numis was appointed as joint broker during the year, alongside Winterflood Securities, to add to corporate advisory and professional investor support to the Company and as part of the HEFT/HNE combination. The Board and Manager work with the joint brokers, 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 joint brokers, 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 service providers are subject to an annual performance review at the MEC.	The Company presents as a well-supported investment company with a good performance record. Experienced and capable third parties provide the services required to be a well-functioning Company.

Engaging with our stakeholders continued

Stakeholder	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 stewardship issues, with the Fund Managers at each board meeting. The Manager has a dedicated Responsible Investment and Governance 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 stewardship 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. The Company votes its holdings in most circumstances when a shareholder vote arises.
Lenders • Loan noteholder • HSBC Bank	The Company maintains borrowings at low rates through the use of privately placed loan notes and an overdraft facility with HSBC to enhance returns. The Company confirms compliance with the covenants and restrictions of its gearing facilities each month. JHI 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 18 for more details). Following the HEFT/HNE combination, no additional structural borrowing was assumed.
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 need of its investors, including retail investors.	The Board is conscious of the need to take appropriate account of broader stewardship 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 company engagement section on pages 30–34 for more details.

Engaging with our stakeholders continued

Stakeholder	Engagement	Outcome
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 25, 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 meeting its regulatory obligations as well as voluntary governance guidance. 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 industry peers to participate in the PRIIPs consultation, giving the Company a voice in the regulatory environment. The HEFT/HNE combination, publication of a prospectus and associated documentation for the Company required close review and scrutiny by the UK Listing Authority, as is typical for transactions of this type and substantial share issuance.

Board decision making

The Board aims to act in the best interests of shareholders as a whole and to have regard to other 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 2024:

- **HEFT/HNE combination**

  On 14 March 2024, the Company announced that it had agreed terms with the Board of HNE for a proposed combination of the assets of the two companies. The scheme of reconstruction completed on 4 July 2024. Further details of the transaction and the benefits to shareholders are in the Chair's Statement, including lower management fees, a five-yearly performance-related tender, the possibility of an additional opportunity to realise some investment after three years, a lower ongoing charges ratio with fixed costs spread over the larger asset base, and enhanced liquidity, as the scale of the Company should improve the attractiveness of its shares. The Board believes that the combined fund management style of the two Fund Managers Tom O'Hara and Jamie Ross, and new investment objective and policy, provide Janus Henderson with greater flexibility to achieve the Company's objective and is, therefore, in the best interests of shareholders.

  In its discussions and negotiations with the Manager, the Board of both companies focused on optimal financial terms to ensure they were in the best interests of their respective shareholders. In particular, the directors arranged for the shares issued to be at formula asset value ("FAV") as defined in the scheme documents and for the transaction costs to be paid by the Manager under any level of rollover, thereby ensuring that shareholders would be protected and there would be no dilution to the Company's NAV per share or income paying capacity. The HEFT/HNE combination followed from months of preparation and detailed examination of potential outcomes, risks of transition and with the objective of improved circumstances for both sets of continuing shareholders, as well as the opportunity to exit the companies for cash at relatively close to NAV for a proportion of the share registers. The market commentary was positive, as well as the support obtained from shareholders to approve the transaction.

Engaging with our stakeholders continued

- **Share buybacks**

  As set out in the Chair's Statement, the Board's aim is to have the the Company's share price subject to reduced volatility and to encourage an orderly and liquid market in the Company's shares, both for those wishing to buy and for those wishing to sell. The Board keeps the level of discount and make up of ownership under regular review, and this was part of the assessment of the amount of stock that should be made available under the cash exits when the HEFT/HNE combination was transacted. The Company's discount, that of its immediate competitors in the AIC Europe sector and the discount of the investment trust sector as a whole are considered at each meeting.

  Recent discussions and advice have resulted in the repurchase of 2.4 million shares during the year under review, excluding those repurchased pursuant to the HEFT/HNE combination tender offer. The discount narrowed from 11.9% at the start of the financial year to 9.1% at the end of it. The buyback of shares has continued post year end, as explained in the Directors' Report on page 57.

- **Marketing and promotion**

  The Board approved an increase in the Company's marketing budget to promote the Company to a wider audience, primarily through targeted digital advertising. The Board also negotiated a significant additional contribution from JHI to paid advertising over the coming year. With a clear messaging framework initiated after the HEFT/HNE combination and a fresh redesign of the Company's website and annual report template, the marketing activities are intended to increase understanding of the Company among its stakeholders as well as endeavouring to reach new investors.

- **Dividends paid to shareholders**

  The amount of final and interim dividends to be paid are an important part of Board decision taking, both for the current year and looking ahead, with revenue reserves to provide for sustainability of dividends paid. The Company's normal dividend cycle was changed during the year to take account of the HEFT/HNE combination and to result in broadly the same amount received by shareholders in the Company throughout the period. The directors assessed the quantum of the dividends proposed at interim and final stages and the strength of the Company's income generation based on net income forecasting. This change in dividend cycle helped to ensure that the total dividend payable for the year will be covered by current-year income based on the number of shares in issue, excluding those held in treasury. Earnings per share were 4.4p in the year under review (2023: 4.3p).

  Further considerations around the total dividend are set out in the Chair's Statement on page 5.

- **Reclassification of reserves**

  In January 2024, the Company sought shareholder approval to cancel its share premium account and capital redemption reserve to provide the Company with greater distributable reserves. This was particularly important with the possibility of future buybacks of share capital or tender offers where distributable reserves were required, leaving the revenue reserves to meet the needs of dividend payments. The Board has decided to seek shareholder approval again in January 2025 to cancel the share premium account, created through the issue of new shares, as a distributable reserve, as this will provide greater flexibility in the future including for any tender offers or returns of capital.

- **Discount management policy**

  As explained in the Prospectus released in May 2024, the Board has established a five-yearly performance-related conditional tender for up to 25% of share capital as part of the HEFT/HNE combination. The tender will exclude shares held in treasury and be made at a 2% discount to NAV less costs if, over the five years to 30 September 2029 (and over subsequent five-year periods), the NAV per share total return does not equal or exceed the total return of the benchmark index. Any conditional tender offer would be subject to shareholder approval at the relevant time and prevailing legal and regulatory requirements. Additionally, the Board will consider whether it would be in shareholders' interests to be offered an additional opportunity to realise some of their investment after an initial three-year period. These measures are designed to give shareholders confidence on liquidity for those who want to sell their shares and also to provide those who want to buy shares some confidence on share price volatility not being too extreme.

ESG report

Defining ESG

Environment
Environmental factors include climate change, energy efficiency, resource depletion, water and waste management.

Social
Social factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.

Governance
Governance factors include mitigating risks such as bribery and corruption, questioning board diversity, executive pay, accounting standards, shareholder rights, and positively influencing corporate behaviour.

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, brokers' research and company meetings. The European Equities team works closely with the in-house Responsible Investment and Governance 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. 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.

The Fund Managers' 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, where material. 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 its ESG practices. This research is often far ranging, including topics such as board composition and staff remuneration as well as carbon targets.

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. The Company integrates ESG but does not pursue a sustainable investment strategy or have a sustainable investment objective or otherwise take ESG factors into account in a binding manner. ESG integration is the practice of incorporating material environmental, social and governance information or insights in a non-binding manner alongside traditional measures into the investment decision process to improve long-term financial outcomes of portfolios. ESG-related research is one of many factors considered within the investment process and in this report we seek to show why it is financially relevant.

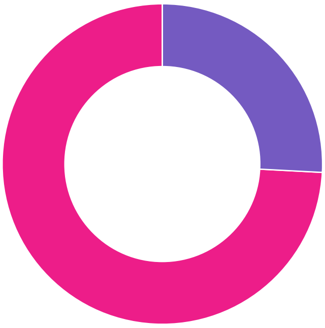
Voting
The Board believes that voting at general meetings is an integral part of exercising responsible corporate stewardship and provides an effective means of signalling shareholder views on board policy, practices and performance. Voting responsibility has been delegated to the Manager for the rights attached to the shares held in the Company's portfolio. The Manager votes actively 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 Responsible Investment Policy which 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 Responsible Investment Policy, Proxy Voting Policy and Procedures at least annually.

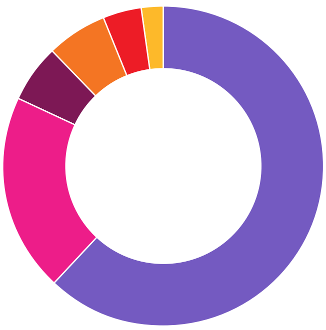
The Fund Managers have a strong focus on good governance practice and an active approach to voting. To influence decision making at board level where appropriate, the Fund Managers participate in consultations with our portfolio companies ahead of or after contentious AGM resolutions. Where appropriate, the Manager will vote against resolutions at general meetings. In total, the Company voted at 46 shareholder meetings during the year, being 97.9% of portfolio companies' general meetings. At 12 of these meetings (25.5%), the Company placed a vote against management.

The Company voted against 46 resolutions in total, being 5.2% of all resolutions voted on during the year.

Voting record



In terms of resolutions not supported in the year to 30 September 2024, the key issues which the Fund Managers voted against concerned compensation and director re-election due to overboarding, diversity and independence.



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

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

1 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 issues not included in the notice of meeting and address them at the meeting. As it could potentially lead to subsequent approval of items without prior disclosure to minority shareholders, JHI routinely votes against these items.

Stewardship

Stewardship is an integral and natural part of JHI's long-term, active approach to investment management. Strong ownership practices, such as management engagement and proxy voting, can help protect and enhance long-term shareholder value. JHI supports stewardship codes and broader initiatives around the world, including being a founder signatory of the UN Principles for Responsible Investment, and is a signatory of the UK Stewardship Code. The intensive research by fund managers and analysts involves conducting thousands of interviews with senior executives and chairs of companies throughout the world each year. These teams develop long-term relationships with the management of firms in which they invest. Should concerns arise over a firm's practices or performance, they seek to leverage these constructive relationships by engaging with company management or expressing their views through voting on management or shareholder proposals. Escalation of the engagement activities depends on a company's individual circumstances.

The environment

The European Equities team engages with portfolio companies on environmental matters where relevant. As an investment trust, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The Company's indirect impact occurs through its investments and the Fund Managers monitor the carbon footprint of the portfolio as a measure of its carbon intensity. For these reasons, the Board considers that the Company is a low-energy user under the Streamlined Energy & Carbon Reporting regulations ("SECR") and is not required to disclose energy and carbon information.

The Manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2021, JHI 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, JHI set ambitious new five-year reduction targets versus a 2019 baseline and per FTE:

- 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) emissions; and
- reduction target of 17.5% on water and waste consumption by FTEs.

Case study

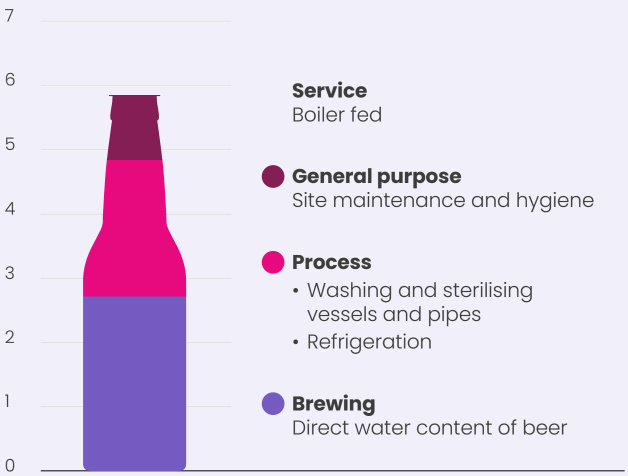
Water usage amongst the beverage companies

Earlier in the year, JHI's Responsible Investment and Governance Team conducted a piece of thematic research on the issue of water risk within the brewery and spirits industry. This work involved engaging with several companies across the globe, including Anheuser-Busch InBev, a long-standing investment in the Company's investment portfolio.

The aim of the thematic research was to establish how these companies think about water usage, and how they deal with the issue of water as a diminishing resource. Water is extremely important to these companies and as well as being used in many processes in the production of beverages, water forms a significant portion of the beverage itself. In the case of beer, which is most relevant to Anheuser-Busch InBev, it takes up to 6 litres of water to make each litre of beer.

Water usage in beer production

Litres of water per litre of beer[1]



Source: Brewer World and JHI 2023

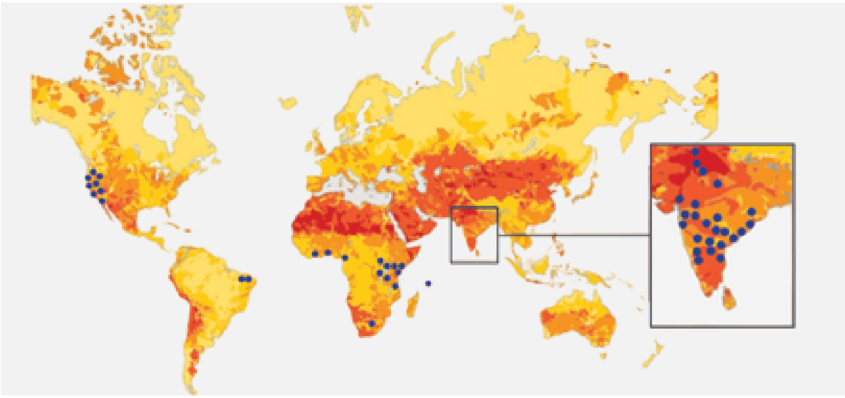
1 Range = 2–8 litres

All major European listed brewers were engaged with and the team observed strong performances from these companies in setting site-specific water targets, conducting robust scenario analysis and in engaging closely with their supply chains.

By the nature of being the largest brewing company in the world, with a greater than average skew towards the developing world, it was no surprise to see that Anheuser-Busch InBev used more water than Heineken and Carlsberg and also had a much higher exposure to water-scarce regions. However, on measures of water efficiency, the three companies had similar statistics.

- **Anheuser-Busch InBev withdraws more water than Heineken & Carlsberg combined** (almost twice as much as Heineken), this is across all water sources – surface water, groundwater, third-party water sources, and all volumes have a higher growth trajectory due to higher levels of production growth.
- **Anheuser-Busch InBev also has a much higher exposure to water-scarce regions vs peers**, with 39 facilities in water-scarce regions compared to 31 for Heineken (5 in Mexico classified as high risk) and 16 for Carlsberg. In terms of exposure, Anheuser-Busch InBev (as well as Diageo and Molson Coors Brewing) stated between 26-50% of water was withdrawn from areas with water stress, compared to peers with less than 25% exposure to areas with water stress.
- **In terms of water efficiency (revenue/withdrawal volumes), all three companies were quite similar**, with Anheuser-Busch InBev (0.9), then Heineken (1.1) then Carlsberg (1.2) However using revenue as the baseline is probably not as useful as using production output – i.e. understanding water withdrawal per litre of beer. The three brewers have all set targets for this (using a water efficiency ratio of hectolitres of water used per hectolitre of production):
  - Heineken have set a 2030 target of 2.9hl/hl and 2.6hl/hl at water-stressed sites (down from 2.8hl)
  - Anheuser-Busch InBev have a 2025 target to achieve 2.5hl/hl and 2.0hl/hl at high water-stressed sites
  - Carlsberg have set the most ambitious target of reaching 1.7hl/hl across water-stressed areas by 2030 – increasing efficiency by 50% from 2015 baseline

Global water stress map



- Diageo site located in water-stressed area

Overall Water Risk
- Low risk
- Low to medium risk
- Medium to high risk
- High risk
- Extremely high risk

Source: Diageo 2022 ESG Report, Wine and Spirit Education Trust, World Resources Institute

Once the team had established how much water these companies were using and how efficient their water usage was, they turned their attention to the question of what these companies were doing to try to mitigate water-related risks.

- **Carlsberg has flagged a high risk of regulatory change (policy-based water restrictions) in certain markets that they operate in**, namely China, India, Laos and Cambodia. The company is a leader in operational efficiencies as well as having strong water replenishment programmes.
- **Heineken has identified extended droughts in Mexico, Spain and Nigeria as representing high operational risk** with the potential for more sites to become water-stressed. The company is focusing on collective action to improve water stress resilience, investing in public/private partnerships to support local communities.
- **Anheuser-Busch InBev is focused on both barley supply chains and assets in countries such as Mexico, South Africa and Brazil.** The company's yield models predict that by 2040 water stress may reduce barley yields in India, South Africa and Mexico by 20-40%, with climate regulations and compliance costs for water expected to accelerate. Anheuser-Busch InBev is investing in water efficiencies (using reverse osmosis across 80 facilities), increasing R&D in high yielding, climate resilient crops (for example through a partnership with Colorado university), and the agronomy teams are working closely with farmers to build resilience.

This case study is a good example of how ESG issues have relevance to the Fund Managers' investment views on companies. Without secure, sustainable and responsible sourcing of water, beverage companies will struggle to serve the markets that they operate in. An ESG issue has very real investment consequences and with the help of JHI's Responsible Investment and Governance Team, the Fund Managers can be on top of these issues to the best of their ability.

In addition to this, JHI has maintained a CarbonNetural® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 operational emissions each year. Through this process, JHI 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 JHI supports have been classified as 'additional' by an independent third party, meaning they would not happen without the sale of carbon credits.

JHI discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including the Carbon Disclosure Project ("CDP"), as well as in its 2023 Responsibility Report, which provides more information.

JHI produces product-level Task Force on Climate-Related Financial Disclosures ("TCFD") reports. These reports include an overview of the climate-related governance, strategy, risk management, metrics and targets of JHI and its portfolios. Product-level metrics include absolute carbon emissions, carbon footprint, weighted average carbon intensity, implied temperature rise and climate scenario analysis (Climate Value at Risk). JHI's TCFD Report specific to the Company is available at www.hendersoneuropeantrust.com.

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.

The Strategic Report, set out on pages 1–34, has been approved by the Board.

On behalf of the Board

Vicky Hastings
Chair of the Board

11 December 2024

Image: Downtown district Frankfurt, Germany

Governance

In this section

Board of directors and fund managers

Ensuring effective governance

Board of directors

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

Victoria (Vicky) Hastings

M N

Position: **Chair of the Board**

Date of appointment: **1 September 2018 (Chair from 25 September 2020)**

Skills and experience

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.

External appointments

Vicky is a non-executive director of Alliance Witan Plc and a trustee of the Mountbatten Isle of Wight and Hampshire charity group.

Robin Archibald

A M N

Position: **Senior Independent Director ("SID")**

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

Skills and experience

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 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 and General VCT plc, and from being SID and audit chairman of Ediston Property Investment Company plc in 2023 and of Capital Gearing Trust plc earlier in 2024.

External appointments

Robin is chairman of Shires Income PLC and of AEW UK REIT plc, both of which are investment companies.

Marco Maria Bianconi

A M N

Position: **Director**

Date of appointment: **1 June 2022**

Skills and experience

Marco brings a wealth of asset management and corporate leadership expertise, having been portfolio manager at Fidelity International UK 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 also contributes a European perspective.

External appointments

Marco is Group Chief M&A and Investor Relations Officer at Cementir Holding N.V., a Dutch multinational listed on Euronext Milan, and is a non-executive director of Cimentas SA, a subsidiary of Cementir Holding forming part of his executive role. Marco is the audit committee chairman at Gabelli Merger Plus+ Trust Plc.

Board of directors and fund managers continued

Chair of committee
A Audit and Risk Committee
M Management Engagement Committee
N Nominations Committee

p.39 Corporate Governance

Melanie Blake
A M N

Position: **Director**

Date of appointment: **3 July 2023**

Skills and experience
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.

External appointments
Melanie is a trustee of the Hemat Gryffe Women's Aid charity.

Stephen King
A M N

Position: **Director**

Date of appointment: **4 July 2024**

Skills and experience
Stephen was HSBC chief economist for 17 years until 2015, starting his career as an economist for the Treasury and later becoming private secretary to the chief economic adviser. He was specialist advisor to the House of Commons' Treasury Committee between 2015 and 2017. He is a fellow of the Society of Professional Economists and of the Academy of Social Sciences. Stephen has written four books: "Losing Control: The Emerging Threats to Western Prosperity®" (2010); "When the Money Runs Out: The End of Western Affluence" (2013); "Grave New World: The End of Globalization, the Return of History" (2017); and "We need to talk about inflation: 14 urgent lessons from the last 2000 years" (2023).

External appointments
Stephen is a director of The National Institute of Economic and Social Research and senior economic adviser to HSBC on a part-time basis.

Rutger Koopmans
A M N

Position: **Director**

Date of appointment: **4 July 2024**

Skills and experience
Rutger is a senior finance professional. He started his career at MeesPierson NV (formerly Bank Mees & Hope NV), before moving to ING, where he served as a managing director until 2008. Since then, he has run an independent strategic advisory practice and manages PIT Self-Placement BV, a professional training and coaching enterprise. Rutger is also the author of "Your Life Your Rules, taking charge of your working life". As a Dutch national, Rutger also contributes a European perspective.

External appointments
Rutger is a non-executive director of Vollenhoven Groep and Stichting Reizigerstegoeden, and managing director of PIT Self-Placement BV, which are all unlisted Dutch entities.

Board of directors and fund managers continued

Fund managers

p.8–11 Fund manager's report

The fund managers at the date of this report are:

Tom O'Hara

Position: **Portfolio Manager**

Skills and experience

Tom O'Hara is a Portfolio Manager on the European Equities Team at Janus Henderson Investors, a position he has held since 2020. Before joining the firm 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 (Europe) Limited from 2013 and with Citigroup Global Markets from 2010. Before Citigroup, Tom was a metals analyst with Metal Bulletin Research from 2008. He began his career in 2006 in the treasury team of Northern Rock plc. Tom received his BA (Hons) degree in economics from Newcastle University. He has 18 years of financial industry experience.

Jamie Ross

Position: **Portfolio Manager**

Skills and experience

Jamie Ross is a Portfolio Manager on the European Equities Team at Janus Henderson Investors, a position he has held since 2016. He was appointed as a joint Portfolio Manager for Henderson EuroTrust plc in 2018 and became sole manager in 2019. Prior to this, he was a portfolio manager on the UK Equities Team, where he co-managed a UK equities pooled fund. Before that, he was an assistant portfolio manager on the Pan European Equities Team. He started his career with Henderson in 2007. Jamie graduated with a BA (Hons) degree in economics from Durham University. He holds the Chartered Financial Analyst designation and has 17 years of financial industry experience.

Corporate governance report

Corporate governance structure

The Board is accountable to shareholders for the governance of the Company's day-to-day affairs and is pleased to report to shareholders on the Company's governance arrangements and how the Company has applied the principles of the Code of Corporate Governance published by the Association of Investment Companies.

Board of directors

Comprises independent non-executive directors

Chair: Vicky Hastings

Senior Independent Director: Robin Archibald

Audit and Risk Committee

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

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

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

Ernst & Young LLP
Auditor

HSBC Bank plc
Custodian and depositary

Equiniti Limited
Registrar

Kepler Partners LLP
Third-party research provider

Winterflood Securities Limited
Corporate broker

Numis Securities Limited
Corporate broker

Corporate governance codes

By virtue of the Company's listing on the London Stock Exchange, the Board is required to report on how the principles of the 2018 UK Corporate Governance Code ("UK Code") have been applied.

Being an investment company, certain provisions of the UK Code are not applicable as the Company has no executive directors or internal operations and all day-to-day activities are outsourced to external service providers. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in February 2019 ("AIC Code"). 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 in relation to the UK Code and UK Listing Rule 6.6.6. The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information to shareholders about its governance arrangements.

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.

A new UK Code was published in January 2024, with an updated AIC Code published in August 2024. The new Codes will be applicable to financial years beginning on or after 1 January 2025.

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, except as set out below.

The Company has no chief executive or other executive directors and therefore does not consider executive remuneration. As a fully managed investment company, the Company has no internal operations so does not maintain an internal audit function, although the Audit and Risk Committee regularly considers the need for it (see page 48).

A separate remuneration committee has not been established as the Company has no employees and has a small Board of solely non-executive directors. The Board has expanded the remit of the Nominations Committee to include review of remuneration (see the Nominations Committee Report on pages 50 to 52). 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 AIC Code includes two deviations from the UK Code permitting the Chair of the Board to be a member of the Audit and Risk Committee and for his or her tenure to exceed nine years. The Company has not taken advantage of these provisions and continues to comply with the provisions of the UK Code in this respect.

Leadership and division of responsibilities

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. The Board is collectively responsible for providing leadership, setting the investment objective and policy, appointing the Company's third-party service providers, establishing a robust internal control and risk management system and monitoring the performance delivered by service providers within the established control framework. It is also responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and other stakeholders are understood and met. Information on the Company's purpose and values can be found on page 18 and on the Board's engagement with stakeholders on pages 25–29.

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 • Approving Board remuneration policy • Approving significant transactions or changes to the Company, where shareholder approval is required • Communicating directly with the Board, or through the Manager, on issues which affect shareholders and where they want to express their views or concerns

Corporate governance report continued

Role	Primary responsibilities
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 • Providing constructive challenge to how the Company and its agents operate • Ensuring that obligations to shareholders and other stakeholders are understood and met • All directors are non-executive and independent of the Manager
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, particularly the Senior Independent Director and the Corporate Secretary • Leading the Board's relationship and engagement with shareholders and other stakeholders • Managing the relationship with the Manager and other service providers • 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 each committee • Maintaining the relationships with specialist service providers delivering services within the remit of each committee • Reporting on the activities of each committee to the Board • Seeking approval from the Board for the responsibilities set out in the respective committee's terms of reference
Senior Independent Director	• Fulfilling the role of sounding board and support 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 if contact through the Chair is deemed 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 and policy – Janus Henderson in the promotion of the Company and day-to-day operations of the Company's business, including administration, secretarial and financial reporting • Providing strategic guidance and offering specialist advice based on their career experiences
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, regulatory and governance 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, and changes thereto • Diversification and risk management through stock selection, size of investment and regional or industry concentrations • Determining the volume and timing of acquisitions and disposals • Determining the frequency and level of gearing and cash management within the overall limits set by the Board

Operation of the Board

The Board meets formally at least six times a year, with additional board or committee meetings arranged when required. The directors have regular interaction 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. The Board approves any changes to the structure and capital arrangements for the Company, including any corporate events, 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 keeps its schedule of matters reserved and terms of reference for each committee under regular review, and these are available at www.hendersoneuropeantrust.com. Reports on the activities undertaken by each committee during the reporting period are set out on pages 44–52.

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 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 manage the investment portfolio, and 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 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 about 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 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 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 or earlier, as appropriate. The Board, the Fund Managers and the Corporate Secretary operate in a supportive, cooperative 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 Board reviews the independence of each director annually by reference to the AIC Code. Each director's external commitments are considered, as well as tenure of service and any connections to the Manager. The Board ensures that no directors are linked via any other directorships. 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 portfolio management, compliance and risk management frameworks, accounting, sales and marketing, and other administrative services.

Directors are provided with 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 provided by the Manager, as well as external training and industry seminars. Relevant external training may be undertaken at the expense of the Company.

The Chair attends meetings of all the chairs of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters.

The Company has a procedure for directors to take independent professional advice in the furtherance of their duties at the expense of the Company, if required.

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 for 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 conflict, with the interests of the Company ("situational conflicts"). Directors are required 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.

Attendance at meetings

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 to attend throughout the year.

	Board	Audit & Risk Committee	Nominations Committee	Management Engagement Committee
Vicky Hastings[1]	6	3	1	1
Robin Archibald	6	3	1	1
Marco Bianconi	6	3	1	1
Melanie Blake	6	3	1	1
Stephen King[2]	2	1	1	1
Rutger Koopmans[2]	2	1	1	1
Stephen Macklow-Smith[3]	4	2	0	0
Katya Thomson[4]	2	0	0	1

1 Vicky Hastings attended each of the meetings of the Audit and Risk Committee during the year by invitation.
2 Appointed as directors on 4 July 2024
3 Resigned as director on 4 July 2024
4 Served as a director from 4 July 2024 to 30 September 2024

All directors in office in January 2024 attended the Annual General Meeting. Outside the formal meetings identified above, the Board or its committees had regular interaction over the year on various corporate activities. The Board and its committees held an additional 11 ad hoc meetings to undertake business relating to the HEFT/HNE combination and the approval of the Company's results and dividends.

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 47. The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 30 September 2024, and did not identify and was not advised of any significant failings or weaknesses. 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 page 48. The depositary has confirmed 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 (the "Committee"), Robin Archibald, reports to shareholders on the year to 30 September 2024.

Membership

The members of the Committee are Robin Archibald, Marco Bianconi, Melanie Blake, Stephen King and Rutger Koopmans. 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, as well as an experienced audit committee chair and senior independent director from a number of other investment company roles. 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 three times during the year under review: in advance of publication of the annual and of the half-year results, and to focus on its broader risk and internal control responsibilities. 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 Senior 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 Company's auditors as part of the audit planning process and during the audit, and to keep the audit firm up to date with corporate developments, as well as being informed of any accounting or reporting changes envisaged.

The Committee was closely engaged in the HEFT/HNE combination with particular emphasis on the commercial and financial dynamics of the transaction and how it was accounted for and reported.

Roles and responsibilities

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 Company's website, which are reviewed at each meeting.

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;
- appropriate level of dividends 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 independence and effectiveness of the statutory auditor in conducting the year-end audit;
- accounting impact of the cancellation of the share premium account and capital redemption reserve in March 2024 to release £77 million of distributable reserves, subsequently used to fund the tender offer as part of the HEFT/HNE combination; and
- a redesign of the Company's Annual Report.

Internal controls and risk management

- internal controls and the resilience of operations at JHI, BNP Paribas, HSBC Bank and Equiniti;
- 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;
- the risk register, risk management systems and the Company's strategic risk heat map as modified to reflect changes to the risk environment and any emerging risks;
- 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
- the depositary's confirmation that the Company has been managed in accordance with the Investment Funds Sourcebook, the Company's Articles and the AIFMD.

Terms of reference, financial reserves, accounting for the HEFT/HNE combination and taxation

- revisions to the Committee's terms of reference to incorporate the expectations of the FRC's 'Audit Committees and the External Audit: Minimum Standard' in the Committee's activities;
- the Company's taxation affairs, including withholding tax recoverability and registration of the Company for the Economic Crime Levy;
- management fee calculations, including changes to the basis of management fees and contribution granted as part of the HEFT/HNE combination;
- appropriate accounting for the HEFT/HNE combination and a detailed analysis of its costs and financial impact. The analysis showed that after accounting for these costs and financial contributions to the combination, the combination provided a modest increase to net asset value and did not erode revenue reserves of the Company. The combination also resulted in a material reduction in the Company's ongoing charges figure;
- redemption reserve in March 2024 to release £77 million of distributable reserves and used to fund the tender offer as part of the HEFT/HNE combination; and
- planning of further consolidation of non-distributable reserves to increase flexibility in the use of reserves – see page 6 in the Chair's Statement on a proposal to cancel the share premium account to create additional distributable reserves.

Audit appointment and tender

Regulations require the Company to rotate audit firms after a period of ten years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. The Committee last carried out a formal audit tender process in 2023 and re-appointed Ernst & Young LLP ("EY") as external auditor. EY has been the Company's auditor since 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, and the year under review is the first year audit partner Caroline Mercer has been in office. The Company complies with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. This order relates to the frequency and governance of tenders for the appointment of the external auditors and setting policy on the provision of non-audit services. The audit firm did not provide any advice or services to the Company in connection with the HEFT/HNE combination.

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 2024, 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.

Audit fees

The fees payable to EY for audit services during the year (excluding VAT) were £54,500 (2023: £52,000) and a one-off fee of £4,000 for the auditor's additional work in reviewing and auditing the financial impact of the HEFT/HNE combination for this Annual Report.

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 permitted by current regulations and where it would not affect the auditor's independence and objectivity.

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 Chairman, following due consideration of the proposed services. No non-audit services were provided in the year under review or in the previous year.

Audit for the year ended 30 September 2024

In respect of the Annual Report for the year ended 30 September 2024, 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 73). The Committee considered the treatment of the special dividends received in 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.
s110 Insolvency Act 1986 scheme of reconstruction and transfer of assets	The Committee reviewed the Manager's accounting treatment and analysis of the costs of the HEFT/HNE combination to ensure a fair and understandable representation in the Annual Report. This included a review of the amendments to the management agreement affecting the Company's operating costs following the transaction.
Viability and going concern	The Committee scrutinised assumptions around the viability and going concern statements respectively, as set out on pages 24 and 72, 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 in its enquiries. 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 and 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 challenged the Manager included the likelihood of recoverability of withholding tax in other European jurisdictions, stress testing of the revenue forecast to support the dividend payment policy, particularly as a result of the substantial increase in the number of shares in issue following the HEFT/HNE combination, and the assumptions included in making the viability statement. Other than the financial impact and reporting of the combination, 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 2024.

The Committee is satisfied that the Annual Report for the year ended 30 September 2024, 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 and Committee Chair designate also had the opportunity to meet 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 her perspective.

Overall, the Committee considers that the audit quality for the year ended 30 September 2024 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.

Internal controls 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.

System of internal controls

Ernst & Young LLP
Statutory auditor

Board of Directors
Comprises independent non-executive directors

HSBC Bank plc	BNP Paribas	Equiniti Limited
Custodian and depositary	Administration and accounting services engaged by the Manager	Registrar
Reporting	**Reporting**	**Reporting**
Depositary report (quarterly)	Balance sheet	Voting and scrutineer reports pre- and post-shareholder meetings
Presentation from the depositary and custodian (annually)	Liquidity and gearing	Shareholder correspondence
Effectiveness of control environment (semi-annually)	Revenue forecasts	Operational service updates
	Portfolio valuation	Effectiveness of control environment (annually)
	Portfolio transactions	
	Effectiveness of control environment (annually)	

How the system of internal controls 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 pertormance 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.

Audit and Risk Committee report continued

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 21–23. 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 on a monthly basis;
- 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;
- contractual agreements with the Manager and other service providers, including in connection with the HEFT/HNE combination. 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 49. 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 2024. 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.

As this will be my final Audit and Risk Committee Report, I would like to express my thanks to my Board colleagues and the various agents to the Company in fulfilling the functions of the Committee and in ensuring both a good reporting structure and control over the risk environment for the Company.

Robin Archibald
Chairman of the Audit and Risk Committee

11 December 2024

Management Engagement Committee report

The Chair of the Management Engagement Committee ("MEC"), Vicky Hastings, reports to shareholders on the year to 30 September 2024.

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.

Roles and responsibilities

The MEC reviews the management agreement and monitors the performance of the Manager in respect of its investment, company secretarial, financial reporting, administration, sales, marketing and support services and how those impact the performance of the Company. The MEC is also responsible for evaluating the overall performance of the Company's third-party service providers.

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.

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.

Activities during the year

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

- the Company's investment performance over the short, medium and longer term, taking account of the benchmark and performance of competitors in the AIC and IA 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 assess the Manager's performance, and the skill of the Fund Managers, in managing the portfolio;
- the performance of all advisors engaged in the transaction;
- management of the HEFT/HNE combination, including the transitioning of the portfolio;
- the quality of the company secretarial service and independence of the corporate secretary from the Manager, 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 teams involved in managing all aspects of the Company's business, including sub-contracted administration, reporting services and internal controls;
- total fees and costs incurred by the Company in comparison with the fee structures of its competitors in the AIC peer group, other JHI investment companies as well as JHI open-ended funds investing in Europe 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 covered the services rendered, level and structure of fees payable, length of notice period and general best practice provisions; and
- the performance and fees of the Company's other third-party service providers, including the joint brokers, depositary, custodian, registrar, research provider, lawyers, and any instructions for ad hoc work from external professional agents.

During the year, Deutsche Numis was contracted as a joint corporate broker alongside Winterflood Securities.

The Committee gave close attention to the new partnership of Tom O'Hara and Jamie Ross as joint portfolio managers, following completion of the HEFT/HNE combination, their support from the JHI European Equities team, as well as the prior transition of lead fund manager arising from John Bennett's retirement. The purpose was to provide confidence and assurance of the strength of the new investment process and the sustainability of combined investment performance delivered by the new portfolio management team.

Continued appointment of the Manager and other service providers

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, as amended for purposes of the HEFT/HNE combination, is in the interests of the Company and its shareholders as a whole.

Vicky Hastings
Chair of the Management Engagement Committee

11 December 2024

Nominations Committee report

The Chair of the Nominations Committee ("NC"), Vicky Hastings, reports to shareholders on the year to 30 September 2024.

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 one meeting.

Roles and responsibilities

The NC is responsible for reviewing Board succession planning, diversity and tenure policy, ensuring annual effectiveness reviews are carried out, discussing the outcomes from those reviews and making recommendations to the Board accordingly, advising the Board on the proposed election and re-election of directors ahead of AGMs, reviewing Board composition and leading the search for candidates to fill roles, taking into consideration the balance of skills, knowledge, experience and diversity of the Board.

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.

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.

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 the directors' remuneration policy to be included in the directors' remuneration report;
- reviewing directors' fees for the financial year ahead and considering the directors' expenses policy and how expenses should be recovered;
- succession planning for appointments to the Board which in the year was in the context of the HEFT/HNE combination and drawing on directorial resource from both boards to ensure a balance of expertise during and following transition;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment;
- review of the diversity policy; 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 and diversity of the Board. The aim is to achieve a non-executive board with the competence and engagement to oversee the Company's investment objective and operations, whilst aligning 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 follows 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. Consideration is given to diversity of gender, social and ethnic backgrounds, cognitive and personal strengths and experience in the collective board make-up and in agreeing future appointments.

The major role changes during the year, considered by the NC, as explained in the Chair's Statement on page 6, were the changes to Board composition arising from the HEFT/HNE combination:

- the appointments of Stephen King, Rutger Koopmans and Katya Thomson as non-executive directors on 4 July 2024, previously HNE directors;

- Stephen Macklow-Smith's resignation on 4 July 2024 as part of the arrangements made in establishing a combined Board following the HEFT/HNE combination (with one HNE board member similarly standing down and another retiring following a nine-year term);
- Katya Thomson's resignation on 30 September 2024 having assisted in the HEFT/HNE combination; and
- the pending retirement of Robin Archibald, who will have served on the Board for just short of nine years at the forthcoming AGM, handing over his audit and risk committee chair responsibilities to Melanie Blake. The appointment of a new Senior Independent Director will be made in 2025.

These changes and the combination of the boards were accomplished in an orderly way to achieve a balance of skills, meeting governance requirements and taking account of cohesion through substantial change to continue with a competent Board, with the requisite skills to fulfil its duties into the future, which is what the NC believes has been achieved.

Board effectiveness review

The Chair of the NC led the annual performance review. The evaluation was conducted by way of a discussion between the Chair and each individual director on a variety of topics, and the outcomes were presented to the NC. The evaluation addressed board and committee meetings, board composition, board dynamics and culture, individual contribution, priorities for the future and relationship with key service providers. The Senior Independent Director undertook the review of the Chair and discussed the leadership and effectiveness of the Chair with each director.

Since the year end, an external advisor has been engaged to assist in the Board transition process, following the HEFT/HNE combination. This engagement is to help in succession planning, with the forthcoming retirement of certain Board members, in identifying skills that should be replaced on the Board and the balance of the Board.

In the meantime, all directors remain independent in character and judgement and there is a good balance of skills and experience on a Board that encourages diversity of thought and competencies. There is an orderly succession plan for appointments going forward to maintain an appropriate balance of skills and experience.

External commitments

Each director's external interests and appointments were carefully considered in respect of the time available and their commitment to the Company, and no concerns were identified for any of the non-executive directors, including those with accentuated roles.

NC recommendations to the Board

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

- each director provides a constructive contribution to the affairs of the Company and brings different qualities to the Board;
- the Board has an effective devolved committee structure and the committees continue to support the Board efficiently in fulfilling its duties;
- 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 such as the recent corporate transaction which took up substantial additional time and effort;
- the Board's size and composition remain appropriate for the Company and the Board retains, and will retain, a good balance of skills and business experience, as set out on page 36–37;
- following the HEFT/HNE combination, the Board continues to operate effectively; and
- each director merits nomination for election or re-election by shareholders as appropriate and was duly recommended for shareholder election/re-election at the forthcoming AGM.

Board diversity at 30 September 2024

With regard to the FCA diversity targets on gender in UK LR 6.6.6R(9)(a), the percentage of female directors was 40% during the period 1 October 2023 to 4 July 2024, when the HEFT/HNE combination completed. Since Mrs Thomson's resignation on 30 September 2024, the proportion of female directors has been 33%. The percentage of female directors is projected to rise again to 40% when Robin Archibald retires from the Board on conclusion of the January 2025 AGM, as the number of directors would reduce to five. Throughout the year under review and to the date of the Annual Report, one Board member is from a non-white minority ethnic background.

In accordance with UK Listing Rule 6 Annex 1R(1) and (2), and using the AIC's definitions, the Board provides the following information about its diversity:

Gender identity and sex
at 30 September 2024

	Number of directors	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
Men	4	67%	Not applicable – see note*
Women	2	33%	
Total	6	100%	

Ethnic background
at 30 September 2024

	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)	5	83%	Not applicable – see note*
Mixed/Multiple Ethnic Groups	1	17%	
Total	6	100%	

Notes:

* 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.

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 socioeconomic background.

Vicky Hastings
Chair of the Management Engagement Committee

11 December 2024

Directors' remuneration report

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 2025 AGM.

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 2024 AGM and will be asked to approve the Policy again at the January 2027 AGM, being a triennial vote. 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 account of factors which it deems necessary including relevant legal and regulatory requirements, and 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 a current aggregate remuneration limit of £250,000 per annum.

Annual report on implementation

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 entire Board 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, as a result of regulation, governance practice and level of corporate activity.

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.

Directors' remuneration report continued

Following careful consideration, the Board agreed an increase in directors' fees as set out in the table below.

Role	From 1 Oct 2024 £	At 30 Sept 2024 £	At 30 Sept 2023 £
Chair of the Board	46,000	43,000	40,000
Chair of Audit and Risk Committee and Senior Independent Director (combined role)	42,000	39,000	36,000
Chair of Audit and Risk Committee (separate role)	40,000	n/a	n/a
Senior Independent Director (separate role)	34,000	n/a	n/a
Director	32,000	30,000	28,000

The Board believes that both the individual remuneration and the aggregate fee levels take account of the needs of an engaged non-executive board of experienced practitioners in the sector with broad, relevant experience for the Company.

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)

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 below. Directors are not required to hold shares of the Company by way of qualification.

	Ordinary shares of 5p each	
	30 September 2024	30 September 2023
Vicky Hastings	75,000	75,000
Robin Archibald	26,030	26,030
Marco Bianconi	3,000	3,000
Melanie Blake	5,839	3,058
Stephen King[1]	13,439	n/a
Rutger Koopmans[1]	41,088	n/a
Stephen Macklow-Smith[2]	n/a	3,947
Katya Thomson[3]	37,733	n/a

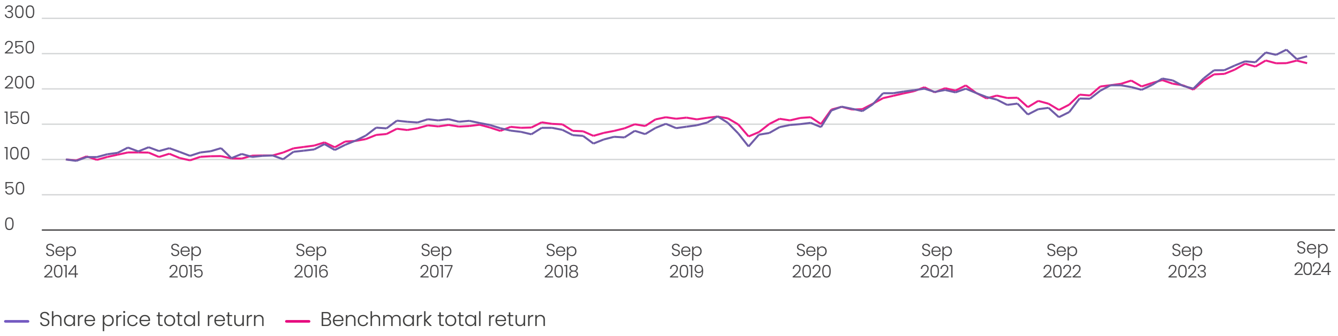
1 Appointed on 4 July 2024
2 Resigned on 4 July 2024
3 Director from 4 July 2024 to 30 September 2024

Since the year end, Marco Bianconi has purchased an additional 1,000 shares in the Company.

Performance of the Company

The graph below compares the share price total return of the Company's shares over the ten-year period ended 30 September 2024 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 2014 and reinvestment of all dividends and income (excluding dealing expenses). During the 10-year period the net assets of the Company increased from £171 million to £664 million, and dividends increased from 2.345p per share (with the subdivision of shares in February 2022 taken into account) to 4.350p per share, if approved by shareholders for the year ended 30 September 2024.

Total performance return for 10 years to 30 September 2024



Sources: Morningstar Direct and LSEG Datastream

Directors' remuneration report continued

Directors' remuneration (audited)

The remuneration paid to the directors who served during the years ended 30 September 2024 and 30 September 2023 is as follows:

	Year ended 30 Sept 2024 Total fees £	Year ended 30 Sept 2023 Total fees £	Year ended 30 Sept 2024 Taxable benefits† £	Year ended 30 Sept 2023 Taxable benefits† £	Year ended 30 Sept 2024 Total fees and benefits £	Year ended 30 Sept 2023 Total fees and benefits £
Vicky Hastings[1]	43,000	40,000	–	–	43,000	40,000
Robin Archibald[2]	39,833	30,167	715	1,165	40,548	31,332
Stephen Macklow-Smith[3]	22,823	28,000	–	–	22,823	28,000
Marco Bianconi	30,000	28,000	4,385	6,813	34,385	34,813
Melanie Blake[4]	30,000	7,000	2,974	370	32,974	7,370
Stephen King[5]	7,258	–	–	–	7,258	–
Rutger Koopmans[5]	7,258	–	–	–	7,258	–
Katya Thomson[5, 6]	7,258	–	–	–	7,258	–
Eliza Dungworth[7]	–	22,333	–	1,731	–	24,064
Total	**187,430**	**155,500**	**8,074**	**10,079**	**195,504**	**165,579**

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 SID and ARC Chairman – combined role since 1 June 2023. An additional £833 is reflected in the 2024 fee total, being backdated consideration of the higher increment paid to Robin Archibald following his additional appointment as ARC Chairman.
3 Retired from the Board on 4 July 2024
4 Appointed as director on 3 July 2023
5 Appointed as director on 4 July 2024
6 Retired from the board on 30 September 2024
7 Retired from the Board on 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.

Annual change in directors' remuneration

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

Director	Year to 30 Sept 2024[1] %	Year to 30 Sept 2023[1] %	Year to 30 Sept 2022 %	Year to 30 Sept 2021[1] %	Year to 30 Sept 2020 %
Vicky Hastings[2]	7.5	5.3	0	46.6	3.7
Robin Archibald[3]	29.3	2.3	2.9	14.6	0
Stephen Macklow-Smith[4]	n/a	3.7	n/a	n/a	n/a
Marco Bianconi[5]	7.1	n/a	n/a	n/a	n/a

1 The increases in the years to 2024, 2023 and 2021 reflect the fee rises for all directors from 1 October 2023, 2022 and 2020 respectively.
2 The increase in Vicky Hastings' fees in the year to 2021 incorporates the fee change following her appointment as Chair of the Board on 25 September 2020.
3 The increase in Robin Archibald's fees in the year to 2021 includes the fee change arising from Robin's appointment as Senior Independent Director on 10 February 2021. The increase in Robin's fees in the year to 2024 includes the fee change following his appointment as combined Senior Independent Director and Audit and Risk Committee Chairman on 1 June 2023.
4 Appointed as director on 9 July 2021. The increase reflects the fee increase for all directors from 1 October 2022. Resigned as director on 4 July 2024.
5 Appointed as director on 1 June 2022

Relative importance of spend on pay

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. In the year to 30 September 2024, the Company bought back 34,291,408 into treasury, including those bought back as part of the HEFT/HNE combination. 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 Sept 2024 £	Year to 30 Sept 2023 £	Change £	Change %
Total remuneration	195,504	165,579	29,925	18.1
Dividends paid	12,978,855	10,532,022	2,446,833	23.2

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

Statement of voting at annual general meeting

At the Company's annual general meeting held on 25 January 2024, shareholders approved the Remuneration Policy and the Directors' Remuneration Report in respect of the year ended 30 September 2023. The following votes were received on the two resolutions, both of which were held on a poll:

Resolution	For (incl discretionary)	% of votes (excl votes withheld)	Against	% of votes (excl votes withheld)	Withheld
Remuneration policy	107,761,278	99.93	70,146	0.07	57,640
Remuneration report	107,759,018	99.93	76,266	0.07	53,780

On behalf of the Board

Vicky Hastings
Chair

11 December 2024

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2024. The Company is a public limited company registered and domiciled in England & Wales with company number 427958. It was active throughout the year. The Snapshot of our Portfolio on pages 12–13, Corporate Governance Report and each committee's report on pages 36–52, Statement of Directors' Responsibilities on page 59 and the additional information on pages 94–100 form part of the Directors' Report.

Share capital

As at 30 September 2024 the Company's paid-up share capital comprised 367,390,497 ordinary shares of 5p each, of which 37,913,196 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 number of voting rights in the Company was therefore 329,477,301 as at 30 September 2024. At the start of the year under review, share capital comprised 216,389,910 ordinary shares with 3,621,788 in treasury.

The directors seek annual authority from 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 25 January 2024, shareholders authorised the directors to allot up to 21,276,800 ordinary shares (with a nominal value of £1,063,840 and representing 10% of issued share capital) for cash, and to repurchase up to 31,893,941 shares (with a nominal value of £1,594,697 and representing 14.99% of issued share capital) for cancellation or to be held in treasury, where the Company's shares trade at a discount to NAV. The authority to allot and repurchase shares expires at the earlier of 15 months from the date of the passing of the resolution and the next AGM in January 2025. No shares have been issued under this authority.

During the year to 30 September 2024, the Company repurchased 2,376,191 shares with a nominal value of £118,810 to hold in treasury under such AGM authority at a total cost including expenses of £4,279,000, constituting 1.1% of issued share capital at the beginning of the year (excluding treasury shares). As at 9 December 2024, being the latest practicable date prior to publication of the Annual Report, a total of 8,156,478 shares have been bought back under this AGM authority, with a nominal value of £407,824.

As part of the HEFT/HNE combination, the Company issued 151,000,587 shares with a nominal value of £7,550,029 to HNE shareholders for total proceeds (net of costs) of £308,850,000, and repurchased 31,915,217 shares with a nominal value of £1,595,761 from the Company's shareholders on 4 July 2024 pursuant to the authority granted at the general meeting on 19 June 2024, at a cost of £63,907,000. Shareholder authority was obtained to purchase HEFT shares by means of a tender offer for up to 15% of the shares in issue (excluding shares held in treasury). This authority was fully deployed.

Since the year end and as at 9 December 2024, 5,780,287 shares have been repurchased to be held in treasury, with a nominal value of £289,014. A total of 43,693,483 shares are held in treasury and total share capital remains at 367,390,497 ordinary shares.

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 2024 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
1607 Capital Partners LLC	9.9
Allspring Global Investments	9.3
Rathbones Group	8.1
City of London Investment Management	6.8
Evelyn Partners	6.2

Additionally, holdings of the Company's shares on execution-only stockbroking platforms which form over 3% in size at 30 September 2024 were as follows:

	% of voting rights
Hargreaves Lansdown	6.7
Interactive Investor	6.6
HSDL	4.3

In respect of notified changes since the year end, 1607 Capital Partners, LLC reported to the Company its increased holding from 9.9% to 10.1% on 15 October 2024.

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 54.

In respect of the provision of services by Janus Henderson, other than fees payable by the Company in the ordinary course of business, the facilitation of marketing activities with third parties, and the HEFT/HNE combination, 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 pages 86 and 87.

Other information and future developments

Information is detailed in the Strategic Report regarding the recommended final dividend, future developments, financial risks and instruments. The principal financial risks and the Company's policies and procedures for managing these risks are set out in note 15 to the financial statements on pages 80-84. The Company's environmental statements are set out in the Strategic Report on pages 30–34.

The directors of the Company and their other appointments are listed on pages 36–37. All directors in office at the date of this Annual Report are standing for re-election at the AGM on 29 January 2025, with the exception of Robin Archibald. Information on directors' insurance and indemnification is given on page 43. Directors' beneficial interests and those of their connected persons in the securities of the Company are on page 54.

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.

UK Listing Rule 6.6.4 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.

There are no post-balance sheet events to report.

Annual general meeting ("AGM")

Shareholders are invited to attend our AGM at 11.30 am on Wednesday, 29 January 2025 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/het-agm 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 Monday, 27 January 2025. 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 Monday, 27 January 2025 to be valid.

The Notice of AGM is on pages 89–93, 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 9 and 10 proposing their reappointment and authorising the Audit and Risk Committee to determine their remuneration for the ensuing year will be put to shareholders at the AGM. Further information about their reappointment can be found in the Audit and Risk Committee Report on pages 44–48.

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 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

11 December 2024

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. 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.

Directors' responsibility statement

Each director, as listed on pages 36–37, 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

11 December 2024

Image: City skyline, Basel, Switzerland

Financial statements

In this section

Independent Auditor's report to the members of Henderson European Trust plc

Opinion

We have audited the financial statements of Henderson European Trust plc ("the Company") for the year ended 30 September 2024 which comprise Income Statement, Statement of Changes in Equity, Statement of Financial Position and Cash Flow Statement and the related notes 1 to 25, 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 2024 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 to 31 December 2025, which is a period of at least twelve months from the date the financial statements are authorised for issue.

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 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 • Risk of incorrect accounting for the combination with Henderson EuroTrust plc
Materiality	• Overall materiality of £6.64m 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, including controls 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 pages 21–23 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 1m 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 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 46 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 73).* The total revenue for the year to 30 September 2024 was £12.07m (2023: £11.43m), 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 judgement 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 2024. 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 one special dividend received during the year, classified as revenue. 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 the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.

Independent Auditor's report 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 46 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 72).* The valuation of the investment portfolio at 30 September 2024 was £691.50m (2023: £384.25m) 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 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 2024 to an independent confirmation received directly from the Company's custodian.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.
Risk of incorrect accounting for the combination with Henderson EuroTrust plc *(as described on page 46 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 72).* During the year the board of Henderson EuroTrust plc agreed heads of terms with the Company for a transfer of assets of Henderson EuroTrust plc with the Company by means of a section 110 scheme of reconstruction and winding up. The transfer of assets was completed on 4 July 2024 in exchange for the issue of new shares. There is a risk that assets and liabilities transferred from Henderson EuroTrust plc to the Company were not complete or recorded correctly. There is also a risk that the issuance of shares related to the transaction is incorrectly accounted for or incorrectly disclosed in the financial statements of the Company.	**We have performed the following procedures:** We obtained the combination calculation and compared this calculation to the scheme of reconstruction documents. We agreed the number of shares issued pursuant to the transaction to the London Stock Exchange announcements and compared these to accounting records of the Company. We agreed the cash and investments transferred to the Company as part of the transaction to the accounting records of the Company. We obtained a breakdown of costs incurred by the Company related to the transaction and tested that they have been appropriately accounting for and disclosed in the Statement of Changes in Equity in accordance with FRS 102. We reviewed the disclosures in the annual report and financial statements and ensured the strategic report, s172 statement and financial statements provide details of the combination and the contribution received from Janus Henderson in relation to the costs related to the combination.	The results of our procedures identified no material misstatements in relation to the risk of incorrect accounting for the combination with Henderson EuroTrust plc.

In the current year we have added a key audit matter on 'Risk of incorrect accounting for the combination with Henderson EuroTrust plc' as it is a significant event that has occurred during the period and has a significant impact on the financial statements of the Company.

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 £6.64 million (2023: £3.79 million), which is 1% (2023: 1%) of net assets. We believe that net assets provides us with 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% (2023: 75%) of our planning materiality, namely £4.98m (2023: £2.84m).

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 £0.56m (2023: £0.50m) being 5% (2023: 5%) of the revenue profit before taxation.

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 £0.33m (2023: £0.19m), 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 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 there is 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.

Corporate Governance Statement

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

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 59;
- 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 24;
- Directors' statement on fair, balanced and understandable set out on page 24;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 24;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 43; and
- The section describing the work of the audit and risk committee set out on page 44 and 45.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 59, 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 below, 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.

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 Association 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 these 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 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 2024 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 11 years, covering the years ending 30 September 2014 to 30 September 2024.
- 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.

Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

11 December 2024

Income statement

		Year ended 30 September 2024			Year ended 30 September 2023		
Notes		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
2	Gains on investments held at fair value through profit or loss	–	46,078	46,078	–	68,293	68,293
	Exchange gains/(losses) on currency transactions	–	1,093	1,093	–	(5)	(5)
3	Income from investments	11,558	–	11,558	11,206	–	11,206
4	Other income	515	–	515	224	–	224
	Gross revenue and capital gains	**12,073**	**47,171**	**59,244**	**11,430**	**68,288**	**79,718**
5	Management fee	(735)	(2,204)	(2,939)	(587)	(1,762)	(2,349)
6	Other administration expenses	(656)	(22)	(678)	(639)	–	(639)
	Net return before finance costs and taxation	**10,682**	**44,945**	**55,627**	**10,204**	**66,526**	**76,730**
7	Finance costs	(118)	(355)	(473)	(129)	(385)	(514)
	Net return before taxation	**10,564**	**44,590**	**55,154**	**10,075**	**66,141**	**76,216**
8	Taxation on net return	147	–	147	(887)	(36)	(923)
	Net return after taxation	**10,711**	**44,590**	**55,301**	**9,188**	**66,105**	**75,293**
9	Return per ordinary share	4.43p	18.45p	22.88p	4.32p	31.07p	35.39p

The 'Total' columns of this statement represent 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 72–87 form part of these financial statements.

Statement of changes in equity

Notes	Year ended 30 September 2024	Called-up share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Other Reserves £'000	Total £'000
	At 30 September 2023	10,819	41,995	217,076	12,496	96,611	378,997
	Cancellation of share premium account	–	(41,995)	–	–	41,995	–
16, 17	Issue of ordinary shares on HEFT/HNE combination	7,550	302,753	–	–	–	310,303
17	Issue costs in respect of the HEFT/HNE combination	–	(1,453)	–	–	–	(1,453)
18	Contribution from JHI towards the HEFT/HNE combination	–	–	1,550	–	–	1,550
20	Tender offer of ordinary shares for treasury	–	–	–	–	(63,907)	(63,907)
	Net return after taxation	–	–	44,590	10,711	–	55,301
20	Buyback of ordinary shares for treasury	–	–	–	–	(4,279)	(4,279)
10	Ordinary dividends paid	–	–	–	(12,978)	–	(12,978)
	At 30 September 2024	**18,369**	**301,300**	**263,216**	**10,229**	**70,420**	**663,534**

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**

The notes on pages 72–87 form part of these financial statements.

Statement of financial position

Notes		2024 £'000	2023 £'000
	Fixed assets		
11	Investments held at fair value through profit or loss	691,497	384,249
	Current assets		
12	Debtors	14,032	11,745
	Cash at bank	3,113	15,857
		17,145	27,602
13	**Creditors:** amounts falling due within one year	(16,143)	(2,655)
	Net current assets	**1,002**	**24,947**
	Total assets less current liabilities	**692,499**	**409,196**
14	**Creditors:** amounts falling due after one year	(28,965)	(30,199)
	Net assets	**663,534**	**378,997**
	Capital and reserves		
16	Called-up share capital	18,369	10,819
17	Share premium account	301,300	41,995
18	Capital reserve	263,216	217,076
19	Revenue reserve	10,229	12,496
20	Other reserves	70,420	96,611
	Shareholders' funds	**663,534**	**378,997**
21	**Net asset value per ordinary share**	**201.39p**	**178.13p**

These financial statements were approved and authorised for issue by the Board of Directors on 11 December 2024 and were signed on its behalf by:

Vicky Hastings
Chair of the Board

The notes on pages 72–87 form part of these financial statements.

Cash flow statement

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Cash flows from operating activities		
Net return before taxation	55,154	76,216
Add back: finance costs	473	514
Gains on investments held at fair value through profit or loss	(46,078)	(68,293)
(Gains)/losses on foreign exchange	(1,093)	5
Taxation paid	(257)	(1,389)
Increase in debtors	(232)	(163)
Increase in creditors	438	1,099
Net cash inflow from operating activities[1]	**8,405**	**7,989**
Cash flows from investing activities		
Sales of investments held at fair value through profit or loss	461,678	288,351
Purchases of investments held at fair value through profit or loss	(405,566)	(290,172)
Net cash inflow/(outflow) from investing activities	**56,112**	**(1,821)**
Cash flows from financing activities		
Buyback of ordinary shares for treasury	(3,044)	(183)
Equity dividends paid	(12,978)	(10,532)
Costs associated with the HEFT/HNE combination	(1,225)	–
Net cash acquired and received following the HEFT/HNE combination	4,512	–
Total cash paid for the tender offer (including costs)	(63,907)	–
Interest paid	(471)	(863)
Net cash outflow from financing activities	**(77,113)**	**(11,578)**
Net decrease in cash and equivalents	(12,596)	(5,410)
Cash and cash equivalents at beginning of period	15,857	21,272
Losses on foreign exchange	(148)	(5)
Cash at bank at end of period	**3,113**	**15,857**
Comprising:		
Cash at bank	**3,113**	**15,857**

1 Cash inflow from dividends was £10,442,000 (2023: £9,394,000) and cash inflow from interest was £535,000 (2023: £213,000).

Notes to the financial statements

For the year ended 30 September 2024

1 Accounting policies

(a) Basis of preparation

The Company is a registered investment company as defined in s833 Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 100.

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 s11 and s12 of the Standard. All Company's operations are of a continuing nature.

Issue of shares pursuant to the HEFT/HNE combination

On 4 July 2024, the Company issued new ordinary shares to shareholders of HNE in consideration for the receipt by the Company of assets pursuant to a scheme of reconstruction and liquidation of HNE. The directors have considered the substance of the assets and activities of HNE in determining whether this represents the acquisition of a business. In this case the combination is not judged to be an acquisition of a business, and therefore has not been treated as a business combination in accounting terms. Rather, the cost to acquire the assets and liabilities of HNE has been allocated between the acquired identifiable assets and liabilities based on their relative fair values on the acquisition date without attributing any amount to goodwill or to deferred taxes. Investments and cash were transferred from HNE. All assets were acquired at their fair value. The value of the assets received, in exchange for shares issued by the Company, have been recognised in share capital and share premium, as shown in the Statement of Changes in Equity. Direct costs, including professional costs, in respect of the shares issued have been recognised in the share premium account. As part of the HEFT/HNE combination, JHI contributed £1.55m to the costs of the proposals and further details are included in note 23.

(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 being 31 December 2025. 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 continued macroeconomic and geopolitical uncertainty with the escalating conflict in the Middle East, the ongoing war in Ukraine, heightened tensions between the US and China, 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.

1 Accounting policies continued

(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.

(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 tax 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.

1 Accounting policies continued

(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 s733 Companies Act 2006. Where shares are repurchased and held in treasury, the transfer to the capital redemption reserve is made if and when such shares 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 amount standing to the value of the share premium account as at 13 March 2024, being £41,995,000, was cancelled and transferred to 'Other reserves'.

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.

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 on Income and expenditure;
- 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 acquisitions of The German Investment Trust plc and Aberdeen European Investment Trust plc.
- The capital redemption reserve represents the nominal value of ordinary shares that have been repurchased and cancelled. This was reclassified to the additional special distributable reserve on 12 March 2024.
- The additional special distributable reserve was created on 12 March 2024 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.

(l) Distributable reserves

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

1 Accounting policies continued

(m) Judgements, assumptions and estimates

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 circumstances.

The directors do not believe that any accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. 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 FRS 102, 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.

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

	2024 £'000	2023 £'000
Gains on the sale of investments based on historical cost	49,984	22,854
Revaluation (losses)/gains recognised in previous years	(5,592)	16,663
Gains on investments sold in the year based on carrying value at previous Statement of Financial Position date	**44,392**	39,517
Revaluation gains on investments held at 30 September	1,686	28,776
Gains on investments held at fair value through profit or loss	**46,078**	68,293

3 Income from investment

	2024 £'000	2023 £'000
Listed investments:		
Overseas dividends	10,746	10,143
UK dividends	481	969
UK fixed-interest income	331	94
	11,558	11,206

Special dividends received in the year amounted to £104,000 (2023: £358,000), of which £104,000 is classified as revenue (2023: £358,000) and nil (2023: nil) classified as capital.

4 Other income

	2024 £'000	2023 £'000
Deposit interest	512	224
Interest received on withholding tax refunds	3	–
	515	**224**

5 Management fee

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	**735**	**2,204**	**2,939**	**587**	**1,762**	**2,349**

A description of the basis for calculating the management fee is given in the Business Model on page 18.

Management fees are allocated 25% to revenue and 75% to capital in the Income Statement.

6 Other administration expenses

	2024 £'000	2023 £'000
Revenue:		
Directors' fees and taxable benefits (see Directors' Remuneration Report on page 55)	196	166
Directors' and officers' liability insurance	13	14
Marketing expenses recharged by Janus Henderson	72	84
Custody charges	63	67
Legal and professional fees	67	67
Fees payable to the Company's auditors – for audit services (excluding VAT)	59	52
Depositary charges	42	40
Registrar's fees	45	38
Printing and postage	19	30
Listing fees	39	29
AIC subscriptions	21	21
Other expenses	20	31
	656	**639**
Capital:		
Legal and professional fees in connection with reclassification of the share premium account and capital redemption reserve	22	–
	22	**–**

7 Finance costs

	2024			2023		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
On bank overdrafts payable within one year	2	5	7	8	24	32
On unsecured loan notes – after 5 years[1]	116	350	466	121	361	482
	118	**355**	**473**	**129**	**385**	**514**

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 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 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 EUR10,000,000 at 1.66%. Please see note 14 for further details.

8 Taxation

(a) Analysis of charge for the year

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Overseas tax (received)/suffered	(147)	–	(147)	887	36	923
Total taxation for the year	**(147)**	**–**	**(147)**	**887**	**36**	**923**

(b) Factors affecting the tax charge for the year

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Return before taxation	**10,564**	**44,590**	**55,154**	**10,075**	**66,141**	**76,216**
Corporation tax at an effective rate of 25.0% (2023: 22.0%)	2,641	11,148	13,789	2,217	14,551	16,768
Effects of:						
Non-taxable capital profits	–	(11,793)	(11,793)	–	(15,023)	(15,023)
Non-taxable overseas income	(2,807)	–	(2,807)	(2,445)	–	(2,445)
Expenses not deductible for tax purposes	1	5	6	–	–	–
Current-year expenses not utilised	165	640	805	228	472	700
Overseas tax	(147)	–	(147)	887	36	923
	(147)	**–**	**(147)**	**887**	**36**	**923**

The UK corporation tax rate is an effective rate of 25.00% (2023: 22.00%). The tax charge for the year is lower than the corporation tax rate.

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 £9,199,000 (2023: £8,389,000) 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.

9 Return per ordinary share

The return per ordinary share is based on the net return attributable to the ordinary shares of £55,301,000 (2023: £75,293,000) and on 241,688,916 ordinary shares (2023: 212,776,067) 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.

	2024 £'000	2023 £'000
Net revenue return	10,711	9,188
Net capital return	44,590	66,105
Net total return	**55,301**	**75,293**
Weighted average number of ordinary shares in issue during the year	241,688,916	212,776,067
Revenue return per ordinary share	4.43p	4.32p
Capital return per ordinary share	18.45p	31.07p
Total return per ordinary share	**22.88p**	**35.39p**

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

Notes to the financial statements continued

10 Dividends paid and payable on the ordinary shares

Dividends on ordinary shares	Record date	Payment date	2024 £'000	2023 £'000
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
Final dividend (3.05p) for the year ended 30 September 2023	5 January 2024	5 February 2024	6,489	–
Interim dividend (3.05p) for the year ended 30 September 2024	7 June 2024	28 June 2024	6,489	–
			12,978	**10,532**

The final dividend for the year ended 30 September 2024 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 s1158 Corporation Tax Act, is set out below.

	2024 £'000	2023 £'000
Revenue available for distribution by way of dividend for the year	10,711	9,188
Interim dividend (3.05p) for the year ended 30 September 2024 (based on 212,768,122 ordinary shares in issue at 7 June 2024)	(6,489)	–
Final dividend (1.30p) for the year ended 30 September 2024 (based on 323,697,014 ordinary shares in issue at 9 December 2024)	(4,208)	–
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 5 January 2024)	–	(6,489)
Undistributed revenue for s1158 purposes/(transfer from revenue reserves)	**14**	**(67)**

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

11 Investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Valuation at 1 October	384,249	320,289
Investment holding gains at 30 September	(49,225)	(3,786)
Cost at 1 October	**335,024**	**316,503**
Assets acquired in respect of the HEFT/HNE combination	305,791	–
Additions at cost	418,707	287,856
Disposals at cost	(413,344)	(269,335)
Cost at 30 September	**646,178**	**335,024**
Investment holding gains at 30 September	45,319	49,225
Valuation at 30 September	**691,497**	**384,249**

The Company received £463,250,000 (2023: £292,189,000) from investments sold in the year. The book cost of these investments when they were purchased was £413,344,000 (2023: £269,335,000). 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 2024 were £925,000 (2023: £325,000). These comprise mainly stamp duty and commission. Sale transaction costs for the year ended 30 September 2024 were £144,000 (2023: £114,000).

Notes to the financial statements continued

12 Debtors

	2024 £'000	2023 £'000
Amounts receivable within one year:		
Investments sold awaiting settlement	9,159	7,587
Accrued income	333	175
Prepaid expenses	33	51
Overseas withholding tax recoverable	3,908	3,534
Other receivables	599	398
	14,032	**11,745**

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

	2024 £'000	2023 £'000
Amounts payable within one year:		
Investments purchased awaiting settlement	13,410	269
Amounts due to brokers for buy back of ordinary shares for treasury	1,217	–
Accrued expenses	1,439	2,305
Interest on loan notes	77	81
	16,143	**2,655**

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. There are no amounts drawn down under this facility as at 30 September 2024 (2023: £nil).

14 Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Borrowings: Loan notes (unsecured)		
1.53% unsecured loan notes 2047 (EUR)	20,689	21,572
1.66% unsecured loan notes 2052 (EUR)	8,276	8,627
	28,965	**30,199**

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. Please see note 15.4 for more details on the estimate of the fair value of the unsecured loan 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 17. 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 predominantly in stocks listed in Europe (excluding the UK).

At 30 September 2024 the fair value of the Company's assets exposed to market price risk was £691,497,000 (2023: £384,249,000). 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. 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 2024 the Company had no exposure to such instruments (2023: same).

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 the Fund Managers take full advantage of that debt to have a net geared portfolio.

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 2024 would generate a corresponding increase or decrease in the NAV per ordinary share of 10.4% or £69.1 million (2023: 10.1% or £38.4 million).

15 Financial risk management policies and procedures continued

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 Managers monitor geographical and currency exposures, it is not a key determinant of investment decisions. At the year end 87.7% (2023: 89.4%) of the Company's net assets were denominated in currencies other than Sterling, the largest proportion being Euro, at 63.6% (2023: 70.4%) 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:

	2024 £'000	2023 £'000
Monetary assets		
Cash and short-term receivables:		
Norwegian Krone	12	81
Euro	12,287	10,254
Swiss Franc	829	822
Danish Krone	246	280
US Dollar	104	9
Monetary liabilities		
Short-term payables:		
Euro	(12,850)	(350)
Long-term payables:		
Euro	(28,965)	(30,199)
Non-monetary assets		
Non-current asset investments held at fair value:		
Euro	451,768	286,994
Swiss Franc	95,568	12,684
Danish Krone	51,197	23,175
Swedish Krona	–	13,202
Norwegian Krone	–	11,087
US Dollar	11,974	10,860
Total	**582,170**	**338,899**

The level of assets exposed to currency risk increased by 71.78% during the year, primarily as a result of the Company's increase in assets following the HEFT/HNE combination. 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 Swiss Franc.

Overall currency exposure at 30 September was as follows:

	2024 %	2023 %
Euro	**63.6**	70.4
Swiss Franc	**14.5**	3.5
Sterling	**12.3**	10.6
Danish Krone	**7.8**	6.2
US Dollar	**1.8**	2.9
Swedish Krona	**–**	3.5
Norwegian Krone	**–**	2.9

15 Financial risk management policies and procedures continued

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.

	2024 Net assets £'000	2024 Revenue £'000	2023 Net assets £'000	2023 Revenue £'000
Euro	38,385	869	24,245	860
Danish Krona	4,677	44	2,132	25
Swiss Francs	–	–	1,228	45
Other currencies	9,863	96	2,217	88
	52,925	**1,009**	**29,822**	**1,018**

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 (2023: nothing was drawn) and the weighted average interest rate for the period was nil (2023: nil). Interest is received 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 2024, the maximum exposure to credit risk was as follows:

	2024 £'000	2023 £'000
Cash at bank	3,113	15,857
Debtors (see note 12)	14,032	11,745

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.

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 2024, the fair value of short-term liabilities was £16,143,000 and long-term liabilities of £28,965,000 (2023: £2,655,000 and £30,199,000).

The table below analyses the Company's contractual liabilities.

	2024			2023		
	Within one year	Between one and five years	More than five years	Within one year	Between one and five years	More than five years
	£'000	£'000	£'000	£'000	£'000	£'000
Unsecured loan notes[1]	456	1,824	37,571	476	1,904	39,644
Other creditors and accruals	16,143	–	–	2,655	–	–
	16,599	**1,824**	**37,571**	**3,131**	**1,904**	**39,644**

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.

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.

2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Quoted equities	691,497	–	–	691,497
Total	**691,497**	**–**	**–**	**691,497**

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**

The fair value of the Company's investments in quoted equities 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.

15 Financial risk management policies and procedures continued

In order to comply with fair value accounting disclosures only, the fair value of the unsecured loan notes has been estimated to be £18,863,000 (2023: £17,508,000) 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 loans note plus the same credit spread applied at the issue. The net assets including the loan notes at fair value would have been £673,636,000 at 30 September 2024 (compared to £663,534,000 with the loan notes at par value), equivalent to a net asset value per ordinary share of 204.45p (compared to 201.39p 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 2024 was of £663,534,000 (2023: £378,997,000) comprising equity share capital of £18,369,000 (2023: £10,819,000) and reserves of £645,165,000 (2023: £368,178,000).

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;
- review of distributable reserves for purposes of dividend distributions and share buyback, including any tender offers;
- 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
- financial covenants of the secured notes 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.

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 2023	212,768,122	3,621,788	216,389,910	10,819
Issue of new ordinary shares	151,000,587	–	151,000,587	7,550
Tender offer of ordinary shares for treasury	(31,915,217)	31,915,217	–	–
Buyback into treasury of 2,376,191 shares	(2,376,191)	2,376,191	–	–
At 30 September 2024	**329,477,301**	**37,913,196**	**367,390,497**	**18,369**

Notes to the financial statements continued

16 Called up share capital continued

	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
Buy back 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**

On 4 July 2024 the Company issued 151,000,587 new shares to HNE shareholders in consideration of the £310,303,000 of net assets acquired from HNE in accordance with the HEFT/HNE combination. As announced on 25 June 2024, 31,915,217 shares were bought back pursuant to the tender offer at a total cost of £63,907,000 representing 198.846970p per share paid to shareholders plus stamp duty and commission. All shares repurchased will be held in treasury.

During the year to 30 September 2024, the Company repurchased 2,376,191 (2023: 145,000) ordinary shares at a cost of £4,279,000 including expenses (2023: £183,000). Since the year end and as at 9 December 2024, 5,780,287 shares have been repurchased to be held in treasury. The ordinary shares held in treasury total 43,693,483 as at 9 December 2024 and have no voting rights and are not entitled to dividends.

17 Share premium account

	2024 £'000	2023 £'000
Balance brought forward	41,995	41,995
Cancellation of share premium account	(41,995)	–
Issue of new ordinary shares on HEFT/HNE combination	302,753	–
Costs in respect of the HEFT/HNE combination	(1,453)	–
Balance at 30 September	**301,300**	**41,995**

18 Capital reserves

	2024			2023		
	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital reserves total £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital reserves total £'000
Balance brought forward	**167,937**	**49,139**	**217,076**	147,454	3,700	151,154
Transfer on disposal of investments	**5,592**	**(5,592)**	**–**	(16,663)	16,663	–
Movement in fair value of investments	**44,392**	**1,686**	**46,078**	39,517	28,776	68,293
Exchange gains/(losses) on currency transactions	**1,093**	**–**	**1,093**	(5)	–	(5)
Management fee allocated to capital	**(2,204)**	**–**	**(2,204)**	(1,762)	–	(1,762)
Interest payable allocated to capital	**(355)**	**–**	**(355)**	(385)	–	(385)
Contribution from JHI towards the HEFT/HNE combination	**1,550**	**–**	**1,550**	–	–	–
Costs associated with the cancellation of share premium account	**(22)**	**–**	**(22)**	–	–	–
Buyback of ordinary shares for treasury	**–**	**–**	**–**	(183)	–	(183)
Irrecoverable withholding tax deducted at source	**–**	**–**	**–**	(36)	–	(36)
Balance at 30 September	**217,983**	**45,233**	**263,216**	**167,937**	**49,139**	**217,076**

19 Revenue reserve

	2024 £'000	2023 £'000
Balance brought forward	12,496	13,840
Net revenue return for the year after tax	10,711	9,188
Dividends paid (note 10)	(12,978)	(10,532)
Balance at 30 September	**10,229**	**12,496**

Notes to the financial statements continued

20 Other reserves

	2024					2023				
	Special distributable reserve £'000	Additional special distributable reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Total £'000	Special distributable reserve £'000	Additional special distributable reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Total £'000
Balance brought forward	25,846	–	61,344	9,421	96,611	25,846	–	61,344	9,421	96,611
Cancellation of share premium account and capital redemption reserve	–	51,416	–	(9,421)	41,995	–	–	–	–	–
Tender offer of ordinary shares for treasury	(25,846)	(38,061)	–	–	(63,907)	–	–	–	–	–
Buyback of ordinary shares for treasury	–	(4,279)	–	–	(4,279)	–	–	–	–	–
Balance at 30 September	**–**	**9,076**	**61,344**	**–**	**70,420**	**25,846**	**–**	**61,344**	**9,421**	**96,611**

21 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £663,534,000 (2023: £378,997,000) and on 329,477,301 (2023: 212,768,122) shares in issue on 30 September 2024, excluding treasury shares.

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

	2024 £'000	2023 £'000
Total net assets at start of year	378,997	314,419
Net return for the year after tax	55,301	75,293
Buyback of ordinary shares for treasury	(4,279)	(183)
Dividends paid on ordinary shares	(12,978)	(10,532)
Issues of ordinary shares on HEFT/HNE combination	310,303	–
Issue costs in respect of the HEFT/HNE combination	(1,453)	–
Contribution from JHI towards the HEFT/HNE combination	1,550	–
Tender offer of ordinary shares for treasury	(63,907)	–
Net assets attributable to the ordinary shares at 30 September	**663,534**	**378,997**

22 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 30 September 2024 (2023: nil).

23 Transactions with the Manager and related parties

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

For the prior year and for the period to 3 July 2024, the management fee was charged at 0.65% per annum of net assets up to £300 million, and 0.55% of net assets above £300 million. From 4 July 2024, following the HEFT/HNE combination, the management fee will be charged at 0.60% on net assets up to £500 million, 0.475% on net assets from £500 million and up to £1 billion and 0.45% on net assets equal to above £1 billion. Any holdings in funds managed by Janus Henderson, of which there were none in the year, would be excluded from the calculation of the management fees. The management fees payable to Janus Henderson under the agreement in respect of the year ended 30 September 2024 were £2,939,000 (2023: £2,349,000). The amount outstanding at 30 September 2024 was £60,000 payable to Janus Henderson (2023: £1,189,000). As part of the HEFT/HNE combination, the Manager made a contribution of £1,550,000 to the costs. See note 18 on page 85.

23 Transactions with the Manager and related parties continued

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, including VAT, for the period ended 30 September 2024 amounted to £48,000 (2023: £84,000). As part of the HEFT/HNE combination, the Manager has committed to additional spend on marketing activities in the year following the closure of the transaction.

Details of fees paid to directors are included in the Directors' Remuneration Report on page 55 and in note 6 on page 76.

The Company and HNE both bore their own costs in relation to the combination. These were reflected in the formula applied to the respective net asset values of the two companies when they were compared to calculate the number of shares in HET to be issued to HNE shareholders.

Janus Henderson contributed £1.55m to the costs of the proposals to make sure that they were cost neutral for shareholders continuing, irrespective of the results of the combination. Direct costs borne by both HNE and HET were fully covered by both the contribution by Janus Henderson, and the financial impact of the tender offer in the Company and the cash exit in HNE, both being at a small discount to the prevailing net asset values when the HEFT/HNE combination completed. Those discounts resulted in a modest asset uplift for ongoing shareholders. The adjustment to the dividend payment profile for the Company during the year protected the Company's existing shareholders from the impact of the issuance of shares and the relatively short period to earn income on the enlarged share capital. As a result, shareholders were protected from any adverse capital or income impact arising from the combination. Janus Henderson had also agreed to protect the Company from any costs, had the transaction not proceeded to completion.

24 Changes in cash and financial liabilities

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

			Non-cash changes		
	At 1 October 2023 £'000	Cash flows £'000	Amortisation of issue costs £'000	Foreign exchange movement £'000	At 30 September 2024 £'000
Cash at bank	15,857	(12,596)	–	(148)	3,113
Unsecured loan notes	(30,199)	–	(5)	1,239	(28,965)
Total	**(14,342)**	**(12,596)**	**(5)**	**1,091**	**(25,852)**

			Non-cash changes		
	At 1 October 2022 £'000	Cash flows £'000	Amortisation of issue costs £'000	Foreign exchange movement £'000	At 30 September 2023 £'000
Cash at bank	21,272	(5,410)	–	(5)	15,857
Unsecured loan notes	(30,548)	–	(5)	354	(30,199)
Total	**(9,276)**	**(5,410)**	**(5)**	**349**	**(14,342)**

25 Transaction with Henderson EuroTrust plc ("HNE")

On 4 July 2024, the Company announced that it had acquired £310,303,000 of net assets from HNE in consideration for the issue of 151,000,587 new ordinary shares calculated in accordance with the terms of the HEFT/HNE combination.

Net assets acquired	**£'000**
Investments	305,791
Cash	4,512
Net assets	310,303
Satisfied by the value of new ordinary shares issued	**310,303**

There were no fair value adjustments required or made on completion of the HEFT/HNE combination to the above figures.

Image: Canary Wharf, London United Kingdom

Additional information

In this section

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of Henderson European Trust plc will be held at 11.30 am on Wednesday, 29 January 2025 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 11, as ordinary resolutions, and in the case of resolutions 12 to 15, as special resolutions.

Ordinary resolutions

1. To receive the Annual Report and the audited financial statements for the year ended 30 September 2024.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2024.
3. To approve a final dividend of 1.30p per ordinary share.
4. To elect Stephen King as a director of the Company.
5. To elect Rutger Koopmans as a director of the Company.
6. To re-elect Victoria (Vicky) Hastings as a director of the Company.
7. To re-elect Marco Maria Bianconi as a director of the Company.
8. To re-elect Melanie Blake as a director of the Company.
9. To re-appoint Ernst & Young LLP as the statutory auditor of the Company.
10. To authorise the Audit and Risk Committee to determine the statutory auditor's remuneration.
11. THAT in substitution for all existing authorities, the directors be generally and unconditionally authorised pursuant to s551 Companies Act 2006 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 £1,618,485 (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 2026, 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

12. THAT in substitution for all existing authorities and, subject to the passing of resolution 11, the directors be empowered pursuant to s570 and s573 Companies Act 2006 to allot ordinary shares or make offers or agreements to allot ordinary shares (within the meaning of s560 of that Act) for cash, and to sell ordinary shares which are held by the Company in treasury, as if s561(1) Companies Act 2006 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 £1,618,485 (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);

    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

    d) 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 2026 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.

13. THAT in substitution for all existing authorities, the Company be generally and unconditionally authorised in accordance with s701 Companies Act 2006 to make market purchases (within the meaning of s693(4) of that Act) of ordinary shares on such terms and in such manner as the directors may from time to time determine, provided that:

    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 48,522,182 ordinary shares (excluding treasury shares) as at 9 December 2024 being the latest practicable date prior to publication of this Notice);

Notice of Annual General Meeting continued

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 2026, 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.

14. 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 2026.

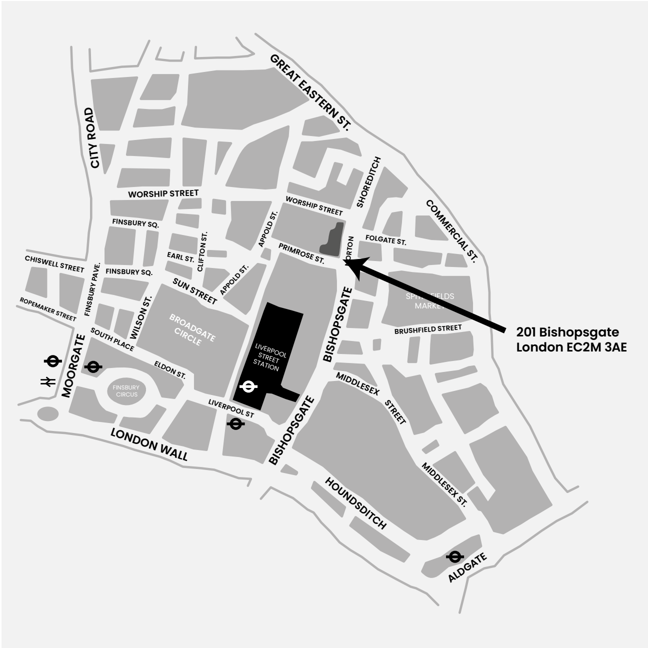
15. THAT, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled, and the amount by which the share capital is so reduced be credited to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

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary

11 December 2024

Registered office:
201 Bishopsgate, London EC2M 3AE



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.

Explanation of resolutions

The information set out below is an explanation of the business to be considered at the 2025 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/het-agm to register.

Resolutions 1 to 11 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 12 to 15 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.

Resolution 2: Approval of the Directors' Remuneration Report

Shareholders are asked to approve the Remuneration Report (see pages 53–56). 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.

Notice of Annual General Meeting continued

Resolution 3: Final Dividend

The directors propose a final dividend of 1.30p 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 3 February 2025 to shareholders on the register on 3 January 2025. The shares will be quoted ex-dividend on 2 January 2025.

Resolutions 4 to 8: Election and re-election of directors

As is governance best practice, directors are expected to stand for election by shareholders at the first AGM following their appointment by the board of directors, and for re-election by shareholders at subsequent AGMs 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 success of the Company are set out on pages 36–37. All directors standing for re-election held office throughout the year under review. Stephen King and Rutger Koopmans, from the board of Henderson EuroTrust plc, are standing for election for the first time by shareholders, having taken office as directors on 4 July 2024 following the HEFT/HNE combination. As explained in the Nominations Committee Report on pages 50–52, the Board has confirmed that all directors have sufficient time available and have demonstrated clear commitment and expertise for their role as director of the Company.

Resolutions 9 and 10: Statutory auditor

Shareholders are required to re-appoint an auditor at each general meeting at which accounts are presented. Resolution 9 proposes the re-appointment of Ernst & Young LLP ("EY") as the Company's auditor. The Board is pleased to ask shareholders to re-appoint EY as the Company's auditor for what would be their eleventh year in office. Resolution 10 gives the Audit and Risk Committee authority to determine the remuneration of the auditor. See the Audit and Risk Committee Report on pages 44–48 for the background to the decision to recommend EY for re-election.

Resolutions 11 and 12: Authority to issue new shares and disapply pre-emption rights

If the directors wish to issue new shares or sell 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 2024 AGM, the directors were granted authority either to issue from treasury or to allot up to 21,276,812 ordinary shares with a nominal value of £1,063,840 on a non-pre-emptive basis. No shares have been issued under these authorities, which will expire at the forthcoming AGM.

Resolutions 11 and 12 seek to renew the directors' authority either to issue from treasury or to allot shares with a nominal value of up to £1,618,485 (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, these authorities will expire at the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the AGM in 2026.

Resolution 13: 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. Of the authority to repurchase up to 31,893,941 shares granted at the 2024 AGM, 8,156,478 shares have been bought back, giving a remaining authority of 11.17% as at 9 December 2024.

If the resolution is passed, it will allow the Company to purchase up to 48,522,182 of its ordinary shares, representing 14.99% of the Company's issued ordinary share capital as at 9 December 2024, excluding shares held in treasury. 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 2026. 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 14: 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.

Notice of Annual General Meeting continued

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.

Resolution 15: Cancellation of share premium account

Resolution 15 is a special resolution to cancel the entire amount standing to the credit of the Company's share premium account ("Share Premium Account"). The cancellation of the Share Premium Account is proposed to be completed by means of a Court-approved capital reduction (the "Capital Reduction"). The share premium account was created through the issuance of new ordinary shares in connection with the HNE/HEFT combination. Creating more distributable reserves provides more flexibility for the Company in how it might deploy its capital, particularly in respect of share buyback or tender offers, both of which require distributable reserves.

If the special resolution to approve the Capital Reduction is not passed 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 Monday, 27 January 2025 (the "voting record date") shall be entitled to attend, speak and 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, speak 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, s285(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 s323 Companies Act 2006. 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 s324 Companies Act 2006, 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 s146 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

Notice of Annual General Meeting continued

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, Equiniti, before 11.30 am on Monday, 27 January 2025. 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. If you have registered for a Shareview portfolio, please log onto your portfolio using 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 Monday, 27 January 2025. 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 Monday, 27 January 2025 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

S319A Companies Act 2006 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 Companies Act 2006 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 9 December 2024 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 367,390,497 ordinary shares. The total number of voting rights on that date was 323,697,014 (43,693,483 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.hendersoneuropeantrust.com, together with these explanatory notes.

16. Filming

By attending the AGM, you agree to be filmed and note that the event will be broadcast online.

Glossary

Term	Definition
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.
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.
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 pages 96–97.
HEFT/HNE combination	The merger of interests of Henderson European Focus Trust plc ("HEFT") with Henderson EuroTrust plc ("HNE") to form Henderson European Trust plc is referred to as the "HEFT/HNE combination" in this Annual Report. Heads of terms were announced on 14 March 2024 and on 14 May 2024. The combination was effected by way of a scheme of reconstruction and members' voluntary winding-up of HNE under s110 Insolvency Act 1986 and the associated transfer of substantially all of the cash and other assets of HNE to the Company in exchange for the issue of new shares in HEFT, effective from 4 July 2024. All historic performance data in this Annual Report takes into account the recent HEFT/HNE combination but does not take account of HNE's own performance record, as assets were acquired, rather than the company.

Glossary continued

Term	Definition
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 may 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, carrying no voting rights 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 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 77).

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 2024	30 September 2023
Net asset value per share (pence)	(A)	201.39	178.13
Price per share (pence)	(B)	183.00	157.00
(Discount) or Premium (C=(B-A)/A) (%)	(C)	(9.1%)	(11.9%)

Net gearing

Net gearing relfects the Company's borrowings as a percentage of net assets as defined on page 94.

		2024	2023
Investments held at fair value through profit or loss (page 70) (£'000)	(A)	691,497	384,249
Less:			
Investment in short-dated government bonds (£'000)	(B)	–	19,682
Net investment portfolio (£'000) (C=A-B)	(C)	691,497	364,567
Net assets (see page 70) (£'000)	(D)	663,534	378,997
Gearing (E=((C/D)-1 (%)	(E)	4.2	(3.8)

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 70 and further information is available on page 86 in note 21 within the Notes to the Financial Statements. The basis of preparation of the Statement of Financial Position on page 70 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 83–84.

Ongoing charge

Under the AIC methodology, the ongoing charge is usually calculated as expenses incurred during the year divided by average net assets for the year, and represents both the impact of the Company's expenses during the current year and a measure of the Company's expected costs during the following year.

Due to the HEFT/HNE combination and change of management fee rate part-way through the year, the traditional method for calculating is not representative of expected costs going forwards, although it is representative of costs incurred during the year to 30 September 2024. The AIC guidance does however allow for alternative calculations and methodologies where there have been material changes and the AIC methodology may not be appropriate.

Alternative performance measures continued

Ongoing charge continued

The information below shows both the impact of expenses in the current year (following the standard AIC methodology) and a rebased forward-looking cost figure. This forward-looking cost figure has been disclosed as the Company's ongoing charge because this represents the directors' view of the best estimate of costs for the coming year. The actual ongoing charge that will be disclosed in the 2025 Annual Report may differ from this figure as a result of actual expenses that are incurred and any movements in the value of net assets during the year to 30 September 2025.

Impact of expenses

	2024 £'000	2023 £'000
Management fee (note 5)	2,939	2,349
Other administrative expenses (note 6)	656	639
Less: non-recurring expenses	(24)	(31)
Total	**3,571**	**2,957**
Average net assets[1]	**478,582**	**371,700**
Impact of expenses (%)	**0.75**	**0.80**

1 Calculated using the average daily net asset value.

Estimated ongoing charge

The estimated ongoing charge is 0.70%. This has been calculated with a management fee based on the net assets as at 30 September 2024 and certain other administrative expenses rebased for the combined company, divided by the Company's net assets as at 30 September 2024.

As explained above, this departs from the AIC methodology for calculating the ongoing charge.

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 77).

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 78.

	NAV per share	Share price
NAV per share/share price per share at 30 September 2023 (pence)	178.13	157.00
NAV per share/share price per share at 30 September 2024 (pence)	201.39	183.00
Change in the year (%)	13.1	16.6
Impact of dividends reinvested (%)	3.1	3.4
Total return for the year (%)	**16.6**	**20.5**

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

Dividend yield

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

		30 September 2024	30 September 2023
Annual dividend (pence)	(A)	4.35	4.35
Share price (pence)	(B)	183.0	157.0
Yield (C=A/B) (%)	(C)	2.4%	2.8%

General shareholder information

AIFMD disclosures and remuneration

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), information about the Company's leverage 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.hendersoneuropeantrust.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 100 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.

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.

Company names

References made to individual securities in the Strategic Report 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 and its employees may have a position in the securities mentioned.

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 manages 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.

Key Information Document ("KID")

This disclosure has been prepared with reference to the FCA's statement on 19 September 2024 that investment trusts are excluded from Packaged Retail and Insurance-based Investment Products regulations ("PRIIPs") and elements of cost disclosure under the Markets in Financial Instruments Directive ("MiFID").
As a listed company, the Company's operating costs are disclosed in the annual report and accounts.
The AIC recommends that investment trusts disclose an ongoing charges figure ("OCF"), which is explained in the alternative performance measures on page 96–97.
For the avoidance of doubt, the OCF does not represent an additional fee that shareholders must pay directly to the Company. Instead, the operating costs are paid by the Company and are reflected in the Company's net asset value.

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.hendersoneuropeantrust.com, on the London Stock Exchange Daily Official List, in the Financial Times and on Trustnet.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Equiniti, via www.shareview.co.uk. To access to your details on the Equiniti site, you will need the holder reference number shown on your share certificate.

Taxonomy Regulation

Regulation (EU) 2020/852 ("Taxonomy Regulation") establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions about 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.

General shareholder information continued

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 100. You can also check the FCA Warning List at #BeScamSmart / www.fca.org.uk/scamsmart.

Historic 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[1] %
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[2]	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[3]	0.77
2023	378,997	178.1	157.00	75,293	4.32	31.07	35.39	4.35	0.80
2024	**663,534**	**201.4**	**183.00**	**55,301**	**4.43**	**22.88**	**27.31**	**4.35**	**0.75**

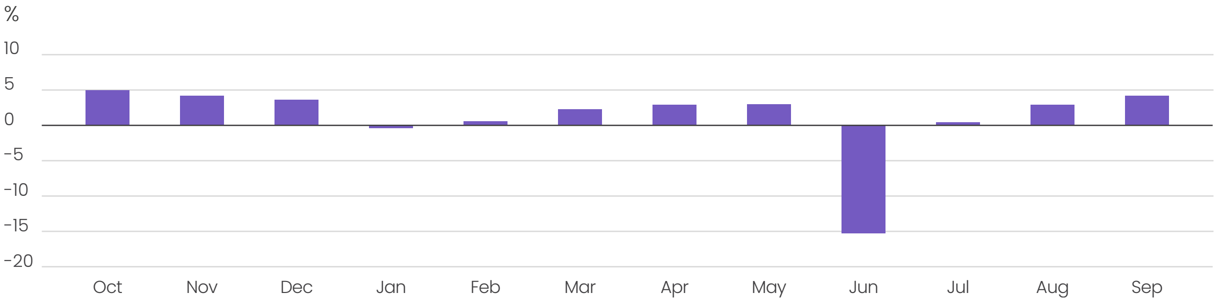
* Comparative figure for the years to 2021 have been restated due to the subdivision of each ordinary share of 50p into ten ordinary shares of 5p each on 7 February 2022.

1 Using the ongoing charge methodology prescribed by the Association of Investment Companies

2 Excludes the special dividend of 1.40p per ordinary share in respect of the year ended 30 September 2017

3 Excludes the special dividend of 0.50p per ordinary share in respect of the year ended 30 September 2022

Net gearing levels in the year to 30 September 2024[1]



1 Net gearing at each month end. See definition in alternative performance measures on pages 96–97. There was a significant positive cash figure on 30 June 2024 due to the tender offer paid on 4 July 2024 as part of the HEFT/HNE combination.

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

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 brokers

Winterflood Securities Limited
Riverbank House
2 Swan Lane
London EC4R 3GA

Numis Securities Limited (trading as Deutsche Numis)
45 Gresham Street
London EC2V 7BF

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 2024
Ex-dividend date	2 January 2025
Dividend record date	3 January 2025
Annual General Meeting	29 January 2025
Final dividend payable	3 February 2025
Half-year results announced	May 2025
Interim dividend payable	June 2025

Information sources

For more information about the Company, visit the Company's website. This includes factsheets, interviews, up-to-date share price and net asset value details, and other insights.

www.hendersoneuropeantrust.com

To receive regular insights on investment trusts from the Manager, visit:

www.janushenderson.com/en-gb/uk-investment-trusts/subscribe/

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.

MANAGED BY
Janus Henderson
INVESTORS

Telephone: **020 7818 1818**

Email: **itsecretariat@janushenderson.com**

www.hendersoneuropeantrust.com

Henderson European Trust plc is registered as an investment company in England and Wales

Registered office
201 Bishopsgate,
London EC2M 3AE

SEDOL/ISIN number
Ordinary Shares:
BLSNGB0/GB00BLSNGB01

Companies House registration number
00427958

London Stock Exchange (TIDM) Code
HET

Global Intermediary Identification Number (GIIN)
THMNPN.99999.SL.826

Legal Entity Identifier (LEI)
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