RNS Number : 6738Y
Henderson Smaller Cos Inv Tst PLC
01 August 2024

JANUS HENDERSON FUND MANAGEMENT UK LIMITED

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

LEGAL ENTITY IDENTIFIER: 213800NE2NCQ67M2M998

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 MAY 2024

This announcement contains regulated information.

KEY HIGHLIGHTS

- Final dividend increased to 19.5p per ordinary share (2023: 19.0p)
- Share price total return of 17.3% in the year
- 21st consecutive year of growth in the annual dividend
- Outperformed the benchmark in 15 of the last 20 years
- Over the ten years to 31 May 2024, outperformed the benchmark by 25.1%

Neil Hermon, Fund Manager, said:

"Despite the current geopolitical and economic challenges facing stock markets, we believe the portfolio is well positioned to withstand this backdrop and fully participate in the anticipated upswing when it occurs. The recent movements in equity markets have thrown up some fantastic buying opportunities, however it is important to be selective as the strength of franchise, market positioning and balance sheets will likely determine the winners from the losers."

INVESTMENT OBJECTIVE

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

PERFORMANCE

Total return performance for the years ended 31 May 2024

	1 year %	3 years %	5 years %	10 years %
NAV[1]	14.5	-18.8	18.2	97.7
Benchmark[2]	18.2	0.0	29.7	72.6
Average sector NAV[3]	14.1	-1.7	28.0	88.6
Share price[4]	17.3	-24.6	18.8	109.1
AIC sector share price[5]	15.1	-2.5	30.6	97.3
FTSE All-Share Index	15.4	25.5	37.3	77.6

Performance	**Year ended 31 May 2024**	Year ended 31 May 2023
NAV per share at year end	1,003.1p	904.1p
Share price at year end	888.0p	785.0p
Discount at year end[6]	11.5%	13.2%
Gearing at year end	11.5%	12.6%
Dividend for the year	27.00p[7]	26.00p
Revenue return per share	29.85p	29.38p
Dividend yield[8]	3.0%	3.3%
Total net assets	£747m	£675m
Ongoing charge[9]	0.45%	0.44%

1 NAV per ordinary share total return with income reinvested

2 Deutsche Numis Smaller Companies Index (excluding investment companies) total return

3 Average NAV total return of the Association of Investment Companies ("AIC") UK Smaller Companies sector

4 Share price total return using mid-market closing price with income reinvested

5 Average share price total return of the AIC UK Smaller Companies sector

6 Calculated using the NAV and mid-market share price at year end

7 This represents an interim dividend of 7.5p and a proposed final dividend of 19.5p, subject to shareholder approval at the AGM

8 Based on the ordinary dividends paid and payable for the year and the mid-market share price at year end

9 No performance fee is included in this calculation as no performance fee was paid in 2024 or 2023

A glossary of terms and explanations of alternative performance measures are included in the Annual Report.
Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

CHAIR'S STATEMENT

Dear Shareholder

Performance
The year under review showed an improved performance with strong absolute gains. The Company's net asset value ("NAV") rose 14.5% and the share price increased 17.3% in the year to 31 May 2024, on a total return basis. This compared with the AIC UK Smaller Companies sector's average NAV and share price total return which rose 14.1% and 15.1%, respectively.

The financial year saw a marked difference of performance in each half: after falling 7.7% in the first six months, the Company's net asset value total return rebounded strongly in the second half, climbing 24.0%. Despite this strong absolute performance, the Company underperformed its benchmark, the Deutsche Numis Smaller Companies Index (excluding investment companies), by 3.7%. This mainly reflected some company-specific issues that temporarily impacted a number of our larger holdings. The Fund Manager's Report in the Annual Report provides a detailed review of the year.

The UK market experienced a volatile twelve months, with smaller companies outperforming large-cap stocks as sentiment around the economy improved, aided by the peak in interest rates at the end of 2023 coupled with falling inflation. Corporate performance has been generally robust and smaller companies have benefitted from the increased M&A interest which the undervalued UK market has attracted.

We were pleased to see the strong recovery in the second half of the financial year and are optimistic that the portfolio is well positioned to benefit from a continued recovery. Over the longer term, your Company's NAV total return remains well ahead of the benchmark index; your Company outperformed the benchmark by 25.1% over the ten years to 31 May 2024.

Dividend and earnings
Total revenue from your Company's portfolio rose from £24.4m to £24.8m and earnings per share rose from 29.4p to 29.9p, with the majority of our portfolio companies taking advantage of their healthy financial performance to increase dividend payments.

The Board is pleased to recommend an increased final dividend of 19.5p per share which, subject to shareholder approval at the Annual General Meeting, will be paid on 7 October 2024 to shareholders on the register at 30 August 2024. When added to the interim dividend of 7.5p, this brings the total dividend for the year to 27.0p per share, a 3.8% increase on 2023's total dividend of 26.0p per share. This dividend will be fully funded from current year revenues. As an 'AIC Dividend Hero', this will be our 21st consecutive year of growth in the annual dividend.

Share rating
Despite the improved investment performance, your Company's share price discount to NAV fluctuated during the year between 8.7% and 15.4%, averaging 12.9% and closing the year at 11.5%. The share price over the year rose from 785.0p to 888.0p, reflecting a narrowing of the discount to NAV.

Share buybacks
The Company bought back 196,665 shares for cancellation in the year under review. This reflects our view that the unusually wide discount to the NAV at which the Company's share price trades presents an attractive opportunity to enhance shareholder value. The buybacks are within the authority granted at the last AGM which allows for the

purchase of a maximum of 14.99% of share capital. The shares bought back represent 0.3% of the total number of shares in issue at the start of the year.

Gearing

During the year, the Board renewed its revolving credit facility with BNP Paribas for a further 12 months at a lower level of £70m (2023: £85m), following an assessment of the Company's gearing requirements over the coming year. Combined with long-term structural debt of £50m loan notes, this takes your Company's total borrowing capacity to £120m (2023: £135m). The Fund Manager reports on his use of gearing during the year under review in the Annual Report.

Stewardship

The Company continues its stewardship activities, and we report in detail in the Annual Report on our fund management team's active engagement during the year with portfolio companies on a range of topics, including management of hazardous material by building companies and decarbonisation by house builders.

Annual General Meeting ("AGM")

We are pleased to invite shareholders to attend the AGM in person at our registered office on Wednesday, 2 October 2024, at 11.30 am. We encourage shareholders to attend for the opportunity to meet the Board, the Fund Manager Neil Hermon and Deputy Fund Manager Indriatti van Hien. Neil and Indriatti will give a presentation on the year under review and their outlook for the year ahead. Shareholders unable to join in person will be able to join the meeting by videoconference.

We encourage all shareholders to submit their votes on the resolutions, all of which come with the Board's endorsement, ahead of the deadline of Monday, 30 September 2024, to ensure that their vote counts at the AGM, as there will be live voting only for those physically present at the AGM. Please see the AGM Notice in the Annual Report for more information on joining and voting.

The Fund Manager discusses these results and performance during the year in a video available from 9.00 am on the date of release of the year-end announcement at www.hendersonsmallercompanies.com. If you have any questions for the Board or the Fund Manager in advance of the AGM, please contact us at itsecretariat@janushenderson.com.

Outlook

It has been an improved year and we are pleased with the momentum seen in the second half of the period. Dissatisfaction with the Conservative Party led to a landslide win and large majority for the Labour Party in the July 2024 election. We now expect a period of greater stability. Recent positive statements on business and growth from the new Labour government give us optimism for an improvement in levels of investment into the UK stock market.

The significant falls in inflation have led to expectations of interest rate cuts. The exact timing is uncertain, but the prospect of improved economic conditions should support equity markets which are trading below long-term averages and where the discount of smaller companies to their larger counterparts is at an historic high, with many declaring dividend increases and share buybacks funded from strong balance sheets.

We are pleased to note that signs of interest in the UK market have been growing, with an improvement in the pace of merger and acquisition ("M&A") activity over the past year. We were also encouraged by the successful initial public offering ("IPO") of Raspberry Pi which highlights the possibilities for the UK to be home to growth businesses in exciting sectors. We hope this trend continues as the Financial Conduct Authority ("FCA") reforms the UK listing framework and creates a more attractive proposition.

Your portfolio companies are generally reporting robust performances, which are not reflected in current depressed valuations, and they are taking advantage of strong balance sheets to declare attractive dividend payments. The outlook for 2024-2025 looks brighter, as the expectation of rate reductions increases.

Smaller companies continue to offer exciting opportunities. We remain confident in the ability of our Fund Managers to draw on their consistent and disciplined investment approach to generate significant long-term value.

Penny Freer
Chair of the Board

FUND MANAGER'S REPORT

Fund performance

The Company had a mixed year in performance terms, rising in absolute terms but underperforming its benchmark. The share price rose by 17.3% and the net asset value by 14.5% on a total return basis. This compared with an increase of 18.2% in the Company's benchmark total return, the Numis Smaller Companies Index (excluding investment companies). The underperformance came from a combination of negative contributions from stock selection and expenses offset by a positive contribution from gearing. Negative contribution from stock selection was a function of the underperformance of growth companies as they de-rated in valuation terms due to market concerns about the impact of rising interest rates and higher bond yields. In addition, company-specific issues impacted a number of our larger holdings. We believe these issues are temporary or more than fully reflected in the underlying share price and expect these companies to recover over time. The year saw a marked difference in our semi-annual performance with net asset value (total return) falling 7.7% in the first half of the financial year and a strong recovery in the second half when net asset value (total return) rose 24.0%. Despite it being a poor relative year for performance, the long-term record of the Company remains strong, outperforming its benchmark in 16 of the last 21 years.

Market - year under review

The year under review was a volatile but ultimately positive one for UK equity markets. The key driver of market returns remained monetary policy. Central banks across the world, led by the Federal Reserve, ECB and Bank of England, continued to increase base rates in the first half of our financial year. The messaging on the future path of base rates fluctuated between hawkish and dovish which caused meaningful moves in sovereign bond yields in both directions. However, the markets experienced a watershed moment in the last quarter of 2023 as developed-market central banks signalled that base rates had peaked and that their focus was now shifting to when to make the first cut. This supported equity markets, particularly in the second half of our financial year.

Inflation continued to fall over the year under review and is now much closer to official targets. This has been principally driven by falling goods prices, whilst services and wage inflation has remained stubbornly high. These factors are causing central banks to debate when and how fast to bring interest rates down and shifting expectations of the timing and speed of rate reduction to the right.

Global economic conditions remained mixed. In the UK economic growth has flatlined, following the technical recession in the second half of 2023. Notwithstanding that, corporate profit performance has remained generally robust. In addition, there has been a heightened level of inward M&A activity, particularly from private equity and foreign corporates, highlighting the undervaluation of the UK equity market. Oil prices rose, on account of the conflict in the Middle East and sterling saw gentle appreciation against the US dollar.

Smaller companies outperformed larger companies over the year driven by the prospect of interest rate cuts and potentially improving economic conditions. Additional support came from the M&A activity referred to above, which principally occurred in the small and mid-cap space.

Gearing

Gearing started the year at 12.6% and ended at 11.5%. Debt facilities are a combination of £30 million 20-year unsecured loan notes at an interest rate of 3.33% issued in 2016, £20 million 30-year unsecured loan notes at 2.77% issued in February 2022, and £70 million short-term bank borrowings.

As markets rose, the use of gearing was a positive contributor to performance in the year. Gearing has made a significant positive contribution to investment performance over the 21 years I have managed the investment portfolio.

Attribution analysis

The following tables show the top five contributors to, and the top five detractors from, the Company's relative performance.

Principal contributors

	12-month return %	Relative contribution %
Paragon	+67.4	+0.7
Close Brothers[1]	-44.1	+0.6
Playtech[1]	-20.4	+0.5
Aston Martin Lagonda[1]	-20.6	+0.5
Pets at Home[1]	-18.0	+0.5

[1] Not owned by the Company

Paragon Banking is a speciality lender with a primary focus on providing buy-to-let mortgages to professional landlords. The company enjoys a very strong capital position, enabling it to pay higher dividends whilst buying back some of its own stock. Regulations on complex underwriting and the sophistication of its underwriting capability have allowed Paragon to grow market share from non-bank lenders which have suffered in this rising rate environment. As interest rates have risen Paragon has been able to grow its net interest margin leading to strong earnings growth.

Close Brothers is a specialist financial services company involved in lending, asset management services and securities market making. The company was hit by an FCA review into the historic provision of loans in the auto finance market which could require Close to make substantial provisions to cover customer redress. The Company did not own a position in this stock.

Playtech develops software platforms and content for the online, mobile and land-based gaming industry. Although operational performance has been solid the company has been hit with a legal dispute with its Mexican JV partner leading to the non-payment of fees to Playtech. The Company did not own a position in this stock.

Aston Martin Lagonda is a manufacturer of luxury automobiles. Operational weakness, high leverage and a requirement to bolster the balance sheet by share issuance impacted the share price over the period under review. The Company did not own a position in this stock.

Pets at Home is a leading UK retailer of pet products and provider of veterinary services. As the Covid-induced boom in pet ownership has subsided, growth in its retail business has slowed, compounded by a problematic move into a new distribution centre which has caused stock availability issues. Additionally, sentiment around the veterinary business has been impacted by a Competition and Markets Authority enquiry into the wider industry. The Company did not own a position in this stock.

Principal detractors

	12-month return %	Relative contribution %
Impax Asset Management	-35.4	-1.6
Team17	-20.6	-0.8
Carnival[1]	+67.6	-0.7
Oxford Instruments	-8.7	-0.7
Learning Technologies	-13.2	-0.5

1 Not owned by the Company

Impax Asset Management is an environmentally and socially responsible focused asset manager based in the UK. The company has delivered impressive earnings growth over the last five years from a combination of asset inflows and positive market performance. The last 12 months have been more challenging, primarily due to higher interest rates and the derating of growth companies that it typically invests in. The business has also experienced mild outflows. This combination of outflows and challenging investment performance has put pressure on company profitability. Nevertheless, the strength of the brand and long-term track record provides us with confidence about the growth opportunities at the company over the medium term.

Team17 is a developer and publisher of video games for PCs, consoles and mobile devices. The company focuses on the independent games market and selectively works with developers and third parties to launch new content on multiple platforms. The group has a strong long-term performance record driven by new releases and monetisation of the backlog of portfolio games. More recent trading has been challenging with profitability impacted by a poor release schedule and higher than expected costs. Looking ahead, this business has several levers to return to its historical earnings growth and we remain confident on its medium-term outlook.

Carnival is a global provider of cruise ship holidays. Strong demand from consumers, particularly in the US, plus lower fuel costs saw profitability expand which drove strong share price performance. The Company did not own a position in this stock.

Oxford Instruments is a manufacturer of advanced instrumentation equipment. The company benefits from servicing a number of high-growth industries such as semiconductors, quantum computing, life sciences and advanced materials. In addition, its 'Horizon' programme of business improvement has driven sales, profit and margin growth. The company has a very strong balance sheet and, given a positive long-term outlook for its end markets, it is well placed for the long term. In the short term some end-market weakness, particularly in semiconductors, more stringent licence controls on exports to China and some supply chain issues have led to slower growth and share price underperformance.

price underperformance.

Learning Technologies is a provider of software and services to the learning and human resource development market. Lower demand for its services, caused by constrained corporate spending due to global economic weakness, has seen growth at the company slow and profit forecasts missed. These issues are cyclical rather than structural and the company should return to growth once economic conditions improve.

Portfolio activity
Trading activity in the portfolio was consistent with an average holding period of over five years. Our approach is to consider our investments as long term in nature and to avoid unnecessary turnover. The focus has been on adding stocks to the portfolio that have good growth prospects, sound financial characteristics and strong management, at a valuation level that does not reflect these strengths. Likewise, we have been employing strong sell disciplines to cut out stocks that fail to meet these criteria.

Acquisitions
During the year we have added a number of new positions to our portfolio. These include the following:

Bloomsbury is a publisher of children's, adults' and academic book titles. The group was originally founded by Nigel Newton, the current CEO, as an independent, medium sized and high-quality publisher of authors with high potential. In this regard, the group is most famous for its identification and publication of the Harry Potter series by J.K. Rowling and more recently, the works of Sarah J. Maas. With exciting new content from authors expected in the future, the group has a strong growth profile over the medium term.

hVIVO is a clinical research organisation specialising in human challenge trials for infectious and respiratory disease products. These trials involve exposing volunteers to characterised pathogens and offer pharmaceutical and biotech companies a relatively cheap and effective way to undertake accelerated drug development. The company has operations in the UK, Ireland, France and the Netherlands. The barriers to entry in this niche industry are high as the proprietary datasets about viral loads can only be built through experience. The business is focussed on both organic growth, through the development of ancillary services, and inorganic growth. The company is experiencing robust contract and order book momentum and has good visibility on near-term growth. Cash generation is strong and working capital requirements are negative in periods of order book growth. Management has set ambitious medium-term revenue and margin targets and our investment gives us exposure to structural growth in this niche market.

Keller is a leading provider of ground engineering services to the construction industry. It has a global presence with operations in 37 countries. However, its key territory is the US where it makes 80% of its profits and has a leading market position. A new management team has transformed the bidding disciplines and controls around contracts which has materially improved financial performance. Increased profitability has translated into strong cash generation which has de-levered the balance sheet. This should allow more optionality over M&A activity and/or capital returns to shareholders. With demand in its key US market likely to remain robust and recovery potential in its European and Australasian operations, prospects remain strong.

Morgan Sindall is a diversified construction services group with operations in office fit-out, construction, infrastructure, social housing maintenance, affordable housing and urban regeneration. The company, led by CEO and founder John Morgan, has an exceptional track record of steady dependable growth, over-delivery of expectations and strong cash generation. Recent investment in its affordable housing division looks well timed as the new Labour Government prioritises increased housing production.

Telecom Plus is a multi-service provider of utilities, insurance and cash-back cards to over 1 million customers in the UK under its Utility Warehouse Brand. The company's unique route to market, a partner referral model, and differentiated product offering, bundled services, has historically led to low customer churn. Its multi-service offering gives the company a structural cost advantage versus competing single-product utility providers. Our investment thesis is centred on the belief that growth rates should accelerate following the market and regulatory changes which were instigated by the energy crisis in 2022 and which have reduced competition in this market. The business is capital light and has a shareholder-friendly approach to capital returns.

XPS Pensions is an insurance consultancy business. Given regulatory change and increased activity in the pension buy-out market, demand for their services is likely to remain strong, driving superior earnings growth in the medium term. Additionally, the balance sheet has de-levered significantly, allowing more substantial returns to shareholders. The sector has seen significant consolidation in recent years and it would be unsurprising to see XPS involved in any further activity either as an acquiror or acquiree.

Disposals

To balance the additions to our portfolio, we have disposed of positions in companies which we felt were set for poor price performance. We sold our holding in **Halfords**, a cycle and automotive parts retailer. Operational performance has been disappointing and acquisitions in the automotive servicing area have not lived up to expectations. With continued unfavourable weather and weakness in consumer spending, we believe trading conditions remain difficult. We also disposed of our holding in **Headlam**, a floor coverings distributor. Weakness in the housing market is impacting demand and the company has seen profitability collapse and cash flow deteriorate. With new competition and a long recovery ahead, the outlook looks challenged. We sold our position in **Restore Group**, a box storage and diversified business services group. Although the company has appointed new management and has taken action to improve underperforming parts of the business, we are concerned that the group faces structural pressures as demand for paper-based services falls in a digital world. We also sold our position, in line with our stated policy, in Howden Joinery, a kitchen manufacturer and retailer, as it was promoted to the FTSE 100.

Takeover activity

There was a decent level of takeover activity in the portfolio. This was consistent with the wider mid and small-cap equity markets aided by continued levels of interest from private equity. A number of takeover bids were received for: **Blancco Technology**, a provider of data erasure software, from Francisco Partners; **Ergomed**, a clinical research outsourcer, from Permira; **Gresham House**, a specialist alternative asset manager, from Searchlight Capital Partners; **Restaurant Group**, a UK based restaurant and pub group, from Apollo; **Smart Metering Systems**, an owner of smart meter devices and battery assets, from KKR; **Spirent Communications**, a telecoms software and services provider, from Keysight Technologies; and **Tyman**, a building materials group, from Quanex.

Top ten positions

The following table shows the Company's top ten stock positions and their active weight versus the Deutsche Numis Smaller Companies Index (excluding investment companies):

Top ten positions at 31 May 2024	Portfolio %	Index weight %	Active weight %
Paragon Banking	3.3	1.1	2.2
Mitchells and Butlers	3.1	1.2	1.9
Bellway	3.0	-	3.0
Oxford Instruments	2.7	1.0	1.7
Balfour Beatty	2.6	-	2.6
Future	2.5	0.8	1.7
OSB	2.5	-	2.5
Vesuvius	2.3	0.9	1.4
Gamma Communications	1.9	-	1.9
IntegraFin	1.8	0.8	1.0

A brief description of the largest positions (excluding Paragon Banking and Oxford Instruments which were covered earlier) follows:

Mitchells & Butlers is a national owner and operator of pubs in the UK. Its major brands include All Bar One, Browns, Harvester, Toby Carvery, O'Neill's, Miller & Carter, Nicholson and Ember Inns. The vast majority of its pubs are owned freehold, meaning it has substantial asset value backing.

After a difficult trading period impacted by lockdowns and restricted trading during Covid and then pressures from significant inflation in energy, food prices and labour costs, the outlook is looking brighter especially as consumer demand remains strong and cost pressures have eased. The company is steadily repaying its securitised debt, enabling a transfer of value from debt to equity. Additionally, with its pension deficit now cleared, cash flow is improving, allowing an accelerated reduction in net debt.

Bellway is a national UK housebuilder. The company has an excellent long-term track record of controlled expansion, solid operational and financial performance whilst maintaining a strong balance sheet. Recent weakness in the housing market, caused by the economic downturn and rising interest rates has put short-term profitability under pressure as house prices soften and volumes contract. However, the business remains well placed to benefit from any recovery. Additionally, valuation support is provided by the discount to net asset value at which the shares currently trade.

Balfour Beatty is an international contractor and infrastructure investor. Management has transformed the business over the last few years, driving margins higher across all operational activities in the UK, US and Hong Kong whilst maintaining the significant value of the infrastructure investment portfolio. Significantly improved cash flow has allowed the business to accelerate returns to shareholders through ongoing share buybacks and increased dividends. Given likely increased infrastructure investment in its key markets, the company looks well placed to continue to deliver growth in earnings, cash flow and returns to investors.

Future is a tech-enabled global platform for specialised media which targets consumers and business-to-business ("B2B") brands across Europe, America, and Asia Pacific. The company creates specialised content to attract and grow high-value audiences. These audiences are then monetised through memberships and subscriptions, print and digital advertising, e-commerce sales and events. In addition to these verticals, the business owns Go.Compare, a price comparison website which operates in the UK. Following a year of earnings downgrades and management change, the company has renewed its focus on organic growth and portfolio optimisation. Management is reinvesting in the business to drive top line growth and the board has been proactive about actively looking for options to accelerate value creation. This in conjunction with a stabilisation in audience numbers has driven a re-rating of the shares during the period under review. Despite their strong run, the shares look undervalued on a sum-of-the-parts basis and, notwithstanding potential structural pressures driven by artificial intelligence ("AI"), we have renewed confidence that the stock will continue to perform when the consumer technology cycle turns or the board realises value through the sale of one or more of its operating divisions.

OSB Group is a speciality lender with a primary focus on providing buy-to-let mortgages to professional landlords. Regulations on complex underwriting and the sophistication of its underwriting capability have allowed OSB to grow market share and, with landlord demand remaining robust, the business is poised to see further growth. The company has built a very strong capital position, and this is allowing it to return significant cash to shareholders through share buybacks and increased dividends.

Vesuvius is a materials technology company. The company offers steel flow control, foundry technologies, advanced refractories and metal processing products and services to customers around the world. The business has gone through significant rationalisation over recent years removing excess capacity and improving returns on capital and margins. The company has demonstrated excellent pricing power during the recent inflationary period, validating its leading market position and high value add of its products. Although the steel industry is seeing the impact of global economic weakness, the business is well positioned to enjoy strong growth once markets recover especially as margins have clear scope to strengthen.

Gamma Communications provides voice, data, mobile and internet-based telecoms to small and medium-sized enterprises in the UK and Europe. The company is focused on selling cloud-based telephony solutions, a market which is rapidly growing as users switch to more flexible services. The company has been highly successful with this approach in the UK and has recently expanded, through acquisitions, into Germany, the Netherlands and Spain to replicate this strategy. Overall, Gamma is operating in a market with good long-term growth opportunities and is in a strong position to win with its customer and technology-focused approach.

IntegraFin operates an investment platform business in the UK. This platform is designed for independent financial advisers and their clients to hold and manage their investment products in a cost efficient and easy to use format. The high-quality customer service and attractive fee rates act as differentiators against competition and as a result, the business has seen impressive growth in assets on the platform since the group's inception in 2000. With the company requiring little capital to grow, IntegraFin is a high-returns business which should be able to consistently return cash to shareholders.

Portfolio weightings

As at 31 May 2024, the portfolio was weighted by company size as follows:

	Weighting %	
	31 May 2024	**31 May 2023**
FTSE 100	0.0	0.0
FTSE 250	77.7	70.2
FTSE Small Cap	12.6	14.3
FTSE AIM	21.2	28.1
Gearing	(11.5)	(12.6)

Market outlook

Whilst global inflation has fallen significantly over the last year, it remains above official targets. Hence central banks, led by the US Federal Reserve, have retained their generally hawkish stance. However, it is clear we have reached the end of the monetary policy tightening cycle and the next movement in rates will be downwards. What is not clear is the timing of when rates start to fall and the speed of their descent. So far in 2024, economic data, particularly services and wage inflation and labour market activity, has surprised negatively, pushing expectations of interest rate cuts further into the future. In the meantime, the delayed transmission mechanism of rising interest rates and their impact means that economic conditions are likely to remain challenging in the short term. Notwithstanding this, the prospect of a monetary easing cycle is likely to support global equity markets and allow valuation multiples to expand.

Geopolitics remain challenging, with the ongoing conflicts in Ukraine and the Middle East and heightened tensions between China and the US. The longer-term economic implications of this are material. There is an urgent need to reduce European dependence on Russian oil and gas supplies and a requirement to decrease China's influence on the global supply chain through investment in nearshoring capability. In addition, domestic politics are likely to be an area of volatility. Up to half the global population is going to the polls in 2024 with key elections in the UK, USA, France, India, Mexico, South Korea and the EU. In the UK, a surprise early election has resulted in the expected Labour landslide win, mostly due to dissatisfaction with the incumbent Conservative Government rather than enthusiasm for the Labour Party. The strong majority should allow for a stable government, and one that is less reliant on the fringes of their party. We see this result as a clearing event for the market and expect the political premium associated with the UK to reduce over time. We welcome Labour's commitment to 'boost investment' and in particular their pledge to 'increase investment from pension funds in UK markets'. Any incremental flow into the UK could breathe life into a generally under-owned and, more importantly, undervalued UK equity market.

In the corporate sector, we are encouraged by the fact that conditions are intrinsically stronger than they were during the Global Financial Crisis of 2008-2009. In particular, balance sheets are more robust. Dividends have recovered strongly post-pandemic and we are seeing an increasing number of companies buying back their own stock.

The IPO market has been exceptionally quiet as equity market confidence has diminished. There are some signs that this is likely to improve in the short to medium term, with the recent successful float of Raspberry Pi providing evidence that the UK equity market remains open for attractive, growing businesses. M&A activity has remained robust as acquirors, particularly private equity, look to exploit opportunities thrown up by the recent equity market falls. We expect this to continue in the coming months as UK equity market valuations remain markedly depressed versus other developed markets.

In terms of valuations, the equity market is trading below long-term averages. In addition, smaller companies are trading at a historically high discount to their larger counterparts. A sharp rebound in corporate earnings following the pandemic-induced shock in 2020 has now faded. Weak economic activity led to subdued corporate earnings growth in 2023 compounded by rising interest costs and a higher corporate tax burden. The outlook for 2024 looks more favourable as cost pressures ease and demand remains generally robust.

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

In conclusion, the year under review has been a mixed one for the Company. Absolute performance was positive although the Company underperformed its benchmark. The operating performance of our portfolio companies, however, has been robust. The companies are soundly financed and attractively valued. Additionally, the smaller companies market continues to offer exciting growth opportunities in which the Company can invest. We remain confident in our ability to generate significant value from a consistent and disciplined investment approach.

Neil Hermon
Fund Manager

INVESTMENT PORTFOLIO at 31 May 2024

Company	Principal activities	Valuation £'000	Portfolio %
Paragon Banking	Buy-to-let mortgage provider	27,198	3.26
Mitchells & Butlers	Hospitality operator	25,487	3.06

Bellway	Housebuilder	25,039	3.00
Oxford Instruments	Advanced instrumentation equipment	22,330	2.68
Balfour Beatty	International contractor	21,541	2.59
Future	Specialist internet, website and magazine company	21,200	2.54
OSB Group	Buy-to-let mortgage provider	20,416	2.45
Vesuvius	Ceramic engineering	19,520	2.34
Gamma Communications[1]	Telecommunications	15,972	1.92
IntegraFin	B2B financial platform	14,918	1.79
10 largest		**213,621**	**25.63**
Computacenter	IT reseller	14,482	1.74
Impax Asset Management[1]	ESG-focused investment manager	14,322	1.72
Chemring	Technology products and services	13,896	1.67
Just Group	Enhanced annuity provider	13,623	1.63
GB Group[1]	Data intelligence services	13,087	1.57
Volution	Producer of ventilation products	12,651	1.52
Serco	Outsourcing services	12,446	1.49
Renishaw	Precision measuring and calibration equipment	12,385	1.49
Ascential	Exhibition organiser	12,235	1.47
Bodycote	Engineering group	12,064	1.45
20 largest		**344,812**	**41.38**
Genuit	Building products	11,713	1.41
Tyman	Building products	11,632	1.40
Softcat	Software reseller	11,620	1.39
Pagegroup	Recruitment company	11,440	1.37
Savills	Property transactional consulting services	11,400	1.37
Foresight	Specialist fund manager	11,376	1.37
Team17[1]	Games software developer	11,284	1.35
Next Fifteen Communications[1]	PR and media services	10,957	1.31
Qinetiq	Defence services	10,840	1.30
Workspace	Real estate investment and services	10,700	1.28
30 largest		**457,774**	**54.93**
Learning Technologies[1]	Learning services and software	10,655	1.28
Bytes Technology	Software reseller	10,626	1.28
Victrex	Speciality chemicals	10,609	1.27
Spectris	Electronic control and process instrumentation	10,131	1.22
Crest Nicholson	Housebuilder	9,988	1.20
Redde Northgate	Commercial vehicle hire	9,838	1.18
Watches of Switzerland	Luxury watch retailer	9,830	1.18
Hunting	Oil equipment and services	9,695	1.16
Hollywood Bowl	Ten pin bowling operator	9,570	1.15
MONY	Price comparison website	9,442	1.13
40 largest		**558,158**	**66.98**

[1] Quoted on the Alternative Investment Market

Company	Principal activities	Valuation £'000	Portfolio %
SigmaRoc[1]	Aggregates supplier	9,141	1.10
Alpha Financial Markets[1]	Investment management consultancy	9,000	1.08
Rathbones	Private client wealth manager	8,726	1.05
Trainline	Online ticket retailer	8,597	1.03
Midwich[1]	Audio-visual equipment distributor	8,417	1.01
Luceco	Electrical products	8,307	1.00
XP Power	Electrical power products	7,980	0.96
Serica Energy[1]	Oil & gas exploration and production	7,923	0.95
Morgan Advanced Materials	Engineering group	7,339	0.88
Burford Capital[1]	Litigation finance	7,267	0.87
50 largest		**640,855**	**76.91**
Clarkson	Shipping services	7,193	0.86
Harbour Energy	Oil and gas exploration and production	6,930	0.83
Keller	Ground engineering	6,826	0.82
Synthomer	Speciality chemicals	6,718	0.81
Wickes	DIY retailer	6,622	0.79
Harworth	Urban regeneration and property investment	6,364	0.76
RWS Holdings[1]	Patent translation services	5,822	0.70
Avon Protection	Defence products	5,799	0.70
SThree	Recruitment company	5,784	0.69
Wilmington	B2B information provider	5,738	0.69
60 largest		**704,651**	**84.56**

60 largest		**704,651**	**84.56**
JTC	Fund administrator	5,400	0.65
Auction Technology	Online auction software provider	5,272	0.63
Morgan Sindall	Diversified building contractor	5,222	0.63
Moonpig	Online card and gift retailer	5,049	0.61
Videndum	Broadcast and camera systems	5,031	0.60
GlobalData[1]	B2B information provider	5,005	0.60
AB Dynamics[1]	Automotive testing and measurement products	4,927	0.59
DFS	Furniture retailer	4,600	0.55
Liontrust Asset Management	Specialist fund management	4,349	0.52
Telecom Plus	Provider of consumer services	4,287	0.51
70 largest		**753,793**	**90.45**
Bloomsbury Publishing	Consumer and academic publisher	4,227	0.51
Bridgepoint	Private equity fund manager	4,111	0.49
Stelrad	Radiator manufacturer	4,060	0.49
Empiric	Student accommodation	3,847	0.46
RM	Education software and services	3,816	0.46
XPS Pensions	Pensions consultancy	3,795	0.46
Helical	Office property investor and developer	3,472	0.42
Essentra	Industrial distributor	3,337	0.40
CLS	Real estate investment and services	3,077	0.37
ME Group	Vending equipment	2,925	0.35
80 largest		**790,460**	**94.86**

1 Quoted on the Alternative Investment Market

Company	**Principal activities**	**Valuation £'000**	**Portfolio %**
Advanced Medical Solutions[1]	Medical supplies manufacturer	2,875	0.34
Benchmark Holdings[1]	Aquaculture services	2,873	0.34
Grainger	Residential property investor	2,869	0.34
Young & Co's share class A[1]	Pub operator	2,778	0.33
Severfield	Structural steel products	2,736	0.33
Pebble[1]	Promotional products and services	2,666	0.32
YouGov[1]	Market research and data services	2,579	0.31
Domino's Pizza	Franchise operator of pizza outlets	2,493	0.30
Young & Co's share class NV[1]	Pub operator	2,464	0.30
Eurocell	Building products	2,318	0.28
90 largest		**817,111**	**98.05**
Pulsar[1]	Marketing services software provider	2,238	0.27
Capricorn Energy	Oil and gas exploration and production	2,021	0.24
Alliance Pharma[1]	Pharmaceutical products	1,979	0.24
Alfa Financial Software	Leasing software	1,978	0.24
Tribal[1]	Educational support services and software	1,964	0.24
Hill & Smith	Fabricated metal products	1,578	0.19
Spirent Communications	Telecom testing services	1,536	0.18
Thruvision[1]	Detection technology	1,125	0.13
hVIVO[1]	Clinical trial services	1,113	0.13
Oxford Biomedica	Gene and cell therapy	725	0.09
100 largest		**833,368**	**100.00**
Total equity investments		**833,368**	**100.00**

There were no convertible or fixed interest securities at 31 May 2024 (2023: None).

1 Quoted on the Alternative Investment Market

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal and emerging risks facing the Company which relate to the activity of investing in the shares of smaller companies that are listed (or quoted) in the United Kingdom. The directors seek assurance that the risks are appropriately evaluated, their possible outcomes considered, and that effective mitigating controls are in place. To support this process, the Audit and Risk Committee ("ARC") maintains a detailed risk matrix which identifies the substantial risks to which the Company is exposed and methods of mitigating against them as far as practicable. The ARC considers the Company's principal and emerging risks at each meeting, with a thorough review at least once per year, using heat maps derived from the detailed risk matrix. Every year each director undertakes an individual assessment of each risk. The individual ratings are collated and reviewed at a meeting, which triggers fresh critical debate. The Board regularly considers these and does not consider the principal risks to have changed during the course of the reporting period and up to the date of does not consider the principal risks to have changed during the course of the reporting period and up to the date of this report.

Throughout the year the Board has considered the impact of macroeconomic events with a global impact and heightened market volatility, including the ongoing ramifications of the Russia/Ukraine war and conflict in the Middle East. The Board has had regard to the impact of mitigation measures on manufacturing supply lines and on heightened uncertainty in the business environment. The Board has also considered the wider consequences of economic uncertainty, disruption to markets and society through artificial intelligence ("AI"), the UK General Election, the cost-of-living crisis in the UK, and the UK banks' appetite for lending to the corporate sector.

While uncertainty remains around short-term economic conditions, the Board has concluded that the Company's portfolio and the Manager's investment approach should prove resilient. The Fund Manager's long-standing philosophy is that, over the long term, smaller companies are able to deliver superior returns than the broader market, driven by his fund management team's fundamental, qualitative analysis, engagement with management teams and strong valuation discipline.

The principal risks fall broadly under the following categories:

Risk	Controls and mitigation
Investment activity and strategy Poor long-term investment performance (significantly below agreed benchmark or market/ industry average) Loss of the Fund Manager or management team Impact of political, environmental, health or other emergencies (e.g. pandemics, war and a changing macroeconomic environment) on the Company's investments Unmanaged ESG activities and material climate-related (physical and transition) impacts within portfolio companies Market appetite - investment objective and/or policy not appropriate in the current market or not sought by investors resulting in a wide discount	The Board reviews investment strategy at each board meeting. An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may lead to underperformance against the Company's benchmark and the companies in its peer group; it may also result in the Company's shares trading at a wider discount to net asset value ("NAV") per share. The Board manages these risks by ensuring a diversification of investments and a regular review of the extent of borrowings. The Manager operates in accordance with investment limits and restrictions determined by the Board; these include limits on the extent to which borrowings may be used. The Board reviews its investment limits and restrictions regularly and the Manager confirms its compliance with them each month. The Manager provides the directors with management information, including performance data and reports and shareholder analysis. The Board monitors the implementation and results of the investment process with the Fund Manager, and regularly reviews data that monitor portfolio risk factors. The Fund Manager reports to each board meeting on his close oversight of the portfolio, and more frequently in the event of a crisis. Performance is monitored by JHI's internal teams, any of which would escalate directly to the Board in the event of matters of concern. At each meeting, the Board reviews the Fund Manager's ESG engagement with portfolio companies and their governance structures, ESG risks reports, and votes cast against management. The Board also reviews JHI's ESG-related marketing activity specific to the Company. The performance of the Company relative to its benchmark and its peers and the discount/ premium to NAV per share are key performance indicators measured by the Board on a continual basis and are reported on in the Annual Report. The Board obtains assurances from the Manager that the UK Smaller Companies team is suitably resourced, and the Fund Manager is appropriately remunerated and incentivised in this role. The Board also considers the succession plan for the fund management team on an annual basis. See the Annual Report for a description of the engagement with shareholders and potential investors undertaken by the Board and Manager to keep the market informed about Company developments.
Legal and regulatory Loss of investment trust status Breach of company law or Listing Rules resulting in suspension	In order to qualify as an investment trust, the Company must comply with s1158 Corporation Tax Act 2010 ("s1158"). A breach of s1158 could result in the Company losing investment trust status and, as a consequence, capital gains realised within the Company's portfolio would be subject to corporation tax. The s1158 criteria are monitored by the Manager and the results are reported to the directors at each board meeting. The Company must comply with the provisions of the Companies Act 2006 (the "Act") and, as the Company has a listing in the closed-ended investment funds category of the FCA's UK Listing Rules and trades on the main market of the London Stock Exchange, the Company must comply with the UK Listing, Prospectus and Disclosure Guidance and Transparency Rules of the FCA. A breach of the Act could result in the Company and/or the directors being fined or becoming the subject of legal proceedings. A breach of the FCA Rules could result in suspension of the Company's shares which would in

Risk	Controls and mitigation
	turn lead to a breach of s1158. The Board relies on its corporate secretary and its professional advisers to ensure compliance with the Act and FCA Rules.
Operational Failure of, disruption to or inadequate service levels by key third-party service providers Cyber crime leading to loss of confidential data Breach of internal controls Impact of political, environmental, health or other emergencies (e.g. pandemics, war and a changing macroeconomic environment) on the Company's operations and those of its service providers	Disruption to, or failure of, the Manager's accounting, dealing or payment systems or the custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Manager has contracted some of its operational functions, principally those relating to trade processing, investment administration and accounting, to BNP Paribas. 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 and risk management, such as review of service providers' assurance reports, are explained further in the Annual Report. Cybersecurity is closely monitored by the ARC as part of quarterly internal controls reports, and the ARC receives an annual presentation from Janus Henderson's Chief Information Security Officer. The Board monitors effectiveness and efficiency of service providers' processes through ongoing compliance and operational reporting. There were no disruptions to the services provided to the Company in the year under review.
Financial instruments and the management of risk	By its nature as an investment trust, the Company is exposed in varying degrees to market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk. An analysis of these financial risks and the Company's policies for managing them are set out in note 15 in the Annual Report.

EMERGING RISKS

At each meeting, the Board considers emerging risks which it defines 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 emerging risks become sufficiently clear, they may be treated as specific risks and enter the Company's matrix of significant risks.

During the year, the directors agreed that emerging risks would include:

- major general elections globally during the year;
- possible global conflict owing to escalated violence in the Middle East;
- high levels of government debt, leading to increased government spending on interest costs; and
- a further decline in voting by retail shareholders who own their shares via platforms. This is a risk common to the investment company sector. The Board considers that it is taking all reasonable actions possible at this time to mitigate the risk through its increased focus on promotion to retail shareholders.

The Board receives reporting on risks from the Manager and other service providers in addition to any ad hoc reports on specialist topics from professional advisors. The Board monitors effectively the changing risk landscape and potential threats to the Company with the support of regular reports and ad hoc reports as required, the directors' own experience and external insights gained from industry and shareholder events.

VIABILITY STATEMENT AND CONTINUATION VOTE

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

The assessment has considered the impact of the likelihood of the principal risks and uncertainties facing the Company, in particular investment strategy and performance against benchmark, whether from asset allocation or the level of gearing, and market risk, in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The Board took into account the liquidity of the portfolio and the borrowings in place when considering the viability of the Company over the next five years and the Company's ability to meet liabilities as they fall due. This included consideration of the duration of the Company's loan and borrowing facilities and how a breach of any covenants could impact the Company's NAV and share price, recognising the current strength of the covenants, liquidity of the portfolio and capital reserves available. The Board used a five-year cash-flow forecast and sensitivity analysis to support its deliberations.

The Board considers revenue and expense forecasts at each meeting, with additional focus at the time of reviewing half-year and year-end results. At the same time the Board discusses the impact on the Company of decreases in revenue and the impact that would have on revenue and capital reserves available to pay dividends.

The Board does not expect there to be any significant change in the principal risks and adequacy of the mitigating controls in place, nor does the Board envisage any change in strategy or objective or any events that would prevent the Company from continuing to operate over the next five years; the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. In coming to this conclusion, the Board has considered rigorously the continued macroeconomic and geopolitical uncertainty following Russia's invasion of Ukraine, heightened tensions between the US and China, conflict in the Middle East, the current cost-of-living crisis and the new government in the UK. The Board considers that these events have highlighted the advantages of holding an investment trust.

The Board does not believe that these factors will have a long-term impact on the viability of the Company and its ability to continue in operation, notwithstanding the short-term uncertainty these events have caused in the markets and specific shorter-term issues, such as supply chain disruption, inflation and labour shortages.

The continuation vote at the 2022 AGM was passed with support of 99.2% of votes cast and the Board expects shareholders to support continuation at the 2025 and 2028 AGMs, which are within the viability assessment period.

Based on their assessment, 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 next five years to 31 May 2029.

FUTURE DEVELOPMENTS

The future success of the Company is dependent primarily on the performance of its investment portfolio, which will, to a significant degree, reflect the performance of the stock market and the skill of the Manager. While the Company invests in companies that are listed (or quoted) in the United Kingdom, the underlying businesses of those companies are affected by external factors, many of an international nature. The Board's intention is that the Company will continue to pursue its stated investment objective and strategy as explained in the Annual Report. The Chair's Statement and the Fund Manager's Report give commentary on the outlook for the Company. Other information on recommended dividends and financial risks is detailed in the Strategic Report and in notes 9 and 15 to the financial statements.

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, and the only amounts paid to them were in respect of remuneration and expenses. Remuneration is paid quarterly in arrears and amounts for April and May 2024 were therefore accrued as at the year end. There were no other outstanding amounts payable at the year end. Directors' shareholdings are listed in the Annual Report.

In respect of the Manager's service provision during the year, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there were no material transactions with the Manager affecting the financial position of the Company. More details on transactions with the Manager, including amounts outstanding at the year end, are in the Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Each director who is listed in the Annual Report confirms that, to the best of his or her knowledge:

- the financial statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Company; and
- the Strategic Report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board
Penny Freer
Chair of the Board

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 May 2024			Year ended 31 May 2023		
Notes		**Revenue return £'000**	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
2	Investment income	24,656	-	24,656	24,295	-	24,295
3	Other income	190	-	190	95	-	95
	Gains/(losses) on investments held at fair value through profit or loss	-	75,521	75,521	-	(127,252)	(127,252)
	Total income/(loss)	**24,846**	**75,521**	**100,367**	24,390	(127,252)	(102,862)
	Expenses						
4	Management fees	(679)	(1,584)	(2,263)	(710)	(1,657)	(2,367)
	Other expenses	(647)	-	(647)	(731)	-	(731)
	Profit/(loss) before finance costs and taxation	**23,520**	**73,937**	**97,457**	22,949	(128,909)	(105,960)
	Finance costs	(1,235)	(2,882)	(4,117)	(997)	(2,325)	(3,322)
	Profit/(loss) before taxation	**22,285**	**71,055**	**93,340**	21,952	(131,234)	(109,282)
	Taxation	5	-	5	(5)	-	(5)
	Profit/(loss) for the year and total comprehensive income	**22,290**	**71,055**	**93,345**	21,947	(131,234)	(109,287)
5	**Earnings/(loss) per ordinary share - basic and diluted**	**29.85p**	**95.14p**	**124.99p**	29.38p	(175.68p)	(146.30p)

The total columns of this statement represent the Statement of Comprehensive Income, prepared in accordance with UK- adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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. No operations were acquired or discontinued in the year.

The profit attributable to Ordinary shareholders for the year disclosed above represents the Company's total Comprehensive Income. The Company does not have any other Comprehensive Income.

STATEMENT OF CHANGES IN EQUITY

				Retained earnings		
Notes	**Year ended 31 May 2024**	**Share capital £'000**	**Capital redemption reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total equity £'000**
	Total equity at 1 June 2023	18,676	26,745	612,810	17,156	675,387
	Total comprehensive income:					
	Profit for the year	-	-	71,055	22,290	93,345
	Transactions with owners, recorded directly to equity:					
	Buyback of shares for cancellation	(49)	49	(1,598)	-	(1,598)
6	Ordinary dividends paid	-	-	-	(19,794)	(19,794)
	Total equity at 31 May 2024	**18,627**	**26,794**	**682,267**	**19,652**	**747,340**

Notes	Year ended 31 May 2023	Share capital £'000	Capital redemption reserve £'000	Retained earnings Capital reserves £'000	Revenue reserve £'000	Total equity £'000
	Total equity at 1 June 2022	18,676	26,745	744,044	13,134	802,599
	Total comprehensive income:					
	(Loss)/profit for the year	-	-	(131,234)	21,947	(109,287)
	Transactions with owners, recorded directly to equity:					
6	Ordinary dividends paid	-	-	-	(17,925)	(17,925)
	Total equity at 31 May 2023	**18,676**	**26,745**	**612,810**	**17,156**	**675,387**

BALANCE SHEET

Notes		At 31 May 2024 £'000	At 31 May 2023 £'000
	Non-current assets		
	Investments held at fair value through profit or loss	833,368	760,156
	Current assets		
	Receivables	11,763	3,187
	Cash and cash equivalents	9,249	13,338
		21,012	16,525
	Total assets	**854,380**	**776,681**
	Current liabilities		
	Payables	(1,514)	(851)
	Bank loans	(55,744)	(50,672)
		(57,258)	**(51,523)**
	Total assets less current liabilities	797,122	725,158
	Non-current liabilities		
	Financial liabilities	(49,782)	(49,771)
	Net assets	**747,340**	**675,387**
	Equity attributable to equity shareholders		
7	Share capital	18,627	18,676
	Capital redemption reserve	26,794	26,745
	Retained earnings:		
	Capital reserves	682,267	612,810
	Revenue reserve	19,652	17,156
	Total equity	**747,340**	**675,387**
8	**Net asset value per ordinary share**	**1,003.1p**	**904.1p**

STATEMENT OF CASH FLOWS

Notes		Year ended 31 May 2024 £'000	31 May 2023 £'000
	Operating activities		
	Profit/(loss) before taxation	93,340	(109,282)
	Add back interest payable	4,117	3,322
	Profit/(loss) on investments held at fair value through profit or loss	(75,521)	127,252
	Purchases of investments	(89,274)	(109,395)
	Sales of investments	91,583	114,384
	Decrease/(increase) in receivables	36	(38)
	Decrease in amounts due from brokers	506	1,394

Notes			
	Increase in accrued income	(9,113)	(316)
	Decrease in payables	(54)	(66)
	Increase/(decrease) in amounts due to brokers	579	(2,081)
	Net cash inflow from operating activities before interest and taxation	**16,199**	**25,174**
	Interest paid	(3,968)	(3,303)
	Net cash inflow from operating activities[1]	**12,231**	**21,871**
	Financing activities		
	Buyback of ordinary shares	(1,598)	-
6	Equity dividends paid	(19,794)	(17,928)
	Drawdown of bank loans	5,072	404
	Net cash outflow from financing activities	**(16,320)**	**(17,524)**
	(Decrease)/increase in cash and cash equivalents	**(4,089)**	**4,347**
	Cash and cash equivalents at the start of the year	13,338	8,991
	Cash and cash equivalents at the end of the year	**9,249**	**13,338**

[1] In accordance with IAS 7.31 cash inflow from dividends was £24,346,000 (2023: £24,000,000) cash inflow from interest was £198,000 (2023 £74,000)

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies: Basis of preparation

The Henderson Smaller Companies Investment Trust plc (the "Company") is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006 (the "Act"). The Company is a single reporting entity and there is no ultimate controlling party. The financial statements of the Company for the year ended 31 May 2024 have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Act. These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the IFRS Interpretations Committee ("IFRS IC") that remain in effect, to the extent that IFRS have been adopted by the United Kingdom.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments held at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the year. Where presentational guidance set out in the Statement of Recommended Practice (the "SORP") for investment trusts issued by the Association of Investment Companies (the "AIC") is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

Going concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. In coming to this conclusion, the directors have also considered the continued macroeconomic and geopolitical uncertainty following Russia's invasion of Ukraine, heightened tensions between the US and China, conflict in the Middle East, the current cost-of-living crisis, a new government in the UK, the nature of the Company's covenants, the strength of the Company's distributable reserves and the liquidity of the portfolio. They have concluded that they are able to meet their financial obligations, including the repayment of the bank loan, as they fall due for a period of at least twelve months from the date of issuance.

Having assessed these factors, the principal risks and other matters discussed in connection with the Viability Statement in the Annual Report, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis. The Company's shareholders are asked every three years to vote for the continuation of the Company. An ordinary resolution to this effect was put to the Annual General Meeting ("AGM") held on 30 September 2022 and passed by a substantial majority of the shareholders. The next continuation vote will take place at the AGM in 2025.

2 Investment income

Income from companies listed or quoted in the United Kingdom:	2024 £'000	2023 £'000
Dividends	23,182	22,553
Special dividends	602	1,177
Property income distributions	872	565
Total investment income	**24,656**	**24,295**

3 Other income

	2024 £'000	2023 £'000
Bank and other interest	190	95
	190	**95**

4 Management fees

	2024			2023		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	679	1,584	2,263	710	1,657	2,367
	679	**1,584**	**2,263**	**710**	**1,657**	**2,367**

A summary of the management agreement is given in the Annual Report.

5 Earnings/(loss) per ordinary share

The earnings per ordinary share figure is based on the net profit for the year of £93,345,000 (2023: net loss of £109,287,000) and on 74,684,351 (2023: 74,701,796) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below:

	2024 £'000	2023 £'000
Net revenue profit	22,290	21,947
Net capital profit/(loss)	71,055	(131,234)
Net total profit/(loss)	**93,345**	**(109,287)**
Weighted average number of ordinary shares in issue during the year	74,684,351	74,701,796

	2024	2023
Revenue earnings per ordinary share	29.85p	29.38p
Capital earnings/(loss) per ordinary share	95.14p	(175.68p)
Total earnings/(loss) per ordinary share	**124.99p**	**(146.30p)**

The Company has no securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted earnings per ordinary share are the same.

6 Ordinary dividends

	Record Date	Pay date	2024 £'000	2023 £'000
Final dividend 19.0p (2023: 17.00p) for the year ended 31 May 2023	25 August 2023	9 October 2023	14,193	12,699
Interim dividend of 7.50p (2023: 7.00p) for the year ended 31 May 2024	9 February 2024	5 March 2024	5,603	5,229
Unclaimed dividends			(2)	(3)
			19,794	**17,925**

Subject to approval at the AGM, the proposed final dividend of 19.5p per ordinary share will be paid on 7 October 2024 to shareholders on the register of members at the close of business on 30 August 2024. The shares will be quoted ex-dividend on 29 August 2024.

The proposed final dividend for the year ended 31 May 2024 has not been included as a liability in these financial statements. Under IFRS, the final dividend is not recognised until approved by shareholders.

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

	2024 £'000	2023 £'000
Revenue available for distribution by way of dividends for the year	22,290	21,947
Interim dividend for the year ended 31 May 2024: 7.5p (2023: 7.0p)	(5,603)	(5,229)
Final dividend for the year ended 31 May 2023: 19.0p (based on 74,701,796 shares in issue at 1 August 2023)		-
Proposed final dividend for the year ended 31 May 2024: 19.5p (based on 74,385,131 shares in issue at 29 July 2024)	(14,505)	(14,193)
Transfer to reserves	**2,182**	**2,525**

7 Share capital

	2024 £'000	2023 £'000
Allotted, issued, authorised and fully paid:		

74,505,131 ordinary shares of 25p each (2023: 74,701,796)	**18,627**	**18,676**

During the year the Company purchased 196,665 of its own issued ordinary shares (2023: nil) at a cost of £1,598,000 (2023: £nil). Since the year end 120,000 shares have been bought back for cancellation at a cost of £1,051,000.

8 Net asset value ("NAV") per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £747,340,000 (2023: £675,387,000) and on the 74,505,131 ordinary shares in issue at 31 May 2024 (2023: 74,701,796). The Company has no securities in issue that could dilute the NAV per ordinary share.

The movement during the year of the net assets attributable to the ordinary shares was as follows:

	2024 £'000	2023 £'000
Net assets attributable to the ordinary shares at 1 June	675,387	802,599
Buyback of shares for cancellation	(1,598)	-
Net gains/(losses) for the year	93,345	(109,287)
Ordinary dividends paid in the year	(19,794)	(17,925)
Net assets attributable to the ordinary shares at 31 May	**747,340**	**675,387**

9 2024 Financial information

The figures and financial information for the year ended 31 May 2024 are extracted from the Company's annual financial statements for that period and do not constitute statutory accounts. The Company's annual financial statements for the year to 31 May 2024 have been audited but have not yet been delivered to the Registrar of Companies. The Independent Auditor's Report on the 2024 annual financial statements is unqualified, does not include a reference to any matter to which the auditor drew attention without qualifying the report, and does not contain any statements under s498(2) or s498(3) Companies Act 2006.

10 2023 Financial information

The figures and financial information for the year ended 31 May 2023 are compiled from an extract of the published financial statements for that year and do not constitute statutory accounts. Those financial statements have been delivered to the Registrar of Companies, include the unqualified Independent Auditor's Report on the 2023 annual financial statements, do not include a reference to any matter to which the auditors drew attention without qualifying the report, and do not contain any statements under s498(2) or s498(3) Companies Act 2006.

11 Annual Report

The Annual Report for the year ended 31 May 2024 will be sent to shareholders in August 2024 and will be available on **www.hendersonsmallercompanies.com**. Thereafter copies will be available from the corporate secretary at the Company's registered office: 201 Bishopsgate, London EC2M 3AE.

12 Annual general meeting ("AGM")

The Company's AGM will be held at 11.30 am on Wednesday, 2 October 2024. The Board invites shareholders to attend the meeting at the registered office at 201 Bishopsgate, London EC2M 3AE, or via videoconference if preferable. Only shareholders present in person or by proxy will be able to participate in the vote. The Fund Manager and Deputy Fund Manager will present their review of the year and thoughts on the future and will be pleased to answer your questions, as will the Board.

Instructions on attending the meeting in person or virtually, and details of resolutions to be put to the AGM, are included in the Notice of AGM in the Annual Report and will be available at **www.hendersonsmallercompanies.com**. If shareholders would like to submit any questions in advance of the AGM, they are welcome to send these to the corporate secretary at **itsecretariat@janushenderson.com**.

13 General Information

Company Status

The Henderson Smaller Companies Investment Trust plc is a UK domiciled investment trust company.

ISIN number/SEDOL Ordinary Shares: GB0009065060/0906506

London Stock Exchange (TIDM) Code: HSL

Global Intermediary Identification Number (GIIN): WZD8S7.99999.SL.826

Legal Entity Identifier (LEI): 213800NE2NCQ67M2M998

Registered Office

201 Bishopsgate, London EC2M 3AE

Directors and Secretary

The directors of the Company are Penny Freer (Chair of the Board), Kevin Carter (Senior Independent Director), Alexandra Mackesy (Audit and Risk Committee Chair), Victoria Sant, Michael Warren and Yen Mei Lim.

The Corporate Secretary is Janus Henderson Secretarial Services UK Limited, represented by Johana Woodruff.

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Investment Trust PR Director
Janus Henderson Investors
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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) are incorporated into, or form part of, this announcement.