RNS Number : 3900C
Henderson High Income Trust PLC
27 March 2025

LEGAL ENTITY IDENTIFIER: 213800OEXAGFSF7Y6G11

HENDERSON HIGH INCOME TRUST PLC

Financial results for the year ended 31 December 2024

This announcement contains regulated information

PERFORMANCE HIGHLIGHTS

Total return performance to 31 December	One year %	Five years %
Benchmark[1]	7.9	20.6
NAV[2]	9.4	25.1
Share price[3]	10.8	16.5

FINANCIAL HIGHLIGHTS

	2024	2023
NAV per share[4,7]	174.72p	169.58p
Mid-market price per share	162.50p	156.50p
Revenue return per share	10.74p	10.39p
Net assets	£303.2m	£222.3m
Dividend for the year	10.60p	10.35p
Dividend yield[5,7]	6.5%	6.6%
Ongoing charge for the year[6,7]	0.74%	0.86%
Gearing[7]	21.0%	21.4%

1 The benchmark is a composite of 80% of the FTSE All-Share Index (total return) and 20% of the ICE BofA Sterling Non-Gilts Index (total return) rebalanced annually
2 Net asset value with debt at fair value per ordinary share total return (including dividends reinvested and excluding transaction costs)
3 Includes dividends reinvested
4 Net asset value with debt at fair value as published by the Association of Investment Companies (AIC)
5 Based on the dividends paid or announced for the year and the share price at the year-end
6 Calculated using the methodology prescribed by the AIC
7 Alternative Performance Measure, see pages 83 to 84 in the Annual Report

Sources: Morningstar Direct, Janus Henderson.

All data is either as at 31 December 2024 or for the year-ended 31 December 2024.

CHAIRMAN'S STATEMENT

Performance

I am pleased to be reporting on a positive year of investment performance for Henderson High Income Trust. In 2024, the Company's Net Asset Value (NAV) total return was +9.4% compared with the benchmark return of +7.9%, outperformance of +1.5%. The Company's share price total return was a little higher at +10.8% with the share price ending the year at a discount of 7.0% to NAV, compared with the average discount for the UK equity income sector of 5.6% at the end of 2024.

The year was characterised by continuing volatility in financial markets, ongoing geopolitical turmoil and of course the outcome of both the UK general election in July and the US Presidential Election in November. Global inflationary pressures abated as the year progressed which enabled policy makers to lower interest rates and provide a boost to financial asset valuations. Overall equity returns were better than bond returns although from a geographical perspective the returns from UK equities were lower than those from the US.

The Company's outperformance during 2024 versus the benchmark (80% FTSE All-Share Index, 20% ICE BofA Sterling Non-Gilts Index) was mainly due to asset allocation, gearing and a good relative return from the fixed interest portfolio.

Dividends

The Company's investment objective is to provide investors with a high dividend income stream while also maintaining the prospect of capital growth. In 2024, company dividend payouts remained robust given the strength of corporate balance sheets and healthy ongoing profitability. I am pleased to report that the Company's overall earnings during the year were sufficient to cover the full year dividend and a small amount was added to the revenue reserves. At the year-end reserves were sufficient to cover approximately six months of the full year dividend.

During 2024 the Board recommended the payment of dividends totalling 10.6 pence per share, an increase of 2.4% over the payment in 2023. This increase represented the 12th consecutive year of dividend growth from the Company. As usual the Board focused carefully on the revenue projections provided by the Fund Manager throughout the year and as we look forward the Board remains confident that the Company's portfolio will be able to generate a continuing high level of income for shareholders.

Gearing

The Company's policy on gearing is provided on page 23 of the Annual Report. Given higher interest rates and the increased cost of borrowing, the Board spent a good deal of time during the year discussing and evaluating with the Fund Manager the appropriate level of gearing to reflect the increased cost burden whilst ensuring that the overall capital structure could continue to deliver the required levels of income.

During 2024 the overall level of gearing remained in line with the level prevailing at the end of 2023 although the absolute level of borrowings increased due to the growth in the Company's size following the combination with Henderson Diversified Income Trust plc in January 2024 (see below). As a percentage of net assets, gearing finished the year at 21.0% which was a little lower than the level at the start of 2024, and gearing is expected to remain around this level in the near term.

Overall, asset allocation saw the Company continue to prefer equities over fixed interest investments with approximately 89% in equities and 11% in bonds at the year end (compared with the benchmark of 80% equities/20% bonds).

In December 2024 the Company renewed its loan facility of up to £85 million with BNP Paribas, London Branch. The facility has a duration of 12 months and the terms on which the facility was renewed remain competitive.

Combination with Henderson Diversified Income Trust plc (HDIV)

As previously reported the Company was able to issue some £72.1 million of new shares in January 2024 to shareholders in HDIV. The increase in size of the Company will help to improve the liquidity and marketability in the Company's shares and help to spread the Company's fixed costs across a larger shareholder base which is in the interests of all our shareholders.

In this respect I am pleased to say that the ongoing charge ratio for 2024 reflects the benefits of the Company's larger size at 0.74% versus the ongoing charge of 0.86% in 2023.

Continuation Vote

The Company's Articles of Association provide that shareholders should have the opportunity every fifth year to vote on whether they wish to continue the life of the Company or to wind it up. Shareholders will, therefore, be asked to vote on this at the forthcoming AGM, as an ordinary resolution, which requires a majority vote in favour to pass. The Board strongly recommends that you vote in favour so the Company can continue its objective of providing a regular high level of income while maintaining the prospect of capital growth over time. If the resolution fails to pass, the Board would be required to wind up the Company. If you are in any doubt as to what action you should take, please consult your financial advisor. The Directors will be voting their own holdings in favour and encourage all other shareholders to do the same.

Management Fee Arrangements

The Board regularly reviews the fee arrangements with the Company's Fund Manager to ensure that they remain competitive, particularly in the context of fees payable by similar UK equity income focused trusts.

In this respect the Company has agreed with the Manager that the fee scale will be lowered to a flat 0.45% of average adjusted gross assets per annum (previously 0.5% on the first £325 million of assets, 0.45% on assets above £325 million). The amended fee scale will apply from 1 January 2025.

Share buybacks

During the course of 2024 the Board regularly reviewed the Company's share price discount to NAV, particularly in the context of discounts prevailing across the wider UK equity income sector. The Company's discount at the start of 2024 was 7.7% and finished the year at 7.0%, compared with the average discount at the end of 2024 of 5.6% for the UK equity income sector. During the course of the year the discount widened, then narrowed in as the year drew to a close, but in the early part of 2025 had widened out again. In line with other trusts in the sector the Board has commenced buying back shares and as at 24 March 2025 the Company has purchased 960,130 shares representing 0.56% of the issued share capital. The shares will be held in treasury. The Board will continue to monitor closely the prevailing discount to NAV and the Company will continue to buy back shares if in the opinion of the Board it is appropriate to do so in the best interests of shareholders.

The Board

Zoe King will be retiring as a Director in May at the conclusion of the Company's AGM. Zoe joined the Board in April 2016 and has served as the Senior Independent Director since June 2020. During that time the Company has undertaken two successful corporate transactions with Threadneedle UK Select in 2017 and the recent HDIV combination in 2024 and of course has negotiated the challenging COVID period. On behalf of shareholders and directors past and present I would like to thank Zoe for her commitment, diligence and wise counsel during her tenure and we wish her well in her future endeavours. Francesca Ecsery who joined the Board in December 2022 will become the Senior Independent Director and Chairman of the Nominations and Remuneration Committee on Zoe's departure.

At the end of 2024 the Company welcomed Preeti Rathi as a Director. Preeti has 15 years' experience in wealth management as an Investment Director/Discretionary Portfolio Manager with Bank of America Merrill Lynch, Kleinwort Benson Private Bank and Investec Wealth & Investment across a broad range of asset classes. Her appointment will ensure that the Board retains the right balance of skills and expertise to successfully administer the Company's business.

business.

Responsible investing

Responsible investing relates to how environmental, social and corporate governance (ESG) factors impact a company over the long term. Analysis of the resilience of a business and its profits has always been at the core of the Company's investment strategy, and ESG factors are integrated into the investment processes employed by the Fund Manager.

The Board believes that voting the Company's shareholdings at general meetings is essential to good corporate stewardship and is an effective means of expressing its views on the policies and practices of its investee companies. Voting decisions reflect the provisions of Janus Henderson's Responsibility Report and Responsible Investing Policy which are publicly available at www.janushenderson.com and records the high standards of corporate behaviour that are expected. Ultimately, however, our Fund Manager makes the final decision after consultation with the Board, as necessary.

Janus Henderson will actively engage with those companies that fall below such expectations to encourage improvement over time. The final sanction is the divestment of those holdings that fail to make an acceptable transition and adapt sufficiently. The Board monitors the process by reviewing a report on the Company's voting pattern on an annual basis.

For an overview on how Janus Henderson engaged with companies in which the Company is invested, please refer to the ESG Section in the Annual Report.

AGM

We look forward to seeing as many of our shareholders as possible at our AGM which will be held at 12 noon on Tuesday, 13 May 2025 at the offices of Janus Henderson at 201 Bishopsgate, London EC2M 3AE.

David Smith, the Company's Fund Manager, will give a presentation on the Company's portfolio and performance, and you will, as usual, have the opportunity to talk to the Board, David and other Janus Henderson representatives. We very much welcome your comments and questions at the AGM and we would encourage those of you who are unable to attend in person to use your proxy votes and to watch the AGM live by logging onto www.janushenderson.com/hhi-agm.

Prospects and outlook

As we entered 2025 with continuing volatility in financial markets, the re-election of President Trump to the White House has provided a rather unpredictable backdrop to the global economy. In particular, the widespread imposition of tariffs on America's trading partners has caused inflation and interest rate expectations to remain higher with a potentially negative impact on global economic activity and there has been a significant financial impact across Europe from the decision to substantially increase defence spending commitments in light of the situation in Ukraine.

Closer to home in the UK, the growth mantra of the recently elected Labour government appears at odds with the substantial tax increase for the corporate sector announced in the Budget, and the cost of government borrowing has increased as investors worry about higher debt levels to fund investment and spending amid a further decline in productivity. The Bank of England has continued to trim interest rates in the early part of 2025 to support the economy as growth prospects have been lowered but they will have to tread a fine line between lowering interest rates further and keeping inflationary pressures under control.

Whilst the backdrop remains challenging, there is some good news for UK listed companies which retain healthy balance sheets and many are buying back their own shares, highlighting the relatively attractive valuation of UK companies versus their overseas peers. It is also important to remember that quoted UK companies derive a substantial proportion of their earnings from overseas activities providing good protection against the risk of weaker UK activity. Within the Company's portfolio, there continues to be a good balance between larger companies with more international exposure and attractively valued smaller and medium sized companies where our Fund Manager believes the share prices are reflecting too pessimistic a view of future prospects.

Overall, and as usual, the Board and the Company's Fund Manager remain steadfast in the commitment and objective of continuing to deliver the high level of income required by shareholders whilst also mindful of the longer term target of delivering capital growth.

Jeremy Rigg
Chairman
26 March 2025

FUND MANAGER'S REPORT

Market review

The UK equity market made positive gains during the year, with the FTSE All-Share Index increasing by 9.5% on a total return basis. Easing inflation prompted major central banks, including the Bank of England (BoE), to reduce interest rates globally. The BoE cut UK interest rates by 25 basis points in both August and November to end the year at 4.75%.

The equity market gains were skewed to the first half of the year as UK economic growth generally proved better than expected. However, the negative rhetoric over the state of the country's finances the new Labour government had inherited, post July's General Election, saw markets consolidate in the second half of the year. Domestic companies were also impacted by the large tax increases announced by the new Chancellor in her first Budget. Businesses will be expected to fund a significant portion of the bill given the rise in employer National Insurance contributions, although the government also unveiled plans for a large rise in investment spending. Consumer and business confidence fell towards the end of the year while UK economic growth weakened with almost no growth in the second half of the year.

Larger companies outperformed medium sized businesses with the FTSE 100 Index returning +9.7% versus the more domestic orientated FTSE 250 Index's return of +8.1%. The best performing sectors were financials (led by banks), consumer staples and industrials, while energy, basic materials and real estate underperformed. While the consumer discretionary sector outperformed there was a large dispersion of performances, with travel and media companies performing well but the more interest rate sensitive sectors, such as retail and housebuilders, underperforming.

Government bonds were weak during the year as initially investors pared back their expectations over interest rate cuts as inflation, albeit falling, generally remained above central bank targets. Bond yields rose significantly in the fourth quarter globally, led by the US given fears over inflation from some of president-elect Donald Trump's proposed policies. The move in the UK was further exacerbated by the scale of government spending revealed in the Budget, along with concerns over the impact on inflation from tax hikes, increases to the minimum wage and further falls in productivity. The UK 10-year gilt yield rose from 3.6% at the start of the year to reach 4.6% at the end of December. Credit spreads tightened during the year which helped corporate bonds, both investment grade and high yield bonds, post positive returns and outperform government bonds.

Performance review

The Company's NAV (debt at fair value) returned 9.4% on a total return basis, outperforming the benchmark's gain of 7.9%. Given the Company's overweight position to equities relative to bonds against the benchmark, asset allocation had a positive impact on performance due to equities outperforming. Gearing also aided performance given the positive market backdrop.

The equity portfolio gained 8.7% on a total return basis during the year, behind the 9.5% return from the FTSE All-Share Index. Within financials, the portfolio's holdings in NatWest, 3i and Intermediate Capital were positive for performance. NatWest delivered strong profit growth in the period benefitting from higher interest rates in the UK and stronger margins given the benign competitive environment, especially within savings and mortgage products. The company's robust capital position and strong cash flow also led to good dividend growth and a directed buyback which significantly reduced the government stake. Private equity group 3i has been a very strong performer for the Company over the longer term, driven by the success of its portfolio holding Action, the European discount retailer. Last year was another good year for the business given the strong profit growth delivered. Alternative asset manager Intermediate Capital, which specialises in private credit markets, performed well over the year as new fund raisings for its strategies beat expectations.

Within the consumer staples sector, the portfolio's positions in tobacco companies, Imperial Brands and British American Tobacco, and soft drink manufacturer Britvic were positive for performance. Both Imperial Brands and British American Tobacco benefitted in the period from delivering resilient earnings but also buying back their own shares at very attractive valuations. Britvic produced strong results in the period and then was subject to a bid approach from Carlsberg, as it looked to diversify away from beer and consolidate its European Pepsi bottling operations.

On the negative side the portfolio's holdings in Burberry, PageGroup and MONY Group (owner of MoneySuperMarket.com) detracted from returns. Burberry's profits were significantly impacted from a slowdown in luxury goods demand and a failed strategy to elevate the brand. While it was the correct decision for the company to change strategy and Chief Executive Officer, the turnaround is likely to be protracted and with the suspension of the dividend we decided to exit the holding. Recruiter PageGroup was weak during the year as profits came under pressure from a lacklustre global employment market with low candidate confidence impacting job turnover. MONY Group's share price was weak as investors feared that an easing in insurance premium price inflation would lead to fewer consumers switching their insurance providers. Elsewhere, not holding Rolls-Royce was detrimental to relative performance. Rolls-Royce is a large constituent of the benchmark and performed strongly in 2024 meaning not holding the company, due to the lack of a dividend, contributed negatively to relative performance against the benchmark.

The fixed income portfolio rose 6.7% on a total return basis during the year, outperforming the 1.7% return from the ICE BofA Sterling Non-Gilts Index. The portfolio's exposure to short duration bonds aided relative performance given these bonds are typically less vulnerable to rising bond yields. Also, the holdings in high yield bonds aided returns given spreads in this area of the bond market tightened significantly as global economic growth improved. In particular, holdings in bonds issued by Bupa, Center Parcs, the Co-op and Ziggo were positive, while bonds in Direct Line rose significantly after the bid approach from Aviva.

Income review

On an underlying basis, UK market dividends fell 0.4% in 2024 (according to the Computershare UK Dividend Monitor) driven by reductions in dividends from the mining sector as commodity prices fell during the year. Dividend growth excluding this sector was 4.0%, supported by good dividend increases from banks, insurers and food retailers.

The income return for the Company increased 3.4% to 10.74 pence per share in 2024, up from 10.39 pence in 2023. Within the equity portfolio there was good dividend growth from some of the largest holdings including 3i (+15.6%), HSBC (+15.1%), Tesco (+14.7%) and NatWest (+12.9%). Along with the miners, the portfolio experienced dividend cuts from holdings in the utilities sector: National Grid rebased its dividend lower as part of its equity raise to fund future investment, while SSE also reduced its dividend during the year to support higher capital investment, albeit this had been well flagged to the market.

There has been a trend over the last couple of years for UK companies to return excess cash to shareholders via share buybacks, a recognition by management teams of the attractive valuations of their companies' shares. This has generally come at the expense of special dividends, hence, income earned from specials for the Company was relatively low versus previous years. The portfolio in total earned £347,000 in special dividends with payments from Dunelm, B&M and Sabre.

During the year the Board declared a full year dividend of 10.6p which was fully covered by earnings. This was an increase of 2.4% over the dividend in 2023 (10.35p) and represents the 12th consecutive year of dividend growth, maintaining the Company's status as an AIC Next Generation Dividend Hero. The dividend has grown at a compound annual growth rate of 2.1% over those 12 years. Revenue reserves as at 31 December 2024 were £10.2 million, providing approximately 56% cover over the Company's dividend.

Portfolio activity

At the start of the year the Company completed the proposed combination with Henderson Diversified Income Trust plc (HDIV). The £72.1 million of new assets taken on as part of the transaction were invested in line with the existing portfolio.

Gearing at the end of December was 21.0%, down slightly from the end of 2023 (21.4%). The bond portfolio was reduced by approximately £2 million through the year. Although all-in-yields remain attractive, credit spreads have tightened to historically low levels. New positions were initiated in both investment grade and high yield bonds but in typically higher quality, non-cyclical businesses such as Iliad (European telecommunications), Aviva and Teva Pharmaceuticals. Funding came from the sale of the short-dated US Treasury bond the Company held ahead of its maturity. Holdings in bonds issued by EDF (French utility) and Centene (US healthcare) were also sold. The bond portfolio represented 10.7% and 13.1% of gross and net assets respectively as at the end of December.

New positions were initiated in the portfolio in Reckitt Benckiser, Aviva and Tele2. Reckitt Benckiser is a global household goods and personal care business which has market leading brands in attractive categories. The new strategy to divest lower growth businesses to become more focused on its core faster growing products is sensible. Also, while there continues to be uncertainties around litigation in its instant milk formula division, we believe these are more than discounted in the current valuation. After a period of restructuring, Aviva is now a much simpler business with good market positions in its core operations in the UK and Canada. It is well diversified across both life and general insurance and generates good cash flow. Tele2 is the no.2 telecommunications operator in Sweden, with mobile and fixed networks, and is the market leading mobile operator in the Baltic countries. These regions should be able to generate stable growth, while continued cost savings and peaking capex is likely to lead to stronger cash generation which supports an attractive dividend yield.

Within the aerospace and defence sector, new positions were established in BAE Systems and Chemring towards the end of the year. Although there is a potential for a ceasefire in Ukraine, given rising geopolitical tensions governments across the world are likely to increase defence spending over the longer term, which should underpin future profit growth for the sector. BAE is well-diversified both globally and across product platforms. The valuation is attractive given the strong organic growth potential, high visibility on earnings given the size of the order backlog, and good cash flow generation. Chemring has strong market positions in specialised niche areas of defence. The company is split into two divisions: Countermeasures and Energetics, which manufactures products such as explosive materials and missile parts, and Sensors and Information, which develops technologies that detect threats whether explosive, biological, chemical, radio or cyber.

Within the retail sector we switched our holding in B&M European Value Retail into Dunelm at the beginning of the year. This was due to concerns that B&M was being run too aggressively to maintain its low pricing in a competitive space. Dunelm is the UK's leading homewares retailer in a fragmented market where it continues to invest to improve efficiencies and product offering. The broadening out of its product range into new categories and price points, while still offering value for money to customers, should drive further profitable growth. The company also has a robust balance sheet and high free cash flow that supports attractive dividends.

Elsewhere the holdings in overseas companies Woodside Energy and E.ON were also sold. With the Liquefied Natural Gas (LNG) market likely to be in surplus over the next couple of years as new supply comes on stream, we took the decision to exit our holding in Woodside given 50% of the business is exposed to LNG. Also, the management team has significantly increased the capex guidance and recently bid for peer Santos. Although the proposed acquisition was ultimately dropped it highlighted that cash returns to shareholders were likely to be less of a priority going forward. E.ON had performed well last year and re-rated to reflect the qualities of its electricity distribution assets. With the valuation now fairly full and the dividend yield one of the lowest in the European utilities sector, we sold the position. Finally, the position in Britvic was also sold post the bid approach from Carlsberg.

Outlook

Over the last couple of years there has been a change in the macroeconomic and political regime. Globalisation has moved to protectionism and the return of inflation has led to 'higher for longer' interest rates. The global economic outlook now seems more uncertain given the threat of a global trade war while governments are prioritising fiscal spending on defence.

Although we expect further interest rates cuts this year, the impact of the UK Budget and Donald Trump's presidency will likely keep inflation above central banks' targets hence we believe there will be a more protracted pathway to normalised interest rates. Also, corporate margins in the UK are likely to come under some pressure for domestic companies from the increase in national insurance contributions and minimum wage. However, consumers and companies have proved adept at dealing with significant cost inflation in the last few years, with UK economic growth in both 2023 and 2024 proving more resilient than originally expected. A function of this has been robust wage growth, as imbalances in the labour market continue, and the strength of personal finances and corporate balance sheets along with a very well capitalised banking system. Although UK economic growth is forecast to be lacklustre this year, strong balance sheets should continue to help support it from downside risks, while a pickup in confidence is probably needed for a better than expected outcome.

Sentiment towards UK equities remains bearish and while the UK economic outlook is subdued, the UK equity market is not necessarily a good proxy for the UK economy with 75% of revenues derived overseas. Interestingly, since interest rates started to increase at the end of 2021, the FTSE All-Share Index has returned 26.7% to the end of February 2025. Although this is behind the return of the US equity market over the same time period (+31.2%), it is still a reasonable performance given the economic and inflationary backdrop and the negative rhetoric surrounding UK equities. Despite this return, valuations are still attractive in the UK market, both compared to their own history and relative to global indices, hence we remain cautiously optimistic that UK equities can continue to make reasonable gains this year. As ever the focus remains on finding good quality businesses at a compelling valuation that can pay and grow an attractive dividend.

David Smith

Fund Manager
26 March 2025

PRINCIPAL RISKS

Principal Risk	Mitigating Measures
Climate Change Risk Risk that investee companies within the Company's portfolio fail to respond to the pressures of the growing climate emergency and fail to limit their carbon footprint to regulated targets, resulting in reduced investor demand for their shares and falling market values.	ESG considerations are a fully integrated component of the investment process. The Fund Manager seeks to understand how a company is managing ESG risks through its policies and processes and where its investments are targeted, to ensure that its business model remains sustainable over the longer term. Please refer to Environmental, Social and Governance Matters in the Annual Report for further details.
Investment Risk Risk of long-term underperformance of the Company against the benchmark and/or peer group. This could result in the shares of the Company trading at a persistent discount to net asset value and/or reduced liquidity in the Company's shares. Risk that insufficient income generation could lead to a cut in the dividend.	The Manager provides the Board with regular investment performance statistics against the benchmark and the peer group. The implementation of the investment strategy and results of the investment process for which the Fund Manager is responsible, are discussed with the Manager and reviewed at each Board meeting. The premium/discount to net asset value and the trading volume of the Company's shares are also regularly reviewed, taking account of market conditions. The Board regularly reviews and monitors the investment in marketing activities with the Manager. Both the Manager and the Board maintain close contact with the Company's Broker to understand the supply of and demand for the Company's shares. The Board reviews the Income Statement and revenue forecasts at each meeting and continually monitors the Company's revenue reserves.
Market/Financial Risk Risk that market conditions lead to a fall in the value of the portfolio (magnified by any gearing) and/or a reduction of income. Risks associated with interest rates and their impact on the broader financial system. These could result in a loss of capital value for shareholders and/or a cut in the dividend payment.	The Board reviews the Company's compliance with its loan covenants (for both the short-term and long-term facilities) on a monthly basis and additional covenant testing is undertaken in extreme market conditions to give comfort that the Company can meet its financial liabilities. The portfolio is diverse, containing a sufficient range of investments to ensure that no single investment puts undue risk on the sustainability of the income generated by the portfolio or indeed the capital value. Regard is also given to having a broad mix of companies in the portfolio, as well as a spread across a range of economic sectors. The Board reviews the portfolio on a monthly basis. The Manager operates within investment limits and restrictions set by the Board, including limits for gearing and derivatives and confirms compliance with these each month. Any particularly high risks are highlighted and discussed, and appropriate follow up action is taken where necessary. A detailed analysis of the Company's financial risk management policies and procedures can be found in the Financial Risk Management Policies and Procedures note in the Annual Report. The Board reviews the Income Statement and revenue forecasts at each meeting and continually monitors the Company's revenue reserves.
Operational Risks including cyber risks, pandemic risks and epidemic risks and risks relating to terrorism and international conflicts Risk of loss through inadequate or failed internal procedures, policies, processes, systems or human error. This includes risk of loss to the Company's third-party service providers. Risk of financial loss, disruption or damage to the reputation of the Company, the Manager and the Company's other key third-party service providers, as a result of failure of information technology systems. Risk of loss as a result of external events outside of the Board's control such as pandemic and/or epidemic risks and risks relating to terrorism and/or international conflicts that disrupt and impact the global economy. This includes the risk of loss to the Company's third-party service providers that are also disrupted and impacted by such events.	The Board receives a quarterly internal control report from the Manager to assist with the ongoing review and monitoring of the internal control and risk management systems it has in place. The Board regularly receives reports from the Manager's Internal Audit, Risk, Compliance, Information Security and Business Continuity teams. This provides assurance that the Manager has appropriate policies and procedures in place to be able to continue in operation and maintain stability in times of such risks. In particular, the Board asks the Manager to confirm that the Fund Manager can continue to manage the portfolio in these circumstances. The Board makes similar enquiries of its other key third-party service providers to gain assurance that they too have appropriate policies and procedures in place to be able to continue in operation and maintain stability in times of such risks. Please refer to the Internal Control and Risk Management section in the Annual Report for further details.
Tax, Legal and Regulatory Risk Risk that a breach of, or a change in laws and regulations, could materially affect the viability and appeal of the Company, in particular section 1158/9 of the Corporation Tax Act 2010 which exempts capital gains from being taxed within investment trusts.	The Manager has been contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by the Manager on a quarterly basis, which confirm tax, legal and regulatory compliance.

Emerging Risks
With the help of the Manager's research resources and using its own market intelligence, the Board continually monitors the changing risk landscape and any emerging and increasing threats to the Company's business model. Such emerging risks could cause disruption for the Company if ignored, but if identified could provide business opportunities. Should an emerging risk become sufficiently clear, it may be moved to a principal risk.

VIABILITY STATEMENT
The Company seeks to provide superior income generation and long-term capital growth for its shareholders. The Board aims to achieve this by implementing the Company's business model and strategy through the investment objective and policy. The Board will continue to consider and assess how it can adapt the business model and strategy of the Company to ensure its long-term viability in relation to its principal and emerging risks.

The Board also considers:

- the prospects for the Company including the liquidity of the portfolio (which is mainly invested in readily realisable listed securities);
- the level of borrowings (which are restricted);
- the closed-end nature as an investment company (therefore there are no issues arising from unexpected redemptions);
- the ongoing charge ratio (0.74% for the year-ended 31 December 2024 (2023: 0.86%)); and
- long-term borrowings in place in the form of the 3.67% senior unsecured loan note which matures in July 2034 (the value of this long-term borrowing is at 6.6% of net assets as at 31 December 2024, relatively small in comparison to the value of total net assets).

Furthermore, the Company retains title to all assets held by the Custodian (under the terms of the formal agreement with the Depositary), cash is held with approved banks and revenue and expenditure forecasts are reviewed at each Board meeting. The Fund Manager provides an additional, conservative stress-tested revenue forecast at least once a year to assist the Board with its dividend decision making. The Company's revenue reserves remain strong with approximately six months' worth of dividend cover, which gives additional comfort for any difficult years that may arise in the future.

The Board believes it is appropriate to assess the Company's viability over a five-year period in recognition of its long-term horizon and taking account of the Company's current position and the assessment factors detailed above.

When assessing the viability of the Company over the next five years the Directors considered its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's borrowing facilities and how a breach of any loan covenants could impact on the Company's net asset value and share price. The Directors also considered the impact of a global recession, inflation and risks associated with geopolitical conflicts. Whilst these currently present uncertainty and volatility in financial markets, they do not threaten the Company's viability.

The Board does not envisage any change in strategy or investment objective, or any events that would prevent the Company from continuing to operate over the next five years as the Company's assets are liquid, its commitments are limited, and the Company intends to continue to operate as an investment trust. In 2024 the Board received feedback from the Fund Manager and the Janus Henderson Investment Trust Sales Team on meetings held with shareholders. The feedback suggested that the shareholders were supportive of the Company continuing in operation.

The Board recognises that there is a continuation vote due to take place at the AGM in May 2025. In light of the above consideration of the Company's viability and going concern and as no shareholders have indicated that they will not support the continuation vote, the Board remains confident that shareholders remain supportive of the Company.

The Board takes comfort in the robustness of the Company's position, performance, liquidity and the well-diversified portfolio, as well as the Fund Manager's monitoring of the portfolio and therefore has a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due up to and including the year-ending 31 December 2029.

RELATED PARTY TRANSACTIONS
The Company's transactions with related parties in the year were with the Directors and the Manager. There have been no material transactions between the Company and its Directors during the year. The only amounts paid to them were in respect of remuneration for which there were no outstanding amounts payable at the year-end. Directors' interests in shares are disclosed in the Directors' Remuneration Report in the Annual Report. In relation to the provision of services by the Manager (other than fees payable by the Company in the ordinary course of business and the provision of marketing services) there have been no material transactions with the Manager affecting the financial position or performance of the Company during the year under review. More details on Transactions with Janus Henderson and Related Parties including amounts outstanding at the year-end, are given in Note 21 to the financial statements within the Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
Each of the Directors, whose names and functions are listed in note 15 below, confirm that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit 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
Jeremy Rigg
Chairman
26 March 2025

AUDITED INCOME STATEMENT

	Year-ended 31 December 2024			Year-ended 31 December 2023		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000

Gains on investments held at fair value through profit or loss (note 2)	-	11,155	11,155	-	10,620	10,620
Income from investments held at fair value through profit or loss (note 3)	20,513	-	20,513	14,859	-	14,859
Other interest receivable and similar income	313	-	313	538	-	538
Gross revenue and capital gains	20,826	11,155	31,981	15,397	10,620	26,017
Expenses						
Management fee (note 5)	(666)	(999)	(1,665)	(565)	(846)	(1,411)
Other administrative expenses	(618)	-	(618)	(456)	-	(456)
Net return before finance costs and taxation	19,542	10,156	29,698	14,376	9,774	24,150
Finance costs	(903)	(2,709)	(3,612)	(646)	(1,938)	(2,584)
Net return before taxation	18,639	7,447	26,086	13,730	7,836	21,566
Taxation on net return	(338)	229	(109)	(247)	101	(146)
Net return after taxation	18,301	7,676	25,977	13,483	7,937	21,420
Return per ordinary share (note 6)	**10.74p**	**4.50p**	**15.24p**	**10.39p**	**6.11p**	**16.50p**

The total columns of this statement represent the Income Statement of the Company.

All capital and revenue items derive from continuing operations. Although no operations were acquired or discontinued during the period, see note 10 for further details on the HDIV transaction.

The Company has no other comprehensive income other than those items recognised in the Income Statement.

AUDITED STATEMENT OF CHANGES IN EQUITY

Year-ended 31 December 2024	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
At 1 January 2024	6,490	128,827	26,302	51,807	8,916	222,342
Net return after taxation	-	-	-	7,676	18,301	25,977
Dividends paid (note 9)	-	-	-	-	(17,031)	(17,031)
Issue of shares on the HDIV transaction (note 7)	2,117	69,949	-	-	-	72,066
Issue costs of HDIV transaction	-	(3)	-	-	-	(3)
Listing fee in respect of the new shares issued following the HDIV transaction	-	(144)	-	-	-	(144)
At 31 December 2024	**8,607**	**198,629**	**26,302**	**59,483**	**10,186**	**303,207**

Year-ended 31 December 2023	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 January 2023	6,490	128,827	26,302	43,870	8,788	214,277
Net return after taxation	-	-	-	7,937	13,483	21,420
Dividends paid (note 9)	-	-	-	-	(13,355)	(13,355)
At 31 December 2023	6,490	128,827	26,302	51,807	8,916	222,342

AUDITED STATEMENT OF FINANCIAL POSITION

	At 31 December 2024 £'000	At 31 December 2023 £'000
Fixed assets		
Investments held at fair value through profit or loss	366,790	270,007
Current assets		
Debtors	2,323	2,092
Cash at bank and in hand	2,493	1,990
	4,816	4,082
Creditors: amounts falling due within one year	(48,520)	(31,880)
Net current liabilities	**(43,704)**	(27,798)
Total assets less current liabilities	**323,086**	242,209
Creditors: amounts falling due after more than one year	(19,879)	(19,867)
Net assets	**303,207**	222,342
Capital and reserves		
Called up share capital (note 7)	8,607	6,490
Share premium account	198,629	128,827
Capital redemption reserve	26,302	26,302
Other capital reserves	59,483	51,807
Revenue reserve	10,186	8,916
Total shareholders' funds	**303,207**	222,342
Net asset value per ordinary share (note 8)	**176.14p**	171.30p

AUDITED STATEMENT OF CASH FLOWS

	Year-ended 31 December 2024 £'000	Year-ended 31 December 2023 £'000
Cash flows from operating activities		
Net return before taxation	26,086	21,566
Add back: finance costs	3,612	2,584
Less gains on investments held at fair value through profit or loss	(11,155)	(10,620)
Withholding tax on dividends deducted at source	(109)	(146)
Increase in debtors	(231)	(164)
Decrease in creditors	(282)	(337)
Net cash inflow from operating activities[1]	**17,921**	12,883
Cash flows from investing activities		
Sales of investments held at fair value through profit or loss	101,287	66,925
Purchases of investments held at fair value through profit or loss	(147,956)	(67,282)
Net cash outflow from investing activities	**(46,669)**	(357)
Cash flows from financing activities		
Net cash acquired and received following the HDIV transaction	**32,586**	-
Listing fees in respect of the new shares issued following the HDIV transaction	(144)	-
Issue costs in respect of the HDIV transaction	(3)	-
Equity dividends paid	(17,031)	(13,355)
Drawdown of loans	17,932	1,649
Interest paid	(3,600)	(2,575)
Net cash inflow/(outflow) from financing activities	**29,740**	(14,281)
Net increase/(decrease) in cash and cash equivalents	992	(1,755)
Cash and cash equivalents at beginning of year	1,990	2,873
Exchange movements	(489)	872
Cash and cash equivalents at end of year	**2,493**	1,990
Comprising:		
Cash at bank	**2,493**	1,990

[1] Cash inflow from dividends was £18,236,000 (2023: £13,528,000) and cash inflow from interest was £1,904,000 (2023: £1,395,000).

NOTES TO THE FINANCIAL STATEMENTS

1a. Accounting policies: basis of accounting

The Company is an investment company as defined in section 833 of the Companies Act 2006 and is incorporated in the UK. It operates in England and Wales and is registered at 201 Bishopsgate, London EC2M 3AE. 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 AIC Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP).

The principal accounting policies applied in the presentation of these financial statements are set out in the Annual Report. These policies have been consistently applied to all the years presented. The financial statements have been prepared under the historical cost basis except for the measurement at fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with sections 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

1b. Significant judgments and estimates

The decision to allocate special dividends as income or capital is a judgment but not deemed to be material. The allocation of expenses as income or capital is not material but has an impact on distributable reserves. The Directors do not consider these to be significant judgments or estimates and do not believe any accounting judgments or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. The Directors have considered the substance of the combination with HDIV 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. Investments and cash were transferred from HDIV in exchange for shares issued by the Company, which have been recognised in share capital and share premium, as shown in the Statement of Changes in Equity. Further detail is set out in note 23 in the Annual Report.

1c. Going concern

The Directors have considered the liquidity of the portfolio and concluded that the assets of the Company consists of securities that are readily realisable. They have also considered the impact of the risks associated with interest rates and its impact on the broader financial system, as well as the risks arising from the wider ramifications of geopolitical conflicts, including cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio. They have concluded that the Company is able to meet its financial obligations, including the repayment of the bank loan, as they fall due for a period to 26 March 2026, which is at least 12 months from the date of the approval of the financial statements.

The Company's shareholders are asked every five years to vote on the continuation of the Company. An ordinary resolution to this effect will be put to shareholders at the AGM in 2025 and the Board has no reason to believe that this resolution will not be passed. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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	5,815	4,360
Revaluation gains recognised in previous years	(2,211)	(2,523)
Gains on investments sold in the year based on carrying value at previous Statement of Financial Position date	**3,604**	1,837
Net movement on revaluation of investments	7,046	7,722
Effective yield movement	(16)	38
Exchange gains	521	1,023
	11,155	10,620
	=======	=======

3. Income from Investments Held at Fair Value through Profit or Loss

	2024 £'000	2023 £'000
UK dividend income - listed	14,946	10,612
UK dividend income - special dividends	189	119
	15,135	10,731
Interest income - listed	2,058	1,328
Overseas and other dividend income - listed	3,162	2,678
Overseas and other dividend income - special dividends	158	122
	5,378	4,128
	20,513	14,859
	======	======

4. Other Interest Receivable and Similar Income

	2024 £'000	2023 £'000
Deposit interest	96	84
Traded option premiums	202	454
Underwriting commission	15	-
	313	538
	===	===

5. Management Fee

	2024			2023		
	Revenue return	**Capital return**	**Total**	Revenue return	Capital return	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000

	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Management fee	**666**	**999**	**1,665**	565	846	1,411
	=====	**=====**	**=====**	=====	=====	=====

A summary of the terms of the Investment Management Agreement is given in the Annual Report. An explanation of the split between revenue and capital is contained in Note 1g to the financial statements in the Annual Report.

6. Profit for the year
Profit attributable per ordinary share figure is based on the return attributable to the ordinary shares of £25,977,000 (2023: £21,420,000) and on the 170,406,232 weighted average number of ordinary shares in issue during the year (2023: 129,796,278).

The Company had no securities in issue that could dilute the return per ordinary share. The return per ordinary share can be analysed between revenue and capital as shown below:

	2024 £'000	2023 £'000
Net revenue return	18,301	13,483
Net capital return	7,676	7,937
Profit for the year	**25,977**	21,420
	=======	=======
Weighted average number of ordinary shares	**170,406,232**	129,796,278
Revenue return per ordinary share	10.74p	10.39p
Capital return per ordinary share	4.50p	6.11p
Profit attributable per ordinary share	15.24p	16.50p
	=======	=======

7. Called Up Share Capital

	Shares entitled to dividend	**Total shares in issue**	**Nominal value in issue £'000**
Issued ordinary shares of 5p each			
At 1 January 2024	129,796,278	129,796,278	6,490
Issued during the year	42,345,422	42,345,422	2,117
	---------------	----------------	--------
At 31 December 2024	**172,141,700**	**172,141,700**	**8,607**
	---------------	----------------	--------

	Shares entitled to dividend	Total shares in issue	Nominal value in issue £'000
Issued ordinary shares of 5p each			
At 1 January 2023	129,796,278	129,796,278	6,490
	---------------	----------------	--------
At 31 December 2023	129,796,278	129,796,278	6,490
	---------------	----------------	--------

On 17 January 2024 the Company issued 42,345,422 new shares to Henderson Diversified Income Trust plc (HDIV) shareholders in consideration of the £72.1 million of net assets acquired from HDIV in accordance with the scheme of reconstruction and winding up of HDIV under section 110 of the Insolvency Act 1986.

No further shares were issued during the year under review (year-ended 31 December 2023: nil). At 31 December 2024 there were 172,141,700 ordinary shares of 5p nominal value in issue. Between 1 January 2025 and 24 March 2025, being the last practicable date prior to the publication of the Annual Report, 960,130 shares were bought back and held in treasury. Accordingly, the number of shares in issue as at 24 March 2025 was 172,141,700, of which 960,130 were held in treasury. Therefore, the total voting rights in the Company at that date was 171,181,570.

8. Net Asset Value Per Ordinary Share
The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £303,207,000 (2023: £222,342,000) and on the 172,141,700 ordinary shares in issue at 31 December 2024 (2023: 129,796,278).

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

	2024 £'000	2023 £'000
Net assets at start of year	222,342	214,277
Total net return after taxation	25,977	21,420
Dividends paid in the year	(17,031)	(13,355)
Issue of shares on the HDIV transaction	72,066	-
Issue costs in respect of the HDIV transaction	(3)	-
Listing fees in respect of the new shares issued following the HDIV transaction	(144)	-
	303,207	222,342
	=======	=======

9. Dividends Paid on Ordinary Shares

	Payment date	**2024 £'000**	2023 £'000
Fourth interim dividend (2.575p per share) for the	27 January		

year-ended 31 December 2022	2023	-	3,342
First interim dividend (2.575p per share) for the year-ended 31 December 2023	28 April 2023	-	3,342
Second interim dividend (2.575p per share) for the year-ended 31 December 2023	28 July 2023	-	3,342
Third interim dividend (2.575p per share) for the year-ended 31 December 2023	27 October 2023	-	3,342
Fourth interim dividend (2.625p per share) for the year ended 31 December 2023	26 January 2024	3,407	-
First interim dividend (2.625p per share) for the year-ended 31 December 2024	26 April 2024	4,519	-
Second interim dividend (2.625p per share) for the year-ended 31 December 2024	26 July 2024	4,519	-
Third interim dividend (2.675p per share) for the year-ended 31 December 2024	25 October 2024	4,605	-
Unclaimed dividends		(19)	(13)
		17,031	13,355
		======	======

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, which sets out the maximum income that an investment trust can retain in any financial year, are set out below:

	2024 **£'000**	2023 £'000
Revenue available for distribution by way of dividend for the year	18,301	13,483
First interim dividend of 2.625p (2023: 2.575p)	(4,519)	(3,342)
Second interim dividend of 2.625p (2023: 2.575p)	(4,519)	(3,342)
Third interim dividend of 2.675p (2023: 2.575p)	(4,605)	(3,342)
Fourth interim dividend 2.675p (2023: 2.625p)	(4,605)	(3,407)
Transfer to revenue reserves	**53**	50
	======	======

In accordance with FRS 102, interim dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been paid to shareholders. All dividends have been paid out of revenue reserves or current year revenue profits and at no point during the year did the revenue reserve move to a negative position.

10. Transaction with Henderson Diversified Income Trust plc (HDIV)
On 16 January 2024, the Company announced that it had acquired £72.1 million of net assets from HDIV in consideration for the issue of 42,345,422 new ordinary shares as part of a recommended section 110 scheme under the Insolvency Act 1986.

	£'000
Net assets acquired	
Investments and accrued income	39,480
Cash	32,586
Net assets	**72,066**
Satisfied by the value of new ordinary shares issued	**72,066**
	======

There were no fair value adjustments of the combination made to the above figures.

11. 2024 Financial Information
The figures and financial information for the year-ended 31 December 2024 are extracted from the Company's Annual Financial Statements for that period and do not constitute statutory financial statements for that period. The Company's Annual Financial Statements for the year-ended 31 December 2024 have been audited but have not yet been delivered to the Registrar of Companies. The Independent Auditors' Report on the 2024 Financial Statements was unqualified, did not include a reference to any matter to which the Auditors drew attention without qualifying the report, and did not contain any statements under sections 498(2) and 498(3) of the Companies Act 2006.

12. 2023 Financial Information
The figures and financial information for the year-ended 31 December 2023 are extracted from the Company's Annual Financial Statements for that period and do not constitute statutory financial statements for that period. The Company's Annual Financial Statements for the year-ended 31 December 2023 have been audited and delivered to the Registrar of Companies. The Independent Auditors' Report on the 2023 Financial Statements was unqualified, did not include a reference to any matter to which the Auditors drew attention without qualifying the report, and did not contain any statements under sections 498(2) and 498(3) of the Companies Act 2006.

13. Annual Report
The Annual Report will be posted to shareholders in April 2025 and will be available at **www.hendersonhighincome.com** or in hard copy from the Corporate Secretary at the Company's registered office, 201 Bishopsgate, London EC2M 3AE.

14. Annual General Meeting (AGM)
The AGM will be held on Tuesday, 13 May 2025 at 12 noon at the Company's registered office, 201 Bishopsgate, London EC2M 3AE. The Notice of Meeting will be posted to shareholders with the Annual Report.

15. General Information
a) Company Status
The Company is a UK domiciled investment trust company with registered number 02422514.

SEDOL/ISIN number: 0958057/GB0009580571
London Stock Exchange (TIDM) Code: HHI

London Stock Exchange (TIDM) Code: HHI
Global Intermediary Identification Number (GIIN): JBA08I.99999.SL.826
Legal Entity Identifier Number (LEI): 213800OEXAGFSF7Y6G11

b) Directors, Corporate Secretary and Registered Office
The Directors of the Company are Jeremy Rigg (Chairman), Jonathan Silver (Chairman of the Audit & Risk Committee), Zoe King (Senior Independent Director), Richard Cranfield, Francesca Ecsery and Preeti Rathi. The Corporate Secretary is Janus Henderson Secretarial Services UK Limited, represented by Samantha McDonald, FCG. The registered office is 201 Bishopsgate, London EC2M 3AE.

c) Website
Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at **www.hendersonhighincome.com**

For further information please contact:

David Smith
Fund Manager
Janus Henderson Investors
Telephone: 020 7818 4443

Dan Howe
Head of Investment Trusts
Janus Henderson
Investors
Telephone: 020 7818 1818

Harriet Hall
PR Director, Investment Trusts
Janus Henderson Investors
Telephone: 020 7818 2919

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.