

This announcement contains information that is inside information for the purposes of Article 7 of the UK version of Regulation (EU) No. 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**Market Abuse Regulation**"). The person responsible for arranging for the release of this announcement on behalf of Henderson European Trust plc is Janus Henderson Secretarial Services UK Limited acting as corporate secretary.

19 June 2025

Henderson European Trust plc ("HET" or the "Company")

Result of Board Review

Proposed combination with Fidelity European Trust PLC ("FEV")

Result of Board Review

- The HET board has completed a comprehensive review of potential options for the Company's future following the resignation of both co-portfolio managers from Janus Henderson Investors ("JHI") on 31 January 2025.
- The board engaged with shareholders early in the review process and considered viable options based on the feedback received.
- The board concluded that a combination with FEV pursuant to a scheme of reconstruction of HET under section 110 of the Insolvency Act 1986, creating a much larger European investment trust with expected net assets of approximately £2.1 billion^[1], was the best outcome for shareholders.

Proposed combination with FEV is expected to enable HET shareholders to benefit from:

- an **experienced and award-winning portfolio management team** supported by Fidelity's extensive equity research resource, focused on high-quality, predominantly large-cap, European equities.
- a larger company with **economies of scale**, increased secondary market trading liquidity and enhanced marketability.
- an **enhanced discount management policy** supporting a mid-single digit discount to NAV.
- a **12-month management fee waiver** on the assets transferred to FEV following which, in combination with the cash exit at HET, is currently expected to result in the transaction being marginally NAV accretive for rolling HET shareholders.^[2]
- introduction of a **new, competitive fee structure** which, when combined with the enhanced scale, is forecasted to result in a **lower OCR for HET's shareholders**.
- an **immediate uplift in market value** of their shareholding, expected to be in excess of 6%^[3] based on HET's current share price discount.
- a **cash exit alternative** of up to 33.3% of the Company's issued share capital at a 1.75% discount to the residual formula asset value.

The board has received indications of support for the proposal from shareholders representing an aggregate of c.33% of HET's issued share capital.

Vicky Hastings, Chair of Henderson European Trust, commented:

"The sudden departure of the Company's two co-portfolio managers, together with our subsequent engagement with shareholders, prompted the Board to undertake a comprehensive review aimed at maximising value for all shareholders over the long-term. The process was well informed by shareholder feedback, which made it clear that, given the material turn of events, all viable options should be considered.

"The Board was particularly impressed by the number and calibre of proposals received, including from the incumbent manager, Janus Henderson. However, following a full and thorough process, the Board concluded that a combination with FEV represents the best outcome for our shareholders.

"We would like to thank Janus Henderson for their professionalism throughout this review and for the longstanding support they have provided to the Company and the Board."

Background to board review of options

On 3 February 2025, the board of HET announced that it had been notified that the Company's two co-portfolio managers, Tom O'Hara and Jamie Ross, had resigned from JHI, the Company's investment manager.

With effect from 3 February 2025, Robert Schramm-Fuchs and Nick Sheridan assumed interim joint responsibility for the management of the Company's portfolio under the same approach seeking to maximise total return from a portfolio of stocks predominantly listed in Europe (excluding the UK).

Given the material impact to the Company of its two co-portfolio managers' resignations, the board, via Deutsche Numis, solicited shareholder views on the best route for the strategic direction of the Company. Following feedback received from a significant proportion of the Company's shareholders, the board subsequently resolved to undertake a comprehensive review of the Company's options and engaged Deutsche Numis to provide advice and manage the process. It also sought advice from WTW, an investment consultant, to provide analysis, perspective and opinion on the investment component.

The board received a number of interesting proposals from (i) JHI, (ii) existing investment companies looking to consolidate and (iii) other investment management firms proposing to manage the Company.

After a comprehensive RFP and pitch process, the board concluded that a combination with FEV provided a highly compelling option for shareholders.

Combination with FEV

The boards of HET and FEV are pleased to announce that the companies have entered into heads of terms for a combination of the two companies, which will see part of HET's cash, assets and undertaking roll into FEV in exchange for the issue of new ordinary shares in FEV ("**New FEV Shares**") to continuing HET shareholders (the "**Transaction**"). FEV's investment manager, Fidelity, will continue to manage the combined entity (the "**Combined Entity**") in accordance with FEV's current investment objective and policy, with FEV's experienced and award-winning portfolio managers, Sam Morse and Marcel Stätzel, continuing as portfolio managers.

investor Stölzel, continuing as portfolio managers.

HET shareholders will have the option to elect for a cash exit (the "**Cash Option**") as part of the Transaction. The Cash Option will be priced at a 1.75% discount to the Company's residual formula asset value per share (the "**Cash Option Discount**") as at a calculation date to be agreed by HET and FEV (the "**Calculation Date**"), less the further costs of any realisations required to fund the Cash Option, and limited to 33.3% of HET's shares in issue (excluding treasury shares).

Assuming full take up of the Cash Option, the Combined Entity is expected to have net assets in excess of £2.1 billion.

Benefits of the Transaction to HET shareholders

- **Access to market-leading investment prowess in Europe:** as the "go-to" UK closed-ended vehicle for investment in Europe, the Combined Entity is expected to benefit from an enhanced profile and marketability following the combination with HET.
- **Unparalleled scale:** the Combined Entity is expected to have net assets in excess of £2.1 billion, making it the largest in the European investment company sector by a significant margin. HET shareholders are expected to benefit from economies of scale through improved economics, enhanced resources available to promote the Combined Entity to new as well as existing investors and through increased secondary market trading liquidity.
- **Experienced and award-winning portfolio managers with strong long-term investment performance:** the Combined Entity will be managed by Fidelity's award-winning co-portfolio managers, Sam Morse and Marcel Stölzel, whose systematic approach to managing investments benefits from the support and resource of Fidelity's extensive equity research platform (126 global equity research analysts, 33 of which cover Europe directly). This team has consistently been one of the sector's top performers and has consistently outperformed FEV's benchmark index (FTSE World Europe exUK Index) over the medium and longer term.^[4]
- **Continuity of investment style and approach:** both HET and FEV have aimed to deliver long-term growth in both capital and income through investment in a portfolio of high-quality, predominantly large-cap, European equities. FEV's investment style would provide continuity for HET's shareholders in that its portfolio managers focus on finding attractively valued companies, with good prospects for cash generation and dividend growth over the longer term, with positioning driven by opportunities at the individual stock level rather than macro developments.
- **Narrowest discount in the AIC Europe sector:** FEV currently trades on the narrowest discount in the AIC Europe sector at 2.7% and has the narrowest 1-year average at 5.9%. Alongside the attractive long-term prospects for the Combined Entity, the Combined Entity's liquidity, and narrow discount, should also provide HET shareholders with greater opportunities to realise their investment through the market should they wish to do so. Further, FEV will introduce an enhanced discount management policy, such that the Combined Entity will seek to maintain any discount to net asset value in mid-single digits through buybacks in normal market conditions.
- **Significant contribution to costs from Fidelity:** Fidelity has agreed to make a material contribution towards the costs of the Transaction, equivalent to a waiver of 12 months of management fees that would otherwise be payable in respect of the assets that would roll over from HET (with an expected value of c. £2.4 million based on current transaction assumptions and full take-up of the Cash Option). This contribution would first be applied to meet the FEV costs in implementing the Transaction (capped at £1.25 million including VAT), with the balance being applied towards, and currently expected to exceed, the HET Transaction costs.
- **Material Cash Option available:** HET shareholders will have the option to elect for the Cash Option as part of the Transaction which is capped at 33.3% of the issued share capital of the Company (excluding treasury shares). This sizeable Cash Option allows shareholders a choice between continuing their investment in a well-regarded investment trust in the European equities sector or receiving cash for part of their investment at an uplift to the current market value.
- **Tangible economic upside for HET shareholders:** Rolling HET shareholders are expected to benefit from an immediate uplift in the market value of their shareholding estimated at c.6.4% based on HET's current share price discount. Owing to the Fidelity Cost Contribution and the Cash Option Discount, the transaction is also currently expected to be marginally NAV accretive for rolling HET shareholders (or at least NAV neutral depending upon the level of take-up of the Cash Option and the value of any benefit arising from the Fidelity Cost Contribution).^[5]

The Transaction

The Transaction will be effected by way of a scheme of reconstruction of HET under section 110 of the Insolvency Act 1986 (the "**Scheme**"), resulting in the voluntary liquidation of HET and the associated transfer of part of HET's cash, assets and undertaking to FEV in exchange for the issue of New FEV Shares to continuing HET shareholders. The number of the New FEV Shares issued to HET shareholders will be determined on a formula asset value ("**FAV**") for FAV basis.

In accordance with customary practice for such schemes of reconstruction pursuant to section 110 of the Insolvency Act 1986 involving investment companies, the City Code on Takeovers and Mergers is not expected to apply to the proposed combination via the Scheme. The Transaction will be subject to, inter alia, the approval of both HET and FEV shareholders, in addition to regulatory and tax approvals.

The New FEV Shares will be issued on the basis of the ratio between the FEV FAV per share and the HET rollover FAV per share. Both FAVs will be calculated based on the net asset value (cum income and debt at par value) of each company ("**NAV**") on the Calculation Date subject to adjustments for any declared but unpaid dividends, the allocation of transaction costs, the financial value of the Fidelity Cost Contribution (discussed below) and, in the case of HET, also taking account of the liquidator's retention and the application of the Cash Option Discount. More information will be provided in a circular to be sent to shareholders in due course.

Each company will bear its own costs incurred in relation to the Transaction.

Fidelity has agreed to make a material contribution towards the costs of the Transaction by means of a waiver, pursuant to the management agreement between Fidelity and FEV, of the management fees that would otherwise be payable by the enlarged FEV to Fidelity in respect of the assets to be transferred by HET to FEV pursuant to the Transaction for the 12 month period immediately following the Scheme becoming effective, calculated by reference to the revised fee rate thresholds and marginal fee rates set out in the paragraph on updated management fee arrangements below (the "**Fidelity Cost Contribution**"). For the purposes of the Scheme, the financial value of the Fidelity Cost Contribution (calculated as at the Calculation Date) will first be credited to the FEV FAV against any and all FEV Transaction costs up to a maximum of £1.25 million (inclusive of VAT) and any remaining balance of the Fidelity Cost Contribution will be credited to the HET rollover FAV (for the benefit of continuing HET shareholders).

HET has issued €35 million of privately placed loan notes (the "**HET Notes**"). With the assistance of its appointed adviser, Centrus Financial Advisors, HET will be seeking the consent of the HET Noteholders to novate the HET Notes to FEV prior to completion.

Updated management fee arrangements

Subject to the Scheme becoming effective in accordance with its terms, Fidelity and FEV have agreed to amend the management agreement between them such that the annual management fee payable to Fidelity will be as set out below with effect from the admission of the New FEV Shares to trading on the Main Market and to listing of the FCA's Official List.

Tier (net assets)	Annual management fees ^[6]
Less than £400 million	0.70%
£400 million to £1.4 billion (inclusive)	0.65%
Greater than £1.4 billion	0.55%

Discount management

In the light of the Transaction, the FEV board has agreed to enhance its discount management policy such that FEV will seek to maintain any discount to NAV in mid-single digits in normal market conditions.

Dividends

HET intends to pay its previously announced interim dividend for the financial year ending 30 September 2025 of 1.40 pence per share on 27 June 2025 to those shareholders on the HET register on 30 May 2025, with an ex-dividend date of 29 May 2025. It is also expected that HET will declare and pay a second interim dividend prior to liquidation.

As an 'AIC next generation dividend hero', FEV has a reliable track record of dividend growth and the FEV board intends to continue to grow the Combined Entity's dividend progressively, as FEV has done for the previous 13 years, whilst continuing to pay dividends entirely from income and maintaining healthy dividend cover.

Board composition

To provide continuity and representation for HET shareholders, and in accordance with the FEV board's near-term succession planning, it is expected that the Combined Entity's board will have representation from the current HET board on completion of the Transaction.

Expected timetable

Documentation in connection with the proposals will be posted to shareholders as soon as practicable, with a view to convening general meetings in early to mid-September 2025 and the Transaction being completed by the end of September 2025. Completion of the Transaction will be conditional upon, inter alia, approval from the shareholders of both companies and Financial Conduct Authority approval in relation to the publication of the FEV prospectus. The expected timetable in respect of the Transaction remains subject to change and, in particular, may be impacted by the treatment of the HET Notes under the Scheme.

For further information please contact:

Henderson European Trust plc
Vicky Hastings
Chair of the Board

Contact via Deutsche Numis

Deutsche Numis, Sole Corporate Broker and Financial Adviser
Nathan Brown
Matt Goss

Tel. 020 7547 0569
E. nathan.brown@db.com
Tel. 020 7547 0541
E. matt.goss@db.com

Greenbrook, PR Adviser
Peter Hewer
Rob White
Alan Tovey
Teresa Berezowski

Tel. 020 7952 2000
E. HendersonEuropeanTrust@greenbrookadvisory.com

Legal Entity Identifier
213800GS89AL1DK3IN50

^[1] Based on the net assets of each company as at close of business on 18 June 2025 and assuming full take-up of the Cash Option by HET shareholders.

^[2] Based on a combination of FEV and HET as at 17 June 2025 (with net assets of approximately £1.7 billion and £640 million respectively), current cost estimates and assuming (i) there are no dissenting HET shareholders and (ii) 33.3% of HET shares are validly elected for the Cash Option (such that the Cash Option is fully subscribed). Figures exclude any impact of HET portfolio realisation costs in connection with the Scheme and acquisition costs (including any commissions, taxes (including stamp duty or equivalent), transaction charges and/or market charges) associated with the transfer of assets from HET to FEV. All figures are illustrative only, using currently available information and estimates, and are subject to change.

^[3] The figures and expectations set out in this paragraph are based on the Transaction assumptions set out in Note (2) above.

^[4] Calculated on a total return basis in GBP.

^[5] The figures and expectations set out in this paragraph are based on the Transaction assumptions set out in Note (2) above.

^[6] The current estimated blended fee rate on completion of the Transaction is 0.625% per annum (based on the Transaction assumptions set out in Note (2) above).

Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

MSCPKFBBBBKBBAD