Annual Report 2019

Henderson European Focus Trust plc

MANAGED BY
Janus Henderson
INVESTORS

Spotlight Henderson European Focus Trust plc

Investment Objective

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

Strategic Report

Governance

Financial Statements

Strategic Report

Frankfurt financial district, Germany

Performance

Year to 30 September 2019

One year

Five years

Discount at year end[4]

Discount[5]

Net assets at year end

Total return NAV and share price performance versus the benchmark[6]

Performance

Year to 30 September 2019

NAV per ordinary share at year end

2019
1,390.86p

2018
1,366.57p

Share price at year end

2019
1,245.00p

2018
1,240.00p

Dividend for year[1]

2019
31.30p

2018
31.00p

Dividend yield[2]

2019
2.5%

2018
2.5%

Ongoing charge for year

2019
0.84%

2018
0.84%

Gearing at year end

2019
4.6%

2018
5.5%

Number of investments at year end

2019	2018
45	59

1 Comprising an interim dividend of 9.60p paid in June 2019 and a recommended final dividend of 21.70p due for payment in February 2020
2 Based on the dividends paid or recommended for the year and the share price at the year end

Sources: Morningstar for the AIC, Janus Henderson, Refinitiv Datastream

A glossary of terms and alternative performance measures is included on pages 61 to 63

Chairman's Statement

"Europe is home to some extremely attractive companies that are often world leaders in their product ranges"

The Chairman of the Board,
Rodney Dennis,
reports on the year to 30 September 2019

Chairman's Statement

Performance

In the financial year to 30 September 2019, the Company's net asset value ("NAV") total return per ordinary share rose by 4.3% (2018: 2.0%), above the AIC Europe sector average total return of 3.1%, but below the benchmark total return of 6.4% (2018: 2.0%), in what has been a challenging year for equity markets. The share price total return per ordinary share over the period was 3.1% (2018: -8.6%). The discount to NAV ended the year at 10.5% compared with 9.3% at the end of the prior year. Over the longer term, the NAV total return per ordinary share for the five-year period to 30 September 2019 was 63.8% compared with 59.3% for the benchmark.

Dividends

The Board is recommending a final dividend of 21.7p per ordinary share which, subject to shareholder approval at the annual general meeting ("AGM"), will be paid on 7 February 2020. When added to the interim payment of 9.6p (2018: 9.5p) this brings the full year dividend to 31.3p, an increase of 1.0% over last year's distribution of 31.0p.

Whilst the Company is managed for total return rather than income per se, the Company is using some of its revenue reserve to pay this year's full dividend, ensuring that our long-term record of progressing the absolute dividend amount remains intact. Dipping into the reserve partly reflects the Fund Manager's decision to eliminate portfolio exposure to the European banking sector, which tends to be higher yielding. The Board and Manager are mindful of paying covered dividends but also that the benefit of having revenue reserves is to be able to use them where appropriate, rather than chasing yield in the portfolio to maintain dividends.

Proposed investment policy change

Your Fund Manager and Board are as one in believing that closed-ended funds should stay in the vanguard of active fund management, for both institutional and private investors' interests. As the Fund Manager's Report discusses, active management is under considerable pressure on a number of fronts. The closed-ended investment company structure lends itself well to the most potent of weapons in money management: the longer-term perspective, as well as the ability to use gearing to good effect and smooth income through use of reserves, all features which the Company applies. Unfettered by the vagaries and the fashion swings of subscriptions and redemptions that affect open-ended vehicles, an investment trust manager can take longer-term views on how a portfolio is constructed, and do so with some conviction.

Perhaps the strongest competitive force bearing down on active managers is the inexorable rise of "passive" investing. This has meant that most investors can now buy "the index" very inexpensively. However, your Fund Manager and Board believe that it is timely to remind investors – current and potential – that the Company is an investment trust which seeks to offer something different from "the index" – genuine active management and the scope for outperformance over the longer term.

As the name of the Company suggests, Henderson European Focus Trust plc offers a concentrated portfolio, currently of potentially up to 60 stocks. Your Board and Fund Manager believe that now is the time to focus that portfolio further.

Consequently, shareholders will be asked to approve amendments to the investment policy principally to reduce the portfolio range to between 35 and 45 stocks, down from its current range of 45 to 60 stocks. Shareholders will also be asked to approve an increase to the limit for stocks weighted at 5% or more of the portfolio from 40% to 50%. The proposed investment policy showing the changes to the existing investment policy is set out in full on page 14 and in the accompanying Notice of AGM.

We believe that these proposed changes give the management team ample scope to continue to demonstrate their stock-picking skills, and yet remain true to the discipline of a suitably diversified portfolio. Importantly, it also ensures that we offer our shareholders differentiation from mainstream European indices and passive investment management. It is our aim for the Company to remain at the forefront of genuinely active investment management.

The European environment has also been challenging, particularly post the 2008 banking crisis. As your Fund Manager points out regularly, despite the political and macro-economic uncertainties, Europe is home to some extremely attractive companies that are often world leaders in their product ranges. Their performance reflects the economic growth and general prosperity of world markets and not merely of European ones.

Your Company's longer-term performance remains very strong, particularly when compared to the large universe of European funds in the open-ended sector. Whilst our shorter-term performance is more lacklustre, we are confident of maintaining our long-term record into the future.

Apart from a longer-term perspective, the closed-ended structure also provides for selection of stocks with smaller market capitalisations. Your Company will aim to continue to deliver solid long-term alpha through stock selection and active management from a universe of well-researched European-listed companies of varying size and sector.

Board changes

The Board has been engaged in succession planning over the last few years, with the addition of new members increasing the diversity and skill base of the Board, and now the imminent retirement of three of our longer-serving members of the Board

Chairman's Statement (continued)

at the forthcoming AGM: Alain Dromer, Alec Comba, our senior independent director, and myself as Chairman.

We believe that we leave behind a strong Board and it gives me great pleasure to introduce the new Chairman, Robert Jeens, who has considerable experience in the closed-ended sector, in fund management more generally and of serving in senior positions on listed company boards. Robert will succeed me as Chairman of the Board from the conclusion of the AGM. His appointment as director takes immediate effect. I wish my colleagues who are continuing on the Board every success in what is the constant challenge for an investment trust board to provide an investment company that serves shareholders' investment needs.

Annual General Meeting

The AGM will be held at 2.30 pm on 31 January 2020 at the Company's registered office. It will also be possible to view the AGM online. Your Board encourages voting participation at the AGM and hopes that those who do not hold their shares directly will instruct their nominees to vote on the Company's business. Your Board would encourage as many shareholders as possible to attend for the opportunity to meet the Board and the Fund Manager and enjoy the Fund Manager's presentation reviewing the year and looking forward to the year ahead.

Outlook and concluding remarks

As this is my final report to shareholders as Chairman, I will take the opportunity to thank my current and former Board colleagues for all the constructive challenge and support over the years. I would like to pay particular tribute to Alec Comba who has been my colleague since 2003 and who has unfailingly supported me in dealing with the challenges the Company has faced over the years. He has been an exceptional director and we, the Board and shareholders alike, owe him a debt of gratitude.

I would also like to thank Alain Dromer, who after completing his preferred tenure of two terms of three years and contributing as a wise and able Board colleague during that time, will also be stepping down from the Board at the AGM. Alain will focus on his role as Chairman of a newly launched investment management company. We wish Alain every success in his new venture.

I am pleased to report that with John Bennett as your Fund Manager, supported by his colleagues at Janus Henderson, your Company is in excellent shape for the future. We cannot control markets, nor predict with accuracy how they will move, but with a good Manager and determined focus on active management in a well-structured closed-ended company, we believe that we can continue to serve our shareholders well over the longer term, which has been our aim for the sixteen years I've been proud to serve on the Board of Henderson European Focus Trust plc.

Rodney Dennis
Chairman
9 December 2019

Portfolio Information

Sector exposure at 30 September 2019

	2019 %	2018 %
Consumer goods	**27.4**	25.4
Health care	**20.4**	14.7
Industrials	**18.6**	21.0
Basic materials	**11.2**	8.4
Technology	**9.2**	7.1
Telecommunications	**4.6**	1.7
Oil & gas	**4.5**	5.3
Financials	**3.1**	14.5
Consumer services	**1.0**	1.0
Utilities	–	0.9

Sector overweights/underweights at 30 September 2019[1]

Currency exposure at 30 September 2019[2]

	2019 %	2018 %
Euro	**61.5**	64.9
Swiss franc	**22.1**	12.4
Swedish krona	**8.6**	11.6
Danish krone	**5.1**	6.7
Norwegian krone	**2.7**	4.4

Gearing levels over the year to 30 September 2019

Sources: Janus Henderson and Factset
1. Relative to the FTSE World Europe ex UK index for the year to 30 September 2019
2. Excludes sterling balances
3. Countries in the benchmark not held in the Company's portfolio

Geographic exposure at 30 September 2019

	2019 %	2018 %
Switzerland	**21.0**	11.9
Germany	**17.2**	15.2
Netherlands	**13.3**	12.1
France	**9.7**	7.8
Finland	**8.4**	7.0
Sweden	**8.1**	11.1
United Kingdom	**5.3**	4.1
Denmark	**4.8**	6.4
Spain	**2.7**	3.1
Norway	**2.6**	4.3
Belgium/Luxembourg	**2.5**	5.3
Italy	**2.2**	4.9
Portugal	**2.2**	3.0
Ireland	–	2.5
Austria	–	1.3

Country overweights/underweights at 30 September 2019[1]

Key performance influences[1]

	2019 %	2018 %
Return of the portfolio of investments		
from sector allocation	**(0.33)**	0.78
from stock selection (including currency effect)	**(0.38)**	(0.31)
Impact of gearing (net)	**(0.50)**	0.31
Impact of share issuance	–	0.09
Impact of expenses	**(0.84)**	(0.84)
Morningstar cum income NAV return relative to the benchmark	(2.05)	**0.03**

Fund Manager's Report

John Bennett
Fund Manager

"This is the beauty of the closed-end structure – we don't need to be fashion victims"

Fund Manager's Report

Performance

The past year can be split between the final quarter of calendar 2018 and the 9 months to 30 September 2019, the Company's year-end. The former period saw our NAV underperform the benchmark index during the savage fall in world equity markets. In particular a number of our smaller cap holdings came under pressure in what increasingly resembled a panic sell off into Christmas Eve 2018. Throughout calendar 2019 the portfolio participated nicely in the rebound and produced some outperformance of its benchmark. The end result was that the reporting year to 30 September 2019 saw the NAV rise by 4.3%, a modest underperformance of the benchmark's 6.4% rise, but reflective of the volatile environment, as witnessed by the AIC European sector average return of 3.1%.

Shareholders will be aware that we like to commit a good proportion of our assets to medium-sized companies, subject to a minimum market capitalisation of £1 billion at the time of purchase. While this has served the Company well over the long term, the last two years have been underwhelming in this portion of the book. In particular, holdings in the "value end" of the small-mid cap space have been a drag on performance. We would highlight positions in Nokian Renkaat (1.54%), Kion (2.27%) and Tessenderlo (2.53%). It is notable that these stocks are at the cyclical end of the spectrum. Yet, despite a disappointing period of share performance we continue to back these companies. Our faith is down to a belief in their franchises, their market positions and, crucially, the valuation of their equity. In each case we firmly believe that patience will be rewarded. In the specific case of Nokian Renkaat, it may be that a change in management is required to yield the rewards we anticipate from this fundamentally sound business. This is the beauty of the closed-end structure – we don't need to be fashion victims – more of which later.

Things on our minds

Throughout the past year we have engaged in conversation with our shareholders on the subject of disruption. First and foremost, from the standpoint of what it means to us as investors. There are two key aspects of the disruption phenomenon as it affects us: first, its implications for our investment universe (listed European businesses) and, second, what it means for us as active investors.

It is fair to say that the threat – and opportunity – presented by disruption occupies front and centre of our minds when we are considering any investment. Indeed, one very simple question we ask ourselves when looking at a company is "would we invent it today?" If readers of this report were to apply that poser to many of today's household names, the answer, perhaps sadly, would be a resounding no. Choose your poison but would venerable names currently inhabiting sectors such as physical retailing, autos, energy and banking get off the drawing board? In other words, are they relevant to the future?

Things on our minds

- Companies in run-off
- Industries in run-off

This is why we refer to companies and, possibly, whole industries in run-off. As noted above, we can envisage an outcome where major parts of a typical European equity index represent the past and not the future. This is far from an imaginary outcome when one considers the challenges facing department stores and shopping malls. Just as they risk losing relevance to the consumer, so it is easy to imagine at least some automobile companies "in run off". This is not just because the days of the internal combustion engine look numbered but the very practice of buying and owning a car, instead of renting or sharing, looks increasingly outdated, at least among the urbanised. Thus, the sprawling global automobile industry is scrambling to re-engineer its business model, with profound implications for its R&D and capital expenditure needs as well as sales and financing model.

As we have developed our disruption thoughts, we have done so against the backdrop of the graph below.

European and US equities have decoupled since 2011

Source: Refinitiv Datastream, Barclays Research, as at 30 September 2019. Rebased to 100 at January 1980

As shown above, the extraordinary outperformance by US equities, with notable lift off from around 2011. It is understandable that some have concluded from this picture that "America is the future, Europe the past". This is a refrain I first heard when entering this business in the late 1980s. If it was valid then it appears all the more so now, in this disruptive, disrupted, disturbing world. After all, as the next graph depicts, if it's technology you want, you go to America, not to Europe.

Fund Manager's Report (continued)

If it's tech you want...

Source: Refinitiv Datastream, Barclays Research, as at 30 September 2019. Indices used: MSCI Europe Tech as % of MSCI Europe market cap and S&P 500 Tech as % of S&P500 market cap

Forever smitten, or burdened, by the notion that our business is subject to fashion and its inevitable swings, we can't help but be reminded of the quote, attributed to Benjamin Graham, widely recognised as the 'father' of value investing, that "in the short term the stock market is a voting machine, in the long term a weighing machine". In that context the graph below shows emphatically that the investor votes have been cast: once again, choose your poison but France's listed companies for the price of Amazon and Google? Or, if you prefer something a little less intoxicating, Ireland for the price of Starbucks?

Hubris and humiliation

Source: BofA Merrill Lynch Global Investment Strategy, Bloomberg, Refinitiv Datastream. Chart shows market cap of MSCI equity indices vs US stocks in US$, as at 4 April 2019. References made to individual securities should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase the security. The above should not be misconstrued as advice.

None of this is to belittle, or even dispute, that the business models of Amazon and Google represent the future and much of France's CAC 40 the past. It may turn out right that investors value Apple and Walt Disney almost as highly as the whole of the MSCI Germany. But it may not turn out right. Our point is that, if mean reversion is not as discredited as many now seem to contend, then at least some of today's superstar American companies will falter. They will even be disrupted. After all, it wouldn't be the first time that a technology darling becomes obsolete and its shareholders wiped out. Conversely, not all of the CAC, or the DAX, or listed Europe is doomed. We remind ourselves that we need only find 45 companies in the construction of our portfolio.

Talk of fashion brings us to another of today's in-vogue outlets for asset allocators: private equity. In our view, fewer observations better sum up the surge into this asset class than the following:

> "The defining shift in allocation by asset owners over the last five years has been the passivization (sic) of investment in public markets and the rotation to expressing active risk in private markets instead."

Source: Bernstein, The next 10 years of investing, May 2019

Taken from a research piece written by Bernstein in May 2019, this succinctly captures what may come to be seen as an expensive irony in the years ahead. It is little wonder that investors are disillusioned with active asset managers. High profile disappointments haven't helped but the twin forces of fees deemed too high and an apparent inability to beat equity indices seem to have combined to reach a tipping point. Thus, as shown below, "the expression of risk" in public markets has inexorably moved toward low-cost passive strategies.

Disruption

Source: Janus Henderson, Morningstar, as at 31 August 2019

Fund Manager's Report (continued)

The same research piece was notable in questioning the fashion for private equity and a few quotes seem apt in capturing the author's thesis:

Passive in public, active in private

"If an investment is deemed alternative, it can be easier to set long term time horizons for assessing it and different criteria for determining what returns to expect"

Stronger assertions then followed:

"The alternative versus non-alternative distinction between asset managers is ultimately fake and we think will go away"

"Confusing lagged prices in private equity with diversification is a fatal flaw"

If, then, savings are flocking to passive vehicles in public markets and private equity is the flavour of the day in active management, what are the implications for the active manager in public equity? Or, to put it in the terms we have shared with investors throughout the year: "how do we stay relevant?"

In answering the question, we come back to one major weapon in the armoury of private equity funds and an advantage over those of us in the public arena: time. It is commonly accepted that asset allocators and other professional fund buyers lock onto 3 year rolling performance numbers when considering public equity funds. We are of the opinion that this is increasingly outdated. After all, a poor 12 months can make a poor 3 year "record" just as a lucky 12 months can flatter a fund's 3-year performance.

We repeat the quote from above *"If an investment is deemed alternative, it can be easier to set long term time horizons for assessing it and different criteria for what returns to expect".* The eye-popping fees earned by private equity practitioners are not reflective of eye-popping returns from the same vehicles. Yet, this particular diehard active manager does not believe that the future returns from said practitioners will be vastly superior to those earned on behalf of investors in well-structured vehicles in public equities. And this is where the Investment Trust comes in.

At the Company's AGM in January 2020, shareholders will be asked to vote on proposed changes to the investment policy, the principal change being to limit the number of holdings in the portfolio to 45 stocks (reducing from the current 60-stock limit). As a shareholder myself, I passionately believe in the closed-ended structure, in the opportunities that much maligned Europe offers and, crucially, in our investment process in seeking to exploit those opportunities. Given the way that we manage money – and all the more so in a relatively concentrated portfolio – we will inevitably have periods when we will lag mainstream European indices. The past 3 years represents such a period; even if the lag is hardly a yawning gap and even if our "valuation conscious" DNA has been, at times, challenged by the momentum/growth stock zeitgeist, it has still tested patience. We understand that. Yet, we remain committed believers in the strategy's ability to deliver over the long term. Thus, my own holding in the Company has risen to 344,765 shares as at 14 October 2019.

We close, then, with a final, resonant quote. This one is attributed to Sanford C. Bernstein's head of quantitative strategies. Its resonance lies in that most poignant of reminders to those of us who are entrusted with the management of other people's money: we can only be as patient as our clients.

"Where equities are quite fully valued, credit is pretty expensive, sovereign bonds are expensive, private equity is really, really expensive, maybe the only cheap thing I can go buy is value. With the enormous caveat that it's very important that I have absolutely no clients at all"

Source: Twitter 14.10.19

John Bennett
Fund Manager
9 December 2019

Investment Portfolio as at 30 September 2019

Ranking 2019	Ranking 2018	Company	Sector	Country of listing	Valuation 2019 £'000	Percentage of portfolio
1	12	**LafargeHolcim**	Construction & Materials	Switzerland	26,288	8.40
2	6	**Nestlé**	Food Producers	Switzerland	14,705	4.70
3	27	**UPM-Kymmene**	Forestry & Paper	Finland	13,506	4.32
4	7	**Roche**	Pharmaceuticals & Biotechnology	Switzerland	10,092	3.23
5	5	**Autoliv**	Automobiles & Parts	Sweden	9,934	3.17
6	3	**SAP**	Software & Computer Services	Germany	9,729	3.11
7	–	**STMicroelectronics**	Technology Hardware & Equipment	France	9,667	3.09
8	13	**Novartis**	Pharmaceuticals & Biotechnology	Switzerland	9,618	3.07
9	16	**ASML**	Technology Hardware & Equipment	Netherlands	9,351	2.99
10	19	**Merck**	Pharmaceuticals & Biotechnology	Germany	8,891	2.84
		10 Largest			**121,781**	**38.92**
11	–	Grifols	Pharmaceuticals & Biotechnology	Spain	8,315	2.66
12	–	Mowi	Food Producers	Norway	8,091	2.59
13	10	Tessenderlo	Chemicals	Belgium	7,914	2.53
14	1	Carlsberg	Beverages	Denmark	7,901	2.52
15	26	Dometic	Leisure Goods	Sweden	7,899	2.52
16	15	Philips	Health Care Equipment & Services	Netherlands	7,601	2.43
17	21	TELE2	Mobile Telecommunications	Sweden	7,515	2.40
18	48	SBM Offshore	Oil Equipment Services & Distribution	Netherlands	7,377	2.36
19	29	Novo-Nordisk	Pharmaceuticals & Biotechnology	Denmark	7,268	2.32
20	–	AKZO Nobel	Chemicals	Netherlands	7,189	2.30
		20 largest			**198,851**	**63.55**
21	–	Kion	Industrial Engineering	Germany	7,109	2.27
22	–	Rheinmetall	Automobiles & Parts	Germany	7,098	2.27
23	–	KPN	Fixed Line Telecommunications	Netherlands	6,861	2.19
24	8	Galp Energia	Oil & Gas Producers	Portugal	6,776	2.17
25	53	Vinci	Construction & Materials	France	5,444	1.74
26	54	Unilever	Personal Goods	United Kingdom	5,141	1.64
27	9	Deutsche Boerse	Financial Services	Germany	4,976	1.59
28	–	Richemont	Personal Goods	Switzerland	4,906	1.57
29	–	Nokian Renkaat	Automobiles & Parts	Finland	4,830	1.54
30	49	LVMH Moet Hennessy Louis Vuitton	Personal Goods	France	4,679	1.50
		30 largest			**256,671**	**82.03**
31	43	Allianz	Nonlife Insurance	Germany	4,578	1.46
32	55	Safran	Aerospace & Defense	France	4,566	1.46
33	–	GlaxoSmithKline	Pharmaceuticals & Biotechnology	United Kingdom	4,513	1.44
34	44	Bayer	Pharmaceuticals & Biotechnology	Germany	4,417	1.41
35	–	Wartsila	Industrial Engineering	Finland	4,316	1.38
36	45	Adidas	Personal Goods	Germany	3,883	1.24
37	41	Interpump	Industrial Engineering	Italy	3,808	1.22
38	36	Kone	Industrial Engineering	Finland	3,731	1.19
39	18	TI Fluid Systems	Automobiles & Parts	United Kingdom	3,714	1.19
40	–	BASF	Chemicals	Germany	3,239	1.04
		40 largest			**297,436**	**95.06**
41	–	RELX	Media	United Kingdom	3,231	1.03
42	37	IMCD	Chemicals	Netherlands	3,219	1.03
43	25	Diasorin	Health Care Equipment & Services	Italy	3,103	0.99
44	–	Pernod Ricard	Beverages	France	3,087	0.99
45	–	Airbus	Aerospace & Defense	France	2,804	0.90
		Total listed equity investments at fair value			**312,880**	**100.00**

Note: All securities are equity investments

Historical Performance and Financial Information

Cumulative total return performance to 30 September 2019

	1 year %	3 years %	5 years %	10 years %
NAV[1]	4.3	29.3	63.8	172.3
Benchmark[2]	6.4	33.1	59.3	114.6
Share price[3]	3.1	28.2	46.5	165.6
AIC Europe sector average[4]	3.1	34.0	69.8	177.4
Ranking in sector[4]	**4**	**6**	**5**	**3**

Total return performance over the 10 years to 30 September 2019 (rebased to 100)

Financial information

At 30 September	Net assets £'000	NAV p	Mid-market price per ordinary share p	Profit/(loss) for year £'000	Revenue return p	Capital return/(loss) p	Total return/(loss) p	Dividend p	Expenses[5] %
2010	144,945	645.9	585.50	(1,584)	15.69	(22.06)	(6.37)	16.50	1.10
2011	103,913	580.0	493.88	(9,750)	18.29	(69.09)	(50.80)	17.75	0.82
2012	115,431	682.2	591.75	19,832	17.49	98.18	115.67	19.00	1.16
2013	145,762	861.5	831.50	33,546	25.37	172.90	198.27	21.30	1.10
2014	170,988	956.7	962.00	21,010	22.14	98.38	120.52	23.45	0.88
2015	194,914	981.9	987.75	7,459	23.59	16.35	39.94	24.65	0.89
2016	237,551	1,153.1	1,045.50	40,186	26.85	169.05	195.90	26.40	0.90
2017	292,398	1,370.6	1,389.00	50,559	33.81	209.55	243.36	29.50[6]	0.87
2018	293,790	1,366.6	1,240.00	5,822	31.60	(4.50)	27.10	31.00	0.84

1 Net asset value per ordinary share with dividends reinvested and excluding transaction costs
2 FTSE World Europe ex UK Index on a total return basis in sterling terms
3 Share price total return using mid-market closing prices
4 The AIC Europe sector comprises eight trusts
5 Using total expense ratio methodology for 2010, ongoing charge methodology thereafter. The methodology for these calculations excludes performance fees
6 Excludes the special dividend of 1.40p per ordinary share paid in respect of the year ended 30 September 2017

Sources: Janus Henderson, Morningstar for the AIC, Refinitiv Datastream

Business model

Status

The Company is registered as a public limited company, founded in 1947, and is an investment company as defined in section 833 of the Companies Act 2006. The Company operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 as amended ("section 1158") and has obtained approval from HM Revenue & Customs for its investment trust status. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with section 1158. The directors are of the opinion that the Company has conducted its affairs in compliance with section 1158 since approval was granted and intends to continue to do so.

Investment Objective

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

Investment Policy

Asset Allocation

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

Stock selection is not constrained by the benchmark and the stock weighting in the portfolio may be materially higher or lower than the weighting of any index used for performance comparisons, including in respect of geographical allocation.

Actual weightings of stocks held in the Company's portfolio are based upon the Manager's views of total return prospects. The portfolio is not constructed with a yield target.

Diversification

The portfolio contains between 45 to 60[1] stocks with a maximum single stock weighting of 10% of net asset value ("NAV") of the portfolio at the time of investment. Stocks weighted at 5% of the portfolio or more are not expected to exceed 40%[2] of NAV in aggregate. The typical minimum stock weight is 1% of NAV.

Continental European listed stocks will consist of not less than 80 per cent of NAV at the time of investment, with the remaining exposure being in stocks listed elsewhere with significant exposure to Continental European economies.

The exposure to smaller capitalised stocks at the time of investment is limited to 10% of NAV. (Smaller capitalised companies are considered to be those with a market capitalisation of less than €1 billion.)

Derivatives

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

Gearing

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

Our strategy

We fulfil our investment objective and policy by operating as an investment company, enabling us to delegate operational matters to specialised third-party service providers. Their performance is monitored and challenged by a board of independent non-executive directors (the "Board") while retaining independent oversight of the Company's operations. The framework of delegation provides the Company with a cost-effective mechanism for delivering operations whilst allowing us to benefit from the capital gains treatment afforded to investment trusts. The closed-ended nature of the Company permits the Fund Manager to hold a longer-term view on investments and remain fully invested while taking advantage of illiquidity in normal and volatile market conditions, as redemptions do not arise. The Company may use leverage to increase returns for shareholders, which provides us with a significant advantage over other investment fund structures.

The Board is directly accountable to our shareholders. The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority ("FCA"). The Company is governed by its articles of association, amendments to which must be approved by shareholders by special resolution. The Company is a member of the Association of Investment Companies ("AIC").

Management

The Company qualifies as an alternative investment fund in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). The Board has appointed Henderson

1 Proposed change at 2020 AGM: 35 to 45 stocks in place of 45 to 60 stocks
2 Proposed change at 2020 AGM: 50% of NAV in place of 40% of NAV

Business model (continued)

Investment Funds Limited ("HIFL") to act as its alternative investment fund manager ("AIFM"). HIFL delegates investment management services to Henderson Global Investors Limited ("HGIL") in accordance with an agreement effective from 22 July 2014. The management agreement with HIFL is reviewed annually and can be terminated on six months' notice. Both HIFL and HGIL are wholly owned subsidiaries of Janus Henderson Group plc and are authorised and regulated by the FCA. References to the 'Manager' or to Janus Henderson Group plc, referred to as 'Janus Henderson', refer to the services provided by HIFL and HGIL.

The fund management team is led by John Bennett, who was appointed as the Company's Fund Manager in 2011, and has a shareholding in the Company (see page 11 for details). Janus Henderson and its subsidiaries also provide accounting, company secretarial, marketing and general administrative services. Some of the administration and accounting services are carried out, on behalf of the Manager, by BNP Paribas Securities Services. Henderson Secretarial Services Limited acts as corporate secretary.

Investment selection

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

Fees

The management agreement provides for the payment of a composite management fee. The fee is charged at 0.65% per annum of net assets up to £300m, and 0.55% of net assets above £300m. Any holdings in funds managed by Janus Henderson, of which there were none, are excluded from calculation of the management fee. There is no performance fee.

Borrowings

The Company has in place a multi-currency overdraft facility with HSBC Bank plc which allows borrowings up to the lesser of £46.8m and 25% of custody assets as and when required. The Board has delegated responsibility to the Fund Manager for deciding on the currency mix of the borrowings and seeks to avoid active currency positions relative to the benchmark. The Board monitors the level of gearing, which is restricted by the Company's investment policy to 20% of net assets at the time the borrowing is assumed. As at 30 September 2019, the facility was drawn down by £23.1 million.

Sustainability of business model and promoting the Company's success

The directors' overarching duty is to promote the success of the Company for the benefit of all investors, with careful consideration of wider stakeholders' interests, as set out in section 172 of the Companies Act 2006. With the Company's long-term optimal performance and success in mind, the Board regards a sustainable, well governed business model as necessary for the successful delivery of its investment proposition. To this end, the Board secures the Company's success by engaging reputable third-party suppliers with established track records to deliver the day-to-day operations. The most important of these is the Manager, and in particular, the Fund Manager who is responsible for the management of the Company's assets in line with the investment objective. The Board maintains a close working relationship with the Manager and holds it to account for the smooth running of the Company's day-to-day business operations. The Board remains responsible for decisions regarding corporate strategy, corporate governance, risk and control assessment, setting limits and restrictions on gearing and asset allocation, monitoring investment performance, and setting and monitoring marketing budgets.

The Fund Manager promotes the Company with the support of the Manager's dedicated investment trust sales team and the Board makes additional spend available to support marketing activities aimed at informing retail investors about the opportunities for investing in the Company. To ensure the chosen service providers continue to deliver the expected level of service, the Board receives regular reporting from them, evaluates the control environment and governing contract in place at each service provider and formally assesses their appointment annually. By doing so, the Board seeks to ensure that the Company appoints the best possible service providers and that they are appropriately remunerated to deliver the optimal level of service. Details of the Manager's annual performance review can be found on page 25-26.

The annual performance evaluation during the year found the Board's relationship with the Manager to be open, constructive and collaborative. The evaluation noted that the directors' working relationship and behaviours are effective and complementary to those of the fund management team.

Culture

As explained above, the directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests. The Company's main stakeholders are the Company's

Business model (continued)

shareholders, the Manager and other service providers. The directors promote mutual respect combined with constructive challenge, informed enquiry and a strong focus on shareholder interests. Integrity, fairness and diligence are defining characteristics of the Board's culture. All directors seek to properly discharge their responsibilities and meet shareholder expectations in an open, transparent manner.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to directors' conflicts of interest, directors' dealings in the Company's shares, bribery (including the acceptance of gifts and hospitality) and tax evasion. The Board assesses and monitors compliance with these policies regularly through board meetings and the annual Board evaluation process (for more information see the performance evaluation section on page 27).

The Board welcomes diversity, and describes its activities in this respect under 'Board diversity' below. The performance evaluation for the year under review found that the Chairman has a good ability to foster diversity of thought at meetings.

The Board considers the culture of the Manager and other service providers through regular reporting and presentations from these stakeholders. The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's shareholders, and seeks to appoint the appropriate service providers, evaluating services on a regular basis as described on pages 25-26. Directors are also required to consider the impact on the community and environment. The Board further describes the Company's and Manager's approach to environmental, social and governance matters on pages 16-17.

Board diversity

The Company's affairs are overseen by a Board currently comprising seven non-executive directors – two women and five men. Following the January 2020 AGM, and subject to election/re-election by shareholders, there will be two women and two men on the Board. In terms of progress in achieving diversity, the Board's gender balance among directors will then be 50% female and 50% male Board members, which exceeds the target of 33% of women on FTSE 350 company boards by 2020 set under The Hampton-Alexander Review.

The directors are broad in their experience, bringing knowledge of investment markets, business, financial services, accounting and regulatory expertise to discussions on the Company's business, as demonstrated on pages 22 and 23. The directors regularly consider the leadership needs and specific skills required to achieve the Company's investment objective. Whilst appointments are based on skills and experience, the Board is cognisant of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths and experience. All appointments are based on objective criteria and merit, and are made following a formal, rigorous and transparent process. The Company has no employees and therefore has no further disclosures to make in respect of gender representation within the Company.

Business ethics

The Company maintains a zero-tolerance policy towards the provision of illegal services, bribery and corruption in its business activities, including the facilitation of tax evasion. As the Company has no employees and the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Being an investment company, the Company does not provide goods or services in the normal course of business, and has no customers. Accordingly, the directors consider that the Company is not required to make any slavery or human trafficking statements under the Modern Slavery Act 2015.

Our ESG approach

Responsible ownership

'Responsible investment' is the term used to cover the Manager's work on environmental, social and corporate governance ("ESG") issues affecting the Company's existing and potential investee companies.

The Board has reviewed the Janus Henderson compliance statement on the UK Stewardship Code and is well apprised of how Janus Henderson approaches their responsible investment. Janus Henderson supports the UK Stewardship Code and seeks to protect and enhance value for shareholders through active management and the integration of ESG factors into investment decision-making, voting, and company engagement. Janus Henderson is also a signatory to the United Nations Principles of Responsible Investment and an active member of a wide range of organisations and initiatives that work to promote ESG integration and responsible investment.

ESG integration and company engagement

The European Equities team's experience in the European market has created a deep knowledge base. Management analysis is further supplemented by a body of increasingly sophisticated ESG-related data, broker research and company meetings.

Business model (continued)

The European Equities team works closely with the in-house Governance and Responsible Investment team to screen portfolios for ESG issues and to identify broader themes for discussion in making and holding investments.

Voting and the Stewardship Code

The Board believes that voting at investee companies' general meetings is a fundamental aspect of corporate stewardship and a means of signalling shareholder views on board policies, practices and performance. Responsibility is delegated to the Manager for voting the rights attached to the shares held in the Company's portfolio.

Governance at leading European companies is typically of a high standard, meaning support of resolutions proposed at general meetings is often warranted. During the year to 30 September 2019, the Manager voted against 7% of resolutions at general meetings of the Company's investees, in relation to matters such as the remuneration of directors and auditors, the re-election of directors, and the issuance of securities. However, engagement and consultation prior to general meetings is always the preferred course of action, and resolutions will only be voted against where the Manager is not satisfied by the investee companies' explanations or reassurances.

Voting decisions are guided by the best interests of shareholders and made in consultation with the Fund Manager, who has an in-depth understanding of the companies' operations. Such decisions are consistent with the provisions of the Manager's Responsible Investment Policy ("RI Policy") which sets out the Manager's approach to corporate governance and compliance with the UK Stewardship Code, and is publicly available on the Manager's website at www.janushenderson.com. To retain oversight of the process, the directors receive regular reporting on how the Manager has voted the shares held in the Company's portfolio, and they review the RI Policy at least annually.

The European Equities team has a strong focus on good governance practice and an active approach to voting. Through the proxy engagement and voting process, the team aims to ensure that management is aligned with its long-term expectations.

The environment

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The Company's indirect impact occurs through the investments it makes.

Key performance indicators

To measure the success of the Company in meeting its objective and to evaluate the performance of the Manager, the directors consider the following key performance indicators ("KPIs"). The charts, tables and data on pages 2, 3, 7 and 13 show how the Company has performed against those KPIs, and a glossary of terms and alternative performance measures is on pages 61-63.

Performance measurement	Whilst the portfolio is not constrained by the benchmark, the Board measures performance of the NAV total return and share price total return against the FTSE World Europe ex UK index (in sterling terms) and the AIC Europe sector. The portfolio is not constructed with a yield target.
Discount or premium of share price to NAV per ordinary share	This is the level of discount or premium at which the ordinary shares trade relative to the NAV per ordinary share. The Board has a pragmatic approach to both allotting shares and to share buy backs, keeping its policy under review, monitoring liquidity in the Company's shares and the level of discount in comparison to its peers as well as the longer-term trends for discounts in the sector.
Ongoing charge	The costs of running the Company calculated using the AIC ongoing charge methodology, including fees payable to the Manager.

Business model (continued)

Managing our risks

The Board, with the assistance of the Manager, regularly carries out a robust assessment of the principal risks facing the Company, including those which would threaten its business model, future performance and liquidity in its shares. The assessment includes consideration of economic and political risks, most of which are outside the Board's direct control.

The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate the decision-taking risks as far as practicable.

The Board considers closely changes to the risk profile of the Company, arising from both internal and external triggers, and examines emerging risks as part of its regular review of the Company's risk profile, including their velocity and proximity to the Company.

We define emerging risks as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of occurrence probability and possible effects on the Company. Once the emerging risks become sufficiently clear, they may be treated as specific risks and enter the Company's matrix of significant risks.

The Board receives regular and detailed reporting on specific and emerging risks from the Manager, in particular the Fund Manager, Investment Trust sales and marketing teams, the corporate secretary, investment and financial risk teams, and internal controls teams within Janus Henderson, the corporate broker and the statutory auditor, in addition to any reports on specialist topics from professional advisors such as lawyers and tax agents. The internal reports to the Board at its regular meetings, ad hoc reporting as required between board meetings, and external insights gained from their attendance at and feedback from industry and shareholder events, as well as drawing upon their own experience, all enable the Board to effectively monitor the changing risk landscape and potential threats to the Company on an ongoing basis. Moreover, the directors ensure that the culture of the Board supports and encourages constant horizon scanning, sharing of information and challenge, to optimally identify and manage risks.

The principal risks and mitigating steps, which remain unchanged during the year under review, though have been re-presented in the drafting of the annual report, are as follows:

Risk	Controls and mitigation
Market The Company's absolute performance in terms of net asset value, total return and share price total return is dependent on the performance of the companies and markets in which it invests and is also impacted on by currency and interest rate movements, as well as by political and economic events.	Investment risk is spread by holding a diversified portfolio of companies, typically with strong balance sheets and good growth prospects. The Company does not currently embark on any currency or market movement hedging strategies, though it has the ability to do so. The Company's investment strategy is reviewed formally by the Board at least annually, and takes into account shareholder views, developments in the marketplace and how the structure of the Company is positioned to meet them.
Investment performance The relative performance of the Company against its benchmark and European open and closed-ended peers depends principally on asset allocation and stock selection, which, in turn, requires investment skills. In exercising these skills, the Manager is responsible for adhering to the investment policy and investment guideline restrictions set by the Board and amended from time to time.	The Board is responsible for ensuring that the investment policy is met. The day-to-day management of the Company's assets is delegated to the Manager under investment guidelines, with close monitoring of the guidelines being applied. The Board meets the Manager on a regular basis and keeps investment performance, in terms of both capital and income returns, under close review, as well as having an annual review of the Manager's performance by the Management Engagement Committee. Although the Company is not invested against any income criteria, the net income of the Company and the revenue reserves are monitored against dividend pay outs and anticipated future net income. Investment performance is monitored over the short, medium and longer term against the Company's benchmark and against a wider peer group of open and closed-ended investment vehicles investing in listed European equities. The Board also reviews the performance attribution analysis against benchmark in detail, to understand the main drivers of performance in reporting periods.

Business model (continued)

Risk	*Controls and mitigation*
Business strategy and market rating A number of factors, including the setting of an appropriate investment proposition, changing investor demand or investment performance may lead to an increase or decrease in demand for and/or supply of the Company's shares and will impact on how the shares are priced in relation to the Company's underlying net asset value per share.	The Board monitors the Company's ordinary share price relative to net asset value per share and reviews changes in shareholdings in the Company to try and understand short or longer-term trends in demand for and supply of the shares. The Company is able, when appropriate, to issue or to buy back shares in order to help maintain an orderly secondary market in the Company's shares, but not against any prescribed discount or premium levels, other than avoiding dilution to existing shareholders' interests through share issuance at a discount. The Board also monitors the rating of the Company's shares against other closed-ended investment companies in the sector. The Company is 'evergreen' and does not have a liquidity event, such as periodic tenders or continuation votes. The liquidity of the portfolio is monitored and is considered sufficient for purposes of a closed-ended fund, particularly if the Company were to exercise share buy-backs.
Gearing The Fund Manager has authority to use gearing in line with the Company's investment policy. In the event of a significant or prolonged fall in equity markets any gearing in place would exacerbate the effect of the falling market on the Company's net asset value and, consequently, its share price. (Gearing would have the opposite effect in the event of a significant or prolonged rise in equity markets in which the Company is invested.)	The Board has set a limit on gearing of 20% of net assets and monitors the level of gearing at each meeting. In practice, gearing is of a flexible, short-term nature, with minimal early repayment or drawdown costs, and gearing tends to fluctuate between zero and ten per cent of net assets depending on the Fund Manager's views of investment opportunities and views on the direction of European equity markets.
Operational The Company is reliant on third-party service providers for all of its operational activities, including reliance on Janus Henderson as investment manager, company secretary and administrator to the Company. The Company depends on the diligence, skill and judgement of the Manager's investment team. Continuity of service of the team and individuals in the team could impact on the future success of the Company. Failure of third parties' operational or internal control systems could prevent the accurate reporting or monitoring of the Company's financial position. Janus Henderson sub-contracts some of the operational functions (principally those relating to trade processing, investment administration and accounting) to BNP. Failure of controls could also impact on the Company meeting its regulatory obligations.	The Management Engagement Committee reviews each service provider at least annually, and, in conjunction with the Audit Committee, considers reports on internal controls, including any reported breaches, throughout the year, from all the service providers. This reporting covers such matters as continuity planning and cyber security risk as well as matters that are subject to review as part of the annual audit of the Company. Janus Henderson has a strong European Equities team, which supports the individual Fund Manager in the management of the Company's portfolio. Constructive challenge, succession and continuity planning are key elements of the management of the team and are reported on to the Board. The Board reviews the internal control structure and reporting for the Company from all of its agents and meets with representatives of all the agents throughout the year to make enquiry on the systems and controls.
Regulatory and reporting The Company operates in a highly regulated environment which could *inter alia* affect the listing in the Company's shares and the Company's tax status, as well as how the Company conducts its affairs in the market more generally. The Company also has strict reporting requirements that need to be adhered to both internally and externally to the market.	The Board is apprised regularly of impending regulatory and reporting changes and monitors closely, through its various agents, the Company's adherence to existing requirements, including maintaining investment trust and listed company status. The Board is also kept apprised of corporate governance guidance and, as far as practical adheres to corporate governance guidelines that are applicable to an investment company.

Business model (continued)

Viability Statement

The Board considers it is appropriate to assess the viability of the Company over a five-year period for the year ended 30 September 2019, having previously reported on a three-year assessment period. The directors believe that five years is a reasonable timeframe reflecting the longer-term investment horizon of the Company, as well as that of its investors, and the inherent shorter-term uncertainties in equity markets.

The Board considers the Company's viability as part of their continuing programme of monitoring risk. In carrying out their assessment, the Board takes account of the likely impact of the principal risks and uncertainties facing the Company materialising in severe, but plausible scenarios. The effectiveness of any mitigating controls currently in place is considered as part of the process.

The Board takes into account the liquidity of the portfolio, the gearing and the income stream from the portfolio, and the Company's ability to meet its liabilities as they fall due. This includes consideration of how the forecast income stream, expenditure and levels of reserves could impact on the Company's ability to pay dividends to shareholders over that period. Detailed income and expense forecasts are made over a shorter time frame. However, the nature of the Company's business means that such forecasts are equally valid to be considered over the longer five-year period as a means of assessing whether the Company can continue in operation.

In common with investment companies generally, the viability statement does not take into account corporate events which might be initiated by the Company or to which the Company might be subject, and where the Company's circumstances might be dramatically changed. An investment company has relatively liquid assets, compared to industrial or commercial companies, and can, therefore, be subject to major and unexpected strategic change. No such event or change is known or currently in contemplation by the Company.

The Board concluded that the Company's assets are liquid, its commitments are limited and that the Company intends to continue operating as an investment trust. No significant changes to the Company's principal risks, or the mitigating controls in place, are anticipated over the period, and the Board is not aware of any events that would prevent the Company from continuing to operate in its current capacity.

Based on this assessment, the Board has 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-year period.

Communicating with our shareholders

The Board is committed to maintaining open channels of communication with shareholders in a manner which they find most meaningful. Unlike trading companies, we appreciate that this often takes the form of meeting with the Fund Manager rather than members of the Board. Shareholders are able to meet with the Fund Manager throughout the year and the Manager provides information on the Company and videos of the Fund Manager on the Company's website, via various social media channels and through its HGi platform. Feedback from all meetings between the Fund Manager and shareholders are shared with the Board. In the event shareholders wish to raise issues or concerns with the directors, they are welcome to do so at any time by writing to the Chairman or the Senior Independent Director at the registered office. The Annual Report and half-year results are circulated to shareholders wishing to receive them and made available on the Company's website. These provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by the daily calculation and publication of the NAV per share and a monthly fact sheet which is available on the website. The Fund Manager provides presentations to shareholders and analysts following the publication of the annual financial results.

The Fund Manager attends the AGM and provides a presentation on the Company's performance and the future outlook. We encourage shareholders to attend and participate in the AGM, which is available to watch live by visiting **www.janushenderson.com/en-gb/investor/investment-trusts-live**. Shareholders have the opportunity to address questions to the Chairman of the Board, the Fund Manager and all directors.

For and on behalf of the Board

Rodney Dennis
Chairman
9 December 2019

Governance

Governance
Board of Directors

Rodney Dennis

Position: Chairman of the Board (retiring from 31 January 2020)

Date of appointment: 1 November 2003 (appointed as Chairman on 14 September 2006)

Background: Rodney had a career in the City, culminating in his appointment as Chief Investment Officer for Prudential Portfolio Managers. He has subsequently held a number of non-executive directorships and pension fund trusteeships.

Skills and experience: Rodney brings to the Board leadership skills, in-depth knowledge, expertise and experience in investment management at a senior level.

Eliza Dungworth

Position: Chairman of the Audit Committee

Date of appointment: 1 January 2016 (appointed as Chairman of the Audit Committee on 25 January 2018)

Background: Eliza is a chartered accountant and chartered tax adviser, with a degree in law. She is Global Chief Compliance Officer at Fidelity and is a director of the management company responsible for oversight of Fidelity's SICAV funds. She is Deputy Chairman of the Strategic Business & Risk Committee of the Investment Association. Eliza spent 25 years at Deloitte, 15 of those as a partner advising the investment management sector.

Skills and experience: Eliza brings in-depth accounting, compliance and tax knowledge to the Board, as well as leadership skills from her senior roles at Fidelity and Deloitte. Eliza has a specialist understanding of the financial, regulatory and internal controls issues faced by investment companies and is an experienced investment company director.

Robert Jeens

Position: Director (Chairman of the Board from 31 January 2020)

Date of appointment: 9 December 2019

Background: Robert's executive career spanned senior management roles in audit and finance with Touche Ross & Co, Kleinwort Benson Group plc and Woolwich plc. Since 1999 he has held a range of purely non-executive appointments, mainly in financial and technology businesses, including Henderson Group plc from 2009 to 2017, and is currently chairman of Allianz Technology Trust plc and Remote Media Group Limited, a director of Chrysalis VCT plc and JP Morgan Russian Securities plc, and a charity trustee of SeeAbility.

Skills and experience: Robert brings leadership and in-depth knowledge and expertise in financial services and investment management at a senior level. He is an experienced investment trust chairman and has a strong record of achievement in identifying and addressing the objectives of key stakeholders across different industries and types of business.

Alexander (Alec) Comba

Position: Senior Independent Director (retiring from 31 January 2020)

Date of appointment: 11 November 2003

Background: Alec was Group Finance Director of Vinci PLC, one of the UK's largest construction groups, for over 20 years and now serves on various boards as a non-executive director or pension fund trustee.

Skills and experience: Alec is a chartered accountant with strong commercial experience, and brings a specialist financial perspective to the Board.

Robin Archibald

Position: Director

Date of appointment: 1 March 2016

Background: Robin is a corporate financier and chartered accountant. He was Head of the Corporate Team at Winterflood Investment Trusts until 2014 and prior to that worked with other advisory firms including Samuel Montagu, SG Warburg Securities and NatWest Markets. Robin is a non-executive director of Shires Income PLC, Albion Technology & General VCT PLC, Ediston Property Investment Company plc and Capital Gearing Investment Trust P.l.c.

Skills and experience: Robin brings in-depth knowledge, specialist expertise and extensive senior-level experience in the UK closed-ended funds sector spanning over 30 years.

Alain Dromer

Position: Director (retiring from 31 January 2020)

Date of appointment: 1 April 2014

Background: Alain has held leadership roles within a range of public and private financial services institutions. He was previously Chief Executive Officer of Aviva Investors, Global Head of Group Investment Business of HSBC, Head of Asset Management at CCF Credit Commercial de France, Head of Capital Markets of La Compagnie Financière Edmond de Rothschild Banque. Prior to that he held various roles in the French Treasury, including Section Head, World Monetary Affairs & IMF and Deputy Head of Office of Financial Markets. In respect of his independent non-executive roles, Alain is Chairman of Arvella Investments in Paris, a newly launched pan-European sustainable wealth management boutique. His previous non-executive directorships include Santander UK plc, Moody's Investors Services Limited and its other European subsidiaries, and Majid Al Futtaim Trust LLC (Dubai).

Skills and experience: Alain brings to the Board in-depth knowledge and experience of European financial services, as well as leadership skills.

Victoria (Vicky) Hastings

Position: Director

Date of appointment: 1 September 2018

Background: Vicky has over 30 years' experience in the investment management industry. Her executive roles include Investment Director at JO Hambro Capital Management, Chief Investment Officer at Merrill Lynch Private Investors, and fund manager in the European teams at both Mercury Asset Management and Kleinwort Benson Investment Management. She is currently an independent non-executive director of JPMorgan Asset Management UK Limited and JPMorgan Asset Management International Limited, Impax Environmental Markets plc and the Edinburgh Investment Trust plc. She is a trustee of Moorfields Eye Charity and a former director of Henderson Global Trust plc and Charter European Trust plc.

Skills and experience: Vicky is an experienced investment professional and director, who brings an in-depth understanding of investment process and oversight, corporate governance and investment company expertise and experience to the Board.

All directors are independent and non-executive. No directors are linked via any other directorships. All are members of the Management Engagement Committee, Insider Committee and Nominations Committee, which are chaired by the Chairman of the Board, except in the case of the Nominations Committee when considering matters relating to the Chairman's succession, performance or fees. With the exception of the Chairman of the Board, all directors are members of the Audit Committee, which is chaired by Ms Dungworth. See page 27 for confirmation that each director has sufficient time to commit to his or her role on the Board of the Company.

Corporate Governance Report

Applicable governance codes

By virtue of its premium listing on the London Stock Exchange, the Board is required to report on how the principles of the UK Corporate Governance Code (the "UK Code") have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in July 2016 (the "AIC Code"). The AIC Code addresses the principles set out in the UK Code as well as additional principles and recommendations on issues that are of specific relevance to investment companies. The Financial Reporting Council ("FRC") has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should fully meet their obligations under the UK Code and paragraph 9.8.6 of the Listing Rules.

The FRC published an updated UK Code in July 2018, which was followed by the publication of an updated AIC Code in February 2019 (the "2019 AIC Code"). The 2019 AIC Code continues to be endorsed by the FRC and is applicable to financial reporting periods commencing on or after 1 January 2019. Additional disclosures have been made which reflect the 2019 AIC Code provisions.

The AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of compliance

The Board has considered the principles and provisions of the AIC Code, which address those set out in the UK Code, as well as additional provisions that are of specific relevance to investment companies. The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information to the Company's shareholders about its governance arrangements.

The Company has complied with the principles and provisions of the AIC Code throughout the period. The Company has no chief executive or other executive directors and therefore has no need to consider the remuneration of executive directors. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the Audit Committee considers the need for such a function at least annually.

The role of the Board and its committees

The Board is responsible for providing leadership, setting the investment objective of the Company, establishing an appropriately robust internal control framework enabling effective risk management and monitoring the performance delivered by the Company's third-party service providers in meeting the objective within the control framework. The Board meets formally at least five times a year, with additional board or committee meetings arranged when required. The directors have regular contact with the Fund Manager, representatives of the corporate secretary and other employees of the Manager between formal meetings.

The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and providing oversight of performance against agreed measures. It approves any changes to the structure and capital arrangements for the Company, has oversight of financial reporting and assesses the effectiveness of the internal control framework. The Board approves annual and half-year results, communications with shareholders, the appointment of new directors, oversees corporate governance matters and is responsible for determining the remuneration of directors. The schedule of matters reserved for the Board is available on the website **www.hendersoneuropeanfocus.com**.

Each meeting follows a formal agenda, which includes a review of the Company's investment performance, financial position, compliance with the investment parameters, a review of shareholder movements along with any sales and marketing activities undertaken and any other relevant business matters in order to ensure that control is maintained over the Company's affairs. The Manager ensures that the directors receive all relevant management, regulatory and financial information. Employees of the Manager attend each board meeting enabling the directors to probe further on matters of concern. The Chairman is able to attend meetings of all the chairmen of the investment companies managed by Janus Henderson which provides a forum to discuss industry matters. The directors have access to the advice and services of the corporate secretary through its designated representative who is responsible for ensuring that board and committee procedures are followed. The proceedings of all board and committee meetings are minuted, with any particular concerns raised by the directors appropriately recorded.

The Company has a procedure for directors to take independent professional advice in the furtherance of their duties at the expense of the Company. All directors have full and timely access to relevant information to enable them to discharge their responsibilities.

The Company has no executive directors and has not constituted a remuneration committee. Directors' fees are considered by the Board as a whole, though will in future be reviewed by the newly established Nominations Committee. The terms of reference for each committee are kept under regular review by the Board and are available on the Company's website **www.hendersoneuropeanfocus.com**. Reports on the activities undertaken by each committee during the reporting period are set out on pages 25 to 30.

Corporate Governance Report (continued)

The Board's committees

The Board has three principal committees: the Audit Committee, the Management Engagement Committee and the Nominations Committee.

Board of Directors

Comprises independent non-executive directors

Chairman: Rodney Dennis

Audit Committee

Chairman:
Eliza Dungworth

Purpose: Ensure the integrity of the financial reporting, evaluate the effectiveness of the systems of internal control and risk management, and oversee the relationship with the external auditors

Management Engagement Committee

Chairman:
Rodney Dennis

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

Nominations Committee
(first meeting in 2020)

Chairman:
Rodney Dennis

Purpose: Ensure the Board has a balance of skills, experience and diversity, oversee performance evaluations of the Board and its committees, review directors' fees and maintain an effective framework for succession planning, with a formal approach to the appointment of directors

Contractually engages service providers

Janus Henderson
Fund Management: European Equities team led by John Bennett as Fund Manager
Sales, Marketing, Company Secretary
Alternative Investment Fund Manager: Henderson Investment Funds Limited

HSBC Bank plc
Custodian and depositary

Equiniti Limited
Registrar

Winterflood Securities Limited
Corporate broker

Committees of the Board

Audit Committee

The Audit Committee comprises all directors other than the Chairman of the Board and is chaired by Eliza Dungworth, who has recent and relevant financial experience. The other members of the Committee have a combination of financial, investment and other experience gained throughout their careers, enabling the Committee as a whole to have competence relevant to its mandate. All members are independent. The Report of the Audit Committee is on pages 29 to 30.

Insider Committee

All directors are members of the Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations.

Management Engagement Committee

The Management Engagement Committee is responsible for formally evaluating the overall performance of the Manager and other third-party service providers engaged by the Company.

Corporate Governance Report (continued)

Membership

The Committee is chaired by the Chairman of the Board, currently Rodney Dennis, and will be Robert Jeens after the 2020 AGM, subject to shareholder election. All directors are members of the Committee.

Role and responsibilities

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

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the closed-ended and open-ended sectors, the share price, level of discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-ended competitors and other, similar sized investment companies;
- the key clauses of the investment agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, registrar, sales, marketing and research providers, legal counsel and the Company's accountants.

Re-appointment of the Manager

Following completion of its reviews, the Committee concluded that the continued appointment of the Manager remained in the best interests of the Company and the shareholders, and therefore recommended to the Board Janus Henderson's re-appointment for a further year.

Nominations Committee

The Board has established a separate Nominations Committee, which is scheduled to hold its first meeting in 2020. The Board believes that its establishment will enhance the Company's governance structure by enabling an optimal focus on the matters within the Nominations Committee's remit. All directors are members of the Nominations Committee, which is chaired by the Chairman of the Board, except when the Chairman's fees, performance or successor are being considered. The Chairman is currently Rodney Dennis, and will be Robert Jeens after the 2020 AGM, subject to shareholder election.

The Nominations Committee will be responsible for ensuring that the Board retains an appropriate balance of skills, experience and diversity, has a formal, rigorous and transparent approach to the appointment of directors, maintains an effective framework for succession planning, reviews performance of each individual director, of each committee and of the Board as a whole to ensure effective functioning, and ensures that the directors are appropriately remunerated for their duties.

In this respect, during the year under review the Board as a whole reviewed:

- its composition and that of each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company;
- the outcomes of the Board performance evaluations with a view as to whether adjustments should be made to the number of directors or knowledge and skills represented on the Board;
- the tenure of each director, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming complacent;
- the independence of the directors taking account of the guidelines established by the AIC Code as well as the directors' other commitments;
- the time commitment of the directors and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board taking account of the provisions of the articles of association (the "Articles") regarding the retirement and rotation of directors, the tenure of the current directors and recommendations of the AIC Code; and
- the performance and contribution of the directors standing for re-election at the upcoming annual general meeting.

Arrangements with directors

Appointment, tenure and retirement

The Board may appoint directors to the Board at any time during the year. Any director so appointed should stand for election by shareholders at the next annual general meeting in accordance with the provisions of the Company's Articles.

Directors are generally expected to serve two terms of three years, which may be extended to a third term at the discretion of the Board and subject to satisfactory performance evaluation and annual re-election by shareholders. All directors now stand for re-election by shareholders annually in keeping with the provisions of the AIC Code.

The Articles permit shareholders to remove a director before the end of his or her term by passing an ordinary resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

Chairman's tenure

Given the entirely non-executive nature of the Board and the fact that the Chairman may not be appointed as such at the time of their initial appointment as a director, the Chairman's tenure may be longer where this is considered by the Board to be in the best interests of the Company. As with all directors, the continuing appointment of the Chairman is subject to satisfactory performance evaluation, annual re-election by shareholders and may be further subject to the particular circumstances of the Company at the time he intends to retire from the Board. The directors are cognisant

Corporate Governance Report (continued)

of the benefits of Board diversity and regularly refreshing Board membership, which they seek to do while retaining a balance of knowledge of the Company and the relationship with the Manager.

Independence

The independence of the directors is determined with reference to the AIC Code and is reviewed by the Board at least annually. The Board considers each director's external appointments and commitments, as well as their tenure of service and any connections they may have with the Manager. Following completion of the evaluation in September 2019, the Committee concluded that all directors continue to be independent in character and judgement.

Induction and ongoing training

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

Directors are provided with information on the Company's policies, regulatory and statutory requirements affecting the Company, as well as changes to the directors' responsibilities as they arise. Directors are encouraged to attend external training and industry seminars and may do so at the expense of the Company.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the directors against certain liabilities arising from the carrying out of their duties. The Company's Articles provide for an indemnity for directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising from their position as directors, where they are acquitted or judgment is given in their favour. No such indemnities were in place during the reporting period or up to the date of this report.

Directors' conflicts of interest

The Articles permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for directors to declare situational conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company. The directors may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts which are considered, and authorised, are recorded in the minutes and reviewed at each board meeting.

On appointment, and throughout the Chairman's tenure, it is confirmed that he has had no relationship that may have created a conflict between his interests and those of the Company's shareholders.

Attendance at meetings

The attendance of each director is set out in the table below.

	Board	AC	MC	AGM
Number of meetings	**6**	**2**	**1**	**1**
Rodney Dennis	5	2	1	1
Robin Archibald	6	2	1	1
Alexander Comba	6	2	1	1
Alain Dromer	6	2	1	1
Eliza Dungworth	6	2	1	1
Victoria Hastings	6	2	1	1

The Insider Committee did not meet during the year. Outside the formal meetings identified above, the Board, or committees of it, have regular interaction over the year on various corporate activities.

Performance evaluation

In the year under review, Webster Partners Limited conducted an external performance evaluation, covering the performance of the Board and each individual director. Webster Partners is a firm independent of the Company. Alastair Colgrain, director of Webster Partners, carried out extensive interviews with each director. He subsequently discussed the results of the individual director appraisals with the Chairman, with the exception of feedback on the Chairman, which he discussed with the Senior Independent Director.

The Board also conducted an internal review of its own performance, together with that of its committees and individual directors, through the use of a questionnaire. The Chairmen held discussions with each director individually. The Senior Independent Director undertook a review of the Chairman's performance, taking feedback from each director.

On the basis of the findings from the internal and external evaluations, the Board concluded that:

- each director makes a significant contribution to the affairs of the Company and brings different qualities to the Board;
- the Chairman continues to display effective leadership;
- directors seeking re-appointment at the Company's AGM merit re-appointment by shareholders;
- no director is 'overboarded', and each director continues to dedicate the time required to fulfil their duties to the Company effectively;

Corporate Governance Report (continued)

- the Board's size and composition remain appropriate for the Company;
- the Board retains a good balance of skills and business experience;
- the Board continues to operate effectively; and
- the committees continue to support the Board efficiently in fulfilling its duties.

The skills and experience each director brings to the Board for the sustainable success of the Company are set out on pages 22 to 23.

Internal controls

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Group. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the year and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria, specifying levels of authority and exposure limits. The Board reviews reports on investment performance against and compliance with the criteria at each meeting;
- regular financial reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- contractual agreements with the Manager and all other third-party service providers. The Board reviews performance levels and adherence to relevant provisions in the agreements on a regular basis through reporting to the Board and conducts a formal evaluation of the overall level of service provided at least annually;
- the review of controls at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting provided by:
  - the Manager's Enterprise Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company.
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 30 September 2019. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant.

Internal audit function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principal among them, the Manager, Janus Henderson. The Board places reliance on the Company's framework of internal control and the Audit Committee's view on reporting received from specific second and third line of defence teams at the Manager. The Manager's Enterprise Risk team supports the Audit Committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The Manager's Internal Audit department provides regular reporting to the Board on the operations at the Manager and presents at least annually to the Audit Committee. The Board has therefore concluded that it is not necessary at the present time for the Company to have its own internal audit function.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
9 December 2019

Audit Committee Report

The Chairman of the Audit Committee, Eliza Dungworth, reports on the year to 30 September 2019

Role and responsibilities

The Audit Committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external auditor.

For the year under review, all directors other than the Chairman of the Board were members of the Committee. The Chairman of the Board resigned his membership with effect from 29 November 2018.

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

- the appropriateness of the Company's accounting policies and of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company;
- the Company's Annual Report and half-year financial statements, the appropriateness of the accounting policies applied and the use of the going concern statement;
- the assessment of the principal risks facing the Company and the long-term viability statement in light of these risks;
- the areas of judgement applied in the preparation of the Company's financial reporting;
- the level of dividend to be paid in respect of the year ended 30 September 2019;
- the appointment and evaluation of the effectiveness and objectivity of the statutory auditor, and determining their remuneration;
- the nature and scope of the statutory audit and reviewing the auditor's findings;
- monitoring and evaluating the effectiveness of the Company's system of internal controls, and assessing the need for a separate internal audit function;
- the whistle-blowing arrangements in place at the Manager enabling staff to raise concerns about possible improprieties in confidence;
- the Manager's policies in relation to cyber risk and business continuity, meeting regularly with representatives of Janus Henderson's internal audit and risk departments; and
- withholding tax recoverability and the Audit Committee Chairman's meeting with the Company's tax agent.

Significant issues

In relation to the Annual Report for the year ended 30 September 2019, the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	There is a risk that assets are incorrectly valued or ownership of assets is not secured. Actively traded investments are valued using stock exchange prices provided by third-party pricing providers and the portfolio valuation is reviewed at each meeting of the Board. Ownership of listed investments is verified by BNP via reconciliation to the custodian's records.
Recognition of income	Income received is accounted for in line with the Company's accounting policies (as set out on pages 47-49). The Committee considers if the capital/income allocation remains appropriate and considers the treatment of any special dividends received during the course of the year.
Compliance with section 1158 of the Corporation Tax Act 2010	The Committee reviews the Manager's procedures for ensuring compliance with relevant regulations for ensuring the Company maintains its investment trust status and regularly seeks confirmation of compliance with the relevant regulations.
Maintaining internal controls	The Committee carries out the annual assessment of the effectiveness of the Company's internal control and risk management systems by reviewing the framework and summary of the reporting received from its service providers throughout the course of the financial year.

Audit Committee Report (continued)

Policy on non-audit services

The Committee has approved, and keeps under regular review, a policy on the provision of non-audit services by the auditor. The policy sets out that the Company's auditor will only be considered for non-audit work where this is not prohibited by current regulations and where it does not appear to affect the independence and objectivity of the auditor. In addition, the provision of any non-audit services by the auditor is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit Committee, or Audit Committee Chairman, following due consideration of the proposed services. No non-audit services were provided in the year under review or in the previous year.

Meetings

The Committee met twice during the year under review and invited the auditor to attend as appropriate. The Manager's designated Financial Reporting Manager for the Company attended both meetings.

Auditor's appointment

Ernst & Young LLP ("EY") were appointed as the Company's auditor on 25 July 2014 following a formal tender process. This is the first year in which Mike Gaylor, the Senior Statutory Auditor, has been in place.

Following completion of the audit, the Committee considered the performance of the auditor by evaluating the content of their report and level of challenge to the areas requiring judgement, and by seeking input from the Manager's staff responsible for the day-to-day management of the audit. The Audit Committee remains satisfied with the effectiveness of the audit provided.

The Committee evaluated the statements provided by the auditor in respect of their independence. Following evaluation, the Committee was satisfied that EY remained independent of the Company and recommended to the Board their re-appointment. Accordingly, resolutions to confirm the re-appointment of EY as auditor to the Company, and to authorise the Committee to determine their remuneration, will be proposed at the 2020 AGM.

Fees paid or payable to the auditor are detailed in note 6 on page 50.

For and on behalf of the Board

Eliza Dungworth
Chairman of the Audit Committee
9 December 2019

Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. Please note that it is unlikely that either the Company or the Company's registrar, Equiniti Limited, would make unsolicited telephone calls to shareholders. Any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice". If you are in any doubt about the veracity of an unsolicited phone call, please call the corporate secretary at the number provided on the inside back cover.

Directors' Remuneration Report

Remuneration Policy

The Remuneration Policy (the "Policy") sets out the principles applied in the remuneration of the Company's directors. The Policy has been in place since it was approved by shareholders at the AGM held on 25 January 2018.

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

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

Directors are remunerated in the form of fees which are payable quarterly in arrears. No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties and may be eligible to receive additional remuneration, in specific circumstances, for services which go beyond the ordinary duties of a non-executive director. The level of remuneration paid to each director is reviewed annually and the Board may amend the levels of remuneration paid to individual directors within the parameters of the Policy. However such review will not necessarily result in a change to the rates.

The Policy, irrespective of any changes, should be put to shareholders at intervals of not more than three years, with the next approval due to be sought at the AGM in 2021.

Shareholders' views

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

Letters of Appointment

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

Recruitment principles

All directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board, Senior Independent Director and the Chairman of the Audit Committee are paid a higher fee in recognition of their additional responsibilities.

Report on implementation

The Directors' Remuneration Report (the "Report") is prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the "Regulations").

A resolution to approve the Report will be put to shareholders at the 2020 AGM.

Annual Statement

As the Company has no employees and the Board comprises entirely non-executive directors, the Board has not established a separate remuneration committee. Directors' remuneration is determined by the Board as a whole within the parameters of the Policy approved by shareholders. From 2020, the Nominations Committee will review directors' fees and make recommendations to the Board for its decision as to the appropriate level of fees.

Directors' fees for the year under review were £37,000 for the Chairman, £29,000 for the Chairman of the Audit Committee and Senior Independent Director. All remaining directors were paid £25,000 per annum. Directors' fees were increased with effect from 1 October 2017 and prior to that, were last increased in 2011.

In carrying out their duties, the directors incur certain legitimate and evidenced business expenses which are borne by the Company, principally travel and accommodation expenses. These have historically been reimbursed directly but more recently have been recovered through payroll and in certain circumstances are subject to personal taxation and national insurance. The expenses have been grossed up to avoid disadvantage to the directors such that they receive the same net amount as they would have been 'out of pocket'.

Directors' interests in shares (audited)

	Ordinary shares of 50p	
	30 September 2019	1 October 2018
Rodney Dennis	**7,515**	7,515
Robin Archibald	**2,231**	2,231
Alexander Comba	**5,000**	5,000
Alain Dromer	**4,500**	4,500
Eliza Dungworth	**480**	480
Victoria Hastings	**5,000**	5,000

The interests of the directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the above table. There have been no changes to any of the directors' holdings in the period up to the date of this report.

Directors' Remuneration Report (continued)

Performance

The graph compares the share price total return of the Company's ordinary shares over the ten-year period ended 30 September 2019 with the return from the FTSE World Europe ex UK index on a total return basis in sterling terms over the same period, assuming the investment of £100 on 30 September 2009 and reinvestment of all dividends and income (excluding dealing expenses).

Sources: Morningstar for the AIC and Refinitiv Datastream

Directors' remuneration (audited)

The remuneration paid to the directors who served during the years ended 30 September 2019 and 30 September 2018 were as follows:

	Year ended 30 September 2019 Total salary and fees £	Year ended 30 September 2018 Total salary and fees £	**Year ended 30 September 2019 Taxable benefits £**	Year ended 30 September 2018 Taxable benefits £	**Year ended 30 September 2019 Total £**	Year ended 30 September 2018 Total £
Rodney Dennis[1]	37,000	37,000	–	–	37,000	37,000
Robin Archibald	25,000	25,000	1,140	675	26,140	25,675
Alexander Comba[2]	29,000	29,000	1,845	482	30,845	29,482
Alain Dromer	25,000	25,000	3,067	1,318	28,067	26,318
Eliza Dungworth[3]	29,000	27,733	–	–	29,000	27,733
Victoria Hastings[4]	25,000	2,038	–	–	25,000	2,038
Total	**170,000**	**145,771**	**6,052**	**2,475**	**176,052**	**148,246**

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

1 Chairman and highest paid director
2 Senior Independent Director
3 Chairman of the Audit Committee
4 Appointed on 1 September 2018

Directors' Remuneration Report (continued)

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions paid to shareholders by way of dividends. There were no other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2019 £	2018 £	Change %
Total remuneration	**176,052**	148,246	18.8
Ordinary dividends paid during the year	**6,685,959**	6,750,454	(1.0)

On 1 September 2018, Mrs Hastings joined the Board as an additional director, leading to an increase in the total level of fees paid in the year under review in comparison to the prior year.

Statement of voting at AGM

A binding ordinary resolution adopting the directors' remuneration policy was approved at the AGM held on 25 January 2018. The votes cast by proxy in favour of the resolution were 3,863,778 (98.47%), votes cast against the resolution were 53,889 (1.37%) and 6,235 (0.16%) votes were placed at the discretion of the chairman of the meeting to vote. A total of 12,085 votes were withheld. The percentage of votes in favour, against and discretionary excludes the number of votes withheld.

An ordinary resolution adopting the Directors' Remuneration Report was approved at the AGM held on 30 January 2019. The votes cast by proxy in favour of the resolution were 7,980,438 (99.61%), votes against the resolution were 11,508 (0.14%) and 19,448 (0.24%) were placed at the discretion of the chairman of the meeting. A total of 9,371 votes were withheld. The percentage of votes in favour, against and discretionary excludes the number of votes withheld.

For and on behalf of the Board

Eliza Dungworth
Director
9 December 2019

Directors' Report

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2019.

The Corporate Governance Report and Audit Committee Report on pages 24 to 30 and the additional information on pages 61 onwards form part of the Directors' Report.

Share capital

As at 30 September 2019 the Company's paid up share capital consisted of 21,638,991 ordinary shares of 50p each, of which 140,730 shares were held in treasury. Holders of the Company's ordinary shares are entitled to one vote for every share. Shares in treasury do not carry voting rights.

At the AGM held on 30 January 2019, shareholders authorised the directors to allot up to 2,163,899 new ordinary shares.

Shareholders further authorised directors to repurchase up to 3,243,685 ordinary shares where the Company's shares were trading at a discount to the net asset value. No shares have been issued or repurchased in the year to 30 September 2019 or to the date of this report.

The authority to allot and repurchase shares will expire at the earlier of 15 months from the date of the passing of the resolution and the next AGM.

There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no restrictions on voting, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 30 September 2019 in accordance with the Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Investec Wealth & Investment	10.97
1607 Capital Partners LLC	10.00
Rathbone Investment Management	4.98

Since 30 September 2019, 1607 Capital Partners LLC have notified the Company that its voting rights have increased to 11.17%.

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 other than amounts paid to them in respect of expenses and remuneration for which there were no outstanding amounts payable at the year end. In relation to the provision of services by Janus Henderson, other than fees payable by the Company in the ordinary course of business, which included marketing services, there have been no transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 22 on page 59.

Annual General Meeting

The AGM will be held on 31 January 2020 at 2.30 pm at the Company's registered office. The notice of AGM and details of the resolutions to be put at the AGM are contained in the separate document being sent to shareholders with this report, and are also available on the website.

Shareholders are encouraged to vote at general meetings of the Company or, if they are unable to attend in person, to return their form of proxy to the Company's registrar or voting instruction form through their agent. The Company's AGM will be broadcast live on the internet. If you are unable to attend in person, you can watch the meeting by visiting **www.janushenderson.com/en-gb/investor/investment-trusts-live**.

Shareholders with shares held in their own names will receive a form of proxy enabling them to vote if they are unable to attend the AGM. Shareholders holding shares on share dealing platforms should contact their platform directly to vote their shares at the AGM.

Directors' statement as to disclosure of information to auditor

Each director in office at the date of approval of this report confirms that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's auditor is unaware and that he or she has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. There are no further disclosures to be made in this regard.

Other information

Information on recommended dividends, future developments and financial risks is detailed in the Strategic Report.

By order of the Board

Statement of Directors' Responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Statement under DTR 4.1.12

Each director, as listed on pages 22-23, confirms that, to the best of his or her knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 and applicable law) give a true and fair view of the assets, liabilities, financial position and profit and loss 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.

For and on behalf of the Board

Eliza Dungworth
Director
9 December 2019

The financial statements are published on **www.hendersoneuropeanfocus.com** which is a website maintained by Janus Henderson. The maintenance and integrity of the website is the responsibility of the Manager.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of Henderson European Focus Trust plc for the year ended 30 September 2019 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Cash Flow Statement and the related Notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 18-19 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 35 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 47 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 20 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key Audit Matters	• Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement. • Incorrect valuation and/or defective title to the investment portfolio.
Materiality	• Overall materiality of £2.99m (2018: £2.94m) which represents 1% of net asset value of the Company as of 30 September 2019.

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

Key Audit Matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement Refer to the Audit Committee Report (pages 29-30); Accounting policies (pages 47-49); and Note 3 of the Financial Statements (page 49). The Company had reported investment income of £7.55m (2018: £8.70m), out of which special dividends charged to revenue comprised £0.114m (2018: £0.013m). £1.748m (2018: £nil) of dividends were classified as capital. The investment income receivable by the Company during the year directly affects the Company's ability to pay a dividend to shareholders. There is a risk that income is recognised incorrectly through failure to recognise proper income entitlements or apply appropriate accounting treatment. The classification of special dividend income to either the revenue or capital column of the Income Statement is determined based on the judgement of the Manager and the directors. We recognise the potential incentivisation to classify a special dividend incorrectly, particularly as revenue, in order to meet shareholder expectations or comply with dividend requirements.	We performed the following procedures: • performed a walkthrough of procedures, understanding and assessing the design effectiveness of BNP Paribas Securities Services' (the "Administrator's") and Henderson Global Investors Limited's (the "Manager's") processes and controls for the recording of investment income, including the review of special dividend classifications by the Board; • performed a review of all special dividends received and assessed the appropriateness of the accounting treatment; • traced all special dividends to the Company's income report, agreed key details (dividend rate, ex-date, payment date) to an independent source, agreed holdings at ex-date to the transactions report and agreed proceeds net of withholding taxes to bank statement; • tested the completeness of special dividends identified through comparing, for a sample of investments, the special dividends declared by that portfolio company during the year to the list of special dividends reported by the Company; • tested the completeness of the income report by ensuring that the total income balance agrees to the sum of the relevant journal entries; • reviewed a sample of dividends received from the Company's income report by agreeing key details (dividend rate, ex-date, payment date) to an independent source, agreeing holdings at ex-date to the transactions report and agreeing proceeds net of withholding taxes to bank statement; • agreed a sample of dividends paid on investments held during the year from an independent pricing source to the income report; and • for all accrued dividends, agreed key details (dividend rate, ex-date, payment date) to an independent source, agreed holdings at ex-date to the transactions report and where possible agreed proceeds net of withholding taxes to post year end bank statements.	We have no matters to report with respect to our procedures performed over incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation and/or defective title to the investment portfolio Refer to the Audit Committee Report (pages 29-30); Accounting policies (pages 47-49); and Note 11 of the Financial Statements (page 52). The Company holds a significant portfolio of quoted investments throughout Europe. The value of investments held on 30 September 2019 was £312.88m (2018: £309.95m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.	We performed the following procedures: • performed a walkthrough of procedures, understanding the administrator's processes for investment portfolio valuation; • agreed the prices of 100% of the quoted investment portfolio to an independent pricing vendor, which is different to the vendor used by the Company; • reviewed the stale price report to assess the liquidity of the investments held. Where any items were stale, we assessed the trading volume post year end in order to check the accuracy of the fair value and stated investment level; • recalculated 100% of the value of quoted investments in foreign currencies to verify the accuracy of the corresponding sterling balances based upon exchange rates verified to an external source; • agreed the Company's holdings as at 30 September 2019 to independently obtained HSBC Bank Plc (both the 'Custodian' and 'Depositary') reports; and • reviewed the controls report issued by HSBC Bank plc for exceptions that would impact the accuracy of the Depositary or Custodian records.	We have no matters to report with respect to our procedures performed over incorrect valuation and/or defective title to the investment portfolio.

In comparison with the prior year, we have removed the Key Audit Matter of "Incorrect calculation of the performance fee" as the performance fee element has been removed under the new fee arrangements.

An overview of the scope of our audit

Tailoring the scope

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

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £2.99m (2018: £2.94m), which is 1% (2018: 1%) of net asset value of the Company as of 30 September 2019. We believe that net asset value provides the most important financial metric on which shareholders judge the performance of the Company and it is a generally accepted auditing practice for investment trust audits.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £2.24m (2018: £2.20m).

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

We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company, we also applied a separate testing threshold of £0.32m (2018: £0.37m) for the revenue column of the Income Statement, being 5% of net revenue return on ordinary activities before taxation.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.15m (2018: £0.15m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 35** – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Report of the Audit Committee set out on pages 29-30** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- ***Directors' statement of compliance with the UK Corporate Governance Code set out on page 24*** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and the company secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on Key Audit Matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

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

Other matters we are required to address:

- We were appointed by the Company on 25 July 2014 to audit the financial statements for the year ending 30 September 2014 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 6 years, covering the years ending 30 September 2014 to 30 September 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Ernst+Young LLP.

Mike Gaylor (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
9 December 2019

Notes:

1. The maintenance and integrity of the Company's website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Income Statement

Notes		Year ended 30 September 2019 Revenue return £'000	Year ended 30 September 2019 Capital return £'000	Year ended 30 September 2019 Total return £'000	Year ended 30 September 2018 Revenue return £'000	Year ended 30 September 2018 Capital return £'000	Year ended 30 September 2018 Total return £'000
2	Gains/(losses) on investments held at fair value through profit or loss	–	8,166	8,166	–	(68)	(68)
	Exchange (losses)/gains on currency transactions	–	(278)	(278)	–	1,075	1,075
3	Income from investments	7,550	–	7,550	8,705	–	8,705
4	Other income	14	–	14	1	–	1
	Gross revenue and capital gains	**7,564**	**7,888**	**15,452**	**8,706**	**1,007**	**9,713**
5	Management fee	(454)	(1,362)	(1,816)	(466)	(1,398)	(1,864)
6	Other fees and expenses	(542)	–	(542)	(573)	–	(573)
	Net return before finance costs and taxation	**6,568**	**6,526**	**13,094**	**7,667**	**(391)**	**7,276**
7	Finance costs	(124)	(309)	(433)	(192)	(576)	(768)
	Net return before taxation	**6,444**	**6,217**	**12,661**	**7,475**	**(967)**	**6,508**
8	Taxation on net return	(677)	(78)	(755)	(686)	–	(686)
	Net return after taxation	**5,767**	**6,139**	**11,906**	**6,789**	**(967)**	**5,822**
9	Return per ordinary share	26.83p	28.55p	55.38p	31.60p	(4.50p)	27.10p

The total columns of this statement represent the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

The notes on pages 47 to 59 form part of these financial statements

Statement of Changes in Equity

Notes	Year ended 30 September 2019	Called up share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Other reserves £'000	Total £'000
	At 30 September 2018	10,819	41,995	131,874	12,491	96,611	293,790
	Net return after taxation	–	–	6,139	5,767	–	11,906
10	Ordinary dividend paid	–	–	–	(6,686)	–	(6,686)
	At 30 September 2019	**10,819**	**41,995**	**138,013**	**11,572**	**96,611**	**299,010**

Notes	Year ended 30 September 2018	Called up share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Other reserves £'000	Total £'000
	At 30 September 2017	10,737	39,757	132,841	12,452	96,611	292,398
	Net (loss)/return after taxation	–	–	(967)	6,789	–	5,822
	Shares issued	82	2,238	–	–	–	2,320
10	Ordinary dividend paid	–	–	–	(6,750)	–	(6,750)
	At 30 September 2018	**10,819**	**41,995**	**131,874**	**12,491**	**96,611**	**293,790**

The notes on pages 47 to 59 form part of these financial statements

Statement of Financial Position

Notes		At 30 September 2019 £'000	At 30 September 2018 £'000
	Fixed assets		
11	Investments held at fair value through profit or loss	312,880	309,954
	Current assets		
12	Debtors	1,644	1,165
	Cash at bank	11,807	34,242
		13,451	35,407
13	Creditors: amounts falling due within one year	(27,321)	(51,571)
	Net current liabilities	**(13,870)**	**(16,164)**
	Net assets	**299,010**	**293,790**
	Capital and reserves		
15	Called up share capital	10,819	10,819
16	Share premium account	41,995	41,995
17	Capital reserve	138,013	131,874
18	Revenue reserve	11,572	12,491
19	Other reserves	96,611	96,611
	Shareholders' funds	**299,010**	**293,790**
20	Net asset value per ordinary share	1,390.86p	1,366.57p

These financial statements were approved and authorised for issue by the Board of Directors on 9 December 2019 and were signed on its behalf by:

Eliza Dungworth
Director

The notes on pages 47 to 59 form part of these financial statements

Cash Flow Statement

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Cash flows from operating activities		
Net return before taxation	12,661	6,508
Add back: finance costs	433	768
(Gains)/losses on investments held at fair value through profit or loss	(8,166)	68
Losses/(gains) on foreign exchange	278	(1,075)
Taxation paid	(1,228)	(952)
Increase in debtors	(6)	(36)
Increase/(decrease) in creditors	588	(94)
Net cash inflow from operating activities[1]	**4,560**	**5,187**
Cash flows from investing activities		
Sales of investments held at fair value through profit or loss	217,431	257,387
Purchases of investments held at fair value through profit or loss	(212,242)	(247,683)
Net cash inflow from investing activities	**5,189**	**9,704**
Cash flows from financing activities		
Issue of new ordinary shares	–	2,320
Equity dividends paid	(6,686)	(6,750)
(Repayment)/drawdown of bank overdraft	(24,767)	2,337
Interest paid	(453)	(993)
Net cash outflow from financing activities	**(31,906)**	**(3,086)**
Net (decrease)/increase in cash and cash equivalents	(22,157)	11,805
Cash and cash equivalents at beginning of period	34,242	21,362
(Losses)/gains on foreign exchange	(278)	1,075
Cash and cash equivalents at end of period	**11,807**	**34,242**
Comprising:		
Cash at bank	**11,807**	**34,242**

1 Cash inflow from dividends was £6,869,000 (2018: £7,985,000) and cash inflow from interest was £12,000 (2018: £1,000).

The notes on pages 47 to 59 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

(a) Basis of preparation

The Company is a registered investment company as defined in section 833 of the Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on the inside back cover.

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (the "SORP") issued in November 2014 and updated in February 2018 with consequential amendments.

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

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

The preparation of the Company's financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The directors do not believe that any accounting judgements 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.

(b) Going concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the directors believe that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. 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 for the financial statements to be prepared on a going concern basis.

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

Investment purchases are accounted for and initially recognised at the trade date of the acquisition. All investments are classified upon initial recognition as held at fair value through profit or loss. Sales of investments are accounted for at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the investments is based on their quoted bid price at the Statement of Financial Position date, without deduction of the estimated future selling costs.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as gains or losses from investments held at fair value through profit or loss. Also included in this caption are transaction costs incurred on the purchase and disposal of assets. All purchases and sales are accounted for on a trade date basis.

(d) Foreign currency

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

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

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

(e) Income

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

Notes to the Financial Statements (continued)

Bank interest is accounted for on an accruals basis.

1 Accounting policies (continued)

(f) Management and administrative expenses and finance costs

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

In accordance with the SORP, the performance-related fee (which was removed effective 1 October 2018) was allocated 100% to capital, together with the tax relief in respect of such allocations, as the fee was based on outperformance against the Company's benchmark index, the FTSE World Europe ex UK Index, on a total return basis in sterling terms.

(g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

(h) Borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently remeasured at amortised cost. Finance costs, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

(i) Dividends payable to shareholders

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

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

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

(k) Capital and reserves

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

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

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(k) Capital and reserves (continued)

Capital reserve arising on investments sold

The following are accounted for in this reserve:

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

Capital reserve arising on investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

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

Other reserves comprise the following reserves:

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

(l) Distributable reserves

The Company's special distributable reserve, capital reserve arising on investments sold and revenue reserve may be distributed by way of a dividend.

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

	2019 £'000	2018 £'000
Gains on the sale of investments based on historical cost	865	11,155
Revaluation gains recognised in previous years	(18,123)	(18,669)
Losses on investments sold in the year based on carrying value at previous Statement of Financial Position date	**(17,258)**	**(7,514)**
Revaluation gains on investments held at 30 September	25,424	7,446
Gains/(losses) on investments held at fair value through profit or loss	**8,166**	**(68)**

3 Income from investments

	2019 £'000	2018 £'000
Listed investments:		
Overseas dividends	6,983	8,309
UK dividends	567	396
	7,550	**8,705**

Notes to the Financial Statements (continued)

4 Other income

	2019 £'000	2018 £'000
Deposit interest	14	1
	14	**1**

5 Management and performance fees

	2019			2018		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	454	1,362	1,816	466	1,398	1,864
	454	**1,362**	**1,816**	**466**	**1,398**	**1,864**

A description of the basis for calculating the management fee is given in the Strategic Report on page 15.

Management fees are allocated 25% to revenue and 75% to capital in the Income Statement. The performance fee was removed effective 1 October 2018. No performance fee was payable for the year to 30 September 2018. The performance fee (when payable) was allocated 100% to capital.

6 Other fees and expenses

	2019 £'000	2018 £'000
Directors' fees and taxable benefits (see Directors' Remuneration Report on pages 31-33)	176	148
Fees payable to the Company's auditor		
– for audit services	29	29
AIC subscriptions	21	20
Directors' and Officers' liability insurance	7	7
Listing fees	23	43
Depositary charges	41	51
Custody charges	55	53
Printing and postage	11	16
Other expenses payable to the Manager	60	89
Registrar's fees	42	46
Legal and professional fees	63	34
Other expenses	14	37
	542	**573**

7 Finance costs

	2019			2018		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
On bank overdrafts payable within one year	103	309	412	192	576	768
Interest payable to HMRC due to refund of French withholding tax	21	–	21	–	–	–
	124	**309**	**433**	**192**	**576**	**768**

Interest payable is allocated 25% to revenue and 75% to capital in the Income Statement.

Notes to the Financial Statements (continued)

During the year to 30 September 2017 the Company received a refund of French withholding tax relating to tax suffered in 2007 and 2008. A provision was made for potential corporation tax payable and interest payment thereon to HMRC. During the year to 30 September 2019 a further amount of £21,000 has been accrued for the potential additional interest payable. The refund and any associated corporation tax payable and interest have all been credited or charged to revenue.

8 Taxation

(a) Analysis of charge for the year

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Overseas tax suffered	677	78	755	686	–	686
Total taxation for the year	**677**	**78**	**755**	**686**	**–**	**686**

(b) Factors affecting the tax charge for the year

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Return/(loss) before taxation	**6,444**	**6,217**	**12,661**	**7,475**	**(967)**	**6,508**
Corporation tax at 19.0% (2018: 19.0%)	1,224	1,181	2,405	1,420	(184)	1,236
Effects of:						
Non-taxable capital profits	–	(1,498)	(1,498)	–	(191)	(191)
Non-taxable income	(1,360)	–	(1,360)	(1,586)	–	(1,586)
Current year expenses not utilised	136	317	453	166	375	541
Overseas tax	677	78	755	686	–	686
	677	**78**	**755**	**686**	**–**	**686**

The UK corporation tax rate is 19.00% (2018: 19.00%). The tax charge for the year is lower than the corporation tax rate.

No provision for deferred tax has been made in the current or prior accounting year. At the period end, after offset against income taxable on receipt, there is a potential deferred tax asset of £3,719,000 (2018: £3,303,000) in relation to surplus management expenses. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

9 Return per ordinary share

The return per ordinary share is based on the net return attributable to the ordinary shares of £11,906,000 (2018: net return of £5,822,000) and on 21,498,261 ordinary shares (2018: 21,486,843) being the weighted average number of ordinary shares in issue during the year. The return per ordinary share can be further analysed between revenue and capital as below.

	2019 £'000	2018 £'000
Net revenue return	**5,767**	6,789
Net capital return/(loss)	**6,139**	(967)
Net total return	**11,906**	**5,822**
Weighted average number of ordinary shares in issue during the year	**21,498,261**	
Revenue return per ordinary share	**26.83p**	31.60p
Capital return/(loss) per ordinary share	**28.55p**	(4.50p)
Total return per ordinary share	**55.38p**	**27.10p**

Notes to the Financial Statements (continued)

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

Notes to the Financial Statements (continued)

10 Dividends paid and payable on the ordinary shares

Dividends on ordinary shares	Record date	Payment date	2019 £'000	2018 £'000
Final dividend (20.50p) for the year ended 30 September 2017	5 January 2018	2 February 2018	–	4,407
Special dividend (1.40p) for the year ended 30 September 2017	5 January 2018	2 February 2018	–	301
Interim dividend (9.50p) for the year ended 30 September 2018	1 June 2018	29 June 2018	–	2,042
Final dividend (21.50p) for the year ended 30 September 2018	11 January 2019	8 February 2019	4,622	–
Interim dividend (9.60p) for the year ended 30 September 2019	7 June 2019	29 June 2019	2,064	–
			6,686	**6,750**

The final dividend for the year ended 30 September 2019 has not been included as a liability in these financial statements. The total dividend payable in respect of the financial year, which forms the basis of the retention test under section 1158 of the Corporation Tax Act, is set out below.

	2019 £'000	2018 £'000
Revenue available for distribution by way of dividend for the year	5,767	6,789
Interim dividend (9.60p) for the year ended 30 September 2019 (based on 21,498,261 ordinary shares in issue at 7 June 2019)	(2,064)	–
Final dividend (21.70p) for the year ended 30 September 2019 (based on 21,498,261 ordinary shares in issue at 9 December 2019)	(4,665)	–
Interim dividend (9.50p) for the year ended 30 September 2018 (based on 21,498,261 ordinary shares in issue at 1 June 2018)	–	(2,042)
Final dividend (21.50p) for the year ended 30 September 2018 (based on 21,498,261 ordinary shares in issue at 10 December 2018)	–	(4,622)
Undistributed revenue for section 1158 purposes	**(962)**	**125**

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

11 Investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Cost at 1 October	277,423	272,087
Additions at cost	212,191	248,895
Proceeds of disposal	(217,431)	(254,714)
Realised gains on disposal	865	11,155
Cost at 30 September	**273,048**	**277,423**
Investment holding gains at 30 September	39,832	32,531
Valuation at 30 September	**312,880**	**309,954**

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

Purchase transaction costs for the year ended 30 September 2019 were £191,000 (2018: £454,000). These comprise mainly stamp duty and commission. Sale transaction costs for the year ended 30 September 2019 were £83,000 (2018: £113,000).

Notes to the Financial Statements (continued)

12 Debtors

	2019 £'000	2018 £'000
Amounts receivable within one year:		
Accrued income	37	34
Prepaid expenses	17	14
Overseas withholding tax recoverable	1,590	1,117
	1,644	**1,165**

13 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts payable within one year:		
Investments purchased awaiting settlement	2,561	2,612
Accrued expenses and interest	1,364	796
Taxation payable	347	347
Bank overdraft	23,049	47,816
	27,321	**51,571**

The Company has an uncommitted, secured multi-currency overdraft facility equal to the lesser of £46,800,000 and 25% of custody assets with HSBC Bank plc. The bank overdraft excludes cash held of £11.8m (2018: £34.2m) and therefore the net overdrawn position does not breach the terms of the facility. Interest is charged at the bank's fluctuating base rate, plus a margin of 1.25% per annum. Borrowings are repayable on demand.

14 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective and policy as stated on page 14. In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

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

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

14.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 14.1.1), currency risk (see note 14.1.2) and interest rate risk (see note 14.1.3). The Board reviews and agrees policies for managing these risks. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

14.1.1 Market price risk

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

At 30 September 2019 the fair value of the Company's assets exposed to market price risk was £312,880,000 (2018: £309,954,000). The fair value of the investments in the portfolio is normally their quoted bid price. The market price of investee companies' shares is subject to their performance, supply and demand for the shares and investor sentiment regarding the companies, their industry sectors and the countries in which they operate.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.1.1 Market price risk (continued)

The Company invests in a diversified portfolio of investments. In accordance with the Company's investment objective and policy the portfolio contains between 45 and 60 stocks, with a maximum single stock weighting of 10% of the net asset value ("NAV") of the portfolio at the time of investment. Stocks weighted at 5% of the portfolio or more will not exceed 40% of the NAV in aggregate. The typical minimum stock weight is 1% of NAV at the time of investment. The largest individual stock at the year end represented 8.40% of the value of the portfolio. The Company may use derivative instruments (such as futures and options) for the purpose of efficient portfolio management up to 10% of net assets. As at 30 September 2019 the Company had no exposure to such instruments (2018: less than 1%).

The level of risk relative to the benchmark is increased by over or underweighting industry sectors and, to a lesser extent, country exposures and stock exposures relative to the benchmark, which tends to concentrate risk in those over and underweighted areas.

To illustrate the Company's sensitivity to market prices, a 10% change to the market value (in sterling terms) of the equity portfolio at 30 September 2019 would generate a corresponding increase or decrease in the NAV per ordinary share of 10.5% or £31.3 million (2018: 10.5% or £31.0 million).

14.1.2 Currency risk

The majority of the Company's assets are denominated in currencies other than sterling so the Company's total return and Statement of Financial Position can be significantly affected by currency fluctuations. No hedging of the currency exposure is currently undertaken. Revenue received in currencies other than sterling is converted into sterling on, or shortly after, the date of receipt. Whilst the Board and the Fund Manager monitor geographical and currency exposure it is not a key determinant of investment decisions. At the year end 91.5% (2018: 99.2%) of the Company's net assets were denominated in currencies other than sterling, the largest proportion being euro, at 57.8% (2018: 73.4%) of net assets.

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

	2019 £'000	2018 £'000
Monetary assets		
Cash and short-term receivables:		
Euro	490	22,659
Swiss franc	863	12,562
Swedish krona	1,385	–
Danish krone	212	173
Norwegian krone	25	–
Monetary liabilities		
Bank overdraft and short-term payables:		
Euro	(9,687)	(7)
Swiss franc	(11,797)	(2,620)
Swedish krona	–	(21,897)
Danish krone	(2,801)	(10,529)
Norwegian krone	(1,351)	(6,162)
Non-monetary assets		
Non-current asset investments held at fair value:		
Euro	182,065	192,853
Swiss franc	65,609	36,817
Swedish krona	25,348	34,409
Danish krone	15,169	19,958

Notes to the Financial Statements (continued)

	2019 £'000	2018 £'000
Norwegian krone	8,091	13,219
Total	**273,621**	**291,435**

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.1.2 Currency risk (continued)

The level of assets exposed to currency risk decreased by approximately 6% during the year. The relative levels of exposure to currencies at the beginning and end of the year were broadly representative of levels through the period.

As can be seen from the table overleaf the most significant currency exposures are to the euro and Swiss francs.

The following table illustrates the Company's sensitivity to movements in exchange rates relative to sterling. The sensitivity analysis is based on the Company's non-sterling monetary assets and investments held at the Statement of Financial Position date and assumes a 10% appreciation or depreciation of sterling against each of the currencies to which the Company is exposed, with all other variables held constant.

	2019		2018	
	Net assets £'000	**Revenue return £'000**	Net assets £'000	Revenue return £'000
Euro	15,715	331	19,591	426
Swiss francs	4,970	163	4,251	95
Other currencies	4,189	139	2,652	248
	24,874	**633**	**26,494**	**769**

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

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

14.1.3 Interest rate risk

The Company finances part of its activities through the use of a secured uncommitted multi-currency overdraft facility provided by HSBC Bank plc equal to the lesser of £46,800,000 and 25% of net assets. Interest rates are set at the time drawings are made based on the bank's base rate, plus a margin of 1.25% per annum. During the year, the maximum drawn under the facility, net of cash held, was £22,560,000 (2018: £24,119,000) and the weighted average interest rate was 2.00% (2018: 1.54%). No hedging of the interest rate is undertaken. At 30 September 2019 there were drawings of £23,049,000 outstanding, of which £23,049,000 was in foreign currencies (2018: £47,816,000 of which £38,550,000 was in foreign currencies).

The Company earns interest on its cash and short-term deposits. Overdraft drawings and deposits are rarely fixed for periods of more than one week.

At 30 September 2019, financial assets and liabilities exposed to floating interest rates were as follows:

	2019 £'000	2018 £'000
Financial assets		
Cash balances	11,807	34,242
Financial liabilities		
Bank overdraft	(23,049)	(47,816)

The Company has no direct exposure to fixed interest rates.

The year end amounts are not representative of the exposure to interest rates either during the year just ended nor for the year ahead, since the level of borrowings and/or cash held will be affected by the strategy being followed in response to the Board's and Fund Manager's perception of market prospects and the investment opportunities available at any particular time. However, to illustrate the potential sensitivity to changes in interest rates, if £46.8 million was drawn from the uncommitted multi-currency overdraft facility (based on the 20% gearing limit set by the Board), a change of 0.5% in the rate of interest charged would, over the course of a year, amount to £234,000 (ignoring any exchange rate movements), less than 0.1% of year end net assets.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.2 Credit risk

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

At 30 September 2019, the maximum exposure to credit risk was £11,807,000 (2018: £34,242,000) comprising:

	2019 £'000	2018 £'000
Cash at bank	11,807	34,242

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

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

14.3 Liquidity risk

Liquidity risk is the possibility of the Company failing to realise sufficient assets to meet its financial obligations. The Company minimises this risk by having a bias to larger capitalised companies, by investing in listed companies and by ensuring that it has adequate cash and credit facilities in place to meet its obligations. The Company's liquidity is almost entirely on interest-bearing current accounts or short-term deposits in the money market. Deposits are rarely fixed for terms in excess of one week and are limited to 10% of net assets with any one bank or institution. Cash requirements are monitored on a regular basis by the Manager.

At 30 September 2019, the fair value of financial liabilities was £27,321,000 (2018: £51,571,000), comprising:

	2019 £'000	2018 £'000
Due within one month:		
Investments purchased awaiting settlement	2,561	2,612
Bank overdraft	23,049	47,816
Accrued expenses and interest	1,364	796
Taxation payable	347	347

14.4 Gearing

Market risks can be amplified by gearing. As discussed above, in addition to using shareholders' funds to finance investments the Company can also invest funds available from drawings on its overdraft facility. Such gearing will exaggerate the effect on the NAV of a change in the value of the portfolio. If the Company's uncommitted multi-currency overdraft facility was extended to the level permitted by the Board the bank gearing would amount to 20% of net assets and in those circumstances a change of 10% in the value of the portfolio would be expected to change the NAV by approximately 12.0%.

As noted on page 55 in the interest rate risk section, the level of borrowings and/or cash held during the year will be affected by the strategy being followed in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any particular time.

At the year end there was bank gearing of 4.6% (2018: 5.5%).

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.5 Fair value hierarchy

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

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

2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Quoted equities	312,880	–	–	312,880
Total	**312,880**	**–**	**–**	**312,880**

2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Quoted equities	309,942	–	–	309,942
Euro Stoxx options	–	12	–	12
Total	**309,942**	**12**	**–**	**309,954**

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

14.6 Capital management policies and procedures

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

The Company's total capital at 30 September 2019 was of £322,059,000 (2018: £341,606,000) comprising equity share capital of £10,819,000 (2018: £10,819,000), reserves of £288,191,000 (2018 £282,971,000) and a bank overdraft of £23,049,000 (2018: £47,816,000).

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

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

The Company is subject to several externally imposed capital requirements:

- borrowings are not to exceed 25% of custody assets;
- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

The Company's objectives, policies and procedures for managing capital are unchanged from last year.

Other Information

Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into English Law, with effect from 22 July 2013, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board retains responsibility for strategy, operations and compliance. The directors retain a fiduciary duty to shareholders.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark

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

Continental Europe

Every country in mainland Europe except the UK, the Channel Islands, Iceland and the Isle of Man.

Custodian

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

Depositary

With effect from 22 July 2014, all AIFs were required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a custodian. The depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value per ordinary share will be disclosed ex-dividend.

Investment trusts

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

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buy back powers to assist the market liquidity in their shares.

Market capitalisation ("market cap")

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Treasury shares

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

Alternative Performance Measures

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

Capital return per share

The capital return per share is the capital profit/(loss) for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 51).

Discount or Premium

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

		30 September 2019	30 September 2018
Net asset value per ordinary share (pence)	(A)	1,390.86	1,366.57
Share price per share (pence)	(B)	1,245.00	1,240.00
(Discount) or Premium (C= (B-A)/A) (%)	(C)	(10.5%)	(9.3%)

Gearing/(Net Cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a 'net cash' position and no gearing.

		2019	2018
Investments held at fair value through profit or loss (page 57) (£'000)	(A)	312,880	309,954
Net assets (page 59) (£'000)	(B)	299,010	293,790
Gearing (C = (A / B) – 1) (%)	(C)	4.6%	5.5%

Net Asset Value (NAV) per Ordinary Share

The value of the Company's assets less any liabilities for which the Company is responsible divided by the number of ordinary shares in issue excluding shares held in treasury (see note 15). The aggregate NAV is also referred to as shareholders' funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 3 and further information is available on page 59 in note 20 within the notes to the financial statements.

Alternative Performance Measures (continued)

Ongoing charges

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

	2019 £'000	2018 £'000
Management fees (note 5)	1,816	1,864
Other administrative expenses (note 6)	542	573
Less: non-recurring expenses	(22)	-
Ongoing charges	**2,336**	**2,437**
Performance fee	–	–
Ongoing charges including performance fee	**2,336**	**2,437**
Average net assets[1]	**277,762**	**290,090**
Ongoing charges ratio	**0.84%**	**0.84%**
Ongoing charges ratio including performance fee	**0.84%**	**0.84%**

1 Calculated using the average daily net asset value

The ongoing costs provided in the Company's Key Information Document ("KID") is calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs.

Revenue return per share

The revenue return per share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 51).

Total return performance

The total return performance on the NAV or share price taking into account both the rise and/or fall of NAV/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in note 10 on page 52.

	NAV per share	Share price
NAV per share/share price at 30 September 2018 (pence)	1,366.57	1,240.00
NAV per share/share price at 30 September 2019 (pence)	1,390.86	1,245.00
Change in the year	1.8%	0.4%
Impact of dividends reinvested	2.5%	2.8%
Total return for the year	**4.3%**	**3.1%**

Yield

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

		30 September 2019	30 September 2018
Annual dividend (pence)	(A)	31.30	31.00
Share price (pence)	(B)	1,245.00	1,240.00
Yield (C=A/B) (%)	(C)	2.5%	2.5%

General Shareholder Information

AIFMD Disclosures

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), information in relation to the Company's leverage and remuneration of Henderson Investment Funds Limited, as the Company's Alternative Investment Fund Manager ("AIFM"), is required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document, the "AIFMD Disclosure", which can be found on the Company's website **www.hendersoneuropeanfocus.com**.

BACS

Dividends can be paid by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar, Equiniti Limited (the address is given on the inside back cover), to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

With effect from 1 January 2016, tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced. The legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

Copies of this report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate. You can contact the registrar which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0371 384 2457. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a "typetalk" operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

FATCA

The Foreign Account Tax Compliance Act ("FATCA") is a United States federal law enacted in 2010 whose intent is to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. As a result of HMRC's change of interpretation on the meaning of shares and securities "regularly traded on an established securities market", investment trusts now need to monitor each year the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company will therefore need to make an annual assessment, before the FATCA return is due, to determine if the shares represent financial accounts and, where they do, will need to identify and report US reportable accounts to HMRC, as required.

GDPR

The General Data Protection Regulation ("GDPR") came into force on 25 May 2018. It aims to protect and empower individual data privacy and reshape the way organisations approach data privacy. A privacy statement can be found on the website **www.janushenderson.com**.

ISA

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

Non-mainstream pooled investments ("NMPI") status

The Company currently conducts its affairs so that its ordinary shares of 50p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Packaged Retail and Insurance-based Investment Products Regulation ("PRIIPs")/ Key Information Document ("KID")

Investors should be aware that the PRIIPs Regulation requires the Manager, as the PRIIP manufacturer, to prepare a KID in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law and will indicate different cost numbers than those provided in the Company's financial statements. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Performance details/share price information

Details of the Company's share price and NAV per ordinary share can be found on the website **www.hendersoneuropeanfocus.com**. The Company's NAV per ordinary share is published daily.

Shareholder details

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

Share price listings

The market price of the Company's ordinary shares is published daily in The Financial Times, which also shows figures for the estimated NAV per ordinary share and discount.

Service providers

Registered office

201 Bishopsgate
London EC2M 3AE

Other service providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate
London EC2M 3AE

Depositary and custodian

HSBC Bank Plc
8 Canada Square
London E14 5HQ

Stockbroker

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

Corporate secretary

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

Registrar

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex
BN99 6DA
Telephone: 0371 384 2457
(or +44 121 415 0804 if calling from overseas)
Lines are open 8.30 am to 5.30 pm UK time, Monday to Friday.
There is a range of shareholder information online.
You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk.**

Independent auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Financial calendar

Annual results announced	December 2019
Ex dividend date	9 January 2020
Dividend record date	10 January 2020
Annual General Meeting[1]	31 January 2020
Final dividend payable	7 February 2020
Half-year results announced	May 2020
Interim dividend payable	June 2020

1 At the Company's registered office at 2.30 pm

Information sources

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

HGi

HGi is a content platform provided by Janus Henderson that offers online personalisation where you can "follow" investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Janus Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi.
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Investing

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

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

Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

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

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Legal Entity Identifier (LEI): 213800GS89AL1DK3IN50

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