Company Number: 02718241

HENDERSON EUROTRUST PLC

HALF YEAR REPORT
(unaudited)
for the six months ended 31 January 2023

HENDERSON EUROTRUST PLC
Unaudited results for the half year ended 31 January 2023

Performance

- During the period, the Company outperformed the benchmark[3] by 1.4%, having delivered NAV[2] per share total return of 12.5% compared to a total return from the benchmark[3] of 11.1%.
- Interim dividend of 0.8p per share.

	(Unaudited) Half year ended 31 January 2023	(Unaudited) Half year ended 31 January 2022	(Audited) Year ended 31 July 2022
NAV per share	**156.3p**	154.6p	142.1p
Share price	**133.8p**	141.3p	120.5p
Net assets	**£331.1m**	£327.5m	301.0m
Dividends	**0.8p**	0.8p	3.8p
Revenue return per share	**0.3p**	0.7p	3.9p
Discount[1]	**14.4%**	8.6%	15.2%

Total return performance to 31 January 2023

	6 months %	1 year %	3 years %	5 years %
NAV[2]	**12.5**	4.0	27.0	42.3
Benchmark[3]	**11.1**	4.7	28.5	36.3
Share price[4]	**13.9**	-1.7	19.5	24.2
Peer group NAV[5]	**9.0**	1.4	28.0	40.2

1. Calculated using the mid-market closing price
2. Net asset value (“NAV”) per ordinary share total return (including dividends reinvested)
3. FTSE World Europe (ex UK) Index in Sterling
4. Share price total return (including dividends reinvested)
5. Association of Investment Companies (“AIC”) Europe sector (based on cumulative fair net asset value returns)

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

Interim Management Report

Chairman's Statement

European stock markets have been in the vanguard of stock market performance in the six months to 31 January 2023, and the Company's net asset value and share price are ahead of a rising market.

Performance

In the period from our year end on 31 July 2022 to 31 January 2023, the Company's NAV total return was 12.5% compared to the Company's benchmark, the FTSE World Europe (ex UK) Index, which rose by 11.1%, whilst the peer group, the AIC Europe sector, returned 9.0%. The share price was up 13.9%; the discount to NAV remains high but narrowed slightly to 14.4% from 15.2%.

Over the 12 months to 31 January 2023, the NAV total return was 4.0% and the share price total return -1.7%. Both the NAV and share price total returns were below the benchmark index total return of 4.7%; however the NAV total return of 4.0% was ahead of the of the peer group, where the average was 1.4%.

It is of course heartening that after three years of lacklustre returns in absolute terms and underperformance versus the index, performance has been much stronger in recent months. However, the war in Ukraine continues, inflation is not yet under control, and interest rates appear set to rise further; so, why the recovery?

A simple answer is that stock markets are forward looking; despite continued concerns over recession in 2023, investors are anticipating a peak in interest rates, perhaps before the end of 2023. Another reason, as explained more fully in the Fund Manager's Report, is that there are a great many regional and international companies within Europe which now look like surprisingly good value. More generally, whilst the rise in interest rates has put pressure on the share prices of highly rated companies, the dramatic swing from "growth" companies to more cyclical or "value" companies has begun to broaden out to encompass a more nuanced approach focusing on the merits of individual companies. This has been a much better environment for the Company's portfolio.

Gearing

In a highly volatile environment, gearing has been maintained at a marginally positive level of between 1% and 2%. This has helped to ensure that there has been no cash drag on performance over the period. The net impact of gearing, net of costs, was 0.01%. At 31 January 2023 the portfolio had net cash of 0.1%. The decision to use gearing is taken by the Fund Manager and is driven by his views on the individual holdings rather than a judgement on the short-term direction of the market.

Dividend

The Board is pleased to declare a maintained interim dividend of 0.8p per ordinary share payable on 28 April 2023 to shareholders on the Register of Members on 11 April 2023; the shares will be quoted ex-dividend on 6 April 2023.

Environmental, Social and Governance ("ESG") Policy

The Board and the Fund Manager believe that an investment focus on long term growth should give a portfolio a bias towards sustainability. A key focus for us is ensuring we meet our commitments under Article 8 "Light Green" of the Sustainable Financial Disclosure Regulation ("SFDR"), which includes a commitment to holding at least 5% of the portfolio in investments aligned with the UN Sustainable Development Goal of "Good Health & Wellbeing", and not holding any securities in the lowest 5% of companies in the index when ranked by carbon intensity.

During the period our Manager switched to MSCI as its third-party source of information for ESG data. The portfolio has no exposure to ESG "Laggards" as defined by MSCI. However, we are acutely aware of the shortcomings of data provision on sustainability and ESG factors. Whilst we believe that having a focused portfolio of approximately 40 stocks enables our Fund Manager to make an assessment of corporate claims and the MSCI ratings, we are also aware of the need to maintain a healthy scepticism regarding scoring metrics and corporate claims.

Board matters

As previously announced, Stephen White was appointed as Director of the Company last December. Stephen brings a wealth of investment management and European equities expertise to the Board.

Outlook

A year ago, I said that for a long-term investor, it was generally preferable to remain invested even in highly uncertain times, despite warning of elevated "event risk" and an expectation that valuations would come under pressure. Valuations did indeed come under pressure and, having started at 120.5p on 31 July 2022 the share price has been as low as 106p (on 13 October 2022). However, the share price ended the interim period at 133.8p, its high for the twelve months, as markets began to look through the current interest rate cycle.

Over the six months to 31 January 2023 European markets were leading global markets, with the strongest performance of all the major geographical regions. This outperformance confounds the perhaps comfortable assumption we sometimes hear that there is no real need to own European stocks at all. Our view is that the recent outperformance of European markets is not simply a brief blip based on favourable short-term earnings projections, but also a response to a changing environment. Investors are, for example, re-thinking globalisation – in respect of geo-politics, supply chains and portfolio weightings. This may result in a greater willingness to invest in a region with attractive valuations, above average standards of regulation/governance and a wealth of interesting companies. We believe that investing in European stock markets, with a portfolio seeking to focus on high quality companies, is a worthwhile endeavour.

In mid-March markets were digesting the events in the banking sector, where in Europe Credit Suisse had to be absorbed by UBS Group AG orchestrated by the Swiss government after investors lost confidence in this scandal-prone bank. This removed a major, years-long overhang for Europe's banking industry which remains strong in terms of its aggregate capital and liquidity position, as do our portfolio companies.

Nicola Ralston
Chairman
22 March 2023

Fund Manager's Report

European markets recovered strongly over the period. Concerns over potential earnings downgrades seemed to be outweighed by increasingly attractive equity valuations. "Value" outperformed "growth" and cyclicality trumped defensiveness. I am pleased that we have managed to perform well in what should have been a difficult environment for us given our long-standing bias to quality growth. Our outperformance can be attributed to stock specific factors outweighing stylistic headwinds. As tends to be typical in a recovery environment, European equities outperformed US equities meaningfully. Our reference benchmark, the FTSE World Europe (ex-UK) Index in Sterling, rose 11.1% in total return terms. We fared better than this, with our net asset value rising by 12.5% over the same period.

Our best performing positions were either Financials (**UniCredit**, **Munich Re**, **Bawag**), Cyclicals (**Metso Outotec**, **Hermès**, **Safran**) or Energy-related (**TotalEnergies**).

Our Financials have been boosted by the general macro environment, where inflation expectations remain elevated and monetary policy is being tightened, as well as having stock-specific factors working in their favour. We had held on to our large position in **UniCredit**, even through the early months of Russia's invasion of Ukraine when the shares were punished heavily due to the company having some Russian exposure. Our summary thesis is that the bank is very generously capitalised, has a loan book with lower credit risk than has been the case historically, has an opportunity to improve cost efficiency and remains far too cheap. The operational performance of the bank has been very strong for the last few years and the shares are finally starting to rerate. The share price has now doubled since the 2022 lows and during January 2023, **UniCredit** announced another robust set of results and a further return of capital to shareholders. We believe there is a further equity rerating to go. **Munich Re**, another long-standing position for us, has rerated meaningfully as industry conditions improve. With the low interest rate years coming to an end, the competitive environment has eased in reinsurance; large, well-established businesses are benefitting from an exodus of competing capital and pricing power is improving. We have reduced our holding in **Munich Re** on the back of the equity rerating. **Bawag** has been a huge success story when compared to other European banks. They have been managed consistently well, continue to increase the efficiency of their already best-in-class cost base and have returned substantial amounts of capital to shareholders. It is rare to find a bank that has been able to generate a return on equity consistently higher than their cost of capital; we have held **Bawag** since 2019 and it has been one of these companies.

Our cyclicals have also clearly benefited from improving macro sentiment. **Metso Outotec** is currently seeing strong order trends as the mining capex cycle remains robust. We particularly like the company's exposure to energy- and water-efficient products. Their mining customers increasingly care about these things, led by changing investor perceptions and associated cost benefits. **Hermès** is a company that we have owned for around 9 years; we continue to see them as best-in-class brand stewards; a company that continuously prioritises long-term brand health over considerations of short-term profitability. At the moment, investors are starting to price in the likely powerful impact of the return of the Chinese customer after a period of Covid-related disruption. **Safran** is a high-quality company, a large player in the airplane engine production and maintenance business. The business has several attractions, most notably in its "razor/razor-blade" business model. Although our investment case is based around the long-term value creation that we believe the company should deliver, in the short term the environment is certainly improving, with flying hours on a steady post-Covid recovery trend.

Energy has performed well over the past 6 months. Our position in **TotalEnergies** has rallied over 19%, meaningfully outperforming the wider market at a time when the oil price has fallen over 10%. This performance has been driven by a valuation rerating from historically low levels but will likely only be sustainable if the oil price stabilises.

In a period when "value" has outperformed meaningfully, it is unsurprising to note that most of our weakest performing positions have been some of our "growthiest" companies, including **DSM**, **Partners Group** and **Cellnex**. In the case of **DSM**, there are concerns that the company's supplements business could see a drop in profitability following a period, during Covid-19, when consumers bought far more vitamins and supplements than usual. We have some sympathy with this view, but we remain focused on the long-term attractions of the investment case and have maintained a medium-sized position. **Partners Group** has derated significantly as interest rates have risen and the environment for the private equity asset class has deteriorated. Ultimately, the company remains a strong play on an asset class that should see robust long-term demand and revenue yields that should remain attractive and resilient when compared to other asset classes. Finally, **Cellnex** performed poorly over the period before rallying as interest picked up towards the end of the six months. Having been a strong outperformer for a number of years, **Cellnex** has struggled to perform ever since inflation expectations started to tick up in 2021 (**Cellnex** delivers very predictable, bond-like returns and so is especially sensitive to changes in inflation expectations). However, a large gap has recently emerged between the valuations of private telco tower transactions (often greater than 20 times earnings before interest, taxes, depreciation, and amortisation) and the equity valuation of **Cellnex** (less than 15 times). This is creating some debate in the market and during January 2023, press articles began to emerge suggesting that American Tower Corp (AMT), alongside Brookfield, could be working on a takeover bid for **Cellnex**. We see strong rationale in such a deal, especially given the valuation context, and in any case, the press coverage is a useful reminder of the investment merits of **Cellnex**'s shares. We have retained a full position.

The most notable trades we made during the period were to sell our positions in **Enel** and **CHNi**, whilst buying new holdings in **ASM International**, **Brenntag** and **Euronext**.

Enel is an Italian renewable energy company. We have been patient with this position for two and a half years, but we became increasingly frustrated with poor operational performance, government interference and the company's unwillingness/inability to reduce debt levels. With **CNHi**, the tractor company that we purchased towards the end of 2020, we have made significant money from our investment, and we are becoming increasingly concerned by falling farmer confidence levels in the US – often a leading indicator for tractor demand. Although the business has some structural attractions, it can be very cyclical and we do not want to overstay our welcome in what has been a successful investment.

Our purchase of a small position in **ASM International** back in August 2022 reflected our desire to increase our exposure to the highest quality semiconductor companies during a period of share price weakness and earnings downgrades. **ASM International** is a market leader in advanced deposition techniques (an essential stage in creating semi-conductors). They have a greater than 60% market share in their core technology, generate strong margins and returns and should see high levels of growth over the medium term. We now own a full-sized position in **ASML** and two half-sized positions in **ASM International** and **Besi**; we see these three companies as the three highest-quality semi-conductor companies in Europe.

Brenntag is a specialist distributor of chemicals. There is an important business model differential with the big, cyclical chemical producers. Chemical producers are price-takers, and their earnings can be very volatile, driven by supply/demand balances for the chemicals to which they are exposed, even though volume trends tend to be fairly steady, driven by global growth. Chemical distributors are much better businesses; they are not exposed to the volatile activity of chemical production, and they simply act as intermediaries between chemical producers and chemical buyers. They earn a fixed US dollar per unit traded and are thus little impacted by the volatility of chemical pricing. Volume growth tends to be steady, and this is a very fragmented market where there are significant advantages for the larger distributors who are consolidating the industry via natural share gain and frequent bolt-on merger and acquisition. **Brenntag** is the largest player in the global industry but has only a 5% market share; we expect continued industry growth and further share gains for **Brenntag**. The timing of our purchase has been driven by two factors. First, Covid caused huge supply disruption for the industry, and this boosted the US dollar price per unit that the distributors were able to charge for their services. This is now unwinding, and the share price has underperformed as a result. However, we feel that the share price unwind has overshot and a very bearish scenario is priced in. The second factor concerned an early-stage approach that **Brenntag** made for their US industry peer, Univar. This approach was taken very badly by the market as a rights issue would theoretically be necessary. However, again, we felt that the share price reaction was too negative and created an attractive entry opportunity.

Euronext is a peer to **Deutsche Börse**. As a general rule, we like the "platform economics" that exchange businesses display. They tend to be stable businesses with high margins and return on invested capital. The key attraction of Euronext has been its historic ability to consolidate the cash equities industry in a sensible and value-accretive way. Its shares have usually commanded a premium valuation reflecting this attraction. However, over the course of 2022, this valuation premium unwound, whilst the valuation of its peer **Deutsche Börse** increased significantly. We felt it prudent to lock in some of our gains in **Deutsche Börse** and to reinvest the proceeds in **Euronext** as a result.

I will continue to retain balance in our exposures by considering two types of investment opportunities: first, in companies where we see high and sustainable returns that are undervalued by the market and second, in companies where I can see a material improvement in medium-term business prospects.

Jamie Ross
Fund Manager
22 March 2023

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Investment activity and performance
- Portfolio and market
- Regulatory
- Operational and cyber
- ESG

Information on these risks and how they are managed is given in the Annual Report for the year ended 31 July 2022. In the view of the Board, these principal risks and uncertainties continue to apply and are as applicable to the remaining six months of the financial year as they were to the six months under review.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (as listed in note 12) confirm that, to the best of their knowledge:

(a) the condensed financial statements for the half year ended 31 January 2023 have been prepared in accordance with FRS 104 Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

(b) the interim management report and condensed financial statements include a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board
Nicola Ralston
Chairman
22 March 2023

Investment portfolio as at 31 January 2023

Investment	Country	Sector	Valuation £'000	% of portfolio
TotalEnergies	France	Oil, Gas and Coal	17,752	5.4
Novo Nordisk	Denmark	Pharmaceuticals and Biotechnology	17,599	5.3
Nestlé	Switzerland	Food Producers	16,464	5.0
Roche	Switzerland	Pharmaceuticals and Biotechnology	14,347	4.3
UniCredit	Italy	Banks	14,010	4.2
Sanofi	France	Pharmaceuticals and Biotechnology	13,336	4.0
ASML	Netherlands	Technology Hardware and Equipment	11,988	3.6
LVMH Möet Hennessy Louis Vuitton	France	Personal Goods	11,436	3.5
ABB	Switzerland	Electronic and Electrical Equipment	10,664	3.2
Hermès	France	Personal Goods	10,509	3.2
Top 10			**138,105**	**41.7**
Airbus	France	Aerospace and Defence	10,283	3.1
Bawag	Austria	Banks	10,141	3.1
Koninklijke DSM	Netherlands	Food Producers	9,807	3.0
Cellnex	Spain	Telecommunications Services Providers	9,408	2.8
Safran	France	Aerospace and Defence	8,774	2.7
SAP	Germany	Software and Computer Services	8,642	2.6
Amundi	France	Investment Banking and Brokerage	8,464	2.6
Beiersdorf	Germany	Personal Care, Drug and Grocery Stores	8,160	2.5
Munich Re.	Germany	Non-life Insurance	8,134	2.5
Universal Music	Netherlands	Media	7,715	2.3
Top 20			**227,633**	**68.9**
Partners Group	Switzerland	Investment Banking and Brokerage	7,528	2.3
Deutsche Börse	Germany	Investment Banking and Brokerage	7,256	2.2
BNP Paribas	France	Banks	6,918	2.1
Pernod Ricard	France	Beverages	6,646	2.0
Arkema	France	Chemicals	6,627	2.0
Moncler	Italy	Personal Goods	6,259	1.9
Metso Outotec	Finland	Industrial Engineering	5,996	1.8
ASM International	Netherlands	Technology Hardware and Equipment	5,707	1.7
EDP Renovaveis	Portugal	Electricity	5,438	1.6
Allfunds	Netherlands	Finance and Credit Services	5,364	1.6
Top 30			**291,372**	**88.1**
SIG	Switzerland	General Industrials	4,973	1.5
Euronext	Netherlands	Investment Banking and Brokerage	4,925	1.5
Kion	Germany	Industrial Engineering	4,080	1.2
Adidas	Germany	Personal Goods	3,531	1.1
Brenntag	Germany	Chemicals	3,457	1.0
Besi	Netherlands	Technology Hardware and Equipment	3,196	1.0
Danone	France	Food Producers	3,070	0.9
Delivery Hero	Germany	Consumer Services	2,885	0.9
Grifols	Spain	Pharmaceuticals and Biotechnology	2,877	0.9
Sartorius	Germany	Medical Equipment and Services	2,380	0.7
Top 40			**326,746**	**98.8**
Brockhaus Capital Management	Germany	Investment Banking and Brokerage	2,308	0.7
Hellofresh	Germany	Personal Care, Drug and Grocery Stores	1,737	0.5
Total			**330,791**	**100.0**

In addition to the above, the Company has a nil value position in OW Bunker. OW Bunker is unquoted.

Market capitalisation at 31 January 2023

Excluding cash

Market cap	% Portfolio Weight	% Benchmark Weight
>€20bn	69.3	72.3
€10bn - €20bn	13.9	13.9
€5bn - €10bn	8.7	8.9
€1bn - €5bn	7.4	4.8
<€1bn	0.7	0.1
Total	**100.0**	**100.0**

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

Performance drivers over the six months ended 31 January 2023

	%
Benchmark return	11.1
Sector allocation	-0.7
Stock selection	1.8
Currency movements (relative to index)	0.7
Effect of cash and gearing	0.0
Effect of ongoing charge	-0.4
NAV total return	12.5

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

Classification of holdings at 31 January 2023

	Compounders[1] average	Improvers[2] average	Company average	Index average
Market capitalisation (£m)	113,997	44,625	90,650	79,258
Price/book (x)	3.5	1.5	2.4	1.9
Trailing 12 month dividend yield (%)	2.2	2.7	2.4	2.9
Trailing 12 month price/earnings (x)	23.1	12.7	18.1	13.6
Forward 2023 price/earnings (x)	17.5	11.6	15.0	13.3
Historical 3-year earnings per share growth per annum (%)	14.7	11.8	13.7	14.4
Return on equity (%)	30.0	12.1	24.0	20.5
Operating margin (%)	27.4	21.3	25.4	18.7
Long-term debt to capital (%)	**31.7**	**36.4**	**33.3**	**34.2**
Number of securities	**28**	**14**	**42**	**554**
Weight (%)[3]	**66.6**	**33.8**		

Fundamentals are based on weighted averages at the stock level, excluding net cash/borrowing
1 Compounders – high-return businesses
2 Improvers – companies whose return profile should materially improve over time
3 The weight percentages of Compounders and Improvers are shown including net cash/borrowing
Net cash/(borrowing) was -0.4% at 31 January 2023
OW Bunker, a nil value position, is not included in the analysis
Source: Factset/Fundamentals in Sterling and Janus Henderson

Top ten contributors to and detractors from absolute performance

	%
Top ten contributors	
UniCredit	2.8
Munich Re.	2.2
TotalEnergies	1.5
Bawag	1.2
Novo Nordisk	1.0
Safran	0.9
Hermès	0.9
Metso Outotec	0.9
LVMH Möet Hennessy Louis Vuitton	0.8
SAP	0.7
Top ten detractors	
Koninklijke KPN	-0.2
Allfunds	-0.2
Enel	-0.2
Kion	-0.3
Sartorius	-0.3
Roche	-0.4
EDP Renovaveis	-0.4
Partners Group	-0.5
Cellnex	-0.6
Koninklijke DSM	-1.0

Condensed Income Statement

	(Unaudited) Half year ended 31 January 2023			(Unaudited) Half year ended 31 January 2022			(Audited) Year ended 31 July 2022		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Gains/(losses) from investments held at fair value through profit or loss	**-**	**36,619**	**36,619**	-	(24,074)	(24,074)	-	(54,923)	(54,923)
Investment income	**1,273**	**-**	**1,273**	1,941	-	1,941	9,298	-	9,298
Other income	**33**	**-**	**33**	-	-	-	1		1
Gross revenue and capital gains/(losses)	**1,306**	**36,619**	**37,925**	1,941	(24,074)	(22,133)	9,299	(54,923)	(45,624)
Management fee (note 4)	**(192)**	**(767)**	**(959)**	(221)	(884)	(1,105)	(410)	(1,642)	(2,052)
Other administrative expenses	**(304)**	**-**	**(304)**	(265)	-	(265)	(553)	-	(553)
Net return/(loss) before finance costs and taxation	**810**	**35,852**	**36,662**	1,455	(24,958)	(23,503)	8,336	(56,565)	(48,229)
Finance costs	**(17)**	**(69)**	**(86)**	(12)	(49)	(61)	(17)	(67)	(84)
Net return/(loss) before taxation	**793**	**35,783**	**36,576**	1,443	(25,007)	(23,564)	8,319	(56,632)	(48,313)
Taxation on net return	**(167)**	**-**	**(167)**	(57)	-	(57)	(69)	(11)	(80)
Net return/(loss) after taxation	**626**	**35,783**	**36,409**	1,386	(25,007)	(23,621)	8,250	(56,643)	(48,393)
Return/(loss) per ordinary share - basic and diluted (note 2)	**0.30p**	**16.89p**	**17.19p**	0.65p	(11.80p)	(11.15p)	3.90p	(26.70p)	(22.80p)

The total return columns of this statement represent the Condensed Income Statement of the Company, prepared in accordance with FRS 104. All revenue and capital items in the above statement derive from continuing operations. The revenue and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. The Company had no recognised gains or losses other than those disclosed in the Condensed Income Statement and the Condensed Statement of Changes in Equity.

The accompanying notes are an integral part of the condensed financial statements.

Condensed Statement of Changes in Equity

Half year ended 31 January 2023 (Unaudited)

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
As at 1 August 2022	**1,060**	**41,032**	**263**	**251,065**	**7,590**	**301,010**
Net return after taxation	**-**	**-**	**-**	**35,783**	**626**	**36,409**
Final dividend for 2022 paid	**-**	**-**	**-**	**-**	**(6,356)**	**(6,356)**
As at 31 January 2023	**1,060**	**41,032**	**263**	**286,848**	**1,860**	**331,063**

Half year ended 31 January 2022 (Unaudited)

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
As at 1 August 2021	1,060	41,032	263	307,722	4,633	354,710
Net return/(loss) after taxation	-	-	-	(25,007)	1,386	(23,621)
Costs relating to sub-division of shares	-	-	-	(14)	-	(14)
Final dividend for 2021 paid in respect of year ended 31 July 2021	-	-	-	-	(3,602)	(3,602)
As at 31 January 2022	1,060	41,032	263	282,701	2,417	327,473

Year ended 31 July 2022 (Audited)

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
As at 1 August 2021	1,060	41,032	263	307,722	4,633	354,710
Net (loss)/return after taxation	-	-	-	(56,643)	8,250	(48,393)
Costs relating to sub-division of shares	-	-	-	(14)	-	(14)
Final dividend for 2021 paid in respect of year ended 31 July 2021	-	-	-	-	(3,602)	(3,602)
Interim dividend for 2022 paid in respect of the year ended 31 July 2022	-	-	-	-	(1,695)	(1,695)
Refund of unclaimed dividends over 12 years old	-	-	-	-	4	4
As at 31 July 2022	1,060	41,032	263	251,065	7,590	301,010

The accompanying notes are an integral part of the condensed financial statements.

Condensed Statement of Financial Position

	(Unaudited) 31 January 2023 £'000	(Unaudited) 31 January 2022 £'000	(Audited) 31 July 2022 £'000
Fixed asset investments held at fair value through profit or loss	**330,791**	327,695	308,398
Current assets			
Debtors	**2,390**	2,316	6,192
Cash at bank and in hand	**7,532**	3,222	2,482
	9,922	5,538	8,674
Creditors: amounts falling due within one year	**(9,650)**	(5,760)	(16,062)
Net current assets/(liabilities)	**272**	(222)	(7,388)
Net assets	**331,063**	327,473	301,010
Capital and reserves			
Called up share capital	**1,060**	1,060	1,060
Share premium account	**41,032**	41,032	41,032
Capital redemption reserve	**263**	263	263
Capital reserves	**286,848**	282,701	251,065
Revenue reserve	**1,860**	2,417	7,590
Equity shareholders' funds	**331,063**	327,473	301,010
Net asset value per ordinary share - basic and diluted (note 3)	**156.3p**	154.6p	142.1p

The accompanying notes are an integral part of the condensed financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. **Accounting policies**

The condensed set of financial statements has been prepared in accordance with FRS 104 Interim Financial Reporting, FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts", issued in April 2021.

For the period under review the Company's accounting policies have not varied from those described in the annual report for the year ended 31 July 2022. These financial statements have been neither audited nor reviewed by the Company's auditors.

As an investment fund, the Company is not presenting a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all the entity's investments are highly liquid and are carried at market value, and where a statement of changes in equity is provided.

2. **Return per ordinary share**

The return per ordinary share is based on the following figures:

	(Unaudited) Half year ended 31 January 2023 £'000	(Unaudited) Half year ended 31 January 2022 £'000	(Audited) Year ended 31 July 2022 £'000
Revenue return	**626**	1,386	8,250
Capital return/(loss)	**35,783**	(25,007)	(56,643)
	----------	----------	----------
Total	**36,409**	(23,621)	(48,393)
	======	======	======
Weighted average number of ordinary shares (excluding treasury shares)	**211,855,410**	211,855,410	211,855,410
Revenue return per ordinary share	**0.30p**	0.65p	3.90p
Capital return/(loss) per ordinary share	**16.89p**	(11.80p)	(26.70p)
	-----------	-----------	-----------
Total return/(loss) per ordinary share	**17.19p**	(11.15p)	(22.80p)
	======	======	======

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

3. **Net asset value per ordinary share**

Net asset value per ordinary share is based on 211,855,410 (half year ended 31 January 2022: 211,855,410; year ended 31 July 2022: 211,855,410) ordinary shares in issue, excluding treasury shares.

4. **Management fees**

Management fees are charged in accordance with the terms of the management agreement and provided for when due. The base management fee is calculated at the rate of 0.65% per annum of net assets up to £300 million and 0.55% for net assets above £300 million, payable quarterly in arrears.

5. **Investments held at fair value through profit or loss**

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

Financial Assets held at fair value through profit or loss at 31 January 2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	328,483	2,308	-	**330,791**
Total financial assets carried at fair value	328,483	2,308	-	**330,791**

Financial Assets held at fair value through profit or loss at 31 July 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	306,515	1,883	-	308,398
Total financial assets carried at fair value	306,515	1,883	-	308,398

Financial Assets held at fair value through profit or loss at 31 January 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	325,279	2,416	-	327,695
Total financial assets carried at fair value	325,279	2,416	-	327,695

The valuation techniques used by the Company are explained in the accounting policies notes 1 (c) and 15.5 in the Company's Annual Report for the year ended 31 July 2022.

6. **Bank loan**

At 31 January 2023, the Company had drawn down £8,842,000 (half year ended 31 January 2022: £4,178,000; year ended 31 July 2022: £12,593,000) of its £25 million multi-currency loan facility.

7. **Going concern**

The assets of the Company consist of securities that are primarily 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 and the principal risks, as well as considering the impact of the rise in inflation and the specific risks related to the invasion of Ukraine by Russia, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

8. **Related party transactions**

The Company's transactions with related parties in the period under review were with its Directors and the Manager. There were no material transactions between the Company and its Directors during the half year and the only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the half-year end. Directors' shareholdings are disclosed in the Annual Report.

In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there were no material transactions with the Manager affecting the financial position of the Company during the half year under review.

9. **Dividends**

An interim dividend of 0.8p (2022: 0.8p) per ordinary share has been declared payable from revenue on 28 April 2023 to shareholders on the Register of Members on 11 April 2023. The Company's shares will be quoted ex-dividend on 6 April 2023. Based on the number of shares in issue on 21 March 2023, the cost of the dividend will be £1,695,000.

10. **Share capital**

At 31 January 2023 there were 212,055,410 shares in issue of which 200,000 were held in treasury, resulting in 211,855,410 shares entitled to a dividend. During the half-year period ended 31 January 2023, no shares were issued or repurchased (half year ended 31 January 2022 and year ended 31 July 2022: no shares were issued or repurchased). No shares have been issued or repurchased since 31 January 2023.

11. **Comparative information**

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 January 2023 and 31 January 2022 has not been audited or reviewed by the Company's auditor. The figures and financial information for the year ended 31 July 2022 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006. A glossary of terms and details of alternative performance measures can be found in the Annual Report for the year ended 31 July 2022.

12. **General information**

Company status

Henderson EuroTrust plc
Registered as an investment company in England and Wales
Registration Number: 02718241
Registered Office: 201 Bishopsgate, London EC2M 3AE

SEDOL Number: BP6QR38
ISIN number: GB00BP6QR382
London Stock Exchange (TIDM) Code: HNE
Global Intermediary Identification Number (GIIN): P560WP.99999.SL.826
Legal Entity Identifier (LEI) Number: 213800DAFFNXRBWOEF12

Directors and Corporate Secretary

The Directors of the Company are Nicola Ralston (Chairman), Katya Thomson (Chairman of the Audit and Risk Committee), Stephen King, Rutger Koopmans and Stephen White. The Corporate Secretary is Janus Henderson Secretarial Services UK Limited.

Website

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

13. **Half-Year Report**

The Half-Year Report will be available on the Company's website, www.hendersoneurotrust.com or from the Company's registered office. An abbreviated version, the 'Update', will be circulated to shareholders in early April.