

**THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take or the contents of this Prospectus, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside of the United Kingdom, without delay.

This document comprises a prospectus (the “**Prospectus**”) relating to Henderson European Focus Trust plc (the “**Company**” or “**HEFT**”), in connection with the issue of Shares in the Company (the “**New Shares**”) pursuant to a scheme of reconstruction and members’ voluntary winding-up of Henderson EuroTrust plc (“**HNE**”) under section 110 of the Insolvency Act 1986 (the “**Scheme**”), prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (“**FCA**”) made under the UK Prospectus Regulation.

This Prospectus has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or of the quality of the Shares that are the subject of this Prospectus. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the UK Prospectus Regulation. HNE Shareholders should make their own assessment as to the suitability of investing in the New Shares. This Prospectus will be made available to the public in accordance with the Prospectus Regulation Rules by being made available at the Company’s website: <https://www.hendersononeuropeanfocus.com/>.

Applications will be made to the FCA for the New Shares to be admitted to listing on the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. If the Scheme becomes effective, it is expected that Admission will become effective, and dealings in the New Shares will commence, on 5 July 2024.

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## **HENDERSON EUROPEAN FOCUS TRUST PLC**

*(Incorporated in England and Wales with registered number 00427958 and registered as an investment company under section 833 of the Companies Act 2006)*

### **Prospectus relating to the issue of New Shares pursuant to a scheme of reconstruction and members’ voluntary winding-up of Henderson EuroTrust plc under section 110 of the Insolvency Act 1986**

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The Directors and Proposed Directors of the Company, whose names appear on page 37 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors, Proposed Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Janus Henderson Fund Management UK Limited (the “**AIFM**”) and Janus Henderson Investors UK Limited (the “**Investment Manager**”) accept responsibility for the information and opinions contained in this Prospectus relating to them and all statements made by them. To the best of the knowledge of the AIFM and the Investment Manager, as applicable, the information contained in this Prospectus related to or attributed to the AIFM and/or the Investment Manager, as applicable, and their affiliates is in accordance with the facts and such parts of this Prospectus make no omission likely to affect their import. In particular, the AIFM and the Investment Manager accept responsibility for the information and opinions contained in: (a) the risk factors contained under the headings ‘*Risks relating to the investment objective and policy*’ and ‘*Risks relating to the AIFM and the Investment Manager*’ in the Risk Factors section of this Prospectus; (b) paragraph 7 of Part 1 (*The Company*) of this Prospectus; (c) Part 2 (*Proposed investment strategy, and current and illustrative Portfolio*); (d) paragraphs 2.1, 2.2, 4 and 6.3 of Part 3 (*Directors, Management and Administration of the Company*) of this Prospectus; and (e) any other information or opinion related to or attributed to either of them or to any of their affiliates contained within this Prospectus. Such information and opinions have been included in this Prospectus with the consent of the AIFM and the Investment Manager who have authorised the contents of those parts of this Prospectus for the purpose of this Prospectus.

Winterflood Securities Limited ("**Winterflood**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting as sponsor and financial adviser to the Company only and for no-one else in connection with the Issue, the Scheme and the other arrangements referred to in this Prospectus. Winterflood will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Issue, the Scheme and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to the Issue, the Scheme, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. This does not exclude any responsibilities that Winterflood may have under FSMA or the regulatory regime established thereunder.

Apart from the responsibilities and liabilities, if any, that may be imposed on Winterflood by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Winterflood, its affiliates, officers, directors, employees and agents make no representations or warranties, express or implied, nor accept any responsibility whatsoever for the contents of this Prospectus (or any supplementary prospectus published by the Company prior to Admission) or for any statement made or purported to be made by it or on its behalf or by any other party in connection with the Company, the Issue, the Scheme, the Shares, Admission or any other transaction or arrangement referred to in this Prospectus. Winterflood, its affiliates, officers, directors, employees and agents accordingly, to the fullest extent permitted by law, disclaim all and any responsibility or liability, whether arising in tort or contract or otherwise (save as referred to above), which it or they might otherwise have in respect of this Prospectus or any such statement.

Winterflood and its affiliates may have engaged in transactions with, and provided various financial advisory and other services to, the Company and/or the AIFM and/or the Investment Manager for which they would have received customary fees. Winterflood and its affiliates may provide such services to the Company and/or the AIFM and/or the Investment Manager and any of their respective affiliates in the future.

The contents of this Prospectus or any subsequent communication from the Company, the AIFM, the Investment Manager, Winterflood or any of their respective affiliates, officers, directors, members, employees or agents are not to be construed as legal, financial, business, investment or tax advice. HNE Shareholders should consult their own legal adviser, financial adviser or tax adviser for legal, financial, business, investment or tax advice. Investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, repurchase or other disposal of New Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Shares which they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for, New Shares. Investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, financial, business, investment, tax, or any other related matters concerning the Company and an investment therein. None of the Company, the AIFM, the Investment Manager or Winterflood nor any of their respective representatives is making any representation regarding the legality of an investment in the New Shares. HNE Shareholders should also consider the risk factors relating to the Company set out on pages 13 to 26 of this Prospectus.

THE NEW SHARES ARE ONLY AVAILABLE TO ELIGIBLE HNE SHAREHOLDERS AND ARE NOT BEING OFFERED TO EXISTING SHAREHOLDERS (SAVE TO THE EXTENT AN EXISTING SHAREHOLDER IS ALSO AN ELIGIBLE HNE SHAREHOLDER) OR TO THE PUBLIC.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase, subscribe for or otherwise acquire, any securities by any person in any circumstances or jurisdiction in which such offer or solicitation would be unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM, the Investment Manager or Winterflood.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been taken, nor will any action be taken, by the Company or Winterflood that would permit an offer of the New Shares or possession, issue or distribution of this Prospectus (or any other offering or publicity material relating to the New Shares) in any jurisdiction where action for that purpose is required or where doing so is restricted by law. Accordingly, neither

this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus (or any other offering materials or publicity relating to the New Shares) comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. None of the Company, the AIFM, the Investment Manager or any of their respective affiliates, directors, employees or agents accepts any legal responsibility to any person, whether or not a prospective investor, for any such restrictions.

In particular, the New Shares described in this Prospectus have not been, and will not be, registered under the securities laws of any of Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA Member State, or their respective territories or possessions. Accordingly, the New Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into Australia, Canada, Japan, New Zealand or the Republic of South Africa or any EEA Member State, or their respective territories or possessions. Persons resident in territories other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of the New Shares.

The New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States and the New Shares may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the US Securities Act) (“**US Persons**”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States, and under circumstances that would not result in the Company being in violation of the US Investment Company Act of 1940, as amended (the “**US Investment Company Act**”). There has not been and there will not be any public offer or sale of the New Shares in the United States. The New Shares are being offered and sold solely (i) outside the United States to persons who are not US Persons in “offshore transactions” as defined in and pursuant to Regulation S under the US Securities Act (“**Regulation S**”); and (ii) within the United States to, or to US Persons that are, both “qualified institutional buyers” (“**QIBs**”) as defined in Rule 144A under the US Securities Act and “qualified purchasers” (“**QPs**”) as defined in Section 2(a)(51) of the US Investment Company Act, pursuant to an exemption from the registration requirements of the US Securities Act, and who, in the case of (ii), have executed a US Investor Representation Letter.

The Company will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of such legislation. Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of the New Shares.

This Prospectus does not address the US federal income tax considerations applicable to an investment in the New Shares. Each prospective investor should consult its own tax advisers regarding the US federal income tax consequences of such investment.

The New Shares may not be acquired by investors using assets of: (A) an “employee benefit plan” that is subject to Part 4 of Title I of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”); (B) a “plan” to which Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “**US Tax Code**”), applies; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in the preceding clauses (A) or (B) in such entity. Further, the New Shares may not be acquired by a governmental plan (as defined in Section 3(32) of ERISA), a church plan (as defined in Section 3(33) of ERISA) that has not made an election under Section 410(d) of the US Tax Code, or a non-US plan that is subject to any federal, state, local or non-US law that regulates its investments (a “**Similar Law**”), unless such governmental, church or non-US plan’s purchase, holding, and disposition of the New Shares will not constitute or result in a violation of any Similar Law.

Neither the US Securities and Exchange Commission (the “**SEC**”) nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the New Shares or passed upon or endorsed the merits of the offering of the New Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The New Shares are also subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations and under the Articles. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions and may subject the holder to the forced transfer and other provisions set out in the Articles. For further information on restrictions on offers, sales and transfers of the New Shares, please refer to the section titled “Overseas HNE Shareholders” at paragraph 9 of Part 4 (*Details of the Scheme, the Issue and the Tender Offer*) of this Prospectus.

The publication or delivery of this Prospectus shall not under any circumstances imply that the information contained in this Prospectus is correct as at any time subsequent to the date of this Prospectus or that there has not been any change in the affairs of the Company since that date.

Without limitation, neither the contents of the Company’s website, the AIFM’s website, the Investment Manager’s website, Winterflood’s website or any other website nor the content of any website accessible from hyperlinks on the Company’s website, the AIFM’s website, the Investment Manager’s website, Winterflood’s website or any other website are incorporated into, or form part of this Prospectus, or have been approved by the FCA.

Prospective investors should read this entire Prospectus and, in particular, the section titled “Risk Factors” beginning on page 13 when considering an investment in the Company.

20 May 2024

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## Summary

<b>1.</b>	<b>Introduction and warnings</b>
<b>a.</b>	<b>Name and ISIN of securities</b>
	Ordinary Shares of 5 pence each TIDM: HEFT. If the Scheme becomes effective, the TIDM will change to HET. ISIN: GB00BLSNGB01
<b>b.</b>	<b>Identity and contact details of the issuer</b>
	This issuer is Henderson European Focus Trust plc (the “ <b>Company</b> ”) (incorporated in England and Wales with limited liability under the Companies Act 2006 (the “ <b>Companies Act</b> ”) with registered number 00427958). If the Scheme becomes effective, the Company will be renamed Henderson European Trust plc (the “ <b>Combined Trust</b> ”). Registered Office: 201 Bishopsgate, London EC2M 3AE Tel: 0800 832 832 Legal Entity Identifier (LEI): 213800GS89AL1DK3IN50
<b>c.</b>	<b>Identity and contact details of the authority approving this prospectus</b>
	Name: Financial Conduct Authority Address: 12 Endeavour Square, London, E20 1JN, United Kingdom Tel: +44 (0) 20 7066 1000
<b>d.</b>	<b>Date of approval of this prospectus</b>
	20 May 2024
<b>e.</b>	<b>Warnings</b>
	This summary should be read as an introduction to this Prospectus. Any decision to invest in the New Shares should be based on a consideration of this Prospectus as a whole by the investor. An investor could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the New Shares. It should be remembered that the price of the New Shares, and the income from such New Shares (if any), may go down as well as up. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who understand the potential risk of capital loss (which may be equal to the whole amount invested).
<b>2.</b>	<b>Key information on the issuer</b>
<b>a.</b>	<b>Who is the issuer of the securities?</b>
<b>i.</b>	<b>Domicile and legal form, LEI, applicable legislation and country of incorporation</b> The Company was incorporated and registered in England and Wales on 20 January 1947 as a public company limited by shares with registered number 00427958. The Company is an investment company under section 833 of the Companies Act. The Company's LEI number is 213800GS89AL1DK3IN50. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder. The Company is a closed-ended investment company and operates as an investment trust approved by HMRC in accordance with the Corporation Tax Act. The Company's current investment objective is to maximise total return (a combination of income and capital growth) from a portfolio of stocks listed in Europe. If the Change of Investment Objective and Policy is approved, the Combined Trust's investment objective will be to maximise total return from a portfolio of stocks predominantly listed in Europe (excluding the UK) with effect from the Scheme Effective Date. The Company has appointed Janus Henderson Fund Management UK Limited (the “ <b>AIFM</b> ”) as the Company's alternative investment fund manager to provide overall portfolio and risk management services to the Company. The AIFM has delegated portfolio management services to Janus Henderson Investors UK Limited (the “ <b>Investment Manager</b> ”).
<b>ii.</b>	<b>Principal activities</b> The principal activity of the Company is to invest in accordance with the Company's published investment policy with a view to achieving its investment objective.
<b>iii.</b>	<b>Investment objective</b> The Company's current investment objective is to maximise total return (a combination of income and capital growth) from a portfolio of stocks listed in Europe. If the Change of Investment Objective and Policy is approved, the Combined Trust's investment objective will be to maximise total return from a portfolio of stocks predominantly listed in Europe (excluding the UK) with effect from the Scheme Effective Date.



iv.

Major Shareholders

So far as is known to the Company, as at the Latest Practicable Date, the following persons hold, directly or indirectly, 3% or more of the existing issued Shares ("Existing Shares") or the Company's voting rights:

Name	Number of Existing Shares held	% of voting rights
1607 Capital Partners	27,109,394	12.74%
City of London	18,920,808	8.89%
Allspring Global Investments	16,739,668	7.87%
Investec Wealth & Investment	14,355,319	6.75%
Evelyn Partners	9,606,303	4.51%
Charles Stanley	9,434,667	4.43%

As at the Latest Practicable Date, the Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. All Shareholders have the same voting rights in respect of the share capital of the Company.

v.

Directors

The current directors of the Company are Victoria (Vicky) Hastings (Chair), Robin Archibald, Stephen Macklow-Smith, Marco Maria Bianconi and Melanie Blake.

Conditional on the Scheme becoming effective and with effect from Admission, Stephen Macklow-Smith will resign from the Board and Stephen King, Rutger Koopmans and Ekaterina (Katya) Thomson will be appointed to the Board.

vi.

Statutory auditor

Ernst & Young LLP of 25 Churchill Place, London, E14 5EY.

b.

What is the key financial information regarding the issuer?

Table 1: Additional Information relevant to closed end funds

Share class	Total NAV* (unaudited) (million)	No. of Existing Shares (excluding treasury shares)	NAV per Share*
Ordinary	£454.6	212,768,122	213.6p

\* As at the Latest Practicable Date

The selected historical financial information set out below summarises the financial condition of the Company for the year ended 30 September 2023.

Table 2: Income statement for closed end funds

Statement of Comprehensive Income	Financial year ended 30 September 2023 (audited) (£'000)		
	Revenue return	Capita return	Total return
Gains/(losses) on investments held at fair value through profit or loss	—	68,293	68,293
Exchange losses on currency transactions	—	(5)	(5)
Income from investments	11,206	—	11,206
Other income	224	—	224
Gross revenue and capital gains/(losses)	11,430	68,288	79,718
Management fee	(587)	(1,762)	(2,349)
Other fees and expenses	(639)	—	(639)
Net return before finance costs and taxation	10,204	66,526	76,730
Finance costs	(129)	(385)	(514)
Net return before taxation	10,075	66,141	76,216
Taxation on net return	(887)	(36)	(923)
Net return after taxation	9,188	66,105	75,293
Return per ordinary share (pence per share)	4.32p	31.07p	35.39p

**Table 3: Balance sheet for closed end funds**

	As at 30 September 2023 (audited) (£'000)
<b>Statement of Financial Position</b>	
<b>Fixed assets</b>	
Investments held at fair value through profit or loss	384,249
<b>Current assets</b>	
Debtors	11,745
Cash at bank	15,857
	<b>27,602</b>
<b>Creditors: amounts falling due within one year</b>	<b>(2,655)</b>
<b>Net current assets</b>	<b>24,947</b>
<b>Total assets less current liabilities</b>	<b>409,196</b>
<b>Creditors: amounts falling due after one year</b>	<b>(30,199)</b>
<b>Net assets</b>	<b>378,997</b>
<b>Capital and reserves</b>	
Called-up share capital	10,819
Share premium account	41,995
Capital reserve	217,076
Revenue reserve	12,496
Other reserves	96,611
<b>Shareholders' funds</b>	<b>378,997</b>
<b>Net asset value per ordinary share (pence)</b>	<b>178.13p</b>

The Company's NAV total return over three, five and ten years to 30 April 2024 has been 30.6%, 74.8%, and 164.8% respectively. Tom O'Hara has co-managed the portfolio since 2020. HNE has been managed solely by Jamie Ross since 2019. Its NAV total return over three, five and ten years to 30 April 2024 has been 13.1%, 59.8% and 155.5% respectively.

**c. What are the key risks that are specific to the issuer?**

The following is a brief description of what the Directors and Proposed Directors believe, at the time of publication of this Prospectus, to be the key material risks specific to an investment in the Company:

- The Company has no employees and is reliant on the performance of third-party service providers. Any failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have an adverse effect on the Portfolio and the Company's financial condition, results of operations and prospects.
- There can be no guarantee that the Company will achieve its investment objective or that investors will get back the full value of their investment. The price of the Shares may fall and Shareholders may not get back their original investment.
- The Company is dependent upon the Investment Manager's successful implementation of the Company's investment policy and ultimately on the Investment Manager's ability to create an investment portfolio capable of generating attractive returns. The Company's investments are primarily in equities and, accordingly, the success of the Company will depend on the performance of equity markets both in Europe and in any overseas jurisdictions in which the Company invests, and the Company will be at risk due to changes in market prices and/or macroeconomic factors.
- The performance of the Company's investments depends to a great extent on correct assessments of the future course of market price movements and economic cycles. There can be no assurance that the Investment Manager will be able to predict accurately these price movements or cycles. Higher performance may mean greater risk.
- The Company's investments may be adversely affected by poor performance of a particular sector or industry. Downward movements in the value of the investments held by the Company will adversely affect the Company's financial performance.
- Stock concentration may carry more risk than funds whose portfolio is spread across a larger number of companies as an adverse event impacting only a small number of holdings can create significant volatility or losses for the Company.
- The Company is expected to invest primarily in stocks listed in Europe (excluding the UK) and it will therefore be particularly influenced by changes in market practices, taxation legislation and/or macroeconomic factors in that region. Where a company has a high exposure to a particular country or geographical region it carries a higher level of risk than a company which is more broadly diversified.
- The Company uses borrowings to seek to enhance investment returns and it has entered into an uncommitted, secured multi-currency overdraft facility and has issued two fixed rate unsecured loan notes to do so. Whilst the



	<p>use of borrowings should enhance the total return on the Shares where the return on the Company's underlying assets is positive and exceeds the cost of the borrowings, it will have the opposite effect where the return on the Company's underlying assets is at a lower rate than the cost of the borrowings, reducing the total return on the Shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV per Share.</p> <ul style="list-style-type: none"> <li>• The Company has and may in the future have further investments denominated in currencies other than Sterling. The Company therefore is, and may continue to be, exposed to foreign exchange risk. Changes in the rates of exchange between Sterling and any currency will cause the value of any investment denominated in that currency, and any income arising out of the relevant investment, to go down or up in Sterling terms.</li> <li>• The success of the Company is dependent on the AIFM and the Investment Manager and their expertise, key personnel, and ability to source and advise appropriately on investments. There can be no assurance that the Board would be able to find a replacement alternative investment fund manager or investment manager if the AIFM or the Investment Manager were to resign or the Management Agreement were to be terminated.</li> <li>• Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company.</li> <li>• Loss of investment trust status may adversely affect the Company and the tax treatment for Shareholders investing in the Company.</li> </ul>
<b>3.</b>	<b>Key information on the securities</b>
<b>a.</b>	<b>What are the main features of the securities?</b>
i.	<p><b>Type, class and ISIN of the securities being admitted to trading on a regulated market</b></p> <p>The securities that are in issue at the date of this Prospectus and may be issued under the Issue are ordinary shares of 5 pence each in the capital of the Company. The ISIN of the New Shares is GB00BLSNGB01.</p>
ii.	<p><b>Currency, denomination, par value, number of securities issued and term of the securities</b></p> <p>The Shares are denominated in Sterling and have a nominal value of 5 pence each. The issue price of the New Shares will be determined on the Scheme Calculation Date and will be released by way of a RIS announcement on or around 4 July 2024. The issue price will be equal to the HEFT FAV per Share. As at the Latest Practicable Date, being the latest practicable date prior to the publication of this Prospectus, the issued share capital of the Company comprised 216,389,910 fully paid Shares, of which 3,621,788 Shares were held in treasury.</p>
iii.	<p><b>Rights attached to the securities</b></p> <p>The New Shares will rank <i>pari passu</i> in all respects (including voting rights) with each other and the Existing Shares (other than in respect of dividends or other distributions declared, made or paid on the Existing Shares by reference to a record date prior to the Scheme Calculation Date). In summary, the rights attaching to the Shares are:</p> <p><i>Dividends</i> – Subject to the provisions of the Companies Act, the Company may from time to time declare dividends and make other distributions on the Shares.</p> <p><i>Capital</i> – On a winding up or other return of capital, after meeting the liabilities of the Company, the surplus assets will be paid to Shareholders in proportion to their shareholdings.</p> <p><i>Voting</i> – Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to Shares, Shareholders shall have the right to receive notice of, attend and vote at general meetings of the Company. Each Shareholder present in person or by proxy at a general meeting of the Company shall on a show of hands have one vote and, on a poll, have one vote for each Share held.</p>
iv.	<p><b>Relative seniority of the securities in the event of insolvency</b></p> <p>On a winding-up or a return of capital by the Company, the holders of Shares shall be entitled to all the Company's remaining net assets after taking into account any creditors' claims.</p>
v.	<p><b>Restrictions on free transferability of the securities</b></p> <p>Subject to the terms of the Articles and applicable securities laws, there are no restrictions on the transferability of the Shares.</p>
vi.	<p><b>Dividend policy</b></p> <p>The Company currently has a policy of paying progressive dividends, which includes maintaining dividend levels as consistent with this approach. For the year ended 30 September 2023, the Company paid a dividend of 4.35 pence per Share.</p> <p>If the Scheme becomes effective, the Combined Trust intends to adopt a policy of paying interim and final dividends, with the aim of maintaining dividend levels and growing them when net income permits. However, total return will continue to be the primary focus.</p> <p>As a consequence of the Proposals, the Company has declared a higher than normal interim dividend of 3.05 pence per Share for the financial year ending 30 September 2024 payable to Shareholders on the Register on 7 June 2024 which will be paid on 28 June 2024 to ensure that its existing Shareholders receive a dividend in line with the Company's previous financial year of 4.35p per Share. This is expected to result in a smaller final dividend recommended by the Company in respect of the financial year ending 30 September 2024, taking into account the enlarged share capital following the completion of the Scheme, and the limited amount of time to earn income on assets transferred. It is expected that dividends will return to a smaller interim dividend and a larger final dividend for the financial year ending 30 September 2025.</p> <p>The Company intends to conduct its business so as to satisfy the conditions to retain approval as an investment trust under section 1158 of the Corporation Tax Act. In accordance with regulation 19 of the Investment Trust Tax Regulations, the Company does not (except to the extent permitted by those regulations) intend to retain more than 15% of its income (as calculated for UK tax purposes) in respect of an accounting period. The Board may resolve to pay special dividends on the Shares from time to time in order to comply with these requirements.</p>

<b>b.</b>	<b>Where will the securities be traded?</b>																												
	Applications will be made to the FCA for the New Shares to be admitted to listing on the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such admission will become effective, and dealings in the New Shares will commence, on 5 July 2024.																												
<b>c.</b>	<b>What are the key risks that are specific to the securities?</b>																												
	<p>The following is a brief description of what the Directors believe, at the time of publication of this Prospectus, to be the key material risks specific to an investment in the Shares:</p> <ul style="list-style-type: none"> <li>• The market price of the Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors. The market value of the Shares may therefore vary considerably from the Company's underlying NAV. In particular, it is possible that the Shares could trade at a value materially below their NAV for a prolonged period of time and there can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Shares.</li> <li>• It may be difficult for Shareholders to realise their investment as there may not be a liquid market in the Shares, and Shareholders have no right to have their Shares redeemed or repurchased by the Company.</li> <li>• Implementation of the Scheme is subject to certain conditions which, if not satisfied, would result in the Company and HNE remaining as separate investment trusts. Shareholders and HNE Shareholders would not therefore realise the benefits associated with the Proposals.</li> </ul>																												
<b>4.</b>	<b>Key information on the admission to trading on a regulated market</b>																												
<b>a.</b>	<b>Under which conditions and timetable can I invest in this security?</b>																												
<b>i.</b>	<p><b>General terms and conditions</b></p> <p>The New Shares being issued pursuant to the Issue are only available to eligible HNE Shareholders pursuant to the terms of the Scheme.</p> <p>The Issue and the Scheme are conditional upon the:</p> <ul style="list-style-type: none"> <li>• passing of the Resolution to approve the issue of the New Shares at the General Meeting and such Resolution becoming unconditional in all respects;</li> <li>• passing of the HNE Resolutions to approve the Scheme and the winding-up of HNE at the HNE General Meetings and the Scheme becoming unconditional in all respects (including the Transfer Agreement becoming unconditional in all respects);</li> <li>• FCA agreeing to admit the New Shares to listing on the premium segment of the Official List and the London Stock Exchange agreeing to admit the New Shares to trading on its Main Market, subject only to allotment; and</li> <li>• Directors and the HNE Directors resolving to proceed with the Scheme.</li> </ul> <p>If any of the above conditions are not satisfied by 31 July 2024, unless such date is extended by mutual agreement between the Company and HNE, the Scheme will not become effective and no New Shares will be issued to HNE Shareholders.</p>																												
<b>ii.</b>	<p><b>Expected Timetable of Principal Events</b></p> <p><b>General Meeting, Tender Offer and Interim Dividend</b></p> <table> <tr> <td>Publication of the Circular and Notice of General Meeting</td> <td>20 May 2024</td> </tr> <tr> <td>Record date for interim dividend</td> <td>7 June 2024</td> </tr> <tr> <td>Latest time and date for receipt of Forms of Proxy and CREST voting instructions for the General Meeting</td> <td>11.00 a.m. on 17 June 2024</td> </tr> <tr> <td>General Meeting</td> <td>11.00 a.m. on 19 June 2024</td> </tr> <tr> <td>Latest time and date for receipt of Tender Forms and receipt of TTE Instructions</td> <td>1.00 p.m. on 19 June 2024</td> </tr> <tr> <td>Announcement of results of the General Meeting</td> <td>19 June 2024</td> </tr> <tr> <td>Tender Offer Record Date</td> <td>6.00 p.m. on 19 June 2024</td> </tr> <tr> <td>Tender Offer Calculation Date</td> <td>close of business on 19 June 2024</td> </tr> <tr> <td>CREST accounts credited for revised uncertificated holdings of Ordinary Shares in respect of unsuccessful applications under the Tender Offer</td> <td>25 June 2024</td> </tr> <tr> <td>Announcement of results of the Tender Offer and Tender Price</td> <td>25 June 2024</td> </tr> <tr> <td>Payment of interim dividend</td> <td>28 June 2024</td> </tr> <tr> <td>Shares repurchased pursuant to the Tender Offer</td> <td>4 July 2024</td> </tr> <tr> <td>CREST accounts credited in respect of Tender Offer proceeds for uncertificated Shares</td> <td>5 July 2024</td> </tr> <tr> <td>Cheques despatched in respect of Tender Offer proceeds for certificated Shares and balancing shares certificates despatched</td> <td>15 July 2024</td> </tr> </table>	Publication of the Circular and Notice of General Meeting	20 May 2024	Record date for interim dividend	7 June 2024	Latest time and date for receipt of Forms of Proxy and CREST voting instructions for the General Meeting	11.00 a.m. on 17 June 2024	General Meeting	11.00 a.m. on 19 June 2024	Latest time and date for receipt of Tender Forms and receipt of TTE Instructions	1.00 p.m. on 19 June 2024	Announcement of results of the General Meeting	19 June 2024	Tender Offer Record Date	6.00 p.m. on 19 June 2024	Tender Offer Calculation Date	close of business on 19 June 2024	CREST accounts credited for revised uncertificated holdings of Ordinary Shares in respect of unsuccessful applications under the Tender Offer	25 June 2024	Announcement of results of the Tender Offer and Tender Price	25 June 2024	Payment of interim dividend	28 June 2024	Shares repurchased pursuant to the Tender Offer	4 July 2024	CREST accounts credited in respect of Tender Offer proceeds for uncertificated Shares	5 July 2024	Cheques despatched in respect of Tender Offer proceeds for certificated Shares and balancing shares certificates despatched	15 July 2024
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	<p><b>Scheme</b></p> <p>Publication of this Prospectus 20 May 2024</p> <p>First HNE General Meeting 11.30 a.m. on 20 June 2024</p> <p>Scheme Record Date 6.00 p.m. on 27 June 2024</p> <p>Scheme Calculation Date close of business on 27 June 2024</p> <p>HNE Shares disabled in CREST (for settlement) close of business on 27 June 2024</p> <p>Trading in HNE Shares on the London Stock Exchange suspended 28 June 2024</p> <p>Reclassification of HNE Shares 8.00 a.m. on 3 July 2024</p> <p>Suspension of listing of HNE Shares 7.30 a.m. on 4 July 2024</p> <p>Second HNE General Meeting 9.30 a.m. on 4 July 2024</p> <p>Scheme Effective Date 4 July 2024</p> <p>Announcement of results of elections under the Scheme, the HNE Rollover FAV per Share, the HNE Cash FAV per Share and the HEFT FAV per Share 4 July 2024</p> <p>CREST accounts credited with, and dealings commence in, New Shares 8.00 a.m. on 5 July 2024</p> <p>Certificates despatched by post in respect of New Shares in certificated form by 18 July 2024</p> <p>Cancellation of listing of Reclassified HNE Shares as soon as practicable after the Scheme Effective Date</p> <p><i>Note: All references to time in this Prospectus are to UK time. Each of the times and dates in the above expected timetable (other than in relation to the general meetings) may be extended or brought forward. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service.</i></p>
iii.	<p><b>Details of admission to trading on a regulated market</b></p> <p>The Shares are currently listed on the premium segment of the Official List and traded on the Main Market. Applications will be made to the FCA for the New Shares to be admitted to listing on the premium segment of the Official List and to the London Stock Exchange for New Shares to be admitted to trading on the Main Market. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List, and dealings in the New Shares will commence on the Main Market, on 5 July 2024.</p>
iv.	<p><b>Plan for distribution</b></p> <p>The Company will notify HNE Shareholders of the number of New Shares to which each HNE Shareholder is entitled and the results of the Issue will be announced by the Company on or around 4 July 2024 via an RIS announcement. The New Shares will be available to be issued in either certificated form or uncertificated form. Where applicable, share certificates are expected to be dispatched by post by 18 July 2024.</p>
v.	<p><b>Amount and percentage of immediate dilution resulting from the issue</b></p> <p>Existing Shareholders are not able to participate in the Issue (unless they also hold HNE Shares at the relevant date) and will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of New Shares issued under the Scheme.</p> <p>For illustrative purposes only, if 151,768,798 New Shares were to be issued (being the estimated number of New Shares that will be issued pursuant to the Issue, assuming that: (i) no HNE Shareholders exercise their right to dissent from participation in the Scheme; (ii) 15% of the total HNE Shares are elected for the Cash Option; (iii) the Company's Tender Offer is taken up in full; and (iv) the ratio between the HEFT FAV per Share and the HNE FAV per Share is 0.842799 then, based on the issued share capital of the Company as at the Latest Practicable Date, and assuming that: (a) an Existing Shareholder is not a HNE Shareholder and is therefore not able to participate in the Issue; and (b) there had been no change to the Company's issued share capital prior to Admission, an Existing Shareholder holding 1% of the Company's issued share capital as at the Latest Practicable Date would then hold approximately 0.58% of the Company's issued share capital following the Issue.</p>
vi.	<p><b>Estimate of the total expenses of the issue</b></p> <p>The Company and HNE will each bear their own costs in relation to the Proposals, which will be reflected in the respective FAVs for each company. The benefit of the discount applied to the Tender Offer for HEFT will be credited to HEFT's FAV. The benefit of the discount applied under the Cash Option under the Scheme will be credited to HNE's FAV for those HNE Shareholders taking the Rollover Option.</p> <p>The AIFM has committed to make a contribution of £1,550,000 to the costs of the Proposals, to ensure the Proposals are cost-neutral for shareholders in the Combined Trust (the "<b>Janus Henderson Contribution</b>"). It is expected that this will substantially offset both companies' costs to the extent not offset by the discounts on the Tender Offer or the Cash Option. This contribution will be reflected on a <i>pro rata</i> basis in the HEFT FAV and the HNE FAV to the extent required to ensure that the Proposals are cost-neutral for continuing Shareholders in the Combined Trust.</p> <p>Any costs of the realignment and/or realisation of the HNE Portfolio prior to the Scheme becoming effective will be borne by HNE. Any stamp duty, SDRT or other transaction tax, or investment costs incurred by the Company for the acquisition of the Rollover Pool or the deployment of the cash therein upon receipt will be borne by the Company. In addition, the Combined Trust will also incur listing fees in respect of the listing of the New Shares issued in connection with the Scheme.</p> <p>In the event that implementation of the Scheme does not proceed, each of the Company and HNE will bear its own costs, provided that the AIFM shall reimburse each of the Company and HNE for the costs that they have each incurred which are directly attributable to the Proposals, subject to an aggregate maximum amount of £1,550,000. In the event that the aggregate costs incurred by the Company and HNE exceed that agreed cap, the AIFM's</p>

	reimbursement shall be allocated between the two companies <i>pro rata</i> to the actual costs incurred and claimed by each of the companies. In such circumstances, the AIFM shall calculate such allocation in good faith.
<b>b.</b>	<b>Why is this prospectus being produced?</b>
i.	<p>As announced on 14 March 2024, the Board has agreed heads of terms with the HNE Board in respect of a proposed combination of the assets of the Company with the assets of HNE. The combination, if approved by Shareholders and HNE Shareholders, will be effected by way of the Scheme and the associated transfer of substantially all cash and other assets of HNE to the Company in exchange for the issue of New Shares.</p> <p>Under the proposed terms of the Scheme, subject to the passing of the Resolution to be proposed at the General Meeting to approve the issue of New Shares in connection with the Scheme and subject to the satisfaction of the other conditions (details of which are set out above), HNE will be placed into members' voluntary liquidation and substantially all of its cash and other assets transferred to the Company in consideration for the issue of New Shares in the Company of an equivalent value to HNE Shareholders who elect, or are deemed to elect, for the Rollover Option. Each HNE Shareholder may elect to receive cash in respect of part or all of their shareholding, subject to an aggregate limit of 15% of HNE's issued share capital (excluding any treasury shares) (the "<b>Cash Option</b>"). HNE Shareholders who do not make a valid election under the Scheme will be deemed to have elected to receive New Shares.</p> <p>Overseas HNE Shareholders are entitled to participate in the Scheme. However, to the extent that the Company and/or the Liquidators, acting reasonably, consider that any issue of New Shares to an Overseas HNE Shareholder would or may involve a breach of the securities laws or regulations of any jurisdiction or may violate any applicable legal or regulatory requirements or may require the Company to become subject to additional regulatory requirements (to which it would not be subject but for such issue) and the Company and/or the Liquidators, as the case may be, have not been provided with evidence reasonably satisfactory to them that the relevant Overseas HNE Shareholder is permitted to hold New Shares under any relevant securities laws or regulations of such overseas jurisdictions (or that the Company would not be subject to any additional regulatory requirements to which it would not be subject but for such issue), such Overseas HNE Shareholder's New Shares will be sold in the market by the Liquidators with the net proceeds of such sale being transferred to such Overseas HNE Shareholder.</p>
ii.	<p><b><i>The use and estimated amount of proceeds</i></b></p> <p>The New Shares will be issued to HNE Shareholders who elect, or are deemed to elect, for the Rollover Option in consideration for the transfer of the Rollover Pool from HNE to the Company. The Rollover Pool will consist of investments aligned with the Company's investment objective and policy as at the Scheme Effective Date, together with cash and cash equivalents. Any cash in the Rollover Pool and any proceeds of the realisation of cash equivalents in the Rollover Pool will be used to acquire investments in accordance with the Company's investment objective and policy (as amended, if approved by Shareholders).</p>
iii.	<p><b><i>Underwriting</i></b></p> <p>The Issue has not been underwritten.</p>
iv.	<p><b><i>Material conflicts of interest</i></b></p> <p>The AIFM, the Investment Manager and their affiliates serve as the alternative investment fund manager, investment manager and/or investment advisers to other clients, including funds and managed accounts that have similar investment objectives and policies to that of the Company. These investment management services may on occasion give rise to conflicts of interest with the Company and may have a material adverse effect on the Company's business, financial condition, results of operations and the market price of the Shares. For example, the AIFM, the Investment Manager and/or their affiliates may have conflicts of interest in allocating their time and activity between the Company and their other clients, in allocating investments among the Company and their other clients and in effecting transactions between the Company and their other clients, including ones in which the AIFM, the Investment Manager and/or their affiliates may have a greater financial interest. Furthermore, the AIFM and the Investment Manager may provide services to certain in-house funds into which the Company may invest which may give rise to a conflict of interest. There can be no assurance that the AIFM and the Investment Manager will resolve all conflicts of interest in a manner that is favourable to the Company. Save as aforesaid, there are no conflicting interests that are material to the Issue.</p>

## **Risk Factors**

An investment in the Shares carries a number of risks including the risk that the entire investment may be lost. In addition to all other information set out in this Prospectus, the following specific factors should be considered when deciding whether to make an investment in, or otherwise acquire, the Shares. The risks set out below are those which are considered to be the material risks relating to an investment in the Shares as at the date of this Prospectus but are not the only risks relating to the Shares or the Company. No assurance can be given that Shareholders will realise a profit on, or recover the value of, their investment in the Shares, or that the Company will achieve any of its target returns. It should be remembered that the price of securities, and the income from them, can go down as well as up. In addition, inflation may affect the future buying power of money that invested in the Shares.

The success of the Company will depend on the ability of the Investment Manager to pursue the investment policy of the Company successfully, on broader market conditions and other factors as set out in the risk factors below.

HNE Shareholders should note that the risks relating to the Company, its investment policy and strategy and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors and Proposed Directors believe to be the most essential to an assessment by a HNE Shareholder as to whether to consider an investment in the Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, HNE Shareholders should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described in this "Risk Factors" section of this Prospectus. Additional risks and uncertainties not currently known to the Company or the Directors or Proposed Directors or that the Company or the Directors or Proposed Directors consider to be immaterial as at the date of this Prospectus may also have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or returns to Shareholders and/or the market price of the Shares.

HNE Shareholders should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an election for the New Shares.

### **Risks relating to the Company**

***The Company has no employees and is reliant on the performance of third-party service providers. Any failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have an adverse effect on the Portfolio and the Company's financial condition, results of operations and prospects.***

The Company has no employees and the Directors have been, and the Proposed Directors will be, appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third-party service providers for its executive functions. In particular, the AIFM, the Investment Manager, the Registrar and the Depositary will be performing services which are integral to the operation of the Company. Misconduct by employees of those service providers, any failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, and/or the termination of those appointments could have an adverse effect on the Portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares. Similarly, each of the AIFM and the Investment Manager is reliant on third-party service providers and a failure by any of these service providers to fulfil their obligations could materially affect the AIFM's ability to meet its obligations to the Company, which would, in turn, affect the ability of the Company to meet its investment objective and potentially have an adverse impact on returns to Shareholders and/or the market value of the Shares.

In the event that it is necessary for the Company or the AIFM or the Investment Manager to replace any third-party service provider it may be that the transition process takes time, increases costs and adversely impacts the AIFM's or the Investment Manager's operations and/or the Company's investments and performance.



***The Company is subject to the risk of failure to deliver services and errors in services provided in respect of its service providers.***

The information and technology systems of the Company's service providers (including, in particular, the AIFM and Investment Manager) may be vulnerable to operational, information security and related risks resulting from failures of, or breaches in, cybersecurity, including damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

A failure of the information and technology services, or errors in the delivery of services may cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate the Company's NAV, impediments to trading, the inability of Shareholders to subscribe for, exchange or sell Shares, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While the AIFM and the Investment Manager, along with other service providers, have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures, including the possibility that certain risks have not been identified. Furthermore, none of the Company, the AIFM or the Investment Manager and/or the other service providers can control the cybersecurity plans, strategies, systems, policies and procedures put in place by the entities in which the Company invests.

**Risks relating to the investment objective and policy**

***There can be no guarantee that the Company will achieve its investment objective or that investors will get back the full value of their investment. In the event that the Company does not achieve its investment objective, the price of the Shares may fall and Shareholders may not get back their original investment.***

The success of the Company is dependent upon the continued ability of the Investment Manager to pursue the Company's investment objective and policy successfully. There can be no assurance that the Investment Manager will continue to be successful in pursuing the Company's investment objective and policy or that the Investment Manager will be able to invest the Company's assets on attractive terms, generate any investment returns for the Company's investors, pay a dividend or avoid investment losses.

***The investments of the Company are subject to the risk of changes in market prices and/or macroeconomic factors. Downward movements in the value of the investments held by the Company will adversely affect the Company's financial performance.***

The Company is dependent upon the Investment Manager's successful implementation of the Company's investment policy and ultimately on the Investment Manager's ability to create an investment portfolio capable of generating attractive returns. The Company's investments are primarily in equities and, accordingly, the success of the Company will depend on the performance of equity markets both in Europe and in any overseas jurisdictions in which the Company invests, and the Company will be at risk due to changes in market prices and/or macroeconomic factors.

The Company predominantly invests in the securities of European companies and it will therefore be particularly influenced by changes in market practices and/or macroeconomic factors in developed Europe. The Company is also permitted to invest a proportion of its gross assets in non-European markets so the Company may be influenced by changes in market practices and/or macroeconomic factors in any other regions in which it invests, the performance of other currencies relative to Sterling as well as changes that impact the global economy more generally. While the Company holds and will continue to hold a diversified portfolio, there are certain general market conditions in which any investment strategy is unlikely to be profitable. The Investment Manager does not have the ability to control or predict such market conditions.



***The performance of the Company's investments depends to a great extent on correct assessments of the future course of market price movements and economic cycles. There can be no assurance that the Investment Manager will be able to predict accurately these price movements or cycles. Higher performance may mean greater risk.***

General economic and market conditions, such as currency exchange rates, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances may affect the price level, dividends received, volatility and liquidity of securities and result in losses for the Company. This could have an adverse effect on the value of the Portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Shares.

Given that the Company invests solely in listed or quoted securities, the Company's NAV is inherently sensitive to the performance of world stock markets. If world stock markets experience volatility and disruption, the Company's NAV could also become volatile and it is likely that the Shares will trade at a discount to the NAV. While the Company has the ability to provide liquidity in the form of Share buybacks where the Shares trade at a discount to the NAV, the fact of the Shares trading at a discount to the NAV could make the Shares less liquid and more difficult to sell.

In addition, the effects of such adverse market conditions could be amplified by the presence of short-sellers on the Register.

In certain circumstances, the Company may hold fixed interest securities (including cash equivalents). Fixed-interest securities are affected by trends in interest rates, inflation, the creditworthiness of the issuer of the security and their ability to repay their debt.

***The due diligence process that the Investment Manager undertakes in evaluating the Company's investments may not reveal all facts that may be relevant in connection with such investments. Any failure by the Investment Manager to identify relevant facts through the due diligence process may have an adverse effect on the value of the Portfolio, with a consequential adverse effect on the market value of the Shares.***

Before making investments in accordance with the Company's investment policy, the Investment Manager conducts such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. There can be no guarantee that all relevant information will be available, or that the Investment Manager, its employees and/or agents will be able to obtain all relevant information. Accordingly, there can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating that investment opportunity and the Investment Manager may be required to make investment decisions without complete information, or in reliance upon information provided by third parties that it is impossible or impractical for the Investment Manager to fully verify. The due diligence process may not reveal all potential risks of a particular investment.

Any failure by the Investment Manager to identify relevant facts through the due diligence process may lead to inappropriate investment decisions being made, or investments being made at a higher value than their fair value, which could have an adverse effect on the value of the Portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Shares.

***The Company's investments may be adversely affected by poor performance of a particular sector or industry. Downward movements in the value of the investments held by the Company will adversely affect the Company's financial performance.***

The Company's investments are intended to be diversified by sector and industry. The diversification of its investments is intended to mitigate the Company's exposure to adverse events associated with specific investments and sectors. However, the Company's returns may still be adversely affected by the unfavourable performance of particular sectors or industries if they affect the performance or prospects of companies in the Portfolio and the dividends generated by those companies. This adverse effect may be amplified if more companies in the Portfolio are in, or connected to, the affected sector or industry (in other words, if the Portfolio has a greater concentration of investments in any affected sector or industry). This could have an adverse effect on the Portfolio and on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Shares.

***Stock concentration may carry more risk than funds whose portfolio is spread across a larger number of companies as an adverse event impacting only a small number of holdings can create significant volatility or losses for the Company.***

Whilst the Company intends to invest in between 35 and 45 holdings, this is expected to result in a concentrated Portfolio (a low number of holdings) relative to its investment universe. This stock concentration may carry more risk than funds whose portfolio is spread across a larger number of companies as an adverse event impacting only a small number of holdings can create significant volatility or losses for the Company. The diversification of the Company's investments as described elsewhere in this Prospectus is intended to mitigate this risk. However, the Company's returns may be adversely affected by unfavourable performance across the relatively small number of stocks held (relative to its investment universe) in the Portfolio.

The Company is expected to invest primarily in stocks listed in Europe (excluding the UK) and it will therefore be particularly influenced by changes in market practices, taxation legislation and/or macroeconomic factors in that region. In particular, the high level of borrowing undertaken by many governments to manage the impact of Covid-19 pandemic could result in increased taxes being levied over the short to medium term, which could adversely impact net cash flows of companies in the region. Where a company has a high exposure to a particular country or geographical region it carries a higher level of risk than a company which is more broadly diversified.

***Use of borrowings and the possibility that the gearing effect of borrowing can work against, as well as for, Shareholders.***

The Company uses borrowings to seek to enhance investment returns and it has entered into an uncommitted, secured multi-currency overdraft facility and has issued two fixed-rate unsecured loan notes to do so. Whilst the use of borrowings should enhance the total return on the Shares where the return on the Company's underlying assets is positive and exceeds the cost of the borrowings, it will have the opposite effect where the return on the Company's underlying assets is at a lower rate than the cost of the borrowings, reducing the total return on the Shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV per Share.

As a result of gearing, any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its NAV (which is likely to adversely affect the price of a Share). Increased debt servicing costs may also impact the Company's ability to maintain and increase its dividend. Any reduction in the number of Shares in issue (for example, as a result of share buybacks including pursuant to the Tender Offer) will, in the absence of a corresponding reduction in gearing, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments. No assurance can be given that any sales of the Company's investments would realise proceeds which would be sufficient to repay any borrowings.

The Company will pay interest on any borrowings and, as such, the Company will be exposed to interest rate risk due to fluctuations in the prevailing market rates. The Company may employ hedging techniques designed to reduce the risk of adverse movements in interest rates. However, such strategies may also result in losses and overall poorer performance than if the Company had not entered into such hedging transactions.

The Company has an uncommitted, secured multi-currency overdraft facility equal to the lesser of £30 million and 10% of custody assets with HSBC Bank plc. Interest is charged at the bank's fluctuating base rate plus a margin of 1.25% per annum. Borrowings are payable on demand.

As the interest rate on the overdraft is floating, the inverse relationship between price and yield means that in a falling yield environment, the fair value of such an instrument generally increases. Therefore, in a falling yield environment, there could be an adverse effect on the NAV per Share where debt (and in particular, any debt incurred under the overdraft facility) is valued at fair value. As the Company values debt on both a par value (which is published on a daily basis) and a fair value basis (which is published on a semi-annual basis), this can lead to significant differences in the NAV with debt at par value and the NAV with debt at fair value which are published by the Company.

The borrowings that the Company currently has in place contain certain covenants, reflecting accepted market practice. If assets owned by the Company decrease in value, such covenants could be breached, and the impact of such an event could include: an increase in borrowing costs; a call for additional capital from the lender; payment of a fee to the lender; the sale of one or more assets; or a forfeit of one or more assets to a lender. This could result in a total or partial loss of equity value for each specific asset, or indeed the Company as a whole.

Nothing in this risk factor is intended to qualify the statement as to the sufficiency of the Company's working capital that is set out paragraph 7 of Part 5 (*Financial Information*) of this Prospectus.

***The Company is, and will continue to be, exposed to foreign exchange risk. Such currency exposure could have an adverse effect on the Portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Shares.***

The Company has and may in the future have further investments denominated in currencies other than Sterling. The Company therefore is, and may continue to be, exposed to foreign exchange risk. Changes in the rates of exchange between Sterling and any currency will cause the value of any investment denominated in that currency, and any income arising out of the relevant investment, to go down or up in Sterling terms. The Company will also be exposed to foreign exchange risk as a result of non-Sterling borrowings and, in addition, there is further foreign exchange risk where the currency denominations of the Company's borrowings diverge from the currency denominations of its underlying assets.

Such currency exposure could have an adverse effect on the Portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Shares.

***The Company is subject to risks associated with any hedging or derivative transactions in which it participates. A small investment in derivatives could have a large potential impact on the Company's performance, effecting a form of investment leverage on the Portfolio. In certain types of derivative transactions, the entire amount of the investment could be lost. In other types of derivative transactions, the potential loss is theoretically unlimited.***

The Company may use derivatives for the purpose of efficient portfolio management or to generate additional income while maintaining a level of risk consistent with the risk profile of the Company.

Derivative transactions may be volatile and involve various risks different from, and in certain cases, greater than the risks presented by other instruments. Derivatives are linked in value to an underlying asset and any fall in the value of that asset may result in a loss greater than the original amount invested in the derivative itself.

***The use of efficient portfolio management strategies, whilst intended to reduce risk and/or costs, may result in the Company suffering losses.***

Efficient portfolio management ("EPM") may be used by the Company to reduce risk and/or costs in the Company and to produce additional capital or income in the Company. As noted above, the Company may use derivatives (including options, futures, forward transactions and contracts for difference), borrowing, gilts and/or other fixed income securities for efficient portfolio management. It is not intended that using derivatives for efficient portfolio management will increase the volatility of the Company. In adverse situations, however, the Company's use of derivatives may become ineffective in hedging or EPM and the Company may suffer significant loss as a result. The Company's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations. Any income or capital generated by efficient portfolio management techniques will be paid to the Company.

***The Company may be exposed to legal, political or other market risks through investing in companies located in overseas jurisdictions or traded on overseas stock markets.***

The Company invests predominantly in stocks listed in Continental Europe. Further, the Company is currently permitted to invest up to 20% of its net assets at the time of investment in companies incorporated or traded on stock markets outside Europe and, if the Change of Investment Objective and Policy is approved, will be permitted to invest up to 20% of its net assets at the time of investment in companies incorporated or traded on stock markets outside Europe (excluding the

UK). Save for investments made in UK companies denominated in Sterling, this exposes the Company to the following risks:

- adverse changes in local economic and political stability in countries in which a portfolio company is incorporated or the stock market on which the company is traded, particularly where such situations impact the revenues generated by that company, returns made to overseas investors in that company, or other investor rights in relation to that company (such as liquidity rights);
- exchange rate fluctuations between Sterling and the currency of a jurisdiction in which a Portfolio company is domiciled or generates its income;
- unexpected changes in the regulatory environment, such as changes to a country's (or an overseas stock market's) rules relating to: (i) investor protection or liquidity rights; (ii) listing on that stock market, particularly where such rules become materially more burdensome for a company in the Portfolio; (iii) payment of returns to overseas investors (whether as capital or income); or (iv) eligibility of overseas investors to invest in a company in the Portfolio;
- tax systems that may have an adverse effect on the revenue received by the Company and, in particular, regulations relating to the imposition of any withholding taxes on the repatriation of capital or income from those jurisdictions in which companies in the portfolio are domiciled or generate income; and
- the imposition, in the future, of any sanctions and corresponding banking restrictions in respect of a jurisdiction in which a Portfolio company is incorporated or the stock market on which the Portfolio company is traded.

Emerging markets (which may include certain European markets including, without limitation, European nations such as the Czech Republic, Greece, Hungary and Poland) may be more volatile than developed markets. The risks of political and economic instability are greater in emerging markets and this could have a greater impact on the value of shares in those markets.

***The Investment Manager does not maximise portfolio alignment with sustainability risks as a separate goal in its own right nor does it precisely attribute the impact of ESG factors on returns for the Company.***

The AIFM and the Investment Manager do not consider the principal adverse impacts of investment decisions made in respect of the Company on sustainability factors in accordance with the specific regime outlined in the Disclosure Regulation (the “**PAI Regime**”) (“**Disclosure Regulation**” means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial service sector). The Company's underlying investments do not take into account the EU criteria for environmentally sustainable economic activities, although the Investment Manager has a decision-making process that will apply to the investment decision relating to the Company into which sustainability risks are integrated. A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment. To the extent that environmental, social and governance (“**ESG**”) factors represent material risks and/or opportunities to maximising long-term risk-adjusted returns, they will be considered as part of the Investment Manager's investment decision making.

While the analysis of ESG factors is an integral component across the Investment Manager's investment capabilities and one of a number of inputs to the selection of investments and Portfolio construction, the investment process of the Investment Manager is primarily designed to maximise long-term risk-adjusted returns for investors. Therefore, in managing the Company, the Investment Manager does not maximise portfolio alignment with sustainability risks as a separate goal in its own right nor does it precisely attribute the impact of ESG factors on returns for the Company.

#### **Risks relating to the AIFM and the Investment Manager**

***The success of the Company is dependent on the AIFM and the Investment Manager and their expertise, key personnel, and ability to source and advise appropriately on investments.***

In accordance with the Management Agreement, the AIFM is solely responsible for the management of the Company's investments, with the AIFM delegating its portfolio management responsibilities to the Investment Manager. The Company does not have any employees and its Directors are



appointed on a non-executive basis. All of its investment and asset management decisions are, in the ordinary course, made by the AIFM and the Investment Manager (and any of their delegates) and not by the Company. The Investment Manager is not required to, and generally does not, submit individual investment decisions for approval to the Board. The Company is therefore reliant upon, and its success depends on, the AIFM and the Investment Manager and their personnel, services and resources.

Returns on Shareholders' investments in Shares will depend upon the AIFM's and the Investment Manager's ability to source and make successful investments on behalf of the Company in the face of competition from other entities seeking to invest in investment opportunities identified for the Company. Competition can create significant upward pressure on pricing, thereby reducing the potential investment returns. There is no guarantee that competitive pressures will not have a material adverse effect on the Company's financial position and returns for investors.

Many of the AIFM's and the Investment Manager's investment decisions will depend upon the ability of their employees and agents to carry out due diligence and obtain relevant information. There can be no guarantee that such information will be available or that the AIFM and the Investment Manager and their employees and agents will be able to obtain it. The AIFM and the Investment Manager may be required to make investment decisions without complete information, or in reliance upon information provided by third parties that is impossible or impracticable to fully verify. Further, the AIFM and the Investment Manager may not conduct due diligence which is wide enough in scope to reveal the potential risks of a particular investment. There can be no assurance that the AIFM and the Investment Manager will correctly identify and evaluate the nature and magnitude of the various factors that could affect the value of, and return on, the Company's investments. Any failure by the AIFM and the Investment Manager to perform effective due diligence on potential investments may adversely affect the investment returns expected from a particular investment.

Further, the ability of the Company to pursue its investment policy successfully depends on the continued service of key personnel of the AIFM and the Investment Manager, and/or the AIFM's and the Investment Manager's ability to recruit individuals of similar experience and calibre. Whilst the AIFM and the Investment Manager seek to ensure that the principal members of their management teams are suitably incentivised, the retention of key members of those teams cannot be guaranteed. There is no guarantee that following the death, disability or departure from the AIFM or the Investment Manager of any key personnel the AIFM or the Investment Manager would be able to recruit a suitable replacement or avoid any delay in doing so. The loss of key personnel and any inability to recruit an appropriate replacement in a timely fashion could have an adverse effect on the future performance of the Portfolio and on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Shares.

The AIFM and the Investment Manager are not required to commit all of their resources to the Company's affairs. Insofar as the AIFM and the Investment Manager devote resources to their responsibilities to other business interests, their ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, the Company's NAV per Share and the market price of the Shares.

***The past performance of investments made by the AIFM and the Investment Manager is not a guarantee or an indication of the future performance of the Company and there can be no assurance that the Company will achieve comparable results or be able to avoid losses.***

The information contained in this Prospectus relating to the prior performance of investments made by the AIFM and the Investment Manager on behalf of the Company is being provided for illustrative purposes only and is not indicative of the likely future performance of the Company. In considering the prior performance information contained in this Prospectus, HNE Shareholders should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve comparable results or be able to avoid losses.

***There can be no assurance that the AIFM and the Investment Manager will resolve all conflicts of interest in a manner that is favourable to the Company.***

The AIFM, the Investment Manager and their affiliates serve as the alternative investment fund manager, investment manager and/or investment adviser to other clients, including funds and

managed accounts that have similar investment objectives and policies to that of the Company. These investment management services may on occasion give rise to conflicts of interest with the Company and may have a material adverse effect on the Company's business, financial condition, results of operations and the market price of the Shares. For example, the AIFM, the Investment Manager and/or their affiliates may have conflicts of interest in allocating their time and activity between the Company and their other clients, in allocating investments among the Company and their other clients and in effecting transactions between the Company and their other clients, including ones in which the AIFM, the Investment Manager and/or their affiliates may have a greater financial interest. Furthermore, the AIFM and the Investment Manager may provide services to certain in-house funds into which the Company may invest which may give rise to a conflict of interest. There can be no assurance that the AIFM and the Investment Manager will resolve all conflicts of interest in a manner that is favourable to the Company.

***Operational risks may disrupt the AIFM's and the Investment Manager's businesses, result in losses and/or limit the Company's growth.***

The Company relies heavily on the financial, accounting and other data processing systems of the AIFM and the Investment Manager who may delegate or otherwise appoint sub-agents to perform the services. If any of these systems do not operate properly or are disabled, the Company could suffer financial loss or reputational damage. A disaster or a disruption in the infrastructure that supports the Company, or a disruption involving electronic communications or other services used by the AIFM or the Investment Manager, their delegates or sub-agents or third parties with whom the Company conducts business, could have a material adverse impact on the ability of the Company to continue to operate its business without interruption. The disaster recovery programmes used by the AIFM or the Investment Manager, their delegates or sub-agents or third parties with whom the Company conducts business may not be sufficient to mitigate the harm that may result from such disaster or disruption. As such, this may have an adverse effect on the value of the Portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Shares.

***Reputational risks, including those arising from litigation against the AIFM, the Investment Manager or the Company, may disrupt the Company's investment strategy and growth.***

The Company may be exposed to reputational risks, including from time to time the risk that litigation, misconduct, operational failures, negative publicity and press speculation (whether or not valid) may harm the reputation of the AIFM, the Investment Manager or the Company. If the AIFM, the Investment Manager or the Company or any of its Directors is named as a party to litigation or becomes involved in regulatory inquiries, this could cause substantial reputational damage to the AIFM, the Investment Manager and the Company and result in potential counterparties, investee companies and other third parties being unwilling to deal with the AIFM, the Investment Manager and/or the Company. Damage to the reputation of the AIFM, the Investment Manager and/or the Company may disrupt the Company's investment strategy, business or potential growth, which could have an adverse effect on the portfolio and on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Shares.

**Risks relating to regulation, taxation and the Company's operating environment**

***Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company.***

Any change in the Company's tax status in the UK, or in taxation legislation or practice in the European countries in which it invests or other jurisdictions to which the Company has exposure (including the jurisdictions in which companies in the Portfolio are based), could, depending on the nature of such change, adversely affect the value of investments in the Portfolio and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. Statements in this Prospectus concerning the taxation of the Company and taxation of Shareholders are based upon current UK tax law and published practice, any aspect of which is, in principle, subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to pursue successfully its investment policy and/or which could adversely affect the taxation of the Company and/or Shareholders.



In particular, the cost of the Covid-19 pandemic (and resultant increase in borrowing by many governments across Europe) could result in increased taxes being levied over the short to medium term, which could adversely impact net cash flows received from the companies in the portfolio and, in turn, adversely impact the Company's NAV and returns to Shareholders.

HNE Shareholders should consult their tax advisers with respect to their own tax position before deciding whether to invest in the Company.

***Changes in laws or regulations governing the Company's, the AIFM's or the Investment Manager's operations may adversely affect the business and performance of the Company.***

The Company, the AIFM and the Investment Manager are subject to laws and regulations enacted by national and local governments.

The Company, as a closed-ended investment company incorporated in England and Wales, is subject to various laws and regulations in such capacity, including the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, UK MAR, the UK AIFMD Laws, the EU AIFM Directive, the UK PRIIPs Laws, the AIC Code and the Companies Act. The Company will be subject also to the continuing obligations imposed on all investment companies whose shares are admitted to trading on the Main Market and to listing on the premium listing category of the Official List. These rules, regulations and laws govern the way that, amongst other things, the Company is operated (i.e. its governance), how its Shares can be marketed and how it must deal with its Shareholders, together with requiring the Company to make certain reports, filings and notifications (and governing their respective content).

Any changes to the rules, laws and regulations affecting the Company, the AIFM and the Investment Manager could have an adverse effect on the Portfolio and on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***Loss of investment trust status may adversely affect the Company and the tax treatment for Shareholders investing in the Company.***

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions under section 1158 of the Corporation Tax Act and the Investment Trust Tax Regulations and, accordingly, for the Company to retain approval as an investment trust. In respect of each accounting period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on chargeable gains. There is a risk that if the Company fails to maintain its status as an investment trust, the Company would be subject to the normal rates of corporation tax on chargeable gains arising on the transfer or disposal of investments and other assets, which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. In addition, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Shares are freely transferable. In the event that the Company fails to continue to satisfy the criteria for maintaining investment trust status, the Company will, as soon as reasonably practicable, notify Shareholders of this fact.

***The Company's income may be reduced by exchange controls or withholding taxes.***

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, and the Company is unable to recover any taxes imposed, the effect will generally be to reduce the income received by the Company on such investments.

***Shareholders may be subject to withholding tax under FATCA and forced transfers under the Articles and there may also be reporting of Shareholders under other exchange of information arrangements.***

The UK has concluded an intergovernmental agreement ("IGA") with the US (the "US-UK IGA"), pursuant to which parts of FATCA have effectively been incorporated into UK law. Under the US-UK IGA a Foreign Financial Institution that is resident in the UK (a "Reporting FI") is not subject to withholding tax under FATCA (i.e. at 30%) provided that it complies with the terms of the US-UK IGA, including documentation requirements, requirements to register with the IRS to obtain a Global

Intermediary Identification Number and requirements to identify, and report certain information on, accounts held by certain US persons owning, directly or indirectly, an equity or debt interest in the company (other than equity and debt interests that are regularly traded on an established securities market, as described below) and report on accounts held by certain other persons or entities to HMRC, which will exchange such information with the IRS.

The Company expects that it will be treated as a Reporting FI pursuant to the US-UK IGA and that it will comply with the requirements under the US-UK IGA and relevant UK legislation. The Company also expects that its Shares may, in accordance with the current HMRC practice, comply with the conditions set out in the US-UK IGA to be “regularly traded on an established securities market” meaning that the Company should not have to report specific information on its Shareholders and their investments to HMRC.

However, there can be no assurance that the Company will be treated as a Reporting FI, that its Shares will be considered to be “regularly traded on an established securities market” or that it will not in the future be subject to withholding tax under FATCA or the US-UK IGA.

The UK has also implemented the CRS, under which the Company may be required to collect and report to HMRC certain information regarding its Shareholders and HMRC may pass this information on to tax authorities in other jurisdictions.

The requirements under FATCA, the CRS and similar regimes and any related legislation, IGAs and/or regulations may impose additional burdens and costs on the Company or Shareholders. There is no guarantee that the Company will be able to satisfy such obligations and any failure to comply may materially adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Shares. In addition, there can be no guarantee that any payments in respect of the Shares will not be subject to withholding tax under FATCA. To the extent that such withholding tax applies, the Company is not required to pay any additional amounts to Shareholders.

In acquiring Shares, each Shareholder is agreeing, upon the request of the Company or its delegate, to provide such information as is necessary to comply with FATCA, the CRS and other similar regimes and any related legislation, IGAs and/or regulations. In particular, investors should be aware that certain forced transfer provisions contained in the Articles may apply in the case that the Company suffers any pecuniary disadvantage as a result of the Company’s failure to comply with FATCA.

Investors should consult with their respective tax advisers regarding the possible implications of FATCA, the CRS and similar regimes concerning the automatic exchange of information and any related legislation, IGAs and/or regulations.

***The ability of certain persons to hold Shares and make secondary transfers in the future may be restricted as a result of ERISA and other regulatory considerations.***

Each initial purchaser and subsequent transferee of New Shares is required to represent and warrant or will be deemed to represent and warrant that it is not a “benefit plan investor” as defined in Section 3(42) of ERISA. Further, each initial purchaser and subsequent transferee of New Shares is required to represent and warrant or will be deemed to represent and warrant that it is not, and is not using assets of, a plan or other arrangement subject to provisions under a Similar Law, unless its purchase/receipt of, holding and disposition of New Shares does not constitute or result in a violation of any such Similar Law.

**Risks relating to the Shares**

***Investors may not recover the full amount of their investment in the Shares.***

The Company’s ability to achieve its investment objective and pursue its investment policy successfully may be adversely affected by the manifestation of any of the risks described in this “Risk Factors” section of this Prospectus or other market conditions (or significant changes thereto). The market price of the Shares may fluctuate significantly, particularly in the short term, and potential investors should regard an investment in the Shares as a medium to long term investment.

As with any investment, the price of the Shares may fall. The maximum loss on an investment in the Shares is equal to the value of the initial investment and, where relevant, any gains or

subsequent investments made. HNE Shareholders therefore may not recover the full amount invested in the Shares, or any amount at all.

***The Shares may trade at a discount to NAV per Share and the price that can be realised for Shares will be subject to market fluctuations.***

It is unlikely that the price at which the Shares trade will be the same as their NAV per Share (although they are related). The shares of an investment company such as the Company may trade at a discount to their NAV per share. This could be due to a variety of factors, including market conditions or an imbalance between supply and demand for the Shares. While the Directors may seek to mitigate the discount to NAV per Share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such efforts will be successful. As a result of this, investors that dispose of their interests in the Shares in the secondary market may realise returns that are lower than they would have been if an amount equivalent to the NAV per Share was distributed.

The market price of the Shares may fluctuate significantly and Shareholders may not be able to sell Shares at or above the price at which they purchased those Shares. Factors that may cause the price of the Shares to vary include those detailed in this “Risk Factors” section of this Prospectus, such as: changes in the Company’s financial performance and prospects, or in the financial performance and market prospects of the Company’s investments or those which are engaged in businesses that are similar to the Company’s business; increases in the cost of borrowing arising as a result of high inflation; a cut in the Company’s dividend; the termination of the Management Agreement or the departure of some or all the AIFM’s or the Investment Manager’s key investment professionals; changes in or new interpretations or applications of laws and regulations that are applicable to the Company’s business or to the companies in which the Company makes investments; general economic trends and other external factors, including those resulting from war (in particular, the current conflicts in Ukraine and the Middle East and any potential future conflicts), incidents of terrorism, pandemics or responses to such events; poor performance in any of the Investment Manager’s activities or any event that affects the Company’s or the Investment Manager’s reputation; speculation in the press or investment community regarding the Company’s business or investments, or factors or events that may directly or indirectly affect the Company’s business or investments; and foreign exchange risk as a result of making and selling equity and debt investments denominated in currencies other than Sterling.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance or fundamentals of individual companies. Market fluctuations may adversely affect the trading price of the Shares. As with any investment, the price of the Shares may fall in value with the maximum loss on such investments being equal to the value of the initial investment and, where relevant, any gains on subsequent investments made.

***It may be difficult for Shareholders to realise their investment as there may not be a liquid market in the Shares, and Shareholders have no right to have their Shares redeemed or repurchased by the Company.***

Admission should not be taken as implying that there will be an active and liquid market for the Shares. Limited liquidity in the Shares may affect: (i) an investor’s ability to realise some or all of its/their investment; and/or (ii) the price at which such Shares trade in the secondary market. The price at which the Shares will be traded will be influenced by a variety of factors, some specific to the Company and its investments and some which may affect companies generally.

Further, the Company is a closed-ended investment company and Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. Subject to the Companies Act, the Directors retain the right to effect repurchases of Shares. However, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to exercise such powers. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Shares on the market. There can be no guarantee that a liquid market in the Shares will develop or continue, or that the Shares will trade at prices close to their underlying NAV. Accordingly, Shareholders may be unable to realise their investment at such NAV, or at all.

***The Company may in the future issue new Shares which may dilute Shareholders' equity or have a detrimental effect on the market price of the Shares.***

The Company seeks authority on an annual basis to issue up to 10% of its issued share capital on a non-pre-emptive basis, where such issuance would typically be expected to take place on an ad hoc basis to meet excess demand in the market, with Shares being issued at a premium to NAV. Further issues of Shares may, subject to compliance with the relevant provisions of the Companies Act and the Articles, be made on a non-pre-emptive basis. Any such issue may dilute the percentage of the Company held by Shareholders. Additionally, such issues could have an adverse effect on the market price of the Shares.

***Potential future Share buybacks or tender offers undertaken by the Company may make the residual Shares less liquid or increase the Company's level of gearing.***

Any reduction in the issued share capital of the Company as a result of any Share buyback(s) undertaken by the Company or, more significantly, any tender offer undertaken by the Company, may, depending on the size and nature of such buyback(s) or tender offer, reduce the liquidity of the remaining Shares in issue and will reduce the Shareholder base over which fixed costs are spread. In addition, as noted above, any reduction in the number of Shares in issue will, in the absence of a corresponding reduction in gearing, result in an increase in the Company's level of gearing.

***The Company has not, does not intend to and may be unable to become, registered as an investment company under the US Investment Company Act and related rules.***

The Company has not, does not intend to and may be unable to become registered with the SEC as an "investment company" under the US Investment Company Act and related rules. The US Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, does not intend to so register and may be unable to so register, none of these protections or restrictions are or will be applicable to the Company. However, if the Company were to become subject to the US Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the US Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect the operating results and financial performance of the Company. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the US Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity and shareholders in that entity may be entitled to withdraw their investment. In order to ensure compliance with exemptions that permit the Company to avoid being required to register as an investment company under the US Investment Company Act and related rules, the Company has implemented appropriate restrictions on the ownership and transfer of Shares, which may affect a US investor's ability to hold or transfer Shares and may in certain circumstances require a US investor to transfer or sell its Shares.

***The Company may be regarded as a "covered fund" under the Volcker Rule. Any prospective investor that is or may be considered a "banking entity" under the Volcker Rule should consult its legal advisers regarding the potential impact of the Volcker Rule on its investments and other activities prior to making any investment decision with respect to the New Shares or entering into other relationships or transactions with the Company.***

Section 13 of the US Bank Holding Company Act of 1956, as amended, and the implementing regulations promulgated thereunder as amended from time to time (such statutory provision together with such implementing regulations, being generally known as the "Volcker Rule"), generally prohibits "banking entities" (which term is broadly defined to include any US bank or savings association whose deposits are insured by the Federal Deposit Insurance Corporation, any company that controls any such bank or savings association, any non-US bank treated as a bank holding company for purposes of Section 8 of the US International Banking Act of 1978, as amended, and any affiliate or subsidiary of any of the foregoing entities) from: (i) engaging in proprietary trading as defined in the Volcker Rule; (ii) acquiring or retaining an "ownership interest" in, or "sponsoring", a "covered fund"; and (iii) entering into certain other relationships or transactions with a "covered fund".

As the Company may be regarded as a "covered fund" under the Volcker Rule, any prospective investor that is or may be considered a "banking entity" under the Volcker Rule should consult its



legal advisers regarding the potential impact of the Volcker Rule on its investments and other activities, prior to making any investment decision with respect to the New Shares or entering into other relationships or transactions with the Company or a covered fund. If the Volcker Rule applies to the Shares or to an investor's ownership of Shares, the marketability, liquidity and market value of the Shares may be adversely affected and the investor may be forced to sell its Shares or the continued ownership of Shares may be subject to certain restrictions. Violations of the Volcker Rule may also subject an investor to potential penalties imposed by the applicable bank regulatory authority or other enforcement action.

***The Company may be treated as a passive foreign investment company.***

The Company may be treated as a "passive foreign investment company" (often referred to as a "PFIC") for US federal income tax purposes, which could have adverse consequences for any investors who are US taxpayers. If the Company is classified as a PFIC for any taxable year, holders of Shares that are US taxpayers may be subject to adverse US federal income tax consequences. Further, prospective investors should assume that a "qualified electing fund" election, which, if made, could serve as an alternative to the general PFIC rules and could reduce any adverse consequences to US taxpayers if the Company were to be classified as a PFIC, will not be available because the Company does not expect to provide the information needed to make such an election. A "mark-to-market" election may be available, however, if the Shares are regularly traded. Prospective investors that are US taxpayers are urged to consult with their own tax advisers concerning the US federal income tax considerations associated with acquiring/receiving, owning and disposing of Shares in light of their particular circumstances.

***The New Shares are subject to significant transfer restrictions for Shareholders in the United States.***

The New Shares have not been and will not be registered under the US Securities Act, or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States, and the New Shares may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States, and under circumstances which would not result in the Company being in violation of the US Investment Company Act. There has not been and there will not be any public offer or sale of the New Shares in the United States.

There are significant restrictions on the purchase and resale of New Shares by persons that are located in the United States, that are US Persons, or who hold New Shares for the account or benefit of US Persons and on the resale of New Shares to any person who is located in the United States or to, or for the account or benefit of, a US Person. If in the future an initial purchaser, as well as any subsequent holder, decides to offer, sell, transfer, assign or otherwise dispose of the New Shares, they may do so only: (i) outside the United States in an "offshore transaction" complying with the provisions of Regulation S under the US Securities Act to a person not known by the transferor to be a US Person, by pre-arrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

In order to avoid being required to register under the US Investment Company Act and to address certain ERISA, US Tax Code and other considerations, the Company has imposed significant restrictions on the transfer of the New Shares which may materially affect the ability of Shareholders to transfer New Shares in the United States, or to, or for the account or benefit of, US Persons. These restrictions may make it more difficult for a US Person or a person in the United States to resell the New Shares and may have an adverse effect on the liquidity and market value of the Shares.

The New Shares are being offered and sold only (i) outside the United States to persons who are not US Persons in "offshore transactions" as defined in and pursuant to Regulation S under the US Securities Act; and (ii) within the United States to, or to US Persons that are, both "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the US Securities Act and "qualified purchasers" ("QPs") as defined in Section 2(a)(51) of the US Investment Company Act, pursuant to an exemption from the registration requirements of the US Securities Act, and who, in the case of (ii), have executed a US Investor Representation Letter.

If any person does not execute and return a US Investor Representation Letter to the Company and Winterflood and the Board believes the acquisition/receipt of New Shares by such person would: (i) give rise to an obligation on the Company to register as an “investment company” under the US Investment Company Act or any similar legislation; (ii) give rise to an obligation on the Company to register under the US Securities Exchange Act of 1934, as amended (the “**US Exchange Act**”) or any similar legislation; (iii) result in the Company no longer being considered a “foreign private issuer” for the purposes of the US Securities Act or the US Exchange Act; (iv) result in a “benefit plan investor” acquiring/receiving New Shares; or (v) result in a US Person holding Shares in violation of the transfer restrictions put forth in any prospectus published by the Company from time to time (each person described in (i) to (v) above, being an “**Ineligible US HNE Shareholder**”), the Board reserves the right, at its absolute discretion, to require any New Shares to which such person is entitled and would otherwise receive under the Scheme, to be issued to the Liquidators as the nominee for such person and sold by the Liquidators in the market (which shall be done without regard to the personal circumstances of such person) and the net proceeds of such sale (after deduction of costs incurred in effecting such sale) will be paid to the relevant person.

### **Risks relating to the Scheme**

***Implementation of the Scheme is subject to certain conditions which, if not satisfied, would result in the Company and HNE remaining as separate investment trusts.***

Implementation of the Scheme is conditional, amongst other conditions, upon: (i) the passing of the Resolution to approve the issue of New Shares at the General Meeting; and (ii) HNE Shareholders approving the Scheme. If any condition of the Scheme is not met, the Scheme will not be implemented and certain costs and expenses incurred in connection with the Scheme will be borne by the Company. In the event the Scheme is not implemented, the costs of the Scheme to be borne by the Company are expected to be approximately £890,000, inclusive of VAT. Such costs are expected to be substantially offset by the Janus Henderson Contribution which, in the event the Scheme does not proceed, will cover the Company’s and HNE’s fixed costs up to a cap of £1,550,000. In the event that the aggregate costs incurred by the Company and HNE exceed that agreed cap, the AIFM’s reimbursement shall be allocated between the two companies *pro rata* to the actual costs incurred and claimed by each of the companies. In such circumstances, the AIFM shall calculate such allocation in good faith and it is possible that the Company’s allocated portion of the Janus Henderson Contribution may not entirely offset the Company’s costs.

In these circumstances, the Company and HNE would remain as separate investment trusts. Shareholders and HNE Shareholders would not therefore realise the benefits associated with the Proposals.

In addition, the Scheme is not conditional on the Tender Offer. If the conditions to the Scheme are satisfied but the conditions to the Tender Offer (including the Resolution to approve market purchases of Shares pursuant to the Tender Offer) are not satisfied, the Scheme could go ahead without Shareholders being offered any form of cash exit.



## Important Information

### General

This Prospectus should be read in its entirety. HNE Shareholders should rely only on the information contained in this Prospectus or any supplementary prospectus published by the Company prior to the date of Admission. No person has been authorised to give any information or make any representations in connection with the Issue other than the information contained in, or incorporated by reference into, this Prospectus (or any supplementary prospectus published by the Company prior to the date of Admission) and, if given or made, such information or representations about the Company or the Issue must not be relied upon as having been authorised by or on behalf of the Company, the AIFM, the Investment Manager, Winterflood or any of their respective affiliates, officers, directors, members, employees or agents.

Without prejudice to the Company's obligations under the UK Prospectus Regulation, the Listing Rules, the Disclosure Guidance and Transparency Rules and UK MAR, neither the delivery of this Prospectus nor the issue of New Shares made pursuant to the Issue shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained herein, including any forward-looking statements, is correct as at any time subsequent to the date of this Prospectus.

The Shares are designed to be held over the long term and may not be suitable as a short-term investment. The value of an investment in the Company and any income derived from it, if any, may go down as well as up. An investment in the Shares is suitable only for long-term investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which might result from such an investment (which may be equal to the whole amount invested). The Directors believe that the Shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking income and capital from a portfolio of stocks predominantly listed in Europe, and who understand and are willing to accept the risks of exposure to listed equities and who view their investment in the Company as medium to long term in nature.

There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be achieved or will provide the returns sought by the Company. The investment objective of the Company is a target only and should not be treated as an assurance or guarantee of performance. The past performance of the Company is not a guarantee of the future performance of the Company. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments. Although the Existing Shares are, and the New Shares will be, listed on the premium segment of the Official List and admitted to trading on the Main Market, it is possible that there may not be a liquid market in the Shares and Shareholders may have difficulty in selling them.

HNE Shareholders should carefully consider all of the information contained in this Prospectus. However, HNE Shareholders should not treat the contents of this Prospectus or any subsequent communication from the Company, the AIFM, the Investment Manager, Winterflood or any of their respective affiliates, officers, directors, members, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other related matters.

Apart from the responsibilities and liabilities, if any, which may be imposed on Winterflood by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Winterflood, its affiliates, officers, directors, employees and agents make no representations or warranties, express or implied, nor accept any responsibility whatsoever for the contents of this Prospectus (or any supplementary prospectus published by the Company prior to Admission) nor for any statement made or purported to be made by it or on its behalf or by any other person in connection with the Company, the Issue, the Scheme, the Shares, Admission or any other transaction or arrangement referred to in this Prospectus. Winterflood and its affiliates, officers, employees and agents accordingly, to the fullest extent permitted by law, disclaim all and any responsibility or liability, whether arising in tort or contract or otherwise (save as referred to above), which it or they might otherwise have in respect of this Prospectus or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company. A summary of the provisions in the Articles relating to

the rights attaching to the Shares, including any limitation of those rights and procedures for the exercise of those rights is set out in paragraph 6 of Part 7 (*Additional Information*) of this Prospectus.

If you are in doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other professional or financial adviser.

### **Selling restrictions**

**The New Shares are only available to eligible HNE Shareholders and are not being offered to Existing Shareholders (save to the extent an Existing Shareholder is also a HNE Shareholder) or to the public.**

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any New Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation; or (iv) would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM, the Investment Manager or Winterflood.

The distribution of this Prospectus and the offering of New Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of New Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction relevant to them in connection with any proposed applications for New Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction.

Save for in the United Kingdom, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of New Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus in any other jurisdiction where action for that purpose is required.

### ***Notice to prospective investors who are located outside the United Kingdom***

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been taken, nor will any action be taken, by the Company or Winterflood that would permit an offer of the New Shares or possession, issue or distribution of this Prospectus (or any other offering or publicity material relating to the New Shares) in any jurisdiction where action for that purpose is required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus (or any other offering materials or publicity relating to the New Shares) comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, the New Shares described in this Prospectus have not been, and will not be, registered under the securities laws of any of Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA Member State, or their respective territories or possessions. Accordingly, the New Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into Australia, Canada, Japan, New Zealand or the Republic of South Africa or any EEA Member State, or their respective territories or possessions. Persons resident in territories other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of the New Shares.

### ***Notice to prospective investors with respect to United States federal securities laws***

The New Shares have not been and will not be registered under the US Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States and the New Shares may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable

securities laws of any state or other jurisdiction in the United States, and under circumstances that would not result in the Company being in violation of the US Investment Company Act. There has not been and there will not be any public offer or sale of the New Shares in the United States.

The New Shares are being offered and sold solely (i) outside the United States to persons who are not US Persons in “offshore transactions” as defined in and pursuant to Regulation S under the US Securities Act; and (ii) within the United States to, or to US Persons that are, both “qualified institutional buyers” (“**QIBs**”) as defined in Rule 144A under the US Securities Act and “qualified purchasers” (“**QPs**”) as defined in Section 2(a)(51) of the US Investment Company Act, pursuant to an exemption from the registration requirements of the US Securities Act, and who, in the case of (ii), have executed a US Investor Representation Letter.

The New Shares may not be acquired by investors using assets of: (A) an “employee benefit plan” that is subject to Part 4 of Title I of ERISA; (B) a “plan” to which Section 4975 of the US Tax Code, applies; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in the preceding clauses (A) or (B) in such entity. Further, the New Shares may not be acquired by a governmental plan (as defined in Section 3(32) of ERISA), a church plan (as defined in Section 3(33) of ERISA) that has not made an election under Section 410(d) of the US Tax Code, or a non-US plan that is subject to any federal, state, local or non-US law that regulates its investments (a “**Similar Law**”), unless such governmental, church or non-US plan’s purchase, holding, and disposition of the New Shares will not constitute or result in a violation of any Similar Law.

The Company will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of such legislation. Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of the New Shares.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the New Shares or passed upon or endorsed the merits of the offering of the New Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations and under the Articles. Any failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdictions. For further information on restrictions on offers, sales and transfers of the Shares, please refer to the section titled “Overseas HNE Shareholders” at paragraph 9 of Part 4 (*Details of the Scheme, the Issue and the Tender Offer*) of this Prospectus.

#### **Notice to prospective investors in the EEA**

In relation to each EEA Member State, no New Shares have been offered or will be offered pursuant to the Issue to the public in that EEA Member State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that EEA Member State, or, where appropriate, approved in another EEA Member State and notified to the competent authority in that EEA Member State, all in accordance with the EU Prospectus Regulation, except that the New Shares may be offered to the public in that EEA Member State at any time under the following exemptions under the EU Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined in Article 2 of the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in that EEA Member State; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of New Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement to a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression “offer to the public” in relation to any offer of New Shares in any EEA Member State means a communication in any form and by any means of

sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase or subscribe for the New Shares.

Further, the AIFM has not made any notifications or applications or received approvals for the marketing of the New Shares to “professional investors” (as defined in the EU AIFM Directive) in any EEA Member State (other than Ireland). Notwithstanding any other statement in this Prospectus, this Prospectus should not be made available to any HNE Shareholder (or any other person) domiciled in any EEA Member State. HNE Shareholders domiciled in the EEA that have received the Prospectus in any EEA Member State are not, save as otherwise agreed with the Company, entitled to receive New Shares in connection with the Scheme (and the Company reserves the right to reject any application so made or deemed made, without explanation).

Notwithstanding that the AIFM may confirm, from time to time, that it is able to market New Shares to HNE Shareholders who are professional investors in an EEA Member State, the New Shares may not be marketed to retail investors (as this term is defined in the EU AIFM Directive as transposed in the relevant EEA Member State) in any EEA Member State unless the New Shares have been qualified for marketing to retail investors in that EEA Member State in accordance with applicable local laws. As at the date of this Prospectus, the New Shares are not eligible to be marketed to retail investors in any EEA Member State. Accordingly, no retail investor in any EEA Member State is entitled to receive New Shares in connection with the Scheme and, as such, the New Shares may not be offered, sold or delivered and neither this Prospectus nor any other offering materials relating to such New Shares may be distributed or made available to retail investors in any EEA Member State.

#### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) the UK’s implementation of EU Directive 2014/65/EU on markets in financial instruments, as amended (“**UK MiFID II**”); and (b) the UK’s implementation of Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing UK MiFID II, and, in particular, Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares to be issued pursuant to the Issue are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in UK MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFID II (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: (i) the price of the New Shares may decline and investors could lose all or part of their investment; (ii) the New Shares offer no guaranteed income and no capital protection; and (iii) an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may be equal to the whole amount invested from such an investment. Accordingly, typical investors in the New Shares are expected to be institutional investors, private clients through their wealth managers, experienced investors, high net worth investors, professionally advised investors and retail investors who may have basic or no knowledge and experience of investing in financial markets who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UK MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares when determining appropriate distribution channels.



## UK PRIIPs Laws

Investors should be aware that the UK PRIIPs Laws require the AIFM, as PRIIP manufacturer, to prepare a key information document (“**KID**”) in respect of the Company. This KID must be made available by the AIFM 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 referred to in the KID are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

## Non-mainstream pooled investments status and UK MiFID II

As the Company is a closed-ended investment company which is an investment trust domiciled in the United Kingdom, the New Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments. The Board has reviewed UK MiFID II and the ESMA guidance published in relation thereto and has concluded that the Shares constitute a “non-complex” product for the purposes of UK MiFID II.

## Data protection

The information that HNE provides to the Company or its agents in relation to the Issue or subsequently, by whatever means, which relates to the HNE Shareholders who are individuals or a third-party individual (“**personal data**”) will be held and processed by the Company in compliance with relevant data protection legislation and regulatory requirements. Such personal data may include:

- personal details such as name, title, date of birth, addresses, telephone numbers and email addresses;
- identification and verification information and documents, such as signatures, passports, driving licences, birth/marriage certificates and tax/credit references; and
- financial and transactional information, and instructions, relating to an investment.

By electing (or being deemed to elect) to receive the New Shares each HNE Shareholder acknowledges that such information will be held and processed by the Company for the following purposes:

- the performance of the Company’s contract with a HNE Shareholder;
- acting in a way that is necessary for the Company’s legitimate interests, including carrying out the business of the Company and the administering of interests in the Company;
- complying with the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere, including verifying the identity of a HNE Shareholder to comply with statutory and regulatory requirements in relation to anti-money laundering procedures; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each HNE Shareholder acknowledges that, where appropriate, it may be necessary for the Company to:

- disclose personal data to third-party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to the HNE Shareholder; and
- transfer personal data outside of the UK to countries or territories which may not offer the same level of protection of personal data provided that, in each case, adequate safeguards are in place for the protection of such personal data in accordance with the relevant data protection legislation and regulatory requirements in the United Kingdom.

Personal data relating to HNE Shareholders shall be retained by the Company for as long as necessary to fulfil the purposes it was collected for, including for the purposes of satisfying any legal or regulatory requirements.

Individuals have certain rights in relation to their personal data – specifically, the right to be informed, the right of access, the right to rectification, the right to erasure, the right to restrict



processing, the right to data portability, the right to object to processing and the right to complain to the relevant supervisory authority (which, in the United Kingdom, is the UK Information Commissioner's Office).

HNE Shareholders acknowledge that each of the AIFM and the Investment Manager will be a separate controller of the personal data and such personal data shall be held and processed by the AIFM and/or Investment Manager in compliance with relevant data protection legislation and regulatory requirements, and the AIFM and Investment Manager's privacy policy (available at <https://www.janushenderson.com/corporate/privacy-policy/>). HNE Shareholders are responsible for informing and obtaining any required consent of any third-party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Shareholders will be notified if an updated privacy policy has been published on the Company's website through a RIS.

### **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the intentions, beliefs or current expectations of the Company, the Directors, the AIFM or the Investment Manager concerning, amongst other things, the Company's investment objective and investment policy, the Company's investment performance, results of operations, financial condition, prospects and dividend policy, and the markets in which the Company invests and/or operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. The Company's actual investment performance, results of operations, financial condition, dividends paid and its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the investment performance, results of operations, financial condition of the Company and its financing strategies are consistent with the forward-looking statements contained in this Prospectus, those results, its condition or strategies may not be indicative of results, its condition or strategies in subsequent periods. Important factors that could cause these differences include, but are not limited to, the factors set out in the "Risk Factors" section of this Prospectus.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Prospectus reflect the Company's view with respect to future events as at the date of this Prospectus and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations and strategy. The Company, the AIFM, the Investment Manager and Winterflood undertake no obligation to revise or update any forward-looking statements contained herein (save where required by the Prospectus Regulation Rules, the Listing Rules, UK MAR, EU MAR, the Disclosure Guidance and Transparency Rules, the EU AIFM Directive or the UK AIFMD Laws), whether as a result of new information, future events, conditions or circumstances, any change in the Company's, the AIFM's or the Investment Manager's expectations with regard thereto or otherwise. However, Shareholders are advised to read any communications that the Company may make directly to them, and any additional disclosures in announcements that the Company may make through a RIS following the date of this Prospectus.

Given these uncertainties, HNE Shareholders are cautioned not to place any undue reliance on such forward-looking statements and should carefully consider the section of this Prospectus titled "Risk Factors" for a discussion of additional factors that could cause the Company's actual results to differ materially before making any investment decision.

Notwithstanding the foregoing, nothing contained in this Prospectus shall in any way be taken to qualify the working capital statement contained in paragraph 7 of Part 5 (*Financial Information*) of this Prospectus.

## Performance data

This Prospectus includes information regarding the track record and performance data of the Investment Manager (referred to here as the “**Track Record**”). Such information is not necessarily comprehensive and prospective investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this Prospectus relates. The past performance of the Investment Manager is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company and/or the Investment Manager. Prospective investors should be aware that any investment in the Company involves a significant degree of risk, and could result in the loss of all, or substantially all, of their investment.

For a variety of reasons, the comparability of the Track Record information to the Company's future performance is by its nature very limited. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Company or the Investment Manager which may be different in many respects from those that prevail at present or in the future, with the result that the performance of portfolios originated now may be significantly different from those originated in the past.

## Taxation

Any change in the Company's tax status or in tax laws or practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Representations in this Prospectus concerning the taxation of investors are based upon tax law and practice as at the date of this Prospectus, which are, in principle, subject to change (possibly with retrospective effect). Any change in accounting standards may adversely affect the value of the Company's assets and liabilities in its books of account or restrict the ability of the Company to pay dividends.

A guide to the general UK taxation position as at the date of this Prospectus is set out in Part 6 (*UK Taxation*) of this Prospectus.

## Tax reporting, FATCA and Common Reporting Standard (“CRS”)

Shareholders should furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA or CRS. Shareholders may be subject to tax reporting under applicable laws. FATCA and CRS documentation and reporting obligations can also arise in respect of Shareholders where third parties hold shares or act on their behalf.

## Latest practicable date

In this Prospectus, where the context requires, references to the Latest Practicable Date (being close of business on 16 May 2024) should be treated as being references to the latest practicable date prior to the publication of this Prospectus.

## Defined terms

Capitalised terms contained in this Prospectus have the meanings ascribed to them in Part 8 (*Definitions*) of this Prospectus, save where the context indicates otherwise.

## Documents incorporated by reference

The following sections of the annual report and audited financial statements of the Company for the financial year ended 30 September 2023 are deemed relevant for the purposes of this Prospectus and are incorporated by reference into this Prospectus. The non-incorporated parts of this financial report of the Company are either not relevant to investors or are covered elsewhere in this Prospectus.

- The section listed in the section titled “Historical financial information” of Part 5 (*Financial information*) of this Prospectus.
- The section listed in the section titled “Operating and financial review” of Part 5 (*Financial information*) of this Prospectus.

The documents incorporated by reference can be obtained from the Company's website: <https://www.hendersononeuropeanfocus.com>.

**No incorporation of website information**

Without limitation, neither the content of the Company's website nor the websites of the AIFM, the Investment Manager or Winterflood (or any other website) nor the content of any website accessible from hyperlinks on the Company's, the AIFM's, the Investment Manager's or Winterflood's website (or any other website) is incorporated into, or forms part of this Prospectus, or has been approved by the FCA. Investors should base their decision as to whether or not to invest in the New Shares on the contents of this Prospectus (and any supplementary prospectus published by the Company prior to Admission) alone.

**Governing law**

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

**Enforcement of civil liabilities**

The Company is organised as a public limited company incorporated under the laws of England and Wales. All the Company's Directors, Proposed Directors and officers are citizens and residents of jurisdictions outside the United States. In addition, the majority of the Company's assets and the assets of the Directors and officers are located outside the United States. As a result, it may not be possible for US investors to effect service of process within the United States upon the Company or the Directors, Proposed Directors and officers located outside the United States or to enforce in the US courts or outside the United States judgments obtained against them in US courts or in courts outside the United States, including judgments predicated upon the civil liability provisions of the US federal securities laws or the securities laws of any state or territory within the United States. There is doubt as to the enforceability in England and Wales, whether by original actions or by seeking to enforce judgments of US courts, of claims based on the federal securities laws of the United States. In addition, punitive damages in actions brought in the United States or elsewhere may be unenforceable in England and Wales.

## Expected Timetable

### General Meeting and Tender Offer

Publication of the Circular and Notice of General Meeting	20 May 2024
Record date for interim dividend	7 June 2024
Latest time and date for receipt of Forms of Proxy and CREST voting instructions for the General Meeting	11.00 a.m. on 17 June 2024
General Meeting	11.00 a.m. on 19 June 2024
Latest time and date for receipt of Tender Forms and receipt of TTE Instructions	1.00 p.m. on 19 June 2024
Announcement of results of the General Meeting	19 June 2024
Tender Offer Record Date	6.00 p.m. on 19 June 2024
Tender Offer Calculation Date	close of business on 19 June 2024
CREST accounts credited for revised uncertificated holdings of Shares in respect of unsuccessful applications under the Tender Offer	25 June 2024
Announcement of results of the Tender Offer and Tender Price	25 June 2024
Payment of interim dividend	28 June 2024
Shares repurchased pursuant to the Tender Offer	4 July 2024
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Shares	5 July 2024
Cheques despatched in respect of Tender Offer proceeds for certificated Shares and balancing shares certificates despatched	15 July 2024

### Scheme

Publication of this Prospectus	20 May 2024
First HNE General Meeting	11.30 a.m. on 20 June 2024
Scheme Record Date	6.00 p.m. on 27 June 2024
Scheme Calculation Date	close of business on 27 June 2024
HNE Shares disabled in CREST (for settlement)	close of business on 27 June 2024
Trading in HNE Shares on the London Stock Exchange suspended	28 June 2024
Reclassification of HNE Shares	8.00 a.m. on 3 July 2024
Suspension of listing of HNE Shares	7.30 a.m. on 4 July 2024
Second HNE General Meeting	9.30 a.m. on 4 July 2024
Scheme Effective Date	4 July 2024
Announcement of results of elections under the Scheme, the HNE Rollover FAV per Share, the HNE Cash FAV per Share and the HEFT FAV per Share	4 July 2024
CREST accounts credited with, and dealings commence in, New Shares	8.00 a.m. on 5 July 2024

**Scheme**

Certificates despatched by post in respect of New Shares in  
certificated form

by 18 July 2024

Cancellation of listing of Reclassified HNE Shares

as soon as practicable after the  
Scheme Effective Date

**Note:** All references to time in this Prospectus are to UK time. Each of the times and dates in the above expected timetable (other than in relation to the general meetings) may be extended or brought forward. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service.

**Tender Offer Statistics**

Estimated maximum number of Shares to be repurchased

31,915,218\*

*\* Assuming that the Company's issued share capital does not change between the date of this Prospectus and the Tender Offer Record Date. The maximum number of Shares to be repurchased will be 15% of the Company's issued Share capital on the Tender Offer Record Date.*

**Issue Statistics**

Number of New Shares to be issued

151,768,798\*

*\*Based on the following assumptions:*

- (1) a ratio between the HEFT FAV per Share and HNE FAV per Shares of 0.842799 (which in turn, is based on the Company's NAV and the HNE NAV (each as at 16 May 2024))*
- (2) 15% of the HNE's issued share capital is elected for the Cash Option; and*
- (3) 15% of HEFT's issued share capital is successfully tendered pursuant to the Tender Offer.*

**Dealing Codes**

ISIN

GB00BLSNGB01

SEDOL

BLSNGB0

Current ticker code

HEFT

Ticker code if the Scheme becomes effective

HET

Legal Entity Identifier (LEI) of the Company

213800GS89AL1DK3IN50



## **Directors, AIFM, Investment Manager and other advisers**

<b>Directors</b>	<p>Vicky Hastings (Chair)  Robin Archibald  Stephen Macklow-Smith*  Marco Maria Bianconi  Melanie Blake</p> <p>* Conditional on the Scheme becoming effective and with effect from Admission, Stephen Macklow-Smith will resign from the Board.</p>
<b>Proposed Directors</b>	<p>Stephen King**  Rutger Koopmans**  Katya Thomson**</p> <p>** Conditional on the Scheme becoming effective and with effect from Admission, Stephen King, Rutger Koopmans and Ekaterina (Katya) Thomson will be appointed to the Board.</p>
<b>Registered office</b>	<p>201 Bishopsgate  London EC2M 3AE</p>
<b>Alternative Investment Fund Manage</b>	<p>Janus Henderson Fund Management UK Limited  201 Bishopsgate  London EC2M 3AE</p>
<b>Investment Manager</b>	<p>Janus Henderson Investors UK Limited  201 Bishopsgate  London EC2M 3AE</p>
<b>Corporate Secretary</b>	<p>Janus Henderson Secretarial Services UK Limited  201 Bishopsgate  London EC2M 3AE</p>
<b>Financial adviser and sponsor to the Company</b>	<p>Winterflood Securities Limited  Riverbank House  2 Swan Lane  London EC4R 3GA</p>
<b>Legal adviser to the Company</b>	<p>Stephenson Harwood LLP  1 Finsbury Circus  London EC2M 7SH</p>
<b>Legal adviser to the Company (as to US securities law)</b>	<p>Willkie Farr &amp; Gallagher (UK) LLP  Citypoint  1 Ropemaker Street  London EC2Y 9AW</p>
<b>Legal adviser to the financial adviser and sponsor</b>	<p>Gowling WLG (UK) LLP  4 More London Riverside  London SE1 2AU</p>
<b>Depository</b>	<p>HSBC Bank plc  8 Canada Square  London E14 5HQ</p>
<b>Auditor</b>	<p>Ernst &amp; Young LLP  25 Churchill Place  London E14 5EY</p>
<b>Registrar and Receiving Agent</b>	<p>Equiniti Limited  Aspect House  Spencer Road  Lancing  West Sussex BN99 6DA</p>

## Part 1

### The Company

#### 1 Introduction and history

Henderson European Focus Trust plc (the “**Company**”) is a closed-ended public limited company incorporated on 20 January 1947 in England and Wales with registered number 00427958. The Company is an alternative investment fund or “AIF” for the purposes of the UK AIFMD Laws and EU AIFM Directive, and is registered as an investment company under section 833 of the Companies Act.

The Company’s current investment objective is to maximise total return (a combination of income and capital growth) from a portfolio of stocks listed in Europe. If the Scheme becomes effective and the Change of Investment Objective and Policy is approved (described in paragraph 3 of this Part 1 (*The Company*) of this Prospectus), the Combined Trust’s investment objective will, with effect from the Scheme Effective Date, be to maximise total return from a portfolio of stocks predominantly listed in Europe (excluding the UK).

Under the current investment policy, the Company’s 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 the UK, providing Continental European exposure. The Company’s benchmark is the FTSE World Europe (Ex UK) Index in Sterling terms (the “**Benchmark Index**”). As at the Latest Practicable Date, the Company had a Net Asset Value with debt at par value of approximately £454.6 million.

The Company’s Shares are listed on the premium segment of the Official List of the FCA and traded on the Main Market.

Janus Henderson Fund Management UK Limited (the “**AIFM**”) has been appointed as the Company’s alternative investment fund manager. The AIFM has delegated investment management services to Janus Henderson Investors UK Limited (the “**Investment Manager**”). Both the AIFM and the Investment Manager are wholly owned subsidiaries of Janus Henderson Group plc and are authorised and regulated by the FCA.

#### 2 Background to the publication of this Prospectus

##### 2.1 The Proposals

As announced on 14 March 2024, the Board has agreed heads of terms with the board of Henderson EuroTrust plc (“**HNE**”) in respect of a proposed combination of the assets of the Company with the assets of HNE. The combination, if approved by Shareholders and HNE Shareholders, will be effected by way of a scheme of reconstruction and members’ voluntary winding-up of HNE under section 110 of the Insolvency Act (the “**Scheme**”) and the associated transfer of substantially all the cash and other assets of HNE to the Company in exchange for the issue of New Shares.

Under the Scheme, HNE Shareholders will be entitled to elect to receive cash in respect of part or all of their shareholding, subject to an aggregate limit of 15% of HNE’s issued share capital (excluding any treasury shares) (the “**Cash Option**”). Any HNE Shares which are not validly elected under the Cash Option (including to the extent any elections for the Cash Option are scaled back as a result of the Cash Option being oversubscribed) will be issued New Shares in the Company (the “**Rollover Option**”), subject to the separate arrangements for Overseas HNE Shareholders detailed below.

Implementation of the Scheme is conditional upon, amongst other things, approval by Shareholders at the General Meeting and the approval of HNE Shareholders at the HNE General Meetings.

In order to enable Shareholders to participate in a similar cash exit being offered to HNE Shareholders under the Scheme, the Company has today announced details of a tender offer for up to 15% of the Company’s issued share capital (excluding treasury shares) (the “**Tender Offer**”), which broadly reflects the cash exit being provided for HNE Shareholders under the Scheme. The Tender Offer is conditional upon the Scheme becoming effective.

If the Scheme becomes effective, the Company will be renamed Henderson European Trust plc (the “**Combined Trust**”). The Combined Trust will be co-managed by Tom O’Hara and Jamie Ross, currently co-lead and lead portfolio managers of the Company and HNE, respectively. The AIFM has committed to make a contribution to the costs of the Proposals, to ensure the Proposals are cost-neutral for Shareholders in the Combined Trust.

Subject to the approval of Shareholders, the Board is also proposing to change the Company’s investment objective and policy to better reflect the strategic aims of the Combined Trust. The Change of Investment Objective and Policy is conditional on the Scheme becoming effective and, if approved, will take effect on the Scheme Effective Date.

## 2.2 Benefits of the Proposals

The Proposals will provide continuing Shareholders in the Combined Trust with access to a focused investment opportunity with a strong track record and a larger continuing investment trust with the prospect of improved liquidity. The Proposals also allow all Shareholders the opportunity for a partial cash exit at a 2% discount to the Tender Offer FAV per Share.

The Boards of the Company and HNE believe that the Proposals will offer Shareholders of the Combined Trust the following benefits:

- **A compelling investment case:** The Combined Trust will provide continuing Shareholders with a flagship Europe (ex UK) equities proposition, seeking to maximise total return from a Portfolio of the Investment Manager’s assessment of Europe’s biggest and best companies, selected according to long-standing global trends and with an emphasis on substantial, well-managed businesses, with sustainable business models.
- **A “best ideas” approach:** Both portfolio managers have their own distinct and proven expertise but share a fundamental investment philosophy. Working collaboratively from an enhanced knowledge base and, with the benefit of increased discussion throughout the stock picking process, it is expected that the Combined Trust will represent the very best ideas of both portfolio managers.
- **Demonstrable track record of strong performance:** HEFT’s NAV total return over three, five and ten years to 30 April 2024 has been 30.6%, 74.8%, and 164.8% respectively. Tom O’Hara has co-managed the portfolio since 2020. HNE has been managed solely by Jamie Ross since 2019. Its NAV total return over three, five and ten years to 30 April 2024 has been 13.1%, 59.8% and 155.5% respectively.<sup>1</sup>
- **Continuity of manager and excellent European equities team:** The Combined Trust will be supported by Janus Henderson’s award-winning European equities team which encompasses 11 team members and conducts around 1,300 company meetings a year.
- **Continuity of exposure:** HEFT and HNE have over 50% of common holdings by value and the majority of the Combined Trust’s Portfolio is expected to comprise assets currently held by at least one of the companies. This complementarity of holdings and style will reduce the extent of any Portfolio realignment required in connection with the Scheme.
- **Increased scale:** As a result of the Proposals, the Combined Trust is anticipated to have net assets of circa £680 million (based on valuations as at 30 April 2024) and, assuming full take up of the cash exit opportunities (see “Overview of the Scheme and the Tender Offer” below), would become the second largest investment company in the AIC European sector. It is also expected to be eligible for inclusion in the FTSE 250 Index<sup>2</sup>. The enhanced scale of the Combined Trust should improve secondary market liquidity, as well as raise the profile and help marketability.
- **Reduced management fees for enlarged asset base:** The Combined Trust will benefit from improved management fee terms, with management fees to be charged on the following basis:
  - 0.600% per annum of the Net Asset Value up to, but excluding £500 million;

<sup>1</sup> Source: Morningstar Direct

<sup>2</sup> Index eligibility subject to subsequent market movements and FTSE eligibility review.

- 0.475% per annum of the Net Asset Value equal to and in excess of £500 million and up to, but excluding £1 billion; and
- 0.450% per annum of the Net Asset Value equal to and in excess of £1 billion.

This compares with the current structure of both HEFT and HNE of 0.65% per annum of the Net Asset Value up to £300 million and 0.55% per annum of the Net Asset Value in excess of £300 million.

- **Reduced OCR:** The Scheme is expected to reduce fixed costs proportionately and, along with the revised management fees, produce a competitive OCR estimated to be approximately 0.70%<sup>3</sup> compared to HEFT's current OCR of 0.80% and HNE's of 0.79%.
- **Contribution from Janus Henderson to the costs of the Proposals:** The AIFM has committed to make a contribution to the costs of the Proposals, with a view to ensuring the Proposals should be cost-neutral for continuing Shareholders in the Combined Trust.
- **Discount / premium management policy:** The Combined Trust will introduce a 5-yearly conditional performance related tender offer (detailed below) and will also use Share buybacks and Share issuance where appropriate and subject to prevailing market conditions. In addition, the Board of the Combined Trust will consider, at its discretion, subject to normal market conditions and no earlier than after an initial three-year period, whether it would be in the long-term interest of Shareholders as a whole to be offered additional opportunities to realise some of their investment in the Combined Trust.
- **Gearing:** The Combined Trust also expects to deploy strategically both the longer-term structural and short-term gearing currently in place in HEFT, with the benefit of inexpensive long-term gearing of €35 million over 25/30 years (weighted average cost of 1.57%) and short-term gearing in the form of an overdraft.
- **Experienced board:** The Combined Trust's Board will include directors of both HEFT and HNE ensuring continuity and collective competence and experience.

### 2.3 Overview of the Scheme and the Tender Offer

The Scheme will be effected by way of a scheme of reconstruction of HNE under section 110 of the Insolvency Act, resulting in the members' voluntary winding-up of HNE and the transfer of substantially all HNE's cash and other assets (the "**Rollover Pool**") to the Company in return for the issue of New Shares by the Company pursuant to the Issue.

The Scheme is conditional upon, amongst other things, approval of the Resolution to approve the Issue at the General Meeting and the approval of the HNE Resolutions by HNE Shareholders at the HNE General Meetings.

Under the Scheme:

- HNE Shareholders will be entitled to elect to receive cash in respect of some or all of their HNE Shares (subject to an overall limit of 15% of the HNE Shares in issue at the Scheme Calculation Date, excluding treasury shares) (the "**Cash Option**"); and
- eligible HNE Shareholders will by default receive New Shares (the "**Rollover Option**") to the extent that they do not make a valid election for the Cash Option in respect of some or all of their HNE Shares or to the extent that their elections for the Cash Option are scaled back in accordance with the Scheme.

The Cash Option will be priced at a 2% discount (the "**Cash Option Discount**") to a formula asset value, representing the proportion of the HNE Residual Net Asset Value attributable to those HNE Shares in respect of which valid elections have been made for the Cash Option, (following any required scaling back in accordance with the Scheme) such amount in aggregate being the "**Cash Pool**". The "**HNE Cash FAV per Share**" shall be equal to the value of the Cash Pool divided by the number of HNE Shares validly elected for the Cash Option (following any required scaling back in accordance with the Scheme). The value arising from the application of the Cash Option Discount will be allocated to the Rollover Pool. The value of the Rollover Pool shall be equal to the HNE Residual Net Asset Value less the value

<sup>3</sup> This figure is an estimate, which is subject to change. The actual OCR will depend on subsequent movements in costs and net assets.

of the Cash Pool, plus HNE's portion of the Janus Henderson Contribution (as described in the paragraph below). The "**HNE Rollover FAV per Share**" shall be equal to the value of the Rollover Pool divided by the number of HNE Shares elected for the Rollover Option.

The recommended Proposals have been structured to avoid any costs of change falling on continuing Shareholders in the Combined Trust, and to reduce the overall ongoing charges ratio of the Combined Trust. This will be achieved through a contribution to costs from Janus Henderson to support the Scheme when the recommended Proposals become effective. In addition, the AIFM has agreed to reduce the management fees payable by the Combined Trust and to waive the termination fees that would otherwise be payable by HNE to the AIFM. HNE will remain responsible for the management of its portfolio up until the date upon which HNE is placed into liquidation pursuant to the Scheme. The portfolio managers of HEFT and HNE will work collaboratively to ensure an orderly transition of HNE's portfolio into a form that is appropriate for, and within the restrictions of, HNE's existing investment policy, in the period prior to such liquidation.

New Shares will be issued as the default option under the Scheme in the event that HNE Shareholders do not make a valid election for the Cash Option under the Scheme.

### ***Excluded HNE Shareholders***

Overseas HNE Shareholders will not be able to access this document unless they have satisfied the Directors and the HNE Directors that they are entitled to receive and hold New Shares without breaching any relevant securities laws and without the need for compliance on the part of the Company or HNE with any overseas laws, regulations, filing requirements or the equivalent. Sanctions Restricted Persons shall not be able to access this Prospectus.

To the extent that an Excluded HNE Shareholder is entitled to and would otherwise receive New Shares under the Scheme, either because no election, or a partial election, for the Cash Option was made and they are deemed to have elected for the Rollover Option in respect of some or all of their HNE Shares or because an election for the Cash Option is scaled back in accordance with the Scheme, then such New Shares will be issued to the Liquidators as nominees for the relevant Excluded HNE Shareholder and sold by the Liquidators in the market (which shall be done by the Liquidators without regard to the personal circumstances of the relevant Excluded HNE Shareholder and the value of the HNE Shares held by the relevant Excluded HNE Shareholder) and the net proceeds of such sale (after deduction of any costs incurred in effecting such sale) will be paid: (i) to the relevant Excluded HNE Shareholder entitled to them as soon as reasonably practicable, and in any event no later than 10 Business Days after the date of sale, save that entitlements of less than £5.00 per Excluded HNE Shareholder will be retained in the Liquidation Pool; or (ii) in respect of Sanctions Restricted Persons, at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulations.

### ***The Tender Offer***

The Tender Offer will be priced at a 2% discount (the "**Tender Offer Discount**") to the Tender Offer FAV as at close of business on the Tender Offer Calculation Date, being the Company's NAV, calculated in accordance with the Company's normal accounting policies, less the costs of the Proposals agreed to be borne by the Company, multiplied by the proportion of the Company's issued share capital tendered pursuant to the Tender Offer (excluding shares held in treasury) subject to the overall cap of 15% of the Company's issued share capital (excluding Shares held in treasury). In addition, SDRT, stamp duty and any incidental fees and commissions specific to the Tender Offer will be borne by Shareholders tendering their Shares.

Further Details of the Scheme, the Issue and the Tender Offer are set out in Part 4 (*Details of the Scheme, the Issue and the Tender Offer*) of this Prospectus.

## **2.4 Use of proceeds**

The New Shares will be issued to HNE Shareholders who elect, or are deemed to elect, for the Rollover Option in consideration for the transfer of the Rollover Pool from HNE to the Company. The Rollover Pool will consist of investments aligned with the Company's investment objective and investment policy as at the Scheme Effective Date, together with cash and cash equivalents. Any cash in the Rollover Pool and any proceeds of the realisation of cash



equivalents in the Rollover Pool will be used to acquire investments in accordance with the Company's investment objective and policy (which is intended to be amended, subject to Shareholder approval, in connection with the Proposals as set out in paragraph 3 below).

### **3 Current and proposed investment objective and policy**

The Company's current investment objective and policy are as follows:

#### **3.1 Current investment objective**

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

#### **3.2 Current 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 Investment Manager's views of total return prospects. The portfolio is not constructed with a yield target.

##### **Diversification**

The portfolio contains between 35 to 45 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 50% of NAV in aggregate. The typical minimum stock weight is 1% of NAV.

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

If the Change of Investment Objective and Policy is approved, the Combined Trust's investment objective and policy will be revised as follows with effect from the Scheme Effective Date:

#### **3.3 Proposed investment objective**

The Company aims to maximise total return from a portfolio of stocks predominantly listed in Europe (excluding the UK).

### 3.4 Proposed investment policy

#### Asset allocation

The portfolio is predominantly invested in stocks listed in Europe (excluding the UK) 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 the UK.

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 Investment Manager's views of total return prospects.

The Company has adopted the following limits:

- The portfolio will contain between 35 and 45 stocks.
- European (excluding the UK) listed stocks will consist of not less than 80% of net asset value ("NAV") at the time of investment.
- The Company will not hold more than 10% of the share capital of any company at the time of investment.
- The portfolio has a maximum single stock weighting of 10% of NAV of the portfolio at the time of investment.
- Exposure to smaller companies (with a market capitalisation of less than €1 billion) is limited to 10% of NAV at the time of investment.
- The portfolio is not constructed with a yield target.

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 NAV at the time the borrowing is assumed.

#### Other restrictions

It is the Company's policy to invest no more than 15% of its total assets in other listed closed-ended investment funds.

Any material change in the Company's investment policy will require the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

HNE, acting through its proposed Liquidators and in consultation with the Company, shall determine the assets to be transferred to the Company pursuant to the Transfer Agreement, so as not to cause any infringement of the investment objective and investment policy of the Company. In making such determination, HNE, acting through its proposed Liquidators and in consultation with the Company, shall have regard to the Company's proposed investment objective and policy (if the Change of Investment Objective and Policy is approved by Shareholders) or the Company's existing investment objective and policy (if the Change of Investment Objective and Policy is not approved by Shareholders).

### 4 Dividend policy

The Company currently has a policy of paying progressive dividends, which includes maintaining dividend levels as consistent with this approach. For the year ended 30 September 2023, the Company paid a dividend of 4.35 pence per Share.

If the Scheme becomes effective, the Combined Trust intends to adopt a policy of paying interim and final dividends, with the aim of maintaining dividend levels and growing them when net income permits. However, total return will continue to be the primary focus.

As a consequence of the Proposals, the Company has declared a higher than normal interim dividend of 3.05 pence per Share for the financial year ending 30 September 2024 payable to Shareholders on the Register on 7 June 2024 which will be paid on 28 June 2024 to ensure that its Existing Shareholders receive a dividend in line with the Company's previous financial year of 4.35p per Share. This is expected to result in a smaller final dividend recommended by the Company in respect of the financial year ending 30 September 2024, taking into account the enlarged share capital following the completion of the Scheme, and the limited amount of time to earn income on assets transferred. It is expected that dividends will return to a smaller interim dividend and a larger final dividend for the financial year ending 30 September 2025.

The Company intends to conduct its business so as to satisfy the conditions to retain approval as an investment trust under section 1158 of the Corporation Tax Act. In accordance with regulation 19 of the Investment Trust Tax Regulations, the Company does not (except to the extent permitted by those regulations) intend to retain more than 15% of its income (as calculated for UK tax purposes) in respect of an accounting period. The Board may resolve to pay special dividends on the Shares from time to time in order to comply with these requirements.

## **5 Discount/premium management policy**

If the Scheme becomes effective, the Board of the Combined Trust will monitor the premium/discount to NAV at which the Shares trade and will introduce 5-yearly conditional performance-related tender offers (detailed below) as well as considering the use of Share buybacks and Share issuance where appropriate and subject to prevailing market conditions.

If the Scheme becomes effective, a performance-related conditional tender offer will be made to Shareholders for up to 25% of the Combined Trust's outstanding share capital (excluding treasury shares), at NAV less costs and less a discount of 2% if, over the five years to 30 September 2029 (and over subsequent 5-year periods to 30 September 2034 and beyond), the NAV per Share total return does not equal or exceed the total return of the Benchmark. The NAV per Share total return (calculated in accordance with the Combined Trust's normal accounting policies) will be adjusted to remove the impact of the tender offers themselves. If a tender offer was triggered, it would be subject to Shareholder approval at the relevant time and legal and regulatory requirements.

In addition to the commitment of a five-yearly performance-related tender offer if the Scheme becomes effective, the Board of the Combined Trust will consider, at its discretion, subject to normal market conditions and no earlier than after an initial three year period, whether it would be in the long term interests of Shareholders as a whole to be offered additional opportunities to realise some of their investment in the Combined Trust. The Board of the Combined Trust's consideration will, alongside other factors, recognise the importance to Shareholders that the Combined Trust's Shares should not persistently trade at a significant discount to NAV in absolute terms or relative to the Combined Trust's peer group.

## **6 Share capital**

The Company's share capital comprises only ordinary shares of 5 pence each, all of which are listed on the premium segment of the Official List of the FCA and admitted to trading on the Main Market. Shareholders are entitled to such dividends (if any) as are declared by the Company and are entitled, on a return of capital on a winding-up or otherwise, to share *pari passu* in the assets available for distribution. Each Shareholder present in person or by proxy at a general meeting of the Company shall, on a show of hands, have one vote and, on a poll, have one vote for each Share held.

At the Annual General Meeting of the Company held on 25 January 2024, Shareholders granted the Board authority to: (i) allot Shares representing approximately 10% of the Company's issued share capital as at 25 January 2024 on a non-pre-emptive basis; and (ii) buy back up to 14.99% of the Company's issued share capital as at 25 January 2024.

Such authorities will expire on the earlier of the date falling 15 months after the Annual General Meeting of the Company held on 25 January 2024 or at the conclusion of the Annual General Meeting of the Company held in 2025.

As at the Latest Practicable Date the Directors have general authority to issue, on a non-pre-emptive basis for cash, up to 21,276,812 Shares.

The Directors may consider utilising their authority to undertake Share buybacks in line with the stated discount management policy. This authority provides an additional potential source of demand for the Company's Shares.

At the General Meeting, the Board will seek authority to allot 250 million New Shares in connection with the Scheme. Such authority will not impact on the Company's existing authorities to allot Shares taken at the Annual General Meeting of the Company held on 25 January 2024.

## **7 The AIFM and the Investment Manager**

Janus Henderson Fund Management UK Limited is the Company's alternative investment fund manager for the purposes of the UK AIFMD Laws. The AIFM has sub-delegated certain responsibilities including the day-to-day management of the Portfolio to Janus Henderson Investors UK Limited, the Investment Manager. Both the AIFM and the Investment Manager are wholly owned subsidiaries of Janus Henderson Group plc.

The AIFM is a private limited company, incorporated and registered in England and Wales on 17 January 1992 with registered number 02678531. The Investment Manager is a private limited company, incorporated and registered in England and Wales on 17 May 1967 with registered number 00906355. Both the AIFM and the Investment Manager are authorised and regulated by the FCA to conduct certain restricted activities in relation to collective investment schemes and general securities and derivatives.

Janus Henderson is a leading investment trust management group currently managing 11 investment trust companies with total investment trust assets under management of approximately £8.0 billion as at 30 April 2024.

The investment trust business is a key part of the Janus Henderson group. As the seventh largest manager of investment trusts in the UK and an integral part of the Janus Henderson group, the investment trust business has one of the largest dedicated teams in the industry and a significant marketing budget to promote the Janus Henderson-managed investment trusts.

A team of over 20 work to support the Janus Henderson-managed investment trusts, in addition to specialist agencies and other internal Janus Henderson teams, under four key functions:

- Investment Trust Secretariat;
- Investment Trust Accounting;
- Intermediary Sales & Investor Relations; and
- Direct Retail Marketing.

The Company's Portfolio is currently managed by Tom O'Hara and John Bennett who are supported by the Janus Henderson European Equities Team. As announced on 31 August 2023, John Bennett intends to retire this year. If the Scheme becomes effective, it is intended that the Combined Trust's Portfolio will be co-managed by Tom O'Hara and Jamie Ross, who is currently lead portfolio manager of HNE. Their biographies are set out below.

### **Tom O'Hara**

Tom O'Hara is a Portfolio Manager on the European Equities Team at Janus Henderson, a position he has held since 2020. Before joining the firm as a research analyst in 2018, Tom was an equity research analyst specialising in metals and mining with Exane BNP Paribas from 2016. He held similar mining and steel sector positions with Redburn (Europe) Limited from 2013 and with Citigroup Global Markets from 2010. Before Citigroup, Tom was a metals

analyst with Metal Bulletin Research from 2008. He began his career in 2006 in the treasury department of Northern Rock plc.

Tom received his BA degree (Hons) in economics from Newcastle University. He has 18 years of financial industry experience.

**Jamie Ross, CFA**

Jamie Ross is a Portfolio Manager on the European Equities Team at Janus Henderson, a position he has held since 2016. He was appointed as a joint Portfolio Manager for HNE in 2018 and became sole manager in 2019. Prior to this, he was a portfolio manager on the UK Equities Team, where he co-managed a UK equities pooled fund. Before that, he was an assistant portfolio manager on the Pan European Equities Team. He started his career with Henderson in 2007.

Jamie graduated with a BA degree (Hons) in economics from Durham University. He holds the Chartered Financial Analyst designation and has 17 years of financial industry experience.



## Part 2

### Proposed investment strategy, and current and illustrative Portfolio

Save as set out in paragraph 3 of this Part 2 (*Proposed investment strategy, and current and illustrative Portfolio*), potential investors should note that the below reflects the application of the investment policy proposed to be approved by Shareholders at the Company's General Meeting convened on 19 June 2024.

#### 1 The investment strategy and process

The Company seeks to produce a total return above that of its benchmark index (FTSE World Europe (Ex UK) in Sterling terms) over the medium to long term. The Company aims to deliver this outcome by investing primarily in the shares of businesses listed in Europe, excluding the UK. There is no consistent style bias to the Portfolio; instead the Investment Manager positions the Portfolio to reflect its current view on where the most attractive investments lie and is agnostic towards style.

The Investment Manager believes that the most attractive long-term risk adjusted returns will be generated by investing in 'good companies' without overpaying at the point of investment. Particular attention will be placed on frequent meetings with management teams, with the aim of identifying those with a track record of sensible capital allocation (investments where the value added to the overall business significantly exceeds the amount invested).

#### ***A stock picking approach with a thematic overlay***

The fund managers follow a predominantly bottom-up analytical approach where investments are selected following a fundamental analysis of the prospects for the business, the price being paid at the point of investment and the operational momentum of the company in question. The fund managers look for companies that have an established global franchise, evidence of pricing power and enduring competitive advantage versus industry peers. The relationship the fund managers form with company management teams is especially important; the fund managers want to invest alongside managers they believe in. Interactions and dialogue with management teams enables the fund managers to detect moments of change within businesses and industries, which the fund managers believe, provides a competitive advantage.

Macroeconomic developments, such as the fluctuations of the interest rate and inflation cycle, are also considered important to the investment process. In addition, the fund managers look to identify and benefit from some of the long-term structural themes that permeate equity markets and can drive multi-year performance trends. These structural themes are not prescribed in the investment process and can change from period to period depending on the fund managers' views on the investment environment.

#### ***A total return focus***

The fund managers' focus is on delivering above-market total return over the medium to long term. It is expected that the majority of total return will be driven by capital appreciation, but income generation will also contribute over time.

#### ***A concentrated, 'best ideas' approach***

The fund managers' investment conviction typically results in a reasonably concentrated Portfolio. This is expected to be achieved through investing in between 35 and 45 companies at any point in time, and no single investment accounting for more than 10% of NAV at the point of investment. The fund managers see their investible universe as comprising approximately 500 larger capitalised companies listed in Europe. They may also invest in companies of mid and smaller capitalised companies or in companies listed elsewhere, including the UK with limits and with sufficient liquidity to enter and exit a position. Thus, of these 500 companies, the Combined Trust expects to have investments in fewer than 10% of them at any point in time.

The fund managers will not target an average holding period, but typically, their fundamental research process is based around identifying undervalued securities where the expectation is that the share price will move to correct this mispricing within approximately three years on average.

This longer-term approach goes hand in hand with looking to back management teams with a similarly long-term focus.

**Pragmatic diversification and approach to risk**

The fund managers do not target a specific level of tracking error when thinking about risk tolerance. Instead, they focus on the risk of a permanent loss of capital in each position that they have an investment in, as well as an analysis of the Portfolio’s overall level of exposure to certain themes, sectors, and type of company. The fund managers are index aware (and the Combined Trust will measure performance against the FTSE World Europe (Ex UK) Index in Sterling terms) but are willing to invest with significant differences in sector and stock weightings versus the index, so long as they perceive the overall Portfolio to be appropriately diversified.

**A focus on Europe’s global champions**


The fund managers believe that Europe is currently home to a number of outstanding companies. For example, the fund manager’s current assessment is that Novo Nordisk is the global market leader in diabetes and weight loss innovation; a group of semi-conductor equipment companies, such as BE Semiconductors, ASM International and ASML are best-in-class; as are a number of companies at the forefront of artistic innovation in the luxury goods sector.


**A flagship trust benefitting from a strong, stable, experienced team**

The Portfolio will be managed by Tom O’Hara and Jamie Ross but also benefits from the expertise of the wider European equities team at Janus Henderson. The team consists of 11 fund managers and analysts, managing a combined EUR 15.2 billion (as of 31 March 2024) of assets. The fund managers act autonomously, but the team combines to debate potential investment ideas and meet companies. The team typically conducts around 1,300 company meetings a year. The Investment Manager believes that the strength of this team serves to benefit this flagship proposition.

Investment team

PORTFOLIO MANAGERS





Tom O'Hara

Portfolio Manager  
18 yrs experience  
6 yrs firm tenure

Jamie Ross

Portfolio Manager  
17 yrs experience  
17 yrs firm tenure

KEY INVESTMENT SUPPORT

Richard Brown, CFA  
Client Portfolio Manager

United Kingdom  
Equities (7)

Central Research  
Team (35)

Responsibility (24)

Portfolio Risk &  
Analytics (12)

Sector Specialist  
Investment Teams

PAN EUROPEAN EQUITIES PLATFORM

Style	Blend		Blend long/short	Value	Growth	Blend
Market Cap	Large	Large – Mid	Large	Large	Large	Small
Lead Managers (AUM)	Tom Lemalgre, CFA Tom O'Hara John Bennett (€8.2bn)	Marc Scharitz (€1.1bn)	Robert Schramm-Fuchs (€0.7bn)	Nick Sheridan (€0.9bn)	Jamie Ross (€0.8bn)	Oliver Beckett (€2.4bn) Rory Stokes Julia Scheutler
Idea generators	David Barker		Federico Borin			

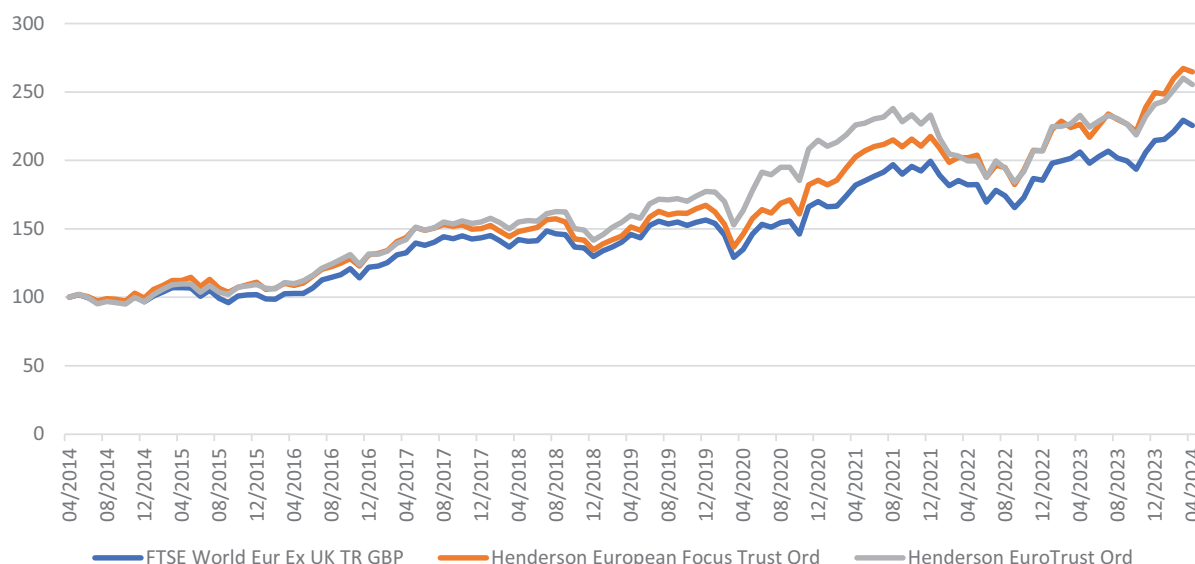
Source: Janus Henderson Investors, as of 31 December 2023.  
Note: Years of experience refers to industry experience. Professionals includes count of full investment personnel.  
\* Announced retirement effective August 2024

## 2 Delivery of the Company's investment objective

### Performance

The Company will measure performance against the FTSE World Europe (Ex UK) index in Sterling terms. There is no historic performance of the Combined Trust to refer to, but the 10-year performance track record (on a total return basis) of the Company (co-managed by Tom O'Hara) and HNE (managed by Jamie Ross) is shown in the chart below.

10-year cumulative performance to 30 April 2024



Note: Jamie Ross start date 5/10/2018 on Henderson EuroTrust plc and Tom O'Hara start date 31/01/2020 on Henderson European Focus Trust plc.

Source: LSEG Datastream, Janus Henderson Analysis, as at 30 April 2024. NAV total return in GBP. Rebased to 100, Morningstar.

### Outlook

The fund managers believe that, after more than a decade of relative underperformance, European equities are inexpensive when compared to their US equivalents. This can be clearly seen in the chart below. It is futile trying to predict when, or indeed if, this historically-high valuation discount will correct, but the fund managers believe that this represents an attractive starting point for considering an investment in European equities.

## Valuation

Europe has never been cheaper versus US



Source: Refinitiv DataStream, Janus Henderson Investors Analysis, as at 30 April 2024.

The fund managers believe that part of the reason for US equity outperformance versus European equities has been investors' too-narrow focus on a subset of US tech companies. As described above, the fund managers observe many pockets of excellence within the European market and will look to position the Portfolio in companies that they deem to be of above average quality and reasonable valuation. If investors' focus is to broaden beyond the narrow subset of US tech companies, these underappreciated European companies may benefit.

At a thematic level, the fund managers strive to outperform the market through their individual stock selection but, in addition, they will look to combine this with a thematic overlay. The fund managers believe that thematic drivers are an important determinant of performance in the European market over the long term. At present, and as outlined below, the fund managers expect the Portfolio to be exposed to the themes of 'Capex Supercycle', 'Big is beautiful' and 'Europe's heritage consumer brands'. More explanations of these themes are outlined in paragraph 3 below.

More generally, with benign economic conditions, slowing rates of inflation and falling interest rates, the fund managers believe that equity markets should be well positioned to continue to perform strongly.

### 3 The Company's current and illustrative Portfolio

#### ***Current Portfolio summary***

As at the Latest Practicable Date, the Company's Portfolio comprised 44 investments. These holdings were as follows:

<b>Company</b>	<b>Sector</b>	<b>Country of listing</b>	<b>Valuation £'000</b>	<b>% of portfolio</b>
Novo Nordisk	Health Care	Denmark	28,161	6.1%
ASML	Technology	Netherlands	24,970	5.4%
TotalEnergies	Energy	France	17,487	3.8%
Safran	Industrials	France	16,798	3.6%
Schneider Electronic	Industrials	France	16,172	3.5%
SAP	Technology	Germany	16,170	3.5%
LVMH Moët Hennessy Louis Vuitton	Consumer Discretionary	France	15,819	3.4%
Airbus	Industrials	France	15,664	3.4%
UniCredit	Financials	Italy	14,612	3.2%
Siemens	Industrials	Germany	13,965	3.0%
Adidas	Consumer Discretionary	Germany	13,192	2.9%
Shell	Energy	United Kingdom	12,771	2.8%
UPM-Kymmene	Basic Materials	Finland	12,594	2.7%
Saint-Gobain	Industrials	France	12,479	2.7%
Linde	Basic Materials	Germany	12,066	2.6%
Infineon	Technology	Germany	11,837	2.6%
L'Oréal	Consumer Discretionary	France	10,986	2.4%
Atlas Copco	Industrials	Sweden	10,427	2.3%
Anheuser-Busch InBev	Consumer Staples	Belgium	10,392	2.2%
ASR Nederland	Financials	Netherlands	10,213	2.2%
ASM International	Technology	Netherlands	9,974	2.2%
Syensqo	Basic Materials	Belgium	9,325	2.0%
Deutsche Boerse	Financials	Germany	8,937	1.9%
Danone	Consumer Staples	France	8,925	1.9%
Holcim	Industrials	Switzerland	8,657	1.9%
CRH	Industrials	Ireland	8,613	1.9%

<b>Company</b>	<b>Sector</b>	<b>Country of listing</b>	<b>Valuation £'000</b>	<b>% of portfolio</b>
Sanofi	Health Care	France	8,536	1.8%
Compass	Consumer Discretionary	United Kingdom	8,385	1.8%
Universal Music	Consumer Discretionary	Netherlands	8,117	1.8%
Arkema	Basic Materials	France	7,531	1.6%
BE Semiconductor	Technology	Netherlands	7,233	1.6%
VAT Group	Industrials	Switzerland	7,006	1.5%
Metso	Industrials	Finland	6,945	1.5%
KONE	Industrials	Finland	6,836	1.5%
Essilor Luxottica	Health Care	France	6,473	1.4%
Rheinmetall	Industrials	Germany	6,072	1.3%
Aena	Industrials	Spain	5,813	1.3%
Galderma	Health Care	Switzerland	5,216	1.1%
Siemens Healthineers	Health Care	Germany	5,216	1.1%
BNP Paribas	Financials	France	4,695	1.0%
Puig	Consumer Discretionary	Spain	4,530	1.0%
Carlsberg	Consumer Staples	Denmark	4,353	0.9%
Stellantis	Consumer Discretionary	Netherlands	4,144	0.9%
STMicroelectronics	Technology	Switzerland	3,913	0.8%

Source: Janus Henderson Investors

As at the Latest Practicable Date, the sector exposure of the Portfolio (excluding cash) was as follows:

<b>Sector</b>	<b>%</b>
Industrials	29.4
Technology	16.1
Consumer Discretionary	14.2
Health Care	11.5
Basic Materials	8.9
Financials	8.3
Energy	6.6
Consumer Staples	5.0
	<b>100.0</b>

Source: Janus Henderson Investors



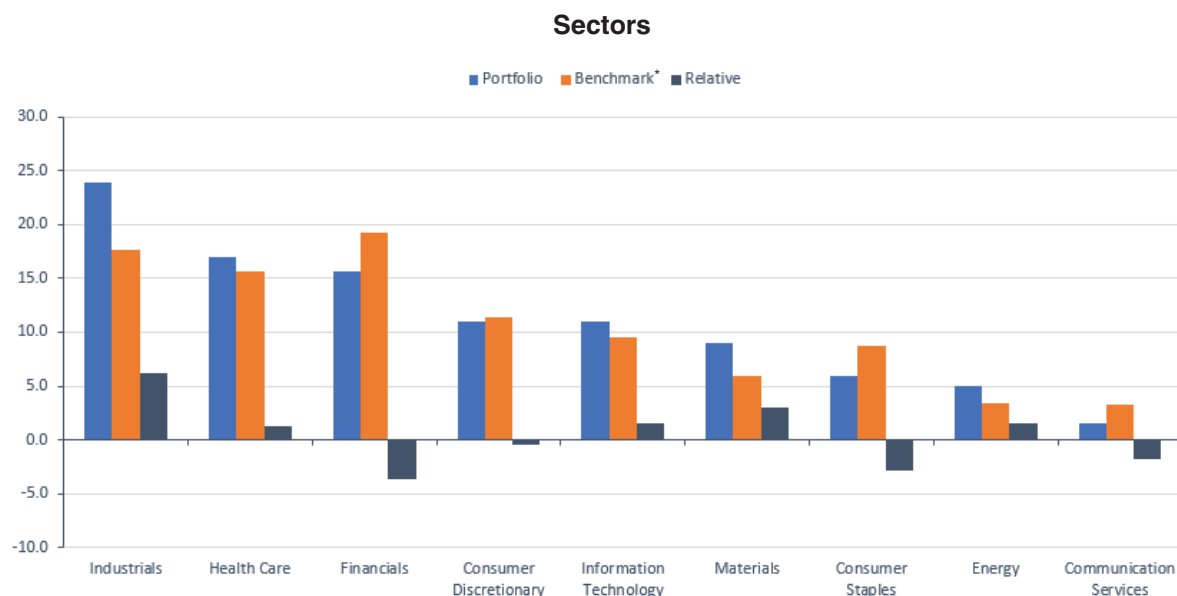
As at the Latest Practicable Date, the geographic exposure of the Portfolio (excluding cash) was as follows:

<b>Country</b>	<b>%</b>
France	30.5
Germany	18.9
Netherlands	14.1
Denmark	7.0
Finland	5.7
Switzerland	5.3
United Kingdom	4.6
Belgium	4.2
Italy	3.2
Spain	2.3
Sweden	2.3
Ireland	1.9
	<b>100.0</b>

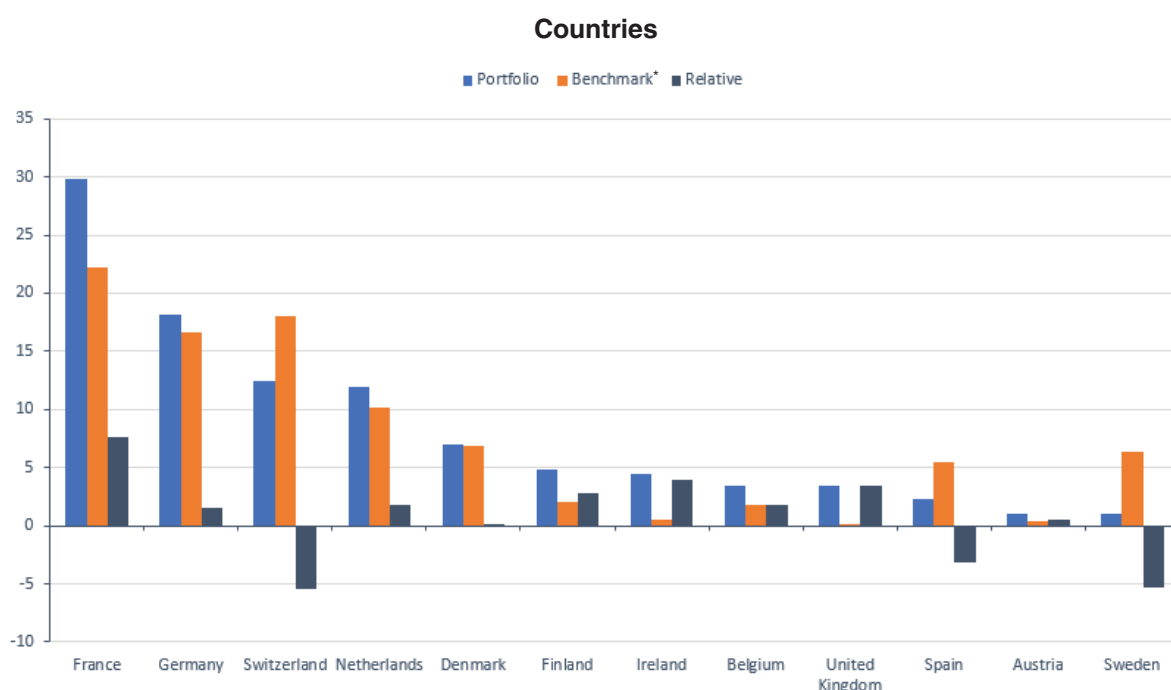
Source: Janus Henderson Investors

### ***Illustrative Portfolio summary***

If the Scheme becomes effective, the Portfolio is expected to comprise around 40 equity holdings based on an illustrative portfolio prepared by the Investment Manager as at 30 April 2024 (the “**Illustrative Portfolio**”). All projected holdings are expected to be those already held by either the Company, HNE or both. The tables below show the expected sectoral and geographic breakdown of the Illustrative Portfolio. There is no guarantee that the actual Portfolio following implementation of the Scheme will mirror the Illustrative Portfolio. It is provided to give a contemporary view of how the Combined Trust would be invested, with the circumstances at the time the companies’ interests are merged to be taken into account at that time.



\*Benchmark is the FTSE World Europe (ex UK) in Sterling terms.



\*Benchmark is the FTSE World Europe (ex UK) in Sterling terms.

The Company and HNE have over 50% common holdings by value as at 16 May 2024, and the majority of the Combined Trust's Portfolio is expected to comprise assets currently held by at least one of the companies. This complementarity of holdings and style will reduce the extent of any portfolio realignment required and any associated costs.

From a thematic perspective, the Portfolio is expected to be exposed to several structural themes including the following:

#### *'Capex Supercycle'*

The Investment Manager believes there is increasing evidence – in macroeconomic indicators and through its interactions with management teams – that the global economy is in the nascent stages of several long-duration capital investment cycles, which the Investment Manager collectively refers to as the 'Capex Supercycle'. Geopolitical tensions – and domestic political sentiment – have catalysed western governments into running higher budget deficits in order to reinvest in public

infrastructure, incentivise the ‘onshoring’ of strategically critical supply chains like semiconductors, and boosting military capabilities. Placed in the context of modern history, this potentially amounts to a partial reversal of the multi-decade period of globalisation and de-militarisation ushered in by the end of the Cold War. It is coalescing with what the Investment Manager expects will be an extended corporate investment cycle focused on a new “industrial revolution” in digitalisation, enabled by artificial intelligence (“AI”). The Investment Manager believes the common denominator of all these trends is their asset intensity. Whether roads, automated factories, data centres or armed vehicles – all require the mobilisation of significant energy and raw materials, engineering expertise and manufacturing capabilities. Europe is home to many enablers of these supply chains, allowing the Investment Manager to employ a ‘picks and shovels’ approach to investing behind these investment cycles.

#### *‘Big is beautiful’*

A return to a more normalised interest rate regime following 15 years of “free money” is having tangible implications across the real economy, spanning myriad industries: big, profitable, cash-generative companies are once again seizing the initiative. The threat of disruption, from generously funded, unprofitable start-ups, has receded. It is the Investment Manager’s belief that the extreme valuations placed on potential bolt-on acquisition targets, owned by private equity, have moderated. The Investment Manager believes that commercial challenges faced by many companies, such as supply chain disruptions from Covid-19, conflict and geopolitically driven sanctions, resurgent inflation and the imperative to invest in digitalisation and AI-readiness, are best navigated with the buffer of a good profit margin and a sound balance sheet. Through the Investment Manager’s extensive meetings with corporate management teams, it has detected that these large, established incumbents demonstrate some of the strongest combinations of resilience and opportunity in this current regime of higher interest rates.

#### *‘Europe’s heritage consumer brands’*

Europe is home to some consumer brands with an extremely long history, especially by today’s financial industry standards. Family ownership is a common feature of these businesses. As an example, within the luxury goods industry, France’s Hermès has been in existence since 1837 and the Louis Vuitton brand since 1854. Heritage and family control can, in the Investment Manager’s experience, bring consistency of investment, a focus on long-term value creation rather than short-term wins and a consistency of brand positioning. These factors often drive strong brand loyalty, pricing power and hard-to-break barriers to competition. The Investment Manager finds these businesses can make very attractive investment propositions and it has exposure to both aforementioned companies within the Illustrative Portfolio. The Investment Manager believes it is hard to find these unique heritage businesses outside Europe.

## **4 ESG policy**

The Combined Trust will continue to apply a responsible environmental, social and governance (“ESG”) policy to investing: an approach that the Company’s and HNE’s shareholders are familiar with. The Combined Trust will operate within the parameters of the Investment Manager’s ESG investment policy. This approach is consistent with investing in European companies with sustainable business models and good corporate governance.

## Part 3

### Directors, Management and Administration of the Company

#### 1 Directors

The Directors, each of whom is non-executive and independent of the AIFM and the Investment Manager, are responsible for the determination of the investment policy of the Company and the overall supervision of the Company, including the review of the Company's investment activity and performance and the control and supervision of the AIFM and the Investment Manager's activities in relation to the Company. The Company operates with an experienced Board of Directors, bringing investment and corporate skills and experience of closed-ended funds to their oversight roles. The Directors are as follows:

**Victoria (Vicky) Hastings (Chair):** Vicky Hastings was appointed as a Director in 2018 and became Chair in 2020. Vicky has over 35 years' experience in the investment management industry in both executive and non-executive roles. She is an experienced finance professional and board director, who brings a deep understanding of investment process and oversight, corporate governance and investment company expertise to the Board. Over the last 20 years Vicky has served on a number of investment company boards, most recently Edinburgh Investment Trust plc and Impax Environmental Markets plc, as well as JPMorgan Asset Management UK Limited and JPMorgan Asset Management International Limited. In her executive career, Vicky was a European equity fund manager and held investment leadership roles at Merrill Lynch Investment Managers and JO Hambro Capital Management. Vicky is currently also a non-executive director of Alliance Trust PLC.

**Robin Archibald (Senior Independent Director and Chair of the Audit and Risk Committee):** Robin Archibald was appointed as a Director in 2016, as the Senior Independent Director in 2021 and has served as the Audit and Risk Committee Chair since 2023. Robin brings in-depth knowledge, specialist expertise and extensive senior-level experience in all areas of the UK closed-ended funds sector. Robin's executive career spanned over 30 years as a corporate financier and chartered accountant, and now over ten years as a non-executive director on seven investment companies. Robin was Head of the Corporate Team at Winterflood Investment Trusts until 2014 and has worked for other advisory firms including Samuel Montagu, SG Warburg Securities and NatWest Markets. Robin retired from chairing Albion Technology & General VCT PLC and from being senior independent director and audit chair of Ediston Property Investment Company plc in 2023. His other current appointments include senior independent director and audit committee chair of Capital Gearing Trust P.L.C. and of Shires Income PLC, and a non-executive director of AEW UK REIT plc, all of which are investment companies.

**Marco Maria Bianconi:** Marco Maria Bianconi was appointed as a Director in 2022. Marco brings a wealth of asset management and corporate leadership expertise, having been portfolio manager at Fidelity International Ltd. and having served as a non-executive on the boards of banks (Banca Antonveneta), industrial companies, a public utility (ACEA) and a wide range of financial services firms. Marco is Group Chief M&A and Investor Relations Officer at Cementir Holding N.V. a Dutch multinational listed in Milan. Marco is a non-executive director of Cimentas and Cimbeton, both of which are subsidiaries of Cementir Holding and form part of Marco's executive role, and is audit committee Chair at Gabelli Merger Plus+ Trust Plc.

**Stephen Macklow-Smith:** Stephen Macklow-Smith was appointed as a Director in 2021. With over 30 years' experience in the asset management industry, and as a former investment trust fund manager, Stephen brings extensive investment knowledge, expertise and experience in European equity markets. He was a portfolio manager responsible for core Europe portfolios with JPMorgan for 24 years, and held various senior positions, including as managing director and strategist in the Equity Behavioural Finance Team. Stephen was previously head of the European team at HSBC Asset Management. Prior to this, he was a fund manager of European pension fund assets at Henderson from 1986 to 1991. Stephen is a trustee of the John Fisher Network charity.

**Melanie Blake:** Melanie Blake was appointed as a Director in 2023. She is a chartered accountant and risk and compliance professional with over 20 years' experience in the asset management industry. Melanie brings a deep understanding of governance, risk, compliance and financial reporting to Board deliberations. Melanie audited asset management companies and investment funds at KPMG in Cape Town, before moving to KPMG in London, where she advised the asset management sector on financial reporting, risk and compliance matters for nine years. Melanie worked in senior risk and compliance roles with Barclays Wealth and Investment Management and most recently, Aberforth Partners. Melanie is a trustee of the Hemat Gryffe Women's Aid charity.

Conditional on the Scheme becoming effective and with effect from Admission, Stephen Macklow-Smith will resign from the Board and Stephen King, Rutger Koopmans and Ekaterina (Katya) Thomson (together, the **"Proposed Directors"**) will be appointed to the Board. The Proposed Directors' biographies are set out below:

**Stephen King:** Stephen King was appointed as a director of HNE in 2019. Having been HSBC chief economist for 17 years until 2015, Stephen is currently senior economic adviser to HSBC on a part-time basis. Stephen started his career as an economist for the Treasury and became private secretary to the chief economic adviser. He was specialist advisor to the House of Commons' Treasury Committee between 2015 and 2017. He is a fellow of the Society of Professional Economists and of the Academy of Social Sciences and sits on the management council of the National Institute of Economic & Social Research. Stephen has written four books: "Losing Control: The Emerging Threats to Western Prosperity®" (2010); "When the Money Runs Out: The End of Western Affluence" (2013); "Grave New World: The End of Globalization, the Return of History" (2017); and "We need to talk about inflation: 14 urgent lessons from the last 2000 years" (2023).

**Rutger Koopmans:** Rutger was appointed as a director of HNE in 2016. Rutger is a senior finance professional. He started his career at MeesPierson NV (formerly Bank Mees & Hope NV), before moving to ING, where he served as a managing director until 2008. Since then, he has been running an independent strategic advisory practice and he is a director at PIT Self-Placement BV. Rutger is a non-executive director of Vollenhoven Groep and Chair of Stichting Pluryn (specialised youth care and specialised health care for youth and adults with complicated needs). These entities are not publicly listed. Rutger is also the author of "Your Life Your Rules, taking charge of your working life".

**Ekaterina (Katya) Thomson:** Katya was appointed as a director of HNE and the chair of the audit and risk committee in 2017. Katya is a corporate finance, strategy and business development professional with over 25 years of experience with UK and European blue-chip companies. She is a non-executive director and audit committee Chair of Allianz Technology Trust plc and AVI Japan Opportunity Trust plc. Katya is a member of the Institute of Chartered Accountants in England and Wales.

## **2 Managerial, corporate secretarial, administration and depositary arrangements**

### **2.1 Managerial arrangements**

Janus Henderson Fund Management UK Limited (the **"AIFM"**) has been appointed as the Company's alternative investment fund manager. The AIFM has delegated investment management services to Janus Henderson Investors UK Limited (the **"Investment Manager"**). Both the AIFM and the Investment Manager are wholly owned subsidiaries of Janus Henderson Group plc and are authorised and regulated by the FCA.

#### ***The AIFM***

Janus Henderson Fund Management UK Limited is a limited liability company, incorporated and registered in England and Wales on 17 January 1992 with registered number 02678531. The registered office of the AIFM is 201 Bishopsgate, London EC2M 3AE. The AIFM is registered under the UK AIFMD Laws as a full scope authorised UK AIFM and under the terms of the Management Agreement has acted as the Company's Alternative Investment Fund Manager since the EU AIFM Directive came into force in 2014.



The Company entered into the Management Agreement with the AIFM on 17 July 2014. The Management Agreement was amended by subsequent side letters dated 9 December 2014, 8 December 2015, 25 January 2018, 25 May 2018, and 12 December 2018. Under the terms of the Management Agreement, the AIFM has been appointed by the Company with responsibility for the provision of discretionary portfolio management, risk management, corporate secretarial and administration services, subject to the overall supervision of the Directors in accordance with the policies laid down by the Directors from time to time. Corporate secretarial and general administration services are provided to the Company by the AIFM, the Investment Manager and their affiliates. The Management Agreement is terminable on not less than six months' prior written notice, save that in certain limited circumstances specified in the Management Agreement, each party may terminate forthwith by notice in writing to the other party. The AIFM is entitled to annual fees equal to 0.65% of the Net Asset Value up to £300 million and 0.55% of the Net Asset Value in excess of £300 million.

Further details of the terms of the Management Agreement are set out in paragraph 12.1 of Part 7 (*Additional Information*) of this Prospectus.

#### *Reduction in fees payable for enlarged asset base under the Management Agreement*

If the Scheme becomes effective, the Company and the AIFM have agreed pursuant to a side letter dated 20 May 2024 that the AIFM shall be entitled to receive annual fees equal to 0.600% per annum of the Net Asset Value up to, but excluding £500 million; 0.475% per annum of the Net Asset Value equal to and in excess of £500 million and up to, but excluding £1 billion; and 0.450% per annum of the Net Asset Value equal to and in excess of £1 billion.

#### ***The Investment Manager***

The AIFM entered into a sub-investment management agreement with the Investment Manager on 21 July 2014 (the “**Investment Management Delegation Agreement**”) pursuant to which the AIFM has delegated the day-to-day management of the Portfolio to the Investment Manager. The costs of these services are included in the fee payable by the Company to the AIFM under the terms of the Management Agreement.

The Investment Manager manages the Portfolio in accordance with the Company's investment objective and policy, the policies laid down by the Directors from time to time and the schedule of investment limits and restrictions referred to in the Management Agreement.

#### ***Portfolio managers***

Biographies of the proposed portfolio managers of the Combined Trust are set out in paragraph 7 of Part 1 (*The Company*) of this document.

## **2.2 Corporate secretarial and administration arrangements**

Corporate secretarial and general administration services are provided by the AIFM, the Investment Manager and their affiliates. The costs of these services are included in the fee payable by the Company to the AIFM under the terms of the Management Agreement. Some of the administration and accounting services are carried out on behalf of the AIFM and/or the Investment Manager by BNP Paribas S.A. Janus Henderson Secretarial Services UK Limited acts as the Company's Corporate Secretary.

The Combined Trust does not currently intend to make any amendments to the corporate secretarial and administration arrangements following completion of the Scheme.

## **2.3 Depositary arrangements**

HSBC Bank plc has been appointed as the Company's Depositary pursuant to the Depositary Agreement entered into with the Company and the AIFM. The Depositary's responsibilities include cash monitoring, safekeeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. HSBC Bank plc also undertakes the function of custodian in respect of the Company. The Depositary delegates the safe-keeping of certain non-UK investments to agents where the jurisdiction of the investment necessitates this. The annual fee contains a fixed element of £15,000, in addition to fees payable of up to 0.75% of the Net Asset Value, a variable element for custody charges based on the value and location

of the assets to which the custody charge relates and a variable element for transaction settlement instructions received based on the value and location of the assets to which the settlement instruction relates. For the year ended 30 September 2023, the Company paid to the Depositary fees in the sum of £40,000 for depositary services and £67,000 for custody services.

A summary of the Depositary Agreement is set out in paragraph 12.2 of Part 7 (*Additional Information*) of this Prospectus.

The Combined Trust does not currently intend to make any amendments to depositary arrangements following completion of the Scheme.

## 2.4 Registrar

Equiniti Limited has been appointed as the Company's Registrar pursuant to the Registrar Agreement. The Registrar is responsible for, among other things, the maintenance of the Register and for the transfer and settlement of Shares, as applicable. In satisfaction of the services rendered by the Registrar pursuant to the Registrar Agreement for the year ended 30 September 2023, the Company paid to the Registrar a fee of £38,000. Details of the Registrar Agreement are set out in paragraph 12.3 of Part 7 (*Additional Information*) of this Prospectus.

The Combined Trust does not currently intend to make any amendments to the registrar arrangements following completion of the Scheme.

## 2.5 Auditor

The statutory auditor to the Company is Ernst & Young LLP ("**EY**") of 25 Churchill Place, London, E14 5EY. EY is independent of the Company and is registered to carry on audit work in the United Kingdom and the Republic of Ireland by the Institute of Chartered Accountants in England and Wales. EY's responsibility, as statutory auditor, is to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. EY was first appointed as auditor of the Company in July 2014 and has been re-appointed as auditor at each of the Company's AGMs since that date, including following a competitive audit tender in 2023.

The Combined Trust does not currently intend to make any amendments to the provision of audit services following completion of the Scheme.

## 3 Corporate governance

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 AIC Code, being the 2019 Code of Corporate Governance published by the Association of Investment Companies, of which the Company is a member. 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 Company applies the principles and adheres to the provisions of the AIC Code. 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, although the Audit and Risk Committee considers the need for such a function at least annually. A separate remuneration committee has not been established as the Board currently consists of only five non-executive directors and the Company has no employees. The Board has expanded the remit of the Nominations Committee to include review of remuneration. The Board Chair does not act as Chair of the Nominations Committee when it considers matters relating to the performance, succession or remuneration of the Chair.

### **3.1 Board independence, composition and tenure**

The Chair and each of the other Directors and Proposed Directors is independent of the AIFM and the Investment Manager and each Director and Proposed Director is, or will be, non-executive. The Chair is responsible for Board leadership and managing the business of the Board through, among other things, setting its agenda and taking account of the issues and concerns of Board members. The executive responsibilities for investment management have been delegated to the AIFM. The AIFM has delegated day-to-day management of the Portfolio to the Investment Manager. Robin Archibald is the Senior Independent Director.

The Board may appoint Directors at any time. Any Director so appointed stands for election by Shareholders at the next annual general meeting in accordance with the provisions of the Articles. The Board considers a potential candidate's other commitments on appointment and then annually through the performance evaluation process to ensure that Directors have sufficient time to commit to the Company. A schedule of Directors' other commitments is reviewed at each Board meeting and Directors are required to seek the Chair's approval prior to accepting further appointments. The Chair seeks the Senior Independent Director's approval before accepting further appointments.

The Directors, including the Chair of the Board, are expected to serve for no more than nine years, other than in exceptional circumstances, subject to a satisfactory Board effectiveness review. This ensures the regular refreshment of the Board and its committees and forms an integral part of the Board's succession planning. All Directors 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 their term by passing a special resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

Directors' fees are considered by the Board as a whole within the limits as set out in the Articles and in accordance with the Company's remuneration policy which has been approved by Shareholders. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive directors. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

### **3.2 Audit and Risk Committee**

The Audit and Risk Committee comprises all the Directors (except the Chair of the Board who attends by invitation only) and is chaired by Robin Archibald. The role of the Audit and Risk Committee is to ensure the integrity of the Company's financial reporting, the appropriateness of service providers' systems of internal control and risk management, and the effectiveness and objectivity of the external auditor. The Audit and Risk Committee also reviews the scope, results, cost effectiveness, independence and objectivity of the Company's external statutory auditors. The Audit and Risk Committee meets formally three times per year and its effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process. The Company's Auditor is invited to attend meetings as appropriate.

### **3.3 Management Engagement Committee**

The Management Engagement Committee comprises all the Directors and is chaired by Vicky Hastings. The Management Engagement Committee is responsible for reviewing the Management Agreement and monitoring the performance of the AIFM in respect of the investment, company secretarial, financial reporting, administration, sales, marketing and support services it provides and how that impacts on the performance of the Company. The Management Engagement Committee is also responsible for evaluating the overall performance of third-party service providers engaged by the Company, particularly in relation to tasks required of them during the year and for ongoing services.

The Management Engagement Committee's purpose is to ensure the services and fees paid to the AIFM and other service providers are consistent with the successful delivery of the Company's long-term strategy and that each service provider's continuing appointment is in the best interests of the Company.

### 3.4 Nominations Committee

The Nominations Committee comprises all Directors and is chaired by Vicky Hastings, except when the Chair's effectiveness, successor or fees are being considered. The Nominations Committee is responsible for reviewing the Board's succession planning and tenure policy, the effectiveness of the Board as a whole (and its committees) and the appointment of new Directors through an established recruitment procedure. The Nominations Committee is responsible for nominating Directors for election or re-election at the AGM each year.

The Nominations Committee is also responsible for reviewing Board remuneration, which includes the costs and expenses associated with the Board, reporting on Board remuneration and policy and future Directors' fees.

## 4 Conflicts of interest

The AIFM and the Investment Manager and their respective officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. The AIFM and the Investment Manager may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company, including HNE.

As the AIFM's fees are based on a percentage of the Company's Net Asset Value and the AIFM is responsible for valuing the Portfolio under the Management Agreement, there is the potential for conflict in any valuations it proposes in relation to the Company's investments as higher valuations will increase the NAV and, therefore, the fees payable. However, the Company's Portfolio comprises solely listed securities in respect of which there is ordinarily little or no judgement as to valuation. In addition, the AIFM has sub-delegated the responsibility for valuing the Portfolio to BNP Paribas S.A., which follows an agreed valuation/pricing policy and process. Where there is any element of judgement by the AIFM or its affiliates as to valuation, this conflict is managed through the use of valuation policies and through Board review and approval of valuations.

The AIFM and the Investment Manager will have regard to their respective obligations under the Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to their obligations to other clients or funds, should potential conflicts of interest arise.

The Investment Manager has established internal control frameworks to provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of its clients. The Investment Manager reports to the Board on a regular basis with regard to the operation of its internal controls and risk management within its operations in so far as it impacts the Company.

## 5 Taxation

The Company has been approved by HMRC as an investment trust. The Directors believe that the affairs of the Company have been conducted so as to continue to satisfy the conditions to qualify as an investment trust under section 1158 of the Corporation Tax Act and, on this basis, the Company should therefore be exempt from UK taxation on its capital gains in its Portfolio. The Company will be liable to UK corporation tax on its income in the normal way, with dividend income generally being exempt from corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates but double taxation relief may be available.

**A guide to the general UK taxation position of the Company and UK tax resident Shareholders as at the date of this Prospectus is set out in Part 6 (*UK Taxation*) of this Prospectus. This does not constitute and should not be relied upon as tax advice.**

**All Shareholders and potential investors should consult their own professional adviser without delay as to the tax other consequences of acquiring, holding or disposing of Shares in the Company.**

## **6 Shareholder meetings, reports to Shareholders, accounts and net asset values**

### **6.1 Shareholder meetings, reports and accounts**

The Company held its last AGM on 25 January 2024. The Company's annual report and audited annual financial statements are made up to 30 September each year and copies are sent to Shareholders within three months of the Company's financial year end. Shareholders also receive a half-year update in respect of the six-month period to 31 March in each year within three months of the end of such six-month period.

The Company's audited annual financial statements are drawn up in Sterling and prepared under UK GAAP in accordance with FRS 102. They include an income statement, statement of financial position, statement of changes in equity and cash flow statement, related notes and any additional information that the Board deems appropriate or that is required by applicable law.

The Company's annual report and audited financial statements for the period from 1 October 2022 to 30 September 2023 were published on 20 December 2023 and are available on the Company's website. For the avoidance of doubt, such website and its contents are not incorporated by reference into this Prospectus. The Company's next annual report and audited financial statements will be prepared to 30 September 2024.

Any ongoing disclosures required to be made to Shareholders pursuant to the UK AIFMD Laws and the EU AIFM Directive (where applicable) are contained in the Company's periodic or annual reports or on the Company's website, or will be communicated to Shareholders in written form as required.

Information on performance, Portfolio holdings and investment activity is prepared by the AIFM and published monthly by the AIFM in the form of a factsheet made available on the Company's website.

### **6.2 Annual running expenses**

In addition to the management, depositary and registrar fees referred to in paragraph 2 of this Part 3 (*Directors, Management and Administration of the Company*) of this Prospectus, the Company will pay all other fees and expenses incurred in the operation of its business including, without limitation:

- Directors' fees and expenses;
- fees and expenses of its corporate broker, legal, audit and other professional services;
- any borrowing costs;
- Directors' and officers' insurance premiums;
- promotional expenses (including membership of any industry bodies, including the AIC, and promotional initiatives by the AIFM as approved by the Board); and
- costs of printing the Company's financial reports and posting them to Shareholders.

If the Scheme becomes effective, it is expected that the aggregate fixed costs of the Company and HNE will be reduced proportionately and, along with the revised management fees, will produce a competitive OCR of the Combined Trust estimated to be approximately 0.70%<sup>4</sup> compared to the Company's current OCR of 0.80% (based on the illustrative calculations as set out in paragraph 2 of Part 4 (*Details of the Scheme, the Issue and the Tender Offer*) of this Prospectus).

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring or otherwise selling Shares.

### **6.3 Net Asset Value calculations and valuation policy**

Under the Management Agreement, the AIFM is responsible for calculating the Company's Net Asset Value per Share. The AIFM has sub-delegated this responsibility to BNP Paribas S.A.

<sup>4</sup> The figure is an estimate, which is subject to change. The actual OCR will depend on subsequent movements, in costs and net assets.



The unaudited Net Asset Value per Share is calculated on each dealing day by BNP Paribas S.A. and is announced by the Corporate Secretary through a RIS. Such RIS announcements confirm the Company's Net Asset Value with debt at par on a cum-income and ex-income basis. Unless otherwise disclosed in such RIS announcements, the Net Asset Value is calculated in accordance with the recommendations of the AIC. In particular: (a) financial assets are valued on a fair value basis using bid prices, or, if more appropriate, a last trade basis; and (b) debt is valued at par; (c) diluted net asset values are disclosed where applicable (for this purpose, treasury shares are excluded for the purposes of calculation); and (d) provisions for performance fees are included where applicable (although no performance fees are applicable to the Company).

The Board may determine that the Company should temporarily suspend the determination of the NAV per Share when the prices of any investments owned by the Company cannot be promptly, accurately or without undue expenditure, ascertained. Any suspension in the calculation of the NAV per Share will be notified to Shareholders through a RIS as soon as practicable after such suspension occurs.

The Company may delay public disclosure of the Net Asset Value to avoid prejudice to its legitimate interests, provided that such delay would not be likely to mislead the public and the Company has put in place appropriate measures to ensure confidentiality of that information.

For the purposes of valuing its investments, the Company uses UK GAAP methodology in accordance with FRS 102. The Company's Portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the Portfolio is provided on that basis to the Directors. Accordingly, upon initial recognition the investments are included initially at fair value, which is taken to be their cost. Subsequently, the investments are valued at fair value, which is deemed to be the bid market prices or the last traded price as at close of business on the last business day of the accounting period depending on the convention of the exchange on which the investment is quoted. All fair value movements in investments are taken to the income statement. In accordance with the AIC Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts, the Company's profit and loss account is split between revenue and capital return columns. This is reflected in the Company's income statement. Fair value movements on investments are taken to the capital column in the income statement. The Company values debt on both a par value (which is published on a daily basis) and a fair value basis (which is published on a semi-annual basis).

## **7 UK MAR and the Disclosure Guidance and Transparency Rules**

As a company whose shares are admitted to trading on the Main Market, the Company complies with all provisions of UK MAR and the Disclosure Guidance and Transparency Rules which are applicable to it. The Directors have adopted a share dealing code that is compliant with UK MAR. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors and other persons discharging managerial responsibilities.

The Disclosure Guidance and Transparency Rules provide that certain persons (including Shareholders) must notify the Company if the proportion of the Company's voting rights which they then hold directly or indirectly as a Shareholder or through a direct or indirect holding of certain financial instruments reaches, exceeds or falls below thresholds of 3% and each 1% thereafter up to 100%.

## Part 4

### Details of the Scheme, the Issue and the Tender Offer

#### 1 Introduction

The Issue is being undertaken pursuant to the proposed scheme of reconstruction and members' voluntary winding-up of HNE under section 110 of the Insolvency Act (the "**Scheme**"), which the HNE Board has resolved to recommend to the HNE Shareholders. The Scheme involves HNE being placed into members' voluntary liquidation and HNE Shareholders receiving New Shares issued by the Company in exchange for the transfer to the Company of the Rollover Pool. HNE Shareholders may elect to receive cash, in respect of some or all of their holdings of HNE Shares under the terms of the Scheme up to a maximum of 15% of the total number of HNE Shares in issue (excluding HNE Shares in treasury) as at the Scheme Calculation Date. The Issue has not been underwritten.

The New Shares are only available to eligible HNE Shareholders who elect, or are deemed to elect, for the Rollover Option under the Scheme. The New Shares are not being offered to Existing Shareholders (save to the extent an Existing Shareholder is also a HNE Shareholder) or to the public.

#### 2 Details of the Scheme

Subject to the passing of the Resolution to be proposed at the General Meeting to approve the issue of New Shares in connection with the Scheme, and subject to the satisfaction of the other conditions of the Issue (details of which are set out in paragraph 5 of this Part 4), the Scheme will take effect on the Scheme Effective Date.

The Scheme will be implemented in accordance with the terms of the Transfer Agreement that will be entered into by the Company, HNE and the Liquidators, which provides for the Rollover Pool to be transferred to the Company in consideration for the issue of New Shares to HNE Shareholders who elect, or are deemed to elect, for the Rollover Option under the Scheme. Further details of the Transfer Agreement are provided in paragraph 12.7 of Part 7 (*Additional Information*) of this Prospectus. Any cash that is transferred in accordance with the terms of the Transfer Agreement will be invested by the Combined Trust in accordance with the Company's investment objective and policy (which is intended to be amended, subject to Shareholder approval, in connection with the Proposals).

##### *Elections under the Scheme*

Under the Scheme:

- (a) HNE Shareholders will be entitled to elect to receive cash in respect of some or all of their HNE Shares (subject to an overall limit of 15% of the HNE Shares in issue at the Scheme Calculation Date, excluding treasury shares) (the "**Cash Option**"); and
- (b) eligible HNE Shareholders will by default receive New Shares (the "**Rollover Option**") to the extent that they do not make a valid election for the Cash Option in respect of some or all of their HNE Shares or to the extent that their elections for the Cash Option are scaled back in accordance with the Scheme.

The Cash Option will be priced at a 2% discount (the "**Cash Option Discount**") to a formula asset value, representing the proportion of the HNE Residual Net Asset Value attributable to those HNE Shares in respect of which valid elections have been made for the Cash Option (following any required scaling back in accordance with the Scheme), such amount in aggregate being the "**Cash Pool**". The "**HNE Cash FAV per Share**" shall be equal to the value of the Cash Pool divided by the number of HNE Shares validly elected for the Cash Option (following any required scaling back in accordance with the Scheme). The value arising from the application of the Cash Option Discount will be allocated to the Rollover Pool. The value of the Rollover Pool shall be equal to the HNE Residual Net Asset Value less the value of the Cash Pool, plus HNE's portion of the Janus Henderson Contribution to the extent required to ensure that the Proposals are cost-neutral for continuing shareholders in the Combined Trust (as described in paragraph 3 below). The "**HNE Rollover FAV per Share**" shall be equal to the value of the Rollover Pool divided by the number of HNE Shares elected for the Rollover Option.

Ahead of the Scheme Effective Date, HNE's portfolio will be realigned in the most cost-effective manner to ensure that HNE has sufficient cash to fund the Liquidation Pool and the Cash Pool and has assets suitable for transfer to the Company, taking account of the Company's investment policy (which is intended to be amended, subject to Shareholder approval, in connection with the Proposals).

On or shortly after the Scheme Calculation Date, the HNE Board, in consultation with the Liquidators, shall finalise the division of HNE's assets into three separate and distinct pools (the Liquidation Pool, the Cash Pool and the Rollover Pool). After allocating cash and other assets to the Liquidation Pool to meet all known and unknown liabilities of HNE and other contingencies, including the costs of the Proposals agreed to be borne by HNE, the Liquidators' retention and the entitlements of any HNE Dissenting Shareholders, there shall be appropriated to the Cash Pool and the Rollover Pool the remaining assets of HNE.

**For illustrative purposes only**, had the Scheme Calculation Date been close of business on the Latest Practicable Date and assuming that no HNE Shareholders exercise their right to dissent from participation in the Scheme, after deduction of HNE's pre-liquidation interim dividend of 3.50 pence per HNE Share and the Company's interim dividend announced on 20 May 2024 of 3.05 pence per Share, and assuming that the maximum amount is elected for the Cash Option and the Tender Offer:

- the HNE Rollover FAV per Share would have been 177.755848 pence and the HEFT FAV per Share would have been 210.911292 pence which, for the Rollover Option, would have produced a conversion ratio of 0.842799 and, in aggregate, 151,768,798 New Shares would have been issued to Shareholders who elected for the Rollover Option under the Scheme; and
- the HNE Cash FAV per Share would have been 173.588070 pence.

The above figures are for illustrative purposes only and do not represent forecasts. The HNE Rollover FAV per Share, HEFT FAV per Share, HNE Cash FAV per Share and HNE Shareholders' entitlements under the Proposals may materially change up to the Scheme Effective Date as a result of, *inter alia*, changes in the value of investments.

The New Shares will be issued on a non-pre-emptive basis and will rank equally in all respects with the existing issued Shares other than in respect of any dividends which have a record date prior to the Scheme Effective Date.

The Company will notify Shareholders of the results of the Scheme and the Issue, including the calculations of the HNE Rollover FAV per Share, the HNE Cash FAV per Share, the HEFT FAV per Share and the number of New Shares to be issued under the Scheme, through a RIS as soon as reasonably practicable following the Scheme Calculation Date and prior to the Issue.

### 3 Costs and expenses of the Proposals

Subject as noted below, if the Scheme is implemented, the Company and HNE have each agreed to bear their own costs associated with the Proposals. The fixed costs of the Proposals payable by the Company are expected to be approximately £890,000, inclusive of VAT, where applicable. The fixed costs of the Proposals payable by HNE are expected to be approximately £835,000, inclusive of VAT where applicable. Such costs are expected to be substantially offset by the Janus Henderson Contribution (as detailed below) to the extent not offset by the discounts on the Tender Offer or the Cash Option. In addition, the Combined Trust will incur listing fees in respect of the listing of the New Shares issued under the Scheme and any transaction costs, stamp duty or similar transaction taxes incurred by the Company for the acquisition of the Rollover Pool.

The Liquidators' Retention is estimated at £100,000 and will be retained by the Liquidators to meet any unknown or unascertained liabilities of HNE. To the extent some or all of the Liquidators' Retention remains when the Liquidators decide to close the liquidation, this will be returned to HNE Shareholders on the HNE Register as at the Scheme Record Date, provided that if any such amount payable to any HNE Shareholder is less than £5.00, it shall not be paid to the HNE Shareholder but instead shall be retained by HNE and sent to charity.

Any costs of the realignment and/or realisation of the HNE Portfolio prior to the Scheme becoming effective will be borne by HNE.

In the event that implementation of the Scheme does not proceed each party will bear its own costs, subject to the Janus Henderson Contribution noted below.

The AIFM has agreed to make a contribution of £1,550,000 to the costs of the Proposals intended to benefit continuing Shareholders in the Combined Trust (the “**Janus Henderson Contribution**”). The amount of the Janus Henderson Contribution will be calculated as being equal to the total costs of the Proposals payable by the Company and HNE, less the amounts that shall accrue to each of the Company and HNE as a result of the operation of the Cash Option Discount and the Tender Offer Discount, respectively, plus such amount as shall be required to ensure the total contribution is £1,550,000. The Janus Henderson Contribution will be taken into account in determining the HNE Rollover FAV per Share and the HEFT FAV per Share to the extent required to ensure that the Proposals are cost-neutral for continuing Shareholders in the Combined Trust. The costs associated with: any realignment or realisation of HNE’s portfolio prior to the Scheme Effective Date; any stamp duty, SDRT or other transaction tax, or investment costs incurred by the Company in connection with the transfer of the Rollover Pool; and any listing fees in respect of the New Shares to be issued in connection with the Scheme shall not be considered costs of the Proposals for the purposes of calculating the Janus Henderson Contribution. The total amount of the Janus Henderson Contribution shall not, in any circumstances, exceed £1,550,000.

The amount of the Janus Henderson Contribution will be payable to the Combined Trust following completion of the Scheme and the AIFM may elect to settle such amount by way of offset against the management fees payable to the AIFM under the Management Agreement with the Combined Trust.

In the event the Scheme does not proceed, each of the Company and HNE will bear its own costs, provided that the AIFM shall reimburse each of the Company and HNE for the costs that they have each incurred which are directly attributable to the Proposals, subject to an aggregate maximum amount of £1,550,000. In the event that the aggregate costs incurred by the Company and HNE exceed that agreed cap, the AIFM’s reimbursement shall be allocated between the two companies *pro rata* to the actual costs incurred and claimed by each of the companies. In such circumstances, the AIFM shall calculate such allocation in good faith.

#### **4 Details of the Issue**

New Shares are being issued to HNE Shareholders in consideration for the transfer of the Rollover Pool to the Company in connection with the recommended proposals to combine the Company and HNE pursuant to the Scheme. The Rollover Pool will consist of investments aligned with the Company’s investment objective and policy as at the Scheme Effective Date, and cash and cash equivalents. Any cash in the Rollover Pool and any proceeds of the realisation of cash equivalents in the Rollover Pool will be used to acquire investments in accordance with the Company’s investment policy (which is intended to be amended, subject to Shareholder approval, in connection with the Proposals).

The number of New Shares to be issued under the Scheme is not known at the date of this Prospectus as it will be calculated in accordance with the formula stated above as at the Scheme Calculation Date and will depend on the elections and deemed elections made under the Scheme. The number of New Shares to be issued will be announced through a RIS announcement as soon as practicable following the Scheme Calculation Date. The Issue is not being underwritten. The New Shares are denominated in Sterling.

#### **5 Conditions of the Issue and the Scheme**

The Issue and the Scheme are conditional upon the:

- passing of the Resolution to approve the issue of the New Shares at the General Meeting and such Resolution becoming unconditional in all respects;
- passing of the HNE Resolutions to approve the Scheme and the winding-up of HNE at the HNE General Meetings and the Scheme becoming unconditional in all respects (including the Transfer Agreement becoming unconditional in all respects);

- FCA agreeing to admit the New Shares to listing on the premium segment of the Official List and the London Stock Exchange agreeing to admit the New Shares to trading on its Main Market, subject only to allotment; and
- Directors and HNE Directors resolving to proceed with the Scheme.

Unless the conditions referred to above have been satisfied or, to the extent permitted, waived by both the Company and HNE on or before 31 July 2024, no part of the Proposals will become effective and the New Shares will not be issued.

## **6 HNE Dissenting Shareholders**

Provided that a HNE Shareholder does not vote in favour of the HNE Resolutions to be proposed at the First HNE General Meeting, such HNE Shareholder may, within seven days following the First HNE General Meeting, express his or her dissent to the Liquidators in writing at HNE's registered office and require the Liquidators to purchase the HNE Shareholder's interest in HNE. The Liquidators will offer to purchase the interests of the HNE Dissenting Shareholders at the realisation value, this being an estimate of the amount a HNE Shareholder would receive per HNE Share in an ordinary winding-up of HNE if all assets of HNE had to be realised and distributed to HNE Shareholders after repayment of the liabilities of HNE. The realisation value of a HNE Share is expected to be below the unaudited cum-income NAV per HNE Share and the Liquidators will not purchase the interests of HNE Dissenting Shareholders until all other liabilities of HNE have been settled and HMRC has confirmed that it has no objections to the closure of the liquidation.

In order to purchase the interests of any HNE Dissenting Shareholders, the HNE Board, in consultation with the Liquidators, will appropriate an amount of the cash and other assets of HNE to the Liquidation Pool which it believes is sufficient to purchase the interests of such HNE Shareholders. Save as otherwise provided in this paragraph 6, any HNE Shares held by persons who validly exercise their rights to dissent under section 111(2) of the Insolvency Act shall be disregarded for the purposes of the Scheme and shall be treated as if those HNE Shares were not in issue.

## **7 Dilution**

Existing Shareholders are not able to participate in the Issue (unless they also hold HNE Shares at the relevant date) and will suffer a dilution to their voting rights based on the actual number of New Shares issued under the Scheme.

*For illustrative purposes only*, if 151,768,798 New Shares were to be issued under the Scheme (being the estimated number of New Shares that will be issued pursuant to the Issue, assuming that: (i) no HNE Shareholders exercise their right to dissent from participation in the Scheme; (ii) 15% of the total HNE Shares are elected for the Cash Option; (iii) the Company's Tender Offer is taken up in full; and (iv) the ratio between the HEFT FAV per Share and the HNE FAV per Share is 0.842799 as outlined in paragraph 2 of this Part 4) then, based on the issued share capital of the Company as at the Latest Practicable Date, and assuming that: (a) an Existing Shareholder is not a HNE Shareholder and is therefore not able to participate in the Issue; and (b) there had been no change to the Company's issued share capital prior to Admission, an Existing Shareholder holding 1% of the Company's issued share capital as at the Latest Practicable Date would then hold 0.58% of the Company's issued share capital following the Issue.

## **8 Admission and dealings**

Applications will be made by the Company to the FCA and to the London Stock Exchange for the New Shares to be admitted to listing on the premium segment of the Official List and to trading on the Main Market, respectively. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List, and dealings on the Main Market will commence, on 5 July 2024. The Company will notify HNE Shareholders of the number of New Shares to which each HNE Shareholder is entitled and the results of the Issue will be announced by the Company on or around 4 July 2024 via a RIS announcement.

The ISIN of the New Shares will be GB00BLSNGB01. The ticker symbol is currently HEFT. If the Scheme becomes effective, the ticker symbol will change to HET. The New Shares will be



in registered form and may be held in either certificated or uncertificated form. HNE Shareholders who elect, or are deemed to have elected, for the Rollover Option and who hold their relevant HNE Shares in certificated form at the Scheme Record Date will receive their New Shares in certificated form and at their own risk. Temporary documents of title will not be issued. It is expected that certificates in respect of New Shares to be issued to such HNE Shareholders will be despatched by 18 July 2024.

HNE Shareholders who elect, or are deemed to have elected, for the Rollover Option and who hold their relevant HNE Shares in uncertificated form as at the Scheme Record Date will receive their New Shares in uncertificated form on 5 July 2024, although the Company reserves the right to issue such securities in certificated form. In normal circumstances, this right is only likely to be exercised by the Company in the event of an interruption, failure or breakdown of CREST or the facilities or system operated by the Company's Registrar in connection with CREST. The Company will procure that instructions are given to credit the appropriate stock accounts in the CREST system with the relevant entitlements to New Shares in uncertificated form.

Fractional entitlements to New Shares will not be issued under the Scheme and entitlements will be rounded down to the nearest whole number of New Shares. No cash payments will be made or returned in respect of any fractional entitlements which will be retained for the benefit of the Company.

## **9 Overseas HNE Shareholders**

The terms of the Scheme, as they relate to Overseas HNE Shareholders, may be affected by the laws of the relevant jurisdiction. Overseas HNE Shareholders should inform themselves about, and observe, any applicable legal requirements.

It is the responsibility of Overseas HNE Shareholders to satisfy themselves (and the Directors) as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares, including the obtaining of any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

Overseas HNE Shareholders are entitled to participate in the Scheme. However, to the extent that the Company, and/or the Liquidators, acting reasonably, consider that any issue of New Shares to an Overseas HNE Shareholder would or may involve a breach of the securities laws or regulations of any jurisdiction or may violate any applicable legal or regulatory requirements or may require the Company to become subject to additional regulatory requirements (to which it would not be subject but for such issue) and the Company and/or the Liquidators, as the case may be, have not been provided with evidence reasonably satisfactory to them that the relevant Overseas HNE Shareholder is permitted to hold New Shares under any relevant securities laws or regulations of such overseas jurisdictions (or that the Company would not be subject to any additional regulatory requirements to which it would not be subject but for such issue), such Overseas HNE Shareholder's New Shares will be sold in the market by the Liquidators and the net proceeds from such sale transferred to such Overseas HNE Shareholder.

Overseas HNE Shareholders who are subject to taxation outside of the United Kingdom should consult their tax adviser as to the tax effect of the Scheme on them.

The relevant clearances have not been, and will not be, obtained from the securities commission of any province of Australia, Canada, Japan, New Zealand, the Republic of South Africa or any member state of the European Economic Area. No offer is being made, directly or indirectly, under the Scheme in or into by the use of mails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of the United States (subject to certain exceptions described herein), Australia, Canada, Japan, New Zealand, the Republic of South Africa or any member state of the European Economic Area.

**Overseas HNE Shareholders who wish to participate in the Issue should contact HNE directly by no later than 1.00 p.m. on 27 June 2024 if they are able to demonstrate, to the satisfaction of the Directors, that they can be issued New Shares without breaching any relevant securities laws.**

Overseas HNE Shareholders will not be able to access this document unless they have satisfied the Directors that they are entitled to receive and hold New Shares without breaching any relevant securities laws and without the need for compliance on the part of the Company or HNE with any overseas laws, regulations, filing requirements or the equivalent. Sanctions Restricted Persons will not be able to access this document.

To the extent that an Excluded HNE Shareholder is entitled to and would otherwise receive New Shares under the Scheme, either because no election, or a partial election, for the Cash Option was made and they are deemed to have elected for the Rollover Option in respect of some or all of their HNE Shares or because an election for the Cash Option is scaled back in accordance with the Scheme, then such New Shares will be issued to the Liquidators as nominees for the relevant Excluded HNE Shareholder and sold by the Liquidators in the market (which shall be done by the Liquidators without regard to the personal circumstances of the relevant Excluded HNE Shareholder and the value of the HNE Shares held by the relevant Excluded HNE Shareholder) and the net proceeds of such sale (after deduction of any costs incurred in effecting such sale) will be paid: (i) to the relevant Excluded HNE Shareholder entitled to them as soon as reasonably practicable, and in any event no later than 10 Business Days after the date of sale, save that entitlements of less than £5.00 per Excluded HNE Shareholder will be retained in the Liquidation Pool; or (ii) in respect of Sanctions Restricted Persons, at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulations.

#### **Notice to US HNE Shareholders**

The New Shares have not been and will not be registered under the US Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States and the New Shares may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States, and under circumstances that would not result in the Company being in violation of the US Investment Company Act. There has not been and there will not be any public offer or sale of the New Shares in the United States.

The New Shares are being offered and sold solely (i) outside the United States to persons who are not US Persons in “offshore transactions” as defined in and pursuant to Regulation S under the US Securities Act; and (ii) within the United States to, or to US Persons that are, both “qualified institutional buyers” (“QIBs”) as defined in Rule 144A under the US Securities Act and “qualified purchasers” (“QPs”) as defined in Section 2(a)(51) of the US Investment Company Act pursuant to an exemption from the registration requirements of the US Securities Act, and who, in the case of (ii), have executed a US Investor Representation Letter.

The Scheme is being implemented subject to United Kingdom disclosure requirements which are different from certain United States disclosure requirements. In addition, US HNE Shareholders should be aware that this Prospectus has been prepared in accordance with a United Kingdom format and style, which differs from the United States format and style. In particular, parts of this document contain information concerning the Scheme required by United Kingdom disclosure requirements which may be material and may not have been summarised elsewhere in this Prospectus. Furthermore, the Scheme will be subject to other procedural requirements, including with respect to withdrawal rights, settlement procedures and timing of payments that are different from those applicable under United States domestic tender offer procedures and law.

US HNE Shareholders should note that the New Shares are not, and will not be, listed on a United States securities exchange and the Company is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports

with the SEC. The Scheme is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act.

It may be difficult for US HNE Shareholders to enforce their rights and any claims arising out of US federal securities laws, since the Company is located in a foreign country, and all of its Directors, Proposed Directors and officers are citizens and residents of jurisdictions outside the United States. US HNE Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of US federal securities laws. Further, it may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment. Whether located in the United States or elsewhere, US HNE Shareholders will receive any cash consideration in pounds Sterling.

There are significant restrictions on the purchase and resale of the New Shares by persons that are located in the United States, that are US Persons, or who hold New Shares for the account or benefit of US Persons and on the resale of New Shares to any person who is located in the United States or to, or for the account or benefit of, a US Person. If in the future an initial purchaser, as well as any subsequent holder, decides to offer, sell, transfer, assign or otherwise dispose of the New Shares, they may do so only: (i) outside the United States in an "offshore transaction" complying with the provisions of Regulation S under the US Securities Act to a person not known by the transferor to be a US Person, by pre-arrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

The Company will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of such legislation. Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of the New Shares.

## 10 Taxation

The attention of HNE Shareholders is drawn to the summary of tax matters set out in Part 6 (*UK Taxation*) of this Prospectus. This does not constitute and should not be relied upon as tax advice. HNE Shareholders should seek tax advice from their own tax adviser about the taxation consequences of acquiring, holding or disposing of New Shares.

## 11 Interests

Save as set out at paragraph 4 of Part 3 (*Directors, Management and Administration of the Company*) of this Prospectus, there are no conflicting interests that are material to the Issue.

## 12 The Tender Offer

In conjunction with the Issue, the Company is also implementing a tender offer to Shareholders for up to 15% of the Company's issued share capital (excluding treasury shares) (the "**Tender Offer**"), which broadly reflects the cash exit being provided for HNE Shareholders under the Scheme.

The Tender Offer will be priced at a 2% discount (the "**Tender Offer Discount**") to the Tender Offer FAV as at close of business on the Tender Offer Calculation Date. The Tender Offer FAV will be the Company's NAV, calculated in accordance with the Company's normal accounting policies, less the costs of the Proposals agreed to be borne by the Company, multiplied by the proportion of the Company's issued share capital tendered pursuant to the Tender Offer (excluding Shares held in treasury subject to the overall cap of 15% of the Company's issued share capital (excluding Shares held in treasury)). In addition, SDRT, stamp duty and any incidental fees and commissions specific to the Tender Offer will be borne by Shareholders tendering their Shares.

Further details of the Tender Offer are set out the Company's circular to Shareholders dated 20 May 2024.

## Part 5

### Financial Information

#### 1 Introduction

The financial information contained in the sections titled “*Historical financial information*”, “*Selected financial information*” and “*Operating and financial review*” of this Part has been extracted without material adjustment from the annual report and audited financial statements of the Company for the financial year ended 30 September 2023 (the “**2023 Annual Report**”).

The financial statements of the Company for the financial year ended 30 September 2023 (the “**Financial Statements**”) were prepared under UK GAAP in accordance with FRS 102. The Financial Statements were audited by EY whose report in each instance was unqualified and did not contain any statement under section 498(2) or (3) of the Companies Act. EY is registered to carry on audit work in the UK and the Republic of Ireland by the Institute of Chartered Accountants in England and Wales.

The 2023 Annual Report is available for inspection on the Company’s website at [www.hendersonseuropeanfocus.com](http://www.hendersonseuropeanfocus.com).

#### 2 Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published 2023 Annual Report and is expressly incorporated by reference into this Prospectus. The non-incorporated parts of this report are either not relevant to investors or covered elsewhere in this Prospectus.

Nature of information	2023
	Annual Report Page No.
Performance highlights	2-3
Independent auditor’s report	57-63
Financial statements	64-67
Notes to the financial statements	68-82

#### 3 Selected financial information

The information regarding the Company in this paragraph 3 has been prepared by the Company and has been extracted directly from the 2023 Annual Report.

**Income statement for closed-end funds**

<b>Statement of Comprehensive Income</b>	<b>Financial year ended 30 September 2023 (audited) (£'000)</b>		
	<b>Revenue return</b>	<b>Capital return</b>	<b>Total return</b>
Gains/(losses) on investments held at fair value through profit or loss	—	68,293	68,293
Exchange losses on currency transactions	—	(5)	(5)
Income from investments	11,206	—	11,206
Other income	224	—	224
<b>Gross revenue and capital gains/(losses)</b>	<b>11,430</b>	<b>68,288</b>	<b>79,718</b>
Management fee	(587)	(1,762)	(2,349)
Other fees and expenses	(639)	—	(639)
<b>Net return before finance costs and taxation</b>	<b>10,204</b>	<b>66,526</b>	<b>76,730</b>
Finance costs	(129)	(385)	(514)
<b>Net return before taxation</b>	<b>10,075</b>	<b>66,141</b>	<b>76,216</b>
Taxation on net return	(887)	(36)	(923)
<b>Net return after taxation</b>	<b>9,188</b>	<b>66,105</b>	<b>75,293</b>
<b>Return per ordinary share (pence per share)</b>	<b>4.32p</b>	<b>31.07p</b>	<b>35.39p</b>

<b>Statement of Financial Position</b>	<b>As at 30 September 2023 (audited) (£'000)</b>
<b>Fixed assets</b>	
Investments held at fair value through profit or loss	384,249
<b>Current assets</b>	
Debtors	11,745
Cash at bank	15,857
	27,602
<b>Creditors: amounts falling due within one year</b>	(2,655)
<b>Net current assets</b>	<b>24,947</b>
<b>Total assets less current liabilities</b>	<b>409,196</b>
<b>Creditors: amounts falling due after one year</b>	<b>(30,199)</b>
<b>Net assets</b>	<b>378,997</b>
<b>Capital and reserves</b>	
Called-up share capital	10,819
Share premium account	41,995
Capital reserve	217,076
Revenue reserve	12,496
Other reserves	96,611
<b>Shareholders' funds</b>	<b>378,997</b>
<b>Net asset value per ordinary share (pence)</b>	<b>178.13p</b>



#### 4 Operating and financial review

The 2023 Annual Report included, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Portfolio for the relevant period. These sections are expressly incorporated by reference into this Prospectus. The non-incorporated parts of the 2023 Annual Report are either not relevant to investors or covered elsewhere in this Prospectus.

	<b>2023 Annual Report Page No.</b>
<b>Nature of information</b>	
Chair's statement	6-9
Fund Managers' report	10-13
Investment portfolio	16

#### 5 Significant change

Since 30 September 2023 (being the end of the most recent financial period of the Company for which audited financial information has been published), there has been no significant change in the financial position of the Company.

#### 6 Capitalisation and indebtedness

The following table sets out the capitalisation and indebtedness of the Company (distinguishing between guaranteed and unguaranteed, and secured and unsecured indebtedness) as at 31 March 2024:

	<b>(£'000)</b>
<b>Total current debt</b>	
— Guaranteed	—
— Secured	—
— Unguaranteed/unsecured	—
<b>Total non-current debt (excluding current portion of non-current debt)</b>	
— Guaranteed	—
— Secured	—
— Unguaranteed/unsecured	29,765
	<b>29,765</b>
<b>Shareholders' equity</b>	
— Called-up share capital	10,819
— Special distributable reserve	25,846
— Additional special distributable reserve	51,416
— Merger reserve	61,344
<b>Total</b>	<b>149,425</b>

The information in the table above is unaudited financial information extracted from internal management accounting records as at 31 March 2024.

The following table shows the Company's total financial indebtedness as at 31 March 2024. The information in the following table is unaudited financial information extracted from internal management accounting records as at 31 March 2024.

	<b>(£'000)</b>
A. Cash	24,519
B. Cash equivalents	—
C. Other current financial assets	—
<b>D. Liquidity (A+B+C)</b>	<b>24,519</b>
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	—
F. Current portion of non-current financial debt	—
<b>G. Current financial indebtedness(E+F)</b>	<b>—</b>
<b>H. Net current financial indebtedness/(liquidity) (G-D)</b>	<b>(24,519)</b>
I. Non-current financial debt (excluding current portion and debt instruments)	—
J. Debt instruments	29,765
K. Non-current trade and other payables	—
<b>L. Non-current financial indebtedness (I+J+K)</b>	<b>29,765</b>
<b>M. Net financial indebtedness (H+L)</b>	<b>5,246</b>

**Contingent indebtedness not recognised in the Capitalisation and Indebtedness Table**

As at 31 March 2024, the Company had no indirect or contingent indebtedness.

**7 Working capital**

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this Prospectus).

**8 Net Asset Value per Share**

The unaudited Net Asset Value per Share with debt at par value as at the Latest Practicable Date was 213.6 pence.

## Part 6

### UK Taxation

The following comments do not constitute tax advice. They are intended only as a general guide based on UK law and HMRC's published practice as at the date of this document. Both law and practice may change at any time.

Except where express reference is made to the position of non-UK residents, these comments relate only to Shareholders who are, and have at all relevant times been, resident for tax purposes solely in the UK. They apply only to Shareholders who are the absolute beneficial owners of their Shares and of any dividends payable on them and who hold their Shares as investments.

Certain categories of Shareholders may be subject to special tax rules. These include dealers in securities, financial institutions, insurance companies, collective investment schemes and Shareholders who are treated as having acquired their Shares by reason of any office or employment. The position of such Shareholders is not addressed in these comments. Nor is the position of any Shareholders who are involved in arrangements to avoid tax or obtain a tax advantage.

**You are advised to seek your own professional tax advice.**

#### **1 The Company**

The Directors intend to conduct the affairs of the Company so that it satisfies, and continues to satisfy, the conditions necessary for approval as an investment trust to be maintained. However, no assurance can be given that this approval will be maintained.

In respect of each accounting period for which the Company continues to be treated as an approved investment trust the Company will be exempt from UK corporation tax on its chargeable gains. The Company will however (subject to what follows) be liable to UK corporation tax on its income in the normal way.

In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would generally be expected to apply in respect of most dividends it receives.

Approved investment trusts are able to elect to take advantage of modified UK tax treatment in respect of their "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under such treatment, the Company may designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays as an interest distribution, UK resident Shareholders would (broadly speaking) be taxed as if the dividend received were a payment of interest and the Company should be able to deduct the amount of the interest distribution from its income in calculating its taxable profit for the relevant accounting period. Given the nature of its investment portfolio, the Company does not expect to generate a significant amount of "qualifying interest income". The statements below regarding the taxation of dividends received by Shareholders from the Company assume that the streaming regime does not apply.

#### **2 Taxation of dividends**

##### *No withholding*

The Company is not required to withhold UK tax when paying a dividend on the Shares.

##### *Individuals*

UK resident individual Shareholders who receive dividends from the Company will generally pay UK income tax on those dividends at the following rates, to the extent in excess of the annual dividend allowance:

- 8.75% on dividend income within the basic rate band;
- 33.75% on dividend income within the higher rate band; and

- 39.35% on dividend income within the additional rate band.

#### *Companies*

Shareholders within the charge to UK corporation tax that receive dividends from the Company will be subject to corporation tax on those dividends unless the dividends qualify for exemption under Part 9A of the Corporation Tax Act 2009. It is likely that dividends paid by the Company will generally qualify for exemption, but it should be noted that the exemption is not comprehensive, requires a number of conditions to be met, and is subject to anti-avoidance rules. Shareholders should therefore seek professional tax advice where necessary.

### **3 Taxation of chargeable gains**

A disposal of Shares by a UK resident Shareholder may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

Shareholders that are not UK resident will not generally be subject to UK taxation of chargeable gains on a disposal of their Shares, provided that their Shares are not and have not been acquired, held or used in or for the purposes of any trade, profession or vocation carried on by the Shareholder in the UK through a branch, agency or permanent establishment. It should however be noted that, in certain circumstances, an individual Shareholder who is only temporarily non-UK resident may, on re-establishing UK tax residence, be subject to capital gains tax in respect of disposals which occurred in the period of temporary non-residence.

### **4 ISAs and SIPPS**

On the basis that the Company has received and maintains approval by HMRC as an investment trust for the purposes of section 1158 Corporation Tax Act 2010, Shares should in principle be eligible for inclusion in an ISA, subject to the annual ISA investment allowance. Shares should also generally be eligible for inclusion in a SIPP, subject to the discretion of the trustees of the SIPP.

Individuals wishing to invest in Shares through an ISA or SIPP should contact their professional advisers.

### **5 UK stamp duty and stamp duty reserve tax ("SDRT")**

#### *Issues of Shares*

No UK stamp duty or SDRT should arise on an issue of Shares by the Company (including on the issue of New Shares pursuant to the Issue).

#### *Transfers of Shares*

Instruments transferring Shares will generally be subject to stamp duty at a rate of 0.5% of the consideration given for the transfer (rounded up to the nearest £5 of stamp duty, where relevant). Transfers with an aggregate consideration of £1,000 or less are generally exempt from stamp duty provided that the instrument of transfer contains an appropriate certificate stating that the transfer does not form part of a larger transaction or series of transactions with an aggregate consideration in excess of £1,000.

An unconditional agreement to transfer Shares will generally be subject to SDRT at a rate of 0.5% of the consideration given for the transfer. However, where an instrument of transfer is executed in pursuance of such an agreement and is duly stamped within six years, the charge to SDRT will generally be cancelled and any SDRT which has already been paid can generally be reclaimed.

Paperless transfers of Shares within CREST (i.e. effected without any instrument of transfer) will generally attract only SDRT and not stamp duty. The SDRT chargeable on such transactions will generally be collected through the CREST system.

The cost of any stamp duty or SDRT that arises in connection with a transfer of Shares would normally be borne by the purchaser.

## **6 Information reporting**

The UK has entered into a number of international arrangements which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, FATCA, the Common Reporting Standard and a number of other arrangements with particular jurisdictions. In connection with agreements and arrangements of this kind, the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions.



## **Part 7**

### **Additional Information**

#### **1 The Company**

- 1.1 The Company was incorporated in England and Wales on 20 January 1947 with registered number 00427958 as a public company limited by shares under the Companies Act 1929. The Company is registered as an investment company under section 833 of the Companies Act. The Company's LEI is 213800GS89AL1DK3IN50. If the Scheme becomes effective, the Company will be renamed Henderson European Trust plc.
- 1.2 As a listed investment trust, the Company is not regulated as a collective investment scheme by the FCA. However, as a company with its shares admitted to listing on the premium segment of the Official List and to trading on the Main Market, it is subject to the Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Takeover Code, UK MAR and the rules of the London Stock Exchange. The Company is domiciled in England. The Company is an alternative investment fund pursuant to the UK AIFMD Laws. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.
- 1.3 The address of the registered office and principal place of business of the Company is 201 Bishopsgate, London EC2M 3AE, with telephone number: 0800 832 832.
- 1.4 The Company's accounting period ends on 30 September each year. The Company's latest financial statements for the year ended 30 September 2023 were published on 20 December 2023.
- 1.5 The Company has no employees and its day-to-day activities are delegated to third parties.
- 1.6 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the key conditions that must be met for approval by HMRC for any given accounting period as an investment trust are that:
  - 1.6.1 all, or substantially all, of the business of the Company is investing its funds in shares, land or other assets (being shares in the case of the Company) with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
  - 1.6.2 the Company is not a close company at any time during the accounting period for which approval is sought;
  - 1.6.3 the Company is resident in the UK throughout that accounting period;
  - 1.6.4 the Company's ordinary share capital is admitted to trading on a regulated market (as defined in FSMA) throughout the accounting period;
  - 1.6.5 the Company is not a venture capital trust or a real estate investment trust; and
  - 1.6.6 the Company may not retain in respect of the accounting period an amount greater than the higher of: (i) 15% of its income for the period; and (ii) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (i) and (ii) above, the Company may retain an amount equal to the amount of such losses.

#### **2 The AIFM and the Investment Manager**

- 2.1 Janus Henderson Fund Management UK Limited, a private limited company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 02678531, is the Company's AIFM. The AIFM is authorised and regulated by the FCA. The registered office of the AIFM is at 201 Bishopsgate, London EC2M 3AE and its telephone number is 020 7818 1818.

- 2.2 Janus Henderson Investors UK Limited, a private limited company incorporated and registered in England and Wales under the Companies Act 1948 with registered number 00906355 is the Company's Investment Manager. The Investment Manager is authorised and regulated by the FCA. The registered office of the Investment Manager is at 201 Bishopsgate, London EC2M 3AE.

### 3 The Depositary

HSBC Bank plc has been appointed as depositary of the Company pursuant to the Depositary Agreement (further details of which are set out in paragraph 12.2 of this Part 7 (*Additional Information*) of this Prospectus). The Depositary is a public limited company incorporated in England and Wales under the Companies Acts 1862 to 1879 with company number 00014259. It is authorised by the PRA and regulated by the FCA and the PRA. The address of the registered office of the Depositary is 8 Canada Square, London E14 5HQ and its telephone number is +44(0) 20 7991 8888. The Depositary's LEI is MP6I5ZYZBEU3UXPYFY54.

### 4 Share capital

- 4.1 The ISIN of the Shares is GB00BLSNGB01, the SEDOL of the Shares is BLSNGB0 and the ticker symbol is HEFT. If the Scheme becomes effective, the ticker symbol will change to HET.
- 4.2 As at the Latest Practicable Date the issued and fully paid share capital of the Company (excluding Shares held in treasury) consisted of:

	<u>Nominal value (£)</u>	<u>Number</u>
Shares	0.05	212,768,122

- 4.3 As at the Latest Practicable Date the Company held 3,621,788 Shares in treasury. The Shares are admitted to listing on the premium segment of the Official List and to trading on the Main Market. The Company has no authorised share capital.

- 4.4 *For illustrative purposes only*, had the Scheme Calculation Date been on the Latest Practicable Date, and assuming that: (i) 31,915,218 Shares are tendered pursuant to the Tender Offer; and (ii) 151,768,798 New Shares are issued (such numbers being based on the illustration provided in paragraph 2 of Part 4 (*Details of the Scheme, the Issue and the Tender Offer*) of this Prospectus), the issued and fully paid share capital of the Company immediately following the Issue (excluding Shares held in treasury) would have been as follows:

	<u>Nominal value (£)</u>	<u>Number</u>
Shares	0.05	332,621,702

- 4.5 In addition to the ordinary business of the Company, resolutions were passed at the AGM held on 25 January 2024 as follows:

4.5.1 THAT in substitution for all existing authorities, the Directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all the powers of the Company to allot Shares and to grant rights to subscribe for, or to convert any security into, Shares up to an aggregate nominal amount of £1,063,840 (or such other amount representing 10% of the issued share capital (excluding treasury shares) as at the date of the passing of the resolution) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months after the passing of the resolution and the conclusion of the Annual General Meeting of the Company in 2025, save that the Directors may make an offer or agreement which would or might require Shares to be allotted or rights to be granted after expiry of the authority and the Directors may allot Shares and grant rights in pursuance of that offer or agreement as if the authority conferred hereby had not expired;

4.5.2 THAT in substitution for all existing authorities and, subject to the passing of the resolution referred to in paragraph 4.5.1, the Directors were empowered pursuant to sections 570 and 573 of the Companies Act to allot Shares or make offers or agreements to allot Shares (within the meaning of section 560 of the Companies Act)

for cash, and to sell Shares which are held by the Company in treasury, as if section 561(1) of the Companies Act did not apply to any such allotments or sale. This power is limited to the allotment or sale of Shares:

- (a) whether by way of a rights issue, open offer or otherwise to Shareholders on the Register at such record date(s) as the Directors may determine where the Shares respectively attributable to the interests of all Shareholders are proportionate (or as nearly as may be) to the respective numbers of Shares held by them (or are otherwise allotted in accordance with the rights attaching to such Shares) subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever;
- (b) up to a maximum aggregate nominal value of £1,063,840 (or such other amount representing 10% of the Company's issued share capital (excluding treasury shares) as at the date of the passing of the resolution); and
- (c) at a price not less than the net asset value per Share as at the latest practicable date before such allotment of Shares as determined by the Directors in their reasonable discretion;

and expires at the earlier of the date falling 15 months after the passing of the resolution and the conclusion of the Annual General Meeting of the Company in 2025 unless previously renewed, varied or revoked by the Company in general meeting, save that the Directors may before such expiry make an offer or agreement which would or might require Shares to be allotted or sold after such expiry and the Directors may allot or sell Shares in pursuance of such an offer or agreement as if the power conferred had not expired.

4.5.3 THAT in substitution for all existing authorities, the Company was generally and unconditionally authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Shares on such terms and in such manner as the Directors may from time to time determine, provided that:

- (a) the maximum aggregate number of Shares authorised to be purchased is 14.99% of the Company's issued share capital at the date of the resolution (equivalent to 31,893,941 Shares (excluding treasury shares) as at 8 December 2023);
- (b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of:
  - (i) 105% of the average of the middle market quotations for a Share as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and
  - (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange when the purchase is carried out;
- (c) the minimum price (exclusive of expenses) which may be paid for a Share shall be 5 pence, being the nominal value per Share;
- (d) the authority expires at the earlier of the date falling 15 months after the date of the passing of the resolution and the conclusion of the Annual General Meeting of the Company in 2025, unless such authority is renewed before that expiry;
- (e) the Company may make a contract to purchase Shares under the authority conferred which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares pursuant to any such contract; and
- (f) any Shares so purchased shall be cancelled, or in accordance with the provisions of the Companies Act, if the Directors so determine, be held, sold, transferred or otherwise dealt with as treasury shares.

4.5.4 THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice, such authority to expire on conclusion of the Annual General Meeting of the Company in 2025.

4.5.5 THAT, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the Court, be cancelled, and the amount by which the share capital is so reduced be credited to a reserve of the Company.

4.5.6 THAT, subject to the sanction of the High Court, the amount standing to the credit of the capital redemption reserve of the Company, at the date an order is made confirming such cancellation by the Court, be cancelled, and the amount by which the share capital is so reduced be credited to a reserve of the Company.

On 12 March 2024, the Court approved the Company's cancellation of the Company's share premium account and capital redemption reserve.

4.6 At the General Meeting, the Directors will seek Shareholder authority generally and unconditionally, pursuant to section 551 of the Companies Act, to allot New Shares and to grant rights to subscribe for or to convert any securities into New Shares up to an aggregate nominal amount of £12,500,000 in connection with the Issue (such authority to expire on 31 July 2024). Such authority will be in addition to the authority referred to in paragraph 4.5.1 above.

4.7 The provisions of section 561 of the Companies Act which, to the extent not disapplied pursuant to section 570 or section 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment or sale of equity securities for cash, shall apply to any unissued share capital of the Company, except to the extent disapplied by the authority referred to in paragraph 4.5.2 above.

4.8 As at the Latest Practicable Date:

4.8.1 no subscriptions, issues or options are to be given by the Company, or are already existing, in respect of any securities of the Company, including any that have a prior right over the Shares to a distribution of the profits or assets of the Company;

4.8.2 no shares which do not represent capital have been issued by the Company and remain outstanding;

4.8.3 no convertible securities, exchangeable securities or securities with warrants have been issued by the Company and remain outstanding; and

4.8.4 save in connection with the Issue, there are no acquisition rights and/or obligations over any of the Company's authorised but unissued capital and no undertakings to increase the Company's capital.

4.9 As at the Latest Practicable Date there have been no public takeover bids in respect of the Company's equity, since the financial year ended 30 September 2023.

## **5 Redemptions at the option of Shareholders**

There is no right or entitlement attaching to the Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.

## **6 Articles of Association**

Below is a summary of the provisions in the Articles relating to the rights attached to the Shares, including any limitation of those rights and procedures for the exercise of those rights.

### **6.1 Share capital**

Without prejudice to any rights attached to any existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide.

Any share may be issued which is or is to be liable to be redeemed at the option of the Company or the holder, and the board may determine the terms, conditions and manner of redemption of any such share.

## **6.2 Variation of rights**

Subject to the provisions of the Companies Act, all or any of the rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be varied with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

At every such separate general meeting, these provisions shall *mutatis mutandis* apply, but so that the necessary quorum shall be a person or persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class in question, that every holder of shares of the class shall be entitled on a poll to one vote for every share of the class held by him, that any holder of shares of the class present in person or by proxy may demand a poll and (excluding any shares of that class held as treasury shares), that at any adjourned meeting one holder of shares of the class present in person or by proxy (whatever the number of shares held be him/her) shall be a quorum.

## **6.3 Matters not constituting variation of rights**

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by (a) the creation or issue of further shares ranking (as regards participation in the profits or assets of the Company) in some or all respects *pari passu* therewith but in no respect in priority thereto or (b) the purchase or redemption by the Company of any of its own shares.

## **6.4 Transfer of shares**

Subject to such of the restrictions of the Articles as may be applicable, any member may transfer all or any of his shares which are in certificated form by an instrument of transfer in writing in any usual form or in any other form which the board may approve. The instrument of transfer of a share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect of it. All instruments of transfer, when registered, may be retained by the Company. All transfers of shares which are in uncertificated form shall, unless the Uncertificated Securities Regulations otherwise provide, be effected by means of a relevant system.

The Board may, in the issue of shares in certified form, in its absolute discretion, decline to register any transfer of any share which is not a fully paid share provided that where any such shares are admitted to the Official List of the Financial Conduct Authority, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

In addition, the Board may refuse to register a transfer unless: (i) the instrument of transfer relating to shares in certified form is lodged (duly stamped or duly certified if required) at the registered office accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the person signing the instrument of transfer to make the transfer and, if the instrument of transfer is signed by some other person on his behalf, the authority of that person so to do; (ii) the instrument of transfer is in respect of only one class of share; and (iii) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

The Board may decline to register a transfer of an uncertificated share in the circumstances set out in the Uncertificated Securities Regulations, the rules of the relevant electronic system concerned, and in any case where the Company is entitled to refuse (or is excepted from the requirement) under the Uncertificated Securities Regulations to register the transfer.



No fee shall be charged by the Company for registering any transfer, document or instruction relating to or affecting the title to any share or for making any other entry in the Register.

#### **6.5 Alteration of share capital**

The Company may from time to time by ordinary resolution authorise the Company to consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or sub-divide its shares or any of them into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

Whenever as a result of a consolidation of shares, any members would become entitled to fractions of a share, the Board may deal with the fractions as it thinks fit and in particular may sell the shares representing the fractions to any person (including the Company) for the best price reasonably obtainable and distribute the net proceeds of sale in due proportion among those members or retain such net proceeds for the benefit of the Company and the Board, may authorise any person to transfer or deliver the shares to, or in accordance with the directions of, the purchaser. The person to whom any shares are transferred or delivered shall not be bound to see to the application of the purchase money nor shall his/her title to the shares be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.

The Board may treat shares of a member in certificated form and in uncertificated form as separate holdings in giving effect to subdivisions and/or consolidations and may cause any shares arising on consolidation or subdivision and representing fractional entitlements to be entered in the register as shares in certificated form where this is desirable to facilitate the sale thereof.

#### **6.6 General meetings**

The Board may convene a general meeting whenever it thinks fit. If there are not sufficient directors to form a quorum in order to call a general meeting, any director may call a general meeting. If there is no director, any member of the Company may call a general meeting. The Board shall determine in relation to each general meeting the date, time and means of attendance at and participation in the meeting, including whether the persons entitled to attend and participate in the general meeting shall be entitled to do so by simultaneous attendance and participation at a physical place (or places) anywhere in the world determined by it, or by means of an electronic facility or facilities determined by it in accordance with the following provisions of the Articles, or partly in one way and partly in another.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a Chair of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the Articles, two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member (including for this purpose two proxies or corporate representatives who are appointed by the same member) shall be a quorum for all purposes.

A member is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at a meeting of the Company. The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Where two or more valid appointments of proxy are received in respect of the same share in relation to the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

Each Director shall be entitled to attend and speak at any general meeting of the Company.

A poll on a resolution may be demanded at a general meeting either before or immediately after the result of a vote on a show of hands on that resolution is declared or on the withdrawal of any other demand for a poll. A poll on a resolution may be demanded by: (i) the Chair of the meeting, or (ii) a majority of the Directors present at the meeting, or (iii) at least

five members entitled to vote at the meeting; or (iv) any member or members representing in the aggregate not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting (excluding any voting rights attached to any shares in the Company held as treasury shares); or (v) any member or members present and holding shares conferring a right to and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the shares conferring that right (excluding any shares in the Company conferring a right to vote at the meeting which are held as treasury shares).

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chair of the meeting that a resolution has been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost, and an entry in respect of such declaration in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

## **6.7 Voting**

Subject to any rights and restrictions attached to any Shares:

6.7.1 on a show of hands:

- (a) every member who is present in person has one vote;
- (b) every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote, except that if the proxy has been duly appointed by more than one member entitled to vote on the resolution and is instructed by one or more of these members to vote for the resolution and by one or more of those others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) he has one vote for and one vote against the resolution; and
- (c) every corporate representative who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to;

6.7.2 on a poll every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

## **6.8 Dividends**

The Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. No dividend shall be payable except out of the profits of the Company and otherwise in accordance with the provisions of the Companies Act. The determination of the Board as to the amount of profits in the Company at any time available for distribution by way of dividend shall be conclusive.

Subject to the provisions of the Companies Act, the Board may pay interim dividends, or dividends payable at a fixed rate at intervals settled by the Board, if it appears to it that they are justified by the financial position of the Company. If the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide: (i) all dividends shall be declared and paid according to the amounts paid up on the share in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; (ii) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the share during any portion or portions of the period in respect of which the dividend is paid; and (iii) dividends may be declared or paid in any currency.

## 6.9 Capitalisation of reserves

Subject to the Acts, the Company may upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that the amount to be capitalised be set free for distribution among the members or any class of members who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that it is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by those members respectively or in paying up in full shares debentures or other obligations of the Company to be allotted and distributed credited as fully paid up among those members, or partly in one way and partly in the other, but so that, for the purposes of the relevant article, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full shares of the Company. The Board may authorise any person to enter into an agreement with the Company on behalf of the persons entitled to participate in the distribution providing for the allotment to them respectively of any shares, debentures or other obligations of the Company to which they are entitled on the capitalisation and the agreement shall be binding on those persons.

## 6.10 Distribution of assets otherwise than in cash on a winding-up

If the Company commences liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Acts: divide among the members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out as between the members or different classes of members, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but no member shall be compelled to accept any shares or other assets upon which there is any liability.

## 6.11 Suspension of rights where non-disclosure of interest

Where the holder of any shares in the Company, or any other person appearing to be interested in those shares, fails to comply within the relevant period with any statutory notice in respect of those shares, the Company may give the holder of those shares a further notice (a “**restriction notice**”) to the effect that from the service of the restriction notice those shares will be subject to some or all of the relevant restrictions, and from service of the restriction notice those shares shall, notwithstanding any other provisions of the Articles, be subject to those relevant restrictions accordingly provided that, in the case of shares in uncertificated form the Board may only exercise its discretion not to register a transfer if permitted to do so by the Uncertificated Securities Regulations.

# 7 The City Code on Takeovers and Mergers

## 7.1 Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- 7.1.1 any person acquires, whether by a series of transactions over a period of time or otherwise, an interest in shares which, when taken together with shares in which they and persons acting in concert with them are interested, carry 30% or more of the voting rights in the Company; or
- 7.1.2 any person, together with persons acting in concert with them, is interested in shares which in the aggregate carry not less than 30% of the voting rights of the Company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with them, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which they are interested, such person would be required (except with the consent of the Panel) to make a cash or cash alternative offer for the outstanding shares at a price not less than the highest

price paid for any interests in the shares by them or their concert parties during the previous 12 months. Such an offer must only be conditional on:

- 7.1.3 the person having received acceptances in respect of shares which (together with shares already acquired or *agreed* to be acquired) will result in the person and any person acting in concert with them holding shares carrying more than 50% of the voting rights; and
- 7.1.4 no reference having been made in respect of the offer to the Competition and Markets Authority by either the first closing date or the date when the offer becomes or is declared unconditional as to acceptances, whichever is the later.

A person not acting, or presumed not to be acting, in concert with any one or more of the directors of a company will not normally incur an obligation to make a mandatory offer under Rule 9 if, as a result of the redemption or repurchase of shares by that company, they come to exceed the percentage limits set out in Rule 9.

The Panel must be consulted in advance in any case where Rule 9 of the Takeover Code might be relevant.

## 7.2 **Compulsory acquisition**

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90% of a class of shares of a company (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares of that class held by holders that have not assented to the offer. It would do so by sending a notice to the holders of shares of that class indicating that it is desirous of acquiring such outstanding shares whereupon the offeror will become entitled and bound to acquire such shares. At the end of six weeks from the date of such notice it would execute a transfer of such outstanding shares in its favour and pay the consideration to the company, which would hold the consideration on trust for the holders of such outstanding shares subject to the transfer. The consideration offered to the holders whose outstanding shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90% of the shares of a company (in value and by voting rights, pursuant to a takeover offer that relates to all the shares in the company) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire their shares on the same terms as the takeover offer ("**sell-out rights**").

The offeror would be required to give any relevant holder of shares notice of their right to be bought out within one month of that sell-out right arising. Such sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises their sell-out rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 8 Disclosures under UK MAR

The table below sets out a summary of the information disclosed by the Company under UK MAR over the 12-month period preceding the date of this Prospectus and which is relevant as at the date of this Prospectus.

Date	Title	Nature of information
14 May 2024	Merger update	Announcement of amended terms of the merger Proposals
14 March 2024	Proposed merger of interests of HEFT and HNE	Announcement of the intention to implement the Proposals.
13 December 2023	Annual results and final dividend	Announcements of the Company's annual results for the year ended 30 September 2023 and declaration of final dividend.
25 September 2023	Holdings in Company	Announcement of TR-1 for the increase of shareholdings.
19 September 2023	Director's Declaration	Announcement of a Director's external appointment.
5 September 2023	Director/PDMR Shareholding	Notification of a Director's purchase of Shares.
29 June 2023	Director/PDMR Shareholding	Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them.
15 June 2023	Directorate Change	Announcement on appointment of new Director.
26 May 2023	Half-Year Update	Announcement of the release of the half-year report.
22 May 2023	Half-Year Report	Announcement of the publication of the unaudited results for the half-year ended 31 March 2023.

## 9 Interests of Directors, Proposed Directors, Major Shareholders and Related Party Transactions

### 9.1 Directors' and Proposed Directors' interests

Following implementation of the Issue, the interests (all of which are or will be beneficial unless otherwise stated) of the Directors and the Proposed Directors (together with their connected persons) in the issued share capital of the Company (excluding treasury shares) are expected to be as follows:

	Number of Existing Shares as at the Latest Practicable Date	Percentage of issued share capital (%) as at the Latest Practicable Date	Number of HNE Shares as at the Latest Practicable Date for which they intend to elect for the Rollover Option	Number of Shares following completion of the Issue*	Estimated percentage of issued share capital following completion of the Issue* (%)
Vicky Hastings (Chair)	75,000	0.0352	—	75,000	0.0225
Robin Archibald	26,030	0.0122	—	26,030	0.0078
Stephen Macklow-Smith	3,947	0.0019	—	3,947	0.0012
Marco Maria Bianconi	3,000	0.0014	—	3,000	0.0009
Melanie Blake	3,058	0.0014	—	3,058	0.0009
Stephen King	—	—	15,000	12,641	0.0038
Rutger Koopmans	—	—	49,000	41,297	0.0124
Katya Thomson	—	—	45,000	37,925	0.0114

\* Assuming the total issued share capital of the Company following completion of the Issue is 332,621,702, based on the illustrative calculations set out in paragraph 2 of Part 4 (*Details of the Scheme, the Issue and the Tender Offer*) of this Prospectus.

As at the date of this Prospectus, save as disclosed above, no Director or Proposed Director has any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

## 9.2 Directors' and Proposed Directors' contracts with the Company

9.2.1 No Director or Proposed Director has a service contract with the Company, nor are any such contracts proposed. Each Director and each Proposed Director has been, or will be, appointed pursuant to a letter of appointment entered into with the Company.

9.2.2 The Directors' and, once appointed, the Proposed Directors' appointments can be terminated in accordance with the Articles and without compensation in circumstances pursuant to the Directors' letters of appointment or in accordance with the Companies Act or common law. Pursuant to the Articles, at every Annual General Meeting every Director shall retire from office and may offer himself for re-appointment by members.

9.2.3 The Directors' and, once appointed, the Proposed Directors' appointments may be terminated on one month's notice pursuant to their letters of appointment. The Articles provide that the office of Director may be terminated by, among other things: (i) resignation; (ii) unauthorised absences from board meetings for more than six consecutive months; or (iii) notice in writing that the Director's resignation is requested by all other Directors.

9.2.4 As at the date of this Prospectus, Vicky Hastings, as Chair, is entitled to receive £43,000 per annum, Robin Archibald, as chair of the Audit and Risk Committee and Senior Independent Director, is entitled to receive £39,000 per annum, and all other Directors (including, once appointed, the Proposed Directors) are entitled to receive £30,000 per annum for their services as Directors of the Company.

9.2.5 No amounts have been set aside or accrued by the Company to provide pension, retirement or similar benefits for the Directors.

## 9.3 Directors' and Proposed Directors' other interests

9.3.1 Over the five years preceding the date of this Prospectus, the Directors and the Proposed Directors have held the following directorships (apart from their directorships of the Company) and/or partnerships:

	<b>Current directorships / partnerships / trusteeships</b>	<b>Past directorships / partnerships / trusteeships</b>
Vicky Hastings (Chair)	Alliance Trust plc	Edinburgh Investment Trust plc Impax Environmental Markets plc JPMorgan Asset Management International Limited JPMorgan Asset Management UK Limited Moorfields Eye Charity
Robin Archibald	AEW UK REIT plc AEW UK REIT 2015 Limited ASAM EOT Trustees Limited Capital Gearing Trust plc Ediston EOT Trust Company Limited Shires Income plc	Albion Technology & General VCT plc Ediston Property Investment Company plc
Marco Maria Bianconi	Cimbeton AS Cimentas AS Gabelli Merger Plus+ Trust plc	
Stephen Macklow-Smith	John Fisher Network	Congregation of Jesus (trustee)



	<b>Current directorships / partnerships / trusteeships</b>	<b>Past directorships / partnerships / trusteeships</b>
Melanie Blake	Hemat Gryffe Women's Aid	
Stephen King	Henderson EuroTrust plc National Institute of Economic and Social Research	
Rutger Koopmans	Henderson EuroTrust plc PIT Self-Placement BV Stichting Pluryn Stichting Reizigerstegoeden Vollenhoven Groep Woningstichting Eigen Haard	Bovemij Insurance Company crmLiNK BV Dutch Association of Credit Unions Golfbreker BV Office Depot Europe BV Partner M-Partners Asset Management Rutger Koopmans Beheer BV Voedselbank Amsterdam Vollenhoven Olie BV
Katya Thomson	Allianz Technology Trust plc AVI Japan Opportunity Trust plc Henderson EuroTrust plc	ITC Travel Investments, SL MIGO Opportunities Trust plc The New Carnival Company CIC Thomas Cook Nederland B.V.

9.3.2 As at the date of this Prospectus, there are no potential conflicts of interest between any of the Directors' or Proposed Directors' duties to the Company and their private interests and/or other duties.

9.3.3 There are no lock-up provisions regarding the disposal by any of the Directors or the Proposed Directors of any Shares.

9.3.4 None of the Directors or the Proposed Directors in the five years before the date of this Prospectus:

- (a) has any convictions in relation to fraudulent offences;
- (b) other than as disclosed in paragraph 9.3.5 below, has been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- (c) has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

9.3.5 Ediston Property Investment Company plc, of which Robin Archibald was a director, was placed into members' voluntary liquidation on 11 January 2024 following recommended proposals from its board of directors.

9.3.6 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

#### 9.4 Major Shareholders

9.4.1 As at close of business on the Latest Practicable Date, in so far as it is known to the Company, the following persons held, directly or indirectly, 3.0% or more of the Company's voting rights.

Shareholder	Number of Existing Shares as at the Latest Practicable Date	Percentage of voting rights as at the Latest Practicable Date
1607 Capital Partners	27,109,394	12.74%
City of London	18,920,808	8.89%
Allspring Global Investments	16,739,668	7.87%
Investec Wealth & Investment	14,355,319	6.75%
Evelyn Partners	9,606,303	4.51%
Charles Stanley	9,434,667	4.43%

9.4.2 As at the date of this Prospectus the Company is not aware of any person who, immediately following the Issue, will directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

9.4.3 None of the Shareholders has or will have voting rights attached to the Shares held by them which are different from the voting rights attached to any other Shares. So far as is known to the Company, as at the date of this Prospectus, the Company will not, immediately following the Issue, be directly or indirectly owned or controlled by any single person or entity and there are no arrangements known to the Company the operation of which may subsequently result in a change of control of the Company.

## 9.5 Related party transactions

Save for payment of fees and expenses to the AIFM and its affiliates pursuant to the Management Agreement, which is summarised in paragraph 12.1 of this Part 7 (*“Additional Information”*) below, and the entry into of a side letter to the Management Agreement dated 20 May 2024 summarised in paragraph 12.1 of this Part 7 (*“Additional Information”*) below (and which is conditional upon the Scheme becoming effective), the Company has not entered into any related party transaction (within the meaning of UK-adopted international accounting standards) at any time during the period from 30 September 2023 to the date of publication of this Prospectus.

## 9.6 Other material interests

9.6.1 The AIFM and the Investment Manager, any of their respective directors, officers, employees, agents and affiliates and the Directors, Proposed Directors, and any person or company with whom they are affiliated or by whom they are employed, may be involved in other financial, investment or professional activities which may cause conflicts of interest with the Company.

9.6.2 In particular, interested parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, the AIFM and the Investment Manager, any of their respective directors, officers, employees, agents and affiliates, the Directors, the Proposed Directors, and any person or company with whom they are affiliated or by whom they are employed may (subject to any restrictions contained in any relevant management agreement) acquire on behalf of a client an investment in which the Company may also invest.

## 10 Share options and share scheme arrangements

The Company has not created an option over any of its Shares or loan capital or agreed to create such an option.

## 11 Other investment restrictions

11.1 The Company will at all times invest and manage its assets with the objective of spreading investment risk and in accordance with its published investment policy and the investment restrictions set out therein as set out in Part 1 (*The Company*) of this Prospectus and as proposed to be amended as part of the Proposals.

- 11.2 In the event of a material breach of the investment policy and/or restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Investment Manager via an RIS announcement.

## **12 Material contracts**

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company is a party or which contain any provision under which the Company has any obligation or entitlement which is material to it as at the date of this Prospectus.

### **12.1 Management Agreement**

The Company entered into the Management Agreement with the AIFM on 17 July 2014. The Management Agreement was amended by subsequent side letters dated 9 December 2014, 8 December 2015, 25 January 2018, 25 May 2018, and 12 December 2018. Under the terms of the Management Agreement, the AIFM has been appointed by the Company with responsibility for the provision of discretionary portfolio management, risk management and corporate secretarial and administration services, subject to the overall supervision of the Directors in accordance with the policies laid down by the Directors from time to time. Corporate secretarial and general administration services are provided to the Company by the AIFM, the Investment Manager and their affiliates. The Management Agreement is terminable on not less than six months' prior written notice and immediately on notice in certain other customary circumstances. The AIFM is entitled to annual fees equal to 0.65% of the Net Asset Value up to £300 million and 0.55% of the Net Asset Value in excess of £300 million.

If the Scheme becomes effective, the Company and the AIFM have agreed pursuant to a side letter dated 20 May 2024 that the AIFM shall be entitled to receive annual fees equal to 0.600% per annum of the Net Asset Value up to, but excluding £500 million; 0.475% per annum of the Net Asset Value equal to and in excess of £500 million and up to, but excluding £1 billion; and 0.450% per annum of the Net Asset Value equal to and in excess of £1 billion.

The Company has given the AIFM an indemnity on an after-tax basis against all costs, losses, claims and reasonable expenses which may be incurred or made against it arising out of any action properly taken by the AIFM (or anyone acting on its behalf) in accordance with the Management Agreement.

The Management Agreement is governed by the laws of England and Wales.

### **12.2 Depositary Agreement**

The Depositary Agreement is dated 18 July 2014 as amended with effect from 1 July 2018 and entered into between the Company, the AIFM and HSBC Bank plc (the "**Depositary**"). Pursuant to the Depositary Agreement, the Depositary is appointed to act as depositary of the Company. The Depositary performs the customary services of a depositary in accordance with the UK AIFMD Laws. The Depositary may delegate its obligations in respect of the safekeeping of the Company's investments to third parties, subject to the UK AIFMD Laws and the certain conditions within the Depositary Agreement. The Depositary's liability shall not be affected by any delegation of its Article 21(8) functions unless the Depositary has discharged itself of its liability in accordance with UK AIFMD Laws.

The annual fee contains a fixed element of £15,000, in addition to fees payable of up to 0.75% of the Net Asset Value, a variable element for custody charges based on the value and location of the assets to which the custody charge relates and a variable element for transaction settlement instructions received based on the value and location of the assets to which the settlement instruction relates.

Any of the Company, the AIFM or the Depositary may terminate the Depositary Agreement by giving not less than 180 calendar days' written notice to the other parties provided that the Agreement shall not terminate until a replacement depositary is appointed.

The Depositary Agreement contains certain standard indemnities from the Company in favour of the Depositary and from the Depositary in favour of the Company.

The Depositary Agreement is governed by the laws of England and Wales.

### 12.3 Registrar Agreement

Equiniti Limited has been appointed as the Company's Registrar pursuant to the Registrar Agreement entered into between the Company and the Registrar dated 24 January 2022 to provide registrar and receiving agent services to the Company. The Company shall pay to the Registrar as annual remuneration for the services to be rendered by the Registrar under the Registrar Agreement a base fee of £33,500 plus VAT, which may be increased in line with CPI, together with additional fees for ad hoc services provided from time to time.

Either party may terminate the Registrar Agreement by giving not less than six months' written notice to the other party. Either party may terminate the Registrar Agreement with immediate effect upon notice if the other party is subject to certain insolvency events or commits a material breach of the Registrar Agreement which (if capable of remedy) that party has failed to remedy within 30 days of written notice requiring it to do so, and material breach will include the Company being materially or persistently in default of its payment obligations under the Agreement.

The Registrar Agreement contains certain standard indemnities from the Company in favour of the Registrar and from the Registrar in favour of the Company. The Registrar's liabilities under the Registrar Agreement are subject to a cap.

The Registrar Agreement is governed by the laws of England and Wales.

### 12.4 Overdraft Facility Agreement

The Company and HSBC Bank plc entered into the Overdraft Facility Agreement, dated 24 March 2011, as amended and restated on 18 July 2014, as further amended on 18 September 2015 and on 25 February 2022. Pursuant to the Overdraft Facility Agreement, HSBC Bank plc made available to the Company a multi-currency overdraft facility in an aggregate amount equal to the lesser of: (i) £30,000,000 (thirty million pounds Sterling); and (ii) 10% of custody assets from time to time.

The Overdraft Facility Agreement is governed by the laws of England and Wales.

### 12.5 Note Purchase Agreement

The Company entered into a note purchase agreement with Irish Life Assurance Plc on 26 January 2022 (the "**Note Purchase Agreement**") in respect of the issue and sale by the Company of €35,000,000 aggregate principal amount of its senior notes, of which (i) €25,000,000 are 1.53% Series A Senior Notes due 31 January 2047 and (ii) €10,000,000 are 1.66% Series B Senior Notes due 31 January 2052 (the "**Loan Notes**").

The Note Purchase Agreement is governed by the laws of England and Wales.

### 12.6 Receiving Agent Agreement

Equiniti Limited has been appointed as the Company's Receiving Agent in connection with the Scheme and the Tender Offer pursuant to the Receiving Agent Agreement entered into between the Company and the Receiving Agent dated 14 May 2024.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a project fee and additional fees for the management of the General Meeting and the take-on of the HNE Register which are charged on an item-by-item basis, subject to an overall minimum fee in connection with the Scheme and the Tender Offer. The Receiving Agent is also entitled to reimbursement of reasonable out of pocket expenses incurred in connection with the provision of services under the Receiving Agent Agreement.

The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liability under the Receiving Agent Agreement is subject to a cap.

The Receiving Agent Agreement is governed by the laws of England and Wales.

## 12.7 Transfer Agreement

If the resolution to be proposed at the Second HNE General Meeting is passed and the Resolution to authorise the Company to issue New Shares pursuant to the Issue is passed, the Company will enter into the Transfer Agreement on or about the Scheme Effective Date, which is expected to be 4 July 2024, pursuant to which the cash and other assets of HNE comprising the Rollover Pool will be transferred to the Company in consideration for the issue by the Company of the New Shares to the Liquidators, as nominees for the HNE Shareholders who elect, or are deemed to have elected for, the Rollover Option, which the Liquidators have agreed to renounce in favour of such HNE Shareholders.

Completion of the transfer of the cash and other assets of HNE comprised in the Rollover Pool shall take place on the date of satisfaction of the conditions to the Scheme or as soon as practicable thereafter.

Under the terms of the Transfer Agreement, nothing in the Scheme or in any document executed under or in connection with the Scheme will impose personal liability on the Liquidators or any of them (save for any liability arising out of any negligence, fraud, bad faith, breach of duty or wilful default by the Liquidators in the performance of their duties) and this will, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme or the Transfer Agreement.

The Transfer Agreement will be governed by the laws of England and Wales.

The parties to the Transfer Agreement have entered into irrevocable undertakings to enter into the Transfer Agreement on the Scheme Effective Date.

## 12.8 Sponsor Agreement

The Company, the Manager and Winterflood Securities Limited ("**Winterflood**") have entered into the Sponsor Agreement dated 20 May 2024 pursuant to which the Company has appointed Winterflood to act as sponsor and financial adviser to the Company, in each case in connection with the Proposals.

The Sponsor Agreement may be terminated by Winterflood in certain customary circumstances, including prior to Admission. The Company will pay Winterflood a sponsor and financial advisory fee pursuant to the Sponsor Agreement. Winterflood is also entitled to reimbursement of reasonable out of pocket expenses incurred in connection with the provision of services under the Sponsor Agreement.

The Company and the AIFM have each given warranties to Winterflood concerning, *inter alia*, the accuracy of certain information in this Prospectus. The Company and the AIFM have given certain market standard indemnities in favour of Winterflood in respect of Winterflood's potential losses in carrying on its responsibilities under the Sponsor Agreement and in connection with the Proposals.

The Sponsor Agreement is governed by the laws of England and Wales.

## 12.9 Repurchase Agreement

The Company and Winterflood entered into a repurchase agreement on 20 May 2024 pursuant to which the Company has agreed, subject to the Tender Offer becoming unconditional in all respects and not being suspended or terminated, to purchase from Winterflood, on the London Stock Exchange, such number of Shares as Winterflood shall purchase pursuant to the Tender Offer, at an aggregate price equal to the amount paid by Winterflood for its purchase of the tendered Shares.

In acquiring Shares pursuant to valid tenders made under the Tender Offer and in selling such Shares to the Company, Winterflood will act as principal.

The Repurchase Agreement contains certain representations, warranties and undertakings from Winterflood in favour of the Company concerning its authority to enter into the agreement and suitability to make the purchase of Shares pursuant thereto.

The agreement also contains representations and warranties from the Company in favour of Winterflood and incorporates an indemnity in favour of Winterflood in respect of any liability



which it or any of its associates may suffer in relation to its performance under the Tender Offer, subject to standard exclusions.

The Repurchase Agreement, which is stated not to create a relationship of agency between Winterflood and the Company, is governed by and construed in accordance with English law.

### **13 Litigation**

During the 12-month period prior to the date of this Prospectus there have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, which may have, or have had, in the recent past, a significant effect on the Company and/or the financial position or profitability of the Company.

### **14 Third-party information and consents**

- 14.1 Where third-party information has been referenced in this Prospectus, the source of that third-party information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 14.2 Winterflood has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.
- 14.3 The AIFM and the Investment Manager have given and not withdrawn their written consent to the inclusion in this Prospectus of references to their names in the form and context in which they appear.
- 14.4 The AIFM and the Investment Manager, respectively, accept responsibility for the information and opinions contained in this Prospectus relating to them and all statements made by them. To the best of the knowledge of the AIFM and the Investment Manager, as applicable, the information contained in this Prospectus related to or attributed to each of the AIFM and/or the Investment Manager, as applicable, and their affiliates is in accordance with the facts and such parts of this Prospectus make no omission likely to affect their import. In particular, the AIFM and the Investment Manager accept responsibility for the information and opinions contained in: (a) the risk factors contained under the headings '*Risks relating to the investment objective and policy*' and '*Risks relating to the AIFM and the Investment Manager*' in the *Risk Factors* section of this Prospectus; (b) paragraph 7 of Part 1 (*The Company*) of this Prospectus; (c) Part 2 (*Proposed investment strategy, and current and illustrative Portfolio*) of this Prospectus; (d) paragraphs 2.1, 2.2, 4 and 6.3 of Part 3 (*Directors, Management and Administration of the Company*) of this Prospectus; and (e) any other information or opinion related to or attributed to either of them or to any of their affiliates contained within this Prospectus. Such information and opinions have been included in this Prospectus with the consent of the AIFM and the Investment Manager who have authorised the contents of those parts of this Prospectus for the purpose of this Prospectus.

### **15 Auditor**

The auditor of the Company is Ernst & Young LLP of 25 Churchill Place, London, E14 5EY, which is a member firm of the Institute of Chartered Accountants in England and Wales.

### **16 Profile of typical investors**

The Directors believe that the Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking income and capital from a portfolio of stocks predominantly listed in Europe, and who understand and are willing to accept the risks of exposure to listed equities and who view their investment in the Company as medium to long term in nature.



## **17 General Meeting**

The Company will publish the Circular on or around the date of this Prospectus. The Notice of General Meeting which is included in the Circular sets out in full the Resolutions to be proposed at the General Meeting of the Company to be held at 11.00 a.m. on 19 June 2024.

## **18 Documents on display**

18.1 The following documents will be available for inspection at the Company's website at [www.henderson-europe-anfocus.com](http://www.henderson-europe-anfocus.com) from the date of this Prospectus until the date of Admission:

18.1.1 this Prospectus dated 20 May 2024;

18.1.2 the 2023 Annual Report; and

18.1.3 the Circular.

18.2 In addition, a copy of this Prospectus has been submitted to the National Storage Mechanism and is available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

## Part 8

### Definitions

In this Prospectus, the words and expressions listed below have the meanings set out opposite them (except where the context otherwise requires):

<b>2023 Annual Report</b>	the annual report and audited financial statements of the Company for the financial year ended 30 September 2023
<b>Acts</b>	the Companies Acts (as defined in section 2 of the Companies Act), in so far as they apply to the Company
<b>Admission</b>	the admission of the New Shares issued pursuant to the Issue to listing on the premium segment of the Financial Conduct Authority's Official List and to trading on the Main Market becoming effective
<b>AGM or Annual General Meeting</b>	an annual general meeting of the Company
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the 2019 AIC Code of Corporate Governance, as revised or updated from time to time
<b>AIFM</b>	Janus Henderson Fund Management UK Limited, a private limited company incorporated in England and Wales with registered number 02678531 and having its registered office at 201 Bishopsgate, London EC2M 3AE
<b>Articles</b>	the articles of association of the Company, as amended from time to time
<b>Audit and Risk Committee</b>	the committee of this name established by the Board and having the duties described in paragraph 3.2 of Part 3 ( <i>Directors, Management and Administration of the Company</i> ) of this Prospectus
<b>Auditor or EY</b>	Ernst & Young LLP, a limited liability partnership incorporated in England and Wales with registered number OC300001 and having its registered office at 25 Churchill Place, London E14 5EY
<b>Benchmark Index</b>	the Company's benchmark index, being the FTSE World Europe (Ex UK) Index in Sterling terms
<b>BNP Paribas S.A.</b>	BNP Paribas S.A., a public limited company incorporated in France with registered number 662 042 449 and having its registered office at 16 boulevard des Italiens, 75009 Paris, France
<b>Board</b>	the board of Directors of the Company from time to time, including any duly constituted committee thereof
<b>Business Day</b>	a day on which the London Stock Exchange and banks in the UK are normally open for business
<b>Cash Option</b>	the option for HNE Shareholders to receive cash under the terms of the Scheme
<b>Cash Option Discount</b>	2%
<b>Cash Pool</b>	the pool of cash attributable to the HNE Reclassified Shares with "B" rights
<b>certificated or in certificated form</b>	a share or other security which is not in uncertificated form
<b>Chair</b>	the chair of the Board

<b>Change of Investment Objective and Policy</b>	the Company's proposed change of investment objective and policy as described in the Circular, which is conditional on Resolutions 1 and 2 being passed at the General Meeting and the Scheme becoming effective
<b>Circular</b>	the shareholder circular relating to the General Meeting and the Resolutions published by the Company on or around the date of this Prospectus
<b>Combined Trust</b>	the Company following completion of the Scheme, which will be renamed "Henderson European Trust plc"
<b>Companies Act</b>	the UK Companies Act 2006, as amended
<b>Company or HEFT</b>	Henderson European Focus Trust plc, a public limited company incorporated in England and Wales with registered number 00427958 and having its registered office at 201 Bishopsgate, London EC2M 3AE
<b>Continental Europe</b>	every country in Europe except the United Kingdom, the Channel Islands and the Isle of Man
<b>Corporate Secretary</b>	Janus Henderson Secretarial Services UK Limited, a private limited company incorporated in England and Wales with registered number 01471624 and having its registered office at 201 Bishopsgate, London EC2M 3AE
<b>Corporation Tax Act</b>	the UK Corporation Tax Act 2010, as amended
<b>Court</b>	the High Court of Justice in England and Wales
<b>CPI or Consumer Price Index</b>	the Consumer Price Index published by the UK Office for National Statistics
<b>CREST</b>	the Relevant System as defined in the Uncertificated Securities Regulations in respect of which Euroclear is operator (as defined in the Uncertificated Securities Regulations), in accordance with which securities may be held in uncertificated form
<b>CREST Account</b>	an account in CREST
<b>CREST Manual</b>	the compendium of documents entitled "CREST Manual" issued by Euroclear from time to time
<b>CRS</b>	the global standard for the automatic exchange of financial information between tax authorities developed by the OECD
<b>Depository</b>	HSBC Bank plc, a public limited company incorporated in England and Wales with registered number 00014259 and having its registered office at 8 Canada Square, London E14 5HQ
<b>Depository Agreement</b>	the agreement dated 18 July 2014 as amended with effect from 1 July 2018 and entered into between the Company, the AIFM and the Depository, which is summarised in paragraph 12.2 of Part 7 ( <i>Additional Information</i> ) of this Prospectus
<b>Directors</b>	the directors of the Company, from time to time
<b>Disclosure Guidance and Transparency Rules</b>	the UK disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<b>EEA</b>	the European Economic Area
<b>EEA Member State</b>	any member state of the EEA from time to time
<b>Eligible US HNE Shareholder</b>	a US HNE Shareholder who is not an Ineligible US HNE Shareholder;

<b>ERISA</b>	the US Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
<b>EU</b>	the European Union
<b>EU AIFM Delegated Regulation</b>	the Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
<b>EU AIFM Directive</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 and the EU AIFM Delegated Regulation
<b>EU Market Abuse Regulation or EU MAR</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing the Directive of the European Parliament and of the Council of 28 January 2003 and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
<b>EU PRIIPs Regulation</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (“PRIIPs”) and its implementing and delegated acts
<b>EU Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>Euroclear</b>	Euroclear UK & International Limited, a private limited company incorporated in England and Wales with registered number 02878738 and having its registered office at 33 Cannon Street, London EC4M 5SB, the operator of CREST
<b>Excluded HNE Shareholder</b>	(i) Overseas HNE Shareholders unless they have satisfied the Directors and the HNE Directors that they are entitled to receive and hold New Shares without breaching any relevant securities laws and without the need for compliance on the part of the Company or HNE with any overseas laws, regulations, filing requirements or the equivalent; and (ii) Sanctions Restricted Persons
<b>Existing Shareholders</b>	holders of Shares prior to the Scheme Effective Date
<b>Existing Shares</b>	the issued share capital as at the date of this Prospectus
<b>FATCA</b>	Sections 1471 to 1474 of the US Tax Code, known as the US Foreign Account Tax Compliance Act (together with any regulations, rules and other guidance implementing such sections and any applicable IGA or information exchange agreement and related statutes, regulations, rules and other guidance thereunder)
<b>FAV</b>	formula asset value
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom whose place of business is at 12 Endeavour Square, London E20 1JN, including any replacement or substitute therefor, and any regulatory body or person succeeding, in whole or in part, to the functions thereof

<b>Financial Statements</b>	the financial statements of the Company for the financial year ended 30 September 2023
<b>First HNE General Meeting</b>	the general meeting of HNE in relation to the Scheme convened for 11.30 a.m. on 20 June 2024 or any adjournment of that meeting
<b>Form of Proxy</b>	the personalised form of proxy for use by eligible Shareholders in connection with the General Meeting
<b>FRS 102</b>	financial reporting standard 102 applicable in the UK and Republic of Ireland
<b>FSMA</b>	the UK Financial Services and Markets Act 2000, as amended
<b>General Meeting or GM</b>	the general meeting of the Company convened for 11.00 a.m. on 19 June 2024 at 201 Bishopsgate, London EC2M 3AE or any adjournment of that meeting
<b>HEFT FAV</b>	the Net Asset Value of the Company as at the Scheme Calculation Date calculated in accordance with its normal accounting policies on a cum income debt at par basis adjusted for the costs of the Proposals agreed to be borne by the Company but not accrued in the Company's NAV as at the Scheme Calculation Date (but not any listing fees to be borne by the Company in respect of the listing of the New Shares or any stamp duty, SDRT or other transaction tax or investment costs incurred by the Company in connection with the transfer of the Rollover Pool) and adjusted to take account of the Company's portion of the benefit of the Janus Henderson Contribution to the extent required to ensure that the Proposals are cost-neutral for continuing shareholders in the Combined Trust and adjusted for any amounts payable by the Company pursuant to the Tender Offer and any dividends declared but not reflected in the Company's Net Asset Value or paid prior to the Scheme Effective Date by the Company to Shareholders
<b>HEFT FAV per Share</b>	the HEFT FAV divided by the number of Shares in issue (excluding treasury shares and excluding any Shares which have been accepted for tender pursuant to the Tender Offer) as at the Scheme Calculation Date, expressed in pence and rounded down to six decimal places
<b>HMRC</b>	HM Revenue & Customs in the UK
<b>HNE</b>	Henderson EuroTrust plc, a public limited company incorporated in England and Wales with registered number 02718241 and having its registered office at 201 Bishopsgate, London EC2M 3AE
<b>HNE Board</b>	the board of directors of HNE from time to time, including any duly constituted committee thereof
<b>HNE Cash FAV per Share</b>	the HNE Cash Pool FAV divided by the total number of HNE Reclassified Shares with "B" rights (expressed in pence) and rounded down to six decimal places
<b>HNE Cash Pool FAV</b>	the HNE Residual Net Asset Value multiplied by the proportion of Reclassified Shares with "B" rights to the total number of HNE Reclassified Shares, minus the Cash Option Discount
<b>HNE Directors</b>	the directors of HNE, from time to time
<b>HNE Dissenting Shareholder</b>	a HNE Shareholder who validly dissents from the Scheme pursuant to section 111(2) of the Insolvency Act

<b>HNE General Meetings</b>	the First HNE General Meeting and/or the Second HNE General Meeting, as the context requires
<b>HNE Portfolio</b>	HNE's portfolio of investments prior to the Scheme Effective Date
<b>HNE Reclassified Shares</b>	HNE Shares with "A" or "B" rights arising as a result of the Scheme
<b>HNE Register</b>	the register of members of HNE
<b>HNE Residual Net Asset Value</b>	an amount equal to the gross assets of HNE as at the Scheme Calculation Date (calculated in accordance with HNE's normal accounting policies) less the value of the cash and other assets appropriated to the Liquidation Pool (which includes any assets attributable to any HNE Dissenting Shareholders) but excluding any adjustment for the benefit of the Janus Henderson Contribution
<b>HNE Resolutions</b>	the resolutions to be proposed at the First HNE General Meeting and/or the Second HNE General Meeting, or any of them as the context may require
<b>HNE Rollover FAV</b>	the difference between the HNE Residual Net Asset Value (adjusted to include the benefit of HNE's portion of the Janus Henderson Contribution to the extent required to ensure that the Proposals are cost-neutral for continuing shareholders in the Combined Trust) and the HNE Cash Pool FAV
<b>HNE Rollover FAV per Share</b>	the HNE Rollover FAV divided by the total number of HNE Reclassified Shares with "A" rights (expressed in pence) and rounded down to six decimal places
<b>HNE Shareholders</b>	holders of HNE Shares whose names are entered on the HNE Register as at the Scheme Record Date
<b>HNE Shares</b>	ordinary shares of 0.5 pence each in the capital of HNE
<b>HSBC Bank plc</b>	HSBC Bank plc, a limited company incorporated in England and Wales with registered number 14259 and having its registered office at 8 Canada Square, London E14 5HQ
<b>IGA</b>	intergovernmental agreement
<b>Ineligible US HNE Shareholder</b>	a US HNE Shareholder which does not execute and return the US Investor Representation Letter to the Company and Winterflood and which, by acquiring/receiving New Shares, the Board believes would: (i) give rise to an obligation on the Company to register as an "investment company" under the US Investment Company Act or any similar legislation; (ii) give rise to an obligation on the Company to register under the US Exchange Act or any similar legislation; (iii) result in the Company no longer being considered a "foreign private issuer" for the purposes of the US Securities Act or the US Exchange Act; (iv) result in a "benefit plan investor" acquiring/receiving New Shares; or (v) result in a US Person holding Shares in violation of the transfer restrictions put forth in any prospectus published by the Company from time to time
<b>Insolvency Act</b>	the UK Insolvency Act 1986, as amended
<b>Investment Manager</b>	Janus Henderson Investors UK Limited, a private limited company incorporated in England and Wales with registered number 00906355 and having its registered office at 201 Bishopsgate, London EC2M 3AE
<b>Investment Trust Tax Regulations</b>	the UK Investment Trust (Approved Company) (Tax) Regulations 2011
<b>IRS</b>	the US Internal Revenue Service



<b>ISA</b>	an individual savings account approved in the UK by HMRC
<b>ISIN</b>	international securities identification number
<b>Issue</b>	the issue of New Shares to HNE Shareholders who have elected, or are deemed to have elected, for the Rollover Option pursuant to the Scheme
<b>Janus Henderson</b>	the AIFM and/or the Investment Manager and/or their affiliates, as the context requires
<b>Janus Henderson Contribution</b>	the commitment by the AIFM to make a contribution to the costs of the Proposals, with a view to ensuring the Proposals are cost-neutral for shareholders in the Combined Trust
<b>KID</b>	key information document
<b>Latest Practicable Date</b>	close of business on 16 May 2024
<b>LEI</b>	legal entity identifier
<b>Liquidation Pool</b>	the pool of cash and other assets of HNE to be retained by the Liquidators to meet all known and unknown liabilities of HNE and other contingencies, as further described in paragraph 2 of Part 4 ( <i>Details of the Scheme, the Issue and the Tender Offer</i> ) of this Prospectus
<b>Liquidators</b>	the liquidators of HNE being, initially, the persons appointed jointly and severally upon the relevant resolution to be proposed at the Second HNE General Meeting becoming effective
<b>Liquidators' Retention</b>	an amount to be retained by the Liquidators to meet any unknown or unascertained liabilities of HNE and the entitlements of any HNE Dissenting Shareholders, which is currently estimated by HNE at £100,000
<b>Listing Rules</b>	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>Loan Notes</b>	the loan notes issued by the Company pursuant to the Note Purchase Agreement
<b>London Stock Exchange</b>	London Stock Exchange plc, a public limited company incorporated in England and Wales with registered number 02075721 and having its registered office at 10 Paternoster Square, London EC4M 7LS
<b>Main Market</b>	the main market for listed securities operated by the London Stock Exchange
<b>Management Agreement</b>	the management agreement dated 17 July 2014, as amended by side letters dated 9 December 2014, 8 December 2015, 25 January 2018, 25 May 2018, 12 December 2018 and 20 May 2024 between the Company and the AIFM, as summarised in paragraph 12.1 of Part 7 ( <i>Additional Information</i> ) of this Prospectus
<b>Management Engagement Committee</b>	the committee of this name established by the Board and having the duties described in paragraph 3.3 of Part 3 ( <i>Directors Management and Administration of the Company</i> ) of this Prospectus
<b>MiFID II Product Governance Requirements</b>	has the definition given in the section titled "Information to Distributors" in the Part titled "Important Information" of this Prospectus

<b>NAV or Net Asset Value</b>	the net assets attributable to the Shares or the HNE Shares in issue, calculated in accordance with the respective company's usual accounting policies
<b>Net Asset Value per Share or NAV per Share</b>	the NAV of the Company divided by the number of Shares in issue (excluding any Shares held in treasury) at the relevant time
<b>New Shares</b>	the Shares to be issued to HNE Shareholders who have elected, or are deemed to have elected, for the Rollover Option pursuant to the Scheme
<b>Nominations Committee</b>	the committee of this name established by the Board and having the duties described in paragraph 3.4 of Part 3 ( <i>Directors, Management and Administration of the Company</i> ) of this Prospectus
<b>Notice of General Meeting</b>	the notice of General Meeting, as set out at the end of the Circular
<b>Note Purchase Agreement</b>	the note purchase agreement dated 26 January 2022 between the Company and Irish Life Assurance Plc, as summarised in paragraph 12.5 of Part 7 ( <i>Additional Information</i> ) of this Prospectus
<b>OCR</b>	ongoing charges ratio
<b>OECD</b>	the Organisation for Economic Co-operation and Development
<b>Official List</b>	the Official List of the Financial Conduct Authority
<b>Overdraft Facility</b>	the multicurrency overdraft facility of the lesser amount of (i) £30,000,000 (thirty million pounds Sterling); and (ii) 10% of custody assets from time to time made available by HSBC Bank plc to the Company pursuant to the Overdraft Facility Agreement
<b>Overdraft Facility Agreement</b>	the multicurrency overdraft facility agreement between the Company and HSBC Bank plc originally dated 24 March 2011, as amended and restated on 18 July 2014, as further amended on 18 September 2015 and on 25 February 2022, as summarised in paragraph 12.4 of Part 7 ( <i>Additional Information</i> ) of this Prospectus
<b>Overseas HNE Shareholder</b>	a HNE Shareholder (excluding any Eligible US HNE Shareholder) who has a registered address outside of, or who is a resident in, or citizen, resident or national of, any jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>PDMRs</b>	persons discharging managerial responsibilities (as defined in UK MAR)
<b>personal data</b>	has the meaning given in the subsection titled "Data protection" in the section titled "Important Information" of this Prospectus
<b>Portfolio</b>	the portfolio of investments in which the funds of the Company are invested from time to time
<b>PRA</b>	the Prudential Regulation Authority of the United Kingdom and any organisation which may replace it or take over the conduct of its affairs
<b>Proposals</b>	the proposals for the Company's participation in the Scheme, the Issue, the Tender Offer and the Change of Investment Objective and Policy, as set out in further detail in this Prospectus and the Circular
<b>Proposed Directors</b>	Stephen King, Rutger Koopmans and Ekaterina (Katya) Thomson

<b>Prospectus</b>	this document
<b>Prospectus Regulation Rules</b>	the UK prospectus regulation rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>QIB</b>	a “qualified institutional buyer” within the meaning of Rule 144A of the US Securities Act
<b>Qualified Purchaser or QP</b>	a “qualified purchaser” as defined in Section 2(a)(51)(A) of the US Investment Company Act
<b>Receiving Agent or Registrar</b>	Equiniti Limited, a private limited company incorporated in England and Wales with registered number 06226088 and having its registered office at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
<b>Reclassified HNE Shares</b>	the HNE Shares reclassified under the Scheme as HNE Shares with “A” rights or “B” rights
<b>Register</b>	the register of members of the Company
<b>Registrar Agreement</b>	the agreement dated 24 January 2022, between the Company and the Registrar, as summarised in paragraph 12.3 of Part 7 ( <i>Additional Information</i> ) of this Prospectus
<b>Regulation S</b>	Regulation S under the US Securities Act
<b>Regulatory Information Service or RIS</b>	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
<b>Relevant System</b>	a computer-based system which enables title to units of a security to be evidenced and transferred without written instruments pursuant to the Uncertificated Securities Regulations
<b>Repurchase Agreement</b>	the repurchase agreement between the Company and Winterflood dated 20 May 2024, as summarised in paragraph 12.9 of Part 7 ( <i>Additional Information</i> ) of this Prospectus
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting to approve: (i) the issue of New Shares in connection with the Scheme; (ii) the Change of Investment Objective and Policy; and (iii) the buyback of the Shares in connection with the Tender Offer
<b>Restricted Jurisdiction</b>	any of Australia, Canada, Japan, New Zealand, the Republic of South Africa, any member state of the European Economic Area and any other jurisdiction into which the making of the Tender Offer would constitute a violation of the laws of such jurisdiction
<b>Restricted Shareholders</b>	Shareholders who are resident in, or citizens of, one of the Restricted Jurisdictions
<b>Rollover Option</b>	the option for HNE Shareholders to elect to receive New Shares under the terms of the Scheme
<b>Rollover Pool</b>	the pool of cash and other assets to be established under the Scheme to be transferred by HNE to the Company pursuant to the Transfer Agreement
<b>Sanctions Authority</b>	each of: <ul style="list-style-type: none"> <li>(i) the United States government;</li> <li>(ii) the United Nations;</li> <li>(iii) the United Kingdom;</li> <li>(iv) the European Union (or any of its member states);</li> </ul>

- (v) any other relevant governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; or
- (vi) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury

**Sanctions Restricted Persons**

each person or entity:

- (i) that is organised or resident in a country or territory which is the target of comprehensive country sanctions administered or enforced by any Sanctions Authority; or
- (ii) that is, or is directly or indirectly owned or controlled by a person that is, described, or designated in (a) the current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at <https://sanctionslist.ofac.treas.gov/Home/SdnList>; and/or (b) the current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-personsgroups-and-entities-subject-to-eu-financialsanctions?locale=en>; or (c) the current "Consolidated list of financial sanctions targets in the UK" (which as at the date hereof can be found at <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>; or
- (iii) that is otherwise the subject of or in violation of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (a) the current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found <https://treasury.gov/ofac/downloads/ssi/s>) (the "SSI List"), (b) Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014 (the "EU Annexes"), or (c) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes

**Scheme**

the proposed scheme of reconstruction and members' voluntary winding-up of HNE under section 110 of the Insolvency Act, pursuant to which the Issue shall be undertaken

**Scheme Calculation Date**

the time and date to be determined by the Directors and the HNE Directors (but expected to be close of business on 27 June 2024), at which the value of HNE's assets and liabilities will be determined for the creation of the Liquidation Pool, the Cash Pool and the Rollover Pool, and at which the HNE Residual Net Asset Value, the HNE Rollover FAV, the HNE Rollover FAV per Share, the HEFT FAV per Share, the HNE Cash Pool FAV and the HNE Cash FAV per Share will be calculated for the purposes of the Scheme

**Scheme Effective Date**

the date on which the Scheme becomes effective, which is expected to be 4 July 2024

**Scheme Record Date**

6.00 p.m. on 27 June 2024 (or such other date as determined at the sole discretion of the HNE Directors) being the date for determining HNE Shareholders' entitlements under the Scheme

<b>SDRT</b>	stamp duty reserve tax imposed under Part IV of the UK Finance Act 1986
<b>SEC</b>	the US Securities and Exchange Commission and any organisation which may replace it or take over the conduct of its affairs
<b>Second HNE General Meeting</b>	the general meeting of HNE in relation to the Scheme convened for 9.30 a.m. on 4 July 2024 or any adjournment of that meeting
<b>Senior Independent Director</b>	the senior independent director of the Company from time to time
<b>SEDOL</b>	the Stock Exchange Daily Official List
<b>Shareholder</b>	a holder of Shares, including a holder of New Shares if the context so requires
<b>Shares</b>	ordinary shares with a nominal value of 5 pence each in the capital of the Company, including the New Shares following their issue if the context so requires
<b>Similar Law</b>	has the meaning set out on page 3 of this Prospectus
<b>SIPP</b>	self-invested personal pension
<b>Sponsor Agreement</b>	the sponsor agreement entered into between the Company, the AIFM and Winterflood on 20 May 2024, as summarised in paragraph 12.8 of Part 7 ( <i>Additional Information</i> ) of this Prospectus
<b>Sterling, £ or GBP</b>	pounds sterling, the lawful currency of the UK
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>Target Market Assessment</b>	has the meaning given in the subsection titled “Information to distributors” in the section titled “Important Information” of this Prospectus
<b>Tender Form</b>	the tender form accompanying the Circular for use by Shareholders who hold their Shares in certificated form in connection with the Tender Offer;
<b>Tender Offer</b>	the invitation by Winterflood to eligible Shareholders (other than Restricted Shareholders) to tender Shares on the terms and subject to the conditions set out in the Circular and, in the case of Shares held in certificated form, the Tender Form
<b>Tender Offer Calculation Date</b>	close of business on 19 June 2024
<b>Tender Offer Discount</b>	2%
<b>Tender Offer FAV</b>	the Company's NAV as at close of business on the Tender Offer Calculation Date, calculated in accordance with the Company's normal accounting policies minus the costs of the Proposals agreed to be borne by the Company and multiplied by the proportion of the Company's issued share capital (excluding Shares held in treasury) tendered pursuant to the Tender Offer subject to the overall cap of 15% of the Company's issued share capital (excluding Shares held in treasury)
<b>Tender Offer Record Date</b>	6.00 p.m on 19 June 2024
<b>Transfer Agreement</b>	the agreement for the transfer of the cash and other assets comprising the Rollover Pool from HNE to the Company pursuant to the Scheme to be dated on or around the Scheme Effective Date between the Company, HNE and the Liquidators, with the terms of the agreed form of such agreement being summarised in paragraph 12.7 of Part 7 ( <i>Additional Information</i> ) of this Prospectus

<b>TTE Instruction</b>	transfer to escrow instruction (as described in the CREST Manual)
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK AIFMD Laws</b>	<ul style="list-style-type: none"> <li>(i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose the EU AIFM Directive into UK law before 31 January 2020 (as amended from time to time); and</li> <li>(ii) the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time</li> </ul>
<b>UK Code</b>	UK Corporate Governance Code published by the Financial Reporting Council from time to time
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code published by the Financial Reporting Council in July 2018
<b>UK GAAP</b>	United Kingdom Generally Accepted Accounting Practice
<b>UK MAR</b>	the UK version of the EU Market Abuse Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time
<b>UK MiFID II</b>	the UK's implementation of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID"), together with the UK version of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("MiFIR"), which forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time
<b>UK PRIIPs Laws</b>	the UK version of the EU PRIIPs Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time
<b>UK Prospectus Regulation</b>	the UK version of the EU Prospectus Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including by the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234))
<b>uncertificated or in uncertificated form</b>	a share recorded on the register of members of a company as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations, may be transferred by means of CREST
<b>Uncertificated Securities Regulations</b>	any provision of the Companies Act relating to uncertificated shares (including the holding, evidencing of title to, or transfer of uncertificated shares) and any legislation, rules or other arrangements made under or by virtue of such provision, including without limitation the Uncertificated Securities Regulations 2001, as amended from time to time
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Exchange Act</b>	the US Securities Exchange Act of 1934, as amended
<b>US HNE Shareholder</b>	a HNE Shareholder who is located in the United States or is a US Person



<b>US Investment Company Act</b>	the US Investment Company Act of 1940, as amended
<b>US Investor Representation Letter</b>	a representation letter that can be completed by US HNE Shareholders who are Qualified Purchasers and QIBs
<b>US Person</b>	a “U.S. person” as such term is defined under Regulation S
<b>US Securities Act</b>	the US Securities Act of 1933, as amended
<b>US Tax Code</b>	the US Internal Revenue Code of 1986, as amended
<b>US-UK IGA</b>	the IGA between the UK and the US pursuant to which parts of FATCA have effectively been incorporated into UK law
<b>Winterflood</b>	Winterflood Securities Limited

## Appendix

### US Investor Representation Letter

Henderson European Focus Trust plc  
201 Bishopsgate  
London EC2M 3AE  
(the “**Company**”)

Winterflood Securities Limited  
Riverbank House  
2 Swan Lane  
London EC4R 3GA  
(“**Winterflood**”)

[Date]

We are delivering this representation letter in connection with our election to receive new ordinary shares (the “**New Shares**”) in the capital of the Company, to be issued pursuant to a scheme of reconstruction and members’ voluntary winding-up of Henderson EuroTrust plc (“**HNE**”) under section 110 of the Insolvency Act 1986 (the “**Scheme**”).

We hereby represent, warrant, acknowledge and agree as follows:

1. We are a “qualified institutional buyer” (or “**QIB**”), as defined in Rule 144A under the US Securities Act of 1933, as amended (the “**US Securities Act**”).
2. We are “qualified purchaser” (or “**QP**”), as defined in Section 2(a)(51) of the US Investment Company Act of 1940, as amended (the “**US Investment Company Act**”).
3. We are not a broker-dealer that owns and invests on a discretionary basis less than US\$25 million in securities of unaffiliated issuers.
4. We are not purchasing the New Shares as a result of any general solicitation or general advertising (with the meaning of Rule 502(c) under the US Securities Act).
5. We are empowered, authorized and qualified to subscribe for the New Shares and are acquiring the New Shares for our own account, as principal for investment purposes only and not with a view to distribution or resale, directly or indirectly, in the United States or otherwise in violation of the United States securities laws.
6. We are not formed for the purpose of investing in the New Shares.
7. We are a sole beneficial owner for the purposes of Section 3(c)(1) of the US Investment Company Act and related rules.
8. We understand that the New Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the US Securities Act and that the New Shares have not been and will not be registered under the US Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States.
9. We are a knowledgeable, sophisticated and experienced in business and financial matters and fully understand the limitations on ownership and transfer and the restrictions on sales of the New Shares.
10. We are able to bear the economic risk of our investment in the New Shares and are currently able to afford the complete loss of such investment and are aware that there are substantial risks incidental to our subscription for the New Shares, including those summarized under the sections headed “Risk Factors” in the prospectus published in connection with the Scheme (the “**Prospectus**”).
11. We have carefully read the Prospectus in its entirety and understand and acknowledge that we are acquiring New Shares on the terms and subject to the conditions set out in the Prospectus and the Articles as in force at the date of Admission (as defined in the Prospectus), and agree that in accepting a participation in the offering contemplated by the

Prospectus we have had access to all information we believe necessary or appropriate in connection with our decision to subscribe for the New Shares.

12. We understand that the Prospectus has been prepared according to the disclosure requirements of the UK, which are different from those of the United States.
13. We agree that (A) if in the future we decide to offer, resell, pledge or otherwise transfer any of the New Shares, such New Shares may be offered, resold, pledged or otherwise transferred only in an offshore transaction (as defined in Regulation S) complying with the provisions of Rule 903 or Rule 904 of Regulation S to a person outside the United States and not known to us to be a U.S. person, by pre-arrangement or otherwise and (B) we will notify any subsequent purchaser of the New Shares of the re-sale restrictions referred to in (A) above.
14. We understand and acknowledge that the Company has not registered, and does not intend to register, as an “investment company” (as such term is defined under the US Investment Company Act and related rules) and that the Company has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. persons described herein so that the Company will qualify for the exemption provided under Section 3(c)(7) of the US Investment Company Act and will have no obligation to register as an investment company.
15. We understand that, subject to certain exceptions, to be a QP, entities must have at least US\$25 million in “investments” as defined in Rule 2a51-1 of the US Investment Company Act.
16. We understand and acknowledge as follows:
  - (i) the Company and its agents will not be obligated to recognize any resale or other transfer of the New Shares made other than in compliance with the restrictions set forth in this certificate;
  - (ii) if we breach any covenant or agreement herein or make any misrepresentation herein, the Company may require us to sell our New Shares to the Company or a person designated by the Company at the offering price; and
  - (iii) if the obligation to sell is not met, the Company is irrevocably authorized, without any obligation, to sell the New Shares on an offshore stock exchange on such terms as the Company’s board directors think fit.
17. We acknowledge that any New Shares in certificated form will bear the legend set out below:

This security has not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or any state securities laws in the United States and have been initially placed pursuant to exemptions from the US Securities Act and the US Investment Company Act of 1940, as amended, and may not be reoffered, resold, pledged or otherwise transferred, except as permitted by this legend. The holder hereof, by its acceptance of this security, represents, acknowledges and agrees that it will not reoffer, resell, pledge or otherwise transfer this security, except (x) in compliance with the US Securities Act and other applicable laws to a transferee outside the United States, that is not known to be a U.S. person (as defined in Regulation S under the US Securities Act (“**Regulation S**”)) and that is purchasing this security in an offshore transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S and (y) (1) upon delivery of any certifications, opinions and other documents that the Company may require and (2) in accordance with any applicable securities law of any state of the United States and any other jurisdiction. Further, no purchase, sale or transfer of this security may be made, unless such purchase, sale or transfer will not result in (i) the assets of the Company constituting “plan assets” within the meaning of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), that are subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the US Internal Revenue Code of 1986, as amended (the “**US Tax Code**”) or (ii) the Company being required to register as an investment company under the US Investment Company Act. Each purchaser or transferee of this security will be required to represent or will be deemed to have represented that (i) it is not and is not using assets of a plan that is subject to Title 1 of ERISA or Section 4975 of the US Tax Code and (iii) if it is a U.S. person, that it is a “qualified purchaser”.

This security is not transferable, except in accordance with the restrictions described herein. Each transferor of this security agrees to provide notice of the transfer restrictions set forth herein to the transferee.

18. We are not a “**Plan**” (which term includes (i) employee benefit plans that are subject to part 4 of subtitle B of Title I of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the US Internal Revenue code of 1986, as amended (the “**US Tax Code**”) and (ii) entities the underlying assets of which are considered to include “plan assets” under ERISA) and we are not purchasing the New Shares on behalf of, or with the “plan assets” of, any Plan. If we are a “governmental plan” (as defined in Section 3(32) of ERISA), a “church plan” (as defined in Section 3(33) of ERISA) that has not made an election under Section 410(d) of the US Tax Code, or a non-US plan that is subject to any federal, state, local or non-US law that regulates its investments (a “**Similar Law**”), we represent and warrant that our acquisition of the New Shares will not constitute or result in a violation of Similar Law.
19. We understand that Winterflood and its affiliates, the Company and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and we irrevocably authorize Winterflood or the Company to produce this letter to any interested party in any administrative or legal proceeding or official enquiry with respect to the matters set forth herein.
20. We understand that if we subscribe for New Shares, we will be deemed to have made for the benefit of the Company, Winterflood and its respective affiliates all such representations, warranties and covenants contained herein.

**[Name of Investor]**

By: \_\_\_\_\_

Name:

Title:

Date:

