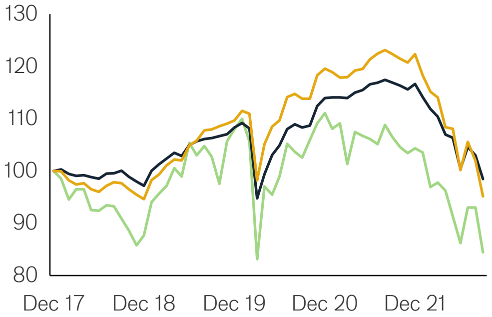
HENDERSON DIVERSIFIED INCOME TRUST PLC (HDIV) ISIN: GB00BF03YC36

Janus Henderson INVESTORS

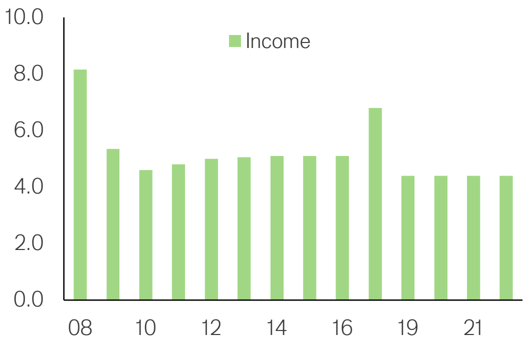
Factsheet - at 31 December 2022

Marketing Communication

Share price performance (total return)



Dividend history (pence/share)



In the 2008 financial year, five interim dividends were paid over a 15 month period totalling 9.65p. In the 18 month period to 30 April 2018, the payments comprised of two dividends totalling 2.5p from Henderson Diversified Income Limited and four interest distributions totalling 4.55p from Henderson Diversified Income Trust plc. Please note that the chart includes payments that have been declared but not yet paid.

Performance over (%)	6m	1y	3y	5y	10y
Share price (Total return)	9.8	-9.2	-12.3	-5.3	40.6
NAV (Total return)	0.5	-17.7	-8.2	0.7	43.9
Benchmark (Total return)	2.2	-12.0	-5.3	2.6	33.5
Relative NAV (Total return)	-1.7	-5.7	-2.9	-1.9	10.4

Discrete year performance (%)	Share price	NAV
31/12/2021 to 31/12/2022	-9.2	-17.7
31/12/2020 to 31/12/2021	-6.1	2.3
31/12/2019 to 31/12/2020	2.8	9.1
31/12/2018 to 31/12/2019	23.2	15.9
31/12/2017 to 31/12/2018	-12.3	-5.4

All performance, cumulative growth and annual growth data is sourced from Morningstar.

Commentary at a glance

Performance

The Company underperformed the Composite Benchmark during the month.

Contributors/detractors (for the quarter)

The Company's net asset value rose 5.7% during the quarter.

Positive contributions came from the credit book with strong contributions from our US investment grade and high yield bond allocations. European investment grade bond spreads tightened by 55 basis points (bps) to deliver 1.3% while US investment grade spreads tightened by 29 bps to deliver 3.5%. European high yield bond spreads tightened by 131 bps to deliver 4.7% and US high yield bonds tightened by 64 bps to deliver 4.0%, outperforming the rest of the fixed income universe.

Outlook

We believe that credit spreads are now discounting recession fears and pricing in a path to an economic "soft landing". We also believe that inflation has peaked and expect this to lead to a downshift in interest rate hikes. However, we feel the likelihood of a "hard landing" still exists and therefore our approach to the portfolio is more defensive. This is aligned with our macroeconomic view that central banks want to cool the economy through higher unemployment to deal with the inflation problem. We remain fully invested in "reason-to-exist" large-cap credit which we think can withstand softer economic growth.

See full commentary on page 3.

References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

Company overview

Objective

The Company's investment objective is to provide shareholders with a high level of income and preservation of capital, through the economic cycle.

Highlights

A Company with a thematic investing approach to long-term fixed income assets, to provide an income stream for shareholders.

Company information

NAV (cum income)	70.7p
NAV (ex income)	70.3p
Share price	70.2p
Discount(-)/premium(+)	-0.7%
Yield	6.3%
Net gearing	12%
Net cash	-
Total assets Net assets	£151m £129m
Market capitalisation	£128m
Total voting rights	182,072,717
Total number of holdings	190
Ongoing charges (year end 30 April 2022)	0.91%
Overall Morningstar Rating™	★★★★
Benchmark	Composite Benchmark

Source: BNP Paribas for holdings information and Morningstar for all other data. Differences in calculation may occur due to the methodology used.

Please note that the total voting rights in the Company does not include shares held in Treasury.

Diversified Income custom benchmark comprised of 60% ICE BofA Global HY 25% ICE BofA Global BBB Corporate 15% CSWELLI all hedged to GBP

Please remember that past performance does not predict future returns. The value of an investment and the income from it can rise as well as fall as a result of market and currency fluctuations, and you may not get back the amount originally invested.

How to invest
Go to www.janushenderson.com/howtoinvest

Find out more
Go to www.hendersondiversifiedincome.com

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Top 10 holdings

Top 10 holdings	(%)
Nationwide Building Society	2.2
Crown Castle 3.65% 2027	1.9
Service Corp International 4.625%	1.9
Anheuser-Busch InBev Worldwide 4.75%	1.7
Phoenix Group 6.625% 2025	1.6
Altice France 5.50% 2028	1.6
Hasbro 3.90% 2029	1.4
Co-Operative Group 7.50% 2026	1.3
Direct Line Insurance Group 4.75%	1.3
Stichting AK Rabobank Certificaten	1.2

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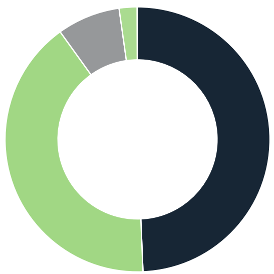
Derivatives breakdown

Derivatives breakdown	(%)
CDS Long Risk	–
CDS Short Risk	–
CDS Net Risk	–
NET Interest Rate Futures	–
Total Synthetic	–
Total Net Gearing	12.0

The average modified duration of the portfolio at month end was 5.6 years.

Sector breakdown (%)



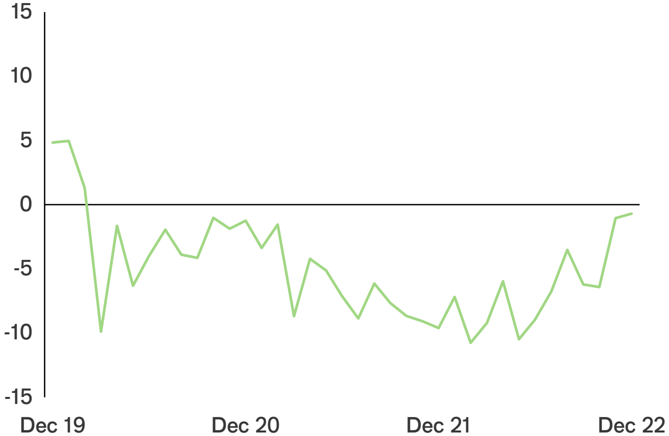
Key information

Stock code	HDIV
AIC sector	AIC Debt & Loans & Bonds
Benchmark	Composite Benchmark
Company type	Conventional (Ords)
Launch date	2007
Financial year	30-Apr
Dividend payment	March, June, September, December
Risk rating (Source: Numis)	Below average
Management fee	0.65%
Performance fee	No

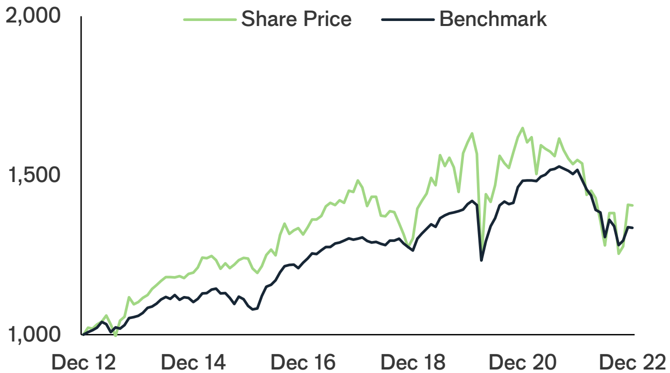
(See Annual Report & Key Information Document for more information)

Regional focus	Global
Fund manager appointment	John Pattullo 2007 Jenna Barnard 2007 Nicholas Ware 2022

Premium/(discount) of share price to NAV at fair value (%)



10 year return of £1,000



All performance, cumulative growth and annual growth data is sourced from Morningstar

John Pattullo
Fund Manager

Jenna Barnard, CFA
Fund Manager

Nicholas Ware
Fund Manager

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How to invest
Go to janushenderson.com/howtoinvest

Customer services
0800 832 832

Fund Manager commentary (for the quarter)

Investment environment

A stronger fourth quarter closed out a difficult year for both bond and equity markets as central banks fought against inflation and the impacts of the war in Ukraine. The catalyst for the recent rebound comes from the core US consumer price index (CPI) report which came in below consensus in October. While inflation was still high at 6.3%, it was well below consensus (6.5%), raising hopes of less aggressive interest rate hikes in the future.

We also started to see a brighter inflation picture in Europe and the UK. The surging cost of energy started coming down in the fourth quarter, aided by high natural gas storage levels and unseasonably warm weather. This sparked a relief rally given the view that central banks might be able to contain inflation without triggering a hard recession.

Economic news was mixed in the US, with some indicators contracting while others showed stabilisation and some resiliency. The UK and Europe now seem to be experiencing a mild recession, although so far this is not too deep as it is buffered by fiscal support. Despite inflation falling from its high peak, and weaker economic data, central banks are focused on the strong labour market as they are worried about how embedded inflation becomes through wage increases.

There is a truism in economics that says recessions kill inflation cycles. Central banks agree and certainly appear to want to undo the fiscal and monetary splurge from Covid by keeping monetary policy tight. While the labour market is a lagging indicator, a path to an economic "soft landing" in the US and Europe does exist and seems well reflected in prices. Given the significant amount of policy tightening throughout 2022, we think it will be either inflation returning to central bank target levels or the labour market cooling which will trigger any reversal in central bank policy.

Based on our research around household surveys, tax data, lay-offs, number of hours worked and resignation rates, we think that a sharp deceleration or collapse is underway. We will get more clarification on which scenario is most likely as we enter this year, but we are keeping an open mind to both. However, at this stage we think a hard landing is more likely and believe the labour market will provide the clues.

During the quarter, the UK saw the aftermath of the collapse of the gilt market in response to Kwasi Kwarteng's so-called mini-budget, the resignation of Liz Truss and the appointment of Rishi Sunak as Prime Minister. It has been an extraordinarily volatile period for the UK, but we think the response has been instructive. The UK is pursuing relatively tight fiscal policies which may prolong the downturn, but which are necessary to re-establish credibility with financial markets.

Portfolio review

We saw a decent level of activity in the primary markets during the quarter in both European and US investment grade bonds, as companies took advantage of the relative stability in interest rates and rallying spreads to issue paper. High yield bond activity continued to be subdued - a trend that we have seen throughout the year, where the elevated cost of capital has kept a lid on issuance. Distress levels were relatively muted during the quarter with no defaults from the US high yield bond market and low default levels in Europe. We expect defaults to rise in 2023 given tighter financial conditions and headwinds to corporate fundamentals.

Manager outlook

We have been buying more investment grade bonds during the quarter and moving to more defensive positioning by reducing the fund's high yield bond and sub-financials positions. We think credit spreads (the difference in yield between equivalent government bonds) are now discounting fears of recession and pricing a path to a "soft landing". We also think that inflation has peaked, and that this will lead to less aggressive interest rate hikes and lower volatility in rates.

However, we feel the likelihood of a hard landing is still present. As such we are taking a more defensive approach to investing in line with our macroeconomic view that central banks want a recession and higher unemployment in order to deal with the inflation problem.

Glossary

Discount/Premium
The amount by which the price per share of an investment company is either lower (at a discount) or higher (at a premium) than the net asset value per share (cum income), expressed as a percentage of the net asset value per share.

Gearing
The effect of borrowing money for investment purposes (financial gearing). The amount a company can "gear" is the amount it can borrow in order to invest. Gearing is used in the expectation that the returns on the investments bought will exceed the costs of the borrowings that funded the purchase. This Company can also use synthetic gearing through derivatives and foreign exchange hedging and/or other non-fully funded instruments or techniques.

Leverage

The Company's leverage is the sum of financial gearing and synthetic gearing. Details of the Company's leverage limits can be found in both the Key Information Document and Annual Report. Where a company utilises leverage, the profits and losses incurred by the company can be greater than those of a company that does not use leverage.

Market capitalisation

Month end closing mid-market share price multiplied by the number of shares outstanding at month end.

Net asset value (NAV)

The total value of a fund's assets less its liabilities.

NAV (Cum Income)

The value of investments and cash, including current year revenue, less liabilities (prior charges such as loans, debenture stock and preference shares at fair value).

NAV (Ex Income)

The value of investments and cash, excluding current year revenue, less liabilities (prior charges such as loans, debenture stock and preference shares at fair value).

NAV total return

The theoretical total return on shareholders' funds per share reflecting the change in Net Asset Value (NAV) assuming that dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in discounts/premiums.

Net assets

Total assets minus any liabilities such as bank loans or creditors.

Net cash

A company's net exposure to cash/cash equivalents expressed as a percentage of shareholders' funds, after any offset against its gearing. This is only shown for companies that have gearing in place.

Net gearing

A company's total assets (less cash/cash equivalents) divided by shareholders' funds expressed as a percentage.

Ongoing charges

The total expenses for the financial year (excluding performance fee), divided by the average daily net assets, multiplied by 100.

Risk rating

The key measure used to assess risk is volatility of returns, using historic net asset value (NAV) performance of the company over 1 and 3 years. In this instance volatility measures how much a company's NAV fluctuates over time in relation to the UK Equity market. The higher a volatility figure, the more the NAV has fluctuated (both up and down) over time. Please note that risk categorisations are indicative and based principally on historic data and should not be solely relied upon when making investment decisions.

Share price

Closing mid-market share price at month end.

Share price total return

The theoretical total return to the investor assuming that all dividends received were reinvested in the shares of the company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

Total assets

Cum Income NAV multiplied by the number of shares, plus prior charges at fair value.

Yield

Calculated by dividing the current financial year's dividends per share (this will include prospective dividends) by the current price per share, then multiplying by 100 to arrive at a percentage figure.

For a full list of terms please visit:
https://www.janushenderson.com/en-gb/investor/glossary/

Source for fund ratings/awards

Overall Morningstar Rating™ is a measure of a fund's risk-adjusted return, relative to similar funds. Fund share classes are rated from 1 to 5 stars, with the best performers receiving 5 stars and the worst performers receiving a single star. Overall Morningstar Rating™ is shown for Janus Henderson share classes achieving a rating of 4 or 5. Ratings should not be taken as a recommendation. For more detailed information about Morningstar Ratings, including its methodology, please go to global.morningstar.com/managerdisclosures.

Company specific risks

- This Company is suitable to be used as one component in several in a diversified investment portfolio. Investors should consider carefully the proportion of their portfolio invested into this Company.
- Active management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.
- The Company could lose money if a counterparty with which it trades becomes unwilling or unable to meet its obligations to the Company.
- Higher yieldings bonds are issued by companies that may have greater difficulty in repaying their financial obligations. High yield bonds are not traded as frequently as government bonds and therefore may be more difficult to trade in distressed markets.
- The return on your investment is directly related to the prevailing market price of the Company's shares, which will trade at a varying discount (or premium) relative to the value of the underlying assets of the Company. As a result losses (or gains) may be higher or lower than those of the Company's assets.
- If a Company's portfolio is concentrated towards a particular country or geographical region, the investment carries greater risk than a portfolio diversified across more countries.
- The Company may use gearing as part of its investment strategy. If the Company utilises its ability to gear, the profits and losses incured by the Company can be greater than those of a Company that does not use gearing.
- All or part of the Company's management fee is taken from its capital. While this allows more income to be paid, it may also restrict capital growth or even result in capital erosion over time.