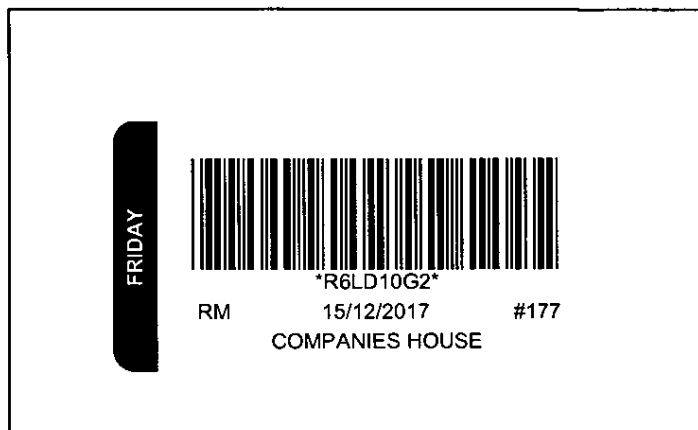


Strategic Report: Chairman's Statement



The chairman of the Company, Christopher Jonas, CBE, reports on the year to 31 August 2017

Performance and markets

I am delighted to report on another year in which our investors have achieved double digit total returns. The net asset value per ordinary share (on a total return basis) has increased by 18.8%. The return on the ordinary share price (on the same basis) was 19.3%. These returns compare to a total return of 19.1% for the MSCI World (ex UK) Index (sterling adjusted).

After a few years of considerable economic turmoil, the last twelve months have seen synchronised growth around the world. Political uncertainty is almost always with us and an inevitable worry for investors. Nonetheless in the last twelve months monetary policy has remained supportive of economic growth. Interest rates continue unchanged at very low rates in many economies. Equity markets have remained strong and aggregate corporate earnings have risen.

In these circumstances we believe that satisfactory long term performance demands skilful asset allocation and stock selection. In our case, asset allocation decisions include selection between different parts of the world as well as between industrial sectors. Furthermore, technological advances are taking place which are changing the face of many industries and challenging their traditional business models. Investment in these opportunities further underlines the need for effective asset allocation and stock selection methods.

Growth and corporate activity

Since your Company's original listing, the board's strategy has been to increase the market capitalisation of the Company. We have given three consistent reasons for this; greater liquidity in our shares, widening demand for them from wealth managers, and lowering our ongoing charge. We have made good progress to this end during

the year by way of an issue of C shares, which when converted in August, increased our issued ordinary share capital by 13,755,700 ordinary shares.

In addition during the year the Company issued 4,370,000 new shares in response to continuing shareholder demand. A further 775,000 ordinary shares have been issued between 1 September 2017 and 26 October 2017, the latest practicable reporting date prior to the publication of the annual report. At 31 August 2017 there were 174,206,306 shares in issue and at 26 October 2017 there were 174,981,306 shares in issue.

Your board and the fund manager review conditions in our markets on a regular basis. When conditions allow we intend to bring forward a further share issue to enable the Company and its shareholders to benefit from the economies of scale I have mentioned above.

Earnings and dividends

We are pleased to announce a dividend increase from 4.65p to 4.90p per ordinary share for the year to 31 August 2017. The year consisted of a first, second and third interim dividend of 1.20p per ordinary share and an increased fourth interim dividend of 1.30p per ordinary share. The fourth interim dividend of 1.30p per ordinary share will be paid on 30 November 2017. In addition, a dividend of 0.75p per C share representing the earnings of the C share portfolio up to conversion was paid on 31 August 2017 to holders of the C shares at the record date. Given the earnings growth being produced by the portfolio and in the absence of an adverse change in conditions, the board intends to maintain the quarterly dividend at its new level during the year to 31 August 2018.

Gearing

Well-judged gearing enhances returns to shareholders. The board's current policy is to permit the fund manager to gear up to 25% of net assets at the time of drawdown or investment as appropriate. Borrowing limits for this purpose include implied gearing through the use of derivatives.

To date the Company has used gearing to invest in specific stock opportunities. At 31 August 2017 the Company had an overdraft with HSBC of £nil (2016: £5,526,000). There was 0.3% gearing in place at the year end (2016: 0.0%).

Discount control

The board is pleased that the Company has reverted to its record of trading at a premium. The board continues to monitor the premium/discount to NAV and will consider appropriate action if the relationship between the NAV

Strategic Report: Chairman's Statement (continued)

and share price moves and remains out of line with the Company's peer group. Nonetheless there is a distinct limit to the board's ability to influence the premium or discount to NAV; accordingly we believe it is not in shareholders' interests to have a specific issuance or buy-back policy. However, to retain flexibility, we reserve the right to implement share issue or buy-backs within a narrow band relative to NAV where appropriate and subject to market conditions.

Ongoing charge

As a direct result of the reduction in the management fee last year and C share issuance, the ongoing charge to the Company for the year to 31 August 2017, as calculated in accordance with the Association of Investment Companies (the 'AIC') methodology is down to 0.88% (2016: 1.01%).

Board changes

The Company announced on 15 August 2017 that I had decided to retire from the chairmanship at the conclusion of the forthcoming annual general meeting. I have served as chairman since the Company's launch and feel that now is the appropriate time for me to retire from the board and thereby ensure an orderly succession. I am delighted that Simon Jeffreys is to succeed me as chairman. He is well known to our shareholders as chairman of the audit committee and brings significant business experience, particularly in financial services, to his new role. The board has appointed Kasia Robinski as a new director from 1 November this year. She has over 25 years' experience in private equity and investment banking, having served on a number of international boards in both executive and non-executive roles. Further details of her record are at page 13. The board intends that Kasia will become chairman of the audit committee when Simon Jeffreys resigns this role on his appointment as chairman of the Company.

Janus Henderson

Henderson Group plc and Janus Capital Group Inc. announced at the end of May that the merger between the two companies had been completed.

Annual general meeting

The seventh annual general meeting of the Company will be held at 2.30 pm on Thursday, 7 December 2017 at the registered office, 201 Bishopsgate, London EC2M 3AE. The notice of meeting and the resolutions to be proposed are set out in a separate document which accompanies

this annual report. Ben Lofthouse, the fund manager, will give a presentation to the meeting which will be followed by light refreshments.

The directors welcome shareholders' attendance at the meeting and recommend shareholders support the resolutions to be proposed. Those who cannot attend are encouraged to vote on all resolutions by completing their proxy forms.

The Company's annual general meeting will be broadcast live on the internet. If you are unable to attend in person you can watch the meeting as it happens by visiting www.janushenderson.com/trustslive.

Outlook

Equity markets have performed well in recent years. This raises inevitable questions about the cycle peaking, but within the headline numbers there is much divergence in performance between stocks and between geographies. One of the great strengths of your Company is its global diversification. This enables us to participate as countries around the world react to the different stages of their economic cycles. For instance, the United States and China have shown some signs of reducing stimulus in the last six months, which if continued may temper growth rates in the future. At the same time Brazil, Japan and Europe continue to ease monetary conditions. The rationale for the Company is to be well placed to deal with these competing global influences. To achieve this we have a clear strategy and a well respected management team, each of which has served our shareholders well since the Company's launch in 2011. As I leave the chair of your Company I want to pay tribute to the high quality of the work done for shareholders by our fund manager, Ben Lofthouse. He has displayed consistent good judgement in his geographic and stock selection for our portfolio; much of the performance we have achieved is thanks to him. I have also had the advantage of a skilled and mature board with whom to steer the Company's development. I thank them for their consistency and shrewd decision taking.

I wish Simon Jeffreys good fortune in his time as your new chairman, and remain confident that a holding in our shares has a sensible part to play in a broadly based portfolio.

Christopher Jonas, CBE
Chairman
31 October 2017

Strategic Report: Portfolio Information

Ten largest investments at 31 August

Ranking 2017	Ranking 2016	Company	Country	Sector	Market value 2017 £'000	% of portfolio
1	3	Microsoft	US	Technology	10,477	3.7
2	4	Taiwan Semiconductor Manufacturing	Taiwan	Technology	8,026	2.8
3	7	ING	Netherlands	Financials	7,646	2.7
4	13	Chevron	US	Oil & gas	6,660	2.3
5	12	Coca-Cola	US	Consumer goods	6,521	2.3
6	5	Deutsche Telekom	Germany	Telecommunications	6,462	2.3
7	10	Telenor	Norway	Telecommunications	6,078	2.1
8	-	Nordea	Sweden	Financials	5,802	2.0
9	26	Las Vegas Sands	US	Consumer services	5,793	2.0
10	1	Novartis	Switzerland	Health care	5,544	2.0
					69,009	24.2

Gearing levels over the year to 31 August

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Asset allocation weighting of portfolio at 31 August

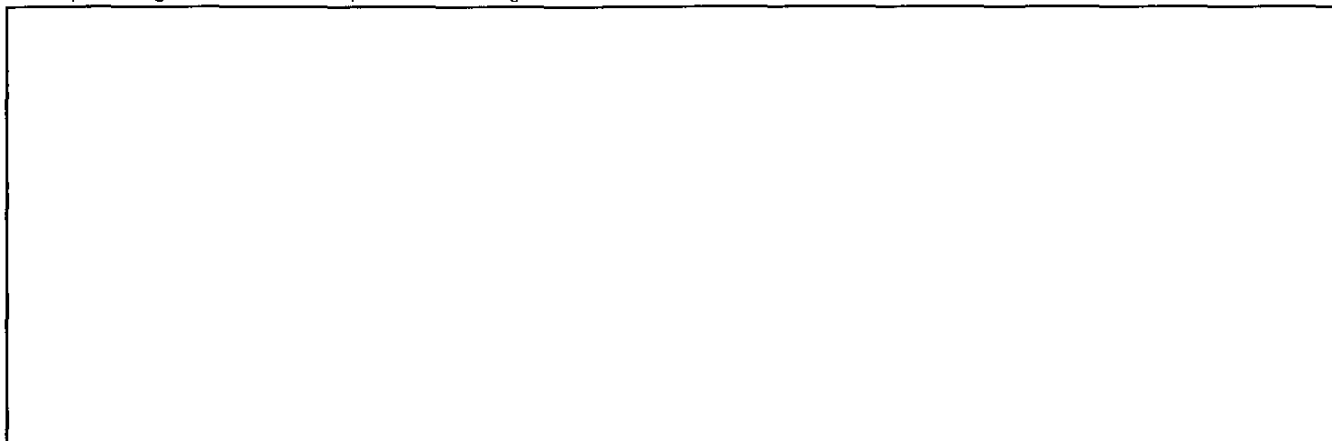
By region

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Strategic Report: Portfolio Information (continued)

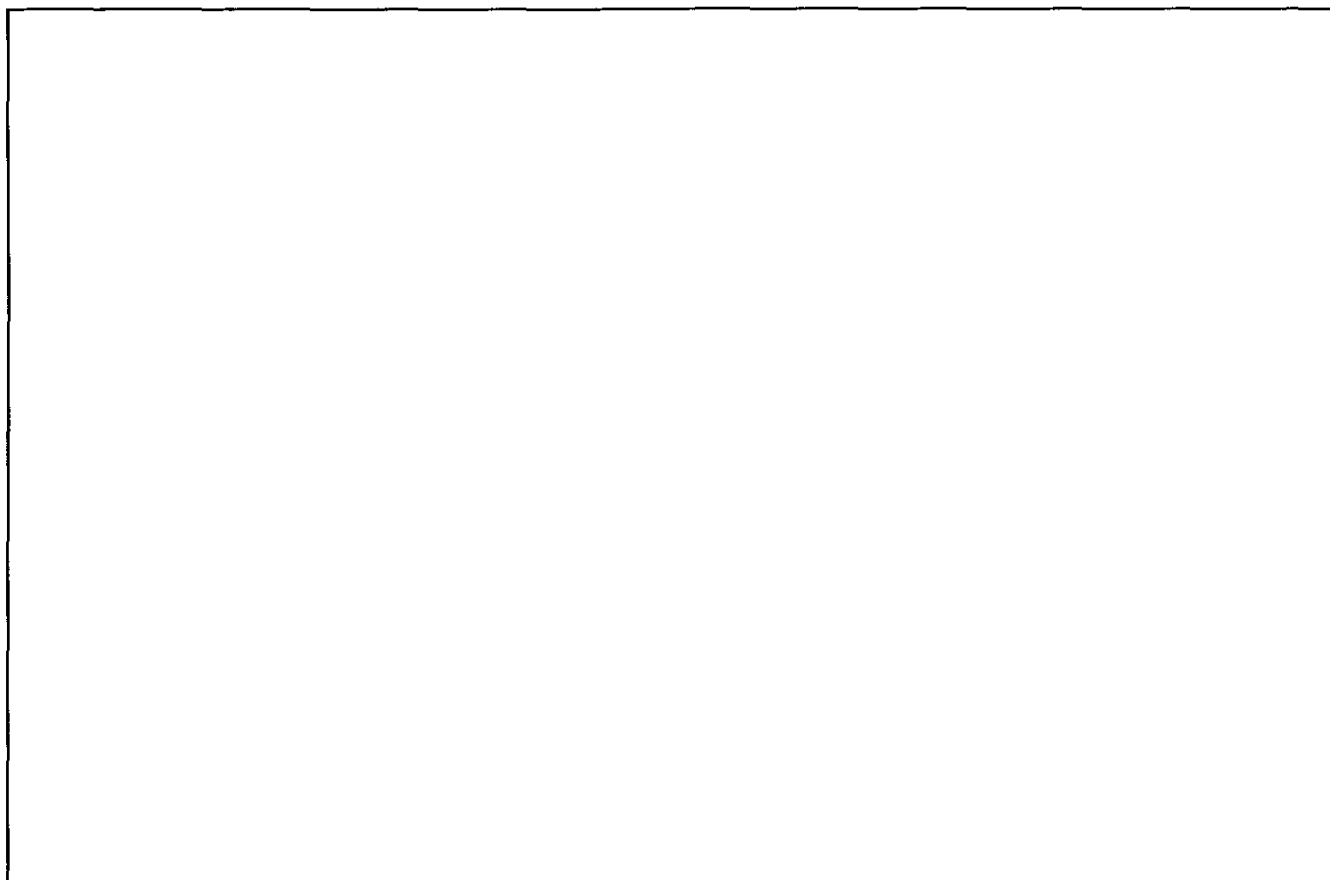
Sector exposure at 31 August

As a percentage of the investment portfolio excluding cash



Geographic exposure at 31 August

As a percentage of the investment portfolio excluding cash



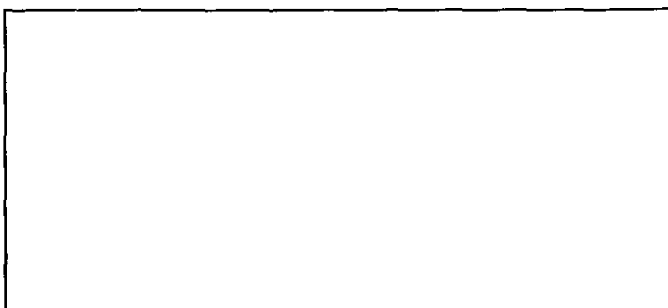
Source: Janus Henderson

Strategic Report: Investment Portfolio as at 31 August 2017

Company	Country	Market value £'000	% of portfolio
Basic materials			
Bayer	Germany	4,919	1.7
Dow Chemical	US	2,861	1.0
Agrium	Canada	2,395	0.9
		10,175	3.6
Consumer goods			
Coca-Cola	US	6,521	2.3
Samsung	Korea	5,470	1.9
Coca-Cola European Partners	US	5,202	1.8
Dali	China	3,866	1.4
General Motors	US	3,857	1.3
Anta Sports	China	3,711	1.3
Toyota	Japan	3,604	1.3
Hanesbrands	US	2,736	1.0
Zhengzhou Yutong	China	2,301	0.8
		37,268	13.1
Consumer services			
Las Vegas Sands	US	5,793	2.0
Nielsen	US	4,326	1.5
NOS	Portugal	3,728	1.3
Best Buy	US	3,548	1.3
Fairfax Media	Australia	3,297	1.2
		20,692	7.3
Financials			
ING	Netherlands	7,646	2.7
Nordea	Sweden	5,802	2.0
Natixis	France	5,437	1.9
AXA	France	4,778	1.7
Van Lanschot	Netherlands	4,421	1.6
Bank of China	China	4,168	1.5
Wells Fargo	US	4,085	1.4
Macquarie	Australia	3,993	1.4
Mitsubishi Financial	Japan	3,775	1.3
Deutsche Borse	Germany	2,962	1.0
BNP Paribas	France	2,781	1.0
Credit Suisse	Switzerland	2,766	1.0
Blackstone	US	2,680	0.9
JP Morgan Chase	US	2,674	0.9
Ares Capital	US	2,316	0.8
		60,284	21.1
Health care			
Novartis	Switzerland	5,544	2.0
Roche	Switzerland	5,499	1.9
Pfizer	US	5,143	1.8
		16,186	5.7

Company	Country	Market value £'000	% of portfolio
Industrials			
Siemens	Germany	5,437	1.9
Jiangsu Expressway	China	3,572	1.3
Amcor	Australia	3,358	1.2
Deutsche Post	Germany	3,193	1.1
Prosegur Cash	Spain	2,941	1.0
Lockheed Martin	US	2,710	0.9
General Electric	US	1,955	0.7
		23,166	8.1
Oil & gas			
Chevron	US	6,660	2.3
Statoil	Norway	4,588	1.6
Star Petroleum Refining	US	4,141	1.5
Total	France	4,040	1.4
		19,429	6.8
Property			
Eurocommercial	Netherlands	4,807	1.7
Crown Castle	US	3,718	1.3
Iron Mountain	US	3,013	1.0
Icade	France	2,906	1.0
Scentre	Australia	2,883	1.0
Nexity	France	2,534	0.9
Mapletree Greater China	Singapore	2,508	0.9
		22,369	7.8
Technology			
Microsoft	US	10,477	3.7
Taiwan Semiconductor Manufacturing	Taiwan	8,026	2.8
HP	US	5,182	1.8
Cisco Systems	US	4,322	1.5
Autohome	China	4,085	1.5
Maxim	US	1,146	0.4
		33,238	11.7
Telecommunications			
Deutsche Telekom	Germany	6,462	2.3
Telenor	Norway	6,078	2.1
Orange	France	4,186	1.5
Spark New Zealand	New Zealand	3,672	1.3
HKT Trust and HKT Ltd	Hong Kong	3,563	1.3
SK Telecom	Korea	3,522	1.2
China Mobile	China	3,502	1.2
Bezeq The Israeli Telecommunication Corporation	Israel	3,454	1.2
Verizon Communications	US	3,158	1.1
		37,597	13.2
Utilities			
Enel	Italy	4,516	1.6
		4,516	1.6
Total investments		284,920	100.0

Strategic Report: Fund Manager's Report



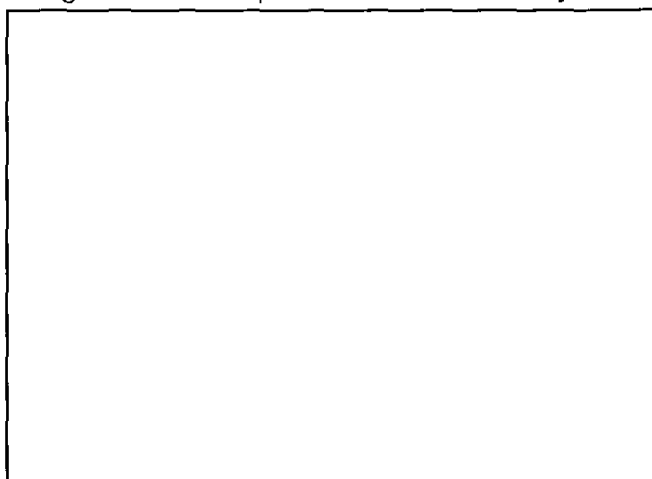
The fund manager of the portfolio, Ben Lofthouse, reports on the year to 31 August 2017

Performance review

The portfolio produced positive returns over the year, generating a total return of 18.8% in net asset value ('NAV') per ordinary share, including the dividends of 4 90p per share, which increased by 5.4% as compared to the same period in 2016.

The Company's investment process focuses on companies with attractive dividend yields, strong cash flow generation, and the potential to grow both earnings and distributions in the future.

Regional indices performance over the year



¹ Each market index has been rebased to sterling
Source: Janus Henderson

Income generation from the portfolio during the year continues to be strong. The majority of companies in the portfolio have increased or maintained their dividends and the dividend growth has been widely spread across sectors and regions. Dividend growth has been driven by both earnings growth and increases in the proportion of earnings paid out as dividend. Some of the largest increases in dividends have come from financial services companies held in the portfolio, such as Netherlands

bank Van Lanschot, and French banks Natixis and BNP Paribas. The combination of stronger balance sheets and clearer regulatory requirements regarding capital levels are allowing these companies to distribute larger dividends. Other companies that significantly increased dividend pay-outs include technology company Samsung, logistics operator Deutsche Post, soft drink distributor Coca-Cola European Partners and US retailer Best Buy. The dividend growth in these companies is being driven by earnings growth. All of the Company's holdings contribute to income generation and the diversification across sectors and geographies is designed to enhance the dividend stability within the portfolio. The weighted average income yield on the portfolio at year end was over 4.0%. Based on the underlying trends within the portfolio the outlook for companies dividend growth remains good.

The Company's portfolio is relatively concentrated consisting of 50-80 positions. Therefore performance is particularly impacted by stock specific news and events as well as regional equity market performances and sector news. The portfolio has generated double digit capital returns over the year.

The team's investment process is driven by company analysis and a strong valuation discipline. Dividends from portfolio investments allow investors to be paid to remain invested until the valuation anomaly corrects. This valuation discipline often leads to a contrarian bias in the portfolio, with investments in out-of-favour sectors and regions. Europe has definitely been out-of-favour for some years and was the largest regional exposure in the portfolio. Europe's economic recovery has been slow since the financial crisis, but has started to pick up over the last twelve months. As a result many of the strongest performers in the portfolio are European stocks, particularly economically sensitive ones such as banks ING, Natixis and Van Lanschot. Another strong performer was Italian utility, Enel, which is in the process of being turned around by new management. The turnaround has taken a few years but this year it is starting to reflect in the share price.

China is another region that investors have had concerns about, and where equity valuations had become very depressed. The team added exposure over the year, and some of the new positions have already been amongst the top contributors. Sportswear manufacturer and retailer Anta Sports has performed very strongly as sales and earnings have accelerated, as has the online auto marketing company Autohome.

As mentioned in the Chairman's report, technological development is driving changes in many industries. As a result the demand for some electronic components has risen dramatically and the portfolio has benefited from this via holdings such as Taiwan Semiconductor Manufacturing, one of the world's largest semiconductor companies, and Samsung, which not only manufactures phones but also is a world leader in screens and memory (the negative

Strategic Report: Fund Manager's Report (continued)

contribution from Apple shown below comes as a result of not owning it and it performing strongly).

Not all of the portfolio has benefited as much as we hoped from these changes in technology. The portfolio has significant exposure to the telecommunications sector. The need for reliable communication is greater than ever and data volumes are increasing dramatically, unfortunately a combination of regulation and undisciplined competition is impacting companies' ability to monetise this demand. This has kept a cap on share price performance for the likes of Portuguese telecom operator NOS, and Israeli operator Bezeq. The holdings are delivering high dividend yields and remain attractively valued therefore exposure to the sector has been maintained. Nielsen, which helps companies record the popularity of TV programmes and consumer goods has also been more impacted than expected by the changes in customer's behaviour as they try to adapt to ways of marketing and consumption of products

Portfolio positioning

The composition of the portfolio has not changed dramatically over the year. The most significant change has been the increase in emerging markets exposure from 7.5% to 15.4%. The increase was driven primarily by new Chinese investments, such as Autohome and food manufacturer Dali. Profits were taken in a number of long held positions after several years of strong performance in order to invest in new opportunities; positions closed include Chinese internet gaming company Netease, Japanese electronics

conglomerate Panasonic, logistics company UPS, and US theme park operator Six Flags.

Markets have risen considerably since the Company was launched but there are still a great number of interesting investment opportunities. Slow sales growth continues to encourage companies to focus on improving earnings and returns on capital via management action. New positions opened included industrial engineer Siemens, European private banks Van Lanschot and Credit Suisse, and US retailer Best Buy, all of which have turnaround plans in place to improve their businesses.

The board

Christopher Jonas is retiring from the board at the annual general meeting having been the chairman since the launch of the Company in April 2011. I am indebted to him for the constant encouragement and support he has given me over that time. His clear, calm and measured approach to business has enabled us to steer successfully through challenging market conditions whilst also successfully growing the Company from £42m at launch to around £300m at the time of writing. I wish him well for the future.

Ben Lofthouse
Fund Manager
31 October 2017

Top ten contributors to and bottom ten detractors from relative return (%)

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Source FactSet

Strategic Report: Historical Performance and Financial Information

Total return performance¹

	1 year %	3 years %	Since launch %
Diluted NAV ^{2 3}	18.8	53.9	108.4
Undiluted NAV ²	18.8	52.7	107.6
Share price ⁴	19.3	65.9	105.1
Benchmark ⁵	19.1	59.0	122.4
Sector average ⁶	18.6	43.2	88.2

Financial information for the year end 31 August

Date	Net assets £'000	NAV ⁷ pence	Share price ⁴ pence	Premium/ (discount) %	Net return for year £'000	Revenue return pence	Capital return pence	Total return pence	Dividends per ordinary share pence	Ongoing charge %
2012 ⁸	44,268	97.2	100.5	(3.4)	1,655	6.08	(2.23)	3.85	5.40	1.38
2013	55,729	111.9	114.1	2.0	8,630	4.57	13.62	18.19	4.05	1.39
2014	85,787	118.4	109.8	(7.3)	7,077	5.59	5.99	11.58	4.25	1.09
2015	91,594	115.6	118.8	2.8	1,668	5.14	(2.98)	2.16	4.50	1.11
2016	220,904	141.5	141.8	0.2	37,570	6.12	29.14	35.26	4.65	1.01
2017	283,972	163.0	163.8	0.5	42,836	5.76	21.36	27.12	4.90	0.88

Issued ordinary share capital since launch

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1 Including dividends reinvested and excluding transaction costs

2 Calculated using published daily NAVs including current year revenue

3 As the remaining subscription shares were exercised on 4 September 2014, there is no dilutive effect on the net assets per ordinary share as at 31 August 2017 and therefore the diluted NAV and undiluted NAV as at that date are the same. In the years prior to 31 August 2015, the diluted NAV was calculated in accordance with guidelines issued by the AIC and assumed that all outstanding subscription shares were converted into ordinary shares at the year end

4 Middle market closing price

5 MSCI World (ex UK) Index (sterling adjusted)

6 The AIC Global Equity Income Sector

7 Undiluted NAV

8 The first period was from launch on 28 April 2011 to 31 August 2012

Sources: Morningstar, Janus Henderson and Datastream

Strategic Report: Corporate Information

Directors

The directors appointed to the board are:

Christopher Jonas, CBE

Position: Chairman of the board

Date of appointment: 16 March 2011 (Chairman March 2011)

Christopher has been a senior adviser at Lazard & Co. Ltd and Lloyds Banking Group and a main board member of British Railways, the Port of London Authority and Canary Wharf Group plc. Christopher was chairman of Henderson Global Property Companies Limited. He is currently the chairman of the Contemporary Art Society. Christopher was chairman of Goldsmiths University of London and chairman of the governing body of Roedean and is a past president of the Royal Institution of Chartered Surveyors.

Simon Jeffreys

Position: Director and chairman of the audit committee

Date of appointment: 16 March 2011

Simon is chairman of Aon UK Limited, a director and chair of the audit committees of St James's Place plc, SimCorp A/S and Templeton Emerging Markets Trust plc. Simon was chief operating officer of the Wellcome Trust until July 2014 where he was responsible for a wide range of business services including finance, legal, human resources, information technology and operations. He was previously chief administrative officer for Fidelity International and for most of his professional life was a partner in PricewaterhouseCoopers, where he was the global leader of the firm's investment management and real estate practice.

William (Bill) Eason

Position: Director

Date of appointment: 16 March 2011

Bill is a director of The European Investment Trust PLC, Regional Reit Limited and Institutional Protection Services Limited. He is a trustee to The Gordon Foundation and is also a business fellow of Gray's Inn. Bill is a former chairman of Henderson High Income Trust plc and was chief investment officer at Laing and Cruickshank as well as acting as trustee to Marshall's Charity and the John Hampden Fund. He was also a director of the Charities & Trust Fund Department at Quilter Cheviot. He has been managing charitable and high net worth portfolios since 1973, and became a member of the London Stock Exchange in 1976. Bill is an associate of the Society of Investment Professionals and holds a Fellowship of the Chartered Institute for Securities and Investment. He was also a governor of Henley Management College.

Richard Hills

Position: Director

Date of appointment: 25 April 2016

Richard has substantial investment experience, having held senior positions at two major investment companies. He is currently chairman of Strategic Equity Capital plc and the SQN Secured Income Fund and a director of JP Morgan Income & Capital Investment Trust plc. He was chairman of Henderson Global Trust plc.

Aidan Lisser

Position: Director

Date of appointment: 25 April 2016

Aidan has had many years' experience at a senior level, across international consumer and financial services organisations. He is Head of Strategy and Communication at Investec Wealth & Investment, having previously been the firm's Chief Marketing Officer. Prior to that he was employed by Allianz Global Investors AG, Standard Chartered Bank plc and Unilever plc. He was a director of Henderson Global Trust plc.

Katarzyna (Kasia) Robinski

Position: Director

Date of appointment: To be appointed 1 November 2017

Ms Robinski has over 25 years' experience in private equity and investment banking including with Hanover Investors, Prospect Investment Management, the Sutton Company (now Sutton Trust) and Goldman Sachs. She has served on numerous international boards and has undertaken various operating roles, including CFO and CEO, in a broad range of sectors from media through to oil and gas. Ms Robinski is currently a director of Gabelli Value Plus+ Trust PLC and Premier Energy & Water Trust PLC. Kasia holds an MSc degree in Engineering/Economics from Cambridge University and an MBA from the Stanford Business School.

All directors are independent of Janus Henderson and are members of the audit committee, management engagement committee, nominations committee and insider committee.

Strategic Report: Corporate Information (continued)

Registered office

201 Bishopsgate
London
EC2M 3AE
Email: support@janushenderson.com

Service providers

Alternative Investment Fund Manager
Henderson Investment Funds Limited
201 Bishopsgate
London
EC2M 3AE

Corporate secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London
EC2M 3AE
Telephone: 020 7818 1818

Depository and custodian

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Stockbroker

Panmure Gordon & Co
1 New Change
London
EC4M 9AF

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone: 0370 707 4033
Email: web_queries@computershare.co.uk

Investors with share certificates (i.e. not those in a share plan or ISA) can check their holdings at www.computershare.com

Independent auditors

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Information sources

For more information about Henderson International Income Trust plc, visit the website at www.hendersoninternationalincometrust.com

Financial calendar

Annual results announced	31 October 2017
4th interim ex-dividend date	26 October 2017
4th interim dividend record date	27 October 2017
4th interim dividend payable on	30 November 2017
Annual general meeting ¹	7 December 2017
1st interim dividend payable on	28 February 2018
Half year results	April 2018
2nd interim dividend payable on	31 May 2018
3rd interim dividend payable on	31 August 2018

¹ At the Company's registered office at 2.30 pm

HGi

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Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone on 03457 22 55 25, email Customercare.HSDL@Halifax.co.uk or visit their website www.halifax.co.uk/sharedealing.

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

Nominee share code

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

Investors in Halifax Share Dealing Limited receive all shareholder communications and a voting instruction form is provided to facilitate voting at general meetings of the Company.

Strategic Report: Corporate Information (continued)

Status

The Company is an investment company as defined in section 833 of the Companies Act 2006 (the 'Act') and operates and has been approved as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 ('section 1158') as amended. It is subject to the Listing Rules of the Financial Conduct Authority and is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company.

The directors are of the opinion that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company (Tax)) Regulations 2011. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with the regulations.

Principal risks and uncertainties

The board, with the assistance of the Manager, has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. In carrying out this assessment, the board has considered the market uncertainty arising from the result of the UK referendum to leave the European Union. The board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, which have not changed from last year, and the steps taken by the board to mitigate these, and whether the board considers the impact of such risks has changed over the past year are as follows:

Risk	Mitigation
<p>Investment activity and performance risks</p> <p>An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group.</p>	<p>The board monitors investment performance at each board meeting and regularly reviews the extent of its borrowings when in use.</p>
<p>Portfolio and market price risks</p> <p>Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds.</p> <p>Most of the Company's assets, liabilities, income and expenses are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.</p>	<p>The Manager seeks to maintain a diversified portfolio to mitigate against this risk. The board regularly reviews the portfolio, activities and performance.</p> <p>The fund manager monitors the Company's exposure to foreign currencies daily and reports to the board at each meeting. The fund manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.</p> <p>The board has set an investment limit on currency hedging to a maximum of 25% of gross assets to mitigate against this risk.</p>
<p>Tax and regulatory risks</p> <p>A breach of section 1158 of the Corporation Tax Act 2010 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the UK Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act could lead to criminal proceedings, or financial or reputational damage.</p>	<p>The Manager has contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The board receives internal control reports produced by Janus Henderson on a quarterly basis, which confirm regulatory compliance.</p>
<p>Operational risks</p> <p>Disruption to, or failure of, Janus Henderson's accounting, dealing or payment systems or the custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational and cyber risk that one or more of its service providers may not provide the required level of service.</p>	<p>The board monitors the services provided by the Manager and its other suppliers and receives reports on the key elements in place to provide effective internal control.</p> <p>The board also monitors the principal business risks faced by the Company which are recorded in a risk map which is reviewed regularly. Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable.</p>

The board considers these risks to have remained unchanged throughout the year under review.

Strategic Report: Corporate Information (continued)

Borrowings

Where the fund manager believes that gearing will enhance returns to shareholders, the Company may borrow up to 25% of its gross assets at the time of drawdown or investment (as appropriate). Borrowings for these purposes would include implied gearing through the use of derivatives. The Company's gearing facility allows borrowing in sterling and other currencies. In the year under review the Company borrowed in both sterling and euros.

Viability statement

The directors have assessed the viability of the Company over a three year period, taking account of the Company's current position and the potential impact of the principal risks and uncertainties documented in this strategic report.

The assessment has considered the impact of the likelihood of the principal risks and uncertainties facing the Company. In particular, investment activity and performance, portfolio, market and currency risks, in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The directors also took into account the liquidity of the portfolio, the gearing and the income stream from the portfolio in considering the viability of the Company over the next three years and its ability to meet liabilities as they fall due. This included consideration of how the forecast income stream, expenditure and levels of reserves could impact on the Company's ability to pay dividends to shareholders over that period in line with its current dividend policy. Whilst detailed forecasts are only made over a shorter time frame, the nature of the Company's business as an investment trust means that such forecasts are equally valid to be considered over the longer three year period as a means of assessing whether the Company can continue in operation. This included consideration of the duration of the Company's overdraft facility and how a breach of the overdraft facility covenants could impact on the Company's net asset value and share price.

The directors conducted this review for a period of three years. They consider this to be an appropriate period over which they do not expect there to be any significant change in the current principal risks and adequacy of the mitigating controls in place. The directors do not

Key performance indicators

In order to measure the success of the Company in meeting its objective and to evaluate the performance of Janus Henderson, the directors take into account the following key performance indicators ("KPIs"):

KPI	Action
Performance measured against the benchmark	At each meeting the board reviews and compares the performance of both the NAV per share and share price for the Company and its benchmark. The board considers the benchmark to be its most important KPI
Dividend sustainability and growth	At each board meeting, the board reviews the dividend income generating ability of the Company's portfolio, and monitors the dividend income received as the year progresses.
Discount to NAV	At each board meeting, the board monitors the level of the Company's discount to NAV per share (including income) and reviews the average discount/premium for the AIC global equity income sector. The Company publishes a NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula, which includes current year revenue items.
Performance against the Company's peer group	The Company is included in the AIC global equity income sector. In addition to comparison against the stated benchmark, the board also considers at each meeting the performance of this AIC sector, as well as other investment trusts.

envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period because the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. Only a substantial financial crisis affecting the global economy could have an impact on this assessment. Whilst there is currently uncertainty in the markets due to the UK's negotiations to leave the European Union following last year's referendum results, the board does not believe that this will have a long term impact on the viability of the Company and its ability to continue in operation.

The directors recognise that there is a continuation vote that is due to take place at the annual general meeting on 7 December this year. The directors currently support the continuation of the Company and expect that the Company will continue to exist for the foreseeable future, and at least for the period of assessment. However if such a vote were not passed, the directors would follow the provisions in the articles of association to the effect that the Company be wound up, liquidated, reorganised or unitised.

Based on this assessment, the directors expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three year period.

Corporate responsibility

Responsible investment

Janus Henderson is responsible for reporting on its work on corporate governance and corporate responsibility (or social, environmental and ethical issues) in the companies in which it invests on its clients' behalf. In May 2005 Henderson became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance issues into mainstream investment decision-making and ownership practices.

The way companies respond to sustainability and corporate responsibility can affect their business performance, both directly and indirectly. An investee company's policy on social responsibility and the environment is considered by Janus Henderson's risk team but investments are not ruled out on social and environmental grounds only.

Strategic Report: Corporate Information (continued)

Future developments

While the future performance of the Company is mainly dependent on the performance of international financial markets the board's intention is that the Company will continue to pursue its stated investment objective and strategy explained earlier. The chairman's statement and fund manager's report provide commentary on the outlook for the Company.

Ongoing charge

The board regularly reviews the ongoing charge and monitors Company expenses. For the year ended 31 August 2017 the ongoing charge as a percentage of shareholders' funds was 0.88% (2016: 1.01%).

Voting policy and the UK stewardship code

The Manager has a responsible investment policy in place which sets out its approach to corporate governance and corporate responsibility for all the companies in which it invests. The policy also sets out how the Stewardship Code is implemented. The Company has reviewed the policy and has delegated responsibility for voting to the Manager. The board receives regular reports on the voting undertaken by the Manager on behalf of the Company. The board and the Manager believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the fund manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale therefore are given to the investee company prior to voting.

Practical difficulties may prevent voting in some markets. In particular, various factors, including restrictions on dealing and costs, may inhibit voting in some international markets and must be taken into account.

The responsible investment policy and further details of responsible investment activities can be found on the website www.janushenderson.com.

Employees, social, community, human rights and environmental matters

The Company's core activities are undertaken by Janus Henderson, which has implemented environmental management practices. These include systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment and is focused on reducing greenhouse gas emissions and minimising waste, where possible. The Company has therefore not reported on these, or social, community or human rights issues here; Janus Henderson's policies are included in its annual report which can be found on the Janus Henderson website.

Janus Henderson's corporate responsibility statement is included on the Janus Henderson website stated above. In 2012 Henderson was granted CarbonNeutral® Company status which Janus Henderson has committed to maintain at least until the end of 2018.

The Company's annual report is printed on paper produced using 50% recycled post-consumer waste and 50% wood fibre from fully sustainable forests with certification by the Forest Stewardship Council; the printing company used is certified as Carbon Neutral®.

Continued appointment of Janus Henderson

The board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager are contained on page 4.

The management engagement committee undertakes an annual review of the Company's investment performance over both the short and longer terms, together with the quality of other services provided by the Manager.

It is the directors' opinion that the continuing appointment of the Manager on the existing terms is in the interests of the Company and its shareholders as a whole.

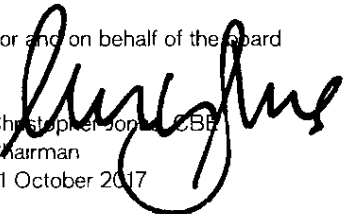
Modern Slavery Act 2015

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Board diversity

The directors consider diversity when making appointments to the board, taking into account relevant skills, experience, knowledge and gender. The board recognises that diversity is important however, given the small size of the board, it is not considered appropriate for the Company to have set targets in this regard. The Company has no employees and therefore, there is nothing further to report in respect of diversity within the Company.

For and on behalf of the board


Christopher Jones, CBE
Chairman

31 October 2017

Strategic Report: Glossary

Alternative Investment Fund Managers Directive ('AIFMD')

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ('AIFs') and requires them to appoint an Alternative Investment Fund Manager ('AIFM') and depositary to manage and oversee the operations of the investment vehicle. The board of the Company retains responsibility for strategy, operations and compliance and the directors retain a fiduciary duty to shareholders

Association of Investment Companies ('AIC')

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

Benchmark

An index against which performance is compared. For the Company this is the MSCI World (ex UK) Index (sterling adjusted).

C Shares

A class of share capital which has the right to receive notice of and attend and vote at any general meeting of the Company. The voting rights of the C shares are the same as that applying to holders of existing ordinary shares. C shares convert to ordinary shares at a date and time determined by the board pursuant to the terms of their issue.

Custodian

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

Depositary

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

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts

Dividend dates

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

Gearing

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage is calculated by taking the difference between total investments and equity shareholders' funds, dividing this by equity shareholders' funds and multiplying by 100. The Company can also use synthetic gearing through derivatives and foreign exchange hedging

Investment trusts

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

Key Investor Document

Information in relation to the Company's disclosures in accordance with the Packaged Retail and Insurance-based Investment Products ('PRIIPs') Regulation is contained in the 'Key Investor Document' which can be found on the Company's website.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale

Market capitalisation ('market cap')

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

Strategic Report: Glossary (continued)

Net asset value ('NAV') per share

The value of the Company's assets (i.e. investments and cash held) less any liabilities (i.e. bank borrowings and debt securities) for which the Company is responsible, divided by the number of shares in issue. The aggregate NAV is also referred to as shareholders' funds on the Statement of Financial Position. The NAV is published daily.

Ongoing charge

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs, excluding any performance fees in accordance with the AIC methodology, and is the annualised ongoing charge expressed as a percentage of the average aggregate NAV in the year.

Premium/discount

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

Revenue return per share

The revenue return per share is the revenue return profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Total return performance

This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

Yield

The annual dividend expressed as a percentage of the share price.

Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call the corporate secretary at the number provided on page 14.

Corporate Report

Report of the Directors

The directors present the audited financial statements of the Company and their report for the year from 1 September 2016 to 31 August 2017. The Company registered in England & Wales on 2 March 2011 with company registration number 7549407 which became actively trading as a listed company on 28 April 2011, was active throughout the year under review and was not dormant.

Directors' remuneration and shareholdings

The directors' remuneration report on pages 24 and 25 provides information on the remuneration and share interests of the directors.

Directors' conflicts of interest

The Company's articles of association permit the board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ('situational conflicts'). The board has a formal system in place for directors to declare situational conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. All situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the board believes that the systems it has in place for reporting and considering situational conflicts continue to operate effectively.

Independence of directors

In accordance with the AIC Code of Corporate Governance, the board has reviewed the independent status of each individual director and the board as a whole. In the board's opinion all directors are considered to be independent of Janus Henderson both in character and judgment.

Bill Eason was an employee of Quilter Cheviot Limited, a substantial shareholder of the Company (acquired by Old Mutual plc in February 2015). The directors have considered Mr Eason's independence. They have noted that there could be certain circumstances that might pose a conflict of interest to Mr Eason, but these would be disclosed and, in accordance with agreed procedures, Mr Eason would not vote on these issues.

Having considered these points and taking into account Mr Eason's conduct at board and committee meetings, the board confirmed that it considered him to be independent. As with all directors, this will be regularly reviewed and considered as part of the annual board performance evaluation process.

Related party transactions

The Company's current related parties are its directors and the Manager. There have been no material transactions between the Company and its directors during the year. The only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the year end. Directors' shareholdings are disclosed on page 24.

In relation to the provision of services by the Manager (other than fees payable by the Company in the ordinary course of business and the provision of marketing services) there have been no material transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 19 on page 54.

Share capital

The Company's share capital comprises ordinary shares with a nominal value of 1p. The voting rights of the shares on a poll are one vote for every ordinary share held. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits and capital of the Company (including accumulated revenue and capital reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro-rata to their holding of ordinary shares.

At the beginning of the year, there were 156,080,606 ordinary shares in issue. During the year 4,370,000 ordinary shares were issued to Panmure Gordon & Co in the price range of 140.75p – 161.25p for total proceeds (net of commissions and issue costs) of £6,822,000. On 8 May 2017 the Company issued 21,500,000 C shares for total proceeds of £21,133,000 net of costs. These were converted into ordinary shares on 18 August 2017 at a conversion ratio of 0.6398 ordinary shares for every C share held, in accordance with the authority granted by shareholders and resulted in 13,755,700 new ordinary shares being issued.

At 31 August 2017 the number of ordinary shares in issue with voting rights was 174,206,306.

Since 31 August 2017 and up to 26 October 2017, being the latest practicable date prior to publication of the annual report, a further 775,000 ordinary shares have been issued for a total proceeds (net of commissions and issue costs) of £1,262,000. The number of shares in issue as at 26 October 2017, being the latest practicable date prior to the publication of this report, is 174,981,306.

The Company will seek authority from its shareholders at the 2017 annual general meeting to renew its authority to allot shares up to 10% of the issued share capital as at 7 December 2017. Please refer to the notice of meeting that accompanies this annual report for further details. This can also be found on the Company's website at www.hendersoninternationalincometrust.com.

Subject to annual shareholder approval the Company may purchase its own ordinary shares at a discount to NAV per share. At the annual general meeting in December 2016 shareholders gave the board authority to buy-back 23,467,685 ordinary shares during the following 15 months for cancellation or to be held in treasury. To date this authority has not been used. A resolution to renew this authority will be put to shareholders for approval at the 2017 annual general meeting.

Report of the Directors (continued)

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 August 2017 in accordance with the FCA Disclosure Guidance and Transparency Rules were as follows:

	% of voting rights
Brewin Dolphin Limited	5.6
Smith & Williamson	5.3
Old Mutual	4.8

No changes have been notified in the period between 1 September 2017 and 26 October 2017, being the latest practicable date prior to the publication of the annual report

At 31 August 2017, 6.0% of the issued ordinary shares were held on behalf of participants in Halifax Share Dealing products run by Halifax Share Dealing Limited ('HSDL'), which is part of Lloyds Banking Group. In accordance with the arrangements made between HSDL and Janus Henderson, the participants in this scheme are given the opportunity to instruct the relevant nominee company to exercise voting rights appertaining to their shares in respect of all general meetings of the Company

Duration of the Company

The Company's articles of association require that at every third annual general meeting of the Company an ordinary resolution be put to shareholders asking them to approve the continuation of the Company. This is the second time that shareholders will be asked to continue the life of the Company. The directors therefore propose an ordinary resolution to shareholders at this year's AGM that the Company continues in existence and the directors are recommending that shareholders should vote in favour of the resolution, as they shall do in respect of their own shareholdings. The directors have no reason to believe that the resolution will not be passed, however if such resolution is not passed, proposals for the Company's liquidation or reconstruction will be put to shareholders.

Corporate governance

The corporate governance statement set out on pages 26 to 29 forms part of the report of the directors.

Annual general meeting

The annual general meeting will be held on Thursday, 7 December 2017 at 2.30 pm at the Company's registered office. The notice of meeting and details of the resolutions to be put at the annual general meeting are contained in the separate letter being sent to shareholders with this report.

Other information

Information on recommended dividends, future developments and financial risks are detailed in the strategic report

Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the board at the date of approval of this report confirms that to the best of his knowledge and belief, there is no information relevant to the preparation of the annual report which the Company's auditors are unaware and he has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.


Global greenhouse gas emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 31 August 2017 (2016: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013

Listing rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. The directors confirm that there are no disclosures to be made in this regard, other than in accordance with Listing Rule 9.8.4(7), the information of which is detailed on page 21 under share capital

By order of the board



Henderson Secretarial Services Limited
Corporate Secretary
31 October 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report (which must be fair, balanced and understandable), the directors' remuneration report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company's financial statements in accordance with UK Accounting Standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that year. In preparing these financial statements, the directors are required to

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

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

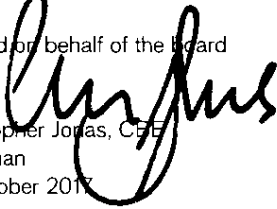
The directors consider that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the directors, who are listed on page 13, with the exception of Kasia Robinski, who is to be appointed on 1 November 2017, confirms that, to the best of his knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the strategic report, report of the directors and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces

For and on behalf of the board


Christopher Jonas, CBE
Chairman

31 October 2017

The financial statements are published on www.hendersoninternationalincometrust.com which is a website maintained by the Manager

The maintenance and integrity of the website is the responsibility of the Manager, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the

auditors accept no responsibility for any changes that may have occurred to the annual report since it was initially presented on the website

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

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the 'Regulations'). The report also meets the relevant requirements of the Companies Act 2006 (the 'Act') and the Listing Rules of the Financial Conduct Authority and describes how the board has applied the principles relating to directors' remuneration. As required by section 439 of the Act, an ordinary resolution to approve the report will be proposed at the annual general meeting on 7 December 2017. The Company's remuneration policy was last approved by shareholders at the annual general meeting in 2014 in accordance with section 439A of the Act. The current policy, if approved by shareholders at the 2017 AGM, will continue in force until the AGM in 2020.

The Company's auditors are required to report on certain information contained within this report, where information set out below has been audited it is indicated as such.

All directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on. These include the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The board as a whole considers the directors' remuneration. The board has not been provided with advice or services by any person in respect of its consideration of the directors' remuneration (although the directors review annually the fees paid to the boards of directors of other comparable investment trust companies).

Remuneration policy

Directors are remunerated in the form of fees, payable quarterly in arrears. In accordance with the Company's articles of association the aggregate remuneration of the directors may not exceed £500,000 per annum. Subject to this overall limit, the board's policy is that the fees payable to the directors should be reasonable in relation to market rates, reflect the time spent by the board on the Company's affairs and the responsibilities borne by the directors and should be sufficient to promote the long-term success of the Company. All directors, including any new appointments to the board, are paid at the same rate, apart from the chairman of the board and the chairman of the audit committee who are paid a higher fee in recognition of their additional responsibilities. The level of remuneration paid to each director is reviewed annually, although such review will not necessarily result in any change to the rate; any feedback from shareholders would be taken into account when setting remuneration levels. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

No director has a service contract with the Company. Directors' appointments may be terminated at any time by written notice with no compensation payable.

This policy has been in place since 1 September 2013 and will remain in place until the annual general meeting in 2020 unless it is amended by way of an ordinary resolution put to shareholders in a general meeting. The board may amend the level of remuneration paid to individual directors within the parameters of the remuneration policy.

Annual statement

As chairman, Christopher Jonas, CBE reports that directors' fees were increased on 1 September 2016, being the start of the Company's financial year. This increase, the first since the Company's launch, was made after consideration of the fees paid to other investment trusts in the sector of an equivalent size and also in relation to the fees paid to the directors of other trusts managed by Janus Henderson. These increases were to ensure that the directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new directors.

There have been no other major decisions on directors remuneration or any other changes to the remuneration paid to each individual director in the year under review.

Annual report on remuneration

Directors' interests in shares (audited)

	Ordinary shares of 1p	
	31 August 2017	31 August 2016
Christopher Jonas, CBE	191,720	159,730
Simon Jeffreys	169,150	127,397
Peregrine Banbury, CVO ¹	n/a	28,649
Bill Eason	156,990	125,000
Richard Hills ²	39,604	33,206
Aidan Lissner ²	19,798	8,135

¹ Retired on 16 December 2016

² Appointed on 25 April 2016

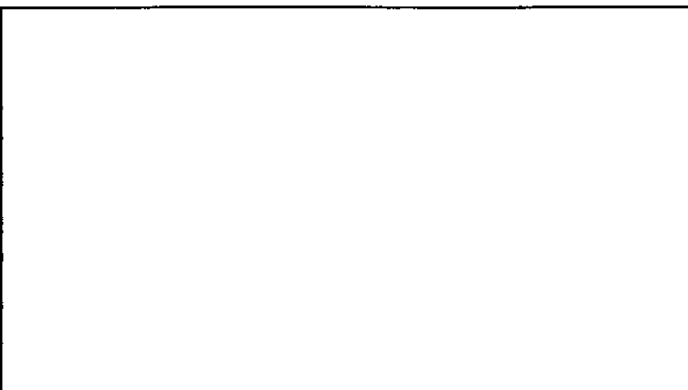
The interests of the directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. There were no changes since the year end to the date of this report.

In accordance with the Company's articles of association, no director is required to hold any shares of the Company by way of qualification.

Directors' Remuneration Report (continued)

Performance

The graph compares the mid-market price of the Company's ordinary shares since launch to the year ended 31 August 2017 with the return from the MSCI World (ex UK) Index (sterling adjusted) over the same period.



Source Datastream

Directors' fees and expenses (audited)

The fees and expenses paid to the directors who served during the years ended 31 August 2017 and 31 August 2016 were as follows:

	Year ended 31 August 2017 Total salary and fees £	Year ended 31 August 2016 Total salary and fees £	Year ended 31 August 2017 Expenses including taxable benefits £	Year ended 31 August 2016 Expenses including taxable benefits £	Year ended 31 August 2017 Total £	Year ended 31 August 2016 Total £
Christopher Jonas ¹	39,000	35,000	824	1,197	39,824	36,197
Simon Jeffreys ²	29,000	25,000	55	–	29,055	25,000
Peregrine Banbury ³	7,022	20,000	–	–	7,022	20,000
Bill Eason	24,000	20,000	–	–	24,000	20,000
Richard Hills ⁴	24,000	7,014	779	461	24,779	7,475
Aidan Lisser ⁴	24,000	7,014	42	28	24,042	7,042
Total	147,022	114,028	1,700	1,686	148,722	115,714

¹ Chairman of the board, management engagement, nominations and insider committees

² Chairman of the audit committee

³ Retired on 16 December 2016

⁴ Appointed on 25 April 2016

The table above omits other columns in the relevant regulations because no payments of other types such as performance related pay, vested performance related pay and remuneration related benefits were made.

Relative importance of spend on pay

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

	2017 £	2016 £	Change £	Change %
Total remuneration	148,722	115,714	33,008	28.5
Dividends paid	7,722,659	4,559,983	3,162,676	69.4

Statement of voting at annual general meeting

At the 2016 annual general meeting 18,502,895 (98.5%) votes were received for the resolution seeking approval for the director's remuneration report, 166,434 (0.9%) were against, 117,944 (0.6%) were discretionary and 86,368 were withheld. In relation to the approval of the remuneration policy which was last voted on in 2014 8,640,642 (91.8%) were for, 141,822 (1.5%) were against, 632,838 (6.7%) were discretionary and 26,595 were withheld. The percentage of votes excludes votes withheld for both resolutions

For and on behalf of the board


Christopher Jonas, CBE
Chairman
31 October 2017

Corporate Governance Statement

The corporate governance statement forms part of the report of the directors

Applicable corporate governance codes

The board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties; the Company has no employees and the directors are all non-executive. Therefore not all the provisions of the UK Corporate Governance Code (the 'UK code') issued by the Financial Reporting Council ('FRC') in April 2016 are directly applicable to the Company. The board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in July 2016 (the 'AIC code') by reference to the AIC corporate governance guide for Investment Companies (the 'AIC guide'). The AIC code, as explained by the AIC guide, addresses all the applicable principles set out in the UK code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The FRC has confirmed that by following the AIC guide, boards of investment companies should fully meet their obligations in relation to the UK code and paragraph 9.8.6 of the Listing Rules.

Copies of the AIC code, the AIC guide and the UK code can be found on the respective organisations' websites. www.theaic.co.uk and www.frc.org.uk

Statement of compliance

The directors believe that the Company has complied with the recommendations of the AIC code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report and thereby the provisions of the UK code except as set out below. The UK code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration, and
- the need for an internal audit function.

For the reasons set out in the AIC guide, and as explained in the UK code, the board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

The board

Board composition

The board currently consists of five non-executive directors, and the biographies of those holding office at the date of this report are included on page 13. Those details demonstrate the breadth of investment, commercial and professional experience relevant to their positions as directors. All directors served throughout the year with the exception of Peregrine Banbury who retired on 16 December 2016 and Kasia Robinski, who is to be appointed on 1 November 2017. All directors are resident in the UK.

Responsibilities of the board and its committees

The board is responsible for providing leadership, setting the investment objective of the Company, establishing an appropriately robust internal control framework enabling effective risk management and monitoring the performance delivered by the Company's Manager and third party service providers in meeting the objective within the control framework.

The board is chaired by Christopher Jonas, CBE who is an independent non-executive director, meets formally at least five times a year, with additional board or committee meetings arranged when required. The directors have regular contact with the fund manager and representatives of the corporate secretary between formal meetings.

The board has a formal schedule of matters reserved for its decision which include strategy and management, structure and capital financial reporting and controls, internal controls and risk management, contracts, communications, board membership and other appointments, delegation of authority, remuneration and corporate governance matters. It is responsible for the approval of annual and half year results and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects. The directors confirm that they are satisfied that the annual report and financial statements for the year ended 31 August 2017, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

At each meeting the directors follow a formal agenda, which includes a review of the Company's NAV, share price, discount/premium, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters. The board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which the Manager has discretion to act, and regularly reviews investment strategy. It has adopted a procedure for directors to take independent professional advice where necessary in the furtherance of their duties at the expense of the Company.

In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information.

Internal controls

The board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

The board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the year and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's

Corporate Governance Statement (continued)

business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

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

The board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 August 2017. During the course of its review the board has not identified or been advised of any failings or weaknesses that have been determined as significant.

Internal audit function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. The Company's management functions are delegated to third parties and the board monitors the controls in place with support from the Manager's internal audit department. As such the board has determined that there is currently no need for the Company to have its own internal audit function.

Directors

Directors' appointment and retirement

The board may appoint directors to the board without shareholder approval. Any director so appointed must stand for election by the shareholders at the next annual general meeting in accordance with the articles of association. All directors retire by rotation at intervals of not more than three years.

Peregrine Banbury retired from the board at the conclusion of the 2016 annual general meeting.

Mr Christopher Jonas, who has been chairman since the launch of the Company, has decided to retire from the board at the conclusion of the forthcoming annual general meeting.

Simon Jeffreys will take over as chairman and will cease to be the audit committee chairman on taking up the chair.

In accordance with the articles of association, Bill Eason and Simon Jeffreys are to retire by rotation and offer themselves for re-election at the annual general meeting.

Kasia Robinski who is to join the board on 1 November 2017, is required to be elected by shareholders at the first annual general meeting following appointment and accordingly offers herself for election.

Ms Robinski is to succeed Simon Jeffreys as audit committee chairman.

Under the articles of association shareholders may remove a director before the end of his/her term by passing an ordinary resolution at a general meeting. An ordinary resolution is passed if more than 50% of the votes cast, in person or by proxy, are in favour of the resolution.

Directors' independence

All directors have a wide range of other interests and are not dependent on the Company itself. At the nominations committee meeting in July 2017, the directors reviewed their independence and confirmed that all directors remain wholly independent of the Manager. The board has determined that all directors are independent in character and judgement and that their individual skills, broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

A senior non-executive director has not been identified as the board considers that all the directors have different qualities and areas of expertise on which they may lead where issues arise.

There were no contracts subsisting during or at the end of the year in which a director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No director has a contract of service with the Company and there are no agreements between the Company and its directors concerning compensation for loss of office.

Directors' professional development

When a new director is appointed he or she is offered an induction seminar which is held by Janus Henderson at the request of the chairman. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the board as they arise. Directors are also able to attend external training facilities and industry seminars at the expense of the Company and each director's individual training requirements are considered as part of the annual performance evaluation.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place in respect of the directors. The Company's articles of association provide, subject to the provisions of UK legislation, an indemnity out of the assets of the Company for every director or other officer of the Company against any liability which he or she may incur as a director or other officer of the Company in defending any proceedings (whether civil or criminal)

Corporate Governance Statement (continued)

in which judgement is given in his or her favour, or he or she is acquitted, or in connection with any application under the Companies Act 2006 in which he or she is granted relief by the court

The board has three principal committees, the audit committee, the management engagement committee and the nominations committee. The terms of reference for these committees are available on the website www.hendersoninternationalincometrust.com or via the corporate secretary. The Company also has an insider committee to assist in meeting the disclosure obligations of the Market Abuse Regulations.

A separate remuneration committee has not been established as the board consists of only non-executive directors. The whole board is responsible for setting directors' fees in line with the remuneration policy set out on page 24, which is subject to periodic shareholder approval

Audit committee

The audit committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external auditors

The committee comprises all of the directors and is chaired by Simon Jeffreys, who is a chartered accountant. The other committee members have a combination of financial, investment and other experience gained throughout their careers and the board is satisfied overall that the committee has recent and relevant financial experience. All members of the committee are considered to be independent. The report of the audit committee, which forms part of this corporate governance statement can be found on pages 30 and 31

Nominations committee

All directors are members of the committee, which is chaired by the chairman of the board (who did not chair the committee when his successor was being considered). The committee is responsible for reviewing board succession planning and tenure policy, the performance of the board as a whole and the board committees and the recommendation to the board on the appointment of new directors through an established formal procedure.

When considering succession planning, the committee bears in mind the balance of skills, knowledge, experience, gender and diversity existing on the board. The nominations committee considers diversity as part of the annual performance evaluation. It believes that there are a range of backgrounds, and each director brings different qualities to the board and its discussions.

The board believes that diversity is important, however, given the size of the board, it is not considered appropriate for the Company to have set targets in this regard, candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. The nominations committee will make a recommendation to the board when the recruitment of additional non-executive directors is required. Once a decision is made to recruit additional directors to the board, a formal job description will be drawn up. The committee may use external agencies as and when the requirement to recruit an additional board member becomes necessary. However, an external agency was not used in respect of the appointment of Kasia Robinski.

The committee also reviews and recommends to the board the directors seeking election or re-election. Recommendation is not automatic and will follow a process of evaluation of each director's performance, length of service and consideration of the director's independence. The committee also takes into account the mix of skills and experience of the current board members. In accordance with the UK code any director serving for longer than six years would be subject to particularly rigorous assessment of his or her contribution.

The committee meets annually to carry out its review of the board, its composition and size and its committees. The results of the annual performance evaluation are detailed overleaf.

Management engagement committee

All directors are members of the management engagement committee, which is chaired by the chairman of the board

The committee is responsible for reviewing the terms of the management agreement with Janus Henderson to ensure that they are competitive, negotiate terms with Janus Henderson and consider whether the continuing appointment of Janus Henderson is in the interest of shareholders as a whole.

The committee met in July 2017 to carry out its annual review of Janus Henderson, the results of which are detailed overleaf.

Insider committee

The committee was formed to assist in meeting the disclosure obligations under the Market Abuse Regulations, which came into force on 3 July 2016

All directors are members of the insider committee, which is chaired by the chairman of the board

Board attendance

The table below sets out the number of scheduled board and committee meetings held during the year under review and the number of meetings attended by each director. All directors attended the annual general meeting in December 2016, with the exception of Kasia Robinski who is to be appointed on 1 November 2017

	Board	AC	MEC	NC	IC
Number of meetings	5	2	1	1	Ad hoc
Christopher Jonas, CBE	5	2	1	1	-
Simon Jeffreys	5	2	1	1	-
Peregrine Banbury, CVO ¹	2	1	-	-	-
Bill Eason	5	2	1	1	-
Richard Hills	5	2	1	1	-
Aidan Lisser	5	2	1	1	-

¹ Retired on 16 December 2016

AC Audit Committee

MEC Management Engagement Committee

NC Nominations Committee

IC Insider Committee which did not meet prior to the year end

The directors and committees of the board also met as needed during the year to undertake business such as the approval of the Company's financial results and dividends and discussions regarding the issue and conversion of the C shares.

Corporate Governance Statement (continued)

Performance evaluation

The directors recognise the importance of the AIC code's recommendation in respect of evaluating the performance of the board as a whole, the committees and individual directors. During the year, the directors undertook a review of the board structure, including an evaluation of the performance of the board, the committees and of individual directors. The appraisal of the chairman was led by the chairman of the audit committee.

Accountability and relationship with Janus Henderson

The statement of directors' responsibilities in respect of the financial statements is set out on page 23, the independent auditors' report on pages 32 to 35 and the viability statement on page 16.

The board has delegated contractually to external third parties, including Janus Henderson, the management of the investment portfolio, the depositary services (which include the safeguarding of the assets), the day-to-day accounting, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. Further details of the management agreement can be found on page 4.

The board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the board as required. In addition, the chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters which would then be reported to the board. Directors also attend a similar directors briefing.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of Janus Henderson attend each board meeting enabling the directors to probe further on any matters of concern. The directors have access to the advice and services of the corporate secretary through its appointed representative who is responsible to the board for ensuring that board and committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all board and committee meetings are fully recorded through a process that allows any director's concerns to be recorded in the minutes. The board and the Manager operate in a supportive, co-operative and open environment.

The corporate secretary, Henderson Secretarial Services Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities, particularly when dealing with any conflicts or issues between the Company and Janus Henderson. Any correspondence from shareholders addressed to the chairman or the company received at Janus Henderson's offices is forwarded to the chairman of the Company in line with the audited procedures in place. Any correspondence is submitted to the next board meeting.

Janus Henderson and BNP Paribas Securities Services, which acts for Janus Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

The board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011, and confirmed its zero tolerance to bribery and corruption in its business activities. It has received assurances from the Company's main contractors and suppliers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Share capital

Please see the report of the directors on page 21.

Relations with shareholders

Shareholder relations are given high priority by the board. The prime medium by which the Company communicates with its shareholders is through the half year results and annual report which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the daily calculation and publication of the NAV per share to a regulatory information service and a monthly fact sheet which is available on the website: www.hendersoninternationalincometrust.com

Janus Henderson also provides information on the Company and fund manager videos on the website, via various social media channels and through its HGI content platform, more details of which are included on page 14.

The board considers that shareholders should be encouraged to attend and participate at the annual general meeting, which will again this year be available to watch live as it happens by visiting www.janushenderson.com/trustslive. Shareholders have the opportunity to address questions to the chairman of the board, the chairman of the audit committee and all other directors at the meeting and the fund manager will make a presentation to shareholders. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the board that the annual report and notice of annual general meeting be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also included on the Company's website. Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time, are invited to do so by writing to the chairman at the registered office address given on page 14 of this report.

General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between the Manager and shareholders are reported to the board.

By order of the board



For and on behalf of
Henderson Secretarial Services Limited
Corporate Secretary
31 October 2017

Report of the Audit Committee

I have pleasure in presenting the report of the audit committee for the year ended 31 August 2017

Meetings

The audit committee which is chaired by myself, Simon Jeffreys met twice during the year under review. The Company's auditors are invited to attend meetings. Representatives of the Manager and BNP Paribas Securities Services may also be invited. In the year under review the audit committee has met with Janus Henderson's Deputy Chief Risk Officer and Head of Internal Audit.

Role and responsibilities

The role of the audit committee is to assist the board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the external auditors. The responsibilities are set out in formal terms of reference which are regularly reviewed. In the year under review the main duties undertaken were:

- confirmation of the appropriateness of the Company's accounting policies;
- a review of the half year results and the annual report, including the disclosures made therein in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy in order to make recommendations to the board;
- consideration of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from Janus Henderson;
- consideration of the appropriate level of dividend to be paid by the Company;
- consideration of the internal controls in place at Janus Henderson and BNP Paribas Securities Services as administrator, as described on pages 26 and 27 including compliance with s1158, and Janus Henderson's policies in relation to cyber risk and business continuity;
- the committee met with Janus Henderson's Deputy Chief Risk Officer to discuss internal controls and risk management. The discussion included a detailed overview of the Manager's internal controls reports and went on to provide a summary of the HSBC Securities Services and BNP Paribas Securities Services (the Company's main third party service providers) internal controls reports that the Janus Henderson Operational Risk Team had reviewed. The committee received reassurances from the Deputy Chief Risk Officer and the committee concurred with her judgement that the findings were satisfactory with no material breaches to report that affected the Company;
- the audit committee chairman discussed and agreed the audit plan with the auditor;
- discussion of audit materiality at the audit planning meeting;
- ensuring that the auditors reported all errors;
- consideration of the FRC review of Grant Thornton UK LLP and Grant Thornton's internal quality reviews and concluded that there were no matters arising of concern for the Company;
- consideration of the key risks, risk management systems in place and the Company's risk map;
- consideration of the Company's anti-bribery policy and review of the Company's gifts and hospitality register and was satisfied that the Company was in compliance;
- consideration of the nature and scope of the external audit and the findings therefrom;
- consideration of whether there is a need for an internal audit function in order to make a recommendation to the board, as described on page 27;
- the committee met with Janus Henderson's Head of Internal Audit to discuss Janus Henderson's internal audit plan for the 2017 calendar year including those audits which had a direct or indirect relevant to Janus Henderson's investment trusts. The committee concluded that it was appropriate to rely on Janus Henderson's internal audit function;
- consideration of the appointment of the external auditors and their performance and remuneration (see page 31);
- consideration of the external auditors' independence and objectivity and the reporting of the external auditor. The committee also considered its policy on non-audit services. The committee was satisfied with the arrangements (as explained further on page 31);
- consideration of the whistle blowing policy that Janus Henderson has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence. The committee was satisfied that the policy includes the necessary arrangements for independent investigation and follow up action;
- in assessing whether the report is fair, balanced and understandable, each director received the disclosures made, applying their respective knowledge and expertise. The internal controls over financial reporting were also considered, together with feedback from the Company's auditors, the fund manager and the company secretary; and
- consideration of the annual confirmation from the Company's depositary.

Report of the Audit Committee (continued)

Audit for the year ended 31 August 2017

In relation to the annual report for the year ended 31 August 2017 the following significant issues were considered by the committee.

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	The directors have appointed the Manager to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, Janus Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Ownership of listed investments are verified by reconciliation to the custodian's records. See page 30.
Recognition of income	Income received is accounted for in line with the Company's accounting policy (as set out in note 1e) on page 40) and is reviewed by the committee at each meeting. See page 30.

Policy on non-audit services

The provision of non-audit services by the Company's auditors is considered and approved by the audit committee on a case by case basis by considering them against the criteria set out in the FRC's Revised Ethical Standard 2016 and the FRC's guidance on Audit Committees. The policy set by the audit committee, which is kept under review, ensures that consideration is given to the following factors when considering the provision of non-audit services by the auditors:

- the level of non-audit fees paid to the audit firm in relation to the statutory audit fee;
- whether the audit firm is the most suitable supplier of non-audit services;
- the impact on the auditors' independence and objectivity and what safeguards can be put in place to eliminate or reduce any threat in this regard, and
- the cost-effectiveness of the services.

The board has determined that the auditors will never be considered for the provision of services related to accounting and preparation of the financial statements, internal audit and custody.

There were no fees paid or payable to the auditors for non-audit services in the year under review (2016: £nil).

External audit, review and re-appointment

Grant Thornton UK LLP have been the Company's auditors since the Company was launched. The Statutory Auditors and Third Country Auditors Regulations which came into force on 17 June 2016, require the Company to rotate its audit firm after a period of 10 years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. Grant Thornton UK LLP has been the Company's auditor for less than 10 years. The auditor is required to rotate partners every five years and this is the last year that Christopher Smith will be in place. Under transitional provisions, the Company will be required to put the external audit out to tender for the 2021 financial year end.

At its October 2017 meeting the audit committee discussed in detail the effectiveness and quality of the audit provided by Grant Thornton UK LLP for the financial year ended 31 August 2017. The committee assessed the performance of Grant Thornton UK LLP through discussions, with the auditor present and privately with the fund manager, company secretary and Janus Henderson's Financial Reporting Manager, to provide feedback on the audit process. The committee concluded that it was content that the audit for the year ended 31 August 2017 had been professionally delivered and high standards adhered to and it therefore recommended Grant Thornton UK LLP's continuing appointment to the board.

The auditors have indicated their willingness to continue in office. Accordingly, resolutions to confirm the re-appointment of Grant Thornton UK LLP as auditors to the Company and to authorise the directors to determine their remuneration will be proposed at the forthcoming annual general meeting.

Fees paid or payable to the auditors are detailed in note 6 on page 43.


Simon Jefferys
Audit Committee chairman
31 October 2017

Independent Auditors' Report to the Members of Henderson International Income Trust plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Henderson International Income Trust plc (the 'Company') for the year ended 31 August 2017 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 August 2017 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Who we are reporting to

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

Conclusions relating to principal risks, going concern and viability statement

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

- the disclosures in the annual report set out on page 15 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 15 of the annual report, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 23 of the financial statements, about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 16 of the annual report, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach



- Overall materiality: £2,840,000, which represents 1% of the Company's net assets
- Key audit matters were identified as valuation, existence and ownership of investments, and completeness and occurrence of investment income

- Our audit approach was a risk based substantive audit focused on investments at the year end and investment income recognised during the year. There was no change in our approach from prior year.

Key audit matters

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

Independent Auditors' Report to the Members of Henderson International Income Trust plc (continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Valuation, existence and ownership of investments</p> <p>The Company's investment objective is to seek to provide shareholders with a growing total annual dividend, as well as capital appreciation. The investment portfolio at the year end had a carrying value of £285m.</p> <p>There is a risk that the investments shown in the Statement of Financial Position may not be owned by the Company, do not exist or are incorrectly valued. We therefore identified valuation, existence and ownership of investments as a significant risk, which was one of the most significant risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • understanding the Manager's process to value quoted investments through discussions with the Manager and examination of control reports on third party administrators; • agreeing the valuation to an independent source of market prices, • agreeing the nominal holding to custodian confirmation, • substantively testing a sample of additions and disposals of investments during the year; • obtaining trading volumes of the investments held at the year-end to assess whether the investments are actively traded, and • assessing whether the Company's accounting policy for investments is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice ('SORP') issued by Association of Investment Companies ('AIC') and testing its consistent application during the year. <p>The Company's accounting policy on fixed asset investments held at fair value through profit or loss is shown in note 1(c) to the financial statements and related disclosures are included in notes 2 and 11. The Audit Committee identified valuation and ownership of the Company's investments as a significant issue in its report on page 31, where the Committee also described the action that it has taken to address this issue.</p> <p>Key observations</p> <p>Our testing did not identify any material misstatements in the valuation of the Company's investment portfolio as at the year end nor were any issues noted with regards to the existence or the Company's ownership of the underlying investments at the year end.</p>
<p>Completeness and occurrence of investment income</p> <p>The Company measures performance on a total return basis and investment income is one of the significant components of this performance measure in the Income Statement.</p> <p>Under International Standard on Auditing (UK) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk of fraud in revenue recognition.</p> <p>We therefore identified completeness and occurrence of investment income as a significant risk requiring special audit consideration.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • substantively testing a sample of income transactions to assess if they were recognised in accordance with the policy; • for a sample of investments held during the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the Income Statement and agreeing a sample of dividend income recognised by the Company to an independent source; • checking the categorisation of corporate actions and special dividends to identify whether the treatment is correct; and • assessing whether the Company's accounting policy for revenue recognition is in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the AIC SORP and testing its consistent application on revenue recognised during the year. <p>The Company's accounting policy on income, including its recognition, is shown in note 1(e) to the financial statements and related disclosures are included in note 3. The Audit Committee identified recognition of income as a significant issue in its report on page 31, where the Committee also described the action that it has taken to address this issue.</p> <p>Key observations</p> <p>Our testing did not identify any material misstatements in the amount of revenue recognised during the year under audit.</p>

Independent Auditors' Report to the Members of Henderson International Income Trust plc (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £2,840,000 which is 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which primarily comprise the Company's investment portfolio, are considered to be the key driver of the Company's total return performance and form a part of the net asset value calculation.

Materiality for the current year is higher than the level that we determined for the year ended 31 August 2016 to reflect the increased value of the Company's investment portfolio at the year end.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

We also determine a lower level of specific materiality for certain areas such as investment income, management fee and directors' remuneration.

We determined the threshold at which we will communicate misstatements to the audit committee to be £142,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Company's business, its environment and risk profile and in particular included:

- obtaining an understanding of relevant internal controls at both the Company and third-party service providers. This included obtaining and reading internal controls reports prepared by the third-party service providers on the description, design, and operating effectiveness of the internal controls at the Manager, custodian, and administrator; and
- performing substantive audit procedures on specific transactions, which included journal entries, individual material balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and our evaluation of the design and implementation of controls that address significant audit risk.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 54, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

- Fair, balanced and understandable set out on page 23 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit, or
- Audit committee reporting set out on pages 30 and 31 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee is materially inconsistent with our knowledge obtained in the audit, or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 26 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Independent Auditors' Report to the Members of Henderson International Income Trust plc (continued)

Our opinions on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report

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

Other matters which we are required to address

We were appointed by the members on 15 December 2011. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
31 October 2017

Income Statement

Notes		Year ended 31 August 2017			Year ended 31 August 2016		
		Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
2	Gains from investments held at fair value through profit or loss	-	35,101	35,101	-	31,899	31,899
3	Income from investments held at fair value through profit or loss	10,882	-	10,882	7,684	-	7,684
	Loss on foreign exchange	-	(170)	(170)	-	(50)	(50)
4	Other income	297	-	297	325	-	325
	Gross revenue and capital gains	11,179	34,931	46,110	8,009	31,849	39,858
5	Management fee	(409)	(1,229)	(1,638)	(244)	(731)	(975)
6	Other administrative expenses	(530)	-	(530)	(395)	-	(395)
	Net return before finance costs and taxation	10,240	33,702	43,942	7,370	31,118	38,488
7	Finance costs	(28)	(40)	(68)	(49)	(58)	(107)
	Net return before taxation	10,212	33,662	43,874	7,321	31,060	38,381
8	Taxation on net return	(1,116)	78	(1,038)	(800)	(11)	(811)
	Net return after taxation	9,096	33,740	42,836	6,521	31,049	37,570
9	Return per ordinary share	5.76p	21.36p	27.12p	6.12p	29.14p	35.26p

The total column of this statement represents the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

Statement of Changes in Equity

		Called up share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Notes	Year ended 31 August 2017						
	At 31 August 2016	1,561	131,328	45,732	37,915	4,368	220,904
16, 17	New shares allotted	44	6,842	–	–	–	6,886
	Issue costs	–	(64)	–	–	–	(64)
	Issue of ordinary shares from C share conversion	137	21,363	–	–	–	21,500
	Issue costs on C shares	–	(367)	–	–	–	(367)
	Net return for the year	–	–	–	33,740	9,096	42,836
10	Dividends paid	–	–	–	–	(7,723)	(7,723)
	At 31 August 2017	1,742	159,102	45,732	71,655	5,741	283,972
Notes	Year ended 31 August 2016						
	At 31 August 2015	793	35,796	45,732	6,866	2,407	91,594
16, 17	New shares allotted	768	95,933	–	–	–	96,701
	Issue costs	–	(401)	–	–	–	(401)
	Net return for the year	–	–	–	31,049	6,521	37,570
10	Dividends paid	–	–	–	–	(4,560)	(4,560)
	At 31 August 2016	1,561	131,328	45,732	37,915	4,368	220,904

Statement of Financial Position

Notes		At 31 August 2017 £'000	At 31 August 2016 £'000
11	Fixed asset investments held at fair value through profit or loss	284,920	214,168
	Current assets		
12	Debtors	1,375	831
	Cash and cash equivalents	4,099	12,183
		5,474	13,014
13	Creditors: amounts falling due within one year	(6,422)	(6,278)
	Net current (liabilities)/assets	(948)	6,736
	Total net assets	283,972	220,904
	Capital and reserves		
16	Called up share capital	1,742	1,561
17	Share premium account	159,102	131,328
18	Special reserve	45,732	45,732
18	Other capital reserves	71,655	37,915
18	Revenue reserve	5,741	4,368
	Total shareholders' funds	283,972	220,904
14	Net asset value per ordinary share	163.0p	141.5p

The financial statements on pages 36 to 54 were approved and authorised for issue by the board of directors on 31 October 2017 and signed on their behalf by



Christopher Jonas, CBE
Chairman

Cash Flow Statement

	Year ended 31 August 2017 £'000	Year ended 31 August 2016 £'000
Cash flows from operating activities		
Net return before taxation	43,874	38,381
Add back, finance costs	68	107
Less, gains on investments held at fair value through profit or loss	(35,101)	(31,899)
Add: loss on foreign exchange	170	50
Withholding tax on dividends deducted at source	(1,318)	(1,136)
Taxation recovered	75	193
Increase in debtors	(303)	(291)
(Decrease)/increase in creditors	(209)	463
Net cash inflow from operating activities	7,256	5,868
Cash flows from investing activities		
Purchase of investments	(112,706)	(139,050)
Sale of investments	82,907	148,976
Net cash (outflow)/inflow from investing activities	(29,799)	9,926
Cash flows from financing activities		
Equity dividends paid	(7,723)	(4,560)
Proceeds from issue of ordinary shares	6,840	1,618
Net proceeds from issue of C shares	21,106	-
Interest paid	(68)	(107)
Net cash inflow/(outflow) from financing activities	20,155	(3,049)
Net (decrease)/increase in cash and cash equivalents	(2,388)	12,745
Cash and cash equivalents at start of year	6,657	(6,030)
Effect of foreign exchange rates	(170)	(58)
Cash and cash equivalents at end of year	4,099	6,657
Comprising:		
Cash at bank	4,099	12,183
Bank overdraft	-	(5,526)
	4,099	6,657

Notes to the Financial Statements

1 Accounting policies

a) Basis of accounting

The Company is a registered investment company as defined in Section 833 of the Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 14.

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (which is effective for periods commencing on or after 1 January 2015), and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ('the SORP') issued in November 2014 and updated in January 2017 with consequential amendments. The Company has early adopted the amendments to FRS 102 in respect of fair value hierarchy disclosures as published in March 2016.

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

The financial statements have been prepared under the historical cost basis except for the measurement at fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with sections 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

b) Going concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The validity of the going concern basis depends on the outcome of the continuation vote on which the board is recommending that shareholders vote in favour. In particular, no provision has been made for the cost of winding-up the Company or liquidating its investments in the event that the resolution is not passed. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

c) Fixed asset investments held at fair value through profit or loss

All investments are held at fair value through profit or loss. Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments is based on their quoted bid price at the Statement of Financial Position date, without deduction of the estimated future selling costs.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as 'Gains or losses from investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

d) Capital gains and losses

Capital gains and losses arising on investments sold and investments held, together with exchange differences arising on the translation of foreign currency assets and liabilities, are dealt with in capital reserves.

e) Income

Dividends receivable (including overseas withholding taxes) from equity shares are taken to revenue return on an ex-dividend basis except where, in the opinion of the directors, the dividend is capital in nature, in which case it is taken to the capital return. Bank deposit interest is taken to revenue on an accruals basis.

Option premium income is recognised as revenue over the life of the contract and included in the revenue column of the Income Statement unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premiums arising are allocated to the capital column of the Income Statement.

f) Derivative financial instruments

Derivative transactions which the Company may enter into comprise forward exchange contracts (the purpose of which is to hedge foreign currency exposure). The Company may also write options on shares represented in the portfolio where such options are priced attractively relative to Janus Henderson's expectations for the relevant share prices and to generate additional return for shareholders. The Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Company's policies as approved by the board.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Derivatives are measured at fair value based on market process or at valuations based on market prices.

Changes in the fair value of derivative financial instruments are recognised in the Income Statement as they arise. If capital in nature, the associated change in value is presented as a capital item in the Income Statement

Where options are written for the purpose of generating revenue, applicable premiums are recognised evenly over the life of the option and shown in the revenue return, with the appropriate amount shown as capital return such that the total return reflects the overall change in the fair value of the option.

g) Expenses and finance costs

All expenses are accounted for on an accruals basis. Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method. On the basis of the board's expected long-term split of returns in the form of capital gains and income of 75% and 25% respectively, the Company charges 75% of its finance costs and management fee to the capital return. The overdraft arrangement fee which is included in finance costs is charged 100% to the revenue return. All other expenses are charged to revenue return. All of these amounts are stated inclusive of any related irrecoverable value added tax.

h) Taxation

The tax expense represents the sum of the current tax and deferred tax arising from the accounting period.

The current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

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

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

i) Foreign currency

The results and financial position of the Company are expressed in pounds sterling which is the functional currency and presentational currency of the Company. The board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined the functional currency to be sterling.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets and liabilities and equity investments held at fair value through profit or loss denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue return or capital return, depending on whether the gain or loss is of a revenue or capital nature. Gains or losses arising from a change in exchange rates in respect of investments are included within the gain or loss from investments held at fair value through profit or loss.

j) Dividends payable to shareholders

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

k) Reserves

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

The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

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

The special reserve represents the value of the share premium account that was cancelled and transferred to distributable reserves on 28 February 2013.

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

Capital reserve arising on investments sold

The following are accounted for in this reserve

- *gains and losses on disposals of investments;*
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature, and
- costs of repurchasing ordinary share capital

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve

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

l) Distributable reserves

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

Notes to the Financial Statements (continued)

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

	2017 £'000	2016 £'000
Gains on investments sold in the year	15,605	1,533
Revaluation of investments held at 31 August	20,241	30,355
Movement in appreciation of traded options held	(745)	11
	35,101	31,899

3 Income from investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Dividend income	10,882	7,684
	10,882	7,684

4 Other income

	2017 £'000	2016 £'000
Treasury bill interest	–	1
Bank interest	1	1
Option premium income	296	323
	297	325

5 Management fee

	2017			2016		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Management fee	409	1,229	1,638	244	731	975
	409	1,229	1,638	244	731	975

A summary of the terms of the management agreement is given in the strategic report on page 4

6 Other administrative expenses (including irrecoverable VAT)

	2017 £'000	2016 £'000
Directors' fees (see the directors' remuneration report on page 25)	149	116
Auditors' remuneration – for audit services*	28	28
Marketing	89	54
Depository fees	44	34
Other expenses	220	163
	530	395

*The fee for the audit of the Company was £27,500 for the current year

7 Finance costs

	2017			2016		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Bank interest	28	40	68	49	58	107
	28	40	68	49	58	107

Notes to the Financial Statements (continued)

8 Taxation

	2017			2016		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Foreign withholding taxes	1,322	–	1,322	967	11	978
Overseas tax reclaimable	(284)	–	(284)	(167)	–	(167)
Tax relief to capital	78	(78)	–	–	–	–
Total tax charge for the year	1,116	(78)	1,038	800	11	811

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19.58% (2016: 20.00%). The differences are explained below.

Factors affecting the tax charge for the year

	2017			2016		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return before taxation	10,212	33,662	43,874	7,321	31,060	38,381
Corporation tax at an effective rate of 19.58% (2016: 20.00%)	2,000	6,591	8,591	1,464	6,212	7,676
Effects of:						
Non-taxable gains less losses on investments held at fair value through profit or loss and foreign exchange	–	(6,840)	(6,840)	–	(6,370)	(6,370)
Non-taxable overseas dividends	(1,891)	–	(1,891)	(1,375)	–	(1,375)
Overseas tax	1,038	–	1,038	800	11	811
Tax relief to capital	78	(78)	–	–	–	–
Tax effect of expensed double taxation relief	(20)	–	(20)	–	–	–
Income taxable in different periods	(4)	–	(4)	–	–	–
Excess management expenses	(85)	249	164	(89)	158	69
Total tax charge	1,116	(78)	1,038	800	11	811

Deferred tax

The Company has unrecognised deferred tax assets of £682,000 at 31 August 2017 (2016: £590,000) arising as a result of excess management expenses and loan relationship deficits (including interest on the bank overdraft). These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

Due to its status as an investment trust, the Company is exempt from UK corporation tax on disposal of its investments.

The Company intends to maintain approval as an investment trust company for the foreseeable future.

9 Return per ordinary share

	2017		2016	
	£'000	pence	£'000	pence
Revenue return	9,096	5.76	6,521	6.12
Capital return	33,740	21.36	31,049	29.14
Total return	42,836	27.12	37,570	35.26
Weighted average number of ordinary shares		157,944,441		106,540,906

Notes to the Financial Statements (continued)

10 Dividends paid on ordinary shares for the year ended 31 August

	Record date	Payment date	Ex-dividend date	2017 £'000	2016 £'000
4th interim dividend – 115p	6 November 2015	27 November 2015	5 November 2015	–	920
1st interim dividend – 1.15p	5 February 2016	26 February 2016	4 February 2016	–	923
2nd interim dividend – 1.15p	15 April 2016	31 May 2016	14 April 2016	–	923
3rd interim dividend – 1.15p	29 July 2016	31 August 2016	28 July 2016	–	1,794
4th interim dividend – 1.20p	28 October 2016	30 November 2016	27 October 2016	1,879	–
1st interim dividend – 1.20p	10 February 2017	28 February 2017	9 February 2017	1,879	–
2nd interim dividend – 1.20p	28 April 2017	31 May 2017	27 April 2017	1,879	–
3rd interim dividend – 1.20p	28 July 2017	31 August 2017	27 July 2017	1,925	–
				7,562	4,560

Dividends paid on C shares for the year ended 31 August

	Record date	Payment date	Ex-dividend date	2017 £'000	2016 £'000
Interim dividend – 0.75p	11 August 2017	31 August 2017	10 August 2017	161	–
				161	–

A fourth interim dividend in respect of the year ended 31 August 2017 of 1.30p per share was declared on 17 October 2017 and will be paid to shareholders on 30 November 2017 with record date 27 October 2017. The Company's shares will go ex-dividend on 26 October 2017.

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

The total dividends payable in respect of the financial year which form the basis of section 1158 of the Corporation Tax Act 2010 are set out below:

	2017 £'000	2016 £'000
Revenue available for distribution by way of dividend for the year	9,096	6,521
Interim dividends of 4.35p paid (2016: 3.45p)	(5,844)	(3,640)
Fourth interim dividend for the year ended 31 August 2017 of 1.30p (based on 174,981,306 ordinary shares in issue as at 26 October 2017) (2016: 1.20p)	(2,275)	(1,879)
Undistributed revenue for section 1158 purposes¹	977	1,002

¹ Comprises 9.9% based on taxable income.

11 Fixed asset investments

	Listed investments £'000	Total £'000
2017		
31 August 2016	179,541	179,541
Purchases at cost	117,813	117,813
Sales at cost	(67,302)	(67,302)
Cost of investments at 31 August 2017	230,052	230,052
Investment holding gains at 31 August 2017	54,868	54,868
Valuation at 31 August 2017	284,920	284,920
2016		
31 August 2015	93,056	93,056
Purchases at cost	230,164	230,164
Sales at cost	(143,679)	(143,679)
Cost of investments at 31 August 2016	179,541	179,541
Investment holding gains at 31 August 2016	34,627	34,627
Valuation at 31 August 2016	214,168	214,168

Total transaction costs amounted to £260,000 (2016: £232,000) of which purchase transaction costs for the year ended 31 August 2017 were £162,000 (2016: £134,000) and comprise mainly brokers' commissions. Sales transaction costs for the year ended 31 August 2017 were £98,000 (2016: £98,000).

Included in the purchase transactions costs above are those relating to the C shares amounting to £16,000.

Notes to the Financial Statements (continued)

12 Debtors

	2017 £'000	2016 £'000
Share issue proceeds	27	19
Withholding tax recoverable	425	184
Prepayments and accrued income	905	619
VAT recoverable	18	9
	1,375	831

13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Purchases for future settlement	5,107	–
Management fee	310	545
Bank overdraft	–	5,526
Other creditors	156	130
Derivatives at fair value – traded option contracts	849	77
	6,422	6,278

14 Net asset value per ordinary share

The net asset value per ordinary share and the net assets attributable to ordinary shares at the end of the year were as follows

	2017 £'000	2016 £'000
Net assets attributable	283,972	220,904
Number of ordinary shares in issue	174,206,306	156,080,606
Net assets per ordinary share	163.0p	141.5p

The movements during the year of the assets attributable to the ordinary shares were as follows:

	2017 £'000	2016 £'000
Net assets at start of the year	220,904	91,594
Total net return after taxation	42,836	37,570
Dividends paid in the year	(7,723)	(4,560)
Issue of ordinary shares less issue costs	27,955	96,300
Total net assets attributable to the ordinary shares at 31 August	283,972	220,904

15 Risk management policies and procedures

As an investment trust company the Company invests in equities and other investments for the long-term so as to secure its investment objective as stated on page 4. In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends

These financial risks, market risk (comprising other price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of these risks, are set out below. The board of directors and Janus Henderson co-ordinate the Company's risk management and there are various risk management systems in place as detailed below:

- straight-through processing via a deal order and management system ('OMS') is utilised for listed securities, exchange-traded derivatives and OTC derivatives contracts with connectivity to third-party affirmation and trade repository services;
- portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications. Charles River Development OMS and/or Imagine;
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises Hiportfolio software,

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

- the IT tools to which the Janus Henderson Risk, Compliance and Operations teams have access for independent monitoring and risk measurement purposes include.
 - Charles River Compliance module for investment restrictions monitoring,
 - OneSumX (formerly ArcLogics) operational risk database,
 - Riskmetrics for VaR statistics, stress-testing and back-testing,
 - UBS Delta, Style Research, FinAnalytica and Barra Aegis for market risk measurement;
 - Bloomberg for market data and price-checking, and
 - Hiportfolio for portfolio holdings and valuations

These are supplemented by in-house developments: Derivatives Risk and Compliance database ('DRAC') and Counterparty Exposure ('CER') reports

The board determines the objectives, policies and processes for managing the risks, and these are set out below under the relevant risk category. The policies for the management of risk have not changed since incorporation

The Company has a spread of investments which by their nature are lower risk than placing the entire amount of the Company's assets in solely one investment. By their nature, equity investments can be higher risk than some other investments but the longer term return can be positive. The performance of equities has been and is likely to continue to be volatile over the shorter term

15.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises other price risk (see note 15.1.1), currency risk (see note 15.1.2) and interest rate risk (see note 15.1.3). The fund manager assesses the exposure to market price risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis

15.1.1 Other price risk

Other price risks (changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the investments.

Management of the risk

The board of directors manages the risks inherent in the investment portfolio by ensuring that the portfolio is diversified and through full and timely reporting of relevant information from Janus Henderson. Investment performance is reviewed at each board meeting. The board monitors the fund manager's compliance with the Company's objectives, and is directly responsible for investment strategy, asset allocation and diversification

Options and forward currency contracts may be used to limit exposure which might adversely affect the value of the portfolio of investments

The Company's exposure to other changes in market prices at 31 August 2017 on its investments held at fair value through profit or loss was £284,920,000 (2016: £214,168,000)

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on page 9. There is a concentration of exposure to Continental Europe and the US, though it recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year, and the equity, to an increase or decrease of 20% in the fair values of the Company's investments. This level of change is considered to be possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at the Statement of Financial Position date, with all other variables held constant.

	2017		2016	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Impact statement – return after tax				
Revenue return	(93)	93	(70)	70
Capital return	56,706	(56,706)	42,625	(42,625)
Total return after tax for the period	56,613	(56,613)	42,555	(42,555)
Impact on net assets	56,613	(56,613)	42,555	(42,555)

15.1.2 Currency risk

Most of the Company's assets, liabilities, income and expenses are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk

The fund manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the board at each board meeting. The fund manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowings may be used to hedge the Company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. These borrowings are limited by the board to 20% of net asset value.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the year between the time that income is included in the financial statements and its receipt.

Foreign currency exposure

The carrying values of the Company's monetary items that have foreign currency exposure at 31 August 2017 are shown below. Where the Company's equity investments, which are not monetary items, are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

Foreign currency exposure and sensitivity

Currency	2017			2016		
	Current assets £'000	Current liabilities £'000	Equity investments £'000	Current assets £'000	Current liabilities £'000	Equity investments £'000
Australian Dollar	74	–	17,203	155	–	16,102
Euro	107	(4,007)	77,694	67	(5,526)	60,802
Hong Kong Dollar	332	–	22,382	83	–	15,734
Norwegian Krone	129	–	10,666	19	–	4,824
US Dollar	282	(1,949)	114,412	1,137	(77)	84,320
Other (non sterling)	349	–	42,563	205	–	32,386
	1,273	(6,520)	284,920	1,666	(5,603)	214,168

The above amounts are not necessarily representative of the exposure to risk during the year as levels of monetary foreign currency exposure may change significantly during the year.

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

Foreign currency sensitivity

The following table illustrates the sensitivity of the total return after tax for the year and the net assets with regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates.

It is assumed that all exchange rates move by +/- 10% against sterling

This percentage is deemed reasonable based on the average market volatility in exchange rates in the year. The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at the Statement of Financial Position date.

If sterling had depreciated against the currencies shown the impact on the total return and net assets would have been as follows.

	Australian Dollar £'000	Euro £'000	Hong Kong Dollar £'000	Norwegian Krone £'000	US Dollar £'000	Other £'000	Total £'000
Impact on total returns year ended 2017							
Revenue return	64	279	57	30	291	153	874
Capital return	1,712	7,731	2,227	1,062	11,385	4,235	28,352
Change in total return after taxation for the year and shareholders' funds	1,776	8,010	2,284	1,092	11,676	4,388	29,226

	Australian Dollar £'000	Euro £'000	Hong Kong Dollar £'000	Norwegian Krone £'000	US Dollar £'000	Other £'000	Total £'000
Impact on total returns year ended 2016							
Revenue return	31	251	47	12	193	144	678
Capital return	1,780	6,723	1,739	533	9,323	3,582	23,680
Change in total return after taxation for the year and shareholders' funds	1,811	6,974	1,786	545	9,516	3,726	24,358

If sterling had appreciated against the currencies shown the impact on the total return and net assets would have been as follows.

	Australian Dollar £'000	Euro £'000	Hong Kong Dollar £'000	Norwegian Krone £'000	US Dollar £'000	Other £'000	Total £'000
Impact on total returns year ended 2017							
Revenue return	(64)	(279)	(57)	(30)	(291)	(153)	(874)
Capital return	(1,711)	(7,730)	(2,227)	(1,062)	(11,384)	(4,234)	(28,348)
Change in total return after taxation for the year and shareholders' funds	(1,775)	(8,009)	(2,284)	(1,092)	(11,675)	(4,387)	(29,222)

	Australian Dollar £'000	Euro £'000	Hong Kong Dollar £'000	Norwegian Krone £'000	US Dollar £'000	Other £'000	Total £'000
Impact on total returns year ended 2016							
Revenue return	(25)	(206)	(39)	(10)	(158)	(118)	(556)
Capital return	(1,457)	(5,499)	(1,423)	(437)	(7,627)	(2,929)	(19,372)
Change in total return after taxation for the year and shareholders' funds	(1,482)	(5,705)	(1,462)	(447)	(7,785)	(3,047)	(19,928)

In the opinion of the directors, the above sensitivity analyses are not necessarily representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.1.3 Interest rate risk

Management of the risk

The majority of the Company's financial assets are non-interest bearing. As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates

Interest rate exposure

The exposure at 31 August of financial assets and financial liabilities to floating rates is shown below:

	2017 Total £'000	2016 Total £'000
Exposure to floating interest rates:		
Net cash at bank	4,099	6,657
	4,099	6,657

Interest rate risk sensitivity

The Company utilised its multi-currency overdraft facility and therefore was exposed to interest rate risk.

15.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company had available a multi-currency overdraft facility with HSBC Bank plc of the lesser of £50 million or 25% of custody assets. The facility has no expiry date but is reviewed annually.

The board gives guidance to the fund manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short-term borrowings be used to manage short-term cash requirements.

Liquidity risk exposure

The contractual maturities of the financial liabilities at 31 August based on the earliest date on which payment can be required as follows:

	2017 Due within one month £'000	2016 Due within one month £'000
Other creditors and accruals	6,422	752
Bank overdraft	-	5,526
	6,422	6,278

15.3 Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

Credit risk is managed as follows:

- investment transactions are carried out with a large number of approved brokers, whose credit standard is reviewed periodically by Janus Henderson, and limits are set on the amount that may be due from any one broker; and
- cash at bank is held only with banks considered to be credit worthy and is subject to continual review.

None of the Company's financial assets or liabilities are secured by collateral or other credit enhancements

The Company has not been materially exposed to credit risk throughout the year

Notes to the Financial Statements (continued)

15 Financial risk management policies and procedures (continued)

15.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments and derivatives) or the Statement of Financial Position amount is a reasonable approximation of fair value due to their short-term to maturity (amounts due from brokers, dividends and interest receivable and amounts due to brokers accruals, cash at bank and bank overdrafts)

15.5 Fair value hierarchy disclosures

The table below sets out fair value measurements using the FRS 102 fair value hierarchy

Financial assets at fair value through profit or loss at 31 August 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	284,920	–	–	284,920
Traded option contracts	–	(849)	–	(849)
	284,920	(849)	–	284,071

Financial assets at fair value through profit or loss at 31 August 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	214,168	–	–	214,168
Forward foreign exchange contracts	–	(77)	–	(77)
	214,168	(77)	–	214,091

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows.

Level 1 – valued using quoted prices in active markets for identical assets,

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1, and

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

15.6 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern, and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 31 August 2017 comprised its equity share capital and reserves that are shown in the Statement of Financial Position at a total of £283,972,000 (2016: £220,904,000).

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

- the need for new issues of equity shares;
- the need to buy-back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (the level of share discount or premium); and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are shown on page 4

The Company is subject to additional externally imposed capital requirements

- as a public company, the Company has a minimum share capital of £50,000, and
- shareholders have given authority at the annual general meeting held in 2012 for the Company to make distributions from capital profit

Notes to the Financial Statements (continued)

16 Called up share capital

2017	Number of shares	Number of shares entitled to dividend	£'000
Ordinary shares of 1p each			
At 31 August 2016	156,080,606	156,080,606	1,561
New shares allotted in year	4,370,000	4,370,000	44
New shares allotted from conversion of C shares	13,755,700	13,755,700	137
At 31 August 2017	174,206,306	174,206,306	1,742

During the year, the Company issued 4,370,000 ordinary shares for a total consideration of £6,822,000 after deduction of issue costs of £64,000.

During the year, the Company also issued 21,500,000 C shares for a total consideration of £21,133,000 after deduction of issue costs of £367,000. These were converted into 13,755,700 new ordinary shares on 18 August 2017.

2016	Number of shares	Number of shares entitled to dividend	£'000
Ordinary shares of 1p each			
At 31 August 2015	79,246,550	79,246,550	793
New shares allotted in year	76,834,056	76,834,056	768
At 31 August 2016	156,080,606	156,080,606	1,561

During the year, the Company issued 76,834,056 ordinary shares for a total consideration of £96,300,000 after deduction of issue costs

Included within the issue of 76,834,056 ordinary shares during the year were 75,234,056 shares issued following the liquidation of Henderson Global Trust plc ('HGT') whereby investors in HGT were given the option of receiving shares in either The Bankers Investment Trust PLC or Henderson International Income Trust plc

17 Share premium account

	2017 £'000	2016 £'000
At the start of the year	131,328	35,796
Ordinary shares allotted in year	6,842	95,933
Issue costs	(64)	(401)
Ordinary shares allotted from C share issue	20,996	-
At 31 August	159,102	131,328

Notes to the Financial Statements (continued)

18 Reserves

	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Total capital reserves £'000	Revenue reserve £'000
2017					
At 31 August 2016	45,732	3,296	34,619	37,915	4,368
Reallocation of realised/unrealised profit/(loss)	-	(19)	19	-	-
Net movement on investments held at fair value through profit or loss	-	15,605	20,241	35,846	-
Net movement on traded options	-	-	(745)	(745)	-
Net movement on foreign exchanges	-	(170)	-	(170)	-
Expenses and finance costs charged to capital	-	(1,191)	-	(1,191)	-
Net revenue return after taxation for the year	-	-	-	-	9,096
Dividends paid	-	-	-	-	(7,723)
At 31 August 2017	45,732	17,521	54,134	71,655	5,741

	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Total capital reserves £'000	Revenue reserve £'000
2016					
At 31 August 2015	45,732	2,602	4,264	6,866	2,407
Net movement on investments held at fair value through profit or loss	-	1,533	30,366	31,899	-
Net movement on foreign exchanges	-	(50)	-	(50)	-
Expenses and finance costs charged to capital	-	(789)	-	(789)	-
Taxation charged to capital	-	-	(11)	(11)	-
Net revenue return after taxation for the year	-	-	-	-	6,521
Dividends paid	-	-	-	-	(4,560)
At 31 August 2016	45,732	3,296	34,619	37,915	4,368

At the annual general meeting held in December 2012, the Company's articles of association were changed to allow it to distribute capital profit by way of a dividend or otherwise than by way of repurchase of the Company's shares. All sums carried and standing to the capital and special reserves may be applied for any of the purposes to which sums standing to any reserve under the articles are applicable.

On 8 May 2017 the Company issued 21,500,000 C shares with a nominal value of 10p each for £1.00 each. On 18 August 2017 the C shares were converted into ordinary shares. The conversion ratio, which has been calculated by reference to the net assets of the Company attributable to the ordinary shares and the net assets of the Company attributable to the C shares as at the close of business on 11 August 2017, was 0.6398 for every C share held.

The C shares (when in issue) were listed on the London Stock Exchange. After the conversion of the C shares to ordinary shares, the shares were delisted on 18 August 2017.

Whilst the C shares were in issue, the results, assets and liabilities attributable to the C shares were accounted for separately to the results, assets and liabilities of the ordinary shares. A share of management fee and other expenses for the period the C shares had been in issue were allocated to the C shares.

The table below gives a summary of the results of the C shares up to the date of conversion.

For the period from issue to conversion	£'000
Proceeds from the issue of C shares	21,500
C share issue costs	(367)
Net revenue income	230
Realised losses on investments	(34)
Fair value gains on investments	750
Dividends paid	(161)
Value of C shares on conversion	21,918

Notes to the Financial Statements (continued)

19 Transactions with the management company and related parties

Under the terms of an agreement effective from 22 July 2014 (which replaced the agreement dated 15 March 2011 in order to reflect the appointment of an Alternative Investment Fund Manager in accordance with the requirements of the Alternative Investment Fund Managers Directive), as amended, the Company has appointed wholly owned subsidiaries of Janus Henderson to provide investment management, accounting, administrative and secretarial services. Janus Henderson has contracted with BNP Securities Services to provide accounting and administration services.

Details of the fee arrangements are given in the strategic report on page 4. The total of the management fees paid or payable under the management agreement to Janus Henderson in respect of the year ended 31 August 2017 was £1,638,000 (2016: £975,000), of which £310,000 (2016: £545,000) (see note 13) was outstanding at 31 August 2017.

In addition to the above services, Janus Henderson has provided the Company with marketing services during the year. The total fees, excluding VAT paid or payable for these services for the year ended 31 August 2017 amounted to £89,000 (2016: £54,000) of which £38,000 (2016: £28,000) was outstanding at 31 August 2017.

Fees and benefits paid to directors are considered to be a related party transaction. Details of the amounts paid are included in the directors' remuneration report on page 25 and in note 6 on page 43. These amounts do not include National Insurance contributions on directors' fees of £4,517 (2016: £6,828), which is included in other expenses.

20 Subsequent events

Since the year end and up to 26 October 2017 being the latest practicable date prior to publishing this annual report the Company has issued 775,000 shares for net proceeds of £1,262,000. The board have evaluated the period since the year end and have not noted any other subsequent events.

General Shareholder Information

AIFMD disclosures

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

BACS

Dividends and interest can be paid to shareholders by means of BACS ('Bankers' Automated Clearing Services'); mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar (the address is given on page 14) to give their instructions, these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

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

Equality Act 2010

Copies of this report and other documents issued by the Company are available from the corporate secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0370 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

Foreign Account Tax Compliance Act ('FATCA')

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

ISA

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

Non-Mainstream Pooled Investments ('NMPI') status

The Company currently conducts its affairs so that its ordinary shares of 1p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ('FCA') rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Performance details/share price information

Details of the Company's share price and NAV can be found on the website. The address is www.hendersoninternationalincometrust.com. The Company's NAV is published daily.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Computershare Investor Services PLC, via www.computershare.com. Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Share price listings

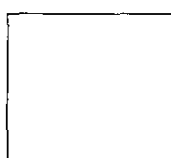
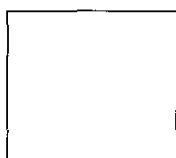
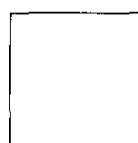
The market price of the Company's ordinary shares is published daily in The Financial Times. The Financial Times also shows figures for the estimated NAV and the discount.

Henderson International Income Trust plc
Registered as an investment company in England and Wales
Registration number. 7549407
Registered office 201 Bishopsgate, London EC2M 3AE

SEDOL/ISIN number. Ordinary Shares B3PHCS8/ GB00B3PHCS86
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Global Intermediary Identification Number (GIIN): WRGF5X.99999.SL 826
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