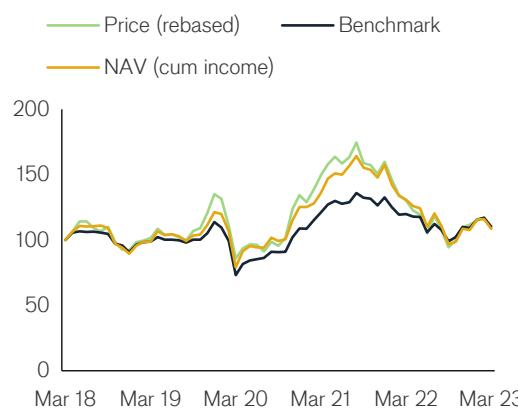
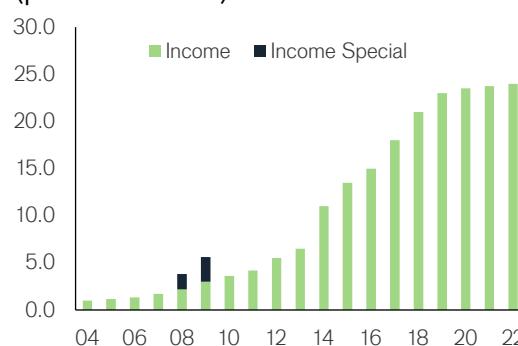


Share price performance (total return)



Dividend history (pence/share)



Please note that this chart could include dividends that have been declared but not yet paid.

Performance over (%)

	6m	1y	3y	5y	10y
Share price (Total return)	15.3	-16.3	26.7	8.8	134.5
NAV (Total return)	12.0	-17.0	37.1	8.5	116.1
Benchmark (Total return)	11.4	-7.9	50.8	10.4	80.7
Relative NAV (Total return)	0.7	-9.1	-13.7	-1.8	35.4

Discrete year performance (%)

	Share price (total return)	NAV (total return)
31/3/2022 to 31/3/2023	-16.3	-17.0
31/3/2021 to 31/3/2022	-12.9	-3.8
31/3/2020 to 31/3/2021	73.9	71.7
31/3/2019 to 31/3/2020	-15.4	-19.9
31/3/2018 to 31/3/2019	1.5	-1.1

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

Source: at 31/03/23. © 2023 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance does not predict future returns.

Commentary at a glance

Performance

The Company underperformed the Numis Smaller Companies ex Investment Companies Index during the month.

Contributors/detractors (for the quarter)

The Company's biggest contributors to performance included Impax Asset Management which rose as the company reported stronger-than-expected fund flows. Spectris, the advanced instrumentation manufacturer, rose after reporting strong full-year results and a positive outlook statement.

The Company's biggest detractors from performance included Serica Energy, the North Sea oil and gas producer, whose shares fell as the gas price weakened. Despite delivering earnings upgrades at their full-year results, markets reacted negatively to the announcement by Team17, the computer games company, that their founder and CEO was going to retire and transition to a non-executive role.

Outlook

Although uncertainty remains around short-term economic conditions, we think that the portfolio is well positioned to deal with these uncertainties. The movements in equity markets have thrown up some fantastic buying opportunities. However, it is important to be selective as we think the strength of franchise, market positioning and balance sheets will likely determine the winners from the losers.

See full commentary on page 3.

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

Company overview

Objective

The Company aims to maximise shareholders' total returns (capital and income) by investing in smaller companies that are quoted in the United Kingdom.

Company information

NAV (cum income)	916.2p
NAV (ex income)	901.2p
Share price	812.0p
Discount(-)/premium(+)	-11.4%
Yield	3.0%
Net gearing	14%
Net cash	-
Total assets	£784m
Net assets	£684m
Market capitalisation	£607m
Total voting rights	74,701,796
Total number of holdings	101
Ongoing charges (year end 31 May 2022)	0.42%
Benchmark	Numis Smaller Companies ex Investment Companies Index

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

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

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

How to invest

Go to www.janushenderson.com/howtoinvest

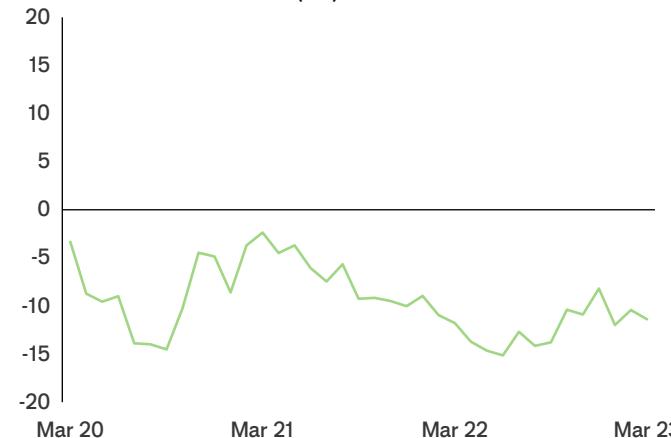
Find out more

Go to www.hendersonsmallercompanies.com

Top 10 holdings	(%)
Oxford Instruments	3.4
Impax Asset Management Group	3.3
Balfour Beatty	2.8
Bellway	2.7
OSB Group	2.4
Paragon Banking Group	2.4
Vesuvius	2.2
Watches of Switzerland Group	2.2
Learning Technologies Group	2.1
Future	2.1

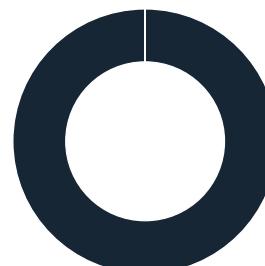
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Premium/(discount) of share price to NAV at fair value (%)



Geographical focus (%)

United Kingdom 100.0%



Sector breakdown (%)

Industrials	34.5%
Consumer Discretionary	21.9%
Financials	17.2%
Technology	12.4%
Real Estate	5.1%
Energy	3.6%
Telecommunications	1.9%
Basic Materials	1.9%
Health Care	1.4%

The above sector breakdown may not add up to 100% due to rounding.

Key information

Stock code	HSL
AIC sector	AIC UK Smaller Companies
Benchmark	Numis Smaller Companies ex Investment Companies Index
Company type	Conventional (Ords)
Launch date	1887
Financial year	31-May
Dividend payment	March, October
Risk rating (Source: Numis)	Slightly above average
Management fee	0.35% of net assets
Performance fee	Yes
(See Annual Report & Key Information Document for more information)	
Regional focus	UK
Fund manager appointment	Neil Hermon 2002 Indriatti van Hien 2016



Neil Hermon
Fund Manager



Indriatti van Hien
Deputy Fund Manager

10 year total return of £1,000



All performance, cumulative growth and annual growth data is sourced from Morningstar. Share price total return is calculated using mid-market share price with dividends reinvested.



How to invest

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Customer services

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Fund Manager commentary (for the quarter)

Investment environment

UK equities posted gains in the first quarter. A more benign situation in European gas markets, the reopening of the Chinese economy and robust composite PMI data led to upwards revisions of global growth forecasts and a buoyant equity market in January and February. While headline CPI prints have fallen from their peaks in developed markets, core CPI prints have remained sticky. This led to the Federal Reserve, Bank of England and ECB raising their base rates to 4.75%-5%, 4.25% and 3%-3.75% over the quarter respectively. However, the collapse of Silicon Valley Bank (SVB) and Credit Suisse raised concerns around the stability of the global financial system and the potential for financial conditions to tighten further. In reaction to this market upheaval and in a sign that investors believe this rates cycle to be nearing its end, bond yields fell sharply in March which led to an outperformance of growth stocks during period. Despite a surprise output cut by OPEC at the end of the period, concerns around global growth meant oil prices were lower over the period. Sterling strengthened against the US dollar. Smaller companies underperformed their larger counterparts with the Numis Smaller Companies ex-Investment Companies Index up 1.3% against a rise in the FTSE All-Share Index of 3.1%.

Portfolio review

The Company net asset value (total return) rose 0.8% in the quarter compared to the Numis Smaller Companies ex-Investment Companies Index which returned +1.3%.

In terms of activity, we initiated a position in GlobalData, the business information and data provider. The business is set to deliver strong growth through high retention rates, upselling to existing customers, price increases and new customer additions. Augmenting top-line growth, with a cost base under control, margins are set to expand from current levels. We also initiated a position in Spirent Communications, the telecom testing business, as a recent fall in its share price has offered an attractive entry opportunity in a high-quality growth company in a consolidating sector. We sold the Company's position in EMIS, the healthcare software business, after its approved acquisition from a US competitor was referred to the CMA. This will delay deal completion. We also sold the Company's position in Volex, the power products supplier, as we are concerned weakness in consumer goods will result in tougher trading for the group.

The Company's biggest contributors to performance included Impax Asset Management, Bellway and Spectris. Shares in Impax Asset Management, the ethical fund manager, rose as the company reported stronger-than-expected fund flows. In the context of negative sentiment towards the UK housing market going into the quarter, shares in Bellway, the UK housebuilder, performed well

following their reiteration of full-year guidance and the announcement of a £100m share buy-back. Spectris, the advanced instrumentation manufacturer, rose after reporting strong full year results and a positive outlook statement.

The Company's biggest detractors from performance included Serica Energy, Team 17 and RWS Holdings. Serica Energy, the North Sea oil and gas producer, fell as the gas price weakened. Despite delivering earnings upgrades at their full year results, markets reacted negatively to the announcement by Team17, the computer games company, that their founder and CEO was going to retire and transition to a non-executive role. RWS, the translation services company, fell as the company announced a lacklustre trading update showing slow organic sales growth.

Manager outlook

Global geopolitics remain challenging, particularly with the ongoing conflict in Ukraine and heightened tensions between China and the US. The longer-term implications of this are material, with the isolation of Russia as a pariah state, a stronger, more unified Europe and NATO, materially higher defence spending and an urgent need to reduce European dependence on Russian oil and gas supplies. This has exacerbated inflation, particularly in Europe, added to the burden on government spending, damped animal spirits and hurt economic growth.

With inflation prints staying elevated against official targets, central banks, led by the US Fed, have remained hawkish.

We have seen significant rises in interest rates globally and a move from quantitative easing to tightening. The market is forecasting further global rises in interest rates although it is clear we are nearer to the end rather than the start of the monetary policy tightening phase. Oscillating confidence levels in central bankers' willingness and ability to strike the right balance between containing inflation and supporting economic growth are driving heightened levels of uncertainty and volatility in global bond and equity markets.

The rapid rise of inflation, particularly driven by energy prices but also by a wider number of other components, is putting pressure on consumers. Although the labour market is strong and wages are rising, real net disposable income is falling and consumer confidence is low. Sectors exposed to consumer spending are likely to face tougher trading as we move through 2023.

In the corporate sector, conditions are intrinsically stronger than they were during the Global Financial Crisis of 2008-2009. In particular, balance sheets are more robust. Dividends have been recovering strongly and we are seeing an increasing number of companies buying back their own stock.

After an active 2021, the initial public offering (IPO) market has become considerably quieter as equity market confidence has diminished. There are no signs this is likely to change in the short-term. Merger and acquisition (M&A) activity has remained robust as acquirors looks to exploit opportunities thrown up by the recent equity market falls. We

expect this to continue in the coming months as UK equity market valuations remain markedly depressed versus other developed markets although recent moves in the bond market are causing a pause in activity.

In terms of valuations, the equity market is now trading below long-term averages. Corporate earnings were sharply down in 2020 although we saw a sharp recovery in 2021 and 2022. We think the recovery is likely to fade in 2023 as a weakening economic environment starts to bite.

Although uncertainty remains around short-term economic conditions, we think that the portfolio is well positioned to withstand an economic downturn and exploit any opportunities it presents. The movements in equity markets have thrown up some fantastic buying opportunities. However, it is important to be selective as the strength of franchise, market positioning and balance sheets will likely determine the winners from the losers.

Glossary

Discount/Premium

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

Gearing

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

Leverage

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

Market capitalisation

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

Net asset value (NAV)

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

NAV (Cum Income)

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

NAV (Ex Income)

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

NAV total return

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

Net assets

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

Net cash

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

Net gearing

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

Ongoing charges

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

Risk rating

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

Share price

Closing mid-market share price at month end.

Share price total return

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

Total assets

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

Yield

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

For a full list of terms please visit:

<https://www.janushenderson.com/en-gb/investor/glossary/>

Source for fund ratings/awards

Overall Morningstar Rating™ is shown for an investment company achieving a rating of 4 or 5.

Company specific risks

- This Company is suitable to be used as one component in several in a diversified investment portfolio. Investors should consider carefully the proportion of their portfolio invested into this Company.
- Active management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.
- The Company could lose money if a counterparty with which it trades becomes unwilling or unable to meet its obligations to the Company.
- Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result.
- The return on your investment is directly related to the prevailing market price of the Company's shares, which will trade at a varying discount (or premium) relative to the value of the underlying assets of the Company. As a result losses (or gains) may be higher or lower than those of the Company's assets.
- If a Company's portfolio is concentrated towards a particular country or geographical region, the investment carries greater risk than a portfolio diversified across more countries.
- Most of the investments in this portfolio are in smaller companies shares. They may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.
- Derivatives use exposes the Company to risks different from, and potentially greater than, the risks associated with investing directly in securities and may therefore result in additional loss, which could be significantly greater than the cost of the derivative.
- The Company may use gearing as part of its investment strategy. If the Company utilises its ability to gear, the profits and losses incurred by the Company can be greater than those of a Company that does not use gearing.

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