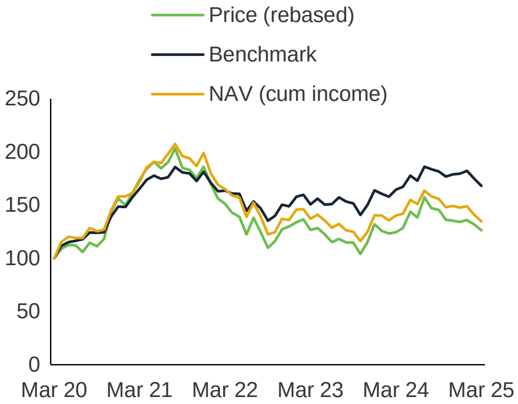
THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC (HSL) ISIN: GB0009065060

Janus Henderson INVESTORS

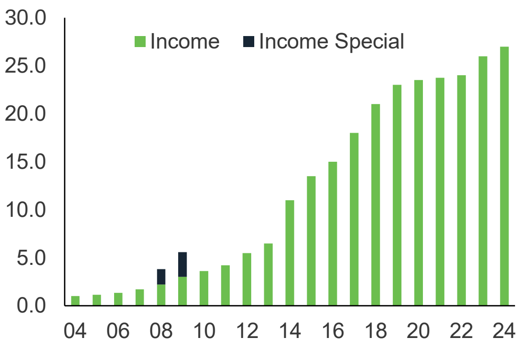
Factsheet - at 31 March 2025

Marketing Communication

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)	-13.1	1.7	-16.5	26.5	66.7
NAV (Total return)	-13.4	-3.8	-18.4	34.8	57.2
Benchmark (Total return)	-7.5	2.3	2.7	68.2	60.3
Relative NAV (Total return)	-5.9	-6.1	-21.1	-33.4	-3.1

Discrete year performance (%)	Share price (total return)	NAV (total return)
31/3/2024 to 31/3/2025	1.7	-3.8
31/3/2023 to 31/3/2024	-1.8	2.2
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

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

Commentary at a glance

Performance

In the month under review the Company's NAV total return was -4.3% and the Deutsche Numis Smaller Companies ex Investment Companies Index total return was -3.7%.

Contributors/detractors (for the quarter)

Trainline and Gamma Communications detracted from performance. SigmaRoc and Everplay Group contributed positively.

Outlook

Although uncertainty remains around short-term economic conditions, we believe the portfolio is well positioned to withstand current challenging economic conditions and participate in any upswing as it occurs.

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)	849.0p
NAV (ex income)	837.1p
Share price	758.0p
Discount(-)/premium(+)	-10.7%
Yield	3.6%
Net gearing	11%
Net cash	-
Total assets Net assets	£684m £614m
Market capitalisation	£548m
Total voting rights	72,280,131
Total number of holdings	102
Ongoing charges (year end 31 May 2024)	0.45%
Benchmark	Deutsche 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 the glossary for the definition of share price total return.

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

Find out more
Go to www.hendersonsmallercompanies.com

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Top 10 holdings

Top 10 holdings	(%)
Paragon Banking Group	3.4
Balfour Beatty	3.2
Bellway	2.9
Just Group	2.5
Mitchells & Butlers	2.4
Vesuvius	2.3
Volution Group	2.2
Future	2.2
OSB Group	2.1
Oxford Instruments	2.0

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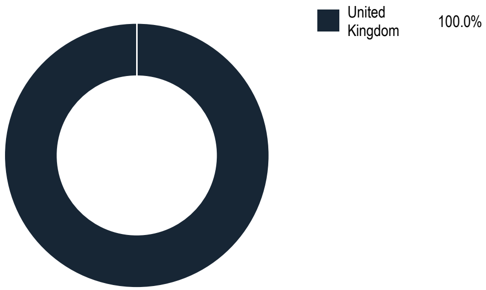
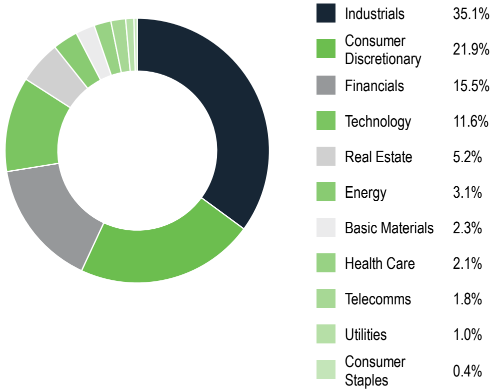
Geographical focus (%)



Sector breakdown (%)



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	Deutsche Numis Smaller Companies ex Investment Companies Index
Company type	Conventional (Ords)
Launch date	1887
Financial year	31-May
Dividend payment	March, October
Management fee	0.35% of net assets
Performance fee	Yes

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

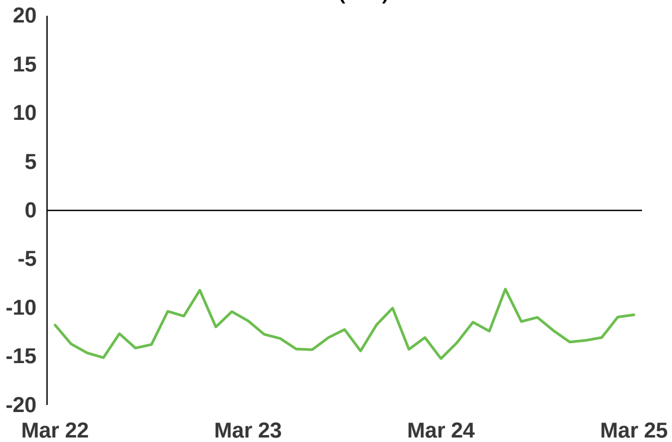
Regional focus	UK
Fund manager appointment	Neil Hermon 2002 Indriatti van Hien 2025

Neil Hermon
Fund Manager

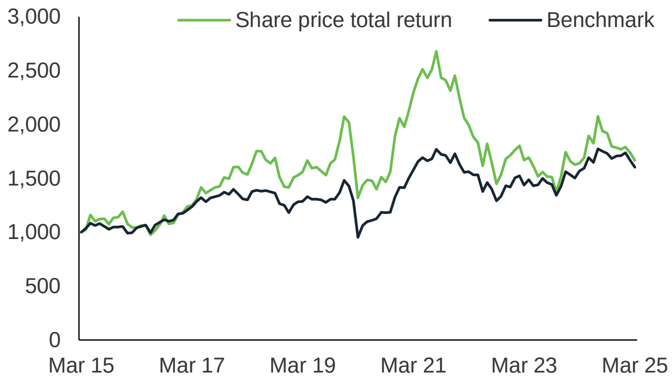
Indriatti van Hien, ACA, CFA
Fund Manager

AIC DIVIDEND HERO

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



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.

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 the glossary for the definition of share price total return.

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

Customer services
0800 832 832

Fund Manager commentary (for the quarter)

Investment environment

UK equities fell over the first quarter. The Bank of England (BoE) cut interest rates to 4.5% as had been expected, but commented on the need for “gradual” and “careful” monetary policy easing given the ongoing uncertainly around both inflation and economic growth.

UK bond yields were volatile over the period, but ultimately ended the quarter flat (meaning prices also remained flat). Chancellor Rachel Reeves announced significant welfare cuts to restore fiscal headroom, but the market continues to speculate about the need for future tax rises in the UK.

European equities rallied due to hopes of a ceasefire in Ukraine. European defence stocks performed strongly after President Trump demanded European NATO members take more responsibility for their defence. The unprecedented German debt-break reform sparked optimism around the potential growth that German fiscal stimulus could bring.

Investors' concerns about the US economy increased following weaker-than-expected business and consumer confidence data. In addition, the anticipation of President Trump’s package of reciprocal trade tariffs on US trade partners sparked fear of a global trade war.

US technology stocks slumped after a Chinese firm unveiled low-cost artificial intelligence (AI) model DeepSeek, which cast doubt over the need for complex chips, increased power generation and AI-related capital expenditure budgets. US bond yields fell (prices rose) and sterling appreciated against the US dollar over the quarter. Oil prices were volatile but ended roughly back where they started.

The Deutsche Numis Small Companies Index underperformed the FTSE All-Share Index.

Portfolio review

Key detractors from performance included online rail ticket provider Trainline, voice, cloud and telephony provider Gamma, and industrial power provider XP Power. Shares in Trainline fell following confirmation by the UK government that Great British Railways will develop an online retail platform. However, the government has stated that it is committed to a thriving competitive private sector retail market for tickets. Gamma’s shares fell following the announcement that it would move from the AIM market to the FTSE, leading to technical selling pressure (as some investors are forced to sell given its change in index). Reassuringly, 2024 results were in line with expectations and the outlook for 2025 was positive. Shares in XP Power dropped following the group’s defensive capital raise. Market conditions remain difficult, but we believe the shares were attractively valued at the time of writing.

The biggest positive contributors to performance included aggregates producer SigmaRoc, video games producer and publisher Everplay Group, and Computacenter. SigmaRoc issued a positive trading update where it forecasted higher benefits from its prior acquisitions, which offset tougher market conditions. Everplay Group’s share price rose due to its reassuring full-year 2024 results, which came in ahead of expectations, along with some robust current trading. The share price of information technology (IT) product reseller Computacenter rallied following a reassuring 2024 financial update and forecasts as expected for 2025. For the year ahead, the company has a record order backlog, partly driven by hyperscaler customers, and has had a solid start to the year from its podium customers.

Trading activity during the month included opening a new holding in Baltic Classifieds, a leading online classified ads firm with a dominant position in the automotives, real estate and jobs markets, operating in Latvia, Estonia and Lithuania. This is a market which has been seeing structural growth. The company is still early in its monetisation journey, and we find its prospects exciting. We also initiated a position in UK investment platform AJ Bell. We like the company's exposure to the growth in the UK pensions market. And we opened a position in Genus, a specialist pig and bovine genetics company. Our investment case is premised around its strong intellectual property and improving end-market demand, and the regulatory approval and commercial launch of its gene-edited pig, which should reduce the incidence of reproductive and respiratory diseases.

Elsewhere, we sold the position in structural steel contractor Severfield, and camera equipment manufacturer Videndum following concerns around trading conditions and balance sheets.

Manager outlook

Geopolitics remain challenging with the ongoing conflicts in Ukraine and the Middle East, and heightened tensions between China and the US. In the US, Donald Trump's full agenda focused on cutting domestic taxes and government spending, raising trade tariffs, cutting immigration, de-regulation, and ending current global military conflicts has brought significant uncertainty to governments, corporates and consumers globally. This has already, and will likely continue to, lead to significant volatility for global financial markets. We think a new world order is likely to emerge, triggering significant policy responses from governments in Europe and globally. We expect these changes to trigger both inflationary and reflationary impulses, adding uncertainty to the path for monetary policy.

While inflation has fallen significantly since 2022, we have seen the start of interest rate cuts around the globe. What is not clear is the timing of when rates will be cut further and the speed of their descent. Optimism for a rapid decline in rates has faded, particularly in the UK as a consequence of the inflationary risks from the Budget. In the meantime, the delayed transmission mechanism of past interest rates and their impact means that economic conditions look set to remain challenging in the short term.

In the UK, the Labour government faces the challenge of reviving economic growth while walking a fiscal tightrope. There are signs that the government understands the need to get the private sector back on side and we welcome Labour's commitment to "boost investment", and in particular its pledge to "increase investment from pension funds in UK markets". Any incremental flow into the UK could breathe life into what we view as a generally under-owned and, more importantly, undervalued UK equity market.

In the corporate sector, we are encouraged by the fact that conditions are intrinsically stronger than they were during the Global Financial Crisis of 2008-2009. Companies' balance sheets are more robust and, in recognition of the deep undervaluation of their own equity, we are seeing an increasing number of companies buying back stock. The initial public offering (IPO) market has been exceptionally quiet as confidence in the UK equity market has diminished. Merger and acquisition (M&A) activity has remained robust as acquirers – particularly private equity – look to exploit opportunities thrown up by the recent equity market falls. We expect this to continue in the coming months as UK equity valuations remain markedly depressed versus other developed markets.

In terms of valuations, the equity market is trading below its long-term averages. In addition, smaller companies are trading at a historically high discount to their larger counterparts.

A sharp rebound in corporate earnings following the pandemic-induced shock in 2020 has now faded. Weak economic activity and higher interest costs are leading to currently subdued corporate earnings' growth.

Although uncertainty remains around short-term economic conditions, we think that the portfolio is both well-positioned to withstand the current challenging environment and participate in any potential upswing. The significant movements in equity prices have thrown up some fantastic buying opportunities. However, we believe 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

Share price multiplied by the number of shares in issue, excluding treasury shares, at month end. Shares typically priced mid-market at month-end closing.

Net Asset Value (NAV)

The total value of a Company'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.

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 of several within a diversified investment portfolio. Investors should consider carefully the proportion of their portfolio invested in this Company.
- Active management techniques that have worked well in normal market conditions could prove ineffective or negative for performance 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 that is 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 prices may fluctuate more than those of larger companies.
- Using derivatives exposes the Company to risks different from - and potentially greater than - the risks associated with investing directly in securities. It may therefore result in additional loss, which could be significantly greater than the cost of the derivative.
- The Company may use gearing (borrowing to invest) 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.