The Henderson Smaller Companies Investment Trust plc

Investing in the growth potential of smaller UK companies

MANAGED BY
Janus Henderson
INVESTORS

Annual Report 2026

Contents

www.hendersonsmallercompanies.com

Keeping in touch

Scan the QR code to receive the latest Company updates, market insights, event invitations and more.

Please send any general enquiries about the Company to itsecretariat@janushenderson.com.

Annual General Meeting (AGM)

The Board welcomes shareholders to attend the AGM at 11.30 am on 6 October 2026 either in person or online. Scan the QR code for more details and to register your attendance.

A video in which the Fund Manager discusses the Company's results and performance during the year will be available from 30 July 2026 at www.hendersonsmallercompanies.com.

Smaller companies are where innovation, entrepreneurship and growth often come together.

Across the UK market, many smaller businesses are developing new technologies, disrupting established industries or building leading positions in specialist niches. The Company invests in a carefully selected portfolio of high-quality smaller businesses, seeking to identify those with the potential to become the next generation of UK success stories. Through a long-term, actively managed approach, it aims to recognise these opportunities early and deliver attractive long-term value for shareholders.

About the Company

Your Company is managed by Janus Henderson Investors. The Manager aims to capture the growth potential of the UK's smaller listed companies.

Smaller companies grow into larger companies, and those which grow tend to have a blend of a good business model and a strong management team. The Fund Managers use a combination of company meetings, economic analysis and detailed research to build a diverse portfolio of growing businesses in the UK.

The Fund Managers' goal is to use these unique insights to take advantage of the information gap for smaller companies – where there is relatively little professional analysis available – to produce investment growth for shareholders over the long term.

Purpose

The Company's purpose is to provide shareholders with long-term growth through investing in UK smaller companies and making this form of investment accessible to investors, both large and small.

See p.24 Business model

"The long-term drivers of UK small caps are still very much intact. Small caps exhibit faster organic growth than large caps, tend to have higher operating leverage, offer exposure to new technologies and services, and historically have benefitted from inbound mergers and acquisitions. Regardless of the direction of interest rates, we believe good smaller companies with resilient business models that demonstrate a combination of strong earnings momentum and attractive valuations can generate superior returns."

See p.12 Fund Managers' Report

Awards

AIC DIVIDEND HERO

AIC ISA MILLIONAIRE 2026

Indri van Hien
Fund Manager

Cassie Herlihy
Deputy Fund Manager

At a glance

The Henderson Smaller Companies Investment Trust plc

Investment Objective

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

Portfolio holdings

83 (2025: 96)

See p.20 Portfolio holdings

Investment focus

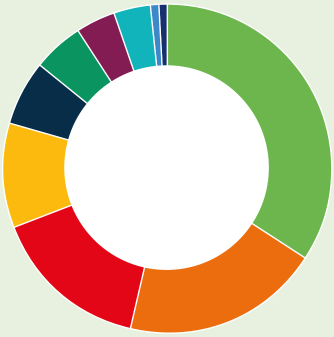
Total return

Regional focus

UK

The UK's most dynamic smaller companies

Seeking opportunities for capital and dividend growth at the right price across UK small and mid-caps.



Industrials	34.7%
Consumer Discretionary	19.2%
Financials	15.5%
Technology	10.4%
Health Care	6.2%
Basic Materials	5.1%
Energy	3.9%
Real Estate	3.4%
Telecommunications	0.8%
Consumer Staples	0.8%

See p.19 Analysis of portfolio by subsector

Ongoing charges[1] KPI

0.53%

As at 31 May 2026

2025: 0.45%

Net assets

£559m

As at 31 May 2026

2025: £634m

Dividend yield[2]

3.2%

As at 31 May 2026

2025: 3.3%

See p.6 Performance summary

MANAGED BY Janus Henderson INVESTORS

1 This is an 'alternative performance measure', calculated using the Association of Investment Companies methodology, and explained on page 93. It is also a 'KPI', which is a key performance indicator. KPIs are used to measure the success of your Company in meeting its objective, and by the directors to evaluate the performance of the Manager. See pages 29-30

2 Based on the dividends paid or recommended for the year and the share price at the year end, being the interim of 7.5p and final dividend of 21.5p. See also alternative performance measures on page 94

Sources: Janus Henderson. A glossary of terms and alternative performance measures are included on pages 91-94

Why invest in UK smaller companies?

A whole new playing field

Many of the UK's smaller businesses operate in fields untouched by larger entities. Whether in whole sectors, subsectors or niches, investors can gain exposure to different areas of the economy through investing in smaller companies. This opportunity is reflected in the number of UK smaller companies taken over by larger businesses.

Runway for growth

Historically, smaller companies have outperformed their larger peers. Since 2001 (to 30 June 2026), smaller companies have generated an annualised total return of 7.8%, while the wider UK market has generated 5.8%[1]. This reflects the potential pace of growth at this early stage. A third of today's largest UK companies began life as quoted smaller companies within the last 20 years. However, this opportunity can come with greater possible downside risk, meaning that smaller companies are generally considered a longer-term investment.

Supportive business environment

For our smaller businesses, operating in the world's fifth-largest economy provides a solid foundation, from a standout corporate governance regime to the world's central timezone. They also benefit from an autonomous monetary policy, established professional services and a robust legal framework.

Small but mighty

Smaller companies are often associated with risky start-ups, but many of the UK's smaller businesses are household names. From high street retailers to online review providers, these businesses are leaders in their niches. Their smaller size gives them the flexibility to respond to changing market conditions.

Innovation without the (ad)venture

While smaller listed companies offer a different proposition to venture capital, it is still possible to invest in innovation through their equity. Whether it's cloud-services for industry niches, animal genetics or precision accuracy tools used in semi-conductor manufacturing, UK-listed companies are at the cutting edge.

The data behind UK smaller companies

Since 2001, UK listed smaller companies have outperformed the wider market by:

+2.03% annualised[1]

Faster growing

Mid-cap companies have recorded faster organic growth than larger companies since 2002, based on earnings per share.[2]

Earnings grew:

6.5% in the FTSE 100

6.9% in the FTSE 250[1, 3]

Takeover targets

UK smaller companies are popular takeover targets for businesses around the world. The average proportion (by market capitalisation) of the UK small cap index acquired each year shows this:

6.9% of the FTSE Small Cap

5.6% of the FTSE 250

1.2% of the FTSE 100[3]

1 Source: Bloomberg, Janus Henderson Investors as at 30 June 2026. Reflects annualised performance of Deutsche Numis Smaller Companies Index vs FTSE All-Share 2002 to July 2026

2 Measured on the basis of the compound annual growth rate of earnings per share. Calculated from reported annual corporate earnings beginning in 2002. 2026 is an estimate based on prior trends

3 Source: Bloomberg, Janus Henderson Investors, from 31 Dec 2000 to 30 June 2026

The Fund Managers' approach to UK smaller companies

Characterising a good investment

Our deep experience with smaller companies has informed our understanding of what makes a 'good' company. This has resulted in a simple formula: a good business model plus a strong management team can lead to earnings momentum. A good business model could include high recurring revenues (like subscriptions) or a hard-to-substitute product. Our in-house research capabilities enable us also to assess non-financial metrics including governance, a company's peers and its competitors. When this complete picture is coupled with a reasonable price, we may be willing to invest.

Narrowing the universe

From a universe of over a thousand companies, we exclude those that are too small (with a market capitalisation below £150 million), unprofitable, excessively leveraged, or poorly managed, as they do not meet our investment criteria. This process leaves us with around 200 potential stocks for the portfolio on which we undertake fundamental analysis using our 4Ms process. We don't look at companies through the lens of sector themes, as we don't think this works for smaller companies that often operate in unique niches.

Meeting companies and making visits

A core element of our process is getting to know the companies in which we invest. Compared to larger companies, there is very little investment analysis available for smaller companies. To plug this gap, we conduct over 300 company meetings per year, including repeated meetings with some. This enables us to build our own perspective on a company, the confidence of its management and the reality of, for example, its factory-floor operations.

Building a portfolio

Having followed these steps, we end up with a portfolio of around 80 companies. We seek diversity across the industries in which we invest and companies with revenues sourced from all over the world. Our aim is to focus on the companies where we have the highest conviction, while avoiding becoming too large a shareholder or being penned in by a stock that is difficult to sell.

Keeping a close eye

While we typically aim to hold stocks for multi-year periods, we monitor our portfolio holdings closely. This includes conducting ongoing company meetings with management and tracking competitors. Smaller companies are often more sensitive to the macroeconomic backdrop – our in-house research and economic expertise help us keep on top of these changes.

Knowing when to sell

Should a company meeting or our own analysis reveal a deterioration in our investment case, we will sell the holding as efficiently as market conditions allow. Equally, when market conditions shift significantly, we will rebalance the portfolio as needed.

Janus Henderson Investors

The Manager

The Henderson Smaller Companies Investment Trust plc is managed by Janus Henderson Investors.

Janus Henderson is a global asset manager with over 350 investment professionals and 27 offices globally, employing over 2,000 people and managing £363.7bn of client assets.

A deep history in UK smaller companies

Janus Henderson Investors has extensive experience of investing in UK smaller companies. It has managed Henderson Smaller Companies Investment Trust since 1992, when Henderson acquired Touche Remnant. Before then, Touche Remnant, and firms from which it evolved, managed the trust since its creation in 1887.

The fund management team benefits from the insights of around 70 analysts across different sectors and regions, including European counterparts, and health and technology sector specialists.

The team's long-held philosophy focuses on finding future growth potential at a reasonable price. This philosophy is embedded in the team's culture. Across their funds, the fund management team invests around £1bn into UK smaller companies.

Investment trusts, understood

Janus Henderson has been involved in investment trusts since Henderson's foundation in 1934. It is one of the largest investment trust asset managers in the UK, and currently manages nine investment trusts. As a result, Henderson Smaller Companies Investment Trust benefits from the support of a dedicated investment trust team, including specialised company secretarial, accounting, marketing and sales support.

Assets Under Management

£363.7bn

Employees

+2,000

Offices globally

27

Investment professionals

350+

Source: Janus Henderson Investors at 31 March 2026

The Henderson Smaller Companies Investment Trust plc's history

1887	1917	1974	1982	1992	1997	1999	2017
Incorporated as The Trustees, Executors and Securities Insurance Corporation	Name changed to The Trustees Corporation	Appointed Touche, Remnant & Co. as managers	Began specialising in smaller companies. Renamed TR Trustees Corporation PLC	Touche, Remnant & Co. acquired by Henderson	Name changed to The Henderson Smaller Companies Investment Trust plc	Mandate refined to focus solely on UK smaller companies	Henderson merged with Janus Capital

Performance summary

Year to 31 May 2026

Performance

See p.12 Fund Managers' Report

NAV total return[1]	Share price total return[2]	NAV per share at year end	Share price at year end	Discount at year end[3] KPI
11.8%	12.6%	1,004.8p	917.0p	8.7%
(2025: -5.1%)	(2025: -2.3%)	(2025: 926.2p)	(2025: 841.0p)	(2025: 9.2%)

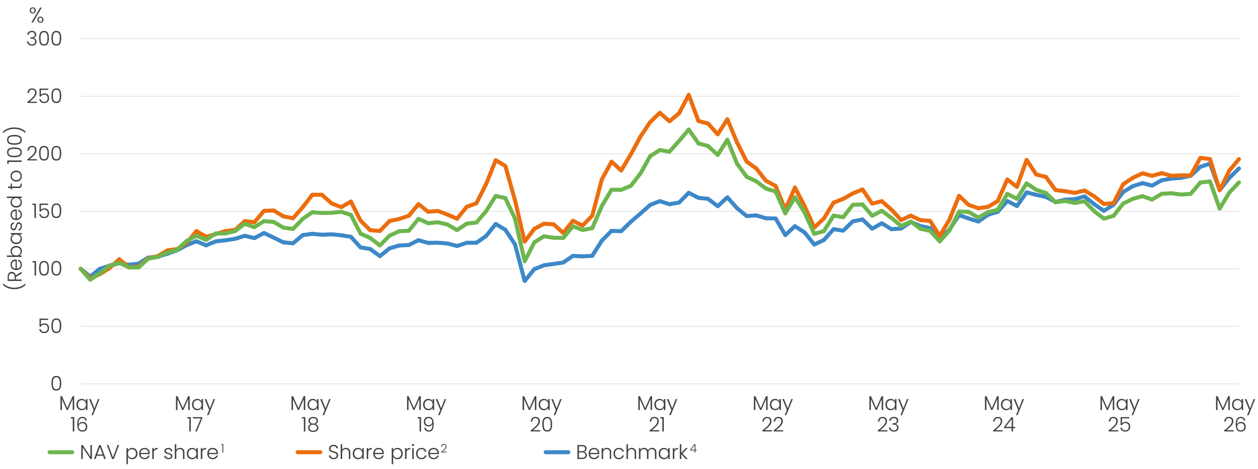
KPI This indicates a key performance indicator ("KPI"). KPIs are used to measure the success of your Company in meeting its objective and by the directors to evaluate the performance of the Manager. See pages 29-30.

Total return performance

Total return performance to 31 May 2026

	1 year %	3 years %	5 years %	10 years %
NAV[1]	11.8	21.4	-13.9	75.1
Benchmark[4]	12.3	39.3	17.9	87.2
Average sector NAV[5]	10.1	26.0	10.9	89.2
Share price[2]	12.6	29.0	-17.1	95.4
AIC sector share price[6]	13.1	26.5	9.6	93.2

Total return performance for 10 years to 31 May 2026



1 NAV per ordinary share total return with income reinvested
2 Share price total return using mid-market closing price with income reinvested
3 Calculated using the NAV and mid-market share price at year end
4 Deutsche Numis Smaller Companies Index (excluding investment companies) total return
5 Average NAV total return of the Association of Investment Companies ("AIC") UK Smaller Companies sector
6 Average share price total return of the AIC UK Smaller Companies sector

A glossary of terms and explanations of alternative performance measures are included on pages 91-94
Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

Performance summary continued

Dividend performance

Dividend total[1]
Per share for the year

29.0p

(2025: 28.0p)

Dividend yield[2]
At the end of the year

3.2%

(2025: 3.3%)

Revenue reserve[3]

£18.5m

(2025: £20.1m)

Dividend growth[4]
For the year

3.6%

(2025: 3.7%)

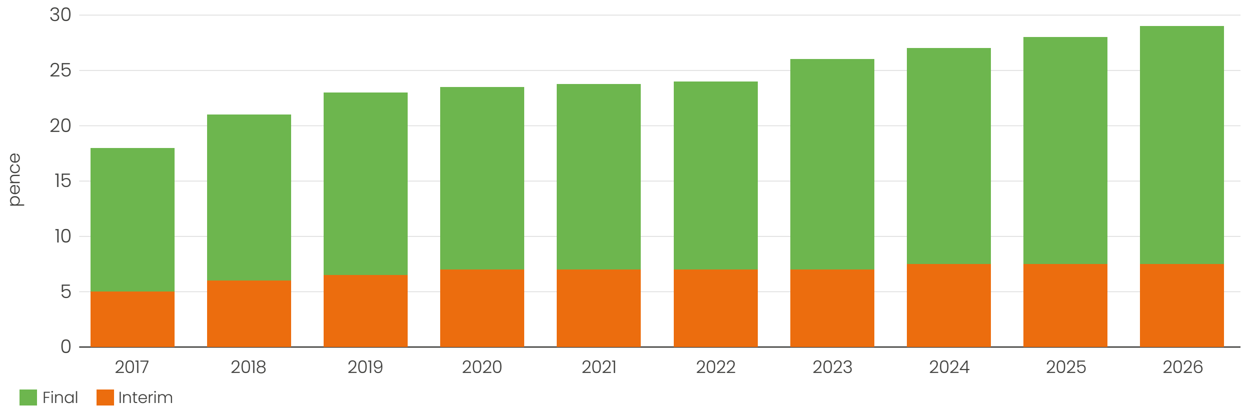
Over 10 years

61%

Years of consecutive growth

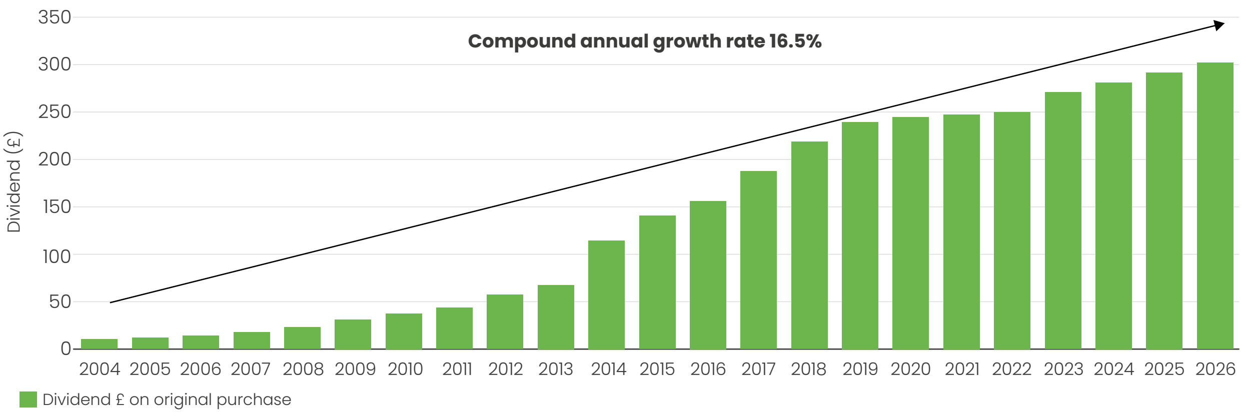
23

Dividend for the years ended 31 May[4]



Dividend growth

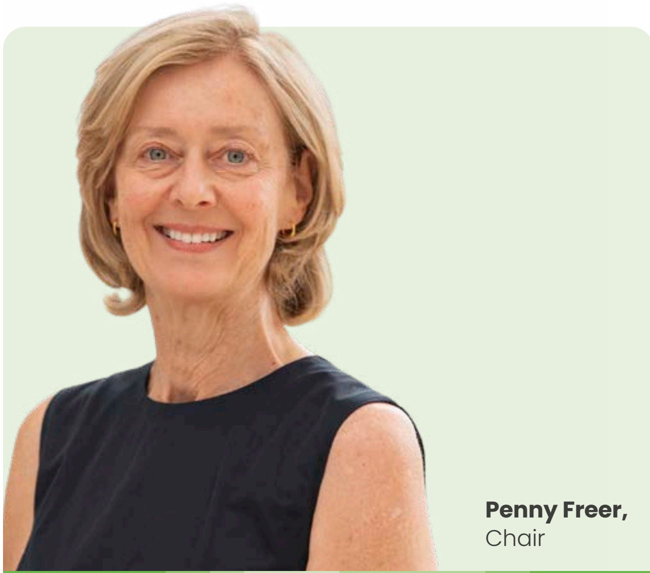
Annual dividend income (without reinvestment) an investor would have received in each financial year based on an initial £1,000 investment in the Company on 31 May 2003.



Source: Janus Henderson

1 This represents an interim dividend of 7.5p and a proposed final dividend of 21.5p. See page 9 for more details
2 Based on the ordinary dividends paid and payable for the year and the mid-market share price at year end
3 Revenue reserves at 31 May 2026 excluding payment of the recommended final dividend for 2026
4 This represents the interim and final ordinary dividends paid or recommended

Refreshing your company



Penny Freer,
Chair

Highlights of the year

NAV total return

+11.8%

Share price total return

+12.6%

Dividend growth for the year

+3.6%

Dear Shareholder,

Performance

The year under review was marked by political upheaval in the UK and conflict overseas, unsettling expectations for interest rate cuts and broader easing in global financial conditions. Against this challenging backdrop, the Company delivered strong positive absolute returns and outperformed most of its sector peers.

The Company's net asset value ("NAV") per ordinary share total return rose by 11.8% and the share price total return rose by 12.6% in the year to 31 May 2026. This compared with a rise of 12.3% in the Deutsche Numis Smaller Companies Index (excluding investment companies) (the "benchmark") and a rise of 10.1% in the AIC UK Smaller Companies sector average NAV total return. The Company therefore marginally underperformed its benchmark by 0.5% over the year, while outperforming the peer group sector average by 1.7%. A detailed review of portfolio performance, including the principal contributors to, and detractors from, returns, is set out in the Fund Managers' Report.

Since the year end to 27 July 2026 the Company's NAV per ordinary share total return rose by 3.2% and the share price total return rose by 3.6%. This compares with a rise of 4.2% for the benchmark and a rise of 1.6% in the AIC UK Smaller Companies sector average NAV total return.

This marks the first year in which Indri van Hien has led the fund management team for the Company. Following a protracted period of underperformance, the Fund Managers have refined the investment process to strengthen stock selection, while preserving the Company's core philosophy of investing in growth at the right price. These refinements are now embedded, and the Board has monitored their implementation, the team's selling discipline and the consistency of the investment approach throughout the year.

Although elevated bond yields have continued to weigh on funds with a growth bias, the Board is encouraged by the marked improvement in stock selection, alongside the benefits of gearing and NAV accretion from share buybacks. The Board will continue to monitor progress closely. Further detail on performance and the outlook for markets can be found in the Fund Managers' Report within this Annual Report.

"Against this challenging backdrop, the Company delivered strong positive absolute returns and outperformed most of its sector peers."

Dividend and earnings

Total revenue from the Company's portfolio declined from £23.1m to £18.5m, while earnings per share ("EPS") fell from 27.9p to 26.1p. The decline in total revenue was driven primarily by the Company's ongoing share buyback programme and also reflected, to a lesser extent, changes in portfolio composition and the continued preference among many UK companies for share buybacks over dividend growth or special dividends. The movement in EPS is also impacted by the accounting treatment of EPS, which is based on the weighted average number of shares in issue during the year rather than the period-end share count.

The Board is pleased to recommend an increased final dividend of 21.5p per share, which, together with the interim dividend of 7.5p paid in March 2026, takes the total dividend for the year to 29.0p per share — a 3.6% increase on the 28.0p paid in 2025. Subject to shareholder approval at the AGM, the final dividend will be paid on 23 October 2026 to shareholders on the register at 2 October 2026, with the shares quoted ex-dividend on 1 October 2026.

EPS is calculated using the weighted average number of shares in issue during the year, while the dividend is paid on the smaller number of shares actually in issue at the record date as a result of the share buyback programme. The recommended distribution is therefore supported by current year earnings together with a modest contribution from the Company's substantial revenue reserves.

This will be the 23rd consecutive year of growth in the annual dividend, reaffirming the Company's status as an AIC Dividend Hero.

Ongoing charge ratio

For the year ended 31 May 2026, the ongoing charge increased to 0.53% (2025: 0.45%). Much of this increase was due to the 16% decline in our average net assets, but it also reflected the 42% increase in 'other expenses' due mainly to an increase in marketing spend. The Board is committed to marketing the Company and raising the Company's profile, but this inevitably had a short-term impact on the ongoing charge for the year. Notwithstanding our ongoing charge remains materially lower than the peer group's average of 0.99%. See page 30 for more detail.

Share rating and buybacks

The Company's share price discount to NAV fluctuated during the year between 7.4% and 11.5%, averaging 9.2% and closing the year at 8.7%. The share price moved from 841.0p at the start of the year to 917.0p at 31 May 2026, with the share price total return of 12.6% modestly ahead of the NAV per share total return of 11.8%, reflecting a small narrowing of the discount over the year. The Company's discount remained consistently narrower than the weighted peer group average throughout the year.

The Board kept the discount under active review and instructed buybacks when it considered these to be in the best interests of shareholders as a whole and where shares could be acquired at a meaningful discount to NAV, thereby enhancing NAV per share for remaining shareholders. Market conditions for UK smaller companies and for the investment trust sector remained difficult, and discounts across the sector continued to reflect weak investor demand for UK small-cap equities.

The Company bought back 12,899,062 shares during the year, representing 18.8% of issued share capital (excluding Treasury shares). These buybacks enhanced NAV by 1.7%.

In light of the elevated rate of repurchase, the Board convened a general meeting on 4 March 2026, at which shareholders approved the renewal of the authority to repurchase up to 14.99% of issued share capital. The Board's view remains that buybacks are an important tool for managing the discount, but that they cannot, on their own, address the underlying drivers of investor demand. Sustained re-rating will depend on improved investment performance, renewed confidence in UK equities, a recovery in flows into the smaller companies asset class, and an effective marketing programme.

"This will be the 23rd consecutive year of growth in the annual dividend, reaffirming the Company's status as an AIC Dividend Hero."

Capital structure

Following authority granted by shareholders at the 2025 AGM, the Board completed the buyback and cancellation of the legacy preference stock during the year. The Company's capital comprised 74,385,131 ordinary shares of 25p each, each at the year end (of which 18,796,219 were held in Treasury). Further information can be found on page 59.

Fund management changes

Neil Hermon retired from asset management in September 2025 after 23 years as the Company's Fund Manager. The Board thanks Neil for the long-term value he created for shareholders. Indri van Hien, who had served as Co-Manager since January 2025, and previously Deputy Fund Manager since 2016, assumed sole responsibility as Fund Manager. She has continued and refined the long-standing investment philosophy. Working with the Board, the Manager recruited Cassie Herlihy as Deputy Fund Manager, with effect from November 2025.

Board succession planning

Victoria Sant retired from the Board at the conclusion of the 2025 AGM, as reported last year. The Board now comprises five directors, all of whom are independent of the Manager. The Nomination Committee keeps the Board's composition, balance of skills, experience, independence and diversity under regular review, together with succession planning for both directors and the chairs of the Board and its committees. Further information is set out in the Nomination Committee Report on page 52.

Articles of association

At the AGM in October 2026, shareholders will be asked to approve, by special resolution, the adoption of new articles of association. The existing articles have not been comprehensively refreshed for some years and, following a review by the Company's legal advisers and consideration by the Board, the opportunity has been taken to align them with current market practice for UK-listed closed-ended investment companies.
The principal changes modernise the articles by permitting fully virtual general meetings (in addition to physical and hybrid meetings), making electronic dividend payments the default, and updating the untraced shareholder provisions in line with the UK Dormant Assets Scheme while preserving the rights of long-lost shareholders to reclaim their money. The opportunity has also been taken to remove provisions that are no longer relevant to a closed-ended investment trust, including references to directors' pensions and gratuities, and to reduce the maximum permitted size of the Board from 15 to 10.

The new articles also entrench the Company's status as an investment trust (so that any formal move away from that status would itself require shareholder approval by special resolution), introduce a backstop mechanism to ensure continuity in the event that retiring directors are not re-elected at an annual general meeting, require proposed Directors to disclose certain information about themselves to shareholders before a vote is held on their election and include a new power enabling the Company to obtain information needed to comply with US securities laws and other regulatory requirements. More information on the changes to the Articles can be found in the explanation of AGM resolutions on pages 101-102.

Annual General Meeting

We are pleased to invite shareholders to attend the AGM in person at our registered office at 11.30 am on Tuesday, 6 October 2026. The AGM is an important opportunity for shareholders to meet the Board and members of the fund management team, including the Fund Manager, Indri van Hien and the Deputy Fund Manager, Cassie Herlihy. The fund management team will present on the year under review and the outlook for UK smaller companies. Shareholders unable to join in person will be able to attend by videoconference. Further details can be found in the Notice of AGM on page 98-99.

> *"Indri van Hien has continued to refine the long-standing investment philosophy."*

Outlook

The outlook for financial markets remains complex. Geopolitical tensions, most notably in the Middle East, continue to cloud the inflation and interest rate outlook, while the disruptive potential of artificial intelligence is prompting investors to reassess the durability of business models across a range of sectors. In the UK, the Government faces the difficult task of restoring growth while maintaining fiscal discipline; the recent change in Prime Minister is likely to prolong fiscal uncertainty, delaying important policy choices and further undermining confidence among businesses and consumers. Together, this reinforces the growing emphasis on portfolio diversification our Fund Managers are so focused on.

In navigating these challenging conditions, the Company's portfolio retains a clear quality bias and holds companies with robust business models that are able to forge their own paths. These companies are soundly financed and are being run by management teams whose incentives are aligned with our own. The attractive valuations in this part of the market are well-documented. These claims are increasingly being recognised by continued in-bound merger and acquisition ("M&A") activity and ongoing share buyback programmes being sanctioned by boards.

Over the long term, the Company seeks to capture the well-established small-cap premium: that is, the long-term outperformance of small caps over large caps driven by factors such as higher growth prospects in this under researched part of the market. While the small-cap factor has proved elusive in the UK over the past decade, we continue to see high-quality businesses whose valuations have been depressed by broader market weakness rather than company-specific concerns. There is opportunity in this, but to unlock this the market needs to see an alleviation of the acute technical pressure this part of the market has suffered from in terms of asset outflows. Clarity over the political situation in the UK is an important step. Smaller companies may underperform larger companies in periods of economic dislocation as investors flock to larger and more liquid asset classes, but history suggests that they rebound most strongly after such periods.

Global investors remain heavily exposed to the US, with relatively modest allocations to markets outside US equities when compared with the composition of the MSCI All Country World Index. While much market commentary remains focused on elevated US valuations, we are reminded of the compelling opportunities available in UK smaller companies, which offer both diversification and long-term growth potential. A broadening of market returns is long overdue, and the Company's asset class would be a clear beneficiary of such a shift. We believe UK smaller companies continue to offer exciting opportunities for long-term investors, and remain confident in the ability of our Fund Managers to apply their consistent and disciplined investment approach to generate significant long-term value.

Penny Freer
Chair of the Board
29 July 2026

"We believe UK smaller companies continue to offer exciting opportunities for long-term investors."

Fund Managers' Report

Indri van Hien and Cassie Herlihy, Fund Managers

Summary

- Building on the Company's long-established investment philosophy, the team has continued to refine the portfolio, focusing on higher-conviction opportunities and a more disciplined approach to stock selection, risk management and capital allocation, helping to deliver positive returns in the year.
- While market conditions favoured value stocks over growth stocks, many holdings continued to deliver robust operational performance and earnings growth.
- The Fund Managers remain excited by the long-term opportunity in UK smaller companies, where attractive valuations, ongoing takeover activity and improving fundamentals create compelling opportunities for active investors.

Fund performance

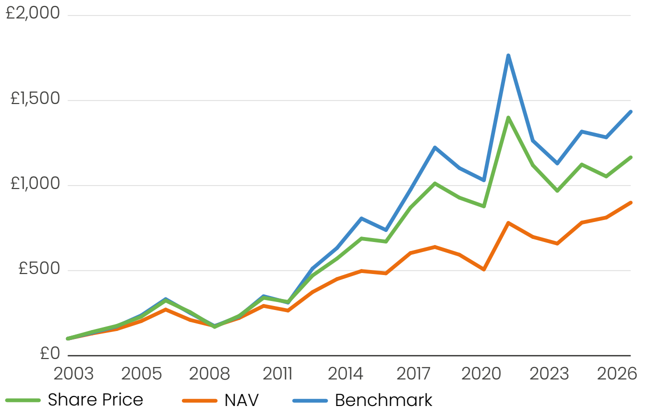
The Company delivered positive returns during the period under review. The share price rose by 12.6% and the NAV by 11.8% on a total return basis. This compared with an increase of 12.3% in the Company's benchmark total return. The marginal underperformance came from a combination of negative contribution from investment performance and expenses offset by a positive contribution from gearing and ongoing share buybacks. Stock selection was a positive contributor in the period, while our growth style was a headwind and contributed to relative investment performance being negative overall. From a macro perspective geopolitical escalation between the US, Israel and Iran interrupted the disinflation narrative and rate-cut expectations, triggering a rotation back towards value stocks and away from growth stocks. At a micro level the underlying performance of our portfolio companies has been robust, and we continue to see upgraded forecast sales and earnings growth in aggregate. Despite it being a mixed year for performance, the long-term record of the Company remains strong, materially outperforming its benchmark during the tenure of the strategy dating back to 2002.

Performance attribution

	Year ended 31 May 2026 %	Year ended 31 May 2025 %
NAV total return	11.8	–5.1
Benchmark total return	12.3	5.0
Relative performance	–0.5	–10.1
Comprising:		
Investment performance without gearing	–2.3	–9.3
Gearing impact on investment performance	–0.3	–1.0
Gearing decision	0.9	–0.1
Expenses	–0.5	–0.5
Buybacks	1.7	0.7

Source Janus Henderson

Value of £100 invested in 2003



Source: LSEG, 1 June 2003 to 30 June 2026 (assuming dividends are reinvested)

Fund Managers' Report continued

Market – year under review

Despite continued market volatility, UK equity markets delivered positive returns in the year under review. Markets were buoyed by a marked easing in global trade tensions following the reciprocal tariffs announced by the US on "Liberation Day". While base rates were cut further to 3.75% in both the US and the UK, hopes of a steady rate-cutting cycle were repeatedly challenged by domestic and international political developments; by the period end, markets were questioning whether rates might need to rise again.

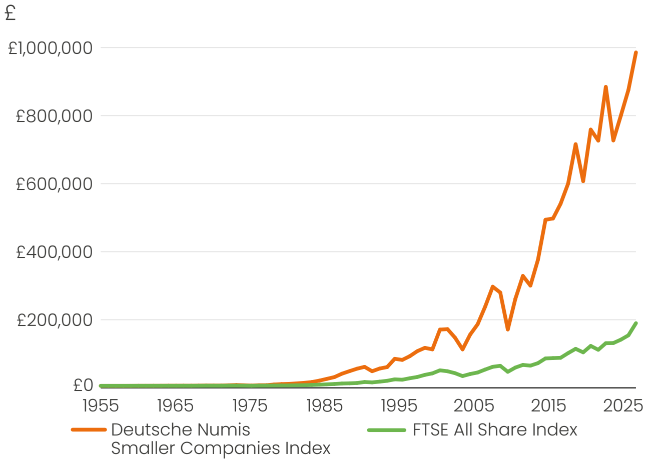
In the UK, policy missteps and political drama weighed on sentiment. Intense speculation ahead of a later-than-usual Autumn Statement, alongside political manoeuvring against the Prime Minister following heavy local election losses, heightened near-term fiscal uncertainty and further eroded domestic business and consumer confidence. Both of these cohorts are now increasingly braced for a more left-leaning government. This unfolded against a backdrop of tepid GDP growth for much of the year, before a modest rebound of 0.6% in the first quarter of 2026. Annual inflation eased from 3.6% in June 2025 to 2.8% in April 2026, remaining above the Bank of England's 2% target, even as the labour market softened and unemployment rose to a near five-year high by the end of 2025.

Geopolitical uncertainty persisted, most notably through US and Israeli strikes on Iran and the resulting disruption to shipping through the Strait of Hormuz, through which around 20% of global oil exports pass. Brent crude prices, which had been steadily declining prior to the conflict, rose above $100 per barrel, reigniting concerns that higher energy costs would feed into broader inflation and delay further monetary easing.

Finally, the rapid evolution of artificial intelligence ("AI") became a defining market narrative, prompting both enthusiasm and reassessment. While AI's long-term potential to reshape productivity and unlock new revenue streams remains widely recognised, the pace of innovation sparked debate over winners and losers, particularly within the software sector, where valuations compressed sharply during the period. Other sectors, from business services and outsourcing to media and certain areas of professional services, also faced scrutiny given their exposure to potential automation. The result was heightened dispersion, as markets recalibrated expectations, balancing AI's transformative promise against the near-term disruption it may impose across a broad range of industries.

In this environment, and extending a trend which has overshadowed the performance of UK smaller companies in recent years, small caps underperformed their larger counterparts. The Deutsche Numis Smaller Companies ex Investment Companies Index rose 12.3%, compared with a 21.6% gain in the FTSE All-Share Index, as ongoing macroeconomic uncertainty disproportionately impacted the more cyclically sensitive segments of the market. This marks the eighth year of underperformance for UK small caps versus large caps over the past decade, a notable departure from the well-documented long-term outperformance of smaller companies.

Value of £100 invested in 1955



Source: LSEG, 31 December 1955 to 31 December 2025 (assuming dividends are reinvested)

Gearing

Gearing started the year at 10.2% and ended at 10.0%. Debt facilities are a combination of £30 million 20-year unsecured loan notes at an interest rate of 3.33% issued in 2016, £20 million 30-year unsecured loan notes at 2.77% issued in February 2022, and £70 million short-term bank borrowings.

As the Company's NAV rose during the period under review, the use of gearing was a positive contributor to performance in the year. The ability to enhance returns through gearing, a distinctive feature of investment trusts, has made a significant positive contribution to performance during the Fund Manager's tenure.

Attribution analysis

The following tables show the top five contributors to, and the top five detractors from, the Company's relative performance.

Principal contributors

	12 month return %	Relative contribution %
Balfour Beatty	+62.2	+1.4
Renishaw	+110.5	+1.1
Oxford Instruments	+85.2	+1.0
Computacenter	+75.3	+0.9
Vistry Group[1]	–55.7	+0.8

1 Not owned by the Company

Balfour Beatty is an international contractor and infrastructure investor. It operates three main verticals: construction services in the UK, US and Hong Kong; support services including the maintenance of infrastructure assets such as road, rail, energy and utilities in the UK; and owning a portfolio of infrastructure investments including military housing in the US and schools, hospitals and student accommodation in the UK. The shares have performed strongly following continued positive momentum in order book growth driven by UK power generation projects and US buildings. New orders have bolstered cash generation and enabled further cash returns to shareholders through both the regular dividend and share buybacks. New CEO Philip Hoare launched his new "evolve, energise and explore" strategy suggesting that going forward sharper focus will be given to existing and new growth markets.

Renishaw is a UK-based engineering technology group that designs and manufactures high-precision measurement and manufacturing systems. Its products include machine-tool probes, co-ordinate measuring machine systems, encoders, calibration equipment, spectroscopy instruments and metal additive manufacturing systems, which help customers make complex components more accurately, efficiently and reliably across sectors including semiconductors, electronics, aerospace, healthcare and industrial automation. Improved demand across several key end-markets, particularly semiconductor and electronics manufacturing equipment and aerospace and defence, led the company to provide multiple upgrades to revenue and profit guidance over the year. The shares were further supported by confidence in the margin recovery opportunity, with management targeting a 20% operating margin over time, underpinned by cost actions, operational gearing and growth in higher-value product areas.

Oxford Instruments is a global provider of scientific technology tools, software and expertise to academic and commercial customers, with leading positions in markets such as materials analysis, semiconductors, healthcare and life sciences. Its products help customers image, analyse and manipulate materials at very small scales, supporting research and high-technology manufacturing in areas such as compound semiconductors, advanced materials and life sciences. The shares performed strongly as investors became more confident in the recovery of orders and the group's exposure to structural growth markets, particularly within Advanced Technologies, where order intake grew by nearly 30% on an organic constant-currency basis, supported by compound semiconductor demand and increasing traction with commercial manufacturing customers. The company also benefitted from cost actions, an improving margin outlook and capital returns.

Computacenter is a technology and services provider which helps large corporate and public-sector customers source, build and manage their IT infrastructure, ranging from workplace devices to complex datacentre and cloud-related projects. The shares performed strongly following materially better trading momentum, with revenue growth led by Technology Sourcing and strong Professional Services demand, particularly in North America and the UK where demand was supported by hyperscaler customers, AI-related projects and data-centre investment. The shares saw a strong re-rating as valuation multiples began to reflect the company's crucial role in enabling IT infrastructure for AI applications.

Vistry Group is a UK housebuilder focused on delivering mixed-tenure homes, with a particular emphasis on partnership housing for housing associations, local authorities and private rented sector partners, alongside homes sold on the open market. The shares performed poorly in the period following management change and repeated concerns around profit delivery, cash generation and the balance sheet, with investors unsettled by the need to use greater incentives and discounts to sustain open-market sales. Sentiment deteriorated further after Vistry paused its share buyback to prioritise debt reduction. The Company did not own a position in this stock.

Principal detractors

	12 month return %	Relative contribution %
Bellway	–27.2	–1.3
Ceres Power Holdings[1]	+1,060.5	–0.9
Hochschild Mining[1]	+87.7	–0.7
Burford Capital[2]	–63.1	–0.7
Helios Towers[1]	+95.8	–0.7

1 Not owned by the Company
2 Position sold during the year

Bellway is a national UK housebuilder. The company has a robust long-term track record of controlled expansion, and solid operational and financial performance whilst maintaining a strong balance sheet. Just as demand-side conditions for housebuilders were beginning to improve, the conflict in the Middle East put pressure on consumer confidence, and pushed oil prices, bond yields and borrowing costs higher. This is likely to weigh on near-term profitability across the sector and the shares moved sharply to reflect this. We believe the business remains well placed to benefit from any recovery on account of its well-invested land bank. Furthermore, the government's ambitious housebuilding targets which seek to address the structural undersupply of homes in the UK should provide tailwinds for the sector as planning reforms are enacted. Valuation support is provided by the discount to NAV at which the shares currently trade.

Ceres Power Holdings develops clean-energy technology in the form of solid oxide fuel cells and electrolysers for power and hydrogen applications. The shares were supported by tangible commercial progress: first, royalties were generated from Doosan and secondly, important manufacturing licences and factory investment agreements were signed with large commercial partners. The Company did not own a position in this stock.

Fund Managers' Report continued

Hochschild Mining is a precious metals miner focused on the exploration, mining, processing and sale of silver and gold in the Americas. The shares were supported by a powerful combination of higher gold and silver prices. The Company did not own a position in this stock.

Burford Capital is a specialist financial services company focused on litigation finance, providing capital to companies and law firms to fund legal claims in return for a share of any successful outcome, alongside activities such as asset recovery and legal risk management. During the period, the US Court of Appeals for the Second Circuit reversed the ~$16bn judgment made against Argentina in relation to the nationalisation of energy company YPF, eliminating what had been Burford's single largest asset and major source of expected future profits. We have since exited the position on the view that the decision would trigger a material balance sheet write down, leaving the company over-leveraged and with a reduced capacity for new investment.

Helios Towers owns and operates telecom tower infrastructure across Africa and the Middle East, leasing space on its towers to mobile operators. The shares were supported by strong tenancy-led growth and sharply improving cash flow. The group outperformed its tenancy additions targets and upgraded growth expectations for the year ahead. The Company did not own a position in this stock.

Portfolio activity

Trading activity in the portfolio was consistent with an average holding period between four and five years. Our approach is to consider our investments as long term in nature and to avoid unnecessary turnover. The focus has been on adding stocks to the portfolio that have good growth prospects, sound financial characteristics and strong management, at a valuation level that does not reflect these strengths. Likewise, we have been employing strong sell disciplines to cut out stocks that fail to meet these criteria.

Acquisitions

During the year we have added a number of new positions to our portfolio. These include, but are not limited to, the following:

CVS Group is a leading UK-based veterinary services provider, operating companion animal, referral, farm animal and equine practices across the UK and Australia. Our investment gives us exposure to a structurally growing market underpinned by the trend of 'pet humanisation', with a near-term inflection point driven by the ageing of the post-COVID pet cohort, the largest single wave of new pet ownership in a generation. Veterinary spend follows a U-shaped curve, with higher spend in a pet's early years and a meaningful step-up as animals reach middle age, requiring more frequent and complex clinical intervention, a threshold this cohort will reach over the next couple of years. We initiated the position at a compelling entry point after the CMA market investigation led to a de-rating of the shares to a meaningful discount versus precedent sector transactions. With the CMA review now concluded with workable remedies, the release of pent-up capital deployment in the UK alongside the buy-and-build opportunity in Australia should act as medium-term catalysts.

Elixirr is a founder-led challenger consultancy that delivers transformation, data and AI implementation projects for blue-chip clients across multiple geographies and end markets. Its lean, partner-led model underpins sector-leading margins, sustained by project-based pricing and an equity-incentive structure that ensures alignment and supports retention. Our investment gives us exposure to sustainably double-digit organic revenue growth, complemented by a disciplined M&A strategy that has successfully diversified both end market and geographical exposure. We see a significant expansion opportunity across an existing client base where share of wallet remains low. Our view is that AI acts as a structural tailwind rather than a threat, with the firm well positioned to benefit from clients' inevitable focus on AI implementations. The shares were acquired at a meaningful discount to precedent transactions offering a compelling entry point into a high-quality compounder.

Greencore is a specialist convenience food manufacturer, supplying sandwiches, salads, sushi and ready meals to the UK's major retailers. The recent transformational acquisition of Bakkavor establishes Greencore as the clear category leader in chilled prepared foods, unlocking significant operational synergies, procurement leverage and automation benefits. Structural tailwinds support sustained growth: ongoing product innovation, range extension, increased share of wallet with existing customers, and premiumisation, as consumers increasingly favour eating at home over dining out driving higher product volumes over time. The combined group benefits from sustainable and differentiated cost economics, scale advantages that sub-scale peers cannot easily replicate, and an improving returns profile as integration benefits are realised. Our investment provides exposure to a category leader operating in growing food segments, underpinned by an experienced management team with a proven track record of delivering against strategic and financial targets.

Mitie Group is a UK service business providing facilities management, transformation and compliance services to a wide range of organisations across the public and private sectors. Following a period of challenging operating conditions during the COVID-19 pandemic, the company has transformed from a low-margin outsourcer into a higher-quality compounder, driven by disciplined contract bidding activity, technology-led investments and focus on higher profit activities, with successful improvement in group margins over time. Our investment in Mitie Group also provides exposure to strong industry tailwinds with corporates spending on facility transformation to prioritise sustainability, fire safety, security and environmental compliance as regulations tighten. The recent acquisition of Marlowe adds to these dynamics and should deliver an improved technical service provider to large corporates. In our view, the improving returns profile and growth of the business are not yet reflected in the current valuation of the company.

Rosebank is an industrial holding company that acquires underperforming businesses, improves them operationally over a targeted three-to-five-year period and then exits, returning capital to shareholders. The management team is well-known and experienced, with a proven track record of acquiring business and creating value through operational improvement. We initiated our position through an oversubscribed equity placing to fund the acquisition of two US-based industrial businesses from a private equity seller. Value creation is underpinned by balance sheet recapitalisation, operational self-help and well-defined cost out programmes targeting meaningful margin expansion. Topline growth expectations are undemanding, with near-term earnings drivers centred on margin improvement and deleveraging, areas firmly within management's control. The entry valuation is reasonable, and we see upside from multiple arbitrage at exit as margins expand alongside a mix shift towards higher-quality end markets.

Saga is a UK specialist provider of products and services for people aged over 50, operating across travel, cruise, insurance broking and related services. The group's proposition is built around a trusted consumer brand, deep customer insight and tailored products for an older demographic, with strength in ocean and river cruising, holidays and insurance distribution. The business has undergone a multi-year transformation to simplify its business and puts its balance sheet on a stable footing. Saga's unique product offering should enable it to gain market share, while favourable industry dynamics support stronger pricing. Given the business's high fixed-cost base, this should translate into meaningful profit growth. We believe the valuation today is not fully reflecting the earnings growth potential and scope for capital returns as the business moves from being over levered to being under levered.

SSP Group is a leading global operator of food and beverage outlets in travel locations, including airports, railway stations and other transport hubs. It operates in 38 countries, with around 49,000 employees and approximately 3,000 outlets worldwide. Our investment provides exposure to the long-term growth in global travel, serving customers in captive and high-footfall locations where food and drink options are often limited. While the business has faced challenges in the wake of COVID, we see opportunity in improving European profitability, being more focussed on capital allocation and exposing value through the partial divestment of its high-growth Indian business.

Disposals

To balance the additions to our portfolio, we exited lower conviction positions where the investment case had deteriorated, or where valuations had become stretched after the thesis successfully played out. In a number of cases, we saw limited upside and weaker prospective returns and chose instead to recycle capital into higher conviction opportunities.

These disposals include but are not limited to: our positions in **Eurocell**, a manufacturer and distributor of PVC windows, doors and other building products, and **Genuit**, a provider of sustainable water, climate and ventilation management products for the built environment. Both sales reduced our exposure to big-ticket UK housing-related demand at a time when consumer confidence was weakening and bond yields were rising.

We also sold our holdings in **Future**, a specialist media platform operating websites, magazines and newsletters: **MONY Group**, a technology-led price comparison platform; and **PageGroup**, a global specialist recruitment consultancy. Despite their lowly valuations, we believed each business faced structural challenges from AI, which could disrupt customer acquisition, content discovery, pricing power or recruitment workflows over time.

We disposed of our positions in **Domino's Pizza Group**, the UK and Ireland master franchisee for Domino's, and **Trainline**, a digital rail ticketing platform operating in the UK and Europe, as we believed profits would remain under pressure from government policy. For Domino's, this related to increased labour cost pressure from changes to workers' rights and employment costs; for Trainline, the risk was continued pressure from rail fare freezes and wider rail market intervention.

We took profits in **Cohort**, a defence technology group, and **Keller**, a global specialist geotechnical contractor, following strong share price performance. We also sold positions in **Essentra**, a manufacturer and distributor of industrial components; in **Impax Asset Management**, a specialist sustainable investment manager; in **ME Group**, an operator of self-service photobooths and laundry machines; and in **Telecom Plus**, owner of multiservice utility provider Utility Warehouse. In each case, we believed valuations did not adequately reflect the negative earnings momentum these companies were likely to face.

Takeover activity

Takeover activity in the portfolio persisted during the year as trade buyers and private equity alike continued to exploit the attractive valuations in the UK small and mid-cap space. Takeover bids were received for: **Empiric Student Property**, a real estate investment company focused on student accommodation, from Unite Group; **JTC**, a business services company, from Permira; **Just Group**, a pension risk transfer specialist, from Brookfield; and **Kitwave**, a food distributor, from One Equity Partners.

Fund Managers' Report continued

Top ten positions

The following table shows the Company's top ten stock positions and their active weight versus the benchmark:

Top ten positions at 31 May 2026	Portfolio %	Index weight %	Active weight %
Oxford Instruments	3.4	1.0	2.4
Balfour Beatty	3.4	–	3.4
Paragon Banking	3.0	0.8	2.2
OSB Group	2.7	1.0	1.7
Vesuvius	2.4	0.6	1.8
Computacenter	2.4	–	2.4
Renishaw	2.4	–	2.4
SigmaRoc	2.3	–	2.3
Bellway	2.1	–	2.1
Mitchells & Butlers	2.1	0.8	1.3

A brief description of the largest positions (excluding Balfour Beatty, Bellway, Computacenter, Oxford Instruments and Renishaw which were covered earlier) follows:

Paragon Banking is a speciality lender with a primary focus on providing buy-to-let mortgages to professional landlords. The company enjoys a strong capital position, enabling it to grow dividends whilst simultaneously buying back its own stock. Regulations on complex underwriting and the sophistication of its underwriting capability have allowed Paragon to grow market share from non-bank lenders which have suffered in the rising rate environment. As base rates fall and business and consumer confidence improves, commercial loans and mortgages should become more affordable which should increase lending volumes. Paragon should also benefit from government driven deregulation of the financial services sector which could potentially lower capital requirements, increase the scope for capital returns to shareholders and boost lending volumes.

OSB Group is a speciality lender with a primary focus on providing buy-to-let mortgages to professional landlords. Regulations on complex underwriting and the sophistication of its underwriting capability have allowed OSB to grow market share. After a difficult period for the company as base rates increased, stoking fiercer competition for flow, which drove both asset and deposit spreads down, net interest margin expectations have now been set at a more realistic level. The shares trade at an attractive discount to tangible book value and in our view, do not reflect the mid-teens return on tangible equity guidance set by management. The company retains a strong capital position allowing it to return significant cash to shareholders through share buybacks and growing dividends. Like Paragon Banking, OSB should similarly benefit from deregulation in the financial services sector.

Vesuvius is a materials technology company. The company provides steel flow control, foundry technologies, advanced refractories and metal processing products and services to customers around the world. The business has gone through significant rationalisation over recent years removing excess capacity and improving returns on capital and margins. The company has demonstrated robust pricing power during the recent inflationary period, validating its leading market position and high value add of its products. The geographical spread of the business makes it well-positioned to benefit from increased steel production outside of China. A trend which should be boosted by US tariffs and the implementation of quotas on steel imports in Europe. In the meantime, shareholders are being paid to wait as strong cash generation has allowed the company to continue to pay a healthy dividend to shareholders.

SigmaRoc is a building materials company operating in the UK and Europe. The business has expanded rapidly over the past year following its transformative acquisition of CRH's European lime and limestone operations which made the company a market leader in five European countries (Norway, Sweden, Finland, UK and Ireland) and put it in the number two position in another three countries (Germany, Poland and the Czech Republic). Lime and limestone are used in a broad range of industries including construction, steel, chemical, environmental and agricultural which provides good end-market diversification for the company. At a macro level the company is well placed to benefit from end-market revival following German debt brake reforms. In the meantime, investors should benefit from self-help and continued synergy extraction from recent acquisition and shareholder friendly capital allocation policies.

Mitchells & Butlers is a national owner and operator of pubs in the UK. Its major brands include All Bar One, Browns, Harvester, Toby Carvery, O'Neill's, Miller & Carter, Nicholson and Ember Inns. The vast majority of its pubs are owned freehold, meaning it has substantial asset value backing. The company has consistently outperformed peers in terms of like-for-like revenue growth on account of its well-invested estate, diversified brand portfolio and consistency of customer service. Whilst cost inflation remains acute, management has reliably managed to mitigate these headwinds through its 'ignite' efficiency programmes. The company is steadily repaying its securitised debt, enabling a transfer of value from debt to equity, a trend which will now be accelerated as its pension deficit is cleared. The shares trade at a substantial discount to recent industry transaction multiples and its NAV.

Portfolio weightings

As at 31 May 2026, the portfolio was weighted by company size as follows:

	Weighting % 31 May 2026	Weighting % 31 May 2025
FTSE 100	0.0	0.0
FTSE 250	88.7	84.5
FTSE Small Cap	11.2	9.8
FTSE AIM	10.1	15.9
Gearing	(10.0)	(10.2)

Market outlook

Geopolitics remain challenging with ongoing conflicts in the Middle East and Ukraine yet to reach stable resolutions and heightened tensions between China and the US persisting. Sticky inflation which remains above target in both the US and UK is likely to be further exacerbated by the oil and gas supply shock stemming from the US and Israel's war with Iran. Damage to Middle Eastern energy infrastructure and the continued closure of the Strait of Hormuz, through which around 20% of global oil exports pass, have heightened energy price risks. Together, these factors sustain uncertainty over the path of interest rates, leaving central banks with the challenging task of containing second-round inflation effects and elevated inflation expectations amid softening labour markets globally.

In our view, the conflict in the Middle East has delayed, rather than derailed, the disinflationary narrative. The current energy price shock is materially less severe than that experienced following the outbreak of war in Ukraine, which drove inflation to ~11%, while wage inflation is also now considerably more benign. Moreover, with policy rates still restrictive across major economies, central banks retain scope to support demand should economic conditions deteriorate.

At home, the Prime Minister might have changed but the issues the UK economy faces remain the same and the new Government faces the unenviable challenge of reviving economic growth while walking a fiscal tightrope. Energy policy and welfare reform need to be addressed to reduce the UK gilt yield premia, unlock funds for growth and ultimately attract capital flows back into the UK. Burnham's challenge will be to overcome the internal divisions in the party which have made fiscal policy choices harder and obstructed efforts to place growth at the centre of policy agendas. We see near-term fiscal uncertainty which risks further erosion of business confidence in the short-term.

Away from politics, investors continue to grapple with the AI mega theme. We are certain that AI will change the way economies operate, but markets have been quick to punish perceived "AI losers" and, in some cases, overzealous in rewarding the perceived winners. While we can offer no definitive answers at this stage, we would reassure shareholders that we are re-examining the franchises and business models of our portfolio companies through this new lens. Characteristics once prized by investors, such as recurring revenues, now require fresh scrutiny, as we assess whether AI could automate the underlying processes, weaken pricing power or reshape established revenue models.

Corporates and consumers are dealing with elevated uncertainty, which has precipitated a deterioration in sentiment indicators. This has had the effect of increasing savings rates and deterring corporate investment. For now, underlying trading amongst our portfolio companies has proved to be robust and we take comfort in this and the strong balance sheets of both corporates and consumers, noting that they are intrinsically healthier than they were ahead of the Global Financial Crisis in 2008-2009. Markets are forward looking, so we ask ourselves if the backdrop for these two cohorts will get worse from here? We assume the next budget will come with tax rises, but if this comes with a credible growth agenda this could materially improve sentiment. That possibility, in our view, is not currently reflected in consensus.

After a lost decade in UK smaller companies, starting with uncertainty about the EU referendum vote, we see good reasons why fortunes could change, and history will show that small caps perform best after periods of economic dislocation. Investors are facing a generationally attractive entry point in UK small-caps where valuations remain attractive and sit well below long-term averages while earnings forecasts are beginning to stabilise after a sharp adjustment in economic activity following the step change in higher interest rates seen in the last three years. Valuations also remain markedly depressed versus other developed markets, even on a sector-adjusted basis. The persistent in-bound M&A activity that the market, and our own portfolio is experiencing suggests that many market players are already taking notice. Despite this, the pervasive outflows of capital from this part of the market is stifling a sustained re-rating of the asset class. A return of investor confidence could create a positive flywheel of stronger performance, renewed interest, greater liquidity and, ultimately, a healthier pipeline of new listings. Political and fiscal stability in the UK could prove an important catalyst.

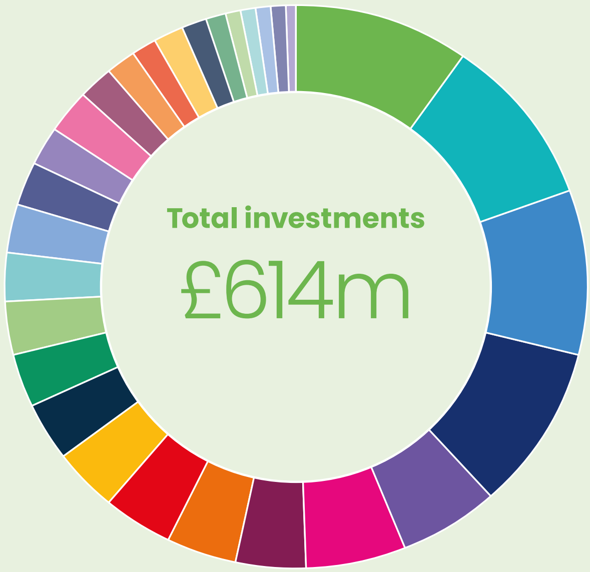
Markets seldom give investors an easy ride, and we have become accustomed to managing shareholders' capital through a polycrisis. We think there is good reason to believe that interest rates will continue to fall, or more importantly why markets might reprice the risk of them going higher from here. But importantly, the portfolio is not counting on it. We have confidence that our long-standing investment process will yield a portfolio which is diversified by design but deliberate in its construction with good exposure to everything from industrial companies benefitting from re-stocking cycles and the significant capex budgets from US hyperscalers to UK domestic cyclicals trading on trough multiples on trough earnings. We think our investment process centred around investing in cash generative growth businesses run by experienced management teams has built a portfolio which is both well-positioned to withstand the current challenging economic conditions and participate in the upswing as it occurs. We remain confident in our ability to create long-term value through a consistent, rigorous investment process that has delivered so powerfully over time.

Indri van Hien and Cassie Herlihy
Fund Managers
29 July 2026

Portfolio snapshot

Subsector breakdown

Analysis of total equity investments by subsector at 31 May



Equities	Portfolio 2026 %	Portfolio 2025 %
Electronic and Electrical Equipment	9.9	4.3
Construction and Materials	9.8	12.3
Software and Computer Services	9.4	12.4
Investment Banking and Brokerage Services	9.3	8.5
Travel and Leisure	5.7	6.4
Industrial Support Services	5.5	4.9
Aerospace and Defence	3.9	4.9
Oil, Gas and Coal	3.9	2.9
Retailers	3.8	5.0
Industrial Metals and Mining	3.6	1.7
Media	3.3	3.2
Industrial Transportation	3.2	2.1
Banks	3.0	–
Pharmaceuticals and Biotechnology	2.8	1.4
Finance and Credit Services	2.7	6.1
Household Goods and Home Construction	2.5	4.3

Equities	Portfolio 2026 %	Portfolio 2025 %
Industrial Engineering	2.4	2.6
Health Care Providers	2.4	0.4
Real Estate Investment and Services	1.9	2.6
Real Estate Investment Trusts	1.6	2.3
Personal Goods	1.6	1.1
Leisure Goods	1.5	1.7
Chemicals	1.5	1.0
Medical Equipment and Services	1.0	0.9
Technology, Hardware and Equipment	0.9	0.5
Telecommunications Service Providers	0.8	3.0
Food Producers	0.8	–
Consumer Services	0.8	0.6
Life Insurance	0.5	2.4
Personal Care, Drug and Grocery Stores	–	0.5

See page 72 which shows total investments held at fair value in the Balance Sheet. As at 31 May 2026 and 31 May 2025, the Company had no holdings in the following sectors: Closed-ended investments and General Industrials. Sources: Factset, Janus Henderson

Portfolio holdings

As at 31 May 2026

Ranking 2026	Ranking 2025	Company	Principal activities	Valuation 2026 £'000	Valuation 2025 £'000	Portfolio %
1	12	Oxford Instruments	Advanced instrumentation equipment	20,896	12,598	3.40
2	2	Balfour Beatty	International contractor	20,617	23,311	3.36
3	1	Paragon Banking	Buy-to-let mortgage provider	18,583	26,077	3.02
4	7	OSB Group	Buy-to-let mortgage provider	16,527	16,531	2.69
5	8	Vesuvius	Ceramic engineering	14,889	14,230	2.42
6	24	Computacenter	IT reseller	14,882	8,806	2.42
7	46	Renishaw	Precision measuring & calibration equipment	14,464	6,501	2.35
8	9	SigmaRoc[1]	Aggregates supplier	14,190	13,878	2.31
9	3	Bellway	Housebuilder	13,141	22,919	2.14
10	4	Mitchells & Butlers	Hospitality operator	12,701	20,264	2.07
11	11	Chemring	Defence products & services	12,682	13,649	2.06
12	6	Volution	Producer of ventilation products	12,506	16,568	2.04
13	10	Serco	Outsourcing services	12,195	13,850	1.98
14	20	Rathbones	Private client wealth manager	12,123	9,559	1.97
15	14	IntegraFin	Investment platform	11,748	12,036	1.91
16	42	Serica Energy[1]	Oil and gas exploration & production	11,616	7,124	1.89
17	62	Hill & Smith	Fabricated metal products	11,534	4,477	1.88
18	17	Morgan Sindall	Diversified building contractor	11,277	10,749	1.84
19	48	Clarkson	Shipping services	11,216	6,410	1.83
20	34	Bodycote	Engineering group	10,839	7,723	1.76
21	43	AJ Bell	Investment platform	10,787	6,995	1.76
22	16	Softcat	Software reseller	10,295	11,039	1.68
23	59	Genus	Animal genetics products & services	10,014	5,196	1.63
24	65	XP Power	Electrical power products	9,976	4,244	1.62
25	56	Bridgepoint	Private equity fund manager	9,867	5,579	1.61
26	38	Watches of Switzerland	Luxury watch retailer	9,588	7,606	1.56
27	26	Everplay[1]	Games software developer	9,462	8,648	1.54
28	44	Luceco	Electrical products	8,970	6,873	1.46
29	–	CVS Group	Veterinary practices	8,775	–	1.43
30	–	Mitie Group	Industrial support services	8,697	–	1.41
31	29	ZIGUP	Commercial vehicle hire	8,307	8,131	1.35
32	32	Avon Technologies	Defence products	8,121	7,858	1.32
33	66	Trustpilot	Consumer review platform	7,934	4,203	1.29
34	85	Oxford Biomedica	Gene & cell therapy	7,077	2,765	1.15
35	28	Workspace	Real estate investment & services	7,012	8,340	1.14
36	–	SSP Group	Operator of food & beverage outlets	6,718	–	1.09
37	–	Rosebank	Industrials holding company	6,428	–	1.05
38	31	Savills	Property transactional consulting services	5,949	7,976	0.97
39	33	Hollywood Bowl	10 pin bowling operator	5,927	7,736	0.96
40	82	Spire Healthcare	Private healthcare services	5,818	3,122	0.95
41	27	Moonpig	Online card & gift retailer	5,710	8,370	0.93
42	35	Harworth	Urban regeneration & property investment	5,645	7,702	0.92
43	57	Foresight	Specialist fund manager	5,540	5,330	0.90
44	75	Raspberry Pi	Computer board manufacturer	5,528	3,521	0.90
45	–	Elementis	Chemicals	5,519	–	0.90
46	83	Next 15[1]	PR & media services	5,482	3,072	0.89
47	64	Bloomsbury Publishing	Consumer & academic publisher	5,412	4,316	0.88
48	–	Elixirr	Consulting services	5,249	–	0.85

1 Quoted on the Alternative Investment Market

More information on the basis of the valuation can be found in the Notes to the Financial Statements on page 75

For details of the movements in the investment portfolio during the year, please refer to Note 10 on page 81

Portfolio holdings continued

Ranking 2026	2025	Company	Principal activities	Valuation 2026 £'000	2025 £'000	Portfolio %
49	53	Auction Technology	Online auction software provider	5,179	5,929	0.84
50	21	Wickes	DIY retailer	5,108	9,086	0.83
51	55	Hunting	Oil equipment & services	5,018	5,761	0.82
52	80	4imprint	Promotional products & services	5,014	3,224	0.82
53	15	Gamma Communications	Telecommunications	4,967	11,997	0.81
54	41	Currys	Electronics retailer	4,960	7,175	0.81
55	–	Greencore	Food producers	4,955	–	0.81
56	73	Capricorn Energy	Oil and gas exploration & production	4,818	3,833	0.78
57	69	RM	Educational software & services	4,677	4,001	0.76
58	50	DFS	Furniture retailer	4,669	6,198	0.76
59	–	Saga	Travel & leisure	4,643	–	0.76
60	49	Alfa Financial Software	Leasing software	4,409	6,336	0.72
61	37	Baltic Classifieds	Online classifieds platform	4,319	7,653	0.70
62	58	XPS Pensions	Pensions consultancy	4,306	5,254	0.70
63	52	Wilmington	B2B information provider	4,245	6,135	0.69
64	76	Advanced Medical Solutions[1]	Medical supplies manufacturer	4,212	3,491	0.68
65	–	ActiveOps[1]	Software & computer services	3,827	–	0.62
66	22	GB Group	Data intelligence services	3,674	8,871	0.60
67	18	QinetiQ	Defence services	3,439	9,955	0.56
68	40	Victrex	Speciality chemicals	3,411	7,204	0.55
69	–	Chesnara	Life insurance	3,004	–	0.49
70	68	GlobalData	B2B information provider	2,847	4,061	0.46
71	–	Tatton Asset Management[1]	Fund Management	2,753	–	0.45
72	89	Young & Co's share class NV	Pub operator	2,710	2,548	0.44
73	–	Travis Perkins	Retailers	2,690	–	0.44
74	74	Harbour Energy	Oil and gas exploration & production	2,623	3,738	0.43
75	78	Helical	Office property investor & developer	2,593	3,471	0.42
76	72	FRP Advisory[1]	Investment advisory services	2,462	3,838	0.40
77	81	SThree	Recruitment company	2,461	3,128	0.40
78	45	Crest Nicholson	Housebuilder	2,432	6,824	0.40
79	84	Young & Co's share class A	Pub operator	2,373	2,916	0.39
80	88	Niox[1]	Medical supplies manufacturer	2,195	2,564	0.36
81	–	NCC Group	Cybersecurity services	2,014	–	0.33
82	70	Pinewood Technologies	Automotive software & services	1,587	3,942	0.26
83	63	Stelrad	Radiator manufacturer	1,410	4,404	0.23
		Total equity investments		**614,437**		**100.00**

There were no convertible or fixed interest securities at 31 May 2026 (2025: None).

1 Quoted on the Alternative Investment Market

More information on the basis of the valuation can be found in the Notes to the Financial Statements on page 75
For details of the movements in the investment portfolio during the year, please refer to Note 10 on page 81

Case studies

Renishaw

Proportion of portfolio

2.4%

(as at 31 May 2026)

What does it do?

Renishaw is a global engineering technology group which designs and manufactures high-precision measurement, motion control and manufacturing systems used by customers across industries including transport, electronics, healthcare and advanced manufacturing.

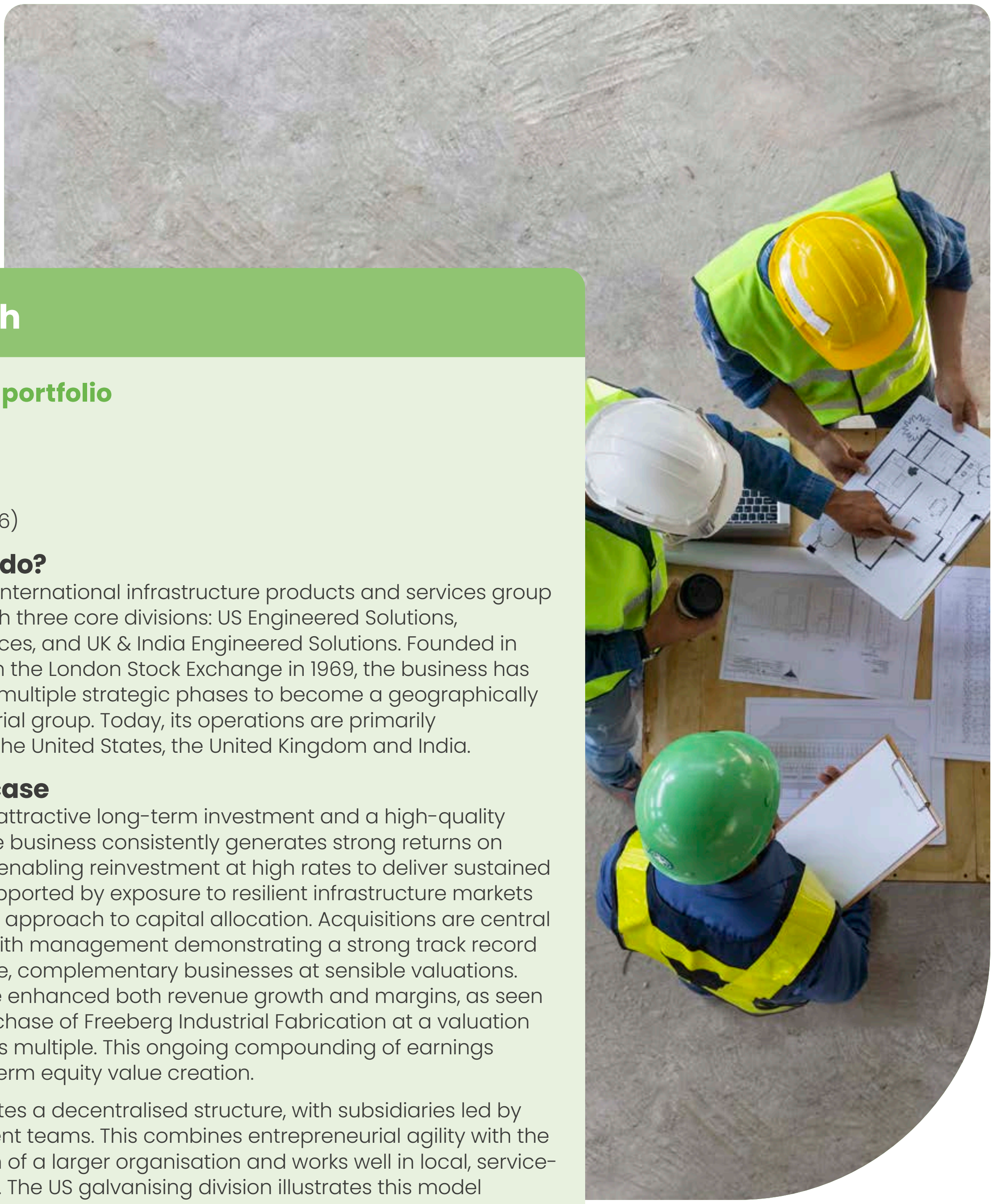
The business was founded in 1973 by Sir David McMurtry and John Deer, and gained a full listing on the London Stock Exchange in 1984.

Investment case

Renishaw is a rare UK engineering champion, supplying highly precise measurement and manufacturing technology that helps customers make complex products more accurately, efficiently and reliably. Its probes, sensors, encoders, calibration systems, spectroscopy instruments and metal 3D-printing technology are used across advanced manufacturing markets including semiconductors, electronics, aerospace, healthcare and industrial automation. We invested because Renishaw combines leading-edge technology, strong intellectual property and attractive long-term growth drivers, including factory automation, smart manufacturing, reshoring and AI-enabled production. Many of its established product lines hold number one or number two market positions, providing strong competitive foundations, while newer areas such as industrial automation, software and additive manufacturing offer further growth potential. The company also benefits from a robust net cash balance sheet, giving it the resilience to keep investing through more challenging economic periods. Renishaw has consistently reinvested heavily in research and development, typically spending a mid-teens percentage of sales, which supports its long-term innovation-led model. We also see meaningful scope for margin improvement, driven by cost actions, operational gearing and growth in higher-value product lines. Historically, Renishaw was a tightly held, founder-led business; following the passing of co-founder Sir David McMurtry and recent changes to the governance structure and management team, we believe there is an opportunity to modernise the operating model, improve manufacturing efficiency and bring Renishaw's technology to previously underserved areas of the market.

If executed well, this should support stronger growth, higher returns and improved shareholder outcomes over time.

Case studies continued



Hill & Smith

Proportion of portfolio

1.9%

(as at 31 May 2026)

What does it do?

Hill & Smith is an international infrastructure products and services group operating through three core divisions: US Engineered Solutions, Galvanising Services, and UK & India Engineered Solutions. Founded in 1824 and listed on the London Stock Exchange in 1969, the business has evolved through multiple strategic phases to become a geographically diversified industrial group. Today, its operations are primarily concentrated in the United States, the United Kingdom and India.

Investment case

Hill & Smith is an attractive long-term investment and a high-quality compounder. The business consistently generates strong returns on invested capital, enabling reinvestment at high rates to deliver sustained growth. This is supported by exposure to resilient infrastructure markets and a disciplined approach to capital allocation. Acquisitions are central to the strategy, with management demonstrating a strong track record of acquiring niche, complementary businesses at sensible valuations. These deals have enhanced both revenue growth and margins, as seen in the recent purchase of Freeberg Industrial Fabrication at a valuation below the Group's multiple. This ongoing compounding of earnings underpins long-term equity value creation.

The Group operates a decentralised structure, with subsidiaries led by local management teams. This combines entrepreneurial agility with the financial strength of a larger organisation and works well in local, service-oriented markets. The US galvanising division illustrates this model effectively, providing protective steel coatings for infrastructure. It is a high-margin, cash-generative business with repeat demand, strong pricing power and responsive local decision-making that supports customer retention.

The US now drives the majority of profits, accounting for around 79%, and continues to show strong momentum. Growth is underpinned by structural tailwinds, including investment in data centres, energy, transport and broader infrastructure renewal. Significant government support, such as the Infrastructure Investment and Jobs Act, is directing substantial funding into these markets, providing long-term visibility of demand.

Overall, this combination of disciplined capital allocation, decentralised execution and favourable end-markets positions the Group well to sustain attractive long-term compounding.

Business model

Investment objective

Total Return

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

Purpose

The Company's purpose is to provide shareholders with long-term growth through investing in UK smaller companies in a form of investment accessible to investors, both large and small. The Company appoints experienced Fund Managers to achieve this through a disciplined process of investing in a diversified portfolio of quoted companies which benefit from sustainable growth trends. The Company seeks to control costs and may use borrowings with the aim of enhancing long-term shareholder returns.

Investment policy

Smaller companies are defined as any company outside the FTSE 100 Index. Once a portfolio company enters the FTSE 100 Index, the Fund Managers have, in normal circumstances, six months to sell the position. Investments may include shares, securities and related financial instruments, including derivatives. The following investment ranges apply:

- Equities: 80% – 100% of total gross assets
- Fixed income and cash: 0% – 20%

The Company maintains a diversified portfolio and cannot:

- Invest more than 5% of its total gross assets in any one holding; or
- Hold more than 10% of an investee company's equity,

in each case measured at the time of investment (or additional investment).

The Board may give approval to the Manager to exceed these limits to as far as 10% and 20% respectively but only in exceptional circumstances.

It is the stated investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

Derivatives

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management.

Gearing

Net gearing (defined as all borrowings less cash balances and investments in cash funds) is limited by the Board to a maximum of 30% of shareholders' funds.

How the Company creates value

The Company operates as a closed-ended investment trust, providing shareholders with access to an actively managed portfolio of UK smaller companies through a listed vehicle. This structure allows shareholders to gain diversified exposure to the asset class through a single investment and enables the Fund Managers to take a long-term view without needing to manage investor inflows or redemptions.

Business model continued

The Company's business model is based on four principal elements:

Active investment in UK smaller companies

The Fund Managers use research-led stock selection to identify high-quality smaller companies with strong growth potential. The Company's benchmark is the Deutsche Numis Smaller Companies Index (excluding investment companies), whose returns the Fund Managers aim to outperform.

The Manager is not a passive or indexed investor. The portfolio is constructed selectively and differs meaningfully from the benchmark, reflecting the Fund Managers' assessment of the prospects for individual companies. The portfolio's active share at 31 May 2026 was 66.0% (63.3% at 31 May 2025).

Diversification and risk control

The Company's investment policy and Board-approved investment limits are designed to ensure that the portfolio remains diversified and that investment risk is managed appropriately. The Board monitors compliance with the Company's investment restrictions, including limits on portfolio concentration, investment in other listed investment companies and gearing.

Closed-ended structure and gearing

As an investment trust, the Company's closed-ended nature is central to its business model. It allows the Fund Managers to maintain a long-term investment approach and remain invested during both normal and volatile market conditions. The structure also enables the Company to use gearing where the Board and Manager consider it appropriate, with the aim of enhancing long-term shareholder returns. Full details of the Company's borrowings are on page 84.

Independent oversight and delegated operations

The Company has no employees, premises or operations. The Board delegates investment management, administration, accounting, company secretarial and other functions to specialist service providers, while retaining responsibility for strategy, governance, risk oversight and the monitoring of service provider performance. This enables the Company to operate efficiently.

Structure and governance

Founded in 1887, the Company operates as an investment trust under s1158 of the Corporation Tax Act 2010 and is exempt from corporation tax on capital gains. The Company is a public company limited by shares, governed by its articles of association and accountable to its shareholders.

The Company's shares trade on the main market of the London Stock Exchange. The Company is included in the FTSE 250 and is classified within the closed-ended investment funds category. It is subject to applicable FCA requirements, including the UK Listing Rules and the Disclosure Guidance and Transparency Rules ("DTR"), and is a member of the Association of Investment Companies ("AIC").

The Board comprises solely independent non-executive directors. It sets the Company's strategy, monitors performance, oversees risk and challenges the Manager and other service providers on behalf of shareholders. The directors are independent of the Manager and other service providers.

Management and service providers

Janus Henderson Fund Management UK Limited acts as the Company's alternative investment fund manager and delegates investment management services to Janus Henderson Investors UK Limited. References in this report to 'Janus Henderson', 'JHI' or the 'Manager' refer to the services provided to the Company by the Janus Henderson Investors group of companies.

The fund management team is responsible for day-to-day investment decisions and implementation of the investment strategy within the parameters set by the Board. The team is led by Indri van Hien, who has been Fund Manager since January 2025, having previously been Deputy Fund Manager since 2016. In November 2025, Cassie Herlihy joined Janus Henderson and was appointed as Deputy Fund Manager.

Janus Henderson and its subsidiaries provide accounting, sales, marketing and general administrative services. Some administration and accounting services are carried out, on behalf of the Manager, by BNP Paribas. Janus Henderson Secretarial Services UK Limited acts as corporate secretary.

Alignment, costs and oversight

The Board reviews the management arrangements annually through its Management Engagement Committee. The management agreement can be terminated on six months' notice.

The management fee is charged at 0.35% of net assets per annum. A performance fee may also be payable when the Company outperforms its benchmark, subject to the conditions, safeguards and limits set out on page 92. No performance fee is payable for the year ended 31 May 2026.

The fund management team receives a proportion of any performance fee paid by the Company to the Manager and a proportion of that amount is deferred into shares in the Company. All members of the fund management team have shareholdings in the Company.

Category of cost	2026 £'000	2026 % of average net assets[1]	2025 £'000	2025 % of average net assets[1]
Management fee[2]	1,999	0.34	2,396	0.35
Performance fee	–	–	–	–
Total	1,999	0.34	2,396	0.35

1 Calculated as a percentage of average monthly net assets, which is the basis on which the management and performance fee cap is calculated

2 The percentage in this table is calculated on the average of the month-end net assets, which is the basis on which the cap is assessed. The actual management fee is calculated and charged quarterly in advance on the net assets at the end of the previous quarter

See page 92 in the Glossary for further details regarding calculation of the fee structure.

The Board monitors the Company's ongoing charges and the value provided by the Manager and other service providers. The Board believes that the ongoing charge of 0.53% during the year represented good value for money for shareholders. Further details of the fee arrangements and ongoing charges are set out on page 92 and the Chair's Statement on page 9.

The FCA published final rules for the new Consumer Composite Investments regime in December 2025. The new regime, which will apply fully from 8 June 2027, will introduce updated requirements for the presentation of costs and charges information for closed-ended funds. The Company will review its cost disclosures in light of the new rules as part of its implementation planning.

Culture, values and business ethics

The Board promotes a culture of openness, constructive challenge, diversity, adaptability and integrity. These principles inform the Board's own operation and its oversight of the Manager and other service providers.

The Board seeks to make effective use of the diversity of skills, characteristics and experience of its members. At the financial year end and at the date of this Report, the Board was composed of five directors, three of whom are female and two male. The Company has no executive senior managers and no employees, as all day-to-day operations are externally managed. Further details of the directors' biographies, board composition and diversity disclosures are set out on pages 40, 41 and 53.

The Board seeks annual assurances from its key service providers in relation to modern slavery, anti-bribery and corruption, criminal finances and sanctions compliance. Further details about this due diligence exercise are set out in the Audit and Risk Committee Report on page 50. Given the Company's externally managed structure and absence of employees, its direct exposure to employee, social, community and human rights matters is limited; where relevant, these matters are considered through the Board's oversight of service providers and the Manager's stewardship of investee companies.

The Board believes that the Company's closed-ended investment trust structure, active management approach, disciplined risk controls and independent oversight support the delivery of long-term shareholder returns from investment in UK smaller companies.

Principal risks and uncertainties

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal and emerging risks facing the Company, including their nature, potential impact, mitigating controls and the reporting received by the Board and its Committees.

The Audit and Risk Committee maintains a detailed risk matrix, which is reviewed at each meeting and subject to a more detailed annual review. The Committee uses the risk matrix, heat maps and the results of an exercise by individual directors to review the Company's risk profile and identify any changes in the significance of principal and emerging risks.

During the year, the Board continued to review the Company's risk management and internal control framework and began formalising the mapping of existing key controls to the material controls reporting requirements under Provision 34 of the 2024 AIC Code. The enhanced Provision 34 reporting requirements will apply to the Company for the financial year ending 31 May 2027.

In assessing the Company's principal and emerging risks, the Board considered heightened geopolitical and macroeconomic uncertainties, including market volatility, the continuing war in Ukraine, conflict and instability in the Middle East, disruption to global trade and supply chains, tariff and protectionism risks, persistent inflationary pressures, changes in interest rates and financing conditions, developments in artificial intelligence, and the outlook for the UK economy. The Board considered the potential impact of these factors on investor sentiment, corporate earnings, valuations, liquidity, the Company's borrowings, discount management and operational resilience.

While short-term economic and market uncertainty remain, the Board concluded that the Company's portfolio and the Manager's investment approach remained appropriate in light of the principal and emerging risks identified. In reaching this conclusion, the Board considered the Fund Managers' long-standing investment philosophy, which is based on fundamental, qualitative analysis, engagement with management teams and valuation discipline, and the view that smaller companies can deliver attractive returns over the long term.

The principal risks fall broadly under the following categories:

Risk	Key controls and mitigation	Board/Committee monitoring and assurance	Change in perceived risk during the year
Investment activity and strategy			
Poor investment processes and performance, inappropriate asset allocation, ineffective use of gearing or failure to maintain an investment proposition attractive to shareholders could affect NAV performance, share price performance, the discount to NAV and shareholder demand.	The Board receives reports on investment performance, portfolio construction, gearing, attribution analysis, ESG considerations, discount management and shareholder feedback at each board meeting. The Manager operates within investment limits and restrictions set by the Board, and compliance with investment limits is reported regularly to the Board. The Board reviews the continuing appropriateness of the Company's investment objective, policy and strategy.	At each meeting, the Board reviews investment performance, attribution, portfolio exposure, gearing, investment limits, shareholder analysis, broker feedback and marketing reports. The Board held some ad hoc meetings during the year to discuss macro political and economic events and the potential impact on the Company's performance.	↑ While short-term investment performance improved during the period under review, the Board increased its rating of this risk during the year, due to continued lack of shareholder demand for UK smaller companies, increased market volatility and geopolitical uncertainties. The Board continues to monitor investment performance and the discount to NAV closely.
Loss of key fund management personnel or inadequate resourcing could affect investment decision-making, continuity of portfolio management and shareholder confidence.	The Board receives regular reports from the Manager on fund management resourcing, succession planning and team structure. The Management Engagement Committee reviews the Manager's performance and resources annually.	Annual Management Engagement Committee review of the Manager and its succession planning for key roles. Several ad hoc meetings were held during the year to monitor fund manager recruitment and succession planning.	↓ The Board reduced its rating of this risk during the year, following the successful transition of fund management responsibilities and the recruitment of an additional fund manager, following the retirement of Neil Hermon.

↑ Increase ↔ No change ↓ Decrease

Risk	Key controls and mitigation	Board/Committee monitoring and assurance	Change in perceived risk during the year
Legal and regulatory			
Loss of investment trust status, breach of company law, breach of UK Listing Rules, DTR or other applicable regulation could result in tax consequences, regulatory sanction, suspension of listing, reputational damage or additional costs.	The Manager monitors compliance with s1158 of the Corporation Tax Act 2010 and reports to the Board. The Company Secretary and professional advisers support the Board in monitoring compliance with company law, UK Listing Rules, DTR and other applicable legal and regulatory requirements.	Board and Committee reviews of regulatory updates, compliance reporting, s1158 reporting, Company Secretary reporting and professional advice where required.	⟷ The Board's assessment of the rating of this risk remains unchanged on the previous year.
Operational			
Failure of a key service provider, a cyber incident, business continuity failure, control failure or service-level deterioration could affect portfolio administration, financial reporting, dealing, payments, shareholders records, regulatory reporting or the Company's reputation.	The Company has no employees and so delegates its principal operational functions to the Manager and specialist service providers. The Board and its Committees review service provider performance, internal control reports, business continuity arrangements, cyber security reporting and operational updates.	Audit and Risk Committee review of internal control reporting and assurance reports. The Committee also monitors cyber security through internal controls reporting and periodic updates from the Manager. Management Engagement Committee review of service provider performance, contractual arrangements and service levels.	⟷ The Board's assessment of the rating of this risk remains unchanged on the previous year.
Financial instruments and the management of risk			
Market price movements, interest rate changes, liquidity constraints, currency exposure or counterparty failure could affect NAV, revenues, gearing, covenant compliance and the Company's ability to meet liabilities as they fall due.	The Board monitors gearing, liquidity, cash balances, borrowing facilities, covenant compliance and portfolio liquidity. The Company's policies for management of market risk, liquidity risk, credit risk and counterparty risk are set out in note 15 to the financial statements.	Board review of gearing, liquidity, borrowing facilities and covenant compliance. Audit and Risk Committee review of financial reporting and audit findings.	⟷ The Board's assessment of the rating of this risk remains unchanged on the previous year.

↑ Increase ⟷ No change ↓ Decrease

Emerging risks

At each meeting, the Board considers emerging risks, which it defines as potential trends, sudden events or changing risks characterised by a high degree of uncertainty as to their likelihood, timing and potential impact on the Company. Where an emerging risk becomes sufficiently clear or significant, it is incorporated into the Company's risk matrix and considered alongside the principal risks.

Emerging risks are identified through reporting from the Manager, the Company Secretary and other service providers, together with regulatory, market and governance updates, professional advice and the directors' own experience and external engagement. The Fund Managers also report on emerging risks which may affect portfolio companies or the wider UK smaller companies market.

During the year, the Board considered emerging risks, including geopolitical uncertainty, artificial intelligence, cyber security, regulatory change, service provider resilience and UK economic and political conditions. The Board concluded that these matters were appropriately addressed within the existing principal risks and did not identify any new emerging risk requiring separate disclosure.

Measuring the Company's performance

The directors use key performance indicators ("KPIs") to measure the success of the Company in meeting its objective and to evaluate the performance of the Manager. The focus of the Board is on the longer term, but when reviewing the performance of the Manager each year, the Board uses the KPIs set out below. The charts and data on pages 6-7 and 96 give more insight into how the Company has performed against these KPIs. They are also explained in the glossary and alternative performance measures on pages 91-94.

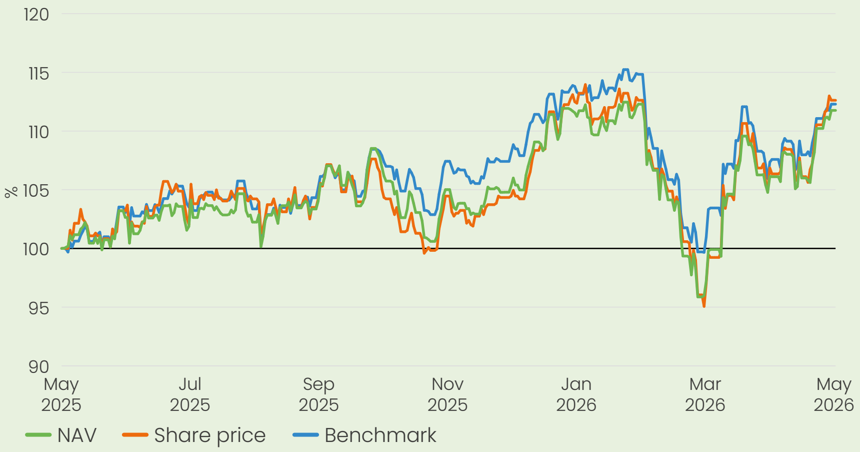
KPI | **Action**

Performance against benchmark

See p.6

The Board compares the Company's NAV total return and share price total return with the Deutsche Numis Smaller Companies Index (excluding investment companies). During the year under review, the Company's NAV underperformed the benchmark by 0.5% on a total return basis and the share price outperformed the benchmark by 0.3% on a total return basis.

NAV and share price total return against benchmark

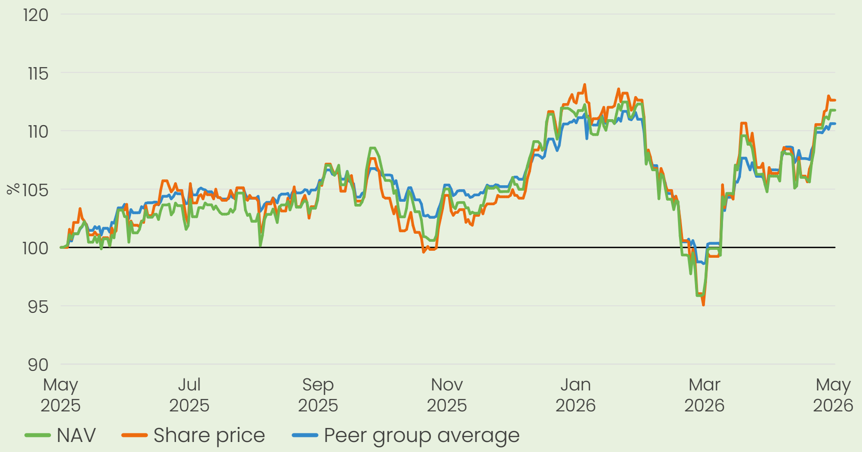


Performance against peer group

See p.6

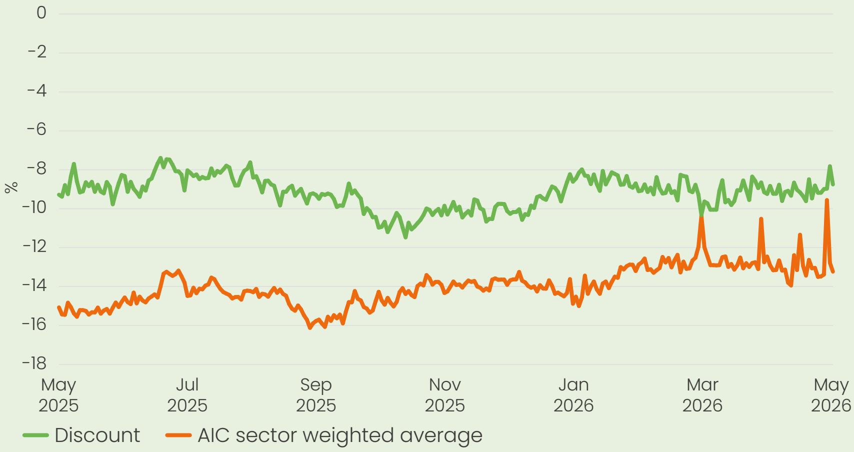
The Board reviews the Company's NAV total return and share price total return against the AIC UK Smaller Companies sector average. During the year under review, the Company's NAV outperformed the peer group average by 1.7% on a total return basis and the share price underperformed the peer group average by 0.5% on a total return basis.

NAV and share price total return against peer group average

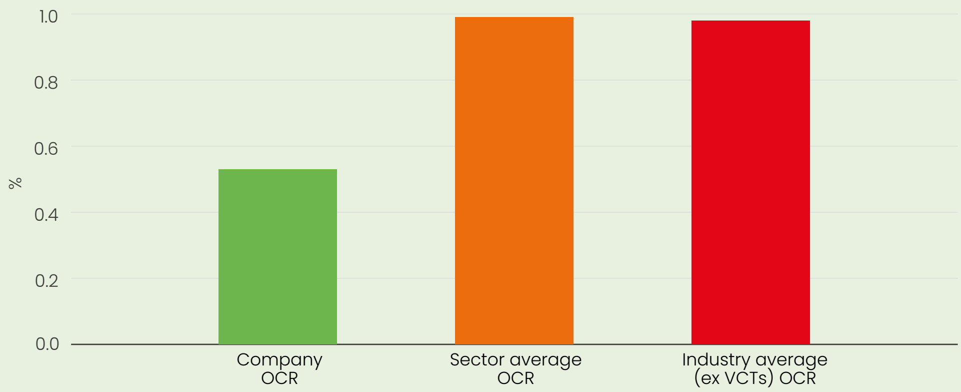


KPI	Action
Discount/premium to NAV See p.93	The Board monitors the discount or premium to NAV at which the Company's shares trade and reviews this against the AIC UK Smaller Companies sector average. The Board also considers investor relations, marketing activity, shareholder feedback and the use of share buybacks where these are expected to enhance shareholder value. During the year, the Company bought back 12,899,062 shares, representing 18.8% of issued share capital (excluding Treasury shares), enhancing NAV positively by 1.7%. The discount ranged from 11.5% to 7.4%, averaged 9.2% during the year, and closed the year at 8.7%.

Discount against AIC sector weighted average



KPI	Action
Ongoing charge ratio ("OCR") See p.93	The Board monitors the Company's ongoing charge, calculated in accordance with the AIC methodology, as a measure of cost efficiency and compares it with the peer group. During the year under review, the ongoing charge was 0.53% (2025: 0.45%), compared with the peer group's average of 0.99%. See Chair's Statement on page 9.



Source: Association of Investment Companies

Section 172 Statement

The directors act collectively to promote the success of the Company for the benefit of shareholders as a whole, having regard to the factors in s172(1) of the Companies Act 2006. As an externally managed investment company with no employees, the Company's key stakeholders are its shareholders, potential investors, the Manager, other service providers, investee companies, lenders, regulators and industry bodies.

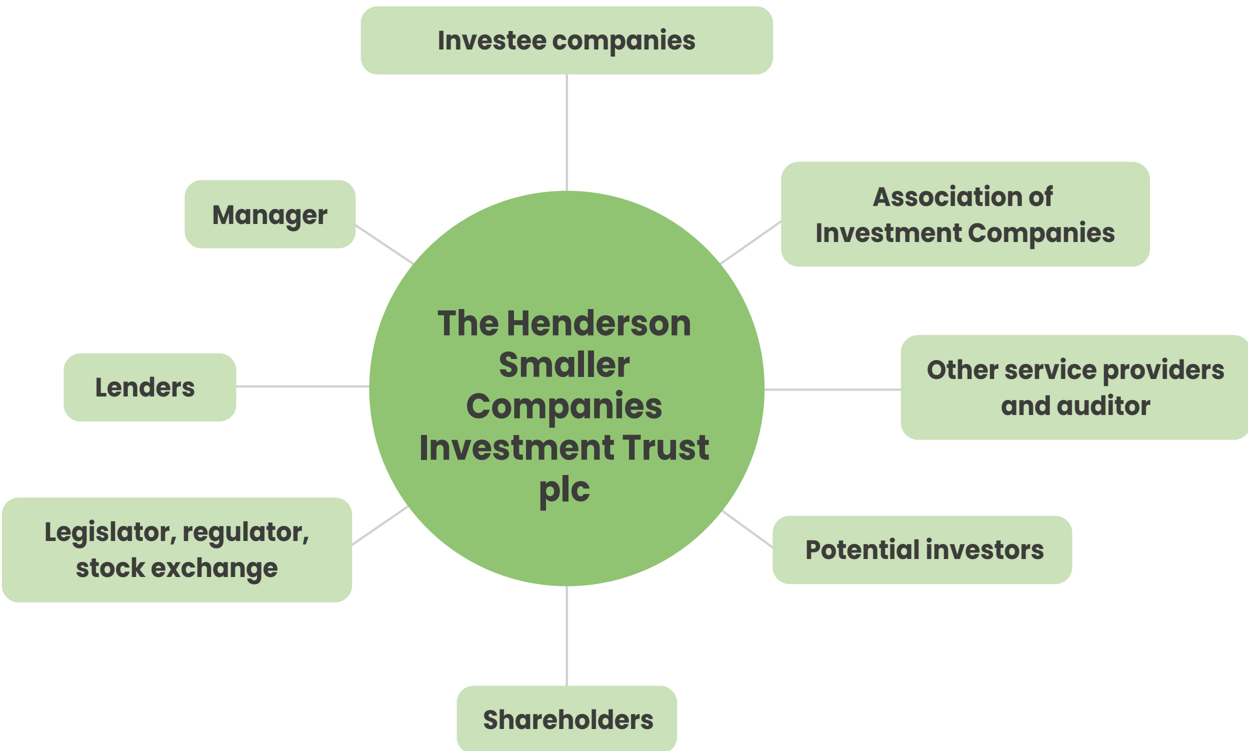
The Board engages with stakeholders directly and through the Manager, the corporate broker and other service providers. The Board considers stakeholder interests when setting strategy, monitoring performance, overseeing risk, reviewing service provider arrangements and making principal decisions.

The Board invites shareholders and other stakeholders to contact it directly. Shareholders are welcome to write to the Chair or Senior Independent Director at the registered office (see page 105), or by email to **itsecretariat@janushenderson.com** with any feedback, queries or concerns. The Board reviews all shareholder correspondence addressed to it.

The Board is pleased to invite shareholders to attend the AGM and Fund Managers' presentation for the year ended 31 May 2026. More details are on page 61, and in the AGM Notice on page 98 onwards.

Stakeholder map

The Board has adopted a map to support the directors in identifying and understanding stakeholders and how best to engage and interact with each:



The Company's relationships with its stakeholders

Stakeholder	Why they matter	How the Board engaged	Outcome during the year
Shareholders and potential investors	Shareholders provide the Company's capital and are the primary beneficiaries of the Board's duty to promote the success of the Company. Potential investors are important to the liquidity and long-term demand for the Company's shares.	The Board engaged with shareholders through the AGM, shareholder correspondence, meetings with larger shareholders, the Company's website, investor presentations, regular reporting and feedback from the Manager, corporate broker and sales team.	The Board considered shareholder feedback, discount management, liquidity in the Company's shares, marketing activity and the successful outcome of the continuation vote. As a result, the Board continued to make improvements and enhancements to existing processes, as can be seen in the Board decision-making summary on page 33.
Manager (Janus Henderson Investors)	The Manager is responsible for portfolio management and provides or arranges for administrative, operational and governance services for the Company.	The Board engaged with the Manager through regular Board reporting, portfolio reviews, performance attribution, ESG and stewardship reporting, risk and compliance updates and the annual Management Engagement Committee review.	The Board reviewed fund management succession, the appointment of additional portfolio management resource and enhanced performance reporting following a period of underperformance. The Board has also invested in an enhanced marketing programme, described further on page 33.
Other service providers	The Company relies on specialist service providers, including the depositary, custodian, registrar, corporate broker, lenders, legal advisers, auditor and administrator.	The Board and its Committees reviewed service quality, fees, internal controls, business continuity, cyber security and contractual arrangements.	The Management Engagement Committee formally reviewed service provider performance and appointments during the year, as set out on pages 55.
Investee companies	The Company's exposure to investee companies is managed by the Fund Managers in accordance with the investment objective and policy.	The Board reviewed portfolio composition, stock selection, engagement activity and voting reports. The Manager engaged with investee companies on strategy, performance, governance and ESG matters.	The Board monitored how engagement with investee companies informed the Manager's investment decisions, stewardship activity and voting decisions during the year. See the ESG Report on pages 34-37 for more details.
Regulators and industry bodies	Legal, regulatory and governance developments affect the Company's reporting obligations, governance framework and wider operating environment as a listed investment company.	The Board monitored developments through reporting from the Company Secretary, the Manager, advisers and industry bodies.	The Board considered developments relevant to investment companies, corporate governance, regulatory reporting and the wider investment trust sector. The Board submitted responses to the FCA on industry initiatives during the year.

Board decision making

In addition to routine matters, including approval of the half-year results, annual results, dividends, the AGM and regular portfolio and performance reviews, the Board made the following principal decisions during the year.

Principal decision	Factors considered	Outcome
Fund management succession	The Board considered continuity of portfolio management, the Manager's resourcing, succession planning, shareholder confidence and the long-term interests of the Company.	The Board approved the appointment of Cassie Herlihy as Deputy Fund Manager and monitored the orderly transition following Neil Hermon's retirement.
Investment performance and reporting	The Board considered the period of underperformance, the need for clearer attribution analysis and the importance of greater transparency over the fund management team's investment process, team structure, decision-making and review of disappointing stock outcomes.	The Board received enhanced reporting from the fund management team, including more detailed attribution analysis, individual stock reviews and clearer explanations about how the team makes investment decisions, monitors portfolio holdings and reviews any stocks which are underperforming.
Borrowing arrangements	The Board considered the Company's investment strategy, expected use of gearing, covenant requirements, cost, flexibility and lender terms.	The Board renewed the £70 million revolving credit facility with BNP Paribas, London Branch, following a review of indicative terms from potential lenders.
Capital structure	The Board considered the balance sheet structure, shareholder interests, administrative simplicity and the Company's Articles of Association.	The Board bought back and cancelled the remaining preference stock.
Discount management and shareholder engagement	The Board considered the discount to NAV, liquidity in the Company's shares, shareholder feedback and the authority granted by shareholders.	The Board continued the share buyback programme, including convening two additional general meetings during the year to obtain shareholder approval for this purpose, and reviewed marketing, investor relations and broker feedback.
Enhanced retail marketing programme	The Board worked with the Manager on an enhanced 2026 marketing and media plan focused on retail investor engagement, considering proposed activity levels, third-party research support, expected benefits, budget oversight, KPIs and channel mix.	The Board approved the enhanced programme, subject to oversight of costs, KPIs and channel effectiveness. It considered that the programme would support the Company's long-term interests by improving market awareness, broadening retail investor engagement and supporting demand for the Company's shares.
Governance framework	The Board considered the 2024 AIC Corporate Governance Code, the forthcoming material controls reporting requirements and the need to keep Board and Committee documentation current.	The Board updated elements of its governance framework and continued preparatory work for the enhanced Provision 34 reporting requirements. In addition, the Board reviewed the Articles of Association and is proposing some updates to be approved by shareholders at the forthcoming AGM (see the Explanation of AGM resolutions on pages 101-102 for more details).

ESG Report

The Board believes that engaged, long-term ownership can be a force for positive change. It therefore supports the Fund Managers' responsible approach to environmental, social and governance ("ESG") matters, including the integration of ESG considerations into investment decisions by the fund management team (the "Team"), company engagement and voting at investee company shareholder meetings. As one of the largest investors in listed UK small and mid-cap companies, the Fund Managers recognise the meaningful influence they can have on the conduct of portfolio companies and their responsibility to exercise that influence.

Defining ESG

Environment

Environmental factors include climate change, energy efficiency, resource depletion, water and waste management.

Social

Social factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.

Governance

Governance factors include mitigating risks such as bribery and corruption, questioning board diversity, executive pay, accounting standards and shareholder rights, and positively influencing corporate behaviour.

Investment approach and ESG engagement

The Team uses a combination of bottom-up and top-down analysis to find companies with undervalued long-term growth potential. ESG issues are identified as part of the Team's established '4Ms' process, which assesses portfolio companies' models, management, money and momentum.

A key part of the Team's philosophy is the sustainability of business models. The Team believes that, over time, the most successful management teams are likely to be those with strong ESG and sustainability characteristics, a long-term focus, a good record of shareholder alignment and a clear understanding of relevant industry themes. This conviction and long-term focus are reflected in the Company's average holding period of over five years.

Sustainability themes regularly inform capital allocation decisions. Companies providing goods and services which address issues such as the transition to net zero, ageing populations, urbanisation and the savings gap have been attractive from a growth perspective. The Team is also mindful of the risks associated with ESG-themed investing, including policy instability, uncertainty around customer adoption and technological obsolescence.

The Team believes that ESG factors affect all parts of an investment case, often implicitly rather than explicitly. The effectiveness of a company's governance structure and its impact on the environment and society are as important as more traditional indicators of quality, such as cash flow and returns on invested capital.

A company's ESG characteristics also influence how it is valued. These factors affect the valuation multiples that the market is willing to apply to a company's earnings, or the cost of capital used to discount its cash flows. The Fund Managers believe that companies with strong ESG and sustainability characteristics may warrant a valuation premium over time.

Engagement with portfolio companies

The Team's combined experience in the UK market has created a deep knowledge base. Its analysis is supplemented by increasingly sophisticated ESG-related data, broker research and company meetings. The Team recognises that individual ESG data points are not always material to company performance or directly comparable between peers. However, management's overall attention to material ESG and sustainability issues can be a useful indicator of quality, long-term-oriented leadership and the ability to deliver enduring success.

The general level of governance at UK listed companies is high by reference to best practice principles. The Team uses this market feature to support its corporate governance and company research. As active managers in the UK market, the Team is committed to good stewardship and attends approximately 300 company meetings each year. These meetings are used to challenge strategy and hold management to account where issues have arisen.

In addition to engaging with company management, the Team will often engage with the boards of portfolio companies where it believes concerns should be escalated. If the Team does not consider that shareholder concerns are being addressed through engagement, it will consider disinvesting.

The Team works closely with JHI's in-house Responsible Investment and Governance ("RI") team, which provides specialist ESG resource. The RI team screens portfolios for major ESG issues and highlights important ESG engagement topics ahead of company meetings. The RI team and Fund Managers also coordinate a pipeline of proactive engagement with companies on a range of ESG themes. In the year to 31 May 2026, they undertook direct ESG engagements with 27 companies.

- **environmental** issues at 4 of the meetings;
- **social** issues at 8 of the meetings; and
- **governance** issues at 25 of the meetings.

Thematic engagement

The Team carried out thematic engagement during the year to 31 May 2026 with portfolio companies on ESG topics. These themes included cyber readiness for UK consumer companies, governance and supply chain standards for aerospace and defence, ESG review of UK mining companies, and governance engagement on active UK takeover situations. Examples of engagement are set out below. The Team continues to engage with investee companies to monitor progress.

Engagement on governance and supply chain standards in aerospace and defence

Reason for engagement: The Team undertook a thematic engagement with UK-listed smaller companies in the aerospace and defence sector to deepen its understanding of supply chain oversight, governance processes and ESG disclosures. The sector presents inherently higher risks given exposure to export controls, sanctions regimes and sensitive end markets. The Team's focus was on how companies manage human rights, anti-corruption, health and safety, and emerging risks such as responsible artificial intelligence. Failure to appropriately manage these risks increases the likelihood of regulatory breaches, reputational damage and operational disruption, driving potential contract losses and ultimately undermining the investment thesis.

Objective for engagement: To assess whether governance and compliance frameworks were effectively embedded in day-to-day operations, and to encourage improved disclosure on key ESG indicators. The Team focused on understanding how each company manages supply chain risk, oversees human rights considerations in higher-risk geographies, and ensures accountability through board-level governance structures.

Scope and process: The Team engaged with a defence services company, Company A, with operations in the UK, US and Australia and with a defence products and services business, Company B, with a global sales footprint.

Outcome: The engagement was constructive and provided greater clarity on how companies integrate ESG policies into operations, supporting the Team's assessment that key risks are being actively managed and that its broader investment cases remain intact.

At Company B, the engagement highlighted a centralised and systematic approach to compliance, underpinned by its group-wide compliance portal and governance framework. Supplier screening, export control processes and escalation protocols to the ESG Committee appear well embedded, providing a strong foundation for managing risks associated with higher-risk jurisdictions. The company evidenced high completion rates for ethics-related training programmes and demonstrated a proactive approach to health and safety management and training. However, disclosure remains relatively limited in certain areas, particularly around supplier audit coverage and whistleblowing activity, where greater transparency would enhance external accountability.

At Company A, the engagement confirmed the presence of a structured, risk-based approach to supply chain oversight and human rights management, supported by internal screening processes and third-party tools. Governance frameworks appear well developed, including the use of specialist committees to review higher-risk cases and oversee ethical considerations. The company has also taken steps to strengthen safety processes and has demonstrated progress in areas such as workforce stability. On emerging risks, the company has proactively developed an Artificial Intelligence ethical governance framework, which will continue to evolve as best practice develops. As with Company B, there is scope for improved disclosure of quantitative ESG metrics, particularly in relation to supplier audits and whistleblowing, which would support better comparability and tracking of progress over time.

Importantly, the engagement indicated that many ESG risks most relevant to the sector are being actively managed, rather than addressed solely through high-level policies. However, it also reinforced that enhanced disclosure, particularly around quantitative metrics and assurance, remains a key area for improvement. The Team will continue to engage with both companies to encourage incremental progress and to monitor how ESG practices evolve in response to increasing regulatory and stakeholder expectations.

Governance engagement on UK takeover activity

Reason for engagement: Against a backdrop of continued undervaluation in UK smaller companies, elevated M&A activity over the past 12 months has created a risk of opportunistic bids at discounted valuations, reinforcing the need for boards to have a clear view of intrinsic value and engage with shareholders on what constitutes an appropriate outcome. In this context, active shareholder engagement is important to ensure proposed transactions deliver appropriate value and align with long-term return expectations, particularly given differing perspectives across strategic buyers, financial sponsors and public market investors.

Objective for engagement: The objective was to engage directly with board chairs to understand the structure and process of potential bids, including the parties involved and how boards assess value relative to market expectations. The Team sought to communicate its view on fair value, informed by its assessment of underlying fundamentals and potential strategic upside, including break-up value and synergies. The Team also aimed to understand disclosure frameworks, transaction timelines and governance processes, while ensuring that management teams remain focused on core operations during periods of heightened corporate activity.

Scope and process: The Team conducted a series of meetings with the chairs of five UK-listed companies subject to strategic interest or bid activity, including a telecommunications business, a private healthcare company, a medical products group, an automotive dealership software provider and a food distribution company. Engagement focused on understanding board decision-making, valuation frameworks, bidder perspectives and communication strategies with shareholders throughout the process as well as making the Team's views on appropriate valuation levels clear.

Outcome: Engagements were constructive, with boards demonstrating openness to shareholder perspectives and a willingness to engage on valuation and process. Meetings with chairs provided valuable insight into how boards balance competing stakeholder considerations and assess offers in the context of long-term shareholder value. Not all bid situations progressed, reinforcing the importance of disciplined valuation frameworks. Ensuring clear communication from the board to shareholders on how value is being maximised remains a key focus area.

In the case of the UK telecommunications company, the Team undertook extensive engagement as the business entered a formal offer process. Discussions focused on understanding how the board was approaching value maximisation, including consideration of strategic versus financial buyers, potential break-up scenarios and the realisation of synergies. This engagement has provided a clearer understanding of how bidders may perceive the asset, and the Team continues to monitor developments, with an outcome expected in the near term.

For the private healthcare company and the food distribution business, formal offers were received at a level we deemed fair, reflecting intrinsic value today while appropriately accounting for future upside potential and near-term execution risks. The food distribution business successfully completed a transaction earlier in the year with the outcome of the private healthcare company expected to be completed in the near-term. Engagements helped clarify valuation parameters and assess whether outcomes reflected fair value for shareholders.

The medical products company has attracted multiple indicative approaches, however no formal offer has materialised to date, with the company remaining in takeover discussions. The Team believes the company retains significant standalone value, particularly as it continues to execute on synergies from a prior acquisition, and have communicated its view to the board.

In the automotive dealership software business, a potential acquirer withdrew an offer amid broader market turbulence and concerns around AI-related disruption earlier in the year. The Team continues to see meaningful upside in the standalone equity case, supported by the delivery of large contracts, margin enhancements and strong fundamentals reinforcing the importance of maintaining a long-term view in value maximisation.

Voting

The Board believes that voting at general meetings is an integral part of exercising responsible corporate stewardship and an effective way of signalling shareholder views on board policy, practices and performance. The Board has delegated voting responsibility to the Manager for the rights attached to the shares held in the Company's portfolio. The Manager votes actively at shareholder meetings and engages with companies as part of the voting process.

Voting decisions are guided by the best interests of investors and based on an in-depth understanding of the relevant companies' operations. Votes are cast in accordance with the Manager's ESG Investment Policy, which is publicly available at **www.janushenderson.com**. To maintain oversight, the directors receive reporting at each board meeting on how the Manager has voted the shares held in the Company's portfolio. They also monitor the Manager's ESG Investment Policy, Stewardship Policy, Proxy Voting Policy and Procedures.

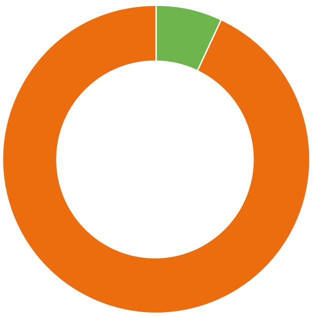
ESG Report continued

The Fund Managers have a strong focus on good governance and take an active approach to voting. Where appropriate, they will vote against resolutions at general meetings. In most cases this follows engagement or consultation with the company concerned before the meeting.

During the year to 31 May 2026, the key issues on which the Fund Managers voted against management concerned remuneration and incentive arrangements, board composition and director accountability, shareholder rights/corporate control, and one proposed amendment to company articles. The Company voted at 108 meetings in total, representing 100% of the portfolio companies' general meetings. At 8 of these meetings (7%), the Company cast at least one vote against management. Where appropriate, the Team also participates in consultations with board members of portfolio companies before or after contentious AGM resolutions, to influence board-level decision-making.

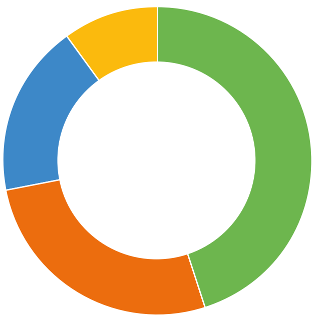
The Company voted against 11 resolutions. These votes against were in line with management recommendations.

Voting record



Meetings voted with one or more votes cast against management	7%
Meetings voted with no votes cast against management	93%

In terms of resolutions not supported, these covered board composition and director accountability and shareholder rights/corporate control.



Compensation	45%
Director-related	27%
Strategic transactions	18%
Articles	10%

Source: Janus Henderson using ISS categories
Note: Some meetings had more than one vote against management

Stewardship

Stewardship is an integral part of JHI's active, long-term approach to investment management. Strong ownership practices, including management engagement and proxy voting, can help protect and enhance long-term shareholder value. JHI supports stewardship codes and broader initiatives globally, including as a founder signatory of the UN Principles for Responsible Investment, and is a signatory of the Financial Reporting Council's ("FRC") Stewardship Code.

JHI's portfolio managers and analysts undertake intensive research, including thousands of interviews each year with senior executives and chairs of companies around the world. These teams develop long-term relationships with the management of companies in which they invest. Where concerns arise about a company's practices or performance, they seek to use these constructive relationships to engage with management or express their views through voting on management or shareholder proposals. Escalation of the engagement activity depends on the individual circumstances of the company concerned.

The environment

The UK Smaller Companies team engages with portfolio companies on environmental matters where relevant. As an investment trust, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, and has no responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The Company's indirect environmental impact occurs through its investments. The Fund Managers monitor the carbon footprint of the portfolio as a measure of its carbon intensity. For these reasons, the Board considers that the Company is a low-energy user under the Streamlined Energy & Carbon Reporting Regulations ("SECR") and is therefore not required to disclose energy and carbon information.

Janus Henderson recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2021, JHI reached its target of reducing its carbon footprint for its own operations by 15% per full-time employee ("FTE") based on 2018 consumption. In 2022, JHI set new five-year reduction targets for its operations relative to a 2019 baseline:

- reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions;
- reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste, etc.) emissions; and
- reduction target of 17.5% on water and waste consumption by FTE.

Janus Henderson has been certified as a CarbonNeutral® company since 2007 and retained that certification throughout 2025, offsetting its residual emissions by financing renewable energy, afforestation and landfill methane capture projects. It discloses its carbon emissions annually through SECR, the Carbon Disclosure Project and its **2025 Responsibility Report**.

Janus Henderson also produces product-level Task Force on Climate-Related Financial Disclosures ("TCFD") reports for funds in scope, as well as an entity-level TCFD report. These reports include an overview of the climate-related governance, strategy, risk management, and metrics and targets of JHI and its portfolios. Product-level metrics include absolute carbon emissions, carbon footprint, weighted average carbon intensity, implied temperature rise and climate scenario analysis. JHI's TCFD Report specific to the Company is available at **www.hendersonsmallercompanies.com**.

Viability Statement

When considering the viability of the Company, the Board has assessed the Company's prospects over a five year period to 31 May 2031, which it considers appropriate given the Company's long-term investment horizon, the liquidity of its portfolio, and alignment with the Board's strategic planning cycle and typical investor timeframes. The Board's assessment took into account the Company's current financial position and investment strategy, the liquidity and diversity of its assets, and the stable borrowing arrangements in place (including the duration and financial covenants of its loan facility).

The scheduled continuation vote at the 2028 AGM within the five-year horizon was also considered. The Board notes the strong shareholder support of 95% of votes cast for the last continuation vote in 2025 and, for the purpose of this assessment, has assumed continued shareholder approval in 2028.

In making this robust assessment, the Board evaluated how the Company's principal risks and uncertainties, as detailed on pages 27-28 of the Strategic Report, could affect its longer-term viability. The review encompassed risks relating to investment performance and market volatility, the impact of gearing and liquidity constraints, regulatory compliance issues, and operational resilience, including reliance on service providers and financial reporting controls. The Board modelled severe but plausible scenarios, such as a sharp fall in portfolio value and investment income, using multi-year cash flow projections and sensitivity analysis to test whether the Company could continue to meet its liabilities, including debt covenants and dividend payments, under stressed conditions. Under these worst-case conditions, the Company's assets remained sufficiently liquid and projected cash flows provided ample headroom above borrowing covenants, comfortably covering the Company's limited liabilities and planned dividends.

The Board also considered broader uncertainties, such as geopolitical and macroeconomic instability, persistent inflation, higher interest rates and UK market volatility, and concluded that these remain within the scope of the Company's existing principal risks and did not identify any new risk factors. The Board takes comfort that the Company's resilience is supported by its liquid, diversified assets, modest fixed costs, and established risk controls, and it does not foresee any need to alter the Company's strategy or risk management framework in ways that would affect its long-term viability.

Accordingly, based on this thorough assessment and the comfort gained from the stress testing, the directors have a reasonable expectation that the Company can continue in operation and meet its liabilities as they fall due over the five year period to 31 May 2031.

The Directors have also concluded that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements and it is therefore appropriate to prepare these financial statements on a going concern basis. More information can be found in Note 1b to the Financial Statements on page 74.

Approval

The Strategic Report was approved by the Board and signed on its behalf by:

Penny Freer
Chair of the Board
29 July 2026

Governance

In this section

The right balance of skills and experience

Board of Directors

The directors appointed to the Board at the date of this Annual Report are set out below:

Penny Freer

N ME

Position: **Chair of the Board** (from 1 October 2021)

Date of appointment: **14 September 2018**

Skills and experience

Penny is an experienced board director who brings in-depth investment expertise and leadership experience to the Board. She has many years' experience of UK smaller companies, both as a director and as an investment banker advising companies in this sector.

From 2000 to 2004 Penny led Robert W Baird's UK equities division. Before that, she spent eight years at Credit Lyonnais Securities, where she headed the small and mid-cap equities business.

Other appointments

Penny is chair of AP Ventures LLP. She is also a non-executive director of Mercia Asset Management PLC, Weir Group plc and CobWeb Cyber Limited.

Number of shares held in the Company 4,400

Chair of Committee

A Audit and Risk Committee

N Nomination Committee

ME Management Engagement Committee

Alexandra Mackesy

A N ME

Position: **Chair of the Audit and Risk Committee** (from 4 October 2019)

Date of appointment: **14 September 2018**

Skills and experience

Alexandra brings a specialist governance perspective and particular experience of global smaller companies to the Board. She has a strong financial and risk management background, with 22 years' experience as a non-executive director, audit committee chair and senior independent director of UK-listed investment trusts.

During her executive career in the investment industry, Alexandra held senior equity research roles with Credit Suisse, JPMorgan and SG Warburg in Asia.

Other appointments

Alexandra is non-executive chair of JPMorgan China Growth & Income plc. She is also a director of Board Level Partners, providing external board evaluation services, and an advisory member of the investment committee of Oriel College, Oxford. In her charity activity, she is a trustee of the Longborough Festival Opera.

Number of shares held in the Company 8,200

See p.45 Leadership, roles and division of responsibilities

Kevin Carter

A N ME

Position: **Senior Independent Director** (from 1 October 2022)

Date of appointment: **1 May 2021**

Skills and experience

Kevin brings extensive investment management and leadership experience to the Board, both as a former fund manager and a senior executive in the investment industry. He has significant non-executive experience in the listed investment company sector, having served as non-executive chair of Murray International Trust plc and JPMorgan American Investment Trust plc, and as a director of Lowland Investment Company plc.

Kevin is a CFA charterholder and has a doctorate in mathematical statistics with a research subject in financial economics. During his executive career, he led the European investment practice of Watson Wyatt Limited and was chief executive officer of Old Mutual Asset Managers.

Other appointments

Kevin is a non-executive director of Aspect Capital Limited and an advisory board member of Battersea Dogs and Cats Home. Kevin was previously a trustee director of the BBC Pension Scheme and chair of its investment committee.

Number of shares held in the Company 15,000

Directors and Fund Managers continued

Michael Warren

A N ME

Position: **Director**

Date of appointment:
1 March 2021

Skills and experience

Michael brings a combination of investment, operational and senior management experience to the Board, including experience as a fund manager and as a senior executive in the asset management industry. He has particular expertise in leading sales and marketing divisions and in the management of investment businesses.

During his executive career, Michael held several senior management and investment roles with Thames River Capital, HSBC Investments UK Ltd, Deutsche Asset Management and Barings Asset Management.

Other appointments

Michael is chairman of EdenTree Investment Management Limited and a non-executive director of Carrington Wealth Management.

Michael was previously an adviser to Gresham House Asset Management and a non-executive director of Fidelity Asian Values PLC and Rathbone Asset Management Limited.

Number of shares held in the Company 8,000

Yen Mei Lim

A N ME

Position: **Director**

Date of appointment:
3 April 2023

Skills and experience

Mei is a chartered accountant and qualified lawyer. With 25 years' experience in the financial services industry, Mei brings deep understanding of corporate finance, M&A, strategy, transformational change and business development to Board deliberations. Mei has an ESG-focused approach, particularly around diversity and inclusion.

Other appointments

Mei is the Managing Partner at Anthemis, a venture capital investor with an embedded finance, AI and impact investment focus and a Board Director of CommonAI Holdings.

Prior to joining Anthemis, Mei was a managing director at Barclays, working there for over a decade in a variety of different areas, notably corporate development, strategy, principal investments and finance. Mei's earlier career spans investment banking at Macquarie Bank in M&A for financial institutions, Ernst & Young LLP (EY) in transaction advisory support and Goldman Sachs as an associate, having qualified as a chartered accountant with EY in 2004.

Number of shares held in the Company 2,000

All the directors are independent and non-executive. All directors are members of the Management Engagement Committee and the Nomination Committee, both of which are chaired by Penny Freer. The Audit and Risk Committee is chaired by Alexandra Mackesy, the other members of which are Kevin Carter, Yen Mei Lim and Michael Warren.

Fund Managers

The fund managers at the date of this report are:

Indri van Hien

Position:
Fund Manager

15 years at JHI
19 years' financial industry experience

Skills and experience

Indri van Hien is a Portfolio Manager on the UK Equities Team at Janus Henderson Investors, a position she has held since 2016. She joined Henderson in 2011 as a UK equity analyst. Before joining Henderson, Indri worked at PricewaterhouseCoopers, where she qualified as a chartered accountant.

Indri graduated with a BA (Hons) in modern history and economics from the University of Oxford. She is a member of the ICAEW and holds the Investment Management Certificate and the Chartered Financial Analyst designation.

Cassie Herlihy

Position:
Deputy Fund Manager

1 year at JHI
9 years' financial industry experience

Skills and experience

Cassie is a Portfolio Manager on the UK Equities Team at Janus Henderson Investors, a position she has held since joining the firm in 2025. Prior to this, she was an associate director, fund manager with Gresham House from 2021, where she co-managed the Gresham House UK Smaller Companies Fund and was a member of the public equities team. Before this, she was a senior analyst, corporate broking with Citigroup from 2020 and an associate in the corporate and investment banking division of Investec from 2017.

Cassie holds a BA in Geography from the University of Cambridge and an MSc in The Psychology of Economic Life from the London School of Economics.

See p.12 Fund Managers' Report

The fund management team have shareholdings in the Company which align their interests to those of shareholders.

Corporate Governance Report

Governance structure

Board of Directors

Comprises independent non-executive directors

Chair: Penny Freer

Senior Independent Director: Kevin Carter

Audit and Risk Committee

Chair:
Alexandra Mackesy

Purpose: Ensures the integrity of financial reporting, evaluates the effectiveness of the systems of internal control and risk management, and oversees the relationship with the external auditors

See p.49
Audit and Risk Committee Report

Management Engagement Committee

Chair:
Penny Freer

Purpose: Ensures the performance of service providers meets expectations and their terms of engagement remain appropriate

See p.55 Management Engagement Committee Report

Nomination Committee

Chair:
Penny Freer

Purpose: Ensures the Board has a balance of skills, experience and diversity, oversees performance reviews of the Board and its committees, considers directors' fees and maintains an effective framework for succession planning, with a formal approach to the appointment of directors

See p.52 Nomination Committee Report

Contractually engages third-party service providers

Janus Henderson

Fund Management: UK Smaller Companies equities team, comprising Indri van Hien and Cassie Herlihy

Sales, Marketing, Administration

Corporate Secretary: Janus Henderson Secretarial Services UK Limited

Alternative Investment Fund Manager: Janus Henderson Fund Management UK Limited

Auditor
Forvis Mazars LLP

Custodian and depositary
HSBC Bank plc

Registrar
Computershare Investor Services plc

Corporate broker
Deutsche Numis

The terms of reference for each of the committees of the Board are kept under regular review and are available at **www.hendersonsmallercompanies.com** or via the corporate secretary.

Chair's statement on corporate governance

The Board is responsible for the governance of the Company and for ensuring that appropriate arrangements are in place to support effective oversight, accountability and long-term decision-making.

This Corporate Governance Report explains how the Board applied the principles of the 2024 AIC Corporate Governance Code during the year ended 31 May 2026 and how the Company's governance framework operated during the year.

Compliance with corporate governance codes

The Company is subject to the UK Corporate Governance Code through the UK Listing Rules. The Board has chosen to report against the 2024 AIC Corporate Governance Code (the "AIC Code"), which has been endorsed by the Financial Reporting Council and is tailored to the governance arrangements of externally managed investment companies. The Board considers that reporting against the AIC Code enables the Company to meet its obligations under the UK Corporate Governance Code and the relevant UK Listing Rules. This Corporate Governance Report also constitutes the Company's corporate governance statement for the purposes of DTR 7.2.

The 2024 AIC Code applies to the Company's financial year ended 31 May 2026. The enhanced reporting requirements under Provision 34 of the AIC Code, relating to the Board's declaration on the effectiveness of material controls, will apply to the Company for the financial year ending 31 May 2027. The preparatory work undertaken during the year is described in the Audit and Risk Committee Report.

The AIC Code and the UK Corporate Governance Code are available on the AIC and FRC websites respectively.

Statement of compliance

The Board confirms that, throughout the year ended 31 May 2026 and up to the date of this report, the Company applied the principles and complied with the relevant provisions of the AIC Code, except where certain provisions were not applicable to the Company's externally managed structure. As an externally managed investment trust, the Company has no employees, chief executive or executive directors. Accordingly, the provisions of the AIC Code and UK Corporate Governance Code relating to executive remuneration and workforce engagement are not directly applicable. The Board has not established a separate remuneration committee. Directors' remuneration is determined by the Board following recommendations from the Nomination Committee. The Chair does not chair discussions relating to her own remuneration, succession or performance evaluation.

The Company has not established its own internal audit function, for the reasons explained on page 48.

Governance overview

The Board has three principal committees: the Audit and Risk Committee, Management Engagement Committee and Nomination Committee. The governance structure and committee membership are set out on page 41.

The Company is externally managed and has engaged third-party service providers to deliver its operations. The Board delegates investment management contractually to Janus Henderson, which also provides or arranges day-to-day accounting, company secretarial, administrative, sales and marketing services. The Board has appointed a depositary, which in turn appoints the custodian responsible for the safe custody of the Company's assets, and a registrar to maintain the register of members and assist shareholders with queries about their holdings.

The Board retains responsibility for strategy, investment performance, risk oversight, internal controls, service provider oversight and governance. The principal service provider appointments were made after consideration of the quality and cost of the services offered, including the operation of the providers' control systems in relation to the Company's affairs. The Board and its committees maintain oversight of service providers through regular and ad hoc reporting, ongoing monitoring by the Manager and annual meetings with representatives of key providers to discuss, among other matters, performance, service levels, value for money, information security and business continuity.

The Board meets at least six times a year, with additional board or committee meetings held as required. The directors also have regular contact with the Fund Managers, the corporate secretary and other representatives of the Manager between meetings.

Leadership, roles and division of responsibilities

Role	Primary responsibilities
Board	• Provides leadership and oversight of the Company's affairs. • Sets the Company's investment objective, policy and strategy, subject to shareholder approval where required. • Oversees strategy, investment performance, risk management, internal controls, service provider performance, financial reporting, governance, culture and stakeholder responsibilities. • Ensures effective engagement with shareholders and potential investors.
Chair	• Leads the Board and manages Board business. • Sets the Board agenda with the corporate secretary. • Ensures Directors receive appropriate information, promotes effective discussion and challenge. • Leads the Board's engagement with shareholders and other key stakeholders. • Manages the relationship with the Manager.
Committee Chairs	• Lead their respective Committees. • Ensure that Committee responsibilities are discharged effectively. • Maintain appropriate engagement with relevant service providers. • Report Committee activity to the Board.
Senior Independent Director ("SID")	• Acts as a sounding board for the Chair and as an intermediary for other Directors where required. • Leads the review of the Chair's performance. • Available to shareholders where contact through the Chair would be inappropriate.
Independent non-executive directors	• Provide independent judgement, constructive challenge and specialist experience. • Scrutinise the performance of the Manager and other service providers. • Contribute to strategy, risk oversight, succession planning and governance.
Company Secretary	• Advises the Board on governance, regulatory and procedural matters. • Supports the Chair in planning board and committee business. • Minutes the proceedings of board and committee meetings. • Helps ensure that board and committee processes operate effectively.
Manager ("AIFM")	• Provides, or arranges the provision of, investment management, accounting, company secretarial, administrative, sales and marketing services. • Reports to the Board on investment performance, risk, compliance, financial reporting and service provider matters.
Fund Manager	• Manages the investment portfolio within the investment objective, policy and limits set by the Board. • Selects portfolio holdings, monitors portfolio risk, determines acquisitions and disposals. • Manages gearing within Board-approved limits.
Shareholders	• Approve matters reserved to shareholders, including material changes to the investment policy, amendments to the Company's Articles of Association, the final dividend, directors' election and re-election, and the aggregate limit on directors' remuneration.

Operation of the Board

The Board has a formal schedule of matters reserved for its decision, which is available on the Company's website. Matters reserved for the Board include strategy, investment objective and policy, capital structure, borrowing arrangements, financial reporting, dividends, board and committee composition, risk management and internal controls, and the appointment and oversight of key service providers.

Each board meeting follows a formal agenda agreed by the Chair and the corporate secretary. The Board receives reports on investment performance, portfolio activity, gearing, financial position, compliance with investment limits, shareholder movements, discount management, marketing and investor relations, regulatory developments and other relevant matters.

Representatives of the Manager attend relevant parts of board meetings to present reports and respond to directors' questions. The Board also receives reports from other service providers and advisers where required.

Shareholder correspondence addressed to the Chair or the Company is forwarded in accordance with agreed procedures and considered by the Board where appropriate.

Relations with shareholders

The Board seeks regular dialogue with the Company's shareholders and values their feedback. Shareholder views are considered in Board discussions, and the Chair and Senior Independent Director make themselves available to meet major investors as needed. A detailed description of how the Board and the Manager engaged with shareholders and other key stakeholders during the year is provided in the Strategic Report (see pages 31-32).

Corporate secretary

The Board has direct access to the advice and services of the corporate secretary, Janus Henderson Secretarial Services UK Limited, which provides company secretarial support to the Board. The corporate secretary, through its nominated chartered secretary, advises the Board on governance, regulatory and procedural matters. Appropriate reporting lines and controls are in place to manage potential conflicts between the Company and Janus Henderson.

Directors' appointment and tenure

Appointment and retirement

The Board may appoint directors at any time. Any director appointed during the year stands for election by shareholders at the next AGM in accordance with the Company's Articles of Association. Each director receives a letter of appointment setting out the terms of appointment, expected time commitment and other key responsibilities.

Directors may be removed by special resolution in accordance with the Companies Act 2006 and the Company's Articles of Association.

Tenure

Directors, including the Chair, are generally expected to serve for no more than nine years, subject to annual re-election by shareholders, satisfactory performance evaluation and the Board's assessment of the Company's succession needs. This policy supports regular Board refreshment while recognising the value of retaining appropriate knowledge of the Company, its investment strategy and the relationship with the Manager.

The Board may agree to extend a director's tenure beyond nine years only in exceptional circumstances and where it considers this to be in the best interests of the Company. Any such extension would be subject to annual review, satisfactory performance evaluation and shareholder re-election.

In accordance with the AIC Code and UK Corporate Governance Code, all directors will stand for annual re-election at the 2026 AGM. Following the review of each director's contribution, performance and time commitment, the Board concluded that each director standing for re-election continued to be effective and to demonstrate commitment to the role.

External commitments

The Board considers each director's external commitments on appointment and annually as part of the performance evaluation process. Directors are required to seek approval from the Chair before accepting any new external appointment. The Chair seeks the Senior Independent Director's approval before accepting any new external appointment.

A schedule of directors' other commitments is reviewed by the Board. The Board is satisfied that each director has sufficient time to discharge their responsibilities to the Company.

Professional development

New directors receive an induction tailored to their experience and the Company's investment strategy, governance framework and key service provider arrangements. Directors are encouraged to attend relevant training and industry events, including investment trust director development sessions provided by Janus Henderson and external advisers. Individual training needs are considered as part of the annual Board evaluation process.

Directors' independence

The Board reviewed the independence of each director during the year and concluded that all directors remained independent of the Manager and free from relationships or circumstances likely to affect, or appear to affect, their judgement.

The Chair was independent on appointment and the Board considers that she continues to demonstrate objective judgement and independence from the Manager.

The Board also considers the independence and contribution of directors with longer tenure with particular care, taking into account their character, judgement, performance, external commitments and relationships with the Manager and other service providers. In assessing the independence of Penny Freer and Alexandra Mackesy as longer-serving directors, each having served on the Board for more than seven years, the Board gave particular consideration to their tenure. The Board concluded that both directors continued to demonstrate independence of character and judgement, objective oversight and constructive challenge, and that there were no relationships or circumstances likely to affect, or appear to affect, their independence. The Board also considered that their knowledge of the Company, its investment strategy and its service provider arrangements continued to support effective oversight in the interests of shareholders.

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

The Board has adopted a procedure under which Directors may obtain independent professional advice, at the Company's expense, in the furtherance of their duties.

Directors' conflicts of interest

The Company's Articles of Association permit the Board to authorise situations in which a director has, or may have, a conflict of interest. The Board has a formal process for directors to declare actual or potential conflicts. Any such conflicts are considered by the non-conflicted directors, who may authorise the conflict subject to appropriate conditions or limitations. The Board reviews directors' interests regularly. Any conflicts considered and any authorisations given are recorded in the relevant minutes and in the register of interests. The Board is satisfied that the procedures for identifying, authorising and managing conflicts of interest operated effectively during the year.

Board attendance

The table below sets out the scheduled board and committee meetings held during the year and each director's attendance record. Additional board and committee meetings were held during the year as required, to consider fund manager succession, share buybacks, industry developments, marketing activity, results, dividends and other corporate matters.

All directors attended the scheduled board and committee meetings for which they were eligible, except for one board meeting which the Chair was unable to attend due to illness. All directors were present at the AGM held on 7 October 2025.

	Board	ARC	MEC	NC
	Number of meetings			
Penny Freer[1]	5/6	3/3	1/1	1/1
Alexandra Mackesy	6/6	3/3	1/1	1/1
Kevin Carter	6/6	3/3	1/1	1/1
Yen Mei Lim	6/6	3/3	1/1	1/1
Michael Warren	6/6	3/3	1/1	1/1
Victoria Sant[2]	2/2	1/1	n/a	n/a

Notes:
ARC: Audit and Risk Committee
MEC: Management Engagement Committee
NC: Nomination Committee

1 Penny Freer was unable to attend one meeting held during the year due to illness

2 Victoria Sant retired as a director on conclusion of the AGM on 7 October 2025

Directors' insurance and indemnification

Directors' and officers' liability insurance was in place throughout the year and remained in place at the date of this report. The Company's Articles of Association provide, subject to applicable law, an indemnity for directors in respect of liabilities incurred in the discharge of their duties. No indemnity was given during the year or to the date of this report.

Internal control and risk management

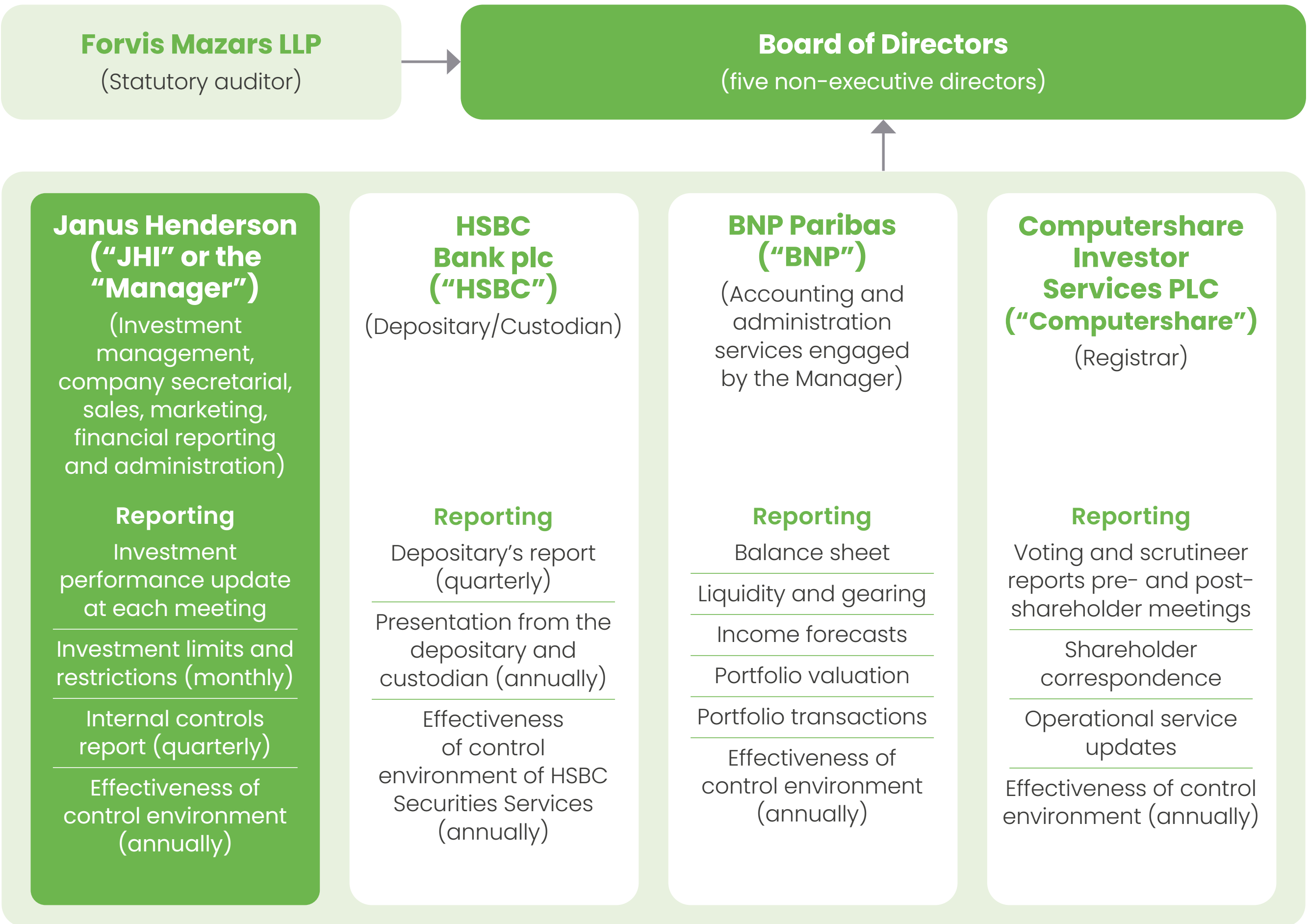
The Board has overall responsibility for the Company's risk management and internal control framework and for reviewing its effectiveness. The Audit and Risk Committee supports the Board in monitoring the framework, including controls operated by the Manager and other key service providers on behalf of the Company.

The main features of the Company's internal control and risk management arrangements in relation to the financial reporting process include regular Board and Audit and Risk Committee review of financial reporting, accounting judgements, income forecasts, compliance with investment limits, valuation controls, service provider assurance reports and reports from the Manager and other key service providers.

The Board has established an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company. The process operated throughout the year and up to the date of this report. It reflects the Company's externally managed structure and its reliance on specialist service providers. The framework is designed to manage, rather than eliminate, the risk of failure to achieve the Company's objectives and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The key components of the framework include:

- investment limits and restrictions, with reporting to the Board on compliance;
- regular reporting on investment performance, gearing, liquidity, income forecasts and expenses;
- contractual arrangements with the Manager and other key service providers, including regular review of performance and service levels;
- review of internal control and assurance reports from the Manager and other key service providers;
- reporting from the Manager's operational risk and internal audit functions on matters relevant to the Company; and
- Audit and Risk Committee review of financial reporting, external audit findings, cyber security, business continuity and other relevant control matters.



During the year, the Board, with support from the Audit and Risk Committee, conducted its annual review of the effectiveness of the Company's risk management and internal control framework. The Board concluded that the Company's risk management and internal control systems operated effectively during the year and that no material failings or weaknesses were identified or reported to the Board.

Internal audit function

Having regard to the Company's externally managed structure, the nature of its operations and the assurance reporting received from the Manager and key service providers, the Board concluded that a separate internal audit function was not required. The Board and Audit and Risk Committee will continue to review this position annually.

By order of the Board
For and on behalf of Janus Henderson Secretarial Services UK Limited
Corporate Secretary
29 July 2026

Audit and Risk Committee Report

The Chair of the Audit and Risk Committee (the "Committee"), Alexandra Mackesy, reports to shareholders on the work of the Committee during the year ended 31 May 2026.

Membership

The members of the Committee during the year were Alexandra Mackesy as Chair, Kevin Carter, Victoria Sant, Michael Warren and Yen Mei Lim. Victoria Sant retired as a director and member of the Committee at the conclusion of the AGM held on 7 October 2025. Penny Freer, as Chair of the Board, attends meetings of the Committee by invitation but is not a member of the Committee.

The Committee is chaired by Alexandra Mackesy, who is an experienced audit committee chair. Yen Mei Lim is a chartered accountant. The Board considers that the Committee as a whole has recent and relevant financial experience and competence relevant to the Company's business. The Board is satisfied that the Committee meets the applicable requirements of DTR 7.1 and that the Committee as a whole has competence relevant to the investment trust sector.

Meetings

The Committee met three times during the year. The Company's external auditor, the Fund Managers and the Manager's Financial Reporting Senior Manager for investment trusts are invited to attend meetings of the Committee on a regular basis.

Other representatives of the Manager, including those responsible for operational risk, internal audit, business resilience and information security, are invited to attend meetings as required. During the year, the Committee received reporting on internal controls, information security, business resilience, risk management and service provider controls.

The Committee Chair also meets with the external auditor as part of the audit planning process and during the audit. These meetings allow the Committee Chair and auditor to discuss audit progress, corporate developments and any accounting or reporting matters arising.

Role and responsibilities

The Committee is responsible for supporting the Board in relation to financial reporting, risk management, internal controls and the external audit. Its principal responsibilities include:

- reviewing the integrity of the Company's annual and half-year financial statements and related announcements;
- considering significant accounting and reporting judgements;
- reviewing the effectiveness of the Company's risk management and internal control framework;
- monitoring the control environments of the Manager and other key service providers;
- reviewing the Company's principal and emerging risks;
- overseeing the relationship with the external auditor, including audit planning, audit findings, auditor independence, objectivity and effectiveness; and
- making recommendations to the Board on the appointment, reappointment, remuneration and terms of engagement of the external auditor.

The Committee Chair reports formally to the Board after each Committee meeting and makes recommendations for Board approval where required. The Committee's responsibilities are set out in formal terms of reference, which are available at **www.hendersonsmallercompanies.com** and are reviewed at least annually. The terms of reference were updated during the year to reflect the 2024 AIC Code and the forthcoming enhanced reporting requirements relating to material controls.

Committee effectiveness review

The activities of the Committee were considered as part of the external Board effectiveness review (see page 52 for more details). The review concluded that the Committee continued to operate effectively.

Activities during the year

During the year, the Committee considered the following matters:

Annual and half-year reporting and external audit

- the appropriateness of the Company's accounting policies;
- the quality and effectiveness of the accounting records and management information maintained on behalf of the Company;
- the Half-Year Report to 30 November 2025 and the Annual Report for the year ended 31 May 2026;
- the level of dividends to be recommended to the Board;
- the external audit plan, including the principal areas of audit focus;
- the nature, scope and findings of the external audit;
- the external auditor's independence, objectivity and effectiveness;
- the auditor's remuneration and terms of engagement;
- the reappointment of the external auditor.

Internal controls and risk management

- the internal controls operated by the Manager, BNP Paribas, HSBC Securities Services and Computershare;
- assurance reports and control reporting from key service providers;
- the Manager's reporting on operational risk, internal audit, information security, cyber security and business resilience;
- the Company's principal and emerging risks, risk matrix and heat map;
- the results of the annual individual director risk assessment exercise, including areas of divergence in directors' risk ratings;

- policies and procedures across key service providers relating to business continuity, information and cyber security, modern slavery, financial crime prevention, sanctions compliance and internal controls ("service provider due diligence");
- the appropriateness of not establishing an internal audit function, given that the Company is externally managed;
- how internal assurance is obtained through the Manager and key service providers, and whether the absence of a separate internal audit function affected the scope or effectiveness of the external audit;
- whistleblowing arrangements operated by the Manager and key service providers;
- reporting from the depositary in relation to the Company's management in accordance with applicable regulatory requirements; and
- liquidity analysis of cross-holdings across the Manager's funds.

The Committee also undertook preparatory work to support the enhanced reporting requirements under Provision 34 of the 2024 AIC Code. The Board will be required to make a declaration on the effectiveness of material controls in the Annual Report for the financial year ending 31 May 2027. The Committee reviewed how existing key controls are being mapped to the relevant financial, operational, reporting and compliance control categories, and considered the assurance available to support that future declaration.

Through this report and the explanation of the application of the Company's accounting policies as set out in the notes to the Financial Statements on pages 74-77, the Committee has met the applicable reporting requirements of the FRC's Audit Committees and the External Audit: Minimum Standard.

Annual Report for the year ended 31 May 2026

The Committee considered the following significant matters in respect of the Annual Report for the year ended 31 May 2026:

Significant matter	How the matter was addressed
Valuation and ownership of the Company's investments	The Manager is responsible for valuing the Company's investments in accordance with its responsibilities under the AIFMD rules and its written valuation policy. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Ownership of listed investments is verified through reconciliation to the custodian's records. The Committee reviewed the valuation approach and the controls supporting investment ownership and valuation.
Performance fee calculation	The performance fee calculation was prepared by BNP Paribas and reviewed by the Manager and the Committee by reference to the management agreement. The Committee reviewed the calculation and confirmed that no performance fee was payable for the year.
Compliance with s1158 of the Corporation Tax Act 2010	The Committee reviewed the controls in place to support the Company's continued compliance with s1158 of the Corporation Tax Act 2010 and maintenance of investment trust status. The Committee received supporting reporting from the Manager and BNP Paribas during the year.
Internal controls	The Committee reviewed internal control and assurance reporting from the Manager and key service providers, including BNP Paribas, Computershare and HSBC Securities Services. One service provider's annual assurance report had received a qualified opinion from its service auditor. The Committee considered the particular controls giving rise to the qualification, whether these had impacted the Company directly and what corrective actions were being taken by management. Following these discussions, the Committee was satisfied that the Company's internal controls had operated as intended and that the qualification had no direct impact on the Company. The Committee reviewed the results of the annual service provider due diligence exercise and ascertained that all service providers provided satisfactory confirmations this year.
Recognition of dividend income	Dividend income was accounted for in accordance with the Company's accounting policies (see note 1(e) on page 75). The Committee reviewed income reporting during the year. Where special dividends required allocation between revenue and capital, the Committee considered the Manager's rationale and approved the treatment adopted.
Viability	The Committee reviewed the assumptions supporting the Viability Statement, including portfolio liquidity, borrowings, covenant compliance, revenue and expense forecasts, capital reserves, market volatility and geopolitical uncertainty. The Committee was satisfied that the Viability Statement was appropriate.
Going concern	The Committee reviewed the assumptions supporting the going concern assessment, including the Company's liquidity, borrowings, liabilities and ability to continue in operational existence for at least twelve months from the date of approval of the financial statements. After considering these assumptions, together with long-term cash flow forecasts and sensitivity analysis reports, the Committee was satisfied that it was appropriate for the financial statements to be prepared on a going concern basis.

Appointment, review and tenure of the external auditor

The Company complies with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of audit tenders and the setting of policy on the provision of non-audit services.

The Committee last carried out an audit tender process in 2021, following which Mazars LLP, now Forvis Mazars LLP, was appointed as external auditor for the financial year ended 31 May 2022. The year ended 31 May 2026 was therefore the firm's fifth year as auditor and Nargis Yunis' fifth year as audit partner. The audit partner is required to rotate after five years. If shareholders approve the resolution at the 2026 AGM to reappoint Forvis Mazars LLP as external auditor, Lucy Hampson, an experienced investment trust audit partner, will take over as audit partner for the audit of the financial year ending 31 May 2027, having met with the Committee during the year.

Policy on non-audit services

The Committee has adopted a policy restricting the provision of non-audit services by the external auditor to work permitted by regulation and approved in advance by the Committee. No non-audit services were provided by Forvis Mazars LLP during the year and no non-audit fees have been paid to the firm since its appointment.

Independence of the external auditor

The Committee monitors the auditor's independence and objectivity by:

- reviewing and approving the policy on non-audit services;
- considering the appropriateness of the audit fee;
- reviewing the auditor's confirmation of independence; and
- considering the auditor's compliance with applicable ethical standards.

For the year ended 31 May 2026, Forvis Mazars LLP confirmed that all partners and staff involved in the audit were independent of the Company and had complied with its ethics and independence policies and procedures, which are consistent with the FRC's Ethical Standard. Forvis Mazars LLP also confirmed that partners and staff involved in the audit are not permitted to hold any direct or material indirect interest in the Company.

The Committee is satisfied that auditor independence and objectivity were safeguarded during the year.

Effectiveness of the external audit

The Committee evaluated the effectiveness of the external audit during the year and following completion of the audit. The assessment was led by the Committee Chair and considered:

- the quality and experience of the audit team;
- the robustness of the audit process;
- the degree of challenge provided by the auditor;
- the auditor's understanding of the Company and the investment trust sector;
- the quality and timeliness of audit reporting to the Committee;
- feedback from the Manager's Financial Reporting Senior Manager for investment trusts and the corporate secretary; and
- the auditor's own feedback on the audit process.

The Committee also considered the latest FRC audit quality inspection report relevant to Forvis Mazars LLP and discussed with the auditor the improvements made since the previous year, which the FRC report had highlighted. The Committee met privately with the audit partner to discuss the audit from the auditor's perspective. Following its assessment, the Committee concluded that the external audit had been effective and recommended to the Board that Forvis Mazars LLP be reappointed as auditor. Forvis Mazars LLP has indicated its willingness to continue in office. The Board is therefore proposing resolutions at the 2026 AGM to reappoint Forvis Mazars LLP as auditor and to authorise the Committee to determine the auditor's remuneration.

Alexandra Mackesy
Chair of the Audit and Risk Committee
29 July 2026

Nomination Committee Report

The Chair of the Nomination Committee (the "Committee"), Penny Freer, reports to shareholders on the year to 31 May 2026.

Membership

All directors, who are all independent non-executive directors, are members of the Committee. The Chair of the Board also acts as Chair of the Committee but does not chair discussions relating to her own performance, fees or succession.

Meetings

The Committee meets at least annually and more frequently where required. During the year under review, the Committee held one meeting.

Role and responsibilities

The Committee reviews board composition, succession planning, directors' independence, time commitment and tenure, diversity, training, directors' fees and board effectiveness. It also makes recommendations for board appointments and re-election.

Activities during the year

During the year, the Committee reviewed and, where appropriate, made recommendations to the Board on:

- board and committee composition, supported by the board skills matrix;
- succession planning for key board roles, with a focus on orderly refreshment, continuity and the skills and experience required for future Board appointments;
- the externally facilitated board evaluation conducted by Lintstock and the actions arising from that review;
- directors' independence, external appointments and capacity;
- the Company's tenure and diversity policies, each of which was considered to remain appropriate;
- the Committee's terms of reference, including amendments to reflect updated governance expectations and the Committee's remit in relation to succession planning, diversity, board appointments, effectiveness reviews and annual report disclosures;
- directors' ongoing training and professional development, including investment trust sector updates, regulatory briefings and sessions on AI and cybersecurity;
- the Board's procedure for directors to obtain independent professional advice at the Company's expense;
- directors' fees, the aggregate directors' fee limit and the Directors' Remuneration Policy; and
- directors' re-election at the 2026 AGM.

Board effectiveness review

During the year, the Committee oversaw an externally facilitated review of the Board, its committees, the Chair and individual Directors, conducted by Lintstock. The review included director questionnaires and independent analysis by Lintstock. Lintstock presented its findings to the Committee in May 2026, following which the Directors discussed the results and agreed areas of focus for the year ahead. Lintstock has confirmed that it has no other connection with the Company.

The review concluded that the Board and its committees continued to operate effectively. The findings were positive overall, with the Board's composition, meeting management and constructive relationship with the Fund Managers and wider Janus Henderson team identified as particular strengths. The review also confirmed that the Board continued to demonstrate an appropriate balance of support and challenge.

The principal areas of focus identified from the review were:

- continued oversight of investment performance and the investment process;
- further development of the Board's understanding of, and communication with, shareholders;
- continued succession planning for key board roles; and
- monitoring the wider investment trust environment.

The Senior Independent Director led the Committee's consideration of the findings relating to the Chair's performance, drawing on Lintstock's independent assessment and feedback provided by directors. The review of the Chair was positive. The directors considered that the Chair had continued to provide effective leadership during a challenging period for the Company, including through the transition in the fund management team, the continued focus on investment performance and increased shareholder engagement activity. The directors agreed that, in the year ahead, the Chair should continue to focus on shareholder engagement and visibility with key investors, consistent with the Board's broader priorities.

The Committee considered the findings and concluded that no immediate changes to the composition of the Board or its committees were required as a direct result of the evaluation. The findings have informed the Committee's continuing work on board composition, succession planning and skills.

Committee effectiveness

The externally facilitated review described above also confirmed that the Committee continued to operate effectively. Succession planning for key board roles remains the Committee's principal area of focus.

Tenure, independence and time commitment

The Committee reviewed each director's tenure, independence, external appointments and time commitment, having regard to the AIC Code and relevant investor guidance on time commitment and overboarding. This included consideration of the longer tenure of Penny Freer and Alexandra Mackesy, each having served on the Board for more than seven years and will reach their nine-year anniversary in September 2027.

Nomination Committee Report continued

The Committee recommended to the Board that each director remained independent and had sufficient time to discharge their responsibilities effectively. Further detail on the Board's consideration of the independence of longer-serving directors is set out under "Directors' independence" on pages 46-47.

Directors' fees and remuneration policy

The Committee reviewed directors' fees, the aggregate directors' fee limit and the Directors' Remuneration Policy for inclusion in the 2026 AGM Notice. In doing so, it considered external fee benchmarking, inflation data, the responsibilities and workload of directors, and the projected aggregate directors' fee position under the Company's current fee limit. The Committee's recommendations on directors' fees and the Directors' Remuneration Policy are set out in the Directors' Remuneration Report on pages 56-57.

Diversity policy

All Board appointments are subject to a formal, rigorous and transparent process. The Committee seeks to ensure that appointments are made on merit and objective criteria, in the context of the skills, knowledge, experience and perspectives required for the Board to be effective.

The Board recognises the value of diversity, including diversity of gender, social and ethnic background, cognitive and personal strengths, professional background, skills and experience. The Committee reviewed the Company's Diversity Policy during the year and concluded that it remained appropriate.

The Committee will continue to take diversity, inclusion and equality into account in board succession planning and any future recruitment process. The directors confirm that appointments and succession planning (including to the Board's committees) will continue to be based on merit and objective criteria and will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age, disability or socio-economic background.

Board diversity at 31 May 2026

As at 31 May 2026, being the reference date selected for the purposes of UKLR 6.6.6R(9), the Board met and in some cases surpassed the applicable UK Listing Rule diversity targets: 60% of the Board were female, two senior Board positions were held by women, and at least one director was from a minority ethnic background. In relation to the senior board positions target, the Company has followed the AIC guidance for externally managed investment companies, as explained in the note to the tables below. The Board met the FTSE Women Leaders and Parker Review recommendations relevant to the Company.

The Board aims to maintain a composition that provides a diverse and complementary range of skills, experience and perspectives relevant to the Company's investment objective and long-term success.

The information in the tables below was collected through questionnaires completed by the individual directors on a self-reporting basis. Directors were asked how they should be categorised for the purposes of the UK Listing Rule disclosures on gender identity or sex and ethnic background. The same approach was applied consistently to all directors. Categories for ethnic groups not represented on the Board have not been included in the ethnic background table. No changes occurred between 31 May 2026 and the date of approval of this Report which affected the Company's ability to meet the applicable UK Listing Rule diversity targets.

In accordance with the applicable UK Listing Rule diversity reporting requirements, and using the AIC's definitions, the Board provides the following information about its diversity:

Gender identity and sex

	Number of directors	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
Men	2	40%	Not applicable – see note*
Women	3	60%	
Total	**5**	**100%**	

Ethnic background

	Number of directors	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
White British or other White (including minority white groups)	4	80%	Not applicable – see note*
Other ethnic groups	1	20%	
Total	**5**	**100%**	

* This column is inapplicable as the Company is externally managed and does not have executive management functions, specifically the roles of chief executive officer or chief financial officer. The Company has therefore followed the approach set out in the AIC guidance for externally managed investment companies. In an investment company context, the Board regards the Chair, the Senior Independent Director and the Chairs of the permanent board committees as senior board positions. Of these roles, two are held by women and one is held by a man

Committee recommendations to the Board

On the Committee's recommendation, the Board concluded that:

- each director continued to make a constructive contribution to the Company;
- the Board and its committees continued to operate effectively;
- each director remained independent and had sufficient time to fulfil their duties;
- the Board's size and composition remained appropriate for the Company;
- the Board continued to have an appropriate balance of skills and experience, as set out on pages 40-41; and
- all directors should be recommended for re-election by shareholders at the 2026 AGM.

Penny Freer
Chair of the Nomination Committee
29 July 2026

Management Engagement Committee Report

The Chair of the Management Engagement Committee (the "Committee"), Penny Freer, reports to shareholders on the Committee's activities to 31 May 2026.

Membership

All directors are members of the Committee. The Committee is chaired by the Chair of the Board, who was independent of the Manager on appointment.

Meetings

The Committee met formally once during the year. The directors also met privately, without representatives of the Manager present, before agreeing their recommendations to the Board.

Role and responsibilities

The Committee reviews the performance of the Manager and the terms of the management agreement at least annually, and considers whether the Manager's continued appointment remains in the interests of shareholders as a whole. The review covers investment performance, portfolio risk, use of gearing, the quality and stability of the teams supporting the Company, the Manager's culture and governance arrangements, shareholder engagement, sales and marketing support, company secretarial and financial reporting services, and the competitiveness of the fee arrangements.

The Committee also reviews the performance and terms of appointment of the Company's principal third-party service providers, including the depositary and custodian, fund administrator and accountant, registrar and corporate broker.

The Committee reports to the Board and operates under formal terms of reference. During the year, the Committee reviewed revised terms of reference and recommended them to the Board for approval. The changes updated and clarified the Committee's responsibilities, including its role in reviewing the Manager, overseeing key service providers, considering stewardship matters and reporting its recommendations to the Board.

Committee effectiveness

The Committee's effectiveness was considered as part of the externally facilitated Board performance review (see page 52 for more details). The review concluded that the Committee continued to operate effectively.

Activities during the year

The Committee completed its annual review of the Manager and the Company's principal service providers. The Manager review was informed by the externally facilitated review undertaken by Lintstock, supporting analysis provided to directors and discussions with the Manager. The Committee considered the Company's investment performance against the benchmark and peer group, the investment process, attribution, portfolio risk, gearing, shareholder perception, sales and marketing activity, stewardship and responsible investment approach, the resources supporting the Company and the management and performance fee arrangements.

The Committee recognised that the Company's medium-term investment performance remained below the benchmark over a number of periods. It also noted the recent improvement in performance, the refinements made to the investment process and portfolio construction, and the work undertaken to strengthen the fund management team following the portfolio manager transition. The Committee agreed that maintaining the recovery in performance, embedding the enhanced fund management team and continuing to improve shareholder communication should remain priorities.

The Committee also considered the wider support provided by the Manager during the year, including shareholder engagement, marketing activity, preparation for the continuation vote, communications strategy planning, capital structure work and governance updates for the 2024 AIC Code.

The Committee reviewed the performance of the Company's principal service providers and concluded that service levels were satisfactory overall. The Committee identified certain areas for continued minor monitoring and improvement.

Continued appointment of the Manager and other service providers

Following its annual review, the Committee concluded that the Manager continued to provide the investment capability, resources, operational support and shareholder engagement required by the Company. The Committee recommended to the Board that the continued appointment of Janus Henderson Fund Management UK Limited as Manager, on the existing terms, remained in the best interests of shareholders as a whole.

After careful consideration, the Committee also recommended the continued appointment of the Company's other principal service providers on the existing terms. The Board approved these recommendations.

Penny Freer
Chair of the Management Engagement Committee
29 July 2026

Directors' Remuneration Report

Report on implementation

This Directors' Remuneration Report has been prepared in accordance with the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), including the changes introduced by The Companies (Directors' Remuneration and Audit) (Amendment) Regulations 2025. It also meets the relevant requirements of the UK Listing Rules and DTR 7.2.8R. The Report comprises two sections:

(1) the Directors' Remuneration Policy, which will be subject to a binding shareholder vote at the 2026 AGM; and

(2) the Annual Report on Remuneration, which will be subject to an advisory shareholder vote at the 2026 AGM.

The Company is an externally managed investment trust with no executive directors, chief executive officer or employees. All directors are non-executive and receive fixed fees, with reimbursement of reasonable expenses where applicable. Accordingly, disclosures relating to executive and employee remuneration, variable pay, pensions, share options and long-term incentives are not applicable and have not been included. Taxable expenses paid to directors during the year are shown in the audited remuneration table on page 57.

The Company's auditor is required to report on certain information contained in this report. Where information has been audited, this is indicated where appropriate.

Annual statement from the Chair

This statement summarises the principal decisions on directors' remuneration during the year, the context for those decisions and the proposed implementation of the Directors' Remuneration Policy for the year ending 31 May 2027.

As the Company is externally managed and all directors are non-executive, the Board has not established a separate remuneration committee.

During the year, the Nomination Committee reviewed directors' fees by reference to comparable investment companies, relevant peer group data, inflation and the responsibilities and time commitment expected of directors of listed investment companies. The Committee also considered the Board's workload, including the oversight required in relation to investment performance, shareholder engagement, the continuation vote, succession planning and wider developments affecting the investment trust sector. Following that review, the Board agreed the revised fee levels set out below with effect from 1 June 2026.

The Board also introduced an additional fee of £2,500 for the Senior Independent Director with effect from 1 June 2025. This reflected the additional responsibilities and time commitment of that role.

Shareholders will be asked at the 2026 Annual General Meeting to approve an increase in the aggregate annual limit on ordinary directors' fees contained in the Company's Articles of Association to £300,000 per annum, from the current limit of £250,000 per annum, agreed by shareholders in 2020. The proposed increase is intended to provide appropriate headroom for future fee reviews, Board succession and any temporary overlap in appointments as part of orderly Board refreshment. It does not indicate any immediate intention to increase directors' fees beyond the levels disclosed in this report.

There were no other changes to the structure of directors' remuneration during the year, and no discretion was exercised in relation to directors' remuneration. As required every three years, the Directors' Remuneration Policy (last approved at the 2023 AGM) will be put to a binding vote at the 2026 AGM.

Role	From 1 June 2026 £	At 31 May 2026 £	At 31 May 2025 £
Chair of the Board	49,000	**46,700**	44,500
Chair of the Audit and Risk Committee	39,500	**37,775**	36,000
Senior Independent Director	36,000	**34,500**	n/a
Non-Executive Director	33,500	**32,000**	30,500

Directors' Remuneration Policy

Shareholders last approved the Remuneration Policy at the 2023 Annual General Meeting, being a triennial vote. An ordinary resolution to approve the Policy will be proposed at the 2026 Annual General Meeting. The Board may amend the level of remuneration paid to individual directors within the parameters of the Remuneration Policy. In determining the Remuneration Policy, the Board takes into account all factors which it deems necessary, including relevant legal and regulatory requirements and the provisions and recommendations of the AIC Code of Corporate Governance.

The objective of the Remuneration Policy is to attract, retain and motivate non-executive directors of the quality required to govern the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The Board obtains up-to-date information about remuneration in other companies of comparable scale and complexity to avoid and manage conflicts of interest in determining remuneration levels. The directors review the appropriateness and relevance of the Remuneration Policy at least annually, with a focus on supporting the Company's long-term sustainable success.

Individual directors do not participate in discussions relating to their own remuneration. Directors are remunerated in the form of fees, payable quarterly in arrears. The Company's Articles of Association limit the fees payable to the directors in aggregate to £250,000 per annum. Shareholders will be asked at the 2026 Annual General Meeting to approve an increase in this limit to £300,000 per annum. Subject to the overall limit, the Company's policy is that the fees payable to the directors should 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.

The policy is to review fee rates annually, although this will not necessarily result in any change to the rates. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties. No director has a service contract with the Company. Directors' appointments may be terminated at any time in writing with no compensation payable. There are no set notice periods and no fixed duration. No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

Recruitment principles

All directors, including those newly appointed, are paid at the same rate, apart from the Chair of the Board, Chair of the Audit and Risk Committee and Senior Independent Director who are paid a higher fee in recognition of their additional responsibilities.

Views of shareholders

Any views expressed by shareholders on the fees paid to directors would be taken into consideration by the Board, when reviewing levels of remuneration.

Directors' remuneration (audited)

The remuneration paid to the directors who served during the years ended 31 May 2026 and 31 May 2025 were as follows:

Director	2026 Total fees £	2026 taxable benefits £	2026 Total fees and benefits £	2025 Total fees and benefits £
Penny Freer[1]	46,700	176	46,876	44,500
Alexandra Mackesy[2]	37,775	–	37,775	36,000
Kevin Carter[3]	34,500	–	34,500	30,500
Michael Warren	32,000	163	32,163	30,500
Yen Mei Lim	32,000	–	32,000	30,500
Victoria Sant[4]	11,276	–	11,276	30,500
Total	**194,251**	**339**	**194,590**	**202,500**

Notes:

The table above omits other columns set out in the relevant regulations because no payments of other types were made, such as performance-related pay, vesting performance-related pay and pension-related benefits

1 Chair of the Board and highest paid director in the year to 31 May 2026
2 Chair of the Audit and Risk Committee
3 Senior Independent Director
4 Retired on 7 October 2025

Expenses were incurred on accommodation to attend the Board dinner and meeting on 12 November 2025. The expenses were reimbursed through payroll and subject to personal taxation and national insurance

Directors' interests in shares (audited)

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 table below.

	Ordinary shares of 25p	
	31 May 2026	1 June 2025
Penny Freer	4,400	4,400
Alexandra Mackesy	8,200	2,200
Kevin Carter	15,000	15,000
Michael Warren	8,000	8,000
Yen Mei Lim	2,000	2,000
Victoria Sant*	n/a	1,670

*Retired on 7 October 2025

There were no changes to the directors' interests in the period from 1 June 2026 to the date of this report. There is no share qualification requirement under the Articles of Association. However, the Board expects each director to hold shares in the Company and to retain them while they remain on the Board.

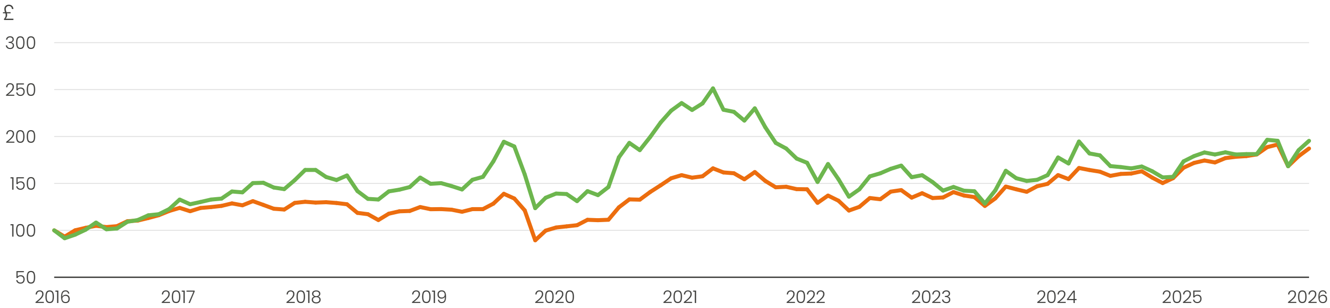
Spend on pay

As the Company has no employees, no employee pay comparison has been included. Total fees paid to directors are shown in the 'Directors' remuneration' table above. Distributions to shareholders are set out in note 9 on page 80; in the year to 31 May 2026, total dividends paid amounted to £17.4m. The amount returned to shareholders via share buybacks is set out in notes 16 and 17 on page 87.

Performance

The graph below compares the Company's share price total return over the ten-year period ended 31 May 2026 with the benchmark return over the same period.

Total performance return for 10 years to 31 May 2026



Company's share price total return, assuming the investment of £100 on 31 May 2016 and the reinvestment of all dividends (excluding dealing expenses) (Source: Morningstar Direct)

Benchmark total return, assuming the notional investment of £100 on 31 May 2016 and the reinvestment of all income (excluding dealing expenses) (Source: LSEG Datastream). The Company's benchmark is the Deutsche Numis Smaller Companies Index (excluding investment companies)

The Board considers this comparison relevant because the Company's investment objective is to maximise shareholders' total returns, both capital and income, through investment in smaller companies which are quoted in the United Kingdom.

Statement of voting at AGM

Shareholders will be asked to approve this Directors' Remuneration Report at the 2026 AGM. At the 2025 AGM, approximately 98.5% of votes were cast in favour of the Directors' Remuneration Report. Shareholders will also be asked to approve the Directors' Remuneration Policy at the 2026 AGM. This was last voted on at the 2023 AGM, when approximately 99.5% of votes were cast in favour of the Policy.

The following poll votes were received:

Resolution	For (including discretionary)	% votes	Against	% votes	Withheld
Directors' Remuneration Policy, approved at the 2023 AGM	23,215,998	99.5	106,236	0.5	79,823
Directors' Remuneration Report for the year ended 31 May 2025, approved at the 2025 AGM	23,848,090	98.5	371,460	1.5	59,147

Votes withheld are not votes in law and are not counted in the calculation of votes for or against a resolution.

On behalf of the Board

Penny Freer
Chair of the Board
29 July 2026

Directors' Report

The directors present the Annual Report and Accounts of the Company for the year ended 31 May 2026. The Company (registered and domiciled in England & Wales with registration number 00025526) was active throughout the year under review and was not dormant. Throughout the year, the Company's principal activity was as a closed-ended investment trust, focusing on investment in smaller UK-listed companies with the aim of delivering long-term shareholder returns.

The Investment Portfolio on pages 20-21, Corporate Governance Report on pages 43-48, Audit and Risk Committee Report, Nomination Committee Report and Management Engagement Committee Report on pages 49-55, Statement of Directors' Responsibilities on page 62, explanations of AGM resolutions on pages 100-102 and the glossary, alternative performance measures and general shareholder on pages 91-95 and corporate information on page 105, all form part of the Directors' Report.

Directors

The directors of the Company who held office during the year and up to the date of this Report are set out on pages 40-41, together with their biographies, contributions to the Board and their appointments. Page 47 describes the directors' insurance and indemnification arrangements. The directors' interests in the Company's shares are shown on page 57. In line with the AIC Code and UK corporate governance best practice, all directors will retire at the forthcoming AGM and offer themselves for annual re-election.

Share capital

The Company's share capital comprises:

Ordinary shares of 25p nominal value each ("shares")

Each share carries one vote on a poll.

During the year ended 31 May 2026, the Company purchased 12,899,062 shares, representing 18.8% of the issued share capital (excluding shares held in Treasury) at the end of the year, for cancellation or to be held in Treasury. The aggregate consideration paid, excluding expenses, was £111,395,000 and the nominal value of the shares purchased was £3,225,000.

At 31 May 2026, the Company held 18,796,219 shares in Treasury. The total number of shares in issue, excluding Treasury shares, was 55,588,912, representing the Company's total voting rights at that date.

Since 31 May 2026 and up to 27 July 2026, being the latest practicable date prior to publication of this Report, the Company bought back 1,078,549 additional ordinary shares at a total cost of £9,768,000 (including expenses and excluding stamp duty). No shares were allotted during the year or to the date of this Report. As at 27 July 2026, the total number of ordinary shares in issue was 74,385,131, with 19,874,768 held in Treasury, giving total voting rights of 54,510,363.

There are no restrictions on the transfer of the Company's shares or voting rights, no shares which carry specific rights with regard to the control of the Company and no agreement to which the Company is party that would affect its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue and capital reserves) are available for distribution by way of dividends to the holders of the 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 shareholdings.

Preference stock units of £1 each ("preference shares")

At 31 May 2025, the number of preference shares in issue was 4,257, representing approximately 0.02% of the Company's aggregate nominal share capital and approximately £4,000 in aggregate nominal value. As at 31 May 2026, there were no preference shares in issue.

In 1999, the Company bought back and cancelled the majority of its preference shares. A small number remained in issue where the relevant shareholders could not be contacted. During the year, the Company completed the acquisition and cancellation of those remaining preference shares in accordance with the provisions of its Articles of Association relating to untraced shareholders. The cancellation of the remaining preference shares, their removal from the Official List and the cancellation of their admission to trading on the London Stock Exchange's Main Market, took effect on 27 May 2026.

Shareholder authorities

The Company renewed its share buyback authority at a general meeting held on 1 July 2025, as only 5.6% of issued share capital remained within the 2024 AGM share buyback authority. At the annual general meeting ("AGM") held on 7 October 2025, the directors were granted authority to buy back up to 9,389,123 shares (being 14.99% of issued ordinary share capital (excluding shares held in Treasury) on that date).

The Company further renewed its share buyback authority at a general meeting held on 4 March 2026, as only 6.9% of issued share capital remained within the 2025 AGM share buyback authority. At this general meeting, the directors were granted authority to buy back up to 8,626,814 shares (being 14.99% of issued ordinary share capital (excluding shares held in Treasury) at 3 March 2026). As at 27 July 2026, there remain 5,586,709 shares available within the buyback authority granted at the 4 March 2026 general meeting. This authority will expire at the conclusion of the 2026 AGM. The directors intend to renew this authority, subject to shareholder approval. Shareholder approval to renew the Company's share buyback authority will be sought at the 2026 AGM, as explained in the Notice of AGM on pages 99.

Shares are not bought back unless the result is an increase in net asset value per share.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 31 May 2026 in accordance with the FCA's Disclosure Guidance and Transparency Rules were as follows:

Shareholder	% voting rights
Saba Capital	12.0
Evelyn Partners	5.8
West Yorkshire Pension Fund	4.7

The Company was notified on 24 June 2026, that Saba Capital had a 13.1% interest in the Company. No other changes have been notified in the period 1 June 2026 to 27 July 2026.

Additionally, holdings of the Company's shares on execution-only stockbroking platforms at 31 May 2026 were as follows:

Platform nominee	% voting rights
Interactive Investor	12.9
Hargreaves Lansdown	9.3
HSDL	4.2
AJ Bell	3.0
Barclays Smart Investor	2.0

Disclosure of information to the auditor

Each director who is a member of the Board at the date of approval of this Report confirms that, to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's auditor is unaware, and he or she 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 auditor is aware of that information.

Related-party transactions

The Company's transactions with related parties in the year were with the directors and the Manager. There were no material transactions between the Company and its directors, and the only amounts paid relate to fees paid for their remuneration. Remuneration is paid quarterly in arrears and amounts for April and May 2026 were therefore accrued as at the year end. There were no other outstanding amounts payable at the year end. Directors' shareholdings are listed on page 57.

In respect of the Manager's services provision during the year, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there were no material transactions with the Manager affecting the financial position of the Company. More details on transactions with the Manager, including amounts outstanding at the year end, are on page 88.

Independent auditor

The auditor Forvis Mazars LLP has indicated willingness to continue in office. Resolutions 11 and 12 are being submitted to the 2026 AGM to propose Forvis Mazars LLP's reappointment and authorise the Audit and Risk Committee to determine their remuneration for the coming year.

Financial instruments

The Company's financial risk management objectives and policies, including its exposure to market price, liquidity and credit risks, and the use of financial instruments, are set out in the Investment Policy on page 24 and in note 15 to the financial statements.

Future developments

The future success of the Company will depend primarily on the performance of its investment portfolio, which will, to a significant degree, reflect the performance of the stock market and the skill of the Manager. While the Company invests in companies that are listed (or quoted) in the United Kingdom, the underlying businesses of those companies are affected by external factors, many of an international nature. The Board intends to continue to pursue the Company's investment objective and strategy as described on page 24.

The Chair's Statement and the Fund Managers' Report from pages 8-18 give commentary on the outlook for the Company. As discussed on page 9, the Board recommends a final dividend of 21.5 pence per ordinary share for the year ended 31 May 2026 for approval at the AGM.

Other information

The applicable UK Listing Rule disclosures, including the additional annual financial report requirements for closed-ended investment funds, are included in this Annual Report. The statement explaining how the Company has invested its assets with a view to spreading investment risk is set out on page 25; the Board's statement on the continuing appointment of the Manager is set out in the Management Engagement Committee Report on page 55; details of the investment management arrangements are set out on page 25; the full investment policy is set out on page 24; and the portfolio analysis is set out on pages 20-21. The directors confirm that there are no additional disclosures required under UKLR 6.6.4R.

Further detail on stakeholder engagement and s172 considerations is set out on pages 31-32. The Company has no branches. It made no political or charitable donations and incurred no political expenditure during the year (2025: nil). The Company's environmental statements, and the Manager's approach to stewardship, including voting and engagement on environmental, social and governance matters, are described on pages 34-37. The Company has no employees and, accordingly, statutory disclosures on employee engagement and policies for disabled employees are not applicable.

Annual general meeting ("AGM")

The Board is pleased to invite shareholders to attend the AGM in person at 11.30 am on Tuesday, 6 October 2026 at the Company's registered office. The Board encourages shareholders to attend for the opportunity to meet the directors, the Fund Manager, Indri van Hien, and the other members of the UK Smaller Companies team, including Cassie Herlihy. Ms van Hien will give a presentation about the year under review and her outlook for the year ahead.

Shareholders are invited to consider the resolutions set out in the Notice of AGM on pages 98-104, which includes an explanation of each resolution. In addition to the routine business of the AGM, shareholders will be asked to approve the adoption of updated Articles of Association, the Directors' Remuneration Policy, which is due for triennial approval, and an increase to the aggregate annual cap on directors' fees.

Shareholders may attend the AGM in person or view the meeting through the online platform. Shareholders joining electronically will be able to watch the meeting and submit questions, but electronic participation will not constitute formal attendance for quorum or voting purposes and shareholders will not be able to vote live through the platform. Shareholders who do not intend to attend in person are therefore encouraged to submit proxy votes in advance of the meeting. Details of how to attend, appoint a proxy and vote are set out in the Notice of AGM.

A video in which the Fund Manager discusses the Company's results and performance during the year will be available from 30 July 2026 at **www.hendersonsmallercompanies.com**. Shareholders who have questions for the Board or the Fund Manager in advance of the AGM are invited to contact the Secretary at **itsecretariat@janushenderson.com**.

Voting recommendation

The Board considers that the resolutions to be proposed at the AGM are in the best interests of shareholders as a whole. The Board therefore recommends that shareholders vote in favour of each resolution, as the directors intend to do in respect of their own beneficial holdings.

This Directors' Report was approved by the Board on 29 July 2026 and signed on its behalf by:

By order of the Board
Janus Henderson Secretarial Services UK Limited
Corporate Secretary
29 July 2026

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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. The directors have prepared the Company's financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 profit 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors' report, a strategic report and a directors' remuneration report which comply with the requirements of the Companies Act 2006.

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 DTR 4.1.12

Each director, who is listed on pages 40-41, confirms that, to the best of his or her knowledge:

- the financial statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Company; and
- the Strategic Report 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.

On behalf of the Board

Penny Freer
Chair of the Board
29 July 2026

Financial Statements

In this section

Photo: Balfour Beatty

Independent auditor's report to the members of The Henderson Smaller Companies Investment Trust plc

Opinion

We have audited the financial statements of The Henderson Smaller Companies Investment Trust plc (the "Company") for the year ended 31 May 2026 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and notes to the financial statements on pages 70-89, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2026 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 listed entities and 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- making enquiries of the Directors to understand the period of assessment that they considered, being at least 12 months from the date of approval of the annual report and financial statements, assessing and challenging the appropriateness of the Directors' key assumptions in their income and expense projections and implication of those when assessing severe but plausible scenarios;
- assessing the Company's ability to continue to operate within its financial covenants and the liquidity of the portfolio through reviewing Management's assessment of how quickly the portfolio could be liquidated if required;
- assessing the Company's performance to date using the key performance indicators being net asset value against benchmark and peer group, share price total return against benchmark and peer group, discount to net asset value and ongoing charge listed on pages 29 and 30 in the annual report; and
- evaluating the appropriateness of the Directors' disclosures in the financial statements on going concern and viability statement.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

In relation to the Company's reporting on how it has met its obligations under the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Director's considered it appropriate to adopt the going concern basis of accounting.

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) we identified, including those which 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.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Valuation and existence of the investment portfolio (as described on page 50 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 75). Investments held as of 31 May 2026 were valued at £614.44m (2025: £698.72m). The investment portfolio comprises of solely level one investments. Investments make up 110.0% of the net asset value of the Company as of 31 May 2026 (110.2% of the net asset value as of 31 May 2025) these are only level one and considered to be the key driver of the performance of the Company. The investments are made up of quoted investments that are classified upon initial recognition as held at fair value through profit or loss and are measured initially and subsequently at fair value which is based on their quoted bid prices at the close of business on the year-end date. There is a risk that investments recorded might not exist or might not be owned by the Company. Although the investments are valued at quoted bid prices, there is a risk that errors in valuation can have a significant impact on the numbers presented. We therefore identified valuation and existence of investments as a key audit matter as it had the greatest effect on our overall audit strategy and allocation of resources.	Our audit procedures included, but were not limited to: • understanding Management's process to record and value investments through discussions with Management and examination of control reports from the third-party service organisation; • for all investments in the portfolio, agreeing investment holdings to an independent custodian confirmation and an independent depositary confirmation in order to obtain comfort over existence; • for all investments in the portfolio, comparing to market prices independently obtained from a source vendor and recalculating the investment valuations as at the year-end; and • for all investments in the portfolio, assessing the frequency of trading to identify any prices that have not changed and testing whether the listed price is a valid fair value to ensure appropriateness of fair value classification. **Our observations** We have no matters to communicate with regards to the valuation and existence of the investment portfolio held at 31 May 2026.

The key audit matter in the table above is consistent with the matter we disclosed in our 2025 independent auditor's report.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

Materiality

Overall materiality	£5.59m (2025: £6.34m)
How we determined it	1% of net assets (2025: 1% of net assets)
Rationale for benchmark applied	Net assets have been identified as the principal benchmark within the financial statements as they are considered to be the main focus of the shareholders. Whilst valuation processes for these investments are not considered to be complex, there is a risk that errors in valuation could cause a material misstatement. 1% has been chosen as it is a generally accepted auditing practice for investment trust audits and the Company is a public interest entity.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. On the basis of our risk assessments and together with our assessment of the overall control environment, we determined 70% (2025: 70%) of overall materiality, amounting to £3.91m (2025: £4.44m). We also determined a specific materiality for the revenue column of the Statement of Comprehensive Income at £0.8m (2025: £1.02m), being 5% (2025: 5%) of revenue profit before tax.
Reporting threshold	We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.17m (2025: £0.19m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgments, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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.

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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In 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 directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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; or
- a corporate governance statement has not been prepared by the Company.

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to how the Company meets its obligations under the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 62;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate, set out on page 38;
- Directors' statement on fair, balanced and understandable, set out on page 62;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 27;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 47; and;
- The section describing the work of the Audit and Risk Committee, set out on pages 49-50.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 62, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK-adopted international accounting standards, the Companies Act 2006, the UK Listing Rules, UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Company, the industry in which it operates, and the structure of the Company, and considering the risk of acts by the Company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the Directors, management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Reviewing minutes of Directors' meetings in the year and up until the authorisation of financial statements; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Statement of Recommended Practice issued by the Association of Investment Companies, the Companies Act 2006 and UK tax legislation.

In addition, we evaluated the Directors' and Management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgments and assumptions in significant accounting estimates, particularly in relation to special dividends, revenue recognition (which we pinpointed to the accuracy and completeness assertions), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Reviewing the accounting estimates in relation to special dividends for evidence of management bias and performing procedures to respond to the fraud risk in revenue recognition.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available 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

Following the recommendation of the Audit and Risk Committee, we were appointed on 1 September 2021 to audit the financial statements for the year ending 31 May 2022. The period of total uninterrupted engagement is five years, covering the years ending 31 May 2022 to 31 May 2026.

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 our additional report to the Audit and Risk Committee.

Use of the audit report

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.

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules, these financial statements will form part of the electronic reporting format prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the annual financial report will be prepared using the correct electronic reporting format.

Nargis Shaheen Yunis (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London EC4M 7AU
29 July 2026

Statement of Comprehensive Income

for the year ended 31 May

Notes		Year ended 31 May 2026 Revenue return £'000	Year ended 31 May 2026 Capital return £'000	Year ended 31 May 2026 Total £'000	Year ended 31 May 2025 Revenue return £'000	Year ended 31 May 2025 Capital return £'000	Year ended 31 May 2025 Total £'000
2	Investment income	18,362	–	18,362	22,912	–	22,912
3	Other income	124	–	124	168	–	168
10	Gains/(losses) on investments held at fair value through profit or loss	–	41,411	41,411	–	(61,211)	(61,211)
	Currency losses	–	–	–	–	(3)	(3)
	Total income/(loss)	**18,486**	**41,411**	**59,897**	**23,080**	**(61,214)**	**(38,134)**
	Expenses:						
4	Management fees	(600)	(1,399)	(1,999)	(719)	(1,677)	(2,396)
5	Other expenses	(1,084)	–	(1,084)	(761)	–	(761)
	Profit/(loss) before finance costs and taxation	**16,802**	**40,012**	**56,814**	**21,600**	**(62,891)**	**(41,291)**
6	Finance costs	(950)	(2,217)	(3,167)	(1,110)	(2,591)	(3,701)
	Profit/(loss) before taxation	**15,852**	**37,795**	**53,647**	**20,490**	**(65,482)**	**(44,992)**
7	Taxation	–	–	–	(2)	–	(2)
	Profit/(loss) for the year and total comprehensive income	**15,852**	**37,795**	**53,647**	**20,488**	**(65,482)**	**(44,994)**
8	**Earnings/(loss) per ordinary share – basic and diluted**	26.11p	62.26p	88.37p	27.89p	(89.13p)	(61.24p)

The total columns of this statement represent the Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The profit attributable to shareholders for the year disclosed above represents the Company's total comprehensive income. The Company does not have any other comprehensive income.

The notes on pages 74-89 form part of these financial statements

Statement of Changes in Equity

for the year ended 31 May

Notes	Year ended 31 May 2026	Share capital £'000	Capital redemption reserve £'000	Retained earnings: Capital reserves £'000	Retained earnings: Revenue reserve £'000	Total equity £'000
	Total equity at 1 June 2025	18,597	26,824	568,767	20,136	634,324
	Total comprehensive income:					
	Profit for the year	–	–	37,795	15,852	53,647
	Buyback of shares to Treasury	–	–	(111,952)	–	(111,952)
	Transactions with owners, recorded directly to equity:					
9	Ordinary dividends paid	–	–	–	(17,439)	(17,439)
	Total equity at 31 May 2026	**18,597**	**26,824**	**494,610**	**18,549**	**558,580**

Notes	Year ended 31 May 2025	Share capital £'000	Capital redemption reserve £'000	Retained earnings: Capital reserves £'000	Retained earnings: Revenue reserve £'000	Total equity £'000
	Total equity at 1 June 2024	18,627	26,794	682,267	19,652	747,340
	Total comprehensive income:					
	(Loss)/profit for the year	–	–	(65,482)	20,488	(44,994)
	Buyback of shares for cancellation	(30)	30	(1,057)	–	(1,057)
	Buyback of shares to Treasury	–	–	(46,961)	–	(46,961)
	Transactions with owners, recorded directly to equity:					
9	Ordinary dividends paid	–	–	–	(20,004)	(20,004)
	Total equity at 31 May 2025	**18,597**	**26,824**	**568,767**	**20,136**	**634,324**

The notes on pages 74-89 form part of these financial statements

Balance Sheet

Notes		At 31 May 2026 £'000	At 31 May 2025 £'000
	Non-current assets		
10	Investments held at fair value through profit or loss	614,437	698,722
	Current assets		
12	Receivables	3,604	6,183
	Cash and cash equivalents	8,013	1,181
		11,617	**7,364**
	Total assets	**626,054**	**706,086**
	Current liabilities		
13	Payables	(2,671)	(1,834)
15 i)	Bank loans	(15,000)	(20,133)
		(17,671)	**(21,967)**
	Total assets less current liabilities	**608,383**	**684,119**
	Non-current liabilities		
14	Financial liabilities	(49,803)	(49,795)
	Net assets	**558,580**	**634,324**
	Equity attributable to equity shareholders		
16	Share capital	18,597	18,597
17	Capital redemption reserve	26,824	26,824
	Retained earnings:		
17	Capital reserve	494,610	568,767
18	Revenue reserve	18,549	20,136
	Total equity	**558,580**	**634,324**
19	**Net asset value per ordinary share**	1,004.8p	926.2p

These financial statements on pages 70-89 were approved and authorised for issue by the Board of Directors on 29 July 2026 and were signed on its behalf by:

Penny Freer
Chair of the Board

The notes on pages 74-89 form part of these financial statements

Statement of Cash Flows

for the year ended 31 May

Notes		For the year ended 31 May 2026 £'000	31 May 2025 £'000
	Operating activities		
	Profit/(loss) before taxation	53,647	(44,992)
	Add back interest payable	3,167	3,701
10	(Profit)/loss on investments held at fair value through profit or loss	(41,411)	61,211
	Losses on foreign currency	–	3
10	Purchases of investments	(122,787)	(115,189)
10	Sales of investments	248,483	188,624
	Increase in receivables	(132)	(10)
12	Decrease/(increase) in amounts due from brokers	1,780	(2,542)
	Decrease in accrued income	931	8,132
	(Decrease)/increase in payables	(309)	64
13	Increase in amounts due to brokers	1,214	26
	Net cash inflow from operating activities before interest and taxation[1]	**144,583**	**99,028**
	Interest paid	(3,152)	(3,859)
	Net cash inflow from operating activities	**141,431**	**95,169**
	Financing activities		
	Buyback of ordinary shares	(112,027)	(47,619)
	Equity dividends paid	(17,439)	(20,004)
	Repayment of bank loans	(5,133)	(35,611)
	Net cash outflow from financing activities	**(134,599)**	**(103,234)**
	Increase/(decrease) in cash and cash equivalents	**6,832**	**(8,065)**
	Currency losses	**–**	**(3)**
	Cash and cash equivalents at the start of the year	1,181	9,249
	Cash and cash equivalents at the end of the year	**8,013**	**1,181**

1 In accordance with IAS 7.31 cash inflow from dividends was £19,289,000 (2025: £22,228,000), and cash inflow from interest was £129,000 (2025 £171,000)

The notes on pages 74-89 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The Henderson Smaller Companies Investment Trust plc (the "Company") is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006 (the "Act"). The Company is a single reporting entity and there is no ultimate controlling party. The financial statements of the Company for the year ended 31 May 2026 have been prepared in accordance with UK-adopted International Accounting Standards ("IAS") in conformity with the requirements of the Act. These comprise standards and interpretations approved by the IAS Board ("IASB"), together with interpretations of the IAS and Standing Interpretations Committee approved by the International Financial Reporting Standards ("IFRS") that remain in effect, to the extent that IFRS have been adopted by the United Kingdom.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments held at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the year. Where presentational guidance set out in the Statement of Recommended Practice (the "SORP") for investment trusts issued by the Association of Investment Companies (the "AIC") is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

Accounting standards

i) The following new and amended standards are relevant and applicable to the Company and have been adopted. There has been no impact on the financial statements as a result of these new and amended standards.

Amendments to IAS in conformity with the requirements of the Act issued and effective for the current year end:

Standards		Effective for annual periods beginning on or after
IAS 21 Amendments	Lack of Exchangeability	1 January 2025

ii) Relevant new standards and amendments issued but not effective for the current financial year and not early-adopted by the Company:

Standards		Effective for years beginning on or after
Annual Improvements 2023-24	Minor amendments to IFRS 1, 7, 9, 10 and IAS 7	1 January 2026
IFRS 7 and 9 Amendments	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

Interpretations

It is expected that these new standards and amendments will have no material impact on the financial statements as a whole. In respect of IFRS 18, this is expected to have some impact on the presentation within the statement of comprehensive income and the cash flow statement, although the full impact has yet to be determined.

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. In coming to this conclusion, the directors have also considered the continued macroeconomic and geopolitical uncertainty, the nature of the Company's covenants, the strength of the Company's distributable reserves and the liquidity of the portfolio.

The directors have concluded that the Company is able to meet its financial obligations, including the repayment of the bank loans and borrowings, as they fall due for a period of at least twelve months from the date of issuance. Having assessed these factors the principal risks and other matters discussed in connection with the Viability Statement set out on page 38, the directors confirm that the financial statements have been prepared on a going concern basis. The Company's shareholders are asked every three years to vote for the continuation of the Company. The last continuation vote took place at the Annual General Meeting ("AGM") held on 7 October 2025 and passed with 95% of votes cast in favour of continuation. The next continuation vote will take place at the AGM in 2028.

1 Accounting policies continued

c) Investments held at fair value through profit or loss

All investments are classified upon initial recognition as held at fair value through profit or loss, and are measured initially and subsequently at fair value. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments is based on their quoted bid price or the last traded price depending on the convention of the exchange on which the investment is quoted at the balance sheet date, without deduction of the estimated future selling costs. There were no unquoted investments held during the current year or prior year.

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 Statement of Comprehensive Income as 'Gains/(losses) on investments held at fair value though 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) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. In accordance with the Company's status as a UK investment company under s833 of the Act, net capital returns are no longer prohibited to be distributed by way of dividend where authority is given within the Company's articles of association. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Company's compliance with certain requirements set out in s1158 of the Corporation Tax Act 2010.

e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends represent dividends paid by the investee companies that are additional to the normal or expected dividend cycle for that company. Special dividends are treated as revenue return or capital return, depending on the facts and circumstances of each individual case. Dividends which have clearly arisen out of the investee company's reconstruction or reorganisation are usually considered to be capital in nature and allocated to capital return. Other special dividends will usually be considered as revenue in nature unless evidence suggests otherwise. Interest is recognised on an accruals basis.

Income distributions from UK Real Estate Investment Trusts ("UK REITs") will be split into two parts: a Property Income Distribution ("PID") made up of rental revenue; and a non-PID element, consisting of non-rental revenue. The PID element is subject to corporation tax as schedule A revenue, while the non-PID element will be treated as franked revenue.

f) Expenses

All expenses are accounted for on an accruals basis. The Board has determined that the capital return should reflect the indirect costs of earning capital returns. Consequently, since 1 June 2013 the Company has allocated 70% of its management fees and finance costs to the capital return of the Statement of Comprehensive Income, with the remaining 30% being allocated to the revenue return. All other administrative expenses are charged to the revenue return of the Statement of Comprehensive Income.

Any performance fees are charged wholly to the capital return. Expenses which are incidental to the purchase or sale of an investment are recognised immediately in the capital return of the Statement of Comprehensive Income, and are included within the gains or losses on investments held at fair value through profit or loss.

g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 balance sheet date.

The tax effect of different items of expenditure is allocated between the capital and the revenue using the Company's effective rate of tax for the year. 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

1 Accounting policies continued

g) Taxation continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under s1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

h) Foreign currency

For the purposes of the financial statements, the results and financials position are expressed in pound sterling, which is the functional currency and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and investments held at fair value through profit or loss which are denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date. Gains or losses arising on the retranslation of investments held at fair value through profit or loss are included within the 'Gains/(losses) on investments held at fair value through profit or loss'.

i) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

j) Borrowings

Interest-bearing bank loans, overdrafts, unsecured loan notes and Preference Stock are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that the borrowings are not settled in the period in which they arise.

The Preference Stock was classified as a liability as it represented a contractual obligation on behalf of the Company to deliver to the stockholders a fixed and determinable amount at the date of redemption.

k) Operating segments

The directors consider that the Company has one operating segment, being the activity of investing in shares and securities primarily for capital appreciation in accordance with the Company's published investment objective. The Company operates within the United Kingdom.

l) Dividends payable to shareholders

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

1 Accounting policies continued

m) Capital and reserves

Capital reserve arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the 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.

Revenue reserve

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

Capital redemption reserve

The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled.

n) Distributable reserves

The Company's capital reserve arising on investments sold (i.e. realised capital profits) and revenue reserve may be distributed by way of a dividend.

o) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference stock was classified as a liability. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases its own equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

Share capital represents the nominal value of ordinary shares issued.

p) Key estimates and assumptions

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

There are no estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities. The decision to allocate special dividends as income or capital is a judgment, and further details are provided in note 1e). The decision to include Purchases and Sales of investments within Operating activities in the Cash Flow Statement is considered appropriate because these are core activities of the Company's operations. Given the nature of the Company as an investment trust, this is not deemed to be a significant judgment in the context of the financial statements as a whole.

There are no other significant judgments made in the preparation of these financial statements.

2 Investment income

	2026 £'000	2025 £'000
Income from companies listed or quoted in the United Kingdom:		
Dividends	17,283	21,587
Special dividends	580	687
Property income distributions	499	638
Total investment income	**18,362**	**22,912**

3 Other income

	2026 £'000	2025 £'000
Bank and other interest	124	168
	124	**168**

4 Management fees

	2026			2025		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	600	1,399	1,999	719	1,677	2,396
	600	**1,399**	**1,999**	**719**	**1,677**	**2,396**

A summary of the fee arrangements in the management agreement is given on page 25.

5 Other expenses

	2026 £'000	2025 £'000
Directors' fees (see the Directors' Remuneration Report on pages 56-58)	194	202
Auditors' remuneration for the audit of the Company and the financial statements	64	62
Other professional fees	85	73
FCA and London Stock Exchange fees	85	72
Registration costs	67	34
Annual and half-year reports and shareholder circulars: printing and distribution	30	32
Insurances	23	16
AIC subscriptions	27	22
Custody and other bank charges	40	41
Depositary charges	44	47
Other expenses payable to the management company[1]	405	135
Other expenses	20	25
	1,084	**761**

1 Other expenses payable to management company relate to marketing activities as described in Note 21

All transactions with directors are disclosed in the Directors' Remuneration Report and are related-party transactions. All the above expenses include VAT where VAT is applied to them. There were no non-audit services in the period (2025: nil).

6 Finance costs

	2026			2025		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Bank overdraft and loan interest	480	1,121	1,601	643	1,500	2,143
Interest on unsecured loan notes[1]	470	1,096	1,566	467	1,091	1,558
Total	**950**	**2,217**	**3,167**	**1,110**	**2,591**	**3,701**

1 Includes amortisation of direct issue costs and will therefore vary from year to year

7 Taxation

a) Analysis of charge for the year

	2026			2025		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Overseas tax suffered	–	–	–	2	–	2
Current and total tax charge for the year	**–**	**–**	**–**	**2**	**–**	**2**

b) Factors affecting the tax charge for the year

UK corporation tax is charged at 25% (2025: 25%). Approved investment trusts are exempt from corporation tax on chargeable gains made by the investment trust.

	2026			2025		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Profit/(loss) before taxation	**15,852**	**37,795**	**53,647**	**20,490**	**(65,482)**	**(44,992)**
Corporation tax at 25% (2025: 25%)	3,963	9,449	13,412	5,123	(16,371)	(11,248)
Effects of:						
Non-taxable UK dividends	(4,357)	–	(4,357)	(5,388)	–	(5,388)
Non-taxable overseas dividends	(104)	–	(104)	(181)	–	(181)
Expenses not deductible for tax purposes	1	–	1	–	–	–
Excess management expenses and loan deficits	419	721	1,140	331	799	1,130
Overseas withholding tax	–	–	–	2	–	2
Non-taxable capital items	–	(10,353)	(10,353)	–	15,304	15,304
Corporate interest restrictions	78	183	261	115	268	383
Current and total tax charge for the year	**–**	**–**	**–**	**2**	**–**	**2**

c) Provision for deferred taxation

No provision has been made for deferred tax on income.

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to maintain approval of such status in the foreseeable future, the Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments.

d) Factors that may affect future tax charges

The Company has not recognised a deferred tax asset of £32,205,000 (2025: £31,065,000) arising as a result of having unutilised management expenses and loan relationships of £128,821,000 (2025: £124,259,000). These expenses will only be utilised if the tax treatment of the Company's income and chargeable gains changes or if the Company's investment profile changes. There is no expiry date for these deferred tax assets and no expectation for these to be utilised.

8 Earnings/(loss) per ordinary share

The earnings per ordinary share figure is based on the net profit for the year of £53,647,000 (2025: net loss of £44,994,000) and on 60,708,172 (2025: 73,469,728) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below:

	2026 £'000	2025 £'000
Net revenue profit	15,852	20,488
Net capital profit/(loss)	37,795	(65,482)
Net total profit/(loss)	**53,647**	**(44,994)**
Weighted average number of ordinary shares in issue during the year	60,708,172	73,469,728

	2026	2025
Revenue earnings per ordinary share	26.11p	27.89p
Capital earnings/(losses) per ordinary share	62.26p	(89.13p)
Total earnings/(loss) per ordinary share	**88.37p**	**(61.24p)**

The Company has no securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted earnings per ordinary share are the same.

9 Dividends on ordinary shares

	Record Date	Pay Date	2026 £'000	2025 £'000
Final dividend 20.5p (2025: 19.5p) for the year ended 31 May 2025	29 August 2025	13 October 2025	13,159	14,505
Interim dividend of 7.5p (2025: 7.5p) for the year ended 31 May 2026	13 March 2026	27 March 2026	4,280	5,507
Unclaimed dividends			–	(8)
			17,439	**20,004**

Subject to approval at the AGM, the proposed final dividend of 21.5p per ordinary share will be paid on 23 October 2026 to shareholders on the register of members at the close of business on 2 October 2026. The shares will be quoted ex-dividend on 1 October 2026.

The proposed final dividend for the year ended 31 May 2026 has not been included as a liability in these financial statements. Under IFRS, the final dividend is not recognised until approved by shareholders.

The total dividends payable in respect of the financial year which form the basis of the test under s1158 of the Corporation Tax Act 2010 are set out below:

	2026 £'000	2025 £'000
Revenue available for distribution by way of dividends for the year	15,852	20,488
Interim dividend for the year ended 31 May 2026 of 7.5p (2025: 7.5p) per ordinary share	(4,280)	(5,507)
Final dividend for the year ended 31 May 2025 20.5p per ordinary share	–	(13,159)
Proposed final dividend for the year ended 31 May 2026 of 21.5p (based on 54,510,363 shares in issue at 27 July 2026)	(11,720)	–
Transfer (from)/to reserves	**(148)**	**1,822**

10 Investments held at fair value through profit or loss

	2026 £'000	2025 £'000
Cost at start of year	607,616	691,938
Investment holding gains at start of year	91,106	141,430
Valuation at start of year	**698,722**	**833,368**
Movements in the year:		
Acquisitions at cost	122,787	115,189
Disposals at cost	(241,532)	(199,511)
Movement in investment holding gains/(losses)	34,460	(50,324)
Valuation at year end	**614,437**	**698,722**
Cost at end of the year	488,871	607,616
Investment holding gains	125,566	91,106
Valuation at year end	**614,437**	**698,722**

The Company received £248,483,000 (2025: £188,623,000) from investments sold in the year. The book cost of these investments when they were purchased were £241,532,000 (2025: £199,511,000). These investments have been revalued over time and until they were sold, any unrealised gains/losses were included in the fair value of the investments.

Purchase and sale transaction costs for the year ended 31 May 2026 were £534,000 and £108,000 respectively (2025: transaction costs of purchases £451,000; transaction costs of sales £84,000). These comprise mainly stamp duty and commission.

No special dividends have been allocated to capital for the year ended 31 May 2026 (2025: £480,000).

Analysis of investments at fair value

	2026 £'000	2025 £'000
Equity investments:		
Listed on London Stock Exchange	558,238	609,994
Listed on Alternative Investment Market ("AIM")	56,199	88,728
	614,437	**698,722**

All the investments are listed in the United Kingdom. The above categories are based on information obtained from the London Stock Exchange Daily Official List.

Total capital gains/(losses) from investments

	2026 £'000	2025 £'000
Gains/(losses) on the sale of investments based on historical cost	6,951	(10,887)
Revaluation gains recognised in previous years	(16,374)	(14,717)
Losses on investments sold in the year based on the carrying value at the previous balance sheet date	**(9,423)**	**(25,604)**
Net movement in investment holding	50,834	(35,607)
Gains/(losses) on investments held at fair value through profit or loss	**41,411**	**(61,211)**

All capital gains/(losses) are from investments that are listed (or quoted on AIM) in the United Kingdom.

11 Substantial interests

The Company held interests of 3% or more of any class of share capital in one investee company (2025: one investee company). These investments are not considered by the directors to be significant in the context of these financial statements.

Company	2026 Valuation £'000	% of voting rights
RM	4,678	4.6

12 Receivables

	2026 £'000	2025 £'000
Securities sold for future settlement	762	2,542
Management fee	142	–
Prepayments and accrued income	2,700	3,641
	3,604	**6,183**

13 Payables

	2026 £'000	2025 £'000
Securities purchased for future settlement	1,819	605
Buyback of shares into Treasury for future settlement	324	399
Management fee	–	351
Accruals and deferred income	528	479
	2,671	**1,834**

14 Financial liabilities

	2026 £'000	2025 £'000
Unsecured Loan Notes:		
3.33% Unsecured Loan Notes 2036 (redeemable at par on 23 May 2036)	29,877	29,867
2.77% Unsecured Loan Notes 2052 (redeemable at par on 2 February 2052)	19,926	19,924
Preference Stock:		
Nil Preference Stock units of £1 each (2025: 4,257)	–	4
	49,803	**49,795**

In 1999, the Company undertook a substantial buyback and cancellation of the majority of its Preference Shares. A small number of Preference Shares remained in issue following that process where the relevant shareholders could not be contacted at that time.

The Company has completed the necessary steps in accordance with its articles of association in relation to untraced shareholders to acquire the remaining Preference Shares. The Board of Directors of the Company approved the acquisition and cancellation of all remaining Preference Shares (which represented only a de minimis holding of 4,257 shares, representing approximately £4,000 in aggregate nominal value) pursuant to those provisions.

Following completion of this process, the Preference Shares cease to be in issue.

On 23 May 2016, the Company issued £30,000,000 (nominal) 3.33% unsecured loan notes, net of issue costs totalling £213,000. The issue costs will be amortised over the life of the notes. The loan notes do not carry voting rights and the 3.33% interest rate would be cumulative if unpaid in any period.

On 2 February 2022, the Company issued £20,000,000 (nominal) 2.77% unsecured loan notes, net of direct issue costs totalling £82,000. The direct issue costs will be amortised over the life of the notes. The loan notes do not carry voting rights and the 2.77% interest rate would be cumulative if unpaid in any period.

15 Risk management policies and procedures

The directors manage investment risk principally through setting an investment policy, approved by shareholders, which incorporates risk parameters (see pages 27-28), by contracting management of the Company's investments to an investment manager (Janus Henderson) under a contract which incorporates appropriate duties and restrictions and by monitoring performance in relation to these. The Board's relationship with Janus Henderson is discussed in the Strategic Report (pages 1-38). Internal control and the Board's approach to risk management are also on pages 47-51. There have been no material changes to the management or nature of the Company's investment risks from the prior year.

The main risks arising from the Company's pursuit of its investment objective are market risk, credit risk and liquidity risk. The effects of these can also be increased by gearing.

The Board 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.
- 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) which utilises Hiportfolio software.
- 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;
  - SAI360 operational risk database;
  - RiskMetrics, UBS Delta, Style Research and Barra for market risk measurement;
  - Bloomberg for market data and price-checking; and
  - Hiportfolio for portfolio holdings and valuations.

a) Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 15 (b)), currency risk (see note 15 (c)) and interest rate risk (see note 15 (d)). The Board reviews and agrees policies for managing these risks. Janus Henderson assesses the exposure to market 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.

b) Market price risk

Market price risk (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of the investments. The Company's investments are susceptible to market price risk arising from uncertainties about the future prices of the investments.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from Janus Henderson. The Board regularly reviews investment performance. The Board monitors Janus Henderson's compliance with the Company's objectives and is directly responsible for investment strategy.

The Company's exposure to changes in market prices at 31 May 2026 on its equity investments was £614,437,000 (2025: £698,722,000).

Concentration of exposure to market price risk

An analysis of the Company's investments is shown on pages 19-21 and a sector analysis is set out on page 2. At 31 May 2026 all the investments were in companies listed or quoted on the London Stock Exchange, most of them being companies established in and operating from the United Kingdom. Accordingly, there is a concentration of exposure to the UK, although it is 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.

15 Risk management policies and procedures continued

b) Market price risk continued

Market price risk sensitivity

The sensitivity of (a) the return after taxation for the year and (b) the Company's net assets to an increase or decrease of 25% in the fair values of the Company's investments at each balance sheet date is given below. This level of change is considered to be reasonably possible, based on observation of current market conditions.

The impact of a 25% increase in the value of the investments on the revenue return as at 31 May 2026 is a decrease of £161,000 (2025: £183,000) and on the capital return is an increase of £153,233,000 (2025: £174,253,000). Accordingly, the total impact on shareholders' funds is an increase of £153,072,000 (2025: £174,069,000).

The impact of a 25% decrease in the value of the investments on the revenue return as at 31 May 2026 is a increase of £161,000 (2025: £183,000) and on the capital return is a decrease of £153,233,000 (2025: £174,253,000). Accordingly, the total impact on shareholders' funds is a decrease of £153,072,000 (2025: £174,069,000).

c) Currency risk

The Company is not itself materially exposed to currency risk, although some of the investments will be in companies that have operations that involve currency risk.

As at 31 May 2026, the Company did not hold any non-sterling denominated investments (2025: nil).

d) Interest rate risk

Interest rate movements may affect:

- the level of income receivable from cash at bank and on deposit; and
- the interest payable on the Company's short-term borrowings.

Interest rate changes may also have an impact on the market value of the Company's equity investments. In particular, the effect of the interest rate changes on the earnings of companies held within the portfolio may have a significant impact on the valuations of those companies.

Management of risk

The possible effects on the fair value of the investments that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. The Company rarely holds significant cash balances but finances part of its investment activity through borrowings at levels approved and monitored by the Board. At 31 May 2026 the Company had committed bank borrowing facilities for a total of £15.0 million (2025: £20.1 million); borrowings are drawn down for short periods at rates of interest that are determined by reference to the market rates applicable at the time of borrowing.

Interest rate exposure

The Company's financial liabilities at 31 May 2026 that give exposure to fixed interest rate risk are set out in note 14. The exposure to floating interest rates can be found on the Balance Sheet (cash and cash equivalents and bank loans). These amounts are not necessarily representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made, borrowings are drawn down or repaid, and the mix of borrowings subject to floating or to fixed interest rate changes.

Interest rate sensitivity

The Company is not materially exposed to changes in interest rates. As at 31 May 2026 the Company's one-year revolving loan facility provided by BNP Paribas, London branch and effective from 4 February 2026, allowed borrowings to a maximum of £70 million, the interest rate exposure on which is 0.90% plus SONIA (Sterling Overnight Index Average). The bank loan at 31 May 2026 was £15,000,000 (2025: £20,133,000) and if interest rates changed by 100 basis points (up or down) this would decrease or increase shareholder funds by approximately £150,000 (2025: £201,000). The interest payable on the Company's £30 million issue of unsecured loan notes is fixed at 3.33% and on the £20 million issue of unsecured loan notes is fixed at 2.77%.

15 Risk management policies and procedures continued

e) Liquidity risk

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

Management of risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equity securities that are readily realisable. The Company has borrowed £30 million by its issue in 2016 of 3.33% unsecured loan notes 2036 and a further £20 million by its issue in 2022 of 2.77% unsecured loan notes 2052. The Company is able to draw short-term borrowings of up to £70 million from its committed borrowing facility with BNP Paribas, London branch. There were borrowings of £15.0 million drawn down under the facility at 31 May 2026 (2025: £20.1 million).

Accordingly, the Company has access to borrowings of up to £120 million: the £50 million of fixed debt represented by the issue of unsecured loan notes and a committed bank facility of £70 million.

The Board gives guidance to the 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 remain fully invested in normal market conditions and that short-term borrowings should be used to fund short-term cash requirements.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 May 2026, based on the earliest date on which payment could be required, was as follows:

	2026			2025		
	Due within 1 year £'000	Due between 1 and 5 years £'000	Due more than 5 years £'000	Due within 1 year £'000	Due between 1 and 5 years £'000	Due more than 5 years £'000
Preference stock[1]	n/a	n/a	n/a	–	–	–
Unsecured loan notes 2036[2]	999	3,996	34,973	999	3,996	35,972
Unsecured loan notes 2052[2]	554	2,216	31,455	554	2,216	32,009
Bank loans and interest	15,056	–	–	20,218	–	–
Payables	2,442	–	–	1,609	–	–
	19,051	**6,212**	**66,428**	**23,380**	**6,212**	**67,981**

1 See also note 14. The Company has cancelled the Preference Stock on 23 May 2026 (2025: £4,000)

2 The amounts due include unsecured loan note interest

f) Credit risk

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

Management of risk

The risk is not significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed regularly by JHI, and limits are set on the amount that may be due from any one broker; and
- cash at bank is held only with reputable banks with high quality external credit ratings.

None of the Company's financial assets are past their due date and the adoption of the expected credit loss model for impairment under IFRS 9 has not had a material impact on the Company.

In summary, the maximum exposure to credit risk at 31 May 2026 was to cash and cash equivalents of £8,013,000 (2025: £1,181,000), and to receivables of £3,604,000 (2025: £6,183,000) (see note 12).

15 Risk management policies and procedures continued

g) Fair values of financial assets and financial liabilities

The investments are held at fair value through profit or loss. All the net current liabilities are held in the Balance Sheet at a reasonable approximation of fair value.

The unsecured loan notes are carried in the Balance Sheet at par less the issue costs which are amortised over the life of the notes. In order to comply with fair value accounting disclosures only, the fair value of the unsecured loan notes has been estimated to be £34,676,000 (2025: £34,913,000) and is categorised as Level 3 in the fair value hierarchy as described below. However, for the purpose of the daily NAV announcements, the unsecured loan notes are valued at par in the fair value NAV because they are not traded and the directors have assessed that par value is the most appropriate value to be applied for this purpose.

The fair value of the unsecured loan notes is calculated using a discount rate which reflects the yield of a UK Gilt of similar maturity plus a suitable credit spread.

h) Fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

Categorisation within the hierarchy has been determined on the basis of the lowest level of 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.

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

The valuation techniques used by the Company are explained in note 1(c).

Fair value hierarchy – 2026

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	**614,437**	**–**	**–**	**614,437**

Fair value hierarchy – 2025

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	698,722	–	–	698,722

There have been no transfers during the year between any of the levels.

i) 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 secure long-term capital growth for the shareholders by investment in quoted securities in the UK.

This is to be achieved through an appropriate balance of equity capital and gearing. The Company's policy is that its borrowings must not exceed 30% of the shareholders' funds.

The Company's total capital at 31 May 2026 was £623,580,000 (2025: £704,461,000) comprising £15,000,000 (2025: £20,133,000) of unsecured bank loans, £50,000,000 (2025: £50,000,000) of unsecured loan notes, £nil (2025: £4,000) of Preference Stock and £558,580,000 (2025: £634,324,000) of equity share capital and reserves.

The Company has a £70 million revolving credit facility with BNP Paribas, London branch. The Company had drawn down £15,000,000 under these facilities as at 31 May 2026 (2025: £20,133,000). The Company was fully compliant with the terms of the facilities, as they existed, for the period 1 June 2025 to the date of this Annual Report.

Notes to the Financial Statements continued

16 Share capital

	2026			2025		
	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
Ordinary shares of 25p each						
At start of year	**68,487,974**	**68,487,974**	**17,122**	**74,505,131**	**74,505,131**	**18,627**
Buyback of shares for cancellation	–	–	–	(120,000)	(120,000)	(30)
Buyback of shares to Treasury	(12,899,062)	(12,899,062)	(3,225)	(5,897,157)	(5,897,157)	(1,475)
Closing balance at 31 May	**55,588,912**	**55,588,912**	**13,897**	**68,487,974**	**68,487,974**	**17,122**
Treasury shares						
At start of year	**–**	**5,897,157**	**1,475**	**–**	**–**	**–**
Buyback of shares to Treasury	–	12,899,062	3,225	–	5,897,157	1,475
Closing balance at 31 May	**–**	**18,796,219**	**4,700**	**–**	**5,897,157**	**1,475**
Total	**55,588,912**	**74,385,131**	**18,597**	**68,487,974**	**74,385,131**	**18,597**

During the year, the Company purchased 12,899,062 of its own issued ordinary shares to be held in Treasury, at a cost of £111,952,000 (2025: the Company purchased 120,000 of its own issued ordinary shares for cancellation and 5,897,157 to be held in Treasury, at a total cost of £48,018,000). Since 31 May 2026 and up to 27 July 2026, being the latest practicable date prior to publication of this Report, 1,078,549 shares have been bought back at a cost of £9,817,000.

The holders of ordinary shares are entitled to all the capital growth in the Company and all the income from the Company that is resolved by the directors to be distributed. Each holder of ordinary shares present at a general meeting has one vote on a show of hands and on a poll every member present in person or by proxy has one vote for each ordinary share held.

17 Capital redemption reserve and capital reserves

2026	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Capital reserves £'000
At 1 June 2025	26,824	91,106	477,661	568,767
Buyback of shares to Treasury	–	–	(111,952)	(111,952)
Transfer on disposal of investments (see note 10)	–	(16,374)	16,374	–
Net capital gains/(losses) for the year	–	50,834	(9,423)	41,411
Expenses charged to capital	–	–	(3,616)	(3,616)
At 31 May 2026	**26,824**	**125,566**	**369,044**	**494,610**

2025	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Capital reserves £'000
At 1 June 2024	26,794	141,430	540,837	682,267
Buyback of shares to Treasury	–	–	(46,961)	(46,961)
Buyback of shares for cancellation	30	–	(1,057)	(1,057)
Transfer on disposal of investments (see note 10)	–	(14,717)	14,717	–
Net capital losses for the year	–	(35,607)	(25,604)	(61,211)
Expenses charged to capital	–	–	(4,268)	(4,268)
Currency losses	–	–	(3)	(3)
At 31 May 2025	**26,824**	**91,106**	**477,661**	**568,767**

The capital reserve arising on investments sold (i.e. realised capital profits) may be distributed by way of a dividend.

18 Revenue reserve

	2026 £'000	2025 £'000
At start of year	20,136	19,652
Ordinary dividend paid	(17,439)	(20,004)
Revenue profit for the year	15,852	20,488
At 31 May	**18,549**	**20,136**

19 Net asset value ("NAV") per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £558,580,000 (2025: £634,324,000) and on the 55,588,912 ordinary shares in issue (excluding Treasury shares) at 31 May 2026 (2025: 68,487,974).

The Company has no securities in issue that could dilute the NAV per ordinary share.

The movement during the year of the net assets attributable to the ordinary shares was as follows:

	2026 £'000	2025 £'000
Net assets attributable to ordinary shares at 1 June	634,324	747,340
Buyback of shares to Treasury	(111,952)	(46,961)
Buyback of shares for cancellation	–	(1,057)
Net gains/(losses) for the year	53,647	(44,994)
Ordinary dividends paid in the year	(17,439)	(20,004)
Net assets attributable to ordinary shares at 31 May	**558,580**	**634,324**

20 Capital commitments and contingent liabilities

Capital commitments

There were no capital commitments as at 31 May 2026 (2025: nil).

Contingent liabilities

There were no contingent liabilities in respect of sub-underwriting commitments as at 31 May 2026 (2025: nil).

21 Transactions with the Manager and related parties

Under the terms of an agreement effective from July 2014 and most recently revised on 18 July 2024, with no changes to terms affecting the relationship with the Manager, the Company appointed Janus Henderson as Manager to provide investment management, accounting, administrative and secretarial services. The Manager has contracted with BNP Paribas to provide accounting and administration services.

Details of the management fee arrangements for these services are given in the Strategic Report on page 25. The fees paid or payable under this agreement to the Manager in respect of the year ended 31 May 2026 were £1,999,000 (2025: £2,396,000) (see note 4). The amount prepaid at 31 May 2026 was £142,000 (2025: £351,000 was outstanding and payable to Janus Henderson).

No performance fee is payable to Janus Henderson in respect of the year ended 31 May 2026 (2025: £nil).

In addition to the above services, the Manager facilitates marketing activities with third parties which are recharged to the Company. Total amounts paid to the Manager in respect of marketing for the year ended 31 May 2026 amounted to £405,000 (2025: £135,000). See Chair's Statement on page 9 for more detail.

Directors' interests in the ordinary shares of the Company and fees paid to the directors are considered to be transactions with related parties. Details are shown in the Directors' Remuneration Report and in note 5. At 31 May 2026, an amount of £31,000 (2025: £34,000) had been accrued in respect of April and May 2026 directors' fees and is included with accruals in note 13. This was paid in the June 2026 quarterly payroll, as directors are remunerated in the form of fees, payable quarterly in arrears.

22 Changes in financial liabilities

The following table shows the movements during the year in financial liabilities in the Balance Sheet:

Notes		At 1 June 2025 £'000	Cash flows £'000	Amortisation of issue costs £'000	At 31 May 2026 £'000
	Financing activities				
	Bank loans	(20,133)	5,133	–	(15,000)
14	Financial liabilities	(49,795)	–	(8)	(49,803)
		(69,928)	**5,133**	**(8)**	**(64,803)**
	Non-financing activities				
	Cash and cash equivalents	1,181	6,832	–	8,013
		1,181	**6,832**	**–**	**8,013**
	Total	**(68,747)**	**11,965**	**(8)**	**(56,790)**

Notes		At 1 June 2024 £'000	Cash flows £'000	Amortisation of issue costs £'000	At 31 May 2025 £'000
	Financing activities				
	Bank loans	(55,744)	35,611	–	(20,133)
14	Financial liabilities	(49,783)	–	(12)	(49,795)
		(105,527)	**35,611**	**(12)**	**(69,928)**
	Non-financing activities				
	Cash and cash equivalents	9,249	(8,065)	(3)	1,181
		9,249	**(8,065)**	**(3)**	**1,181**
	Total	**(96,278)**	**27,546**	**(15)**	**(68,747)**

Additional Information

In this section

Photo: Genus

Glossary

Term	Definition
Alternative Investment Fund Managers Directive ("AIFMD")	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 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 matters which impact the regulation of such entities. The Company is a constituent of the AIC's UK Smaller Companies sector.
Benchmark	An index against which performance is compared. For the Company, this is the Deutsche Numis Smaller Companies Index (excluding investment companies).
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	As an AIF, the Company is required to appoint a depositary which has responsibility for overseeing the operations of the Company, including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings, 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. No such notification has been made. The Company's depositary has confirmed that, in all material respects, the Company has been managed in accordance with the FCA's Investment Funds Sourcebook, the Company's Articles of Association and as required by the AIFMD.
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 registrar 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; and • the ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value and share price will be disclosed ex-dividend.
Gearing	Gearing is the borrowing of money to buy assets in the expectation that the return on investments bought will exceed the interest cost of the borrowing. The net gearing percentage reflects the amount of borrowings (e.g. bank loans and loan notes) the Company has used to invest in the market. It is calculated by taking the difference between total investments (see note 10) and equity shareholders' funds (see Balance Sheet), dividing this by the equity shareholders' funds and multiplying by 100.
Gearing impact on stock selection and gearing decision	When the Company has a geared portfolio, the impact of 'stock selection' compared to the benchmark is amplified as a consequence of being geared. Without gearing, portfolio performance would have been higher and the residual of the impact is allocated to the 'decision' to be geared. Splitting the impact in this way can be helpful to show the effect of debt on portfolio performance and disaggregating this from the impact of the decision to gear. The performance attribution on page 12 shows how borrowing (gearing) affected performance. This is split into two parts: • The effect of stock selection, which compares the performance of the portfolio's investments before the impact of gearing with the performance of the benchmark index. • The effect of the gearing decision itself, which shows the additional impact of using borrowing to increase the Company's exposure to investments. Together, these two elements show the overall contribution of gearing to performance.

Term	Definition
Investment trusts	An investment trust is a listed, closed-ended investment company whose shares are traded on the London Stock Exchange. It provides shareholders with exposure to a professionally managed portfolio of investments and is governed by its articles of association, any amendments to which must be approved by shareholders by special resolution. For tax purposes, an investment trust is a company approved by HMRC as meeting the conditions in section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. An approved investment trust is subject to corporation tax on its income, but is generally exempt from tax on chargeable gains arising on its investments, provided it continues to meet the relevant conditions. Investment trusts are a specific type of investment company.
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.
Management fee	This is a fee charged by a management company for managing a portfolio, normally based on a percentage of the assets under management. The Company's management fee is charged at 0.35% per annum (0.0875% per quarter) of net assets calculated on the last day of each calendar quarter and is paid to Janus Henderson each calendar quarter in advance.
4Ms process	The Fund Managers uses a structured investment approach known as the 4Ms process, which stands for Model (business model of a company), Management (quality and track record of the management team), Money (financial health of a company) and Momentum (a company's ability to outperform expectations).
Ongoing charge	The ongoing charge represents the Company's recurring annual operating expenses, whether charged to capital or revenue, expressed as a percentage of average net assets. It is calculated in accordance with the AIC methodology and excludes the costs of acquiring or disposing of investments, financing costs, gains or losses arising on investments and any performance fees. The calculation includes the management fee and other administrative expenses, such as directors' fees and the auditor's fees, and therefore exceeds the management fee rate payable to Janus Henderson. The cap of 0.90% under the Company's management agreement applies only to management fees and performance fees and excludes other expenses.
Performance fee	A performance fee is a fee payable to the Manager if the Company outperforms its benchmark over the financial year and the relevant conditions under the management agreement are met. Under the Company's management agreement, the performance fee is calculated as 15% of any outperformance of the benchmark index, on a total return basis, over the financial year. The total management fee and performance fee payable in any one year is capped at 0.9% of the average value of the Company's monthly net assets during the year. No performance fee is payable if, at the financial year end, the Company's share price is lower than at the preceding year end. If the year-end NAV per share is equal to or lower than the previous year-end NAV per share, any performance fee is restricted and may only be paid to the extent that it increases the NAV per share above the previous year-end level.
Share buybacks	A corporate financial strategy where a company purchases its own shares from the market. This reduces the total number of shares available. Shares are bought at a price lower than NAV, which helps to increase value for continuing shareholders. Shares which are bought back may either be cancelled or held in Treasury.
Treasury shares	A company's own issued shares which it buys back, and which it does not cancel, are said to be held in Treasury. Shares held in Treasury do not carry voting rights, do not receive dividends, and are not included in earnings per share calculations.

Alternative performance measures

The Company uses alternative performance measures ("APMs") throughout the Annual Report, financial statements and notes. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group.

Capital return per share

The capital return per share is the capital profit for the year (see Statement of Comprehensive Income) divided by the weighted average number of ordinary shares in issue during the year (see note 8).

Discount or premium

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

	NAV pence	Share price pence	Premium/ (discount) to NAV
At 31 May 2025	926.2	841.0	(9.2%)
At 31 May 2026	1,004.8	917.0	(8.7%)

Gearing/(net cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a 'net cash' position and not gearing.

		2026	2025
Investments held at fair value through profit or loss (£'000) (page 81)	(A)	614,437	698,722
Net assets (£'000) (page 72)	(B)	558,580	634,324
Gearing (C = (A/B) -1) (%)	(C)	10.0%	10.2%

Net asset value ("NAV") per ordinary share

The value of the Company's assets (i.e. investments held at fair value through profit or loss (see note 10) and cash held (see Balance Sheet)) less any liabilities (i.e. financial liabilities (see note 14)) for which the Company is responsible divided by the number of ordinary shares in issue (see note 16). The aggregate NAV is also referred to as total equity, in the Balance Sheet.

The NAV per ordinary share is published daily and the year end NAV can be found on page 6 and further information is available in note 19 within the notes to the financial statements.

Ongoing charge ratio ("OCR")

The ongoing charge has been calculated in accordance with the guidance issued by the AIC as the total investment management fees and administrative expenses expressed as a percentage of the average NAV throughout the year.

		2026 £'000	2025 £'000
Management fees (note 4)		1,999	2,396
Other administrative expenses (note 5)		1,084	761
Less: non-recurring expenses		(20)	(18)
Ongoing charges	**(A)**	**3,063**	**3,139**
Average net assets[1]	**(B)**	**580,312**	**693,240**
Ongoing charges ratio (excluding performance fee) (C = (A/B) x 100)	**(C)**	**0.53%**	**0.45%**

1 Calculated using the average daily NAV

Revenue return per share

The revenue return per share is the revenue return for the year (see Statement of Comprehensive Income) divided by the weighted average number of ordinary shares in issue during the year (see note 8).

Total return

The return on the share price or NAV taking into account both the rise and fall of NAV or share prices and dividends 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). The dividend reinvestment factor is based on geometric returns. Dividends paid and payable are set out in note 9.

Performance is calculated based on the daily NAV per ordinary share published as at the year-end date. The NAV per share reported in the financial statements may differ due to the financial statements being prepared on a different basis to the daily NAV in order to comply with accounting standards, or adjustments made in the preparation of the financial statements subsequent to the published NAV.

NAV per share at 31 May 2025 and 31 May 2024 (p)	926.2	1,003.1
NAV per share at 31 May 2026 and 31 May 2025 (p)	1,004.8	926.2

	2026	2025
Change in the year (%)	8.5	-7.7
Impact of dividends reinvested (%)	3.0	2.8
NAV total return for the year (%)	11.8	-5.1

Share price per share at 31 May 2025 and 31 May 2024 (p)	841.0	888.0
Share price per share at 31 May 2026 and 31 May 2025 (p)	917.0	841.0

	2026	2025
Change in the year (%)	9.0	-5.3
Impact of dividends reinvested (%)	3.3	3.1
Share price total return for the year (%)	12.6	-2.3

Yield

The yield is the annual dividend expressed as a percentage of the year-end share price.

		31 May 2026	31 May 2025
Annual dividend (p)	(A)	29.0	28.0
Share price (p)	(B)	917.0	841.0
Yield (C=A/B) (%)	(C)	3.2	3.3

General shareholder information

Alternative Investment Fund Manager's Directive ("AIFMD") disclosures and remuneration

In accordance with the AIFMD, information about the Company's leverage and remuneration of Janus Henderson Fund Management UK Limited, as the Company's alternative investment fund manager ("AIFM"), is required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document entitled AIFMD Disclosure which can be found at **www.hendersonsmallercompanies.com.**

BACS

Dividends can be paid to shareholders by means of BACS. Mandate forms for this purpose are available from the registrar, Computershare Investor Services plc. Alternatively, shareholders can write to the registrar at the address on page 105 to give their instructions, including the bank account name, account number and sort code to which payments are to be made.

Common Reporting Standard ("CRS")

Under tax legislation, the Company must provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is given annually to the local tax authority of the tax residencies of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

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 larger type.

A 'typetalk' operator, provided by the Royal National Institute for Deaf People, is available to support speech and hearing-impaired people to make telephone calls. Please dial 18001 followed by the number you wish to dial.

General Data Protection Regulation ("GDPR")

A privacy statement can be found at **www.janushenderson.com.**

Individual Savings Account ("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 conducts its affairs so that its ordinary shares of 25p each can be recommended by independent financial advisors ("IFAs") to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules regarding 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

The Company's NAV and share price are published daily. Details can be found at **www.hendersonsmallercompanies.com** and in the London Stock Exchange Daily Official List.

The market price of the Company's ordinary shares is also published daily in the Daily Telegraph and on Trustnet.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Computershare Investor Services plc, via **www.investorcentre.co.uk.** To gain access to your details on the Computershare site, you will need the holder reference number shown on your share certificate.

Taxonomy Regulation

Regulation (EU) 2020/852 forms the basis for the EU taxonomy. This establishes a list of environmentally sustainable economic activities to provide definitions for which economic activities can be considered environmentally sustainable. The Company confirms that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Historical record

At 31 May	Net assets £'000	NAV per share p	Mid-market price per ordinary share p	Discount %	Profit/(loss) for year £'000	Revenue return p	Capital return p	Total return p	Dividends p	Ongoing charges excl perf fee %	Ongoing charges incl perf fee %
2017	688,460	921.6	799.0	(13.3)	154,332	19.57	187.03	206.60	18.00	0.43	1.01
2018	782,068	1,046.9	966.0	(7.7)	107,801	22.79	121.52	144.31	21.00	0.42	0.99
2019	716,145	958.7	858.0	(10.5)	(49,862)	23.59	(90.34)	(66.75)	23.00	0.42	0.42
2020	641,796	859.1	777.0	(9.6)	(56,799)	16.73	(92.76)	(76.03)	23.50	0.42	0.42
2021	992,898	1,329.1	1,280.0	(3.7)	368,651	13.86	479.64	493.50	23.75	0.39	0.98
2022	802,599	1,074.4	917.5	(14.6)	(172,565)	24.57	(255.58)	(231.01)	24.00	0.42	0.42
2023	675,387	904.1	785.0	(13.2)	(109,287)	29.38	(175.68)	(146.30)	26.00	0.44	0.44
2024	747,340	1,003.1	888.0	(11.5)	93,345	29.85	95.14	124.99	27.00	0.45	0.45
2025	634,324	926.2	841.0	(9.2)	(44,994)	27.89	(89.13)	(61.24)	28.00	0.45	0.45
2026	**558,580**	**1,004.8**	**917.0**	**(8.7)**	**53,647**	**26.11**	**62.26**	**88.37**	**29.00**	**0.53**	**0.53**

A glossary of terms and explanations of alternative performance measures are included on pages 91-94

Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

Notice of Annual General Meeting

Photo: Mitchells & Butlers

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if you are resident outside the United Kingdom, another appropriately authorised independent financial adviser in your own jurisdiction.

If you have sold, transferred or otherwise disposed of all your shares in The Henderson Smaller Companies Investment Trust plc (the "Company"), please forward this document, but not any accompanying personalised Form of Proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale, transfer or disposal was effected, for onward transmission to the purchaser or transferee. If you have sold, transferred or otherwise disposed of only part of your holding, you should retain this document and the accompanying Form of Proxy and consult the bank, stockbroker or other agent through whom the sale, transfer or disposal was effected.

Notice is hereby given that the Annual General Meeting ("AGM") of The Henderson Smaller Companies Investment Trust plc (the "Company") will be held at **11.30 am** on **Tuesday, 6 October 2026** at the offices of Janus Henderson Investors, 201 Bishopsgate, London EC2M 3AE, for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary resolutions

1 To receive the Annual Report and the audited financial statements for the year ended 31 May 2026.

2 To approve the Directors' Remuneration Report for the year ended 31 May 2026.

3 To approve the Directors' Remuneration Policy.

4 That, in accordance with Article 90 of the Company's Articles of Association, the maximum aggregate fees payable to the directors in respect of each financial year be increased from £250,000 to £300,000.

5 To approve a final dividend of 21.5 pence per ordinary share.

6 To re-appoint Penny Freer as a director of the Company.

7 To re-appoint Kevin Carter as a director of the Company.

8 To re-appoint Alexandra Mackesy as a director of the Company.

9 To re-appoint Yen Mei Lim as a director of the Company.

10 To re-appoint Michael Warren as a director of the Company.

11 To re-appoint Forvis Mazars LLP as the statutory auditor of the Company.

12 To authorise the Audit and Risk Committee to determine the statutory auditor's remuneration.

13 THAT, in substitution for all existing authorities, the directors be generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to exercise all the powers of the Company to allot ordinary shares of 25p each in the capital of the Company ("ordinary shares") and to grant rights to subscribe for, or to convert any security into, shares in the Company.

This authority shall be limited to an aggregate nominal amount of £1,362,759 (or such other amount representing 10% of the Company's issued ordinary share capital (excluding Treasury shares) as at the date of the passing of this resolution).

This authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 15 months from the date of the passing of this resolution. The Company may, before the authority expires, make an offer or agreement which would or might require shares to be allotted, or rights to be granted, after the authority expires. The directors may allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to any such offer or agreement as if the authority had not expired.

Special resolutions

14 THAT, subject to the passing of resolution 13 and in substitution for all existing authorities, the directors be empowered pursuant to s570 and s573 of the Companies Act 2006 to allot equity securities, as defined in s560 of the Companies Act 2006, for cash pursuant to the authority conferred by resolution 13. The directors shall also be empowered to sell ordinary shares held by the Company as Treasury shares for cash. In each case, the directors may do so as if s561 of the Companies Act 2006 did not apply to the allotment or sale.

This power shall be limited to:

(a) the allotment of equity securities and/or sale of Treasury shares in connection with an offer of equity securities to ordinary shareholders in proportion, as nearly as practicable, to their existing holdings. The directors may make such exclusions or other arrangements as they consider necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any territory; and

(b) otherwise than pursuant to paragraph (a), the allotment of equity securities and/or sale of Treasury shares up to an aggregate nominal amount of £1,362,759 (or such other amount representing 10% of the Company's issued ordinary share capital (excluding Treasury shares) as at the date of the passing of this resolution).

Notice of Annual General Meeting continued

No equity securities shall be allotted, and no Treasury shares shall be sold, pursuant to this authority at a price below the prevailing net asset value per ordinary share at the time of the allotment or sale.

This authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 15 months from the date of the passing of this resolution. The Company may, before the authority expires, make an offer or agreement which would or might require equity securities to be allotted, or Treasury shares to be sold, after the authority expires. The directors may allot equity securities or sell Treasury shares pursuant to any such offer or agreement as if the authority had not expired.

15 THAT, in substitution for all existing authorities, the Company be generally and unconditionally authorised in accordance with s701 of the Companies Act 2006 to make market purchases, within the meaning of s693 of the Companies Act 2006, of its ordinary shares of 25p each.

The directors may make such purchases on such terms and in such manner as they may from time to time determine, provided that:

(a) the maximum number of ordinary shares that may be purchased shall be 14.99% of the Company's issued ordinary share capital at the date of the passing of this resolution, excluding shares held in Treasury. This would be equivalent to 8,171,103 ordinary shares by reference to the Company's issued ordinary share capital, excluding shares held in Treasury at the date of this Notice;

(b) the minimum price, exclusive of expenses, which may be paid for an ordinary share shall be 25p, being the nominal value of an ordinary share;

(c) the maximum price, exclusive of expenses, which may be paid for an ordinary share shall not exceed the higher of:

(i) 105% of the average of the middle market quotations for the ordinary shares, as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange;

(d) this authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 15 months from the date of the passing of this resolution, unless renewed before that time;

(e) the Company may, before this authority expires, enter into a contract to purchase ordinary shares under this authority which will or may be executed wholly or partly after the authority expires. The Company may purchase ordinary shares pursuant to any such contract; and

(f) any ordinary shares purchased under this authority shall be cancelled or, if the directors so determine, held, sold, transferred or otherwise dealt with as Treasury shares in accordance with the Companies Act 2006.

16 THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company.

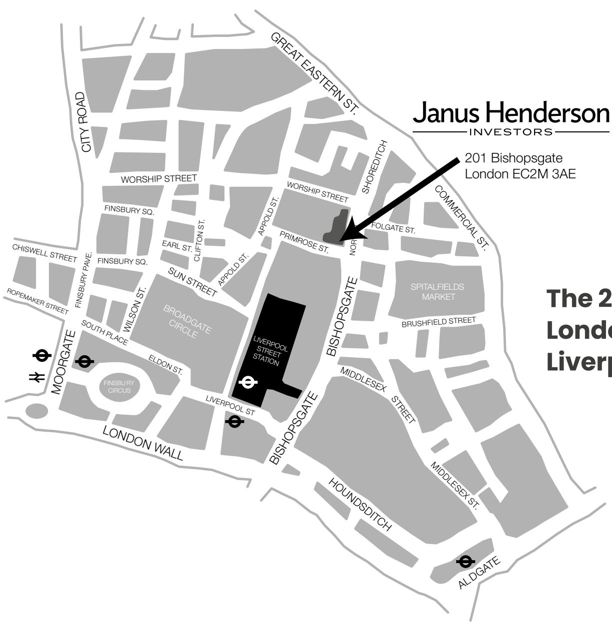
17 THAT the amended Articles of Association of the Company, in the form made available for inspection as described in this Notice, be approved and adopted as the Company's Articles of Association with effect from the conclusion of the annual general meeting, in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
29 July 2026

Registered office:
201 Bishopsgate, London EC2M 3AE

AGM venue



The 2026 AGM will be held at 201 Bishopsgate, London EC2M 3AE. It is a few minutes' walk from Liverpool Street Station and from Moorgate Station.

Explanation of AGM resolutions

The information set out below is an explanation of the business to be considered at the 2026 Annual General Meeting ("AGM"). Shareholders are welcome to attend the AGM in person. The Company also provides a facility for shareholders to watch the meeting remotely by videoconference. Shareholders wishing to watch the meeting remotely should register in advance at **www.janushenderson.com/hsl-agm**. Shareholders watching the meeting remotely will not be able to vote through the videoconference facility and are therefore encouraged to appoint a proxy in advance of the AGM. Questions may be submitted in advance of the meeting by email to **itsecretariat@janushenderson.com**, or during the meeting via the online Q&A feature.

Resolutions 1 to 13 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 14 to 17 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

Resolution 1: Annual Report and audited financial statements

The directors are required to present the Annual Report and audited financial statements of the Company for the year ended 31 May 2026 (the "Annual Report"). Shareholders will have the opportunity to ask questions on the Annual Report at the AGM.

Resolutions 2 and 3: Directors' Remuneration Report and Policy

Shareholders are asked to approve the Directors' Remuneration Report for the year ended 31 May 2026 and the Directors' Remuneration Policy. The Directors' Remuneration Report, which includes the Directors' Remuneration Policy, is set out on pages 56-57 of the Annual Report. The vote on the Directors' Remuneration Report is advisory and does not affect remuneration already paid or payable to any director. The vote on the Directors' Remuneration Policy is binding. The current policy was last approved at the AGM in 2023.

Resolution 4 : Increase to limit on aggregate directors' fees

This resolution seeks approval to increase the maximum aggregate fees payable to the directors. The current limit is £250,000 per annum, agreed by shareholders in 2020. The proposed increase to £300,000 is intended to provide appropriate headroom for future fee adjustments and to ensure that the fee cap remains aligned with the Company's size, governance requirements and market practice for investment trusts of a similar scale.

The Directors' Remuneration Policy is subject to a separate binding vote by shareholders (resolution 3). Any future fee increases will continue to be considered carefully in the context of the Company's performance, workload and responsibilities, and prevailing market levels.

Resolution 5: Final dividend

The directors recommend a final dividend of 21.5 pence per ordinary share. If approved, the dividend will be paid on 23 October 2026 to shareholders on the register at close of business on 2 October 2026. The shares will be quoted ex-dividend on 1 October 2026.

Resolutions 6 to 10: Re-appointment of directors

In accordance with the AIC Corporate Governance Code, all directors stand for annual re-appointment by shareholders. In May 2026, the Nomination Committee reviewed the performance, contribution and time commitment of each director standing for re-appointment and concluded that each continued to make an effective contribution to the Board and remained able to devote sufficient time to their role.

The biographies of each director, including details of their skills and experience, are set out on pages 40-41 of the Annual Report. All directors standing for re-appointment held office throughout the year under review.

Resolutions 11 and 12: Statutory auditor

In accordance with s489 and s492 of the Companies Act 2006, shareholders are asked to approve the re-appointment of the Company's auditor and to authorise the Audit and Risk Committee, on behalf of the Board, to determine the auditor's remuneration. Resolution 11 relates to the re-appointment of Forvis Mazars LLP as the Company's auditor and resolution 12 authorises the Audit and Risk Committee to determine the auditor's remuneration. Further information, including the audit effectiveness review and independence considerations, is set out in the Audit and Risk Committee Report on pages 51.

Resolutions 13 and 14: Authority to issue new shares and disapply pre-emption rights

At the 2025 AGM, shareholders granted the directors authority to allot ordinary shares and to disapply pre-emption rights in respect of certain allotments. No shares have been allotted under that authority, which will expire at the forthcoming AGM.

Resolution 13 seeks authority for the directors to allot ordinary shares, and to grant rights to subscribe for or convert any security into ordinary shares, up to an aggregate nominal amount of £1,362,759, representing approximately 10% of the Company's issued ordinary share capital, excluding Treasury shares, as at the latest practicable date before publication of this Notice.

Resolution 14 seeks authority for the directors to allot ordinary shares, or to sell ordinary shares held in Treasury, for cash without first offering them to existing shareholders in proportion to their holdings. This authority is limited to an aggregate nominal amount of £1,362,759, representing approximately 10% of the Company's issued ordinary share capital, excluding Treasury shares. The directors will not use this authority to issue shares on a non-pre-emptive basis unless the issue is expected to be accretive to net asset value per share.

Notice of Annual General Meeting continued

The directors will use these authorities only where they consider it to be in the best interests of shareholders as a whole. In particular, ordinary shares will only be issued, and Treasury shares will only be sold, at a price at or above the prevailing net asset value per share at the time of issue or sale. The authorities will expire at the conclusion of the next AGM or, if earlier, 15 months from the date of the passing of the relevant resolution.

Resolution 15: Repurchase of the Company's ordinary shares

At the general meetings on 7 October 2025 and 4 March 2026, shareholders granted the Company authority to repurchase up to 9,389,123 ordinary shares and 8,626,814 ordinary shares respectively for cancellation or to be held in Treasury. As at 27 July 2026, being the latest practicable date prior to approval of the AGM Notice, 8,125,552 ordinary shares had been bought back under those authorities.

Resolution 15 renews the Company's authority to make market purchases of up to 14.99% of the ordinary shares in issue, excluding Treasury shares, as at the date of passing of the resolution. The authority would allow any ordinary shares purchased by the Company to be cancelled or held in Treasury.

The Board would use this authority only where it considers that doing so would be in the best interests of shareholders as a whole, including where it would enhance the net asset value per ordinary share. The authority will expire at the conclusion of the next AGM or, if earlier, 15 months from the date of the passing of the resolution.

Resolution 16: Notice period

The Companies Act 2006 requires a company to give at least 21 clear days' notice of a general meeting unless certain conditions are met. These include shareholder approval for a shorter notice period and the availability of electronic proxy voting. Resolution 16 seeks to preserve the Company's ability to call general meetings (other than AGMs) on not less than 14 clear days' notice.

The Board is of the view that it is in the Company's interests to retain the ability to call general meetings, other than AGMs, on not less than 14 clear days' notice where the provisions of the Companies Act 2006 and the Company's articles allow. The Board would use this authority to provide flexibility only when merited and would not use it as a matter of routine. The Board intends to seek a renewal of such authority at subsequent AGMs.

Resolution 17: Amendment to the articles of association (the "Articles")

The Board is proposing to make a small number of amendments to the Articles which are intended to align with current market practices, improve the Company's corporate governance, introduce standard protections in relation to US securities law compliance and include additional protections for the general body of shareholders.

The principal changes introduced by the Articles are summarised below:

1. General modernisation and simplification

Certain provisions which are no longer relevant to a closed-ended investment company have been removed, and others updated for clarity and consistency, helping to ensure that the Articles remain up to date.

2. Compliance with regulatory requirements (including US securities laws)

New provisions enable the Company to request information from shareholders where necessary to comply with applicable legal and regulatory requirements, including US securities laws, or to avoid potential legal, regulatory or tax disadvantages, thereby helping to protect the Company and its shareholders from regulatory risk.

3. Board continuity

New provisions address the unlikely scenario where all directors standing for re-appointment at an annual general meeting are not re-elected, by providing a limited backstop mechanism to ensure that the Company continues to have the minimum number of directors required to operate, pending a further shareholder meeting.

4. Limit on number of directors

The maximum number of directors permitted has been reduced from 15 to 10, reducing the risk of the Board being expanded significantly over a short period in a manner that may not reflect the interests of shareholders as a whole.

5. General meetings – electronic and hybrid meetings

The provisions relating to general meetings have been updated to make clear that meetings may be held at a physical location, on a hybrid basis or wholly by electronic means, providing the Company with flexibility to adapt to future developments while continuing to support shareholder participation and engagement. The Board has no intention of moving to wholly electronic meetings at this time. The ability to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings cannot reasonably be held. Nothing in the amended Articles will prevent the Company from holding physical shareholder meetings.

6. Untraced shareholders

The provisions relating to untraced shareholders have been modernised by reducing the period of inactivity required before a shareholder may be treated as untraced from 12 years to six years, and by replacing newspaper advertisements with more effective tracing methods and direct notice, thereby reducing administrative cost while maintaining appropriate safeguards. The Articles also permit unclaimed proceeds to be transferred to a dormant assets scheme (which retains sufficient reserves to meet repayment claims and distributes surplus funds for charitable and community purposes across the UK) in accordance with applicable legislation, while preserving the right of former holders to reclaim their entitlement.

7. Dividend payment and administration

Provisions relating to dividend payments have been updated to reflect current practice, with electronic payments becoming the default and cheque payments retained as a fallback, supporting more efficient, reliable and cost-effective dividend administration.

8. Nature of the Company

A new provision has been included to confirm that the Company shall carry on business as an investment trust, helping to safeguard its established purpose, tax status and ensuring that any formal change would require shareholder approval.

9. Director appointment disclosures

Additional transparency requirements have been introduced in relation to directors proposed by shareholders and those appointed following a requisitioned meeting, requiring disclosure of relevant relationships or arrangements and improving visibility for shareholders.

The Articles also include a number of other minor or technical amendments.

A copy of the Articles, together with a comparison against the current Articles, is available for inspection at the Company's registered office and on its website.

The Board considers that all resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole, and the Board unanimously recommends that shareholders vote in favour of each resolution, as the directors intend to do in respect of their own beneficial holdings.

Notes to the Notice of AGM

1. Voting record date

Only those shareholders registered in the register of members of the Company at close of business on Friday, 2 October 2026 (the "voting record date") shall be entitled to vote at the AGM in respect of the number of voting rights registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend, speak and vote at the AGM.

If the AGM is adjourned for no more than 48 hours after the original time, the same voting record date will apply for determining the entitlement of members to attend, speak and vote at the adjourned meeting and the number of votes they may cast. If the AGM is adjourned for more than 48 hours, the voting record date will be close of business on the day which is two days, excluding non-working days, before the day of the adjourned meeting, or such other time as may be specified in the notice of the adjourned meeting.

2. Right to attend and vote

Holders of ordinary shares are entitled to attend, speak and vote at the AGM and at any adjournment. On a poll, each shareholder has one vote for each ordinary share held. On a show of hands, each shareholder present in person and each duly appointed proxy has one vote.

If a proxy is appointed by more than one member and all such members have instructed the proxy to vote in the same way, the proxy will only be entitled on a show of hands to vote "for" or "against" as applicable. If a proxy is appointed by more than one member, but such members have given different voting instructions, the proxy may on a show of hands vote both "for" and "against" in order to reflect the different voting instructions.

On a poll all or any of the voting rights of the members may be exercised by one or more duly appointed proxies. However, where a member appoints more than one proxy, s285(4) of the Companies Act 2006 does not authorise the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member.

Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with s323 of the Companies Act 2006. Shareholders are invited to send their letters of corporate representation in advance of the AGM to **itsecretariat@janushenderson.com**.

3. Right to appoint proxies

A member entitled to attend, speak and vote at the AGM may appoint one or more proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

Persons nominated to receive information rights have been sent this Notice of AGM and are hereby informed, in accordance with s149(2) of the Companies Act 2006, that they may have the right under an agreement with the registered member by whom they are nominated to be appointed, or to have someone else appointed, as a proxy for this AGM. If they have no such right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements. The statement of rights of shareholders for the appointment of proxies does not apply to nominated persons.

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by 11.30 am on Friday, 2 October 2026 to be considered valid.

Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

4. Receipt and termination of proxies

To be valid, the enclosed Form of Proxy must be received by the Company's Registrar (Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY) before 11.30 am on Friday, 2 October 2026 (or, in the

Notice of Annual General Meeting continued

case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).

As an alternative to completing and returning the printed Form of Proxy, you may submit your proxy electronically by accessing **www.investorcentre.co.uk/eproxy**. For security purposes, you will be asked to enter the control number, your Shareholder Reference Number ("SRN") and personal identification number ("PIN") to validate the submission of your proxy online. The control number and members' individual SRN and PIN numbers are shown on the Form of Proxy.

Shareholders who intend to watch the AGM remotely are encouraged to appoint a proxy in advance, as voting will not be available through the videoconference facility.

A member may terminate a proxy's authority at any time before the commencement of the AGM. Termination must be provided in writing and submitted to the Company's Registrar.

In accordance with the Company's Articles, in determining the deadline for receipt of proxies, no account shall be taken of any part of a day that is not a working day.

5. Electronic receipt of proxies

CREST members who wish to appoint a proxy or proxies by following the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST manual, which is available to download from the Euroclear website **www.euroclear.com**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the registrar (ID 3RA50) by the latest time for receipt of proxy appointments specified in note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. Communication with the Company

Members must not use any electronic address provided either in the Notice or in any related documents (including the form of proxy) to communicate with the Company for any purpose other than those expressly stated.

7. Questions at the AGM

S319A of the Companies Act 2006 requires the Company to answer any question raised at the AGM which relates to the business being considered at the meeting, although no answer need be given if:

(a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information;

(b) the answer has already been given on the Company's website; or

(c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

8. Members' statement of audit concerns

Under s527 to s529 of the Companies Act 2006, members meeting the statutory threshold may require the Company to publish on its website a statement setting out any matter relating to:

(a) the audit of the Company's accounts, including the auditor's report and the conduct of the audit, that is to be raised at the AGM; or

(b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid.

The Company may not require the members requesting publication to pay its expenses. Any statement published on the website must also be sent to the Company's auditor no later than the time at which the statement is made available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website.

9. Total voting rights

As at 27 July 2026, being the latest practicable date before publication of this Notice, the Company's issued ordinary share capital consisted of 74,385,131 ordinary shares of 25p each, of which 19,874,768 ordinary shares were held in Treasury. Accordingly, the total number of voting rights in the Company as at that date was 54,510,363. Each ordinary share carries one vote, except for ordinary shares held in Treasury, which do not carry voting rights.

10. Documents available for inspection

Copies of the directors' letters of appointment and the proposed amended Articles of Association, marked to show the proposed changes, will be available for inspection at the registered office of the Company, 201 Bishopsgate, London EC2M 3AE, during normal business hours on any weekday, excluding public holidays, from the date of this Notice until the close of the AGM. They will also be available for inspection at the place of the AGM for at least 15 minutes before and during the AGM. No directors' service contracts are in place. Shareholders who are unable to attend the AGM in person and wish to inspect the documents should contact the Corporate Secretary at **itsecretariat@janushenderson.com**. The proposed amended Articles of Association will also be available to view via the National Storage Mechanism (**https://data.fca.org.uk/#/nsm/nationalstoragemechanism**).

11. Members' power to circulate resolutions

Under s338 and s338A of the Companies Act 2006, members meeting the statutory threshold may require the Company to:

(a) give notice of a resolution to be moved at the AGM; and/or

(b) include in the business of the AGM any matter (other than a proposed resolution) which may properly be included.

A resolution may properly be moved, or a matter may properly be included in the business of the AGM, unless:

(a) in the case of a resolution only, it would, if passed, be ineffective, whether by reason of inconsistency with any enactment or the Company's constitution or otherwise;

(b) it is defamatory of any person; or

(c) it is frivolous or vexatious.

Any such request must identify the resolution or matter of business, be authenticated by the person or persons making it, provide evidence of the number of shares held, be received by the Company not later than six clear weeks before the AGM and, in the case of a matter of business to be included, be accompanied by a statement setting out the grounds for the request. Requests may be sent in hard copy to the Corporate Secretary, The Henderson Smaller Companies Investment Trust plc, 201 Bishopsgate, London EC2M 3AE or by email to **itsecretariat@janushenderson.com**.

12. Website

The Annual Report, which contains this Notice of AGM, is available on the Company's website at **www.hendersonsmallercompanies.com**.

Corporate information

History

The Henderson Smaller Companies Investment Trust plc (the "Company") has a long heritage, having been incorporated on 16 December 1887 as Trustees Executors and Securities Insurance Corporation, Limited. Over more than 135 years, the Company has evolved from its origins as an investment and trustee business into a specialist investment trust focused on UK smaller companies.

The Company has traded under several names during its history, becoming The Trustees Corporation, Limited in 1917, TR Trustees Corporation plc in 1982, TR Smaller Companies Investment Trust plc in 1990 and The Henderson Smaller Companies Investment Trust plc in 1997.

Henderson acquired Touche Remnant, the Company's investment manager, in 1992. In 1999, the Company refined its investment focus to concentrate exclusively on UK smaller companies, which remains its core investment approach today. Henderson merged with Janus Capital in 2017.

Registered office

201 Bishopsgate
London EC2M 3AE

Service providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
Email: **itsecretariat@janushenderson.com**

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1057
Email: **webcorres@computershare.co.uk**

Investors with share certificates (i.e. not those in a share plan or ISA) can check their holdings at **www.investorcentre.co.uk**

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Broker

Deutsche Numis
Deutsche Bank AG
21 Moorfields
London EC2Y 9DB

Independent Auditor

Forvis Mazars LLP
30 Old Bailey
London EC4M 7AU

Financial calendar

Final dividend ex-dividend date	1 October 2026
Final dividend record date	2 October 2026
Annual general meeting	6 October 2026
Final dividend payable	23 October 2026
Half-year results	January 2027
Interim dividend payable	March 2027

Information sources

For more information about the Company, visit the website at **www.hendersonsmallercompanies.com.** This includes factsheets, interviews, current information on the Company and up-to-date share price and net asset value details.

To sign up for expert insights about investment trusts, updates from our fund managers as well as AGMs please visit this page:

www.janushenderson.com/en-gb/investor/subscriptions

Follow the Janus Henderson Investment Trusts on LinkedIn – Janus Henderson Investment Trusts, UK.

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. Links to various providers are included on the website.

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 the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Warning to shareholders

Shareholders should be wary of unsolicited telephone calls or correspondence concerning investment matters. These are often from overseas-based "brokers" offering to sell shares or to buy shares at a discount. Such approaches may be persistent and persuasive and may involve high-risk or worthless investments. It is unlikely that the Company or its registrar, Computershare, would make unsolicited telephone calls to shareholders. Any such calls would relate only to official documentation already issued and would not involve investment advice. If you are in any doubt about an unsolicited call, please contact the Corporate Secretary using the details provided. You can also check the FCA Warning List at **www.fca.org.uk/scamsmart**.

MANAGED BY
Janus Henderson
INVESTORS

Telephone: **020 7818 1818**
Email: **itsecretariat@janushenderson.com**
www.hendersonsmallercompanies.com

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Registered as an investment company in England and Wales

Registered office
201 Bishopsgate,
London EC2M 3AE

ISIN/SEDOL
Ordinary shares:
GB0009065060 / 0906506

Companies House registration number
00025526

London Stock Exchange (TIDM) Code
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