Company Number: 10635799

HENDERSON DIVERSIFIED INCOME TRUST PLC

HALF YEAR REPORT
(unaudited)
for the period 23 February 2017 to 31 October 2017

www.hendersondiversifiedincome.com

Henderson Diversified Income Trust plc (the 'Company')
Unaudited results for the period 23 February 2017 to 31 October 2017

Total return performance

	6 months %	1 year[4] %	3 years[4] %	5 years[4] %	10 years[4] %
NAV[1]	3.6	7.8	22.1	46.1	79.7
Benchmark[2]	1.2	2.3	7.7	11.5	34.3
Share price[3]	5.8	9.4	23.3	57.0	80.8

[1] Net asset value total return including dividends reinvested and excluding transaction costs
[2] Benchmark is Libor plus 2.00%
[3] Share price total return using mid-market closing price
[4] Performance prior to 27 April 2017 reflects the performance of Henderson Diversified Income Limited that was launched on 18 July 2007

Sources: Janus Henderson, Datastream and Morningstar Direct

Investment objective and policy

The Company's investment objective is to seek income and capital growth such that the total return on the net asset value of the Company exceeds the average return on a rolling annual basis of three month sterling LIBOR plus 2.00%.

The Company aims to deliver this outcome by investing in a diversified portfolio of global fixed and floating rate income asset classes including secured loans, government bonds, high yield (sub-investment grade) corporate bonds, unrated corporate bonds, investment grade corporate bonds and asset backed securities. The Company may also invest in high yielding equities and derivatives.

The Company uses a dynamic approach to portfolio allocation across asset classes and is permitted to invest in a single asset class if required. The Company seeks a sensible spread of risk at all times. It can invest in assets of any size, sector, currency or issued from any country.

Interim Management Report
Chairman's Statement

The period under review has been a mixed one for your Company. While the share price total return for shareholders in the six months was 5.8%, comfortably outperforming the benchmark, revenues were squeezed by a combination of downward repricing of loans and declining yields on bonds. This has made it harder to re-invest in similarly yielding assets of similar credit quality. In order to ensure that the quality of the investments in the portfolio was maintained, the Board took the decision to rebase the quarterly dividend from 1.25p to 1.10p per ordinary share. This level is expected to be at least maintained in the absence of a further significant fall in market yields. At the period end the ordinary shares were yielding 4.75%.

I would like to take this opportunity to remind you that the year-end of your Company is 30 April, which is different to the predecessor Jersey domiciled company, Henderson Diversified Income Limited, which had a year end of 31 October. Consequently, we are publishing this interim report for the period from incorporation to 31 October 2017 and will publish our first annual report and accounts in July 2018 for the period from incorporation to 30 April 2018. As the Company did not hold any assets or earn any income prior to 27 April 2017 when it acquired the assets and liabilities of the predecessor company, these unaudited results principally reflect the period 27 April 2017 to 31 October 2017. The first annual general meeting of your Company will be held in August 2018.

Performance

The net asset value total return per ordinary share for the period 1 May 2017 to 31 October 2017 was 3.6% whilst the share price total return per ordinary share was 5.8% reflecting a widening in the premium to net asset value at which the ordinary shares trade.

Dividends and dividend policy

On 29 September 2017 a first interim dividend of 1.25p per ordinary share for the period ended 30 April 2018 was paid. A second interim dividend of 1.10p per ordinary share for the period ended 30 April 2018 was declared on 21 November 2017 and will be paid to shareholders on 29 December 2017. These dividends have been paid as interest distributions for UK tax purposes. More information about interest distributions can be found on the Company's website: **www.hendersondiversifiedincome.com**

On 7 September 2017 the Board announced its intention to rebase the dividend to no less than 1.10p per ordinary share on a quarterly basis, effective from the dividend payable in December 2017. This represents a reduction of 12% in the quarterly dividend and assumes that there is not a further significant fall in market yields. This dividend target takes into account the revenue benefits to the Company of the revised fee arrangements described below and the cost reductions arising from the re-domicile of the Company into the UK.

Amendment to fee arrangements

The Board and the Manager undertook a formal review of the management fee arrangements in September 2017 and mutually concluded that a performance fee is no longer appropriate in this low yielding environment. With effect from 1 November 2017 the performance fee was removed; the 18 month performance period to 30 April 2018 was truncated at 31 October 2017 and the performance fee for this period calculated and any performance fee payable will be paid; the base management fee has been increased from 0.60% to 0.65% per annum of the Company's net assets. This means that with effect from 1 November 2017, the cap on total fees payable is 0.65% per annum of the Company's net assets rather than 1.20%.

The performance fee for the period ending 31 October 2017 has been calculated and totals £995,000.

Material events or transactions during the period

The Board has authority to allot up to 100 million New Shares, in aggregate, under the Share Issuance Programme detailed in the Company's Prospectus dated 3 March 2017. In the period 23 February 2017 to 31 October 2017 the Company has issued a further 7,425,000 ordinary shares. As at 31 October 2017 the Company's issued share capital was 189,618,240 ordinary shares. Between 1 September 2017 and 13 December 2017, no new ordinary shares have been issued. The Company's issued share capital as at 13 December 2017 is therefore 189,618,240 ordinary shares. Whilst demand for the shares continues to be strong, your Board will only issue shares at a premium to net asset value, thereby giving shareholders a modest uplift in the net asset value per ordinary share, improved liquidity in the shares and the fixed costs spread over a wider shareholder base, and where the Fund Managers are confident that the proceeds can be invested at a yield no less than the average yield on the portfolio.

The Company's subsidiary, Henderson Diversified Income (Luxembourg) S.a.r.l, which was inherited from the former Jersey domiciled company, was dissolved by a way of a dissolution deed in the presence of a Luxembourg Notary on 24 October 2017.

Outlook

The pleasingly high shareholder total return during the period for the portfolio comprises disproportionate capital gains but reduced income. This reflects the market's continued appetite for yield pushing up prices for income producing assets. As the Fund Managers' report later, it is now difficult to argue bonds are cheap. If fairly valued, reflecting the current market environment of low volatility, low defaults, low inflation and modest global growth, then we can look forward to yields settling at this lower level for the immediate future.

There are obvious, potentially disruptive, political and economic threats. To date these have not upset this equilibrium. However, these risks will persist in 2018 and may yet trigger more volatile conditions. Consequently, the quality of the assets held in the portfolio and its income stream will be a particular focus of the Fund Managers' in the months ahead. This view of the outlook and the risks we might face informed our decision to rebase the dividend to give the Fund Managers' greater flexibility in this regard.

Angus Macpherson
Chairman
13 December 2017

Fund Managers' Report

Portfolio review

Over the half year under review the Company's net asset value rose by 3.6%. Volatility reached multi decade low levels in both risk assets and government bonds, reflecting a sense of comfort (some would argue complacency) with the macro economic outlook. In this environment, the relatively high yielding loans and corporate bonds, which are the Company's staple investments, proved popular with investors seeking out additional credit risk. More challenging for the Company was maintaining the existing level of income from its investments. This was largely a function of the loan investments experiencing a rapid downward repricing in their coupons over the course of 2017, something that holders of the loans were powerless to prevent given the lack of call protection in these instruments. The resulting income levels provided by loans were no longer sufficient to generate the desired dividend and put a significant amount of pressure on the income available for distribution to shareholders. This position was exacerbated by the declining yields on corporate bonds and, as a consequence, the Board chose to reduce the quarterly dividend from 1.25p per quarter to 1.1p. The alternative would have been for us to take on an uncomfortable level of both credit and capital risk further into the future.

The period under review includes the second round of the French Presidential election, an event which was one of the most watched investor events of the calendar year. The resounding victory for Emmanuel Macron removed the largest known systemic threats to markets and set the stage for the huge outperformance of UK & European financial bonds (both bank and insurance companies) to which the Company has significant exposure. Banks and insurance companies have significantly improved their capital bases in the ten years since the financial crisis and remain under intense regulatory scrutiny; all good news for bondholders. However, they remain highly sensitive to any systemic risk of which European politics remains foremost in our mind. For this reason, the conclusion of the French elections shortly after the Dutch election, both of which delivered victories to pro-Europe candidates, provided the catalyst for a notable rally in the price of these bonds. One of our favoured sub-sectors (long dated legacy Tier 1 banking bonds) proved particularly impressive as investors came around to our existing conclusion that the banks would likely try to buy these bonds back at a premium before their final maturity date.

In the corporate sector, our style has remained unchanged, focused as it is on large cap corporates operating in defensive industries with relatively predictable cash flows. For this reason, the Company had no exposure to UK cyclical companies such as the fashion retailers nor did we have exposure to the bonds of Air Berlin that defaulted over the period. These are the kind of industries that disappoint in an almost predictable fashion and which, as a result, we avoid throughout the economic cycle. What we did notice over the six month period was an increased level of industry disruption unrelated to the economic cycle and in sectors which have previously been relatively stable. Some of this was a result of technological disruption (retail, telecommunications, media) but generally he reasons were harder to pinpoint but were probably a function of a changed attitude to value and consumption from today's consumers. This is perhaps the most powerful example of the fact that branded consumer goods began to tangibly lose pricing power in the developed world. This then fed into advertising agencies such as WPP due to a reduction in advertising spend. The equity market was particularly sensitive to a lack of revenue growth for individual corporates, punishing share prices as a result. We found the credit market to be far more complacent in its pricing of riskier bonds. There were one or two stories of self-help, with our largest position (Tesco) providing an excellent example of rapid deleveraging which culminated in two separate attempts to buy back the bonds we hold at a significant premium to the market price and the face value of the bonds. For the most part, however, individual catalysts were hard to come by and the market moved the price of bonds up and down in lockstep.

The Company's asset allocation continued to move towards fixed coupon and maturity bonds and away from floating rate loans, which reduced from 23% to 13.7% of the portfolio over the period. The reason for this was the continued rapid repricing of loan coupon rates lower, as explained above. Demand for loans continued to outstrip supply resulting in repricing activity which typically allowed companies to pay 0.5-1% less in interest than they had previously been paying. We declined to participate in a number of the repricing exercises (Diebold, Coveris), and re-leveraging financings (Klockner Pentaplast) with other businesses sold and debt repaid (BvD, Evry, Scandlines). Participation rate in new loan issues was low as they were unattractively priced. However, additions to existing holdings in large attractively priced cross-border loans for IT companies (McAfee and Misys) as well as Euro Garages (forecourt operator) were made.

Outlook

Unless there are signs of a pick-up in inflation or default rates, neither of which we expect, it is hard to see yields on corporate bonds or loans rising materially in the short term. This is a most unusual economic cycle stymied as it is by a combination of the disinflationary forces of an aging population, some private sector deleveraging and technological disruption. The low interest rate and low growth environment may be with us for many years to come but we are confident that we shall be able to continue to generate an attractive income stream for shareholders.

John Pattullo & Jenna Barnard
Fund Managers
13 December 2017

Principal risks and uncertainties

Information on the Company's risk factors are set out on pages 13 to 19 of the Prospectus dated 3 March 2017. In summary the principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- General market risks associated with the Company's investments
- The Company's investments
- Interest rate and credit risks
- Investment management
- Dividends
- Borrowings
- Taxation

Further information on these risks and how they are managed are given in the Risk Factors Section on pages 13 to 19 of the Company's Prospectus dated 3 March 2017.

In the view of the Board these principal risks and uncertainties are as applicable to the remainder of the financial period ending on 30 April 2018 as they were to the period under review.

Related party transactions

The Company's transactions with related parties in the period 23 February 2017 to 31 October 2017 were with its Directors, Janus Henderson Investors and Henderson Diversified Income (Luxembourg) S.à.r.l. (the 'subsidiary'). The subsidiary was dissolved by a way of a dissolution deed in the presence of a Luxembourg Notary on 24 October 2017 and therefore ceased to be a related party from that date. There have been no material transactions between the Company and its Directors during the period under review other than the amounts paid to the Directors in respect of fees. In relation to the provision of services by Janus Henderson Investors, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services there have been no transactions with Janus Henderson Investors affecting the financial position of the Company during the period 23 February 2017 to 31 October 2017.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge:

(a) The set of financial statements has been prepared in accordance with the International Accounting Standard 34 'Interim Financial Reporting';

(b) The Interim Management Report includes a fair review of the information required by Disclosure, Guidance and Transparency Rule 4.2.7R (indication of important events during the six month period and description of principal risks and uncertainties for the remaining period of the financial year); and

(c) The Interim Management Report includes a fair review of the information required by Disclosure, Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Angus Macpherson
Chairman
13 December 2017

Summary of portfolio as at 31 October 2017

	%
High yield bonds+	**58.7**
Investment grade bonds	**24.8**
Secured loans	**13.7**
Equities	**2.0**
Asset backed securities	**0.8**

+ Does not include credit default swaps

Twenty largest investments as at 31 October 2017

Company	Principal activities	Currency	Geographical area	Valuation £'000	% of portfolio
Iron Mountain	Commercial services	£/US$	US	**5,173**	**2.59**
Tesco	Food	£	UK	**4,560**	**2.28**
Ardagh	Packaging and containers	£/US$/€	Ireland	**4,465**	**2.24**
Barclays	Diversified banking	£/US$	UK	**4,231**	**2.12**
Lloyds Group	Diversified banking	US$	UK	**4,132**	**2.07**
Credit Suisse	Banks	US$	Switzerland	**4,118**	**2.06**
Zayo	Telecommunications	US$	US	**4,096**	**2.05**
Center Parcs	Leisure	£	UK	**4,087**	**2.04**
Nationwide Building Society	Banks	£	UK	**4,038**	**2.02**
UBS	Banks	US$	Switzerland	**3,982**	**1.99**
Aramark Services	Food services	US$	US	**3,896**	**1.95**
Virgin Media	Cable TV	£	UK	**3,870**	**1.94**
Equinix	Telecommunications	£/US$	US	**3,849**	**1.93**
COTT	Food	US$	US	**3,840**	**1.92**
Wachovia	Banks	US$	US	**3,832**	**1.92**
Sirius	Media	US$	US	**3,815**	**1.91**
AT&T	Telecommunications	US$	US	**3,809**	**1.91**
PGH	Insurance	£	UK	**3,603**	**1.80**
Prudential	Insurance	£/US$	UK	**3,589**	**1.80**
Standard Life	Insurance	£	UK	**3,484**	**1.74**

These investments total £80,469,000 or 40.28% of the portfolio.

Condensed Statement of Comprehensive Income
for the period from 23 February 2017 to 31 October 2017 (unaudited)

	(Unaudited) Period ended 31 October 2017		
	Revenue return £'000	Capital return £'000	Total £'000
Gains on investments held at fair value through profit or loss (note 1c)	-	2,394	2,394
Gains on foreign exchange transactions at fair value through profit or loss	-	2,375	2,375
Investment income (note 1e)	4,747	-	4,747
Other operating income	3	-	3
Total income	4,750	4,769	9,519
Expenses			
Management and performance fees	(765)	(765)	(1,530)
Other expenses	(288)	-	(288)
Profit before finance costs and taxation	3,697	4,004	7,701
Finance costs	(94)	(93)	(187)
Profit before taxation	3,603	3,911	7,514
Taxation	48	-	48
Profit for the period	3,651	3,911	7,562
Earnings per ordinary share (note 2)	1.95p	2.08p	4.03p

The total columns of this statement represent the Statement of Comprehensive Income of the Company. All capital and revenue items derive from continuing operations. No operations were acquired or discontinued during the period. The Company has no recognised gains or losses other than those recognised in the Statement of Comprehensive Income.

The accompanying notes form an integral part of this condensed interim financial information.

Condensed Statement of Changes in Equity
for the period from 23 February 2017 to 31 October 2017 (unaudited)

			(Unaudited) Period ended 31 October 2017			
	Called-up share capital £'000	Share premium £'000	Distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Total equity at 23 February 2017	-	-	-	-	-	-
Total comprehensive income:						
Profit from ordinary activities after taxation	-	-	-	3,911	3,651	7,562
Transactions with owners recorded directly to equity:						
Proceeds from issue of shares	1,896	166,752	-	-	-	168,648
Issue costs	-	(460)	-	-	-	(460)
Transfer for cancellation of share premium	-	(166,292)	166,292	-	-	-
Dividends paid	-	-	(474)	-	(1,896)	(2,370)
Total equity at 31 October 2017	1,896	-	165,818	3,911	1,755	173,380

The accompanying notes form an integral part of this condensed interim financial information.

Condensed Statement of Financial Position

for the period from 23 February 2017 to 31 October 2017 (unaudited)

	(Unaudited) At 31 October 2017 £'000
Non-current assets	
Investments designated as fair value through profit or loss	**199,765**
Current assets	
Other receivables	**5,951**
Cash and cash equivalents	**2,276**
Total assets	**207,992**
Current liabilities	
Other payables	**(4,554)**
Bank loan	**(30,058)**
Total assets less current liabilities	**173,380**
Net assets	**173,380**
Equity attributable to equity shareholders	
Called-up share capital	**1,896**
Distributable reserve	**165,818**
Capital reserve	**3,911**
Revenue reserve	**1,755**
Total equity	**173,380**
Net asset value per ordinary share (note 3)	**91.44p**

The accompanying notes form an integral part of this condensed interim financial information.

Condensed Cash Flow Statement
for the period from 23 February 2017 to 31 October 2017 (unaudited)

	(Unaudited) Period ended 31 October 2017 £'000
Operating activities	
Net profit before tax	**7,514**
Interest payable	**187**
Gains on investments held at fair value through profit or loss	**(2,394)**
Gains on foreign exchange transactions at fair value through profit or loss	**(2,375)**
Payment on settlement of forward exchange contracts	**1,470**
Increase in prepayments and accrued income	**(1,129)**
Increase in other creditors	**1,484**
Purchases of investments	**(83,942)**
Sales of investments	**71,799**
Net cash outflow from operating activities before finance costs	**(7,386)**
Interest paid	**(170)**
Taxation on investment income	**56**
Net cash outflow from operating activities	**(7,500)**
Financing activities	
Equity dividends paid	**(2,370)**
Issue of ordinary shares	**6,869**
Cash received from Henderson Diversified Income Limited	**5,324**
Issue costs	**(460)**
Net drawdown of loans	**123**
Net cash inflow from financing	**9,486**
Increase in cash and cash equivalents	**1,986**
Exchange movements	**290**
Cash and cash equivalents at the end of the period	**2,276**

The accompanying notes form an integral part of this condensed interim financial information.

Notes to the interim financial information:

Henderson Diversified Income Trust plc (the 'Company') was incorporated on 23 February 2017.

On 26 April 2017, the Directors of its predecessor company, Henderson Diversified Income Limited (the 'Jersey Company'), placed the Jersey domiciled company into a Jersey Summary Winding Up and transferred the shareholdings and assets and liabilities of the Jersey Company to Henderson Diversified Income Trust plc.

1. **Accounting policies**

a) Basis of preparation
The interim accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The accounts have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments through profit and loss. The principal accounting policies adopted are set out below. Where consistent with IFRSs the financial statements have also been prepared in accordance with the guidance set out in the Statement of Recommended Practice ('SORP') for the Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued in November 2014 and updated in January 2017 with consequential amendments.

b) Significant accounting judgements and estimates
The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements; however, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future. As the majority of the Company's financial assets are quoted securities, in the opinion of the Directors, the amounts included as assets and liabilities in the financial statements are not subject to significant judgements, estimates or assumptions.

c) Investments designated at fair value through profit or loss
All investments are designated upon initial recognition as held at fair value through profit or loss. This is consistent with the Company's investment strategy and fair value information on these investments which is provided to the Board. Assets are recognised at the trade date of acquisition and 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 at the Company's Statement of Financial Position date, without deduction of the estimated future selling costs.

Fair value for quoted investments represents the bid-market value as at the close of business at the Company's Statement of Financial Position date. Fair value for unquoted investments or where a market value is not readily available is based on Janus Henderson's assessment of the value of the investment. Overseas investments are translated into sterling at the exchange rate ruling at the period end.

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

d) Subsidiary
The Company had a subsidiary, Henderson Diversified Income (Luxembourg) S.a.r.l. On the transfer of the assets and liabilities from the Jersey domiciled company, the Company acquired beneficial ownership of the investments held through the subsidiary. The accounts therefore recognise the income and expenditure of the subsidiary as the Company's income and expenditure. On 24 October 2017 the subsidiary was subject to a deed of dissolution, without liquidation, with immediate effect in accordance with the Luxembourg Civil Code. Any remaining assets and liabilities were transferred to the Company as a result of this dissolution.

e) Income
Income from fixed interest securities is recognised using the effective interest rate method. Income from equity securities is recognised on an ex-dividend basis. Bank interest and premiums on credit default swaps are recognised on an accruals basis within the revenue return column of the Statement of Comprehensive Income. In the event of a default, the income for the relevant period is allocated to capital to reduce the capital loss arising. The interest rates differential contained within currency forward exchange contracts that hedge investment positions against currency risk are recognised within the revenue return, to the extent they are material, over the life of the contract.

f) Expenses
All administration expenses and interest payable are accounted for on an accruals basis. Expenses which are incidental to the purchase or sale of an investment are charged to the capital column of the Statement of Comprehensive Income and allocated to capital reserves. On the basis of the Board's expected long term split of returns equally between capital gains and income, the Company charges 50% of investment management fees, performance fees and finance costs to capital.

g) Taxation
The tax expense represents irrecoverable withholding tax suffered.

In Luxembourg the subsidiary suffered taxation on net gains on investments and on income.

h) Foreign currency
The results and financial position of the Company is expressed in pounds sterling, which is the functional currency of the Company because it is the currency of the primary economic environment in which the Company operates. Sterling is the currency by which dividends are returned to shareholders, share buy-backs and share issues are conducted and is the cost base of the Company.

Transactions recorded in overseas currencies during the period are translated into sterling at the appropriate daily exchange rates.

Assets and liabilities denominated in overseas currencies at the Company's Statement of Financial Position date are translated into sterling at the exchange rates ruling at that date.

i) Cash and cash equivalents
Cash comprises cash in hand and demand deposits excluding bank loans. Cash equivalents have a term of three months or less, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risks of changes in value.

j) Bank borrowings
Interest-bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. After initial recognition bank loans and overdrafts are subsequently measured at amortised cost. Finance costs, including direct issue costs and interest payable on settlement or redemption, are accounted for on an accruals basis in the Company's Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Gains and losses are recognised through profit or loss when the loans are de-recognised, as well as through the amortisation process.

The Company de-recognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

k) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

l) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

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

m) Equity and reserves

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

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

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

The distributable reserve was created on cancellation of the share premium account on 20 September 2017.

The following are accounted for in the "capital reserve":

- Expenses and finance costs charged to capital;
- Gains and losses on the disposal of investments;
- Realised foreign exchange differences of a capital nature;
- Costs of repurchasing ordinary share capital;
- Increases and decreases in the valuation of investments held at the period end; and
- Unrealised foreign exchange differences of a capital nature.

n) Distributable reserves

Dividends can be paid from the revenue reserve, the distributable reserve and realised capital reserves.

o) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid. Dividends paid are disclosed in the Statement of Changes in Equity.

2. Earnings per ordinary share

The earnings per ordinary share figure is based on the net profit for the year after taxation of £7,562,000 and on 187,795,092 being the weighted average number of ordinary shares in issue during the period.

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

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.

	(Unaudited) Period ended 31 October 2017 £'000
Net revenue profit	**3,651**
Net capital profit	**3,911**
Net total profit	**7,562**
Weighted average number of ordinary shares in issue during the period	**187,795,092**
Revenue earnings per ordinary share	**1.95p**
Capital earnings per ordinary share	**2.08p**
Total earnings per ordinary share	**4.03p**

3. Net asset value per ordinary share

The net asset value per ordinary share is based on the net asset value attributable to ordinary shareholders at 31 October 2017 of £173,380,000 and on 189,618,240 ordinary shares, being the number of ordinary shares in issue at 31 October 2017.

4. Share capital

On 27 April 2017, 182,193,240 shares were issued when Henderson Diversified Income Limited, a closed-ended company registered under the Companies (Jersey) Law 1991 was subject to a scheme of reconstruction. All assets and liabilities were transferred to Henderson Diversified Income Trust plc (the 'Company') a closed-ended UK resident investment company. 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 shareholder 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 share held.

During the period to 31 October 2017, the Company issued a further 7,425,000 ordinary shares for proceeds of £6,869,000.

5. Share premium and distributable reserve

On 20 September 2017 the Company announced that the High Court confirmed the cancellation of the Company's share premium account and that the Company's distributable reserve can be applied in any manner in which the Company's profits available for distribution may be applied.

6. Dividends paid

A dividend of 1.25p per ordinary share was paid to shareholders of Henderson Diversified Income Limited on 30 June 2017 to members on the register as at 25 April 2017 by Henderson Diversified Income Limited (in liquidation).

A first interim dividend payment for the year ending 30 April 2018 of 1.25p per ordinary share was paid to shareholders on 29 September 2017. This dividend was paid as an interest distribution for UK tax purposes from the Company's revenue account (1.00p) and its other distributable reserves (0.25p).

On 21 November 2017 the Board declared a second interim dividend payment for the year ending 30 April 2018 of 1.10p per ordinary share that will be paid to shareholders on 29 December 2017. This dividend will be paid as an interest distribution for UK tax purposes from the Company's revenue account (0.90p) and its other distributable reserves (0.20p).

7. Financial instruments

The table below sets out the 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: quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial assets and liabilities measured at fair value in the Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 October 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Investments	**172,437**	**27,328**	**-**	**199,765**
Credit default swaps	**-**	**786**	**-**	**786**
Total	**172,437**	**28,114**	**-**	**200,551**

There have been no transfers between levels of fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

Valuation techniques used by the Company are explained in the accounting policies note.

There were no transfers to or from Level 3 during the period.

8. Related party transactions

During the period Directors' fees of £106,000 relating to the Company were paid. A further £11,000 was paid in fees to the Directors of the subsidiary.

9. Going concern

Having reassessed the Company's risk factors as set out on pages 13 to 19 of the Prospectus dated 3 March 2017 the directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

10. General information

a) Company status

Henderson Diversified Income Trust plc is a UK domiciled investment trust company which was incorporated on 23 February 2017. The Company number is 10635799. The Company is listed on the London Stock Exchange.

The ISIN/SEDOL number is GB00BF03YC36.

The London Stock Exchange code is HDIV.

The Company's Global Intermediary Identification Number (GIIN) is QR3G93.99999.SL.826.

The Company's LEI number is 213800RV2228EO1JEN02

b) Directors, Secretary and Registered Office

The Directors of the Company are Angus Macpherson (Chairman), Ian Wright (Audit Committee Chairman), Roderick Davidson, Denise Hadgill and Stewart Wood. The Corporate Secretary is Henderson Secretarial Services Limited, represented by Hannah Gibson, ACIS. The registered office is 201 Bishopsgate, London EC2M 3AE.

c) Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at **www.hendersondiversifiedincome.com.**

11. Financial Report for the period ended 31 October 2017

An abbreviated version, the 'Update', will be circulated to shareholders in December and will be available from the Corporate Secretary at the Company's Registered Office, 201 Bishopsgate, London EC2M 3AE.

For further information contact:

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