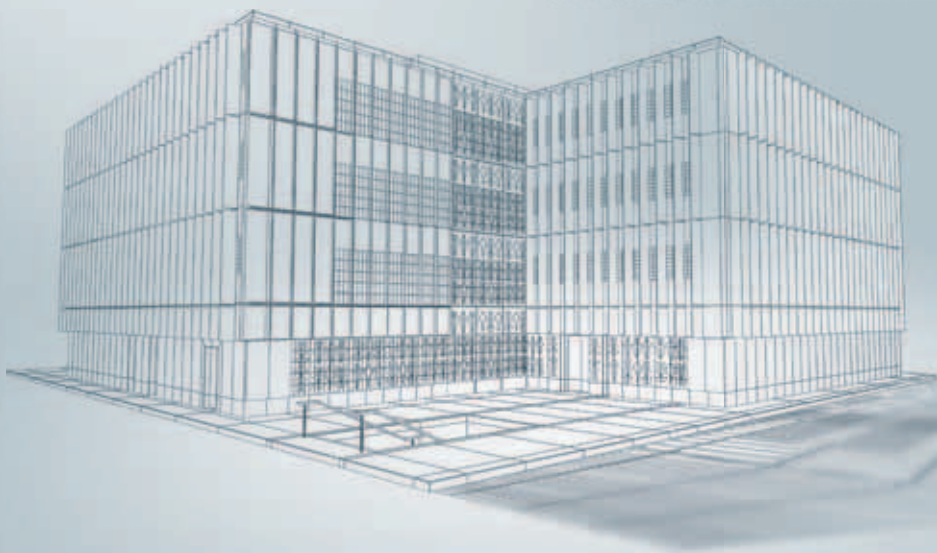


# HENDERSON OPPORTUNITIES TRUST PLC

Update for the half year  
ended 30 April 2018



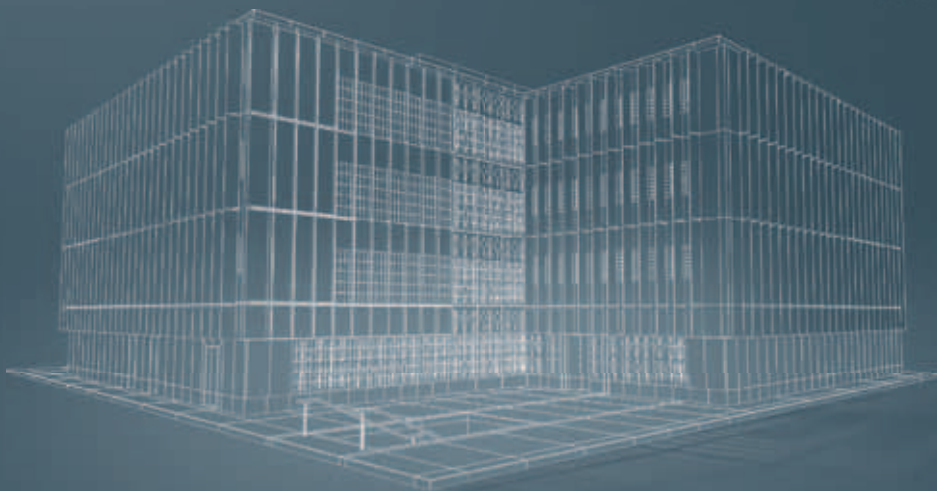
MANAGED BY

**Janus Henderson**  
— INVESTORS —

# Investment Objective

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The Company aims to achieve capital growth in excess of the FTSE All-Share Index from a portfolio of UK investments.



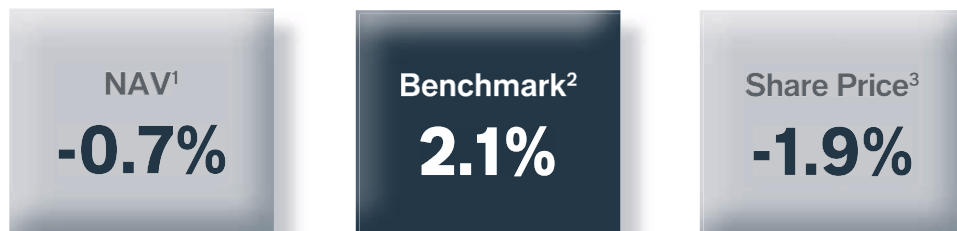
This update contains material extracted from the unaudited half year results of the Company for the six months ended 30 April 2018. The unabridged results for the half year are available on the Company's website:

[www.hendersonopportunitiestrust.com](http://www.hendersonopportunitiestrust.com)

The image on the front cover is based on the biochemistry department at Oxford University. The Company's portfolio includes several biochemistry and technology stocks which started life as university research projects.

# Performance Highlights

Total return performance for the six months to 30 April 2018



NAV per ordinary share

30 Apr 2018 **1,246.7p** 31 Oct 2017 **1,269.9p**

Ordinary share price

30 Apr 2018 **1,032.5p** 31 Oct 2017 **1,066.0p**

Net Assets

30 Apr 2018 **£99.8m** 31 Oct 2017 **£101.6m**

Dividends per ordinary share

Interim 2018 **6.5p** Interim 2017 **6.0p**

Total return performance to 30 April 2018 (including dividends reinvested and excluding transaction costs)

	6 months %	1 year %	3 years %	5 years %
NAV per ordinary share <sup>1</sup>	-0.7	12.0	25.0	84.2
Benchmark <sup>2</sup>	2.1	8.2	22.6	45.6
Share price <sup>3</sup>	-1.9	9.4	18.9	93.9
Sector average NAV <sup>4</sup>	1.9	4.1	24.0	58.3

1 Net Asset Value (NAV) total return per ordinary share with income reinvested

2 FTSE All-Share Index total return

3 Share price total return using mid-market closing price

4 Average NAV of the AIC UK All Companies Sector with income reinvested

Sources: Morningstar Direct, Datastream and Janus Henderson

# Chairman's Statement

## Performance

Following a year of outperformance in 2017, the Company's net asset value (NAV) fell 0.7% in the six months to 30 April 2018, whereas the FTSE All-Share Index (the Company's benchmark) rose by 2.1%, both on a total return basis. This underperformance in the first half of the current financial year was largely attributable to the write off of our holding in Conviviality, valued at £2,714,000 at the year end but at £601,000 on 14 March 2018 immediately before its shares were suspended and subsequently written down to zero at 30 April 2018. The company has since entered into administration and it is unlikely that shareholders will receive any return on their investment.

Over the longer term the Company has a record of strong outperformance against our benchmark, as the following table illustrates:

	1 yr %	3 yrs %	5 yrs %	10 yrs %
NAV (total return)	12.0	25.0	84.2	154.0
FTSE All-Share (total return)	8.2	22.6	45.6	90.9
Outperformance (+)/ Underperformance (-)	+3.8	+2.4	+38.6	+63.1

Notwithstanding this consistent track record, the Company's shares continue to trade at a substantial discount to NAV. In the first half year there was a slight widening in our discount to NAV, from 16.1% at 31 October 2017 to 17.2% at 30 April 2018.

## Gearing

During the period, gearing averaged 14.6%, trending up from 13.3% at the year end to 13.4% at 30 April 2018. In periods of robust market growth, gearing has been significantly beneficial to the Company's performance and the Board's current policy is to allow the Fund Managers to gear up to 25% of net assets at the time of drawdown. However, a more cautious approach is preferred during periods of market uncertainty and volatility, and the current level of gearing reflects the market risk that is likely to persist until Brexit negotiations are finalised. Our current borrowing facility allows for up to £20 million of debt, so that we have capacity to respond to any market

opportunities that might arise, and we do not anticipate any requirement to adjust this limit in the near term.

## Earnings and Dividend

The revenue return in the period was £797,000, compared with £810,000 in the first half of last year. An interim dividend of 6.5 pence per ordinary share (2017: 6.0 pence) has been declared payable on 21 September 2018 to shareholders on the register of the Company on 17 August 2018.

## Share Capital

As at 30 April 2018 there were 8,000,858 shares in issue, there having been no change in share capital in the period under review. Notwithstanding the discount to NAV we have not engaged in any share buy-backs as we believe this would reduce demand over the long term.

## Fund Manager

Colin Hughes will retire from Janus Henderson Investors on 30 June 2018. He has been involved in the management of the Company's portfolio since 2002 and has been at Janus Henderson Investors or the companies that are in the group for 46 years. We thank him for his contribution to your Company and wish him a happy retirement. James Henderson continues as the lead Fund Manager for the Company assisted by Laura Foll and Charlotte Greville. Laura Foll will become joint Fund Manager when she returns from maternity leave in September.

## Outlook

Since the period end to the close of business on 13 June 2018, the Company has again performed strongly, with the NAV increasing by 6.5%, compared with a 3.5% rise in our benchmark, both on a total return basis. Although growth in the UK economy appears sluggish, the companies in our portfolio are generally international in their outlook and offer excellence in their products and services. The Board shares the Fund Manager's view that a blend of such exciting young enterprises with large growing companies will continue to deliver strong investment returns.

**Peter Jones**  
**Chairman**  
**19 June 2018**

# Fund Managers' Report

## Review

The NAV total return is virtually unchanged over the six months, whilst the FTSE All-Share was up 2.1% on a total return basis. Performance in the previous six months had been strong with the NAV rising 12.7%, whilst the FTSE All-Share was up 5.9%. Some of the shares that had been strong in the early period gave up some of their advance this year.

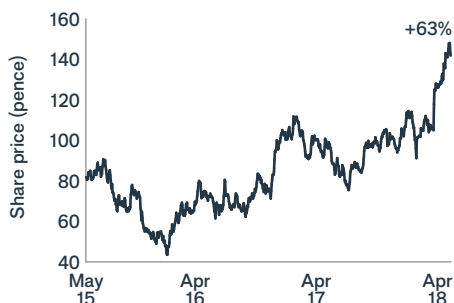
The UK economy has had a period of subdued activity with growth in the first quarter of this calendar year slower than expected. Some of this was weather related but consumer spending was also constrained by a lack of growth in real wages. In this environment, corporate performance has been very mixed; some of the online retailers have shown very strong advances while the traditional High Street operators have experienced severe declines.

## Portfolio Attribution Analysis

The largest single stock detractor for the Company has been **Conviviality**, the holding in which has been written off costing 2.3% of net asset value. We had taken some profits earlier in the year but we still had a sizeable holding when it went into administration. It was the largest drink distribution company in the country and also owned the Bargain Booze chain. The lack of proper internal financial controls led to its downfall rather than the business environment. We had to relearn the lesson that rapid expansion in a low margin industry is a risky strategy unless the financial controls are rigorous. Even then the quality of the earnings must be regarded as low quality.

Positive contributors came from a wide variety of companies. This diversity of the activities in the underlying companies brings some consistency to the long term capital growth; for instance the oil exploration companies such as **Serica Energy** and **Faroe Petroleum** had been out of favour but, as the oil price recovered and operational progress was made, the share prices have responded positively.

## Faroe Petroleum share price



Source: Datastream

## AIM

The Company's holdings in AIM companies now accounts for approximately 55% of the portfolio. This is an increase of around 20% over the last five years. The reason is that the AIM market has grown and the number of strong companies has increased. The main stock contributors to the Company's outperformance of recent years are AIM quoted companies. Smaller companies with good prospects have gravitated towards AIM and away from the main market because of the greater access to capital and lighter regulation. The AIM weighting is mixed with mature fully listed companies to give the portfolio both balance and exciting prospects.

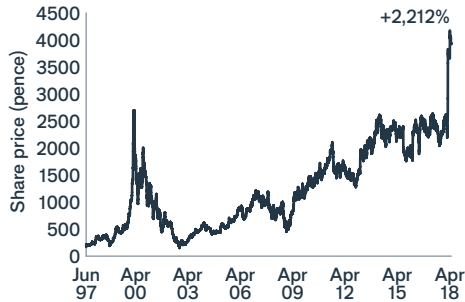
## Portfolio Activity

We have taken some profit in the larger, successful investments in the portfolio so as to restore balance. Examples of this would be the reduction of **Blue Prism** and the sale of **Senior**. One of the most successful investments in the portfolio over the years has been **Fidessa** which has been in the portfolio since it came to the market in 1997. The position had been reduced with profits being taken. It recently received a full cash offer and as a result we sold our remaining holding.

# Fund Managers' Report (continued)

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## Fidessa share price



Source: Datastream

The portfolio has been refreshed with new purchases. These include companies such as **Learning Technologies** (an e-learning services company), **Morses Club** (an unsecured lender) and **Mirriad Advertising** (an in video advertising company).

## Outlook

The next generation of successful UK companies will continue to emerge from AIM. The AIM holdings in aggregate have outperformed our holdings on the main market over the last five years. We will continue to look across the spectrum of quoted UK companies for opportunities to make worthwhile investments and value is emerging, especially in those that have taken actions to improve their businesses. The AIM holdings in the portfolio are dynamic companies whose growth can be substantial in the coming periods.

**James Henderson and Colin Hughes**  
**Fund Managers**  
**19 June 2018**

# Portfolio Information

## Attribution Analysis to 30 April 2018

The table below sets out the top five contributors and bottom five detractors to NAV.

Top Five Contributors	Share Price Return %	Contribution to NAV %	Bottom Five Detractors	Share Price Return %	Contribution to NAV %
Serica Energy	+223.9	+2.1	Conviviality Retail	-100.0	-2.3
Loopup	+47.4	+0.9	4D Pharma	-64.4	-1.7
GRC	+175.1	+0.8	Micro Focus	-49.7	-0.7
Learning Technologies	+61.4	+0.7	Clinigen	-25.1	-0.7
Keyword Studios	+13.8	+0.6	Safestyle	-73.0	-0.7

Source: Janus Henderson

## Portfolio by Index at 30 April 2018

As a percentage of the investment portfolio excluding cash.

Index	FTSE All-Share Index %	Portfolio %
FTSE 100	80.1	15.0
FTSE 250	16.2	8.8
FTSE SMALLCAP	3.7	12.5
FTSE FLEDGLING	-	0.7
FTSE AIM	-	59.0
OTHER	-	4.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Factset

## Portfolio by Market Capitalisation at 30 April 2018

As a percentage of the investment portfolio excluding cash.

Index	FTSE All-Share Index %	Portfolio %
Greater than £2bn	89.2	15.7
£1bn - £2bn	5.5	14.0
£500m - £1bn	3.0	20.7
£200m - £500m	2.0	13.5
£100m - £200m	0.3	21.9
£50m - £100m	-	7.8
Less than £50m	-	5.3
Other	-	1.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Factset

# Portfolio Information at 30 April 2018 (continued)

Position	Company	Valuation £'000	Portfolio %
1	Keyword Studios <sup>1</sup>	4,999	4.4
2	Blue Prism <sup>1</sup>	4,774	4.2
3	RWS <sup>1</sup>	3,761	3.3
4	Serica Energy <sup>1</sup>	3,465	3.1
5	Loopup <sup>1</sup>	3,165	2.8
6	HSBC	2,942	2.6
7	Tracsis <sup>1</sup>	2,744	2.4
8	Ricardo	2,666	2.4
9	XP Power	2,625	2.3
10	Learning Technologies <sup>1</sup>	2,584	2.3
<b>10 largest</b>		<b>33,725</b>	<b>29.8</b>
11	Clinigen <sup>1</sup>	2,398	2.1
12	Faroe Petroleum <sup>1</sup>	2,354	2.1
13	Assura	2,080	1.8
14	Rio Tinto	1,973	1.7
15	Vertu Motors <sup>1</sup>	1,878	1.7
16	Royal Dutch Shell 'B' shares	1,821	1.6
17	Johnson Matthey	1,812	1.6
18	Redde <sup>1</sup>	1,730	1.5
19	Workspace	1,663	1.5
20	Tarsus	1,596	1.4
<b>20 largest</b>		<b>53,030</b>	<b>46.8</b>
21	Standard Chartered	1,534	1.4
22	ITV	1,516	1.4
23	The Gym Group	1,463	1.3
24	Eland Oil & Gas <sup>1</sup>	1,448	1.3
25	Aveva	1,400	1.2
26	Burberry	1,368	1.2
27	Tribal <sup>1</sup>	1,360	1.2
28	Gateley <sup>1</sup>	1,326	1.2
29	Ubisense <sup>1</sup>	1,272	1.1
30	Vodafone	1,270	1.1
<b>30 largest</b>		<b>66,987</b>	<b>59.2</b>
31	Rolls Royce	1,260	1.1
32	Cohort <sup>1</sup>	1,251	1.1
33	GRC International <sup>1</sup>	1,202	1.1
34	Flowtech <sup>1</sup>	1,185	1.0
35	Oxford Instruments	1,183	1.0
36	Character <sup>1</sup>	1,151	1.0
37	Joules <sup>1</sup>	1,134	1.0
38	IDOX <sup>1</sup>	1,122	1.0
39	SDL	1,119	1.0
40	IP Group	1,113	1.0
<b>40 largest</b>		<b>78,707</b>	<b>69.5</b>



# Portfolio Information at 30 April 2018 (continued)

Position	Company	Valuation £'000	Portfolio %
41	4D Pharma <sup>1</sup>	1,063	0.9
42	Keystone Law <sup>1</sup>	1,058	0.9
43	GB Group <sup>1</sup>	990	0.9
44	Oxford Biodynamics <sup>1</sup>	962	0.9
45	CML Microsystems	952	0.9
46	Miton <sup>1</sup>	950	0.9
47	Victoria <sup>1</sup>	949	0.8
48	Redcentric <sup>1</sup>	940	0.8
49	Prudential	937	0.8
50	Hollywood Bowl	912	0.8
<b>50 largest</b>		<b>88,420</b>	<b>78.1</b>
51	NAHL <sup>1</sup>	889	0.8
52	Countryside Properties	853	0.8
53	Integratin	837	0.7
54	IG Group	830	0.7
55	Van Elle <sup>1</sup>	810	0.7
56	Morses Club <sup>1</sup>	802	0.7
57	Sigmaroc <sup>1</sup>	799	0.7
58	Ebiquity <sup>1</sup>	799	0.7
59	IQE <sup>1</sup>	789	0.7
60	Atlantis <sup>1</sup>	788	0.7
<b>60 largest</b>		<b>96,616</b>	<b>85.3</b>
61	Eurocell	779	0.7
62	Mirriad Advertising <sup>1</sup>	760	0.7
63	Footasylum <sup>1</sup>	742	0.7
64	Xafinity	732	0.7
65	Be Heard <sup>1</sup>	720	0.6
66	Alfa Financial Software	696	0.6
67	Alpha FX <sup>1</sup>	696	0.6
68	Alpha Financial <sup>1</sup>	687	0.6
69	Dairy Crest	678	0.6
70	Revolution Bars	673	0.6
<b>70 largest</b>		<b>103,779</b>	<b>91.7</b>
<b>Remaining</b>		<b>9,423</b>	<b>8.3</b>
<b>Total</b>		<b>113,202</b>	<b>100.0</b>

<sup>1</sup> Quoted on the Alternative Investment Market ('AIM')

# Financial Summary

Extract from the Condensed Income Statement (unaudited)	Half year ended			
	30 April 2018 Revenue return £'000	30 April 2018 Capital return £'000	30 April 2018 Total £'000	30 April 2017 Total £'000
Investment income	1,058	-	1,058	1,053
Other income	9	-	9	12
(Losses)/gains from investments held at fair value through profit or loss	-	(1,256)	(1,256)	11,283
Gross revenue and capital (losses)/gains	1,067	(1,256)	(189)	12,348
Expenses, finance costs & taxation (including management fees and performance fees)	(270)	(270)	(540)	(488)
Net return/(loss) after taxation	797	(1,526)	(729)	11,860
<b>Return/(loss) per ordinary share – basic and diluted</b>	9.96p	(19.07p)	(9.11p)	148.23p

Extract from Condensed Statement of Financial Position (unaudited except October 2017 figures)	30 April 2018 £'000	30 April 2017 £'000	31 Oct 2017 £'000
Investments held at fair value through profit or loss	113,202	104,905	116,212
Net current liabilities	(13,452)	(14,343)	(14,613)
Net assets	99,750	90,562	101,599
<b>Net asset per ordinary share – basic and diluted</b>	1,246.7p	1,131.9p	1,269.9p

## Dividends

The Board has declared an interim dividend of 6.5p per ordinary share (2017: 6.0p), to be paid on 21 September 2018 to shareholders on the Register at the close of business on 17 August 2018. The ex-dividend date will be 16 August 2018. Based on the number of ordinary shares in issue on 19 June 2018 of 8,000,858, the cost of the dividend will be £520,000.

## Share capital

There were 8,000,858 ordinary shares of 25p each in issue at 30 April 2018 (30 April 2017 and 31 October 2017: 8,000,858). No shares were bought back or issued during the period.

## Management and performance fees

The management fee is calculated, quarterly in arrears, as 0.55% per annum on the net assets. Arrangements are in place for the Manager to earn a performance fee. The cap on total fees that can be earned in a financial year is 1.5% of the average net assets over the year. There is no performance fee accrual for the current period (30 April 2017: £nil; 31 October 2017: £913,000).

# Financial Summary (continued)

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## Related party transactions

The Company's transactions with related parties for the period were with the Directors, and the Manager. There have been no material transactions between the Company and its Directors during the half year and the only amounts paid to them were in respect of expenses and remuneration for which there are no outstanding amounts payable at the half year period end. In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services, there have been no material transactions with the Manager affecting the financial position of the Company during the half year period.

## Principal risks and uncertainties

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Investment activity and strategy;
- Financial instruments and the management of risk;
- Operational;
- Accounting, legal and regulatory;
- Liquidity;
- Net gearing; and
- Failure of Janus Henderson.

Detailed information on these risks is given in the Strategic Report and in the Notes to the Financial Statements in the Company's latest Annual Report for the year to 31 October 2017.

In the view of the Board these principal risks and uncertainties were unchanged over the last six months and are as applicable to the remaining six months of the financial year as they were to the six months under review.

## Directors' responsibility statement

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

- the condensed financial statements for the half year ended 30 April 2018 have been prepared in accordance with "FRS 104 Interim Financial Reporting";
- 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 first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report and condensed financial statements include 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**

**Peter Jones**

**Chairman**

**19 June 2018**

Henderson Opportunities Trust plc  
201 Bishopsgate  
London EC2M 3AE

MANAGED BY  
**Janus Henderson**  
INVESTORS

**aic**  
The Association of  
Investment Companies



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