

HENDERSON DIVERSIFIED INCOME TRUST PLC

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Henderson Diversified Income Trust plc is a UK Investment Trust Company for UK tax purposes. Being an Investment Trust Company has two main characteristics from a UK tax perspective:

- (i) the company is exempt from UK tax on gains realised on the investment portfolio; and
- (ii) the company may choose to apply 'streaming' and elect for some or all distributions paid to shareholders to be 'interest distributions' for UK tax purposes.

Interest income of a company resident in the UK is typically subject to UK corporation tax at the prevailing rate (currently 19%). However, an Investment Trust Company is able to recognize a tax-deductible expense in respect of any interest distributions paid to shareholders, which should reduce the taxable profits (and therefore the cash tax liability) of the company. An Investment Trust Company can pay a combination of ordinary dividends and interest distributions. Please note that an 'interest distribution' is a dividend as a matter of company law and is paid in cash in the same way that an ordinary dividend of the company is.

The receipt of interest distributions by a shareholder who is resident in the UK will be taxed as though that shareholder received interest income and taxed at the ordinary UK income tax rates (and not the reduced tax rates which apply to ordinary dividends). The dividend allowance of £2,000 does not apply to interest distributions but the personal savings allowance (of up to £1,000, depending on the tax status of the investor) does apply to interest distributions. Investors who have invested through a tax exempt 'wrapper' (such as an ISA or SIPP) should be exempt from tax on both dividends and interest distributions received.

Directors: A Macpherson *Chairman* •
D Hadgill • W Robbins • S Wood • I A Wright

Registered as an Investment Company in England No. 10635799
Management Group: Janus Henderson Investors