Henderson International Income Trust plc

Update for the half-year ended
28 February 2023

MANAGED BY
Janus Henderson
INVESTORS

Objective

The Company's investment objective is to provide shareholders with a growing total annual dividend, as well as capital appreciation.

This update contains material extracted from the unaudited half year results of the Company for the six months ended 28 February 2023. The unabridged results for the half-year are available on the Company's website:

www.hendersoninternationalincometrust.com

Picture: Detroit, USA

Performance Summary

Total return performance for the six months to 28 February 2023

NAV
2.2%
(par[1])
2.8%
(fair[1])

Benchmark[2]
0.5%

Share price[3]
6.5%

NAV per share (debt at par)

28 Feb 2023	181.7p
31 Aug 2022	181.5p

Dividend yield[4]

28 Feb 2023	4.1%
31 Aug 2022	4.2%

NAV per share (debt at fair value)

28 Feb 2023	184.8p
31 Aug 2022	183.4p

Dividends in respect of the period

28 Feb 2023	3.70p
28 Feb 2022	3.60p

Total return performance to 28 February 2023

	6 months %	1 year %	3 years %	10 years %	Since launch %
Diluted NAV (debt at par)[1]	2.2	6.7	31.9	136.1	183.8
Diluted NAV (debt at fair value)[1]	2.8	8.9	36.9	140.4	188.9
Share price[3]	6.5	12.6	31.3	127.3	183.0
MSCI ACWI (ex UK) High Dividend Yield Index (sterling adjusted)	0.5	5.1	31.0	146.3	201.4
AIC Global Equity Income sector (NAV)	2.7	26.3	46.0	148.4	179.2

[1] Calculated using published daily NAVs including current year revenue
[2] MSCI ACWI (ex UK) High Dividend Yield Index (sterling adjusted)
[3] The Company's share price total return. Since inception share price return - launch price including discount (97.25p)
[4] Calculated using the closing share price at the period end of 179.0p and the last four dividends paid
Sources: Morningstar Direct, Refinitiv Datastream and Janus Henderson

Chairman's Statement

Performance and markets

During the six months to 28 February 2023, the net asset value ("NAV") total return per ordinary share was 2.2% (debt at par) and 2.8% (debt at fair value). The Company's return on the ordinary share price was 6.5%. This included dividends totalling 3.7p per share (2022: 3.6p), an increase of 2.8% year on year. The total return of the Company's comparator index (MSCI ACWI (ex UK) High Dividend Yield Index (sterling adjusted)) was 0.5%.

Over the period, inflation has proved to be more persistent than policy makers had expected, and central banks have reacted by raising interest rates more than markets had predicted. The US Federal reserve increased rates by 2.25%, the Bank of England by 2.75% and the European Central Bank by 2.5%. These increases have created problems for bond markets and business models that relied on plentiful debt at low interest rates, as illustrated by recent high-profile bank failures and difficulties within the property sector. Nevertheless, there have been some positive developments that are helping economies to offset the immediate impact of these higher interest rates. These include the once feared "winter energy crisis", which in the event did not transpire, China's abandonment of its zero Covid policy and employment levels remaining high around the world. Together, these developments have helped equity markets recover from last year's lows. Europe was the strongest performing equity market, aided by lower energy prices and the year-on-year benefit of an absence of Covid lockdowns. Japan and the US markets also recovered. Sterling rallied over the period, slightly dampening the returns from overseas equities for UK investors.

The Company's portfolio is diversified and with its focus on investments with attractive valuations and secure balance sheets it has largely avoided the areas of the market most impacted by rising interest rates. Our emphasis on cash generation to finance investment and shareholder returns has allowed portfolio companies to deal with higher borrowing costs and even, in some cases, to gain market share. At a Company level, the earlier decision in 2019 to secure fixed borrowing for over 20 years means there is no risk of higher borrowing costs for shareholders.

Earnings and dividends

The revenue return per ordinary share during the six months to 28 February 2023 was 1.96p (2022: 2.26p). A fourth interim dividend of 1.85p per ordinary share, for the year ended 31 August 2022, was paid to shareholders on 30 November 2022, bringing the total dividend paid in respect of the year ended 31 August 2022 to 7.25p per ordinary share (year ended 31 August 2021: 6.30p per ordinary share).

The board declared a first interim dividend payment for the year ending 31 August 2023 of 1.85p per ordinary share and this was paid to shareholders on 28 February 2023. Subsequently, we have declared a second interim dividend of 1.85p per ordinary share that will be paid to shareholders on 31 May 2023.

The long-term objective of your Company since launch has been to provide shareholders with a growing total annual dividend, as well as capital appreciation. To date, we have increased the dividend each year. We continue to recognise the importance of dividend income to our shareholders and, if needs be, we will utilise the Company's reserves in the event of any temporary shortfall between the Company's distributions and portfolio income. So far this financial year, the Company has distributed £7.251m from the earned income and revenue reserves.

Chairman's Statement (continued)

The board continues to monitor the level of dividend paid out to shareholders and currently aims to maintain at least the same level of dividend for the remaining six months of this financial year.

Gearing

Well-judged gearing enhances returns to shareholders. The board's current policy is to permit the fund manager to gear up to 25% of net assets at the time of drawdown. Borrowing limits for this purpose include implied gearing through the use of derivatives. The gearing at the period end was 1.7% (31 August 2022: 6.5%).

Discount control

The Company's share price has traded at a discount of between 2-11% over the period. The board continues to monitor the premium/discount to NAV and will consider appropriate action if the relationship between NAV and share price moves and remains out of line with the Company's peer group. However, there is a distinct limit to the board's ability to influence the premium or discount to NAV. Accordingly, we believe it is not in shareholders' interests to have a specific share issuance or buy-back policy. We believe that it is sensible to retain flexibility; therefore, we shall consider share issuance and/or buy-backs where appropriate and subject to market conditions.

Management fees

In 2022, your board agreed with Janus Henderson a reduction in the management fee to a single rate of 0.575% per annum. This new rate took effect from 1 September 2022, the first day of your Company's current financial year.

Board composition and succession planning

This is the first opportunity that I have had to comment on the retirement of our previous chairman, Simon Jeffreys, at last year's AGM. Simon made a major contribution to the Company during his tenure as Chairman and I would like to thank him on behalf of the board and all shareholders for his diligence and hard work. The board consists of four directors, two women and two men. We are currently looking to recruit a new director to return us to five, which the board considers to be the long-term appropriate number of directors. We expect to announce shortly the outcome of this process. It is the board's continuing intention to consider carefully its mix of directors giving due weight to their skill set, experience, gender and diversity.

The board has also given thought to longer-term succession planning. The directors believe that they are in a strong position to effect a gradual refreshment of the board, reflecting both tenure and the evolving skill sets required to oversee successfully an investment company.

Outlook

The Covid pandemic and Ukraine conflict were globally significant economic and humanitarian events. The disruption they caused makes it difficult to discern what the real economic and supply/demand trends currently are across a range of important variables, including inflation, commodity prices, demographics and consumer spending. As a result of this uncertainty, investors remain understandably cautious and have derated many sectors and regions of equity markets, causing some to trade at low valuations compared to history.

Chairman's Statement (continued)

The board and the fund manager remain focused on delivering the Company's investment objectives and will continue to follow its existing strategy of identifying attractively valued companies that have the capacity to grow their earnings and dividends over the medium to long term. The diversified nature of the Company's portfolio provides investors with a wide range of exposure to different industries and global regions which is both beneficial and appropriate in these uncertain times.

Richard Hills
Chairman
2 May 2023

Fund Manager's Report

Performance review

Over the last six months the portfolio produced a total return of 2.8% in NAV per ordinary share over the period (debt at fair value). This return includes dividends totalling 3.7p per share, a 2.8% increase year on year.

There has been a considerable dispersion between the returns of different regions and sectors. Higher yielding stocks have outperformed the wider market; the MSCI ACWI (ex UK) High Dividend Yield Index returned 0.5% compared to -0.2% for the MSCI World (ex UK) Index (both sterling adjusted) and European equities have outperformed the rest of the world. In sterling terms, the MSCI Europe Index has risen 13.2%, significantly outperforming returns from the US S&P500 of -2.7%, and -5.8% for the MSCI Asia ex Japan.

The overweight exposure to European stocks, which represented on average a third of the portfolio, contributed most to performance. In the first half of 2022 stock markets around the world were rocked by the sudden invasion of Ukraine by Russia, and the associated energy crisis that particularly impacted European countries. Due to concerted efforts by both European governments to increase gas inventory levels, and consumers to reduce consumption, energy prices gradually abated over the period. This has contributed to European stock markets being the strongest since global markets troughed in October 2022. Many of the portfolio's financial holdings have also been significant positive contributors to performance due the combination of rising interest rates and an improving economic environment. In recent years the portfolio has maintained a significant exposure to financial companies because their valuations have not reflected their profitability or dividend sustainability both of which have endured despite the low interest rate environment of the last decade. European financial companies BFF Group, ING Group, AXA, and asset managers Van Lanschot Kempen and Amundi were amongst the most positive individual contributors to performance. All of these companies have continued to post good results, often beating expectations, and have strong capital and balance sheet positions.

There have been other significant macroeconomic factors that influenced returns over the period, and which we expect to continue to shape events over the coming months. China surprised investors by abandoning its zero Covid policy towards the end of 2022 and proceeded to re-open its economy. This was another positive development for global growth and especially for the outlook for European companies which generally have greater exposure to China than their US counterparts. These factors have helped the consumer discretionary companies in the portfolio to outperform the wider market. Demand for luxury goods has been strong and as a result both Richemont and Mercedes-Benz profits have exceeded forecasts helping them both into the top ten positive contributors.

Stock performance has not been all about macroeconomic events. The portfolio has a significant exposure to health care and although this is not a cyclical sector it has performed well over the last six months; driven more by stock specific news and stock selection rather than asset allocation. Novo Nordisk, Sanofi and Merck reported good earnings and drug pipeline developments which have given the market more confidence in their respective outlooks.

The most significant negative contributor to performance has been the overweight exposure to the Asia Pacific region. Despite China's re-opening the Asia Pacific stocks have been weaker than expected. The region makes up approximately 25% of the portfolio and the return for the period was -2.5%. Although the economic momentum following the re-opening has been positive, corporate results for the second half of 2022 were below expectation, indicating just how weak the Chinese economy had become as a result of the Covid lockdowns. So far the average Chinese consumer seems to be less willing to participate in 'revenge spending' than their western peers and this has disappointed some commentators who expected a more dramatic response following almost three years of lockdown. The tension with the US, over Taiwan and semiconductors, has also not helped investor sentiment. We believe investors

Fund Manager's Report (continued)

need to see more evidence of economic and corporate recovery in the quarters ahead.

At the sector level consumer staples and telecommunications holdings have underperformed the market after strong performance in the first half of 2022. Their results have generally been good, but their defensive earnings have not been fully appreciated by the market. In some cases, we have used this underperformance to add to holdings.

Operating conditions for many companies have been improving, helped by moderating energy prices and supply chain constraints. Nevertheless, it is still a difficult economic environment in which cost inflation has remained high, employee availability tight, and interest rates have increased significantly. Two companies held in the portfolio have taken longer to recover from the pandemic period than we expected: payments company Fidelity National Information Services (FIS) and leisure retailer VF Corp. As a result we have evaluated both positions, and exited VF Corp after concluding the investment case was no longer valid, however we continue to see upside in FIS, and monitor progress there.

Gearing had a positive contribution to performance over the period as the portfolio appreciated in value. The Company's long-term financing means that a fair value and par value return is quoted. The fair value of the debt reflects a theoretical market price and is impacted by changes in interest rate expectations in the financial markets. The rise in interest rate expectations during the period has reduced the fair value of the debt, enhancing the fair value net asset value return.

Portfolio positioning

The composition of the portfolio has not changed significantly over the period. Stock selection is driven by a combination of the attractiveness of the company (leading competitive positioning, positive supply/demand outlook, good cash flow generation, long-term sustainability of business model) and its valuation. We remain focused on companies that have pricing power to cope with cost inflation and higher interest rates, and which have improving operating environments or industry trends that are not reflected in their valuations.

The rally in the technology and financial sectors since last summer has led us to take some profits and as a result the gearing of the portfolio has fallen from 6.5% to 1.7%. Positions closed on this basis included Taiwanese financial conglomerate CTBC Financial, insurers Sampo and Manulife, and semi-conductor companies MediaTek and Broadcom. The holding in OZ Minerals was sold as the shares had performed well and were trading close to the takeover bid price from BHP Group. The position in Nintendo was sold to take profits and the proceeds were reinvested into Sony, which has underperformed over the last few years despite having superior and more diversified long-term growth drivers than many competitors.

Many stock valuations became more attractive during 2022 and we took advantage of market volatility to open new positions in companies whose opportunities for growth are underappreciated. Consumer staples companies Pernod and Ambev were added. Both have material exposure to Asian and Latin American markets and the potential to grow earnings and dividends throughout the economic cycle. Derivative exchange operator CME was also purchased after a severe de-rating driven by the sell-off in US equity markets last year. CME is one of the largest providers of interest rate derivatives, used by investors and financial companies to help manage interest rate risk, especially in times of interest rate uncertainty.

Income trends

The Company's investment process focuses on companies with attractive dividend yields, strong cash flow generation and the potential for capital growth from rising earnings and distributions in the future.

Fund Manager's Report (continued)

Recent dividend announcements have generally reflected underlying earnings trends, rather than the reinstatements or catch-up payments that occurred post the pandemic. Despite the uncertainty arising from the conflict in Ukraine companies have continued to report healthy dividend increases across a wide range of sectors and geographies. Financial services companies AXA and CME both increased their ordinary dividends by 10% on the back of improving earnings growth, and CME increased its annual special dividend by 38%. Energy company TotalEnergies and luxury goods producer Richemont both paid unexpected special dividends reflecting stronger than anticipated cash generation from their respective businesses. The health care holdings are also contributing to dividend growth; Merck, Medtronic and Bristol-Myers Squibb all increased dividends by over 5% over the period.

ESG and company engagement

The integration of environmental, social and governance factors into investment decision making and ownership was detailed in the latest annual report. During the period under review the investment team continued to actively engage with investee companies. Recent discussions have focused on climate related areas, including understanding how forestry products manufacturer UPM-Kymmene has assessed the potential impact of climate change on its forestry assets, discussing TotalEnergies' progress on methane emission reductions, and industrial gas company Air Products & Chemicals' investments in hydrogen generation to help the industrial complex decarbonise.

Outlook

Over the last few years companies, and obviously all the people that make them what they are, have coped better than investors could have hoped with the unexpected events that have occurred. The good news is that despite economic and market volatility, corporate success has been reflected in portfolio returns. Over the past three years the total return of the Company exceeds 30% and dividends have grown from 1.50p to 1.85p a quarter, an increase of 23%.

In 2021 we were concerned about the impact of rising interest rates as the need for stimulus abated. Central bank rate increases around the world last year mean that interest rates have generally normalised, and whilst they may not have peaked it is likely that most of the increases are behind us. The impact of higher interest rates on asset values is already being felt in lower bond, property and equity values, but the impact on inflation is not yet clear. There is often a lag between higher interest rates and lower inflation, but higher rates plus improved supply chains should result in inflation abating in due course. We do not, however, expect an instant return to the very low level of inflation and interest rates that the world has become used to over the last decade.

Whilst the outlook for inflation and interest rates remains unclear, market valuations have fallen over the last year and provide us with an opportunity to invest in well-managed, resilient businesses at more attractive valuation levels. We continue to focus on identifying companies with robust free cash flow characteristics and strong balance sheets that we believe are well positioned to navigate the challenging global economic environment. Robust dividend growth from companies supports our confidence in the long-term outlook for the businesses in which we invest your money.

Ben Lofthouse
Fund Manager
2 May 2023

Portfolio Information at 28 February 2023

Investment portfolio

Company	Country	Market value £'000	% of portfolio
Basic materials			
Air Products & Chemicals	US	9,185	2.5
UPM-Kymmene	Finland	3,572	1.0
IGO	Australia	2,782	0.8
		15,539	**4.3**
Consumer discretionary			
Compagnie Financière Richemont	Switzerland	7,559	2.1
Sony	Japan	5,074	1.4
Stellantis	Italy	4,370	1.2
Midea	China	4,050	1.1
Mercedes-Benz	Germany	4,001	1.1
Li-Ning	China	3,575	1.0
China Yongda Automobiles	China	2,620	0.7
JD.com	China	2,584	0.7
		33,833	**9.3**
Consumer staples			
Nestlé	Switzerland	10,201	2.9
Coca-Cola	US	9,095	2.5
Mondelez	US	7,224	2.0
PepsiCo	US	6,732	1.8
Ambev	Belgium	5,494	1.5
Pernod-Ricard	France	3,862	1.1
		42,608	**11.8**
Energy			
Woodside Energy	Australia	7,424	2.1
TotalEnergies	France	5,487	1.5
Aker	Norway	3,650	1.0
		16,561	**4.6**

Company	Country	Market value £'000	% of portfolio
Financials			
AXA	France	8,670	2.4
Amundi	France	7,507	2.1
Macquarie	Australia	6,171	1.7
CME Group	US	5,809	1.5
AIA	Hong Kong	5,055	1.4
United Overseas Bank	Singapore	5,039	1.4
ING	Netherlands	5,017	1.4
CITIC Securities	Hong Kong	4,722	1.3
Bank Mandiri	Indonesia	3,774	1.0
KB Financial	Korea	3,612	1.0
Industrial Bank	China	3,556	1.0
Van Lanschot	Netherlands	3,520	1.0
BFF Banking	Italy	3,456	1.0
Citigroup	US	2,891	0.8
Travelers Companies	US	2,675	0.7
		71,474	**19.7**
Health care			
Sanofi	France	14,896	4.1
Merck & Co	US	11,060	3.0
Roche	Switzerland	8,620	2.4
Bristol-Myers Squibb	US	8,095	2.2
Novartis	Switzerland	7,267	2.0
Medtronic	US	5,374	1.5
Johnson & Johnson	US	3,938	1.1
Novo Nordisk	Denmark	3,153	0.9
		62,403	**17.2**

Portfolio Information at 28 February 2023

Investment portfolio (continued)

Company	Country	Market value £'000	% of portfolio
Industrials			
nVent Electric	US	8,569	2.4
Honeywell International	US	5,160	1.4
Sandvik	Sweden	4,483	1.3
Volvo	Sweden	4,400	1.2
LG Corp	Korea	4,317	1.2
China National Building Material	China	2,513	0.7
		29,442	**8.2**

Company	Country	Market value £'000	% of portfolio
Real estate			
Crown Castle	US	5,268	1.4
Sun Hung Kai Properties	Hong Kong	4,399	1.2
CapitaLand Integrated Commercial Trust	Singapore	3,900	1.1
		13,567	**3.7**

Company	Country	Market value £'000	% of portfolio
Technology			
Microsoft	US	13,191	3.6
Corning	US	5,443	1.5
Samsung	Korea	4,222	1.2
Fidelity National Information	US	3,741	1.0
Taiwan Semiconductor Manufacturing	Taiwan	3,468	1.0
		30,065	**8.3**

Company	Country	Market value £'000	% of portfolio
Telecommunications			
Cisco Systems	US	9,167	2.5
Deutsche Telekom	Germany	5,954	1.6
Tele2	Sweden	5,468	1.5
Telus	Canada	5,265	1.5
SK Telecom	Korea	4,256	1.2
HKT Trust and HKT Ltd	Hong Kong	3,827	1.1
Telekomunikasi	Indonesia	2,700	0.7
		36,637	**10.1**

Company	Country	Market value £'000	% of portfolio
Utilities			
Iberdrola	Spain	6,389	1.8
Enel	Italy	3,730	1.0
		10,119	**2.8**
Total investments		**362,248**	**100.0**

Portfolio Information at 28 February 2023

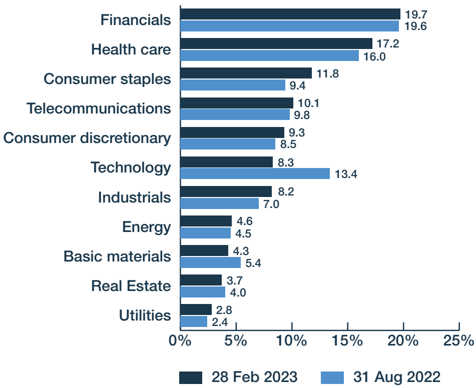
Ten largest investments

Company	Sector	Country	Market value £'000	% of portfolio
Sanofi	Health care	France	14,896	4.1
Microsoft	Technology	US	13,191	3.6
Merck & Co	Health care	US	11,060	3.0
Nestlé	Consumer staples	Switzerland	10,201	2.9
Air Products & Chemicals	Basic materials	US	9,185	2.5
Cisco Systems	Telecommunications	US	9,167	2.5
Coca-Cola	Consumer staples	US	9,095	2.5
AXA	Financials	France	8,670	2.4
Roche	Health care	Switzerland	8,620	2.4
nVent Electric	Industrials	US	8,569	2.4

These investments total £102,654,000 which represents 28.3% of the portfolio.

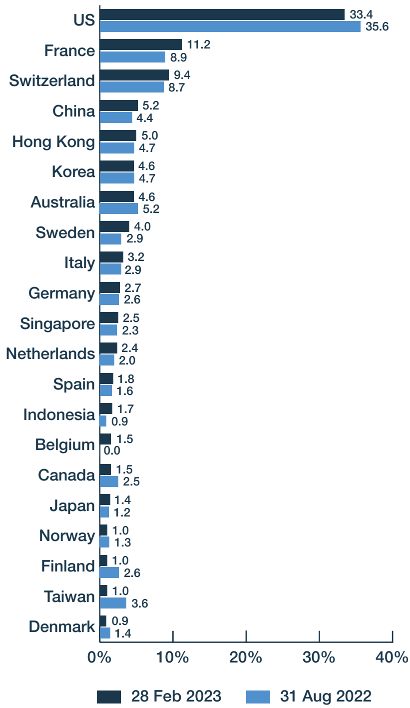
Sector exposure

As a percentage of the investment portfolio excluding cash



Geographic exposure

As a percentage of the investment portfolio excluding cash



Source: Janus Henderson

Financial Summary

Extract from the Income Statement (unaudited)	Half year ended 28 Feb 2023 Revenue return £'000	28 Feb 2023 Capital return £'000	28 Feb 2023 Total return £'000	Half year ended 28 Feb 2022 Total return £'000
Gains/(losses) on investments held at fair value through profit or loss	-	5,496	5,496	(5,613)
Income from investments held at fair value through profit or loss	4,884	-	4,884	4,888
(Losses)/gains on foreign exchange	-	(621)	(621)	561
Other income	172	-	172	836
Gross revenue and capital gains	**5,056**	**4,875**	**9,931**	**672**
Expenses, finance costs & taxation	(1,213)	(979)	(2,192)	(2,341)
Net return after taxation	**3,843**	**3,896**	**7,739**	**(1,669)**
Return per ordinary share	**1.96p**	**1.99p**	**3.95p**	**(0.85p)**

Extract from Statement of Financial Position (unaudited except 31 August 2022 figures)	28 Feb 2023 £'000	28 Feb 2022 £'000	31 Aug 2022 £'000
Fixed asset investments held at fair value through profit or loss	362,248	362,280	378,931
Net liabilities	(6,073)	(14,851)	(23,244)
Total net assets	**356,175**	**347,429**	**355,687**
Net asset value per ordinary share	**181.7p**	**177.3p**	**181.5p**

Financial Summary (continued)

Share capital

There are 195,978,716 ordinary shares in issue. No shares were issued in the half-year to 28 February 2023 (half-year to 28 February 2022 and year to 31 August 2022: none).

Dividend

A first interim dividend payment for the year ending 31 August 2023 of 1.85p per ordinary share was paid to shareholders on 28 February 2023. A second interim dividend payment for the year ending 31 August 2023 of 1.85p per ordinary share has been declared and will be paid to shareholders on 31 May 2023.

Principal risks and uncertainties

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

- Geopolitical risks;
- Investment activity and performance risks;
- Portfolio and market price risks;
- Political risks;
- Tax and regulatory risks; and
- Operational and cyber risks.

Information on these risks and how they are managed are given in the annual report for the year ended 31 August 2022. In the view of the board, the principal risks and uncertainties at the year end remain and are as applicable to the remaining six months of the financial year as they were to the six months under review.

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. Having assessed these factors, the principal risks and the heightened macroeconomic uncertainty following Russia's invasion of Ukraine, the board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

Statement of directors' responsibilities

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

(a) the financial statements for the half-year ended 28 February 2023 have been prepared in accordance with 'FRS 104 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 first six months and description of principal risks and uncertainties for the remaining six months of the 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).

On behalf of the board

Richard Hills
Chairman
2 May 2023

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London EC2M 3AE

MANAGED BY
Janus Henderson
INVESTORS

aic
The Association of
Investment Companies

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