Annual Report 2023

# Henderson Far East Income Limited

MANAGED BY
Janus Henderson
INVESTORS

**Investment objective:**

The Company seeks to provide shareholders with a growing total annual dividend per share, as well as capital appreciation, from a diversified portfolio of investments from the Asia Pacific region.

## Strategic Report



## Governance



## Financial Statements



## Additional information



Front cover: Tokyo Skyline, Japan

# Performance highlights at 31 August

**NAV[1, 5] per share**

| 2023 | 2022 |
|---|---|
| 222.12p | 281.11p |

**Share price**

| 2023 | 2022 |
|---|---|
| 218.00p | 281.00p |

**Net assets**

| 2023 | 2022 |
|---|---|
| £362m | £436m |

**Revenue return per share**

| 2023 | 2022 |
|---|---|
| 20.92p | 24.41p |

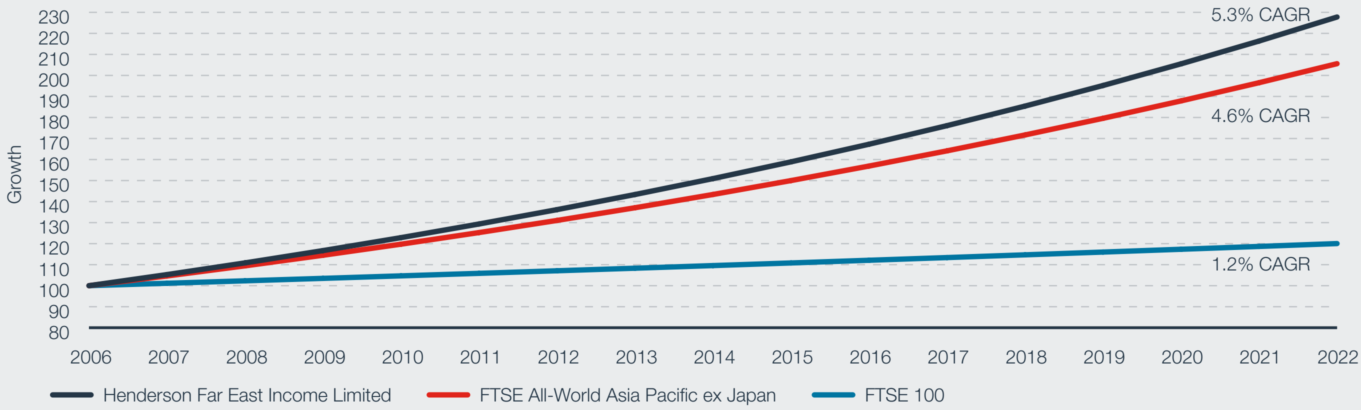
**Dividend[2] for year**

| 2023 | 2022 |
|---|---|
| 24.20p | 23.80p |

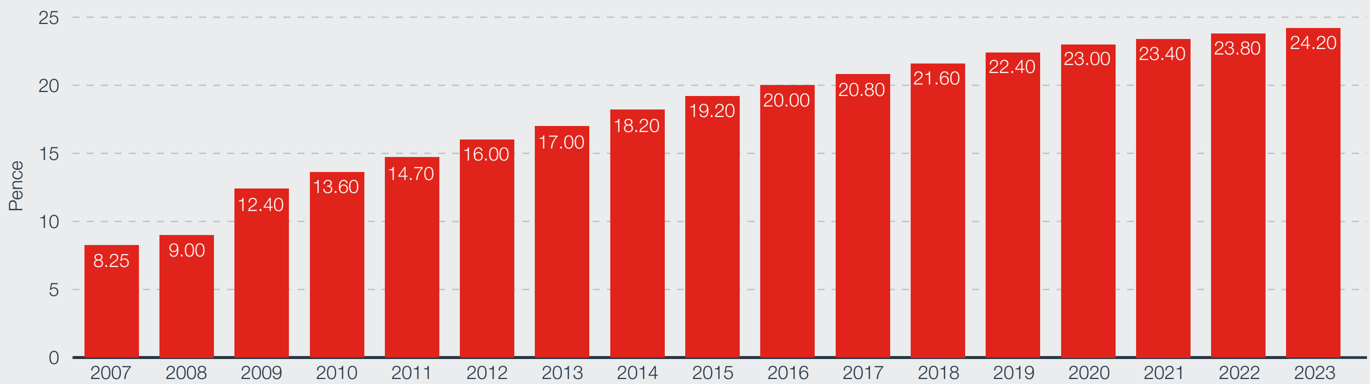
**Dividend yield[3, 5]**

| 2023 | 2022 |
|---|---|
| 11.1% | 8.5% |

**Compound annual dividend growth rate[4] (CAGR)**




**Dividends paid by the Company**




1 Net asset value ('NAV') per ordinary share
2 Interim dividends declared or paid in respect of the year ended 31 August 2023
3 Dividend yield based on the share price at the financial year-end and the dividends declared and paid in respect of the year
4 Compound annual dividend growth rate to 31 December 2022 for the Company, FTSE All-World Asia Pacific ex Japan and the FTSE 100 indices based on normalised ordinary dividends calculated by calendar year
5 The NAV per share and dividend yield are considered to be alternative performance measures. More information can be found on pages 70 and 71

Sources: Morningstar Direct, Janus Henderson Investors

# Chairman’s statement

**Ronald Gould**
Chairman

## “The economic fundamentals of the Asia Pacific region remain attractive and will look increasingly so when compared to the slowing performance of western markets.”

Bien bridge, Ha Noi, Vietnam

# Chairman's statement

## Introduction

2023 has been a very difficult year for investors with rapidly increasing interest rates shifting expectations dramatically and undermining what many hoped would be a strong post-Covid recovery period in the Asia Pacific region. This was not to be. Instead, we have faced geopolitical shocks, ongoing supply chain disruptions and new juxtapositions in market behaviour. Against this backdrop, our investment results are easier to understand, however disappointing they may be.

## Performance

Whilst the Company has once again achieved our high income objective, the investment performance from a capital growth perspective over the past financial year has been unsatisfactory. The NAV total return performance for the period ended 31 August 2023 was -13.0%, versus the FTSE All World Asia Pacific ex Japan Index of - 7.2% and MSCI All Country Asia Pacific ex Japan High Dividend Yield Index of 0.1%. The year-end dividend yield of 11.1% was not enough to compensate for a falling share price, with the share price total return standing at -14.8% for the period. Since the year-end, investment performance has deteriorated further and this represents a three-year period of underperformance, where capital returns have suffered when compared to both market indices and many of our competitors.

Against this backdrop, the Board has looked often and hard at the reasons for these results and I will use this opportunity to present both an analysis of the factors which shaped this outcome and an outline of what your Company is doing to address them.

What happened?

- Investment styles go through periods of being both in and out of fashion. In the low interest rate environment, valuation tended to matter less, and our Fund Managers valuation-focused investment style has therefore been out of favour.
- China weightings, China stock selection and the timing of our exposure to this important economy and market have been the most significant contributing factors. Since the lifting of Covid restrictions, the pace of China's recovery fell short of expectations and the negative impact of global supply chain shifts on how Chinese companies would prosper has been more severe. An over allocation to China was exacerbated by our exposure to Hong Kong which has increasingly moved in lockstep with the mainland over the Covid period and beyond.
- The low combined weighting in India, Japan and Taiwan in our portfolio has also had a negative influence. Our strong income bias has historically justified this absence but these markets have performed strongly over the period.
- Our overweight exposures to the energy and materials sectors, the latter including investments in copper and lithium which will be in demand to meet 'green' targets, have been held back by questions about the rate of economic recovery.

Our Fund Managers' report expands on all these points in further detail and outlines their forward thinking alongside the current positioning of the portfolio.

## Strategy

Working closely with the investment manager, your Board holds a formal review of the Company's investment strategy at least annually. This year we have spent a substantial amount of extra time outside of formal board meetings considering this matter – the impact of that strategy on performance and its appropriateness both over the long term and in the current market conditions. We also focused on the yield of the portfolio, projections for dividends from the Asia Pacific region, and our investment prospects for the portfolio and the region in general. In light of this re-examination, several points can be made:

First, that our strategy to provide an attractive, growing dividend without giving up the potential for a degree of long-term capital growth remains both appropriate and achievable. As we have in the past, we aim to achieve this objective by identifying a combination of companies with high and sustainable cash flow generation and dividends, and those achieving growth that are predicted to be the high yielding companies of the future. As dividend growth in the region slowly returns to its historic trend next year, we believe that prospects for the future will be much improved.

Second, while we believe our broader strategy remains correct, we have sought to refine the process used to achieve our objectives. Given our income focus, income returns from stocks has been significantly undermined by the strength of sterling against Asian currencies especially over the last year. Our Fund Managers had sought to enhance income and offset sterling strength through portfolio rebalancing but this had a negative impact on capital growth. Our analysis has now led us to revise the way in which we capture dividends, an approach that has too often led to diminished capital growth. We have now largely restructured the portfolio to allow the renewed growth in portfolio company dividends to come through along with better capital growth returns. Through this transition period, we will use our distributable reserves to supplement your Company's dividend. In addition to maintaining a progressive dividend, re-establishing the Company's long-term record of capital growth will be a critical factor in restoring shareholder confidence. The Fund Managers' report will comment on this in more detail.

Third, strong sentiment around China's reopening prospects in the fourth quarter of 2022 reinforced our long-term investment case for the market and supported a significant position. While the economic power and potential of many Chinese sectors remains compelling, macroeconomic influences have ultimately overwhelmed some robust fundamentals, with broader market sentiment now muted on the market. Further, there is increasing homogeneity between the markets of Hong Kong and China. With this in mind, and with the dividend culture in other markets including India improving rapidly, we are broadening our scope to include more companies from elsewhere in the region.

# Chairman's statement (continued)

We have worked closely with our Fund Managers to address our capital performance challenges and devise an effective path forward. As part of this process, we have agreed that now is the right time to pass the fund management leadership role to Sat Duhra. The Board has full confidence in Sat's ability to manage the portfolio going forward, and he has been part of a long-standing succession plan having been co-manager since 2019. Mike Kerley will be retiring from the asset management industry in June 2024 and will support Sat to ensure a smooth transition process. Mike has played a critical role in the Company's historical development and the Board would like to thank him for his many contributions over the years and wish him well in all his future endeavours.

We believe it is in the best interests of all shareholders to support these changes while benefitting from a revised investment implementation approach.

The Board remains committed to its historic progressive dividend policy together with capital growth and we will continue to monitor performance closely, taking additional action if we believe our revised implementation approach is not improving investment returns as we expect.

## Dividend

The Board has again increased its dividend to shareholders, marking 16 consecutive years of uninterrupted dividend progress. A total dividend of 24.20p has been paid in respect of the year ended 31 August 2023, representing a 1.7% increase on the dividend paid last year.

In keeping with the outcome of our discussions on strategy and implementation, we have opted to augment our fourth interim dividend using the Company's substantial reserves. We have therefore covered £5.7m of the dividend from distributable reserves. Doing so enables our Fund Managers to better position the portfolio, with scope to invest in a greater number of companies with higher growth characteristics.

## Board refreshment

I was pleased to announce the appointment of two new directors on 19 September 2023. Susie Rippingall and Carole Ferguson will join as members of the Board with effect from 1 December 2023. Both are outstanding investment professionals with strong backgrounds in areas that will enhance your Board's future decision-making while giving us a better overall balance.

Susie is an investment professional with more than 25 years of fund management experience in Asian markets. Carole has extensive experience in the financial services sector in research, finance and sustainability. We believe both will contribute meaningfully to our discussions and bring new perspectives. Indeed, they have already made important contributions to our discussions of strategy and implementation. We invite shareholders to join us at the next annual general meeting to meet Susie and Carole, along with the rest of the Board. Both will offer themselves to shareholders for election.

Having successfully completed this recruitment process, David Mashiter will be retiring at the conclusion of the forthcoming annual general meeting. I would very much like to thank David for his many years' service to the Company, his thorough and thoughtful contemplation of the matters for discussion in and out of Board meetings, as well as his robust, but always courteous, challenge to all of us. His views will be missed.

## AGM

The Company's 17th Annual General Meeting is due to be held at 12.00 pm on 24 January 2024 at the offices of our investment manager, 201 Bishopsgate, London, EC2M 3AE. The Notice of Meeting has been posted to shareholders with a copy of this annual report and I encourage all shareholders to submit their votes to the registrar or their share dealing platform accordingly.

The Fund Managers will provide their usual update on the Company's performance and their outlook for the region. They and all directors will be available to answer any questions you may have.

## Recent results & outlook

While the underlying business performance of our portfolio holdings has been much as expected, their stock prices have not generally reflected these gains. Since our financial year-end in August, our high exposure to Greater China has been an unhappy experience, reflecting a far less robust rate of recovery than we earlier expected. Some new holdings have benefitted results but not enough to offset the damage from elsewhere.

As I have noted above, we are in the process of making changes that we believe will lead to improved results over the balance of the year and beyond. The economic fundamentals of the Asia Pacific region remain attractive and will look increasingly so when compared to the slowing performance of western markets. As our portfolio re-captures its capital growth and with our commitment to the Company's progressive dividend policy, we look forward to reporting more satisfactory results in the future. Our focus and commitment are determined and unwavering. The opportunities are still very much evident and at more attractive valuations than we have seen in many years.

The Fund Managers' report that follows will give you a more detailed discussion of both past events and future expectations. I believe it underscores many good reasons for optimism about the future.

Ronald Gould
Chairman
29 November 2023

# Fund Managers' report


Sat Duhra

Mike Kerley

Bangkok, Thailand

# Fund Managers' report

The period under review was dominated by global inflationary pressures, conjecture on the path of interest rates and the war in Ukraine amongst other factors. The scars of the Covid-19 pandemic continued to be uncovered as evidenced by the magnitude of the shock to supply chains, which was unanticipated by investors and contributed to the initial rise in inflation data. However, it was the manner of the response to Covid-19 in China and the subsequent weak recovery once restrictions had been lifted that produced the greatest impact on our performance. We had expected to capitalise on a strong recovery in China once the economy re-opened after a period of strictly enforced restrictions, however, this failed to materialise and our China consumer holdings suffered as a result. In addition to that, a steady flow of negative macroeconomic data, property sector defaults and concerning levels of leverage at local governments impacted sentiment towards our other holdings in the country. Our performance in China in recent years has been unsatisfactory and we are in the process of re-positioning this part of our portfolio towards higher quality growth names, which are now attractive on valuation, and come with a genuine domestic advantage and growing dividends.

Our investment style aims to take advantage of market mis-pricings where we believe the Net Present Value of future cashflows is not reflected in the current share price. However, this style has been distinctly out of favour in recent times as demonstrated by the outperformance of growth over value in most markets. Despite interest rates rising and therefore the cost of capital increasing in equity valuations, the emergence of themes such as Artificial Intelligence ('AI') have supported the thesis of higher growth into the future boosting the valuation of many expensive stocks. We expect this to reverse as rates remain higher for longer, pressuring the high valuation of many growth names. However, this may not transpire to the same degree in China where value names are more intrinsically tied to the fortunes of the economy versus underlying operational trends given that much of the high dividend universe are State Owned Enterprises ('SOEs'). The structural issues faced by China, amplified by the collapse of the heavily indebted China Evergrande Group and subsequent defaults, combined with the collapse in property volumes and the ensuing impact on local government fiscal positions, have dampened our enthusiasm for high yield value names in China. We have begun the process of adding more attractive growth and yield names in other markets such as Indonesia and India where there is less regulatory risk and a much clearer path to growth without the structural impediments currently faced by China. Notwithstanding this we expect to continue uncovering opportunities in China, especially at the current depressed valuations.

More generally the rapid rise in interest rates has, unsurprisingly, created problems most notably in the regional banks in the US and the UK pension industry where the belief that interest rates would remain low indefinitely, were brutally exposed by the dramatic central bank moves. Consumer spending has slowed but remained more resilient than many expected as savings accumulated during the pandemic have offset the higher cost of food, energy and mortgages. This, though, has probably delayed the economic slowdown rather than postponed it. The World Bank expects global growth to be 2.4% in 2024 with the contribution from developed economies only 1.2%. The US is expected to grow by 0.8% and the EU, by 1.3%. All recent revisions have seen 2023 adjusted upwards and 2024 downwards, reflecting the lagging nature of this cycle's monetary tightening.

The inflationary impact in Asia has been less pronounced. Most countries in the region did not receive the same fiscal support as the western world during the pandemic and, as a result, excess liquidity did not push up asset prices and wages in the same way as elsewhere. Labour shortages and supply disruptions were also less pronounced. As a result, the rise in inflation was caused mostly by rising food and energy prices and, as these have fallen, central banks in the region have started to ease rates. In short, Asian economies have had to raise rates less than their western peers and will be reducing them sooner. However, there are exceptions. Australia, New Zealand and Japan are three as they share greater similarities with advanced economies, compared to developing Asia.

Despite superior fundamentals, the performance of the region has been disappointing with Asian markets significantly lagging the 5.3% positive return from the S&P 500 and 7.9% return from the FTSE 100 over the Company's financial year. The weakness of China is partly to blame, but the strength of the US dollar and a tightening of liquidity from higher interest rates has prompted flows away from equities as there are now attractive returns to be achieved on cash and lower risk bonds. The other phenomenon that has distracted growth investors is the rise to prominence of AI. A large proportion of positive returns, especially in 2023, have been derived in this area as borne out by the strong performance of the 'Big 7' US technology stocks (Microsoft, Apple, Google, Meta, Amazon, Nvidia and Tesla) compared to the rest of the market. Although Asia has some beneficiaries of this trend, most notably in Korea and Taiwan, the region as a whole could be seen as a net loser from AI as funds flow to more attractive, if less quantifiable, growth alternatives.

China was the weakest market in the region, although it rallied over 40% in local currency terms following the removal of the Covid restrictions at the end of October 2022. It has subsequently fallen almost 15% by the end of August. Although there are clearly headwinds associated with slower global trade and US sanctions/geo-political risk, a number of problems within the China economy are self-imposed. The clampdown on the property and education sectors, in a valiant attempt to address wealth inequality, together with regulatory probes on private enterprises in the technology sector, have sapped confidence. After being locked-down for almost three years during the pandemic, while their largest asset (property) decreased in value, the Chinese consumer is reluctant to spend and, unlike their counterparts in the west, have continued to save. The Chinese government has begun introducing various measures to stimulate demand and to shore-up the finances of property developers, local governments and households. All the while cutting interest rates and bank reserve requirements to ensure the system is sufficiently liquid. As yet, there are no meaningful improvements. Having said that, the industrial production, manufacturing PMI (purchasing managers

# Fund Managers' report (continued)

index) and industrial profits data in September suggest a mild improvement while anecdotal evidence of travel expenditure and consumer trends during the Golden Week holiday at the beginning of October, are somewhat encouraging.

In local currency terms, the FTSE All-World Asia Pacific ex Japan Index rose 3.0%. However, with sterling appreciating 10.2% over the period this translated into a total return performance of -7.2%, impacting returns for the UK based investor. The best performing market in local currency terms was Taiwan, where the AI beneficiaries, mostly in the server and data centre arena, were particularly strong. The weakness of the Taiwan dollar though resulted in a small negative return in sterling terms leaving Singapore as the only country in the region to post a positive return in sterling terms, mainly due to currency resilience. China and Hong Kong were the worst performing countries, while basic materials, technology and financials headed the sector list.

## Performance

The Company's NAV total return was -13.0% over the period while the share price total return was -14.8%, as the share price moved to a small discount at the financial year-end. For comparison purposes the FTSE All-World Asia Pacific ex Japan index was -7.2% while the MSCI Asia Pacific ex Japan High Dividend Yield Index for the same period was 0.1%.

Without doubt, it has been a disappointing period for the Company's capital performance. Although the high level of yield has partly impacted capital returns, a far greater proportion of underperformance can be attributed to stock selection and country allocation, especially through the Covid period, but also more recently in calendar year 2023. We have highlighted below the key areas impacting performance and our assumptions that prompted this positioning.

At the start of 2023, we expected three events to dictate market performance. Firstly, we expected China to stage a broad-based recovery from Covid with the consumer leading the way as excess savings accumulated through the pandemic would be spent. Secondly, we expected slower global growth, especially in developed markets, would lead to lower demand for technology products such as personal computers, laptops and smartphones as consumers felt the squeeze from higher living costs. As a result, we avoided Taiwanese contract manufacturers and hence were under-represented relative to the index and peers when the AI theme took hold. Finally, we believed that materials and energy, and especially green transition materials, would be resilient, partly because of a recovery in China and emerging markets, but more importantly because of a lack of supply and new avenues of growth, namely electric vehicles and grid upgrades.

The biggest positive contributions over the period were Bank Mandiri in Indonesia, Lenovo and Samsonite in China and Hong Kong, NTPC in India and Goodman Group in Australia. Detractors from performance were predominantly China based consumer discretionary stocks; JD.com (e-commerce) and Li Ning (sports goods) fell over 50%, while China Yongda (passenger vehicles) over 40%, China buildings material company CNBM also fell over 50% while Digital Telecommunications in Thailand fell more than 30%.

## Revenue

Dividend income from companies held in the portfolio fell 8.2% and income from options was flat compared to last year. The fall in revenue was partly due to the strength of sterling, but also from the lower levels of distribution from energy and materials companies as the price of oil and industrial metals declined.

In sterling terms, the level of dividend growth in Asia in recent years has been below our expectations. The volatility in sterling in recent years has had a significant impact given that dividend growth in local currencies has been positive in the last decade with the exception of 2020. The ability of corporates in the Asia Pacific region to pay dividends is certainly not in question with record levels of cash held on balance sheets and one of the lowest net debt to equity ratios globally. It is the unwillingness of corporates to increase dividends in periods of elevated global volatility that has contributed to a recent lack of meaningful growth in dividends. In addition, we had an elevated contribution from materials and energy holdings last year, amounting to approximately 31% of our total income. The subsequent weakness in commodities led to a marked reduction in dividends from this sector. However, we expect that Asia will return to a growth profile in line with historical trends and nominal Gross Domestic Product, but in the meantime the Company intends to utilise distributable reserves to meet its objective of a progressive dividend policy.

## Strategy

The Board has reaffirmed its commitment to the dividend and has made it clear that utilising distributable reserves is preferable to chasing yield at the expense of capital growth. This will allow greater exposure to compelling capital growth opportunities where absolute dividend per share is growing but the current dividend yield is yet relatively low. This has also contributed to the lower portfolio turnover this year relative to the last financial year as genuine structural dividend growth opportunities were balanced with high sustainable yield names. Whilst a number of growth opportunities in markets where we have been underweight in recent years such as India, Indonesia and Taiwan have already performed well, there are still significant opportunities in the years ahead. The nascent improvement in Indian and Indonesian macro-economics has the potential for a long pathway of growth, the resilience of the Indian rupee and Indonesian rupiah versus the US dollar this year is a testament to improved sentiment. Indonesia has begun posting a current account surplus, growth is strong and the country is set to reap the benefits of significant infrastructure completion. India is seeing the benefit of earlier reforms such as the Bankruptcy Code, which has helped to de-risk the banking system speeding up recovery of bad debts. In addition, corporates are deleveraging, real estate asset prices are rising and the uptick in private sector capital expenditure alongside higher government investment, bodes well for the outlook. Investments in India have already appeared in our top contributors list for the period despite the current low positioning. We have added to both markets and observe more opportunities.

# Fund Managers' report (continued)

At the overall portfolio level, we retain a balance between stable high yielding companies and those with strong cash flow and dividend growth. The weakness in share prices and resilient earnings have seen Asian companies de-rate to valuation levels that are attractive relative to their own history and to other markets. This applies both to high yielding and dividend growth companies, allowing for plenty of opportunity to accumulate propositions at attractive valuations. In previous years some of the best regional and global themes have been outside the remit of a value-based investment process due to elevated valuations. Recent underperformance has made some of these areas much more attractive and the portfolio now has exposure to Chinese e-commerce, Indian renewable energy, consumption in Indonesia and China as well as mining companies that provide the raw materials for the transition to electric vehicles and clean energy. An example of the opportunities available is Samsonite, the global luggage brand, which we have just added to the portfolio. The Hong Kong listed company is experiencing a strong demand recovery following Covid, but the shares have languished relative to peers with earnings upgrades outstripping share price performance. As a result, the stock is trading at 11x forward earnings despite having 20% earnings growth forecast for the next few years and dividend yield which is forecast to go from zero to 6% within three years.

At the country level, our highest weighting at the year-end was in China at 19.7%, the companies we own have exposure to consumption, insurance, wealth management, electricity grid upgrades, technology and an improvement in infrastructure spending. We do not have any exposure to property developers or banks. Our exposure in Australia is predominantly in mining companies as we have a cautious outlook on the domestic economy.

In India, the power sector is dominated by state owned companies, but following the push to transition to cleaner energy, opportunities have arisen for some of these companies to embrace this new area of growth. We own NTPC and Power Grid which provide exposure to this theme at a significant valuation discount to the market and bring with them an attractive dividend yield. We have also added HDFC Bank which provides us with exposure to domestic credit and mortgage growth at half the valuations it once traded at following a degree of uncertainty following a merger with its finance arm.

## ESG

Environmental, social and governance ('ESG') concerns are an important part of our investment approach, but we believe in a pragmatic stance that looks to engage rather than avoid. We believe that the transition from where we are to where we want to be is the most important part of this process. What this means in practice is that we don't exclude any sector, with the exception of munitions, from our investment universe but look to invest in companies with an awareness of their environmental and social impact, as well as an approach to managing them, and work with them to set and achieve targets for improvement. Our belief is that these companies will take market share away from the those which don't commit to change over time, improving the environment and working conditions for all. As responsible investors, it is our duty to help this transition rather than to divest and hand that responsibility to someone else.

We regularly engage with the companies we invest in to ensure that the targets set are viable and that there is a clear and coherent strategy on how to achieve them.

## Outlook

We are focused on re-establishing the capital performance of the Company alongside our long- standing income mandate and whilst the headlines around China, some fair and some unfair, have dominated news flows, this has masked the strong performance in several of our other markets.
The strength of a number of themes which are unique to our region and are yet to fully play out, creates an exciting time for investors. We are witnessing the build-out of green infrastructure, strong consumption trends, technology supply chains supporting global innovation and financial inclusion as household wealth increases, amongst others.

Asian markets have, however, struggled over the last five years and are now at attractive valuations relative to other regions. Record low interest rates and supportive fiscal policies have encouraged money flows into alternative risk assets such as housing, private equity, special purpose acquisition companies and crypto currency, to name a few, at the expense of Asia and Emerging Markets. The return of inflation and higher interest rates has called into question some of these investment destinations and should lead to a focus on fundamentals now that the cost of capital is well above zero.

There are, though, some headwinds. Higher for longer interest rates in the US will most likely lead to a stronger US dollar, which historically has been a challenge for Asia, and the relationship between the US and China around Taiwan and access to technology continues to have the potential to escalate. There is also considerable risk in China with local governments facing significant bond maturities this year and property volumes still weak. We believe that the Chinese government still has the monetary and fiscal tools to address these issues, but it is sure to be a bumpy ride. In light of this, we have reduced the Company's exposure to China notably since the financial year-end. New positions have been initiated in high quality dividend growth names in other markets where the macro-economics are tailwinds rather than headwinds. We do not anticipate these changes to impact the level of income the portfolio will generate.

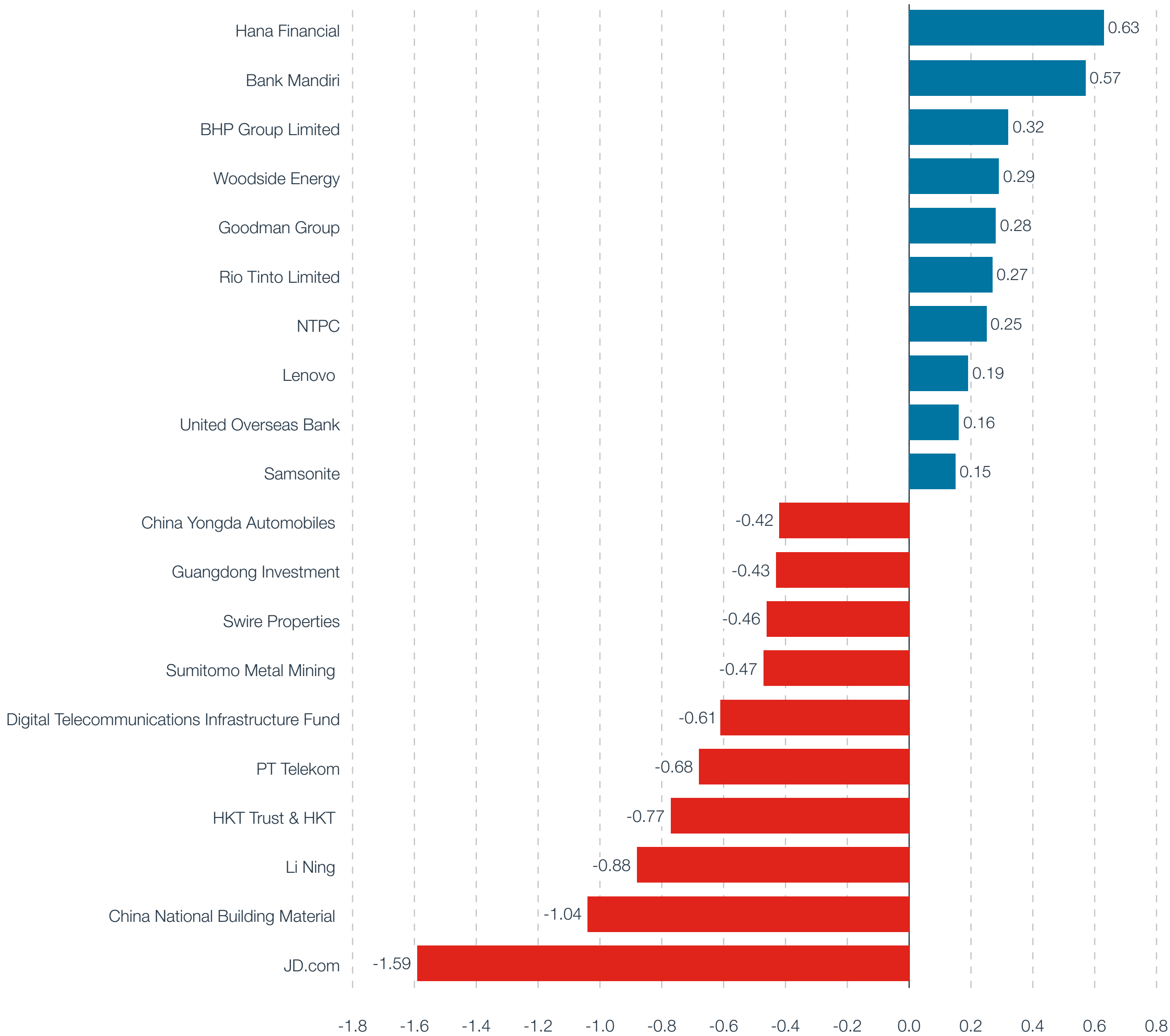
As the developed world slows over the next couple years, the growth differentials between Asia Pacific and the US, EU and UK will look increasingly attractive, which we believe will prompt positive flows to the region and be supportive of equity market returns.

Mike Kerley and Sat Duhra
Fund Managers
29 November 2023

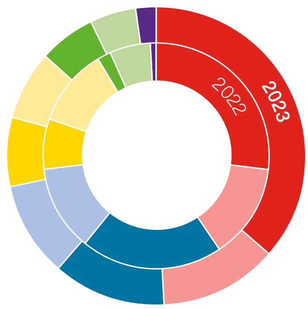
# Portfolio information

## Top ten contributors to and bottom ten detractors from NAV total return performance

(for the year to 31 August 2023 in basis points)

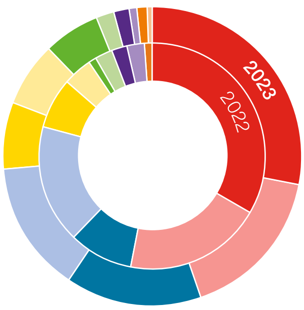



## Sector distribution of income




| | 2023 % | 2022 % |
|---|---|---|
| Financials | **36.5** | 27.1 |
| Telecommunications | **12.9** | 13.7 |
| Energy | **12.1** | 20.2 |
| Technology | **10.2** | 12.2 |
| Industrials | **7.7** | 7.3 |
| Basic Materials | **7.3** | 11.1 |
| Consumer Discretionary | **6.1** | 2.0 |
| Real Estate | **5.0** | 5.7 |
| Utilities | **2.2** | 0.7 |

## Geographical distribution of income




| | 2023 % | 2022 % |
|---|---|---|
| China | **28.3** | 33.5 |
| Australia | **16.5** | 19.6 |
| South Korea | **14.7** | 9.3 |
| Taiwan | **14.3** | 16.9 |
| Hong Kong | **7.1** | 7.1 |
| Singapore | **6.9** | 4.2 |
| Indonesia | **6.1** | 1.3 |
| Thailand | **2.2** | 2.5 |
| New Zealand | **1.6** | 2.2 |
| India | **0.9** | 2.4 |
| Vietnam | **0.9** | 1.0 |
| Japan | **0.5** | – |

# Portfolio information (continued)

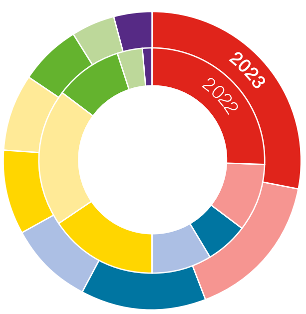
## Ten largest investments

| Ranking 2023 | Ranking 2022 | Company | Principal activities | Country of incorporation | Sector | Valuation 2023 £'000 | % of portfolio |
|---|---|---|---|---|---|---|---|
| **1** | 16 | Taiwan Semiconductor Manufacturing[1] | The world's leading semiconductor foundry service provider. The company manufactures and markets integrated circuits which are used in computer, communication and consumer electronics industries. | Taiwan | Technology | **14,365** | 3.73 |
| **2** | 12 | Hon Hai Precision Industry | The world's largest contract manufacturer of consumer electronics and supplier to Apple and Sony amongst others. | Taiwan | Technology | **14,265** | 3.70 |
| **3** | 7 | Macquarie Korea Infrastructure Fund | A listed private sector infrastructure fund investing in toll roads, bridges, ports and tunnels. MKIF has the largest portfolio of infrastructure assets in Korea. | South Korea | Financials | **14,100** | 3.66 |
| **4** | 26 | Samsung Electronics[2] | A global electronics brand and manufacturer of components such as semiconductors, image sensors, camera modules and displays for the likes of Apple. | South Korea | Technology | **13,512** | 3.51 |
| **5** | 8 | VinaCapital Vietnam Opportunity Fund | Guernsey based closed-end fund investing in Vietnamese companies or companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam. | Vietnam[3] | Financials | **12,476** | 3.24 |
| **6** | – | Midea Group | Electrical appliance manufacturer. | China | Consumer discretionary | **11,231** | 2.92 |
| **7** | 21 | Bank Mandiri | Indonesian bank offering a range of products and services to individuals, small and medium sized businesses and large corporations. | Indonesia | Financials | **11,109** | 2.88 |
| **8** | 10 | Rio Tinto Limited | A global natural resources company producing metals and minerals including iron ore, copper, aluminium, lithium and diamonds. | Australia | Basic Materials | **10,650** | 2.76 |
| **9** | 1 | BHP Group Limited | A global natural resources company producing iron ore, copper, nickel, coal and potash. | Australia | Basic Materials | **10,462** | 2.72 |
| **10** | – | Ping An Insurance | The company is a provider of personal financial banking services, including insurance, banking, investment and internet finance products and services. | China | Financials | **10,261** | 2.66 |
| | | | | | | **122,431** | 31.78 |

1 American Depositary Receipts
2 Preferred Shares
3 Incorporated in Guernsey with 100% exposure to Vietnam

### Sector exposure

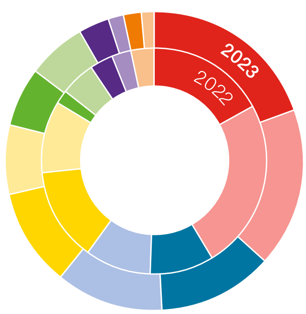
As a percentage of the investment portfolio excluding cash




| | 2023 % | 2022 % |
|---|---|---|
| Financials | **28.2** | 25.8 |
| Technology | **16.0** | 9.7 |
| Consumer discretionary | **13.6** | 5.9 |
| Real Estate | **9.4** | 8.6 |
| Basic Materials | **9.0** | 15.6 |
| Telecommunications | **8.3** | 19.9 |
| Energy | **6.7** | 9.6 |
| Industrials | **4.8** | 3.7 |
| Utilities | **4.0** | 1.2 |

### Geographic exposure

As a percentage of the investment portfolio excluding cash




| | 2023 % | 2022 % |
|---|---|---|
| China | **19.7** | 17.1 |
| Australia | **17.2** | 24.3 |
| Hong Kong | **12.3** | 9.4 |
| Taiwan | **11.7** | 9.3 |
| South Korea | **10.7** | 13.4 |
| Singapore | **7.5** | 10.2 |
| India | **6.4** | 1.9 |
| Indonesia | **6.3** | 5.2 |
| Vietnam | **3.2** | 3.2 |
| New Zealand | **1.9** | 2.9 |
| Japan | **1.8** | – |
| Thailand | **1.3** | 3.1 |

# Portfolio information (continued)

## Investment portfolio at 31 August 2023

| Ranking 2023 | Ranking 2022 | Company | Country of incorporation | Sector | Value 2023 £'000 | % of portfolio |
|---|---|---|---|---|---|---|
| 1 | 16 | Taiwan Semiconductor Manufacturing[1] | Taiwan | Technology | 14,365 | 3.73 |
| 2 | 12 | Hon Hai Precision Industry | Taiwan | Technology | 14,265 | 3.70 |
| 3 | 7 | Macquarie Korea Infrastructure Fund | South Korea | Financials | 14,100 | 3.66 |
| 4 | 26 | Samsung Electronics[2] | South Korea | Technology | 13,512 | 3.51 |
| 5 | 8 | VinaCapital Vietnam Opportunity Fund | Vietnam[3] | Financials | 12,476 | 3.24 |
| 6 | – | Midea Group | China | Consumer discretionary | 11,231 | 2.92 |
| 7 | 21 | Bank Mandiri | Indonesia | Financials | 11,109 | 2.88 |
| 8 | 10 | Rio Tinto Limited | Australia | Basic Materials | 10,650 | 2.76 |
| 9 | 1 | BHP Group Limited | Australia | Basic Materials | 10,462 | 2.72 |
| 10 | – | Ping An Insurance | China | Financials | 10,261 | 2.66 |
| | | **Top Ten Investments** | | | **122,431** | **31.78** |
| 11 | 5 | Santos | Australia | Energy | 9,748 | 2.53 |
| 12 | 4 | Macquarie Group | Australia | Financials | 9,706 | 2.52 |
| 13 | 3 | Woodside Energy | Australia | Energy | 9,619 | 2.50 |
| 14 | – | Goodman Group | Australia | Real Estate | 9,352 | 2.43 |
| 15 | 18 | CITIC Securities | China | Financials | 8,829 | 2.29 |
| 16 | – | Samsonite | Hong Kong | Consumer discretionary | 8,815 | 2.29 |
| 17 | – | Lenovo | China | Technology | 8,182 | 2.12 |
| 18 | – | Anta Sports | China | Consumer discretionary | 8,111 | 2.10 |
| 19 | 29 | Mapletree Logistics | Singapore | Real Estate | 7,897 | 2.05 |
| 20 | 22 | AIA Group | Hong Kong | Financials | 7,652 | 1.98 |
| | | **Top Twenty Investments** | | | **210,342** | **54.59** |
| 21 | 14 | United Overseas Bank | Singapore | Financials | 7,634 | 1.99 |
| 22 | – | Nari Technology | China | Industrials | 7,570 | 1.97 |
| 23 | – | HSBC | Hong Kong | Financials | 7,356 | 1.91 |
| 24 | 15 | Spark New Zealand | New Zealand | Telecommunications | 7,335 | 1.90 |
| 25 | – | HDFC Bank | India | Financials | 7,329 | 1.90 |
| 26 | – | Oversea-Chinese Banking | Singapore | Financials | 7,328 | 1.90 |
| 27 | 17 | SK Telekom[1] | South Korea | Telecommunications | 7,159 | 1.86 |
| 28 | – | Astra International | Indonesia | Consumer discretionary | 7,117 | 1.85 |
| 29 | – | Sumitomo Metal Mining | Japan | Basic Materials | 7,018 | 1.82 |
| 30 | – | Pilbara Minerals | Australia | Basic Materials | 6,800 | 1.76 |
| | | **Top Thirty Investments** | | | **282,988** | **73.45** |
| 31 | – | Oil & Natural Gas | India | Energy | 6,542 | 1.70 |
| 32 | 35 | Sun Hung Kai Properties | Hong Kong | Real Estate | 6,469 | 1.68 |
| 33 | 2 | HKT Trust & HKT | Hong Kong | Telecommunications | 6,260 | 1.63 |
| 34 | 33 | LG Corp | South Korea | Industrials | 6,257 | 1.62 |
| 35 | – | Swire Properties | Hong Kong | Real Estate | 6,208 | 1.61 |
| 36 | 23 | CapitaLand Integrated Commercial Trust | Singapore | Real Estate | 6,204 | 1.61 |
| 37 | 6 | JD.com | China | Consumer discretionary | 6,096 | 1.58 |
| 38 | 11 | PT Telkom | Indonesia | Telecommunications | 6,006 | 1.56 |
| 39 | – | Power Grid | India | Utilities | 5,934 | 1.54 |
| 40 | – | Alibaba Group | China | Consumer discretionary | 5,792 | 1.50 |
| | | **Top Forty Investments** | | | **344,756** | **89.48** |
| 41 | 27 | MediaTek | Taiwan | Technology | 5,765 | 1.50 |
| 42 | – | ASE Technology | Taiwan | Technology | 5,509 | 1.43 |
| 43 | 9 | Digital Telecommunications Infrastructure Fund | Thailand | Telecommunications | 5,140 | 1.34 |
| 44 | 36 | Mega Financial | Taiwan | Financials | 5,127 | 1.33 |
| 45 | – | NTPC | India | Utilities | 4,904 | 1.27 |
| 46 | 28 | China National Building Material | China | Industrials | 4,710 | 1.22 |
| 47 | 39 | Guangdong Investment | Hong Kong | Utilities | 4,683 | 1.21 |
| 48 | 37 | Li-Ning | China | Consumer discretionary | 3,593 | 0.93 |
| 49 | 41 | China Yongda Automobiles | China | Consumer discretionary | 2,680 | 0.70 |
| 50 | 42 | China Forestry[4] | China | Basic Materials | – | – |
| | | **Top Fifty Investments** | | | **386,867** | **100.41** |
| 51 | – | Alibaba Group Put 89 (expiry 26/10/23) | China | Consumer discretionary | (48) | (0.01) |
| 52 | – | Pilbara Minerals Put 4.41 (expiry 07/09/23) | Australia | Basic Materials | (259) | (0.07) |
| 53 | – | CITIC Securities Call 16.6 (expiry 29/11/23) | China | Financials | (272) | (0.07) |
| 54 | – | Li-Ning Put 39.9 (expiry 28/09/23) | China | Consumer discretionary | (475) | (0.12) |
| 55 | – | JD.com Put 138 (expiry 08/11/23) | China | Consumer discretionary | (528) | (0.14) |
| | | **Total Investments** | | | **385,285** | **100.00** |

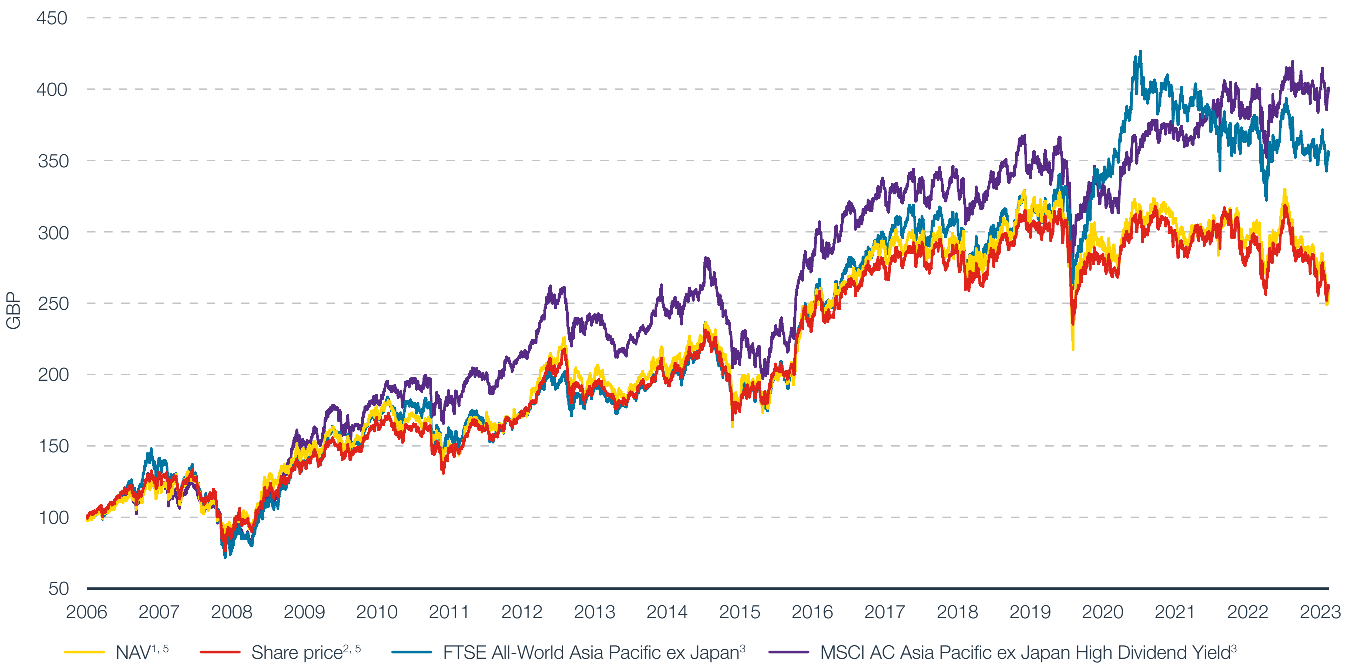
1 American Depositary Receipts
2 Preferred Shares
3 Incorporated in Guernsey with 100% exposure to Vietnam
4 Unquoted investment valued a £nil. See note 10 on page 57

# Historical information

## Total return performance

| | 1 year % | 3 years % | 5 years % | 10 years % |
|---|---|---|---|---|
| NAV[1, 5] | -13.0 | -4.9 | -8.9 | 41.7 |
| Share price[2, 5] | -14.8 | -10.3 | -10.9 | 38.4 |
| FTSE All-World Asia Pacific ex Japan Index[3] | -7.2 | 5.1 | 15.4 | 96.2 |
| MSCI AC Asia Pacific ex Japan High Dividend Yield Index[3] | 0.1 | 25.4 | 18.4 | 72.3 |

### Total return performance since launch[4, 5]




### Financial information

| At 31 August | Net assets £'000 | NAV per share[5] p | Closing price per ordinary share p | Premium/ (discount)[5] % | Profit/(loss) for year £'000 | Revenue return per share p | Capital return per share p | Total return per share p | Dividend per share[5] p | Ongoing charge[5] % |
|---|---|---|---|---|---|---|---|---|---|---|
| 2014 | 355,021 | 328.43 | 331.50 | 0.9 | 36,550 | 19.32 | 15.23 | 34.55 | 18.20 | 1.17 |
| 2015 | 307,821 | 273.99 | 275.00 | 0.4 | (40,246) | 20.54 | (57.00) | (36.46) | 19.20 | 1.06 |
| 2016 | 386,859 | 337.76 | 343.00 | 1.6 | 95,375 | 21.13 | 62.41 | 83.54 | 20.00 | 1.17 |
| 2017 | 442,482 | 375.19 | 380.00 | 1.3 | 67,211 | 21.94 | 36.09 | 58.03 | 20.80 | 1.12 |
| 2018 | 441,004 | 359.26 | 357.00 | (0.6) | 6,595 | 22.21 | (16.77) | 5.44 | 21.60 | 1.09 |
| 2019 | 469,121 | 358.99 | 361.00 | 0.6 | 28,306 | 23.38 | (0.95) | 22.43 | 22.40 | 1.11 |
| 2020 | 425,927 | 301.02 | 311.00 | 3.3 | (48,819) | 23.71 | (59.23) | (35.52) | 23.00 | 1.08 |
| 2021 | 452,644 | 299.58 | 301.50 | 0.6 | 29,677 | 23.22 | (2.82) | 20.40 | 23.40 | 1.09 |
| 2022 | 435,576 | 281.11 | 281.00 | 0.0 | 7,957 | 24.41 | (19.18) | 5.23 | 23.80 | 1.01 |
| **2023** | **362,032** | **222.12** | **218.00** | **(1.9)** | **(56,240)** | **20.92** | **(56.35)** | **(35.43)** | **24.20** | **0.97** |

1 Net asset value ('NAV') total return performance with dividends reinvested
2 Share price total return using closing price and including dividend reinvested
3 The Company does not have a formal benchmark and uses these indices (sterling adjusted) for comparison purposes only
4 All indices are sterling adjusted and rebased to £100
5 The NAV total return, share price total return, NAV per share, premium or discount, ongoing charge and dividend per share are considered to be alternative performance measures.
More in formation can be found on pages 70 and 71

# Business model

## Purpose

Our purpose is to provide a growing total annual dividend and capital appreciation from a diversified portfolio of investments from the Asia Pacific region.

## Strategy

Our strategy is to offer investors a cost effective investment proposition which provides access to a professionally and actively managed portfolio of investments.

The Company is an investment trust which is a pooled investment vehicle, allowing exposure to a diversified range of assets through a single investment, thus spreading the investment risk. All services are delivered by reputable third-party service providers whose performance is overseen by a Board of Directors (the 'Board'). The Board is comprised entirely of non-executive directors accountable to shareholders, who can remove a director from office where they deem it to be in the interests of the Company. The non-executive directors are independent of the investment manager.

The significant advantages of our business model are its closed-end nature, which enables the Company to smooth dividend payments from its substantial reserves and the ability to use leverage to increase returns for shareholders.

## Values and culture

We aim to be viewed by our shareholders as a sound investment delivering returns in line with the investment objective. Alongside this, we believe our shareholders would expect us to act professionally and with integrity, and to treat their investment with the same care we would our own. Accordingly, we bring these values to our deliberations as a Board and seek to build long-term relationships with like-minded and reputable service providers.

In particular, we apply this approach to our investment manager who we regard as our primary partner in fulfilling our purpose.

## Promoting the Company's success

Acting collectively as the Board, we aim to promote the long-term success of the Company for the benefit of the shareholders. We regard a well governed business as essential for the successful delivery of our investment proposition and apply this approach while being cognisant of the interests of other stakeholders.

We engage reputable third-party service providers with established track records to deliver the Company's day-to-day operations. The most important of these is the investment manager, and in particular the Fund Managers, who are responsible for the management of the Company's assets in line with the investment objective. The Board maintains a close working relationship with the investment manager and holds it to account for the smooth running of the Company's day-to-day business. The Board retains responsibility for decisions over corporate strategy, governance and the investment parameters for the portfolio.

The Fund Managers promote the Company to professional investors with the support of the investment manager's dedicated investment trust sales team and the corporate broker.

## Investment objective

The Company seeks to provide shareholders with a growing total annual dividend per share, as well as capital appreciation, from a diversified portfolio of investments from the Asia Pacific region.

## Investment policy

The Company invests in a diversified portfolio of shares (equity securities) and other securities of companies that are either listed in, registered in, or whose principal business is in, the Asia Pacific region. The Asia Pacific region includes Japan, the Indian subcontinent and Australasia.

Stocks listed in the Asia Pacific region will make up not less than 80% of NAV with the remaining exposure being in stocks listed or dual listed elsewhere whose principal business is in the Asia Pacific region.

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management or to generate additional income while maintaining a level of risk consistent with the risk profile of the Company.

The Company invests at least 80% of its gross assets in listed shares, equity related securities and derivative instruments. In addition, the Company may also invest in unlisted securities which are expected to list, preference shares, fixed income securities, convertible securities, warrants and collective investment schemes.

No single investment will exceed 10% of net assets at the time of investment.

The portfolio is constructed without reference to the composition of any stock market index or benchmark.

### Gearing

The Company can borrow to make additional investments with the aim of achieving a return that is greater than the cost of the borrowing. The Company may borrow up to 30% of gross assets without shareholder approval to facilitate working capital management and to seek a better total return for shareholders.

The Board makes additional spend available to support marketing activities aimed at raising the profile of the Company among retail investors in the United Kingdom.

To ensure the appointed service providers continue to deliver the expected level of service, we receive regular reports from them, evaluate the control environments in place at each key service provider and formally assess their appointment annually. By doing so, we seek to ensure that the key service providers continue to be appropriately remunerated to deliver the level of service that is demanded of them.

# Business model (continued)

## Engaging with stakeholders

We, as directors, have the success of the Company foremost in our minds when making decisions. Decisions are taken with the aim of achieving our purpose and are based on information provided by a range of sources. The impact on stakeholders is assessed as part of deliberations, although the stakeholders affected may vary depending on the decision.

The table below sets out the primary ways in which we, as your Board, engage with the Company's key stakeholders.

| Stakeholder | Engagement |
|---|---|
| Shareholders and potential investors | Investors rely on the Company to deliver a progressive dividend with the potential for capital growth.<br>**Purpose:**<br>• Keep investors updated on the Company's performance.<br>• Promote the Company to new shareholders.<br>**How we engage:**<br>• Daily NAVs and monthly factsheets are published to keep shareholders up to date with the value of the portfolio.<br>• Meetings with the Fund Managers, or Board members where shareholders prefer, are offered to shareholders and potential shareholders to provide insight into the portfolio.<br>• Information on the Company and video updates from the Fund Managers are made available on the Company's website and via social medial channels with a view to keeping shareholders informed on the positioning of the portfolio.<br>• The half-year report and annual report are published to keep shareholders informed of the Company's financial performance, its governance framework and any current matters of interest.<br>• The Fund Managers provide a presentation to shareholders and analysts following publication of the annual financial results with a view to providing insight on the Company's performance.<br>• The investment manager and corporate broker run a programme of engagement with wealth managers and other professional investors throughout the year to promote the Company.<br>• The Board makes additional spend available to promote the Company's investment proposition to retail investors in the UK and holds the annual general meeting in London enabling shareholders to attend in person and speak with directors and the Fund Managers.<br>**Outcome:**<br>• Shareholders are informed and there is regular demand for the Company's shares. |
| Investment manager | Successful management of the Company's portfolio is essential for meeting the investment objective and policy, thereby fulfilling investors expectations.<br>**Purpose:**<br>• Maintain a close working relationship with the investment manager as this is key to achieving the Company's investment objective and promoting the Company to shareholders.<br>**How we engage:**<br>• The Fund Managers are invited to each Board meeting to provide an update on the performance of the portfolio and to keep the directors in touch with their views on the markets and positioning of the portfolio.<br>• The investment manager provides data on the key performance indicators at each meeting enabling the directors to measure performance.<br>• The investment manager demonstrates compliance with the parameters of the investment mandate at each meeting and provides access to senior managers in the Operational Risk and Internal Audit teams enabling the directors to assess the effectiveness of internal controls in operation.<br>• The heads of investment trust sales and marketing functions provide regular presentations to the Board on how the Company is promoted to professional and retail investors.<br>**Outcome:**<br>• Investors receive the returns they expect.<br>• The Board is confident that the Company's assets are managed in line with the investment objective and within approved parameters.<br>• The Board has a good understanding of how the Company is perceived in the market and whether the investment objective remains relevant in the prevailing market conditions.<br>• The Fund Managers fully understand the Company's mandate and risk appetite. |

# Business model (continued)

| Stakeholder | Engagement |
| --- | --- |
| Service providers<br>• Corporate broker<br>• Custodian<br>• Depositary<br>• Fund administrator<br>• Registrar | The Company is supported by experienced and capable third-party service providers which help deliver the day-to-day operations.<br>**Purpose:**<br>• The Company's day-to-day operations run smoothly.<br>• The directors are informed of any issues which may arise and can ensure that suitable action is taken to address them.<br>**How we engage:**<br>• The Board receives regular reporting and presentations from its key third-party service providers throughout the year.<br>• Designated staff at the investment manager engage regularly with all third-party service providers through meetings and written reporting, and keep the Board updated with any areas of concern.<br>• The Management Engagement Committee annually reviews the level of services delivered by each service provider and the terms on which they are engaged, including all fee arrangements, to ensure that these remain in line with market practice.<br>**Outcome:**<br>• Investors have a positive experience when dealing with the Company's third-party service providers, such as the investment manager or registrar.<br>• Third-party service providers are paid fees enabling them to deliver the expected level of service and are incentivised to maintain a long-term relationship with the Company.<br>• The Board is confident in its selection of third-party service providers and maintains good oversight of the Company's operations. |
| Investee companies | The Fund Managers research potential investee companies and engage with management teams with a view to ensuring the soundness of their respective businesses propositions.<br>**Purpose:**<br>• The Board has an understanding of the Fund Managers' approach to selecting stocks for the portfolio.<br>**How we engage:**<br>• The shares held in the Company's portfolio are voted at general meetings and appropriate engagement undertaken with investee companies where management proposals are not supported.<br>**Outcome:**<br>• Investor value is preserved.<br>• The Company is a responsible investor. |
| Communities and the environment | The Board is conscious of the need to take appropriate account of broader ESG concerns and to act as a good corporate citizen.<br>**Purpose:**<br>• The Fund Managers consider non-financial measures alongside financial measures when investing.<br>• The Board has an understanding of the level of ESG attainment in the Asia Pacific region compared to developed markets.<br>**How we engage:**<br>• The Board discusses the Fund Managers' investment processes with them and understand where achieving the investment objective may impact ESG decisions.<br>• Directors and the Fund Managers meet with shareholders to understand their investment objectives and if the Company can help achieve these.<br>**Outcome:**<br>• The Company is a good corporate citizen.<br>• The Company provides an accessible and affordable investment for retail and institutional investors. A reliable dividend stream from a prudently invested fund is particularly important in an era of great uncertainty and an increasing requirement on individuals to organise their own pensions and investments. |

# Business model (continued)

## Board decision-making

We are mindful of acting in the best interests of shareholders as a whole and have regard to other stakeholders when relevant to a decision. The Board takes into consideration the Company's purpose, investment objective and investment policy as well as the interests of the Company's stakeholders when discussing matters and making decisions. In addition to regular, detailed discussions about the Company's investment portfolio, strategy and market performance, the following are examples of discussions held and decisions made by the Board during the financial year ended 31 August 2023:

- We reviewed the strategy, its appropriateness over the long term and in the current market conditions, the yield of the portfolio and its positioning, along with the prospects for the Company and the region. As a result of the review, the Board has decided to support the progressive dividend from the Company's extensive reserves while the Fund Managers address capital performance.
- The Board considered the global macroeconomic environment, levels of inflation, the ongoing conflict in Ukraine and, more recently, in the Middle East, the renewed focus on the diversity of supply chains and US/China tensions. The Board examined the implications of these, and other, areas when considering the possible impact on the value of the portfolio and whether country exposure limits remained appropriate. We determined that the overall risk to the Company remained unchanged and the portfolio remained correctly valued using quoted market prices.
- We considered the increase to the interim dividend in June, reviewing the anticipated revenue generated by the portfolio and the level of the Company's reserves. We concluded that the Company could support an increase and that the dividend track record should be maintained, as expected by our shareholders.
- Following consideration of the alternatives, we renewed the Company's multi currency loan facility with SMBC Bank International plc despite the increased costs associated with it. The ability to use leverage is a unique advantage of our business model which can enhance returns to shareholders. We further concluded that structural debt would not be suitable at this point in time.

The Board is aware that not every decision made by them will result in a positive outcome for all the Company's stakeholders.

## Fee arrangements

The Company has appointed Janus Henderson Fund Management UK Limited ('JHFMUKL') to act as its Alternative Investment Fund Manager. JHFMUKL delegates investment management services to Janus Henderson Investors UK Limited in accordance with an agreement effective from 22 July 2014, which can be terminated on six months' notice. Both entities are authorised and regulated by the Financial Conduct Authority ('FCA') and are part of the Janus Henderson group of companies. References to 'Janus Henderson Investors' or 'JHI' refer to the services provided to the Company by the investment manager's group.

The Fund Managers are Mike Kerley, who has managed the Company's portfolio since 2006 and Sat Duhra, who has worked on the portfolio since 2011. Sat was formally appointed as co-fund manager on 20 June 2019. Mike is based in the Manager's London office and Sat, in Singapore. Mike is due to retire from the investment manager in 2024. Sat will continue to manage the Company's portfolio.

For the year under review, a flat fee of 0.75% of net assets was applicable across all of the Company's assets.

The investment manager, and its subsidiaries, provide accounting, company secretarial, sales, marketing and general administrative services to the Company.

## The Company's structure

The Company is Jersey incorporated and moved its tax residence to the United Kingdom with effect from 1 September 2018. The Company continues to meet its obligations under the Companies (Jersey) Law 1991 and remains regulated by the Jersey Financial Services Commission under the Collective Investment Funds (Jersey) Law 1998. From 1 September 2018, the Company became subject to the provisions of the Corporation Tax Act 2010, as set out in English law and as it pertains to investment trusts. The Company must therefore distribute at least 85% of its annual investment income to shareholders to preserve its investment trust status.
The directors are of the opinion that the Company has conducted its affairs in compliance with s.1158 since approval was granted and intends to continue to do so.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority.
The Company is listed on the Main Board of the New Zealand Stock Exchange ('NZX') and is subject to the NZX Listing Rules. The Company is a member of the Association of Investment Companies ('AIC').

The Company, and the Board, is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution.

The Strategic Report on pages 1 to 21 has been approved by the Board.

On behalf of the Board

Ronald Gould
Chairman
29 November 2023

# Responsible investment

As stewards we take a responsible approach to investment and the closed-end nature of the Company makes it ideal for longer term investing. It provides our Fund Managers with the opportunity to engage with investee companies as they develop their environmental, social and governance ('ESG') strategies.

We recognise that there is a considerable lack of consistency in ESG implementation and articulation not only across the industry, but across the many countries making up the Asia Pacific region. The purpose of this report is therefore to provide shareholders with a clear understanding of our approach.

As an investment company, we are not required to report against the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'). Many of these recommendations are relevant to 'trading' companies, but we acknowledge that we have a look-through responsibility in assessing how our investee companies approach ESG matters. The FCA has published regulations that require the Company's investment manager to report against TCFD both at the AIFM and product level by 2024 so more information in this respect should be available to shareholders in the future.

## Stewardship

Our approach to responsible investment is twofold comprising:

- the actions we, as a Board, take in terms of our composition and diversity, as well as the values we set for ourselves and the service providers we choose to appoint; and
- the actions our appointed investment manager takes as part of their approach for responsibly and sustainably managing the Company's portfolio in line the investment objective set by our shareholders.

As a Board, we are aware of the expectations placed on companies in terms of their governance responsibilities, and we are even more keenly aware that applying such expectations as a matter of rote may cause more harm than good. We therefore take a pragmatic approach and believe in engaging with companies in the first instance rather than simply divesting or excluding investment opportunities.

Our investment manager takes a similar approach: they believe their ability to have the greatest impact as active managers is through engagement with the companies in which they invest on our behalf. The exception to this, which we fully support, is their firm wide ban on investing in the manufacture of munitions.

## The environment

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, nor does it have responsibility for any other emissions-producing sources. The Company's indirect impact occurs through its investments. 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.

## Investment strategy

The Fund Managers' focus is on well managed companies with attractive valuations which have the ability to sustain and/or grow dividends for the future. We invest in a combination of companies with high sustainable yields with high dividend payout ratios alongside those with higher earnings growth and greater potential for dividend growth as earnings increase and dividend payout ratio increases over time.

The Fund Managers thoroughly research prospects and markets using sophisticated and often proprietary techniques before selection.

Options are used on an opportunistic basis to generate additional income around transactions. Put and call options are written on individual stocks with strike prices aligned to the Fund Managers' target prices. These are used sparingly to ensure capital is not tied up by utilising this strategy. We do not employ either structural or long-term gearing, preferring to use more flexible short-term borrowings when opportunities present themselves.

## Dividend approach

One of the key investment objectives of the Company is to provide investors with a growing total annual dividend per share. This underpins the Board's approach to the dividend policy. In most years, we seek to pay dividends from current revenue and add to the revenue reserve where possible. The purpose of this reserve is to smooth the dividend in extreme market conditions. The Company is also able to make use of the distributable reserve for this purpose.

When deciding on whether to pay each quarterly dividend, we have regard to a variety of factors, including the current and the forecasted levels of income, the sustainability of that income, cash resources and any macroeconomic and currency risks in relation to the countries in which the Company invests. The Fund Managers provide portfolio updates together with a projected schedule in respect of the income generated by the underlying investments to assist the Board's decision.

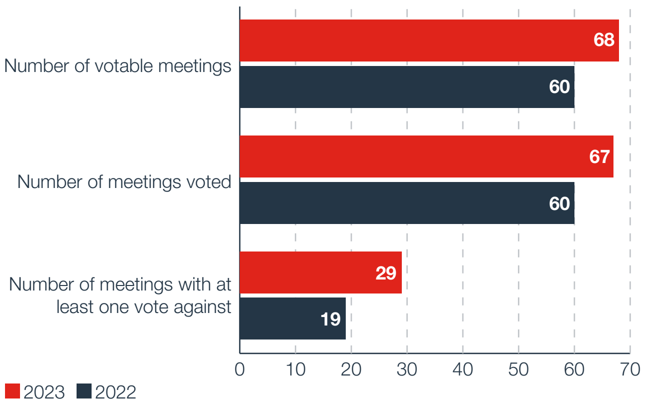
# Responsible investment (continued)

## Voting

The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. We have engaged the investment manager to consider how best to vote the rights attached to the shares in the Company's portfolio. In adopting this approach, we are able to access the expertise of the investment manager's Governance and Responsible Investment team in evaluating engagement by investee companies and the appropriateness of any resolutions which shareholders may be asked to approve.

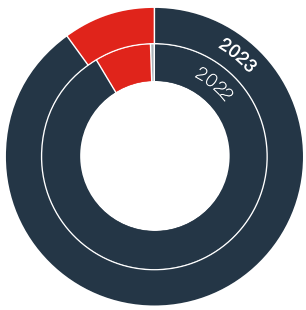
We retain oversight of the process by receiving reporting indicating how the Company's shares have been voted and by reviewing the investment manager's ESG Investment Policy, their Stewardship Policy Statement and proxy voting procedures at least annually. Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the Fund Managers, who have an in-depth understanding of the respective company's operations.

### Number of investee company general meetings



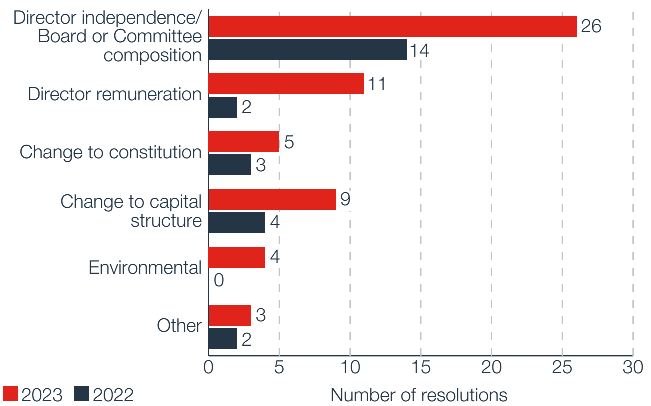

Figures in the bar chart based on the period 1 September 2022 to 31 August 2023

### How we voted our shares (number of resolutions)



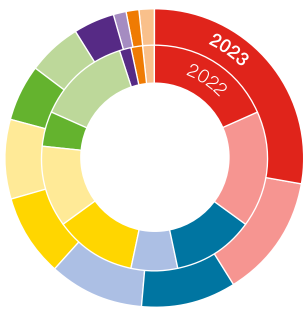

| | 2023 % | 2022 % |
|---|---|---|
| Voted with management | **90.0** | 91.8 |
| Voted against management | **10.0** | 8.0 |
| Withheld | **–** | 0.2 |

### Areas where we voted against management recommendations[1]




1 Excludes votes withheld

### Market breakdown by number of meetings voted




| | 2023 | 2022 |
|---|---|---|
| China | **19** | 11 |
| Australia | **9** | 10 |
| South Korea | **7** | 7 |
| Other | **7** | 4 |
| India | **6** | 7 |
| Singapore | **6** | 7 |
| Hong Kong | **4** | 3 |
| Taiwan | **4** | 8 |
| Indonesia | **3** | 1 |
| Japan | **1** | – |
| New Zealand | **1** | 1 |
| Thailand | **1** | 1 |

# Managing risks

## Principal and emerging risks

Investing, by its nature, carries inherent risk. The Board, with the assistance of the investment manager, carries out a robust assessment of the principal and emerging risks and uncertainties facing the Company which could threaten the business model and future performance, solvency and liquidity of the portfolio. A matrix of these risks, along with the steps taken to mitigate them, is maintained and kept under regular review. The mitigating measures include a schedule of investment limits and restrictions within which the Fund Managers must operate. We do not believe these principal risks to have changed over the course of the year.

Alongside the principal risks, the Board considers emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be classified as a principal risk.

Our assessment includes consideration of the possibility of severe market disruption and some of the areas which we reviewed over the course of the year are outlined in the table below. The principal risks which have been identified and the steps we have taken to mitigate these are set out below:

| Risk | Mitigating action |
|---|---|
| **Investment and strategy** | |
| An inappropriate investment strategy, for example, in terms of asset allocation or level of gearing, may result in underperformance against the companies in the peer group, and in the Company's shares trading on a wider discount.<br><br>Investments in Asian markets may be impacted by political, market and financial events resulting in changes to the market value of the Company's portfolio. | We manage these risks by ensuring a diversification of investments and a regular review of the extent of borrowings. The investment manager operates in accordance with investment limits and restrictions determined by the Board, which include limits on the extent to which borrowings may be employed. We review compliance with limits and monitor performance at each Board meeting.<br><br>The Board receives an update from the Fund Managers on market conditions in the region at each meeting. During the year, the Board considered the global economic and geopolitical environment including the repercussions of the Covid-19 pandemic, the ongoing war in Ukraine and recent conflict in the Middle East, the impact of this and the pandemic on supply chains, as well as tensions between China and the US, including over Taiwan. Consideration was also given to whether climate change could impact the value of the portfolio, but the Board concluded that this was not the case at present as the investments continued to be valued based on quoted market prices. |
| **Accounting, legal and regulatory** | |
| The Company is regulated by the Jersey Financial Services Commission, under the Collective Investment Funds (Jersey) Law 1998, and is required to comply with the Companies (Jersey) Law 1991, the Financial Conduct Authority's Listing Rules, Transparency Guidance and Disclosure Rules and Prospectus Rules and the Listing Rules of the New Zealand Stock Exchange.<br><br>To retain investment trust status, the Company must comply with the provisions of s.1158 of the Corporation Tax Act 2010.<br><br>A breach of company law could result in the Company being subject to criminal proceedings or financial and reputational damage. A breach of the listing rules could result in the suspension of the Company's shares. A breach of s.1158 could result in capital gains realised within the portfolio being subject to corporation tax. | The investment manager provides investment management, company secretarial, administration and accounting services through qualified professionals. We receive quarterly internal control reports from the investment manager which demonstrate compliance with legal and regulatory requirements and assess the effectiveness of the internal control environment in operation at the investment manager and our key third-party services providers at least annually. |

# Managing risks (continued)

| Risk | Mitigating action |
|---|---|
| **Operational** | |
| Disruption to, or the failure of, the investment manager's or the administrator's accounting, dealing, or payment systems or the custodian's records could prevent the accurate reporting or monitoring of the Company's financial position.<br>The Company may be exposed to cyber risk through vulnerabilities at one or more of its service providers. | The Board engages reputable third-party service providers and formally evaluates their performance, and terms of appointment, at least annually.<br>The Audit Committee assesses the effectiveness of internal controls in place at the Company's key third-party services providers through review of their reports on the effectiveness of internal controls, quarterly internal control reports from the investment manager and monthly reporting on compliance with the investment limits and restrictions established by the Board. |
| **Financial** | |
| The financial risks faced by the Company include market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk. | We determine the investment parameters and monitor compliance with these at each meeting. We review the portfolio liquidity at each meeting and periodically consider the appropriateness of hedging the portfolio against currency risk.<br>The Company is denominated in sterling, but receives dividends in a wide range of currencies from the Asia Pacific region. The income received is therefore subject to the impact of movements in exchange rates. The portfolio remains unhedged.<br>The Board reviews the portfolio valuation at each meeting.<br>Investment transactions are carried out by a large number of approved brokers whose credit standard is periodically reviewed and limits are set on the amount that may be due from any one broker, cash is only held with the depositary/custodian or reputable banks.<br>We reviewed the broad structure of the Company's capital including the need to buy back or allot ordinary shares and the extent to which revenue in excess of that which is required to be distributed, should be retained.<br>Further detail on how we mitigate these risks are set out on pages 58 to 64. |

## Viability statement

In keeping with provisions of the Code of Corporate Governance issued by the Association of Investment Companies (the 'AIC Code'), we have assessed the prospects of the Company over a period longer than the 12 months required by the going concern provision.

We consider the Company's viability over a five-year period as we believe this is a reasonable timeframe reflecting the longer-term investment horizon for the portfolio, but which acknowledges the inherent shorter term uncertainties in equity markets. As part of the assessment, we have considered the Company's financial position, as well as its ability to liquidate the portfolio and meet expenses as they fall due. The following aspects formed part of our assessment:

- the Company's purpose and investment approach which means we remain a medium to long term investor;
- consideration of the principal risks and uncertainties facing the Company (set out in the table above) and determined that no significant issues had been identified;
- the nature of the portfolio which remained diverse comprising a wide range of stocks which are traded on major international exchanges meaning that, in normal market conditions, over 80% of the portfolio can be liquidated in 2 to 7 days;
- the closed-end nature of the Company which does not need to account for redemptions;
- the level of the Company's revenue reserves and size of the banking facility; and
- the expenses incurred by the Company, which are predictable and modest in comparison with the assets and the fact that there are no capital commitments currently foreseen which would alter that position.

As well as considering the principal risks and financial position of the Company, the Board has made the following assumptions:

- an aging population will continue to seek income opportunities through investing;
- investors will continue to wish to have exposure to investing in the Asia Pacific region;
- investors will continue to invest in closed-end funds;
- the Company's performance will improve following an in-depth review of strategy; and
- the Company will continue to have access to adequate capital when required.

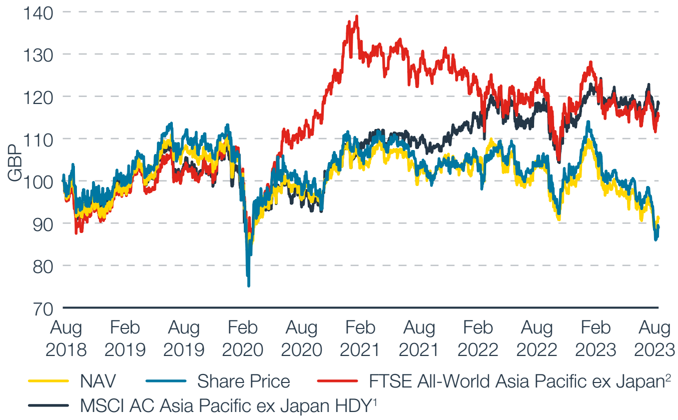
Based on the results of the viability assessment, we have a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for our assessment period of five years. Forecasting over a longer period is imprecise given investment are bought and sold regularly. We revisit this assessment annually and report the outcome to shareholders in the annual report.

# Key Performance Indicators

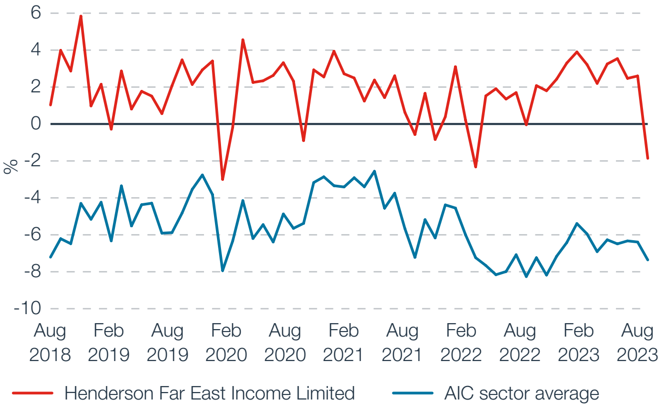
## Measuring our performance

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Fund Managers, the directors take into account a number of Key Performance Indicators ('KPIs').

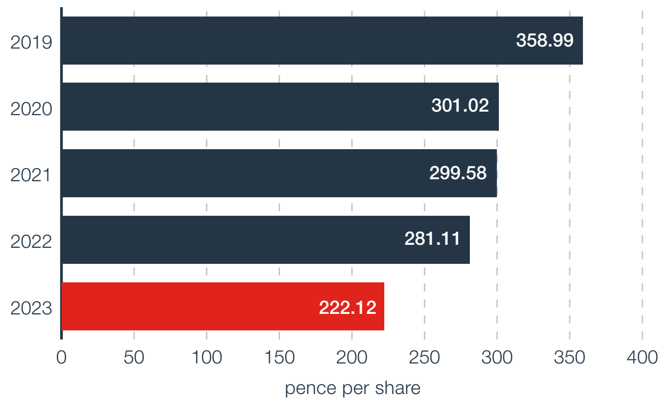
### Total return performance[2] for the five years ended 31 August 2023



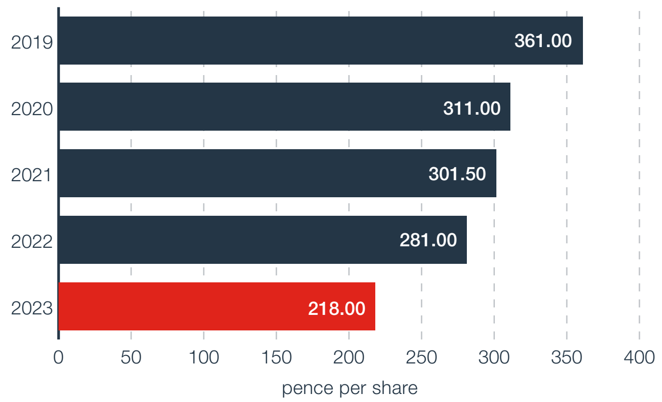

### Premium/discount for the five years ended 31 August 2023



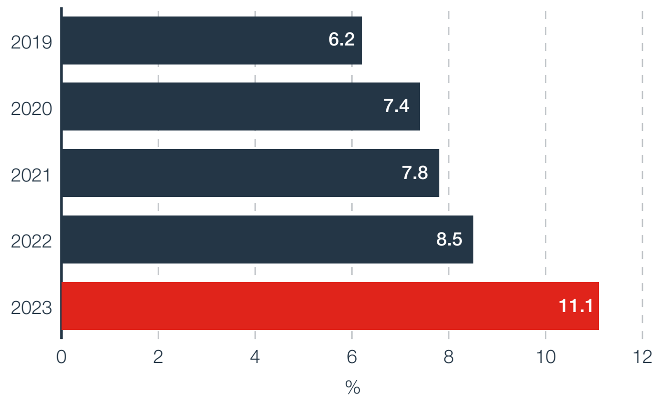

### Net asset value per share



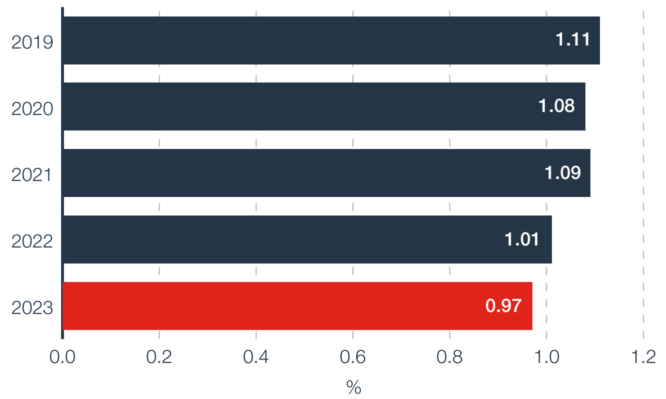

### Share price




### Dividend yield[1]




### Ongoing charge[1]




Source: Morningstar Direct, Janus Henderson Investors

1 Total return performance, dividend yield and the ongoing charge are considered to be alternative performance measures. More information can be found on pages 70 and 71

2 The Company does not have a formal benchmark and uses these indices (sterling adjusted) for comparison purposes only

# Governance

Seoul, South Korea

# Board of Directors
## The right balance of skills and knowledge

**Ronald ('Ron') Gould**
Chairman (from 21 June 2022)

**Date of appointment:** 28 October 2021

**Committees:** Chairman of the Nominations and Remuneration Committee and Management Engagement Committee.

**Relevant skills and experience:** Ron is an investor and strategic consultant in the financial services sector in both Asia and Europe. His long career in investment management and banking led to extensive work as a government advisor in both the UK and Asia. He established the Greater China/Asia business of the Promontory Financial Group, leading efforts to improve governance, risk control and regulatory effectiveness for financial companies in Asia from a base in China. Prior to his work with Promontory, he was Chief Executive of Chi-X Asia, successfully developing new market trading venues across the Asian region.

Ron was Senior Adviser to the UK Financial Services Authority and remains a government adviser in several jurisdictions. He was Chief Executive Officer of investment bank ABG Sundal Collier, Managing Director of AXA Investment Managers and Vice Chairman of Barclays Bank asset management activities.

**External appointments:** He is Chairman of BlackRock Smaller Companies Trust plc and Think Alliance Group in Hong Kong.

**Julia Chapman**
Senior Independent Director

**Date of appointment:** 30 January 2015

**Committees:** Member of the Nominations and Remuneration Committee, Management Engagement Committee and Audit Committee.

**Relevant skills and experience:** Julia is a lawyer qualified in England & Wales and in Jersey with over 30 years' experience in the investment fund and capital markets sector. After working at Simmons & Simmons in London, she moved to Jersey and became a partner of Mourant du Feu & Jeune (now Mourant) in 1999. She was then appointed General Counsel to Mourant International Finance Administration (the firm's fund administration division). Following its acquisition by State Street in April 2010, Julia was appointed as European Senior Counsel for State Street's alternative investment business. In July 2012, Julia left State Street to focus on the independent provision of directorship and governance services to a small number of investment fund vehicles.

**External appointments:** Julia is a non-executive director of GCP Infrastructure Investments Limited, BH Macro Limited and the International Stock Exchange Group Limited.

**Timothy ('Tim') Clissold**
Independent non-executive director

**Date of appointment:** 3 September 2018

**Committee memberships:** Member of the Nominations and Remuneration Committee, Management Engagement Committee and Audit Committee.

**Relevant skills and experience:**
Tim qualified as a Chartered Accountant and has worked in Australia, Hong Kong and extensively in China, where he was co-founder of one of the first private equity groups in the country. He later ran Goldman Sachs China's distressed investment business in Beijing. He co-founded another business to originate UN carbon offsets from GHG emission reduction projects in China. Tim is Chief Resolution Officer at Peony Advisers Limited, a company which helps shareholders who have been disenfranchised by Chinese companies delisting from AIM and other markets. He was a member of the Strategic Advisory Board of Braemar Energy Ventures, a New York venture capital fund focused on energy efficiency technologies. He is the author of Mr China, Chinese Rules and Cloud Chamber.

**External appointments:** Tim is Chief Resolution Officer at Peony Advisors Limited, a director of Peony Investments Limited and a non-executive director of Baillie Gifford China Growth Trust plc.

# Board of Directors (continued)

**Nicholas George**
Chairman of the Audit Committee

**Date of appointment:** 20 April 2016

**Committees:** Chairman of the Audit Committee, member of the Nominations and Remuneration Committee and Management Engagement Committee

**Relevant skills and experience:** Nicholas is a Chartered Accountant by training and has spent almost his entire working life in various aspects of investment banking, specialising in the Asian markets. In his early career he worked for a number of leading City institutions and joined Robert Fleming Securities initially as head of Asian Securities in London and then moved to Hong Kong to establish a corporate broking division for Jardine Fleming, subsequently taken over by JPMorgan, where he remained as Managing Director. In 2003 he co-founded KGR Capital Partners, a Hong Kong based Asian hedge fund of funds registered with the Securities and Futures Commission. Since that time, he has become a non-executive director of a number of diversified businesses ranging from telecommunications, investment management, hotels to age care. He continues to travel widely throughout Asia, where he has built up an impressive network of contacts.

**External appointments:** Nicholas is a director of John Lamb Hill Oldrige Limited.

**David Mashiter**
Independent non-executive director

**Date of appointment:** 6 November 2006

**Committees:** Member of the Nominations and Remuneration Committee, Management Engagement Committee and Audit Committee.

**Relevant skills and experience:** David is currently managing director of Meridian Asset Management (C.I.) Limited. He is also a director of Northcross Capital Management Limited and Northcross Holdings Limited. He was formerly Head of Investment Management with the Royal Trust Company of Canada in Jersey.

**External appointments:** David is a director of Northcross Capital Management Limited and Northcross Holdings Limited.

## New directors joining the Board

**Susan ('Susie') Rippingall**
Independent non-executive director

**Date of appointment:** 1 December 2023

**Committees:** Member of the Nominations and Remuneration Committee, Management Engagement Committee and Audit Committee

**Relevant skills and experience:** Susie has over 25 years' fund management experience in Asian markets and was until 2013, portfolio manager of Scottish Oriental Smaller Companies Trust plc. She worked in Hong Kong and Singapore, travelling extensively throughout the region. She is a former director of Aberdeen New Dawn Investment Trust Limited and Vietnam Enterprise Investments Limited, so brings excellent knowledge of the investment trust sector.

**External appointments:**
Susie is a non-executive director of First Sentier Investors Holdings Pty Limited, NTAsian Discovery Fund and Sovereign Asset Management.

**Carole Ferguson**
Independent non-executive director

**Date of appointment:** 1 December 2023

**Committees:** Member of the Nominations and Remuneration Committee, Management Engagement Committee and Audit Committee

**Relevant skills and experience:** Carole is the Chief Executive Officer and Research Director of Carbon Transition Analytics. She has extensive experience in the financial services sector in research, finance, sustainability and derivatives.

**External appointments:** Carole is on the advisory board of WHEB Asset Management and is a non-executive director of BlackRock Energy and Resources Income Trust plc.

# Corporate Governance Report

## Governance codes

The Board is pleased to report to shareholders on the Company's governance arrangements and how the Company has applied the principles of the Code of Corporate Governance published by the Association of Investment Companies.

The Company maintains a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the UK Corporate Governance Code (the 'UK Code') have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations. Consequently, the Board considers the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies (the 'AIC Code'). The AIC Code addresses the principles set out in the UK Code as well as additional recommendations on issues that are of specific relevance to investment companies. The Financial Reporting Council ('FRC') has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should meet their obligations in relation to the UK Code and FCA Listing Rules.

The Company also maintains a listing on the New Zealand Stock Exchange ('NZX') where it is classified as a Foreign Exempt Issuer. The Listing Rules of the NZX therefore require the Company to comply with the provisions applicable to its Home Exchange, being the London Stock Exchange, at all times, notifying the NZX of any changes pertinent to the listing on the Home Exchange and ensuring that any announcements made to the Home Exchange are simultaneously released to the market in New Zealand. Accordingly, the Company reports against its compliance with the AIC Code rather than the NZX Corporate Governance Code.

Copies of the AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**. The AIC Code published in January 2019 includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

## Statement of Compliance

The Board has considered the principles of the AIC Code and confirms that it has complied with these throughout the reporting period.

The Company has no executive directors so does not consider executive remuneration. As a fully managed investment company, the Company has no internal operations so does not maintain an internal audit function, although the Audit Committee regularly considers the need for it.

## Overview

The Board is comprised entirely of non-executive directors and has constituted three principal committees: the Audit Committee, the Management Engagement Committee and the Nominations and Remuneration Committee. The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations.

The terms of reference for each Committee are kept under regular review by the Board and are available on the Company's website **www.hendersonfareastincome.com**.

The Board engages third-party service providers to deliver the operations of the Company. Janus Henderson Investors has been appointed to manage the investment portfolio and is the Company's Alternative Investment Fund Manager. The investment manager provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a custodian and depositary who are responsible for the safe custody of the Company's financial and other assets. The Company has appointed a registrar to maintain the Register of Members and assist shareholders with queries in respect of their holdings. The Company entered into each of these principal engagements after full and proper consideration of the quality and cost of the services offered, including the operation of their internal control systems in relation to the affairs of the Company. The Board and its committees maintain oversight of third-party service providers through regular and ad hoc reporting and ongoing monitoring by the investment manager.

## Board leadership and purpose

The Board is responsible for providing leadership and setting the tone from the top in terms of the Company's culture and values. The Board appoints all third-party service providers and monitors their performance throughout the year. The directors formally evaluate the quality of the service provided by each third-party service provider and consider the appropriateness of the terms of their engagement at least annually. The Board aligns the Company's risk appetite with the investment objective set by shareholders and establishes investment restrictions accordingly. The Board keeps under regular review the risks faced by the Company and assesses the effectiveness of internal controls put in place to mitigate these.

As well as making the strategic decisions regarding the Company's purpose and establishing the risk management framework, the Board's purpose is to provide independent oversight of the operations delivered by the Company's third-party service providers and to challenge the decisions and recommendations made by them, particularly the investment manager. The Board does this by meeting formally at least four times a year, with additional Board or committee meetings arranged when required. The directors have regular contact with the Fund Managers and other employees of the investment manager in connection with the delivery of company secretarial, sales, marketing and other administrative services.

The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and providing

# Corporate Governance Report (continued)

oversight of performance against agreed measures. It approves any changes to the structure and capital arrangements for the Company, has oversight of financial reporting and assesses the effectiveness of the internal control framework. The Board approves communications with shareholders, the appointment of new directors, oversees governance matters and is responsible for determining the remuneration of individual directors. Each meeting follows an agenda agreed with the Chairman and includes a review of the Company's investment performance, financial position, compliance with the investment parameters and a review of notable changes to the share register, along with any sales and marketing activities undertaken. This reporting enables the Board to ensure that control is maintained over the Company's affairs.

The investment manager ensures that the directors receive relevant management, regulatory and financial information. Employees of the investment manager attend each Board meeting enabling the directors to probe further on matters of concern. The Chairman is able to attend meetings of all the chairmen of the investment companies managed by JHI which provides a forum to discuss industry matters. The directors have access to the advice and services of the Corporate Secretary through its designated representative who is responsible for ensuring that Board and Committee procedures are followed. The proceedings of all Board and Committee meetings are minuted, with any particular concerns raised by the directors appropriately recorded. The Board and the investment manager operate in a supportive, co-operative and open environment.

The Company has a procedure for directors to take independent professional advice at the expense of the Company in the furtherance of their duties. In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information.

## Division of responsibilities

| Role | Primary responsibilities |
|---|---|
| Shareholders | **The Company's shareholders are responsible for:**<br>• approving the Company's investment objective and policy;<br>• making decisions regarding changes to the Company's constitution;<br>• electing and re-electing directors to the Board, or removing them from office if deemed appropriate;<br>• determining the overall limit for directors' remuneration; and<br>• formally appointing the statutory auditor. |
| Chairman | **The Chairman of the Board is responsible for:**<br>• leading and managing Board business and ensuring the timely flow of information from service providers to the Board. He facilitates open, honest and constructive debate among directors;<br>• leading the Nominations and Remuneration Committee in developing succession planning and the identification of potential candidates for appointment to the Board (except when considering his own succession);<br>• leading the Board in determining its governance framework, culture and values;<br>• representing the Company, alongside the Fund Managers, externally at business, and community level; and<br>• managing the relationship with the investment manager. |
| Senior Independent Director | **The senior independent director:**<br>• acts as a sounding board to the Chairman;<br>• serves as an intermediary for the other directors and shareholders; and<br>• is responsible for leading the performance evaluation of the Chairman. |
| Independent non-executive directors | **The independent non-executive directors are responsible for:**<br>• providing constructive and effective challenge, especially to the decisions of the investment manager;<br>• scrutinising and holding to account the performance of the:<br>– Fund Managers in meeting the investment objective;<br>– investment manager in the promotion of the Company and day-to-day smooth operation of the Company's business; and<br>• providing strategic guidance and offering specialist advice. |

# Corporate Governance Report (continued)

| Role | Primary responsibilities |
|---|---|
| Committee chairs | **The Committee chairs are responsible for:**<br>• the leadership and governance of their committee;<br>• maintaining the relationships with specialist service providers delivering services within the remit of their committees;<br>• reporting on the activities of their committee to the Board; and<br>• seeking approval from the Board for the responsibilities set out in their respective terms of reference. |
| Investment manager | **The investment manager is the Company's appointed Alternative Investment Fund Manager and is responsible for:**<br>• promoting the Company's investment proposition to professional and retail investors;<br>• making the necessary reporting to the FCA regarding the Company's status as an Alternative Investment Fund;<br>• providing accounting, company secretarial and other administrative services to the Company ensuring compliance with the applicable statutory and regulatory provisions; and<br>• coordinating the delivery of services provided by the Company's other third-party service providers. |
| Fund Managers | **The Fund Managers and their team are responsible for:**<br>• selecting the stocks held within the portfolio;<br>• diversification and risk management through stock selection and size of investment;<br>• determining the volume and timing of acquisitions and disposals; and<br>• determining the frequency and level of gearing within the overall limits set by the Board. |

## Board composition

At the date of this report, the Board comprises five non-executive directors. With effect from 1 December 2023, two further directors will be appointed to the Board. This will reduce to six directors following the Company's annual general meeting in 2024 when David Mashiter will retire. Their business experience is set out on pages 23 and 24.

## Appointment, tenure and retirement of directors

The Board may appoint directors at any time during the year. Any director so appointed stands for election by shareholders at the next annual general meeting. Directors are generally expected to serve two terms of three years, which may be extended to a third term, and occasionally beyond, at the discretion of the Board and subject to satisfactory performance evaluation and annual re-election by shareholders. This approach takes account of the entirely non-executive membership of the Board and the outsourced business model which the Company uses.

All directors stand for re-election by shareholders annually in keeping with the provisions of the AIC Code. The articles permit shareholders to remove a director before the end of their term by passing an ordinary resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

## Chairman's tenure

Given the entirely non-executive nature of the Board and the fact that the Chairman may not be appointed as such at the time of their initial appointment as a director, the Chairman's tenure may be longer where this is considered by the Board to be in the best interests of the Company. As with all directors, the continuing appointment of the Chairman is subject to satisfactory performance evaluation, annual re-election by shareholders and may be further subject to the particular circumstances of the Company at the time he intends to retire from the Board.

## Directors' independence

The independence of the directors is determined with reference to the AIC Code and is reviewed by the Nominations and Remuneration Committee at least annually. The Committee considers each of the director's other appointments and commitments, as well as their tenure and any connections they may have with the investment manager or other key service providers. Following completion of the evaluation, the Committee concluded that all directors continued to be independent in character and judgement.

David Mashiter has been on the Board for over nine years. The Board considers him to be an independent non-executive director. Independence stems from the ability to make decisions that conflict with the interest of management and this is a function of confidence, integrity and judgement. The Board is firmly of the view that length of service does not automatically impair a director's ability to act independently, but that the longer perspective adds value to the deliberations of the Board, especially in light of its entirely non-executive nature.

# Corporate Governance Report (continued)

## Diversity

The Board supports the principle of boardroom diversity, of which gender and ethnicity are two aspects. The Company's policy is that the Board should comprise directors with a diverse range of skills, knowledge and experience and that all appointments should be made on merit, against objective criteria. The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience present on the Board. Diversity of perspectives and backgrounds is therefore a key consideration in any director search process. Alongside this, the Board will not discriminate on the grounds of age, gender, personal background, sexual orientation, disability or socioeconomic background in considering the appointment of directors.

The FCA's Listing Rules require companies to report against the following 3 diversity targets:

- at least 40% of individuals on the board are women;
- at least one senior board position is held by a woman;
- at least one individual on the board is from a minority ethnic background.

At the date of this report, the Board complies with one out of the three targets, with the role of Senior Independent Director being held by a woman. The Board will meet the diversity and ethnicity targets once Carole Ferguson formally joins the Board on 1 December 2023.

| Gender diversity | Number of Board members | % of the Board | Number of senior positions on the Board[1] |
|---|---|---|---|
| Men | 4 | 80 | 1 |
| Women | 1 | 20 | 1 |
| **Ethnic diversity** | | | |
| White British or other white | 5 | 5 | 5 |
| Other | – | – | – |

1 As a fully managed investment company, the Company does not have a CEO or CFO. Accordingly, only the roles of chair and senior independent director are applicable to this disclosure

## Conflicts of interest

The articles permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ('situational conflicts'). The Board has a formal process in place for directors to declare situational conflicts to be authorised by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company. The directors may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts which are considered, are recorded in the minutes.

## Induction and ongoing training

Newly appointed directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the investment manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services carried out by the investment manager.

Directors are provided with information on the Company's policies, regulatory and statutory requirements affecting the Company, as well as changes to the directors' responsibilities as they arise. They are encouraged to attend external training and industry seminars, and may do so at the expense of the Company.

## Directors' time commitment

The Board expects directors to be able to devote sufficient time to meet the demands of the business. Directors should attend all scheduled meetings except when unforeseen and serious circumstances arise at short notice, such as sudden illness or death in the close family. The Board expects directors to be able to make themselves available at reasonably short notice to consider any ad hoc matters that may arise.

Directors' other commitments are considered as part of the candidate selection process for new appointments and annually as part of the overall performance evaluation of each director.

The table below sets out individual directors' meeting attendance for the period under review.

| Director | Board | Audit Committee | Nominations and Remuneration Committee | Management Engagement Committee |
|---|---|---|---|---|
| Number of meetings | 4 | 2 | 2 | 1 |
| Ronald Gould | 4 | 2 | 2 | 1 |
| Julia Chapman | 4 | 2 | 2 | 1 |
| Timothy Clissold | 4 | 2 | 2 | 1 |
| Nicholas George | 4 | 2 | 2 | 1 |
| David Mashiter | 4 | 2 | 2 | 1 |

## Succession planning

To be effective the Board must maintain a balance of skills and experience, and seek to refresh these on a regular basis to ensure that the Board's oversight of the Company's operations is robust.

As the Board is comprised entirely of non-executive directors and all operations are outsourced, ensuring a suitable balance of skill and experience includes retaining a detailed knowledge of the Board's deliberations and decisions over the long term, which may mean some directors remain on the Board for

# Corporate Governance Report (continued)

longer than nine years. The Board usually considers its membership annually following individual performance evaluation and when recommending directors to shareholders for re-election. The Board maintains a succession plan which remains subject to the challenges facing the Company at the time these plans are implemented, the skills the Board believes it requires to ensure the safeguarding of shareholders' assets and the obligations placed on it by the Jersey regulator in respect of the number of Jersey based directors who must be appointed to the Board.

## Performance evaluation

The evaluation of the effectiveness of the Board, its committees and individual directors was conducted with the use of a questionnaire. Areas including Board composition and dynamics, directors' understanding of the investment strategy and marketing approach were considered, alongside their views of shareholder expectations and the Board's current succession planning. The review further considered if the principal committees were fit for purpose and whether they fulfilled their remit effectively. Directors were invited to comment on their individual performance and outline how they could better contribute to discussions on the Company's business. The results were reported to the Nominations and Remuneration Committee.

Following completion of the evaluation, the Committee recommended to the Board that an additional director be appointed with a view to strengthening the investment management experience on the Board. The interaction between directors remained constructive and the level of challenge offered by them to the decisions of the Fund Managers continued to be robust. The principal committees supported the Board in effectively fulfilling its duties. The review concluded that directors contributed openly to discussions and could make themselves available at short notice should the need arise. The Chairman undertook to expand the evaluation for the following year by holding individual discussions with each director.

The Senior Independent Director led the performance evaluation of the Chairman. The results of this concluded that he demonstrated the right skills, experience and knowledge for the role, was diligent and committed in fulfilling is duties and encouraged individual contribution and constructive debate.

## Risk management and internal control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the year and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria, specifying levels of authority and exposure limits. The Board reviews reports on investment performance against and compliance with the criteria at each meeting;
- regular financial reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- contractual agreements with the investment manager and all other third-party service providers. The Board reviews performance levels and adherence to relevant provisions in the agreements on a regular basis through reporting to the Board and conducts a formal evaluation of the overall level of service provided at least annually;
- the review of controls at the investment manager and other third-party service providers. The Board receives quarterly reporting from the investment manager and depositary, and reviews assurance reports on the effectiveness of the control environments at the Company's key service providers;
- review of additional reporting provided by:
  - the investment manager's Operational Risk team on the control environment in operation at the investment manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the investment manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 August 2023 and is satisfied that it has not identified or been advised of any failings or weaknesses that have been determined as significant.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
29 November 2023

# Nominations and Remuneration Committee Report

The Nominations and Remuneration Committee is responsible for ensuring the Board retains an appropriate balance of skills, experience and diversity, has a formal, rigorous and transparent approach to the appointment of directors and maintains an effective framework for succession planning. The Committee further considers the overall policy and approach to the remuneration of the non-executive directors and makes recommendations to the Board on the level of remuneration for individual roles.

## Membership

The Committee is chaired by the Chairman of the Board, except when discussing succession planning for his role.

All of the independent non-executive directors are members of the Committee.

## Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

## Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company;
- the process to be used for the recruitment of a new director, as well as the characteristics, qualities and experience determined as a priority for any successful candidate;
- the tenure of each of the directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming complacent;
- the independence of the directors taking account of the guidelines established by the AIC Code as well as the directors' other commitments;
- the time commitment of the directors and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board, the tenure of the current directors and recommendations of the AIC Code in respect of the length of service of directors and the Chairman;
- the contribution of the directors standing for re-election at the forthcoming annual general meeting;
- the Company's remuneration policy with a view to ensuring this continued to reflect market practice and enable the Company to attract and retain an appropriate calibre of director; and
- the individual remuneration of the Chairman, Chairman of the Audit Committee and other directors, making appropriate recommendations to the Board based on their findings.

## Remuneration

The Committee considered the Company's Remuneration Policy, determining that an increase to £250,000 should be put to shareholders at the forthcoming annual general meeting.

The Committee further considered the individual remuneration of each director and determined that no change was necessary.

## Directors for re-election

The Committee considered the performance of the directors standing for re-election at the forthcoming annual general meeting and concluded that all directors should be supported. The Committee believes that the directors continued to bring their knowledge and experience to bear in making decisions regarding the Company and are able to commit additional time as necessary.

The Committee was involved in the selection process for Susie Rippingall and Carole Ferguson. In making their recommendation to the Board, the Committee was supportive of their appointment and election by shareholders.

## Recruitment

As part of the Board's ongoing succession planning, the recruitment for a new director was initiated during the course of the year. The Committee determined that any new director should bring strong investment management experience to the Board.

Following a review of specialist recruitment agencies, Cornforth Consulting ('Cornforth') was appointed to assist the Committee in the search for a new director. No open advertising was used as the Committee believes that targeted recruitment is the optimal way of recruiting. Cornforth do not provide any other services to the Company.

The Committee considered a long list of candidates with the prerequisite background, which had been prepared by Cornforth. The preferred candidates were invited for interviews with the directors. Candidates were evaluated based on merit, business experience paying attention to the skills that the directors wished to retain on the Board, and cognitive and personal strengths. The candidates' other commitments were also considered as part of the process, with a view to ensuring sufficient time could be devoted to the Company's business.

Following conclusion of the overall process, and reflecting the strong calibre of candidates, the Committee was pleased to recommend the appointment of two directors to the Board. Susie Rippingall brought the investment management experience which the Committee set out to identify at the outset and Carole presented the opportunity to strengthen the Board's knowledge in the emerging area of sustainability analytics in the investment management sector. Susie and Carole will be appointed as directors with effect from 1 December 2023.

Ronald Gould
Chairman
29 November 2023

# Management Engagement Committee Report

The Management Engagement Committee is responsible for formally evaluating the overall performance of and terms of engagement of the investment manager and other third-party service providers engaged by the Company.

## Membership

The Committee is chaired by the Chairman of the Board.

All of the independent non-executive directors are members of the Committee.

## Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

## Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the investment performance of the Company, taking account of the comparator indices and performance of competitors in the closed-end and open ended sectors, the share price, the level of premium and, for a short period, the discount, as well as the gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-end competitors and other, similar sized investment companies;
- the key clauses of the investment agreement, how the investment manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the broker, depositary, custodian, registrar, research providers, legal counsel and accountants.

## Re-appointment of the investment manager

Following completion of its reviews, the Committee concluded that the continued appointment of the investment manager remained in the best interests of the Company and its shareholders, and therefore recommended to the Board the re-appointment of Janus Henderson Investors for a further year.

Ronald Gould
Chairman
29 November 2023

# Audit Committee Report

The Audit Committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external auditor.

## Membership

All of the independent non-executive directors are members of the Committee, excluding the Chairman of the Board. The Committee is chaired by Nicholas George, who is considered by the Board to have recent and relevant financial experience.

## Meetings

The Committee usually meets twice a year. The Company's auditors, the Fund Managers and the investment manager's Financial Reporting Manager for Investment Trusts are invited to attend meetings of the Committee on a regular basis, as is the Chairman of the Board. Other representatives of the investment manager and BNP Paribas may also be invited to attend if deemed necessary by the Committee.

## Role and responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the appropriateness of the Company's accounting policies and of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company;
- the Company's annual report and half-year financial statements and the use of the going concern basis for preparation;
- the assessment of the principal risks facing the Company and the long term viability of the Company in light of these risks;
- the independently reviewed reports on the effectiveness of internal controls in operation at the Company's key third-party service providers;
- the need for a separate internal audit function;
- the nature and scope of the statutory audit, agreeing the auditors' fee and reviewing their findings;
- the policy on the provision of non-audit services that may be provided by the auditor; and
- the whistleblowing arrangements in place at the investment manager enabling staff to raise concerns about possible improprieties in confidence.

## Internal audit function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable.

The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principal among them, the investment manager. The Board places reliance on the Company's framework of internal control and the Audit Committee's view on reporting received from specific second and third line of defence teams at the investment manager.

The investment manager's Operational Risk team support the Audit Committee in considering the independently reviewed reports on the effectiveness of internal controls in place at the Company's third-party service providers. The investment manager's Internal Audit function provides regular reporting to the Board on the operations at the investment manager and presents at least annually to the Audit Committee. The Audit Committee has therefore concluded, and accordingly made a recommendation to the Board, that it is not necessary for the Company to have its own internal audit function at the present time.

## Appointment and tenure of the auditors

The Company follows the EU Audit Directive and Regulation which sets out that the Company should conduct an audit tender every ten years and rotate audit firms every 20 years.

The Audit Committee carried out an audit tender process in 2022 which resulted in the appointment by shareholders of PricewaterhouseCoopers LLP ('PwC') at the annual general meeting held on 27 January 2023. PwC presented their first report in respect of the year ended 31 August 2023.

Subject to the audit being effective and shareholder re-election of PwC as the statutory auditor, the Audit Committee does not envisage conducting a further audit tender process until 2032.

## Auditors' independence

The Committee monitors the auditors' independence through three aspects of its work: the approval of a policy regulating the non-audit services that may be provided by the auditors to the Company; assessing the appropriateness of the fees paid to the auditors for all work undertaken by them and by reviewing the information and assurances provided by the auditors on their compliance with the relevant ethical standards.

PwC confirmed that all of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standards.

# Audit Committee Report (continued)

## Policy on non-audit services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditors. The policy sets out that the Company's auditors will not be considered for non-audit work where this is prohibited by the current EU regulations and where it appears to affect their independence and objectivity. In addition, the provision of any non-audit services by the auditors is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit Committee, or Audit Committee Chairman, following due consideration of the proposed services.

## Significant matters

In relation to the annual report for the year ended 31 August 2023, the following significant matters were considered by the Committee:

| Significant matter | How the issue was addressed |
|---|---|
| Valuation and ownership of the Company's investments | The directors have appointed the investment manager to perform the valuation of the Company's assets in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, the investment manager has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. The options are valued by reference to the Black-Scholes model.<br><br>Ownership of listed investments is verified by reconciliation to the custodian's records and the directors have received quarterly reports from the depositary, who has responsibility for overseeing the Company's operations, including verification of ownership and valuation. |
| Recognition of income | Income received, including special dividends, is accounted for in line with the Company's accounting policy (as set out on page 51). Special dividends, and their treatment as revenue or capital, have been reviewed by the Committee and the rationale agreed.<br><br>The Board reviews revenue forecasts at each Board meeting in support of the Company's future dividends. |
| Maintaining investment trust status | The Committee has considered regularly the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from the investment manager and BNP Paribas. |

## Effectiveness of the external audit

The Committee's process for evaluating the effectiveness of the external audit comprises two components: consideration is given to the findings of the latest audit quality review report and a post-audit assessment is carried out led by the Committee Chairman. In assessing the effectiveness of the audit process, the Committee Chairman invites views from the directors, Fund Managers and other members of the investment manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee.

On completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by PwC.

Nicholas George
Chairman of the Audit Committee
29 November 2023

# Directors' Remuneration Report

## Remuneration Policy

The Remuneration Policy (the 'Policy') sets out the principles applied in the remuneration of the Company's directors. The Policy was last approved by shareholders at the annual general meeting on 21 January 2021 and will put to shareholders for consideration at the annual general meeting to be held in 2024.

The Company's approach is that fees should:

- reflect the time spent on the Company's affairs;
- reflect the responsibilities borne by the directors;
- be sufficient to promote the long-term success of the Company; and
- not exceed the aggregate limit established by shareholders.

The Board is proposing to amend the aggregate limit in respect of directors' fees, increasing this from £200,000 to £250,000 per annum. The increased limit permits the Board to appoint additional directors where they believe further skills are required to fulfill their oversight duties, and to provide headroom for future remuneration increases. Shareholders will be invited to vote on this revised Remuneration Policy at the forthcoming annual general meeting and it is intended that this policy will apply for the period to the Company's annual general meeting due to be held in 2027.

Directors are remunerated in the form of fees which are payable quarterly in arrears. The level of remuneration paid to each director is reviewed annually, although such review will not necessarily result in a change to the fee. No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties. Given that Board meetings are held in the UK and that certain directors' expenses are taxable, non-UK based directors receive an additional amount of £3,000 per annum in lieu of claiming expenses so as not to disadvantage them from serving on the Board.

The Policy, irrespective of changes, is put to shareholders at intervals of not more than three years.

## Shareholders' views

Any feedback from shareholders on the fees paid to directors is taken into account by the Board when reviewing remuneration levels.

## Letters of Appointment

All directors are non-executive and are appointed under a Letter of Appointment, which is an engagement for services and not a contract for employment. The appointment may be terminated at any time by written notice with no compensation payable.

## Recruitment principles

All directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board and Chairman of the Audit Committee are paid a higher fee in recognition of their additional responsibilities.

## Annual report on implementation

The Nominations and Remuneration Committee makes recommendations to the Board on individual levels of remuneration with the parameters set by shareholders.

## Directors' fees

Directors' fees are set out in the table below.

| Role | **Rate at 31 August 2023** | Rate at 31 August 2022 |
|---|---|---|
| Chairman of the Board | **40,950** | 39,000 |
| Chairman of the Audit Committee | **35,700** | 34,000 |
| Non-executive director | **29,400** | 28,000 |

### Directors' interests in shares

The directors' interests in the Company's shares are set out in the table below.

| | Ordinary shares of no par value | |
|---|---|---|
| | **31 August 2023** | 1 September 2022 |
| Ronald Gould | **31,324** | 27,324 |
| Julia Chapman | **2,616** | 2,616 |
| Timothy Clissold | **80,000** | 70,000 |
| Nicholas George | **47,550** | 47,550 |
| David Mashiter | **5,000** | 5,000 |

There have been no changes in directors' interests since 31 August 2023 and the date of this report.

# Directors' Remuneration Report (continued)

## Directors' fees

The fees paid to the directors who served during the years ended 31 August 2023 and 31 August 2022 were as follows:

| | Year ended 31 August 2023 Fees £ | Year ended 31 August 2023 Taxable benefits £ | Year ended 31 August 2023 Total £ | Year ended 31 August 2022 Fees £ | Year ended 31 August 2022 Taxable benefits £ | Year ended 31 August 2022 Total £ |
|---|---|---|---|---|---|---|
| Ronald Gould[1] | 40,300 | – | 40,300 | 25,768 | – | 25,768 |
| Julia Chapman | 31,933 | – | 31,933 | 31,000 | – | 31,000 |
| Timothy Clissold | 28,934 | – | 28,934 | 28,000 | – | 28,000 |
| Nicholas George[2] | 35,133 | – | 35,133 | 34,000 | 38 | 34,038 |
| David Mashiter | 31,933 | – | 31,933 | 31,000 | – | 31,000 |
| John Russell[3] | – | – | – | 31,512 | 1,209 | 32,721 |
| **Total** | **168,233** | **–** | **168,233** | **181,280** | **1,247** | **182,527** |

Non-UK based directors are paid an additional amount £3,000 in lieu of claiming expenses so as not to disadvantage them from serving on the Board

**Notes:**
1 Chairman and highest paid director
2 Chairman of the Audit Committee
3 Retired as a director and the Chairman on 21 June 2022

Ronald Gould
Chairman
29 November 2023

# Directors' Report

The directors present their report and the audited financial statements for the year ended 31 August 2023.

The Corporate Governance Report, committee reports and Additional information on pages 23 to 33 and 69 to 73, form part of this report.

## Share capital

The Company's share capital comprises ordinary shares of no par value, with each share carrying one vote per share. As at 31 August 2023 there were 162,988,564 ordinary shares in issue with total voting rights in the same amount.

The directors seek annual authority from shareholders to allot shares, disapply pre-emption rights in respect of these allotments and to buy back, whether to be cancelled or held in treasury, the Company's ordinary shares. At the annual general meeting held on 27 January 2023, shareholders authorised the directors to allot and disapply pre-emption rights in respect of 10% of the issued share and to repurchase up to 14.99% of the issued share capital at the date of the meeting.

During the year, 8,040,000 shares (representing 5.2% of the number of shares in issue at the beginning of the year) were issued to Cavendish, the Company's broker, at prices ranging from 240.50p to 288.00p for total proceeds (net of commissions and costs) of £21.0m.

There are no restrictions concerning the transfer of shares in the Company, no special rights with regard to control attached to shares, no restrictions on voting, no agreements between holders of shares regarding their transfer known to the Company and no agreement to which the Company is party that affects its control following a takeover bid. The holders of ordinary shares are entitled to all capital growth in the Company and all the income from the Company that is resolved by the directors to be distributed. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

## Holdings in the Company's shares

The Company has not received any declarations of interests in the voting rights in the year up to 31 August 2023. On 25 September 2023, Rathbones Investment Management Limited notified their holding of 5.03% of the issued share capital. On 2 October 2023, they made a further notification indicating their holding at 4.9% of the issued share capital.

## Related party transactions

The Company's current related parties are its directors and the investment manager. There have been no material transactions between the Company and the directors during the year, with the only amounts paid to them being in respect of remuneration. In relation to the provision of services by the investment manager, other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with the investment manager affecting the financial position of the Company during the year under review. More details on transactions with the investment manager, including amounts outstanding at the year-end, are given in note 19 on page 66.

## Annual General Meeting

The Company's annual general meeting will be held at 12.00 pm on Wednesday 24 January 2024 at 201 Bishopsgate, London, EC2M 3AE. For those unable to travel, the event will be streamed live on the internet: **www.janushenderson.com/trustslive**.

No live voting will be available via this medium so members not attending the physical meeting are encouraged to submit their votes via proxy, or through their share dealing platform, ahead of the respective deadlines.

Instructions on attending the meeting and details of resolutions to be put to shareholders are included in the Notice of Meeting enclosed with this annual report. If shareholders would like to submit any questions in advance, they are welcome to send these to the corporate secretary at **itsecretariat@janushenderson.com**.

## Single identifiable table

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. There are no disclosures to be made in this regard, other than in accordance with LR 9.8.4(7), the information of which is detailed opposite under '*Share Capital*'.

## Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the Board at the date of approval of this report confirms that to the best of their knowledge and belief, there is no information relevant to the preparation of the annual report of which the Company's auditors are unaware and they have 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 auditors are aware of that information.

## Borrowings

The Company renewed its £50m multi currency loan facility with SMBC Bank International plc. The facility will expire in 2025.

The maximum amount drawn during the reporting period was £50.9m (2022: £38.2m) with borrowing costs and interest totalling £1.67m (2022: £0.56m).

# Directors' Report (continued)

## Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the directors against certain liabilities arising from the carrying out of their duties. The Company's articles of association further permit indemnities to be put in place for directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising from their position as directors, of which they are acquitted or judgement is given in their favour. No such indemnities were in place during the reporting period or up to the date of this report.

## Company information

| | |
|---|---|
| Principal activities | Refer to the Investment objective and Investment policy on page 25 |
| Incorporation details | Refer to The Company's structure on page 16 |
| Directors during the year | Refer to pages 23 and 24 |
| Dividends paid during the year | Refer to the Performance highlights on page 1 |
| For the Company's registered office, service providers and auditor | Refer to Service providers on page 73 |

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
29 November 2023

# Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. 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 estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are further 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 its financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

## Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the directors in office at the date of this report, confirms that to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with IFRS as adopted by the European Union on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the annual 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.

For and on behalf of the Board

Ronald Gould
Chairman
29 November 2023

The financial statements are published on the Company's website, **www.hendersonfareastincome.com**, the maintenance and integrity of which is the responsibility of Janus Henderson. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Financial Statements

# Independent auditors' report to the members of Henderson Far East Income Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Henderson Far East Income Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2023 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted in the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report 2023 (the 'Annual Report'), which comprise: the Balance Sheet as at 31 August 2023; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ('FRC') Ethical Standard, as applicable to listed public interest entities in accordance with the requirements of the Crown Dependencies' Audit Rules and Guidance for market-traded companies, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

### Our audit approach

#### Overview

Audit scope

- Overall Materiality: £3,620,000 based on 1% of net assets.
- The Company is a standalone investment trust company and engages Janus Henderson Fund Management UK Limited (the 'investment manager') to manage its assets.
- We conducted our audit of the financial statements using information from BNP Paribas (the 'administrator') to whom the investment manager has, with the consent of the directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third-parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the investment manager and the administrator and adopted a fully substantive testing approach using reports obtained from the administrator.

Key audit matters

- Valuation and existence of investments.
- Accuracy, occurrence and completeness of income from investments.

Materiality

- Overall materiality: £3,620,000 based on 1% of net asset value.
- Performance materiality: £2,715,000.

# Independent auditors' report to the members of Henderson Far East Income Limited (continued)

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

This is a first year audit and therefore the key audit matters are set out in further detail below.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation and existence of investments**<br>Refer to page 33 (Audit Committee Report), page 51 (Accounting Policies) and page 57 (notes to the Financial Statements). The investment portfolio at the year-end comprised listed equity investments and written options valued at £385.3 million. We focused on the valuation and existence of listed investments because these investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements. | We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third-party sources. No material misstatements were identified. We tested the existence of the listed investments by agreeing investment holdings to an independent custodian confirmation. No material misstatements were identified. We assessed the accounting policy for investments held at fair value through profit or loss for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with the stated accounting policy. We did not identify any material matters to report. |
| **Accuracy, occurrence and completeness of income from investments**<br>Refer to page 33 (Audit Committee Report), page 51 (Accounting Policies) and page 53 (notes to the Financial Statements). Income from investments comprised dividend income. We focused on the accuracy, completeness and occurrence of investment income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Statement of Comprehensive Income for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'), as incorrect application could indicate a misstatement in income recognition. | We assessed the accounting policy for investment income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income from investments had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income from investments has been accounted for in accordance with the stated accounting policy. We tested accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. To test for completeness, we tested, for all investment holdings in the portfolio, that all dividends declared in the market for investment holdings had been recorded. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements. |

# Independent auditors' report to the members of Henderson Far East Income Limited (continued)

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

### The impact of climate risk on our audit

In planning and conducting our audit, we made enquiries of the directors and investment manager to understand the extent of the potential impact of the climate change risk on the Company's financial statements. Both concluded that the impact on the measurement and disclosures within the financial statements is not material because the Company's investment portfolio comprises mostly Level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities.

We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

### Materiality

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 in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| **Overall Company materiality** | £3,620,000 |
| **How we determined it** | 1% of net asset value |
| **Rationale for benchmark applied** | We believe that the net assets is the primary measure used by the shareholders in assessing the performance of the entity and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year-on-year basis for our audit |

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2,715,000 for the Company's financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £181,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the directors' risk assessment and considering whether it addressed relevant threats;
- evaluating the directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in net asset value as a result of market performance on the ongoing ability of the Company to operate.

# Independent auditors' report to the members of Henderson Far East Income Limited (continued)

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied 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 directors considered it appropriate to adopt the going concern basis of accounting.

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

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

# Independent auditors' report to the members of Henderson Far East Income Limited (continued)

In addition, 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 and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 38, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

### Auditors' 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 auditors' 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.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the ongoing qualification as an investment trust under the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies (Jersey) Law 1991. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase income or to overstate the value of investments and increase the net asset value of the Company and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with the directors, the investment manager and the administrator including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of the controls implemented by the investment manager and the Administrator designed to prevent and detect irregularities;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including-recalculation of numerical aspects of the eligibility conditions; and
- identifying and testing journal entries, in particular a sample of journals posted as part of the financial year-end close process.
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

# Independent auditors' report to the members of Henderson Far East Income Limited (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 27 January 2023 to audit the financial statements for the year ended 31 August 2023 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ended 31 August 2023.

## Other matter

In due course, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Jennifer March
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditors
London
29 November 2023

# Statement of Comprehensive Income

| Notes | | Year ended 31 August 2023 Revenue return £'000 | Year ended 31 August 2023 Capital return £'000 | Year ended 31 August 2023 Total £'000 | Year ended 31 August 2022 Revenue return £'000 | Year ended 31 August 2022 Capital return £'000 | Year ended 31 August 2022 Total £'000 |
|---|---|---|---|---|---|---|---|
| 3 | Investment income | 37,331 | – | 37,331 | 40,646 | – | 40,646 |
| 4 | Other income | 2,937 | – | 2,937 | 2,925 | – | 2,925 |
| 10 | Losses on investments held at fair value through profit or loss | – | (87,446) | (87,446) | – | (22,592) | (22,592) |
| | Net foreign exchange profit/(loss) excluding foreign exchange losses on investments | – | 318 | 318 | – | (4,552) | (4,552) |
| | **Total (loss)/income** | **40,268** | **(87,128)** | **(46,860)** | **43,571** | **(27,144)** | **16,427** |
| | *Expenses* | | | | | | |
| | Management fees | (1,456) | (1,456) | (2,912) | (1,679) | (1,679) | (3,358) |
| 5 | Other expenses | (525) | (524) | (1,049) | (567) | (567) | (1,134) |
| | **(Loss)/profit before finance costs and taxation** | **38,287** | **(89,108)** | **(50,821)** | **41,325** | **(29,390)** | **11,935** |
| 6 | Finance costs | (766) | (766) | (1,532) | (200) | (200) | (400) |
| | **(Loss)/profit before taxation** | **37,521** | **(89,874)** | **(52,353)** | **41,125** | **(29,590)** | **11,535** |
| 7 | Taxation | (4,302) | 415 | (3,887) | (4,023) | 445 | (3,578) |
| | **(Loss)/profit for the year and total comprehensive income** | **33,219** | **(89,459)** | **(56,240)** | **37,102** | **(29,145)** | **7,957** |
| 8 | (Losses)/earnings per ordinary share – basic and diluted | 20.92p | (56.35p) | (35.43p) | 24.41p | (19.18p) | 5.23p |

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The notes on pages 50 to 67 form part of these financial statements

# Statement of Changes in Equity

| Notes | | Stated share capital £'000 | Distributable reserve £'000 | Capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| | | **Year ended 31 August 2023** | | | | |
| | Total equity at 31 August 2022 | 246,997 | 180,471 | (18,588) | 26,696 | 435,576 |
| | Total comprehensive income: | | | | | |
| | (Loss)/profit for the year | – | – | (89,459) | 33,219 | (56,240) |
| | Transactions with owners, recorded directly to equity: | | | | | |
| 9 | Dividends paid | – | – | – | (38,345) | (38,345) |
| 14 | Shares issued | 21,083 | – | – | – | 21,083 |
| 14 | Share issue costs | (42) | – | – | – | (42) |
| | **Total equity at 31 August 2023** | **268,038** | **180,471** | **(108,047)** | **21,570** | **362,032** |

| Notes | | Stated share capital £'000 | Distributable reserve £'000 | Capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| | | Year ended 31 August 2022 | | | | |
| | Total equity at 31 August 2021 | 235,955 | 180,471 | 10,557 | 25,661 | 452,644 |
| | Total comprehensive income: | | | | | |
| | (Loss)/profit for the year | – | – | (29,145) | 37,102 | 7,957 |
| | Transactions with owners, recorded directly to equity: | | | | | |
| 9 | Dividends paid | – | – | – | (36,067) | (36,067) |
| 14 | Shares issued | 11,064 | – | – | – | 11,064 |
| 14 | Share issue costs | (22) | – | – | – | (22) |
| | **Total equity at 31 August 2022** | **246,997** | **180,471** | **(18,588)** | **26,696** | **435,576** |

The notes on pages 50 to 67 form part of these financial statements

# Balance Sheet

| Notes | | 31 August 2023 £'000 | 31 August 2022 £'000 |
|---|---|---|---|
| | **Non current assets** | | |
| 10 | Investments held at fair value through profit or loss | 386,867 | 438,527 |
| | **Current assets** | | |
| 11 | Other receivables | 2,587 | 3,673 |
| | Cash and cash equivalents | 3,944 | 14,310 |
| | | **6,531** | **17,983** |
| | **Total assets** | **393,398** | **456,510** |
| | **Current liabilities** | | |
| 10 | Investments held at fair value through profit or loss – written options | (1,582) | (1,031) |
| 7(c) | Deferred taxation | (149) | (155) |
| 12(a) | Other payables | (1,444) | (2,542) |
| 12(b) | Bank loans | (28,191) | (17,206) |
| | | **(31,366)** | **(20,934)** |
| | **Net assets** | **362,032** | **435,576** |
| | **Equity attributable to equity shareholders** | | |
| 14 | Stated share capital | 268,038 | 246,997 |
| 15 | Distributable reserve | 180,471 | 180,471 |
| | Retained earnings: | | |
| 16 | Capital reserves | (108,047) | (18,588) |
| | Revenue reserves | 21,570 | 26,696 |
| | **Total equity** | **362,032** | **435,576** |
| 17 | Net asset value per ordinary share | **222.12p** | **281.11p** |

The financial statements on pages 46 to 67 were approved by the Board of Directors on 29 November 2023 and were signed on its behalf by:

Ronald Gould
Chairman

The notes on pages 50 to 67 form part of these financial statements

# Statement of Cash Flows

| Notes | | Year ended 31 August 2023 £'000 | Year ended 31 August 2022 £'000 |
|---|---|---|---|
| | **Cash flows from operating activities** | | |
| | (Loss)/profit before taxation | (52,353) | 11,535 |
| | Add back finance costs payable | 1,532 | 400 |
| 10 | Losses on investments held at fair value through profit or loss | 87,446 | 22,592 |
| | Withholding tax on investment income | (3,727) | (3,662) |
| | Net foreign exchange (profit)/loss excluding foreign exchange losses on investments | (318) | 4,552 |
| | Decrease in prepayments and accrued income | 839 | 1,876 |
| | Decrease/(increase) in amounts due from brokers | 37 | (37) |
| | Decrease in other payables | (1,064) | (435) |
| | **Net cash inflow from operating activities** | **32,392** | **36,821** |
| | **Cash flows from investing activities** | | |
| 10 | Sales of investments | 348,721 | 449,586 |
| 10 | Purchases of investments | (383,956) | (447,589) |
| | **Net cash (outflow)/inflow from investing activities** | **(35,235)** | **1,997** |
| | **Cash flow from financing activities** | | |
| | Loan drawdown | 211,162 | 88,078 |
| | Loan repayment | (199,302) | (100,658) |
| 9 | Equity dividends paid | (38,345) | (36,067) |
| 14 | Share issue proceeds | 21,083 | 11,064 |
| 14 | Share issue costs | (42) | (22) |
| | Interest paid | (1,522) | (376) |
| | **Net cash outflow from financing activities** | **(6,966)** | **(37,981)** |
| | **(Decrease)/increase in cash and cash equivalents** | **(9,809)** | **837** |
| | Cash and cash equivalents at the start of the year | 14,310 | 13,693 |
| | Exchange movements | (557) | (220) |
| | **Cash and cash equivalents at the end of the year** | **3,944** | **14,310** |

The notes on pages 50 to 67 form part of these financial statements

# Notes to the Financial Statements

## 1 General information

The entity is a closed end company, registered as a no par value company under the Companies (Jersey) Law 1991, with its shares listed on the London and New Zealand stock exchanges. The Company's registered office is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP and its principal place of business is 201 Bishopsgate, London EC2M 3AE.

The Company was incorporated on 6 November 2006.

## 2 Accounting policies

### a) Basis of preparation

The Company's financial statements for the year ended 31 August 2023 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'). These comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ('IASC') that remain in effect, to the extent that IFRS have been adopted by the European Union.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of financial assets and liabilities designated as held at fair value through profit and loss.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted are set out below. 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') in July 2022 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 although they have had no material impact on the financial statements:

Amendments to IFRS as adopted by the E.U. Pronouncements issued and effective for current year end:

| | | Effective for annual periods beginning on or after |
|---|---|---|
| IFRS 9 amendments (Annual Improvements 2018-2020) | Clarification over de-recognition of financial liabilities | 1 January 2022 |

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

| | | Effective for annual periods beginning on or after |
|---|---|---|
| IAS 1 Amendments | Disclosure of Accounting Policies | 1 January 2023 |
| IAS 8 Amendments | Definition of Accounting Estimates | 1 January 2023 |
| IAS 12 Amendments | Deferred Tax and OECD Pillar 2 Taxes | 1 January 2023 |
| IAS 12 Amendments | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| IAS 1 Amendments | Classification of Liabilities as Current or Non-Current | 1 January 2024 |
| IAS 1 Amendments | Non-current Liabilities with Covenants | 1 January 2024 |

### b) Going concern

Notwithstanding the net current liability position at 31 August 2023, the directors have determined that it is appropriate to prepare the financial statements on a going concern basis and have concluded 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 considered the nature of the portfolio, which consists almost entirely of securities which are listed and regularly traded on recognised exchanges, the size of the Company's bank facility and the strength of its distributable reserves. The directors have reviewed cash flow forecasting, covenant compliance for the loan facility, the ability to make repayments on this facility and the liquidity of the portfolio. They have further considered the global economic and geopolitical environment including the repercussions of the Covid-19 pandemic, ongoing tensions between China and the US, as well as the war in Ukraine and recent conflict in the Middle East, the impact of these on supply chains and the possible impact of climate change risk on the value of the portfolio.

# Notes to the Financial Statements (continued)

## 2 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. Financial assets are recognised/de-recognised at the trade date of the purchase/disposal. The fair value of the financial assets is based on their quoted bid price at the Balance Sheet date, without deduction of the estimated future selling costs. The fair value of option contracts is determined by reference to the Black-Scholes model.

A financial asset is de-recognised when the contractual rights to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows in the transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. Sale proceeds are recognised net of any transaction costs.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal, including exchange gains and losses, are recognised in the Statement of Comprehensive Income as 'Gains or losses on investments held at fair value through profit or loss'. Also included within 'Gains or losses on investments held at fair value through profit or loss' are transaction costs in relation to the purchase or sale of investments.

### d) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment 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.

### e) Income

Dividends receivable on equity shares are recognised as revenue for the period on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Bank interest is accounted for on an accruals basis. Option premium income is recognised upon the trade date of the option contracts.

### f) Expenses

All administration expenses, including the management fee and finance costs are accounted for on an accruals basis. On the basis of the Board's expected long term split of returns equally between capital gains and income, the Company charges 50% of operating expenses to capital. 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.

### g) Taxation

The tax expense represents a current tax and deferred tax charge.

The current tax charge is based on the taxable profit for the year. 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 liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 s.1158 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.

# Notes to the Financial Statements (continued)

## 2 Accounting policies (continued)

### h) Foreign currency

For the purposes of the financial statements, the results and financial position of the Company is expressed in sterling, which is the functional 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. The Company is a closed end investment company, incorporated in Jersey, with its shares listed on the London and New Zealand stock exchanges. Sterling is the currency in which the majority of the costs of the Company are incurred, capital is raised and dividends are paid.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities denominated in overseas currencies at the Balance Sheet date are translated into sterling at the exchange rates ruling at that date. Exchange gains and losses on investments held at fair value through profit or loss are included in 'Gains or losses on investments held at fair value through profit or loss'. Exchange gains and losses on other balances are disclosed separately in the Statement of Comprehensive Income.

### i) Cash and cash equivalents

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

### j) Bank loans

Interest-bearing bank loans are recorded as the proceeds are received net of direct issue costs, which approximates fair value. Loans are subsequently carried at amortised cost. The Company de-recognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### k) Amounts due to/from brokers

Amounts due to or from brokers are accounted for at the value of the outstanding trades at the year end.

### l) Segmental reporting

Under IFRS 8, operating segments are considered to be the components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision-maker ('CODM') being the investment manager with oversight from the Board in deciding how to allocate resources and in assessing performance. The financial information reported to the CODM is based on IFRS. Therefore no reconciliation between the financial statements and operating segment financial information has been presented. The directors meet regularly to consider investment strategy and to monitor the Company's performance. The Fund Managers attend all Board meetings at which investment strategy and performance are discussed. The directors consider that the Company is organised as one operating segment which invests in equity securities, debt instruments and related derivatives. All of the Company's activities are interrelated and each activity is dependent on the others.

The business is not managed on a geographical basis, however, for the convenience of investors, disclosure by country exposure has been provided in note 3. Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

The Company is not exposed to a single investment that generates revenue greater than 10% of total revenue (2022: nil).

### m) Share issue costs

Issue costs incurred in respect of new ordinary shares issued are offset against the proceeds received and dealt with in stated share capital.

### n) Dividends payable to shareholders

Interim dividends payable to shareholders are recognised in the financial statements when they are paid. Dividends are recorded in the Statement of Changes in Equity. Dividends can be paid from the distributable reserve, the capital reserve arising on revaluation of investments and the revenue reserve.

# Notes to the Financial Statements (continued)

## 2 Accounting policies (continued)

### o) Capital and reserves

**Capital reserve**

The following are accounted for in this reserve:
– gains and losses on the disposals of investments;
– expenses and finance costs allocated to capital;
– realised and unrealised foreign exchange differences of a capital nature; and
– increases and decreases in the valuation of investments held at the year end.

**Revenue reserve**

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

**Distributable reserve**

The distributable reserve represents the net proceeds from the issue of 77,622,619 shares in the Company on 15 December 2006 and was established following the confirmation by the Royal Court of Jersey of the reduction of the Company's Capital account on 23 January 2007. Further detail is set out in note 15.

**Stated share capital**

The stated share capital represents the net proceeds from the issue of ordinary shares.

### p) 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. In respect of special dividends, the accounting treatment as a revenue or capital return is assessed depending on the facts of each individual case.

### q) Additional estimate disclosures

The obligations relating to the options valued at £1,582,000 (2022: £1,031,000) are valued by reference to the Black-Scholes model. The position in China Forestry was written down to zero value (cost: £5,507,000) following a missed coupon payment, delayed publication of annual report and accounts and resignation of Chief Financial Officer and Company Secretary in June 2014. In the Board's opinion it is still appropriate to value this investment at nil at 31 August 2023 (2022: same).

## 3 Investment income

| | **2023 £'000** | 2022 £'000 |
|---|---|---|
| Overseas investment income | 37,304 | 40,570 |
| Stock dividends | 27 | 76 |
| | **37,331** | **40,646** |
| **Analysis of investment income by geography:** | | |
| Australia | 6,154 | 7,966 |
| China | 10,561 | 13,571 |
| Hong Kong | 2,653 | 2,899 |
| India | 347 | 972 |
| Indonesia | 2,271 | 547 |
| Japan | 181 | – |
| New Zealand | 579 | 907 |
| Singapore | 2,583 | 1,722 |
| South Korea | 5,488 | 3,759 |
| Taiwan | 5,351 | 6,926 |
| Thailand | 836 | 1,016 |
| Vietnam | 327 | 361 |
| | **37,331** | **40,646** |

All of the above income is derived from equity related investments.

# Notes to the Financial Statements (continued)

## 4 Other income

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Bank and other interest | 68 | 3 |
| Option premium income | 2,869 | 2,922 |
| | **2,937** | **2,925** |

## 5 Other expenses

| | 2023 Revenue return £'000 | 2023 Capital return £'000 | 2023 Total return £'000 | 2022 Revenue return £'000 | 2022 Capital return £'000 | 2022 Total return £'000 |
|---|---|---|---|---|---|---|
| Directors' fees (see the Directors' Remuneration Report on page 35) | 84 | 84 | 168 | 91 | 92 | 183 |
| Auditors' remuneration | | | | | | |
| – statutory audit | 32 | 31 | 63 | 29 | 29 | 58 |
| Bank and custody charges | 109 | 110 | 219 | 142 | 142 | 284 |
| Loan arrangement and non-utilisation fees | 69 | 69 | 138 | 80 | 80 | 160 |
| Marketing fees[1] | 39 | 39 | 78 | 81 | 81 | 162 |
| Registrar's fees | 30 | 30 | 60 | 21 | 20 | 41 |
| Depositary fees | 10 | 10 | 20 | 10 | 10 | 20 |
| Printing and stationery | 11 | 12 | 23 | 12 | 12 | 24 |
| Broker fees | 10 | 9 | 19 | 9 | 9 | 18 |
| AIC subscriptions | 10 | 11 | 21 | 10 | 11 | 21 |
| Stock Exchange fees | 26 | 26 | 52 | 26 | 26 | 52 |
| Other expenses | 95 | 93 | 188 | 56 | 55 | 111 |
| | **525** | **524** | **1,049** | **567** | **567** | **1,134** |

[1] Payable to Janus Henderson

## 6 Finance costs

| | 2023 Revenue return £'000 | 2023 Capital return £'000 | 2023 Total return £'000 | 2022 Revenue return £'000 | 2022 Capital return £'000 | 2022 Total return £'000 |
|---|---|---|---|---|---|---|
| Bank loans | **766** | **766** | **1,532** | **200** | **200** | **400** |

## 7 Taxation

### a) Analysis of the charge/(credit) for the year

| | 2023 Revenue return £'000 | 2023 Capital return £'000 | 2023 Total return £'000 | 2022 Revenue return £'000 | 2022 Capital return £'000 | 2022 Total return £'000 |
|---|---|---|---|---|---|---|
| Corporation tax | 12 | – | 12 | 109 | – | 109 |
| Double tax relief | (12) | – | (12) | (109) | – | (109) |
| Tax relief from capital | 415 | (415) | – | 465 | (465) | – |
| Overseas withholding tax | 3,893 | – | 3,893 | 3,481 | 20 | 3,501 |
| **Total current tax charge/(credit) for the year** | **4,308** | **(415)** | **3,893** | **3,946** | **(445)** | **3,501** |
| | | | | | | |
| Deferred tax | (6) | – | (6) | 77 | – | 77 |
| **Total deferred tax charge/(credit) for the year (see note 7c)** | **(6)** | **–** | **(6)** | **77** | **–** | **77** |
| | | | | | | |
| **Total tax charge/(credit) for the year (see note 7b)** | **4,302** | **(415)** | **3,887** | **4,023** | **(445)** | **3,578** |

# Notes to the Financial Statements (continued)

## 7 Taxation (continued)

### b) Factors affecting the tax charge/(credit) for the year

The UK corporation tax rate is 25% (2023 – effective rate of 21.5%). The tax charge/(credit) for the year is different from the corporation tax rate.

The differences are explained below:

| | 2023 Revenue return £'000 | 2023 Capital return £'000 | 2023 Total return £'000 | 2022 Revenue return £'000 | 2022 Capital return £'000 | 2022 Total return £'000 |
|---|---|---|---|---|---|---|
| Profit/(loss) before taxation | 37,521 | (89,874) | (52,353) | 41,125 | (29,590) | 11,535 |
| Corporation tax at effective rate 21.5% (2022: 19%) | 8,067 | (19,323) | (11,256) | 7,814 | (5,622) | 2,192 |
| Effects of: | | | | | | |
| Non-taxable gains less losses on investments held at fair value through profit or loss | – | 18,801 | 18,801 | – | 4,292 | 4,292 |
| Non-taxable overseas dividends | (7,535) | – | (7,535) | (7,134) | – | (7,134) |
| Currency (gains)/losses | – | (67) | (67) | – | 866 | 866 |
| Overseas tax | 3,893 | – | 3,893 | 3,481 | 21 | 3,502 |
| Excess management expenses | (520) | 591 | 71 | (570) | 465 | (105) |
| Other non-taxable income | – | (2) | (2) | – | (2) | (2) |
| Tax relief from capital | 415 | (415) | – | 465 | (465) | – |
| Double tax relief | 4 | – | 4 | (138) | – | (138) |
| Effect of income taxable in different periods | (22) | – | (22) | 105 | – | 105 |
| **Total tax charge/(credit) for the year (see note 7 a)** | **4,302** | **(415)** | **3,887** | **4,023** | **(445)** | **3,578** |

### c) Deferred taxation

| | 2023 Revenue return £'000 | 2023 Capital return £'000 | 2023 Total return £'000 | 2022 Revenue return £'000 | 2022 Capital return £'000 | 2022 Total return £'000 |
|---|---|---|---|---|---|---|
| Liability at start of the year | 155 | – | 155 | 78 | – | 78 |
| Deferred tax (credit)/charge for the year | (6) | – | (6) | 77 | – | 77 |
| **Liability at end of the year** | **149** | **–** | **149** | **155** | **–** | **155** |

With effect from 1 April 2023 the corporation rates increased from 19% to 25% for the calculation of deferred taxation.

### d) Provision for deferred taxation

As at 31 August 2023, the Company has recognised a deferred tax liability of £149,000 (2022: £155,000) due to timing differences of taxable accrued income. It has been calculated using the standard rate of corporation tax applicable of 25% (2022: 19%).

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items due to its status as an investment trust, which it intends to maintain for the foreseeable future.

# Notes to the Financial Statements (continued)

## 8 Earnings/(losses) per ordinary share

The earnings/(losses) per ordinary share figure is based on the net loss for the year of £56,240,000 (2022: profit £7,957,000) and on the weighted average number of ordinary shares in issue during the year of 158,745,879 (2022: 152,008,180).

The earnings/(losses) per ordinary share figure can be further analysed between revenue and capital, as below:

| | **2023 £'000** | 2022 £'000 |
|---|---|---|
| Revenue profit attributable to ordinary shares | 33,219 | 37,102 |
| Capital loss attributable to ordinary shares | (89,459) | (29,145) |
| **(Loss)/profit attributable to ordinary shares** | **(56,240)** | **7,957** |
| Weighted average number of ordinary shares in issue during the year | 158,745,879 | 152,008,180 |

| | **2023 Pence** | 2022 Pence |
|---|---|---|
| Revenue earnings per ordinary share | 20.92 | 24.41 |
| Capital losses per ordinary share | (56.35) | (19.18) |
| **Total (loss)/earnings per ordinary share** | **(35.43)** | **5.23** |

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

| **Dividends** | **Record Date** | **Pay Date** | **2023 £'000** | 2022 £'000 |
|---|---|---|---|---|
| Fourth interim dividend 5.90p for the year ended 2021 | 29 October 2021 | 26 November 2021 | – | 8,914 |
| First interim dividend 5.90p for the year ended 2022 | 28 January 2022 | 25 February 2022 | – | 8,931 |
| Second interim dividend 5.90p for the year ended 2022 | 29 April 2022 | 27 May 2022 | – | 8,943 |
| Third interim dividend 6.00p for the year ended 2022 | 29 July 2022 | 26 August 2022 | – | 9,279 |
| Fourth interim dividend 6.00p for the year ended 2022 | 28 October 2022 | 25 November 2022 | 9,319 | – |
| First interim dividend 6.00p for the year ended 2023 | 27 January 2023 | 24 February 2023 | 9,461 | – |
| Second interim dividend 6.00p for the year ended 2023 | 28 April 2023 | 26 May 2023 | 9,650 | – |
| Third interim dividend 6.10p for the year ended 2023 | 28 July 2023 | 25 August 2023 | 9,915 | – |
| | | | **38,345** | **36,067** |

The fourth interim dividend for the year ended 31 August 2023 has not been included as a liability in these financial statements as it was announced and paid after the year end. The table which follows sets out the total dividends paid and to be paid in respect of the financial year and the previous year. The revenue available for distribution by way of dividend for the year is £33,219,000 (2022: £37,102,000).

The total dividends payable in respect of the financial year which form the basis of s.1158 of the Corporation Tax Act 2010 are set out below:

| | **2023 £'000** | 2022 £'000 |
|---|---|---|
| Revenue available for distribution by way of dividend for the year | 33,219 | 37,102 |
| First interim dividend of 6.00p (2022: 5.90p) paid 24 February 2023 (25 February 2022) | (9,461) | (8,931) |
| Second interim dividend of 6.00p (2022: 5.90p) paid 26 May 2023 (27 May 2022) | (9,650) | (8,943) |
| Third interim dividend of 6.10p (2022: 6.00p) paid 25 August 2023 (26 August 2022) | (9,915) | (9,279) |
| Fourth interim dividend for the year ended 31 August 2023 of 6.10p (2022: 6.00p) (based on 162,988,564 shares in issue at 24 November 2023) (2022: 155,323,564) | (9,942) | (9,319) |
| **(Transfer from reserves)/undistributed revenue for s.1158 purposes** | **(5,749)** | **630** |

# Notes to the Financial Statements (continued)

## 10 Investments held at fair value through profit or loss

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Cost at beginning of year | 388,815 | 411,879 |
| Investment holding gain at the beginning of the year | 48,681 | 50,206 |
| **Valuation of investments and options written at the beginning of the year** | **437,496** | **462,085** |
| Movements in the year: | | |
| Purchases at cost | 383,956 | 447,589 |
| Sales – proceeds | (348,721) | (449,586) |
| – realised losses on sales | (23,149) | (21,067) |
| Decrease in investment holding gains | (64,297) | (1,525) |
| **Closing value of investments and options written at the end of the year** | **385,285** | **437,496** |
| Cost at the end of the year | 400,901 | 388,815 |
| Investment holding (loss)/gain | (15,616) | 48,681 |
| **Closing value of investments and options written at the end of the year** | **385,285** | **437,496** |

Total investments:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Investments held at fair value through profit or loss | 386,867 | 438,527 |
| Written options | (1,582) | (1,031) |
| | **385,285** | **437,496** |

The Company received £348,721,000 (2022: £449,586,000 ) from investments sold in the year. The book cost of these investments when they were purchased was £371,870,000 (2022: £470,653,000). 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.

There is one unquoted investment, China Forestry, which was written down to zero value in 2014.

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| **Losses on investments held at fair value** | | |
| Realised losses on sales of investments | (23,149) | (21,067) |
| Decrease in investment holding gains | (64,297) | (1,525) |
| | **(87,446)** | **(22,592)** |

### Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital reserve and are included within losses on investments held at fair value through profit or loss in the Statement of Comprehensive Income.

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Purchases | 526 | 584 |
| Sales | 643 | 943 |
| | **1,169** | **1,527** |

# Notes to the Financial Statements (continued)

## 11 Other receivables

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Withholding tax recoverable | 267 | 433 |
| Corporation tax recoverable | – | 44 |
| Prepayments and accrued income | 2,320 | 3,159 |
| Amounts due from brokers | – | 37 |
| | **2,587** | **3,673** |

## 12 Other payables

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| **a) Other payables** | | |
| Other payables | 1,444 | 2,542 |
| | **1,444** | **2,542** |

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| b) Bank loans (unsecured) | 28,191 | 17,206 |

The interest rates applicable to the loans is at a margin over SONIA, or its relevant currency equivalent, with the margin being 1% (2022: 0.85%) per annum. Further detail on the bank loan is provided in note 13.2.

The loan agreement with SMBC Bank International plc provides that net asset value will not be less than £150,000,000 throughout the year and consolidated gross borrowings will not exceed 30%. The Company may not deliver a Utilisation Request if, as a result of the proposed utilisation, more than twelve loans would be outstanding. The conditions of the loan agreement were met throughout the year.

## 13 Risk management policies and procedures

As an investment company, the Company invests in equities and other investments for the medium to long term so as to secure its investment objectives as stated in the Strategic Report. In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks, market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of these risks, are set out below.

The Board and JHI co-ordinate the Company's risk management and there are various risk management systems in place.

The Board determines the objectives, policies and processes for managing the risks, and these are set out overleaf under the relevant risk category. The policies for the management of risk have not changed from the previous accounting period.

### 13.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises market price risk (see note 13.1.1), currency risk (see note 13.1.2) and interest rate risk (see note 13.1.3). The investment manager 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.

# Notes to the Financial Statements (continued)

## 13 Risk management policies and procedures (continued)

### 13.1.1 Market price risk

Market price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of the quoted investments.

#### Management of the risk

When appropriate, the Company may buy or sell put or call options on indices and on equity investments in its portfolio to manage its exposure to price risk or to generate income. The Board manages the risks inherent in the investment portfolio by full and timely review of relevant information from the investment manager. Investment performance is reviewed at each Board meeting. The Board monitors the investment manager's compliance with the Company's investment limits and restrictions.

The Company's exposure to changes in market prices at 31 August 2023 on its investments amounted to £386,867,000 (2022: £438,527,000) and £1,582,000 (2022: £1,031,000) in respect of liabilities on option derivatives.

#### Concentration of exposure to market price risks

A geographical analysis of the Company's investment portfolio is shown on page 10. 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.

#### Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and total equity at the year end to an increase or decrease of 10% (2022: 10%) in the fair values of the Company's investments. This level of change is considered to be possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at each Balance Sheet date, with all other variables held constant.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Increase in fair value £'000** | **Decrease in fair value £'000** | Increase in fair value £'000 | Decrease in fair value £'000 |
| Statement of Comprehensive Income – profit/(loss) after tax | | | | |
| Revenue return | (144) | 144 | (164) | 164 |
| Capital return | 38,385 | (38,385) | 43,586 | (43,586) |
| **Impact on total return after tax for the year and shareholders' funds** | **38,241** | **(38,241)** | **43,422** | **(43,422)** |

### 13.1.2 Currency risk

The majority of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.

#### Management of the risk

The investment manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. The investment manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Investment income denominated in foreign currencies is usually converted into US dollars or sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

# Notes to the Financial Statements (continued)

## 13 Risk management policies and procedures (continued)

### 13.1.2 Currency risk (continued)

#### Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure as at 31 August 2023 and 2022 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure. Exposure to other currencies in the table below includes the Indonesian rupiah, Indian rupee, Japanese yen, New Zealand dollar and Thai baht.

| **2023** | **AUS$ £'000** | **TW$ £'000** | **KRW £'000** | **CNY £'000** | **HK$ £'000** | **S$ £'000** | **US$ £'000** | **Other £'000** |
|---|---|---|---|---|---|---|---|---|
| Receivables (due from brokers, dividends and other income receivable) | 420 | 450 | – | 34 | 454 | 200 | 476 | 413 |
| Cash and cash equivalents | 56 | – | – | – | – | – | – | 163 |
| Payables (due to brokers, accruals and other creditors) | – | – | – | – | – | – | (40) | – |
| Bank loans | – | – | – | – | – | – | (28,191) | – |
| **Total foreign currency exposure on net monetary items** | **476** | **450** | **–** | **34** | **454** | **200** | **(27,755)** | **576** |
| Investments at fair value through profit or loss that are equities | 66,290 | 30,665 | 33,869 | 18,801 | 104,162 | 29,063 | 21,525 | 68,434 |
| **Total net foreign currency exposures** | **66,766** | **31,115** | **33,869** | **18,835** | **104,616** | **29,263** | **(6,230)** | **69,010** |

| 2022 | AUS$ £'000 | TW$ £'000 | KRW £'000 | CNY £'000 | HK$ £'000 | S$ £'000 | US$ £'000 | Other £'000 |
|---|---|---|---|---|---|---|---|---|
| Receivables (due from brokers, dividends and other income receivable) | 799 | 562 | – | – | 570 | 395 | – | 1,045 |
| Cash and cash equivalents | 150 | – | – | – | – | – | 1,651 | – |
| Payables (due to brokers, accruals and other creditors) | – | – | – | – | – | – | (29) | – |
| Bank loans | – | – | – | – | – | – | (17,206) | – |
| **Total foreign currency exposure on net monetary items** | **949** | **562** | **–** | **–** | **570** | **395** | **(15,584)** | **1,045** |
| Investments at fair value through profit or loss that are equities | 106,245 | 28,639 | 48,267 | – | 115,862 | 44,865 | 22,493 | 57,032 |
| **Total net foreign currency exposures** | **107,194** | **29,201** | **48,267** | **–** | **116,432** | **45,260** | **6,909** | **58,077** |

The above amounts are not necessarily representative of the exposure to risk during the year as levels of monetary foreign currency exposure may have changed significantly throughout the year.

#### Foreign currency sensitivity

The following table illustrates the sensitivity of the profit/(loss) return after tax for the year and the net assets in regard to movements in the Company's foreign currency financial assets, financial liabilities and income caused by changes in the exchange rates (+/-10%) for sterling against each currency set out in the table on the next page.

These percentages are deemed reasonable based on the average market volatility in exchange rates in recent years. The sensitivity analysis is based on the Company's financial assets and financial liabilities held at each Balance Sheet date. Whilst some exchange rates may have been more volatile in the twelve months prior to the Balance Sheet date, a 10% movement is deemed reasonable based on longer term volatility and market conditions at the Balance Sheet date. Higher sensitivity levels for each currency can be extrapolated from the 10% level that is shown in the table on the next page.

# Notes to the Financial Statements (continued)

## 13 Risk management policies and procedures (continued)

### 13.1.2 Currency risk (continued)

If sterling had depreciated against the currencies shown, the impact on total return and net assets would have been as follows:

| 2023 | AUS$ £'000 | TW$ £'000 | KRW £'000 | CNY £'000 | HK$ £'000 | S$ £'000 | US$ £'000 | Other £'000 |
|---|---|---|---|---|---|---|---|---|
| Statement of Comprehensive Income – | | | | | | | | |
| Revenue return | 224 | 398 | 365 | 437 | 727 | 258 | 451 | 383 |
| Capital return | 7,337 | 3,392 | 3,747 | 2,079 | 11,527 | 3,216 | 2,381 | 7,574 |
| **Total return after tax for the year** | **7,561** | **3,790** | **4,112** | **2,516** | **12,254** | **3,474** | **2,832** | **7,957** |

| 2022 | AUS$ £'000 | TW$ £'000 | KRW £'000 | CNY £'000 | HK$ £'000 | S$ £'000 | US$ £'000 | Other £'000 |
|---|---|---|---|---|---|---|---|---|
| Statement of Comprehensive Income – | | | | | | | | |
| Revenue return | 574 | 729 | 219 | 823 | 619 | 118 | 331 | 278 |
| Capital return | 11,758 | 3,167 | 5,342 | (3) | 12,823 | 4,966 | 2,488 | 6,312 |
| **Total return after tax for the year** | **12,332** | **3,896** | **5,561** | **820** | **13,442** | **5,084** | **2,819** | **6,590** |

If sterling had appreciated against the currencies shown, the impact on total return and net assets would have been as follows:

| 2023 | AUS$ £'000 | TW$ £'000 | KRW £'000 | CNY £'000 | HK$ £'000 | S$ £'000 | US$ £'000 | Other £'000 |
|---|---|---|---|---|---|---|---|---|
| Statement of Comprehensive Income – | | | | | | | | |
| Revenue return | (229) | (401) | (368) | (439) | (735) | (260) | (453) | (388) |
| Capital return | (6,002) | (2,776) | (3,066) | (1,701) | (9,430) | (2,631) | (1,948) | (6,197) |
| **Total return after tax for the year** | **(6,231)** | **(3,177)** | **(3,434)** | **(2,140)** | **(10,165)** | **(2,891)** | **(2,401)** | **(6,585)** |

| 2022 | AUS$ £'000 | TW$ £'000 | KRW £'000 | CNY £'000 | HK$ £'000 | S$ £'000 | US$ £'000 | Other £'000 |
|---|---|---|---|---|---|---|---|---|
| Statement of Comprehensive Income – | | | | | | | | |
| Revenue return | (582) | (731) | (222) | (823) | (628) | (121) | (333) | (282) |
| Capital return | (9,620) | (2,591) | (4,370) | 3 | (10,491) | (4,063) | (2,036) | (5,164) |
| **Total return after tax for the year** | **(10,202)** | **(3,322)** | **(4,592)** | **(820)** | **(11,119)** | **(4,184)** | **(2,369)** | **(5,446)** |

### 13.1.3 Interest rate risk

Interest rate movements may affect the level of interest receivable from cash at bank and on deposit, and the interest payable on the Company's short term borrowings.

**Management of the risk**

The majority of the Company's financial assets are non-interest bearing. As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The Company finances part of its activities through borrowings at levels approved and monitored by the Board.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

**Interest rate exposure**

The exposure at 31 August 2023 of financial assets can be found on the Balance Sheet under the heading 'Cash and cash equivalents' and the financial liabilities exposure to interest rate risk to floating interest rates is shown under note 12(b).

The Company does not have any fixed interest rate exposure.

Interest received on cash balances, or paid on bank loans, is at a margin over SONIA or its foreign currency equivalent (2022: SONIA).

The year-end amounts are not representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made, borrowings are drawn down and repaid, and the mix of borrowings subject to floating or to fixed interest rates changes.

# Notes to the Financial Statements (continued)

## 13 Risk management policies and procedures (continued)

### 13.1.3 Interest rate risk (continued)

**Interest rate sensitivity**

Based on the Company's financial instruments at each Balance Sheet date, an increase or decrease of 100 basis points in interest rates would decrease or increase revenue return after tax by £102,000 (2022: £57,000), capital return after tax by £141,000 (2022: £86,000), total profit after tax and shareholders' funds by £243,000 (2022: £29,000).

This level of change is considered to be reasonably possible based on changes that have been applied to interest rates and a reader of the financial statements can apply this to any future rate change. This is not representative of the year as a whole, since the exposure changes as investments are made. In the context of the Company's Balance Sheet, the outcome is not considered to be material.

### 13.2 Liquidity risk

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

**Management of the risk**

Liquidity risk is monitored by the investment manager on a daily basis to ensure that financial liabilities can be paid as they fall due. The majority of the Company's assets are investments in quoted securities that are readily realisable. The Company has an overdraft facility with the custodian the extent of which is determined by the custodian on a regular basis by reference to the value of the securities held by it on behalf of the Company. The overdraft facility was not drawn down at 31 August 2023.

The Company has a 24 month multi currency loan facility with SMBC Bank International plc in the amount of £50 million (2022: £50 million) of which £28,191,000 (2022: £17,206,000) was drawn down at the year-end. This facility is under regular review and unless renewed will expire on 20 August 2024.

The Board gives guidance to the investment manager as to the maximum amount of the Company's resources that should be invested in any one investment. The policy is that the Company should generally remain fully invested and that short term borrowings be used to manage short term cash requirements and also to take advantage of specific investment opportunities.

**Liquidity risk exposure**

The remaining contractual maturities of the financial liabilities at 31 August 2023 and 31 August 2022, based on the earliest date on which payment could be required was as follows:

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Due within 3 months £'000** | **Due between 3 months and one year £'000** | Due within 3 months £'000 | Due between 3 months and one year £'000 |
| Bank loans[1] | 28,231 | – | 17,206 | – |
| Written options[2] | 19,861 | – | 12,532 | – |
| Amounts due to brokers and accruals | 1,444 | – | 2,542 | – |
| | **49,536** | **–** | **32,280** | **–** |

1 Includes interest on loans payable to maturity date
2 Calculated as the contractual maturity value of the options

None of the items in the above table have been discounted due to the short term nature and immateriality of any such discount.

### 13.3 Credit risk

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

**Management of the risk**

Credit risk is managed as follows:

- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker; and
- cash at banks is held only with reputable banks with high quality external credit ratings and which are reviewed regularly by the investment manager's Credit Risk Committee.

There was £1,860,000 of cash in collateral accounts at 31 August 2023 (2022: £1,200,000). None of the other financial assets or liabilities of the Company are secured by collateral or other credit enhancements.

# Notes to the Financial Statements (continued)

## 13 Risk management policies and procedures (continued)

### 13.3 Credit risk (continued)

**Management of the risk (continued)**

The Company has not been materially exposed to credit risk throughout the year. In summary, the exposure to credit risk at 31 August 2023 was to cash and cash equivalents of £3,944,000 (2022: £14,310,000) and to other receivables of £2,493,000 (2022: £3,618,000).

The Company is also exposed to credit risk through the use of banks for its cash position. Bankruptcy or insolvency of banks may cause the Company's rights with respect to cash held by banks to be delayed or limited. The majority of the Company's cash balances are held by the custodian JPMorgan Morgan Chase Bank N.A. (Jersey branch). The directors believe this counterparty to be of high quality therefore the Company has minimal exposure to credit risk.

Outstanding settlements are subject to credit risk. Credit risk is mitigated by the Company through its decision to transact with counterparties of high credit quality. The Company only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default through settlement. The credit ratings of brokers are reviewed periodically by JHI, and limits are set on the amount that may be due from any one broker.

The Company has an ongoing contract with the custodian for the provision of custody services. Details of financial assets held in custody on behalf of the Company are received and reconciled monthly. The depositary has regulatory responsibilities relating to segregation and safe keeping of the Company's other assets, amongst other duties. The Board has direct access to the depositary and receives regular reports from it via the investment manager.

None of the Company's financial assets are past due and the expected credit loss within IFRS 9 for calculating impairment on such balances has not had a material impact on the Company.

### 13.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities, are either carried in the Balance Sheet at their fair value (investments and derivatives) or the Balance Sheet amount is a reasonable approximation of fair value (due from brokers, dividends and tax receivable, due to brokers, accruals, cash at bank and bank loans).

### 13.5 Fair value hierarchy disclosures

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

| **Financial assets and liabilities at fair value through profit or loss at 31 August 2023** | **Level 1 £'000** | **Level 2 £'000** | **Level 3[1] £'000** | **Total £'000** |
|---|---|---|---|---|
| Equity investments | 386,867 | – | – | 386,867 |
| OTC derivatives (options) | – | (1,582) | – | (1,582) |
| | **386,867** | **(1,582)** | **–** | **385,285** |

| Financial assets and liabilities at fair value through profit or loss at 31 August 2022 | Level 1 £'000 | Level 2 £'000 | Level 3[1] £'000 | Total £'000 |
|---|---|---|---|---|
| Equity investments | 438,527 | – | – | 438,527 |
| OTC derivatives (options) | – | (1,031) | – | (1,031) |
| | **438,527** | **(1,031)** | **–** | **437,496** |

1 Level 3 investments related to one holding of China Forestry, transferred into level 3 in 2012, written to zero market value during 2014 following a missed coupon payment, delayed publication of annual report and accounts and resignation of Chief Financial Officer and Company Secretary. This investment has continued to be held at zero value throughout 2022 and 2023

The table below sets out the OTC derivatives that were unsettled as at 31 August 2023.

| Description of open position | Nominal amount | Currency | Strike Price (Currency) |
|---|---|---|---|
| Alibaba Group Put Option (expiry 26/10/23) | 638,100 | HK$ | 89.0 |
| CITIC Securities Call Option (expiry 29/11/23) | 3,435,000 | HK$ | 16.6 |
| JD.com Put Option (expiry 08/11/23) | 383,000 | HK$ | 138.0 |
| Li-Ning Put Option (expiry 28/09/23) | 1,300,000 | HK$ | 39.9 |
| Pilbara Put Option (expiry 07/09/23) | 1,600,000 | AUS$ | 4.4 |

# Notes to the Financial Statements (continued)

## 13 Risk management policies and procedures (continued)

### 13.5 Fair value hierarchy disclosures (continued)

The table below sets out the OTC derivatives that were unsettled as at 31 August 2022.

| Description of open position | Nominal amount | Currency | Strike Price (Currency) |
|---|---|---|---|
| JD.com Call Option (expiry 28/09/22) | 202,000 | HK$ | 273.3 |
| Goodman Group Put Option (expiry 07/11/22) | 540,000 | AUS$ | 19.8 |
| Li-Ning Call Option (expiry 15/11/22) | 798,500 | HK$ | 75.9 |
| IGO Put Option (expiry 21/11/22) | 920,000 | AUS$ | 11.5 |

| Level 3 investments at fair value through profit or loss | **2023 £'000** | 2022 £'000 |
|---|---|---|
| **Opening and closing balance** | **–** | **–** |

The Company recognises transfers between levels of the fair value hierarchy at the half-year and year-end reporting period during which the change has occurred.

There have been no transfers between levels of the fair value hierarchy during the year ended 31 August 2023 and year ended 31 August 2022.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Company's holdings in over-the-counter options are included within Level 2.

Level 3 – inputs are unobservable inputs for the asset or liability. The valuation techniques used by the Company are explained in the accounting policies note on page 51.

### 13.6 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 maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The portfolio includes one unquoted investment, which was written down to zero fair value in 2014. The Company writes over-the-counter options resulting in a liability of £1,582,000 (2022: £1,031,000).

The Company's capital at 31 August 2023 comprises its equity share capital, reserves and bank debt that are shown in the Balance Sheet as a total of £390,223,000 (2022: £452,782,000).

The Board with the assistance of the investment manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the desirability of buying back shares for cancellation, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium);
- the opportunity for new issues of shares;
- the extent to which revenue should be retained; and
- the level of gearing.

The Company is subject to additional externally imposed capital requirements:

- under a multi currency loan facility the total net asset value should not be less than £150m and consolidated gross borrowings should not exceed 30%; and
- as a public company, the Company should have a minimum share capital of £50,000.

These requirements are materially unchanged since last year and were readily met by the Company throughout the year.

# Notes to the Financial Statements (continued)

## 14 Stated share capital

| | Authorised | 2023 Issued and fully paid | 2023 £'000 | 2022 Issued and fully paid | 2022 £'000 |
|---|---|---|---|---|---|
| Opening balance at 1 September | | | | | |
| Ordinary shares of no par value | Unlimited | 154,948,564 | 246,997 | 151,093,564 | 235,955 |
| Issued during the year | | 8,040,000 | 21,083 | 3,855,000 | 11,064 |
| Share issue costs | | – | (42) | – | (22) |
| **Closing balance at 31 August** | | **162,988,564** | **268,038** | **154,948,564** | **246,997** |

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. The Company has no significant or controlling shareholders.

During the year, the Company issued 8,040,000 (2022: 3,855,000) shares for the proceeds of £21,041,000 (2022: £11,042,000) net of costs.

## 15 Distributable reserve

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| **At 31 August** | 180,471 | 180,471 |

The Royal Court of Jersey confirmed the reduction of the capital account in the Company by an amount of £180,983,000 less issue costs of £512,000 on 23 January 2007 being the proceeds from the issue of 77,622,619 shares in the Company on 15 December 2006.

## 16 Capital reserves

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Start of the year | (18,588) | 10,557 |
| Foreign exchange profits/(losses) | 318 | (4,552) |
| Movement in investment holding gains | (64,297) | (1,525) |
| Realised losses on investments | (23,149) | (21,067) |
| Costs charged to capital | (2,331) | (2,001) |
| **At 31 August** | **(108,047)** | **(18,588)** |

The reserve reflects any gains or losses on investments realised in the period, together with any increases or decreases in the fair value of investments held that have been recognised in the Statement of Comprehensive Income.

# Notes to the Financial Statements (continued)

## 17 Net asset value per share

The basic net asset value per ordinary share and the net asset value attributable to ordinary shareholders at the year-end calculated in accordance with the articles of association were as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Net asset value per share pence** | **Net asset value attributable £'000** | Net asset value per share pence | Net asset value attributable £'000 |
| Ordinary shares | 222.12p | 362,032 | 281.11p | 435,576 |

The basic net asset value per ordinary share is based on 162,988,564 (2022: 154,948,564) ordinary shares, being the number of ordinary shares in issue. This is considered to be an alternative performance measure, please see pages 70 and 71 for further details.

The movements during the year in net assets attributable to the ordinary shares were as follows:

| | **2023 £'000** | 2022 £'000 |
|---|---|---|
| Net assets attributable to ordinary shares at beginning of year | 435,576 | 452,644 |
| Total net (loss)/profit after taxation | (56,240) | 7,957 |
| Dividends paid | (38,345) | (36,067) |
| Issue of ordinary shares net of issue costs | 21,041 | 11,042 |
| | **362,032** | **435,576** |

## 18 Contingent liabilities

There were no contingent liabilities as at 31 August 2023 (2022: £nil).

## 19 Transactions with the investment manager and directors

Under the terms of an agreement effective from 22 July 2014 the Company has appointed JHI to provide investment management, company secretarial, sales and marketing, and general administrative services.

Details of the fee arrangements for these services are given on page 16. The management fees payable to JHI under the agreement in respect of the year ended 31 August 2023 were £2,912,000 (2022: £3,358,000). The amount outstanding at 31 August 2023 was £1,164,000 (2022: £2,196,000).

In addition to the above services, JHI facilitates marketing activities with third parties which are recharged to the Company. Total amounts paid to Janus Henderson in respect of marketing, including VAT, for the period ended 31 August 2023 amounted to £78,000 (2022: £162,000). The amount outstanding at 31 August 2023 was £23,000 (2022: £111,000).

Fees paid to the directors are considered to be related party transactions. Details of the amounts paid are included in note 5 on page 54. These amounts do not include national insurance contributions on the directors' fees of £11,000 (2022: £13,000) which are included in other expenses. Directors' shareholdings are shown on page 34.

Henderson Global Investors (Holdings) Limited, a wholly owned subsidiary of JHI, is the registered holder of 3,000 shares in the Company.

## 20 Subsequent events

On 17 October 2023, the Company announced an interim dividend of 6.10p per ordinary share in respect of the year ended 31 August 2023. The dividend will be paid on 24 November 2023 to shareholders on the register at 27 October 2023. The shares will be quoted ex dividend on 26 October 2023.

# Notes to the Financial Statements (continued)

## 21 Reconciliation of net debt

The following tables show the movements during the year of net debt in the Balance Sheet:

| | Notes | At 1 September 2022 £'000 | Net cash flows £'000 | Foreign exchange movement £'000 | At 31 August 2023 £'000 |
|---|---|---|---|---|---|
| **Financing activities** | | | | | |
| Bank loans | 12(b) | 17,206 | 11,860 | (875) | 28,191 |
| | | **17,206** | **11,860** | **(875)** | **28,191** |
| **Non-financing activities** | | | | | |
| Cash and cash equivalents | | (14,310) | 9,809 | 557 | (3,944) |
| | | **(14,310)** | **9,809** | **557** | **(3,944)** |
| **Net debt** | | **2,896** | **21,669** | **(318)** | **24,247** |

| | Notes | At 1 September 2021 £'000 | Net cash flows £'000 | Foreign exchange movement £'000 | At 31 August 2022 £'000 |
|---|---|---|---|---|---|
| **Financing activities** | | | | | |
| Bank loans | 12(b) | 25,454 | (12,580) | 4,332 | 17,206 |
| | | **25,454** | **(12,580)** | **4,332** | **17,206** |
| **Non-financing activities** | | | | | |
| Cash and cash equivalents | | (13,693) | (837) | 220 | (14,310) |
| | | **(13,693)** | **(837)** | **220** | **(14,310)** |
| **Net debt** | | **11,761** | **(13,417)** | **4,552** | **2,896** |

The net cash flows for bank loans is the net amount of the Loan drawndown of £211,162,000 (2022: £88,078,000) and Loan repayment of £199,302,000 (2022: £100,658,000).

Interest paid on bank loans is included in the cash flow from financing activities in the Statement of Cash Flows.

# Additional Information

New Delhi, India

# Glossary

## Alternative Investment Fund Managers Directive (AIFMD)

Issued by the European Parliament and written into English legislation, 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). As the Company's AIFM intends to market itself in the EU, a depositary must be appointed to manage and oversee the operations of the investment vehicle. The Board retains responsibility for strategy, operations and compliance. The directors retain a fiduciary duty to all 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 relation to various matters which impact the regulation of such entities.

## Benchmark

An index against which performance is compared. The Company does not have a formal benchmark. It uses the FTSE All-World Asia Pacific ex Japan and MSCI AC Asia Pacific ex Japan High Dividend Yield indices (sterling adjusted) for comparison purposes only.

## Custodian

The custodian is responsible for ensuring the safe custody of the Company's assets and ensuring that all transactions in the underlying holdings are transacted in an accurate and timely manner.

## Depositary

From 22 July 2014 all AIFs including the Company, were required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping of other assets.

## Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security. The fluctuations in value are usually greater than the fluctuations in the underlying security's value therefore some derivatives are a form of gearing. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

## 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 registrars 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. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

## Investment companies

Investment companies are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments.

## Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers 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 or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buy back powers to assist the market liquidity in their shares.

## Market capitalisation (market cap)

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

# Alternative Performance Measures (unaudited)

The Company uses the following alternative performance measures ('APMs') throughout the annual report, financial statements and notes to the financial statements. 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.

## 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 | (Discount)/ premium to NAV % |
|---|---|---|---|
| At 31 August 2023 | 222.12 | 218.00 | (1.9) |
| At 31 August 2022 | 281.11 | 281.00 | 0.0 |

## 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 no gearing.

| | | 2023 | 2022 |
|---|---|---|---|
| Investments held at fair value through profit or loss (page 48) (£'000) | (A) | 385,285 | 437,496 |
| Net assets (page 48) (£'000) | (B) | 362,032 | 435,576 |
| Gearing (C = A/B -1) (%) | (C) | 6.4 | 0.4 |

## Net asset value (NAV) per ordinary share

The value of the Company's assets (i.e. investments (see note 10) and cash held (see Balance Sheet) less any liabilities (i.e. bank loans (see note 12b)) for which the Company is responsible divided by the number of shares in issue (see note 14). The aggregate NAV is also referred to as total equity in the Balance Sheet. The NAV per share is published daily and the year-end NAV can be found on page 48 and further information is available on page 66 in note 17 of the notes to the financial statements.

## Ongoing charge

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

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Management fees | 2,912 | 3,358 |
| Other administrative expenses (note 5) | 1,049 | 1,134 |
| Less: non-recurring expenses | (54) | (16) |
| **Ongoing charges** | **3,907** | **4,476** |
| **Average net assets[1]** | **401,926** | **441,580** |
| **Ongoing charges ratio** | **0.97%** | **1.01%** |

1 Calculated using the average daily net asset value

The ongoing costs provided in the Company's Key Investor Document ('KID') is calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs and look through to costs incurred by other investment trusts and funds that the Company invests in.

# Alternative Performance Measures (unaudited) (continued)

## Total Return

The total return on the share price or NAV takes into account both the rise and fall of NAVs/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). Dividends paid and payable are set out in note 9 on page 56.

| | NAV per share | Share price |
|---|---|---|
| NAV/Share price per share at 31 August 2022 (pence) | 281.11 | 281.00 |
| NAV/Share price per share at 31 August 2023 (pence) | 222.12 | 218.00 |
| Change in the year (%) | (21.0) | (22.4) |
| Impact of dividends reinvested (%) | 10.1 | 9.8 |
| **Total return for the year (%)** | **(13.0)** | **(14.8)** |

## Dividend per share

The dividend per share represents the total of the quarterly dividends paid or payable in respect of the financial year, irrespective of whether they are declared or paid during or after the financial year.

For the year ended 31 August 2023 this amounted to 24.20p per share. See note 9 on page 56 for further details of the dividends paid and payable.

## Dividend yield

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

| | | **31 August 2023** | 31 August 2022 |
|---|---|---|---|
| Annual dividend (pence) | (A) | 24.20 | 23.80 |
| Share price (pence) | (B) | 218.00 | 281.00 |
| Yield (C=A/B) (%) | (C) | 11.1 | 8.5 |

# General shareholder information

## AIFMD disclosures

In accordance with the Alternative Investment Fund Managers Directive (AIFMD), information in relation to the Company's leverage and remuneration of Janus Henderson, 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 called 'AIFMD Disclosures' which can be found on the Company's website.

## Key Investor Document

Information in relation to the Company's disclosures in accordance with the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation is contained in a 'Key Investor Document' which can be found on the Company's website.

## BACs

Dividends and interest can be paid to shareholders by means of BACS (Bankers Automated Clearing Systems). Mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar (the address is given on page 73) to give their instructions. These must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

## Common Reporting Standard (CRS)

Tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced with effect from 1 January 2016. The legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information must be submitted annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

## Equality Act

Copies of 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 Braille, audio tape or larger type as appropriate.

You can contact the registrar, Computershare Investor Services (Jersey) Limited, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0370 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People), enter 18001 followed by the number you wish to dial.

## Foreign Account Tax Compliance Act (FATCA)

FATCA is a United States federal law enacted in 2010 intended to enforce the requirement for United States persons (including those living outside the U.S.) to file yearly reports on their non-U.S. financial accounts. The Company makes an annual assessment, before the FATCA return is due, to determine whether the shares represent financial accounts. Where they do, US reportable accounts are notified to the local tax authority as required.

## General Data Protection Regulation (GDPR)

GDPR came into force on 25 May 2018. A privacy statement can be found on the website **www.janushenderson.com**.

## Non-mainstream pooled investments (NMPI) status

The Company currently conducts its affairs so that its ordinary shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA rules in relation to 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.

## ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

## Share price and NAV

Details of the Company's share price and NAV can be found on the website at: **www.hendersonfareastincome.com**. The Company's NAV is published daily and the market prices of the Company's shares can be found in the London Stock Exchange Daily Official List.

## Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar via **www.computershare.com**. Please note that to gain access to your details on the Computershare site you will need the shareholder reference number shown on your share certificate.

## New Zealand listing

The Company's shares are also listed on the New Zealand Stock Exchange so that New Zealand shareholders can trade their shares more easily and, in addition, receive dividends in New Zealand dollars. A New Zealand shareholder may transfer shares to the Auckland register by contacting the registrars in New Zealand, Computershare Investor Services Limited.

## Taxonomy regulation

Regulation (EU) 2020/852 establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company confirms that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

# Service providers

## Registered office
IFC1, The Esplanade, St. Helier
Jersey JE1 4BP

## Principal place of business
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

### Depositary
J.P. Morgan Trust Company (Jersey) Limited
4th Floor, Ensign House, 29 Seaton Place, St. Helier, Jersey
JE2 3QL

### Custodian
JP Morgan Chase Bank N.A. (Jersey branch)
4th Floor, Ensign House, 29 Seaton Place, St. Helier, Jersey
JE2 3QL

### Administrator
BNP Paribas S.A.
IFC1, The Esplanade, St. Helier, Jersey JE1 4BP
Telephone: 01534 813800

### UK brokers
Cavendish (formerly Cenkos Securities)
One Bartholomew Close
London EC1A 7BL

### Registrar
Computershare Investor Services (Jersey) Limited
13 Castle Street, St Helier, Jersey JE1 1ES
Telephone: 0370 707 4040
info@computershare.co.je

### New Zealand Registrar
Computershare Investor Services Limited
PO Box 92119, Auckland 1142, New Zealand
Telephone: (0064) 9 488 8777

## Independent auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

## Financial calendar

| | |
|---|---|
| Financial period end | 31 August |
| 4th Interim dividend | 24 November 2023 |
| Annual General Meeting | 24 January 2024 |
| 1st Interim dividend | 1 March 2024 |
| 2nd Interim dividend | 31 May 2024 |
| 3rd Interim dividend | 30 August 2024 |

Dividend dates refer to the payment date

## Information sources
For more information about Henderson Far East Income Limited, visit the website at **www.hendersonfareastincome.com**.

To receive regular insights on investment trusts from the investment manager, visit: **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 and 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 back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

## Nominee share code
Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

Henderson Far East Income Limited
Registered as an investment company in Jersey with registration number 95064
Registered office: IFC1, The Esplanade, St Helier, Jersey JE1 4BP
Principal place of business: 201 Bishopsgate, London, EC2M 3AE

Regulated by the Jersey Financial Services Commission

SEDOL/ISIN number: B1GXH75/JE00B1GXH751
London Stock Exchange (TIDM) code: HFEL
New Zealand Stock Exchange code: HFL
Global Intermediary Identification Number (GIIN): NTTIYP.99999.SL.832
Legal Entity Identifier (LEI): 2138008DIQREOD38O596

Telephone: **0800 832 832**
Email: **support@janushenderson.com**

**www.hendersonfareastincome.com**

MANAGED BY
Janus Henderson
INVESTORS

aic
The Association of
Investment Companies

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

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