Annual Report 2019

Henderson Far East Income Limited

MANAGED BY Janus Henderson INVESTORS

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.

Kuala Lumpur, Malaysia

Strategic Report

Governance

Financial Statements

Performance highlights at 31 August

NAV[1] total return for the year

2019
6.5%

2018
1.5%

Share price total return[2] for the year

2019
7.6%

2018
-0.6%

Dividend[3] for year

2019
22.40p

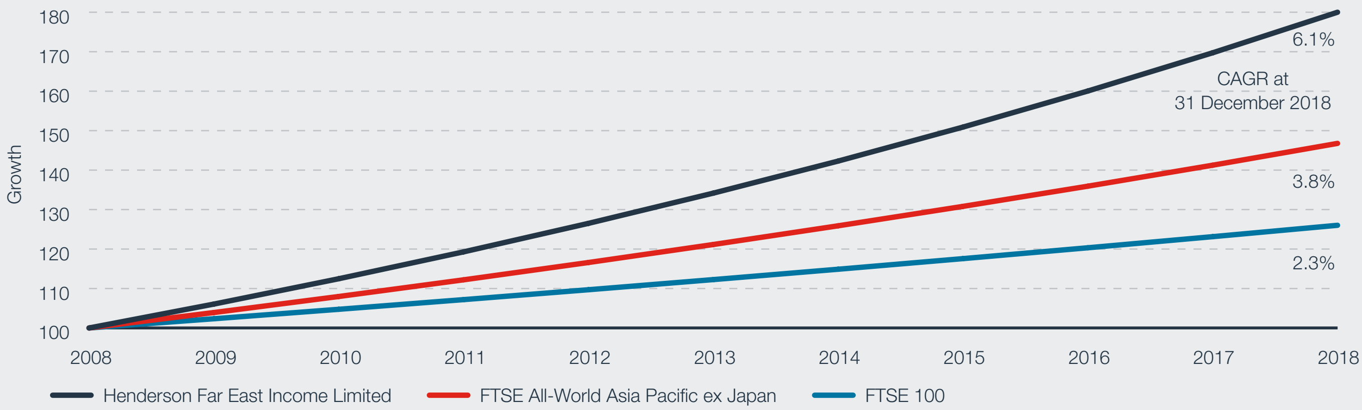
2018
21.60p

Dividend yield[4]

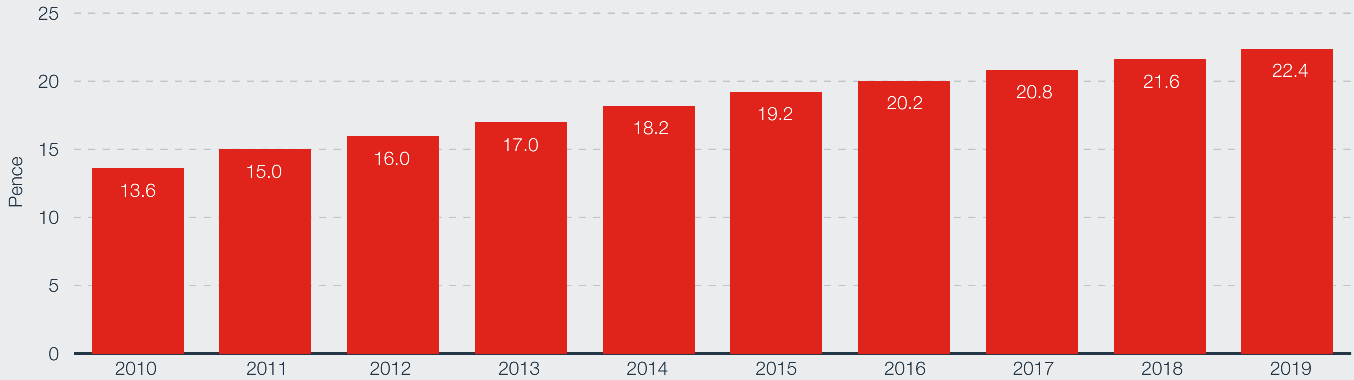
2019
6.2%

2018
6.1%

Compound annual dividend growth rate[5] (CAGR)



Dividends paid by the Company



1. Net Asset Value (NAV) total return including dividends reinvested
2. Share price total return using mid-market closing price (including dividends reinvested)
3. Interim dividends declared or paid in respect of the year ended 31 August 2019
4. Dividend yield based on the share price at the financial year end and the dividends paid and declared in respect of the year
5. Annual compound dividend growth rate for the Company, FTSE All-World Asia Pacific ex Japan Index (Sterling adjusted) and the FTSE 100 based on normalised ordinary dividends calculated by calendar year

Sources: Morningstar for the AIC, Janus Henderson, Datastream

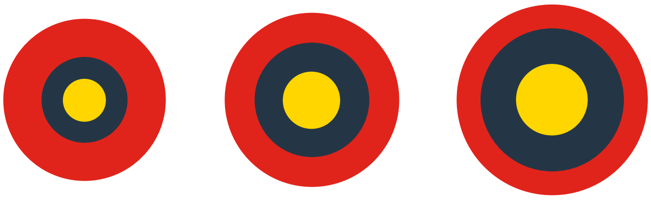
Global spotlight on Asia

The Population story

In 1950 the life expectancy in China was 40 years, by 2050 it will have risen to 80 years. The growing middle class population across the Asia Pacific region is set to drive continuing consumer demand.

GLOBAL POPULATION

Middle class in Asia increases from 28% to 66% of world middle class population



	2009	2020	2030
Global population	6.8 billion	7.7 billion	8.3 billion
Global middle class	1.8 billion	3.2 billion	4.9 billion
Asia Pacific middle class	0.5 billion	1.7 billion	3.2 billion

Global population Global middle class Asia Pacific middle class

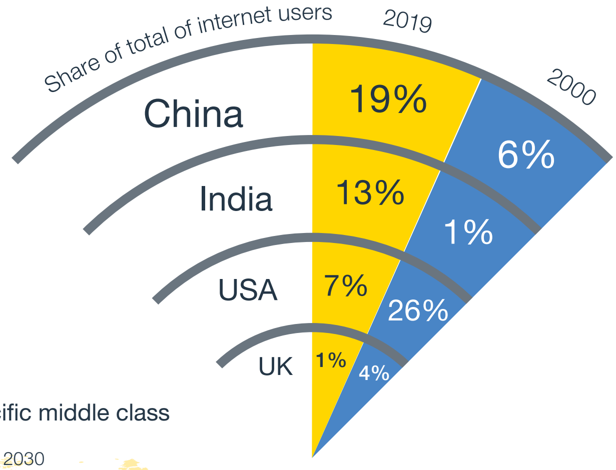
Asia Pacific share of world spending projected to increase from 23% in 2009 to 59% by 2030

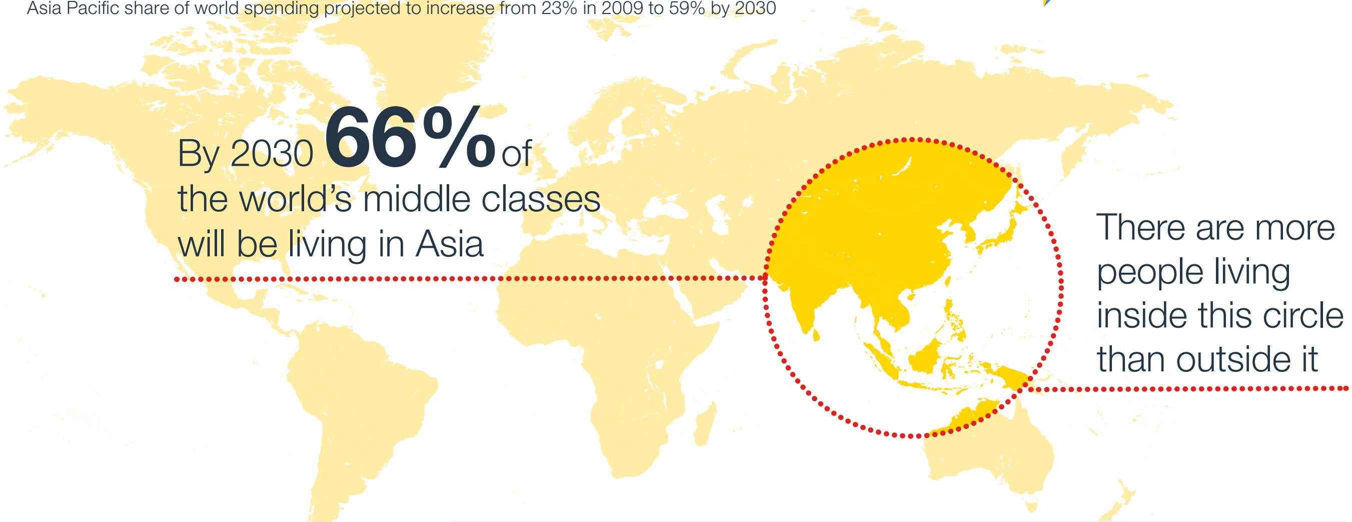
The Technology story

Technology has revolutionised virtually every industry in the economy and has significantly lowered the cost of doing business.

ASIA ACCOUNTS FOR 50%

of the world's total internet users





By 2030 **66%** of the world's middle classes will be living in Asia

There are more people living inside this circle than outside it

Only **9%** of the Chinese population have a passport

Compared to:

US: 42%

UK: 76%

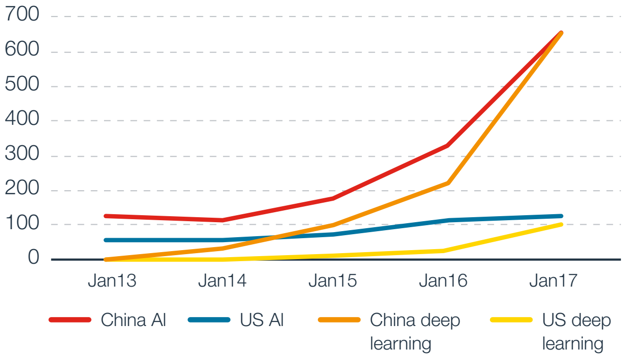
ASIA – A REGION POISED FOR MAJOR DISRUPTION

	INTERNET	SMARTPHONE	MOBILE PAYMENT
Population Asia **4.46b**	**2.02b users 45%**	**1.36b users 30%**	**689m users 15%**
Population USA 327m	292m users 89%	226m users 69%	48m users 15%

Sources: Ipsos, EPFR Global, Citi Research, as at 12 April 2018, Internetworldstats.com, Bloomberg, Frost and Sullivan Analysis, Bank of America Merill Lynch Global Research, CB Insights, The New Global Economy, seizing the Global Opportunity, World Bank Group: World Development Report 2009. H.Kharas (2010), 'The Emerging Middle Class in Developing Countries'. United Nations World Urbanisation Prospects

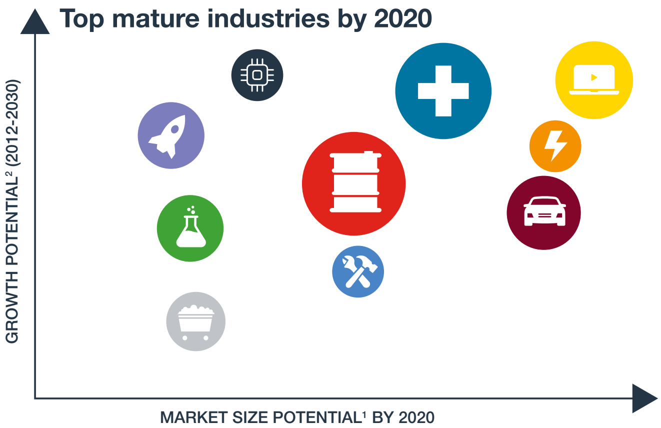
China is leading the way in new age technologies

Artificial Intelligence* related patent applications

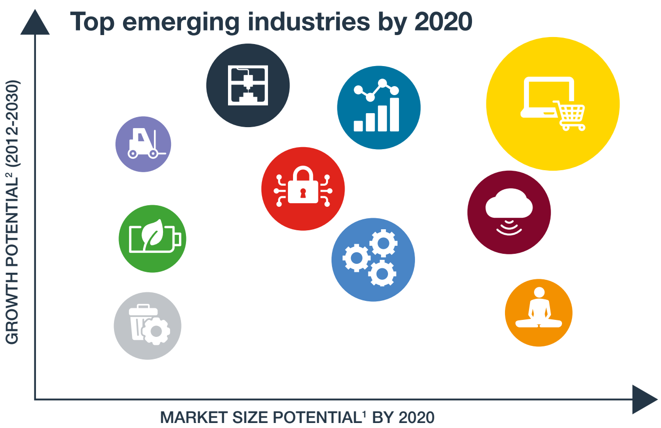


*Computer systems able to perform tasks usually requiring human intelligence

Emerging economies will be dominated by new age technologies



- Oil and gas
- Aerospace and defence
- Energy, power
- Pharma and healthcare
- Chemical, materials and food
- Engineering and construction
- Automobile
- Metals and mining
- Information Communications Technology
- Electronics



- Virtual commerce
- Cyber security
- Wellness industry
- Big data
- Managed services
- Urban logistics
- 3D printing
- Waste management
- Cloud computing
- Alternative energy

The Megatrend story

Global shifts changing the way we live and do business

Cities drive growth

85% of global GDP generated in cities

90% of urban growth will take place in Asia and Africa

7 out of **10** largest cities in the world in 2030 will be in Asia

By 2025 the GDP of Tianjin will equal that of Sweden

46% of the Fortune 500 will be headquartered in the emerging markets by 2025

[1] Relative score assigned for potential annual turnover (revenue/shipment) of the industry in 2025
[2] Measured by qualitative factors that has the scope to create a boom in the industry such as new patents, innovation cycle and industry impact

Asia: the dividend story

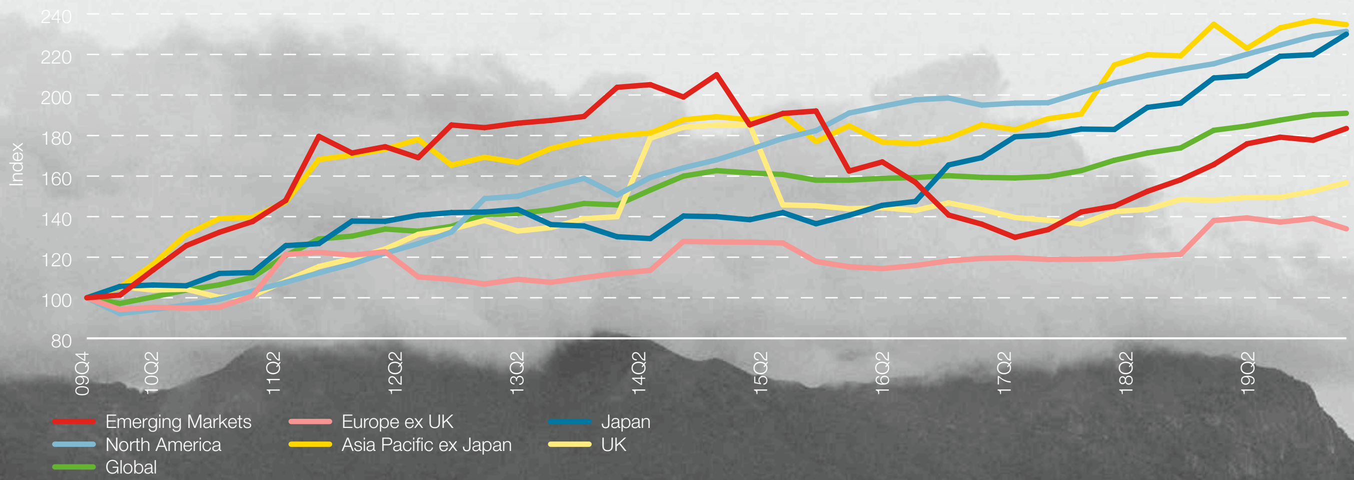
Dividends paid by companies in the Asia Pacific ex Japan region grew rapidly as the region proved resilient in the face of slowing global economic growth.

On a headline basis[1], dividends from the region grew **8.3%**[2] to a record **£229.7b**, more than double the **£94.8b** paid by UK companies

On an underlying basis[3], they rose **11.3%** beating the rest of the world by **3.0%**

The region has seen much faster dividend growth than the rest of the world, with payments rising 220.8% over the decade to the end of April 2019, compared with an increase of 119.8% for the rest of the world. Between 2009 and April 2019 Asia Pacific ex Japan companies paid their shareholders £1.5 trillion and the growth is set to continue, with dividends for 2020 expected to grow 6-7%. Another positive trend in the region is the increased ease with which companies can afford their dividends, stemming from the better discipline they have exerted on spending in recent years.

JHI Global Dividend Index[4] showing dividends paid by region



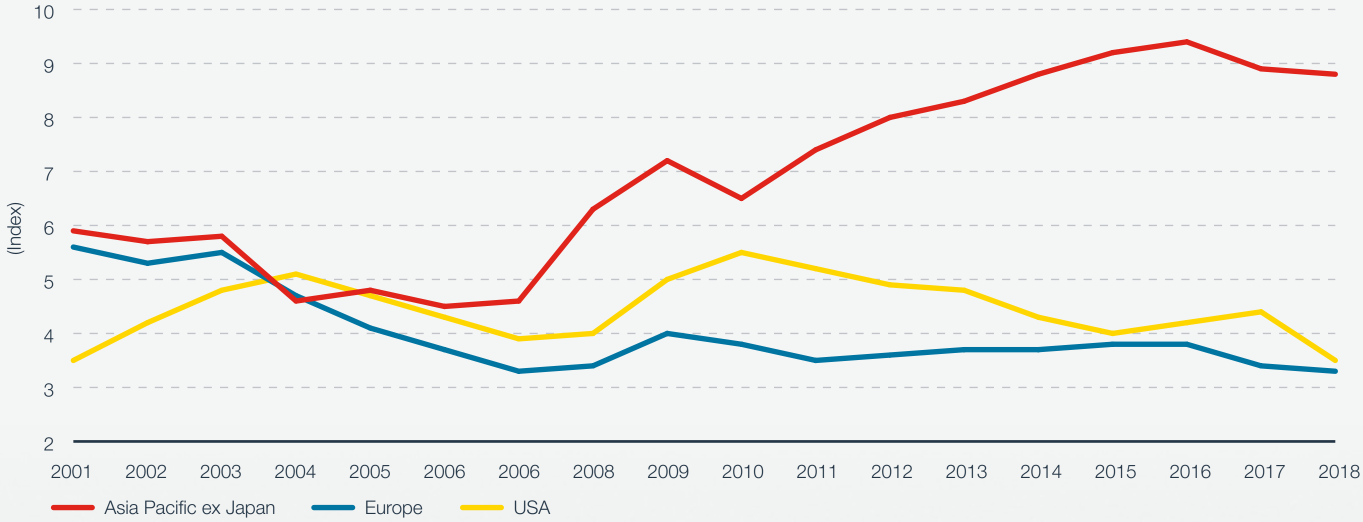
1. Headline dividend growth is the change in total gross dividends
2. Figures are based on the twelve months to 30 April 2019, being the period end date for the Henderson Far East Income Limited Asia Pacific (ex Japan) Dividend Index. A copy of the full study can be found on the Company's website at www.hendersonfareastincome.com
3. Underlying dividends is the headline dividend growth adjusted for special dividends, changes in currency, timing effects and index changes
4. The Janus Henderson Global Dividend Index is a long-term study into global dividend trends. It measures the progress of global companies in paying their investors an income on their capital. The study uses 2009 as a base year to index value 100. The index is calculated in US$

Sources: Henderson Far East Income Limited Asia Pacific (ex Japan) Dividend Index, 2019; Janus Henderson Global Dividend Index, May 2019

Hong Kong

Asian companies have 9 times more net cash than the current level of dividends paid compared to 3.5 times for US and European companies.

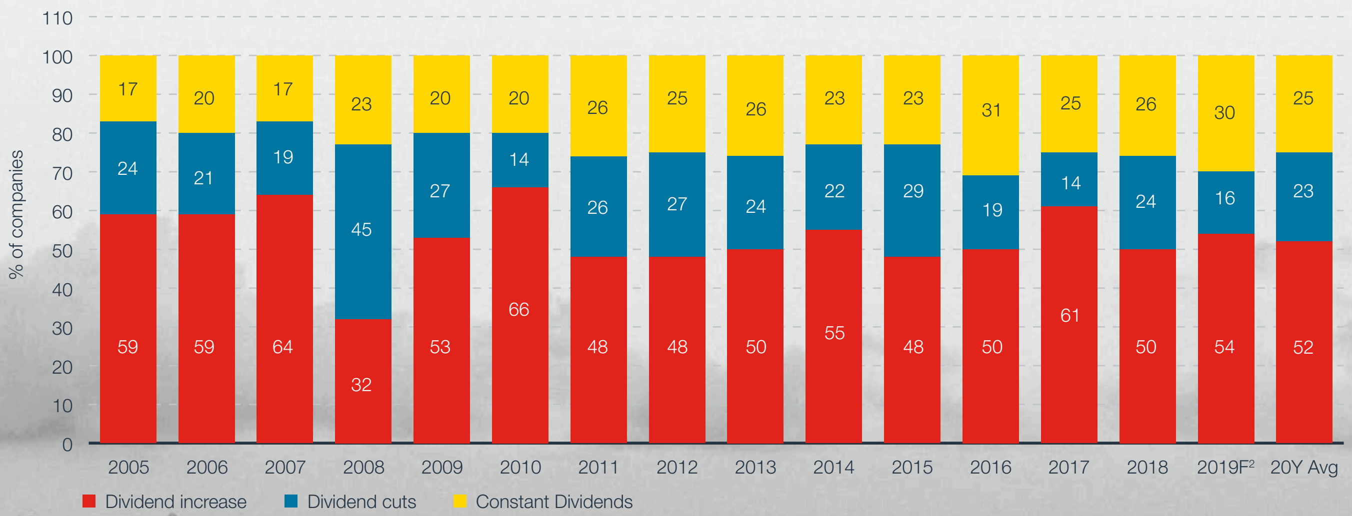
Cash to dividends trend since 2001



Source: Factset, Jefferies, as at 19 August 2019
Net cash as a multiple of dividend paid. Ratios are bottom-up aggregated with freefloat adjustments based on the current MSCI universe

More Asian companies are increasing dividends than cutting irrespective of the economic cycle.

Dividend sustainability track record for Asia Pacific companies[1]



1. Based on the MSCI Asia Pacific ex Japan Index
2. Forecast for 2019 calendar year

Portfolio distribution

The Company holds investments in countries as diverse as Australia and Indonesia, but which are united by their common role in Asia-Pacific's economic growth story. The income generated from investments has allowed the Company to increase its dividend each year since 2007 and at 31 August 2019, the shares yielded 6.2%.

"At 31 August 2019, the Company had £478.0m invested in ten countries across the region."

① Australia

Geographic exposure: 18.0%
Income contribution: 22.6%

Companies: Scentre Group, Macquarie Group, Stockland, Dexus, Spark Infrastructure, Rio Tinto Limited, BHP Group, Treasury Wine Estates

Market view: In the face of a slowdown in capital expenditure in the mining sector the domestic Australian economy has been struggling for impetus. The housing market has come under pressure owing to sky high prices and a reduction in overseas buyers while consumption has suffered from higher tax charges and stagnant wage growth. The stock market however is full of well managed companies with high dividend yields, although we prefer companies with exposure outside Australia.

② China

Geographic exposure: 25.3%
Income contribution: 26.0%

Companies: China Yangtze Power, Kweichow Moutai, China Construction Bank, Anta Sports Products, China Mobile, China Petroleum & Chemical, Anhui Conch Cement, China Vanke, China Resources Land, Sands China, Jiangsu Expressway

Market view: The world's second largest economy is clearly slowing as government policies focused on deleveraging, together with trade disputes impacting exports, are taking their toll. The focus on reform and domestic consumption over debt fuelled investment is to be welcomed and the focus should be on the quality rather than the quantity of growth. We favour consumer related sectors, property and cement while avoiding high priced internet stocks and financials.

③ Hong Kong

Geographic exposure: 6.9%
Income contribution: 6.9%

Companies: HKT Trust & HKT, Mapletree North Asia, Chow Tai Fook Jewellery

Market view: For many years the Hong Kong economy has benefited from its links with the mainland especially in terms of tourism spend and the ongoing support of property prices. The recent protests, initially over an extradition bill but recently more focused on democratic rights, risk undermining these trends. We have been cautious on this market for some time and have avoided the traditional high yielding banks, property and utility companies.

④ Indonesia

Geographic exposure: 4.7%
Income contribution: 2.1%

Companies: Telecomunikasi Indonesia, Bank Negara Indonesia

Market view: An economy with great potential but one that has failed to fulfil expectations. The re-election of Joko Widido has prompted hope of reforms to the labour market and increased infrastructure expenditure which should reduce the country's reliance on commodity exports and encourage foreign direct investment. We favour domestically orientated sectors.

⑤ New Zealand

Geographic exposure: 2.3%
Income contribution: 2.1%

Companies: Spark New Zealand

Market view: Growth in New Zealand has been slowing for some time prompting a monetary response from the central bank which has seen interest rates cut to 1% through 2019. With earnings relatively weak we prefer exposure to the telecommunications sector which has a high yield and a defensive earnings and cash flow stream.

⑥ Singapore

Geographic exposure: 9.9%
Income contribution: 8.1%

Companies: Mapletree Commercial Trust, United Overseas Bank, Acendas REIT, Singapore Telecommunications

Market view: The city state is suffering slowing growth weighed down by slowing demand for oil services and government policies which are keeping a tight grip on immigration and the property market. The unfortunate events in Hong Kong are prompting some movement of labour and capital which should benefit Singapore, whose corporates have strong dividend support, and we favour the banks, property and telecommunications sectors.

⑦ South Korea

Geographic exposure: 8.2%
Income contribution: 9.2%

Companies: Macquarie Korea Infrastructure Fund, SK Telekom, Samsung Electronics, SK Innovation

Market view: A mature market with plenty of exposure to the global cycle as well as domestic consumption. Overwhelmingly dominating the export market are LG, Samsung, Hyundai and Kia, whereas domestically it's banks, telecommunications and materials such as steel and chemicals. Movement in the Japanese Yen will also have an effect on competitiveness.

⑧ Taiwan

Geographic exposure:13.8%
Income contribution: 16.4%

Companies: Taiwan Semiconductor Manufacturing, Taiwan Cement, E.Sun Financial, Far Eastern New Century, Powertech Technology, Yageo

Market view: This is a mature market in Asia and one split between technology export and domestic consumption, with the former generally dictating its relative performance. The country is very much dependent on China for growth and the opening up of borders between the two has aided the flow of capital and labour. Key sectors are therefore semiconductors, notebook assembly and visual and audio components. Domestic sectors have been dominated by telecommunications and banks.

⑨ Thailand

Geographic exposure: 8.9%
Income contribution: 5.6%

Companies: Digital Telecommunications Infrastructure Fund, Intouch Holdings, PTT, Indorama Ventures

Market view: An economy dominated by tourism and auto exports which has performed better than most in ASEAN. The uncertainty over the political situation has not held the market back although some consumer related sectors are now looking expensive. We prefer telecommunications, energy and chemicals in this area, mainly on valuation grounds.

⑩ Vietnam

Geographic exposure: 2.0%
Income contribution: 0.3%

Companies: VinaCapital Vietnam Opportunity Fund

Market view: Although growth is forecast to moderate this year Vietnam is still one of the fastest growing economies in Asia Pacific driven by a stable government and young and dynamic population. Comparisons with China 15 years ago is not unfounded. Owing to liquidity constraints and foreign limits on most stocks we have chosen to participate in this story through the Vietnam Opportunities Fund managed by Vina Capital.

Chairman's statement

John Russell
Chairman

"Despite weakening global growth the key economic drivers in the Asian region remain largely in place. For medium and long term investors the region should continue to provide attractive investment returns."

Rice fields, Jatiluwith, Indonesia

Chairman's statement

Performance

Considering the uncertainties impacting global markets, our flat net asset value at the year end was satisfactory. However, adding back revenue earned but paid out as dividends during the year, the total return performance was raised to a very creditable 6.5% notably ahead of the total return for the FTSE All-World Asia Pacific ex Japan Index of 1.7%. The relatively good performance was driven by stock selection and we benefited from the weakness in Sterling, which declined 4.2% against currencies represented in the index. Currency movements are notoriously difficult to forecast and Sterling may strengthen against Asian currencies in the period ahead influenced specifically by a resolution of the Brexit negotiations. Should this have a material impact on revenues, the Company stands ready to utilise the revenue reserve to bridge the gap. Each year part of the revenue has been held back and not paid out to shareholders as dividends for the purpose of smoothing dividends when conditions turn less favourable. At present we have around nine months of dividends in reserve.

In measuring performance, and in particular the level of income returned to shareholders, your Board also considers the total return of the MSCI All-Country Asia Pacific ex Japan High Yield Dividend Index. Total return from this index was 2.3% (Sterling adjusted) for the year, 4.2% behind the Company's total return for the period, strengthening the Company's proposition as an offering for those investors with a focus on income.

The share price total return at the end of the year was 7.6%. This performance has been achieved despite the headwinds generated by the escalating US-China trade war, which put pressure on regional growth, and the slow-down in export and manufacturing activity in some jurisdictions, most notably in Taiwan and South Korea. Performance from Hong Kong was also impacted by the recent and ongoing political unrest.

We have, however, seen some welcome measures by central banks to stimulate the region, but the results have, as yet, been underwhelming.

Dividends

Your Board continues with its approach of paying four quarterly interim dividends. The third and fourth interim dividends paid for the year ended 31 August 2019 were declared in the amount of 5.70p per ordinary share respectively. This brings the total dividend for the year to 22.40p (2018: 21.60p) per ordinary share, representing a 3.7% increase over last year, and well ahead of the 12-months to August 2019 figure for UK inflation of 1.7%.

This is the eleventh successive year that the Company has increased its dividend.

Share issuance

Demand for the Company's shares remained strong throughout the year and the shares have continued to trade at a premium to net asset value. A total of 7.9 million shares were issued in the reporting period, raising a total of £27.9 million. A further 3,330,000 shares were issued in the period up to the date of this report, raising an additional £12.1m. Demand for the Company's shares has been so strong that additional shareholder authority is being sought at an Extraordinary General Meeting which will be held on 3 December 2019 to disapply pre-emption rights in respect of a further 5% of the issued share capital as at the date of the resolution. The usual authority to disapply pre-emption rights in respect of up to 10% of the issued share capital will be put to shareholders at the annual general meeting in January 2020. This second resolution will supersede all existing authorities.

All of the shares were issued at a premium thereby enhancing the net asset value for existing shareholders and enabling the fixed costs of the Company to be spread over a wider asset base.

Board trip to Asia

In April 2019 the Board undertook a week-long trip to Asia visiting Singapore, Ho Chi Minh City and Bangkok.

Singapore is the Asian hub for Janus Henderson and it was an opportunity for us to review the operations, meet with key individuals and witness the continuing and rising investment in human resources there. We met, too, with a number of Asian commentators and analysts to hear their views on the outlook for the region.

Our visit to Vietnam was the highlight of the trip as we could witness for ourselves the growth and potential of this remarkable country. The political system is stable, gross domestic product ('GDP') growth is strong at around 7% per annum, demographics are favourable and its many deep water ports support a strong export led economy.

Some investors question the accuracy of the GDP growth rate, but many companies are growing at around 30-40% per annum which supports the official figures.

The Vietnamese have achieved the transition from one of the poorest countries in the world in the 1980s to one achieving a very fast growth rate per capita similar to China and India. This remarkable turn round has been achieved by adopting the China model of opening up the economy to foreign direct investment, internal market reforms, infrastructure development, strong export growth and adopting an education system geared to maths and science producing a work force suitable for the modern technological world.

Vietnam is still classed as a frontier market and has limits on foreign ownership so buying into the market often requires foreign investors to buy from fellow foreigners at a large premium to the underlying stock price. For this reason, we have invested in Vietnam via a listed closed-end fund, VinaCapital Vietnam Opportunity Fund,

Chairman's statement (continued)

which sells at a substantial discount to the underlying stock prices. The fund invests in hospitals, schools, banks, food companies and an airline, Vietjet, the leading airline in Vietnam. The growth in this company is staggering. It is a low-cost airline and meets the needs of an increasingly mobile community. Previously it took two days and cost US$150 to travel from Hanoi to Ho Chi Minh City. With Vietjet it still costs US$150 but takes just two hours. We also visited property developments and companies in the consumer space. The rise in middle class consumption is easy to see.

We then moved on to Bangkok where the outlook was more obscure. An election was looming and the new King was about to take power. A number of interesting developments there seem to have been put on hold pending the election outcome and the installation of a new government. In June, following our visit, it was announced that the leader of the military coup, retired General Prayuth Chan-ocha, had been appointed Prime Minister despite not having a majority in the lower house. It will take some time to gauge how functional the new government is and its capacity to implement major reform.

Thailand finds itself in what economists call the 'middle income trap'. Wages are too high to appeal to low cost manufacturers while infrastructure and the labour force are insufficient to attract high tech manufacturing. The Thai government is aware of the problem and this led to the creation of the Eastern Economic Corridor ('EEC') project, creating a hub on the coast of the gulf of Thailand for technological manufacturing and services and strong connectivity to its ASEAN[1] neighbours as well as new markets. It is a massive project involving the construction of high-speed railways, motorways, a deep sea port, an airport, industrial estates and parks. The Government has targeted a number of industries including auto parts, electronics, robotics, aircraft parts and the bioeconomy comprising functional food, bioplastics and cosmetics. This is a massive project requiring high levels of foreign direct investment. It could serve to put Thailand on a new growth path and it was therefore disappointing to learn that a number of very promising foreign investors had put their plans on hold pending the election. It will take time for potential investors in the EEC project to gain confidence in the ability of the new government to progress these essential developments.

Succession

The Board reviews its structure annually. David Mashiter who has served on the Board since it was incorporated in Jersey in 2007 will step down in 2020. As the Company is domiciled in Jersey, we are required by the Jersey Financial Services Commission to appoint a Jersey resident to replace him. A specialist consulting firm has been appointed to search for a suitable candidate and this is expected to be concluded next year.

David's diligence, attention to detail and experience in the investment world have been of enormous benefit to the Company and he will be missed by us all.

I have been Chairman since 2007 and, while continuity remains an important consideration for us, I expect to step down in 2021 giving sufficient time for the Board to select my successor.

Annual General Meeting

The annual general meeting will be held at 11.00 am on Thursday 23 January 2020 at the offices of Janus Henderson, 201 Bishopsgate, London, EC2M 3AE. Details of the matters to be considered by shareholders at the meeting are set out in the Notice, which is enclosed with this document.

We encourage all shareholders to attend the annual general meeting or, if they are unable to do so, to vote their shares. For shareholders with holdings registered in their own names, a proxy form is enclosed with this report. Shareholders holding their shares on trading platforms should contact the platform directly to ensure that their shares are voted.

Your Fund Manager, Mike Kerley, will present an update on the Company's performance and he, and the directors, will be available for questions.

Outlook

While your Company enjoyed a good year, investors look forward not backwards. Investors seem to have rerated Asia as an investment destination and we had a substantial rise in new issuance during the year. Can we expect this trend to continue?

The renewed investor interest in the region reflects concerns about weak growth in the west, falling interest rates and heightened political uncertainty. Global growth is slowing, the US/China trade war drags on and a possible military conflict with Iran and the resulting disruption to shipping through the Straits of Hormuz is a worry for investors everywhere. In this environment investors will look for a relatively safe haven and Asia offers an opportunity.

The impact of these negative developments on Asia is mixed. There are no recession risks to the largest Asian economies but Hong Kong and Singapore are certainly at risk. The trade war has slowed growth in China but has offered significant benefits to Vietnam, Indonesia and the Philippines. The biggest losers from the trade war have been South Korea and Japan – two of the staunchest US allies.

Investors are attracted to the relative political stability in the region with elections in India, Thailand, Indonesia and Australia passing quietly and achieving outcomes comforting to

1 ASEAN member countries: Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

Chairman's statement (continued)

investors. Global investment flows are looking for growth and yield and finding both in Asia. The Company released its Asia Pacific (ex Japan) Dividend Index during the year showing growth of dividends from the region rising by 8.3% during the period. This is a continuation of a longer term trend as Asian dividends have risen by 221% over the last decade compared with the global average of 120% and 89% in the United Kingdom. This trend is the result of pay-out ratios rising from a low base and many companies in the region becoming large, more mature and generating high levels of cash. Japan has been a difficult market for those seeking income, but recently we have noted that some quite attractive dividend yields are appearing. This is the result of Abe inspired structural and corporate governance reforms and pay-out ratios in the Tokyo Price Index ('TOPIX') rising from 17% in 2004 to around 30% today. Investors searching for income have every reason to remain optimistic that Asia will continue to generate faster dividend growth than the rest of the world over the longer term.

In terms of regional economic growth the picture remains mixed but overall quite positive. Demographics are attractive in many Asian countries while almost everywhere middle class wealth is rising resulting in strong growth in domestic consumption. While slowing global growth will remain a negative factor for the region there is significant internal and intra-regional economic growth which is robust and likely to remain so. Many Asian countries have a lot of room to engage in fiscal and monetary easing and China, India, South Korea and Indonesia have all done so recently. The Chinese banking system is still under some strain, but is now on a stable footing as a result of a combination of steady recapitalisation, sharply increased bad debt disposals and growing loan loss provisions. Despite concerns in the European Union about China's intentions, there are signs that European companies are moving increasingly towards Asia attracted by enhanced growth opportunities there.

China, over the past 30 years, has faced numerous challenges but recently the US trade war and what appears to be a popular uprising in Hong Kong have taken centre stage. One country, two systems, was bound to run into difficulty at some point. Hong Kong is Chinese sovereign territory and therefore the public demonstrations and the ensuing violence are an internal issue and Beijing will need to find a solution. The Chinese government has been restrained in its response realising that a heavy handed approach would be counterproductive and most likely damaging to international relations. The pressure on President Xi however must be intense as Hong Kong is a very visible symbol of the century of humiliation when parts of China were acquired or controlled by western interests. Part of the solution may well lie with the people of Hong Kong themselves. Hong Kong is, as an international financial centre, not as important to China as it was following the development of Shanghai as a direct competitor. The longer the disruption continues the greater the adverse impact on the local economy. Business resistance will grow and there is likely to be a broadly based demand for resolution. Time will tell.

The trade war is an issue of a different dimension. If it worsens it will have very serious consequences for China, the US and indeed the global economy. President Trump has remarked that the trade war is highly damaging to China's manufacturing sector and has resulted in jobs being repatriated to the US. The evidence for this assertion, however, is not strong. If the US stays the course and ends up with levies on US$550 billion of Chinese goods by year end, according to HSBC, about 5% of China's manufacturing capacity will be affected. However, the impact will be quite uneven across the sector. The

Global investment flows are looking for growth and yield and finding both in Asia.

Chairman's statement (continued)

more labour intensive and lower end segment will take the brunt as factories move to lower wage countries like Vietnam. This process is not new however, as rising wages in China encouraged this transition well before the onset of the trade war. In the more advanced end of industry, electronics and high end tech, there has been an adverse impact but not as deep as the US expected. China is the world's biggest market for consumer electronics and being close to that market is compelling for business. China too has infrastructure and a quality work force other countries in the region cannot compete with.

In terms of intraregional trade the Regional Comprehensive Economic Partnership ('RECEP') which comprises the 10 ASEAN member countries plus China, Japan, South Korea, India, Australia and New Zealand will hopefully be ready to sign at the ASEAN conference in November. Now key regional elections are out of the way, real progress is possible. There are 3.6 billion people within the region and it will be by far the largest trade deal ever concluded. In a world where the benefit of free trade is increasingly being questioned and rolled back, the conclusion of RECEP would be a remarkable achievement with consequences well beyond the region.

This development has the potential to mitigate the adverse effects of the US/China trade war. It is therefore disappointing and difficult to understand why South Korea and Japan, both impacted by the trade war, have embarked on a trade spat of their own making. Japan's reaction to a decision of the Supreme Court in Seoul to award reparations to a number of war time forced labourers, was to strip South Korea of its 'white list' status thus requiring Japanese companies to seek Government approval before exporting sensitive materials to South Korea. Japan supplies three chemicals critical to the manufacture of semiconductors and flat panel screens. Interruption to supply has serious consequences for South Korea and is potentially disruptive to the global supply chain.

In assessing the outlook, investor aspirations and expectations with respect to environmental, social and governance issues ('ESG') need to be considered. ESG has now become mainstream within the investment world and the response of companies and governments have a role to play in investor preferences. Asia consists of a diverse range of markets from frontier to emerging in various stages of development. I don't think investors will expect the lesser developed countries to have reached the same standards as the more developed ones. ESG itself continues to develop and seems to have moved on from outright bans on some categories of industry and companies to one of process. Companies operating in contentious areas are being given support provided they demonstrate willingness to undertake reform. ESG issues have been well flagged in Asia and companies appear to recognize and accept that engaging with ESG is positive for their market rating and access to capital.

From a pure environmental standpoint China leads the world in clean energy production, especially in wind and solar power, and the rest of Asia is taking note. China has prioritised investment in renewables as it needs to tackle unacceptable levels of air pollution, wants energy security and believes in the urgency of addressing climate change. The International Renewable Energy Agency ('IRENA') recently noted that from 2010 to 2018 wind power capacity in China increased 22 times and solar by almost 700 times. In a global context China accounts for about 30% of the world's renewables compared to 10% in the US. China recognises it is the world's largest polluter and is making massive investments in alternative energy in its own self-interest, always the strongest motivator for change.

Asia, then, looks to be in a fairly good place, cleaning up the environment, increasing intraregional trade, spending on infrastructure, creating jobs and growth and undertaking reforms to further open up the region to trade and investment. Asia provides a diverse and extensive range of industries and companies to choose from and investors in the region have sound reasons to expect positive returns.

John Russell
Chairman
18 November 2019

Portfolio snapshot

Ten largest investments

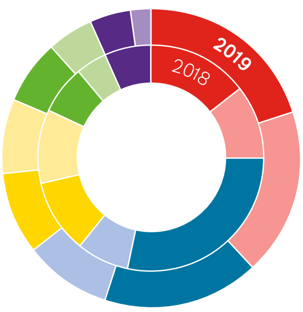
Ranking 2019	Ranking 2018	Company	Principal activities	Country of incorporation	Sector	Valuation 2019 £'000	% of portfolio
1	3	Taiwan Semiconductor Manufacturing[1]	The world's leading semiconductor foundry service provider. The company manufactures and markets integrated circuits which are used in computer, communication and consumer electronics industries.	Taiwan	Technology	**16,062**	3.37
2	10	HKT Trust & HKT	Hong Kong's largest telecommunications operator providing local and international telecommunications services including mobile and broadband services.	Hong Kong	Telecommunications	**14,898**	3.12
3	–	Treasury Wine Estates	One of the world's largest wine companies with a listing on the Australian Stock Exchange. Brands include Penfolds, Wolf Blass and Beringer which are sourced and distributed across the world.	Australia	Consumer Goods	**14,152**	2.97
4	4	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	**14,146**	2.97
5	15	Digital Telecommunications Infrastructure Fund	A digital telecommunications infrastructure fund raising capital from individual and institutional investors for investing in telecommunications infrastructure. The fund has the largest portfolio of telecommunications towers in the country.	Thailand	Telecommunications	**13,956**	2.93
6	31	Taiwan Cement	Taiwan's largest manufacturer of building materials; 70% of its cement capacity is in southern China where it has the largest market share.	Taiwan	Industrials	**13,621**	2.86
7	12	China Yangtze Power	Chinese utilities company principally engaged in the hydroelectricity business and provides the technology for electrical power generation and water and electricity engineering maintenance services.	China	Utilities	**13,571**	2.85
8	33	Kweichow Moutai	A Shanghai listed company specialising in the production of high-end grain-based alcohol called Baijiu. The Moutai brand is treasured in China with the product considered aspirational among consumers.	China	Consumer Goods	**13,299**	2.79
9	44	Telekomunikasi Indonesia	A multinational telecommunications conglomerate with its major business in mobile and fixed line telephony, internet and data communications.	Indonesia	Telecommunications	**13,294**	2.79
10	34	Mapletree Commercial Trust	A real estate investment trust investing in income-producing office, business park and retail properties in Singapore.	Singapore	Property	**12,993**	2.73
Total						**139,992**	29.38

The top ten investments by value account for 29.38% of the total investments (2018: £123,917,000 or 26.81%)

1 American Depositary Receipts

Sector exposure at 31 August 2019

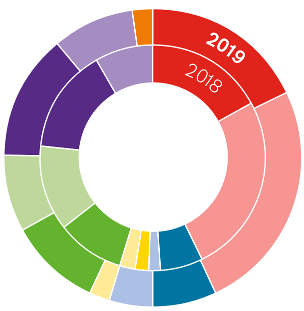
As a percentage of the investment portfolio excluding cash



	2019 %	2018 %
Telecommunications	**20.2**	14.7
Property	**18.1**	10.4
Financials	**16.8**	28.4
Consumer Goods	**9.4**	7.4
Basic Materials	**9.0**	10.5
Technology	**7.9**	10.7
Industrials	**7.0**	7.0
Utilities	**5.0**	4.4
Oil & Gas	**4.6**	6.5
Consumer Services	**2.0**	–

Geographic exposure at 31 August 2019

As a percentage of the investment portfolio excluding cash



	2019 %	2018 %
Australia	**18.0**	17.1
China	**25.3**	25.9
Hong Kong	**6.9**	6.1
Indonesia	**4.7**	1.5
Malaysia	**–**	2.1
New Zealand	**2.3**	2.1
Singapore	**9.9**	9.8
South Korea	**8.2**	12.1
Taiwan	**13.8**	15.2
Thailand	**8.9**	8.1
Vietnam	**2.0**	–

Fund Managers' report

Mike Kerley

Sat Duhra

"Despite slowing earnings, the outlook for dividends in Asia Pacific is still the most compelling story."

Gardens by the Bay, Singapore

Fund Managers' report

Overview

Asia Pacific markets recorded a modest gain of 1.7% in Sterling terms over the twelve months to the end of August 2019 as measured by the FTSE All-World Asia Pacific ex Japan Index. This return was boosted by the strength of Asian currencies compared to Sterling as markets actually fell by 2.5% in local currency returns over the period. Considering the uncertainty both within the region and globally surrounding politics, trade wars, social unrest, slowing global growth and declining corporate earnings momentum equity markets have proved to be quite resilient. Supportive policies from central banks have helped underpin sentiment but only time will tell as to whether these measures will have the desired effect of reviving economic growth.

In the Fund Manager's report last year, I wrote about the trade dispute between China and the US and summarised the escalation as bad for both economies and hoped that pragmatism would reign and a sensible agreement would be reached. Sadly, a year on, the relationship hasn't improved and, despite a series of delays to tariffs being implemented and the odd conciliatory word, the antagonism between the two sides continues to ratchet up. With economic performance in both economies showing signs of trade related deterioration the need for a deal is intensifying, but with both Xi and Trump requiring a 'win' to appease domestic audiences the path to progress is unclear.

It is fair to say that politics has dominated world news in the last twelve months. While the continuing debacle surrounding Brexit has kept UK based investors' attention there have been developments in Asia both positive and negative. On the positive side the re-election of Narendra Modi in India with an increased majority was taken well by the market and reinforces the path of reform that was embarked upon under his first term. In Indonesia the re-election of Joko Widodo, also under a reform agenda, was well received despite some protests from supporters of chief rival and former general Prabowo who disputed the result. The surprise re-election of the ruling liberal party in Australia also had a positive impact on markets as the expected success of the populist labour party was thwarted at the polls. On the negative side the situation in Hong Kong is cause for concern. The protests, following the attempt by the Hong Kong government to pass an extradition bill to allow suspected criminals to be tried on the mainland, started in June 2019 and are showing no signs of abating. Although the bill has now been officially withdrawn the protests continue with increased vigour as the focus turns toward protecting Hong Kong's freedoms and the fear of greater influence from Beijing. The impact on the Hong Kong economy has been marked with retail sales falling by 23% year-on-year in August which was the worst monthly decline since records began in 1981.

With global and regional growth slowing the outlook for corporate earnings has deteriorated. Earnings growth in Asia Pacific ex Japan is now expected to be low to mid-single digit for 2019, down from solid double digits at the start of the calendar year. The expectations for 2020 have also been revised lower but analysts are still expecting greater than 10% growth – this is likely to come under pressure if economic momentum doesn't improve. The companies most exposed to global trade have been the hardest hit with South Korea and Taiwan showing the greatest earnings deterioration. Ironically China, which is at the centre of the trade dispute, has been more resilient as government measures to increase liquidity and promote consumption have partially offset declines elsewhere.

The best performing market was Indonesia which benefited from the positive election result but also from a 10% increase in the currency against Sterling as high real interest rates attracted positive foreign flows. Other ASEAN markets benefited from this trend with Thailand and the Philippines also seeing double digit currency appreciation. The Australian dollar was the only currency which weakened against Sterling over the period as the Reserve Bank of Australia embarked on a series of interest rate cuts to revive the slowing economy, but the unexpected election result plus positive revisions for the mining sector, ensured a better than average return. The worst performing market was South Korea which took the brunt of the slowdown in global trade but also suffered as a spat with Japan, over compensation derived from the Japanese occupation, resulted in further trade restrictions.

The returns at the sector level were more predictable with a clear divide between the best and worst performers. Export sectors and those exposed to global manufacturing were weak while domestic sectors were more resilient. Oil and gas, materials, industrials and technology all posted negative returns while telecommunications, utilities and consumer staples ended in positive territory.

Performance

The net asset value ('NAV') total return of the portfolio was 6.5% in Sterling terms, 4.8% ahead of the FTSE All-World Asia Pacific ex Japan Index. These good results were mainly achieved at the stock level although it would be fair to say that market conditions suited your Company's investment style. On one hand the change in bias from tightening to loosening by the US Federal Reserve in January 2019 was supportive for stocks with higher dividend yields while on the other hand political uncertainty prompted investors to focus on quality. Both these characteristics are fully reflected in the portfolio.

At the stock level there were notable contributions from Chinese consumer stocks as well as real estate and infrastructure trusts and telecommunications. Kweichow Moutai, the Chinese high-end alcohol producer, and Anta Sports, China's third largest sports apparel company rose 76% and 90% respectively, over the period held in the portfolio, and epitomised our

Fund Managers' report (continued)

strategy of focusing on domestic sectors and favouring local brands over foreign. Although not quite as dramatic, the list of next positive contributors featured some high yielding stocks such as infrastructure trusts Macquarie Korea Infrastructure, Digital Telecommunications Trust in Thailand and telecommunications stocks HKT Trust & HKT in Hong Kong, Telekomunikasi Indonesia and Intouch in Thailand. All of these had total returns greater than 20% over the period reflecting the demand for yield in a falling interest rate environment.

The stocks that disappointed were more industrial in nature. Our exposure to the energy and materials sector through refiners SK Innovation, China Petroleum and Chemical ('Sinopec') and Star Petroleum were disappointing as was contractor Lend Lease in Australia, which disappointed with an unexpected provision on its engineering division.

While the earnings trend in Asia has shown weakness, the dividend stream has proved much more resilient. The Company's revenue from dividends rose 11% compared to last year reflecting the strong trend of dividend growth in the Asia Pacific region. This figure was boosted by a number of special dividends which were deemed revenue in nature together with weaker Sterling and a lower withholding tax burden following the Company's relocation to the UK for tax purposes. Although special dividends are by definition one-off and not to be relied on going forward, the amount of excess cash that sits on Asian balance sheets, together with the ongoing cash flow generation from operations, would suggest that some degree of repetition is to be expected.

Despite unpredictability and increased volatility, we were less active with options than in previous years. As a result, premiums taken to revenue from option trading was down 14.4% from a year earlier which resulted in an increase in total revenue of 8.5% for the year ended 31 August 2019.

Over the period there were some notable changes to the portfolio. Following the clarification that the world was heading for a period of lower interest rates we made a conscious effort to reduce our exposure to banks whose profitability would be impacted by this directional change. We sold positions in Australia and New Zealand Bank, DBS in Singapore, Maybank in Malaysia, KB Financial in South Korea and ICBC in China. We also sold insurance company Orange Life in South Korea under the same premise. Conversely, we added to property names Stockland and Dexus in Australia and China Resources Land who are beneficiaries of falling interest rates.

The other key changes to the portfolio reflect our focus on consumer related companies who are beneficiaries of Asian consumers' aspirational purchases as disposable incomes rise. Notable additions on this theme include Kweichow Moutai, China's largest producer of baiju which is a grain-based alcoholic drink, Sands China, the Macau casino operator which benefits from increased tourism spend and Treasury Wine Estates which is seeing spectacular growth in its China sales as the Chinese people begin to appreciate the attributes of grape as well as the grain-based alcoholic beverages.

Following a number of trips to Vietnam we initiated a position in a country that represents one of the most exciting opportunities in the Asia Pacific region. Comparisons with China fifteen years ago are not unfounded as the country benefits from a stable macro backdrop, a young population and improving governance. As a preference we would always look to buy positions in individual companies but due to liquidity and foreign investor restrictions we chose to initiate exposure through the London listed Vietnam Opportunities Fund managed by Ho Chi Minh City based VinaCapital and which gives broad exposure to the country including an unlisted portion which we would struggle to replicate.

Outlook

We remain cautiously optimistic on the outlook for Asia Pacific markets. Valuations remain attractive, especially compared to other world markets, and underlying economic growth should prove more resilient than other regions. The weakness in earnings is a concern and a degree of stabilisation is required before becoming more positive on the region as a whole.

The economic performance of China is key to the region's prospects. The world's second largest economy has responded to the challenges of the trade dispute with a pragmatic and proportionate response focused on alleviating the impact of slowing trade without losing sight of the long-term goal to transition from a manufacturing to service based economy. We feel China offers the best combination of growth, value and dividend yield in the region and remains the largest part of the portfolio.

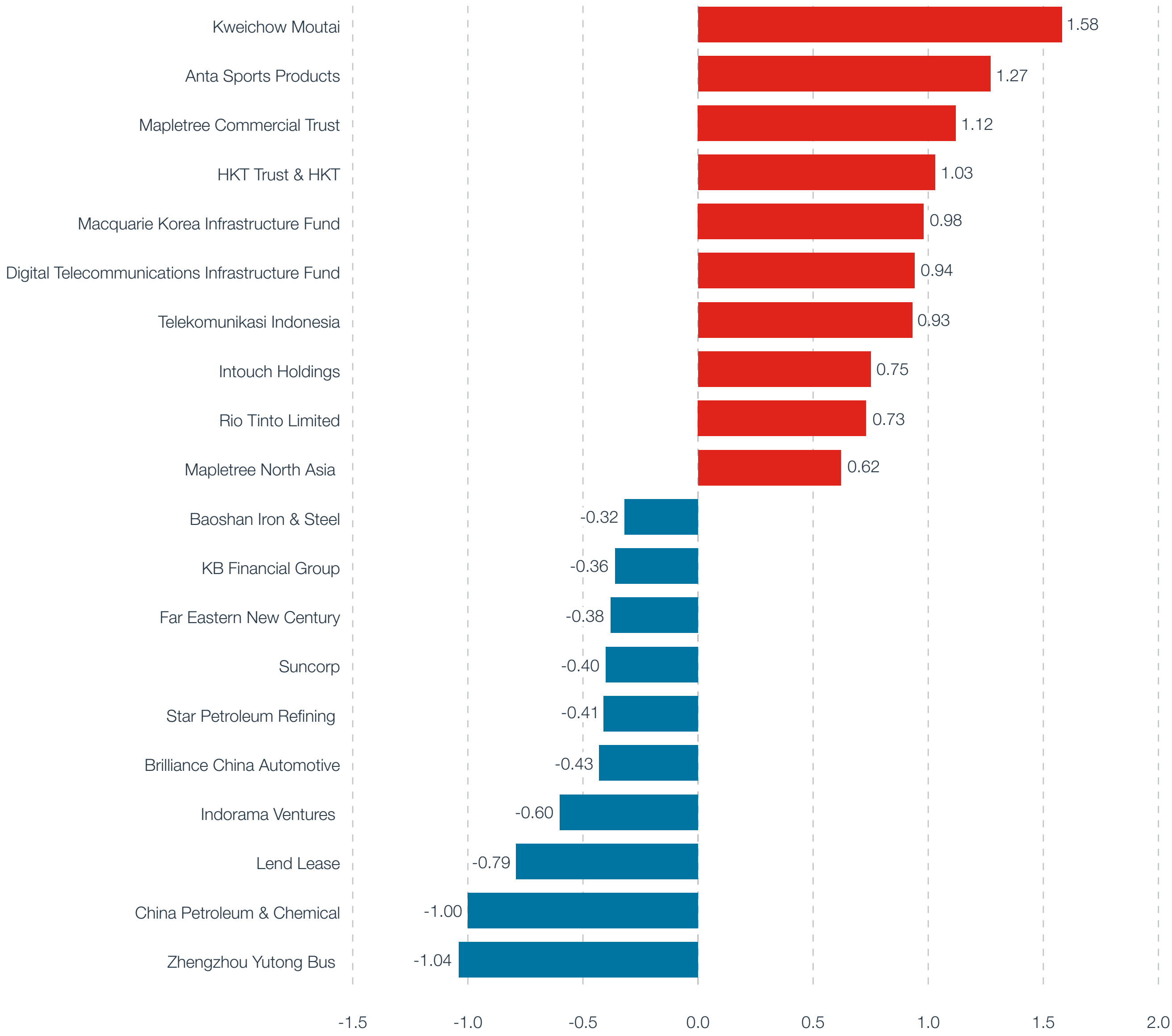
Elsewhere our focus remains on domestic orientated areas which are exposed to the improving spending power of the consumer across the region and away from the export orientated and manufacturing based sectors which are exposed to a slowdown in global growth and an increase in protectionism. Our preference at the sector level is for consumer related areas, property and telecommunications while avoiding commercial banks and high-priced technology.

Despite slowing earnings, the outlook for dividends in Asia Pacific is still the most compelling story. Asian companies have low levels of debt, a pragmatic view on capital expenditure and strong cash flow generation which should allow dividend pay-out ratios to rise in the years ahead.

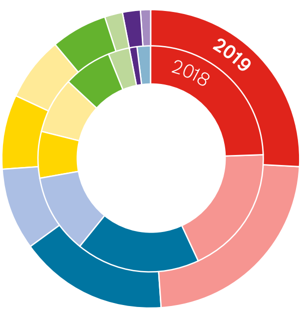
Mike Kerley
Fund Manager
18 November 2019

Portfolio breakdown

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

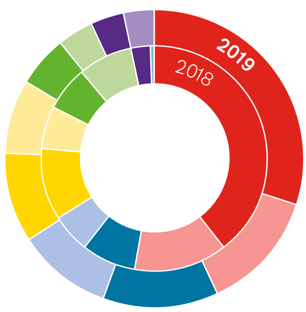


Geographical distribution of income



	2019 %	2018 %
China	**26.0**	24.5
Australia	**22.6**	18.7
Taiwan	**16.4**	17.8
South Korea	**9.2**	11.3
Singapore	**8.1**	6.7
Hong Kong	**6.9**	8.2
Thailand	**5.6**	6.9
New Zealand	**2.1**	2.9
Indonesia	**2.1**	1.3
Malaysia	**0.7**	1.7
Vietnam	**0.3**	–

Sector distribution of income



	2019 %	2018 %
Financials	**30.2**	39.6
Telecommunications	**13.0**	13.2
Basic Materials	**12.4**	7.9
Technology	**10.3**	5.5
Property	**9.7**	10.4
Industrials	**8.1**	5.9
Consumer Goods	**5.6**	6.5
Oil & Gas	**3.9**	7.9
Utilities	**3.5**	2.6
Consumer Services	**3.3**	0.5

Portfolio listing

Investment portfolio at 31 August 2019

Ranking 2019	Ranking 2018	Company	Country of incorporation	Sector	Value 2019 £'000	% of portfolio
1	3	Taiwan Semiconductor Manufacturing[1]	Taiwan	Technology	16,062	3.37
2	10	HKT Trust & HKT	Hong Kong	Telecommunications	14,898	3.12
3	–	Treasury Wine Estates	Australia	Consumer Goods	14,152	2.97
4	4	Macquarie Korea Infrastructure Fund	South Korea	Financials	14,146	2.97
5	15	Digital Telecommunications Infrastructure Fund	Thailand	Telecommunications	13,956	2.93
6	31	Taiwan Cement	Taiwan	Industrials	13,621	2.86
7	12	China Yangtze Power	China	Utilities	13,571	2.85
8	33	Kweichow Moutai	China	Consumer Goods	13,299	2.79
9	44	Telekomunikasi Indonesia	Indonesia	Telecommunications	13,294	2.79
10	34	Mapletree Commercial Trust	Singapore	Property	12,993	2.73
		Top ten investments			**139,992**	**29.38**
11	14	United Overseas Bank	Singapore	Financials	12,442	2.61
12	9	E.Sun Financial	Taiwan	Financials	12,364	2.60
13	36	Intouch Holdings	Thailand	Telecommunications	11,920	2.50
14	2	China Construction Bank	China	Financials	11,729	2.46
15	–	Anta Sports Products	China	Consumer Goods	11,689	2.45
16	16	China Mobile	China	Telecommunications	11,368	2.39
17	7	China Petroleum & Chemical	China	Oil & Gas	11,242	2.36
18	28	Ascendas REIT	Singapore	Property	11,045	2.32
19	22	Spark New Zealand	New Zealand	Telecommunications	11,012	2.31
20	–	Singapore Telecommunications	Singapore	Telecommunications	10,854	2.28
		Top twenty investments			**255,657**	**53.66**
21	17	Scentre Group	Australia	Property	10,847	2.28
22	32	Mapletree North Asia	Hong Kong	Property	10,680	2.24
23	26	Macquarie Group	Australia	Financials	10,627	2.23
24	–	Stockland	Australia	Property	10,562	2.22
25	–	Dexus	Australia	Property	10,543	2.21
26	37	PTT	Thailand	Oil & Gas	10,508	2.20
27	25	Anhui Conch Cement	China	Industrials	10,382	2.18
28	6	Far Eastern New Century	Taiwan	Basic Materials	10,310	2.16
29	30	Spark Infrastructure	Australia	Utilities	10,272	2.16
30	40	Rio Tinto Limited	Australia	Basic Materials	10,198	2.14
		Top thirty investments			**360,586**	**75.68**
31	19	China Vanke	China	Property	9,795	2.06
32	–	China Resources Land	China	Property	9,673	2.03
33	–	Sands China	China	Consumer Services	9,654	2.03
34	–	VinaCapital Vietnam Opportunity Fund	Vietnam	Financials	9,626	2.02
35	–	Jiangsu Expressway	China	Industrials	9,541	2.00
36	–	Bank Negara Indonesia	Indonesia	Financials	9,062	1.90
37	23	SK Telekom[1]	South Korea	Telecommunications	8,729	1.83
38	5	BHP Group	Australia	Basic Materials	8,640	1.81
39	13	Samsung Electronics[2]	South Korea	Technology	8,456	1.77
40	42	SK Innovation	South Korea	Basic Materials	7,504	1.58
		Top forty investments			**451,266**	**94.71**
41	29	Powertech Technology	Taiwan	Technology	7,352	1.54
42	38	Chow Tai Fook Jewellery	Hong Kong	Consumer Goods	7,270	1.53
43	–	Indorama Ventures	Thailand	Basic Materials	6,071	1.27
44	–	Yageo	Taiwan	Technology	6,004	1.26
45	50	China Forestry Holdings	China	Basic Materials	–	–
46	–	Anhui Conch Cement Call Option (Expiry 05/09/19)	China	Industrials	(21)	(0.00)
47	–	Anta Sports Products Call Option (Expiry 26/09/19)	China	Consumer Goods	(1,468)	(0.31)
		Total investments			**476,474**	**100.00**

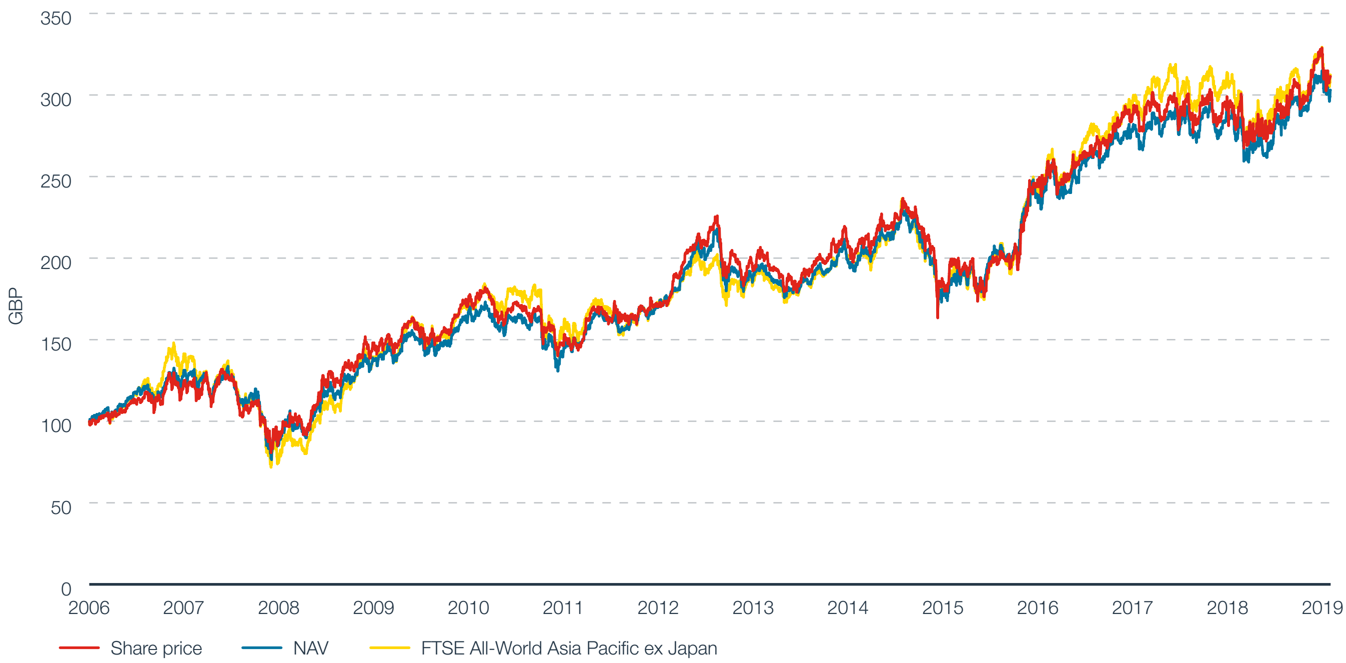
1 American Depositary Receipts
2 Preferred Shares

Historical information

Total return performance

	1 year %	3 years %	5 years %	10 years %
NAV[1]	6.5	27.3	48.8	143.7
Share price[2]	7.6	25.5	47.3	132.8
AIC sector average[3]	4.5	29.7	56.1	169.4
FTSE All-World Asia Pacific ex Japan Index[4]	1.7	28.8	52.7	151.4
MSCI AC Asia Pacific ex Japan High Dividend Yield[4]	2.3	24.2	37.1	151.2

Total return performance since launch[5]



Financial information

At 31 August	Net assets £'000	NAV per share p	Mid-market price per ordinary share p	Premium/ (discount) %	Profit/(loss) for year £'000	Revenue return per share p	Capital return per share p	Total return per share p	Dividend per share p	Ongoing charge %
2010	284,916	295.00	295.25	0.1	43,782	15.35	32.43	47.78	13.60	1.23
2011	287,389	287.09	294.50	2.6	5,676	16.49	(10.75)	5.74	15.00	1.21
2012	300,500	295.82	290.13	(1.9)	24,767	17.31	7.19	24.50	16.00	1.21
2013	325,798	312.23	309.00	(1.0)	32,765	18.05	13.78	31.83	17.00	1.29
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**

1 Net Asset Value total return including dividends reinvested
2 Share price total return including dividends reinvested
3 AIC sector is the Asia Pacific Income sector
4 Total return performance is Sterling adjusted (including dividends reinvested)
5 Sterling adjusted and rebased to £100

Business model

The Board regards a well governed business as essential for the successful delivery of its investment proposition.

Our corporate strategy

The Company's purpose is to deliver to shareholders an increasing dividend as well as capital appreciation from a portfolio of investments from the Asia Pacific region. We fulfil this purpose by operating as an investment company enabling us to delegate operational matters to specialised third-party service providers. Their performance is monitored and challenged by a Board of Directors ('the Board') who retain oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for delivering operations whilst allowing the Company to take advantage of the capital gains treatment afforded to investment trusts which are approved under section 1158 of the Corporation Tax Act 2010 ('s.1158'). The closed-ended nature of the Company enables the Fund Managers to take the long term view on investments and supports a fully invested portfolio as the Company has no redemptions to meet. A significant advantage over other investment fund structures is the ability to use leverage to increase returns for shareholders.

The Board is comprised entirely of non-executive directors accountable to shareholders, who have the ability to remove a director from office where they deem it to be in the interests of the Company.

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 per cent of gross assets without shareholder approval to facilitate working capital management and to seek a better total return for shareholders.

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. At present, the preference is domestic oriented areas which are exposed to the increasing purchasing power of the consumer across the region. 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.

Business model (continued)

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. We seek to pay dividends from current revenue and to add to the revenue reserves where possible in order to underpin dividends in future years.

When deciding on whether to pay each quarterly dividend, the Board has regard to a variety of factors, including the current and the forecasted levels of income, the sustainability of that income, cash resources and any macro, economic 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.

Promoting the Company's success

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

The Board therefore engages reputable third-party suppliers with established track records to deliver the Company's day-to-day operations. The most important of these is the 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 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, corporate governance and the investment parameters for the portfolio, including gearing.

The Fund Managers promote the Company with the support of the Manager's dedicated investment trust sales team and 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 chosen service providers continue to deliver the expected level of service, the Board receives regular reports from them, evaluates the control environments in place at each service provider and formally assesses their appointment annually. By doing so the Board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the level of service that is demanded of them.

Viability statement

The Company is a medium to longer term investor and, as such, the directors believe it is appropriate to assess the Company's viability over a five year period in recognition of the Company's investment horizon, but acknowledges the inherent shorter-term uncertainties in equity markets.

The assessment considers the likely impact of the principal risks facing the Company materialising in severe, but plausible scenarios. In particular, the Board considers the investment strategy and the absolute return performance, as well as performance against indices and other funds with a similar mandate, while taking account of asset allocation and gearing. The measures in place to mitigate the impact of the principal risks are also considered as part of the assessment.

The directors take into account the liquidity of the portfolio. Nearly all of the Company's investments are in listed companies which are frequently traded on recognised markets. The portfolio comprises investments in approximately 50 companies spread over a wide range of sectors and geographical areas; hence there is little concentration. The directors considered the Company's borrowing facility in terms of its duration, the headroom available under any covenants and how a breach of any of those covenants could impact the Company's net asset value and share price.

Based on their assessment, which included consideration of the Company's ability to refinance the loan facility, and the fact that the Company's financial commitments are small in relation to the current value of the portfolio, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

The directors' view is that only a cataclysmic financial crisis affecting the global economy could have an impact on this assessment.

Future developments

While the future performance of the Company is dependent on the performance of international financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment objective and strategy. The Chairman's statement and Fund Managers' report provide commentary on the outlook for the Company.

The directors believe it is appropriate to assess the Company's viability over a five year period.

Business model (continued)

Managing our risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. In carrying out this assessment, we have considered both regional and global geopolitical risks, as well as the political instability arising from the UK's negotiations to leave the European Union. We do not consider this risk to be material except for the impact on currency movements.

We have, with the assistance of the Manager, drawn up a matrix of risks facing the Company and have put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate risks as far as practicable. The principal risks which have been identified and the steps we have taken to mitigate these are set out in the table below. We do not consider these risks to have changed during the period.

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.	The Board manages these risks by ensuring a diversification of investments and a regular review of the extent of borrowings. The 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. The Board reviews compliance with limits and monitors performance at each Board meeting.
Accounting, legal and regulatory	
The Company is regulated by the Jersey Financial Services Commission 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. To retain investment trust status, the Company must comply with the provisions of s.1158 of the Corporation Tax Act 2010. 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 Manager provides investment, administration and accounting services through qualified professionals. The Board receives quarterly internal control reports from the Manager which demonstrate compliance with legal and regulatory requirements and assesses the effectiveness of the internal control environment in operation at the Manager at least annually.
Operational	
Disruption to, or the failure of, the Manager 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. The administrator, BNP Paribas Securities Services S.C.A. Jersey Branch, sub-contracts some of the operational functions (principally relating to trade processing, investment administration and accounting) to BNP Paribas Securities Services.	The Board receives presentations and updates from the Manager's Global Head of Business Continuity in respect of contingency planning in the event of disruptions or system failures. The Audit Committee reviews the independently audited reports on the effectiveness of internal controls at key third-party service providers throughout the year. These reports set out the effectiveness of the respective service providers' contingency planning arrangements. Additional ad hoc reporting may be requested on specific areas of concern.
Financial	
The financial risks faced by the Company include market (market price and currency risks), interest rate, liquidity and credit risks.	The Company does not employ derivative financial instruments and minimises the risk of counterparties failing to deliver securities or cash by dealing through organisations that have undergone due diligence by the Manager. Details on the risk management systems utilised by the Manager are set out in note 13 on pages 57 to 64.

Business model (continued)

Borrowings

The Company has a £45 million multi-currency revolving credit facility with Sumitomo Mitsui Banking Corporation ('SMBC') which expires in February 2020. The Board is reviewing the pricing and terms available for the facility and expects to renew it before expiration. The maximum amount drawn during the reporting period was £31.2m (2018: £32.7m) with borrowing costs and interest totalling £552,000 (2018: £540,000).

Fee arrangements with the Manager

The Company has appointed Henderson Investment Funds Limited ('HIFL') to act as its Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors 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' or the 'Manager' refer to the services provided to the Company by the Manager's group.

The Fund Managers are Mike Kerley, who has managed the Company's portfolio since 2007 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.

A tiered management fee is in place. Fees are charged at 0.9% of net assets up to the value of £400m, with the balance above that charged at a reduced rate of 0.75%. There is no performance fee.

The Manager, and its subsidiaries, provide accounting and general administrative services to the Company. BNP Paribas Securities Services S.C.A., Jersey Branch provide fund administration and company secretarial services.

The Company's status

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. From 1 September 2018, the Company became subject to the provisions of the Corporation Tax Act 2010, as amended, of the United Kingdom as it relates 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 FCA. 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.

Our approach to environmental, social and governance matters

Responsible ownership and the Stewardship Code

Responsible Investment is the term used to cover the Manager's work on environmental, social and corporate governance ('ESG') issues in the Company's investee companies. Janus Henderson supports the UK Stewardship Code, and seeks to protect and enhance value for shareholders through active management, integration of ESG factors into investment decision making, voting and company engagement.

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.

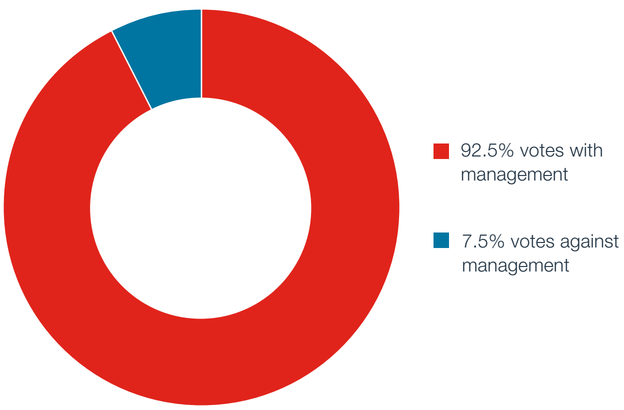
Business model (continued)

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 chosen to delegate responsibility to the Manager for voting the rights attached to the shares held in the Company's portfolio as the Manager actively votes at shareholder meetings and engages with companies as part of the voting process.

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. Voting decisions are taken in keeping with the provisions of the Manager's Responsible Investment Policy ('RI Policy'), which is made publicly available so investee companies have the ability to make themselves aware of our expectations in this respect. In order to retain oversight of the process, we receive reporting on how the Manager has voted the shares held in the Company's portfolio and review, at least annually, the RI Policy, which sets out the Manager's approach to corporate governance, corporate responsibility and Janus Henderson's compliance with the UK Stewardship Code. The RI Policy can be found on the Manager's website at **www.janushenderson.com**.

In the period under review, investee companies held 60 general meetings. The shares held in the Company's portfolio were voted in respect of all of these meetings. The level of governance in leading global companies is generally of a high standard in terms of best practice which meant support in favour of the resolutions proposed by management was warranted. However, in respect of 7.5% of the resolutions proposed, support was not warranted and, following discussion between the Fund Managers and Janus Henderson's governance team, the shares were voted against the passing of the resolution.

Shares voted at investee company meetings



In terms of the resolutions not supported, these covered two predominant themes relating to the undue dilution of shareholders' interests in the investee company and the election of directors unable to demonstrate sufficient independence or unwarranted remuneration.

The environment

As an investment company, 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.

Business ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its suppliers that they maintain adequate safeguards in keeping with the provisions of the Modern Slavery Act 2015, Bribery Act 2010 and Criminal Finances Act 2017, as enacted in English law.

Communicating with our shareholders

The Board is committed to maintaining open channels of communication with shareholders in a manner which they find most meaningful. Unlike trading companies, we appreciate that this often takes the form of meeting with the Fund Managers rather than members of the Board. Shareholders are able to meet with the Fund Managers throughout the year and the Manager provides information on the Company and videos of the Fund Managers on the Company's website, via various social medial channels and through its HGi platform. Feedback from all meetings between the Fund Managers and shareholders is shared with the Board. The Chairman, or other members of the Board, are available to meet with shareholders where they wish to do so.

The annual report and half-year update are circulated to shareholders wishing to receive them and made available on the Company's website. These provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by the daily calculation and publication of the NAV per share and a monthly fact sheet which is available on the website. The Fund Managers provide presentations to shareholders and analysts following the publication of the annual financial results. The Fund Managers attend the annual general meeting and provide a presentation on the Company's performance and the future outlook. We encourage shareholders to attend and participate in the annual general meeting, which is available to watch live by visiting **www.janushenderson.com/en-gb/Investor/investment-trusts-live/**.

Business model (continued)

Shareholders have the opportunity to address questions to the Chairman of the Board, the Fund Managers and all directors.

In the event shareholders wish to raise issues or concerns with the directors, they are welcome to do so at any time by writing to the Chairman at the registered office. The Chairman of the Audit Committee is also available to shareholders if they have concerns that have not been addressed through the normal channels.

Board diversity

The directors aim to have an appropriate level of diversity in the boardroom and are mindful of gender, social and ethnic backgrounds, cognitive and personal strengths, and experience when making appointments to the Board. The Board regularly considers the leadership needs of the Company, taking account of the specific skills required to provide effective oversight of the Company's activities. Our prime responsibility, is the strength of the Board and we are duty bound to appoint the best candidate based on objective criteria and merit. All appointments to the Board are made following a formal, rigorous and transparent process.

At the date of this report, the Board comprises one female and four male directors. The business backgrounds of the directors are varied and they bring expertise from careers in asset management, investment banking, private equity, law and accounting to the discussions of the Board. Three of the directors have substantial experience working in several jurisdictions in the Asia Pacific region and are familiar with the economic and political environment in the region.

As the Company has no employees, it does not maintain a formal policy on diversity and inclusion, and therefore has not reported further in respect of gender representation within the Company.

For and on behalf of the Board

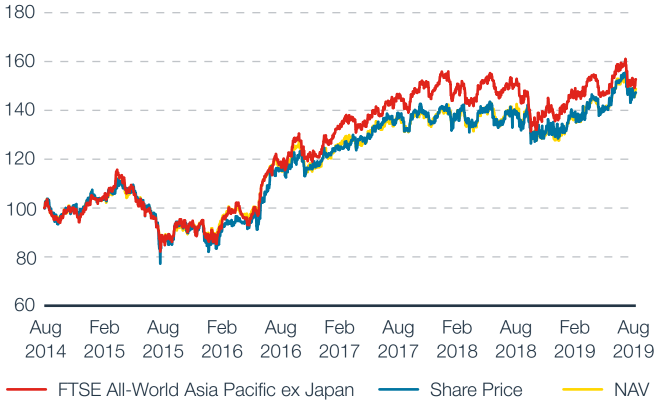
John Russell
Chairman
18 November 2019

Key Performance Indicators

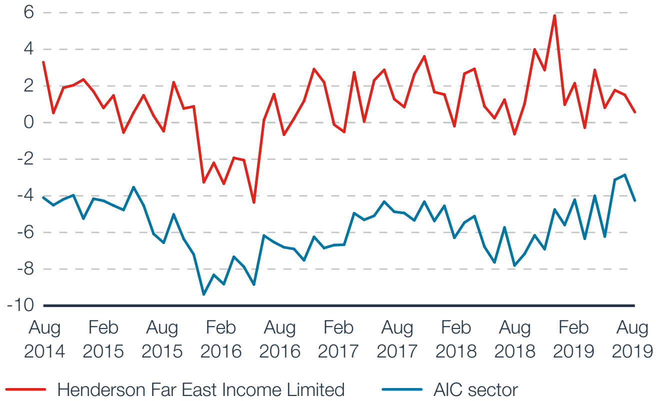
Measuring our performance

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

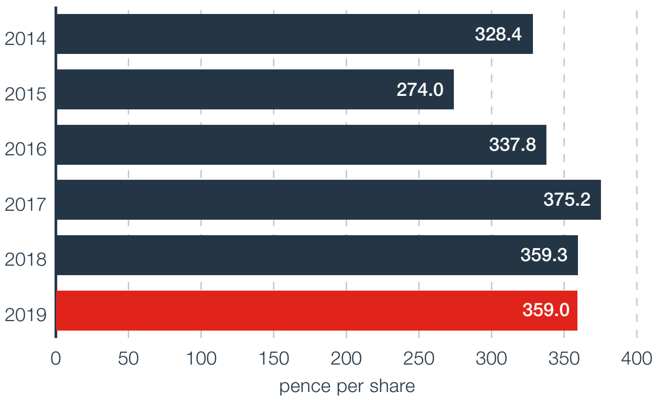
Total return performance for the five years ended 31 August 2019



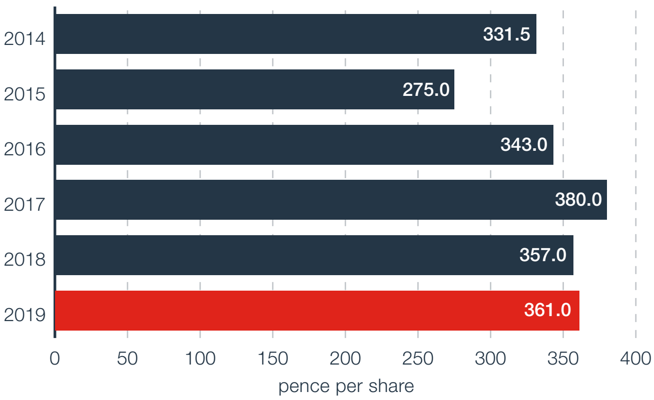
Premium/discount for the five years ended 31 August 2019



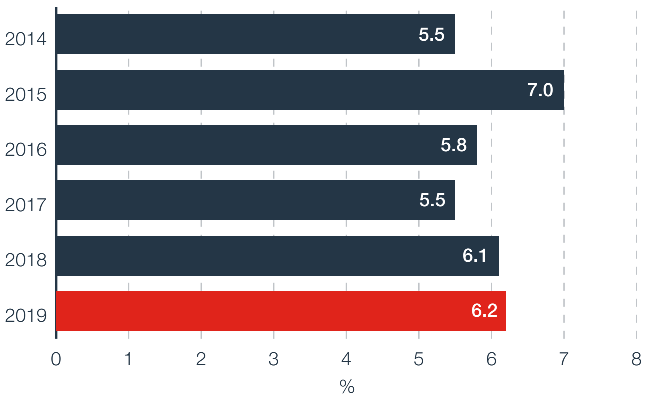
Net Asset Value ('NAV') per share at 31 August



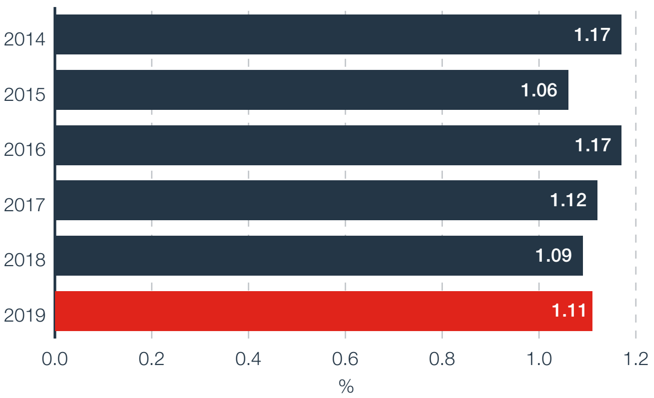
Share price as at 31 August



Dividend yield for the year ended 31 August



Ongoing charge



Shilin District, Taiwan

Governance

Board of Directors
The right balance of skills and knowledge

John Russell
Chairman of the Board

Date of appointment: 6 November 2006

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

Relevant skills and experience: John has over 30 years' experience in investment banking. He was a member of the Australian Stock Exchange and a partner at Bain & Company. He has had 20 years' experience in London and New York as head of Bain's branches in those cities. In 1992 Bain was acquired by Deutsche Bank AG and John continued as senior director of Deutsche Bank Australia in Europe until the end of 1999. John was previously a director of Henderson Far East Income Trust plc.

External appointments: None.

Julia Chapman
Independent non-executive director

Date of appointment: 30 January 2015

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

Relevant skills and experience: Julia is a lawyer qualified in England & Wales and in Jersey with over 25 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 Ozannes) 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 Global Limited and Sanne Group plc.

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

Date of appointment: 3 September 2018

Committee memberships: Member of the Nominations 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 China Resolutions, a company which helps shareholders who have been disenfranchised by Chinese companies delisting from AIM and other markets. He is 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 and recently published his second book, Chinese Rules.

External appointments: Tim is Chief Resolution Officer at China Resolutions and a member of the Strategic Advisory Board of Braemar Energy Ventures.

Nicholas George
Independent non-executive director

Date of appointment: 20 April 2016

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

Relevant skills and experience: Nicholas is a Chartered Accountant by training but 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 in 1993 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 and healthcare and continues to travel widely throughout Asia, where he has built up an impressive network of contacts.

External appointments: None.

David Mashiter
Independent non-executive director

Date of appointment: 6 November 2006

Committees: Member of the Nominations 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, Northcross Holdings Limited and Broadwalk Select Services Fund 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, Northcross Holdings Limited and Broadwalk Select Services Fund Limited.

Fund Managers

The Fund Managers are employees of Janus Henderson and provide investment advice to the directors, but are not members of the Board.

Mike Kerley, Fund Manager

Fund Manager since 2007

Experience: Mike is director of Asia Pacific Equities and a portfolio manager at Janus Henderson Investors. He has managed Pacific equities since joining Henderson in 2004 and managed investment trusts since 2007. Previously, he was with ISIS Asset Management as director of Pacific Basin equities. Prior to this, he worked in the operations department at Invesco Asset Management and later assumed the positions of trainee fund manager for Asian equities, fund manager for global equities, and fund manager for emerging market equities.

Mike attended the London Business School, where he studied investment management. He has managed money in the Asia-Pacific region since 1993 and has 34 years of financial industry experience.

Sat Duhra, Fund Manager

Fund Manager since 2019 (having supported Mike in managing the Company's portfolio since 2011)

Experience: Sat is a portfolio manager on Janus Henderson Investors' Asia ex Japan Equities team. Prior to joining Henderson in 2011, he worked as an equities analyst at Nomura and Credit Suisse.

Sat holds a BSc degree in economics from University College, London. He is an associate of the Institute of Chartered Accountants of Scotland (CA) and has 19 years of financial industry experience.

Corporate Governance Report

Governance codes

The Board is pleased to report to shareholders on the Company's governance arrangements and how the principles of the applicable codes have been applied during the year under review.

Applicable governance codes

The Company has 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. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in July 2016 (the 'AIC Code'). The AIC Code addresses the principles set out in the UK Code as well as additional principles and 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 fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

The FRC published an updated UK Code in July 2018, which was followed by the publication of an updated AIC Code in February 2019. The 2019 AIC Code continues to be endorsed by the FRC, and supported by the Jersey Financial Services Commission, and is applicable to financial reporting periods commencing on or after 1 January 2019.

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 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 and provisions of the AIC Code, which address those set out in the UK Code, as well as the additional provisions that are of specific relevance to investment companies. The Board considers that reporting against the principles and provisions of the AIC Code, provides more relevant information to the Company's shareholders in terms of its governance arrangements.

The Company has complied with the principles and provisions of the AIC Code throughout the period, with the exception of the appointment of a senior independent director. Given the size of the Board, five directors in total, the appointment of a senior independent director was not deemed necessary as the Chairman of the Audit Committee is available to shareholders should the need arise and Mr Mashiter facilitates the evaluation of the Chairman and leads the directors in meetings where the Chairman does not attend. The Company has no chief executive or other executive directors and therefore has no need to consider the remuneration of executive directors. The Company does not have any internal operations and therefore does not maintain an internal audit function. However, the Audit Committee considers the need for such a function at least annually and makes a recommendation to the Board based on their assessment.

The Board

The role of the Board

The Board is responsible for providing leadership, setting the investment objective of the Company, establishing an appropriately robust internal control framework enabling effective risk management and monitoring the performance delivered by the Company's third-party service providers in meeting the objective within the control framework.

The Board meets 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 Manager in connection with the delivery of 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 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 corporate governance matters and is responsible for determining the remuneration of 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 changes to shareholders on the Company's register. Reports on sales or marketing activities are received twice each year and the Board receives reporting on any other relevant business matters in order to ensure that control is maintained over the Company's affairs.

The Manager ensures that the directors receive all relevant management, regulatory and financial information. Employees

Corporate Governance Report (continued)

of the 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 Janus Henderson 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 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.

Board composition and independence

At the date of this report, the Board is comprised of five independent non-executive directors. Details of their experience and other appointments are set out on pages 28 and 29.

The independence of the directors is determined with reference to the AIC Code and is reviewed by the Nominations Committee at least annually. The Committee considers each of the director's other appointments and commitments, as well as their tenure of service and any connections they may have with the Manager or other key service providers. Following completion of the evaluation in January 2019, the Committee concluded that all directors continued to be independent in character and judgement.

Two directors have been on the Board for over nine years; Mr Russell and Mr Mashiter. The Board considers that both are, and have been, independent since their appointment. 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 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.

As reported in the Chairman's statement, Mr Mashiter will retire during the course of 2020 and the Chairman has indicated his intention to retire in 2021.

Appointments to the Board

The Board may appoint directors at any time during the year. Any director so appointed should stand for election by shareholders at the next annual general meeting in accordance with the provisions of the Company's Articles of Association.

Directors are generally expected to serve two terms of three years, which may be extended to a third term at the discretion of the Board and subject to satisfactory performance evaluation and annual re-election by shareholders.

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 his or her term by passing an ordinary resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

Newly appointed directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the Manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services carried out by the 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. Directors are encouraged to attend external training and industry seminars and may do so at the expense of the Company.

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. The directors are cognisant of the benefits of regularly refreshing Board membership and seek to do so while retaining a balance of knowledge of the Company and the relationship with the Manager.

Evaluation of the Board's performance

The Chairman leads the performance evaluation of the Board, its committees and each individual director. The assessment is conducted through individual discussions between the Chairman and each director, with the outcome reported to the Nominations Committee. Following completion of the evaluation this year, it was concluded that the Board's size and composition remained appropriate for the Company and that the Board retained a good balance of skills and business experience, which should be retained as the current succession plans were implemented. The evaluation concluded that the committees continued to effectively support the Board in fulfilling its duties.

Mr Mashiter led the performance evaluation of the Chairman through discussions with the remaining directors. The directors concluded that the Board continued to be effectively led, with the Chairman offering appropriate challenge to the decisions of the Manager. The outcomes of the discussion were reported to the Nominations Committee and feedback provided to the Chairman.

Corporate Governance Report (continued)

Attendance at meetings

The attendance of each director is set out in the table below.

	Board	Audit	Management Engagement	Nominations
John Russell	4/4	3/3	1/1	2/2
Julia Chapman	4/4	3/3	1/1	2/2
Timothy Clissold[1]	4/4	3/3	1/1	2/2
Nicholas George	4/4	3/3	1/1	2/2
David Mashiter	4/4	3/3	1/1	2/2
David Staples[2]	1/4	1/3	0/1	1/2

1. Appointed as a director on 3 September 2018
2. Resigned as a director on 13 December 2018

Effectiveness of internal controls

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 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 Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting provided by:
  - the Manager's Enterprise Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company;
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

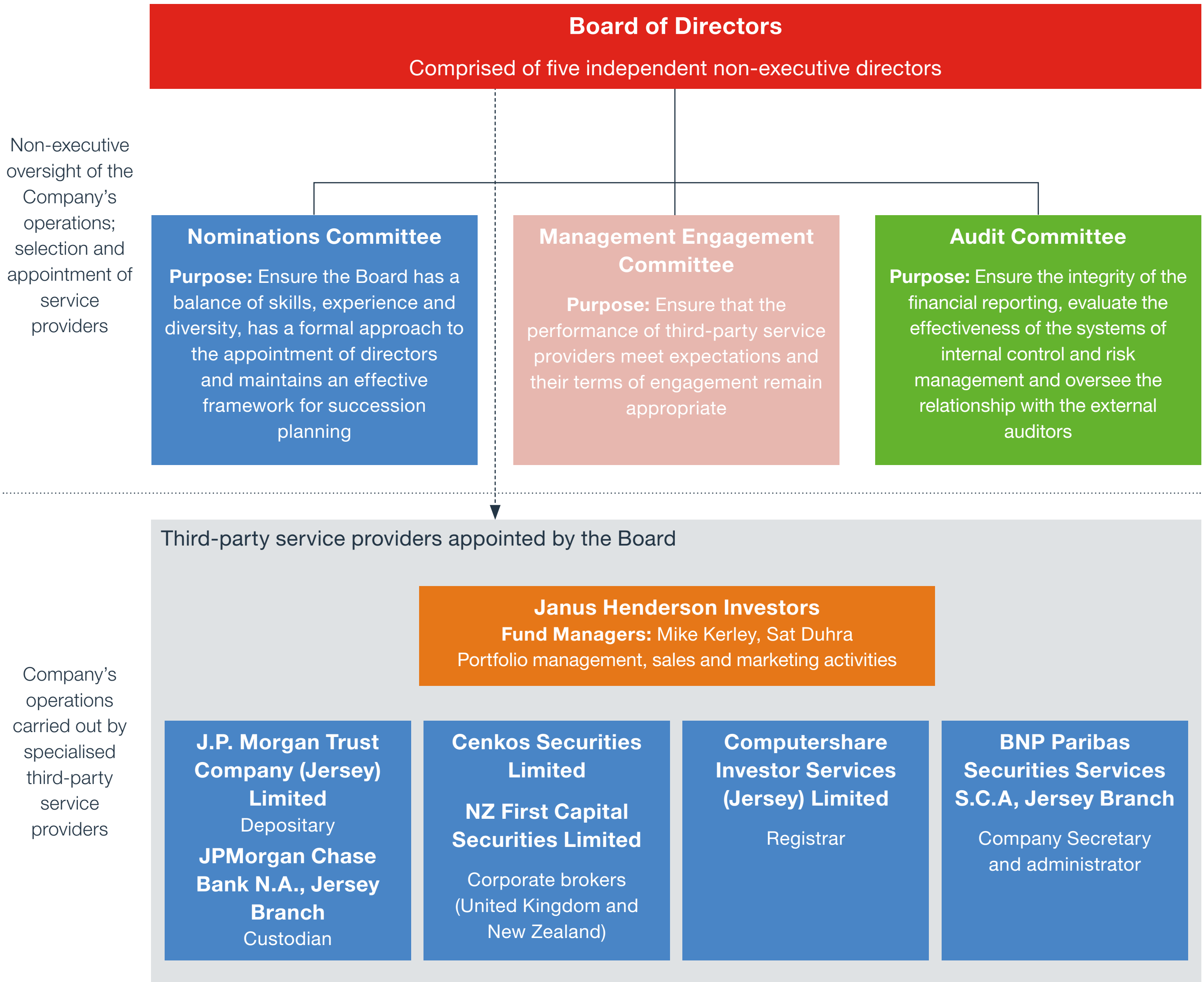
The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 August 2019. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant.

The system of internal control 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.

Corporate Governance Report (continued)

The Board's committees

The Board has three principal committees: the Audit Committee, the Management Engagement Committee and the Nominations 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 Company has no executive directors and has not constituted a Remuneration Committee. Directors' fees are considered by the Board as a whole.

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 reports on the activities of each of the Board's principal committees are set out in the following pages.

Corporate Governance Report (continued)

Nominations Committee

The Nominations 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.

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 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 outcomes of the Board performance evaluation with a view as to whether adjustments should be made to the number of directors or knowledge and skills represented on the Board;
- 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; and
- the performance and contribution of the directors standing for re-election at the upcoming annual general meeting.

Following completion of its reviews, the Committee concluded that the Board continued to operate effectively and that each director continued to commit the time required to fulfil their duties to the Company. The actions and timeframe for implementation of succession planning were agreed.

Taking account of the performance of individual directors, the Committee recommended to the Board that it should support the re-appointment of all directors at the 2020 Annual General Meeting.

Management Engagement Committee

The Management Engagement Committee is responsible for formally evaluating the overall performance of the 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 benchmark and performance of competitors in the closed-ended and open-ended sectors, the share price, level of discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-ended competitors and other, similar sized investment companies;
- the key clauses of the investment agreement, how the 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 brokers, depositary, custodian, registrar, sales, marketing and research providers, legal counsel and the Company's accountants.

Re-appointment of the Manager

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

For and on behalf of the Board

John Russell
Chairman
18 November 2019

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, including 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.

The Committee considered the provisions of the revised AIC Code issued in February 2019, and those of the UK Code issued in July 2018 from which it stems, relating to the membership of the Audit Committee. Taking account of the size of the Board as a whole (five directors in total), the absence of any executive directors and the collaborative manner in which the Board and its committees work, it was not considered practical or constructive to exclude the Chairman from the membership of the Committee. The Chairman of the Board was determined to be independent at the time of his appointment.

Meetings

The Committee usually meets three times a year. The Company's auditors, the Fund Manager and the Manager's Financial Reporting Manager for Investment Trusts are invited to attend meetings of the Committee on a regular basis. Other representatives of the Manager and BNP Paribas Securities Services 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 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 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 Manager.

The Manager's Enterprise 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 Manager's Internal Audit department provides regular reporting to the Board on the operations at the Manager and presents at least annually to the Audit Committee. The Audit Committee has therefore concluded, and accordingly made a recommendation to 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

As best practice, the Company follows the regulations currently in force in the United Kingdom which require the Company to rotate audit firms after a period of ten years. The period may be extended where audit tenders are carried out.

The Committee last carried out an audit tender process in 2012/13 which led to the appointment of KPMG Channel Islands Limited ('KPMG') on 13 February 2013. Ernst and Young LLP were previously engaged as the Company's auditors from 2006 until the appointment of KPMG. This is the fourth year that the current audit partner, Andrew Quinn, has been in place.

Subject to the audit remaining effective and the continuing agreement from shareholders on the appointment of the auditors, the Committee envisages carrying out an audit tender process in respect of the year ending 31 August 2021 at the latest, to ensure compliance with the regulations.

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.

Audit Committee Report (continued)

KPMG 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.

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 UK 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.

KPMG undertook a review of the Company's half year results for a fee of £7,500.

Significant issues

In relation to the annual report for the year ended 31 August 2019, the Committee considered the following significant issues:

Significant issue	How the issue was addressed
Valuation of the Company's investments	Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors and participation notes are valued by reference to the underlying stocks. The liabilities relating to options are valued by reference to the Black-Scholes model. Investments that are unquoted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by the Manager's EMEA Pricing Committee and by the directors at least twice each year.
Maintaining internal controls	The Committee receives regular reports on internal controls from Janus Henderson and BNP Paribas Securities Services S.C.A, Jersey Branch and has access to the relevant personnel at both organisations who have responsibility for risk management and internal audit. The Committee regularly reviews the adequacy and effectiveness of these controls.

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 audit quality inspection report for KPMG in the Channel Islands and a post-audit assessment is carried out led by the Committee Chairman. The auditors are able to present and discuss the findings of the latest audit quality inspection report and report on the progress made by the firm in terms of addressing the areas identified for improvement in the prior year's report. In assessing the effectiveness of the audit process, the Committee Chairman invites views from the directors, Fund Manager and other members of the 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.

Following completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by KPMG and therefore recommended to the Board their continuing appointment. The auditors have indicated their willingness to continue in office. Accordingly, resolutions reappointing KPMG as auditors to the Company and authorising the Committee to determine their remuneration will be proposed at the upcoming annual general meeting.

Nicholas George
Chairman of the Audit Committee
18 November 2019

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 13 December 2017.

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 of £200,000 determined by the shareholders.

Directors are remunerated in the form of fees payable quarterly in arrears. 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 higher fees in recognition of their additional responsibilities. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties.

The level of fees paid to each director is reviewed annually, although such a review may not necessarily result in any change to the rates. The level of fees paid to the directors of other investment companies of a similar size and nature is taken into account when carrying out the review. The Board may amend the level of remuneration paid to individual directors within the parameters of the Policy.

No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

The Policy, irrespective of any changes, is put to shareholders at intervals of not more than three years with the next approval due to be sought at the annual general meeting in 2020.

All directors are non-executive and are appointed under a Letter of Appointment. No director has a service contract with the Company. There are no set notice periods, a director may resign by notice in writing to the Board at any time and no compensation is payable for loss of office.

Annual Report on Remuneration

The report meets the requirements of the Listing Rules, published by the Financial Conduct Authority, in describing how the Board has applied the principles relating to directors' remuneration.

Statement from the Chairman

As the Company has no employees and the Board is comprised entirely of non-executive directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole within the parameters approved by shareholders.

As part of their usual business, the Board annually considers the fees paid to directors by other investment companies in the peer group, the fees paid in other sectors and by the Janus Henderson managed investment trusts. Following completion of their review the Board determined that no changes to fees were required. Given that Board meetings are now held in the United Kingdom ('UK') and that certain directors' expenses are taxable, the Board has determined that non-UK resident directors would be paid an additional amount of £3,000 per annum in lieu of claiming expenses so as not to disadvantage or deter them from serving on the Board. The arrangement become effective from 1 July 2019.

Directors' fees were last increased on 1 September 2016.

Directors' interests in shares

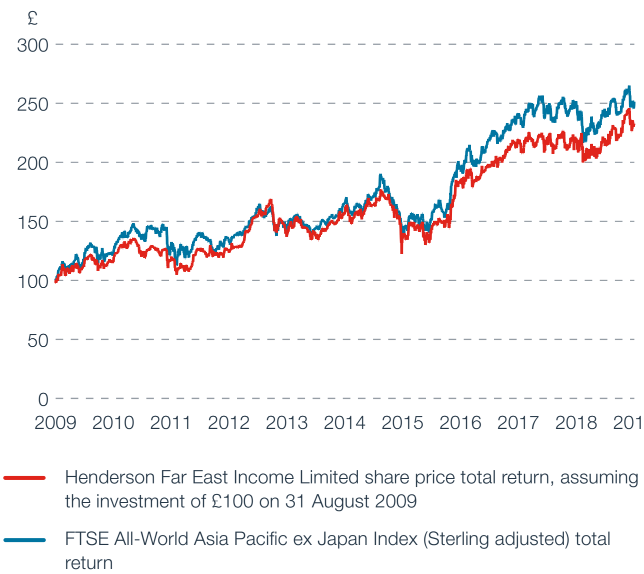
	Ordinary shares of no par value	
	31 August 2019	1 September 2018
John Russell	**60,306**	60,306
Julia Chapman	**2,616**	2,616
Timothy Clissold[1]	**15,000**	10,299
Nicholas George	**8,750**	8,750
David Mashiter	**5,000**	5,000
David Staples[2]	**–**	21,000

[1] Appointed on 3 September 2018
[2] Retired on 13 December 2018

The interests of the directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. There have been no changes to any of the directors' holdings in the period 1 September 2019 to the date of this report.

Performance

The graph compares the total return of the Company's ordinary shares over the ten-year period ended 31 August 2019 with the return from the FTSE All-World Asia Pacific ex Japan Index over the same period with dividends reinvested.



Directors' Remuneration Report (continued)

Directors' fees

The fees paid to the directors who served during the years ended 31 August 2019 and 31 August 2018 were as follows:

	Year ended 31 August 2019 Fees £	Year ended 31 August 2018 Fees £	**Year ended 31 August 2019 Taxable benefits £**	Year ended 31 August 2018 Taxable benefits £	**Year ended 31 August 2019 Total £**	Year ended 31 August 2018 Total £
John Russell[1]	39,000	39,000	–	–	39,000	39,000
Julia Chapman	28,500	28,000	1,321	–	29,821	28,000
Timothy Clissold[2]	28,000	–	419	–	28,419	–
Nicholas George[3]	32,310	28,000	–	–	32,310	28,000
David Mashiter	28,500	28,000	1,852	–	30,352	28,000
David Staples[4]	9,714	34,000	306	–	10,020	34,000
Total	**166,024**	**157,000**	**3,898**	**–**	**169,922**	**157,000**

Notes:
No payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made to directors.
1 Chairman and highest paid director
2 Appointed on 3 September 2018
3 Chairman of the Audit Committee from 13 December 2018
4 Chairman of the Audit Committee, retired on 13 December 2018

No taxable benefits have been paid or are payable for the prior year. No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former directors or third parties specified by any of them.

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions to shareholders by way of dividend. There were no other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2019	2018	Change
Total remuneration paid to directors	**£169,922**	£157,000	£12,922
Ordinary dividends paid during the year	**£28,090,166**	£25,987,038	£2,103,128

Voting at Annual General Meetings

In relation to the approval of the Company's Remuneration Policy at the annual general meeting held on 13 December 2017, 18,250,123 (98.5%) of the votes were cast in favour of the resolution, 184,204 (1.0%) were cast against the resolution, 101,184 (0.5%) were placed at the discretion of the chairman of the meeting to vote and 133,418 were withheld.

In relation to the approval of the Annual Report on Remuneration at the annual general meeting held on 13 December 2018, 20,584,175 (98.9%) of the votes were cast in favour of the resolution, 118,245 (0.6%) were cast against the resolution, 120,192 (0.5%) were placed at the discretion of the chairman of the meeting to vote and 225,230 were withheld.

The percentage of votes cast for, against and discretionary excludes the number of votes withheld.

For and on behalf of the Board

John Russell
Chairman
18 November 2019

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 August 2019.

The Corporate Governance Report, Audit Committee Report and additional information on pages on pages 67 to 72 form part of the Directors' 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 2019 there were 130,678,564 ordinary shares in issue with total voting rights of 130,678,564.

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 13 December 2018 shareholders authorised the directors to allot and disapply pre-emption rights in respect of 12,397,856 shares and to repurchase up to 18,584,387 shares. In the year under review and up to the date of this report, the directors have issued 10,030,000 shares under this authority. Demand for the Company's shares has been so strong that additional shareholder authority is being sought at an Extraordinary General Meeting which will be held on 3 December 2019 to disapply pre-emption rights in respect of a further 5% of the issued share capital as at the date of the resolution. The authority to buy back shares has not been used in the year under review and up to the date of this report.

During the year, 7,925,000 shares (representing 4.08% of the number of shares in issue at the beginning of the year) were issued to Cenkos Securities, the Company's broker, at prices ranging from 336.00p to 382.00p for total proceeds (net of commissions) of £27,901,000. A further 3,330,000 ordinary shares have been up to the date of this report for total proceeds (net of commissions) of £12,118,000. The number of shares in issue, and voting rights, at the date of this report is 134,008,564. All new shares are issued at a premium to net asset value.

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 2019 or in the period to the date of this report.

Related party transactions

The Company's current related parties are its directors and the 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 expenses and remuneration for which there were no outstanding amounts payable at the year end. In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 19 on page 65.

Annual General Meeting

The annual general meeting will be held at 11.00am on 23 January 2020 at the offices of Janus Henderson, 201 Bishopsgate, London EC2M 3AE. The Notice and details of the resolutions to be put at the meeting are set out in the separate document sent to shareholders with this report.

All shareholders howsoever they hold their shares are encouraged to attend the meeting or, if they are unable to do so, to vote their shares. The event will be live streamed so shareholders who cannot attend in person can view the meeting live as it happens online at **www.janushenderson.com/en-gb/Investor/investment-trusts-live/**.

Listing Rule 9.8.4

This rule 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 he or she has 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.

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.

Directors' 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 system in place for directors to declare situational conflicts to be considered for authorisation 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, and authorised, are recorded in the minutes.

For and on behalf of the Board

John Russell
Chairman
18 November 2019

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report (which must be fair, balanced and understandable), the Directors' Remuneration 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 ('IFRSs') 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 accounting estimates that are reasonable, relevant and reliable;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are 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 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, who are listed on pages 28 and 29, confirms that, to the best of his or her knowledge:

- the Company's financial statements, which have been prepared in accordance with IFRSs 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 Strategic Report, Directors' Report, Corporate Governance Report, Directors' Remuneration 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.

John Russell
Chairman
18 November 2019

The financial statements are published on a 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.


Opera House, Sydney

Financial Statements

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

Our opinion is unmodified

We have audited the financial statements of Henderson Far East Income Limited (the 'Company'), which comprise the Balance Sheet as at 31 August 2019, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and the related notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

— give a true and fair view of the financial position of the Company as at 31 August 2019, and of the Company's financial performance and cash flows for the year then ended;

— are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS); and

— have been properly prepared in accordance with the requirements of the Companies (Jersey) Law, 1991.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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 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.
In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2018):

	The risk	Our response
Valuation of investments at fair value through profit or loss (the 'investments') Investments at fair value through profit or loss Assets: £477,963,000 (2018: £462,638,000) Investments at fair value through profit or loss Liabilities: (£1,489,000) (2018: (£461,000)) Refer to page 36 of the Audit Committee, notes 2c) accounting policy and note 2o), 10 and 13 disclosure.	**Basis:** The Company invests in a diversified portfolio of investments which have exposure to the Asia Pacific region. Investments are primarily in listed equities and options. Listed equities and options make up 100.3% and (0.3%) respectively of the fair value of the total investment portfolio as at 31 August 2019. The valuation of the Company's investments, given it represents the majority of the total assets and net assets of the Company, is a significant area of our audit.	**Our audit procedures included:** Use of KPMG Specialists: We engaged our valuation specialist to: 1) agree 100% of the fair values of the listed equities to third party prices; and 2) challenge the fair values of the options through comparison to available market observable input parameters derived from comparable instruments in the market. Assessing disclosures: We also considered the Company's disclosures (see note 2o) in relation to the use of estimates and judgements regarding the valuation of investments and the Company's investment valuation policies adopted in note 2c) and fair value disclosures in note 10 and 13 for compliance with IFRS.

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

We have nothing to report on the other information in the annual report

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 41, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew P. Quinn
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognized Auditors
Jersey
18 November 2019

Statement of Comprehensive Income

Notes		Year ended 31 August 2019 Revenue return £'000	Year ended 31 August 2019 Capital return £'000	Year ended 31 August 2019 Total £'000	Year ended 31 August 2018 Revenue return £'000	Year ended 31 August 2018 Capital return £'000	Year ended 31 August 2018 Total £'000
3	Investment income	33,075	–	33,075	29,914	–	29,914
4	Other income	2,281	–	2,281	2,665	–	2,665
10	Gains/(losses) on investments held at fair value through profit or loss	–	2,122	2,122	–	(17,574)	(17,574)
	Net foreign exchange loss excluding foreign exchange losses on investments	–	(1,127)	(1,127)	–	(63)	(63)
	Total income	**35,356**	**995**	**36,351**	**32,579**	**(17,637)**	**14,942**
	Expenses						
	Management fees	(1,973)	(1,973)	(3,946)	(1,935)	(1,935)	(3,870)
5	Other expenses	(479)	(478)	(957)	(498)	(497)	(995)
	Profit/(loss) before finance costs and taxation	**32,904**	**(1,456)**	**31,448**	**30,146**	**(20,069)**	**10,077**
6	Finance costs	(254)	(254)	(508)	(236)	(236)	(472)
	Profit/(loss) before taxation	**32,650**	**(1,710)**	**30,940**	**29,910**	**(20,305)**	**9,605**
7	Taxation	(3,148)	514	(2,634)	(3,010)	–	(3,010)
	Profit/(loss) for the year and total comprehensive income	**29,502**	**(1,196)**	**28,306**	**26,900**	**(20,305)**	**6,595**
8	Earnings per ordinary share – basic and diluted	23.38p	(0.95p)	22.43p	22.21p	(16.77p)	5.44p

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 49 to 66 form part of these financial statements

Statement of Changes in Equity

Notes		Year ended 31 August 2019 Stated share capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 31 August 2018	139,698	180,471	97,255	23,580	441,004
	Total comprehensive income:					
	(Loss)/profit for the year	–	–	(1,196)	29,502	28,306
	Transactions with owners, recorded directly to equity:					
9	Dividends paid	–	–	–	(28,090)	(28,090)
14	Shares issued	27,985	–	–	–	27,985
14	Share issue costs	(84)	–	–	–	(84)
	Total equity at 31 August 2019	**167,599**	**180,471**	**96,059**	**24,992**	**469,121**

Notes		Year ended 31 August 2018 Stated share capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 31 August 2017	121,784	180,471	117,560	22,667	442,482
	Total comprehensive income:					
	(Loss)/profit for the year	–	–	(20,305)	26,900	6,595
	Transactions with owners, recorded directly to equity:					
9	Dividends paid	–	–	–	(25,987)	(25,987)
14	Shares issued	17,983	–	–	–	17,983
14	Share issue costs	(69)	–	–	–	(69)
	Total equity at 31 August 2018	**139,698**	**180,471**	**97,255**	**23,580**	**441,004**

The notes on pages 49 to 66 form part of these financial statements

Balance Sheet

Notes		31 August 2019 £'000	31 August 2018 £'000
	Non current assets		
10	Investments held at fair value through profit or loss	477,963	462,638
	Current assets		
11	Other receivables	4,842	3,253
	Cash and cash equivalents	6,360	7,117
		11,202	**10,370**
	Total assets	**489,165**	**473,008**
	Current liabilities		
10	Investments held at fair value through profit or loss – written options	(1,489)	(461)
7(c)	Deferred taxation	(66)	–
12(a)	Other payables	(1,969)	(768)
12(b)	Bank loans	(16,520)	(30,775)
		(20,044)	**(32,004)**
	Net assets	**469,121**	**441,004**
	Equity attributable to equity shareholders		
14	Stated share capital	167,599	139,698
15	Distributable reserve	180,471	180,471
	Retained earnings:		
16	Capital reserves	96,059	97,255
	Revenue reserves	24,992	23,580
	Total equity	**469,121**	**441,004**
17	Net asset value per ordinary share	**358.99p**	**359.26p**

The financial statements on pages 45 to 66 were approved by the Board of Directors on 18 November 2019 and were signed on its behalf by:

John Russell
Chairman

The notes on pages 49 to 66 form part of these financial statements

Statement of Cash Flows

Notes		31 August 2019 £'000	31 August 2018 £'000
	Operating activities		
	Profit before taxation	30,940	9,605
	Add back finance costs payable	508	472
10	(Gains)/losses on investments held at fair value through profit or loss	(2,122)	17,574
	Net foreign exchange loss excluding foreign exchange gains/(losses) on investments	1,127	63
10	Sales of investments	297,306	407,666
10	Purchases of investments	(308,924)	(425,248)
	(Increase)/decrease in prepayments and accrued income	(1,022)	105
	(Increase)/decrease in amounts due from brokers	(479)	62
	Increase/(decrease) in other payables	1,227	(145)
	Stock dividends included in investment income	(557)	(574)
	Net cash inflow from operating activities before interest and taxation	**18,004**	**9,580**
	Interest paid	(535)	(500)
	Withholding tax on investment income	(2,655)	(3,010)
	Net cash inflow from operating activities after interest and taxation	**14,814**	**6,070**
	Financing activities		
	Repayment of loan with CBA	–	(31,833)
	Initial drawdown of loan with SMBC	–	32,282
	Net loan repayment	(15,937)	(985)
9	Equity dividends paid	(28,090)	(25,987)
14	Share issue proceeds	27,985	17,983
14	Share issue costs	(84)	(69)
	Net cash outflow from financing	**(16,126)**	**(8,609)**
	Decrease in cash and cash equivalents	**(1,312)**	**(2,539)**
	Cash and cash equivalents at the start of the year	7,117	10,241
	Exchange movements	555	(585)
	Cash and cash equivalents at the end of the year	**6,360**	**7,117**

The notes on pages 49 to 66 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 was incorporated on 6 November 2006.

2 Accounting policies

a) Basis of preparation

The Company's financial statements for the year ended 31 August 2019 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 November 2014 and updated in February 2018 with consequential amendments 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) New and amended standards adopted by the Company.

The following new or amended standards were adopted by the Company during the year.

- IFRS 9, 'Financial instruments'. The Company has applied the standard in the current financial year and the impact assessment from its adoption concluded that there was no material impact on the financial statements. The Company's investments remain classified and measured as fair value through profit or loss. The application of IFRS 9 has not resulted in any change to the valuation of investments nor were any other adjustments required. Other assets and liabilities continue to be measured at amortised cost, except for options which continue to be measured at fair value. Other assets were assessed for credit risk and no impairment provisions were required.
- IFRS 15, 'Revenue from Contracts with Customers'. The Company has applied the standard in the current financial year and the impact assessment from its adoption concluded that there was no impact on the financial statements given that the Company's income is derived from financial instruments and investment income is outside the scope of IFRS 15.
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018) – addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The guidance aims to reduce diversity in practice. There has been no impact on the financial statements.

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

- Amendments to IAS 1 and IAS 8 – Definition of Material (effective 1 January 2020). The International Accounting Standards Board has refined its definition of 'material' and issued practical guidance on applying the concept of materiality. The amendments are not expected to have a material impact on the Company's financial statements.

(iii) New standards, amendments and interpretations issued but not effective for the current financial year and not relevant to the Company's operations.

A number of new standards, amendments and interpretations have been issued that are not effective for the current financial year end and not relevant or material to the Company's operations. They will therefore have no impact on the Company's financial statements when they become effective.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

b) Going concern

The assets of the Company consist almost entirely of securities that are listed and regularly traded and, accordingly, the directors believe that the Company has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the Viability Statement, the Board has decided that it is appropriate for the financial statements to be prepared on a going concern basis.

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, and are measured initially and subsequently at fair value. Financial assets are recognised/de-recognised at the trade date of the purchase/disposal. Proceeds will be measured at fair value, which will be regarded as the proceeds of sale less any transaction costs. 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. Participation notes are fair valued by reference to underlying stocks. The fair value of option contracts is determined by reference to the Black-Scholes model. The fair values of unquoted financial instruments within the portfolio are based on their last audited net asset values discounted where necessary to arrive at a fair value.

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 this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

d) 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.

e) Income

Dividends receivable on equity shares and participation notes 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 expiration or settlement 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 statement of financial position 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.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

g) Taxation (continued)

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.

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 currency and the presentation 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 Stock and the 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 received net of direct issue costs, which approximates fair value. Loans are subsequently carried at amortised cost using the effective interest method. The Company de-recognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

k) 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'), the Fund 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 Manager attends 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 geographical segment 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 (2018: nil).

l) 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.

m) Dividends payable to shareholders

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

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

n) 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.

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

The Company's holdings in participation notes are valued at £nil (2018: £4,525,000). In the prior year, these were valued by reference to the underlying stock. The obligations relating to the options valued at £1,489,000 (2018: £461,000) 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 the resignation of the chief financial officer and company secretary in June 2014 and in the Board's opinion it is still appropriate to value this investment at nil at 31 August 2019 (2018: same).

3 Investment income

	2019 £'000	2018 £'000
Overseas investment income	32,518	29,207
Participation note income	–	133
Stock dividends	557	574
	33,075	**29,914**
Analysis of investment income by geography:		
Australia	7,487	5,595
China	8,594	7,339
Hong Kong	2,264	2,461
Indonesia	701	401
Malaysia	235	515
New Zealand	701	852
Singapore	2,678	1,998
South Korea	3,032	3,376
Taiwan	5,437	5,324
Thailand	1,854	2,053
Vietnam	92	–
	33,075	**29,914**

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

Notes to the Financial Statements (continued)

4 Other income

	2019 £'000	2018 £'000
Bank and other interest	81	74
Option premium income	2,200	2,591
	2,281	**2,665**

5 Other expenses

	2019			2018		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000
Directors' fees (see the Directors' Remuneration Report on page 38)	83	83	166	79	78	157
Auditors' remuneration						
– statutory audit	17	18	35	18	17	35
– interim accounts review	4	4	8	3	3	6
Bank and custody charges	114	114	228	125	126	251
Loan arrangement and non-utilisation fees	22	22	44	34	34	68
Marketing fees[1]	60	59	119	85	85	170
Registrar's fees	26	27	53	21	21	42
Depositary fees	11	11	22	11	11	22
Printing and stationery	16	17	33	10	10	20
Asia Board visit	17	16	33	–	–	–
Broker fees	18	18	36	18	18	36
AIC subscriptions	11	10	21	10	10	20
Stock Exchange fees	23	22	45	40	40	80
Other expenses	57	57	114	44	44	88
	479	**478**	**957**	**498**	**497**	**995**

1 Payable to Janus Henderson

6 Finance costs

	2019			2018		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000
Bank loans	254	254	508	236	236	472
	254	**254**	**508**	**236**	**236**	**472**

Notes to the Financial Statements (continued)

7 Taxation

a) Analysis of the charge for the year

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total return £'000
Corporation tax	251	–	251	–	–	–
Double tax relief	(251)	–	(251)	–	–	–
Tax relief from capital	514	(514)	–	–	–	–
Overseas withholding tax	2,568	–	2,568	3,010	–	3,010
Total current tax charge for the year	**3,082**	**(514)**	**2,568**	3,010	–	3,010
Deferred tax	66	–	66	–	–	–
Total deferred tax charge for the year (see note 7c)	**66**	**–**	**66**	–	–	–
Total tax charge for the year (see note 7b)	**3,148**	**(514)**	**2,634**	**3,010**	**–**	**3,010**

b) Factors affecting the tax charge for the year

The UK corporation tax rate is 19%. The tax charge for the year is different from the corporation tax rate.

The differences are explained below:

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total return £'000
Profit/(loss) before taxation	32,650	(1,710)	30,940	29,910	(20,305)	9,605
Corporation tax at 19% (2018: n/a)	6,204	(325)	5,879	–	–	–
Effects of:						
Non-taxable gains less losses on investments held at fair value through profit or loss	–	(403)	(403)	–	–	–
Non-taxable overseas dividends	(5,467)	–	(5,467)	–	–	–
Currency gains	–	214	214	–	–	–
Overseas tax	2,568	–	2,568	3,010	–	3,010
Excess management expenses	(584)	514	(70)	–	–	–
Tax relief from capital	514	(514)	–	–	–	–
Double tax relief	(251)	–	(251)	–	–	–
Effect of income taxable in different periods	164	–	164	–	–	–
Total tax charge for the year (see note 7a)	**3,148**	**(514)**	**2,634**	**3,010**	**–**	**3,010**

c) Deferred taxation

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total return £'000
Provision at start of the year	–	–	–	–	–	–
Deferred tax charge for the year	66	–	66	–	–	–
Provision at end of the year	**66**	**–**	**66**	**–**	**–**	**–**

With effect from 1 September 2018, the Company became tax resident in the United Kingdom and joined the United Kingdom's investment trust regime. For the year to 31 August 2018, the Company was subject to Jersey income tax at a rate of 0% and as a result the tax charge consisted solely of withholding tax suffered on income from overseas investments.

Notes to the Financial Statements (continued)

8 Earnings per ordinary share

The earnings per ordinary share figure is based on the net profit for the year of £28,306,000 (2018: £6,595,000) and on the weighted average number of ordinary shares in issue during the year of 126,210,619 (2018: 121,130,068).

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

	2019 £'000	2018 £'000
Net revenue profit	29,502	26,900
Net capital loss	(1,196)	(20,305)
Net total profit	**28,306**	**6,595**
Weighted average number of ordinary shares in issue during the year	126,210,619	121,130,068

	2019 Pence	2018 Pence
Revenue earnings per ordinary share	23.38	22.21
Capital earnings per ordinary share	(0.95)	(16.77)
Total earnings per ordinary share	**22.43**	**5.44**

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	**2019 £'000**	2018 £'000
Fourth interim dividend 5.30p for the year ended 2017	3 November 2017	30 November 2017	–	6,334
First interim dividend 5.30p for the year ended 2018	2 February 2018	28 February 2018	–	6,403
Second interim dividend 5.30p for the year ended 2018	4 May 2018	31 May 2018	–	6,499
Third interim dividend 5.50p for the year ended 2018	3 August 2018	31 August 2018	–	6,751
Fourth interim dividend 5.50p for the year ended 2018	2 November 2018	30 November 2018	6,768	–
First interim dividend 5.50p for the year ended 2019	1 February 2019	28 February 2019	6,874	–
Second interim dividend 5.50p for the year ended 2019	3 May 2019	31 May 2019	7,017	–
Third interim dividend 5.70p for the year ended 2019	2 August 2019	30 August 2019	7,431	–
			28,090	**25,987**

The fourth interim dividend for the year ended 31 August 2019 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 £29,502,000 (2018: £26,900,000).

Following the change of tax residency, the Company needs to comply with the UK investment trust retention test to satisfy s.1158 of the Corporation Tax Act 2010. 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. The comparative data is also presented even though there was no requirement to satisfy this test in the previous year when the Company was Jersey tax resident.

	2019 £'000	2018 £'000
Revenue available for distribution by way of dividend for the year	29,502	26,900
First interim dividend of 5.50p (2018: 5.30p) paid 28 February 2019 (28 February 2018)	(6,874)	(6,403)
Second interim dividend of 5.50p (2018: 5.30p) paid 31 May 2019 (31 May 2018)	(7,017)	(6,499)
Third interim dividend of 5.70p (2018: 5.50p) paid 30 August 2019 (31 August 2018)	(7,431)	(6,751)
Fourth interim dividend for the year ended 31 August 2019 of 5.70p (2018: 5.50p) (based on 133,808,564 shares in issue at 1 November 2019) (2018: 123,053,564)	(7,627)	(6,768)
Undistributed revenue for s.1158 purposes	**553**	**479**

Notes to the Financial Statements (continued)

10 Investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Cost at beginning of year	405,358	362,283
Investment holding gain at the beginning of the year	56,819	99,312
Valuation of investments and options written at the beginning of the year	**462,177**	**461,595**
Movements in the year:		
Purchases at cost	309,481	425,822
Sales – proceeds	(297,306)	(407,666)
– realised (losses)/gains on sales	(14,245)	24,919
Increase/(decrease) in investment holding gains	16,367	(42,493)
Closing value of investments and options written at the end of the year	**476,474**	**462,177**
Cost at the end of the year	403,288	405,358
Investment holding gain	73,186	56,819
Closing value of investments and options written at the end of the year	**476,474**	**462,177**

Total investments:

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	477,963	462,638
Written options	(1,489)	(461)
	476,474	**462,177**

There is one unquoted investment, China Forestry, which was written down to zero value in 2014. The Company does not hold any participation notes at 31 August 2019 (2018: £4,525,000).

Gains/(losses) on investments held at fair value

	2019 £'000	2018 £'000
Realised (losses)/gains on sales of investments	(14,245)	24,919
Increase/(decrease) in investment holding gains	16,367	(42,493)
	2,122	**(17,574)**

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 the capital reserve and are included within gains/(losses) on investments held at fair value through profit or loss in the Statement of Comprehensive Income.

	2019 £'000	2018 £'000
Purchases	322	488
Sales	459	846
	781	**1,334**

Notes to the Financial Statements (continued)

11 Other receivables

	2019 £'000	2018 £'000
Withholding tax recoverable	88	–
Prepayments and accrued income	4,275	3,253
Amounts due from brokers	479	–
	4,842	**3,253**

12 Other payables

	2019 £'000	2018 £'000
a) Other payables	1,969	768
	1,969	**768**

	2019 £'000	2018 £'000
b) Bank loans (unsecured)	16,520	30,775
	16,520	**30,775**

The interest rates applicable to the bank loans is at a margin over LIBOR per the table below. Further detail on the bank loans is provided in note 13.2.

Percentage of the £45m facility utilised	Margin (% p.a.)
0 – 33%	0.65
33.1 – 66%	0.70
66.1 – 100%	0.75

The loan agreement with SMBC provides that net asset value will not be less than £150,000,000 and consolidated gross borrowings will not exceed 30%. Both conditions were met at year end.

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 Janus Henderson co-ordinate the Company's risk management and there are various risk management systems in place as detailed below:

- straight-through processing via a deal order and management system ('OMS') is utilised for listed securities, exchange-traded derivatives and OTC derivatives contracts with connectivity to third-party affirmation and trade repository services;
- portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine;
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises HiPortfolio software;
- the IT tools to which the Janus Henderson Risk, Compliance and Operations teams have access for independent monitoring and risk measurement purposes include:
  - Charles River Compliance module for investment restrictions monitoring;
  - Nasdaq BWise operational risk database;
  - Riskmetrics for VaR statistics, stress-testing and back-testing;
  - UBS Delta, Style Research, Cognity and Barra for market risk measurement;
  - Bloomberg for market data and price-checking, and
  - HiPortfolio for portfolio holdings and valuations.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

These are supplemented by in-house developments: Derivatives Risk and Compliance database ('DRAC') and the Counterparty Exposure ('CER') reports.

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

The Company has a spread of investments which by their nature are lower risk than placing the entire amount of the Company's assets in solely one investment. Over the long term, equities generally outperform cash deposits and bonds. Performance of equities has been and is likely to continue to be volatile over shorter periods.

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 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.

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 and unquoted 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 Manager. Investment performance is reviewed at each Board meeting. The Board monitors the Manager's compliance with the Company's investment limits and restrictions.

The Company's exposure to changes in market prices at 31 August 2019 on its investments amounted to £477,963,000 (2018: £462,638,000) and £1,489,000 (2018: £461,000) 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 13. 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% (2018: 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.

	2019		2018	
	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 after tax				
Revenue return	(214)	214	(208)	208
Capital return	47,433	(47,433)	46,010	(46,010)
Impact on total return after tax for the year and shareholders' funds	**47,219**	**(47,219)**	**45,802**	**(45,802)**

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 presentation currency). As a result, movements in exchange rates may affect the Sterling value of those items.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.2 Currency risk (continued)

Management of the risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. The 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 converted into US Dollars 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.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure as at 31 August 2019 and 2018 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, Malaysian Ringgit, New Zealand Dollar and Thai Baht.

2019	**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)	430	2,683	29	241	844	–	–	541
Cash and cash equivalents	661	–	–	–	–	119	5,580	–
Payables (due to brokers, accruals and other creditors)	–	–	–	–	–	–	(26)	–
Bank loans	–	–	–	–	–	–	(16,520)	–
Total foreign currency exposure on net monetary items	**1,091**	**2,683**	**29**	**241**	**844**	**119**	**(10,966)**	**541**
Investments at fair value through profit or loss	85,841	49,653	30,105	36,410	106,211	58,013	24,791	85,450
Total net foreign currency exposures	**86,932**	**52,336**	**30,134**	**36,651**	**107,055**	**58,132**	**13,825**	**85,991**

2018	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)	732	1,357	–	–	567	–	–	535
Cash and cash equivalents	242	–	–	–	–	137	6,738	–
Payables (due to brokers, accruals and other creditors)	–	–	–	–	–	–	(30)	–
Bank loans	–	–	–	–	–	–	(30,775)	–
Total foreign currency exposure on net monetary items	**974**	**1,357**	**–**	**–**	**567**	**137**	**(24,067)**	**535**
Investments at fair value through profit or loss	78,983	57,853	46,049	31,709	97,203	54,083	32,409	63,888
Total net foreign currency exposures	**79,957**	**59,210**	**46,049**	**31,709**	**97,770**	**54,220**	**8,342**	**64,423**

The above amounts are not 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 overleaf.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.2 Currency risk (continued)

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 below.

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

2019	**AUS$ £'000**	**TW$ £'000**	**KRW £'000**	**CNY £'000**	**HK$ £'000**	**S$ £'000**	**US$ £'000**	**Other £'000**
Statement of Comprehensive Income –								
Revenue return	670	523	280	598	428	322	253	348
Capital return	9,492	5,489	3,328	4,025	11,745	6,415	2,741	8,384
Total return after tax for the year	**10,162**	**6,012**	**3,608**	**4,623**	**12,173**	**6,737**	**2,994**	**8,732**

2018	AUS$ £'000	TW$ £'000	KRW £'000	CNY £'000	HK$ £'000	S$ £'000	US$ £'000	Other £'000
Statement of Comprehensive Income –								
Revenue return	532	513	308	535	349	254	194	391
Capital return	8,734	6,396	5,092	3,505	10,749	5,980	3,584	7,065
Total return after tax for the year	**9,266**	**6,909**	**5,400**	**4,040**	**11,098**	**6,234**	**3,778**	**7,456**

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

2019	**AUS$ £'000**	**TW$ £'000**	**KRW £'000**	**CNY £'000**	**HK$ £'000**	**S$ £'000**	**US$ £'000**	**Other £'000**
Statement of Comprehensive Income –								
Revenue return	(548)	(428)	(229)	(490)	(351)	(264)	(208)	(283)
Capital return	(7,766)	(4,491)	(2,723)	(3,293)	(9,611)	(5,249)	(2,243)	(6,859)
Total return after tax for the year	**(8,314)**	**(4,919)**	**(2,952)**	**(3,783)**	**(9,962)**	**(5,513)**	**(2,451)**	**(7,142)**

2018	AUS$ £'000	TW$ £'000	KRW £'000	CNY £'000	HK$ £'000	S$ £'000	US$ £'000	Other £'000
Statement of Comprehensive Income –								
Revenue return	(435)	(420)	(253)	(437)	(286)	(208)	(158)	(320)
Capital return	(7,145)	(5,233)	(4,166)	(2,868)	(8,796)	(4,894)	(2,932)	(5,780)
Total return after tax for the year	**(7,580)**	**(5,653)**	**(4,419)**	**(3,305)**	**(9,082)**	**(5,102)**	**(3,090)**	**(6,100)**

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 2019 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 12b).

The Company does not have any fixed interest rate exposure.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.3 Interest rate risk (continued)

Interest received on cash balances, or paid on bank loans, is at a margin over LIBOR or its foreign currency equivalent (2018: same).

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.

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 £19,000 (2018: £83,000), capital return after tax by £82,000 (2018: £154,000), total profit after tax and shareholders' funds £101,000 (2018: £237,000).

This level of change is considered to be reasonably possible based on observation of current market conditions. 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 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 facility is subject to regular review. The overdraft facility was not drawn down at 31 August 2019.

The Company has a two year multi-currency loan facility of £45 million (2018: £45 million) of which £16,520,000 (2018: £30,775,000) was drawn down at the year end. This facility is under regular review and unless renewed will expire on 20 February 2020.

The Board gives guidance to the 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 2019 and 31 August 2018, based on the earliest date on which payment could be required was as follows:

	2019		2018	
	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]	16,523	–	30,805	–
Written options[2]	–	–	15,264	–
Amounts due to brokers and accruals	1,966	–	738	–
	18,489	**–**	**46,807**	**–**

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

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

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 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 Manager's Credit Risk Committee.

There was £1,444,000 of cash in collateral accounts at 31 August 2019 (2018: £549,000). None of the other financial assets or liabilities of the Company are secured by collateral or other credit enhancements.

The Company has not been materially exposed to credit risk throughout the year. In summary, the exposure to credit risk at 31 August 2019 was to investments £476,474,000 (2018: £462,177,000), to cash and cash equivalents £6,360,000 (2018: £7,117,000) and to other receivables of £4,842,000 (2018: £3,253,000).

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 J.P. 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.

The Company has an ongoing contract with the custodian for the provision of custody services. Details of financial instruments 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 Manager.

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 interest 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 2019	Level 1 £'000	Level 2 £'000	Level 3[1] £'000	Total £'000
Equity investments and participation notes	477,963	–	–	477,963
OTC derivatives (options)	–	(1,489)	–	(1,489)
	477,963	**(1,489)**	**–**	**476,474**

1 Level 3 investments relate to one holding in 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 the resignation of the chief financial officer and company secretary. This investment has continued to be held at zero value throughout 2019

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

The table below sets out the OTC derivatives that were unsettled at 31 August 2019.

Description of open position	Nominal amount	Currency	Strike Price (Currency)
Anta Sports Sep 19 Call Option (Expiry 26/09/19)	1,720,000	HK$	57
Anhui Conch Cement Sep 19 Call Option (Expiry 05/09/19)	2,246,500	HK$	45.7

Level 3 investments at fair value through profit or loss	**2019 £'000**	2018 £'000
Opening balance	–	–
Transferred into Level 3	–	–
Capital distribution	–	–
Closing value of investments and options written at the end of the year	**–**	**–**
Total losses included in gains on investments in the Statement of Comprehensive Income on assets held at year end	–	–
Closing balance	**–**	**–**

Financial assets and liabilities at fair value through profit or loss at 31 August 2018	Level 1 £'000	Level 2 £'000	Level 3[2] £'000	Total £'000
Equity investments and participation notes	458,113	4,525	–	462,638
OTC derivatives (options)	–	(461)	–	(461)
	458,113	**4,064**	**–**	**462,177**

2 Level 3 investments related to one holding in 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 the resignation of the chief financial officer and company secretary. This investment has continued to be held at zero value throughout 2018

The table below sets out the OTC derivatives that were unsettled at 31 August 2018.

Description of open position	Nominal amount	Currency	Strike Price (Currency)
Anta Sports Products Nov 18 Put Option (Expiry 15/11/18)	1,720,000	HK$	35.735
Brilliance China Oct 18 Put Option (Expiry 15/10/18)	4,968,000	HK$	10.51160
Venture Nov 18 Put Option (Expiry 26/11/18)	430,000	SGD$	17.0623

There have been no transfers between levels of the fair value hierarchy during the year ended 31 August 2018 and year ended 31 August 2019.

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 and participation notes 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 50.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

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 £1,489,000 (2018: £461,000). The Company did not hold participation notes at 31 August 2019 (2018: £4,525,000).

The Company's capital at 31 August 2019 comprises its equity share capital, reserves and bank loans that are shown in the Balance Sheet as a total of £485,641,000 (2018: £471,779,000).

The Board with the assistance of the 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's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

14 Stated share capital

		2019		2018	
	Authorised	**Issued and fully paid**	**£'000**	Issued and fully paid	£'000
Opening balance at beginning of year					
Ordinary shares of no par value	Unlimited	122,753,564	139,698	117,935,564	121,784
Issued during the year		7,925,000	27,985	4,818,000	17,983
Share issue costs		–	(84)	–	(69)
Closing balance at 31 August		**130,678,564**	**167,599**	**122,753,564**	**139,698**

The holders of ordinary shares are entitled to all the capital growth in the Company and all the income from the Company that is resolved by the directors to be distributed. Each shareholder present at a general meeting has one vote on a show of hands and on a poll every member present in person or by proxy has one vote for each share held.

During the year, the Company issued 7,925,000 (2018: 4,818,000) shares for the proceeds of £27,901,000 (2018: £17,914,000) net of costs.

15 Distributable reserve

	2019 £'000	2018 £'000
At 31 August	180,471	180,471

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

Notes to the Financial Statements (continued)

16 Capital reserves

	2019 £'000	2018 £'000
Start of the year	97,255	117,560
Foreign exchange losses	(1,127)	(63)
Movement in investment holding gains	16,367	(42,493)
Realised (losses)/gains on investments	(14,245)	24,919
Costs charged to capital	(2,191)	(2,668)
At 31 August	**96,059**	**97,255**

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.

17 Net asset value per ordinary 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:

	2019		2018	
	Net asset value per share pence	Net asset value attributable £'000	Net asset value per share pence	Net asset value attributable £'000
Ordinary shares	358.99	469,121	359.26	441,004

The basic net asset value per ordinary share is based on 130,678,564 (2018: 122,753,564) ordinary shares, being the number of ordinary shares in issue.

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

	2019 £'000	2018 £'000
Net assets attributable to ordinary shares at beginning of year	441,004	442,482
Total net profit after taxation	28,306	6,595
Dividends paid	(28,090)	(25,987)
Issue of ordinary shares net of issue costs	27,901	17,914
Net assets attributable to ordinary shares at 31 August	**469,121**	**441,004**

18 Contingent liabilities

There were no contingent liabilities at 31 August 2019 (2018: £nil).

19 Transactions with the Manager and directors

Under the terms of an agreement effective from 22 July 2014 the Company has appointed Janus Henderson to provide investment management.

Details of the fee arrangements for these services are given on page 23. The management fees payable to Janus Henderson under the agreement in respect of the year ended 31 August 2019 were £3,946,000 (2018: £3,870,000). The amount outstanding at 31 August 2019 was £1,721,000 (2018: £651,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. Janus Henderson also provides sales and marketing services which until 31 December 2017 were charged to the Company at an annual cost of £20,000. Since 1 January 2018 there has been no separate charge for these services. Total amounts paid to Janus Henderson in respect of sales and marketing, including VAT, for the period ended 31 August 2019 amounted to £119,000 (2018: £170,000).

Fees paid to the directors are considered to be related party transactions. Details of the amounts paid are included in note 5 on page 53. These amounts do not include national insurance contributions on the directors' fees of £17,000 (2018: £nil) which are included in other expenses. Directors' shareholdings are shown on page 37.

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

Notes to the Financial Statements (continued)

20 Subsequent events

Since the year end the Company has issued 3,330,000 shares for net proceeds of £12,118,000.

On 22 October 2019, the Company announced a dividend of 5.70p per ordinary share in respect of the year ended 31 August 2019 to shareholders on the register (the record date) at 1 November 2019. The shares were quoted ex-dividend on 31 October 2019.

21 Reconciliation of net debt

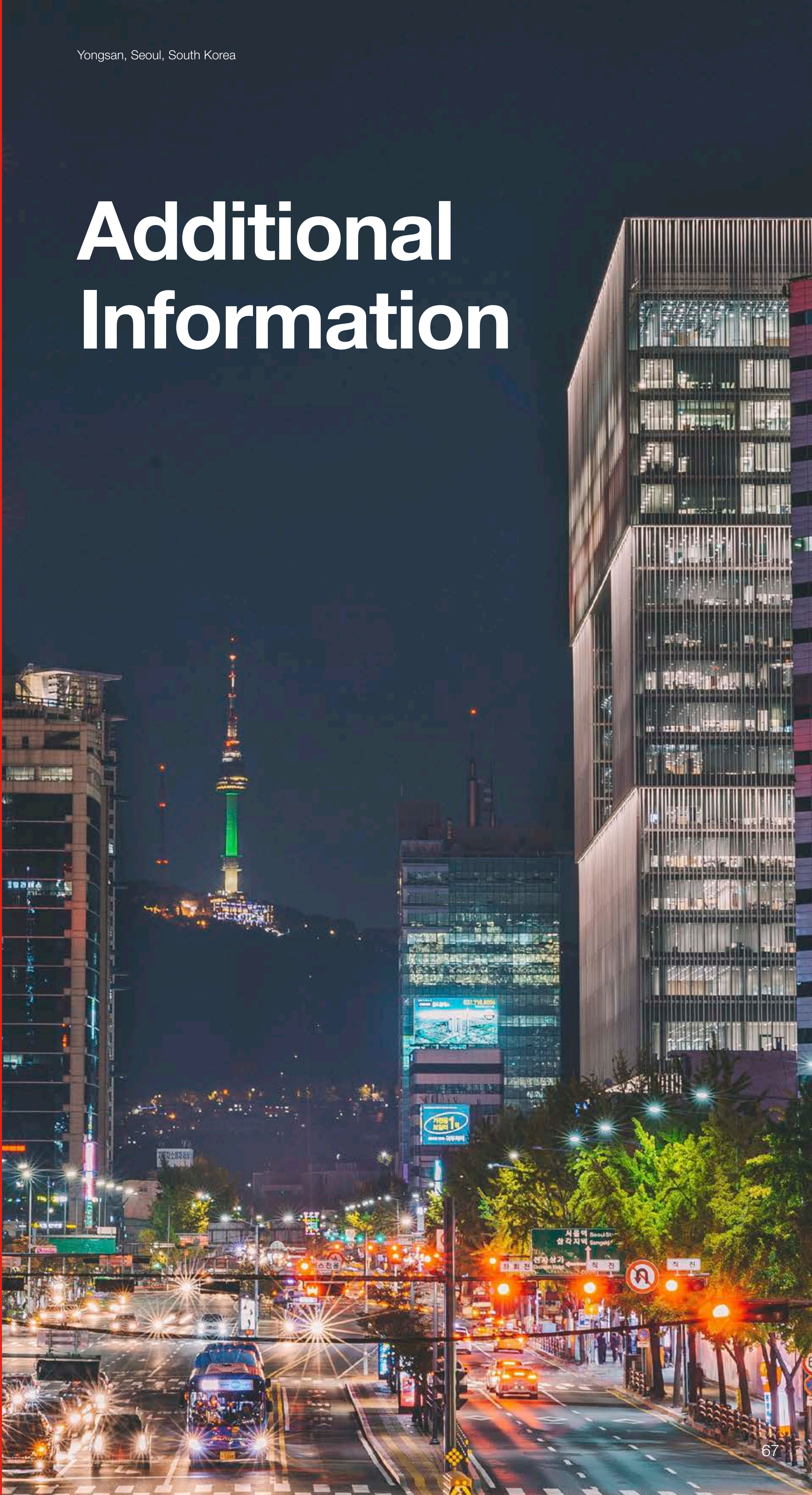
The following tables show the movements during the year of net debt in the Balance Sheet:

	Notes	At 1 September 2018 £'000	Net cash flows £'000	Foreign exchange movement £'000	At 31 August 2019 £'000
Financing activities					
Bank loans	12b)	30,775	(15,937)	1,682	16,520
		30,775	**(15,937)**	**1,682**	**16,520**
Non-financing activities					
Cash and cash equivalents		(7,117)	1,312	(555)	(6,360)
		(7,117)	**1,312**	**(555)**	**(6,360)**
Net debt		**23,658**	**(14,625)**	**1,127**	**10,160**

	Notes	At 1 September 2017 £'000	Net cash flows £'000	Foreign exchange movement £'000	At 31 August 2018 £'000
Financing activities					
Bank loans	12b)	31,833	(536)	(522)	30,775
		31,833	**(536)**	**(522)**	**30,775**
Non-financing activities					
Cash and cash equivalents		(10,241)	2,539	585	(7,117)
		(10,241)	**2,539**	**585**	**(7,117)**
Net debt		**21,592**	**2,003**	**63**	**23,658**

Yongsan, Seoul, South Korea

Additional Information



Glossary

Alternative Investment Fund Managers Directive (AIFMD)

Issued by the European Parliament and written into English and Jersey 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 is based in the European Union (EU) and as the Company 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 Index (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 AIF's including the Company, were required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping of other assets, cash monitoring and verification of ownership and valuation of the underlying holdings.

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 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 2019	358.99	361.00	0.6%
At 31 August 2018	359.26	357.00	(0.6%)

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.

		2019	2018
Investments held at fair value through profit or loss (page 56) (£'000)	(A)	476,474	462,177
Net assets (page 47) (£'000)	(B)	469,121	441,004
Gearing (C = A / B – 1) (%)	(C)	1.6	4.8

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 12e)) 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 47 and further information is available on page 65 in note 17 within the notes to the financial statements.

Ongoing charges

The ongoing charges ratio has been calculated in accordance with 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.

	2019 £'000	2018 £'000
Management fees	3,946	3,870
Other administrative expenses (note 5)	957	995
Less: non-recurring expenses	(41)	(46)
Ongoing charges	**4,862**	**4,819**
Average net assets[1]	**437,262**	**442,873**
Ongoing charges ratio	**1.11%**	**1.09%**

[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 includes 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 55.

	NAV per share	Share price
NAV/Share price per share at 31 August 2018 (pence)	359.26	357.00
NAV/Share price per share at 31 August 2019 (pence)	358.99	361.00
Change in the year (%)	(0.1)	1.1
Impact of dividends reinvested (%)	6.6	6.5
Total return for the year (%)	6.5	7.6

Dividend yield

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

		31 August 2019	31 August 2018
Annual dividend (pence)	(A)	22.40	21.60
Share price (pence)	(B)	361.00	357.00
Yield (C=A/B) (%)	(C)	6.2	6.1

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 and stockholders by means of BACS (Bankers Automated Cleaning Systems); mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar (the address is given on page 72) 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)

With effect from 1 January 2016, new tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced. The legislation requires the Company to provide personal information on certain investors who purchase shares in investment companies. This information is provided annually to the local tax authority.

Equality Act

Copies of this report and other documents issued by the Company are available from the Company 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 needs to make an annual assessment, before the FATCA return is due, to determine whether the shares represent financial accounts, where they do, they will need to identify and report U.S. reportable accounts 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 IFAs 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 listings

The market price of the Company's ordinary shares is published daily in The Financial Times and the New Zealand Herald. The Financial Times also shows figures for the estimated NAV and the discount.

The market prices of the Company's shares can be found in the London Stock Exchange Daily Official List.

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.

Performance details/share price information

Details of the Company's share price and NAV can be found on the website. The address is **www.hendersonfareastincome.com**.
The Company's NAV is published daily.

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 holder reference number shown on your share certificate.

Service providers

Registered office

IFC1, The Esplanade, St. Helier
Jersey JE1 4BP

Principal place of business

201 Bishopsgate, London EC2M 3AE

Other service providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate, London EC2M 3AE

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

Company Secretary and Administrator

BNP Paribas Securities Services S.C.A Jersey Branch
IFC1, The Esplanade, St. Helier, Jersey JE1 4BP
Telephone: 01534 813800

UK Stockbrokers

Cenkos Securities Limited
6, 7, 8 Tokenhouse Yard, London EC2R 7AS

New Zealand Stockbrokers

First NZ Capital Securities Limited
10th Floor, Caltex Tower
282-292 Lambton Quay
PO Box 3394, Wellington, New Zealand

Registrar

Computershare Investor Services (Jersey) Limited
Queensway House, Hilgrove 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

KPMG Channel Islands Limited
37 Esplanade, St. Helier, Jersey JE4 8WQ

Financial calendar

Financial period end	31 August
4th Interim dividend	29 November 2019
Annual General Meeting	23 January 2020
1st Interim dividend	28 February 2020
2nd Interim dividend	29 May 2020
3rd Interim dividend	28 August 2020

Information sources

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

HGi

HGi is a content platform provided by Janus Henderson that offers online personalisation where you can 'follow' investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Janus Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi. http://HGi.co/rb

Follow Investment Trusts on Twitter, YouTube and Facebook

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

Regulated by the Jersey Financial Services Commission

SEDOL/ISIN number: Ordinary Shares: B1GXH751/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): 2138008DIQRE00380596

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www.hendersonfareastincome.com

MANAGED BY
Janus Henderson
INVESTORS

aic
The Association of
Investment Companies

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LONDON STOCK EXCHANGE

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