Annual Report 2020

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.

Front cover: Thailand

Inside front cover: Melbourne, Australia

Strategic Report

Governance

Financial Statements

Additional information

Performance highlights at 31 August

NAV[1] total return for the year

2020
-9.9%

2019
6.5%

Share price total return[2] for the year

2020
-7.8%

2019
7.6%

Dividend[3] for year

2020
23.00p

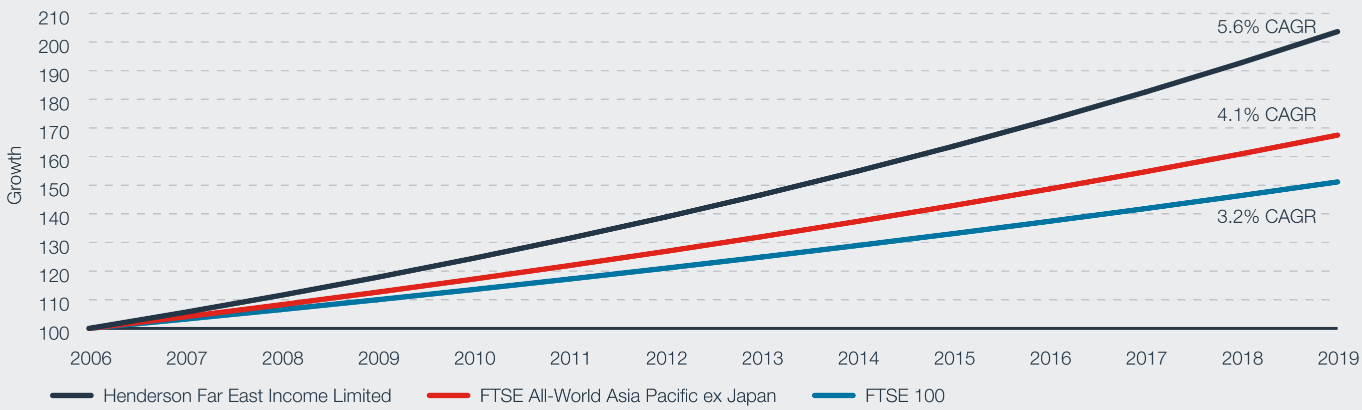
2019
22.40p

Dividend yield[4]

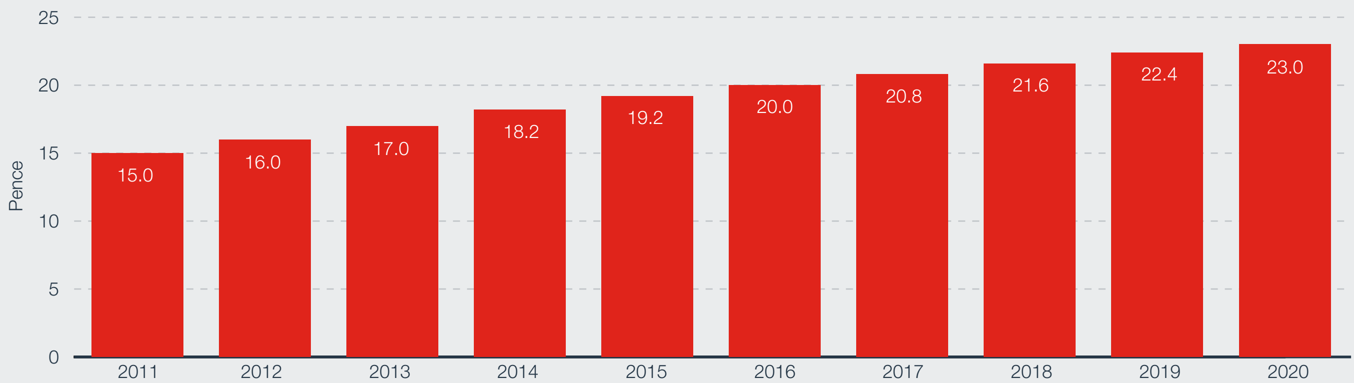
2020
7.4%

2019
6.2%

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 2020
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 Compound annual dividend growth rate to 31 December 2019 for the Company, FTSE All-World Asia Pacific ex Japan Index (Sterling adjusted) and the FTSE 100 Index based on normalised ordinary dividends calculated by calendar year.

Sources: Morningstar Direct, Janus Henderson, Refinitive Datastream

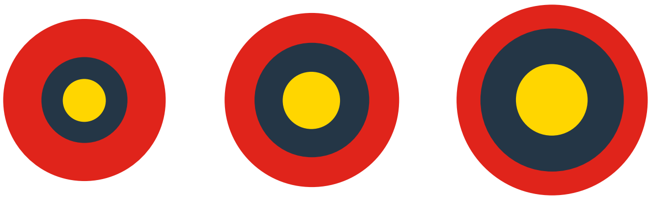
Global spotlight on Asia

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

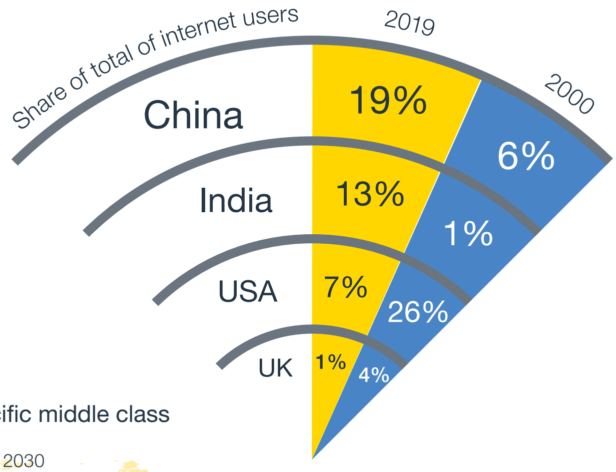
Asia Pacific share of world spending projected to increase from 23% in 2009 to 59% by 2030

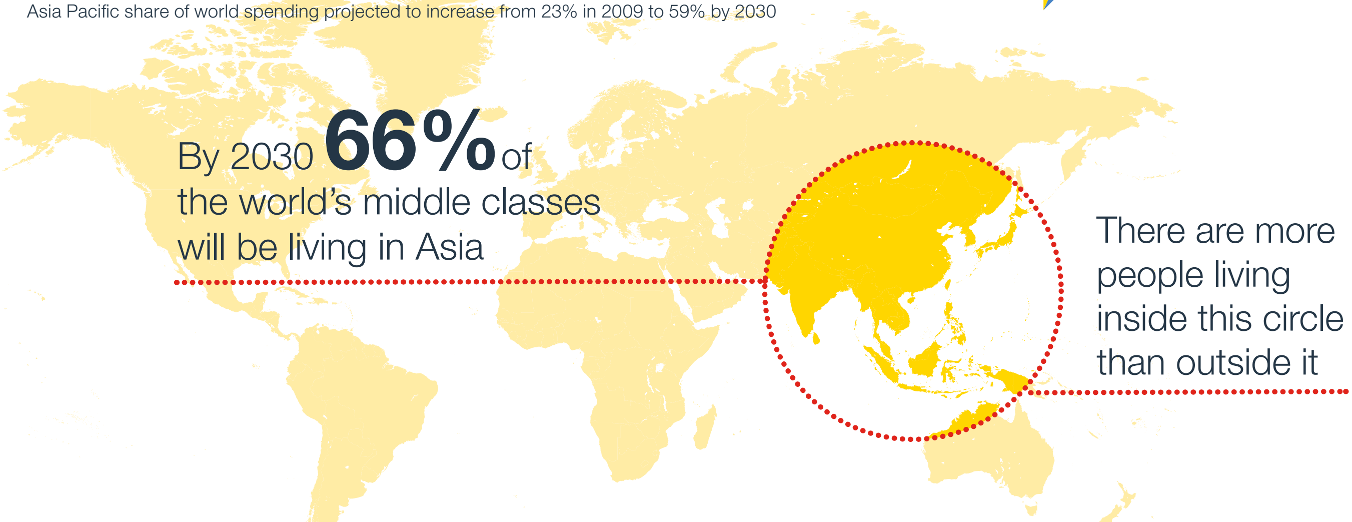
The Technology story

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%

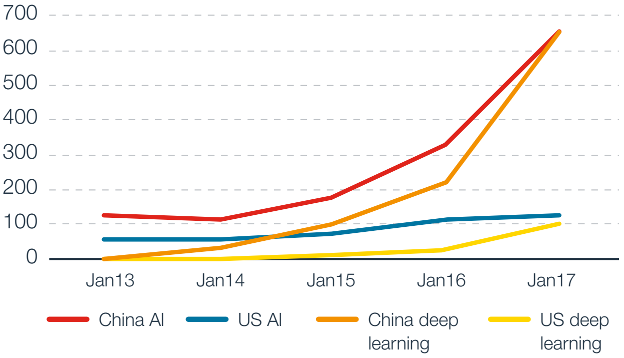
ASIA – A REGION POISED FOR MAJOR DISRUPTION

	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

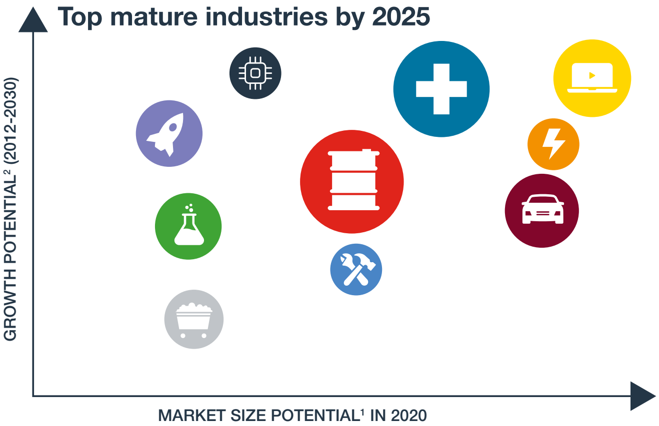
Artificial Intelligence* related patent applications



*Computer systems able to perform tasks usually requiring human intelligence

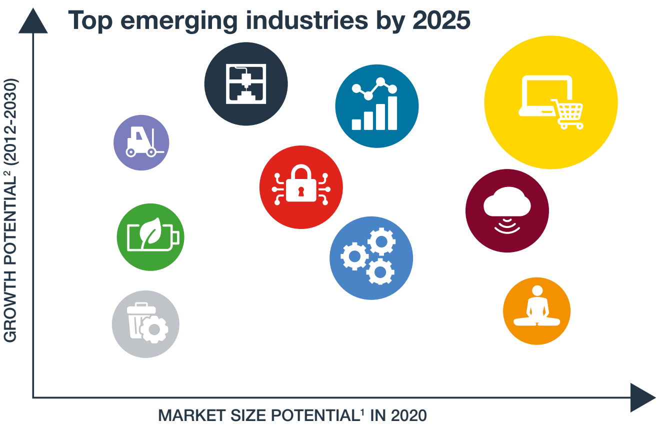
Emerging economies will be dominated by new age technologies

Top mature industries by 2025



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

Top emerging industries by 2025



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

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

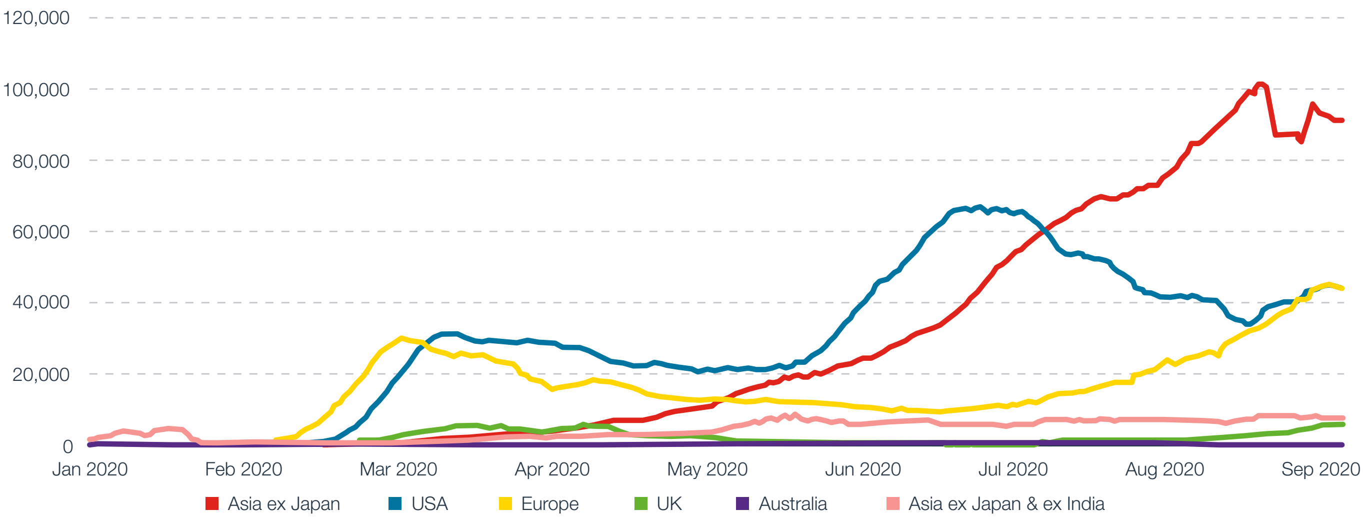
1 Relative score assigned for potential annual turnover (revenue/shipment) of the industry in 2025
2 Measured by qualitative factors that has the scope to create a boom in the industry such as new patents, innovation cycle and industry impact

Covid-19: the impact on Asia

Although the Covid-19 pandemic originated in Asia, the impact on the region has not been as significant as other regions and without wishing to tempt fate, the worst in the region seems to be behind us. Chart 1 below tracks the number of new cases from the beginning of the year until the end of September 2020. The initial spike in China at the start of the year resulting in the lockdown of Wuhan and surrounding provinces in January was quickly contained and while the number of cases across the region moved higher the numbers were nowhere near the levels witnessed in other regions as a percentage of the population. The chart includes two measures for Asia, one including and the other excluding India, which is struggling to contain the virus and accounts for over 80% of the regions new cases. To put this into context and excluding India, Asia ex Japan with a population of over 2 billion currently has a similar number of new cases to the UK.

As a result of the lower number of Covid-19 cases and less time in lockdown the impact on economic growth has also been more modest with Gross Domestic Product ('GDP') expected to decline by around 1.7%[1] for Asian emerging markets and developing economies in 2020, while other regions are seeing a much more significant impact.

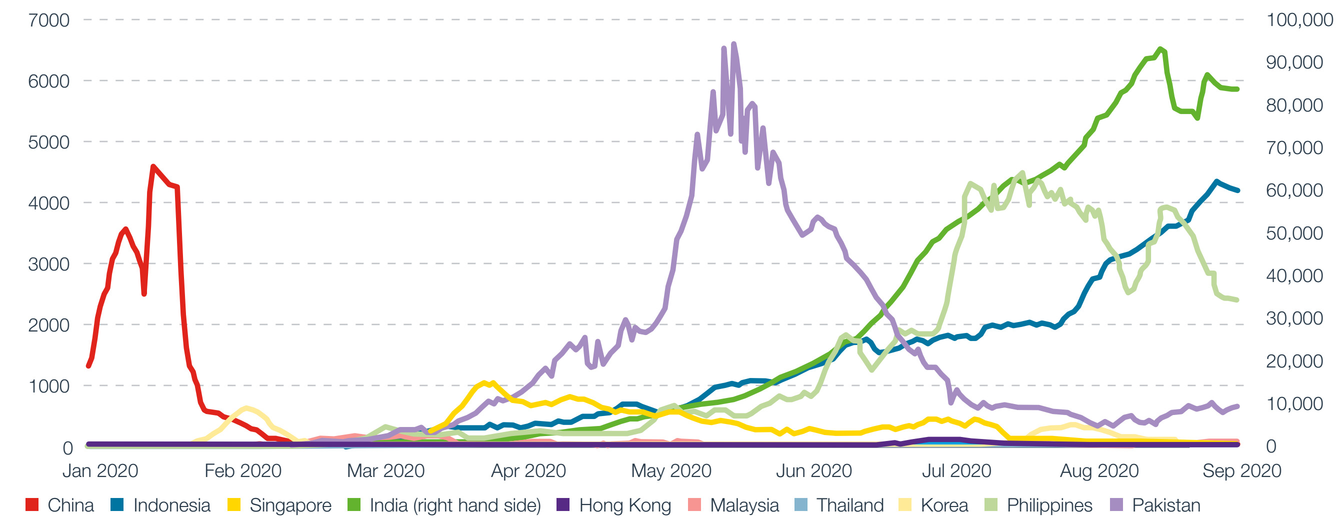
Chart 1 – Daily new cases 7-day moving average (global)



Note: Asia ex Japan includes China, Hong Kong, India, Indonesia, Korea, Malaysia, Pakistan, Philippines, Singapore and Thailand.

Chart 2 shows the number of new cases by country within the region. There is an obvious north/south and wealth divide. The most significant outbreaks and the ones proving most difficult to contain are occurring in India, Indonesia and the Philippines while China, Korea and Taiwan have fared much better.

Chart 2 – Daily new cases 7-day moving average (Asia ex Japan)



Source: Bloomberg, Jefferies, 28 September 2020

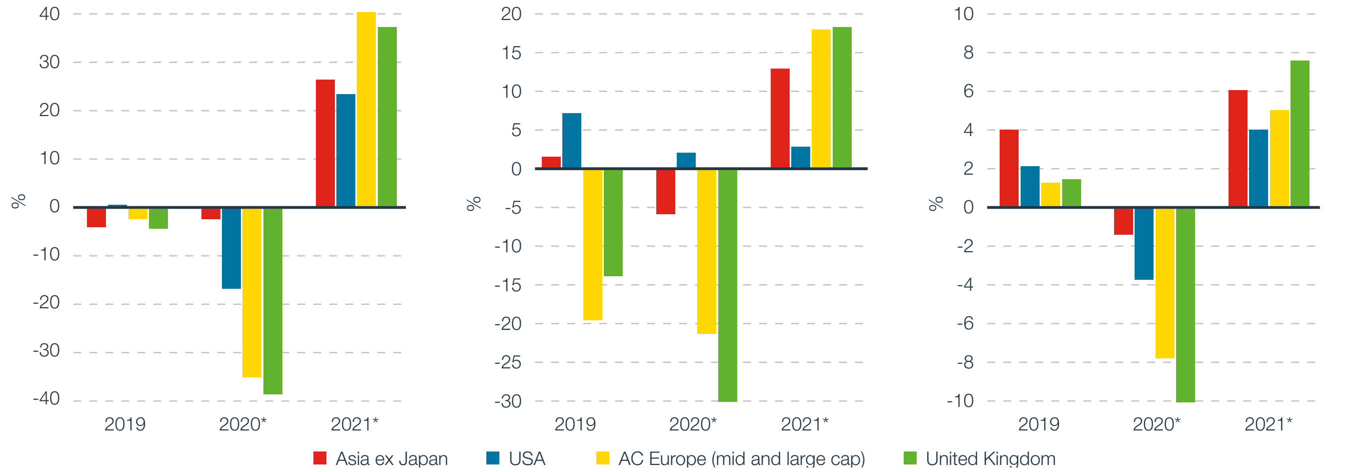
1 IMF World Economic Outlook, October 2020

Covid-19: the impact on Asia (continued)

When an event like Covid-19 causes a big decline followed by a big rebound it is sometimes easy to lose sight of the impact such an event has on a country's wealth. The chart below depicts regional nominal GDP up to 2019 and then the forecast for 2020 and 2021. Asia's resilience and subsequent recovery will result in GDP higher in 2021 than in 2019 while other regions will take a number of years to recover to pre virus levels.

This is also true of corporate earnings and dividends where there is a much greater degree of resilience compared to elsewhere. Consensus corporate earnings are expected to fall by 2% in 2020 and then rebound by close to 30% in 2021. At this early stage of forecasting it is difficult to confirm the legitimacy of these numbers but it is fair to say that earnings per share and dividends per share will be higher in Asia in 2021 than they were in 2019.

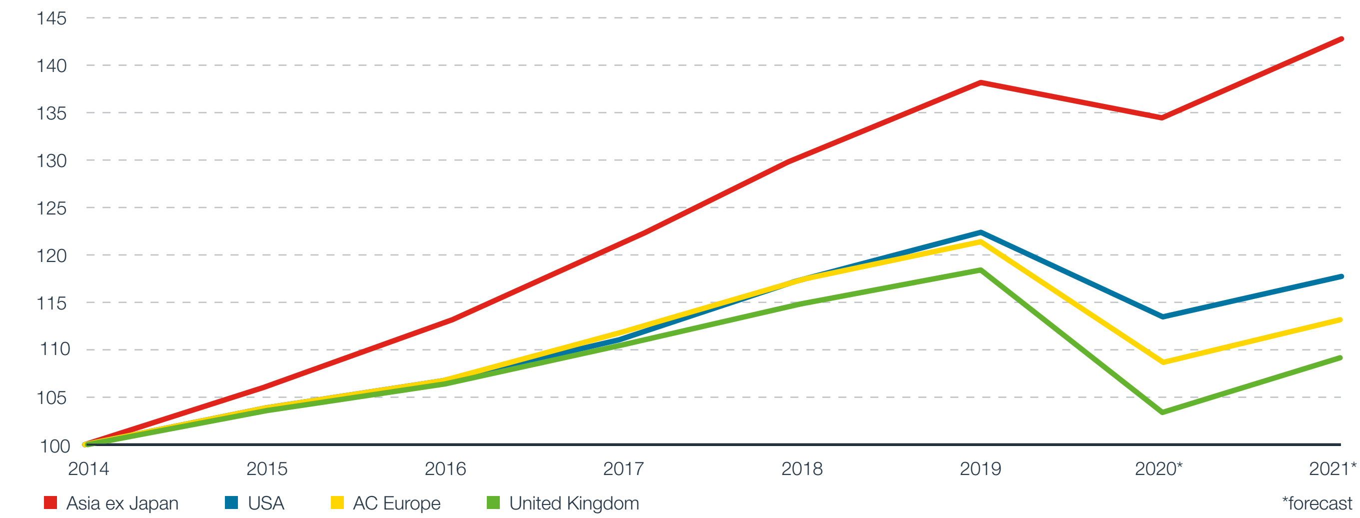
Earnings growth **Dividend growth** **GDP growth**



* Forecast data. Source: Bloomberg, Jeffries, 28 September 2020
Note: (1) Earnings growth and dividends growth are bottom-up aggregated with free-float adjustment using current MSCI universe. (2) GDP of global regions is sourced from IMF; GDP of Asia ex Japan is sourced from ADB calculated based on country weight in MSCI AS Asia ex Japan. (3) Current GDP growth for global region is sourced from OECD as the last updated IMF's GDP forecast is dated on Jun 2020

In summary Asia has ridden out the crisis better than most and is firmly on the road to recovery. Corporate earnings have proved resilient allowing for most dividends to be paid in line with expectations. For an income investor this provides a high degree of security that the revenues received from stocks owned in the portfolio will be sufficient to meet the Company's current distribution to shareholders but also to provide dividend growth in the years ahead.

GDP Index rebased to 100



Source: Factset, IMF, OECD, ADB, Jeffries, 28 September 2020
Note: (1) Historical GDP growth of all regions is sourced from IMF; forecast GDP growth is sourced from OECD for global regions, China, Korea, India and Indonesia. Other Asia countries GDP growth is sourced from ADB; Asia ex Japan GDP growth is calculated based on country weight in MSCI AS Asia ex Japan. (2) Forecast nominal GDP growth for Asia countries (except China, Korea, India and Indonesia) is calculated based on (((ADB real GDP forecast / 100) + 1) * ((ADB inflation forecast / 100) + 1) – 1) * 100. (3) Inflation forecast for global regions is based on a double hit scenario given from OECD (i.e. a second wave of infections hits before year-end). (4) Europe GDP growth includes the following countries: Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland

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 2020, the shares yielded 7.4%.

① Australia

Geographic exposure: 16.8%

Income contribution: 21.3%

Companies: BHP Group Limited, Rio Tinto Limited, Macquarie Group, Telstra, Fortescue Metals, Spark Infrastructure, Dexus

Market view: The Australian economy has been impacted by Covid-19, more so than some Asian peers, but generally better than most western nations. The strong recovery in China has increased the demand for basic materials which has been supportive of the Australian mining sector while the increase in government spending has supported the broader economy. Dividends in Australia have been hit more than most due to the restrictions imposed on the commercial banks by the regulator but are expected to bounce back next year. We favour the resource companies while remaining cautious on the commercial banks.

> "at 31 August 2020, the Company had £423.7m invested in ten countries across the region"

② China

Geographic exposure: 25.5%
Income contribution: 36.1%

Companies: CITIC Securities, Kweichow Moutai, China Vanke, China Construction Bank, Bank of China, China Resources Cement, Melco Crown Entertainment, China Yangtze Power, China Overseas Land, China Railway Construction, Sands China

Market view: Despite the virus originating in China, the impact on the economy has been fairly modest as the strict and successful clampdown on activity has contained the spread of the virus and allowed normal activity to resume. China will be one of the only major economies to grow in 2020 driven by government support for infrastructure, manufacturing and investment and the gradual return of increased consumer spending. Dividends have been resilient as most are based on 2019 profits but are expected to resume growth in 2021 as the economy returns to normal. Domestic consumer stocks, industrials and real estate are our preferred sectors.

③ Hong Kong

Geographic exposure: 11.0%
Income contribution: 6.7%

Companies: HKT Trust & HKT, AIA Group, Sun Hung Kai Properties, Hengan

Market view: Hong Kong has had a turbulent couple of years as protests against the government and mainland China over extradition and security laws have taken a toll on the economy as the dramatic decline of tourists from the mainland significantly impacted consumption. The worst now appears to be over with the government gaining plaudits for its handling of the Covid-19 crisis and the economy gradually returning to normal. With interest rates likely to remain low this should be supportive of real estate prices in Hong Kong while the development of the Greater Bay Area should be beneficial when borders fully re-open. We are positive on Macau gaming stocks, real estate and insurance.

④ Indonesia

Geographic exposure: 2.3%
Income contribution: 2.2%

Companies: Telecomunikasi Indonesia

Market view: Indonesia has struggled to contain the virus pandemic and this has been reflected in the poor market performance and the weak economic data. The government's response has helped manufacturing but while restrictions remain in place consumer activity will remain muted. The proposed labour market reforms are a positive step and could help Indonesia attract more foreign investment going forward. Our only exposure is in Telekomunikasi Indonesia which is the dominant mobile and fixed line operator and is attractively valued with a high dividend yield.

⑤ New Zealand

Geographic exposure: 2.8%
Income contribution: 2.1%

Companies: Spark New Zealand

Market view: Although the Covid-19 outbreak created the deepest recession in the country's history, New Zealand is expected to bounce back in 2021. Longer term growth however, remains more of a challenge especially if the Covid-19 aftermath reduces immigration which has been the major driver of the country's growth in the last 20 years. 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: 5.4%
Income contribution: 4.0%

Companies: Mapletree Industrial Trust, Ascendas

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 coronavirus compounded these factors but the outbreak was well handled by the government and the economy is expected to recover in 2021. Dividends have been hit hard by the regulator's guidance for the banks to preserve capital while the landlords have been forced to offer rental holidays resulting in a reduction in dividend pay-out. We are positive on the real estate investment trusts and favour the industrial and logistics sectors.

⑦ South Korea

Geographic exposure: 10.0%
Income contribution: 8.0%

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

Market view: South Korea has benefited from the quick recovery in China and the strong 'work from home' demand for technology products in the west. Data centre infrastructure, semiconductors and automobiles are key areas of strength and have allowed exports to return to growth year-on-year in the third quarter of 2020. With dividends being paid only once a year it is difficult to gauge the Covid-19 impact until the pay-outs are declared early in 2021 but Korean corporates have strong balance sheets and cash flows, and low pay-out ratios which can offset earnings volatility. We prefer semiconductors, infrastructure and telecommunications.

⑧ Taiwan

Geographic exposure: 18.2%
Income contribution: 12.6%

Companies: Taiwan Semiconductor Manufacturing, Taiwan Cement, Powertech Technology, Yageo, Quanta Computers, CTBC Financials

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: 5.6%
Income contribution: 4.6%

Companies: Digital Telecommunications Infrastructure Fund, Intouch Holdings, PTT

Market view: The Thai economy has been one of the worst hit by the Covid-19 outbreak as border closures and the lack of international tourism has had a large impact on the economy. Tourism accounts for roughly 20% of GDP and this together with the weak demand for cars and trucks – the country's chief export – has resulted in the region's worst performance. We like companies exposed to telecommunications – both infrastructure and operators – and retain a position in the energy sector on valuation grounds.

⑩ Vietnam

Geographic exposure: 2.4%
Income contribution: 0.7%

Companies: VinaCapital Vietnam Opportunity Fund

Market view: The Vietnamese economy has, for the main part, avoided the impact of Covid-19. The number of cases is low on a regional and global scale while the economy has benefited from companies re-locating manufacturing away from China to avoid US sanctions. 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 VinaCapital.

1 Investment income from India generated a contributed of 1.7%, but the position was not held at 31 August 2020
2 ASEAN member countries include Brunei, Cambodia, Indonesia, Lao, Malaysia, Philippines, Singapore, Thailand and Vietnam

Chairman's statement

John Russell
Chairman

"The impact from Covid-19 does not change the structural growth story for Asian dividends and we have reasons to be confident that the positive trajectory will resume once the virus has been contained."

Rice fields, Jatiluwith, Indonesia

Chairman's statement

Introduction

It is remarkable how quickly things can change. In my statement at the half-year, the IMF had predicted global growth at minus 3%; their latest forecast has put this at minus 4.4%[1]. During March 2020 global stocks saw a downturn of at least 25%, 30% in most G20 nations, and the Covid-19 pandemic continues to inflict rising human costs worldwide. It has had a more negative impact on activity than anticipated and recovery is likely to be more gradual than previously thought.

The Asia Pacific region, though, has to date suffered less from the disease than other parts of the world by containing its spread through a combination of stringent mobility restrictions and extensive testing-based programs. Domestic activity is reviving, but the region's economy is heavily dependent on the rest of the world. Central banks and governments have done what they can, economic activity in emerging and developing Asia for 2020 is projected to contract by 1.7%[1], with the forecast for China's growth at 1.9%[1]. Prospects for 2021 are brighter. We have included a separate section on the impact of Covid-19 on the region's economies, company earnings and dividends which is on pages 4 and 5 of the annual report.

Performance

NAV total return performance was minus 9.9%, against the MSCI AC Asia Pacific ex Japan High Dividend Yield Index of minus 7.7% and FTSE All-World Asia Pacific ex Japan Index of 7.9%. The share price total return was minus 7.8%. The weakness of the NAV performance, although disappointing, is understandable as high yielding stocks have been out of favour compared to more growth orientated companies which are less well represented in the portfolio. The managers will go into more detail on performance in their report on pages 14 and 15.

Your Company's performance reflects the prevailing economic conditions, but I am pleased to report that the strength of the portfolio has been demonstrated in the resilience of its revenue stream.

Dividends

The Company has continued with its approach of paying four interim dividends in respect of each financial year. For the year ended 31 August 2020, the total dividend amounted to 23.0p per ordinary share, a 2.7% increase on the total dividend for the prior financial year and, once again, comfortably above the 12-month inflation figure of 0.5% for the same period.

The revenue streams from the companies in which we invest on your behalf have proved as resilient as anticipated. Accordingly, we are not having to access the Company's revenue reserves in order to cover the dividend. We will in fact, as we have done in prior years, be adding a small amount to the reserve which will remain available to smooth the dividend during times of severe economic or financial shock.

Share issuance

Demand for the Company's shares continued unabated during the year. We issued a total of 10,815,000 new shares, raising £37.3m for further investment. All shares were issued at a premium thereby enhancing the net asset value for existing shareholders and enabling the costs of the Company to be spread over a wider investor base.

In the period since the end of the financial year to the date of this report, we have issued 530,000 shares, raising a further £1.6m for investment.

Succession planning

When I wrote to you at this time last year, I set out the Board's succession plans. David Mashiter had signalled his intention to retire from the Board during the course of the 2020 calendar year, and I had tasked my fellow directors with finding my successor so that I might step down as Chairman the following year.

The dramatic, and tragic, events of the last eight months combined with what we anticipate will be several years of increased uncertainty as markets, central banks and governments navigate their way through the worst of the economic effects of the pandemic, has given the Board cause to revisit these plans.

David's experience of the investment world, along with his diligence and attention to detail will be crucial in steering the Company through the difficult times ahead. I have, with the unanimous support of all directors, asked David to remain on the Board for a while longer.

My fellow directors have also determined that the search for my successor should be put on hold for the time being. The Board will be revisiting the timing for the implementation of its succession planning next year and I look forward to reporting to you on this aspect in due course.

Annual General Meeting

The Company's annual general meeting will be held at 11.00am on Thursday 21 January 2021. As restrictions on public gatherings remain in place the Board has decided that the Meeting will be held as a closed meeting. This means that the Meeting will be convened with the minimum quorum of two shareholders to conduct the formal business of the Meeting. A pre-recorded presentation from your Fund Manager, Mike Kerley, will be posted to our website. Shareholders are invited to submit questions prior to the Meeting to ITSecretariat@janushenderson.com and we will endeavour to reply to you.

1 IMF World Economic Outlook, October 2020

Chairman's statement (continued)

I urge all shareholders to complete and return their proxy form, or get in touch with their share dealing platform to instruct them to vote your shares. You are strongly recommended to appoint the Chairman of the Meeting as your proxy to ensure your shares are voted.

Outlook

In a rapidly changing world will the Asia Pacific region continue to provide the investment outcomes our shareholders want? That is the question many are asking.

This is an entirely understandable concern when investors note the increasing US/China tensions, Covid-19 social and economic impact, decoupling of supply chains, western reaction to recent events in Hong Kong and technology wars.

Standing back and observing the bigger picture, however, the outlook for the region remains positive. Asia with its massive population, rising middle class, burgeoning consumption levels and rapid take-up of technology will provide superior growth in the long term.

The Covid-19 pandemic has and continues to have a devastating impact both socially and economically across the world. However, the impact will be felt unevenly. Asia seems to have coped much better than many other countries in the west and elsewhere. China is largely back to work and is forecasted to have 1.9%[1] GDP growth in 2020, significantly better than the global forecast of minus 4.4%[1]. South Korea and Taiwan, too, appear to have stabilized the situation and are returning to growth.

Not all of Asia, however, has been so well prepared and organised. India, the second largest economy in the region, and Indonesia, the fourth, are struggling to contain the spread of the virus while many of the emerging Asia economies have not had the necessary infrastructure in place to deal with a health emergency like an entirely unexpected global pandemic. Despite positive growth from China, the IMF is forecasting a modest decline of 1.7%[1] for the emerging and developing Asian economies as a whole – significantly better than the decline in advanced economies of 5.8%[1] for 2020. But Asia learns and after the 2008 financial meltdown many Asian countries introduced structural reforms to cope with events like that and tangible economic benefits emerged. It is likely that Covid-19 will also accelerate further reforms with long term positive implications.

Financial stimulus and monetary response have been very restrained within the region. China has provided a stimulus package representing 4.5%[2] of GDP whereas in the 2008/9 financial crisis it provided 12.5%[3]. Unlike in many developed economies, the Chinese Central Bank has not used its balance sheet to buy government bonds. Instead, it is leaning on the credit channel to stimulate the economy. This response from the region's largest economy stands in contrast to the trillions of dollars outlaid by the west, a heavy financial burden that will take years to resolve, negatively impacting growth.

The US/China trade and technology war is not going away whoever wins the Presidential election and many developed countries now see it is in their own interests to decouple the supply chain and lower their dependence on China. The EU, led by Germany and France, is redefining its relationship with China citing unfair trade practices and human rights abuses notably the Uighur issue that is contrary to accepted western values. Australia, too, is going down a similar path and the US has an even wider agenda to contain China which they see as a threat to the US led world order.

This push back is understandable from a western perspective but in practice will be mitigated significantly by reality. China remains the second largest economy in the world and will continue to have significantly higher levels of growth than in the west resulting from its huge population, continued rapid infrastructure development, technology advancement (much of it home grown) and rapid adoption and integration into the wider Asian region with a combined population of 4.5 billion which is estimated to contain 66% of the world's middle class within 10 years. This is a reality no western business can ignore. China is going to be the world's largest market for an increasing number of products and services for the foreseeable future. Major US corporations, regardless of Presidential tweets, cannot afford to abandon such a market opportunity. Germany, too, is wrestling with how best to redraw its relationship with China which accounts for 50% of its trade with the Indo-Pacific region. German companies have concerns about doing business and protecting their intellectual property in China. But it is a difficult path to tread. About 40% of vehicles sold last year by Volkswagen, as well as nearly 30% by Daimler and BMW, were in China. Volkswagen CEO Herbert Diess refers to China as his company's most important market.

The introduction of the Chinese Security Law into Hong Kong has been painful for Britain which feels a moral responsibility to maintain the status quo until 2047 when the arrangements of the Special Administrative Region come to an end. It has been painful for China as well. Social and political risks in Hong Kong are not new. These risks drastically increased over the last year when the mass transportation systems and the aviation system were brought to a standstill and violence erupted in the streets. Business was seriously disrupted and the outlook for continued chaos forced China to provide a solution. Although there has been no noticeable exodus of expatriate

1 IMF, World Economic Outlook, October 2020
2 IMF Policy Responses to Covid-19, September 2020
3 Wong, Christine (2011), 'The Fiscal Stimulus Programme and Public Governance Issues in China', OECD Journal on Budgeting, Vol. 11/3 http://dx.doi.org/10.1787/budget-11-5kg3nhljqrjl

Chairman's statement (continued)

professionals or foreign business to date, we will have to wait and see whether the solution is successful in the longer term.

While Hong Kong is less important to China today it remains an essential part of regional development in south east China. What is known as 'The Greater Bay Area' ('GBA') is a massive experiment in how best to develop a cluster of cities that enable superior development but in a more sustainable and greener way and one that improves the lifestyle of residents. The GBA is a cluster of 9 large cities including Hong Kong, Macau, Shenzhen and Guangzhou, in the Pearl river delta. As part of this programme, Hong Kong has been linked to Macau by a 34 mile cross water bridge. An investment of this magnitude does not support the view often expressed in the western press that Hong Kong is of little importance to China. Interestingly, and rather perversely, the recent introduction of US financial restrictions passed by the Senate in May and to be signed off by the President later this year will benefit Hong Kong. Under these regulations it will not be possible for any company to list in the US unless it can prove it is not controlled by a foreign Government and opens itself to inspection by the Public Accounting Oversight Board. The Chinese regulator allows audit trail access in investigations but not inspections. Hence Chinese companies with secondary listings in the US will have to move elsewhere or liquidate. According to a recent report from UBS, 42 of these companies already qualify for listing in Hong Kong. This will lead to a series of very large initial public offerings that are likely to keep Hong Kong's financial sector buoyant over the medium term and limit any tendency for foreign banks to withdraw. It will have an added benefit for the A share market which will welcome the increase in quality listings and provide a better balance between nominal GDP and equity market capitalisation.

Policy makers in China have announced that they will measure progress in the GBA against environmental metrics, health and lifestyle ratings, innovation and education scores and measurement of economic output in both absolute and value added terms. This is a reflection of some of the modern demands made on western business and perhaps in time developments in the GBA will produce some lessons useful for us all.

Taking the big picture again the outlook for Asia, with China at the centre, offers attractive opportunities for investors. China will continue to have much stronger growth than in the west over the next 20-30 years driven by its huge population, better financial health at both the corporate and government level, further urbanisation involving around 300 million people providing huge infrastructure growth and development, a vibrant technology industry accompanied by rapid take up. China is now fully integrated into the US led world order and is the largest trading partner for many countries. The rest of Asia is participating in this transformation as well, as many countries in the region have risen from poverty, from utter destitution and damage in the aftermath of World War II. This process has taken a very long time with many painful events along the way but now they represent a formidable competitor to the west.

As described, Asia is on a strong upward economic growth path. But what about the politics of Asia? Should we, as investors, be concerned about this? China is by far the largest and most important country in the region and its political system matters. It matters because many of its policies do not sit well with western observers with an entirely different political tradition and many other countries in Asia are looking enviously at China's success to see what lessons they might usefully learn.

China has a socialist political system together with a capitalist economic system. This has never been tried before, certainly not by any country of size. The system has led to uneven wealth distributions – hardly an expected socialist outcome and President Xi has publicly acknowledged that high wealth imbalances erode social cohesion. China's political system then is a 'work in progress' that needs to address this problem and it will continually evolve for many years to come. This transition is by far the biggest and most difficult problem facing China. If the socialist side of the equation adversely impacts the free market economy the middle class will suffer. It will not willingly sacrifice its newly achieved privileges of modern housing, good education for their children, the latest cars and foreign holidays. They will look at Taiwan and South Korea with equally successful economies, but much less Government control and ask 'why not China?' Continued economic success is therefore critical to social stability which is probably the most important objective of the Chinese government. A modern technology driven economy needs openness to new ideas and an ability to think the unthinkable. Will the current level of Party control allow that? Economic and social realities in China will dictate developments, but over time.

Political developments in China over the past 30-40 years have clearly been driven by a pragmatic approach rather than a rigid dogmatic unyielding one. When it is clear that a current policy is not achieving expected results, then alternatives are tested, usually in a defined area. This has been tried in China many times, sometimes successfully other times less so. The most recent is the GBA mentioned above. Recently it was announced that Hong Kong lawyers have been given licences to operate within the GBA. Is this an early stage development to test whether importing Hong Kong law into mainland China would work?

Chairman's statement (continued)

Another example is in the fund management sector. China has an enormous pool of savings but lacks world best practice in funds management. Earlier this year BlackRock, the world's largest fund manager, was given approval to enter partnership with a state owned bank. Vanguard, another large fund manager, is relocating its regional headquarters to Shanghai and Citigroup is the first US bank to receive a fund custody licence in China. China recognises it has a problem with an existing inadequate and a non-competitive domestic fund management industry. It has no problem looking to the US for ideas if that is the best way to progress.

In summary, evidence suggests that investors can expect Asia Pacific to continue to provide attractive investment opportunities and dividend flows that meet our criteria. Of course there will be continued tensions with the west as global economic power shifts, but the underlying fundamentals of Asia remain compelling and the region deserves a place in every diversified portfolio.

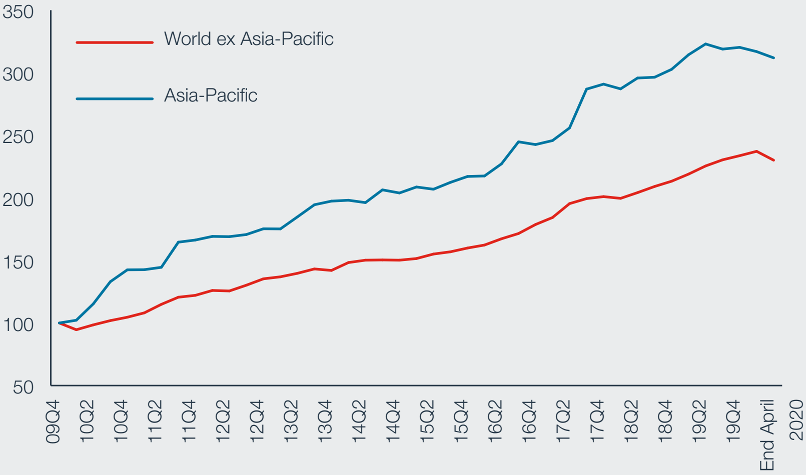
John Russell
Chairman
3 November 2020

Asia Pacific Dividend Index 2020

The latest edition of the Company's Asia Pacific Dividend Index was published in June 2020. The Index tracks the trend in dividends paid by companies listed across this fast-growing part of the world. To access a copy visit the *Documents* section of the Company's website at:
www.hendersonfareastincome.com

For Asia, the biggest concerns now revolve around demand, specifically demand for the region's exports. China is returning to work – at the time of compiling this report, official figures suggest around 85% of workers are back, with the focus more on manufacturing and essential services. Restrictions on movement in China have been relaxed but have not been removed. Interest rate cuts and extra government support in loan guarantees and direct spending have also been announced across the region, though this is less than in some western countries.

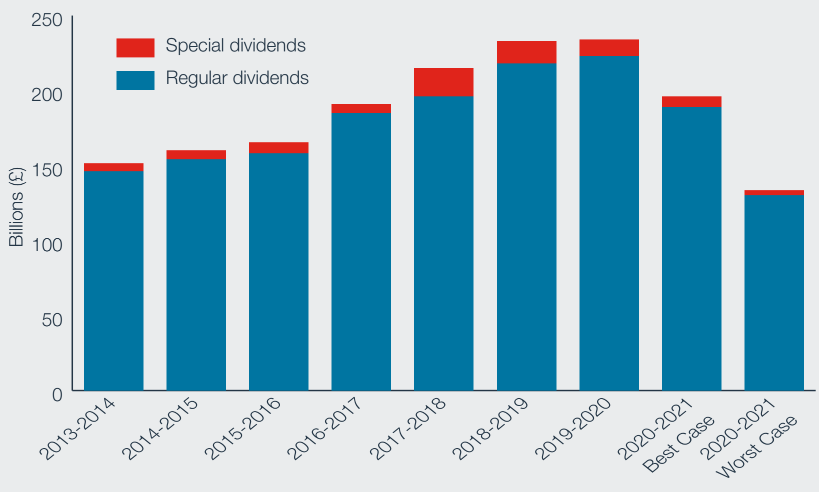
Dividend growth – indexed



Source: Henderson Far East Income Limited, May 2020

For the year ahead, the pandemic will mean lower dividends. But in Asia they are likely to fall less than elsewhere. Companies are cash-rich and have room to increase the proportion of profits they pay out to shareholders.

Asia Pacific dividends



The Asia Pacific Dividend Index includes data as at May 2020 and may differ from the data and comments included in the annual report

Source: Henderson Far East Income Limited, May 2020

Fund Managers' report

Mike Kerley

Sat Duhra

"Dividends in Asia Pacific have been more resilient than elsewhere…reflecting the high levels of cash flow generation and low levels of debt that Asian companies have…"

Shizhao, Chiayi County, Taiwan

Fund Managers' report

In the thirteen years I have been writing the Fund Managers' report for the Company I have never had to comment on a year like the one we have just had. The global pandemic, trade wars and political uncertainty are just a few of the factors that the world has had to deal with – any of which would have been more than enough to unsettle financial markets in normal times. But normal times these are not and some equity markets are trading above the levels of a year ago after staging a remarkable recovery following the Covid-19 induced sell-offs in March. Central bank and government response has been dramatic and fuelled the rally but, at the time of writing, some indices have reached pre-Covid highs while nominal GDP will take many years to recover to previous levels. This has created a disconnect between underlying fundamentals and valuation which is difficult to comprehend.

On the whole, Asia Pacific has proved more resilient than most other regions despite the pandemic originating there. We have dedicated a piece looking at the impact of Covid-19 on the region on pages 4 and 5, but it is fair to say that the handling and response has been much more effective than elsewhere in the world. As a result, the economies are well on their way to recovery and, in fact, some will still show GDP growth this year. Not everywhere has been a success; India and Indonesia in particular are still struggling with containment which will result in their economies taking longer to heal.

Aside from the Covid-19 pandemic, the deteriorating relationship between the US and China dominated financial headlines, especially earlier in the reporting period. The restrictions imposed by the US on Huawei and other leading Chinese tech companies on the grounds of national security have undone some of the promise brought about by the signing of a Phase 1 trade deal in January 2020. At the time of writing this deal still holds but, with the US election due in November and anti-China rhetoric from both parties ratcheting up, it is difficult to say whether it will survive the next few months. It is fair to say that, whichever party wins in November, the relationship between the US and China will remain fraught for many years to come.

Like most other regions round the world Asian central banks and governments have cut interest rates and increased budgets to offset the impact of the downturn. With the exception of Australia and Singapore whose fiscal responses to the pandemic have exceeded 10.0% of GDP, the rest of the region has been more restrained. China, in particular, is only projected to spend around 4.5%[1] of GDP on measures to shore up manufacturing and protect jobs, reluctant to repeat the mistakes made after the global financial crisis of 2008 where the excess spend led to over-capacity, excess inventory and a significant accumulation of debt. The targeted measures appear to be working with industrial profits rising 20% year-on-year in September and retail sales turning positive for the first time since the start of the pandemic. There have been encouraging signs elsewhere with Taiwan and Korea showing improving trends driven by exports and manufacturing while the buoyant market for commodities and iron ore in particular has been a boost for Australia. The signs are less encouraging in south Asia with Thailand still reeling from the lack of tourist arrivals and India and Indonesia still struggling to contain the spread of the virus. The exception in the south is Vietnam where the number of virus cases has been contained at very low levels and the economy is growing almost unhindered, benefiting from the trend of companies diversifying manufacturing facilities away from China.

Overall, the Asia Pacific ex Japan region is expected to see a modest decline in 2020 GDP, with north Asia proving more resilient than ASEAN[2], India and Australasia. Corporate earnings are expected to decline by a similar magnitude with growth in the technology, health care and consumer staples sectors offset by weakness in the energy, travel and tourism and consumer discretionary sectors. From a valuation point of view, the significant rise in prices and marginally negative earnings has resulted in Asia Pacific ex Japan trading at 15.5x forward earnings which is above its long-term average. This looks attractive compared to the valuations of other global equity markets, which have seen similar or higher levels of price increase, but with far greater declines in earnings.

The best performing market over the period was China, driven by strong returns from Tencent, Alibaba and other internet and e-commerce related names. Taiwan was a significant outperformer as the technology sector was viewed as a beneficiary of the demand for work from home computer products while also gaining market share from mainland China in products subject to US restrictions. Korea managed a positive return, albeit small. The underperformers were in south Asia, with Thailand propping up the list as the restrictions on international travel severely impacted the tourism sector which accounts for around 20% of GDP. The Philippines, Indonesia and Singapore posted significant declines as south Asia took the brunt of investor selling but without the bounce-back catalyst of an investable new economy sector. At the sector level performance in technology, consumer services (which includes e-commerce) and health care increased over 20% while telecommunications, utilities, financials and energy posted significant declines.

Dividends in Asia Pacific have been more resilient than elsewhere. There have been some notable dividend cuts and omissions from HSBC, as well as Australian and Singapore banks and companies exposed to the energy and travel related sectors, but on the whole dividends have been paid as expected. This is partly due to the fact that some markets (China, Taiwan and Hong Kong) paid dividends based on 2019 earnings, but also reflects the high levels of cash flow generation and low levels of debt that Asian companies have. With China and Taiwan expected to have positive earnings growth in 2020, we do not expect dividends to be impacted next year when distributions are made on this year's earnings.

Performance

Over the period the Asia Pacific ex Japan markets posted a total return of 7.9% in Sterling terms as measured by the FTSE All-World Asia Pacific ex Japan Index. Despite interest rates at record lows,

1 IMF Policy Responses to Covid-19, September 2020

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

Fund Managers' report (continued)

dividend yield has underperformed considerably with the MSCI AC Asia Pacific ex Japan High Dividend Yield Index falling 7.7%. The chart below highlights the performance of the relevant indices and includes the performance of Henderson Far East Income Limited in NAV total return terms. Your Company's return of minus 9.9% is below that of the broad and high yield indices and reflects our focus on value and yield.

The biggest beneficiaries of the market moves have been the technology stocks where pandemic lockdowns have brought forward the demand for online services and some of the hardware that supports it. The NYFANG+ Index in the US, which includes a selection of the largest 'new' technology names such as Amazon, Apple, Google and Tesla, has almost doubled from its March lows and is almost 50% above its pre-crisis levels. The same is true in Asia Pacific where Alibaba and Tencent combined now account for over 11% of the regional FTSE Asia Pacific ex Japan Index and are trading 25% and 27% respectively above their pre-crisis highs. With value and yield only partly shielded on the downside and not participating in the rebound, markets have been extremely tricky for the income seeking investor.

At the stock level the Company has benefited from some strong performances in Taiwan Semiconductor, China Resources Cement, Fortescue Mining, Kweichow Moutai and Taiwan Cement but these were overshadowed by poor performance in Treasury Wine Estates, Telekomunikasi Indonesia, Mapletree Commercial Trust, Bank Negara Indonesia and Dexus.

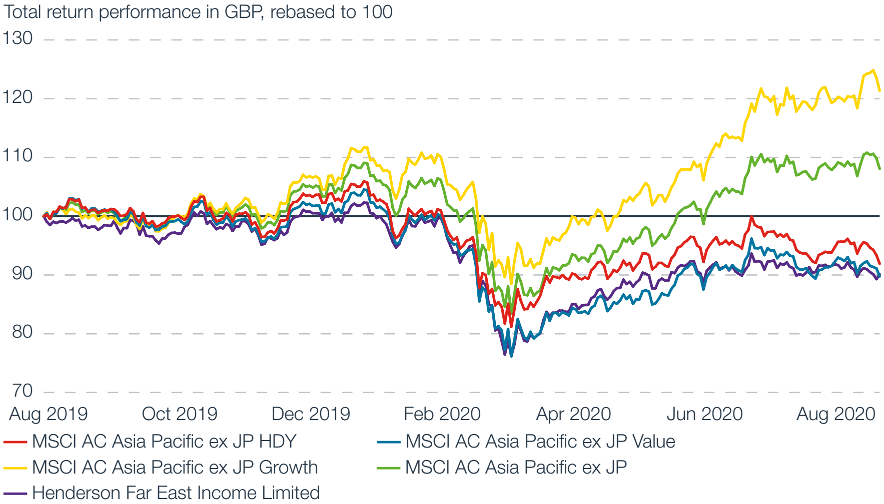
Revenue

As mentioned by the Chairman in his report, the dividend income generated by the portfolio rose by 6.9% compared to last year reflecting the strong income potential of the portfolio, helped by the fact that over 40% of the companies owned paid dividends based on the prior year's earnings. The significant issue of new shares also boosted revenue as the proceeds were invested into income generating investments. Option premia rose substantially, up 54.4% from a year earlier, which reflects the higher market volatility and higher premiums received. Eleven options were written which is in line with prior years. Overall total income rose 9.6% resulting in a healthy addition to the revenue reserve to ensure smooth distribution of dividends in the years ahead should the need arise.

Strategy

From the outset of the Covid-19 pandemic, and when it became clear that the economic impact would be material, we positioned the portfolio to focus on the beneficiaries of government response which we envisaged would be focused on manufacturing and job retention rather than consumer related. This was most obvious in our positioning in China where we added China Railway Construction and China Resources Cement while also increasing our exposure to BHP Group Limited and Rio Tinto Limited, and adding Fortescue Mining in Australia where we expected the demand for materials from greater investment spending to be beneficial for prices. We took the opportunity to reduce our exposure to commercial banks as lower interest rates and higher provisioning would be detrimental to profitability and dividends. We believed that lower rates would be supportive for asset prices, similar to the recovery post the global financial crisis of 2008, and as a result increased our exposure to real estate. While our economic views have played out largely as expected the market reaction has not, with structural growth stories attracting a lot of attention almost irrespective of price. The dividend growth stocks we have in the portfolio are more focused on improving consumer trends and we are looking to add to these areas as Asia normalises post the pandemic. Despite a period of disappointing performance, we retain these views and are focusing on companies with valuation support, strong and growing cash flows and attractive dividends. With interest rates likely to remain low for some considerable time and aging populations struggling to find income in other asset classes, we expect that the demand for the stocks we own will improve in months and years ahead.

Value and yield have lagged growth by a considerable margin



Source: Janus Henderson Investors, Bloomberg as of 31 August 2020

Outlook

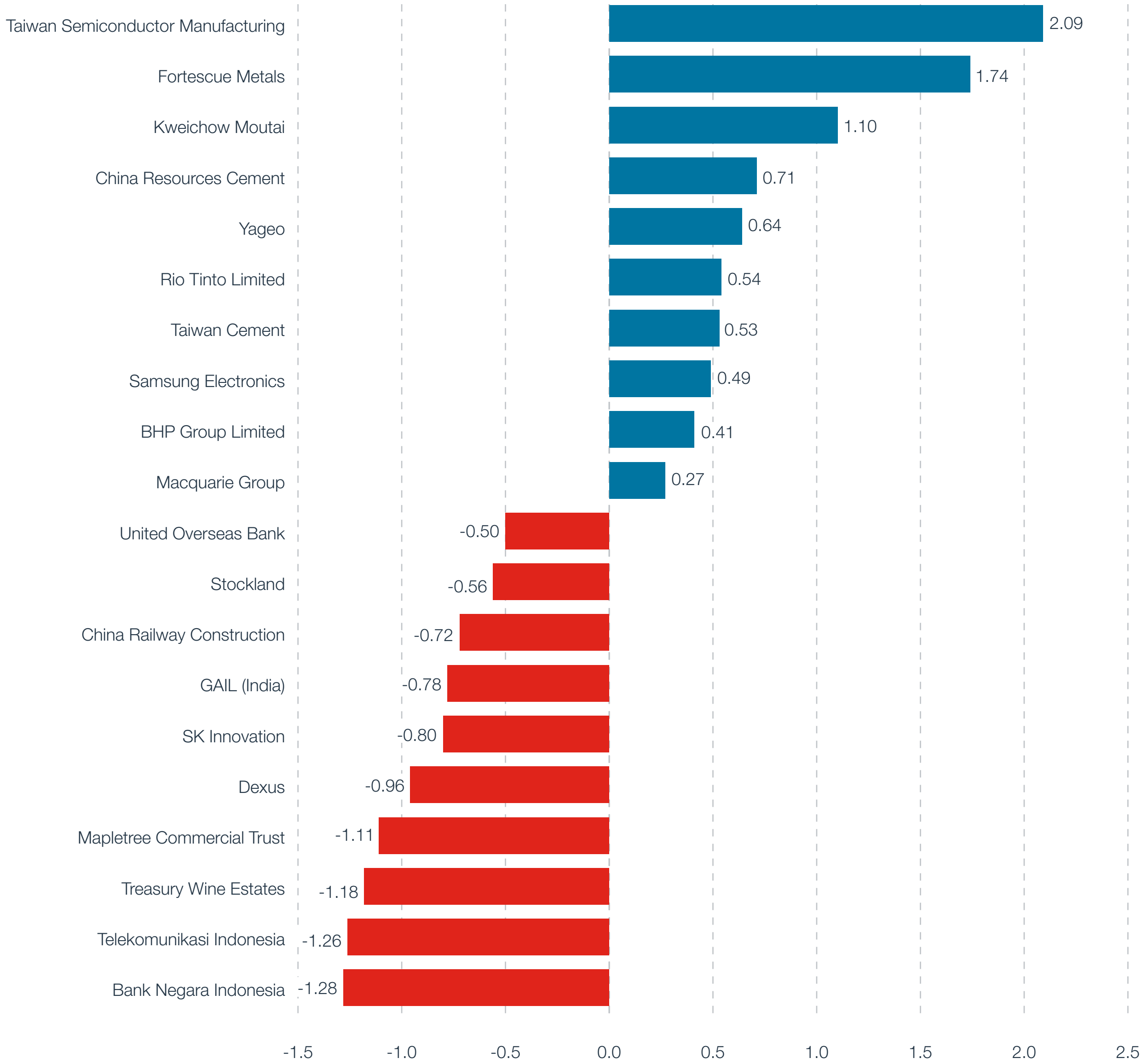
We remain positive on the outlook for Asia in the years ahead but expect volatility in the short term as the world digests the virus impact and potentially navigates a 'second wave', while the US election and relations between the US and China remain events that are difficult to predict. Although global equity markets are currently feasting on the liquidity provided by central government support, this can't last forever and eventually the stimulus will have to be withdrawn. Asia is well positioned to weather these impending storms with an income story that shines like a beacon of stability compared to other regions. We will continue to focus on attractive companies which are beneficiaries of this relative stability with strong balance sheets and cash flow, and sustainable and growing dividends. The portfolio is poised to take advantage in more structural growth areas if volatility provides opportunities.

Mike Kerley and Sat Duhra
Fund Managers
3 November 2020

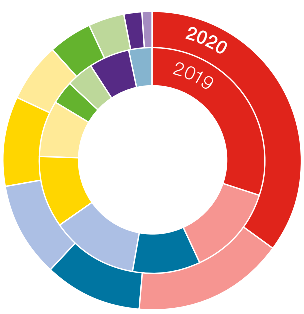
Portfolio information

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

(for the year to 31 August 2020 in basis points)

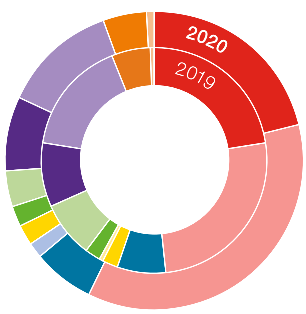


Sector distribution of income



	2020 %	2019 %
Financials	**35.1**	30.2
Telecommunications	**16.4**	13.0
Property	**10.6**	9.7
Basic Materials	**10.3**	12.4
Technology	**9.6**	10.3
Industrials	**6.5**	8.1
Utilities	**4.7**	3.5
Oil & Gas	**3.9**	3.9
Consumer Goods	**1.9**	5.6
Consumer Services	**1.0**	3.3

Geographical distribution of income



	2020 %	2019 %
Australia	**21.3**	22.6
China	**36.1**	26.0
Hong Kong	**6.7**	6.9
India	**1.7**	–
Indonesia	**2.2**	2.1
Malaysia	**–**	0.7
New Zealand	**2.1**	2.1
Singapore	**4.0**	8.1
South Korea	**8.0**	9.2
Taiwan	**12.6**	16.4
Thailand	**4.6**	5.6
Vietnam	**0.7**	0.3

Portfolio information (continued)

Ten largest investments

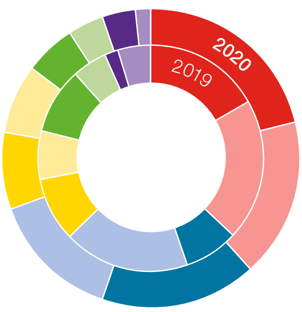
Ranking 2020	Ranking 2019	Company	Principal activities	Country of incorporation	Sector	Valuation 2020 £'000	% of portfolio
1	1	Taiwan Semiconductor Manufacturing[1]	The world's leading semiconductor foundry service provider. The company manufactures and markets integrated circuits which are used in computer, communication and consumer electronics industries.	Taiwan	Technology	**19,840**	4.69
2	39	Samsung Electronics[2]	A global electronics brand and manufacturer of components such as lithium-ion batteries, semiconductors, image sensors, camera modules and displays for the likes of Apple, Sony, HTC and Nokia. Samsung is the world's second largest technology company by revenue.	South Korea	Technology	**18,610**	4.40
3	6	Taiwan Cement	Taiwan's largest manufacturer of building materials; 70% of its cement capacity is in southern China where it has significant market share.	Taiwan	Industrials	**15,863**	3.75
4	38	BHP Group Limited	The world's leading global natural resources company producing iron ore, copper, diamonds, aluminium, oil and natural gas.	Australia	Basic Materials	**14,576**	3.45
5	–	CITIC Securities	Investment bank offering services in underwriting, research, brokerage, asset management, wealth management and investment advice.	China	Financials	**13,928**	3.30
6	30	Rio Tinto Limited	The world's second largest natural resources company producing iron ore, copper, diamonds, gold and uranium.	Australia	Basic Materials	**12,964**	3.07
7	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	**12,492**	2.96
8	2	HKT Trust & HKT	Hong Kong's largest telecommunications operator providing local and international telecommunications services including mobile and broadband services.	Hong Kong	Telecommunications	**12,401**	2.93
9	–	AIA Group	The largest public listed pan-Asian life insurance group offering insurance, financial services, life insurance, accident and health insurance, retirement planning and wealth management.	Hong Kong	Financials	**11,943**	2.83
10	19	Spark New Zealand	Telecommunications company providing fixed line services, mobile networks and internet services.	New Zealand	Telecommunications	**11,709**	2.77
Total						**144,326**	34.15

The top ten investments by value account for 34.15% of the total investments (2019: £139,992,000 or 29.38%).

1 American Depositary Receipts
2 Preferred Shares

Sector exposure at 31 August 2020

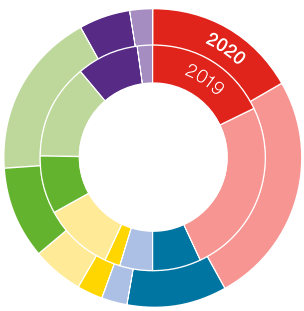
As a percentage of the investment portfolio excluding cash



	2020 %	2019 %
Financials	**21.3**	16.8
Telecommunications	**17.1**	20.2
Technology	**16.9**	7.9
Property	**14.3**	18.1
Basic Materials	**8.3**	9.0
Industrials	**7.6**	7.0
Consumer Goods	**5.4**	9.4
Utilities	**4.0**	5.0
Consumer Services	**3.7**	2.0
Oil & Gas	**1.4**	4.6

Geographic exposure at 31 August 2020

As a percentage of the investment portfolio excluding cash



	2020 %	2019 %
Australia	**16.8**	18.0
China	**25.5**	25.3
Hong Kong	**11.0**	6.9
Indonesia	**2.3**	4.7
New Zealand	**2.8**	2.3
Singapore	**5.4**	9.9
South Korea	**10.0**	8.2
Taiwan	**18.2**	13.8
Thailand	**5.6**	8.9
Vietnam	**2.4**	2.0

Portfolio information (continued)

Investment portfolio at 31 August 2020

Ranking 2020	Ranking 2019	Company	Country of incorporation	Sector	Value 2020 £'000	% of portfolio
1	1	Taiwan Semiconductor Manufacturing[1]	Taiwan	Technology	19,840	4.69
2	39	Samsung Electronics[2]	South Korea	Technology	18,610	4.40
3	6	Taiwan Cement	Taiwan	Industrials	15,863	3.75
4	38	BHP Group Limited	Australia	Basic Materials	14,576	3.45
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8	2	HKT Trust & HKT	Hong Kong	Telecommunications	12,401	2.93
9	–	AIA Group	Hong Kong	Financials	11,943	2.83
10	19	Spark New Zealand	New Zealand	Telecommunications	11,709	2.77
		Top Ten Investments			**144,326**	**34.15**
11	23	Macquarie Group	Australia	Financials	11,692	2.77
12	8	Kweichow Moutai	China	Consumer Goods	11,649	2.76
13	41	Powertech Technology	Taiwan	Technology	11,623	2.75
14	31	China Vanke	China	Property	11,485	2.72
15	10	Mapletree Industrial Trust REIT	Singapore	Property	11,439	2.71
16	–	Sun Hung Kai Properties	Hong Kong	Property	11,302	2.67
17	14	China Construction Bank	China	Financials	11,298	2.67
18	18	Ascendas REIT	Singapore	Property	11,206	2.65
19	37	SK Telekom[1]	South Korea	Telecommunications	11,066	2.62
20	–	Hengan	Hong Kong	Consumer Goods	11,043	2.61
		Top Twenty Investments			**258,129**	**61.08**
21	44	Yageo	Taiwan	Technology	11,002	2.60
22	5	Digital Telecommunications Infrastructure Fund	Thailand	Telecommunications	10,920	2.58
23	–	Quanta Computers	Taiwan	Technology	10,451	2.47
24	–	Bank of China	China	Financials	10,372	2.46
25	34	VinaCapital Vietnam Opportunity Fund	Vietnam	Financials	10,163	2.41
26	–	Telstra	Australia	Telecommunications	9,783	2.32
27	9	Telekomunikasi Indonesia	Indonesia	Telecommunications	9,687	2.29
28	–	China Resources Cement	China	Industrials	9,611	2.27
29	–	Melco Crown Entertainment	China	Consumer Services	9,175	2.17
30	7	China Yangtze Power	China	Utilities	9,116	2.16
		Top Thirty Investments			**358,409**	**84.81**
31	–	CTBC Financial Holdings	Taiwan	Financials	8,296	1.96
32	–	China Overseas Land	China	Property	8,247	1.95
33	–	Fortescue Metals	Australia	Basic Materials	7,985	1.89
34	29	Spark Infrastructure	Australia	Utilities	7,781	1.84
35	–	China Railway Construction	China	Industrials	7,269	1.72
36	25	Dexus	Australia	Property	6,734	1.60
37	13	Intouch Holdings	Thailand	Telecommunications	6,602	1.56
38	33	Sands China	China	Consumer Services	6,282	1.49
39	26	PTT	Thailand	Oil & Gas	6,089	1.44
40	45	China Forestry Holdings	China	Basic Materials	–	–
		Top Forty Investments			**423,694**	**100.26**
41	–	CITIC Securities Call Option (Expiry 07/10/20)	China	Financials	(61)	(0.01)
42	–	Taiwan Semiconductor Manufacturing Call Option (Expiry 16/10/20)	Taiwan	Technology	(238)	(0.06)
43	–	Fortescue Metals Call Option (Expiry 30/11/20)	Australia	Basic Materials	(297)	(0.07)
44	–	China Railway Put Option (Expiry 07/10/20)	China	Industrials	(494)	(0.12)
		Total investments			**422,604**	**100.00**

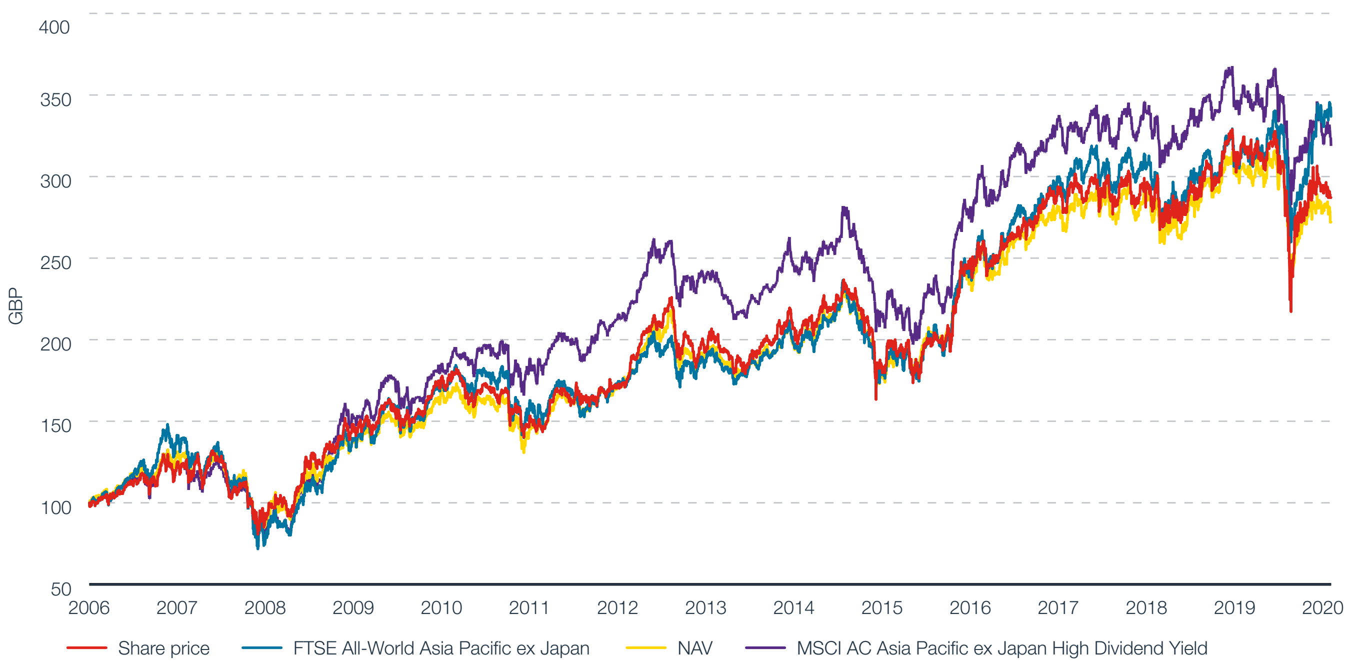
1 American Depositary Receipts
2 Preferred Shares

Historical information

Total return performance

	1 year %	3 years %	5 years %	10 years %
NAV[1]	-9.9	-2.6	51.2	83.7
Share price[2]	-7.8	-1.3	54.5	85.6
Sector average[3]	-1.7	5.7	72.3	123.8
FTSE All-World Asia Pacific ex Japan Index[4]	7.9	12.3	86.7	120.8
MSCI AC Asia Pacific ex Japan High Dividend Yield Index[4]	-7.7	-5.6	46.8	93.7

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 %
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
2020	**425,927**	**301.02**	**311.00**	**3.3**	**(48,819)**	**23.71**	**(59.23)**	**(35.52)**	**23.00**	**1.08**

1 Net Asset Value total return including dividends reinvested
2 Share price total return including dividends reinvested and using mid-market prices
3 AIC sector is the Asia Pacific Income sector using Cum Fair NAV
4 Total return performance is Sterling adjusted (including dividends reinvested)
5 Sterling adjusted and rebased to £100 using Ex Par NAV

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'). Significant advantages of the Company's business model are its closed end nature, which enables the Fund Managers to remain fully invested, and 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. The non-executive directors are independent of the Manager.

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 add to the revenue reserve where possible. The purpose of this reserve is to smooth the dividend in extreme market conditions.

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.

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

Communicating with stakeholders

The Board is committed to maintaining open channels of communications with shareholders in a manner which they find most meaningful and with other key stakeholders to ensure they uphold the Board's values in delivering services to the Company.

The table below sets out how the Board engages with each of its key stakeholders.

Stakeholder	Engagement
Shareholders	The Board and Manager work closely together to keep shareholders up to date with the Company's performance and potential shareholders on its investment proposition. • Daily net asset values and monthly factsheets are published to keep shareholders up to date with the value of the portfolio. • Meetings with the Fund Managers, or Board members where shareholders prefer, are offered to shareholders and potential shareholders to provide insight into the portfolio. • Information on the Company and video updates from the Fund Managers are made available on the website, via social media channels and through the Manager's website with a view to keeping shareholders informed on the positioning of the portfolio. • The half-year report and annual report are published to keep shareholders informed on the Company's financial performance, its governance framework and any current issues. • The Fund Managers provide a presentation to shareholders and analysts following publication of the annual financial results with a view to providing insight on the Company's performance. • The Manager and corporate broker run a programme of engagement with professional investors and other investors throughout the year to promote the Company's investment proposition.

Business model (continued)

Stakeholder	Engagement
Investment manager	The Board maintains a close working relationship with the Manager as this is key to achieving the Company's investment objective and promoting the Company to investors and potential investors. • The Fund Managers attend Board meetings to provide an update on the performance of the portfolio and to keep the directors in touch with their view on the markets and positioning of the portfolio. • The Manager provides data on the key performance indicators at each meeting enabling the directors to measure performance. • The Manager demonstrates compliance with the parameters of the investment mandate at each meeting and provides access to senior managers in the Operational Risk and Internal Audit teams enabling the directors to assess the effectiveness of internal controls in operation. • The Heads of Investment Trust Sales and Marketing provide regular presentations to the Board on how the Company is promoted to professional and retail investors.
Third-party service providers	The Board relies on designated staff at the Manager to coordinate the activities of all third-party service providers and ensure the day-to-day smooth running of the Company. • The Board receives regular reporting or presentations from its key third-party service providers throughout the year. • Designated staff at the Manager engage regularly with all third-party service providers through meetings and written reporting, and keep the Board updated with any areas of concern. • The Management Engagement Committee annually reviews the level of services delivered by each service provider and the terms on which they are engaged to ensure that these remain in line with market practice.

Values and culture

The Board expects all directors to act with integrity and to apply their skill, care, due diligence and professional experience in deliberations regarding the Company's business. The Board operates in an open and co-operative manner with the Company's third-party service providers, particularly in light of the long term nature of the Company's investment proposition.

The Board expects the Company's third-party service providers, particularly the Manager who is responsible for the management of the Company's portfolio, to uphold the same values as the Board. To this end, the Board considers the Manager's corporate culture as part of the overall assessment of the service provided to 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 total return performance in the market conditions prevailing at the time of the assessment, as well as performance against indices and other funds with a similar mandate. Notwithstanding the uncertainties in global markets caused by the Covid-19 pandemic, the Board does not believe that these will have a long term impact on the viability of the Company.

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 generally comprises 40-50 companies spread over a wide range of sectors and geographical areas; hence there is little concentration. The directors consider 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.

Business model (continued)

Managing our risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal and emerging 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 ongoing negotiations with the European Union on a partnership and trade agreement, and the impact that the Covid-19 pandemic has, and continues to have, on global markets. We do not consider the UK's ongoing negotiations to be a material risk except for the impact on currency movements as the Company's functional currency is Sterling, but it invests and receives dividends in a broad range of Asian currencies. As regards the impact of the pandemic, we do not consider this a long term threat to the Company.

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. Investments in Asian markets may be impacted by political, market and financial events resulting in changes to the market value of the Company's portfolio.	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. The Board has received additional reporting from the Fund Manager enabling them to keep abreast of the impact which the Covid-19 pandemic has had on the portfolio.
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, company secretarial, 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. The Board has sought and received assurances from the Manager that effective controls have continued to operate and that the level of risk events has not increased while staff have worked from home.

Business model (continued)

Risk	Mitigating action
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 Company may be exposed to cyber risk through vulnerabilities at one or more of its service providers. 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. The Board has sought and received assurances from its key third-party service providers of their ability to function effectively during the UK government's lockdown measures and also on the robustness of their cyber security arrangements with most staff having worked remotely since March.
Financial	
The financial risks faced by the Company include market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk.	The Company 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 56 to 62.

Borrowings

The Company has a £50 million multi-currency loan facility with Sumitomo Mitsui Banking Corporation which expires in August 2021. The Company will seek to renew the facility before expiry and does not anticipate difficulties in doing so. The maximum amount drawn during the reporting period was £25.4m (2019: £31.2m) with borrowing costs and interest totalling £327,000 (2019: £522,000).

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, company secretarial, sales, marketing and general administrative services to the Company. BNP Paribas Securities Services S.C.A., Jersey Branch provide fund administration 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 set out in English law and as it pertains to investment trusts. The Company must therefore distribute at least 85% of its annual investment income to shareholders to preserve its investment trust status. The directors are of the opinion that the Company has conducted its affairs in compliance with s.1158 since approval was granted and intends to continue to do so.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the FCA. The Company is listed on the Main Board of the New Zealand Stock Exchange ('NZX') and

Business model (continued)

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

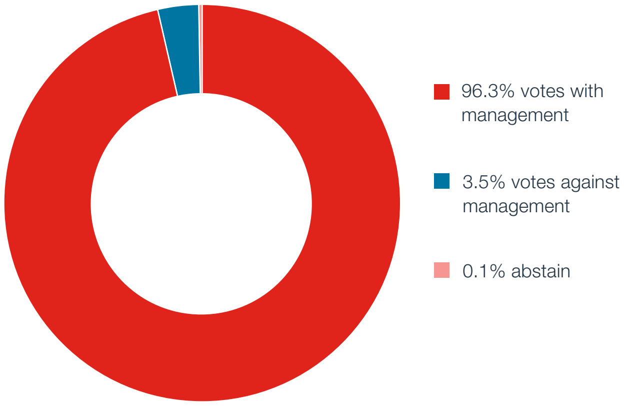
The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. We have engaged the Manager to consider how best to vote the rights attached to the shares in the Company's portfolio.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

The Board retains oversight of the process by receiving reporting indicating how the Company's shares have been voted and by reviewing the Manager's ESG Principles at least annually.

Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the Fund Managers, who have an in-depth understanding of the respective company's operations. The Manager's ESG Principles are made publicly available so investee companies have the ability to make themselves aware of our expectations in this respect.

In the period under review, investee companies held 50 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 3.5% of the resolutions proposed, support was not warranted and, following discussion between the Fund Managers and the Governance and Responsible Investment 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 lack of independence of directors and low attendance at board meetings, as well as concerns over auditor independence.

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
3 November 2020

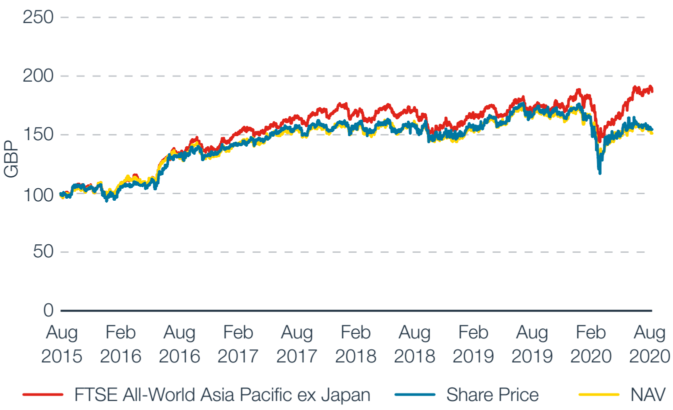
The Board believes that voting at general meetings is an important aspect of corporate stewardship.

Key Performance Indicators

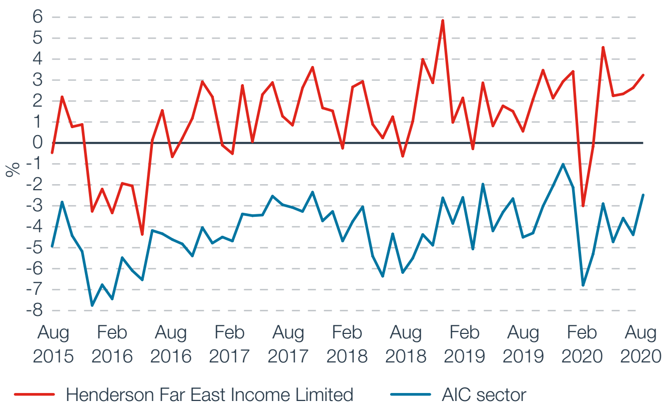
Measuring our performance

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').

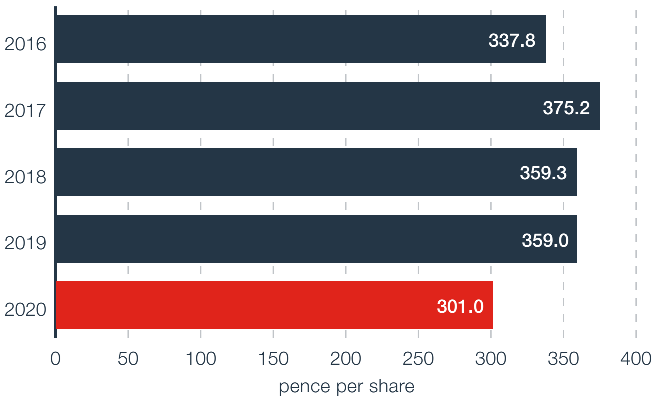
Total return performance for the five years ended 31 August 2020



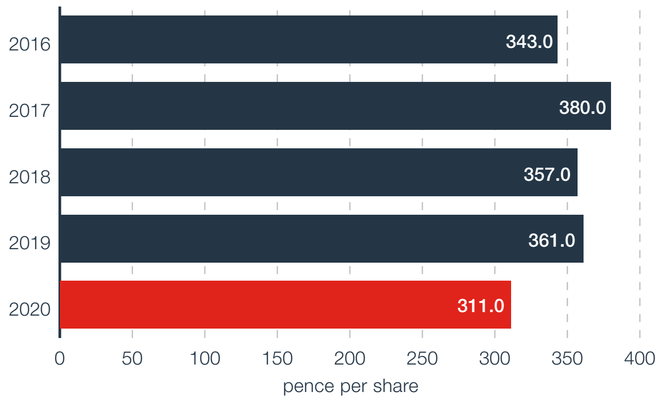
Premium/discount for the five years ended 31 August 2020



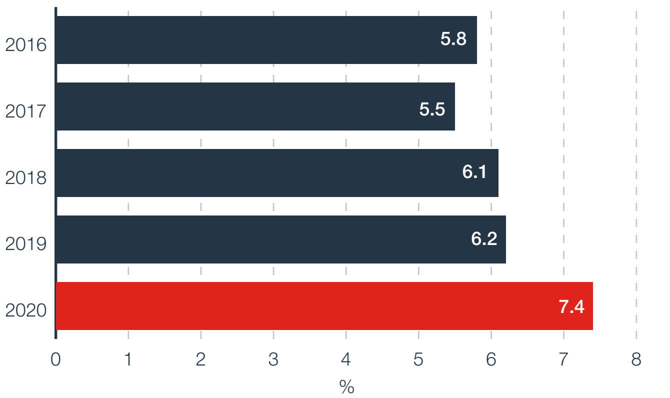
Net Asset Value ('NAV') per share at 31 August



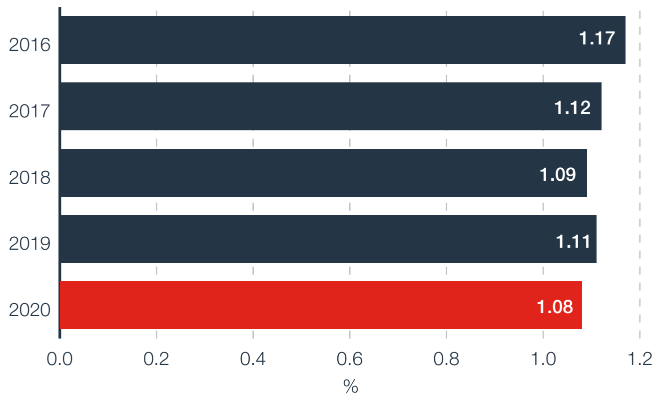
Share price at 31 August



Dividend yield for the year ended 31 August



Ongoing charge



Source: Morningstar Direct, Janus Henderson, Refinitiv Datastream

Shanghai, China

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 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 was a member of the Strategic Advisory Board of Braemar Energy Ventures, a New York venture capital fund focused on energy efficiency technologies. He is the author of Mr China and recently published his second book, Chinese Rules.

External appointments: Tim is Chief Resolution Officer at China Resolutions.

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 age care and continues to travel widely throughout Asia, where he has built up an impressive network of contacts.

External appointments: Nicholas is a director of John Lamb Insurance Broking Limited.

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 35 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 20 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 February 2019 (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 it is supported by the Jersey Financial Services Commission. The FRC has confirmed that by following the AIC Code, the boards of investment companies should fully meet their obligations in relation to the UK Code.

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 as these provide more relevant information to shareholders on the Company's governance arrangements.

With the exception of the appointment of a senior independent director, the Board has complied with the principles of the AIC Code throughout the period. A senior independent director has not been appointed given the size of the Board. The Audit Committee Chairman is available to shareholders should the need arise and Mr Mashiter facilitates the evaluation of the Chairman and in leading 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 has no internal operations and therefore does not maintain an internal audit function, but considers the need for one annually.

The Board

The role of the Board

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

As well as making the strategic decisions regarding the Company's purpose and establishing the risk management framework, the Board's purpose is to provide independent oversight of the operations delivered by the Company's third-party service providers and to challenge the decisions and recommendations made by them, particularly the Manager and Fund Manager.

The Board does this by meeting formally at least four times a year, with additional Board or committee meetings arranged when required. The directors have regular contact with the Fund Managers and other employees of the 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, the Company's governance arrangements and determines individual directors remuneration within the overall limit set by shareholders.

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.

Corporate Governance Report (continued)

The Manager ensures that the directors receive all relevant management, regulatory and financial information. Employees 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 comprises 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 2020, 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.

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 process in place for directors to declare situational conflicts to be authorised by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company. The directors may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts which are considered, are recorded in the minutes.

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

Corporate Governance Report (continued)

that the Board retained a good balance of skills and business experience. 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.

Attendance at meetings

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

	Board	Audit	Management Engagement	Nominations
Number of meetings	4	3	1	2
John Russell	4	3	1	2
Julia Chapman	4	3	1	2
Timothy Clissold	4	3	1	2
Nicholas George	4	3	1	2
David Mashiter	4	3	1	2

Internal control and risk management

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 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 Operational 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; and
  - 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 2020. 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 Board's committees

The Board has three principal committees: the Audit Committee (see the separate report on pages 34 and 35), 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 within the parameters determined by shareholders.

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 on 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, except when discussing succession planning for his role. All of the independent non-executive directors are members of the Committee.

Meetings

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

Role and responsibilities

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

- the composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company;
- the 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.

Taking account of the performance of individual directors, the Committee recommended to the Board that it should support the re-election of all directors at the forthcoming 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 end and open end sectors, the share price, the level of premium and, for a short period, the discount, as well as the gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed end competitors and other, similar sized investment companies;
- the key clauses of the investment agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the broker, depositary, custodian, registrar, research providers, legal counsel and 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

Henderson Secretarial Services Limited
Corporate Secretary
3 November 2020

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 Mr George, who is considered by the Board to have recent and relevant financial experience.

The Committee considered the provisions of the AIC Code relating to the membership of the Audit Committee. Taking account of the size of the Board, 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 Managers 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 Operational Risk team support the Audit Committee in considering the independently reviewed reports on the effectiveness of internal controls in place at the Company's third-party service providers. The 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

The Company follows the EU Audit Directive and Regulation 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 fifth year that the current audit partner, Andrew Quinn, has been in place. In accordance with the FRC's ethics and independence requirements for listed entities, Andrew will rotate off the audit and be replaced by another KPMG partner following completion of the 2020 audit.

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 financial year ending 31 August 2023.

Audit Committee Report (continued)

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.

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 EU regulations and where it appears to affect their independence and objectivity. In addition, the provision of any non-audit services by the auditors is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit Committee, or Audit Committee Chairman, following due consideration of the proposed services.

Significant issues

In relation to the annual report for the year ended 31 August 2020, 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. 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 Committee when considering financial reporting.
Maintaining internal controls	The Committee receives regular reports on internal controls from the Manager and has access to the relevant personnel who have responsibility for risk management and internal audit. The Committee regularly reviews the adequacy and effectiveness of these controls.
Investment income	The Committee reviewed the impact which the Covid-19 pandemic had on the value of the portfolio and considered the likely impact on investment income over the coming several years. The Committee considered the possible impact on the dividend in light of these projections.

Effectiveness of the external audit

The Committee's process for evaluating the effectiveness of the external audit comprises two components: consideration is given to the findings of the latest audit quality inspection report for KPMG Channel Islands Limited and a post-audit assessment is carried out led by the Committee Chairman. The auditors are able to 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 Managers 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. We look forward to welcoming the new audit partner for next year. The auditors have indicated their willingness to continue in office. Accordingly, resolutions reappointing KPMG as auditors to the Company and authorising the directors to determine their remuneration will be proposed at the forthcoming annual general meeting.

Nicholas George
Chairman of the Audit Committee
3 November 2020

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 and will be put to them at the forthcoming annual general meeting.

The Company's approach is that fees should:

- reflect the time spent on the Company's affairs;
- reflect the responsibilities borne by the directors;
- be sufficient to promote the long-term success of the Company; and
- not exceed the aggregate limit established by shareholders in the Articles (currently £200,000 per annum).

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.

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 and as such, a director may resign by notice in writing to the Board at any time, with no compensation payable.

Annual report on remuneration

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 considers the fees paid to directors by the other constituents of the AIC sector and of other investment companies with a similar size and nature to the Company. Following completion of the review in 2020, the Board concluded that no changes to fees should be made.

Given that Board meetings are now held in the 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 on 1 July 2019.

Directors' fees were last increased on 1 September 2016.

Directors' interests in shares

	Ordinary shares of no par value	
	31 August 2020	1 September 2019
John Russell	**70,306**	60,306
Julia Chapman	**2,616**	2,616
Timothy Clissold	**15,000**	15,000
Nicholas George	**8,750**	8,750
David Mashiter	**5,000**	5,000

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 2020 to the date of this report.

Directors' Remuneration Report (continued)

Directors' fees

The fees paid to the directors who served during the years ended 31 August 2020 and 31 August 2019 were as follows:

	Year ended 31 August 2020 Fees £	Year ended 31 August 2019 Fees £	**Year ended 31 August 2020 Taxable benefits £**	Year ended 31 August 2019 Taxable benefits £	**Year ended 31 August 2020 Total £**	Year ended 31 August 2019 Total £
John Russell[1]	39,000	39,000	230	–	39,230	39,000
Julia Chapman	31,500	28,500	–	1,321	31,500	29,821
Timothy Clissold	28,000	28,000	968	419	28,968	28,419
Nicholas George[2]	34,000	32,310	–	–	34,000	32,310
David Mashiter	31,500	28,500	–	1,852	31,500	30,352
David Staples[3]	–	9,714	–	306	–	10,020
Total	**164,000**	**166,024**	**1,198**	**3,898**	**165,198**	**169,922**

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 Chairman of the Audit Committee from 13 December 2018
3 Retired on 13 December 2018

For and on behalf of the Board

John Russell
Chairman
3 November 2020

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 August 2020.

The Corporate Governance Report and Audit Committee Report on pages 30 to 35, and the Additional information on pages 66 to 70 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 2020 there were 141,493,564 ordinary shares in issue with total voting rights in the same amount.

The directors seek annual authority from shareholders to allot shares, disapply pre-emption rights in respect of these allotments and to buy back, whether to be cancelled or held in treasury, the Company's ordinary shares. At the annual general meeting held on 23 January 2020, shareholders authorised the directors to allot and disapply pre-emption rights in respect of 13,673,356 shares and to repurchase up to 20,496,361 shares. The directors have issued 5,290,000 shares under this authority.

During the year, 10,815,000 shares (representing 8.3% 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 296.00p to 372.00p for total proceeds (net of commissions) of £37,276,000. A further 530,000 shares have been issued since the end of the year and up to the date of this report.

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 2020 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 63.

Annual General Meeting

In light of the ongoing Covid-19 restrictions, the annual general meeting will be held at 11.00am on 21 January 2021 as a closed meeting. A pre-recorded presentation from your Fund Manager will be posted to our website.

All shareholders are encouraged submit their proxy form, or get in touch with their share dealing service, to ensure their shares are voted.

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' 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.

For and on behalf of the Board

Henderson Secretarial Services Limited
Corporate Secretary
3 November 2020

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 (IFRS') as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 IFRS as adopted by the European Union on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the annual report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board.

John Russell
Chairman
3 November 2020

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.

Financial Statements

Hong Kong

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 2020, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and 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 2020, 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 EU; and

— have been properly prepared in accordance with 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 2019):

	The risk	Our response
Valuation of investments at fair value through profit or loss (the 'investments'): Investments held at fair value through profit or loss Assets: £423,694,000 (2019: £477,963,000) Investments held at fair value through profit or loss – written options Liabilities: £1,090,000 (2019: £1,489,000) Refer to page 35 of the Audit Committee Report, notes 2(c) and 2(p) of the accounting policies and notes 10 and 13.	**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 2020. 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 2(p)) in relation to the use of estimates and judgements regarding the valuation of investments and the Company's investment valuation policies adopted in note 2(c) and fair value disclosures in notes 10 and 13 for compliance with IFRS.

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

Other information

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 auditors' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Company's 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 39, 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.

Auditors' 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 auditors' 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 auditors' 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 Quinn
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Jersey
3 November 2020

Statement of Comprehensive Income

Notes		Year ended 31 August 2020 Revenue return £'000	Year ended 31 August 2020 Capital return £'000	Year ended 31 August 2020 Total £'000	Year ended 31 August 2019 Revenue return £'000	Year ended 31 August 2019 Capital return £'000	Year ended 31 August 2019 Total £'000
3	Investment income	35,344	–	35,344	33,075	–	33,075
4	Other income	3,410	–	3,410	2,281	–	2,281
10	(Losses)/gains on investments held at fair value through profit or loss	–	(78,516)	(78,516)	–	2,122	2,122
	Net foreign exchange loss excluding foreign exchange losses on investments	–	(836)	(836)	–	(1,127)	(1,127)
	Total income	**38,754**	**(79,352)**	**(40,598)**	**35,356**	**995**	**36,351**
	Expenses						
	Management fees	(1,942)	(1,942)	(3,884)	(1,973)	(1,973)	(3,946)
5	Other expenses	(494)	(494)	(988)	(479)	(478)	(957)
	Profit/(loss) before finance costs and taxation	**36,318**	**(81,788)**	**(45,470)**	**32,904**	**(1,456)**	**31,448**
6	Finance costs	(101)	(100)	(201)	(254)	(254)	(508)
	Profit/(loss) before taxation	**36,217**	**(81,888)**	**(45,671)**	**32,650**	**(1,710)**	**30,940**
7	Taxation	(3,630)	482	(3,148)	(3,148)	514	(2,634)
	Profit/(loss) for the year and total comprehensive income	**32,587**	**(81,406)**	**(48,819)**	**29,502**	**(1,196)**	**28,306**
8	Earnings/(losses) per ordinary share – basic and diluted	23.71p	(59.23p)	(35.52p)	23.38p	(0.95p)	22.43p

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 47 to 64 form part of these financial statements

Statement of Changes in Equity

Notes		Stated share capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
	Year ended 31 August 2020					
	Total equity at 31 August 2019	167,599	180,471	96,059	24,992	469,121
	Total comprehensive income:					
	(Loss)/profit for the year	–	–	(81,406)	32,587	(48,819)
	Transactions with owners, recorded directly to equity:					
9	Dividends paid	–	–	–	(31,651)	(31,651)
14	Shares issued	37,458	–	–	–	37,458
14	Share issue costs	(182)	–	–	–	(182)
	Total equity at 31 August 2020	**204,875**	**180,471**	**14,653**	**25,928**	**425,927**

Notes		Stated share capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
	Year ended 31 August 2019					
	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**

The total column of this statement represents the Statement of Changes in Equity, prepared in accordance with IFRS as adopted by the European Union.

The Statement of Changes in Equity is presented in a columnar basis to include separate disclosure of share capital and the various reserves under guidance published by the Association of Investment Companies.

The notes on pages 47 to 64 form part of these financial statements

Balance Sheet

Notes		31 August 2020 £'000	31 August 2019 £'000
	Non current assets		
10	Investments held at fair value through profit or loss	423,694	477,963
	Current assets		
11	Other receivables	14,384	4,842
	Cash and cash equivalents	3,879	6,360
		18,263	**11,202**
	Total assets	**441,957**	**489,165**
	Current liabilities		
10	Investments held at fair value through profit or loss – written options	(1,090)	(1,489)
7(c)	Deferred taxation	(64)	(66)
12(a)	Other payables	(7,407)	(1,969)
12(b)	Bank loans	(7,469)	(16,520)
		(16,030)	**(20,044)**
	Net assets	**425,927**	**469,121**
	Equity attributable to equity shareholders		
14	Stated share capital	204,875	167,599
15	Distributable reserve	180,471	180,471
	Retained earnings:		
16	Capital reserves	14,653	96,059
	Revenue reserves	25,928	24,992
	Total equity	**425,927**	**469,121**
17	Net asset value per ordinary share	**301.02p**	**358.99p**

The financial statements on pages 43 to 64 were approved by the Board of Directors on 3 November 2020 and were signed on its behalf by:

John Russell
Chairman

The notes on pages 47 to 64 form part of these financial statements

Statement of Cash Flows

Notes		Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
	Operating activities		
	(Loss)/profit before taxation	(45,671)	30,940
	Add back finance costs payable	201	508
10	Losses/(gains) on investments held at fair value through profit or loss	78,516	(2,122)
	Net foreign exchange loss excluding foreign exchange losses on investments	836	1,127
10	Sales of investments	524,714	297,306
10	Purchases of investments	(549,180)	(308,924)
	Decrease/(increase) in prepayments and accrued income	795	(1,022)
	Increase in amounts due from brokers	(10,318)	(479)
	Decrease in amounts due to brokers	5,231	–
	Increase in other payables	41	1,227
	Stock dividends included in investment income	(180)	(557)
	Net cash inflow from operating activities before interest and taxation	**4,985**	**18,004**
	Interest paid	(200)	(535)
	Increase in corporation tax payable	166	–
	Withholding tax on investment income	(3,170)	(2,655)
	Net cash inflow from operating activities after interest and taxation	**1,781**	**14,814**
	Financing activities		
	Net loan repayment	(8,886)	(15,937)
9	Equity dividends paid	(31,651)	(28,090)
14	Share issue proceeds	37,458	27,985
14	Share issue costs	(182)	(84)
	Net cash outflow from financing	**(3,261)**	**(16,126)**
	Decrease in cash and cash equivalents	**(1,480)**	**(1,312)**
	Cash and cash equivalents at the start of the year	6,360	7,117
	Exchange movements	(1,001)	555
	Cash and cash equivalents at the end of the year	**3,879**	**6,360**

The notes on pages 47 to 64 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 2020 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 October 2019 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

Accounting standards

(i) The following new and amended standards are relevant and applicable to the Company and have been adopted although they have had no material impact on the financial statements:

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

		Effective for annual periods beginning on or after
IAS 12 Amendment (AI 2015-17)	Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 19 Amendment	Plan amendment, curtailment or settlement	1 January 2019
IAS 23 Amendment (AI 2015-17)	Borrowing costs eligible for capitalisation	1 January 2019
IAS 28 Amendment	Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRS 3 Amendment (AI 2015-17)	Previously held interest in a joint operation	1 January 2019
IFRS 9 Amendment	Prepayment Features with Negative Compensation	1 January 2019
IFRS 11 Amendment (AI 2015-17)	Previously held interest in a joint operation	1 January 2019
IFRS 16	Leases	1 January 2019
Interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

a) Basis of preparation (continued)

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

		Effective for annual periods beginning on or after
IAS 1 Amendments	Classification of Liabilities as current or non-current	1 January 2022
IAS 1 and IAS 8 Amendments	Definition of Material	1 January 2020
IAS 1, 8, 34, 37, 38 and IFRS 2, 3, 6, 14	Amendment to references to the conceptual framework	1 January 2020
IFRS 3 Amendment	Definition of a Business	1 January 2020
IFRS 17	Insurance Contracts	1 January 2023
IFRS 9, IAS 39 and IFRS 7 Amendments	Interest Rate Benchmark Reform	1 January 2020
Interpretations		
IFRIC 12, 19, 20, 22 and SIC 32	Amendment to references to the conceptual framework	1 January 2020

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. The directors have considered the impact of Covid-19, including cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio. They have concluded that they are able to meet their financial obligations, including the repayments of the bank loan, as they fall due for at least twelve months from the date of this report. 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. 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. 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 alongside the Statement of Comprehensive Income.

e) Income

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

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

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.

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 and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates. The Company is a closed end investment company, incorporated in Jersey, with its shares listed on the London and New Zealand stock exchanges. Sterling is the currency in which the majority of the costs of the Company are incurred, capital is raised and dividends are paid.

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

i) Cash and cash equivalents

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

j) Bank loans

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

k) Amounts due to/from brokers

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

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

l) Segmental reporting

Under IFRS 8, operating segments are considered to be the components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision-maker ('CODM') being the 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 (2019: nil).

m) Share issue costs

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

n) Dividends payable to shareholders

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 revaluation of investments and the revenue reserve.

o) Capital and reserves

Capital reserve

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

Revenue reserve

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

Distributable reserve

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

Stated share capital

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

p) Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements; however, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future. As the majority of the Company's financial assets are quoted securities, in the opinion of the directors, the amounts included as assets and liabilities in the financial statements are not subject to significant judgements, estimates or assumptions 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 obligations relating to the options valued at £1,090,000 (2019: £1,489,000) are valued by reference to the Black-Scholes model. The position in China Forestry was written down to zero value (cost: £5,507,000) following a missed coupon payment, delayed publication of annual report and accounts and resignation of chief financial officer and company secretary in June 2014 and in the Board's opinion it is still appropriate to value this investment at nil at 31 August 2020 (2019: same).

Notes to the Financial Statements (continued)

3 Investment income

	2020 £'000	2019 £'000
Overseas investment income	35,164	32,518
Stock dividends	180	557
	35,344	**33,075**
Analysis of investment income by geography:		
Australia	7,513	7,487
China	12,761	8,594
Hong Kong	2,373	2,264
India	617	–
Indonesia	765	701
Malaysia	–	235
New Zealand	746	701
Singapore	1,421	2,678
South Korea	2,826	3,032
Taiwan	4,459	5,437
Thailand	1,620	1,854
Vietnam	243	92
	35,344	**33,075**

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

4 Other income

	2020 £'000	2019 £'000
Bank and other interest	14	81
Option premium income	3,396	2,200
	3,410	**2,281**

5 Other expenses

	2020			2019		
	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 37)	82	82	164	83	83	166
Auditors' remuneration						
– statutory audit	23	24	47	17	18	35
– interim accounts review	–	–	–	4	4	8
Bank and custody charges	124	124	248	114	114	228
Loan arrangement and non-utilisation fees	63	63	126	22	22	44
Marketing fees[1]	72	72	144	60	59	119
Registrar's fees	26	26	52	26	27	53
Depositary fees	11	12	23	11	11	22
Printing and stationery	14	13	27	16	17	33
Asia Board visit	–	–	–	17	16	33
Broker fees	13	12	25	18	18	36
AIC subscriptions	11	10	21	11	10	21
Stock Exchange fees	23	23	46	23	22	45
Other expenses	32	33	65	57	57	114
	494	**494**	**988**	**479**	**478**	**957**

1 Payable to Janus Henderson

Notes to the Financial Statements (continued)

6 Finance costs

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total return £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000
Bank loans	101	100	201	254	254	508
	101	**100**	**201**	**254**	**254**	**508**

7 Taxation

a) Analysis of the charge for the year

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total return £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000
Corporation tax	430	–	430	251	–	251
Double tax relief	(264)	–	(264)	(251)	–	(251)
Tax relief from capital	482	(482)	–	514	(514)	–
Overseas withholding tax	2,984	–	2,984	2,568	–	2,568
Total current tax charge for the year	**3,632**	**(482)**	**3,150**	3,082	(514)	2,568
Deferred tax	(2)	–	(2)	66	–	66
Total deferred tax charge for the year (see note 7c)	**(2)**	**–**	**(2)**	66	–	66
Total tax charge for the year (see note 7b)	**3,630**	**(482)**	**3,148**	**3,148**	**(514)**	**2,634**

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:

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total return £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000
Profit/(loss) before taxation	36,217	(81,888)	(45,671)	32,650	(1,710)	30,940
Corporation tax at 19% (2019: 19.00%)	6,881	(15,559)	(8,678)	6,204	(325)	5,879
Effects of:						
Non-taxable gains less losses on investments held at fair value through profit or loss	–	14,918	14,918	–	(403)	(403)
Non-taxable overseas dividends	(5,974)	–	(5,974)	(5,467)	–	(5,467)
Currency gains	–	159	159	–	214	214
Overseas tax	2,984	–	2,984	2,568	–	2,568
Excess management expenses	(477)	482	5	(584)	514	(70)
Tax relief from capital	482	(482)	–	514	(514)	–
Double tax relief	(264)	–	(264)	(251)	–	(251)
Effect of income taxable in different periods	(2)	–	(2)	164	–	164
Total tax charge for the year (see note 7a)	**3,630**	**(482)**	**3,148**	**3,148**	**(514)**	**2,634**

Notes to the Financial Statements (continued)

7 Taxation (continued)

c) Deferred taxation

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total return £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000
Provision at start of the year	66	–	66	–	–	–
Deferred tax (credit)/charge for the year	(2)	–	(2)	66	–	66
Provision at end of the year	**64**	**–**	**64**	**66**	**–**	**66**

8 Earnings per ordinary share

The earnings per ordinary share figure is based on the net loss for the year of £48,819,000 (2019: profit £28,306,000) and on the weighted average number of ordinary shares in issue during the year of 137,436,515 (2019: 126,210,619).

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

	2020 £'000	2019 £'000
Net revenue profit	32,587	29,502
Net capital loss	(81,406)	(1,196)
Net total (loss)/profit	**(48,819)**	**28,306**
Weighted average number of ordinary shares in issue during the year	137,436,515	126,210,619

	2020 Pence	2019 Pence
Revenue earnings per ordinary share	23.71	23.38
Capital losses per ordinary share	(59.23)	(0.95)
Total (losses)/earnings per ordinary share	**(35.52)**	**22.43**

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	2020 £'000	2019 £'000
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
Fourth interim dividend 5.70p for the year ended 2019	1 November 2019	29 November 2019	7,627	–
First interim dividend 5.70p for the year ended 2020	31 January 2020	28 February 2020	7,822	–
Second interim dividend 5.70p for the year ended 2020	1 May 2020	29 May 2020	7,995	–
Third interim dividend 5.80p for the year ended 2020	31 July 2020	28 August 2020	8,207	–
			31,651	**28,090**

The fourth interim dividend for the year ended 31 August 2020 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 £32,587,000 (2019: £29,502,000).

Notes to the Financial Statements (continued)

9 Dividends (continued)

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

	2020 £'000	2019 £'000
Revenue available for distribution by way of dividend for the year	32,587	29,502
First interim dividend of 5.70p (2019: 5.50p) paid 28 February 2020 (28 February 2019)	(7,822)	(6,874)
Second interim dividend of 5.70p (2019: 5.50p) paid 29 May 2020 (31 May 2019)	(7,995)	(7,017)
Third interim dividend of 5.80p (2019: 5.70p) paid 28 August 2020 (30 August 2019)	(8,207)	(7,431)
Proposed fourth interim dividend for the year ended 31 August 2020 of 5.80p (2019: 5.70p) (based on 142,023,564 shares in issue at 30 October 2020) (2019: 133,808,564)	(8,237)	(7,627)
Undistributed revenue for s.1158 purposes	**326**	**553**

10 Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Cost at beginning of year	403,288	405,358
Investment holding gain at the beginning of the year	73,186	56,819
Valuation of investments and options written at the beginning of the year	**476,474**	**462,177**
Movements in the year:		
Purchases at cost	549,360	309,481
Sales – proceeds	(524,714)	(297,306)
– realised losses on sales	(39,394)	(14,245)
(Decrease)/increase in investment holding gains	(39,122)	16,367
Closing value of investments and options written at the end of the year	**422,604**	**476,474**
Cost at the end of the year	388,540	403,288
Investment holding gain	34,064	73,186
Closing value of investments and options written at the end of the year	**422,604**	**476,474**

Total investments:

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	423,694	477,963
Written options	(1,090)	(1,489)
	422,604	**476,474**

Notes to the Financial Statements (continued)

10 Investments held at fair value through profit or loss (continued)

The Company received £524,714,000 (2019: £297,306,000) from investments sold in the year. The book cost of these investments when they were purchased was £564,108,000 (2019: £311,551,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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

	2020 £'000	2019 £'000
(Losses)/gains on investments held at fair value		
Realised losses on sales of investments	(39,394)	(14,245)
(Decrease)/increase in investment holding gains	(39,122)	16,367
	(78,516)	**2,122**

Transaction costs

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

	2020 £'000	2019 £'000
Purchases	655	322
Sales	773	459
	1,428	**781**

11 Other receivables

	2020 £'000	2019 £'000
Withholding tax recoverable	107	88
Prepayments and accrued income	3,480	4,275
Amounts due from brokers	10,797	479
	14,384	**4,842**

12 Other payables

	2020 £'000	2019 £'000
a) Other payables		
Amounts due to brokers	5,231	–
Corporation tax payable	166	–
Other payables	2,010	1,969
	7,407	**1,969**

	2020 £'000	2019 £'000
b) Bank loans (unsecured)	7,469	16,520

The interest rates applicable to the loans is at a margin over LIBOR, margin being 0.65% per annum. Further detail on the bank loan is provided in note 13.2.

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

Notes to the Financial Statements (continued)

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.

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 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 2020 on its investments amounted to £423,694,000 (2019: £477,963,000) and £1,090,000 (2019: £1,489,000) 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 17. 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.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

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% (2019: 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.

	2020 Increase in fair value £'000	2020 Decrease in fair value £'000	2019 Increase in fair value £'000	2019 Decrease in fair value £'000
Statement of Comprehensive Income – (Loss)/profit after tax				
Revenue return	(190)	190	(214)	214
Capital return	42,070	(42,070)	47,433	(47,433)
Impact on total return after tax for the year and shareholders' funds	**41,880**	**(41,880)**	**47,219**	**(47,219)**

13.1.2 Currency risk

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

Management of the risk

The 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 2020 and 2019 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, New Zealand Dollar and Thai Baht.

2020	**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)	12,263	1,337	–	–	337	–	107	298
Cash and cash equivalents	492	–	–	–	–	226	3,161	–
Payables (due to brokers, accruals and other creditors)	–	–	–	–	(5,231)	–	(76)	–
Bank loans	–	–	–	–	–	–	(7,469)	–
Total foreign currency exposure on net monetary items	**12,755**	**1,337**	**–**	**–**	**(4,894)**	**226**	**(4,277)**	**298**
Investments at fair value through profit or loss that are equities	71,218	57,234	31,102	20,765	124,624	22,645	39,843	45,010
Total net foreign currency exposures	**83,973**	**58,571**	**31,102**	**20,765**	**119,730**	**22,871**	**35,566**	**45,308**

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.2 Currency risk (continued)

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 that are equities	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**

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

Foreign currency sensitivity

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

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:

2020	**AUS$ £'000**	**TW$ £'000**	**KRW £'000**	**CNY £'000**	**HK$ £'000**	**S$ £'000**	**US$ £'000**	**Other £'000**
Statement of Comprehensive Income –								
Revenue return	727	409	243	761	776	169	225	392
Capital return	7,874	6,328	3,439	2,293	13,781	2,504	4,406	4,977
Total return after tax for the year	**8,601**	**6,737**	**3,682**	**3,054**	**14,557**	**2,673**	**4,631**	**5,369**

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**

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

2020	**AUS$ £'000**	**TW$ £'000**	**KRW £'000**	**CNY £'000**	**HK$ £'000**	**S$ £'000**	**US$ £'000**	**Other £'000**
Statement of Comprehensive Income –								
Revenue return	(595)	(335)	(199)	(622)	(635)	(138)	(184)	(321)
Capital return	(6,442)	(5,178)	(2,813)	(1,876)	(11,275)	(2,049)	(3,605)	(4,073)
Total return after tax for the year	**(7,037)**	**(5,513)**	**(3,012)**	**(2,498)**	**(11,910)**	**(2,187)**	**(3,789)**	**(4,394)**

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.2 Currency risk (continued)

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)**

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 2020 of financial assets can be found on the Balance Sheet under the heading 'Cash and cash equivalents' and the financial liabilities exposure to interest rate risk to floating interest rates is shown under note 12(b).

The Company does not have any fixed interest rate exposure.

Interest received on cash balances, or paid on bank loans, is at a margin over LIBOR or its foreign currency equivalent (2019: 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 £1,000 (2019: £19,000), capital return after tax by £37,000 (2019: £82,000), total profit after tax and shareholders' funds £36,000 (2019: £101,000).

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 2020.

The Company has an 18 months multi-currency loan facility of £50 million (2019: £45 million) of which £7,469,000 (2019: £16,520,000) was drawn down at the year end. This facility is under regular review and unless renewed will expire on 18 August 2021.

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.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.2 Liquidity risk (continued)

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 August 2020 and 31 August 2019, based on the earliest date on which payment could be required was as follows:

	2020		2019	
	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]	7,470	–	16,523	–
Written options[2]	4,092	–	–	–
Amounts due to brokers and accruals	7,407	–	1,966	–
	18,969	**–**	**18,489**	**–**

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

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. Details of the portfolio are shown on page 18.

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 £781,000 of cash in collateral accounts at 31 August 2020 (2019: £1,444,000). 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 2020 was to cash and cash equivalents £3,879,000 (2019: £6,360,000) and to other receivables £14,384,000 (2019: £4,842,000).

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. 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 securities held in custody on behalf of the Company are received and reconciled monthly. The depository has regulatory responsibilities relating to segregation and safe keeping of the Company's financial assets, amongst other duties. The Board has direct access to the depository 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).

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

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 2020	Level 1 £'000	Level 2 £'000	Level 3[1] £'000	Total £'000
Equity investments	423,694	–	–	423,694
OTC derivatives (options)	–	(1,090)	–	(1,090)
	423,694	**(1,090)**	**–**	**422,604**

1 Level 3 investments related to one holding of China Forestry, transferred into level 3 in 2012, written to zero market value during 2014 following a missed coupon payment, delayed publication of annual report and accounts and resignation of chief financial officer and company secretary. This investment has continued to be held at zero value throughout 2020.

The table below sets out the OTC derivatives that were unsettled at 31 August 2020.

Description of open position	Nominal amount	Currency	Strike Price (Currency)
China Railway Put Option (Expiry 07/10/20)	6,327,750	HK$	6.71
CITIC Securities Call Option (Expiry 07/10/20)	2,220,000	HK$	21.3
Fortescue Metals Call Option (Expiry 30/11/20)	830,863	AUD$	18.3
Taiwan Semiconductor Manufacturing Call Option (Expiry 16/10/20)	1,050	US$	82.5

Level 3 investments at fair value through profit or loss	2020 £'000	2019 £'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 2019	Level 1 £'000	Level 2 £'000	Level 3[2] £'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**

2 Level 3 investments related to one holding of China Forestry, transferred into level 3 in 2012, written to zero market value during 2014 following a missed coupon payment, delayed publication of annual report and accounts and resignation of chief financial officer and company secretary. This investment has continued to be held at zero value throughout 2019

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

Description of open position	Nominal amount	Currency	Strike Price (Currency)
Anta Sports Call Option (Expiry 26/09/19)	1,720,000	HK$	57.0
Anhui Conch Cement Call Option (Expiry 05/09/19)	2,246,500	HK$	45.7

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

There have been no transfers between levels of the fair value hierarchy during the year ended 31 August 2019 and year ended 31 August 2020.

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

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

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

Level 3 – inputs are unobservable inputs for the asset or liability.

The valuation techniques used by the Company are explained in the accounting policies note on page 48.

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 £1,090,000 (2019: £1,489,000).

The Company's capital at 31 August 2020 comprises its equity share capital, reserves and bank debt that are shown in the Balance Sheet as a total of £433,396,000 (2019: £485,641,000).

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 is subject to additional externally imposed capital requirements:

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

These requirements are materially unchanged since last year.

14 Stated share capital

		2020		2019	
	Authorised	**Issued and fully paid**	**£'000**	Issued and fully paid	£'000
Opening balance at 1 September					
Ordinary shares of no par value	Unlimited	130,678,564	167,599	122,753,564	139,698
Issued during the year		10,815,000	37,458	7,925,000	27,985
Share issue costs		–	(182)	–	(84)
Closing balance at 31 August		**141,493,564**	**204,875**	**130,678,564**	**167,599**

The holders of ordinary shares are entitled to all the capital growth in the Company and all the income from the Company that is resolved by the directors to be distributed. Each shareholder present at a general meeting has one vote on a show of hands and on a poll every member present in person or by proxy has one vote for each share held. The Company has no significant or controlling shareholders.

During the year, the Company issued 10,815,000 (2019: 7,925,000) shares for the proceeds of £37,276,000 (2019: £27,901,000) net of costs.

15 Distributable reserve

	2020 £'000	2019 £'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 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

	2020 £'000	2019 £'000
Start of the year	96,059	97,255
Foreign exchange losses	(836)	(1,127)
Movement in investment holding gains	(39,122)	16,367
Realised losses on investments	(39,394)	(14,245)
Costs charged to capital	(2,054)	(2,191)
At 31 August	**14,653**	**96,059**

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 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:

	2020		2019	
	Net asset value per share pence	Net asset value attributable £'000	Net asset value per share pence	Net asset value attributable £'000
Ordinary shares	301.02p	425,927	358.99p	469,121

The basic net asset value per ordinary share is based on 141,493,564 (2019: 130,678,564) 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:

	2020 £'000	2019 £'000
Net assets attributable to ordinary shares at beginning of year	469,121	441,004
Total net (loss)/profit after taxation	(48,819)	28,306
Dividend paid	(31,651)	(28,090)
Issue of ordinary shares net of issue costs	37,276	27,901
	425,927	**469,121**

18 Contingent liabilities

There were no contingent liabilities as at 31 August 2020 (2019: £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, company secretarial, sales and marketing, and general administrative services.

Details of the fee arrangements for these services are given on page 24. The management fees payable to Janus Henderson under the agreement in respect of the year ended 31 August 2020 were £3,884,000 (2019: £3,946,000). The amount outstanding at 31 August 2020 was £1,607,000 (2019: £1,721,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. Total amounts paid to Janus Henderson in respect of marketing, including VAT, for the period ended 31 August 2020 amounted to £144,000 (2019: £119,000)

Fees paid to the directors are considered to be related party transactions. Details of the amounts paid are included in note 5 on page 51. These amounts do not include national insurance contributions on the directors' fees of £2,000 (2019: £17,000) which are included in general expenses. Directors' shareholdings are shown on page 36.

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 530,000 shares for net proceeds of £1,641,000.

On 6 October 2020, the Company announced a dividend of 5.80p per ordinary share in respect of the year ended 31 August 2020 to shareholders on the register (the record date) at 30 October 2020. The shares will be quoted ex-dividend on 29 October 2020.

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 2019 £'000	Net cash flows £'000	Foreign exchange movement £'000	At 31 August 2020 £'000
Financing activities					
Bank loans	12b)	16,520	(8,886)	(165)	7,469
		16,520	**(8,886)**	**(165)**	**7,469**
Non-financing activities					
Cash and cash equivalents		(6,360)	1,480	1,001	(3,879)
		(6,360)	**1,480**	**1,001**	**(3,879)**
Net debt		**10,160**	**(7,406)**	**836**	**3,590**

	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**

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 and MSCI AC Asia Pacific ex Japan High Dividend Yield indices (Sterling adjusted) for comparison purposes only.

Custodian

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

Depositary

From 22 July 2014 all 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 2020	301.02	311.00	3.3
At 31 August 2019	358.99	361.00	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.

		2020	2019
Investments held at fair value through profit or loss (page 54) (£'000)	(A)	422,604	476,474
Net assets (page 63) (£'000)	(B)	425,927	469,121
Gearing (C = A / B – 1) (%)	(C)	(0.8)	1.6

Net Asset Value (NAV) per ordinary share

The value of the Company's assets (i.e. investments (see Note 10) and cash held (see Balance Sheet) less any liabilities (i.e. bank loans (see note 12b)) for which the Company is responsible divided by the number of shares in issue (see note 14). The aggregate NAV is also referred to as total equity in the Balance Sheet. The NAV per share is published daily and the year end NAV can be found on page 45 and further information is available on page 63 in note 17 within the notes to the financial statements.

Ongoing charges

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

	2020 £'000	2019 £'000
Management fees	3,884	3,946
Other administrative expenses (note 5)	988	957
Less: non-recurring expenses	(10)	(41)
Ongoing charges	**4,862**	**4,862**
Average net assets[1]	**451,308**	**437,262**
Ongoing charges ratio	**1.08%**	**1.11%**

1 Calculated using the average daily net asset value

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

Alternative performance measures (unaudited) (continued)

Total Return

The total return on the share price or NAV takes into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in note 9 on page 53.

	NAV per share	Share price
NAV/Share price per share at 31 August 2019 (pence)	358.99	361.00
NAV/Share price per share at 31 August 2020 (pence)	301.02	311.00
Change in the year (%)	(16.1)	(13.9)
Impact of dividend reinvested (%)	7.3	7.1
Total return for the year (%)	**(9.9)**	**(7.8)**

Dividend yield

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

		31 August 2020	31 August 2019
Annual dividend (pence)	(A)	23.00	22.40
Share price (pence)	(B)	311.00	361.00
Yield (C=A/B) (%)	(C)	7.4	6.2

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 70) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard (CRS)

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

Equality Act

Copies of this report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

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

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

Foreign Account Tax Compliance Act (FATCA)

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

General Data Protection Regulation (GDPR)

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

Non-mainstream pooled investments (NMPI) status

The Company currently conducts its affairs so that its ordinary shares can be recommended by 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 and NAV

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

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.

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

Service providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate, London EC2M 3AE

Corporate Secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Depositary

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

Custodian

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

Administrator

BNP Paribas 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	27 November 2020
Annual General Meeting	21 January 2021
1st Interim dividend	26 February 2021
2nd Interim dividend	28 May 2021
3rd Interim dividend	27 August 2021

Dividend dates refer to the payment date

Information sources

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

To receive regular insights on investment trusts from the Manager, visit: **https://www.janushenderson.com/en-gb/investor/subscriptions/**

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
Principal place of business: 201 Bishopsgate, London, EC2M 3AE

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

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

www.hendersonfareastincome.com

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Designed and typeset by 2112 Communications, London

Printed by DG3 Leycol, London

JHI36557/0920