Annual Report 2024

Henderson Far East Income Limited

MANAGED BY
Janus Henderson
INVESTORS

Investment objective:

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

Strategic Report

Governance

Financial Statements

Additional information

Front cover: Sebitseom Island view towards the Han River and Banpo Hangang District, Seoul, South Korea

Performance highlights at 31 August

NAV[1, 5] per share

2024	2023
221.97p	222.12p

Share price

2024	2023
227.00p	218.00p

Net assets

2024	2023
£366m	£362m

Revenue return per share

2024	2023
27.83p	20.92p

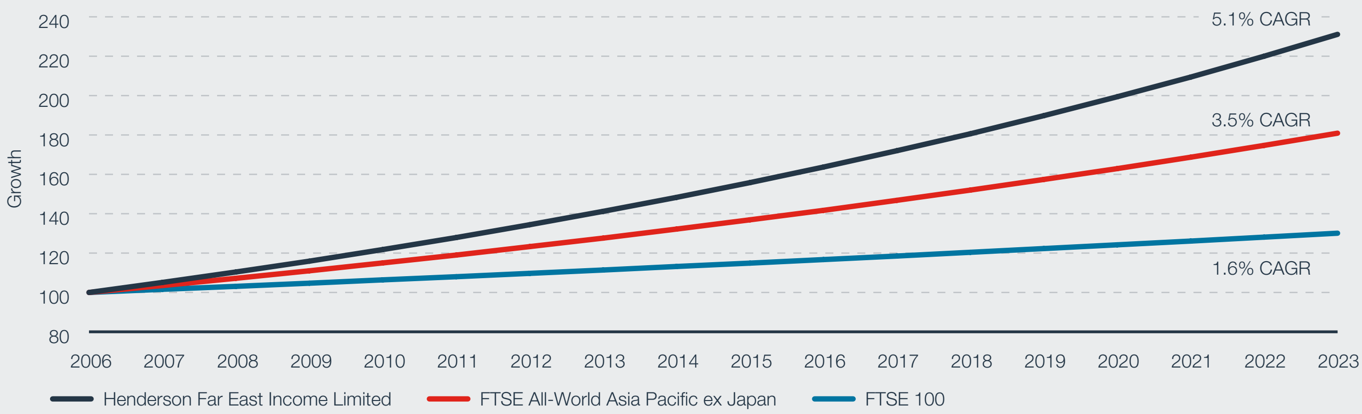
Dividend[2] for year

2024	2023
24.60p	24.20p

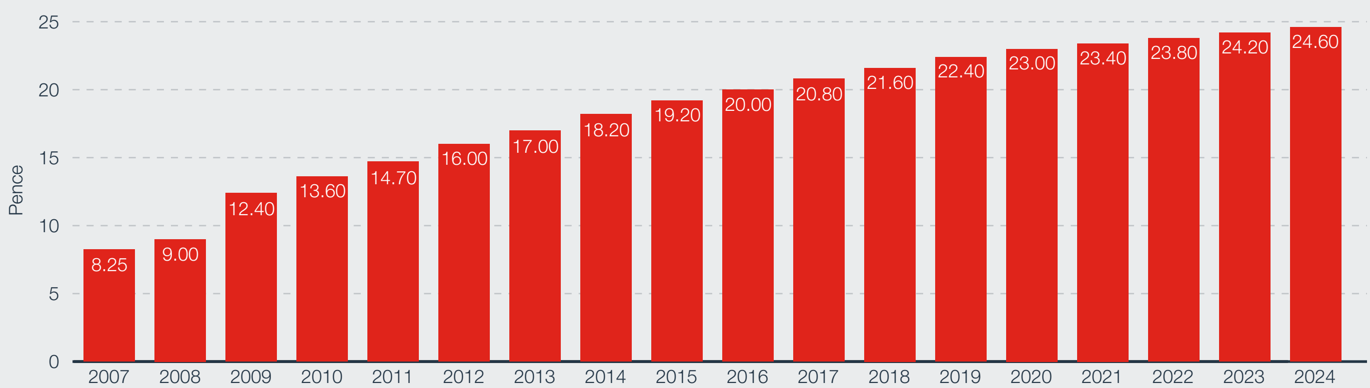
Dividend yield[3, 5]

2024	2023
10.8%	11.1%

Compound annual dividend growth rate[4] (CAGR)



Dividends paid by the Company



1 Net asset value ('NAV') per ordinary share
2 Interim dividends declared or paid in respect of the year ended 31 August 2024
3 Dividend yield based on the share price at the financial year-end and the dividends declared and paid in respect of the year
4 Compound annual dividend growth rate to 31 December 2023 for the Company, FTSE All-World Asia Pacific ex Japan and the FTSE 100 Indices based on normalised ordinary dividends calculated by calendar year
5 The NAV per share and dividend yield are considered to be alternative performance measures. More information can be found on pages 72 and 73

Sources: Morningstar Direct, Janus Henderson Investors

Chairman's statement

Ronald Gould
Chairman

"The region offers a compelling mix of growth and income for investors seeking high dividends with capital protection from quality companies with strong free cash flow and solid balance sheets."

Taipei skyline

Chairman's statement

Introduction

Asian markets fared much better this financial year, overcoming challenges posed by a weak Chinese economy, geopolitical tension in a number of areas and a number of national elections which all had the ability to derail markets. Despite investor concerns about evolving interest rate policies, especially in the US, many of our previously identified investment themes drove positive market performance from our portfolio. The Federal Reserve finally cut rates by a larger-than-expected 50bps, allowing investors to re-focus on company fundamentals which will favour our bottom-up style. This rate cut also provides central banks in our region with more monetary flexibility to react to any potential external shocks that might arise from the US election, elevated geopolitical tension in the Middle East or the disappointing performance of China's economy.

These issues should not mask what was clearly a stronger year for the Asia-Pacific region overall. A particular highlight was the excitement around the infrastructure roll-out for Artificial Intelligence ('AI') which boosted the performance of technology stocks not only in the US but also in Taiwan, a key part of the supply chain for anything AI related. The performance of India was also notable as the strength of the economy and domestic investor purchases offset the unexpected national election result. While Modi's loss of a clear parliamentary majority certainly created significant volatility in the market, this was in the end, short-lived. Your Company remains positioned to fully participate in the most attractive growth themes in our region and our analysis underscores that there are still outstanding, long term growth opportunities across our markets.

As you may recall from last year, I made a strong statement about our expectations for a return of historic dividend growth in the region. In the end, our forecast was exceeded as both corporates and regulators renewed their focus on increasing dividends and share buybacks. A highlight, from which your Company was a beneficiary, was the well-planned corporate reform developments in South Korea and some early promise from Chinese regulators which is already increasing, in some cases quite dramatically, the level of dividends we received this financial year. These changes support our thesis that dividend growth will continue in the years ahead and enable us to maintain a compelling combination of growth and high-income investments.

Performance

Performance for the 12 months to 31 August 2024 has seen an improvement compared with prior years, with the NAV total return in positive territory at 11.9%. This is only slightly behind the FTSE All-World Asia Pacific ex Japan Index which returned 13.0% for the same period. The return for the MSCI AC Asia Pacific ex Japan High Dividend Yield Index returned 17.4%, which we lagged by 5.5%.

Alongside the improvement in NAV total return figures, it is worth noting the recovery in the capital return position. While this is still not yet positive, it is significantly better than this time last year.

I am also very pleased to report that the share price total return was in positive territory at 16.6%. These figures reflect the successful work undertaken by our Fund Manager, Sat Duhra, in restructuring the Company's portfolio during the closing months of the 2023 calendar year.

Dividend

I am pleased to report that we have once again maintained the Company's 17-year track record of increasing dividends. A total dividend of 24.60p has been paid in respect of the year ended 31 August 2024, representing a 1.7% increase over the prior year.

It is also particularly pleasing to confirm that our dividend has been fully covered by portfolio revenues during the financial year as we witnessed a strong resurgence of dividend growth in line with longer term trends. We will, as we always do in years of surplus, be adding a considerable amount to the revenue reserve which we seek to strengthen when we can. The revenue reserve can be used to smooth dividends through periods of revenue shortfall. This reserve now stands at £29.9m.

Discount management and share issuance

Over the period under consideration, the average discount to NAV for investment trusts widened considerably. The weighted average discount for equity investment trusts was -10.76% over the 12 months to 31 August 2024, while the Company's was -1.52%. As a result, from December 2023 to March 2024, we repurchased a total of 806,385 shares in the market.

We are one of the few investment trusts to have returned to a premium following the historic widening of discounts in late 2023. The Company's shares began trading at a premium in April 2024 and since that time, we have issued 3.5m shares to satisfy demand in the market. We are one of only a handful of trusts to issue shares in the 2024 calendar year.

Board composition

As you well know, Carole Ferguson and Susie Rippingall joined the Board on 1 December 2023 and were elected by shareholders at the annual general meeting held in January this year. Their expertise has brought a fresh view to our deliberations.

We anticipate initiating a further recruitment process over the coming 12 months in the search for a successor to Julia Chapman. Julia is our Jersey resident director and we will have to be mindful of our obligation to the Jersey regulator in seeking a suitable replacement.

AGM

The Company's 18th Annual General Meeting is due to be held at 12.30 pm on 24 January 2025 at the offices of our

Chairman's statement (continued)

investment manager, 201 Bishopsgate, London, EC2M 3AE. The Notice of Meeting has been posted to shareholders with a copy of this annual report and I encourage all shareholders to attend the meeting and vote their shares if they are able to do so. If you cannot attend in person, please ensure you vote your shares using the proxy form provided or, if you hold shares on a share dealing platform, please instruct your platform to vote your shares accordingly.

The Fund Manager will provide his usual update on the Company's performance and the outlook for the region. He, along with all directors, will be available to answer any questions you may have.

Recent results & outlook

A key challenge for our region remains the lacklustre performance of the Chinese economy, burdened as well by geopolitical cross-currents that have made many Chinese companies uninvestable for some foreign investors. Our reduced China exposure has benefitted performance this year. Recent stimulus efforts by the Chinese government have been cautiously well-received by investors but it is unclear whether these measures will be enough to sustainably improve economic and corporate performance. We will monitor developments and do not rule out an increased China exposure in response to depressed valuations and high dividend yields.

Outside of China the picture is much clearer in Asia. With strong macro-economic performance from countries like India and Indonesia, world class technology companies in Taiwan, widespread infrastructure build-out and high stable dividends from mature markets such as Australia and Singapore, the region continues to offer outstanding investment opportunities for growth and income. The region offers a compelling mix of growth and income for investors seeking high dividends with capital protection from quality companies with strong free cash flow and solid balance sheets alongside participation in attractive investment themes.

Better performance in Asian markets combined with a weaker US dollar has recently improved sentiment towards the region among global investors. If we do indeed see a sustainable stimulus programme in China then the outlook will improve further. The attractive relative valuations of many Asia-Pacific markets along with their growth and income prospects are likely to attract global investors as we look ahead, especially given the exciting investment themes in technology, infrastructure, financial inclusion and corporate reform.

Ronald Gould
Chairman
6 November 2024

Fund Manager's report

Sat Duhra

Chadni Chowk spice markets Delhi

Fund Manager's report

In many respects the period under review shared several similarities with the year preceding it; India and Taiwan were the strongest markets and technology was a standout sector performer whilst China remained weak and sentiment arguably worsened over the period. Furthermore, it seemed that not a day passed without conjecture around the path of interest rates which created volatility for our markets. However, the outcome was more positive with performance much improved following a difficult year for Asia and your Company. We are also pleased to report the return of strong dividend growth in our region enabling us to rebuild the revenue reserve to its highest ever level, supporting our long track record of dividend growth.

Rising expectations of loosening monetary policy from the Federal Reserve supported equities and, at the time of writing, we have witnessed a larger than expected 50bps reduction in September 2024, the first cut in over four years. We expect this to provide a supportive backdrop for high yielding equities and Asian currencies as the US dollar has recently weakened. Asian central banks are likely to follow suit which will provide a timely boost to our markets. Fiscal positions in Asia were less stretched by Covid-19 relative to Western economies and hence there remains a degree of flexibility to support the economy if required. As fears of a US recession subside, the World Bank now expects an upwards revised global growth figure of 2.6% in 2024 with an increase to 2.7% in 2025-26.

The macro-economic strength of India and an Artificial Intelligence ('AI') induced rally in the Taiwanese market were significant contributors to Asian market performance. Predictably it was a repeat of the issues challenging sentiment towards China; the property market remained under pressure with a collapse in volumes and weak demand leading to high inventory levels. Local government indebtedness created concern of potential defaults; deflation was evident from overcapacity in some industries combined with ongoing subdued consumer behaviour. Geopolitical risk in the form of tension with US was another reason for global investors to remain cautious.

Our repositioning of the portfolio at the beginning of the period was positive for performance given that we had predominantly increased exposure to two of the strongest performing markets – India and Taiwan. To recap, we had expected that capital performance would benefit from a more balanced approach in terms of exposure to growth themes and income. With respect to India, the broad based macro-economic improvement led to a widening out of market performance, as we had expected when we added exposures in the utility, energy, and IT services sectors. All of these names have been positive contributors in the period.
In December, Indian equities performed strongly as Modi's BJP party won several state elections. However, the general election in June surprised investors as Modi lost his majority and was forced into a coalition with regional parties which was expected to reduce the effectiveness of his reform agenda. However, Indian stock markets recovered from an early slump after the general election and reached record highs for key benchmarks such as the blue-chip Nifty 50 and BSE Sensex 30 indices by the end of the month.

In addition, the revival of the AI theme drove technology shares higher following strong earnings guidance from Nvidia, the US company that has become synonymous with the potential of AI. The expected surge in power demand from data centres to support the AI infrastructure roll-out also supported the utility sector, a strong performer over the period, as power shortages had been acknowledged as a potential roadblock by AI industry leaders.

Performance

The NAV total return was 11.9% in sterling terms over the period with the share price total return at 16.6%. This compared to the FTSE All-World Asia Pacific ex Japan Index which returned 13.0%, a marked improvement on last financial year's fall of 7.4%. Performance lagged the more concentrated MSCI AC Asia Pacific ex Japan High Dividend Yield Index which returned 17.4% over the period, mainly due to its weighting in high yield state owned enterprise ('SOE') stocks in China such as the large-cap banks which outperformed the market. The re-positioning of the portfolio towards markets such as India and Taiwan and increased technology exposure whilst reducing China has had a positive impact on performance as our bias to value and income ideas broadly kept pace with more growth-oriented indices such as the FTSE All-World Asia Pacific ex Japan Index.

In local currency terms the FTSE All-World Asia Pacific ex Japan index rose 16.3% with the 3.3% strength in sterling impacting returns for the UK investor, though a significant improvement on last year's 10.3% impact. Most markets posted a positive return in sterling terms, though China and Hong Kong were once again the worst performing, along with Thailand following political wrangling. By sector, the basic materials and consumer sectors were the weakest as the lack of demand from China, in particular, impacted commodities.

An emerging theme supporting dividend growth in our region was corporate reform, with the Korean government recently announcing a wide-ranging initiative to improve shareholder returns, taking a leaf out of Japan's book. This 'Value-up' initiative has been received positively by the market. Finally, India was another bright spot as macro-economic data continued to strengthen, which led to a broadening out of market performance. This favoured the more value orientated sectors where we have exposure, such as energy and utilities. It is encouraging that the re-positioning of our portfolio at the beginning of the period captured performance in many of these areas.

The Company's performance greatly benefitted from our Indian holdings with our exposure in utility and energy sectors performing strongly. Bharat Petroleum, Power Grid, NTPC

Fund Manager's report (continued)

and ONGC all appeared in our list of top contributors. The other positive area was technology with the likes of TSMC, MediaTek and Hon Hai Precision key contributors. Our other recent additions of Samsung Fire & Marine and Wesfarmers, an Australian conglomerate, were also in the top ten contributors. Performance was negatively impacted by our China holdings with JD.com, Guangdong Investment and Li Ning weak as Chinese economic data continued to falter. Guangdong Investment was the worst performer following a larger-than-expected dividend cut and impairments which created a weaker outlook for the company. These names are no longer held in the portfolio. The other weak spot was materials and energy in Australia with Fortescue, Pilbara Minerals and Woodside Energy the key detractors.

Revenue

Dividend income from companies held in the portfolio rose by 23.0% while total income increased by 29.7% compared to last year. Dividends from our portfolio holdings rose at a faster pace this year against even our own optimistic expectations. This has allowed us to replenish our revenue reserve which now amounts to £29.9m, enabling us to to retain flexibility in future as we focus on a better outcome for capital along with high income.

Whilst we expect dividends to continue increasing over the long term at around the historical 10% rate per annum this is unlikely to be a linear path. In future there will be periods, similar to the last financial year, when the strength of sterling and some conservatism on the part of Asian corporates in a slower global growth environment leads to slower dividend growth. However, this year has once again demonstrated that there is fundamentally an unwavering commitment to dividends in Asia.

The income from our China holdings increased significantly, with a number of stocks where the dividend per share has increased by around 50% this year, well above our expectations. The payout from Brilliance China Automotive, the BMW joint venture partner in China, was the most impressive with a very significant dividend paid from its large cash balance and high stable recurring income from the BMW operations. Management has made clear that dividends will remain a focus given its strong balance sheet.

Another driver of income was option premia following elevated volatility in our markets, a remarkable example being in August 2024 when the Japanese market's 12% one day stock-market plunge spilled over to other markets. We capitalised on such volatility to write covered calls on existing portfolio positions. We managed to lock in attractive option premiums while hedging some of the Company's exposure to the technology sector.

We would reiterate that the ability of Asian corporates to pay dividends is certainly not in question with record levels of cash held on balance sheets in the region and one of the lowest net debt to equity ratios globally. The unwillingness of corporates to increase dividends in periods of elevated global volatility has contributed to a recent lack of meaningful growth in dividends, particularly in sterling terms. Over time we expect that Asia will return to a growth profile in line with historical trends and nominal Gross Domestic Product ('GDP').

Portfolio activity

We have previously discussed in detail the change in country and sector allocation at the beginning of our financial year and this had largely been completed in October and November 2023. We significantly reduced the weighting in China selling China Yongda Auto, Li Ning, Ping An Insurance and China National Building Material. We used the proceeds to purchase typically more defensive, high-quality growth-style stocks with the ability to grow dividends, including Infosys and HCL Technologies in India, and Bank Negara Indonesia. We also added Wesfarmers in Australia, another high-quality, dividend-paying stock with its historically strong returns being attractive to us in a volatile market environment.

Towards the end of 2023 we added to South Korea ahead of official announcements of a widespread corporate reform initiative. We added two new positions in South Korean insurance companies, DB Insurance and Samsung Fire & Marine, due to expectations of higher dividends, an improving competitive landscape and attractive valuations. We also added a position in Hyundai Motor and Kia Corp owing to their growing dividend, pipeline of new auto models and their positive growth forecasts. All of these names have performed strongly following the government's reform announcements. We sold LG Corp and SK Telecom to fund these positions.

In India we added a position in Bharat Petroleum, given our expectations of a high yield, generally improving margins for oil marketing companies, and the company's financial de-leverage efforts. We have been wary of high dividend stocks that have defensive characteristics but do not fit our structural growth themes and, on that basis, we sold many of our positions in the telecommunications sector such as Spark New Zealand and Telkom Indonesia. We feel there are better opportunities in sectors such as technology and utilities which have similar levels of dividend yield but more growth.

In April, following a trip to Beijing where we met high yield SOEs, we found the prospect of corporate reform in China compelling given the low valuations and exceptionally high yields available for some of these entities. On that basis, we added positions in China CITIC Bank and Industrial Bank in China. We also added another SOE, China Resources Land, a high-quality property investment group in China with a high yield and a key beneficiary of the recent property loosening measures in the country. Following these purchases we have seen a continued trickle of positive news, mainly relating to monetary policy support and more recently in September there

Fund Manager's report (continued)

appears to be more tangible efforts to stimulate the economy and these names are seeing increased investor interest.

In addition, there are a number of unique growth opportunities in China at depressed valuations, namely out-of-favour Chinese internet stocks, where cash flow is typically strong and competitive and regulatory environments more benign. On this basis, we added positions in Meituan and Trip.com alongside our regional ecommerce and gaming company Sea where competition is also more benign. We expect that the strong cash generation will eventually lead to an attractive dividend policy though share buybacks are already being routinely announced for growth companies in China. We sold the small holdings in JD.com and Alibaba to fund these trades, given their weak operational outlook.

ESG

We have continued to engage with companies we invest in to ensure that we understand the key environmental, social and governance concerns supported by our centralised Responsibility team which partners with our investment teams to integrate financially material ESG risks and opportunities. We believe it is important that companies convey a clear policy to demonstrate their understanding of financially material ESG risks and how they manage these issues. We have increased our engagement with corporates on these issues during the financial year and produce more formal documentation to record this along with proprietary and third-party ESG data and analytics tools. This has helped us assess the effectiveness of our approach from year to year.

Our approach remains pragmatic and looks to engage rather than avoid. Hence, aside from munitions, we do not exclude any sectors from our investment universe. We have progressively increased the standards that we seek in companies and now produce initial analysis on ESG policies before we invest and follow this up during corporate meetings. As responsible investors, it is our duty to help this transition rather than to divest and hand that responsibility to someone else.

Outlook

Asia is well placed to take advantage of a number of unique exposures for global investors. It remains a hub for technology supply chains and is crucial to the development of AI given the strength in hardware and semi-conductor manufacturing for example. There is an incredible opportunity for financial companies in markets such as Indonesia and India where hundreds of millions of bank accounts have been opened in recent years. Infrastructure continues to forge ahead with record levels of spend in India, in addition to a strong commitment to renewable energy. The emergence of strong domestic brands and widespread corporate reform in South Korea and to a degree China are other bright spots. There is much to be excited about and your Company is positioned to take advantage of growth in these themes alongside strong dividend growth.

The outlook for dividends has been strengthened by a very positive payout during our financial year, the long term trend of strong dividend growth is certainly intact and provides a very supportive backdrop for our strategy. Our investment region has progressively improved its commitment to dividends but remains one of the lowest payout ratios globally, it is our belief that this can only improve in future years.

Asia has seen the transfer of power in several markets as Taiwan, India and Indonesia held elections that passed by without incident and continue to support our recent shift towards these markets. However, China remains a concern and its economic challenges have been well documented but there are numerous signals that the government is taking a more proactive stance towards stimulus though it is piecemeal. The underlying economic model which is focused on high investment rates as a percentage of GDP is failing to create jobs whilst weak consumption trends are being neglected creating structural imbalances.

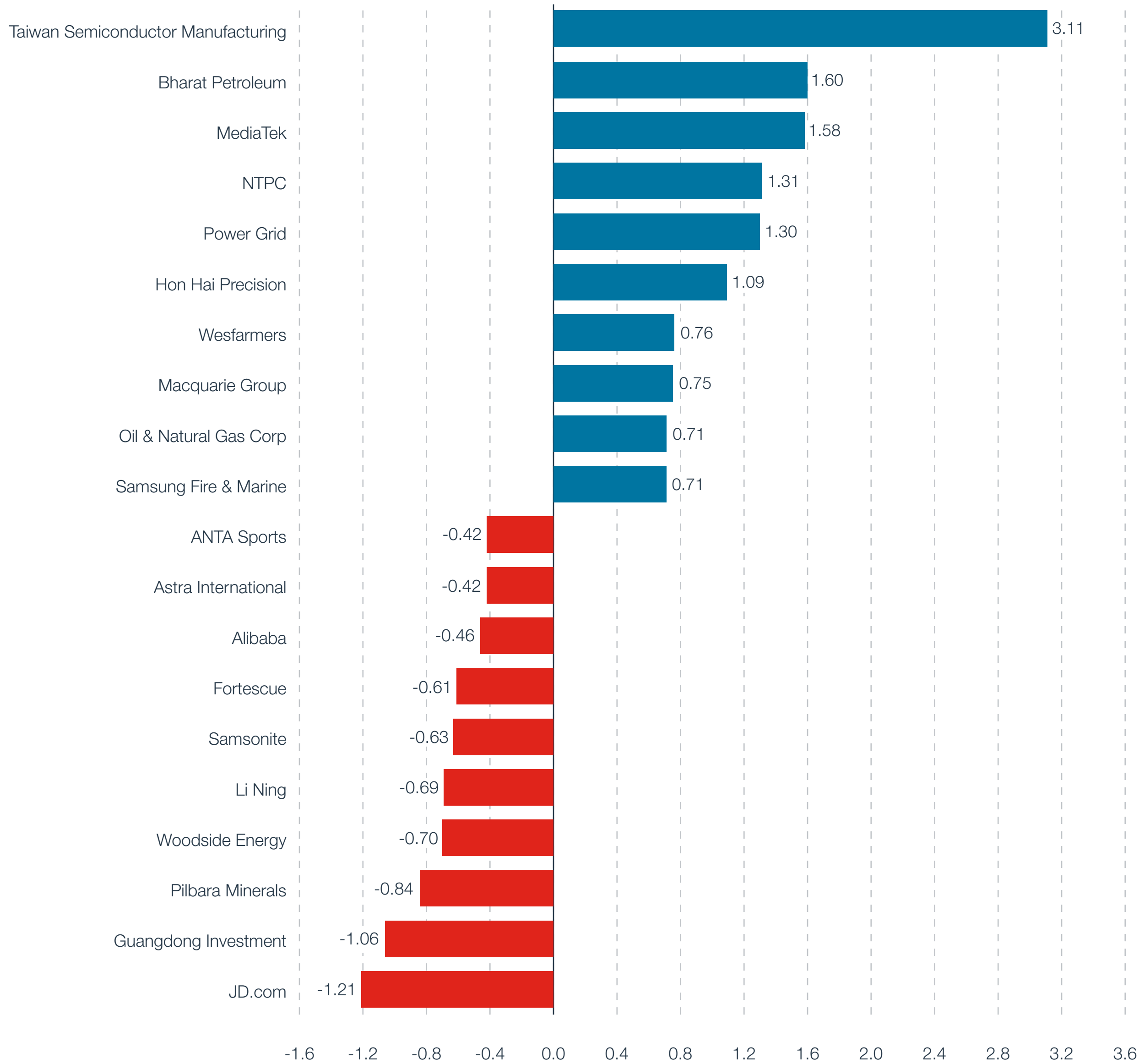
There are of course many potential pitfalls for global markets. China's economy may continue to falter although recent stimulus initiatives are clearly having a positive impact short-term. The Middle East remains a tragic area of instability, war continues in Ukraine and the policies of a new US administration are hard to predict. Notwithstanding all this, Asia remains attractive on valuation metrics versus developed markets and with strong balance sheets and positive free cash flow we remain optimistic about the outlook for our region as rate cuts provide more accommodative policy. The recent weakness of the US dollar has been an additional boost for our markets given the historical headwinds that a stronger dollar creates for emerging markets. Many of our markets have strong macro-economic positions, valuations are generally attractive and the potential for capital and income growth at high quality companies representing some of the most attractive investment themes globally is an exciting prospect for the years to come.

Sat Duhra
Fund Manager
6 November 2024

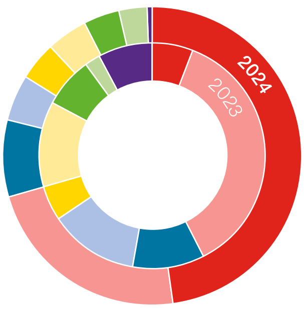
Portfolio information

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

(for the year to 31 August 2024 in basis points)

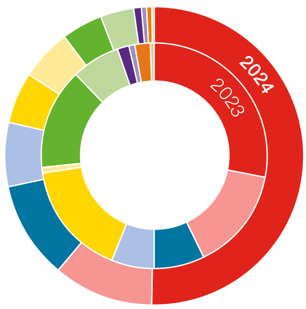


Sector distribution of income



	2024 %	2023 %
Consumer Discretionary	**47.8**	6.1
Financials	**22.8**	36.5
Technology	**8.4**	10.2
Telecommunications	**4.9**	12.9
Real Estate	**4.4**	5.0
Energy	**4.2**	12.1
Basic Materials	**4.0**	7.3
Utilities	**3.0**	2.2
Industrials	**0.5**	7.7

Geographical distribution of income



	2024 %	2023 %
China	**50.3**	28.3
South Korea	**11.0**	14.7
Hong Kong	**10.4**	7.1
Indonesia	**7.0**	6.1
Australia	**5.7**	16.5
India	**5.5**	0.9
Taiwan	**4.4**	14.3
Singapore	**3.5**	6.9
New Zealand	**1.0**	1.6
Vietnam	**0.6**	0.9
Thailand	**0.5**	2.2
Japan	**0.1**	0.5

Portfolio information (continued)

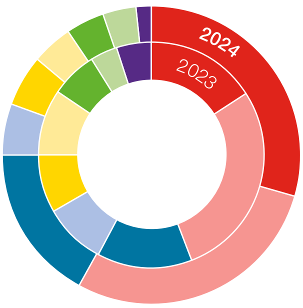
Ten largest investments

Ranking 2024	Ranking 2023	Company	Principal activities	Country of incorporation	Sector	Valuation 2024 £'000	% of portfolio
1	4	Samsung Electronics[1]	A global electronics brand and manufacturer of components such as semiconductors, image sensors, camera modules and displays for the likes of Apple.	South Korea	Technology	**20,665**	5.50
2	1	Taiwan Semiconductor Manufacturing[2]	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	**19,931**	5.30
3	41	MediaTek	MediaTek designs and develops chip solutions for mobile devices, home entertainment, connectivity, and IoT (Internet of Things) products.	Taiwan	Technology	**13,630**	3.63
4	12	Macquarie Group	Global financial services group with a focus on opportunities across energy, infrastructure, renewables, financial markets and commodities.	Australia	Financials	**12,984**	3.45
5	25	HDFC Bank	India's largest private sector bank by assets, engaged in providing a range of banking and financial services including retail and wholesale banking, treasury operations, insurance, asset management, stockbroking and other financial services.	India	Financials	**11,633**	3.10
6	33	HKT Trust & HKT	Hong Kong's largest telecommunications operator providing local and international telecommunications services including mobile and broadband services.	Hong Kong	Telecommunications	**11,544**	3.07
7	26	Oversea-Chinese Banking	Singapore based company offering banking, life insurance, general insurance, asset management, investment holding, futures and stockbroking services.	Singapore	Financials	**11,359**	3.02
8	2	Hon Hai Precision	The world's largest contract manufacturer of consumer electronics and supplier to Apple and Sony amongst others.	Taiwan	Technology	**9,922**	2.64
9	42	ASE Technology	Provider of integrated circuit (IC) services, including packaging and module design, IC packaging, multi-chip packaging, micro and hybrid modules, memory packaging, front-end testing, wafer probe testing, finished product testing, substrate design, and manufacturing.	Taiwan	Technology	**9,325**	2.48
10	–	Bharat Petroleum	Indian company engaged in refining and marketing petroleum products, including aviation services, gas, industrial and commercial, international trade, proficiency testing and pipelines.	India	Energy	**9,021**	2.40
						130,014	34.59

1 Preferred Shares
2 American Depositary Receipts

Sector exposure

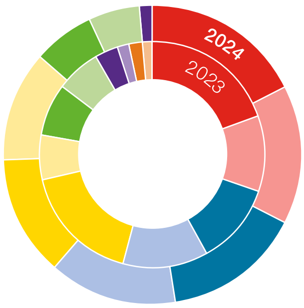
As a percentage of the investment portfolio excluding cash



	2024 %	2023 %
Technology	**29.6**	16.0
Financials	**28.5**	28.2
Consumer Discretionary	**17.1**	13.6
Basic Materials	**5.6**	9.0
Telecommunications	**5.4**	8.3
Real Estate	**4.4**	9.4
Energy	**4.2**	6.7
Utilities	**3.7**	4.0
Industrials	**1.5**	4.8

Geographic exposure

As a percentage of the investment portfolio excluding cash



	2024 %	2023 %
China	**17.5**	19.7
South Korea	**15.1**	10.7
Taiwan	**14.9**	11.7
Australia	**14.1**	17.2
India	**13.1**	6.4
Hong Kong	**11.9**	12.3
Singapore	**6.5**	7.5
Indonesia	**5.6**	6.3
Vietnam	**1.3**	3.2
New Zealand	**–**	1.9
Japan	**–**	1.8
Thailand	**–**	1.3

Portfolio information (continued)

Investment portfolio at 31 August 2024

Ranking 2024	Ranking 2023	Company	Country of incorporation	Sector	Value 2024 £'000	% of portfolio
1	4	Samsung Electronics[1]	South Korea	Technology	20,665	5.50
2	1	Taiwan Semiconductor Manufacturing[2]	Taiwan	Technology	19,931	5.30
3	41	MediaTek	Taiwan	Technology	13,630	3.63
4	12	Macquarie Group	Australia	Financials	12,984	3.45
5	25	HDFC Bank	India	Financials	11,633	3.10
6	33	HKT Trust & HKT	Hong Kong	Telecommunications	11,544	3.07
7	26	Oversea-Chinese Banking	Singapore	Financials	11,359	3.02
8	2	Hon Hai Precision Industry	Taiwan	Technology	9,922	2.64
9	42	ASE Technology	Taiwan	Technology	9,325	2.48
10	–	Bharat Petroleum	India	Energy	9,021	2.40
		Top Ten Investments			**130,014**	**34.59**
11	–	PCCW	Hong Kong	Telecommunications	8,906	2.37
12	–	Hyundai Motor[1]	South Korea	Consumer Discretionary	8,322	2.21
13	21	United Overseas Bank	Singapore	Financials	8,268	2.20
14	–	HCL Technologies	India	Technology	7,970	2.12
15	–	DB Insurance	South Korea	Financials	7,679	2.04
16	45	NTPC	India	Utilities	7,528	2.00
17	3	Macquarie Korea Infrastructure Fund	South Korea	Financials	7,516	2.00
18	7	Bank Mandiri	Indonesia	Financials	7,491	1.99
19	–	Wesfarmers	Australia	Consumer Discretionary	7,245	1.93
20	–	Meituan	China	Technology	6,992	1.86
		Top Twenty Investments			**207,931**	**55.31**
21	28	Astra International	Indonesia	Consumer Discretionary	6,897	1.84
22	–	Brilliance China Automotive	China	Consumer Discretionary	6,771	1.80
23	–	Bank Negara Indonesia	Indonesia	Financials	6,738	1.79
24	13	Woodside Energy	Australia	Energy	6,646	1.77
25	–	Infosys	India	Technology	6,565	1.75
26	39	Power Grid	India	Utilities	6,474	1.72
27	–	Samsung Fire & Marine	South Korea	Financials	6,468	1.72
28	23	HSBC	Hong Kong	Financials	6,416	1.71
29	9	BHP Group Limited	Australia	Basic Materials	6,353	1.69
30	35	Swire Properties	Hong Kong	Real Estate	6,298	1.68
		Top Thirty Investments			**273,557**	**72.78**
31	–	First Pacific	Hong Kong	Consumer Discretionary	6,259	1.66
32	6	Midea Group	China	Consumer Discretionary	6,200	1.65
33	–	Kia Corp	South Korea	Consumer Discretionary	6,187	1.65
34	17	Lenovo	China	Technology	6,092	1.62
35	22	Nari Technology	China	Industrials	5,731	1.52
36	–	Trip.com	China	Consumer Discretionary	5,590	1.49
37	–	ANTA Sports	China	Consumer Discretionary	5,553	1.48
38	30	Pilbara Minerals	Australia	Basic Materials	5,314	1.41
39	–	Samsonite	Hong Kong	Consumer Discretionary	5,238	1.39
40	–	China Resources Land	China	Real Estate	5,186	1.38
		Top Forty Investments			**330,907**	**88.03**

1 Preferred Shares
2 American Depositary Receipts

Portfolio information (continued)

Investment portfolio at 31 August 2024 (continued)

Ranking 2024	Ranking 2023	Company	Country of incorporation	Sector	Value 2024 £'000	% of portfolio
41	–	Sea[2]	Singapore	Technology	5,007	1.33
42	14	Goodman Group	Australia	Real Estate	5,000	1.33
43	–	Fortescue	Australia	Basic Materials	4,872	1.30
44	5	VinaCapital Vietnam Opportunity Fund[3]	Vietnam	Financials	4,708	1.25
45	8	Rio Tinto Limited	Australia	Basic Materials	4,448	1.18
46	–	China Construction Bank	China	Financials	4,049	1.08
47	–	Industrial Bank	China	Financials	4,007	1.07
48	–	China CITIC Bank Corporation	China	Financials	3,961	1.05
49	–	CTBC Financial Holdings	Taiwan	Financials	3,935	1.05
50	–	Pinduoduo[2]	China	Technology	3,038	0.81
		Top Fifty Investments			**373,932**	**99.48**
51	–	NetEase	China	Technology	2,936	0.78
52	–	Macquarie Korea Infrastructure Fund[4]	South Korea	Financials	28	0.01
53	50	China Forestry[5]	China	Basic Materials	–	–
54	–	China Resources Land Call 28.9 (Expiry 12/09/24)	China	Real Estate	–	–
55	–	NetEase Call 159.2 (Expiry 19/09/24)	China	Technology	(1)	–
56	–	Samsung Fire & Marine Call 370,569.6 (Expiry 02/09/24)	South Korea	Financials	(1)	–
57	–	MediaTek Call 1,391.5 (Expiry 11/09/24)	Taiwan	Technology	(8)	–
58	–	ASE Technology Call 192.6 (Expiry 15/10/24)	Taiwan	Technology	(11)	–
59	–	Meituan Call 137.9 (Expiry 22/10/24)	China	Consumer Discretionary	(44)	(0.01)
60	–	ASE Technology Call 162.3 (Expiry 31/10/24)	Taiwan	Technology	(66)	(0.02)
		Top Sixty Investments			**376,765**	**100.24**
61	–	Sea Put 69.8 (Expiry 14/11/24)	Singapore	Technology	(68)	(0.02)
62	–	Taiwan Semiconductor Call 183.9 (Expiry 24/10/24)	Taiwan	Technology	(101)	(0.03)
63	–	Hon Hai Precision Call 192.6 (Expiry 06/11/24)	Taiwan	Technology	(108)	(0.03)
64	–	Taiwan Semiconductor Call 175.4 (Expiry 06/11/24)	Taiwan	Technology	(161)	(0.04)
65	–	MediaTek Call 1,228.4 (Expiry 06/11/24)	Taiwan	Technology	(206)	(0.06)
66	–	MediaTek Call 1,306.1 (Expiry 31/10/24)	Taiwan	Technology	(213)	(0.06)
		Total Investments			**375,908**	**100.00**

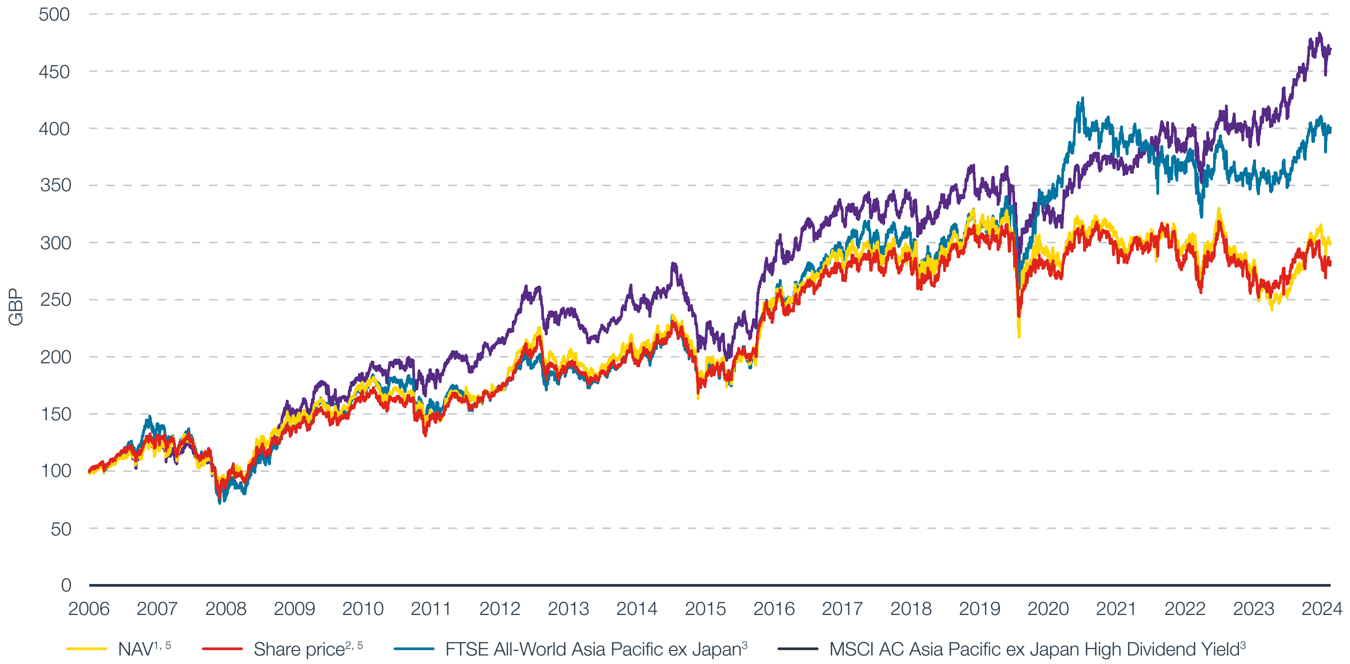
1 Preferred Shares
2 American Depositary Receipts
3 Incorporated in Guernsey with 100% exposure to Vietnam
4 Equity investment – rights (priced using theoretical price calculation)
5 Unquoted investment held at £nil (see note 10)

Historical information

Total return performance

	1 year %	3 years %	5 years %	10 years %
NAV[1, 5]	11.9	-0.8	-4.3	42.5
Share price[2, 5]	16.6	0.3	-3.5	42.1
FTSE All-World Asia Pacific ex Japan Index[3]	13.0	1.3	28.2	95.7
MSCI AC Asia Pacific ex Japan High Dividend Yield Index[3]	17.4	26.1	35.9	86.2

Total return performance since launch[4, 5]



Financial information

At 31 August	Net assets £'000	NAV per share[5] p	Closing price per ordinary share p	Premium/ discount)[5] %	Profit/(loss) for year £'000	Revenue return per share p	Capital return per share p	Total return per share p	Dividend per share[5] p	Ongoing charge[5] %
2015	307,821	273.99	275.00	0.4	(40,246)	20.54	(57.00)	(36.46)	19.20	1.06
2016	386,859	337.76	343.00	1.6	95,375	21.13	62.41	83.54	20.00	1.17
2017	442,482	375.19	380.00	1.3	67,211	21.94	36.09	58.03	20.80	1.12
2018	441,004	359.26	357.00	(0.6)	6,595	22.21	(16.77)	5.44	21.60	1.09
2019	469,121	358.99	361.00	0.6	28,306	23.38	(0.95)	22.43	22.40	1.11
2020	425,927	301.02	311.00	3.3	(48,819)	23.71	(59.23)	(35.52)	23.00	1.08
2021	452,644	299.58	301.50	0.6	29,677	23.22	(2.82)	20.40	23.40	1.09
2022	435,576	281.11	281.00	0.0	7,957	24.41	(19.18)	5.23	23.80	1.01
2023	362,032	222.12	218.00	(1.9)	(56,240)	20.92	(56.35)	(35.43)	24.20	0.97
2024	**366,104**	**221.97**	**227.00**	**2.3**	**39,329**	**27.83**	**(3.68)**	**24.15**	**24.60**	**1.08**

1 Net asset value ('NAV') total return performance with dividends reinvested
2 Share price total return using closing price and including dividends reinvested
3 The Company does not have a formal benchmark and uses these indices (sterling adjusted) for comparison purposes only
4 All indices are sterling adjusted and rebased to £100
5 The NAV total return, share price total return, NAV per share, premium or discount, ongoing charge and dividend per share are considered to be alternative performance measures. More information can be found on pages 72 and 73

Business model

Purpose

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

Strategy

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

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

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

Values and culture

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

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

Promoting the Company's success

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

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

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

Investment objective

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

Investment policy

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

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

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

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

The Company will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

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

Gearing

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

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

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

Business model (continued)

Engaging with stakeholders

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

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

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

Business model (continued)

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

Business model (continued)

Board decision-making

We are mindful of acting in the best interests of shareholders as a whole and have regard to other stakeholders when relevant to a decision. The Board takes into consideration the Company's purpose, investment objective and investment policy as well as the interests of the Company's stakeholders when discussing matters and making decisions. In addition to regular, detailed discussions about the Company's investment portfolio, strategy and market performance, the following are examples of discussions held and decisions made by the Board during the financial year ended 31 August 2024:

Investment strategy

- During the year, the Board undertook an in-depth review of the investment strategy. The review concluded that the broader strategy remained appropriate and achievable, but the approach to capturing dividends should be refined. As a result, the manner in which dividends are captured has been changed and the portfolio rebalanced to address the impact of the strength of sterling against Asian currencies in recent years. The change is aimed at addressing total return and, in particular, the capital element. The results of these changes are reflected in the improved returns for the financial year just passed.

Dividend increase

- Taking account of the Company's financial position as well as the revenue forecast for the remaining part of the year, the Board considered what, if any, the annual increase in the dividend should be. After review, the Board concluded that the Company could continue its approach of paying a progressive dividend. The 3rd interim dividend was increased from 6.10p to 6.20p per share and the market notified on 10 July 2024.

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

Fee arrangements

The Company has appointed Janus Henderson Fund Management UK Limited ('JHFM') to act as its Alternative Investment Fund Manager. JHFM delegates investment management services to Janus Henderson Investors UK Limited in accordance with an agreement effective from 22 July 2014 and which was most recently updated in 2024. The agreement 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 Investors group of companies. References to 'Janus Henderson Investors' or 'JHI' refer to the services provided to the Company by the investment manager's group.

The Fund Manager is Sat Duhra who is based in Singapore and has worked on the portfolio since 2011.

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

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

The Company's structure

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

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

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

The Strategic Report on pages 1 to 23 has been approved by the Board.

On behalf of the Board

Ronald Gould
Chairman
6 November 2024

Stewardship

Stewardship

We aim to make well-informed investment decisions which deliver the returns that our shareholders expect. We believe that investing in well-managed, sustainable businesses is the foundation for achieving good returns. The closed-end nature of the Company makes it ideal for long-term investing.

Investment strategy

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

We thoroughly research prospects and markets using sophisticated and often proprietary techniques before selection. Options are used on an opportunistic basis to generate additional income from transactions. Put and call options are written on individual stocks with strike prices aligned to our target prices. We do not employ either structural or long-term gearing, preferring to use more flexible short-term borrowings when opportunities present themselves.

Alongside the quantitative and qualitative assessment of a company, which includes research into the fundamental cash generative potential of a business, we consider environmental, social and governance ('ESG') factors. No stock is added to the Company's portfolio until we have established that it has ESG policies in place. We believe engagement with corporates is the key to improving ESG standards and therefore do not apply an exclusion policy. ESG policy is examined at the individual company level.

Investment philosophy

Bottom-up, cash-flow focused, consistent disciplined approach

Focus on cash, not accounting based measures	Total return focus	Identify market mispricing	Qualitative process as important as quantitative	Absolute valuation
Cash flow generation is key to understanding the true economics of a business, not EPS	High yield and dividend growth combination, high conviction portfolio 40-60 holdings, bottom-up with no country/ sector bias	Search for stocks where current market value understates future stream of cash-flows, generally sectors that have been ignored	Management meetings & bespoke country visits, discussion of key risks and in-house investment team interaction	Derive absolute valuation to understand fundamental value, less focus on relative valuations. Aim for consistency not complexity

Source: Janus Henderson Investors, as at 31 August 2024

Dividend approach

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

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

Stewardship (continued)

Voting

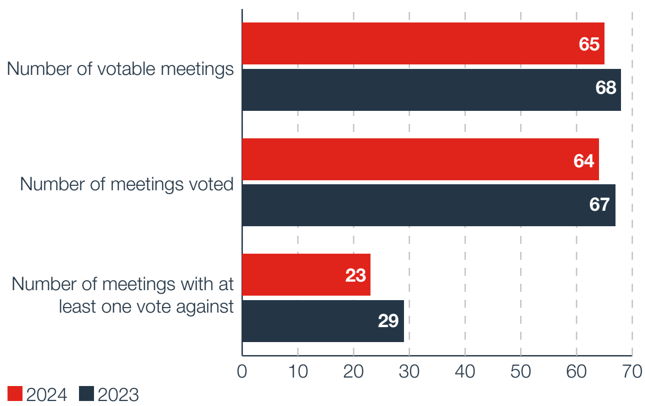
We believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. We have tasked our investment manager with considering how best to vote the rights attached to the shares in the Company's portfolio. This enables us to utilise the expertise of their Governance and Responsible Investment team in assessing 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 reports at each meeting indicating how the Company's shares have been voted and where support for management recommendations has not been warranted. We further review the investment manager's Responsible Investment Policy and Proxy Voting Policy and Procedures at least annually.

Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the Fund Manager, who has an in-depth understanding of the respective company's operations.

The Fund Manager believes in engaging with management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. This approach is more likely to be effective in influencing company behaviour.

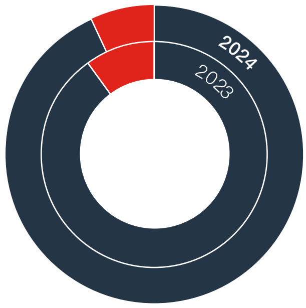
In the period under review, we voted at 98.5% of the general meetings held by investee companies. The only proposals not voted on are those which would have resulted in share-blocking. This is where voting would have restricted the ability to trade the shares in advance of the meeting.

Number of investee company general meetings



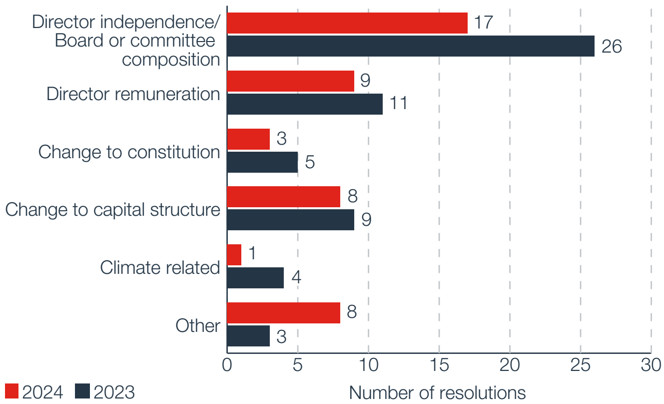
Figures in the charts are based on the period 1 September 2023 to 31 August 2024

How we voted our shares (number of resolutions)



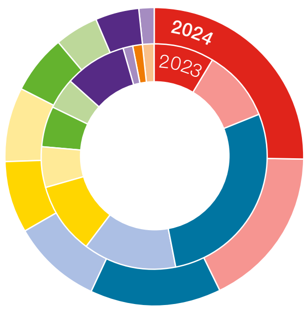
	2024 %	2023 %
Voted with management	**93.2**	90.0
Voted against management	**6.8**	10.0

Areas where we voted against management recommendations[1]



1 Excludes votes withheld

Market breakdown by number of meetings voted



	2024	2023
India	**16**	6
Other	**11**	7
China	**9**	19
Australia	**6**	9
South Korea	**5**	7
Taiwan	**5**	4
Hong Kong	**4**	4
Indonesia	**3**	3
Singapore	**3**	6
New Zealand	**1**	1
Japan	**0**	1
Thailand	**0**	1

Stewardship (continued)

The environment

As an investment trust, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting ('SECR') regulations and therefore is not required to disclose energy and carbon information.

TCFD report

The investment manager produces product-level Task Force on Climate-Related Financial Disclosures ('TCFD') reports. These reports include an overview of the climate-related governance, strategy, risk management, and metrics and targets of Janus Henderson Investors and its portfolios. Product-level metrics include absolute carbon emissions, carbon footprint, weighted average carbon intensity, implied temperature rise and climate scenario analysis (Climate Value at Risk). The investment manager's TCFD Report specific to the Company is available on the Company's website at **www.hendersonfareastincome.com**.

Managing risks

Principal and emerging risks

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

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

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

Risk	Mitigating action
Investment and strategy	
An inappropriate investment strategy, for example, in terms of asset allocation or level of gearing, may result in underperformance against the companies in the peer group, and in the Company's shares trading on a wider discount. Investments in Asian markets may be impacted by political, market and financial events resulting in changes to the market value of the Company's portfolio.	We manage these risks by ensuring a diversification of investments and a regular review of the extent of borrowings. The investment manager operates in accordance with investment limits and restrictions determined by the Board, which include limits on the extent to which borrowings may be employed. We review compliance with limits and monitor performance at each Board meeting. The Fund Manager maintains a diverse portfolio (sector and country) with buy/sell disciplines and employs suitable quantitative and qualitative metrics, which incorporate environmental, social and governance ('ESG') considerations, for assessing stocks for inclusion or evaluating those already held in the portfolio. The Board reviews the Key Performance Indicators ('KPI's), portfolio composition and levels of gearing at each meeting. The Board furthermore maintains an understanding of the Fund Manager's investment process and considers the potential for climate change to impact the value of the portfolio, alongside other factors which may have the same effect.
Accounting, legal and regulatory	
The Company is regulated by the Jersey Financial Services Commission, under the Collective Investment Funds (Jersey) Law 1998, and is required to comply with the Companies (Jersey) Law 1991, the UK Listing Rules, Transparency Guidance and Disclosure Rules and Prospectus Regulation Rules issued by the FCA 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 investment manager provides investment management, company secretarial, administration and accounting services through qualified professionals. We receive quarterly internal control reports from the investment manager which demonstrate compliance with legal and regulatory requirements and assess the effectiveness of the internal control environment in operation at the investment manager and our key third-party services providers at least annually.

Managing risks (continued)

Risk	Mitigating action
Operational	
Disruption to, or the failure of, the investment manager's or the administrator's accounting, dealing, or payment systems or the custodian's records could prevent the accurate reporting or monitoring of the Company's financial position. The Company may be exposed to cyber risk through vulnerabilities at one or more of its service providers.	The Board engages reputable third-party service providers and formally evaluates their performance, and terms of appointment, at least annually. The Audit Committee assesses the effectiveness of internal controls in place at the Company's key third-party service providers through review of their reports on the effectiveness of internal controls, quarterly internal control reports from the investment manager and monthly reporting on compliance with the investment limits and restrictions established by the Board.
Financial	
The financial risks faced by the Company include market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk.	We determine the investment parameters and monitor compliance with these at each meeting. We review the portfolio liquidity at each meeting and periodically consider the appropriateness of hedging the portfolio against currency risk. The Company is denominated in sterling, but receives dividends in a wide range of currencies from the Asia Pacific region. The income received is therefore subject to the impact of movements in exchange rates. The portfolio remains unhedged. The Board reviews the portfolio valuation at each meeting. Investment transactions are carried out by a large number of approved brokers whose credit standard is periodically reviewed and limits are set on the amount that may be due from any one broker, cash is only held with the depositary/custodian or reputable banks. We review the broad structure of the Company's capital including the need to buy back or allot ordinary shares and the extent to which revenue in excess of that which is required to be distributed, should be retained. Further detail on how we mitigate these risks are set out on pages 61 to 67.

Viability statement

In keeping with provisions of the Code of Corporate Governance issued by the Association of Investment Companies in 2019 (the 'AIC Code'), we have assessed the prospects of the Company over a period longer than the 12 months required by the going concern provision.

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

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

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

- an aging population will continue to seek income opportunities through investing;
- investors will continue to wish to have exposure to investing in the Asia Pacific region;
- investors will continue to invest in closed-end funds; and
- the Company will continue to have access to adequate capital when required.

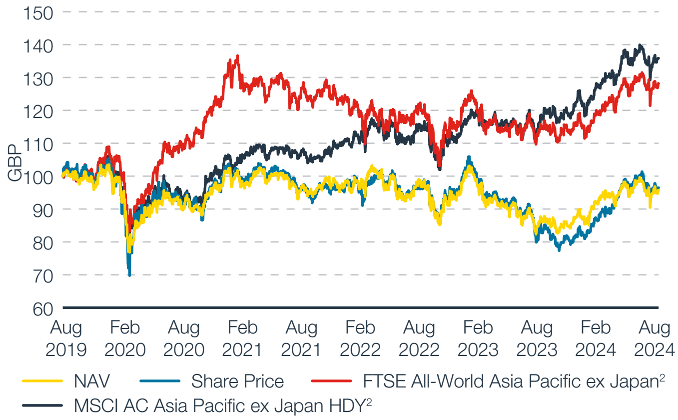
Based on the results of the viability assessment, we have a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for our assessment period of five years. Forecasting over a longer period is imprecise given investment are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

Key Performance Indicators

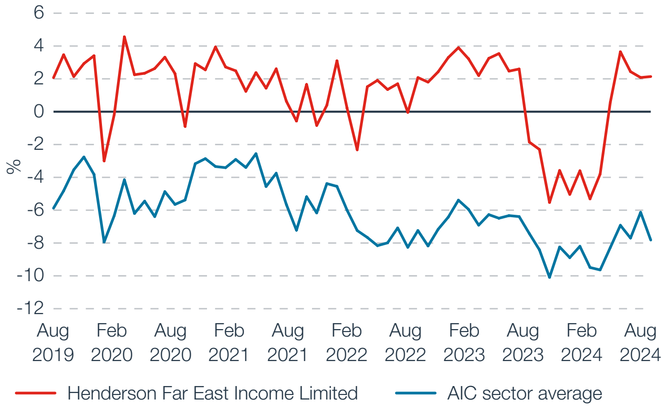
Measuring our performance

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

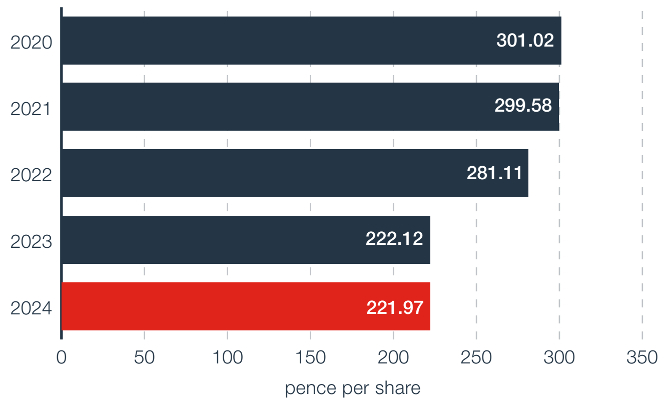
Total return performance[1] for the five years ended 31 August 2024



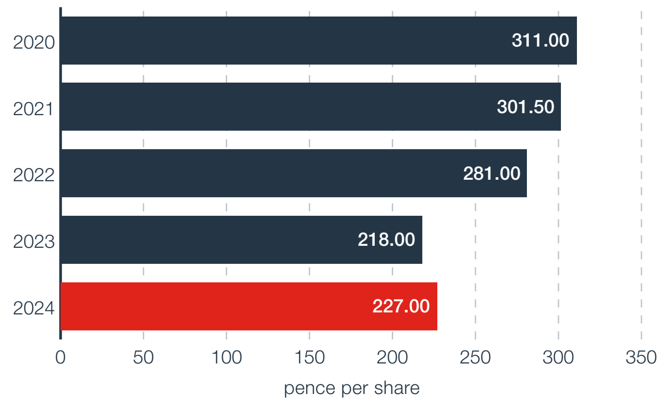
Premium/discount[1] for the five years ended 31 August 2024



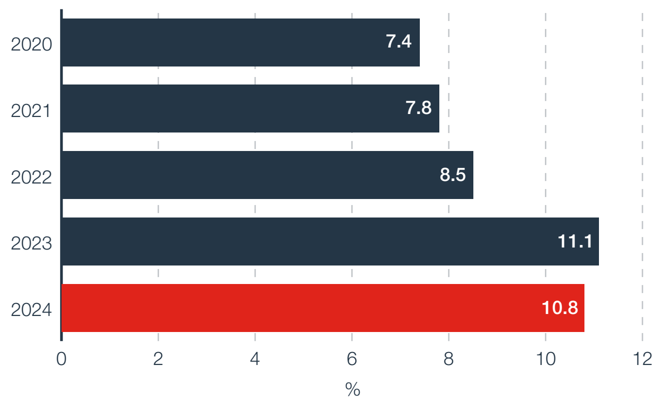
Net asset value per share



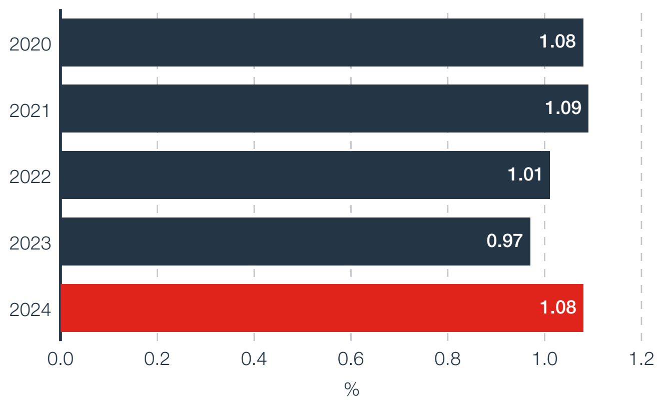
Share price



Dividend yield[1]



Ongoing charge[1]



1 Total return performance, premium/discount, dividend yield and the ongoing charge are considered to be alternative performance measures. More information can be found on pages 72 and 73

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

Source: Morningstar Direct, Janus Henderson Investors

Governance

Ngong Ping cable car, Hong Kong

Board of Directors
The right balance of skills and knowledge

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

Date of appointment: 28 October 2021

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

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

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

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

Julia Chapman
Senior Independent Director

Date of appointment: 30 January 2015

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

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

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

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

Date of appointment: 3 September 2018

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

Relevant skills and experience:
Tim qualified as a Chartered Accountant and has worked in Australia, Hong Kong and 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. Tim is a Visiting Fellow at Jesus College, Cambridge. He mediates in dispute resolution cases where issues have arisen between Chinese and foreign investors and he was a member of the Strategic Advisory Board of Braemar Ventures, a New York venture capital fund focused on energy efficiency technologies. He has written four books, including Mr China and Chinese Rules.

External appointments: Tim is a non-executive director of Baillie Gifford China Growth Trust plc.

Board of Directors (continued)

Carole Ferguson
Independent non-executive director

Date of appointment: 1 December 2023

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

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

External appointments: Carole is a non-executive director of BlackRock Energy and Resources Income Trust plc.

Nicholas George
Chairman of the Audit Committee

Date of appointment: 20 April 2016

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

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

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

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

Date of appointment: 1 December 2023

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

Relevant skills and experience: Susie has over 30 years' fund management experience in Asian markets and was until 2013, portfolio manager of Scottish Oriental Smaller Companies Trust plc. She worked in Hong Kong and Singapore, travelling extensively throughout the region. She is a former director of Aberdeen New Dawn Investment Trust Limited and Vietnam Enterprise Investments Limited, so brings excellent knowledge of the investment trust sector.

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

Corporate Governance Report

Governance codes

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

The Company maintains a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the UK Corporate Governance Code (the 'UK Code') have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations. Consequently, the Board considers the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies issued in 2019 (the 'AIC Code'). The AIC Code addresses the principles set out in the UK Code as well as additional recommendations on issues that are of specific relevance to investment companies. The Financial Reporting Council ('FRC') has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should meet their obligations in relation to the UK Code and FCA Listing Rules.

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

A updated version of the UK Corporate Governance Code was published in January 2024, with an updated version of the AIC Code published in August 2024. The new Codes will be applicable to years beginning on or after 1 January 2025. 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**.

Statement of Compliance

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

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

Overview

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

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

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

Board leadership and purpose

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

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

Corporate Governance Report (continued)

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

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

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

Division of responsibilities

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

Corporate Governance Report (continued)

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

Board composition

At the date of this report, the Board comprises six non-executive directors. Their business experience is set out on pages 25 and 26.

Appointment, tenure and retirement of directors

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

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

Chairman's tenure

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

Directors' independence

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

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

During 2025, the Board will commence a process to recruit Julia's successor on the Board. In order to comply with the Jersey Financial Services Commission's requirements to have two directors resident in Jersey (which has, by concession, been reduced to one for the Company), this new director will need to be resident in Jersey.

Corporate Governance Report (continued)

Diversity

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

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

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

At the date of this report, the Board complies fully with these requirements.

Gender diversity	Number of Board members	% of the Board	Number of senior positions on the Board[1]
Men	3	50	1
Women	3	50	1
Ethnic diversity			
White British or other white	5	83	2
Other	1	17	–

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

Conflicts of interest

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

Induction and ongoing training

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

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

Directors' time commitment

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

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

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

Director	Board	Audit Committee	Nominations and Remuneration Committee	Management Engagement Committee
Number of meetings	4	4	1	1
Ronald Gould	4/4	4/4	2/2	1/1
Julia Chapman	4/4	4/4	2/2	1/1
Timothy Clissold	4/4	4/4	2/2	1/1
Carole Ferguson[1]	3/3	3/3	1/1	1/1
Nicholas George	4/4	4/4	2/2	1/1
David Mashiter[2]	2/2	2/2	2/2	0/0
Susan Rippingall[1]	3/3	3/3	1/1	1/1

1 Appointed as directors on 1 December 2023
2 Retired as a director on 24 January 2024

Succession planning

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

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

Corporate Governance Report (continued)

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

Performance evaluation

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

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

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

Risk management and internal control

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

The key components of the internal control framework include:

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

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 August 2024 and is satisfied that it has not identified or been advised of any failings or weaknesses that have been determined as significant.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
6 November 2024

Nominations and Remuneration Committee Report

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

Membership

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

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

Meetings

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

Role and responsibilities

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

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

Remuneration

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

Directors for re-election

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

Recruitment

Taking account of David Mashiter's planned retirement at the annual general meeting in 2024 and in keeping with the Board's ongoing succession planning, the recruitment for a new director was initiated in May 2023. The Committee determined that any new director should bring strong investment management experience to the Board.

Cornforth Consulting was appointed to assist the Committee in the search. They do not provide any other services to the Company.

Given the calibre of candidates on the short list, at the conclusion of the process, the Committee recommended the appointment of Carole Ferguson and Susan Rippingall as directors. Their appointment became effective on 1 December 2023.

Over the course of the coming 12 months, the Committee will continue to implement our succession plan and initiate a search for a replacement for Julia Chapman. Julia is our Jersey resident director and in order to satisfy our obligation to the Jersey regulator, her successor will likewise need to be Jersey based.

Ronald Gould
Chairman
6 November 2024

Management Engagement Committee Report

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

Membership

The Committee is chaired by the Chairman of the Board.

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

Meetings

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

Role and responsibilities

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

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

Re-appointment of the investment manager

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

Ronald Gould
Chairman
6 November 2024

Audit Committee Report

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

Membership

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

Meetings

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

Role and responsibilities

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

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

Internal audit function

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

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

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

Appointment and tenure of the auditors

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

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

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

Auditors' independence

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

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

Audit Committee Report (continued)

Significant matters

In relation to the annual report for the year ended 31 August 2024, the following significant matters were considered by the Committee:

Significant matter	How the issue was addressed
Valuation and ownership of the Company's investments	The directors have appointed the investment manager to perform the valuation of the Company's assets in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, the investment manager has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. The options are valued by reference to the Black-Scholes model. Ownership of listed investments is verified by reconciliation to the custodian's records and the directors have received quarterly reports from the depositary, who has responsibility for overseeing the Company's operations, including verification of ownership and valuation. The Board reviews the portfolio valuation at each meeting.
Recognition of income	Income received, including special dividends, is accounted for in line with the Company's accounting policy (as set out on page 53). Special dividends, and their treatment as revenue or capital, have been reviewed by the Committee and the rationale agreed. The Board reviews revenue forecasts at each Board meeting in support of the Company's future dividends.
Maintaining investment trust status	The Committee has considered the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from the investment manager and BNP Paribas at each meeting.

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.

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 FRC's latest Audit Quality Inspection Report for the auditors and a post-audit assessment is carried out led by the Committee Chairman. In assessing the effectiveness of the audit process, the Committee Chairman invites views from the directors, Fund Manager and other members of the investment manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee.

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

Nicholas George
Chairman of the Audit Committee
6 November 2024

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 24 January 2024 and will put to shareholders for consideration at the annual general meeting to be held in 2027.

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 (currently £250,000).

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

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

Shareholders' views

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

Letters of Appointment

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

Recruitment principles

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

Annual report on implementation

The report sets out how the Company's Remuneration Policy has been implemented during the year.

A resolution to approve this report will be put to shareholders at the forthcoming annual general meeting.

Statement from the Chairman

As the Company has no employees and all directors are non-executive, the Board has not established a separate Remuneration Committee. Directors' remuneration is reviewed annually by the Nominations and Remuneration Committee, with appropriate recommendations made to the Board. The Board as a whole determines the level of individual directors' remuneration within the parameters approved by shareholders.

The Nominations and Remuneration Committee reviewed the fees paid by other investment companies in the Company's peer group, the AIC Asia Equity Income sector, and those paid by other investment trusts managed by the investment manager. The prevailing rate of inflation, looking at RPI and CPI as well as the increasing responsibilities and time commitment required of directors, was also considered.

Following completion of the review, the Nominations and Remuneration Committee concluded that no increase to directors' fees should be made.

Directors' fees

Directors' fees are set out in the table below.

Role	**Rate at 31 August 2024 £**	Rate at 31 August 2023 £
Chairman of the Board	**40,950**	40,950
Chairman of the Audit Committee	**35,700**	35,700
Non-executive director	**29,400**	29,400

Directors' interests in shares

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

	Ordinary shares of no par value	
	31 August 2024	1 September 2023
Ronald Gould	**46,723**	31,324
Julia Chapman	**2,616**	2,616
Timothy Clissold	**80,000**	80,000
Carole Ferguson[1]	**6,000**	n/a
Nicholas George	**47,550**	47,550
David Mashiter[2]	**n/a**	5,000
Susan Rippingall[1]	**12,000**	n/a

1 Appointed as directors on 1 December 2023
2 Retired as a director on 24 January 2024

There have been no changes in directors' interests since 31 August 2024 and the date of this report.

Directors' Remuneration Report (continued)

Directors' fees

The fees paid to the directors who served during the years ended 31 August 2024 and 31 August 2023 were as follows:

	Year ended 31 August 2024 Fees £	Year ended 31 August 2024 Taxable benefits £	Year ended 31 August 2024 Total £	Year ended 31 August 2023 Fees £	Year ended 31 August 2023 Taxable benefits £	Year ended 31 August 2023 Total £
Ronald Gould[1]	40,950	–	40,950	40,300	–	40,300
Julia Chapman	32,400	–	32,400	31,933	–	31,933
Timothy Clissold	29,400	–	29,400	28,934	–	28,934
Carole Ferguson[2]	22,077	–	22,077	–	–	–
Nicholas George[3]	35,700	–	35,700	35,133	–	35,133
David Mashiter[4]	12,936	–	12,936	31,933	–	31,933
Susan Rippingall[2]	22,077	–	22,077	–	–	–
Total	**195,540**	**–**	**195,540**	**168,233**	**–**	**168,233**

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

Notes:
1 Chairman and highest paid director
2 Appointed as directors on 1 December 2023
3 Chairman of the Audit Committee
4 Retired as a director on 24 January 2024

Ronald Gould
Chairman
6 November 2024

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 August 2024.

The Corporate Governance Report, committee reports and Additional information on pages 27 to 35 and 71 to 75, form part of this report.

Share capital

The Company's share capital comprises ordinary shares of no par value, with each share carrying one vote per share. As at 31 August 2024 there were 164,937,179 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 24 January 2024, shareholders authorised the directors to allot and disapply pre-emption rights in respect of 10% of the issued share capital and to repurchase up to 14.99% of the issued share capital at the date of the meeting.

During the year the Company repurchased and held as treasury shares, 806,385 ordinary shares. These were repurchased in the market at prices ranging from 204.00p to 223.89p. As demand from investors for the Company's shares returned, these were re-issued to the market through the Company's broker along with 1,948,615 new ordinary shares at prices ranging from 223.61p to 244.00p. The new shares brought into existence amounted to 1.2% of the issued share capital at the start of the period and were issued for total proceeds (net of commissions and costs) of £6.4m.

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 notifications during the year from shareholders with interests over 3% of the issued share capital. This is the result of the Company's strong retail shareholder base meaning c.60% of the Company's shares are held by individuals through share dealing platforms.

Related party transactions

The Company's current related parties are its directors and the investment manager. There have been no material transactions between the Company and the directors during the year, with the only amounts paid to them being in respect of remuneration. In relation to the provision of services by the investment manager, other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with the investment manager affecting the financial position of the Company during the year under review. More details on transactions with the investment manager, including amounts outstanding at the year-end, are given in note 19 on page 68.

Annual General Meeting

The Company's annual general meeting will be held at 12.30 pm on Friday, 24 January 2024 at 201 Bishopsgate, London, EC2M 3AE. For those unable to travel, the event will be streamed live on the internet: **https://www.janushenderson.com/hfel-agm**.

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

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

Single identifiable table

Listing Rule 6.6.4R 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 LR6.6.4(6)R, the information of which is detailed opposite under '*Share Capital*'.

Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the Board at the date of approval of this report confirms that to the best of their knowledge and belief, there is no information relevant to the preparation of the annual report of which the Company's auditors are unaware and they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Report (continued)

Borrowings

The Company has a £50m multi currency loan facility with SMBC Bank International plc. The facility will expire in 2025 and the Company anticipates being able to renew the facility at the pricing conditions prevailing at the time of renewal.

The maximum amount drawn during the reporting period was £48.9m (2023: £50.9m) with borrowing costs and interest totalling £1.95m (2023: £1.67m).

Directors' insurance and indemnification

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

Company information

Principal activities	Refer to the Investment objective and Investment policy on page 14
Incorporation details	Refer to The Company's structure on page 17
Directors during the year	Refer to pages 25 and 26
Dividends paid during the year	Refer to note 9 on page 58
For the Company's registered office, service providers and auditor	Refer to Service providers on page 75

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
6 November 2024

Statement of Directors' Responsibilities

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

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Statement under Disclosure Guidance and Transparency Rule 4.1.12

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

- the Company's financial statements, which have been prepared in accordance with IFRS as adopted by the European Union on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the annual report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Ronald Gould
Chairman
6 November 2024

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

Financial Statements

The Helix Bridge, Singapore

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 August 2024 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted in the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report 2024 (the 'annual report'), which comprise: the Balance Sheet as at 31 August 2024; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Overview

Audit scope

- Overall Materiality: £3,661,000 based on 1% of net assets.
- The Company is a standalone investment trust company and engages Janus Henderson Fund Management UK Limited (the 'investment manager') to manage its assets.
- We conducted our audit of the financial statements using information from BNP Paribas (the 'administrator') to whom the investment manager, with the consent of the directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third-parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the investment manager and the administrator and adopted a fully substantive testing approach using reports obtained from the administrator.

Key audit matters

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

Materiality

- Overall materiality: £3,661,000 (2023: £3,620,000) based on 1% of net asset value.
- Performance materiality: £2,746,000 (2023: £2,715,000).

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

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments Refer to the Audit Committee Report, and notes to the Financial Statements. The investment portfolio at the year-end comprised listed equity investments and written options valued at £375.9 million. We focused on the valuation and existence of listed investments because these investments represent the principal element of the net asset value as disclosed in the Balance Sheet in the financial statements.	We assessed the accounting policy for investments held at fair value through profit or loss for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with the stated accounting policy. We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third-party sources. We tested the existence of the listed investments by agreeing investment holdings to an independent custodian confirmation. Our procedures did not identify any material misstatements.
Accuracy, occurrence and completeness of income from investments Refer to the Audit Committee Report and material accounting policies (notes to the Financial Statements). Income from investments comprised dividend income. We focused on the accuracy, completeness and occurrence of investment income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Statement of Comprehensive Income for compliance with the requirements of the Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'), as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for investment income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income from investments had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income from investments has been accounted for in accordance with the stated accounting policy. We tested accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. To test for completeness, we tested, for all investment holdings in the portfolio, that all dividends declared in the market for investment holdings had been recorded. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. We verified the occurrence of dividend income by ensuring that the recorded dividend income for the year was earned by tracing a sample of received dividend income to the bank statements. Our procedures did not identify any material misstatements.

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

How we tailored the audit scope

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

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

The impact of climate risk on our audit

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

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

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall Company materiality	£3,661,000 (2023: £3,620,000)
How we determined it	1% of net asset value
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £2,746,000 (2023: £2,715,000) for the Company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £183,000 (2023: £181,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

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

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

Corporate governance statement

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

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

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

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

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

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit:

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

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

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

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

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

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

Use of this report

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

Other required reporting

Companies (Jersey) Law 1991 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 27 January 2023 to audit the financial statements for the year ended 31 August 2023 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 August 2023 to 31 August 2024.

Other matter

The Company is required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Jennifer March
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognised Auditor
London
6 November 2024

Statement of Comprehensive Income

Notes		Year ended 31 August 2024 Revenue return £'000	Year ended 31 August 2024 Capital return £'000	Year ended 31 August 2024 Total £'000	Year ended 31 August 2023 Revenue return £'000	Year ended 31 August 2023 Capital return £'000	Year ended 31 August 2023 Total £'000
3	Investment income	45,927	–	45,927	37,331	–	37,331
4	Other income	6,304	–	6,304	2,937	–	2,937
10	Losses on investments held at fair value through profit or loss	–	(3,715)	(3,715)	–	(87,446)	(87,446)
	Net foreign exchange (loss)/profit excluding foreign exchange losses on investments	–	(84)	(84)	–	318	318
	Total income/(loss)	**52,231**	**(3,799)**	**48,432**	**40,268**	**(87,128)**	**(46,860)**
	Expenses						
	Management fees	(1,402)	(1,402)	(2,804)	(1,456)	(1,456)	(2,912)
5	Other expenses	(569)	(568)	(1,137)	(525)	(524)	(1,049)
	Profit/(loss) before finance costs and taxation	**50,260**	**(5,769)**	**44,491**	**38,287**	**(89,108)**	**(50,821)**
6	Finance costs	(926)	(926)	(1,852)	(766)	(766)	(1,532)
	Profit/(loss) before taxation	**49,334**	**(6,695)**	**42,639**	**37,521**	**(89,874)**	**(52,353)**
7	Taxation	(4,000)	690	(3,310)	(4,302)	415	(3,887)
	Profit/(loss) for the year and total comprehensive income	**45,334**	**(6,005)**	**39,329**	**33,219**	**(89,459)**	**(56,240)**
8	Earnings/(losses) per ordinary share – basic and diluted	27.83p	(3.68p)	24.15p	20.92p	(56.35p)	(35.43p)

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 52 to 69 form part of these financial statements

Statement of Changes in Equity

Notes		Year ended 31 August 2024 Stated share capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 31 August 2023	268,038	180,471	(108,047)	21,570	362,032
	Total comprehensive income:					
	(Loss)/profit for the year	–	–	(6,005)	45,334	39,329
	Transactions with owners, recorded directly to equity:					
9	Dividends paid	–	(2,875)	–	(37,052)	(39,927)
14	Buyback of shares for treasury	(1,721)	–	–	–	(1,721)
14	Shares issued	6,436	–	–	–	6,436
14	Share issue costs	(45)	–	–	–	(45)
	Total equity at 31 August 2024	**272,708**	**177,596**	**(114,052)**	**29,852**	**366,104**

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

The notes on pages 52 to 69 form part of these financial statements

Balance Sheet

Notes		31 August 2024 £'000	31 August 2023 £'000
	Non current assets		
10	Investments held at fair value through profit or loss	376,896	386,867
	Current assets		
11	Other receivables	3,427	2,587
	Cash and cash equivalents	5,482	3,944
		8,909	**6,531**
	Total assets	**385,805**	**393,398**
	Current liabilities		
10	Investments held at fair value through profit or loss – written options	(988)	(1,582)
7(c)	Deferred taxation	(203)	(149)
12(a)	Other payables	(3,210)	(1,444)
12(b)	Bank loans	(15,300)	(28,191)
		(19,701)	**(31,366)**
	Net assets	**366,104**	**362,032**
	Equity attributable to equity shareholders		
14	Stated share capital	272,708	268,038
15	Distributable reserve	177,596	180,471
	Retained earnings:		
16	Capital reserves	(114,052)	(108,047)
	Revenue reserves	29,852	21,570
	Total equity	**366,104**	**362,032**
17	Net asset value per ordinary share	**221.97p**	**222.12p**

The financial statements on pages 48 to 69 were approved by the Board of Directors on 6 November 2024 and were signed on its behalf by:

Ronald Gould
Chairman

The notes on pages 52 to 69 form part of these financial statements

Statement of Cash Flows

Notes		Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
	Cash flows from operating activities		
	Profit/(loss) before taxation	42,639	(52,353)
	Add back:		
	Finance costs	1,852	1,532
10	Losses on investments held at fair value through profit or loss	3,715	87,446
	Net foreign exchange loss/(profit) excluding foreign exchange losses on investments	84	(318)
	Withholding tax on investment income	(3,425)	(3,727)
	Decrease in prepayments and accrued income	1,037	839
	(Increase)/decrease in amounts due from brokers	(1,618)	37
	Increase/(decrease) in other payables	11	(1,064)
	Increase in amounts due to brokers	1,699	–
	Net cash inflow from operating activities	**45,994**	**32,392**
	Cash flows from investing activities		
10	Sales of investments	445,964	348,721
10	Purchases of investments	(440,302)	(383,956)
10	Overseas capital gains tax on sales	(34)	–
	Net cash inflow/(outflow) from investing activities	**5,628**	**(35,235)**
	Cash flow from financing activities		
	Loan drawdown	92,751	211,162
	Loan repayment	(105,429)	(199,302)
9	Equity dividends paid	(39,927)	(38,345)
14	Buyback of shares for treasury	(1,721)	–
14	Share issue proceeds	6,436	21,083
	Share issue costs	(45)	(42)
	Interest paid	(1,852)	(1,522)
	Net cash outflow from financing activities	**(49,787)**	**(6,966)**
	Increase/(decrease) in cash and cash equivalents	**1,835**	**(9,809)**
	Cash and cash equivalents at the start of the year	3,944	14,310
	Exchange movements	(297)	(557)
	Cash and cash equivalents at the end of the year	**5,482**	**3,944**
	Net debt		
	Cash and cash equivalents	5,482	3,944
	Bank loans and overdraft repayable within one year	(15,300)	(28,191)
	Net debt	**(9,818)**	**(24,247)**

The notes on pages 52 to 69 form part of these financial statements

Notes to the Financial Statements

1 General information

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

The Company was incorporated on 6 November 2006.

2 Material accounting policies

a) Basis of preparation

The Company's financial statements for the year ended 31 August 2024 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'). These comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ('IASC') that remain in effect, to the extent that IFRS have been adopted by the European Union.

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

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

The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice (the 'SORP') for investment trusts issued by the Association of Investment Companies (the 'AIC') in July 2022 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

Accounting standards

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

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

		Effective for annual periods beginning on or after
IAS 1 Amendments	Material Accounting Policies	1 January 2023
IAS 8 Amendments	Definition of Accounting Estimates	1 January 2023
IAS 12 Amendments	Deferred Tax and OECD Pillar 2 Taxes	1 January 2023
IAS 12 Amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

(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 2024
IAS 1 Amendments	Non-current Liabilities with Covenants	1 January 2024
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

b) Going concern

The directors have determined that it is appropriate to prepare the financial statements on a going concern basis and have concluded that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. In coming to this conclusion, the directors have considered the nature of the portfolio, being that the securities held are readily realisable, the size and covenants of the Company's bank overdraft and the strength of its distributable reserves. As part of their usual assessment of risks facing the Company, the directors considered the macro-economic and geopolitical environment, as well as the possible impact of climate change risk on the value of the portfolio. The directors have concluded that the Company is able to meet its financial obligations, including the repayment of the loan facility, as they fall due for a period of at least twelve months from the date of this report being 6 November 2025.

Notes to the Financial Statements (continued)

2 Material accounting policies (continued)

c) Investments held at fair value through profit or loss

All investments are classified upon initial recognition as held at fair value through profit or loss. Financial assets are recognised/de-recognised at the trade date of the purchase/disposal. The fair value of the financial assets is based on their quoted bid price at the Balance Sheet date, without deduction of the estimated future selling costs. The fair value of option contracts is determined by reference to the Black-Scholes model.

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

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

d) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

e) Income

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

f) Expenses

All administration expenses, including the management fee and finance costs are accounted for on an accruals basis. On the basis of the Board’s expected long term split of returns equally between capital gains and income, the Company charges 50% of operating expenses to capital. Expenses which are incidental to the purchase or sale of an investment are charged to the capital column of the Statement of Comprehensive Income and allocated to capital reserves.

g) Taxation

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

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the ‘marginal basis’. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the 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.

Notes to the Financial Statements (continued)

2 Material accounting policies (continued)

h) Foreign currency

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

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

i) Cash and cash equivalents

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

j) Bank loans

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

k) Amounts due to/from brokers

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

l) Segmental reporting

Under IFRS 8, operating segments are considered to be the components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision-maker ('CODM') being the investment manager with oversight from the Board in deciding how to allocate resources and in assessing performance. The financial information reported to the CODM is based on IFRS. Therefore no reconciliation between the financial statements and operating segment financial information has been presented. The directors meet regularly to consider investment strategy and to monitor the Company's performance. The Fund 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.

In the year, the Company has invested in a single investment, Brilliance China Automotive which has generated income of 39% of the total revenue (2023: no investment generated income of greater than 10%).

m) Share issue costs

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

n) Dividends payable to shareholders

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

Notes to the Financial Statements (continued)

2 Material accounting policies (continued)

o) Capital and reserves

Capital reserve

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

Revenue reserve

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

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. The distributable reserve has been reduced in the year due to a payment of dividend. 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 less the cost of share buy backs.

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.

q) Additional estimate disclosures

The obligations relating to the options valued at £988,000 (2023: £1,582,000) 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 2024 (2023: same).

3 Investment income

	2024 £'000	2023 £'000
Overseas investment income	45,927	37,304
Stock dividends	–	27
	45,927	**37,331**
Analysis of investment income by geography:		
Australia	2,620	6,154
China	23,094	10,561
Hong Kong	4,792	2,653
India	2,501	347
Indonesia	3,219	2,271
Japan	54	181
New Zealand	435	579
Singapore	1,627	2,583
South Korea	5,041	5,488
Taiwan	2,026	5,351
Thailand	244	836
Vietnam	274	327
	45,927	**37,331**

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

Notes to the Financial Statements (continued)

4 Other income

	2024 £'000	2023 £'000
Bank and other interest	160	68
Option premium income	6,144	2,869
	6,304	**2,937**

5 Other expenses

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total return £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total return £'000
Directors' fees (see the Directors' Remuneration Report on page 37)	98	98	196	84	84	168
Auditors' remuneration						
– statutory audit	30	30	60	32	31	63
Bank and custody charges	133	134	267	109	110	219
Loan arrangement and non-utilisation fees	48	48	96	69	69	138
Marketing fees[1]	94	95	189	39	39	78
Registrar's fees	26	25	51	30	30	60
Depositary fees	10	10	20	10	10	20
Printing and stationery	11	10	21	11	12	23
Broker fees	4	4	8	10	9	19
AIC subscriptions	11	10	21	10	11	21
Stock Exchange fees	26	26	52	26	26	52
Other expenses	78	78	156	95	93	188
	569	**568**	**1,137**	**525**	**524**	**1,049**

[1] Payable to Janus Henderson

6 Finance costs

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total return £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total return £'000
Bank loans	**926**	**926**	**1,852**	**766**	**766**	**1,532**

7 Taxation

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

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total return £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total return £'000
Corporation tax	546	–	546	12	–	12
Double tax relief	(46)	–	(46)	(12)	–	(12)
Tax relief from capital	724	(724)	–	415	(415)	–
Overseas tax	2,722	34	2,756	3,893	–	3,893
Total current tax charge for the year	**3,946**	**(690)**	**3,256**	**4,308**	**(415)**	**3,893**
Deferred tax	54	–	54	(6)	–	(6)
Total deferred tax charge/(credit) for the year (see note 7c)	**54**	**–**	**54**	**(6)**	**–**	**(6)**
Total tax charge/(credit) for the year (see note 7b)	**4,000**	**(690)**	**3,310**	**4,302**	**(415)**	**3,887**

Notes to the Financial Statements (continued)

7 Taxation (continued)

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

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

The differences are explained below:

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total return £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total return £'000
Profit/(loss) before taxation	49,334	(6,695)	42,639	37,521	(89,874)	(52,353)
Corporation tax at 25% (2023: effective rate of 21.5%)	12,334	(1,674)	10,660	8,067	(19,323)	(11,256)
Effects of:						
Non-taxable gains less losses on investments held at fair value through profit or loss	–	929	929	–	18,801	18,801
Non-taxable overseas dividends	(10,839)	–	(10,839)	(7,535)	–	(7,535)
Currency gains/(losses)	–	21	21	–	(67)	(67)
Overseas tax	2,722	34	2,756	3,893	–	3,893
UK dividends	(192)	–	(192)	–	–	–
Excess management expenses	(759)	724	(35)	(520)	591	71
Other non-taxable income	–	–	–	–	(2)	(2)
Expenses not deductible for tax purposes	2	–	2	–	–	–
Tax relief from capital	724	(724)	–	415	(415)	–
Double tax relief	(27)	–	(27)	4	–	4
Effect of income taxable in different periods	35	–	35	(22)	–	(22)
Total tax charge for the year (see note 7 a)	**4,000**	**(690)**	**3,310**	**4,302**	**(415)**	**3,887**

c) Deferred taxation

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total return £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total return £'000
Provision at start of the year	149	–	149	155	–	155
Deferred tax charge/(credit) for the year	54	–	54	(6)	–	(6)
Provision at end of the year	**203**	**–**	**203**	**149**	**–**	**149**

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

d) Provision for deferred taxation

As at 31 August 2024, the Company has recognised a deferred tax liability of £203,000 (2023: £149,000) due to timing differences of taxable accrued income. It has been calculated using the standard rate of corporation tax applicable by 25% (2023: 25%).

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

Notes to the Financial Statements (continued)

8 Earnings/(losses) per ordinary share

The earnings/(losses) per ordinary share figure is based on the net profit for the year of £39,329,000 (2023: loss £56,240,000) and on the weighted average number of ordinary shares in issue during the year of 162,877,255 (2023: 158,745,879).

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

	2024 £'000	2023 £'000
Revenue profit attributable to ordinary shares	45,334	33,219
Capital loss attributable to ordinary shares	(6,005)	(89,459)
Profit/(loss) attributable to ordinary shares	**39,329**	**(56,240)**
Weighted average number of ordinary shares in issue during the year	162,877,255	158,745,879

	2024 Pence	2023 Pence
Revenue earnings per ordinary share	27.83	20.92
Capital losses per ordinary share	(3.68)	(56.35)
Total earnings/(loss) per ordinary share	**24.15**	**(35.43)**

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	2024 Revenue reserve £'000	2024 Distributable reserve £'000	2023 Revenue reserve £'000
Fourth interim dividend 6.00p for the year ended 2022	28 October 2022	25 November 2022	–	–	9,319
First interim dividend 6.00p for the year ended 2023	27 January 2023	24 February 2023	–	–	9,461
Second interim dividend 6.00p for the year ended 2023	28 April 2023	26 May 2023	–	–	9,650
Third interim dividend 6.10p for the year ended 2023	28 July 2023	25 August 2023	–	–	9,915
Fourth interim dividend 6.10p for the year ended 2023	27 October 2023	24 November 2023	7,067	2,875	–
First interim dividend 6.10p for the year ended 2024	26 January 2024	23 February 2024	9,924	–	–
Second interim dividend 6.10p for the year ended 2024	26 April 2024	31 May 2024	9,893	–	–
Third interim dividend 6.20p for the year ended 2024	26 July 2024	30 August 2024	10,168	–	–
			37,052	**2,875**	**38,345**

The fourth interim dividend for the year ended 31 August 2024 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 £45,334,000 (2023: £33,219,000).

Notes to the Financial Statements (continued)

9 Dividends (continued)

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

	2024 £'000	2023 £'000
Revenue available for distribution by way of dividend for the year	45,334	33,219
First interim dividend of 6.10p (2023: 6.00p) paid 23 February 2024 (24 February 2023)	(9,924)	(9,461)
Second interim dividend of 6.10p (2023: 6.00p) paid 31 May 2024 (26 May 2023)	(9,893)	(9,650)
Third interim dividend of 6.20p (2023: 6.10p) paid 30 August 2024 (25 August 2023)	(10,168)	(9,915)
Fourth interim dividend for the year ended 31 August 2024 of 6.20p (2023: 6.10p) (based on 165,402,179 shares in issue at 25 October 2024) (2023: 162,988,564)	(10,255)	(9,942)
Undistributed revenue/(Transfer from reserves) for s.1158 purposes	**5,094**	**(5,749)**

10 Investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Cost at beginning of year	400,901	388,815
Investment holding (loss)/gain at the beginning of the year	(15,616)	48,681
Valuation of investments and options written at the beginning of the year	**385,285**	**437,496**
Movements in the year:		
Purchases at cost	440,302	383,956
Sales – proceeds	(445,964)	(348,721)
– realised losses on sales	(36,388)	(23,149)
Increase/(decrease) in investment holdings gain/(loss)	32,673	(64,297)
Closing value of investments and options written at the end of the year	**375,908**	**385,285**
Cost at the end of the year	358,851	400,901
Investment holding gain/(loss)	17,057	(15,616)
Closing value of investments and options written at the end of the year	**375,908**	**385,285**

Total investments:

	2024 £'000	2023 £'000
Investments held at fair value through profit or loss	376,896	386,867
Written options	(988)	(1,582)
	375,908	**385,285**

The Company received £445,964,000 (2023: £348,721,000) from investments sold in the year. The book cost of these investments when they were purchased was £482,352,000 (2023: £371,870,000). 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.

Notes to the Financial Statements (continued)

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

	2024 £'000	2023 £'000
Losses on investments held at fair value		
Realised losses on sales of investments	(36,388)	(23,149)
Increase/(decrease) in investment holdings gain/(loss)	32,673	(64,297)
	(3,715)	**(87,446)**

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 gains/(losses) on investments held at fair value through profit or loss in the Statement of Comprehensive Income.

	2024 £'000	2023 £'000
Purchases	577	526
Sales	737	643
	1,314	**1,169**

11 Other receivables

	2024 £'000	2023 £'000
Withholding tax recoverable	469	267
Corporation tax recoverable	57	–
Prepayments and accrued income	1,283	2,320
Amounts due from brokers	1,618	–
	3,427	**2,587**

12 Other payables

	2024 £'000	2023 £'000
a) Other payables		
Other payables	3,210	1,444
	3,210	**1,444**

	2024 £'000	2023 £'000
b) Bank loans (unsecured)	15,300	28,191

The interest rates applicable to the loans is at a margin over SONIA, or its relevant currency equivalent, with the margin being 1% (2023: 1%) 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%. The Company may not deliver a Utilisation Request if, as a result of the proposed utilisation, more that twelve loans would be outstanding. The conditions of the loan agreement 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 the investment manager co-ordinates the Company's risk management and there are various risk management systems in place.

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

13.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises market price risk (see note 13.1.1), currency risk (see note 13.1.2) and interest rate risk (see note 13.1.3). The investment manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

13.1.1 Market price risk

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

Management of the risk

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

The Company's exposure to changes in market prices at 31 August 2024 on its investments amounted to £376,896,000 (2023: £386,867,000) and £988,000 (2023: £1,582,000) in respect of liabilities on option derivatives.

Concentration of exposure to market price risks

A geographical analysis of the Company's investment portfolio is shown on page 10. It is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and total equity at the year-end to an increase or decrease of 10% (2023: 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.

	2024		2023	
	Increase in fair value £'000	**Decrease in fair value £'000**	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income – profit/(loss) after tax				
Revenue return	(141)	141	(144)	144
Capital return	37,450	(37,450)	38,385	(38,385)
Impact on total return after tax for the year and shareholders' funds	**37,309**	**(37,309)**	**38,241**	**(38,241)**

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.2 Currency risk

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

Management of the risk

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

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

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure as at 31 August 2024 and 2023 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 (2023: Indonesian rupiah, Indian rupee, Japanese yen, New Zealand dollar and Thai baht).

2024	**AUS$ £'000**	**TW$ £'000**	**KRW £'000**	**CNY £'000**	**HK$ £'000**	**S$ £'000**	**US$ £'000**	**INR £'000**	**Other £'000**
Receivables (due from brokers, dividends and other income receivable)	138	75	1,618	–	749	–	95	608	–
Cash and cash equivalents	–	–	–	–	–	–	–	269	–
Payables (due to brokers, accruals and other creditors)	–	–	–	–	(1,699)	–	(23)	–	–
Bank loans	–	–	–	–	–	–	(15,300)	–	–
Total foreign currency exposure on net monetary items	**138**	**75**	**1,618**	**–**	**(950)**	**–**	**(15,228)**	**877**	**–**
Investments at fair value through profit or loss that are equities	52,862	36,199	56,866	15,938	91,746	19,627	27,645	49,190	21,128
Total net foreign currency exposures	**53,000**	**36,274**	**58,484**	**15,938**	**90,796**	**19,627**	**12,417**	**50,067**	**21,128**

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

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.

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.1.2 Currency risk (continued)

Foreign currency sensitivity

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

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

2024	**AUS$ £'000**	**TW$ £'000**	**KRW £'000**	**CNY £'000**	**HK$ £'000**	**S$ £'000**	**US$ £'000**	**INR £'000**	**Other £'000**
Statement of Comprehensive Income –									
Revenue return	196	221	508	299	2,647	196	294	242	162
Capital return	5,851	4,006	6,292	1,763	10,145	2,172	3,059	5,444	2,338
Total return after tax for the year	**6,047**	**4,227**	**6,800**	**2,062**	**12,792**	**2,368**	**3,353**	**5,686**	**2,500**

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

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

2024	**AUS$ £'000**	**TW$ £'000**	**KRW £'000**	**CNY £'000**	**HK$ £'000**	**S$ £'000**	**US$ £'000**	**INR £'000**	**Other £'000**
Statement of Comprehensive Income –									
Revenue return	(160)	(181)	(416)	(244)	(2,166)	(160)	(240)	(198)	(642)
Capital return	(4,787)	(3,278)	(5,149)	(1,442)	(8,301)	(1,776)	(2,502)	(4,454)	(1,911)
Total return after tax for the year	**(4,947)**	**(3,459)**	**(5,565)**	**(1,686)**	**(10,467)**	**(1,936)**	**(2,742)**	**(4,652)**	**(2,553)**

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

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

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 2024 of financial assets can be found on the Balance Sheet under the heading 'Cash and cash equivalents' and the financial liabilities exposure to interest rate risk to floating interest rates is shown under note 12(b).

The Company does not have any fixed interest rate exposure.

Interest received on cash balances, or paid on bank loans, is at a margin over SONIA or its foreign currency equivalent (2023: SONIA).

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

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 £22,000 (2023: £102,000), capital return after tax by £76,000 (2023: £141,000), total profit after tax and shareholders' funds £98,000 (2023: £243,000).

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 investment manager on a daily basis to ensure that financial liabilities can be paid as they fall due. The majority of the Company's assets are investments in quoted securities that are readily realisable. The Company has an overdraft facility with the custodian the extent of which is determined by the custodian on a regular basis by reference to the value of the securities held by it on behalf of the Company. The overdraft facility was not drawn down at 31 August 2024.

The Company has a 24 month multi-currency loan facility of £50 million (2023: £50 million) of which £15,300,000 (2023: £28,191,000) was drawn down at the year-end. This facility is under regular review and unless renewed will expire on 20 August 2025.

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

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 August 2024 and 31 August 2023, based on the earliest date on which payment could be required was as follows:

	2024		2023	
	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]	15,324	–	28,231	–
Written options[2]	86	–	19,861	–
Amount to brokers and accruals	3,210	–	1,444	–
	18,620	**–**	**49,536**	**–**

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

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

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.3 Credit risk

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

Management of the risk

Credit risk is managed as follows:

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

There was £1,110,000 of cash in collateral accounts at 31 August 2024 (2023: £1,860,000). 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 2024 was to cash and cash equivalents of £5,482,000 (2023: £3,944,000) and to other receivables of £3,404,000 (2023: £2,493,000).

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 depositary 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 depositary and receives regular reports from it via the investment manager.

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

13.4 Fair values of financial assets and financial liabilities

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

13.5 Fair value hierarchy disclosures

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

Financial assets and liabilities at fair value through profit or loss at 31 August 2024	**Level 1 £'000**	**Level 2 £'000**	**Level 3[1] £'000**	**Total £'000**
Equity investments	376,868	–	–	376,868
Equity investments – rights	–	28	–	28
OTC derivatives (options)	–	(988)	–	(988)
	376,868	**(960)**	**–**	**375,908**

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

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 2023 and 2024

Notes to the Financial Statements (continued)

13 Risk management policies and procedures (continued)

13.5 Fair value hierarchy disclosures (continued)

The table below sets out the OTC derivatives that were unsettled as at 31 August 2024.

Description of open position	Nominal amount	Currency	Strike Price (Currency)
ASE Technology Call Option (Expiry 15/10/24)	840,000	TW$	192.6
ASE Technology Call Option (Expiry 31/10/24)	500,000	TW$	162.3
China Resources Land Call Option (Expiry 12/09/24)	1,200,000	HK$	28.9
Hon Hai Precision Call Option (Expiry 06/11/24)	530,000	TW$	192.6
MediaTek Call Option (Expiry 06/11/24)	90,000	TW$	1,228.4
MediaTek Call Option (Expiry 11/09/24)	93,000	TW$	1,391.5
MediaTek Call Option (Expiry 31/10/24)	150,000	TW$	1,306.1
Meituan Call Option (Expiry 22/10/24)	250,000	CNY	137.9
NetEase Call Option (Expiry 19/09/24)	205,800	HK$	159.2
Samsung Fire & Marine Call Option (Expiry 02/09/24)	10,500	KRW	370,569.6
Sea Put Option (Expiry 14/11/24)	35,000	S$	69.8
Taiwan Semiconductor Manufacturing Call Option (Expiry 06/11/24)	20,000	TW$	175.4
Taiwan Semiconductor Manufacturing Call Option (Expiry 24/10/24)	22,000	TW$	183.9

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

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

Level 3 investments at fair value through profit or loss	**2024 £'000**	2023 £'000
Opening balance	**–**	**–**
Closing balance	**–**	**–**

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

There have been no transfers between levels of the fair value hierarchy during the year ended 31 August 2024 and year ended 31 August 2023.

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 Company 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 53.

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 £988,000 (2023: £1,582,000).

The Company's capital at 31 August 2024 comprises its equity share capital, reserves and bank debt that are shown in the Balance Sheet as a total of £381,404,000 (2023: £390,223,000).

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

- the desirability of buying back shares, 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 share issues;
- the extent to which revenue should be retained; and
- the level of gearing.

The Company is subject to additional externally imposed capital requirements:

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

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

14 Stated share capital

		2024		2023	
	Authorised	**Number of shares issued and fully paid**	**£'000**	Number of shares issued and fully paid	£'000
Opening balance at 1 September					
Ordinary shares of no par value	Unlimited	162,988,564	268,038	154,948,564	246,997
Buyback of shares for treasury		(806,385)	(1,721)	–	–
Issued during the year		2,755,000	6,436	8,040,000	21,083
Share issue costs		–	(45)	–	(42)
Closing balance at 31 August		**164,937,179**	**272,708**	**162,988,564**	**268,038**

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 2,755,000 (2023: 8,040,000) shares for the proceeds of £6,391,000 (2023: £21,041,000) net of costs and 806,385 shares were repurchased for treasury at a cost of £1,721,000 (2023: nil).

15 Distributable reserve

	2024 £'000	2023 £'000
Start of the year	180,471	180,471
Dividend paid from Distributable Reserve	(2,875)	–
At 31 August	**177,596**	**180,471**

Due to a shortfall in revenue for the 4th interim dividend 2023, the directors agreed to support this by a 50/50 split between revenue reserve and distributable reserve. As a result the reserve has reduced by £2,875,000. For further details see note 9.

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

	2024 £'000	2023 £'000
Start of the year	(108,047)	(18,588)
Foreign exchange (losses)/profit	(84)	318
Movement in investment holding gains/(losses)	32,673	(64,297)
Realised losses on investments	(36,388)	(23,149)
Costs charged to capital	(2,206)	(2,331)
At 31 August	**(114,052)**	**(108,047)**

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:

	2024		2023	
	Net asset value per share pence	**Net asset value attributable £'000**	Net asset value per share pence	Net asset value attributable £'000
Ordinary shares	221.97	366,104	222.12	362,032

The basic net asset value per ordinary share is based on 164,937,179 (2023: 162,988,564) 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:

	2024 £'000	2023 £'000
Net assets attributable to ordinary shares at beginning of year	362,032	435,576
Total net profit/(loss) after taxation	39,329	(56,240)
Dividends paid	(39,927)	(38,345)
Buyback of shares for treasury	(1,721)	–
Issue of ordinary shares net of issue costs	6,391	21,041
	366,104	**362,032**

18 Contingent liabilities

There were no contingent liabilities as at 31 August 2024 (2023: £nil).

19 Transactions with the investment manager and directors

Under the terms of an agreement effective from 22 July 2014 and most recently updated in 2024, the Company has appointed Janus Henderson Fund Management UK Limited 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 17. The management fees payable to the investment manager under the agreement in respect of the year ended 31 August 2024 were £2,804,000 (2023: £2,912,000). The amount outstanding at 31 August 2024 was £1,176,000 (2023: £1,164,000).

In addition to the above services, the investment manager facilitates marketing activities with third parties which are recharged to the Company. Total amounts paid to the investment manager in respect of marketing, including VAT, for the year ended 31 August 2024 amounted to £189,000 (2023: £78,000). The amount outstanding at 31 August 2024 was £57,000 (2023: £23,000).

Fees paid to the directors are considered to be related party transactions. Details of the amounts paid are included in note 5 on page 56. These amounts do not include national insurance contributions on the directors' fees of £14,000 (2023: £11,000) which are included in other expenses. Directors' shareholdings are shown on page 36.

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

Notes to the Financial Statements (continued)

20 Subsequent events

On 15 October 2024, the Company announced a dividend of 6.20p per ordinary share in respect of the year ended 31 August 2024 which was payable to shareholders on the register at 25 October 2024. The shares were quoted ex dividend on 24 October 2024.

A total of 715,000 new shares have been issued since the year-end and the date of this report.

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 2023 £'000	Net cash flows £'000	Foreign exchange movement £'000	At 31 August 2024 £'000
Financing activities					
Bank loans	12b)	28,191	(12,678)	(213)	15,300
		28,191	**(12,678)**	**(213)**	**15,300**
Non-financing activities					
Cash and cash equivalents		(3,944)	(1,835)	297	(5,482)
		(3,944)	**(1,835)**	**297**	**(5,482)**
Net Debt		**24,247**	**(14,513)**	**84**	**9,818**

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

The net cash flows for bank loans is the net amount of the loan drawndown of £92,751,000 (2023: £211,162,000) and Loan repayment of £105,429,000 (2023: £199,302,000).

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

Additional Information

Notre Dame Cathedral of Saigon, Vietnam

Glossary

Alternative Investment Fund Managers Directive (AIFMD)

Issued by the European Parliament and written into English legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (AIFs) and requires them to appoint an Alternative Investment Fund Manager (AIFM). As the Company's AIFM intends to market itself in the EU, a depositary must be appointed to manage and oversee the operations of the investment vehicle. The Board retains responsibility for strategy, operations and compliance. The directors retain a fiduciary duty to all shareholders.

Association of Investment Companies (AIC)

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark

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

Custodian

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

Depositary

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

Derivative

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

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

Investment companies

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

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buy back powers to assist the market liquidity in their shares.

Market capitalisation (market cap)

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

Alternative Performance Measures (unaudited)

The Company uses the following Alternative Performance Measures ('APMs') throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group.

Discount or premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per ordinary share, expressed as a percentage of the NAV per ordinary share.

	NAV Pence	Share price Pence	Premium/ (discount) to NAV
At 31 August 2024	221.97	227.00	2.3
At 31 August 2023	222.12	218.00	(1.9)

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.

		2024	2023
Investments held at fair value through profit or loss (page 50) (£'000)	(A)	375,908	385,285
Net assets (page 50) (£'000)	(B)	366,104	362,032
Gearing (C = A / B -1) (%)	(C)	2.7	6.4

Net asset value (NAV) per ordinary share

The value of the Company's assets (i.e. investments (see note 10) and cash held (see Balance Sheet) less any liabilities (i.e. bank loans (see note 12b)) for which the Company is responsible divided by the number of shares in issue (see note 14). The aggregate NAV is also referred to as total equity in the Balance Sheet. The NAV per share is published daily and the year end NAV can be found on page 50 and further information is available on page 68 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.

	2024 £'000	2023 £'000
Management fees	2,804	2,912
Other administrative expenses (note 5)	1,137	1,049
Less: non-recurring expenses	(6)	(54)
Ongoing charges	**3,935**	**3,907**
Average net assets[1]	**364,934**	**401,926**
Ongoing charges ratio	**1.08%**	**0.97%**

1 Calculated using the average daily net asset value

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 58.

	NAV per share	Share price
NAV/Share price per share at 31 August 2023 (pence)	222.12	218.00
NAV/Share price per share at 31 August 2024 (pence)	221.97	227.00
Change in the year (%)	(0.1)	4.1
Impact of dividends reinvested (%)	11.8	12.0
Total return for the year (%)	**11.9**	**16.6**

Dividend yield

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

		31 August 2024	31 August 2023
Annual dividend (pence)	(A)	24.60	24.20
Share price (pence)	(B)	227.00	218.00
Yield (C=A/B) (%)	(C)	10.8	11.1

General shareholder information

AIFMD disclosures

In accordance with the Alternative Investment Fund Managers Directive (AIFMD), information in relation to the Company's leverage and remuneration the investment manager, 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.

BACs

Dividends and interest can be paid to shareholders by means of BACS (Bankers Automated Clearing Systems). Mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar (the address is given on page 75) to give their instructions. These must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard (CRS)

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

Equality Act

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

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

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

Foreign Account Tax Compliance Act (FATCA)

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

General Data Protection Regulation (GDPR)

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

Non-mainstream pooled investments (NMPI) status

The Company currently conducts its affairs so that its ordinary shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

ISA

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

Share price and NAV

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

Shareholder details

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

New Zealand listing

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

Taxonomy regulation

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

Service providers

Registered office

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

Principal place of business

201 Bishopsgate, London EC2M 3AE

Service providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate, London EC2M 3AE

Corporate Secretary

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

Depositary

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

Custodian

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

Administrator

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

UK brokers

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

Registrar

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

New Zealand Registrar

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

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Financial calendar

Financial period end	31 August
4th Interim dividend	29 November 2024
Annual General Meeting	24 January 2025
1st Interim dividend	28 February 2025
2nd Interim dividend	30 May 2025
3rd Interim dividend	29 August 2025

Dividend dates refer to the payment date

Information sources

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

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

Follow the Janus Henderson Investment Trusts on LinkedIn – Janus Henderson Investment Trusts, UK

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee share code

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

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

Regulated by the Jersey Financial Services Commission

SEDOL/ISIN number: B1GXH75/JE00B1GXH751
London Stock Exchange (TIDM) code: HFEL
New Zealand Stock Exchange code: HFL
Global Intermediary Identification Number (GIIN): NTTIYP.99999.SL.826
Legal Entity Identifier (LEI): 2138008DIQREOD38O596

Telephone: **020 7818 1818**
Email: **ITSecretariat@janushenderson.com**

www.hendersonfareastincome.com

MANAGED BY Janus Henderson INVESTORS

The Association of Investment Companies

MAIN MARKET LONDON STOCK EXCHANGE

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