



# ANNUAL SHORT REPORT

For the year ended  
31 January 2017

**Henderson**  
GLOBAL INVESTORS

**Henderson Asian Dividend Income Unit Trust**

# Henderson Asian Dividend Income Unit Trust

## Short Report

For the year ended 31 January 2017

### Investment Fund Managers

Michael Kerley and Sat Duhra

### Investment objective and policy

To seek an above-benchmark (MSCI All Countries Asia Pacific ex Japan Index) dividend yield from a portfolio of Asian stocks with a focus on value and long-term capital appreciation.

At least two-thirds of the fund's total assets (after deduction of cash) will be invested in Asian equity securities and equity instruments which in the view of the Investment Manager offer prospects for above average dividends or reflect such prospects.

The fund may make use of one or a combination of the following instruments/strategies in order to achieve the fund's objective: asset and mortgage-backed securities, convertible bonds, government bonds, structured notes, options, futures and forwards on stocks, indices, bonds and interest rates, contracts for difference, warrants, OTC swaps including equity swaps, asset swaps and credit default swaps, warrants, equity linked notes and currency forwards.

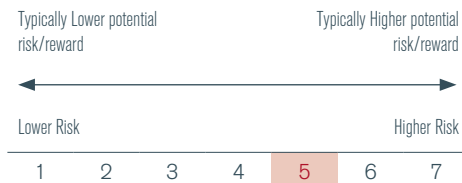
The Investment Manager may from time-to-time consider hedging currency and interest rate exposure, but will not generally enter into contracts involving a speculative position in any currency or interest rate.

The fund may also invest in other transferable securities, other derivatives and forwards transactions, money market instruments, deposits and cash and near cash.

### Risk and reward profile

The fund currently has 6 types of unit class in issue; Accumulation, Income, Class G accumulation, Class G income, Class I accumulation and Class I income.

The risk and reward profile of each unit class is as follows:



The Synthetic Risk and Reward Indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment in the fund can go up or down. When you sell your units they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The fund's risk level reflects the following:

- The fund focuses on a single region.
- As a category shares are, in general, more volatile than either bonds or money market instruments.
- Fluctuations in exchange rates may cause the value of your investment to rise or fall.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events. Under normal market conditions the following risks may apply:

**Counterparty risk** The fund could lose money if a counterparty with which it transacts becomes unwilling or unable to meet its obligations to the fund.

**Default risk** The issuers of certain bonds could become unable to make payments on their bonds. The risk of default may be higher where the fund invests in sub-investment grade bonds.

**Derivatives risk** Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative instrument.

**Liquidity risk** In difficult market conditions certain securities could become hard to value or sell at a desired time and price.

**Management risk** Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

The full list of the fund's risks are contained in the "Risk Warnings" section of the fund's Prospectus.

There have been no changes to the risk rating in the year.

The SRRl conforms to the ESMA guidelines for the calculation of the SRRl.

## Investment review

Asia Pacific ex Japan markets performed well over the year, rising 19.6% in local currency terms over the year to January 2017, as measured by the MSCI AC Asia Pacific ex Japan index. The 20% fall in sterling leading into and after the vote to leave the European Union (EU) boosted these returns to 38.6% for the sterling based investor. The year was notable for a significant rise in political uncertainty, with the unexpected Brexit vote followed by the even greater surprise of Donald Trump's election as US president in November. Equity markets shrugged off these events and finished the year at a 12 month high, as investors focused more on the recovery in economic data and the potential for fiscal stimulus under the new president, rather than policy uncertainty.

The start of 2016 was characterised by great uncertainty. The US Federal Reserve had raised interest rates for the first time in eight years in December 2015, and speculation was rife over a possible devaluation of the Chinese renminbi. Sentiment improved from the end of the first quarter onwards, as economic data improved globally and currency markets stabilised. The improving environment for growth manifested itself in steeper

yield curves in the US and higher oil and commodity prices, as first China and then OPEC exercised some much needed supply side discipline. The decision by the UK to exit the EU in June only added a brief period of volatility, but sparked a significant fall in the value of sterling. Later in the year, the election of Donald Trump as US president provided another political shock, but was ultimately taken positively by the markets as investors focused on the potential for growth-supportive policies. The year was characterised by significant changes in market style leadership. The beginning of the period favoured defensives, yield and quality growth, but, from the middle of the year, as a growth recovery became more evident, an aggressive switch to value, cyclicals and financials took most managers by surprise.

Within Asia, the improving outlook for the Chinese economy was the most important regional factor, boosting trade and purchasing managers' indices across the region. The surprise move by Indian Prime Minister Narendra Modi to take the largest notes out of circulation – to reduce fraud and improve the size of the formal economy – hurt India's growth and earnings numbers, but, elsewhere, Asian earnings saw improvement across the board. The best performing markets were cyclical beneficiaries Taiwan and Australia, while Malaysia, Indonesia and the Philippines were the laggards. At the sector level, materials and technology led the way, while the underperformers were the defensive and interest rate sensitive sectors of healthcare, telecommunications and real estate.

The portfolio struggled to match the performance of the index over the year. The overweight positions in telecommunications and real estate investment trusts (REITs) were detrimental, while the underweight position in financials was also impacted by the sector's move higher, based on the expectation of rising interest rates. There was some success at the stock level, with Netease, Rio Tinto, HSBC Holdings, KB Financial, TSMC and Samsung Electronics all performing strongly; however, this was more than offset by the high exposure to telecommunications companies and property, which were laggards over the year.

New positions were added in Samsung Electronics, Rio Tinto, Anta Sports, Hon Hai Precision Industries and Taiwan Cement, while exposure to defensives and interest rate sensitives was reduced with the disposals of AGL Energy, Duet, Cheung Kong Property, Intouch Holdings and Capitaland Mall Trust. At the country level, exposure was increased to Korea, where positive earnings, cash flow and dividends are

materialising, and Australia, through the addition of Rio Tinto. The weighting in Thailand also increased, through the addition of energy companies PTT and Star Petroleum. Exposure was reduced in China as we sold down our exposure to banks and property, and India, where the deteriorating economic and earnings environment resulted in sales of Coal India and Infosys Technologies. Sector-wise, we reduced our exposure to telecommunications and real estate, but still remain overweight in both, while energy and technology have been increased, with the latter now accounting for 18% of the portfolio.

The outlook for Asia remains one of attractive medium to long term growth, structural reform and compelling valuations. The recent improvement in economic numbers across the region is encouraging, and this is feeding through into the prospect for earnings growth, where the trends are the best we have witnessed in a number of years.

The outlook for dividends is also compelling. Companies are generating ever increasing amounts of free cash flow on an annual basis, and, with dividend pay-out ratios at historically low levels, we believe the prospect for dividend growth to outstrip earnings growth in the coming years is a very real one. In the short term, global events will most probably dictate market direction, and, with political uncertainty elevated, the potential for increased volatility is likely. We stand poised to utilise any period of weakness as an opportunity to pick up our preferred targets at more attractive prices.

## Performance summary

	31 Jan 16 - 31 Jan 17 %	31 Jan 15 - 31 Jan 16 %	31 Jan 14 - 31 Jan 15 %	31 Jan 13 - 31 Jan 14 %	31 Jan 12 - 31 Jan 13 %
Henderson Asian Dividend Income Unit Trust	32.9	(11.7)	18.1	(7.9)	22.1
MSCI AC Pacific ex Japan Index GR USD	38.6	(12.6)	20.6	(7.5)	13.7

Source: Morningstar, bid to bid and net of fees as at 12 noon valuation point, based on Income units. Benchmark values are as at close of business.

Please remember that past performance is not a guide to future performance. The value of an investment and the revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

## Comparative tables

	Accumulation units			Class G accumulation		
	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)
<b>Change in net assets per unit</b>						
Opening net asset value per unit	113.82	127.74	107.41	48.59	54.08	45.22
Return before operating charges*	37.55	(12.13)	22.06	15.87	(5.10)	9.26
Operating charges	(1.99)	(1.79)	(1.73)	(0.44)	(0.39)	(0.40)
Return after operating charges*	35.36	(13.92)	20.33	15.43	(5.49)	8.86
Distributions on accumulation units	(9.74)	(7.09)	(6.41)	(3.92)	(3.15)	(2.78)
Retained distributions on accumulation units	9.74	7.09	6.41	3.92	3.15	2.78
Closing net asset value per unit	149.18	113.82	127.74	64.02	48.59	54.08
* after direct transaction costs of:	0.27	0.37	0.19	0.11	0.37	(1.40)
<b>Performance</b>						
Return after charges	31.07%	(10.90%)	18.93%	31.76%	(10.15%)	19.59%
<b>Other information</b>						
Closing net asset value (£000s)	1,716	1,439	1,768	2,173	1,681	3
Closing number of units	1,150,243	1,264,515	1,384,203	3,393,386	3,460,692	5,000
Operating charges	1.48%	1.48%	1.49%	0.77%	0.80%	0.80%
Direct transaction costs	0.20%	0.31%	0.16%	0.20%	0.77%	(2.79%)
<b>Prices</b>						
Highest unit price (pence)	163.94	137.95	131.44	66.90	58.54	55.68
Lowest unit price (pence)	107.25	103.27	106.93	45.77	43.94	44.99

## Comparative tables

	Class I accumulation		
	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	134.16	149.54	124.95
Return before operating charges*	43.96	(14.15)	25.82
Operating charges	(1.39)	(1.23)	(1.23)
Return after operating charges*	42.57	(15.38)	24.59
Distributions on accumulation units	(10.70)	(8.64)	(7.67)
Retained distributions on accumulation units	10.70	8.64	7.67
Closing net asset value per unit	176.73	134.16	149.54
* after direct transaction costs of:	0.31	0.37	0.15
<b>Performance</b>			
Return after charges	31.73%	(10.28%)	19.68%
<b>Other information</b>			
Closing net asset value (£000s)	7,534	7,682	2,627
Closing number of units	4,262,755	5,726,135	1,756,812
Operating charges	0.88%	0.89%	0.89%
Direct transaction costs	0.20%	0.27%	0.11%
<b>Prices</b>			
Highest unit price (pence)	184.82	161.76	153.90
Lowest unit price (pence)	126.40	121.36	124.51

## Comparative tables

	Income units			Class G income		
	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)
<b>Change in net assets per unit</b>						
Opening net asset value per unit	81.52	97.56	86.72	42.97	51.17	45.23
Return before operating charges*	26.37	(9.43)	17.24	13.84	(4.94)	9.04
Operating charges	(1.39)	(1.33)	(1.36)	(0.38)	(0.36)	(0.39)
Return after operating charges*	24.98	(10.76)	15.88	13.46	(5.30)	8.65
Distributions on income units	(6.80)	(5.28)	(5.04)	(3.38)	(2.90)	(2.71)
Closing net asset value per unit	99.70	81.52	97.56	53.05	42.97	51.17
* after direct transaction costs of:	0.19	0.37	0.32	0.10	0.37	0.28
<b>Performance</b>						
Return after charges	30.64%	(11.03%)	18.31%	31.32%	(10.35%)	19.13%
<b>Other information</b>						
Closing net asset value (£000s)	38,403	35,183	57,220	36,213	26,796	5,430
Closing number of units	38,519,036	43,159,523	58,648,787	68,257,940	62,359,627	10,610,914
Operating charges	1.48%	1.48%	1.49%	0.77%	0.80%	0.80%
Direct transaction costs	0.20%	0.41%	0.35%	0.20%	0.82%	0.59%
<b>Prices</b>						
Highest unit price (pence)	112.87	104.83	100.40	56.94	55.08	52.69
Lowest unit price (pence)	76.83	75.71	85.75	40.50	39.83	44.74

## Comparative tables

	Class I income		
	2017 (pence per unit)	2016 (pence per unit)	2015 (pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	96.46	114.99	101.71
Return before operating charges*	31.16	(11.13)	20.32
Operating charges	(0.97)	(0.93)	(0.96)
Return after operating charges*	30.19	(12.06)	19.36
Distributions on income units	(7.51)	(6.47)	(6.08)
Closing net asset value per unit	119.14	96.46	114.99
* after direct transaction costs of:	0.22	0.37	0.31
<b>Performance</b>			
Return after charges	31.30%	(10.49%)	19.03%
<b>Other information</b>			
Closing net asset value (£000s)	48,469	48,870	42,785
Closing number of units	40,682,785	50,661,933	37,208,272
Operating charges	0.88%	0.89%	0.89%
Direct transaction costs	0.20%	0.35%	0.29%
<b>Prices</b>			
Highest unit price (pence)	127.81	123.69	118.34
Lowest unit price (pence)	90.93	89.43	100.58

Performance values are at close of business and may differ from the performance summary.

### Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the unit class.



## Fund facts

### Accounting dates

31 July, 31 January

### Payment dates

30 June, 30 September, 31 December, 31 March

### Ongoing charge figure

	2017 %	2016 %
Accumulation & Income units	1.48	1.48
Class G	0.77	0.80
Class I	0.88	0.89

The annualised ongoing charge figure (OCF) of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months.

The OCF is calculated in accordance with guidelines issued by the European Securities and Markets Authority (ESMA).

### Past performance is not a guide to future performance

## Major holdings

as at 2017	%
Samsung Electronics Preference Shares	4.92
NetEase.com ADR	3.94
Taiwan Semiconductor Manufacturing ADS	3.44
Rio Tinto	3.11
PTT	3.05
Macquarie Korea Infrastructure Fund GDR	2.97
Telecom Corporation of New Zealand	2.66
Macquarie REIT	2.64
Telekomunikasi Indonesia	2.60
HKT Trust	2.51

## Asset allocation

as at 2017	%
South Korea	19.27
Australia	18.22
China	15.42
Taiwan	11.23
Singapore	10.55
Thailand	7.13
Hong Kong	6.22
United Kingdom	3.11
India	3.06
New Zealand	2.66
Indonesia	2.60
Derivatives	(0.25)
Other net assets	0.78
<b>Total net assets</b>	<b>100.00</b>

## Major holdings

as at 2016	%
HKT Trust	3.09
Korea Electric Power	3.05
Macquarie Korea Infrastructure Fund GDR	2.94
Telekomunikasi Indonesia	2.68
AGL Energy	2.62
CapitaLand Mall Trust REIT	2.61
Coal (Barclays Bank 23/01/2017 P-Note)	2.60
NetEase.com ADR	2.59
SK Telecom	2.48
Macquarie REIT	2.46

## Asset allocation

as at 2016	%
Australia	20.96
China	17.01
South Korea	12.54
Singapore	9.21
Hong Kong	8.88
Taiwan	8.83
India	8.50
Thailand	3.07
Indonesia	2.68
New Zealand	2.43
Japan	2.02
Malaysia	1.69
Derivatives	(0.09)
Other net assets	2.27
<b>Total net assets</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson Asian Dividend Income Unit Trust for the year ended 31 January 2017.

Copies of the annual and half yearly long form report and financial statements of this fund are available on our website [www.henderson.com](http://www.henderson.com) or contact client services on the telephone number provided.

## Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the fund during the year it covers and the results of those activities at the end of the year.

### Issued by:

#### Authorised Fund Manager

Henderson Investment Funds Limited

Registered office:

201 Bishopsgate

London

EC2M 3AE

Member of the Investment Association and authorised and regulated by the Financial Conduct Authority.

Registered in England No 2678531

### Unitholder Administrator

International Financial Data Services (UK) Limited

IFDS House

St Nicholas Lane

Basildon

Essex

SS15 5FS

## Risk warning

Please remember that past performance is not a guide to future performance. The value of an investment and the revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

### Trustee

National Westminster Bank Plc

135 Bishopsgate

London

EC2M 3UR

### Auditor

PricewaterhouseCoopers LLP

141 Bothwell Street

Glasgow

G2 7EQ

## Further information

### Unitholder enquiries

If you have any queries about your fund holding, either contact your professional adviser or telephone us on one of the numbers below:

For dealing enquiries including buying and selling units please telephone at local rate: **0845 608 8703**

The following line is also available:

Client Services: **0800 832 832**

or you can contact us via e-mail at [support@henderson.com](mailto:support@henderson.com)

We may record telephone calls for our mutual protection and to improve customer service.

### Online valuations

You can value your Henderson Asian Dividend Income Unit Trust at any time by logging on to [www.henderson.com](http://www.henderson.com). Select 'Personal Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of shares.

### Important Information

Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored. Ref: 34V

Unless otherwise stated, all data is sourced by Henderson Global Investors.

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