



# INTERIM SHORT REPORT

For the six months ended  
31 July 2016

Henderson  
GLOBAL INVESTORS

**Henderson Asian Dividend Income Unit Trust**

# Henderson Asian Dividend Income Unit Trust

## Short Report

For the six months ended 31 July 2016

### 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.

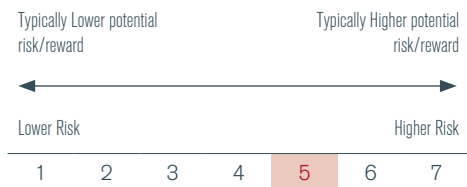
The fund may make use of one or a combination of the following instruments/strategies in order to achieve the Fund's objective: asset and mortgage-backed securities, convertible bonds, government bonds, structured notes, options, futures and forwards on stocks, indices, bonds and interest rates, contracts 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; Income, Accumulation, I income, I accumulation, G income and G accumulation. Each unit class has the same risk and reward profile which 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** Certain securities could become hard to value or sell at a desired time and price.

**Focus risk** The fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event.

**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 for the period.

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

Class G accumulation and Class G income have not been in existence for a 5 year period as it launched on 18 November 2013, therefore the SRRl is estimated.

## Investment review

Asia Pacific equity markets performed strongly over the six months to the end of July 16 in sterling terms. Stocks were bolstered by improved underlying economic performance and significant weakness in sterling following the UK's vote to exit the European Union.

The fund gained 27.5% over the period, with the weakness of sterling accounting for 12% compared to returns for a local-currency investor. The fund's 2% outperformance of the index was mainly attributed to investment style and stock selection, rather than country or sector allocation.

With interest rates continuing to fall, the portfolio's dividend yield bias proved beneficial. Stocks such as Spark Infrastructure, Scentre Group, Australia's Fairfax Media, MTR Corporation in Hong Kong, Telkom Indonesia and Spark New Zealand all made returns significantly above the regional average. There was also success in areas more oriented to dividend growth, with China's NetEase and Zhengzhou Yutong Bus reporting strong results. In Korea too, Kepeco also posted strong results and a better than expected dividend. Other positions in Korea, such as KB Financial Group and SK Innovation, also exceeded the market's dividend expectations, leading to a re-rating (reassessment by the market). Consequently, the portfolio's Korean holdings were among the largest contributors to absolute and relative returns. On the negative side, Coal India, HSBC and Bharti Infratel disappointed investors. From an attribution standpoint, the

portfolio's zero weighting in index heavyweights Samsung Electronics and Tencent detracted considerably on a relative basis.

The country and sector weightings were broadly unchanged over the period. Key additions to the portfolio included Jiangsu Expressway and Guangdong Investment in China, Fairfax Media in Australia and Star Petroleum in Thailand. Both Jiangsu Expressway and Guangdong Investment share similar characteristics of strong, non-cyclical cash flow generation, being exposed to toll road volumes and regulated water sales, respectively. Their valuations appear attractive and the yields are high, sustainable and progressive.

Fairfax Media is an Australian company transitioning from traditional print media towards online offerings in media, real estate and other commercial ventures. The print side may be struggling, but the real estate portal 'Domain.Com' is successfully gaining market share and is undervalued by the market.

Star Petroleum is a Thai oil refiner 60% owned by Chevron. We are positive on refining margins through to 2017 due to lack of capacity in recent years, while the parent company's need for cash ensures a dividend in excess of 8% at current prices. To fund these positions, we have reduced our investments in Chinese financial companies. Chinese banks are undoubtedly inexpensive, but there are concerns over the quality of their loan books and the potential for higher write-offs in the months and years ahead. Chinese insurers are also fairly valued, but competition is intense and questions remain about margins going forward. Both these areas are also negatively affected by falling interest rates, which is still our base case for the next six to twelve months.

We continue to use derivatives to supplement the fund's income. Over the period, four options were written consisting of two put options and two call options. The option premium is down on the same period in 2015 due to lower market volatility.

The fund's greatest risks lie around global events. The consequences of the Brexit vote and the impact on continental Europe, the US election, currency volatility and the potential for a rise in US interest rates all have the ability to impact investor sentiment and dictate flows to and from the Asia Pacific region. Within the region, an escalation of the territorial disputes in the South China Sea would be a concern, as would a policy mistake from China in the transition from an investment-led to a consumer-led economy.

## Performance summary

	Six months	One year	Five years	Since launch	
	31 Jan 16- 31 Jul 16	31 Jul 15- 31 Jul 16	31 Jul 11- 31 Jul 16	04 May 94- 31 Jul 16	
	%	%	%	%	
<b>Cumulative performance</b>					
Henderson Asian Dividend Income Unit Trust	27.5	19.7	43.5	528.1	
MSCI AC Pacific ex Japan GR USD	25.5	17.6	31.7	264.3	
	31 Jul 15- 31 Jul 16	31 Jul 14- 31 Jul 15	31 Jul 13- 31 Jul 14	31 Jul 12- 31 Jul 13	31 Jul 11- 31 Jul 12
	%	%	%	%	%
<b>Discrete year performance</b>					
Henderson Asian Dividend Income Unit Trust	19.7	0.6	1.7	16.0	1.1

Source: Morningstar, bid to bid and net of fees as at valuation point (12 noon), 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.

## Summary of fund performance

Unit class	Net asset value* 31/07/16 p	Net asset value* 31/01/16 p	Net asset value % change
Accumulation units	142.78	113.82	25.44
Income units	98.30	81.52	20.58
Class G accumulation	61.03	48.59	25.61
Class G income	51.95	42.97	20.90
Class I accumulation	168.56	134.16	25.64
Class I income	116.57	96.46	20.85

\*The net asset value is calculated as at close of business on the last business day of the accounting period. The investments are valued at fair value which is generally deemed to be the bid market price.

## Fund facts

Accounting dates	Payment dates
31 January, 31 July	31 March, 30 June, 30 September, 31 December

### Ongoing charge figure

	31/07/16 %	31/01/16 %
Accumulation & Income units	1.48	1.48
Class I	0.87	0.89
Class G	0.77	0.80

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).

## Performance record

Calendar year	Net revenue (pence per unit)	Highest price (pence per unit)	Lowest price (pence per unit)
<b>Accumulation units</b>			
2011	5.09	111.66	81.37
2012	5.56	109.38	90.99
2013	6.19	130.39	109.65
2014	6.44	128.12	106.79
2015	7.07	145.59	103.27
2016	5.99*	151.67+	107.25+
<b>Income units</b>			
2011	4.71	105.64	74.29
2012	4.90	99.34	81.77
2013	5.17	108.82	90.21
2014	5.09	99.14	85.75
2015	5.30	110.63	75.71
2016	4.26*	107.18+	76.83+
<b>Class G accumulation</b>			
2013 <sup>1</sup>	-	49.92	47.30
2014	2.70	54.13	44.92
2015	3.11	58.82	43.94
2016	2.56*	61.87+	45.77+
<b>Class G income</b>			
2013 <sup>1</sup>	-	49.92	47.30
2014	2.65	51.92	44.74
2015	2.88	55.35	39.83
2016	2.25*	54.00+	40.50+
<b>Class I accumulation</b>			
2011	6.04	122.23	93.10
2012	6.62	128.74	96.32
2013	7.41	150.60	126.65
2014	7.71	149.69	124.32
2015	8.54	162.56	121.36
2016	7.12*	170.76+	126.40+

## Performance record

Calendar year	Net revenue (pence per unit)	Highest price (pence per unit)	Lowest price (pence per unit)
<b>Class I income</b>			
2011	5.66	117.19	86.04
2012	5.90	110.75	90.99
2013	6.25	126.86	105.67
2014	6.14	116.64	100.58
2015	6.44	124.30	89.43
2016	5.08*	121.13+	90.93+

\* to 30 September

+ to 29 July

<sup>1</sup> Class G launched on 18 November 2013

## Net revenue distribution

Unit class	31/07/16 p	31/07/15 p
Accumulation units	5.28	4.52
Income units	3.75	3.41
Class G accumulation	2.19	1.97
Class G income	1.92	1.84
Class I accumulation	6.15	5.42
Class I income	4.38	4.11

Total dividend distributions for the period ended 31 July 2016, comparison is for the same period last year.

## Past performance is not a guide to future performance

## Major holdings

as at 31/07/16	%
NetEase.com ADR	3.27
Macquarie Korea Infrastructure Fund GDR	3.23
Taiwan Semiconductor Manufacturing ADS	3.14
HKT Trust	2.88
CapitaLand Mall Trust REIT	2.87
Telekomunikasi Indonesia	2.87
Telecom Corporation of New Zealand	2.82
Fairfax Media	2.82
Mapletree Greater China Commercial Trust	2.81
Scentre	2.75

## Asset allocation

as at 31/07/16	%
Australia	22.63
China	16.89
Taiwan	14.05
Singapore	12.09
South Korea	11.55
India	6.34
Hong Kong	6.23
Thailand	5.49
Indonesia	2.87
New Zealand	2.82
Derivatives	(0.07)
Other net liabilities	(0.89)
<b>Total net assets</b>	<b>100.00</b>

## Major holdings

as at 31/01/16	%
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 31/01/16	%
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 six months ended 31 July 2016.

Copies of the annual and half yearly long form report 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 period it covers and the results of those activities at the end of the period.

### Issued by:

Henderson Investment Funds Limited  
Registered office:  
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Member of The Investment Association and authorised and regulated by the Financial Conduct Authority.  
Registered in England No 2678531

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## 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

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### Auditor

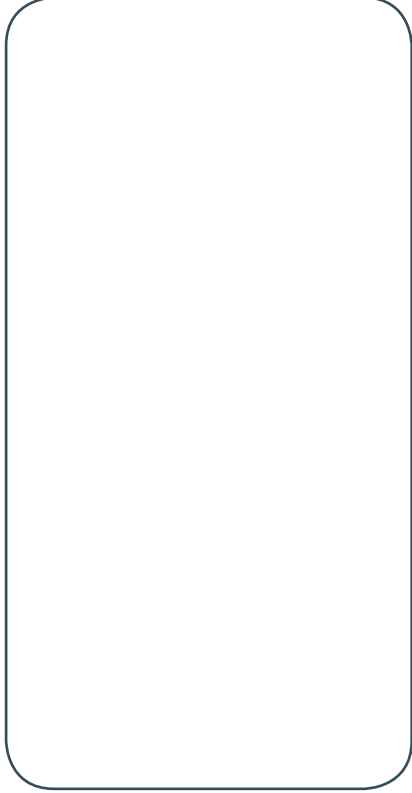
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**Changes of address – regulatory requirements**

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 July 2016. If you have confirmed a change of address with us since that date we will ensure all future correspondence will be sent to your new address.

**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.

**Any questions?**

Further information about the activities and performance of the fund for this and previous periods can be obtained from the Investment Manager. If you have any questions please call our Client Services Team on 0800 832 832 or email [support@henderson.com](mailto:support@henderson.com).

**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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