

# HENDERSON FAR EAST INCOME LIMITED

## Unaudited results for the half-year ended 28 February 2025

*This announcement contains regulated information*

### 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.

### PERFORMANCE

**Total return performance** (including dividends reinvested and excluding transaction costs)

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV <sup>1</sup>	2.4	5.7	1.5	6.3	40.8
Share price <sup>2</sup>	3.2	14.9	4.1	12.3	41.0
AIC sector <sup>3</sup> average NAV	4.9	12.3	11.3	37.5	100.7
FTSE World Asia Pacific ex Japan Index*	4.6	12.5	13.0	35.7	96.9
MSCI AC Asia Pacific ex Japan High Dividend Yield Index*	5.7	12.8	29.4	51.9	93.1

\*The Company does not have a formal benchmark. It uses the FTSE World Asia Pacific ex Japan and MSCI AC Asia Pacific ex Japan High Dividend Yield indices (sterling adjusted and with dividends reinvested) for comparison purposes only.

### Financial highlights

	at 28 February 2025	at 31 August 2024
NAV per ordinary share	216.48p	221.97p
Share price	222.00p	227.00p
Net assets	£363m	£366m
Premium <sup>4</sup>	2.6%	2.3%
Dividend yield	11.2% <sup>5</sup>	10.8% <sup>6</sup>

1. Net Asset Value ('NAV') total return per ordinary share over the period indicated at 28 February 2025. Total return takes into account the rise and fall of the NAV and assumes dividends are reinvested.
2. Share price total return using closing price over the period indicated at 28 February 2025. Total return takes into account the rise and fall of the share price and assumes dividends are reinvested.
3. The AIC sector is the Asia Pacific Equity Income sector
4. The premium expresses, as a percentage, the difference between the closing share price and NAV, including current year revenue, as at the period end date
5. Dividend yield based on a share price of 222.00p and dividends for the twelve months to 28 February 2025 totalling 24.80p per ordinary share
6. Dividend yield based on a share price of 227.00p and dividends for the twelve months to 31 August 2024 totalling 24.60p per ordinary share

Sources: Morningstar Direct

## INTERIM MANAGEMENT REPORT

### CHAIRMAN'S STATEMENT

Investor attention is understandably rivetted on current market developments in light of dramatic new tariff initiatives from the US. Is it a massive overreaction or a sensible short-term adjustment to a new reality? Will the impact be broadly similar in all economies or will some fare better than others? The future impact of these changes is being modelled by many analysts, but it is fair to say that an emerging trade war is unlikely to be good news in the near term. I will return to this later in my statement, but it is important to remember that Asian economies and markets are not joined in lock-step to the US.

Asian markets produced a positive return during our first half despite rising, but unpredictable, challenges from the new US administration. Whilst the outcome is likely to be a protracted period of volatility for some of our exporting markets, we have witnessed a more stable macro environment in China which has in turn supported more positive sentiment towards the entire APAC region. Asia Pacific equities outperformed the US over the quarter ending 28 February 2025 and there are a number of reasons to believe in a more sustainable reversal during the rest of the year after recent sharp setbacks for all equity markets. In general, APAC markets have performed relatively better in the recent market drops.

As we consider prospects for our second half, the likelihood of a weaker US dollar has traditionally been a positive for Asian markets. At the same time, recent US trade policy changes are likely to negatively impact US inflation, growth and employment. There are already signs of reduced consumer and business confidence that many analysts believe foreshadows a US recession. Asia meanwhile has benefitted from stabilisation in China with a raft of stimulus measures driving improved domestic consumption. This has long been a key government objective which has reduced the country's dependence on exports. Chinese government measures have improved confidence amongst consumers and investors alike. The improved outlook in China has not only been about the consumer. Technology breakthroughs in electric cars and the emergence of China's own version of an AI large language model, DeepSeek, has shocked technology investors with its low cost and high operating standards. China has the ability to surprise markets further given the immense investments it has already made in the industries of the future. The return on this investment in the form of improved operating metrics at the corporate level, is far more sustainable for the China recovery than recent stimulus and short-term boosts to consumption could provide.

Alongside signs of a China recovery, we continue to see significant progress in the investment themes we have previously highlighted within Asia such as technology, financial inclusion, infrastructure and corporate reform. The strong performance of the financial sector has been supported by a number of these themes. Most of our best performers in the period were from this sector and many of these companies increased their dividend per share and/or introduced share buyback programmes. Our conversations with management teams of portfolio companies gives us confidence to forecast a strong improvement in dividend growth over the remainder of the current financial year.

As you may remember, I have previously noted our conviction that Asian companies have resumed a commitment to higher dividend growth, thus supporting our investment strategy. We should not expect that dividend growth will move in a linear fashion from one year to the next and there will certainly be periods of both slowdown and acceleration. We are currently in a phase where we expect dividends to exceed expectations. That will make Asian markets even more attractive for investors during a period of real uncertainty elsewhere.

### Performance

The NAV total return performance for the first six months of the Company's financial year was 2.4%, 2.2% behind the FTSE World Asia Pacific ex Japan Index and 3.3% behind the MSCI AC Asia Pacific ex Japan High Dividend Yield Index. This is not unexpected given the Company's bias toward yield in comparison to the former index which was boosted by the performance of Chinese technology companies, most of which have zero yield. The share price total return for the six months to 28 February 2025 was 3.2%.

It is gratifying to note that at 28 February 2025, the Company's performance both in NAV and share price total return terms, was positive over one, three, five and ten years. It has been some time since this was the case and it demonstrates the Board and Fund Manager's commitment to addressing the overall performance whilst maintaining the progressive dividend.

## **Dividends**

The first interim dividend for the year ending 31 August 2025 was declared on 20 January 2025. This was in the amount of 6.20p per ordinary share.

We are pleased to declare the second interim dividend for the current financial year, also in the amount of 6.20p per ordinary share. This represents an increase of 1.6% on the two interim dividends declared in first half of last year. The second interim dividend will be paid to shareholders on the register at 2 May 2025.

## **Share issues**

The Company has issued 5.2m shares in six months to 28 February 2025. This issuance has raised £9.7m for further investment. In the period since the half-year end, a further 1.3m shares have been issued raising £2.8m.

## **Outlook**

At the start of this statement, I promised to return to the subject of recent government policy initiatives in the US and their implications for other economies, especially in Asia. Unfortunately, I am not a seer, but a few observations are in order. First, it will be some time before the real impact of US tariff initiatives on other economies is clear but there will be considerable sentiment-driven volatility before the facts emerge. And since the US moves are trade related, we should remember that the US constitutes only about 13% of world trade, an important player but by no means the only one. Asian economies have long shown their ability to respond flexibly to a changing environment and today's challenges are already generating a constructive reaction. Asian market valuations remain attractive and some of our markets, such as India, are relatively insulated from the global altercation now underway. Most importantly, China as a regional driver has finally demonstrated a return to domestic consumption growth that will benefit the entire region. Dividend growth will remain robust with recent dividend announcements being well above expectations. Alongside attractive valuations, there is real confidence in the cash-flow and balance sheet metrics that are enabling corporates to surprise positively on dividends. The combination of above-expectation dividend growth and the defensive nature of our holdings should produce a less volatile outcome for investors in a market that is looking increasingly uncertain. There is no change to our view that the drivers of structural growth in the Asia Pacific region can continue to deliver solid performance even during the current uncertainties.

**Ronald Gould**

**Chairman**

14 April 2025

## FUND MANAGERS' REPORT

It will not be a surprise for our shareholders to read another report highlighting the volatility of, not just our markets, but global equities in general. The source of the volatility has, however, shifted from conjecture around interest rates, geopolitical risks and weakness in China, to one that is now very much founded in trade policies from the new US administration. This is a pivotal period where the recent outperformance of Asian equities against US equities could be the beginning of a reversal of an unjustifiably wide valuation differential. A differential which has recently been challenged by a genuine underlying recovery in China, albeit sentiment is being readjusted from very low levels.

The pace of new policies from the US administration is likely to create a transition period as markets digest the impact on inflation, employment, consumer confidence and ultimately GDP growth, this may negatively impact the performance of US equities relative to the Asia Pacific region. In contrast, the story in Asia, particularly China, is becoming considerably clearer. Externally, there will be concerns around the path of trade tariffs. Domestically though, pro-growth policies and the continuing emergence of structural growth themes at attractive valuations, bodes well for the relative performance of our region. To add to this, we have seen a focus on dividends with a significant number of positive surprises across the region. This is supportive of our strategy in a period where interest rates are likely to be reduced further by central banks and investors seek investments with more defensive characteristics given the rise in volatility.

Despite the increased external threats, the period ended positively with the FTSE World Asia Pacific ex Japan Index up by 4.6%, boosted by a return of positive sentiment towards Chinese tech stocks with the likes of Alibaba Group, Tencent, Xiaomi Corp, Meituan and JD.com performing strongly. The China market has been the beneficiary of a double rally; the first, in September, resulted in equities rising by more than 20% over the month after the Chinese authorities unveiled a range of stimulus measures designed to bolster the economy, specifically targeting the country's property and stock markets and secondly, in January, when strong gains in technology stocks were made, amid excitement about the low-cost Artificial Intelligence ('AI') model DeepSeek, along with some robust corporate results. Consumer inflation accelerated at its fastest pace since August 2024, allaying investors' concerns about deflationary pressures in China. However, increased trade tensions with the US continued to weigh on sentiment.

India's performance reversed following a strong run and, alongside Indonesia, it was one of the weakest performers over the period. Whilst both markets remain attractive on longer term growth potential, the change in leadership with a new President in Indonesia and India entering a coalition government, impacted sentiment alongside tighter liquidity from the Reserve Bank of India as they clamped down on sectors where some recent exuberance, such as unsecured lending, concerned the regulators. In Indonesia we, along with other investors, are still awaiting policies from the new government to determine if the growth story is likely to continue. It was no surprise therefore that the Indonesian rupiah and Indian rupee were two of the weakest currencies versus the US dollar over the period.

### Performance

The Company's net asset value total return was 2.4% in sterling terms over the period, behind the FTSE World Asia Pacific ex Japan Index which returned 4.6% and the MSCI AC Asia Pacific ex Japan High Dividend Yield Index which returned 5.7%. Both indices gained from the strong growth performance of technology companies. We limit our exposure to these companies given their low to zero yield which contributed to the Company's underperformance versus these indices. Relative to the MSCI AC Asia Pacific ex Japan HDY Index our lower positioning in China banks and higher positioning in underperforming Samsung Electronics were the key detractors.

The most significant positive contributors to performance were broadly from two groups. Firstly, high yield financials which benefitted from the higher-for-longer interest rate environment and strong capital positions. These included HSBC, China CITIC Bank, China Construction Bank, OCBC and UOB. Most of these companies increased their dividend per share and boosted returns to shareholders through share buyback programmes. Alongside this, there were contributions from technology companies, including SEA, Meituan and TSMC.

Principal detractors from performance were our positions in India with the share prices of NTPC, Power Grid, GAIL and Bharat Petroleum falling as investors reassessed the infrastructure story following a weaker political mandate for Prime Minister Modi.

### Revenue

Total income rose by 4.1% compared to last year. The income from investments fell 9.9% from the same period last year, while income from option writing increased by 44.2%. We took advantage of greater volatility in markets recently to generate higher premia in the period.

The key reason for the decline in income from investments was due to changes in some ex-dividend dates which will now be captured in the second half of our financial year, combined with disappointing dividends from Australian mining and energy companies. We have been pleasantly surprised by the number of companies increasing their dividends and this has continued into the second half where a raft of companies in Korea, Indonesia and China have reported dividends well ahead of expectations.

### **Portfolio activity**

We made a number of changes to our technology holdings, reducing our overall exposure following strong performance by the sector. We sold Samsung Electronics as it continued to trend downwards with the company perceived as having lagged its rivals, such as SK Hynix, in the high-bandwidth memory chips market segment. We acquired holdings in SK Hynix and Alibaba Group, with the investment in the latter now compelling given it has emerged as one of the core AI players in China. We believe there is greater confidence in Alibaba's ability to deliver growth through AI applications and cloud computing. Moreover, the company is also partnering with others, for example its recent collaboration with Apple for its iPhone 16 series. We exited the position in Meituan given evidence that it faces increased competitive intensity.

We switched our holding in the US listed American Depositary Receipt ('ADR') of TSMC into the local line of the stock listed in Taiwan given that the ADR reached a premium of approximately 30% at the time of the switch. The premium has now dropped to around 15% at the time of writing.

A new position was initiated in Resona Holdings, a Japanese bank. We believe this is a compelling investment given its attractive shareholder return policy which includes the prospect of higher dividends, the positive impact of higher interest rates in Japan and improvement in corporate governance through the unwinding of its cross-shareholdings.

Exposure to India was reduced as a result of the recent political and central bank clampdowns impacting sentiment alongside weakening macro-economic data and weaker earnings. We sold our holdings in Bharat Petroleum and NTPC as a result, taking profit along the way.

Post our half-year end, we have reduced exposure to some of our outperforming investments in the financials sector given rising risks in terms of exposure to areas such as trade finance and a change in narrative towards higher than previously expected interest rate cuts as a result of recent trade policies. However, we still favour our exposure to the financial inclusion theme such as Indian and Indonesian banks which are likely winners over the long term, along with some potential upside for the more developed market financials in the form of wealth management opportunities.

### **Outlook**

Notwithstanding recent concerns relating to the downside risk for Asian markets from US trade policy, Asia is well placed to take advantage of a number of unique structural growth themes. It remains a hub for technology supply chains and is crucial to the development of AI given its strength in hardware and semi-conductor manufacturing. There are incredible opportunities 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 investment in India, alongside a sturdy commitment to renewable energy. The emergence of strong domestic brands and widespread corporate reform in South Korea are other bright spots. There is much to be excited about and your Company continues to be positioned to take advantage of growth in these themes.

Additionally, the outlook for dividends remains positive; above expectation increases in the first half of the Company's year indicates that the long-term trend of dividend growth is intact. The region has progressively improved its commitment to dividends, yet has one of the lowest payout ratios globally, leaving plenty of scope for improvement. The combination of attractive valuations, the potential for growth and the number of high yielding investment opportunities provides remarkable protection for investors in the face of uncertain trade policies.

**Sat Duhra**  
**Fund Manager**  
14 April 2025

## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Investment and strategy – adopting an inappropriate investment strategy or underperformance for an extended period leading to a wide discount;
- Accounting, legal and regulatory – failure to maintain accurate accounting records or a breach of legal or regulatory requirements resulting in financial or reputational loss;
- Operational – disruption to or failure of a third-party service provider leading to a loss of shareholder value; and
- Financial – changes in market prices, currency exchange rates, interest rates or poor liquidity or counterparty management leading to a loss of shareholder value.

Further information on these risks and how they are managed is given in the annual report for the year ended 31 August 2024. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

## DIRECTORS' RESPONSIBILITY STATEMENT

The directors (listed in note 13) confirm that, to the best of their knowledge:

- the unaudited condensed set of financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting ('IAS 34') and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by Disclosure Guidance and Transparency Rule ('DTR') 4.2.4R;
- the interim management report includes a fair review of the information required:
  - by DTR 4.2.7R (indication of important events during the first six months of the financial year, and their impact on the unaudited condensed set of financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and
  - by DTR 4.2.8R (disclosure of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Company during the period; and any changes in related party transactions described in the latest annual report that could have an impact in the first six months of the current financial year).

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

On behalf of the Board  
Ronald Gould  
Chairman  
14 April 2025

**INVESTMENT PORTFOLIO** at 28 February 2025

	<b>Company</b>	<b>Country of incorporation</b>	<b>Sector</b>	<b>Valuation £'000</b>	<b>% of Portfolio</b>
1	Taiwan Semiconductor Manufacturing <sup>1</sup>	Taiwan	Technology	19,106	5.06
2	HSBC	Hong Kong	Financials	13,256	3.51
3	China Construction Bank	China	Financials	13,039	3.45
4	Oversea-Chinese Banking	Singapore	Financials	13,000	3.44
5	Hyundai Motor <sup>1</sup>	South Korea	Consumer Discretionary	12,830	3.40
6	Brilliance China Automotive	China	Consumer Discretionary	12,484	3.31
7	Alibaba Group	China	Consumer Discretionary	11,660	3.09
8	China CITIC Bank Corporation	China	Financials	11,613	3.07
9	Macquarie Korea Infrastructure Fund	South Korea	Financials	11,593	3.07
10	MediaTek	Taiwan	Technology	11,037	2.92
<b>Top Ten Investments</b>				<b>129,618</b>	<b>34.32</b>
11	First Pacific	Hong Kong	Consumer Discretionary	10,197	2.70
12	United Overseas Bank	Singapore	Financials	10,185	2.70
13	Origin Energy Ltd	Australia	Utilities	9,764	2.58
14	Hon Hai Precision Industry	Taiwan	Technology	9,547	2.53
15	GAIL Limited	India	Energy	8,331	2.20
16	Lenovo	China	Technology	8,314	2.20
17	ASE Technology	Taiwan	Technology	8,241	2.18
18	Sea <sup>2</sup>	Singapore	Technology	7,814	2.07
19	Macquarie Group	Australia	Financials	7,399	1.96
20	China Hongqiao Group Limited	China	Basic Materials	7,197	1.91
<b>Top Twenty Investments</b>				<b>216,607</b>	<b>57.35</b>
21	Suncorp Group Limited	Australia	Financials	7,151	1.90
22	HKT Trust & HKT	Hong Kong	Telecommunications	6,668	1.77
23	Wesfarmers	Australia	Consumer Discretionary	6,660	1.76
24	Resona Holdings	Japan	Financials	6,556	1.74
25	Bank Mandiri	Indonesia	Financials	6,317	1.67
26	Bank Negara Indonesia	Indonesia	Financials	6,314	1.67
27	Samsung Fire & Marine	South Korea	Financials	6,204	1.64
28	DB Insurance	South Korea	Financials	6,153	1.63
29	Midea Group	China	Consumer Discretionary	6,042	1.60
30	Nari Technology	China	Industrials	5,821	1.54
<b>Top Thirty Investments</b>				<b>280,493</b>	<b>74.27</b>
31	Swire Properties	Hong Kong	Real Estate	5,783	1.53
32	SK Hynix	South Korea	Technology	5,724	1.51
33	HDFC Bank	India	Financials	5,516	1.46
34	Woodside Energy	Australia	Energy	5,270	1.40
35	Trip.com	China	Consumer Discretionary	5,270	1.40
36	China Resources Land	China	Real Estate	5,234	1.39
37	Dexus	Australia	Real Estate	5,222	1.38
38	Kia Corp	South Korea	Consumer Discretionary	5,180	1.37
39	CTBC Financial Holdings	Taiwan	Financials	4,998	1.32
40	SK Square	South Korea	Technology	4,993	1.32
<b>Top Forty Investments</b>				<b>333,683</b>	<b>88.35</b>
41	PCCW	Hong Kong	Telecommunications	4,926	1.30
42	Power Grid	India	Utilities	4,764	1.26
43	Goodman Group	Australia	Real Estate	4,508	1.19
44	FinVolution Group <sup>2</sup>	China	Financials	4,506	1.19
45	Astra International	Indonesia	Consumer Discretionary	4,176	1.11
46	BHP Group Limited	Australia	Basic Materials	4,129	1.09
47	ANZ Group	Australia	Financials	3,954	1.05
48	HCL Technologies	India	Technology	3,833	1.02
49	Infosys	India	Technology	3,812	1.01
50	Rio Tinto Limited	Australia	Basic Materials	3,568	0.95
<b>Top Fifty Investments</b>				<b>375,859</b>	<b>99.52</b>

51	Industrial Bank	China	Financials	3,476	0.92
52	China Forestry <sup>3</sup>	China	Basic Materials	-	-
53	DB Insurance Call 115,901.6 (Expiry 11/03/25)	South Korea	Financials	-	-
54	Kia Call 103,409.0 (Expiry 13/03/25)	South Korea	Consumer Discretionary	(1)	-
55	China Hongqiao Call 14.0 (Expiry 10/03/25)	China	Basic Materials	(4)	-
56	Trip.com Call 614.5 (Expiry 07/05/25)	China	Consumer Discretionary	(12)	-
57	Trip.com Call 639.4 (Expiry 14/05/25)	China	Consumer Discretionary	(14)	-
58	ASE Technology Call 176.6 (Expiry 06/03/25)	Taiwan	Technology	(26)	(0.01)
59	Taiwan Semiconductor Put 175.5 (Expiry 11/03/25)	Taiwan	Technology	(70)	(0.02)
60	Lenovo Call 14.2 (Expiry 07/05/25)	China	Technology	(71)	(0.02)
<b>Top Sixty Investments</b>				<b>379,137</b>	<b>100.39</b>
61	MediaTek Call 1,565.0 (Expiry 07/04/25)	Taiwan	Technology	(81)	(0.02)
62	SK Hynix Put 177,994.4 (Expiry 07/04/25)	South Korea	Technology	(84)	(0.02)
63	SK Square Call 114,807.6 (Expiry 19/05/25)	South Korea	Technology	(85)	(0.02)
64	Lenovo Call 13.2 (Expiry 29/04/25)	China	Technology	(91)	(0.02)
65	Alibaba Call 157.9 (Expiry 29/05/25)	China	Technology	(103)	(0.03)
66	Alibaba Call 148.9 (Expiry 14/05/25)	China	Technology	(135)	(0.05)
67	Lenovo Put 11.0 (Expiry 29/05/25)	China	Technology	(141)	(0.04)
68	Sea Call 133.1 (Expiry 05/05/25)	Singapore	Technology	(153)	(0.04)
69	Sea Call 131.7 (Expiry 11/03/25)	Singapore	Technology	(153)	(0.04)
70	Taiwan Semiconductor Put 176.3 (Expiry 28/04/25)	Taiwan	Technology	(161)	(0.04)
<b>Top Seventy Investments</b>				<b>377,950</b>	<b>100.07</b>
71	China Resources Land Call 25.8 (Expiry 24/03/25)	China	Real Estate	(276)	(0.07)
<b>Total Investments</b>				<b>377,674</b>	<b>100.00</b>

1. American Depositary Receipts
2. Preferred shares
3. Unquoted investment valued at £nil



**GEOGRAPHIC EXPOSURE**

	<b>Portfolio at 28 February 2025 %</b>	<b>Portfolio at 31 August 2024 %</b>
China	<b>24.8</b>	17.5
Australia	<b>15.3</b>	14.1
Taiwan	<b>13.9</b>	14.9
South Korea	<b>13.9</b>	15.1
Hong Kong	<b>10.8</b>	11.9
Singapore	<b>8.1</b>	6.5
India	<b>7.0</b>	13.1
Indonesia	<b>4.5</b>	5.6
Vietnam	<b>-</b>	1.3
Japan	<b>1.7</b>	-
<b>Total</b>	<b>100.0</b>	100.0

**SECTOR EXPOSURE**

	<b>Portfolio at 28 February 2025 %</b>	<b>Portfolio at 31 August 2024 %</b>
Financials	<b>37.4</b>	28.5
Technology	<b>21.5</b>	29.6
Consumer discretionary	<b>19.7</b>	17.1
Real estate	<b>5.4</b>	4.4
Basic materials	<b>4.0</b>	5.6
Utilities	<b>3.8</b>	3.7
Energy	<b>3.6</b>	4.2
Telecommunications	<b>3.1</b>	5.4
Industrials	<b>1.5</b>	1.5
<b>Total</b>	<b>100.0</b>	100.0

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Half-year ended 28 February 2025 (Unaudited)			Half-year ended 29 February 2024 (Unaudited)			Year ended 31 August 2024 (Audited)		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	7,481	-	7,481	8,307	-	8,307	45,927	-	45,927
Other income	4,750	-	4,750	2,897	-	2,897	6,304	-	6,304
Gains/(losses) on investments held at fair value through profit or loss	-	740	740	-	20,953	20,953	-	(3,715)	(3,715)
Net foreign exchange losses excluding foreign exchange losses on investments	-	(678)	(678)	-	(725)	(725)	-	(84)	(84)
<b>Total income/(loss)</b>	<b>12,231</b>	<b>62</b>	<b>12,293</b>	<b>11,204</b>	<b>20,228</b>	<b>31,432</b>	<b>52,231</b>	<b>(3,799)</b>	<b>48,432</b>
<b>Expenses</b>									
Management fees	(697)	(697)	(1,394)	(694)	(694)	(1,388)	(1,402)	(1,402)	(2,804)
Other expenses	(307)	(307)	(614)	(280)	(280)	(560)	(569)	(568)	(1,137)
<b>Profit/(loss) before finance costs and taxation</b>	<b>11,227</b>	<b>(942)</b>	<b>10,285</b>	<b>10,230</b>	<b>19,254</b>	<b>29,484</b>	<b>50,260</b>	<b>(5,769)</b>	<b>44,491</b>
Finance costs	(270)	(270)	(540)	(399)	(399)	(798)	(926)	(926)	(1,852)
<b>Profit/(loss) before taxation</b>	<b>10,957</b>	<b>(1,212)</b>	<b>9,745</b>	<b>9,831</b>	<b>18,855</b>	<b>28,686</b>	<b>49,334</b>	<b>(6,695)</b>	<b>42,639</b>
Taxation	(1,437)	(213)	(1,650)	(1,203)	343	(860)	(4,000)	690	(3,310)
<b>Profit/(loss) for the period and total comprehensive income/(loss)</b>	<b>9,520</b>	<b>(1,425)</b>	<b>8,095</b>	<b>8,628</b>	<b>19,198</b>	<b>27,826</b>	<b>45,334</b>	<b>(6,005)</b>	<b>39,329</b>
<b>Earnings/(losses) per ordinary share - basic and diluted (note 2)</b>	<b>5.73p</b>	<b>(0.86p)</b>	<b>4.87p</b>	<b>5.30p</b>	<b>11.79p</b>	<b>17.09p</b>	<b>27.83p</b>	<b>(3.68p)</b>	<b>24.15p</b>

The total column of this statement represents the Condensed Statement of Comprehensive Income of the Company, prepared in accordance with IAS 34.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies ('AIC'). All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of the Company. There are no minority interests.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

## Half-year ended 28 February 2025 (unaudited)

	Stated capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 August 2024	272,708	177,596	(114,052)	29,852	366,104
Total comprehensive income:					
(Loss)/profit for the period	-	-	(1,425)	9,520	8,095
Transactions with owners, recorded directly to equity:					
Dividends paid	-	-	-	(20,655)	(20,655)
Shares issued	9,685	-	-	-	9,685
	-----	-----	-----	-----	-----
Total equity at 28 February 2025	282,393	177,596	(115,477)	18,717	363,229
	=====	=====	=====	=====	=====

## Half-year ended 29 February 2024 (unaudited)

	Stated 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:					
Profit for the period	-	-	19,198	8,628	27,826
Transactions with owners, recorded directly to equity:					
Dividends paid	-	(2,875)	-	(16,991)	(19,866)
Buyback of shares for treasury	(1,415)	-	-	-	(1,415)
	-----	-----	-----	-----	-----
Total equity at 29 February 2024	266,623	177,596	(88,849)	13,207	368,577
	=====	=====	=====	=====	=====

## Year ended 31 August 2024 (audited)

	Stated 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 period	-	-	(6,005)	45,334	39,329
Transactions with owners, recorded directly to equity:					
Dividends paid	-	(2,875)	-	(37,052)	(39,927)
Buyback of shares for treasury	(1,721)	-	-	-	(1,721)
Shares issued	6,391	-	-	-	6,391
	-----	-----	-----	-----	-----
Total equity at 31 August 2024	272,708	177,596	(114,052)	29,852	366,104
	=====	=====	=====	=====	=====

# CONDENSED BALANCE SHEET

28 February 2025  
(Unaudited)  
£'000

29 February 2024  
(Unaudited)  
£'000

31 August 2024  
(Audited)  
£'000

## Non-current assets

Investments held at fair value through profit or loss (note 8)

379,335	391,362	376,896
-----	-----	-----

## Current assets

Other receivables

3,656	17,118	3,427
-------	--------	-------

Cash and cash equivalents

9,272	4,383	5,482
-----	-----	-----

12,928	21,501	8,909
-----	-----	-----

## Total assets

392,263	412,863	385,805
-----	-----	-----

## Current liabilities

Investments held at fair value through profit or loss - written options (note 8)

(1,661)	(1,654)	(988)
---------	---------	-------

Deferred taxation

-	(42)	(203)
---	------	-------

Other payables

(3,547)	(7,015)	(3,210)
---------	---------	---------

Bank loans

(23,826)	(35,575)	(15,300)
-----	-----	-----

(29,034)	(44,286)	(19,701)
-----	-----	-----

## Net assets

363,229	368,577	366,104
=====	=====	=====

## Equity attributable to equity shareholders

Stated share capital

282,393	266,623	272,708
---------	---------	---------

Distributable reserve

177,596	177,596	117,596
---------	---------	---------

Retained earnings:

Capital reserves

(115,477)	(88,849)	(114,052)
-----------	----------	-----------

Revenue reserve

18,717	13,207	29,852
-----	-----	-----

## Total equity

363,229	368,577	366,104
=====	=====	=====

Net asset value per ordinary share (note 3)

216.48p	227.06p	221.97p
=====	=====	=====

# CONDENSED STATEMENT OF CASH FLOWS

	Half-year ended 28 February 2025 (Unaudited) £'000	Half-year ended 29 February 2024 (Unaudited) £'000	Year ended 31 August 2024 (Audited) £'000
<b>Cash flows from operating activities</b>			
Profit before taxation	9,745	28,686	42,639
Add back:			
Finance costs	540	798	1,852
(Profit)/losses on investments held at fair value through profit or loss	(740)	(20,953)	3,715
Withholding tax on investment income	(1,294)	(1,088)	(3,425)
Net foreign exchange loss excluding foreign exchange losses on investments	678	725	84
Decrease in prepayments and accrued income	10	93	1,037
Decrease/(increase) in amounts due from brokers	1,517	(14,504)	(1,618)
Increase in other payables	476	262	11
(Decrease)/increase in amounts due to brokers	(25)	5,310	1,699
	-----	-----	-----
<b>Net cash inflow/(outflow) from operating activities</b>	<b>10,801</b>	<b>(671)</b>	<b>45,994</b>
	-----	-----	-----
<b>Cash flows from investment activities</b>			
Sales of investments	211,851	193,715	445,964
Purchases of investments	(214,225)	(177,530)	(440,302)
Overseas capital gains tax on sales	(531)		(34)
	-----	-----	-----
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(2,905)</b>	<b>16,185</b>	<b>5,628</b>
	-----	-----	-----
<b>Cash flow from financing activities</b>			
Loan drawdown	83,180	156,310	92,751
Loan repayment	(73,542)	(148,687)	(105,429)
Equity dividends paid	(20,655)	(19,866)	(39,927)
Buyback of shares for treasury	-	(1,070)	(1,721)
Share issue proceeds	9,241	-	6,391
Interest paid	(540)	(798)	(1,852)
	-----	-----	-----
<b>Net cash outflow from financing activities</b>	<b>(2,316)</b>	<b>(14,111)</b>	<b>(49,787)</b>
	-----	-----	-----
<b>Increase in cash and cash equivalents</b>		1,403	1,835
Cash and cash equivalents at the start of the period/year	5,580	3,944	3,944
Exchange movements	(1,790)	(964)	(297)
	-----	-----	-----
<b>Cash and cash equivalents at the end of the period/year</b>	<b>9,272</b>	<b>4,383</b>	<b>5,482</b>
	=====	=====	=====
<b>Net debt</b>			
Cash and cash equivalents	9,272	4,383	5,482
Bank loans repayable within one year	(23,826)	(35,575)	(15,300)
	-----	-----	-----
<b>Net debt</b>	<b>(14,554)</b>	<b>(31,192)</b>	<b>(9,818)</b>
	=====	=====	=====

## Notes to the condensed financial statements

### 1. Accounting Policies:

#### (a) Basis of preparation

The condensed interim financial statements have been prepared on a going concern basis in accordance with IAS 34 and the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority.

The annual report and financial statements for the year ended 31 August 2024 were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Where presentational guidance as 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. The unaudited results for the half-year ended 28 February 2025 have been prepared in accordance with the same accounting policies as those applied in the Company's financial statements for the year ended 31 August 2024. There has been no change to the segmental reporting assessment compared to the 31 August 2023 financial statements.

These condensed financial statements do not include all information required for a full set of financial statements. The figures and financial information for the year ended 31 August 2024 are an extract based on the published financial statements and should be read in conjunction with them.

The condensed financial statements for the half-years ended 28 February 2025 and 29 February 2024 have not been audited or reviewed by the auditor.

#### (b) Investments held at fair value through profit or loss

All investments are classified upon initial recognition as held at fair value through profit or loss and are measured initially and subsequently at fair value. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis. Financial assets are recognised/de-recognised at the trade date of the purchase/disposal. Proceeds will be measured at fair value, which will be regarded as the proceeds of sale less any transaction costs. The fair value of the financial assets is based on their quoted bid price at the Balance Sheet date, without deduction of the estimated future selling costs. The fair value of option contracts is determined by reference to the Black-Scholes model. The fair values of unquoted financial instruments within the portfolio are based on their last audited net asset values discounted where necessary to arrive at fair value.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal, including exchange gains and losses, are recognised in the Statement of Comprehensive Income as 'Gains/(losses) on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

#### (c) Material 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.

The obligations relating to the options valued at £1,661,000 (liability) (29 February 2024: £1,654,000 (liability), 31 August 2024: £988,000 (liability) are valued by reference to the Black-Scholes model.

### 2. Earnings/(losses) per ordinary share

The earnings per ordinary share figure is based on the net profit after taxation of £8,238,000 (half-year ended 29 February 2024: £27,826,000; year ended 31 August 2024: £39,329,000) and on 166,062,138 ordinary shares (half-year ended 29 February 2024: 162,852,122; year ended 31 August 2024: 162,877,255) being the weighted average number of ordinary shares in issue during each of the periods, excluding shares held in treasury.

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

	Half-year ended 28 February 2025 (Unaudited) £'000	Half-year ended 29 February 2024 (Unaudited) £'000	Year ended 31 August 2024 (Audited) £'000
Net revenue profit	9,520	8,628	45,334
Net capital (loss)/profit	(1,425)	19,198	(6,005)
Net total profit	8,095	27,826	39,329

Weighted average number of ordinary shares in issue during the period / year	<b>166,062,138</b>	162,852,122	162,877,255
	<b>Pence</b>	Pence	Pence
Revenue earnings per ordinary share	<b>5.73</b>	5.30	27.83
Capital (loss)/earnings per ordinary share	<b>(0.86)</b>	11.79	(3.68)
Total earnings per ordinary share	<b>4.87</b>	17.09	24.15

The Company has no securities in issue that could dilute the return per ordinary share. Therefore, the basic and diluted earnings/losses per ordinary share are the same.

### 3. Net asset value per ordinary share

The net asset value per ordinary share is based on a net asset value of £363,229,000 (half-year ended 29 February 2024: £368,577,000; 31 August 2024: £366,104,000) and 167,789,679 (half-year ended 29 February 2024: 162,322,917; 31 August 2024: 164,937,179) ordinary shares, being the number of ordinary shares in issue at each period end, excluding shares held in treasury.

### 4. Transaction costs

Purchase transaction costs for the half-year ended 28 February 2025 were £232,000 (half-year ended 29 February 2024: £236,000; year ended 31 August 2024: £577,000). Sales transaction costs for the half-year ended 28 February 2025 were £268,000 (half-year ended 29 February 2024: £329,000; year ended 31 August 2024: £737,000). Transaction costs for both purchases and sales principally consist of commission fees.

### 5. Stated share capital

At 28 February 2025, there were 167,789,679 shares in issue.

During the half-year period ended 28 February 2025, 4,237,500 shares were issued for net proceeds of £9,685,000 (half-year ended 29 February 2024: £nil; year ended 31 August 2024: 2,755,000 shares for net proceeds £6,391,000). No shares were repurchased for treasury (half-year ended 29 February 2024: 665,647 shares were repurchased for treasury at a cost of £1,415,000, and year ended 31 August 2024: 806,385 shares were repurchased for treasury at a cost of £1,721,000).

Since the period end up to 11 April 2025, being the latest practicable date before publication of these results, a further 1.3m shares have been issued raising £2.8m for investment.

### 6. Dividends

The Company pays dividends on a quarterly basis. On 29 November 2024, a final dividend of 6.20p per share was paid in respect of the year ended 31 August 2024. A first interim dividend, in respect of the year ending 31 August 2025, of 6.20p per share was paid on 28 February 2025. The second interim dividend of 6.20p per share will be paid on 30 May 2025 to shareholders on the register on 2 May 2025. The Company's shares will be quoted ex-dividend on 1 May 2025. Based on the number of shares in issue on 11 April 2025, the cost of this dividend will be £10,569,000.

### 7. Management fee

The management fee calculation is a flat rate of 0.75% of net assets per annum, charged quarterly in arrears.

### 8. Financial Instruments

At the period end the carrying value of financial assets and financial liabilities approximates their fair value.

#### Financial instruments carried at fair value

##### Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

<b>Financial assets and financial liabilities at fair value through profit or loss at 28 February 2025</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Investments including derivatives:</b>				
- Equity investments	379,335	-	-	379,335
- OTC derivatives (options)	-	(1,661)	-	(1,661)
	<b>379,335</b>	<b>(1,661)</b>	<b>-</b>	<b>377,674</b>

Financial assets and financial liabilities at fair value through profit or loss at 29 February 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments including derivatives:				
- Equity investments	391,362	-	-	391,362
- OTC derivatives (options)	-	(1,654)	-	(1,654)
	391,362	(1,654)	-	389,708

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

Level 3 investments related to one holding of China Forestry was transferred into level 3 in 2012 and 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 2024 and to 28 February 2025.

There have been no transfers into/out of and no movements in Level 3 investments during the half-years ended 28 February 2025 and 29 February 2024, and the year ended 31 August 2024.

The Company's holdings in options are included within Level 2.

The valuation techniques used by the Company are explained in note 1(b).

Premiums from written options during the half-year ended 28 February 2025 were £4,658,000 (half-year ended 29 February 2024: £2,811,000; year ended 31 August 2024: £6,144,000).

## 9. Going concern

The assets of the Company consist almost entirely of securities that are readily realisable and, accordingly, the directors believe that the Company has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed the financial position and taking account of the ability of the Company to draw down under the existing bank loan facility, as well as the likelihood of being able to renew the facility, and the principal risks and uncertainties facing the Company, the Board has decided that it is appropriate for the financial statements to be prepared on a going concern basis.

## 10. Net debt reconciliation

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 August 2024	5,482	(15,300)	(9,818)
Cash flows	5,580	(9,638)	(4,058)
Exchange movements	(1,790)	1,112	678
Net debt as at 28 February 2025	9,272	(23,826)	(14,554)

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 August 2023	3,944	(28,191)	(24,247)
Cash flows	1,403	(7,623)	(6,220)
Exchange movements	(964)	239	(725)
Net debt as at 29 February 2024	4,383	(35,575)	(31,192)



	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Total £'000
Net debt as at 31 August 2023	3,944	28,191	24,247
Cash flows	1,835	12,678	14,513
Exchange movements	297	213	84
Net debt as at 31 August 2024	5,482	15,300	9,818

### 11. 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 period, with 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 investment manager affecting the financial position of the Company during the period under review.

### 12. Half-year report

The half-year report is available on the Company's website ([www.hendersonfareastincome.com](http://www.hendersonfareastincome.com)). Shareholders will be sent a copy of the abridged version of the half-year results in May 2025.

### 13. General information

#### a) Company Status

The Company is registered with limited liability in Jersey as a closed end investment company, number 95064, under the Companies (Jersey) Law 1991 and is certified as a collective investment fund under the Collective Investment Funds (Jersey) Law 1998. The Company has obtained a Fund Certificate under Articles 7 of the Collective Investment Funds (Jersey) Law. The Company is listed on the London and New Zealand stock exchanges and became UK tax resident with effect from 1 September 2018.

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

#### b) Directors, Secretary and Registered Office

The directors of the Company are Ronald Gould (Chairman), Julia Chapman, Timothy Clissold, Carole Ferguson, Nicholas George and Susan Rippingall. The Corporate Secretary is Janus Henderson Secretarial Services UK Limited. The registered office is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP. The principal place of business is 201 Bishopsgate, London, EC2M 3AE.

#### c) Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at [www.hendersonfareastincome.com](http://www.hendersonfareastincome.com)

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***Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) are incorporated into, or form part of, this announcement.***