

Henderson Far East Income Limited

Update for the half-year ended
28 February 2025



MANAGED BY
Janus Henderson
INVESTORS

Objective

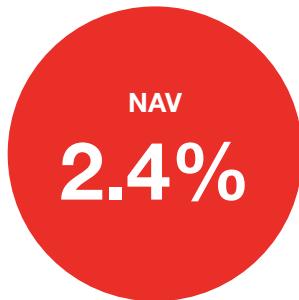
The Company seeks to provide shareholders with a growing total annual dividend per share, as well as capital appreciation, from a diversified portfolio of investments from the Asia Pacific region.

This update contains material extracted from the Company's unaudited half-year results for the six months ended 28 February 2025. The unabridged results for the half-year are available on the Company's website:

www.hendersonfareastincome.com

Performance highlights

Total return performance for the six months to 28 February 2025



NAV per ordinary share

28 Feb 2025 **216.48p**

31 Aug 2024 **221.97p**

Share price

28 Feb 2025 **222.00p**

31 Aug 2024 **227.00p**

Dividend yield

28 Feb 2025³ **11.2%**

31 Aug 2024⁴ **10.8%**

Dividends paid and payable

1st interim **6.20p**

2nd interim **6.20p**

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

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV ¹	2.4	5.7	1.5	6.3	40.8
Share price ²	3.2	14.9	4.1	12.3	41.0
AIC sector ⁵ 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

¹The 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 with dividends reinvested) for comparison purposes only.

² 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.

³ 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.

⁴ 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.

⁴ 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.

⁵ The AIC sector is the Asia Pacific Equity Income sector.

Chairman's Statement

Investor attention is understandably riveted 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.

Chairman's Statement (continued)

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 3.4% 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 which from the US administration is likely to a transition period as markets digest the impact on inflation, employment prospects, consumer confidence and ultimately GDP growth expectations, 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 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 High Dividend Yield 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

Fund Managers' Report (continued)

programmes. Alongside this, there were positive 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 9.2% compared to last year. The income from investments fell 9.9% from the same period last year, while income from option writing increased by 64.0%.

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 Depository 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

Fund Managers' Report (continued)

spots. There is much to be excited about and your Company continues to be positioned to take advantage of growth in these themes.

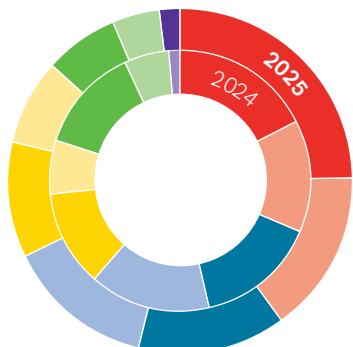
Additionally, the outlook for dividends remains positive; above expectation increases in the first half of the Company's year indicates that the long-term trend of dividend growth is intact. The region has progressively improved its commitment to dividends, yet has one of the

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

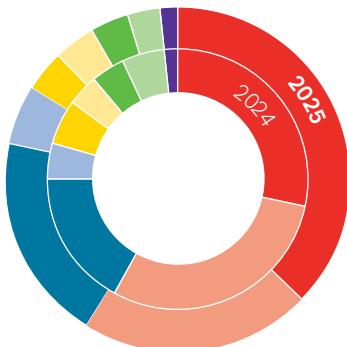
Geographical exposure



	2025	2024
	%	%
China	24.8	17.5
Australia	15.3	14.1
Taiwan	13.9	14.9
South Korea	13.9	15.1
Hong Kong	10.8	11.9
Singapore	8.1	6.5
India	7.0	13.1
Indonesia	4.5	5.6
Vietnam	-	1.3
Japan	1.7	-

at 28 February 2025 and 31 August 2024

Sector exposure



	2025	2024
	%	%
Financials	37.4	28.5
Technology	21.5	29.6
Consumer discretionary	19.7	17.1
Real Estate	5.4	4.4
Basic Materials	4.0	5.6
Utilities	3.8	3.7
Energy	3.6	4.2
Telecommunications	3.1	5.4
Industrials	1.5	1.5

at 28 February 2025 and 31 August 2024

Portfolio information (continued)

Investment portfolio at 28 February 2025

Company	Country of incorporation	Sector	Valuation £'000	% of portfolio
Taiwan Semiconductor Manufacturing ¹	Taiwan	Technology	19,106	5.06
HSBC	Hong Kong	Financials	13,256	3.51
China Construction Bank	China	Financials	13,039	3.45
Oversea-Chinese Banking	Singapore	Financials	13,000	3.44
Hyundai Motor ¹	South Korea	Consumer Discretionary	12,830	3.40
Brilliance China Automotive	China	Consumer Discretionary	12,484	3.31
Alibaba Group	China	Consumer Discretionary	11,660	3.09
China CITIC Bank Corporation	China	Financials	11,613	3.07
Macquarie Korea Infrastructure Fund	South Korea	Financials	11,593	3.07
MediaTek	Taiwan	Technology	11,037	2.92
Top Ten Investments			129,618	34.32
First Pacific	Hong Kong	Consumer Discretionary	10,197	2.70
United Overseas Bank	Singapore	Financials	10,185	2.70
Origin Energy Ltd	Australia	Utilities	9,764	2.58
Hon Hai Precision Industry	Taiwan	Technology	9,547	2.53
GAIL Limited	India	Energy	8,331	2.20
Lenovo	China	Technology	8,314	2.20
ASE Technology	Taiwan	Technology	8,241	2.18
Sea ²	Singapore	Technology	7,814	2.07
Macquarie Group	Australia	Financials	7,399	1.96
China Hongqiao Group Limited	China	Basic Materials	7,197	1.91
Top Twenty Investments			216,607	57.35
Suncorp Group Limited	Australia	Financials	7,151	1.90
HKT Trust & HKT	Hong Kong	Telecommunications	6,668	1.77
Wesfarmers	Australia	Consumer Discretionary	6,660	1.76
Resona Holdings	Japan	Financials	6,556	1.74
Bank Mandiri	Indonesia	Financials	6,317	1.67
Bank Negara Indonesia	Indonesia	Financials	6,314	1.67
Samsung Fire & Marine	South Korea	Financials	6,204	1.64
DB Insurance	South Korea	Financials	6,153	1.63
Midea Group	China	Consumer Discretionary	6,042	1.60
Nari Technology	China	Industrials	5,821	1.54
Top Thirty Investments			280,493	74.27
Swire Properties	Hong Kong	Real Estate	5,783	1.53
SK Hynix	South Korea	Technology	5,724	1.51
HDFC Bank	India	Financials	5,516	1.46
Woodside Energy	Australia	Energy	5,270	1.40
Trip.com	China	Consumer Discretionary	5,270	1.40
China Resources Land	China	Real Estate	5,234	1.39
Dexus	Australia	Real Estate	5,222	1.38
Kia Corp	South Korea	Consumer Discretionary	5,180	1.37
CTBC Financial Holdings	Taiwan	Financials	4,998	1.32
SK Square	South Korea	Technology	4,993	1.32
Top Forty Investments			333,683	88.35

Portfolio information (continued)

Investment portfolio at 28 February 2025 (continued)

Company	Country of incorporation	Sector	Valuation £'000	% of portfolio
PCCW	Hong Kong	Telecommunications	4,926	1.30
Power Grid	India	Utilities	4,764	1.26
Goodman Group	Australia	Real Estate	4,508	1.19
FinVolution Group ²	China	Financials	4,506	1.19
Astra International	Indonesia	Consumer Discretionary	4,176	1.11
BHP Group Limited	Australia	Basic Materials	4,129	1.09
ANZ Group	Australia	Financials	3,954	1.05
HCL Technologies	India	Technology	3,833	1.02
Infosys	India	Technology	3,812	1.01
Rio Tinto Limited	Australia	Basic Materials	3,568	0.95
Top Fifty Investments			375,859	99.52
Industrial Bank	China	Financials	3,476	0.92
China Forestry ³	China	Basic Materials	-	-
DB Insurance Call 115,901.6 (Expiry 11/03/25)	South Korea	Financials	-	-
Kia Call 103,409.0 (Expiry 13/03/25)	South Korea	Consumer Discretionary	(1)	-
China Hongqiao Call 14.0 (Expiry 10/03/25)	China	Basic Materials	(4)	-
Trip.com Call 614.5 (Expiry 07/05/25)	China	Consumer Discretionary	(12)	-
Trip.com Call 639.4 (Expiry 14/05/25)	China	Consumer Discretionary	(14)	-
ASE Technology Call 176.6 (Expiry 06/03/25)	Taiwan	Technology	(26)	(0.01)
Taiwan Semiconductor Put 175.5 (Expiry 11/03/25)	Taiwan	Technology	(70)	(0.02)
Lenovo Call 14.2 (Expiry 07/05/25)	China	Technology	(71)	(0.02)
Top Sixty Investments			379,137	100.39
MediaTek Call 1,565.0 (Expiry 07/04/25)	Taiwan	Technology	(81)	(0.02)
SK Hynix Put 177,994.4 (Expiry 07/04/25)	South Korea	Technology	(84)	(0.02)
SK Square Call 114,807.6 (Expiry 19/05/25)	South Korea	Technology	(85)	(0.02)
Lenovo Call 13.2 (Expiry 29/04/25)	China	Technology	(91)	(0.02)
Alibaba Group Call 157.9 (Expiry 29/05/25)	China	Technology	(103)	(0.03)
Alibaba Group Call 148.9 (Expiry 14/05/25)	China	Technology	(135)	(0.05)
Lenovo Put 11.0 (Expiry 29/05/25)	China	Technology	(141)	(0.04)
Sea Call 133.1 (Expiry 05/05/25)	Singapore	Technology	(153)	(0.04)
Sea Call 131.7 (Expiry 11/03/25)	Singapore	Technology	(153)	(0.04)
Taiwan Semiconductor Put 176.3 (Expiry 28/04/25)	Taiwan	Technology	(161)	(0.04)
Top Seventy Investments			377,950	100.07
China Resources Land Call 25.8 (Expiry 24/03/25)	China	Real Estate	(276)	(0.07)
Total Investments			377,674	100.00

¹ American Depository Receipts

² Preferred shares

³ Unquoted investment valued at £nil.

Financial summary

Extract from the condensed Statement of Comprehensive Income (unaudited except for August 2024 figures)	Half-year ended 28 Feb 2025			Half-year ended	Year ended
	Revenue return £'000	Capital return £'000	Total return £'000	29 Feb 2024 Total return £'000	31 Aug 2024 Total return £'000
Investment income	7,481	-	7,481	8,307	45,927
Other income	4,750	-	4,750	2,897	6,304
Gains/(losses) on investments held at fair value through profit or loss	-	740	740	20,953	(3,715)
Net foreign exchange losses excluding foreign exchange losses on investments	-	(678)	(678)	(725)	(84)
Total income	12,231	62	12,293	31,432	48,432
Expenses	(2,711)	(1,487)	(4,198)	(3,606)	(9,103)
Profit/(loss) for the period and total comprehensive income/(loss)	9,520	(1,425)	8,095	27,826	39,329
Earnings/(losses) per ordinary share basic and diluted	5.73p	(0.86p)	4.87p	17.09p	24.15p

Extract from the condensed Balance Sheet (unaudited except August 2024 figures)	Half-years ended		Year ended
	28 Feb 2025 £'000	29 Feb 2024 £'000	31 Aug 2024 £'000
Investments held at fair value through profit or loss	379,335	391,362	376,896
Current assets (other receivables and cash and cash equivalents)	12,928	21,501	8,909
Net current liabilities	(29,034)	(44,286)	(19,701)
Net assets	363,229	368,577	366,104
Net asset value per ordinary share	216.48p	227.06p	221.97p

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 ended 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.

Stated share capital

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

**Henderson Far East Income Limited
201 Bishopsgate
London EC2M 3AE**

MANAGED BY
Janus Henderson
INVESTORS

aic
The Association of
Investment Companies



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