



# ANNUAL SHORT REPORT

For the year ended  
31 January 2014

Henderson  
GLOBAL INVESTORS

**Henderson Asian Dividend Income Unit Trust**

# Henderson Asian Dividend Income Unit Trust

## Short Report

For the year ended 31 January 2014

### Fund Manager

Michael Kerley

### Other information

With effect from 1 April 2013 the Financial Services Authority (FSA) was replaced by the Financial Conduct Authority.

With effect from 13 January 2014 KPMG Audit Plc was replaced by PricewaterhouseCoopers LLP.

### 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 unit classes: A income, A accumulation, I income, I accumulation, G income and G accumulation. The risk and reward profile of each unit class is as follows:



The value of an investment in the Fund can go up or down. When you sell your units, they may be worth less than what 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 Fund's risk level reflects the following:

- The Fund focuses on a single region
- As a category, shares are 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 which could amplify everyday risk and trigger other risks such as:

**Counterparty risk** The Fund could lose money if an entity with which it interacts 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.

**Derivatives risk** Certain derivatives could behave unexpectedly or could expose the Fund to losses that are significantly greater than the cost of the derivative.

**Liquidity risk** Certain securities could become hard to value or sell at a desired time and price.

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

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

## Manager's commentary

Asian markets fell 8.4% on a sterling total return basis in the period under review as equity markets failed to hold on to the gains posted in the first quarter of 2013. The announcement in May and subsequent implementation in December of a reduction in the US Federal Reserve's (Fed's) bond buying programme turned positive returns at the interim stage, into negative returns by the year end. These negative returns were compounded by the weakness of Asian currencies, especially against sterling as reduced liquidity and negative news on emerging markets prompted significant outflow of funds from the region.

The first half of the period under review benefited from further quantitative easing (QE) in Japan and the US; monetary easing measures in Europe; a more stable growth environment in China, and the tentative signs of recovery in the US as property and employment data surprised positively. Sentiment turned, however, in March 2013 with the return of uncertainty to the eurozone, as a banking crisis in Cyprus was only averted by a bailout from the European Union (EU) and the International Monetary Fund (IMF). A brief relief rally ensued in April before markets tumbled again as a spike in interbank rates and weaker data in China prompted fears of a credit crunch and hard landing. The final nail in the coffin was administered by Fed Chairman Ben Bernanke in May 2013 when the earlier than expected suggestion of the end of QE caused widespread market volatility as investors reassessed their positioning. Although the implementation of 'tapering' was delayed until December 2013, the die had been cast as investors contemplated an environment of reduced global liquidity.

From a regional economic standpoint the second half of the Fund's financial year was dominated by the announcements on reform from China's Third Plenum in November 2013. The depth and breadth of the reforms announced surprised even the most optimistic

commentators and led to the strong performance of Chinese shares in the final months of 2013. Politics also played a part in market returns, most notably in Thailand, where the protests against the current government and its relationship with disgraced former leader Thaksin Shinawatra, remains ongoing.

In the first five months of the period high yielding equities continued to perform strongly buoyed by abundant liquidity and low interest rates. The performance since the announcement of QE withdrawal in May 2013 has been less successful; as overpriced yield and bond proxies in particular, came under pressure while investors re-evaluated the price they were prepared to pay for yield in a rising interest rate environment. The changes made in the portfolio at the end of the first quarter of 2013, reducing exposure to overpriced yield in favour of dividend growth, mitigated some of the pain but was not enough to fully insulate the portfolio from the downturn.

The Fund returned -7.9% over the year under review against the MSCI AC Asia Pacific ex Japan Index return of -7.5%. The portfolio performed broadly in-line with the index as stock selection mitigated the negative impact from allocation. Overweight positions in China, Singapore and Thailand were detrimental although the Fund did benefit from only modest exposure to Australia and India. At the stock level Spreadtrum Communications, Hyundai Motor, SK Telecom, Taiwan Cement and Catcher Technology were the biggest positive contributors while Digital China, ASUSTek and Krung Thai Bank proved disappointing.

The focus of the portfolio remains towards domestic sectors and away from those exposed to the global cycle. Industrials, consumer discretionary, telecoms and property are favoured owing to cheap valuations and attractive dividend prospects. The Fund retains a low weighting in energy and materials over concerns of an anaemic global growth outlook and is underweight defensive, yielding sectors such as utilities, healthcare and consumer staples where valuations are stretched.

The long-term outlook for Asian economies and equity markets remains attractive as underlying growth remains strong and valuations are compelling relative to their history. The Fund continues to invest in attractively valued companies with sustainable and growing dividends. With the yield from some traditional sources compressed to unattractive levels, we believe that dividend growth will become an increasingly important driver for income strategies.

## Performance summary

	31 Jan 13 - 31 Jan 14 %	31 Jan 12 - 31 Jan 13 %	31 Jan 11 - 31 Jan 12 %	31 Jan 10 - 31 Jan 11 %	31 Jan 09 - 31 Jan 10 %
Henderson Asian Dividend Income Unit Trust	(7.9)	22.1	(4.2)	20.7	49.6
MSCI AC Pacific ex Japan Index	(7.5)	13.7	(4.1)	24.8	58.4

Source: Morningstar, mid to mid, net income reinvested, net of fees, GBP.

Figures in brackets are negative.

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* 2014 p	Net asset value* 2013 p	Net asset value % change
Class A income	86.72	99.22	(12.60)
Class A accumulation	107.41	116.67	(7.94)
Class I income	101.71	115.91	(12.25)
Class I accumulation	124.95	134.95	(7.41)
Class G income**	45.23	n/a	n/a
Class G accumulation**	45.22	n/a	n/a

\* 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.

\*\* Class G was launched on 18 November 2013

## Fund facts

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

### Ongoing charge figure

	2014 %	2013 %
Class A	1.52*	1.55
Class I	0.90**	1.02
Class G	0.79	n/a

The ongoing charge figure (OCF) of the Fund is the ratio of the total ongoing charges to the net asset value for twelve months.

It is calculated in accordance with guidelines issued by the Committee of European Securities Regulators with the aim of ensuring a harmonised approach to the calculation of the OCF by all UCITS.

# Class G was launched on 18 November 2013

From 10 August 2013, the General Administration Charge (GAC) decreased:

\* from 0.24% to 0.18%

\*\* from 0.10% to 0.075%

## Performance record

Calendar year	Net revenue (pence per unit)	Highest price (pence per unit)	Lowest price (pence per unit)
<b>Class A income</b>			
2009	0.88	104.74	45.78
2010	5.05	104.50	82.65
2011	4.71	105.64	74.29
2012	4.90	99.34	81.77
2013	5.17	108.82	90.21
2014	0.58*	90.66+	86.22+
<b>Class A accumulation</b>			
2009 #	-	91.26	50.39
2010	5.15	110.45	82.41
2011	5.09	111.66	81.37
2012	5.56	109.38	90.99
2013	6.19	130.39	109.65
2014	0.72*	112.29+	106.79+
<b>Class I income</b>			
2010 # #	4.41	115.62	94.75
2011	5.66	117.19	86.04
2012	5.90	110.75	90.99
2013	6.25	126.86	105.67
2014	0.74*	106.38+	101.20+
<b>Class I accumulation</b>			
2010 # #	4.47	120.59	94.75
2011	6.04	122.23	93.10
2012	6.62	128.74	96.32
2013	7.41	150.60	126.65
2014	0.91*	130.68+	124.32+
<b>Class G income</b>			
2013# # #	-	49.92	47.30
2014	0.25*	47.91+	44.92+
<b>Class G accumulation</b>			
2013# # #	-	49.92	47.30
2014	0.25*	47.91+	44.92+

\* to 31 March

+ to 31 January

# Class A accumulation was launched on 9 November 2009

# # Class I was launched on 22 February 2010

# # # Class G was launched on 18 November 2013

**Past performance is not a guide to future performance.**

## Net revenue distribution

Unit class	2014 p	2013 p
Class A income	5.23	5.02
Class A accumulation	6.29	5.72
Class I income	6.35	6.00
Class I accumulation	7.58	6.78
Class G income**	0.25	n/a
Class G accumulation**	0.25	n/a

Total dividend distribution for the year ended 31 January 2014, comparison is for the same period last year.

\*\*Class G was launched on 18 November 2013

## Major holdings

as at 2014	%
Bank of China	2.95
Taiwan Cement	2.77
SJM Holdings	2.71
SK Telecom	2.61
Shanghai Industrial	2.59
Mizuho Financial Group	2.48
Commonwealth Bank of Australia	2.45
Taiwan Semiconductor Manufacturing	2.42
Westfield Retail	2.38
Telecom Corporation of New Zealand	2.30

## Asset allocation

as at 2014	%
Hong Kong/China	26.56
Australasia	18.38
Taiwan	11.93
Singapore	10.68
Korea	10.33
Thailand	7.05
India	4.05
Japan	2.48
United Kingdom	1.93
Philippines	1.74
Indonesia	1.72
Derivatives	0.10
Net other assets	3.05
<b>Total</b>	<b>100.00</b>

## Major holdings

as at 2013	%
Bank of China	2.98
Charoen Pokphand Foods	2.95
Digital China	2.57
Krung Thai Bank	2.55
SK Telecom	2.55
MGM China	2.53
Shanghai Industrial	2.53
Telecom Corporation of New Zealand	2.52
Myer Holdings	2.43
NWS	2.38

## Asset allocation

as at 2013	%
Hong Kong/China	30.30
Australasia	18.46
Korea	11.28
Singapore	11.00
Taiwan	10.02
Thailand	9.41
Indonesia	3.77
Philippines	2.00
Malaysia	1.93
India	1.67
Derivatives	(0.03)
Net other assets	0.19
<b>Total</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson Asian Dividend Income Unit Trust for the year ended 31 January 2014.

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

## Other information

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

### Issued by:

Henderson Investment Funds Limited  
Registered office:  
201 Bishopsgate,  
London EC2M 3AE

Member of the IMA and authorised and regulated  
by the Financial Conduct Authority.  
Registered in England No 2678531

## Risk warning

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

### Trustee

National Westminster Bank Plc  
135 Bishopsgate  
London EC2M 3UR

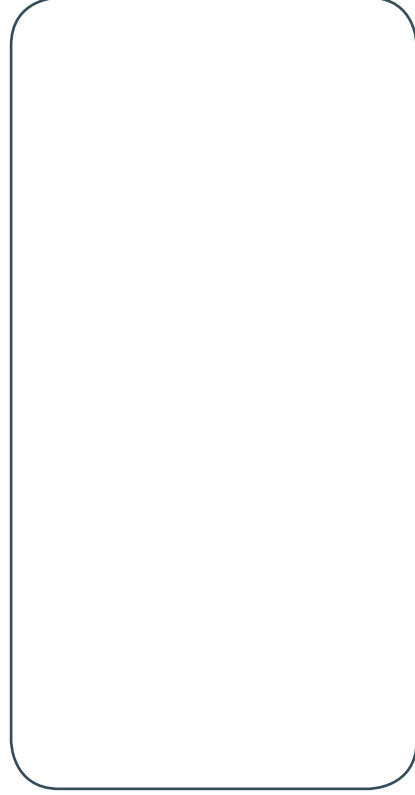
### Auditor

KPMG Audit Plc  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

(From 13.1.14)  
PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

**Contact us**  
Client Services 0800 832 832  
[www.henderson.com](http://www.henderson.com)

**Head Office address:**  
**201 Bishopsgate, London EC2M 3AE**



**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 January 2014. 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), Henderson Alternative Investment Advisor 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.

H007689/0214