

ASIAN DIVIDEND INCOME UNIT TRUST

At a glance

Performance*

The Fund returned 2.75%, the Index returned 2.30% and the Peer Group returned 2.48%.

Contributors/detractors

Not owning China Construction Bank was the key contributor given its underperformance. Being underweight in Hon Hai was the key relative detractor, despite a 44% share price rise over March.

Outlook

We are observing significant opportunities to invest in quality companies which are growing their earnings and increasing their dividends across many of our markets.

Portfolio management



Mike Kerley



Sat Duhra

Investment environment

- Asian equities performed positively over March, supported by the technology sector as the artificial intelligence (AI) theme continued to act as a boost to the share prices of many firms.
- It was no surprise that Taiwan was the best-performing market, given its large technology constituent which performed particularly well.
- Hong Kong equities were a laggard as a number of weak corporate results dragged the index lower. However, there was some evidence of stabilisation in economic data in China.
- Singapore equities performed strongly as companies that pay higher dividend yields performed well in the volatile global macroeconomic environment.
- The energy sector was a beneficiary of strong oil prices and performed strongly.

Portfolio review

Taiwan Semiconductor Manufacturing (TSMC) was once again a key positive contributor. It benefited from strong operating trends in the sector and the positive impact on earnings from AI revenue being priced in following stronger-than-expected guidance (future earnings

forecasts) at NVIDIA. Samsung Electronics and ASE Technology also performed well on this basis.

The impact of not owning Chinese banks was the main positive contributor. Here, China Construction Bank, a large weighting in the benchmark, underperformed due to concerns around local government indebtedness and property developer stress, which continued to increase the possibility of “national service” and greater loan losses. However, the recovery in Chinese consumption trends meant Anta Sports, a strong domestic sportswear brand in China, saw its share price rise. Samsonite, another consumer company, was also a top positive contributor given the company's plan for a dual listing to unlock more value.

Conversely, Guangdong Investment was the worst performer following a larger-than-expected dividend cut and impairments which create a weaker outlook for the company. We have since sold the position. The key detractor was the underweight position in Hon Hai. Although we own shares, having an underweight position was negative on a relative basis as they rose 44% over the month after investors pre-empted the benefits of AI on the company's future revenues.

In terms of activity, we continued to sell the positions in the telecommunications sector on the basis that dividends have not been growing and the operating environment

Marketing communication

Past performance does not predict future returns.

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*For benchmark/usage and peer group, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

lacks meaningful potential in our view. Here, we sold Spark New Zealand and Telkom Indonesia. We feel there are better opportunities in sectors such as technology and utilities, which have similar levels of dividend yield.

Manager outlook

While the economic challenges faced by China dominate the headlines, there are numerous bright spots which we expect to be positive for performance. Here, India, Indonesia, Taiwan and South Korea all provide compelling exposure to growth themes in the region. Firms in these countries are also demonstrating evidence of dividend growth with areas such as Indonesian banks, firms exposed to South Korean corporate reforms and Taiwanese technology companies providing high and growing dividends. If the recent stabilisation in Chinese

macroeconomic data turns into something more positive, then this, along with the potential for interest rate cuts in the second half of 2024, could provide a further boost to our markets.

The economic growth differential between Asia and the rest of the world remains wide and valuations continue to be attractive to us. We are observing significant opportunities to invest in quality companies which are growing their earnings and increasing their dividends. The outlook for dividends in the region remains robust as positive free cash flow generation, alongside the strength of balance sheets - with record amounts of cash being held by corporates - provide a strong backdrop across a number of sectors and markets across the region.

Performance (%)

Returns	Cumulative				Annualised			
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since inception (04/05/94)
I Acc (Net)	2.75	4.11	4.11	6.45	0.70	1.56	5.86	7.68
Index	2.30	3.46	3.46	11.52	6.69	5.61	8.11	6.35
Peer Group	2.48	2.62	2.62	0.31	-2.42	4.12	7.29	6.00

12 month rolling

	Mar 2023- Mar 2024	Mar 2022- Mar 2023	Mar 2021- Mar 2022	Mar 2020- Mar 2021	Mar 2019- Mar 2020
I Acc (Net)	6.45	-6.91	3.05	22.77	-13.80
Index	11.52	1.05	7.76	25.55	-13.81
Peer Group	0.31	-2.37	-5.14	48.47	-11.28

Performance is on a net of fees basis, with gross income reinvested. Source: at 31/03/24. © 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not predict future returns.**

Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. **The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.** Source for target returns (where applicable) - Janus Henderson Investors. This is a representative share class for the fund, other share classes are available and may be more suitable for your investment needs.

Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at www.janushenderson.com.

Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

Investment objective

The Fund aims to provide an income in excess of the income generated by the MSCI AC Asia Pacific ex Japan High Dividend Yield Index over any 5 year period with the potential for capital growth over the long term (5 years or more).

For the fund's investment policy, refer to the Additional fund information on page 4.

Past performance does not predict future returns.

Fund details

Inception date	04 May 1994
Total net assets	80.12m
Asset class	Equities
Domicile	United Kingdom
Structure	Unit Trust
Base currency	GBP
Index	MSCI All Countries Asia Pacific (Ex Japan) High Dividend Yield Index
Peer group	IA Asia Pacific ex Japan Equity

For benchmark/usage description, refer to Additional fund information on page 4.

Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records are detailed on the specific KIID, fees and charges may vary and further information can be found in the fund's prospectus and KIID which must be reviewed before investing. Please consult your local sales representative if you have any further queries. From 29 November 2023, the Fund changed both its investment objective and investment policy. Past performance shown before 29 November 2023 was achieved under circumstances that no longer apply. From 31 January 2019, the benchmark of the Fund changed from the MSCI AC Asia Pacific ex Japan Index to MSCI AC Asia Pacific Ex Japan High Dividend Yield Index. The past performance shown before this change was therefore achieved under circumstances that no longer apply. 100% of the Annual Management Charge is taken from capital. These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. Any securities, funds, sectors or indices mentioned within this article do not constitute or form part of any offer or solicitation to buy or sell them. The information in this commentary does not qualify as an investment recommendation. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. Cash balances and exposures are based on settled and unsettled trades as at the reporting date. The MSCI All Countries Asia-Pacific (Ex Japan) High Dividend Yield Index is a measure of the combined performance of large and medium sized companies that pay above average dividends across developed and emerging stock markets in the Asia-Pacific region but excluding Japan. It is the income target for the Fund and provides a useful comparison against which the Fund's performance can be assessed over time. The Investment Association (IA) groups funds with similar geographic and/or investment remit into sectors. The Fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims.

Investment policy

The Fund invests at least two-thirds of its assets in a concentrated portfolio of shares (also known as equities) of companies, of any size, including smaller capitalisation companies, in any industry, in the Asia Pacific region (excluding Japan). The portfolio may be concentrated in terms of its number of holdings and/or the size of its largest holdings. The Fund may also invest in other assets including companies outside this region, depository receipts, cash and money market instruments. The Investment Adviser may use derivatives (complex financial instruments) to reduce risk, to manage the Fund more efficiently, or to generate additional income for the Fund. The Fund may invest in China A-Shares, directly or indirectly through derivative instruments. The Fund is actively managed with reference to the MSCI All Countries (AC) Asia Pacific Ex Japan High Dividend Yield Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's income target. The Investment Adviser has discretion to choose investments for the Fund with weightings different to the index or not in the index. As an additional means of assessing the performance of the Fund, the IA Asia Pacific ex Japan sector average, which is based on a peer group of broadly similar funds, may also provide a useful comparator.

Investment strategy

The Investment Adviser aims to capture the income and capital growth potential of companies in Asia, one of the world's fastest-growing regions. The strategy looks to tap into the region's strong structural growth opportunities and the shift toward higher dividends over time as awareness and governance improves. The disciplined, value-driven investment process places an emphasis on dividend growth and high-yielding companies.

Fund specific risks

The Fund could lose money if a counterparty with which the Fund trades becomes unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider. Shares/Units can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result. Emerging markets expose the Fund to higher volatility and greater risk of loss than developed markets; they are susceptible to adverse political and economic events, and may be less well regulated with less robust custody and settlement procedures. If a Fund has a high exposure to a particular country or geographical region it carries a higher level of risk than a Fund which is more broadly diversified. This Fund may have a particularly concentrated portfolio relative to its investment universe or other funds in its sector. An adverse event impacting even a small number of holdings could create significant volatility or losses for the Fund. The Fund may use derivatives to help achieve its investment objective. This can result in leverage (higher levels of debt), which can magnify an investment outcome. Gains or losses to the Fund may therefore be greater than the cost of the derivative. Derivatives also introduce other risks, in particular, that a derivative counterparty may not meet its contractual obligations. If the Fund holds assets in currencies other than the base currency of the Fund, or you invest in a share/unit class of a different currency to the Fund (unless hedged, i.e. mitigated by taking an offsetting position in a related security), the value of your investment may be impacted by changes in exchange rates. Securities within the Fund could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses. Some or all of the ongoing charges may be taken from capital, which may erode capital or reduce potential for capital growth. The Fund may incur a higher level of transaction costs as a result of investing in less actively traded or less developed markets compared to a fund that invests in more active/developed markets.

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INVESTORS

FOR MORE INFORMATION PLEASE VISIT JANUSHENDERSON.COM

Source: Janus Henderson Investors, as at 31 March 2024, unless otherwise noted.

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Asian Dividend Income Unit Trust (as at 31/03/24)

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